

The Economist

WEEKLY COMMERCIAL TIMES

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A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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

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THE MONEY MARKET.

TWO PER CENT.

ON Thursday, June 30th, Bank rate was reduced from 2½ to 2 per cent., and simultaneously the turn of the half-year was passed without any market resort to the Bank of England. The last time a 2 per cent. Bank rate was current was 35 years ago, and no one in the market has had

previous experience of an end of the half-year when borrowing from the Bank was unnecessary. The reduction in Bank rate naturally stimulated hopes of an early conversion offer. While most members of the market agreed that the 1932-34 Treasury bonds would almost certainly be dealt with immediately, some members were looking for the announcement of a major operation, though not exactly on the lines of the Chancellor's announcement on Thursday, recorded on a later page.

Earlier in the week the clearing banks reduced their minimum rates for market loans from $1\frac{1}{2}$ to $1\frac{1}{4}$ per cent., though they still continued to lend at $1\frac{1}{4}$ per cent. into July. On Thursday, following the Bank rate reduction, their minimum rates were reduced to 1 per cent., but London deposit rates remained unchanged at $\frac{1}{2}$ per cent. Efforts to bring country deposit rates down below the general rate of $2\frac{1}{2}$ per cent. have so far met with little success owing to competition from the savings banks.

Mainly owing to demands for funds from the gilt-edged market, money was fairly usable early in the week at $\frac{1}{4}$ -1 per cent., but by Wednesday heavy Treasury bill maturities and the absence of payments for fresh bills made money easier at $\frac{1}{4}$ - $\frac{1}{2}$ per cent. On Thursday, the small amount of calling by the clearing banks that proved necessary raised rates to $1\frac{1}{2}$ per cent., but money was still very comfortable. Last week's Treasury bills went at 15s. 0.19d. per cent., two millions being cut off the original offer of £45.0 millions. "Hot" Treasury bills were quoted at $\frac{1}{2}$ per cent. early this week, but eased to $\frac{1}{4}$ - $\frac{1}{2}$ per cent. on Wednesday. The Bank rate reduction left this last rate unchanged. On Thursday three months' prime bank bills were quoted at $\frac{1}{4}$ -1 per cent., with standstills at $1\frac{1}{2}$ - $2\frac{1}{2}$ per cent.

	June 9, 1932.	June 16, 1932.	June 23, 1932.	June 30, 1932.	Previous Rate and Date Changed.
Bank Rate	2½	2½	2½	2½	(June 30, '32)
Banks' Deposit Rate..	1½	1½	1½	1½	(May 12, '32)
Discount Call	1½	1½	1½	1½	(May 12, '32)
Houses (Notice) ...	1½	1½	1½	1½	(May 12, '32)
Market rate ("hot")	1½	1½	1½	1½	...
Treasury bills).....	1½	1½	1½	1½	...
Market rate (3 months'	1½	1½	1½	1½	...
Bank bills)	1½	1½	1½	1½	...
Market rate (stand-	1½	1½	1½	1½	...
still bills)	1½	1½	1½	1½	...

The Bank return shows an expansion of £4.5 millions in the note circulation and a consequent contraction of £4.1 millions in the Reserve. Government Securities are increased by £5.3 millions, and Other Securities are reduced by £5.0 millions. The Bank is known to have been selling *devisen* during the past few days, in order to check appreciable weakness in sterling. There has been a big decrease of £17.6 millions in Public Deposits, with an increase of £13.0 millions in Bankers' Deposits. This represents the restoration of the *status quo* after the position last week, when discrepancies between Treasury bill payments and maturities diverted a certain quantity of money out of the market into Public Deposits in the middle of the week.

The passage of the Finance Act gave the signal for the formal establishment of the Exchange Equalisation Account, and this week's revenue returns records the issue of the full amount of £150 millions from public funds to this account. Apparently it has been thought desirable to constitute the fund in its entirety at once, so as to mask in the future the extent to which the fund is being used. To finance this issue, £148.1 millions have been added to the floating debt, £118.3 millions in the form of Treasury bills, and £29.8 millions as advances from public departments. All these operations are matters of bookkeeping, for no extra Treasury bills have been issued to the market, nor does the Bank return suggest that any appreciable quantity has been taken up by the Bank of England in exchange for its *devisen*. In

fact, the Treasury bills in question were probably taken up by the Exchange Equalisation Fund itself, and will only be disposed of by it as and when it has to acquire foreign exchange. The advance of £29.8 millions equally came from the Fund.

This week the German "standstill" negotiations are being resumed in London, and six German bankers and one German industrialist have arrived. The negotiations will be conducted under the presidency of Mr Albert H. Wiggin, of the Chase National Bank, and it is understood that the immediate object of the German representatives is to secure a reduction in the interest charged on outstanding credits. Clearly, Germany is not in a position to be able to accelerate repayment in any way. The German request for lower interest rates will undoubtedly evoke considerable sympathy in London, but it will obviously have to be correlated with the interest now charged on advances to British customers of London banks. It is obviously impossible that German standstill credits should be charged a lower rate of interest than ordinary British bank advances. Present indications are that the ruling rate on German standstill loans will be reduced from 6 to 5 per cent.

While the outflow of gold from New York has been checked, it is not entirely at an end. Shipments during the past week included \$5.0 millions to Belgium and \$6.0 millions to France. On the other hand, ear-markings upon foreign account contracted during the week by \$15.5 millions, and this suggests that the effective drain of gold is at an end, though the arrangement of one or two further shipments to Europe have just been reported. Money rates remain unchanged, with call loans at $2\frac{1}{2}$ per cent. and open-market discount rates at $1\frac{1}{2}$ per cent. for 90-day bankers' acceptances.

The Foreign Exchange market was again very quiet this week. Sterling was weak against most of the principal currencies, and especially against the franc and the dollar. The New York rate hardened from 3.62½ to 3.60½, after touching 3.59½; Montreal gained three points at 4.12. Paris, after touching 91½, went to 91½, against 92½ last week. Brussels improved by 10 points to 25.90. Milan was a little firmer at 70½, and Madrid also at 43½. Amsterdam, exceptionally, weakened to 8.92. Berlin gained 7 points at 15.16, and Switzerland 10 at 18.50. The Scandinavian currencies reacted differently, Stockholm advancing from 19.47 to 19.50, and Oslo gaining 4 points at 20.26. Copenhagen was weaker by one point at 18.36. The South American currencies were again largely nominal, Rio being quoted at 5½d. (sellers), Buenos Aires at 34½d., and Monte Video at 29½d. In the Far East the rupee was very firm at 1s. 5½d. The yen lost ½d. at 1s. 6½d. after touching 1s. 6d. Batavia was fractionally weaker at 9.00. In the forward market dollars were firmer by ½ cent for both deliveries at discounts of ½ cent and 1½ cents. Paris remained unchanged at par for both periods. Brussels was at ½ centime discount for both one and three months, and Milan weakened by ½ to ½ lira and ½ lira discount for one and three months respectively. Madrid was better by ½ at discounts of ½ and ½ peseta. Amsterdam was quoted at par for both deliveries. Switzerland was unchanged at ½ centime premium for one month, but was rather more offered at 1½ centimes premium, against 2 centimes last week. The silver market was very quiet and, indeed, featureless, but prices declined by ½d. to 16½d. for cash and by ½d. to 16½d. for forward. The China silver exchanges fell away in sympathy, Hong Kong losing ½d. at 1s. 3½d. and Shanghai ½d. at 1s. 7½d.

ECONOMIST INTELLIGENCE BRANCH.

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HOPES AT LAUSANNE.

THE second week of the Lausanne Conference has been a period of successive hopes and fears stirred by the breath of rumour and gossip. Lausanne has the physical disadvantage in comparison with Geneva that the delegations of the Powers have been established in hotels a mile or so apart, and have tended to live in separate little worlds composed of their own officials and their Press. This and the fact that the proceedings up till Wednesday night continued to take the form of private conversations between the chief participants have tended to make the reports from the Conference unusually full of tendentious surmises and conflicting accounts. Yet, despite hesitations and hitches, real and rumoured, the progress achieved by the time we go to press appears to warrant hopes that before these lines are read the first step may have been taken to free the world from the grip of its present financial and economic paralysis.

Our chronicle begins with the events of last Friday. On that day, following the long Franco-British conversations, which had resulted in an encouraging measure of agreement on points of principle noted in last week's *Economist*, direct contact between the French and German delegations was first established. Expositions of the respective points of view were given by the Finance Ministers of the two countries; and though the meeting did not appear to have got down very closely to "brass tacks," these preliminaries were conducted at least with personal cordiality. Indeed, on the eve of the week-end, which M. Herriot was to spend in Paris and Herr von Papen in Berlin, the atmosphere contained distinct elements of hopefulness, particularly the reported readiness of the German delegation to discuss the possibilities of "economic collaboration" as an alternative to the continued payment of "political tribute."

Monday witnessed a noticeable, though happily temporary, fall in the barometer. The German Press of the Right had criticised harshly Herr von Papen's supposed "weakness" in offering "compensation" to France; and at the resumed meeting on Monday evening—occupied chiefly by an *exposé* of the German view—M. Herriot was reported to have found Herr von Papen and his colleagues less accommodating than had been hoped, in French circles, from their earlier attitude. Nevertheless, the conception of a "pool for general European reconstruction," to which Germany might contribute, appears to have emerged somewhat more clearly from the German statement; and on Tuesday, when Mr MacDonald, whose tactful and sympathetic handling of the Conference merits full tribute, resumed the task of mediator, it was at least possible to say that negotiations were still in being. Moreover, on Tuesday night a meeting of the Radical Socialists in Paris made it clear that there was a strong feeling in M. Herriot's own party that greater boldness should be risked in securing accord on a basis approaching that of the "clean slate."

Wednesday was a day of marked vicissitudes. In the morning, which witnessed a continuation of Franco-British discussions, a disagreeable impression was caused by the German delegation's issuing a *communiqué* purporting to correct "misleading" reports of the attitude which the delegation had adopted in a previous stage of the negotiations. The *communiqué* declared that Herr von Papen had said that:—

The confidence of the world can only be restored if the victorious Powers would bring themselves to eliminate the discriminations of the Versailles Treaty. If thereby Germany's equality of status and security were established, the Chancellor would consider it possible for Germany to pay her share towards the general effort to reconstruct world economy in the form of a contribution of which the full restoration of Germany's equilibrium and that of the world was a prerequisite.

The unfortunate effect produced by this somewhat tactless and untimely *communiqué* was heightened by sensational glosses unnecessarily put upon it in Press reports from Lausanne—indeed the representatives of a section of the Paris Press appeared to be maliciously intent on sabotaging the Conference—but by the evening the per-

suasions of the British Prime Minister had again exercised a useful influence and a definite step forward had been taken. At a meeting of the six inviting Powers, Mr MacDonald, who reviewed the situation, said:—

There was general approval of the main principles of the report of the Basle experts, and there was widespread agreement that the Conference must end in something substantial and final, though it had to be adapted to a world settlement, including the United States. There was agreement, too, that the Conference must end soon; that the settlement must render possible the restoration of confidence; that artificial transfers which disturb the international balance of accounts should only take place, if at all, by the normal operation of international commerce, and should be limited to within that capacity; and, finally, that Germany could not pay at the present time. He hoped by the beginning of next week that Lausanne might reach a final decision and set up the necessary machinery for continuing the work in a wider field.

It was then decided to appoint a "Bureau" of one representative each of the Powers, under Mr MacDonald's chairmanship, to examine the position in the light of the preliminary exploration and to report to the heads of the delegations. Ministers of Commerce were also asked to meet together to consider certain questions connected with the preparations for a wider conference on the world crisis as a whole.

The "Bureau" sat until a late hour on Wednesday; and on the following day it continued the by no means easy task of translating into a detailed plan the conception of German contribution to "European restoration." By midday early optimism was somewhat chilled by reports that there was a wide gap between French and German notions of the sum which Germany could appropriately be asked to contribute, and that, whereas Germany was prepared to lodge with the B.I.S. bonds to the amount of a definite non-revisable sum, whose service would only be paid, and which could only be placed on the market if and when German credit—as measured by some simple test such as the return of the Young Loan to parity—had been restored, the creditors were demanding a "safeguarding clause" to meet the contingency of a resumption of war debt payments to America. This demand, if correctly reported, was scarcely consonant with the agreed principle that the settlement should be final; and, though we can sympathise with French reluctance to give up claims unconditionally, until the attitude of the United States is finally known, a formula which appeared to make the agreement conditional on war debt revision would be the worst way of approaching American opinion. Moreover, what would such a clause be worth? For, if a figure is now fixed which represents the maximum that Germany can be asked to contribute—if confidence is to be restored and the risk of fresh crises eliminated—it is certain that she will never pay more.

We go to press before the outcome of these final negotiations is known. If an agreed scheme, of a sort which would free Germany's commercial creditors from the fear of any fresh transfer crisis, can be worked out, a big step forward will have been taken. It will leave France with a difficult budget problem, and, from Germany's point of view, much will depend on the political agreements which accompany it. Further great efforts will be needed to solve the whole of Europe's financial and economic problems, about which very little has so far been said at Lausanne; but if our hopes of agreement on these lines are fulfilled, it will at least be possible to say in future discussions with the United States that a definite attempt has been made by Europe to meet Mr Hoover's appeal to deal first with her own problems regardless of external conditions. Alive as we are to the possibility of last-minute hitches, we trust that this week-end will see an agreement which will enable Germany and the whole world to say that the reparations chapter, with its opening clause fixing the responsibility for the war upon Germany, has finally been closed, and that the nations are writing in its stead a new charter in which they generally assume responsibility for lifting the world out of the morass.

THE HOOVER DISARMAMENT PLAN.

It is a pity that Mr Baldwin's statement on disarmament in the House of Commons on Tuesday has not received as great a publicity as was accorded to Sir John Simon's speech at the Geneva Conference last week. The two declarations did not, indeed, differ materially in substance, but the funereal, if lovely, lilies with which the Foreign Secretary wreathed President Hoover's proposals would have produced a far better impression upon his audience and the listening world if they had been replaced by the warmer blooms that fell from Mr Baldwin. He rejoiced, he said, to see those proposals because they were on a scale at which he would like disarmament to take place. It would be dangerous to rush in and say that something was possible before there had been time to examine the proposals, but the Government were anxious to see as much disarmament as possible result from them. They were going into the matter with a view to making it a real success.

That is the spirit in which the President's momentous plan must be considered. There are aspects of it, some of which we indicate below, which must be amended before it can be regarded as a thoroughly satisfactory solution of the disarmament problem, and, in particular, it is inadequate in some respects where we would be prepared to go much further; but it is the first detailed scheme put forward by any of the great military powers of the world—except Russia, whose plan of total disarmament has no chance of acceptance—which involves a substantial measure of genuine disarmament. Its practical effect on any particular national force can be quite simply discovered, since it consists of a formula of reduction to be applied to the armies, navies and air forces of all countries alike.

For Great Britain the main interest of the proposals, apart from their general purport as a measure of world disarmament, lies in their bearing on naval power. The man-strength of our forces on land would be unaffected, since the American suggestion that the 100,000 men allotted to a Germany of 65 million inhabitants forms a reasonable measure for the "police component" in each country would give this country, in view of its colonial possessions, actually a larger army than it at present maintains. The abolition of large mobile guns accords with British policy, but the proposal to do away with tanks altogether goes further than our own desire to limit their size and is a point on which compromise could probably be effected. As regards the air, acceptance of the plan would involve agreement on the abolition of bombing aeroplanes and the prohibition of bombing from the air—restrictions which in view of our exposed position would be all to our interest.

The naval proposals, which are much more complex, naturally affect us very closely. In the matter of battleships the plan is simple. The existing vessels are to be reduced by a third in both number and tonnage. The battleship fleets, therefore, of Britain, the United States and Japan, which to-day consist respectively of 15, 15 and 9 ships, would consist in future of 10, 10 and 6. To put the matter that way is simpler than to enter on calculations of tonnage, but for the sake of completeness the full effect of the Washington and London Agreements (1922 and 1930) and the Hoover proposal (1932) may be added:—

BATTLESHIP NUMBERS AND TONNAGE.

	1922.	1930.	1932.
Great Britain	20 525,000 tons.	15 474,250 tons.	10 316,167 tons.
United States	18 525,000 tons.	15 453,900 tons.	10 302,600 tons.
Japan	10 315,000 tons.	9 271,890 tons.	6 181,260 tons.

The Washington figures represent maximum tonnage, whereas the London and "Hoover" figures are actual. Britain's obligations under the Hoover plan would be met by the scrapping of the five oldest ships, the battleships "Queen Elizabeth," "Barham" and "Warspite," and the battle-cruisers "Renown" and "Repulse" while the United States would have to scrap her six oldest ships in order to reduce to the appointed tonnage limit. The most important question in this category is that of replacement, which begins for us under the Treaty provisions in 1937; and here our representatives should plainly

urge the addition to the Hoover Plan of a big reduction of future maximum size, if not the complete abolition of the battleship.

Cruisers, limited at Washington only in size, were limited in numbers and total tonnage by the London Agreement, which provides the basis of the proposed new reductions. This class of vessel was divided at London into "large" and "small" categories, the former consisting of vessels with guns of over 6.1 inches. The Hoover Plan would make no change as regards the strength of Great Britain and the United States in large cruisers; for 150,000 tons is allotted to each of them, which is rather more than the London Treaty gave them. (The United States is, however, apparently to lose her option of building 18 large cruisers instead of 15, combined with correspondingly more small ones.) Japan's London total of 108,400 tons would be reduced to 90,000. For small cruisers Great Britain is to have 104,275 tons, against the 192,200 allowed her by the London Treaty, and the same figures apply to the United States. The number of units depends, of course, on their size. If the average were about 4,300 tons, the number would be 24 for each country. At present Great Britain has 32, and the United States, which has not built up to its treaty figure, only 11. Japan gets 66,713 tons, instead of 100,450, which would give her 15 or 16 ships; she has 24 at present. The hand of the United States Navy Department is to be seen in the proposal to concentrate the cruiser cuts on the smaller class, which Great Britain regards as far the more valuable for the defence of our trade routes, leaving unchanged the total tonnage of the large cruisers, which the United States experts prefer. This provision cannot go unchallenged.

In the destroyer class a tonnage cut of 25 per cent. is proposed, the figures for 1930 and 1932, therefore, being:—

	1930.	1932.
Great Britain	150,000	122,500
United States	150,000	122,500
Japan	105,500	79,125

Our present strength is 134 destroyers, totalling 140,600 tons, including over-age ships, compared with 251 vessels owned by the United States, totalling 267,500 tons.

The limitation imposed on aircraft carriers at Washington was left unchanged at London. A tonnage cut of 25 per cent. is now proposed, which gives the following result:—

	1922.	1932.
Great Britain	135,000	101,275
United States	135,000	101,275
Japan	81,000	60,750

It is worth noting that at London the British delegation proposed a reduction of the British and American totals to 100,000 tons, to which (as to our actual strength) the new Hoover figure of 101,275 tons closely approximates.

No agreement on the numbers, size or individual tonnage of submarines was reached at Washington. At London Great Britain, the United States and Japan were each allotted 52,700 tons, and that figure is reduced by the Hoover Plan to 35,000—a cut of approximately one-third. At the same time, the maximum size of any individual vessel is to be 1,200 tons. At London it was 2,000 tons, with special licence to each country to have three vessels up to 2,800 tons. Under the Hoover proposal that licence disappears. The maximum number of submarines any country may possess in 40. The number of British submarines at present is 51 and of American (in commission) 66.

The tonnage limitation would involve the scrapping of our 18 latest submarines, together with one built in 1920, while the United States under that clause would scrap only 6 new vessels in commission and one now building. The question of submarine limitation is one on which France, with her great fleet of 65 built and 45 building, is likely to raise strong objections; while, on the other hand, Mr Hoover's intervention will presumably not deflect the British Government from advocating the total abolition of this arm.

It is thus clear that on the naval side the Hoover disarmament plan requires certain amendments and amplifications to meet the British case. As regards land armaments, it has, in the form in which it was expressed in the President's message, three main defects: it does

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not deal with the crucial question of conscript armies and trained reserves; it does not allow perhaps sufficiently for the exposed strategical position of certain countries as compared with, say, the United States themselves; and by omitting to combine budgetary limitation with reduction of effectives it leaves open the danger of competition in mechanisation. But it is a plan for genuine disarmament, and whether or not its emergence at this moment is connected with American domestic politics, it must be examined by all the other great Powers with an eye rather to how it should be expanded than how whittled away. Now that it has been brought forward, no smaller measure of disarmament can be regarded as a successful issue for the Geneva Conference.

FINANCIAL EQUITY IN KENYA.

For the past quarter of a century Kenya Colony has been the theatre of an extraordinarily interesting but extraordinarily difficult experiment. Advantage has been taken of the amazingly wide range of climate in this Equatorial African country in order to introduce a European, as well as an Asiatic, element into the local population, side by side with the native Africans. Each of these three communities now aspires to be equally at home in Kenya, and the problem is to keep the peace, to hold the scales even, and to establish friendly and co-operative relations between three territorially intermingled castes who differ from one another in regional origin, in physical race, in cultural tradition and in social efficiency. The stresses and strains to which this audacious experiment has given rise have become notorious. They have arisen in every sphere of social life, and one field in which they have caused acute searchings of heart is the domain of finance.

On this account the Colonial Office in Downing Street decided, at the beginning of the current calendar year, to appoint Lord Moyne (formerly Mr Walter Guinness) as Financial Commissioner to Kenya. His terms of reference were to inquire into the contribution made to taxation, both direct and indirect, by the different racial communities; into railways freights and import duties, with a view to discovering the extent to which each community benefits or suffers by them; into the amount of money expended in the interests of each community, in particular on natives and non-natives; and into the degree and manner in which financial responsibility should be conferred on the Native Councils. The Commissioner was to consider the general financial and economic situation of Kenya as far as might be necessary for the purposes of his inquiry; and, in a supplementary instruction, he was asked to make recommendations as to the readjustment of taxation and expenditure, if examination of the existing position under his original terms of reference disclosed a case for change. The result is an able and reasonable report, which was published as a Blue Book* last week.

* Cmd. 4093. Price 2s.

The essential facts which Lord Moyne has ascertained, and on which his recommendations turn, are given in the following table, which shows the contributions of each of the three local communities to the total revenues of Kenya, the costs of the services by which they each directly benefit, and the surpluses which go towards the cost of the indivisible services. The figures work out as follows:—

Communities.	Contributions. £	Services. £	Surpluses. £
Europeans	665,781	171,247	494,534
Asiatics	395,658	46,080	339,578
Africans	791,100	331,956	459,144

These figures have to be appreciated in the first instance in the light of the population figures, which are: Europeans, 17,285; Asiatics, 56,903; Africans, 2,950,000. The Europeans, who are by far the smallest community, are thus paying the largest contribution of any of the three groups towards the cost of common services. Moreover, the European community as a whole appears to be living at no higher standard of life than would reasonably be expected in Great Britain, whereas the Asiatics domiciled in East Africa are enjoying a distinctly higher standard than they would have enjoyed if they had stayed at home. On the other hand, "the comparison of the burden of non-native taxation in Kenya with that borne by taxpayers in other countries is indeed striking. . . . The non-native population of Kenya are in the probably unparalleled position among civilised nations of bearing no direct taxation at all beyond a male poll tax of 30 shillings, a male education tax of 20 shillings or 30 shillings, and a comparatively light scale of death duties." Moreover, the lowness of the charges for European education "represents an unduly high scale of advantage to be enjoyed at the public expense." Lord Moyne finds that the native Africans are bearing a relatively greater burden; that they cannot in their present circumstances fairly be expected to make heavier contributions, and that, if further revenue has to be raised, it ought to be from the non-natives.

The Financial Commissioner also finds that further revenue does need to be raised, in as much as, from 1929 onwards, Kenya has failed to balance its budgets, and has been meeting successive deficits out of accumulated savings. Lord Moyne recommends that the necessary additional revenue should be raised by levying income tax on the Europeans and the Asiatics.

As regards the taxation of the native Africans, he not only finds that there is no case for an increase, but shows that there are serious objections to the existing hut and poll taxes. The hut tax "discourages the improvement of housing conditions and is an incitement to overcrowding," and it "should be transformed or replaced as soon as possible." Furthermore, "if the hut tax is to be modified and finally replaced by a more scientific tax according to ability to pay, it is advisable, at the same time to separate it from the poll tax, which was grafted onto it shortly after its introduction."

Lord Moyne goes on to make the constructive proposal that an annual quantity of revenue, amounting to half the annual yield of native African direct taxation on a six years' average, shall be allocated to a Native Betterment Fund to be expended primarily upon the development of the four major services of direct benefit to the natives—namely, education, medical, agriculture and Native Reserve roads and bridges. This fund should be controlled by a statutory body independent of the Select Committee on Estimates. Lord Moyne is careful to point out that this recommendation "is not one for the administrative separation of the non-native and native communities."

It will be seen that this is a valuable piece of work which has been performed for Kenya Colony by an eminent authority from the United Kingdom on instructions from His Majesty's Government at Westminster. The Moyne Report is a fresh proof—if proof be needed—that we are right in retaining control in this country over the government of Kenya Colony, instead of handing over the destinies of the two larger of the three local communities into the keeping of the seventeen thousand men, women and children in Kenya who are of European origin.

THE U.S. BANKING PICTURE.

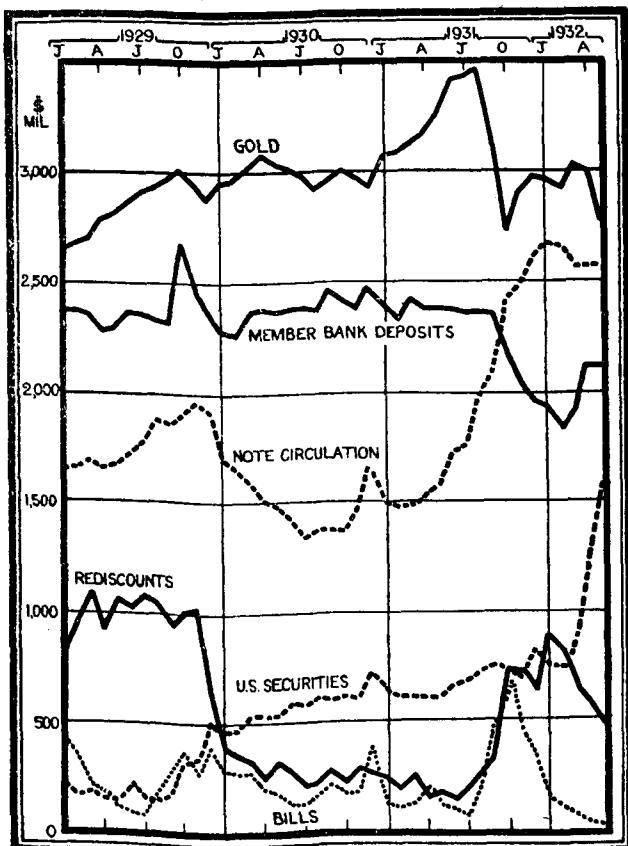
RECENT untoward developments in Chicago have forcibly redirected attention to weaknesses in the American banking structure. During June over thirty minor institutions in that city were forced to close their doors, and the pressure culminated this week in an ominous collapse of the stock market quotation for the shares of the Central Republic Bank and Trust Company, accompanied by a "run" on its deposits, which lately totalled \$95 millions. The chairmanship of the bank was assumed last Sunday by General Dawes, who recently resigned the presidency of the Reconstruction Finance Corporation; and the situation is understood to have been "saved" by recourse to loans from the Corporation to the extent of the great bulk of the Central Republic's deposits. Nevertheless, elements of uncertainty with regard to sections, at least, of the American banking position still persist. For, unless it can be shown that the background of that position is improving, it is clearly necessary to envisage the future as likely to be characterised by the consequences, more or less serious as the event may show, of a strain whose effects are cumulative with the lapse of time.

In the following diagrams we have endeavoured to give a picture, in broad essentials, of the American banking trend during the past three years. Both from the standpoint of the banking system itself and from the broader angle of American monetary policy, it is an opportune moment to examine, firstly, the changes in the position of the Reserve banks, and, secondly, the changes in the condition of reporting member banks. The first diagram, therefore, has been prepared to show among the assets of the twelve Reserve banks their aggregate gold holdings and also their aggregate chief earning assets, namely, bills rediscounted, bills bought in the open market, and United States Government securities. Bills rediscounted represent, in effect, the borrowings by member banks, and so compare closely with the item of borrowings from the Federal Reserve system shown in the second diagram. Bills bought and United States Government securities reflect the open-market operations of the Reserve system itself. Liabilities include the note circulation and member bank balances at the Reserve banks. The second diagram, which, for reasons of space, has had to be drawn on a different scale, so that the slopes of the various curves are not equivalent, deals with reporting member banks. The assets shown are total loans, total investments, and the reserve balances at the Reserve banks. The liabilities shown are deposits (demand and time combined) and borrowings by rediscount from the Reserve system.

The picture presented by the diagrams may fitly be regarded as falling into four phases. First comes the stock market collapse of the autumn of 1929, whose immediate effect was to initiate the trade slump, and also

to saddle the banks with a mass of frozen loans and securities, which had to be liquidated as far as proved possible. The difficulties of this liquidation were accentuated by the losses suffered by many of the banks' formerly sound customers and by the continuance, for a time, of new capital issue activity, which provided fresh securities which in practice the banks had to absorb. Thus, while the first effect of the 1929 crisis was the freeing of a huge mass of bank credit previously absorbed in speculation—this is illustrated by the huge fall in discounts at the Reserve system—the later effects, in evidence during 1930 and constituting the second phase of the picture, were the fall in the note circulation as the result of contracted trade, and the steady expansion of the banks' investment portfolios.

CONDITION OF FEDERAL RESERVE BANKS.



Meanwhile the Reserve system was trying to restore confidence and to ease the situation by a policy of cheap money. During the year rediscount rates were progressively reduced, the credit basis expanded, and the bond market supported by purchases of Government securities. This policy was criticised in certain quarters on the ground that it discouraged the liquidation of weak positions, and while our second diagram shows a steady reduction of loans in 1930, the reduction was unfortunately confined to commercial loans in contradistinction to loans against securities, which remained virtually unchanged during the year. The increase in the banks' investments was also confined to securities other than those of the American Government.

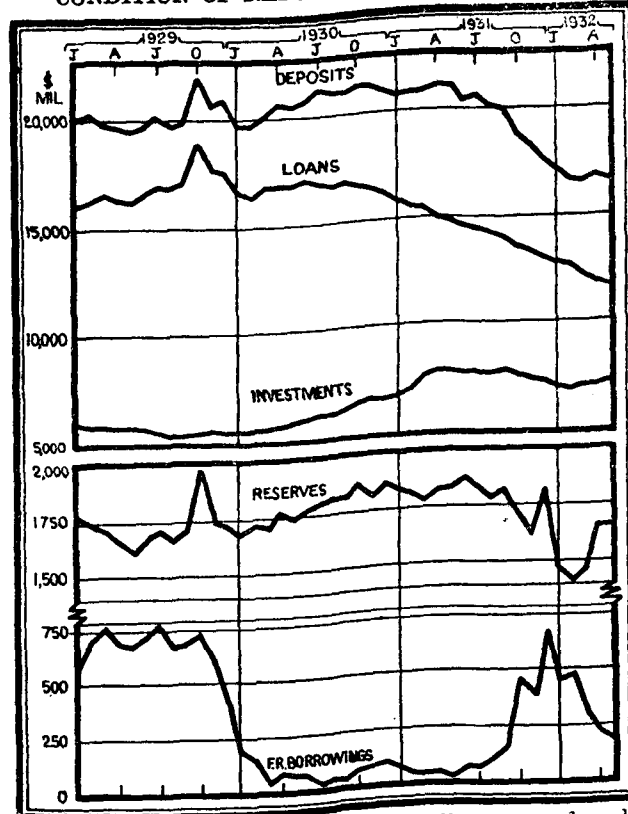
Whatever views may be held as to the wisdom of Reserve bank policy in 1930—and it is easy to be wise after the event—there is no doubt that by early 1931 American banking was in a difficult, if not unsound, position; and it is small wonder that, under pressure of deepening trade depression, enormous numbers of the little country banks had to close, and that even some of the larger banks found themselves in trouble. From this situation there developed the third phase of the picture. In the summer of 1931 there came a wave of mistrust by the American public in its banking system—reflected in an outbreak of hoarding. This raised the note circulation from \$1,500 to over \$2,500 millions, helped to reduce deposits at the banks by approximately \$4,000 millions, reduced their balances at the Reserve banks by about \$350 millions, and forced them to add \$600 millions to their borrowings.

For a time the Reserve banks were able to balance the increase in the note circulation by fresh acquisitions of

gold, for, thanks to the influx of bullion during the early months of 1931 from South America and the Far East, the Reserve banks' gold stocks had risen by August to the record height of practically \$3,500 millions. In September, however, England suspended the gold standard, and at once many European central banks jettisoned the gold exchange standard and turned their dollar balances into gold. Apart from this, foreign confidence in American stability had been sapped, and withdrawals of funds and gold shipments took place for that reason.

With distrust at home and abroad it was high time to act, and in the autumn of 1931 there was launched the official policy of "reconstruction and reflation," whose development forms the final phase of the picture. The foundation of the National Credit Corporation, for the purpose of mobilising bank funds in support of necessitous banks, was the first stage in the process of attempting to restore public confidence, and this was followed in 1932 by the more ambitious Reconstruction Finance Corporation, which authorised the Reserve banks to issue notes against United States Government securities as well as against gold and "eligible" bills; and simultaneously the Reserve banks began to buy Government securities on the open market. As the first diagram shows, these purchases at the end of May amounted to nearly \$1,000 millions.

CONDITION OF REPORTING MEMBER BANKS.



While these measures have partially restored public confidence in the banks—as is shown by this year's moderate contraction in the note circulation and the check in the decline in deposits—the member banks have so far done little to expand credit or revitalise business. Instead, the effect of the Reserve banks' purchases of Government securities has been offset, on the one hand, by further gold losses, and, on the other, by member banks' repayments of their debts to the Reserve system and reconstitution of their reserve balances. Loans by the member banks to the public have continued to decline, either through lack of demand for new credit or through the absence of credit-worthiness among potential borrowers. June witnessed a marked decline in the rate of gold efflux from New York, and inspired hopes that this would give the American "reflation" experiment a fresh chance. At the moment, however, it remains to be seen whether lack of confidence may not prove to be a fatal obstacle to the achievement of any substantial results by this means or the exercise thereby of any great influence on the price-level. In short, American banking and business are to-day finding that they cannot expand or prosper while the world around them is in ruins.

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IMPERIAL PREFERENCE: NEW ZEALAND.

NEW ZEALAND's position in reference to imperial preference differs very little in essentials from that of South Africa, which we examined last week. The principle of imperial preference has been very definitely in operation since 1903; in 1907 its scope was greatly extended, and in 1921, 1927 and 1930 the margin between the tariffs payable by British and foreign goods respectively was further widened. The amount of imports affected by the preferential tariff in 1929 and 1930 is indicated by the following table:—

(In millions of pounds.)

	1929.		1930.	
	British.	Foreign.	British.	Foreign.
Free, whether British or foreign	5.8	4.1	6.0	3.9
Uniform duty for British and foreign goods	2.3	3.2	1.8	3.2
Free if British, dutiable if foreign	11.1	3.1	10.0	2.6
British duty lower than foreign	13.9	5.3	11.8	3.7

In addition to the general British tariff, New Zealand has a reciprocity treaty with South Africa under which the rates of duty are lower than the rates payable by other British countries, and a treaty with Australia by which the two Dominions grant each other mutual concessions. This spring a trade treaty of one year's initial duration was signed with Canada, ending a period of sharp fiscal retaliation, but its terms were on the whole less favourable than those of the treaty abrogated in 1930.

Aided by the high degree of preference, the British share of New Zealand's overseas trade is very large. Exports to British countries have formed from 84 to 93 per cent. of total exports during recent years, and imports from British countries from 68 to 73½ per cent. of the total. The following table shows the distribution of imports and exports according to origin and destination:—

OVERSEAS TRADE: NEW ZEALAND.
(In millions of pounds.)

	Imports.			Exports.		
	1927.	1929.	1931.	1927.	1929.	1931.
United Kingdom	21.5	22.6	12.2	36.9	41.0	30.9
Canada	2.7	4.8	1.2	1.7	3.2	0.3
Australia	3.9	3.3	2.4	3.7	2.3	1.2
Other British countries	2.6	2.4	1.6	0.5	1.0	0.3
Total British countries	30.7	33.1	17.4	42.8	47.5	32.7
United States	8.1	9.3	3.9	2.7	3.7	0.9
Germany	0.8	0.9	0.6	1.1	1.2	0.3
France	0.9	0.7	0.3	1.0	1.8	0.4
Other foreign countries	4.3	4.8	2.6	0.9	1.4	0.9
Total foreign countries	14.1	15.7	7.4	5.7	8.1	2.6
Total	44.8	48.8	24.8	48.5	55.6	35.2

The proportion of New Zealand imports which came from British countries fluctuated downwards until 1929, but recovered in 1930 and moved sharply upward in 1931. A similar movement occurred in the export proportions.

New Zealand's most important imports are textiles, metal manufactures, apparel, machinery and vehicles. In most of these lines the United Kingdom is by far the most important supplier, but in the trade in agricultural machinery the United States, which are in general our most important competitor, though their share in the total declined sharply in 1931, have a big lead. British

motor cars, which enjoy a rapidly growing popularity in New Zealand, rose from third to second place on the import list in 1930, the leading position being usurped by Canada from the United States. In cotton and woollen piece-goods our priority is unchallenged, though New Zealand imports a small amount of these goods from each of a large number of other countries. The same applies to apparel, and to many classes of metal manufactures, and to electrical goods and equipment, though in this last-named class competition is very much keener. As, however, the British proportion of all these imports is so large, an increased measure of preference would not cost New Zealand a great deal, while any increase in the British export of these goods would be of considerable value to us.

What this country can offer New Zealand in return is a more doubtful question. Before the slump in wool values, New Zealand's most important export was one of the commodities for which, the Empire being a net exporter, preferential treatment could not help her to obtain a better price. As shown below, however, other products have recently increased their relative importance:—

EXPORTS FROM NEW ZEALAND.
(In millions of pounds.)

	1927.	1929.	1931.
Butter	10.9	13.2	10.6
Frozen meats	9.1	9.6	8.6
Wool	13.0	15.3	5.5
Cheese	5.6	7.0	4.5

Dairy products, on which other Dominions also are likely to ask for increased preference, will probably prove one of the more fruitful lines of negotiation at the Ottawa Conference. Of 6.8 million cwt. of butter imported into the United Kingdom in 1930, 3.1 millions came from British countries; slightly more than half the British consignment came from New Zealand. As, however, the Canadian share was negligible, though Canada is potentially a very large exporter of butter, it is doubtful whether, even if the British consumer were to accept the sacrifice involved in a higher foreign duty, New Zealand would gain in competition with other Dominions a very large share of the resultant benefit. As to meat, until technical improvements are found which will render frozen beef competitive in point of palatability with the chilled product (in 1930 we imported six times as much chilled as frozen beef), the consumer would rightly object to any attempt to penalise Argentine beef. New Zealand lamb, on the other hand, already holds a leading position in the British market, and a further strengthening of this position might be effected by means of preference, though here again our special relations with the Argentine, New Zealand's chief foreign competitor, would have to be carefully considered.

It is not, indeed, so much in the field of tariffs as in that of currency, credit and exchange that Ottawa holds out hopes of substantial advantage for New Zealand. There she differs completely from South Africa. So great a proportion of her trade is done with Great Britain that there could be no question of her following gold rather than sterling, and indeed there has been constant agitation, especially by primary producers, for an increase of the 10 per cent. premium which already exists on the London exchange. An expert committee, appointed by the Government last February to examine the economic and budgetary position of the Dominion, reported that "the main problem in New Zealand is to remove the disparity between export prices and internal prices and to adjust her economy to a lower level of overseas borrowing." The majority of the committee were in favour of a further movement of the exchange rate (which is controlled by the banks in concert) away from parity, combined with adjustments in fixed charges, rents, wages and public finance. The Government, however, decided against any alteration of the 10 per cent. rate, partly because budgetary difficulties would be increased by the decline of Customs revenue and the greater cost of transferring to London the annual charge of £12 millions sterling on the overseas debt, and partly because they hesitated to approach the Ottawa Conference with their

hands tied from imposing what in effect would have been a Customs surcharge of 20 or 30 per cent. on all imports whether from British or from foreign countries. The New Zealand delegation intend to make these financial issues a leading, if not the first, point of their brief at Ottawa. Mr Downie Stewart, who will accompany Mr Coates to the Conference, recently described it as a fortunate opportunity for the whole price level problem to be approached from the Empire standpoint. Attempts to raise the price level by international action had hitherto been unsuccessful, but concerted action on an Empire scale to raise the sterling price level for primary products might be possible, and it was the only thing that could relieve the burden of external debt. At the present price level New Zealand could either pay its London obligations or buy British manufactures, but could not do both, or, rather, the latter must be severely restricted. The example of New Zealand, indeed, reminds us plainly that the raising of commodity prices, if that can be achieved, is of far greater importance in the expansion of Empire trade than any preferential adjustments and fiscal bargaining possibly can be.

THE HALF-YEAR'S NEW CAPITAL.

SURVEYING the situation at the beginning of 1932, an observer of London's new capital market might well have been inclined to say that the two main questions which then awaited the decision of events were, firstly, whether there would be a sufficient restoration of confidence in the stability of sterling to elicit once more, at least in the case of first-class bonds, a ready response from the investing public; and, secondly, if this condition were fulfilled, whether the coming year would see the yield obtainable on "riskless" lending fall sufficiently far to divert capital, not perhaps into speculative enterprise, but at any rate into fixed interest securities of what may be termed a "secondary" character. To the first of these questions the half-year now concluded has given a fairly definite answer. Offers of high-grade securities have been eagerly absorbed at steadily declining yields. As regards the second question, however, the six months' trend has afforded much less conclusive evidence. Owing to the unwillingness of "good" borrowers to enter into commitments and the inability of less "credit-worthy" borrowers to approach the public with the scantiest hopes of success, the market has been little tested; and though such results as are available point to a considerable inelasticity in the rate for new long-term capital in the case of all but the highest grade issues, conclusions drawn from the meagre data so far accumulated can be only tentative and provisional.

We summarise below the half-year's new issues grouped under three main heads, in comparison with the corresponding figures for the previous periods:—

DESTINATION OF NEW CAPITAL.

	First Half of Year.					
	1931.	1928.	1929.	1930.	1931.	1932.
United Kingdom— Government Other	£ 20,324,400	£ 85,211,000	£ 1,600,000	£ 39,960,000	£ 10,250,000	£ 103,189,200
British Possessions— Government Other	£ 14,324,300	£ 31,423,000	£ 23,590,000	£ 27,000,800	£ 27,736,600	£ 16,041,200
Foreign countries— Government Other	£ 43,002,600	£ 40,177,700	£ 49,964,000	£ 37,155,000	£ 35,588,600	£ 17,412,500
Grand total ...	£ 77,651,300	£ 156,811,700	£ 25,154,000	£ 104,115,800	£ 74,575,200	£ 136,642,900

The British Government total comprises £107.6 millions (i.e., the whole amount of the accepted tenders) in respect of the 3 per cent. Treasury bond issue made in May, less a debit of £4.4 millions representing net encashments of National Savings Certificates. In the first half of 1931 an excess of £10.2 millions in sales over encashments of

these certificates accounted for the whole of the British Government borrowings. Apart from these operations, the half-year's total of new issues amounts to slightly over £60 millions, as compared with £70 millions a year ago and £104 millions in the first half of 1930. Issues to foreign countries were nil, and those for British Possessions were almost exclusively on Government account. The next table gives a further analysis of various classes of borrowers:—

CLASSES OF BORROWERS.
(£ million.)

	Total.	British Government.	Foreign and Colonial Govts.	British Colonial and Foreign Corps.	Foreign Railways.	Mines, Finance, and Exploitation.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1923	271.4	77.7	95.8	4.8	5.4	15.5	7.7	64.5
Total whole year, 1924	209.3	13.7	10.6	18.8	1.0	12.7	2.3	70.2
Total whole year, 1925	232.2	45.6	30.7	25.3	3.8	18.0	19.1	89.7
Total whole year, 1926	230.7	4.7	64.6	49.2	8.2	26.9	6.2	80.9
Total whole year, 1927	355.1	66.0	67.5	37.9	5.4	33.2	11.0	134.1
Total whole year, 1928	369.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
1929—1st quarter ...	96.9	1.9	27.2	0.3	3.8	21.2	4.9	37.6
2nd " ...	77.4	Dr 0.3	11.4	Nil	Nil	12.9	0.1	53.3
3rd " ...	18.7	Dr 1.4	2.8	0.4	Nil	2.4	1.1	13.4
4th " ...	92.2	65.2	Nil	Nil	4.0	5.0	0.3	17.7
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
1930—1st quarter ...	87.7	38.4	14.6	15.9	2.7	1.0	6.7	8.4
2nd " ...	81.9	1.6	30.9	18.8	Nil	6.3	2.0	22.3
3rd " ...	22.9	3.8	3.0	Nil	0.8	3.0	0.6	11.8
4th " ...	75.3	21.8	21.8	10.0	4.1	1.2	0.1	16.3
Total whole year, 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
1931—1st quarter ...	45.2	6.1	14.5	2.7	Nil	5.6	0.1	16.2
2nd " ...	44.0	4.1	14.9	3.5	2.8	5.9	0.1	12.7
3rd " ...	9.0	2.3	2.8	0.5	0.1	0.7	...	2.6
4th " ...	3.9	Dr 1.8	Nil	1.3	Nil	...	...	4.4
Total whole year, 1931	102.1	10.7	32.2	8.0	2.9	12.2	0.2	35.9
1932—1st quarter ...	17.7	Dr 3.0	4.1	9.8	Nil	0.5	0.4	5.9
1932—2nd quarter ...	145.9	106.2	12.0	17.2	Nil	...	...	10.5

Comparing the course of the past two quarters, it will be seen that in April-June there was an appreciable expansion in borrowing on account of Colonial Governments and of corporations, though there was also a substantially greater amount subscribed under the unclassified heading "mainly for home industry":—

The next table carries our analysis further by subdividing the past half-year's issues into twenty-nine categories.

ANALYSIS OF NEW CAPITAL APPLICATIONS.

Description.	First Half-Year, 1931.	First Quarter, 1932.	Second Quarter, 1932.	Total First Half-Year, 1932.
British Government Loans	£ 10,250,000	£ Dr 3,000,000	£ 106,189,200	£ 103,189,200
Colonial Government Loans	£ 27,736,600	£ 4,077,000	£ 11,964,200	£ 16,041,200
Foreign Government Loans	£ 1,740,000	£ Nil	£ Nil	£ Nil
British Corporation, County and Public Board Loans	£ 6,205,300	£ 9,842,600	£ 17,129,200	£ 26,971,800
Colonial Corporations and Public Board Loans	£ Nil	£ Nil	£ 117,200	£ 117,200
Foreign Corporations	£ Nil	£ 3,412,500	£ Nil	£ 3,412,500
British railways	£ Nil	£ Nil	£ Nil	£ Nil
Colonial railways	£ 2,850,000	£ Nil	£ Nil	£ 2,850,000
Foreign railways	£ Nil	£ Nil	£ Nil	£ Nil
Australian mines	£ 371,900	£ Nil	£ Nil	£ 371,900
South African mines	£ 8,932,300	£ 496,600	£ 22,300	£ 518,900
Other mines	£ 2,255,000	£ 99,000	£ 237,500	£ 336,500
Exploration, financial and investment trusts	£ 112,500	£ Nil	£ Nil	£ Nil
Breweries and distilleries	£ 337,500	£ Nil	£ Nil	£ Nil
Merchants, importers, &c.	£ 9,360,000	£ Nil	£ Nil	£ Nil
Stores and trading	£ 111,700	£ 40,000	£ 9,200	£ 49,200
Estates and land	£ 143,200	£ 13,000	£ 29,200	£ 42,200
Rubber	£ Nil	£ 350,000	£ Nil	£ 350,000
Oil	£ Nil	£ Nil	£ Nil	£ Nil
Iron, coal, steel and engineering ...	£ 3,838,300	£ 155,000	£ 4,730,400	£ 4,885,400
Electric lighting, power and telegraph	£ 98,000	£ Nil	£ Nil	£ Nil
Tramways, omnibuses, &c.	£ 6,300,000	£ Nil	£ Nil	£ Nil
Motor traction and manufacturing Gas and water	£ 429,000	£ Nil	£ 289,000	£ 289,000
Hotels, theatres and entertainments	£ 82,500	£ 1,191,400	£ 498,000	£ 1,689,400
Patents and proprietary articles ...	£ 300,000	£ 55,000	£ 50,000	£ 105,000
Docks, harbours and shipping	£ 136,400	£ Nil	£ Nil	£ Nil
Banks and insurance	£ 6,733,300	£ 1,013,000	£ 4,678,600	£ 5,691,600
Manufacturing and miscellaneous ..	£ 89,273,500	£ 17,745,100	£ 145,944,000	£ 163,689,100

It will be observed that, apart from borrowing by the British Government, Colonial Governments and British corporations, the great bulk of the other issues were on account of British public utilities and railways. In the case of the manufacturing and miscellaneous group, as in that of mines, rubber companies and the hotels and entertainments class, the majority of issues were made to shareholders only.

Further light on the situation of the new capital market is thrown by the next table, which analyses the nature of the borrowing:—

NATURE OF BORROWING.

	Debentures, Bonds, &c.	Preference Shares.	Ordinary Stocks and Shares.	Total.
Year 1927	£ 228,958,000	£ 36,836,600	£ 89,371,400	£ 355,166,000
" 1928	£ 212,817,900	£ 45,062,600	£ 111,177,600	£ 369,058,100
" 1929	£ 137,670,300	£ 31,543,400	£ 116,025,700	£ 285,239,400
" 1930	£ 227,658,500	£ 15,548,800	£ 24,593,300	£ 267,800,600
" 1931	£ 74,835,599	£ 6,911,859	£ 20,296,833	£ 102,044,291
First half-year, 1930	£ 137,679,600	£ 13,775,000	£ 18,101,000	£ 169,555,600
First half-year, 1931	£ 68,916,900	£ 5,832,800	£ 14,523,800	£ 89,273,500
First half-year, 1932	£ 152,585,600	£ 8,025,700	£ 3,077,800	£ 163,689,100

Whereas there was a slight increase, as compared with a year ago, under the heading of preference stocks and shares (including, be it said, a high proportion of issues to shareholders only), issues of ordinary shares fell to less than a quarter of the total of a year ago. In fact, though our usual analysis, which will be found on page 34, of issues by Stock Exchange introduction points to a slight revival of activity, the history of the past half-year has been predominantly one of borrowing by Governments within the Empire, British corporations and public or semi-public bodies in this country. To what extent such borrowing has dominated the market can be seen from a glance at the following table, in which we show the issue and present prices of the chief flotations:—

Month of Issue.	Name and Description.	Nominal Amount.	Issue Price.	Price, June 29, 1932.
1932.	Mauritius 5% Guar. Deb.	£ 600,000	98½	109
January	Uganda 5% Ins. Stk., 1951-71 ..	1,600,000	96	107-109
February	Nyasaland 4½% Guar. Stk., 1952-72..	2,000,000	97½	106
February	Central Electricity Board 5% Stk., 1955-75 ..	7,000,000	95	103-105
February	Croydon Corporation 5% Red. Stk., 1950-60 ..	750,000	Paw	106-108
March	Poole Corporation 5% Stk., 1957-72 ..	750,000	100½	108½
March	Metropolitan District Ry. 5% Stk., 1985-95 ..	1,500,000	97½	106
March	Metropolitan Railway 5% Stk., 1957-62 ..	2,000,000	97½	106
March	Port of London Authority 5% Inscribed Stk., 1950-70 ..	2,000,000	101½	107-109
March	Lever Brothers 5% Deb. Stk., 1957-72 ..	2,000,000	98	103-105
April	London and Home Counties Joint Electricity 5% Stk., 1955-75 ..	1,500,000	101½	104-106 pm
April	New Zealand Government 5% Inscribed Stk., 1956-71 ..	5,000,000	98½	98-99
April	Agricultural Mortgage Corporation 4½% Stk., 1952-62 ..	2,000,000	95	6½-7½ pm
April	Bristol Corporation 4½% Stk., 1952-62 ..	2,250,000	100½	104-106 pm
May	Government of India 5% Stk., 1942-47 ..	10,000,000	95	104-106 pm
May	3% Treasury Bonds	10,000,000	(a)	2½-2½ pm
May	Hull Corporation 4½% Stk., 1952-72 ..	1,000,000	100½	2½-2½ pm
May	British Columbia (Govt. of) 5% Stk., 1957-67 ..	1,500,000	99	101-102
May	Edmundson's Electricity 6% Cum. Pref. £1 ..	1,250,000	21½	21½
June	Bowater's Paper Mills 6½% Cum. Pref. £1 ..	500,000	Par	4½-7½ pm
June	Allied Newspapers 6½% Cum. Pref. £1 ..	2,000,000	Par	9d. dis
June	Central Electricity Board 4½% Stk., 1957-82 ..	10,000,000	96	2½-2½ pm

† £1,065,092 for conversion purposes.

‡ £2,000,000 for conversion purposes.

(a) Issued by tender. Price accepted, £97 15s. 1.97d.

Comparing the position at the beginning of January with that at the end of June, we find that the yield on long-term British Government securities has fallen gradually from about 4½ per cent. to under 4 per cent. This decline has been closely paralleled by the yields on new offers of high-grade securities. For example, the loans issued in January by Mauritius and Uganda yielded respectively £5 1s. 9d. and £5 4s. 8d. per cent., whereas in June, Tanganyika secured money on a yield basis of £4 2s. Similarly, the municipality of Croydon had to pay 5 per cent. for a loan in February, but, by April, Bristol and Hull were able to raise funds at fractionally under 4½ per cent., while the Central Electricity Board, whose January issue yielded over 5½ per cent., was able six months later to borrow at under 4½ per cent. On the other hand, where the security could not be described as definitely "riskless" the decline in the yield basis was much less pronounced. Thus, in April, India had to offer 5½ per cent., while as late as the end of June an issue by the Province of Alberta, yielding 5½ per cent., had an unfavourable reception.

Revolution in Siam.—Last Friday a successful revolution was achieved in Siam by the officers—or a clique among the officers—of the naval and military forces. The heir to the throne and the chief of the police were placed under arrest; and the King, who was not in Bangkok when the *coup* was carried out, returned to the capital and accepted the *fait accompli*. The only casualty seems to have been one high military officer, who was shot and wounded in the act of resisting arrest; and this sole victim is happily expected to recover. The revolutionaries deprecate the application of the term "revolution" to their work; but a revolution does not cease to be a revolution when it is accomplished without loss of life; and this Siamese specimen is not difficult to classify and pigeon-hole. Like the recent alarms and excursions in Chile, the present upheaval in Siam is evidently a political expression of the malaise produced by the pressure of the economic crisis. But the crisis has caught Siam in a different stage of social development from some of these other countries; and accordingly this Siamese revolution has taken rather a different form. While our Latin-American revolutionaries move in an endless cycle from one dictator or one junta to another, and while the Japanese Fascists are moving backwards from a pseudo-constitutional regime towards a one-party tyranny, the Siamese revolutionaries are moving in the opposite direction—from absolute monarchy towards self-government. This Siamese affair is a movement, engineered by military officers, for securing a parliamentary constitution; and the nearest obvious modern analogy is the Turkish revolution of 1908. In Siam, as in Turkey, the military officers are the political radicals because they are the element in the country which has been the most deeply imbued with Western ideas. The economic crisis brought the political movement in Siam to a *déroulement* by imposing the necessity for an increase in taxation—an increase which the late Government attempted to provide for by imposing a tax on salaries. The Siamese peasantry, whose minds are hardly touched yet by Westernisation, and whose taxes have actually been lightened, seem to have been passive spectators. It

remains to be seen how these peasant masses will get on with the small and rather exotic Westernised intelligentsia if the intelligentsia now comes into effective power through the curious semi-democratic constitution to which the King has now agreed.

Australia's Budget.—At the opening of the Premiers' Conference at Canberra on Tuesday, Mr Lyons, the Commonwealth Prime Minister, announced that, whereas the Premiers' Plan had provided that at the end of June the total deficits of the Commonwealth and States should amount to only £12.7 millions, the actual estimated results would be an aggregate deficit of £17.6 millions on account of the States, less a Commonwealth surplus of £1.2 millions, making £16.4 millions in all. The main factor in this realised deficitary position was the deficit of £10.7 millions on account of New South Wales. For 1932-33 the Treasury estimated that on the existing basis the aggregate deficit would be £20 millions, made up as follows:—Commonwealth, £3.5 millions; New South Wales, £9.5 millions; and the other five States, including Tasmania, £7 millions. He did not propose a further increase of Commonwealth taxation, but would rely on economies in administration to meet the Commonwealth deficit, leaving at the exclusive disposal of the States such assistance from the banks as was available. In this connection Mr Lyons read a letter from the chairman of the Commonwealth Bank pointing out that the banks had financed Governments during the year to the tune of £31 millions, and that the ability of the banks to continue the necessary financing of the Premiers' Plan was rapidly approaching a point unforeseen and capable of becoming disastrous. Though the financial credit of Australia has greatly improved and the position of the external floating debt has been considerably relieved, it is sufficiently clear that, so far as the achievement of a balanced Budget is concerned, the Commonwealth is not yet out of the wood. On Wednesday the States had their say, and while the Premier of New South Wales declared that he hoped to show later on a cut of £4 millions in that State's prospective deficit, and the Premier of Victoria also foreshadowed an improvement on the estimate, the Premier of Queensland urged on the Conference an amendment which would substitute for strict adherence to the Premiers' Plan a general undertaking to meet all interest obligations and progressively to reduce Budget deficits. Eventually, however, unanimity on a policy of reducing the deficits by retrenchment was reached.

Parliament and Economy.—The report which the Estimates Committee has presented to the House of Commons contains two suggestions of importance. Reviewing the growth of borrowing by local authorities during recent years, the Committee point out that much of this local expenditure automatically attracts Treasury grants without the specific sanction either of the Treasury or of the House of Commons. They observe that when a Department sanctions a scheme submitted by a local authority it really commits the State at that point to expenditure which will have to be made in future years. Accordingly they propose—and we agree with the recommendation—that in future the Department concerned should submit an annual programme of their proposals for Treasury endorsement before sanctioning. The other recommendation which they make concerns the Road Fund, whose commitments rose from £23 millions on March 31, 1929, to £62 millions at the end of March, 1931. By March, 1933, as a result of the curtailment of schemes, the commitments for future expenditure will have dropped to £26 millions, including debt to the Treasury; but, in the Committee's opinion, the position remains unsatisfactory in that Road Fund commitments are incurred without the prior knowledge or expressed sanction of Parliament. The Committee suggest either that the Road Fund should be abolished, as the May Committee desired, or that, alternatively, the Ministry of Transport's estimates should include an annual statement of the commitments, revenue and expenditure of the Fund. Of the two suggestions we greatly prefer the second. Financed as it is by taxes on motor transport, the Road Fund is an appropriate

mechanism for facilitating sound continuity of expenditure. The result of making provision for road schemes invariably dependent on the budgetary exigencies of any single year might be to produce a chaotic and wasteful administration of what should be productive expenditure. The inclusion of the suggested statement in the Ministry of Transport's annual estimates should enable Parliament to keep a sufficiently timely hold over the trend of policy on which future expenditure depends.

A Quarter's Revenue.—The first quarter's revenue return gives little indication of the budgetary position as it will emerge towards the end of the fiscal year. The deficit on account of ordinary revenue and ordinary expenditure is £81.3 millions, compared with £78.0 millions last year, while issues for the sinking fund have been reduced from £10.1 millions to £6.9 millions. On the revenue side, the figures of income tax and surtax, which reflect mainly the collection of arrears and of deductions at source between the two instalment dates, are of no great significance, though a big drop in surtax receipts is not reassuring. Estate duties, estimated to bring in £11 millions more this year than last, actually show a drop of over half a million on the quarter, but the death of millionaires is always one of the impalpable risks of budget making. More important, perhaps, is the decline of stamp duties from £2,580,000 in the first quarter of last year to £2,310,000 only, since in the face of criticism from financial circles the year's estimate was put at nearly £6 millions above last year's receipts. Revenue from Customs and Excise conforms satisfactorily to the estimates. As for expenditure, supply services have so far cost nearly £6 millions more than in the corresponding period of last year, in spite of cuts, but payments on this account vary considerably from quarter to quarter, and it must be remembered that unemployment fund deficits are now being included in the Ministry of Labour vote. A saving of £9 millions has been made in the interest and management of the National Debt, without which the budget outlook would have been much gloomier than it is.

Mr Baldwin and Ottawa.—As Mr. Lloyd George observed in a speech last Saturday, there are distinct signs of disillusionment among the ranks of British protectionism; "the pæan of triumph over the carrying of tariffs has gone, the music is very low, very soft." Indeed during the debate on the motion of censure in the House last week, and in the course of a speech which he delivered last week-end at Sheffield, Mr Baldwin not merely refrained from invoking louder music; he appeared deliberately to apply the soft pedal. Disclaiming any previous assertions on his part that tariffs would work speedy wonders, he submitted that the whole tariff system was on its trial, and he expressed, not without significance, the hope that Ottawa would be the first step towards greater freedom of trade. Mr Baldwin, to do him justice, has never been a "whole-hogger," though he certainly once seemed to cherish a belief, which we could not share, that tariffs could be used as an effective method for attaining the dual, incompatible aims of domestic protection and more international exchanges. We hope that his recent speeches are evidence that he recognises, and is prepared at Ottawa to insist, that the commercial policy of this country must be directed not to the pursuit of crazy dreams of economic Imperialism, but to the reciprocal, progressive lowering of tariff barriers, on the lines of the Belgian-Dutch Convention, in our trade relations both within and without the Empire.

Canada's Textile Tariff.—We have received from a Canadian correspondent particulars of the duty paid by him on a consignment of English cloth of a type apparently usable—to judge by the sample sent us—for moderately priced overcoats. Landed in Canada, the cost of the cloth at current rates of exchange was 50 cents a yard. On this was charged a specific duty of 42½ cents, an *ad valorem* duty of 14½ cents, and a so-called excise tax of 3 cents. When the dumping duty was included the pro-

tective tariff works out at 127 per cent. *ad valorem*. Commenting on the attitude of the Canadian industrialists—an attitude which has recently led to the refusal by the Federal Government of a grant to a co-operative fruit-growing settlement in British Columbia because it was proposed to instal a British cold storage plant—our correspondent remarks: "We have reached the stage in Canada when a man ought to thank God every morning if no new industry has been born during the night, because every time a new Canadian industry is born it adds to the cost of living and increases the difficulty of doing business in Canada." We have no desire to stress unduly an admittedly *ex parte* presentation of a problem which has more sides than one; but our correspondent's letter suggests forcibly that our negotiators at Ottawa will have to overcome serious obstacles to inter-Imperial expansion of trade in manufactures.

Lancashire's Labour Crisis.—At the end of last week, writes our Manchester correspondent, the Central Board of the Northern Counties Textile Trades Federation announced the result of the ballot of its members on the labour situation. It was reported that out of 161,939 votes recorded, 78,437 were for strike action, 61,742 for negotiations with the employers, and 21,760 papers represented no returns or spoiled papers. The Central Board held a long meeting at Blackburn to consider the figures, and it was officially announced at the close that the Board did not feel justified in declaring for strike action, and that the situation would be considered by the Executive Committees of the several trade unions. At a further meeting of the Board on Monday it was resolved that, in view of the figures disclosed by the ballot vote, the Board found itself unable to agree to enter into negotiations so long as the conditions laid down by the employers' association remained. It may be pointed out that the employers are determined that before a joint conference can take place the holding of such a meeting should mean that a wages reduction is necessary, and that any agreement reached must be final and not subject to ratification by any larger body of the operatives. In the circumstances there is a deadlock. The employers are quite unconcerned at the situation, as more firms are getting their operatives to accept reductions. On the other hand, the power of the trade unions is being steadily weakened. It is agreed, however, that it would be to the benefit of the industry as a whole if a county agreement could be reached, as the variety of arrangements made at individual mills are causing great irregularities in production costs and therefore in the price of cloth.

Cotton Trade Surplus Capacity.—The scheme of the Joint Committee of Cotton Trade Organisations for the elimination of surplus machinery has had to be abandoned. The report on the result of the ballot stated that the owners of 17.70 per cent. of the spindles had voted in favour of the scheme and 56.53 per cent. against, while the owners of 25.77 per cent. did not record any vote. It may be mentioned that the large percentage of non-voters was due to the withdrawal of the vote of the Lancashire Cotton Corporation. The directors of the Corporation, whilst approving the scheme, were of opinion that their big vote, representing 8,000,000 spindles, should not be allowed to influence unduly the general opinion of the spinning section. The Joint Committee, therefore, had received a request from the Corporation that if the general opinion of the trade was against the scheme their vote should not be recorded. In view of the result, the Executive Committee decided to recommend to the Joint Committee that no further action should be taken on the scheme. 'In many respects,' writes our Manchester correspondent, "the result must be considered disappointing, as this is another case of the refusal of the leaders of the cotton industry to adopt any proposals requiring united action. It is significant that the resignation of Sir Kenneth Stewart from the chairmanship of the Lancashire Cotton Corporation was announced on the same day as the result of the ballot on the scheme of the Joint Committee; and Sir Kenneth, in his letter of resignation, drew attention to his disappointment at the failure

of the industry to unite in any endeavour to relieve the industry from its depression and to prevent further decay. It is recognised, however, that the individualism which still exists in Lancashire is largely responsible for the refusal of employers to take part in any general scheme of reorganisation." It is an attitude for which Lancashire is likely to pay a ruinously heavy price.

Sterling and Gold Prices.—In spite of a fall of nearly 2 per cent. in the sterling exchange, the past fortnight has witnessed a continuance of the tendency to which we called attention two weeks ago, namely, a slight rise in gold prices, contrasting with an opposite movement of sterling prices.

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsamt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.5	113.9	103.5	99.3	96.2	99.3	98.3
Nov. 25th ...	109.8	114.8	98.8	98.3	96.0	98.8	97.6
Dec. 9th ...	113.5	117.3	93.0	97.3	93.5	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.8
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	98.8	91.8
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th ...	105.8	105.4	83.6	89.6	97.0	95.3	90.3
May 18th ...	102.6	106.9	81.9	88.6	95.1	93.4	89.4
June 1st ...	100.2	101.2	79.8	87.3	94.0	91.7	88.5
June 15th ...	97.8	99.7	80.2	86.0		90.4	88.2
June 23th ...	97.4	99.3	80.5	85.9			

Sectional movements of the complete *Economist* index are shown below. Movements of individual commodities during the past fortnight have been irregular, but the textile group showed a slight upward tendency.

"ECONOMIST" INDEX.
(1927 = 100).

	Sept. 18, 1931.	June 15, 1932.	June 29, 1932.
Cereals and meat	64.5	69.6	68.9
Other foods.....	62.2	57.4	57.6
Textiles.....	43.7	43.2	43.7
Minerals.....	67.4	67.2	67.4
Miscellaneous	65.8	59.7	58.4
Complete index	60.4	59.1	58.8
1913 = 100	83.1	81.3	80.5
1924 = 100	52.2	51.0	50.8

It is to be noted that the foreign indices, for which we are indebted to the *Financial Times*, continue to move downwards.

The Grain Markets.—At this time of the year the international grain markets are largely under the influence of crop reports which often cause wide fluctuations in prices. Although the current season's world crops cannot yet be estimated, it recently became evident that the international grain situation was growing less favourable. The break in wheat prices three weeks ago was therefore not unexpected. The following table shows the course of prices since June, 1931:—

CEREAL PRICES (nearest future).
(Cents per Bushel.)

	Chicago.				Winnipeg.
	Wheat.	Maize.	Oats.	Rye.	Barley.
1931—June 30	57½	61½	30½	37	33½
December 30.....	54½	36½	25½	41½	41½
1932—March 31	53½	35½	23½	46½	40½
April 30	54½	24½	21½	37½	39½
May 31	56½	30½	23½	35½	38½
June 29	48½	28½	19½	27½	37½

It will be seen that the quotations for maize, oats, rye and barley declined steadily during the first six months of the current year. In contrast, wheat remained remarkably steady until the beginning of June despite the growing intensity of the economic blizzard and the continuous fall in the general level of (gold) wholesale prices. The relatively favourable trend in wheat prices was due to the fact that the current season's consumption had been generally over-estimated earlier in the year. Another

THE REVENUE.

I.—An Account of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1933, as compared with the corresponding periods of the preceding year.

	Quarter from April 1 to June 30, 1932, compared with the corresponding Quarter of the preceding Year.				Period from 1st April to 30th June, 1932, compared with the corresponding Period of the preceding Year.			
	Quarter ending June 30, 1932.	Quarter ending June 30, 1931.	Increase.	Decrease.	Period ending June 30, 1932.	Period ending June 30, 1931.	Increase.	Decrease.
Ordinary Revenue.	£	£	£	£	£	£	£	£
Inland Revenue—								
Income Tax	18,536,000	19,818,000	...	1,282,000				
Sur-tax, including Arrears of Super-tax	7,020,000	11,180,000	...	4,160,000				
Estate, &c., Duties	19,000,000	19,630,000	...	630,000				
Stamps	2,310,000	2,580,000	...	270,000				
Excess Profits Duty and Corporation Profits Tax	...	...	...	...				
Land Tax and Mineral Rights Duty	120,000	130,000	...	10,000				
Total Inland Revenue	46,986,000	53,338,000	...	6,352,000				
Customs and Excise—								
Customs	40,033,000	28,860,000	11,173,000	...				
Excise	29,400,000	27,300,000	2,100,000	...				
Total Customs and Excise	69,433,000	56,160,000	13,273,000	...				
Motor Vehicle Duties (Exchequer share)	673,000	787,000	...	114,000				
Post Office (Net receipt)	3,900,000	3,300,000	600,000	...				
Crown Lands	260,000	270,000	...	10,000				
Receipts from Sundry Loans	1,057,355	9,383,915	...	8,326,560				
Miscellaneous Receipts	564,477	5,768,796	...	5,204,319				
Appropriation from Rating Relief Suspense Account	...	...	...	...				
Total Ordinary Revenue	122,873,832	129,007,711	13,873,000	20,006,879				
			£6,133,879 Net Decrease.					
Self-Balancing Revenue.								
Post Office	13,350,000	13,100,000	250,000	...				
Motor Vehicle Duties apportioned to Road Fund	3,610,000	3,480,000	130,000	...				
Total Self-Balancing Revenue	16,960,000	16,580,000	380,000	...				
Total	139,833,832	145,587,711	14,253,000	20,006,879				
			£5,753,879 Net Decrease.					

II.—An Account showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Quarter ending June 30, 1932, as compared with the corresponding period of the preceding year.

RECEIPTS.	Quarter ending June 30, 1932.	Quarter ending June 30, 1931.	ISSUES.	Quarter ending June 30, 1932.	Quarter ending June 30, 1931.
Ordinary Revenue, as shown in Account I.	£122,873,832	£129,007,711	Ordinary Expenditure.	£109,206,491	£109,089,993
Self-Balancing Revenue as shown in Account I.	16,960,000	16,580,000	Payments to Northern Ireland Exchequer	1,163,286	1,248,597
Total Revenue	139,833,832	145,587,711	Other Consolidated Fund Services	637,549	452,585
Temporary Advances Repaid—			Total	109,007,326	110,791,175
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	...	Supply Services—		
Under the Unemployment Insurance Acts, 1920 to 1931	...	...	Army, Navy and Air Vote	25,810,000	26,410,000
Road Fund	...	...	Civil and Revenue Votes (excluding Post Office)	76,380,000	69,606,650
Money Raised by Creation of Debt—			Total, Supply Services (excluding Post Office)	102,190,000	96,216,650
(a) For Capital Expenditure Issues—			Total, Ordinary Expenditure	204,197,326	207,007,825
Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	2,000,000	2,050,000	Self-Balancing Expenditure		
By Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	...	Post Office	13,350,000	13,100,000
(b) Under the Unemployment Insurance Acts, 1920 to 1931	...	12,640,000	Road Fund	3,610,000	3,480,000
(c) For other Issues—			Total Self-Balancing Expenditure	16,960,000	16,580,000
By Treasury Bills	768,203,000	627,008,000	Total Ordinary & Self-Balancing Expenditure	221,157,326	223,587,825
By National Savings Certificates	15,400,000	12,950,000	New Sinking Fund (1928)	6,905,318	10,134,226
By British Government Loans Abroad	84,250,000	...	Total, including New Sinking Fund	228,062,644	233,722,051
By 3 per Cent. Treasury Bonds	304,215,000	202,435,000	Temporary Advances—		
(d) Ways and Means Advances			Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	8,612	8,612
Repayments—			Under the Unemployment Insurance Acts, 1920 to 1931	...	12,640,000
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	30,383	30,133	Road Fund, under Section 27 of the Finance Act, 1928	1,000,000	1,676,000
	1,313,932,215	1,002,700,844	Issues to meet Capital Expenditure—		
			Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	2,000,000	2,050,000
			Under the Capital Expenditure (Money) Act, 1904	...	...
			Unemployment Insurance Acts, 1920 to 1931—		
			Repayment of Amounts Borrowed	...	...
			Redemption of Debt—		
			Treasury Bills paid off	653,580,000	579,945,000
			Principal of 4 per Cent. War Loan, 1929-42, paid off	...	350,000
			Principal of National Savings Certificates paid off	15,700,000	8,350,000
			Principal of Treasury Bonds paid off	4,907,452	...
			Principal of British Government Loans Abroad	5,659,149	...
			Issues to National Debt Commissioners under Section 3 (3) of the War Loan Act, 1919	1,675,909	...
			Securities surrendered for Duties under Section 54 of the Finance Act, 1917	73	...
			Ways and Means Advances Repaid	254,415,000	166,945,000
			Issues under Section 24 of the Finance Act, 1932	150,000,000	...
Balances in Exchequer on 1st April	1932. £5,334,959	1931. £5,296,468			
Bank of England	470,181	695,075			
Bank of Ireland	...	...			
	5,805,140	5,991,543			
	1,319,737,355	1,008,692,387			

Item.—Floating Debt outstanding March 31, 1932. £611,955,000

	1932. June 30.	1931. June 30.
Ways and Means Advances outstanding:—		
Advances by Bank of England	19,500,000	14,290,000
Advances by Public Departments	57,800,000	45,700,000
Treasury Bills outstanding	719,100,000	616,965,000
Total Floating Debt outstanding	776,400,000	676,955,000

Net Increase £164,445,000

* Includes £51,000 the proceeds of which were not carried to the Exchequer within the period of the account.

Treasury, June 30, 1932.

factor contributing to the strength of the wheat market was the partial failure of the United States winter crop and its slow progress elsewhere. At the beginning of June, and however, it became known that the North American and European spring crops were progressing favourably; and this was followed by the publication of better official crop estimates in North America, and by selling pressure from Canadian holders who were anxious to secure the export bonus of five cents per bushel. The estimated yield of the North American crop, at 1,091 million bushels, shows a reduction of only 85 million bushels on last year's harvest. The failure of the United States winter crop has therefore been practically counter-balanced by an increase in the yield of the spring crop and of the Canadian crop. It is now expected that visible supplies at the end of the current season (July 31st) will show little reduction on last year's carry-over. According to Mr G. Broomhall, the world's visible supply at the beginning of June stood at 488.2 million bushels as compared with 490.0 million at 488.2 million bushels on the corresponding date a year ago. The trend of prices in the near future depends, of course, largely on autumn crop prospects and on Russian grain policy. On the other hand, the Italian Government's action in almost excluding foreign wheat from the home market—a policy which is expected to be followed by France, Germany and other European countries as soon as home-grown grain becomes available—is likely to exercise a depressing influence on world prices.

Exchange Regulations in Argentina.—Our Buenos Aires correspondent writes:—Additions to the regulations governing the remittance of funds from Argentina to places abroad threaten to complicate still further a position that already creates serious difficulties for persons who are resident abroad yet possessed of capital funds in this republic. The expressed intention of the Control Committee is to stop the drain caused by absentee land-lordism, in which respect many wealthy Argentines are inveterate offenders. Unfortunately, the Exchange Control Committee seems to be unable to discriminate. It has entirely overlooked the fact that there are large numbers of persons who have worked all their days in this republic, and, after accumulating a certain amount of wealth, have purchased Argentine bonds and mortgage "cedulas," or have otherwise left their money to aid in the further development of the republic, relying on the assurance that the interest would not only be regularly forthcoming, but would also be at their free disposition. In its latest circular the Exchange Control Committee has, to all intents and purposes, said that in view of the seasonal diminution in exports it will be forced to restrict remittance permits. Such restriction will apply not only to payments for imported merchandise, but also to interest on securities, if the holders are actually or juridically resident abroad. Already this restriction is being put into force. Permits, even when applied for through banks, are not granted within a week or ten days, while in many instances applications for relatively trifling amounts, say for sums under £100, come back with permission given for half the sum required. There is no appeal, and although, by favouritism, exceptions are sometimes made, the whole system is working in a manner directly detrimental to legitimate private interests and harmful to the best interests of Argentina herself.

Anglo-South American Bank.—The extraordinary general meeting for the purpose of approving the new scheme referred to in the *Economist* of June 11th was held on June 27th. In moving the adoption of the scheme, Sir Bertram Hornsby, the chairman of the bank, explained how it came about that the bank was involved so deeply in the nitrate industry, and how, owing to the American crisis, Cosach was unable to carry out its intentions of floating a large bond issue in New York for the purpose of repaying its bank indebtedness. This failure was followed by the British suspension of the gold standard, leading to the withdrawal of a good many foreign balances lodged at the Anglo-South American Bank; and, most unfortunately, all this happened at a time when the

bank had an exceptionally large quantity of acceptances outstanding on the London market. As a result, the directors had to submit their position to the Bank of England, and the present scheme was the final consequence. In the course of his speech, Sir Bertram also dealt with the possibility of a call on the "A" shares, and indicated that the adoption of the new scheme should put the need for a call into the background. The customers had displayed remarkable confidence in the stability of the bank, and if the shareholders would only do the same the likelihood of a call would recede still farther. In reply to question, Sir Bertram insisted that the provision that the new preference shares (which are being taken up by the assisting banks) should possess voting control was an integral part of the scheme, and that the bank's aggregate advances to Cosach were not an excessive amount to have lent to one particular industry. The resolutions adopting the scheme were carried unanimously.

Overseas Correspondence.

LEAGUE OF NATIONS.

Hoover Disarmament Plan — Sir John Simon's Speech.

(FROM OUR CORRESPONDENT.)

GENEVA, June 28.

THE sudden and drastic American disarmament proposals gave the Conference a much-needed jolt. While the majority of delegations welcomed them wholeheartedly, there has been scarcely veiled irritation on the part of some of the leading Powers at the manner, method and moment chosen by President Hoover. This is almost entirely due to dislike of the substance of the plan, and all the excuses that it is a political Republican move, that it has disturbed the tranquil progress of the conversations in progress, or that it was brusquely thrown in at an inopportune moment, are only manifestations of that fact. From some of the criticisms it might be imagined that the reduction of armaments was the last function expected from a Disarmament Conference, but most people here are convinced that no pettifogging analysis or out-of-hand condemnation of the scheme will be able to smother the direct appeal which it makes to the great mass of people. There is no doubt that adjustments would be needed to make it as equitable as possible; it is obvious that in many respects America can afford to adopt a much simpler attitude to problems of defence than most States; she has less to fear, and is probably more secure than any other nation in the world. But it is impossible to exaggerate the worldwide relief which would ensue if such a measure were to be carried through. In general, it implies not a change in relative strengths but a parallel reduction in strengths. Broadly speaking, States are invited to have ten a side instead of fifteen a side. There are States—possibly including Great Britain—for which there may be a definite minimum in this scaling down, even when the relative strength of other States is taken into account. But it is unreasonable to suppose that such a stage in our naval strength has already been reached, regardless of reductions which may be agreed upon by other maritime Powers.

There is also the problem of different requirements, as indicated in the old controversy of American insistence on large battleships and our insistence on cruisers. These points are not beyond adjustment, and if Great Britain really desires to save money and to improve political relations, first with America and then with the rest of the world, her representatives will show more cordiality to the American plan than has so far been the case. Sir John Simon's statement was frankly disappointing, and its measure was the satisfaction of those most disinclined

to follow President Hoover's lead. Considerable comment was directed to his harsh observation that the object of the Conference was to attain agreement, and that "agreement was not to be obtained by unilateral statements." For the rest, his speech was damning with faint, vague praise. It is true that Great Britain would on some points go further than the United States, but it is not a fair claim to imply that she is ready to go beyond the measure of disarmament contained in the American plan as a whole. It will be impossible to make such a claim unless Great Britain states her readiness to reduce tonnage by something approaching one-third; so far her attitude with regard to capital ships, as implied by Sir John Simon, seems to be not that the total tonnage of this class should be reduced, but that the size of the individual units should be reduced, the total tonnage of the class being maintained. That would mean no financial saving—indeed, possibly increased cost of construction. If that is not a true interpretation of the British attitude it would be well for the Government to take an early opportunity of explaining it, for similar deductions have been generally made.

At the same time, Sir John Simon did say that the British delegation felt the Conference must aim at something big and that public opinion hoped for large results. The Conference awaits more definite suggestions from Great Britain as to how these big results should be obtained. The suspicion is that they relate more particularly to land forces of others, as assumptions continue to be made that we are the only nation which has yet disarmed. The worst contingency of all would be that we should sit on the fence, not officially liking the American plan, but also not caring to oppose it, and should leave the destructive work to others. Destructive forces will not be lacking. Japan has already made it clear that, in her view, the plan goes too far, and she will certainly be difficult in the process of reaching any general agreement whatsoever. France says that if reductions are to be so drastic they can only be accepted if they are accompanied by a system of international security; we are also informed of what France has already done to give a lead in disarmament and of the difficulty, therefore, of a further mathematical reduction on existing figures. It must be recognised that the plan requires a great deal from France, but it ought not to be too much on a long view of real French interests. The only emphatic and complete approval comes from Italy—apart from other less important military States—and after all the other big Powers had spoken with their questioning and doubting, Mr Grandi's ringing acceptance was much more loudly applauded than even the original Hoover message. The proposals would go most of the way to satisfying the Germans. The danger now is that the scheme will be frittered away in private conversations, and the only hope still lies in the exercise of the full force of public opinion.

UNITED STATES.

Politics — Budget — Finance — Prices — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 22.

CONGRESS seems likely to remain in session for some time. The delay has been occasioned by wrangling over economy measures, with a Relief Appropriation Bill in the background. As Wall Street sees it, while the outlook for a reduction of from \$250 to \$300 millions in expenditure is dimmer by about half, the likelihood that unsound monetary proposals or inflationary schemes will be passed is much smaller. Congress will probably agree on cuts of from \$150 to \$200 millions, and will need to find new sources of tax revenue at the December session; but, with the death of the ex-service men's bonus measure, the chances for similar bills having a hearing is remote. Probably the so-called Wagner Relief Bill, which would provide \$300 millions to be lent by the Federal Treasury to the States, which in turn would distribute the funds to their municipalities for poor relief, will pass.

No surprises were contained in the Republican platform on which Congressmen and the President will stand for re-election. Little attention is paid to the rather unimportant references to business and finance, but the attitude on prohibition has called for sharp comment. In the East much disappointment is felt, but the proposal to be cautious about any change fits pretty well with the sentiment of the rank and file of the party in those States where the closest fight with the Democratic candidates is to be expected. Wall Street, which is normally Republican in sentiment, feels that President Hoover is preferable to any Democratic candidate likely to secure the nomination, and, while the financial district has been a severe critic of many things in the past four years, it will, as usual, support the Republican candidate.

In financial markets the edge has worn off the passage of the Tax Bill, the defeat of the bonus, the stoppage of gold exports, and the announcement of the formation of a bond market investment company by the leading banks. Bond markets have maintained their ground fairly well, but the share market has lost three-fourths of its early June recovery. With the application this week of the higher taxes on share and bond transfers, the natural tendency of activity to subside with the wearing out of a rally, and with intensified trade slackness due to the summer season, has been enhanced. Sales in the share market have fallen to the lowest level since the summer of 1924. Government bonds have been supported by the Federal Reserve Bank, but the railroad and public-utility sections have not yet developed enough strength to support new offerings. A \$30 million bond issue of the New York Consolidated Gas Company has been authorised by the State regulatory body, but is held up pending a favourable market. New capital issues are still confined to State, municipal and Federal Treasury borrowing. Capital is wary of long-term employment, and the bulk of income now is used to liquidate debts instead of for investment.

Gold exports have ceased. Last week the country's monetary gold stock fell \$70 millions, largely as the result of the final French earmarking operation, but this week a few dribbles of metal have come in, and so far none has gone out. There has been a marked change in attitude on the part of many who until recently were inclined to "take a position" in some foreign currencies, particularly the gold currencies, as offering more safety than the American dollar. By far the bulk of the eastward movement of capital has been repatriation of foreign funds, as shown by the closeness of figures covering gold loss and the shrinkage in foreign balances held here, but some American speculation on the bull side of European currencies has taken place.

Federal Reserve Bank credit continues to rise, the net gain last week being \$72 millions, and the member banks were able to cut their borrowings \$6 millions. The Reserve statement reflects the French gold earmarking operation. The Reserve Banks added \$30 millions to their bill holdings, presumably taken over from the Bank of France, inasmuch as contingent liability on bills bought for foreign correspondents was down \$48 millions, and they bought \$47 millions in Government bonds. The tax date this time did not bring on a Treasury overdraft, and no ripple was caused on the surface of the money market.

Domestic trade offers no great encouragement for the summer. Commodity prices are still declining. The Bureau of Labour Statistics index for May fell 1½ per cent.; as usual the bulk of the decline—this time 5½ per cent.—occurring in agricultural products. The spread between agricultural and non-agricultural prices is now so wide that farmers are able to buy almost nothing beyond the necessities of life, and, even with fair crops, the low prices mean that in many cases taxes and interest on mortgages have to wait. This week the largest mail-order concern, Sears, Roebuck and Company, which sells goods largely to farming communities, had to omit its dividend payments. Farm implement manufacturing plants are virtually idle. While farm purchasing power is thus severely crippled, actual distress on the farms is rare, and it is only in the cities that there is any need for doles in any form.

The Bureau of Labour commodity price index follows:—

INDEX NUMBERS OF WHOLESALE PRICES.	(1926=100.)		
	May, 1931.	Apr., 1932.	May, 1932.
All commodities	73.2	65.5	64.4
Farm products	67.1	49.2	46.6
Foods	73.8	61.0	59.3
Hides and leather products	87.6	75.0	72.5
Textile products	67.4	57.0	55.6
Fuel and lighting materials	65.3	70.2	70.7
Metals and metal products	85.0	80.3	80.1
Building materials	80.0	72.5	71.5
Chemicals and drugs	80.5	74.4	73.6
House-furnishing goods	86.8	76.3	74.8
Miscellaneous	70.5	64.7	64.4
Raw materials	66.5	55.5	53.9
Semi-manufactured articles	69.8	59.6	58.1
Finished products	76.9	71.1	70.3
Non-agricultural commodities	74.5	68.9	68.1

The steel trade has dropped to around 16 per cent. of capacity and prices are weak. Some mills are closing down altogether. Little hope of recovery before August is held out, unless the Reconstruction Finance Corporation should begin large loans to the railroads for use in purchasing new equipment. The motor industry has been disappointing, and, while May brought an increase in building contracts, the structural steel industry is using comparatively little steel at this time. Railroad traffic is rising slightly, and it is likely that the 25 to 30 per cent. drop in traffic (compared with 1931) of the first six months of the year will be improved upon somewhat in the final six months. Electrical output is still running from 10 to 12 per cent. under last year. Employment in May for leading industrial groups fell 3.2 per cent. from April, according to the Bureau of Labour, the bureau's index standing at 59.7, compared with 75.2 for May of last year. Payrolls dropped nearly 4 per cent. Salary cutting is beginning again among the railroads, and continues for industrial and financial companies.

FRANCE.

Politics — Economies — Coal — National Debt.

(FROM OUR CORRESPONDENT.)

PARIS, June 29.

It seems fairly clear that the majority of the population, whatever conclusions may have been drawn from the result of the recent General Elections, have read with approval the French attitude at both Geneva and Lausanne, but that a proportion, both in Parliament and outside, are preparing an energetic opposition to the Government, unless M. Herriot is prepared to go much further in the direction of disarmament and of a complete suppression of German reparation payments, regardless of whether the United States can be induced to adopt a similar policy in regard to European war indebtedness towards America.

So far, positive action has been manifested only by the Socialists and—to a lesser extent—by the more advanced wing of the Radical Party. On Sunday M. Léon Blum, the leader of the French International Socialist Party, in a speech at Toulouse, formally announced that "the presence of the Socialists in the Government has in no way overcome the timidity of M. Herriot, and the Ministry formed on June 8 had been upset on June 23 by the departure of the Socialists." The suggestion, apparently, is that, in consequence of M. Herriot's attitude in regard to Mr Hoover's proposal for one-third disarmament all round, Socialist support of the new Cabinet has been withdrawn, and that, after two week's existence, the Cartelist Ministry, as such, has ceased to exist.

Yesterday the left wing of the Radical-Socialist Party, which is notoriously in favour of a purely Cartelist Ministry, in which the Socialists would hold portfolios, upset the whole political world by calling a meeting with the object of passing a vote of censure upon the Premier, who

is their own Party leader. During the morning there was a good deal of sharp criticism of M. Herriot's attitude at the two conferences, which was immediately made known by telephone to the Premier at Lausanne. M. Herriot's reply, it was asserted in political circles, was to the effect that he would not tolerate interference by any party or political group in the negotiations now in progress, and still less on the part of his own group, and that, if the Radical "Young Turks" persisted in their attitude, he and his colleagues would immediately return to Paris and resign office. This had an immediate effect. At an adjourned meeting last night, attended by over 100 of the 160 members of the Party (and consequently including a fair number of the more moderate section), the nascent proposal for the immediate sending of delegates to Lausanne, with the mission of remonstrating with the Premier, was allowed to drop; and the meeting closed with a colourless resolution, instead of what might have been a vote of censure.

The officials of the spending departments are busily engaged in working out the details of the programme of economies which is to be submitted to the Chambers on an urgency time-table that will permit of their being passed into law within a week or ten days at the outside. In a statement yesterday M. Paul-Boncour, the War Minister, announced that the interests of the Army would not be compromised by economies to be effected under the next Budget. Excluding the public debt, he pointed out, national defence charges were equivalent to nearly one-half of the total Budget expenditure, and must, therefore, inevitably suffer the consequences of that fact, but reductions would not be proportionally larger than in the case of other departments. The reduction of proposed credits to be carried out in connection with the 1933 Budget, the Minister explained, will in certain cases have an effect also on the current Budget expenditure, but these must not be confused with economies which will be possible from the application of organic reforms, which latter will require prolonged study and will bear fruit only in the future.

The Caisse d'Amortissement announces that, as from to-day, the rate of interest payable on National Defence Bonds (now entirely two-year maturities) will be reduced from 2½ per cent. to 2¼ per cent., which will continue to be payable in advance. This reduction follows closely on a previous modification on May 28th, only a month ago, when the rate was brought down from 3 per cent. to 2½ per cent. Interest on Defence Bonds is now exactly on a par with the Bank of France discount rate, which has stood at 2½ per cent. since last October, when it was increased from 2 per cent. Meanwhile, interest offered on new bond issues, which averaged 4.68 per cent. throughout 1931 and stood at exactly that level in May last year (but had moved up to an average of 5.40 per cent. on issues made in February last, only to drop to 4½ per cent. in April), is again on the upward trend, and averaged 4.90 per cent. during May. The average yield from issues of fixed return during May reached 4.93 per cent., as against 4.22 per cent. in January and 3.57 per cent. in May last year. Issues of variable yield in May had an average return of 5.47 per cent., against 4.84 per cent. in the previous month, 4.93 per cent. in January and 4.27 per cent. in May last year. New issues in May totalled 560,000,000 francs, of which 469,000,000 francs represented bond issues and 64,000,000 francs increased share capital by old companies, and only 27,000,000 francs issues of new companies.

Coal production figures for May, which are announced to-day, suggest that the various steps taken to limit imports of foreign combustibles have proved sufficiently efficacious to justify larger daily output by the French mines. Average daily output in May was at the rate of 157,102 tons, against 151,824 tons in the previous month, notwithstanding a diminution of the labour force employed from 264,082 units to 261,624. Total production during the 24 working days was 3,770,440 tons, against 3,947,439 tons in the 26 days of the previous month and 4,095,245 tons in April, 1931 (24 days). Metallurgical coke production by the colliery plants was 269,740 tons, against 267,712 tons in the previous month and 398,900 tons in May, 1931.

GERMANY.

Reich and States — Lausanne — Unemployment — Gelsenkirchen.

(FROM OUR CORRESPONDENT.)

BERLIN, June 28.

FRIEDRICH VON GAYL, the Minister for the Interior, has prevented by his intervention an open conflict between the Government of the Reich and the majority of the State Governments. The new decree, while formally removing the existing ban on public demonstrations and wearing of uniforms (the latter prohibition only applies to Baden and Bavaria), leaves it open to the State Governments to issue new prohibitions if circumstances require it, though only within definite limitations of time and scope. The State Governments, which have refused to remove the bans which were originally enforced by the Reich, will avail themselves of the new emergency decree and try to take, within its terms, the measures which circumstances demand.

In this the Governments of the Southern States are acting in close association with the Government of Prussia. The leading Ministers of the States met in Berlin at the beginning of the week at the intervention of Herr Hirtsiefer, the acting Prime Minister of Prussia, and decided upon their common attitude to the new decree. Such a conference of State Ministers without the attendance of the Reich Government is an entirely new departure in German politics, and the announcement that similar conferences will be repeated "as occasion arises" is particularly striking. It is evident that the States, with their submission to the new emergency decree, wish to give the von Papen Cabinet, and especially Herr von Gayl, an opportunity of putting an end to the unrest which at present dominates the public life of Germany. It is, however, equally clear that the States, especially those of South Germany, are completely determined to resist any Hitler regime with all the means at their disposal. The danger of anything approaching civil war in Germany is, however, not nearly as imminent as some people abroad appear to think, and this relatively amicable co-operation between the Minister for the Interior and the State Governments is a new pacific element which leaves room for hope that Government measures will soon put an end to the conflicts in the streets of large cities, and even in the open country, which are inevitable in the present mood of exasperation. This was confirmed in the sensational attack which the National Socialists carried out a few days ago upon the office of the Social Democratic organ, the *Vorwärts*.

The von Papen Cabinet has, it is true, lost much prestige during the last week. The question of what the Chancellor said in Lausanne to the representative of the *Matin* is being hotly disputed, but it seems certain that Herr von Papen announced a number of concessions to French opinion for which he cannot secure agreement at home. Herr von Papen has most unjustly been regarded as a chauvinist; actually he is one of the most determined supporters of the policy of understanding with France. His great miscalculation, in accepting the office of Chancellor, was his belief that a regrouping of political forces would enable him to carry through such a policy of understanding. There is, indeed, something to be said for the idea that a Government of the Right in Germany might have more chance of concluding an agreement than a Government of the Left, but this theory presupposes a Right of a type which does not exist in Germany. With the National Socialists, a party of the streets which has to be guided by the moods of the streets, this policy cannot possibly be carried out, and at present there is not sufficient support in Germany for a sober and responsible Government of the Right. Even the "toleration" of the von Papen Government by the National Socialists has become exceedingly doubtful, not only because of its attitude at Lausanne, but also on account of its attempts to establish tolerable relations with the Länder. The National Socialists are particularly furious at the tolera-

tion by the Reich Government of the Prussian Government's suspension of their Berlin organ, the *Angriff*. The National Socialist papers are already full of threats to the Cabinet.

The improvement in the labour market which normally sets in in spring had almost completely ceased by the middle of June. Employment had, indeed, increased in the open-air industries, but those industries which depend mainly on the general state of trade have curtailed their labour forces still further. The number unemployed at June 15th was 5,569,000, against 4 millions at the same date last year. The corresponding figures for February 15th were 6,127,000 this year and 4,991,000 in 1931.

The last week has thrown little light on the darkness of the Gelsenkirchen affair. The Ministers concerned are in Lausanne, and their only communication has been to the effect that the present Finance Minister, who held a junior financial post in the late Government, knew nothing of the transaction. The present Minister of Economics, Herr Warmbold, who was also in the Brüning Cabinet, did know of the proceedings, but both he and his Parliamentary Secretary opposed it, and he disclaims all responsibility. The Government have promised a more detailed announcement when the Ministers return to Berlin. Meanwhile, the legality of the proceeding has been examined and confirmed by the Ministry of Justice.

Herr Dietrich, the ex-Minister of Finance, has made statements, some of which are contradictory, and some of which have contributed to strengthen the great uneasiness about the affair. Originally, the danger of the business passing into foreign control was given as the principal motive. Various foreign groups were said to have enquired for the shares. This version of the matter is now universally discredited, the more so as the banking house of Mendelssohn, which had been mentioned in this connection, has published a flat and unequivocal denial. It is, in fact, not very probable that in present conditions foreign groups should be forthcoming to invest 100 million marks in Germany and, in addition, to take over the risk of further financial commitments for her largest mining concern. At all events, there is absolutely no concrete evidence to show who these foreign interests may be.

Herr Dietrich had, however, other reasons for the operation. He held the view that coal and iron had to be brought somehow under State control because they were a private monopoly. Even that is an astonishing admission from the mouth of a Liberal politician, for control of Gelsenkirchen, and through it of Vereinigte Stahlwerke, would only make the Reich a participant in a monopoly which the Reich itself originally founded by its coal regulations and prohibitive tariff policy. Thus, in order to break the monopoly, in so far as it is possible to talk of a monopoly at all, there was no need to purchase shares. Recently, however, Herr Dietrich explained that he had engaged in this transaction because the reorganisation of the banks would have been endangered by a collapse of Charlottenhütte: "The decisive reason was the simple fact that Charlottenhütte was no longer solvent, and that if it had gone bankrupt the entire elaborate structure of the big concerns which were associated with it, Oberschlesische Montanindustrie und Oesterreichische Alpine Montangesellschaft, would have been set rocking. Such a collapse would have thrown hundreds of thousands of people on the streets." Even this, however, is unconvincing; for Charlottenhütte was merely a holding company, and the bankruptcy of Herr Flick would have directly endangered neither Vereinigte Stahlwerke nor its affiliated undertakings across the frontier, for the Reich could perfectly well have made the banks grant a moratorium, as it will have to do even now. Why, in any case, it should have been necessary to buy the shares at 90, four times their official price, at the beginning of the negotiations, and to leave Herr Flick in possession of a substantial mining concern in central Germany, remains unexplained. For the rest, it is established that the banks knew nothing of the purchases of the Gelsenkirchen shares and had no desire for Reich intervention in Charlottenhütte. Public discussion of the whole matter is therefore likely to remain very keen.

AUSTRIA.

Credit Anstalt — Taxation — Transfer Suspension.

(FROM OUR CORRESPONDENT.)

VIENNA, JUNE 27.

IN the course of this week, representatives of the Austrian Government, probably Dr. Rintelen and the Governor of the National Bank, Dr. Kienböck, will go to London to resume the negotiations with the foreign creditors of the Credit Anstalt. The discussions are to be conducted on the basis that the interest of the creditors in the Credit Anstalt is to be more or less eliminated, and that they are to receive a certain annuity. This would give the State the decisive influence in the Credit Anstalt. It would then have to be decided whether the bank can still be run in the present way, or whether the sound industrial departments can be separated from the weak. At present, the loss which the maintenance of the existing enterprises of the Credit Anstalt involves is estimated at about 100,000 schillings per day.

As soon as the Federal Chancellor, Dr. Dollfuss, returns from Lausanne, the supplementary budget is to be presented. It will mean fresh heavy burdens, and it is very doubtful whether the financial success which is aimed at can be achieved. The merchandise turnover tax, which was originally to have been increased by only 50 per cent., is to be increased by 100 per cent., and the extra revenue which is expected amounts to 160 million schillings—on which is expected to bring in 30 millions more than previously. The duty on spices, tea and coffee is also to be increased by 100 per cent., and the financial administration also expects 30 millions more revenue from this source. On the other hand, the plan for an employment tax, which is a kind of punishment for still having work, is to be abandoned, as is also the contemplated tax on matches. The farmers have again succeeded in shelving an increase of the wine tax, which should have brought in several millions more. The General Post Office is doing its utmost to avoid the contemplated increase in postage and telegraph charges and telephone subscriptions. It has pointed out that since the last increase the service is being used 22 per cent. less, so that the increase of the charges is more than counterbalanced. The only effect is that the staff of the Post Office has become from 10 to 15 per cent. too great. It is an ominous fact that the July salaries of the civil servants cannot be paid in a single sum, but are to be paid in two instalments. This in itself would not be an important matter, for the National Bank has frequently pointed out that salaries in general should not be paid completely on the first of the month, but in two halves, on the 1st and on the 15th. The cash difficulties in July result from the fact that the Federal Railways are not in a position to pay the interest on the credits granted to them by the State, upon which the financial administration had been counting.

The industrial situation remains unfavourable, especially in the iron industry. Crude iron output for May had to be reduced to 8.9 per cent. of normal; crude steel output only 11.9 per cent.; and rolled goods and semi-finished goods to 15.8 per cent. Orders in hand in the iron industry have receded to 14 per cent. of normal, which is the lowest level ever recorded. In the course of June there has been a slight easing of wholesale prices, but there is a considerable increase in retail prices and in the cost of living. Prices in Austria have not followed the decline which is general on the world markets, a circumstance which is expressed in the discount at which the schilling is traded. There are constant reports that steps are to be taken to adapt the schilling to the value placed upon it abroad. The Government denies them, but an easing of the foreign exchange regulations is becoming increasingly necessary. In the first place, private clearing between importers and exporters needs to be extended. Further, there is some thought of permitting exportation against payment in schillings and in conjunction with greater liberation of a portion of the foreign credits of schilling face value. For the time being, however, the National Bank has suspended remittances of foreign exchange to foreign countries, and until the question of the new loan is cleared up the banks

are not being given permission to remit abroad the interest which falls due under the standstill agreements. Up to the present they have been doing this out of their own resources, though they have had to procure the consent of the National Bank before doing so.

HUNGARY.

Budget — Bank Rate — Foreign Creditors.

(FROM OUR CORRESPONDENT.)

BUDAPEST, June 28.

A TEMPORARY reinforcement of the Government's position has been secured by complying with most of the demands of the agrarian wing of the Government party who have recently been in revolt. The Budget has been passed without alteration by both Houses of Parliament just in time to receive the assent of the Regent on the eve of the new financial year beginning on July 1. Unhappily, the passing of the Budget does not solve the financial problems with which the Government is faced. The new Budget for the State Administration balances on paper at 806.2 million pengő, and that of the State undertakings at 401.1 million pengő, but it is already clear that current revenue in July and in August will not suffice to meet the provisions voted for these months, and the Treasury has no funds with which to cover the deficit. The Finance Minister admitted in the Upper House that, in view of the diminished national income, the country is unable to maintain the national expenditure at its present level, but the remedy suggested by Baron Korányi—the nationalisation of all branches of the administration—though very desirable, is not likely to bring much relief to the Treasury in the coming financial year. That current revenue will not yield the estimated 806.2 million pengő, and that the State undertakings will show a substantial deficit, is realised by members of all parties in both Houses of Parliament; but there was not one practical proposal to cut expenditure to a level compatible with the capacity of the taxpayer. On the other hand, there were speeches in both Houses advocating the partial or the complete suspension of the State Debt service on the assumption that the 101.6 millions earmarked for that purpose and owed mostly to foreign creditors cannot be transferred in any case as it falls due. While there is a strong case for the suspension of amortisation of the State Debts, which would lighten the Treasury by about 30 million pengő for the coming financial year, it would be a great mistake to default in collection of the interest service so long as other services are not appreciably curtailed.

Mr Tyler, the League representative resident in Budapest, has left for Geneva to attend the meeting of the Financial Committee, and in all probability Baron Korányi, the Finance Minister, will follow him. Important decisions will have to be taken now in Geneva with regard to budgetary expenditure and the proposed wholesale reduction of interest rates. The National Bank has reduced its discount rate as from July 1st from 6 per cent. to 5 per cent. in order to facilitate the financing of the harvest, and other steps to alleviate the high interest burden of the agriculturist will soon follow, according to recent declarations of the Prime Minister.

The great excitement caused here last week by rumours that the Austrian schilling will be depreciated by 25-30 per cent. has prompted the authorities—both the Government and the National Bank—to declare that Hungary will remain on the gold standard and that no devaluation is contemplated. At the same time it was emphatically reasserted that the Government will not resort to inflation. The announcement of the Government has been received with satisfaction, but maintenance of the budgetary expenditure at its present level and the reintroduction of the *Boletta* system—a wheat and rye subsidy—are likely to involve a considerable deficit, which cannot be met from foreign funds, as in the past two years, so that the task of maintaining the gold standard in view of the already inflated price level will not be easy.

The American creditors have signed at last a standstill agreement with their Hungarian debtors on the lines of the British agreement. The sums covered by the agreement are not disclosed, but they amount probably to about \$20 million, and the agreement is subject to renewal like the British on August 1st. The transfer moratorium which was promulgated on December 22, 1931, has now been in operation for six months, and as it is obvious that it will last longer than till the end of 1932, its provisions will have to be modified at an early date in order to suit them to the changed conditions. According to a statement of the National Bank, in the last six months 47.8 million pengő was paid into the Foreign Creditors' Fund, of which 10.5 million pengő was paid out for coupons redeemed in pengő, presented at the counters of the National Bank.

SWEDEN.

Kreuger Aftermath — Devisen Position.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, June 20.

THE first effects of the Kreuger crash are now over, and, judging by the statistical data in various economic fields which have become available, it is fairly clear that a certain *détente* has set in. This is particularly noticeable in the money market. Since the middle of May there has been a very decided reduction in the volume of credit, which has found striking expression in no less than two reductions of the discount rate within a fortnight. In the bank report for May the volume of credit for recent months appears almost stationary, a somewhat remarkable improvement, since normally in May there is an increase. Moreover, the report shows the first symptoms of the winding up of Kreuger engagements by the commercial banks. Side by side with the bankruptcy proceedings in Kreuger and Toll and some of its collaterals it has been necessary under the present regulations to remove Kreuger engagements from the usual loan accounts. The consequence has been that loans have been cut down to an enormous extent, though this is, of course, mainly of formal significance. The final result of the process thus begun should normally be that securities for credits must be taken over by the lenders, if a realisation is not possible or desirable. The transfer of engagements to a "Sundries" account, which has now taken place, should mean the final disappearance of these credits; and, in their place, other assets of the commercial banks, especially bond and share accounts, will show a corresponding increase. This process has perhaps already taken place to some extent, as some engagements have been wound up privately.

There is, however, no indication yet of a subsidence of the remarkable nervousness of the commercial banks during recent months in respect of liquidity. On the contrary, they have continued to increase the liquidity of their assets, and at the end of the month their "sight" resources were no less than Kr. 172 millions. A month earlier the corresponding figure was Kr. 145 millions, and a year ago Kr. 92 millions. Indirectly the magnitude of these enormous cash holdings helps to increase the excess of loan money. On the other hand, against the extraordinary strengthening of the liquidity position, which has characterised recent months, must be set the forcing of credits which the winding up or transformation of Kreuger engagements inevitably involves. By the side of the inevitable losses on credits against Kreuger stock this will mean in reality the weakening of the liquidity position and of the credit capacity of the commercial banks for years to come. Against this background the present credit policy of the commercial banks is entirely natural.

The commercial banks have in recent months greatly reduced their holdings of foreign exchange. After the improvement in the balance of payments, which has gone on practically since the end of November, the position in May showed a distinctly worse tendency, though it was quite normal for the time of the year. Our net bank claims abroad fell by Kr. 23 millions, though they were still about the same volume as a year ago, namely, Kr.

300 millions. Despite the recent reduction in our total exchange holdings, the Riksbank continued to increase its holdings by Kr. 8 millions, so that the commercial banks must have sold foreign exchange for Kr. 31 millions. The Riksbank has now succeeded in collecting an exchange reserve of such magnitude that the bank is once again a factor to be reckoned with in the exchange market. In the autumn, after the exchange crisis, its exchange reserves fell to the minimum of Kr. 19 millions. In June they had risen again to Kr. 127 millions.

SPAIN.

Catalonia — Trade — Budget.

(FROM OUR CORRESPONDENT.)

MADRID, June 14.

THE outstanding political feature of the past month has been the growing opposition to the Government's programme with regard to religion and to the Statute of Catalonia. It seems evident that public opinion has swung over to the Right, and that some change in this direction is due in the composition of the Cabinet. It remains to be seen whether Señor Azaña will be allowed to complete his programme, which includes a Statute of Autonomy for Catalonia, with certain limitations.

The Stock Exchange has been depressed throughout the month, but recovered somewhat in the last few days, possibly owing to the change in the political atmosphere; on the other hand, the peseta has continued to improve, accompanied not by a decline, but by a rise in the index of the cost of living, which has now reached the figure of 190.4, as against 181, the average for 1931. Owing to this improvement of the peseta, the Central Exchange Office is now able to meet all demands for foreign currency, and has a balance in hand of over 300 million French francs, part of which is destined to cover the credit opened by the Bank of France against a deposit of gold. Another result of the rise of the peseta is that Spanish capital is beginning to return to this country, especially that which was placed in South America and Cuba, although the adverse economic conditions in those countries may have been one of the determining factors of the movement.

The figures of Spanish foreign commerce for the first quarter of 1932 show a decline of imports from 350,169,610 pesetas (gold) to 243,494,022 pesetas (gold), as compared with the same period of 1931, while exports have receded from 292,122,433 pesetas (gold) to 195,150,329 pesetas (gold) in the same periods. The Treasury figures of income and expenditure for the first four months of the year show an improvement over the same period of previous years, as will be seen from the following figures:—

	(Thousands of pesetas).	
	Receipts.	Expenditure.
1930	886,750	758,652
1931	866,904	875,828
1932	932,727	746,080

Of this year's receipts, the following show decreases: Industrial tax, tax on net profits, death duties, motor-car tax, tobacco and lottery monopolies. On the other hand, there has been an increase in the Treasury's participation in the profits of the Bank of Spain, Customs, sugar tax, stamp duty and revenue from the petrol monopoly.

The net profits of the National Telephone Company amounted, in the last financial year, to 17,450,993 pesetas, of which amount 12,200,998 pesetas have been carried forward after paying a 7 per cent. dividend to the preference shares. During the first quarter of 1932 telephone services were inaugurated between Spain and Brazil, Colombia, the Bermudas and Hawaii, as well as with Poland and Roumania, so that Spain now possesses one of the finest telephone organisations in Europe.

To provide for the deficit in the carry-over to next harvest, the Minister of Agriculture has authorised the import of 100,000 tons of foreign wheat, to be delivered before June 30. It is stated that this measure might not have been necessary had the landowners been willing to co-operate with the Government in supplying reliable

statistics upon which to base an estimate of the country's store of grain.

According to figures published by the Geographical and Statistical Institute, the number of failures in the year 1931 rose to 179, as against 122 in 1930 and 94 in 1929. The figures involved in 1931 were also much larger at The figures involved in 1931 were also much larger at 307,613,528 pesetas on the asset side, and 269,316,265 pesetas as liabilities, against 78,300,183 pesetas and 56,999,838 pesetas respectively in the preceding year; the comparison gives an indication of the intensity of the economic crisis through which the country is passing.

CANADA.

The Imperial Conference — Business — Price Brothers.

(FROM OUR CORRESPONDENT.)

OTTAWA, June 15.

THE Western grain crop is fulfilling its early promise. Crop conditions in Alberta are reported by the latest crop bulletin of the Bureau of Statistics to vary from "excellent" and to "ideal"; they are very satisfactory in Manitoba; and they are notably better in Saskatchewan than they were in 1931 at the same date. In the Central and Maritime Provinces, however, owing to the prevalence of cold, backward weather, the condition figures of all crops are below those of the parallel date in 1931, though in British Columbia they are better. The first trade forecast of the volume of the Canadian wheat crop places it at 415 million bushels. The stocks of Canadian wheat in store are given as 143,899,623 bushels, which is nearly 18 million bushels more than the figure of 126,207,000 bushels for the parallel date in 1931.

There are some scattered signs of an improvement in general business conditions. The turnover of money has been more rapid, and reports received from departmental and other retail stores indicate an increase of at least 10 per cent. in retail sales. There has also been a gain in the carloading figures. Efforts to develop an export trade in cattle to the British market are proving reasonably successful, and shipments to the end of May totalled 5,493 head, as compared with 4,969 head in the corresponding period of 1931. There has also been a fairly good export movement of cheese, but so far there have been no shipments of butter to Britain. At present, with pastures at their best, there is a glut of milk in Canada and prices are being reduced everywhere.

The various committees which are engaged in the preparatory work connected with the Imperial Conference are all working hard, and most of the members of the Bennett Ministry are remaining in Ottawa. But in a speech which Mr Rhodes, the Finance Minister, delivered at the convention of the Manufacturers' Association, he gave not the slightest hint of the Government's probable policy at the Conference; it is probably still in process of evolution, but it will be kept a closely guarded secret to avoid domestic controversy and pressure from interested parties. The United Farmers of Ontario have announced that before the Conference they will send to Ottawa a strong delegation to urge an enlargement of the British preference in the Canadian tariff with a view to lowering living costs in Canada and increasing the market in Britain for Canadian farm products. For the past week representatives of the Lancashire cotton industry have been holding conferences in cashmere cotton industry have been holding conferences in Montreal with leaders of the Canadian cotton industry with a view to arriving at some agreement which could be the basis for tariff readjustments at the Conference. It is understood that the Lancashire delegation was discouraged by the results of the earlier conferences, and had decided to sail home on July 16th, but after paying a visit to Ottawa and conferring with Premier Bennett and some of his colleagues, it has decided to stay another week and resume the negotiations in Montreal. Apparently there is a wide gulf between the viewpoint of the two sets of manufacturers.*

Commodity prices continue to fall, and the Bureau's index number for wholesale prices (1926 = 100) was 67.7 in

* Comment on the upshot will be found in a Note of the Week.—Ed., Econ.

May, as compared with 68.4 in April. There was a much sharper fall in the index number of retail prices, which was 81.8 for May as compared with 83.7 for April. The most pronounced change was in the rentals index, which dropped from 99.3 to 93.9, the heaviest fall recorded in any month for many years.

The fortunes of the ill-starred Beauharnois Corporation are still in an embarrassed state, and at a meeting of the bondholders held in Montreal on June 10th a committee of twelve members was appointed to look after their interests. It was disclosed at this meeting that the corporation owed the banks, on April 30th, \$14,686,000, which had been partially guaranteed by the Federal Government, and that its total financial requirements until the project was fully completed in 1937, after making allowance for operating income, would be in excess of \$31 millions. In view of the fact that it was virtually impossible to sell to the public the issue of first mortgage bonds which has always been contemplated, it was agreed by the meeting that the first essential for the rehabilitation of the company's fortunes was financial co-operation in some form by the Federal Government. In a speech in Parliament, Premier Bennett had indicated that, under certain conditions, such co-operation might be forthcoming; and it was decided that the bondholders' committee should wait upon the Government and ascertain what it was prepared to do.

The financial difficulties of the Price Brothers Corporation, rated a few years ago as one of the soundest newsprint concerns in Canada, had, as revealed by their last annual statement, become so acute that Lord Beaverbrook, who is an important shareholder and customer, was summoned across the Atlantic and given a doctor's mandate to prescribe for the ailing corporation. The plan which he expounded to the shareholders in general terms proposed heavy sacrifices for all classes of security-holders, and the details are to be worked out by a committee under his supervision; he has also consented, if the plan is ratified by the shareholders, to join the directorate. Moreover, after the resignation of the three chief executive officers of the company had been accepted, Mr Allan Aitken, of Montreal, a brother of Lord Beaverbrook, was appointed president of the company. It was stated by Lord Beaverbrook that the control of the company was unchanged, and would remain in the hands of the Price family and their associates; but it is reasonably plain that he will be henceforth the directing spirit of the corporation's activities. At the shareholders' meeting he announced his firm opposition to the participation of Price Brothers in the large newspaper merger for which certain Canadian banks have been working; and the prospects of any consummation of this project are accordingly less auspicious than ever.

Letters to the Editor.

IRELAND'S REAL PROBLEMS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Having read your leader on "The Irish Debate" while spending a brief holiday across St. George's Channel, I am moved to send you these reflections of a sojourner in County Derry, whither, after the dust and preoccupations of London, one passes with an expectation of repose in calmer airs. The expectation is disappointed. If Eausanne has scarcely stirred a ripple of interest here, that is chiefly because Lausanne, Geneva, Ottawa and the whole outside world are overshadowed by anxieties much nearer home.

Once arrived in Ulster, one discovers with something of a shock that the true centre of the Irish problem has not yet been appreciated in London. The old rule of thumb for Irish policy that "England's extremity is Ireland's opportunity" carries with it the dreary corollary that, when Irish affairs come to a crisis, England is usually too much occupied with insistent interests elsewhere to give more than half her mind to what is happening in Ireland. This year is no exception. London is concerned chiefly with Mr De Valera's pretensions as raising a delicate point of Imperial policy which may set awkward precedents for the future. The real threat of Mr De Valera, however, is not to Imperial policy or financial morality, but to the twin Governments of Ireland which have been struggling towards stability during the last ten years.

Between the Free State and the "Six Counties" of Northern Ireland, ancient antagonism and recent wounds have been too deep for real understanding to be established in a decade. But a promising beginning had been made. Each State was making encouraging progress with the business of internal administration, and, under the influence of efficiency and conciliation, animosities were beginning to be absorbed in the peaceful exertions of everyday life. At this moment an Orange drum is beating about a mile away across the fields in practice for the high feast of July 12th; but its beat has not the grim significance of ten years ago, for it is some time since blood was shed between Orangemen and Catholics, and the brawls which still occur between the two factions have moved imperceptibly from the area of fratricidal tragedy to that of rough-house comedy. But the old feelings are not dead. They are still near enough to the surface to boil up again if provocation is offered; and if those hatreds return there will return with them to haunt England that spectre of the Irish problem which seemed to have been laid by the Irish Treaty of 1922.

That Treaty, though it freed England from the thankless exercise of Irish internal government, did not transfer Irish affairs from the domain of home to that of foreign policy. In discussing Mr De Valera, London is too apt to neglect that fact. One may talk airily of bringing him to heel by a tariff on imported cattle or by discriminating duties on dairy produce. But between England and the Free State there flow the waters of St. George's Channel to cool the mutual irritations of an economic war. Between Ulster and the Free State there runs only the inflammable line of a disputed land frontier. It must not be forgotten that such weapons as England might see fit to wield against the Free State would necessarily be wielded also by the "Six Counties" comprised in the United Kingdom of Great Britain and Northern Ireland. The possibilities of events in this direction are uncomfortable to contemplate.

There is, however, another factor to be considered. Mr De Valera, who above all is a traditionalist and a sedulous student of history, has failed to absorb one lesson of Irish history: that, unless united by strong external forces, the Nationalist party has always tended to split into the moderates and the extremists. By the carefully selected planks of his platform, he has attempted to persuade the Free State that an external oppression exists; but against the patent fact that he is dividing Ireland against itself, his oratory has weighed light, and at the elections he failed to secure a clear majority. After that, blunder followed blunder. Failing to recognise that the favourable conjuncture, on which he had admittedly worked with some skill and historical knowledge, had only brought a striking advance to his minority, but had not converted it into a majority, he has launched his Government on a programme which could only hope to succeed with an enthusiastic country behind it. On the Oath question alone he might have secured a spectacular, if empty, success by a careful use of England's preoccupations and of the

Statute of Westminster. He had not, however, the wisdom to concentrate on that. By adding the annuity and "an united Ireland" to his pretensions, he has mobilised a powerful opposition to his whole programme. Even if the House of Commons could now be got to approve unsubstantial concessions on the Oath, Ulster, more vitally concerned, would be deeply uneasy at such apparent evidences of weakness. That Ulster may take independent and embarrassing action if her anxieties are stirred was proved well enough in the gun-running days of 1914.

But it is not only in external policy that De Valera has blundered. At home he is explaining to the farmers that, when he promised them relief from the annuities, what he really meant was relief from the degradation of paying them to England, but that the money, now untainted, must continue to be paid to him. With the possibility of an English tariff being imposed on Free State farm produce precisely because the annuities are being withheld, Mr De Valera's explanations have only a rather moderate force with the farmers. Nor is he finding the maintenance of two armies a very simple matter. With De Valera in office, the former voluntary and illegal organisation of the Irish Republican Army is demanding official recognition and, what is more awkward, official pay. But there is also the established army of the Free State to be provided for. To disband that and leave its members to look after themselves would be an elementary mistake which even the enthusiasms of Mr De Valera cannot obscure. And, finally, there is the Roman Catholic Church. In the past the Church has not been entirely unfriendly to the cause of Irish liberation—Mr De Valera's reading of the eighteenth and nineteenth centuries must have told him that. And yet, lightheartedly he has pronounced himself an anti-clerical, and he even sought to veto the Eucharistic Congress which is now being held in Dublin.

With such an enthusiasm for making enemies and such a blindness to the difference which should lie between policy in opposition and policy in office, it is hard to believe that De Valera can survive long. He still believes—or at any rate some of his lieutenants still believe—that an all-powerful ally to their cause exists in America. America has given powerful financial and moral support to De Valera in the past, but it is difficult to imagine that, with the Free State in existence, the Anglo-Irish question should ever again become an important influence in the high politics of the United States. As for financial support, the stricken cabins of the emigrant districts could give poignant evidence of how the remittances have declined. In looking to America, De Valera is almost certainly deceiving himself. There remains one weapon to his hand, the tragic weapon of civil violence and conspiracy which has so often before been wielded in Irish history. Whether in desperation Mr De Valera will ultimately be forced back on that, it is still too early to say.—Yours, &c.,

VIATOR ECONOMICUS.

County Derry,
June 25th.

Books and Publications.

BOOKS OF THE WEEK.

Tracts for the Times.

In this volume* Mr Cole has collected together fifteen papers, some seven of which are printed here for the first time. The papers are divided into three groups, headed respectively "The Economic Crisis," "Economics in Theory and Practice," and "Socialisation." Under the first head the author discusses the world crisis; free trade, protection, and regulation of imports and exports; monetary policy; and, in the two last papers in this section, wage theory and causes of unemployment. The most interesting essays in this section are those entitled "The Crisis" (a reprint of a pamphlet written in conjunction with Mr Ernest Bevin), "The World Economic Outlook from the Standpoint of Labour," and "Wages and Employment." In the former of these two papers Mr Cole suggests that rationalisation of industry, while it may effect real economies of production, is bound to lead to a larger monopoly element in industrial organisation, and for this reason is likely to lead to more or less permanent unemployment, that is to say, unemployment

* "Economic Tracts for the Times." By G. D. H. Cole. (London) Macmillan. 327 pp. 12s. 6d.

that is not caused by the immobility of labour between different places and trades, nor caused by monetary disequilibrium; for, the author argues, the greater the lack of competition, the greater is the incentive for each industry to restrict output in order to maintain prices and profits. Hitherto economists have discussed the effects of an absence of competition in one industry on the assumption that there is, in the main, competition elsewhere. In envisaging and analysing a situation in which there is an element of monopoly in nearly every industry, resulting either in general long-period unemployment or else full employment at a very much lower wage rate than would have obtained in purely competitive conditions, Mr Cole has put his finger on an important consideration.

In the essay on "Wages and Employment" Mr Cole discusses the problem whether wage reductions will or will not increase employment. He suggests that it is quite illegitimate to argue that, just as one employer or one trade will employ more labour if the wage rate falls, so, if the general level of wages falls, more labour in general will be employed. In the first case one may, and in the second case one may not, ignore the reduction in money demand that may follow the reduction in wages. But

in considering this question Mr Cole uses the conception of elasticity of demand for goods in general. Now, elasticity of demand is a measure of what proportionate increase in amount bought will follow a given proportionate fall in price, on the assumption that money incomes are unaltered. Surely this, too, is a conception which one may legitimately use of one commodity, but not of goods in general. For the problem is to decide whether a fall in wage rates will be accompanied by a corresponding rise in profits, and thus, leaving money incomes unaltered, lead to an increase in the amount of goods bought because of the fall in their costs; or whether such a fall will be accompanied by an equivalent fall in the amount spent on goods and so by a fall in money incomes. When he talks of the elasticity of demand for goods in general, not Mr Cole begged this more fundamental question, which can only be answered in terms of monetary analysis?

In his second main group of papers Mr Cole discusses in effect what he considers should be the future development of economic theory. The essays in this section are extremely interesting and suggestive. In "Towards a New Economic Theory" Mr Cole pleads that economics should be something very much more than the study of the determination of prices, and argues that the ideas of the classical economists as to the "real costs" of production were on the right lines. He is undoubtedly right in demanding that the real social cost of producing a given commodity should be the study of the economist; but is he not unfair to the conception of the problem of economics to be found, for instance, in Professor Pigou's "Economics of Welfare" when he writes (page 185) of modern economics that "when it cuts the cackle and comes to the horses" it is of prices that it speaks? Of much that is written, this is a true criticism, but, whatever may be the success of their attempt, the contemporary Cambridge school has certainly attempted to analyse the real costs and the real satisfactions of an economic society. Further, Mr Cole is dissatisfied with the division of economic theory, which still exists, into discussions of production and distribution, arguing that the discussion of the effects of changes of costs upon output assumes a fixed demand, which is independent of those changes. This difficulty, which is a very real one, is non-existent in a non-monetary economy, where the demand for commodity A is the amount of commodity B which can be obtained for it, but becomes very real in a monetary economy, where, as has been discussed above, it is essential to decide, for example, on what conditions a reduction in money wages will cause a rise in profits and on what conditions it will cause simply a fall in the amount spent on commodities in general. It is, therefore, extremely important that economic theory should study "how a deficiency of demand in relation to productive power can actually arise," and Mr Cole suggests three main lines of attacking this problem. He completes this section with two interesting papers on "The Use and Abuse of Economic Terms" and "The Nature of Profit." J. E. M.

SHORTER NOTICES.

"Little Missions." By Septimus Despencer. (London) Edward Arnold. 6s.

The "little missions" with which this amusing book is concerned are not of the religious but of the diplomatic kind. The author performed them in the service of the Allied and Associated Powers; and he tells us that, in the course of 1919 and 1920, he "travelled en petite mission nearly 250,000 kilometres, concluded seven international agreements . . . and was involved in four distinct wars, not one of which was ever reported in the English or American press." His "mission-field" was the former domain of the then just defunct Hapsburg Monarchy; and he gives a vivid picture of this part of Central Europe in the interregnum between the disappearance of the old empire and the emergence of the new Successor States. The real theme of the book is the passing of the old order, and an appreciation of its merits in the light of the vacuum left by its annihilation. The writing is good; and the writer knows how to use scenes and incidents from his own personal experience in order to illustrate

the great impersonal march of public events. Hence the book should appeal both to readers who want entertainment and to those who seek light on a fascinating and poignant chapter of contemporary European history.

"New Russia." By A. de Mongie. (London) Allen and Unwin. 366 pp. 12s. 6d.

The dangers which are likely to beset an author who undertakes to write "a fragment of contemporary history" need no emphasising, particularly when the "fragment" consists of an "explanation" of revolutionary Russia. M. de Mongie is the more to be congratulated on the objective character of this work, because as a politician and former Minister of Public Works he probably holds emphatic views on the more controversial aspects of Soviet life. With the assistance of an excellent translator, he has succeeded in writing a history of the events leading up to the October revolution and of the succeeding incidents which, without deviating from plain fact, stimulates thought and fires the imagination. M. de Mongie writes tersely, but not at the expense of "atmosphere." Little more than a third of the book is devoted to the present organisation and condition of the U.S.S.R., and here again the author is careful to confine himself to undisputed facts. Only in his thoughts by way of conclusion, M. de Mongie discloses his real attitude. "It is my greatest hope," he writes, "that . . . I have written one of the rough drafts of peace which will be of service to future generations." It is a not ignoble aspiration, and, so far as in him lies, he has served well the cause of better understanding between Russia and the capitalist world. It will not be his fault if subsequent history demonstrates that there can be no mutual tolerance between two incompatible political systems.

OTHER BOOKS RECEIVED.

Capitalism, Co-operation, Communism. By Andrew J. Kress (Washington D.C.) Ransdell Incorporated. 141 pp. \$2.00.

An illustrated account of the working of the co-operative movement and its possible future development.

America: World Leader or World Led? By Ernest Minor Patterson. (London) Sidgwick and Jackson. 171 pp. 3s. 6d. net.

A plea for the growth of a world economy and for the subordination of nationalism.

Soviet Russia and the World. By Maurice Dobb. (London) Sidgwick and Jackson. 175 pp. 3s. 6d. net.

An appraisal of the possible future "challenge" to the world of Russian planned economy.

A Practical Monetary Policy for the Ottawa Conference. By E. Beddington Behrens. (London) St. Clement's Press. 39 pp. 1s. net.

A policy for the sterling group of countries based on controlled inflation, credit expansion and a free market in exchange.

Analysing our Industries. By C. E. Fraser and G. F. Poriot. (London and New York) McGraw-Hill. 449 pp. 30s. net.

An attempt to follow recent fundamental changes in America's most important industries.

OFFICIAL PUBLICATIONS.

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

Ministry of Agriculture and Fisheries: Report on the Organisation of Wool Marketing. 6d. net.

Empire Marketing Board: Annual Report, May, 1931, to May, 1932. 1s. net.

Empire Marketing Board: Dairy Produce Supplies in 1931. 1s. net.

Statistical Abstract for the British Empire for each of the Seven Years 1924-1930. Cmd. 4102. 5s. net.

Report by the Financial Commissioner on Certain Questions in Kenya, May, 1932. Cmd. 4093. 2s. net.

By G. D. H. COLE ECONOMIC TRACTS FOR THE TIMES

12s. 6d. net.

An attempt to formulate a Socialist
Economic policy in constructive terms

MACMILLAN & CO. LTD. LONDON.

The Stock Exchange.

FURNESS WITHY.

THERE are two reasons why the forthcoming accounts of Furness Withy and Company are awaited with more than normal interest. Shareholders are anxious to know how far the earning power of the strongest group of interests in the British mercantile marine has withstood world depression, and to what extent profitable employment has been found for the additional capital obtained some months ago.

When it was announced, last autumn, that Furness Withy contemplated a £2,000,000 ordinary share issue, it was at once assumed that the company foresaw an exceptional opportunity to acquire new tonnage and connections at bargain prices. The company's entire history suggested that the new issue was a portent of decisive developments. Furness Withy had always shown exceptional judgment both in buying and refraining from buying other interests. Some of its most profitable subsidiaries were bought before the war well under par. Its holdings of £1 shares in the Neptune and the Norfolk and North American Companies, for example, were understood to have cost 4s. per share. It paid £100,000 for a holding of over £400,000, at par, in Houlder Brothers, and 10s. per £1 share for its interests in the British Empire Transport Company. Other acquisitions had been proved, by experience, equally well advised. The British Maritime Trust—control of which was obtained in 1908—had paid steadily 6 per cent. post-war dividends, without taking undue risks. The Economic Insurance Company had been a consistent profit-earner, and had succeeded in increasing its dividends in the depressed period 1930-31. The group at one time had owned collieries, ironworks and engineering properties, but had opportunely disposed of them before the post-war depression in the heavy trades became acute. It had avoided the fatal mistake, made by many of its competitors, of rushing into big building programmes at post-Armistice inflated tonnage values. Its wisdom in refusing to pay the price demanded for the shares of the Oceanic Steam Navigation Company, in 1926, had been amply vindicated by subsequent events. Although the ordinary shareholders had received a 100 per cent. capital bonus in 1919, the increase in the parent company's assets from £5,308,000 in 1910 to £10,987,000 in 1931 had been financed without obtaining a penny of new capital from outside. A 1931 valuation by the company's officials showed a margin of £6,000,000 of net assets over the company's issued ordinary share capital of £4,000,000.

In short, both under the "Furness" regime (which ended in 1919, when the representatives of the Furness family resigned from the board to devote themselves to their shipbuilding, steel and coal interests) and under the chairmanship of Sir Frederick Lewis (now Lord Essendon), the Furness Withy group had maintained a reputation for ultra-conservative finance and shrewd reluctance to take anything but the right step at the right time, which went far to explain its acknowledged position as one of the strongest shipping organisations in the world.

There was, consequently, much speculation over the company's object in making a £2,000,000 ordinary share issue last December, at a price (21s.) well below the lowest market quotation for the existing shares in previous years (as recently as 1930 the shares had touched 36s. 9d.), after the chairman had suggested that no negotiations for acquiring additional assets were in progress. The prospectus suggested that part of the money was required for general purposes, and made specific reference to the completion of the "Monarch of Bermuda," which had been specially designed for the New York-Bermuda passenger trade. The comment was immediately made in the market that the occasion was the first for many years on which new tonnage had not been financed entirely "from within." The further prospectus reference to the necessity of "taking advantage of any favourable opportunities . . . under existing conditions of still further expanding the business" was associated with possible acqui-

sitions, on a bargain basis, from the distressed Royal Mail Group, particularly in the North Atlantic trade. Although Sir Frederick Lewis, after the subsequent passing of the Royal Mail moratorium scheme, announced his consent to act as chairman of the new operating company formed to co-ordinate the Royal Mail services on South American routes, no intimation has as yet been made of any new Furness Withy acquisitions, actual or contemplated. Last December's capital issue (at 21s. per £1 share) was not an entire success, since the company's shareholders subscribed for only £468,619, leaving £1,531,381 to be taken up by the guarantors, Messrs. N. M. Rothschild and Sons. Furness Withy ordinary shares have since fallen in the market to 15s.

From 1912 to 1915 the company paid 10 per cent. annual dividends, and from 1916 to 1918, 20 per cent. (all free of tax), on £2,000,000 of ordinary capital. A doubling of the ordinary capital by a bonus share issue in 1919 was a purely book-keeping transaction, the company immediately reducing its dividend rate to 10 per cent. and maintaining this rate until 1923, when the distribution was lowered to 7½ per cent. In 1928 the rate was raised to 10 per cent., but dividends were made subject to tax, and for 1931 (year ended April 30th) it was reduced to 7½ per cent., subject to tax, which was actually the lowest effective rate paid since 1911. Profits, etc., for the last three complete years have been as follows:—

Years ended April 30th.	1929.	1930.	1931.
Profit	£ 653,393	£ 595,276	£ 292,691
Depreciation	250,000	250,000	150,000
Preference dividends	60,000	59,063	58,125
Earned for ordinary	343,393	286,213	84,566
Paid on ordinary	320,000	315,000	232,500
Earned per cent.	10.7	9.1	2.7
Paid per cent.	10	10	7½

Increase or decrease in carry-forward

* Of which £100,000 was covered by a transfer from company's taxation reserve and £11,000 from tax reserve of a subsidiary.

The sharp reduction in the earnings of 1930-31 was the result of world trade depression, accentuated by increased competition (particularly on the New York-Bermuda route) aided by uneconomic shipping subsidies and flag discrimination by foreign Governments. As Sir Frederick Lewis admitted, the year's results would have been "infinitely less satisfactory" but for the company's widespread ramifications. As earnings on the old capital for 1930-31 were under 3 per cent., and would have been nil had depreciation been maintained at the level of the two previous years, the company's investments are likely to be even more of a "sheet anchor," given the continuance of world depression, in the near future than in the past.

The identity of the company's chief subsidiaries and associates is shown on the following page. The company does not disclose separately the earnings of its own fleet and its dividends from subsidiaries. The British Maritime Trust has maintained its "standard" 6 per cent. dividend for the calendar year 1931, and the Economic Insurance Company is known to have enjoyed a satisfactory experience. Any decline in Furness Withy earnings will be attributable to the difficult conditions under which shipping interests have operated all over the world. Figures have already been published which show that Houlder Brothers maintained their dividend for 1931 (which will come into the Furness Withy 1931-32 figures) at 8 per cent., but earned only 6.4 per cent., against 10.3 per cent. The Houlder Line showed net earnings of 6.9 per cent. (against 11.2 per cent.) and distributed 8 per cent. (against 10 per cent.). The 1931 profits of the Prince Line fell from £164,615 to £47,813 and the dividend was reduced from 5 per cent. free of tax to 2½ per cent. subject to tax. The Bermuda trade was affected by

the deepening of American depression and, until the putting of the "Monarch of Bermuda" into commission, by the effect of the withdrawal of the popular "Bermuda," which has now been purchased by Workman Clark after suffering severe damage in a fire at Belfast.

No shipping group, naturally, can hope to escape the consequences of a *malaise* which has reduced the value of the world's foreign trade by 50 per cent. since 1930. Nevertheless, shareholders may regard the company's position as strong enough to carry it through an even more

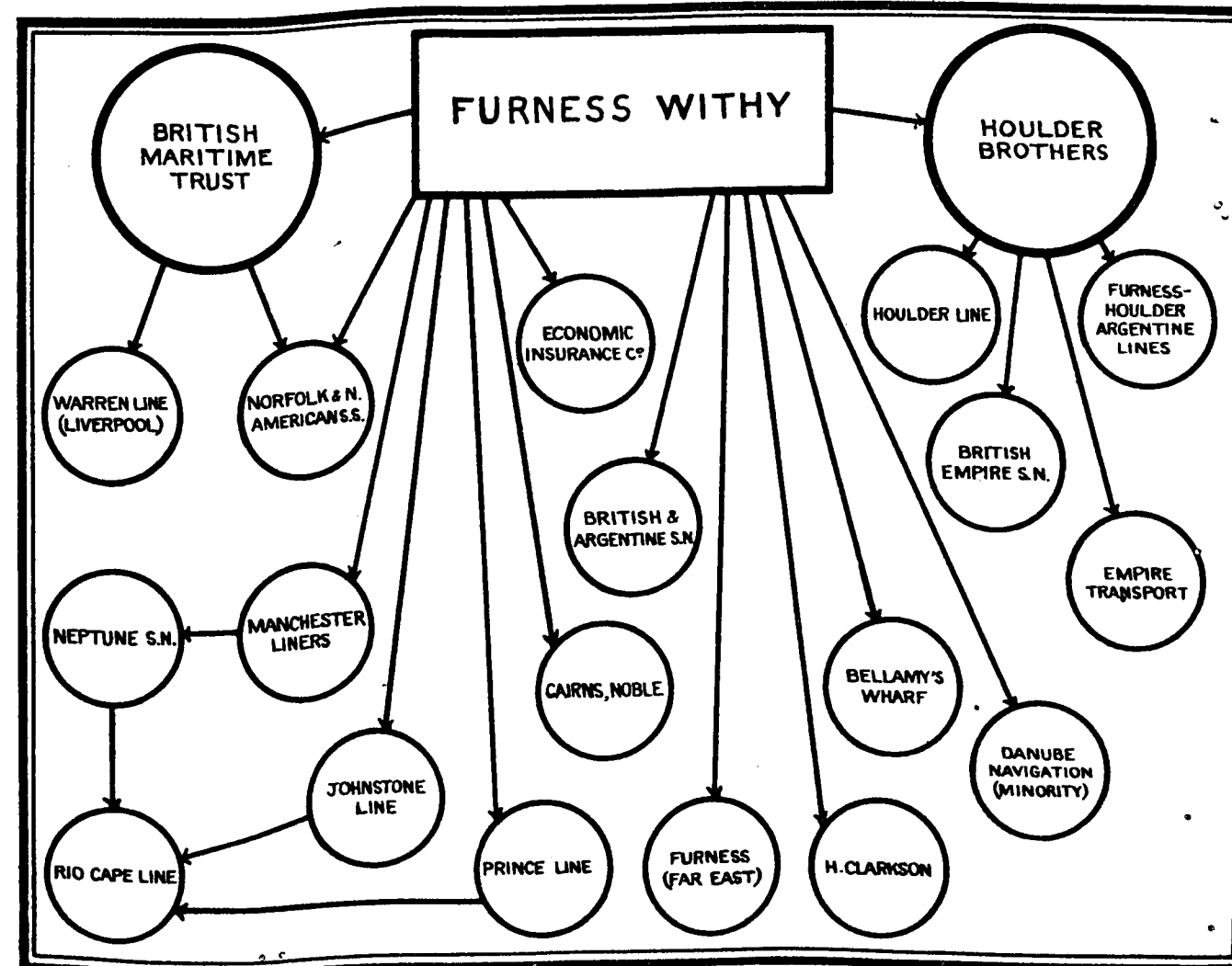
prolonged depression. The company has always had a large holding of general investments, including British Government securities. At April 30, 1931, this holding was conservatively valued at £2,592,000. Last December's share issue has further increased its liquid resources, and it should be in a position to pursue a "forward" policy whenever opportunity arises. For the present, however, the directors may consider prudent conservation of profits, even at the expense of ordinary dividends, the most appropriate course for the company.

FURNESS WITHY INTERESTS.

	Debentures Mortgages, &c.	Paid-Up Capital.		Held by Furness Withy and Co., Ltd.		Held by British Maritime Trust, Ltd.		Held by other Companies in Group.	
		Pref.	Ord.	Pref.	Ord.	Pref.	Ord.	Pref.	Ord.
Furness Withy and Co., Ltd.	£	£	£	%	%	%	%	%	%
British Maritime Trust, Ltd.	180,000	1,500,000	6,000,000	...	89.1	...	...	...	...
Economic Insurance Co., Ltd.	...	...	1,000,000	...	75.0	...	...	...	14.0
Warren Line (Liverpool), Ltd.	130,200	...	250,000	...	50.0	...	6.0	...	...
Norfolk & North American S.S. Co., Ltd.	520,000	...	434,280	...	61.5	...	13.5	...	25.0
Houlder Bros. and Co., Ltd.	125,000	100,000	800,000	0.05	51.0	2.7	0.1	2.0	...
Houlder Line, Ltd.	...	225,000	550,000	...	...	1.5	0.9	19.6	60.5
British Empire Steam Navigation Co., Ltd.	...	...	500,000	...	...	...	0.1	...	84.5
Empire Transport Co., Ltd.	...	100,000	500,000	...	...	23.2	11.3	76.8	82.5
Furness-Houlder Argentine Lines, Ltd.	...	...	800,000	...	66.2	...	...	...	33.5
Manchester Liners, Ltd.	...	457,720	445,200	4.2	43.8	...	0.9	8.4	13.8
Neptune Steam Navigation Co., Ltd.	...	235,802	201,732	25.4	94.1	25.4	4.9	42.4	...
Johnston Line, Ltd.	...	400,000	1,200,000	62.5	62.5	25.0	...	12.5	37.5
Prince Line, Ltd.	840,000	...	1,202,990	...	77.7	...	...	...	9.9
Rio Cape Line, Ltd.	790,992	...	600,000	...	...	...	...	...	100.0
British and Argentine Steam Navigation Co., Ltd.	85,050	...	375,002	...	100.0	...	...	...	...
Cairns, Noble and Co., Ltd.	...	...	50,000	...	100.0	...	...	...	...
Furness (Far East), Ltd.	...	...	12,500	...	...	...	48.0	...	52.0
Bellamy's Wharf and Dock, Ltd.	...	53,102	100,000	92.1	99.2	...	...	1.0	...
H. Clarkson and Co., Ltd.	...	...	61,625	...	40.5	...	...	...	...
Danube Navigation Co., Ltd.	74,900	674,500*	149,800†	14.3	9.9	...	6.2	...	...

* Pref. Ord.

† Def. Ord.



THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
July 5.ACCOUNT.
July 7.

Receding hopes of a satisfactory reparations settlement at Lausanne brought a subdued tone to the industrial markets early in the week and encouraged nervous holders to transfer into fixed-interest stocks. The news that the London clearing banks were reducing their minimum charge for all short market loans coincided with strong rumours that Bank rate would be reduced, a belief which later proved to be well-founded. At the same time, there was a general feeling that the week-end would see, if not a War Loan conversion announcement, at least a Treasury Bond conversion scheme. Active bull speculation entirely dominated the gilt-edged market in mid-week and caused a sharp appreciation in quotations accompanied by a large turnover, which continued after hours.

Striking gains were recorded by many of the long-dated Government securities, and new high levels were reached in several instances. Consols were in keen demand, and Conversion 3½ rose 2½ points on Wednesday, while Funding and Victory Bonds appreciated similarly. War Loan was affected by conversion considerations, and remained unchanged. India loans displayed weakness in the early sessions but were strong in sympathy with the funds in mid-week. The new Fives were quoted at 7½ premium. Colonial stocks were very firm, and numerous gains were recorded. The Cyprus scrip was heavily over-subscribed, and went to a premium at once, while the new Central Electricity scrip was quoted at 2½ premium after 3½.

The foreign market was as depressed as the gilt-edged market was buoyant. German loans declined steadily as Lausanne prospects deteriorated, although better news on Thursday caused a mild recovery. Japanese stocks were lower on the unsatisfactory financial position of the country and the consequent weakness of the yen. Siamese bonds slumped on the "revolution."

Home rails were adversely affected by dividend considerations, and a poor batch of "traffics," but were helped by the "pooling" discussions, to which reference is made on page 30. Metropolitan rose on the new agreement with the Ministry of Transport (discussed on page 30). Argentine rails were weak on bad traffic figures, and Leopoldina lost ground, while Cordobas receded further on the capital reconstruction (outlined on page 31).

Industrial shares were fairly cheerful at first, but interest fell away rapidly, and the trend was unfavourable to holders. International stocks lacked support, and New York quotations of transatlantic issues were not helpful. Shipping shares were in some demand on the success of the Cunard fuel experiment. Dorman, Long were inquired for on the report that the company had secured an important Danish bridge contract. Cables and Wireless were marked down on the May traffic receipts, but recovered subsequently. Lovell and Christmas were a firm feature following the resumption of dividends, while Henley's Telegraph advanced on the report. Patons and Baldwin's improved for the same reason. Breweries generally lost ground, and Guinness weakened on the prospect of an import duty on Irish goods. Bank shares were very strong, while Anglo-South American "A" shares reflected the reassuring tone of the meeting.

Interest in the oil share market centred on the world conference which meets this week in Paris, the news that the Soviet delegates were on their way causing a revival of optimism. A small amount of selling was experienced from Paris, but in general the changes in quotations were inconsiderable. Rubber shares were neglected, the dullness of the raw material discouraging buyers, while the volume of selling was likewise not appreciable. Tea shares were quickly marked down on the appearance of a seller.

The mining share market opened with Kaffirs in good demand, Randfontein and Sub Nigel in particular being supported. An easier tendency developed later, and the tone deteriorated. Copper shares declined with the metal, and tin shares were irregular. South Kalguri enjoyed a

sharp rise on the report, but Westralians gave way on Wednesday. One or two Rhodesian gold shares improved, but Ashanti Goldfields weakened and De Beers were out of favour.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	June 23, 1932.	June 24, 1932.	June 25, 1932.	June 27, 1932.	June 28, 1932.	June 29, 1932.	June 30, 1932.
Government and Municipal Loans	1,788	1,730		1,911	1,631	2,005	2,027
Transport, Communications, and Public Utilities	958	920		1,020	904	784	1,016
Commercial and Industrial	1,447	1,260		1,425	1,187	1,174	1,415
Banks, Insurance and Financial	378	395		426	371	447	480
Mines (including Nitrate)	446	405		477	369	305	381
Oil, Rubber, Tea and Cattle	53	73		98	48	56	94
Other	143	89		79	68	66	80
Total	5,213	4,872		5,436	4,578	4,837	5,493

* Including iron and steel and breweries.

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

	Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	June 23, 1932.	June 24, 1932.	June 25, 1932.	June 27, 1932.	June 28, 1932.	June 29, 1932.	June 30, 1932.
	63.7	51.3	53.4	53.4	•	53.7	53.6	53.4	54.0

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The stock markets were extremely unsettled all the week, political and economic conditions being regarded with growing apprehension. Further dividend reductions by a large number of important companies was regarded as inevitable, and the announcement that Atchison was omitting its dividend caused no surprise. Continued anxiety was felt regarding the Chicago banking position, thirty-six Chicago banks having failed this month. Better news was forthcoming regarding the Central Republic Bank, however, which was able to secure an advance from the Reconstruction Finance Corporation to enable it to meet its obligations. Railroads were particularly weak, and though short covering helped a number of issues in mid-week, utilities, oils and mines were mostly lower. The decision of the Interstate Commerce Commission on the Four Party plan of consolidation of the Eastern railroads is expected shortly, but it is understood that the plan of the railway group will not be entirely approved in its original form. The business index of the *New York Times* for the week ended June 18th was 55.2, compared with 55.1 for the previous week. Steel mill activity made a further low record, the industry working at only 15 per cent. of capacity, while the figure is expected to go still lower. Freight car loadings were 518,419 for the week ended June 18th, against 501,760 for the previous week, the increase being due to exceptional merchandise movements in anticipation of the newly-imposed taxes.

	June 23, 1932.	June 24, 1932.	June 25, 1932.	June 27, 1932.	June 28, 1932.	June 29, 1932.	June 30, 1932.
U.S. 3½ T. Bds.	99½	99½	99½	101½	101½	101½	101½
Do. 4½ "32-47 100"	101½	101½	101½	101½	101½	101½	101½
Do. 4½ "32-47 101"	101½	101½	101½	101½	101½	101½	101½
Do. 4½ "33-38 102"	102½	102½	102½	102½	102½	102½	102½
Atchison	30½	25½	18½	12½	10½	11½	11½
Ches. & Ohio	13½	12½	10½	10½	10½	10½	10½
Erie	3½	3½	2½	2½	2½	2½	2½
Illinois Central	7½	6½	5½	5½	5½	5½	5½
N.Y. Central	13½	12½	11½	11½	11½	11½	11½
Pennsylvania	8½	8½	7½	7½	7½	7½	7½
Southern Pacific	8½	8½	7½	7½	7½	7½	7½
Southern Ry.	4½	4½	3½	3½	3½	3½	3½
Union Pacific	40½	37½	29½	29½	29½	29½	29½
Am. Can.	39½	32½	32½	32½	32½	32½	32½
Amer. Smelting	8½	6½	5½	5½	5½	5½	5½
Ammonia	4½	3½	3½	3½	3½	3½	3½
Bethlehem Steel	8½	8½	7½	7½	7½	7½	7½
Chrysler Motor	7½	6½	5½	5½	5½	5½	5½
Corn Producers	31½	29½	26½	26½	26½	26½	26½
Kodak	44½	41½	29½	29½	29½	29½	29½
Gen. Electric (New)	11½	10½	9½	9½	9½	9½	9½
Gen. Motors	9½	8½	7½	7½	7½	7½	7½
Harvester	15½	12½	11½	11½	11½	11½	11½
Mout. Ward	5½	4½	4½	4½	4½	4½	4½
Natl. Biscuit	31½	28½	22½	22½	22½	22½	22½
Phelps Dodge	4½	4½	4½	4½	4½	4½	4½
Pullman	14½	14½	13½	13½	13½	13½	13½
Seam-Roebuck	14½	10½	10½	10½	10½	10½	10½
Studebaker	3½	3½	3½	3½	3½	3½	3½
Un. Fruit	14½	14½	14½	14½	14½	14½	14½
U.S. Leather	1½	1½	1½	1½	1½	1½	1½
U.S. Rubber	2½	2½	2½	2½	2½	2½	2½
U.S. Steel	27½	24½	22½	22½	22½	22½	22½
Westinghouse	24½	21½	18½	18½	18½	18½	18½
Woolworth	27½	25½	23½	23½	23½	23½	23½
Am. Tel. & Tlg.	87½	80½	76½	76½	76½	76½	76½
Interboro R.T.	3½	3½	3½	3½	3½	3½	3½
Int. Tel. Teleg.	3½	3½	3½	3½	3½	3½	3½
Radio Corp.	4½	4½	4½	4½	4½	4½	4½
Utilities P. & L.	2½	2½	2½	2½	2½	2½	2½
W. Union Tlg.	14½	14½	14½	14½	14½	14½	14½
Associated Gas "A"	1½	1½	1½	1½	1½	1½	1½
Pan. Amer. B. (New)	7½	7½	7½	7½	7½	7½	7½
Shell	10½	10½	10½	10½	10½	10½	10½
Shell Union	24½	24½	24½	24½	24½	24½	24½
Std. California	18½	18½	18½	18½	18½	18½	18½
Do. N.J.	25½	24½	23½	23½	23½	23½	23½

x Ex dividend.

July 2, 1932.]

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Be-ginning of Year.	June 29.
331 Industrials ...	98.2	174.1	51.4	114.7	52.2	34.0
33 Rails	89.1	145.6	31.7	105.7	33.2	14.9
34 Utilities	153.2	267.4	90.6	187.6	91.8	55.0
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	34.5
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	10.08%

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

	Highest of 1932. (Mar. 8.)	Lowest of 1932. (June 27.)	June 22, 1932.	June 23, 1932.	June 24, 1932.	June 25, 1932.	June 27, 1932.	June 28, 1932.	June 29, 1932.
	68.9	35.2	37.8	37.9	36.4	36.4	35.2	35.3	35.7

TOTAL DEALINGS IN NEW YORK.

	June 24, 1932.	June 25, 1932.	June 27, 1932.	June 28, 1932.	June 29, 1932.	June 30, 1932.
Stock Exchange—Shares (Thous.)	800	300	800	800	600	600
Bonds (Value Thous. \$).....	11,706	4,359	7,168	11,897	13,833	9,970
Over-the-Counter—Shares (Thous.)	90	30	100	90	60	90

* 2-hour session.

PARIS.

Firm conditions accompanied the opening of the Paris Bourse, the announcement that the Bank of France would pay a half-yearly dividend of only Frs. 100 having very little effect. Young bonds were marked up strongly at first, but German issues receded. Most issues were of a settlement at Lausanne receded. Most issues were better in mid-week, but the volume of trading was restricted. On Thursday a general improvement occurred in most sections, German bonds recovering on fresh rumours of a possible debt agreement.

	June 23, 1932.	June 27, 1932.	June 30, 1932.	June 23, 1932.	June 27, 1932.	June 30, 1932.
Banque de France	11,100	10,960	11,060	68	70	69
Credit Lyonnais	1,829	1,890	1,889	28	29	29
Suez Canal	13,790	13,995	14,050	94	98	96
Chargers Réunis	219	190	193	221	230	243
Rio Tinto	1,150	1,205	1,185	92	100	97
Royal Dutch	12,400	12,525	12,660			
Wagons Lits				68	70	69
Mexican Eagle				70	70	70
"Chartered"				94	98	96
De Beers				221	230	243
"Johnnies"				92	100	97

BERLIN.

News from Lausanne did not inspire any optimism, and prices were lower all round. The general tendency was heavy, the sole exception to the trend being Lignite shares. Gold mortgage bonds declined further. The market on Wednesday was considerably brighter, an advance in shares taking place all round. Reichsbank rose 1½ to 122½. Dye Trusts enjoyed an appreciable recovery.

	June 23, 1932.	June 27, 1932.	June 30, 1932.	June 23, 1932.	June 27, 1932.	June 30, 1932.
Reichsbank	122½	122½	122½	113½	113½	117½
Disconto	18½	18½	18½	31½	30½	32½
Dresdner	11½	11½	11½	6½	6½	8½
Norddeutscher Lloyd						
A. E. G.				20½	21	20½
Siemens & Halske				113½	113½	117½
A. K. U.				31½	30½	32½
Svenska Tandsticks				6½	6½	8½

AMSTERDAM.

The Bourse was quiet, with prices a shade lower. There was a sharp reaction on Tuesday following unfavourable news from Lausanne. Dutch Government bonds, which had previously been very firm, declined sharply, and the close was weak. Unilevers were strong exceptionally.

	June 23, 1932.	June 27, 1932.	June 30, 1932.	June 23, 1932.	June 27, 1932.	June 30, 1932.
5½ Dutch Loan	49½	49½	49½	26½	25	23½
5½ German	34½	35½	36½	88½	88½	88½
Unilever N.V.	93½	93½	92½	96	105	100
Philips' Lamp	69½	69½	68½	120	122	123
Netherlands Ship Union	41	41½	42½	154	155	154
Java Cultuur	113	118½	117			
Steel Common				26½	25	23½
A. K. U.				22½	23	24
Ford Motor				88½	88½	88½
Deil Batavia				96	105	100
Royal Dutch				120	122	123
Handelsbank				154	155	154

OTHER CENTRES.

Minor European Bourses were still unsettled pending some definite result from Lausanne. In the early part of the week Brussels was firm, a fair volume of business being transacted in rubber shares, but the market eased later on profit taking. A rally occurred in Frankfurt on Wednesday, but Stockholm and Copenhagen were very erratic and closed weak. Conditions elsewhere were extremely irregular.

INVESTMENT NOTES.

The Gilt-Edged Boom.—The activity in the gilt-edged market this week may fairly be described as a boom. The week opened quietly—in fact, British Government stocks appeared at first subdued by certain political speeches in which prominence had been given to the possibility of a semi-compulsory reduction in interest on the National Debt. However, the announcement on the Tuesday morning that the Stock Exchange was to be open on the following Saturday prompted the speculation that the *raison d'être* of this unexpected decision was a Government conversion offer to be made on July 1st either to holders of Treasury Bonds 4½ per cent. 1932-34 or to holders of 5 per cent. War Loan or to both. On Tuesday the buying of long-dated stocks, which had been prominent for so many weeks past, developed strongly, and on Wednesday had become almost an indiscriminating scramble, the view being universally held that a reduction in Bank rate and a conversion offer this week-end were "certainties," and that the Lausanne Conference had better prospects of success. The most sensational rises were seen in Conversion 3½ per cent. (4 points) and Local Loans (nearly 3 points).

	Lowest. 1932.	June 22.	June 30. Opening.	Close.	Yield % at close.
Consols 2½%	54½	65	67½	67	3 14 2
Consols 4%	81½	101	102½	101½	3 18 9
Conversion 3½%	73½	90½	94½	93½	3 15 2
Funding 4%	83½	102½	104½	104½	3 16 9
Victory 4%	89½	102½	104½	104½	3 16 10
Local Loans 3%	60½	75½	78½	77½	3 17 2
India 5% new	(Issued 95)	100½	101½	102½	4 17 10
Central Electricity 4½% new	(Issued 96)	97½	—	99½	98½
					4 11 3

(Continued on page 30.)

THE UNIQUE CHARM OF SOUTHWOLD.

THIS PICTURESQUE SMALL TOWN on the Suffolk Coast is an ideal place for those who desire a few days' complete change and rest. The Town itself, with its wonderful Church and quaint "greens" and great, high Common commanding extensive views over sea and land, is different from the usual seaside resorts.

Across the river is WALBERSWICK, the haunt of nearly all artists and of many famous authors for some fifty years past, and from here are many beautiful walks or rides, either along the beach or across the silent marshes, to the lost city of DUNWICH, or over hilly gorse and heather commons flanked by woods to BLYTHBURGH, with its noble church, or WENHASTON, with the medieval picture of "The Doom."

From Southwold delightful short motor excursions may be made to FRAMLINGHAM (20 miles), with its vast castle and church, with splendid monuments of the tragic Howards, or to WINGFIELD CASTLE (21 miles), the great Manor House of the ill-fated Dukes of Suffolk, with the beautiful effigy of Elizabeth Plantagenet in the church adjoining, or to ADEBURGH THORPNESS (18 miles) and ORFORD, remote from modern life, with the great Norman keep still dominating town and coast.

Southwold provides excellent sea angling, and there is an attractive 18-hole golf course. By train from London it is about two hours to SAXMUNDHAM (14 miles) and a little more to DARSHAM (7 miles), HALESWORTH (9 miles), where motors from hotels meet visitors by appointment.

There is THE SWAN HOTEL, (h. & c. water in every bedroom) in the Market Place, a well-known and most comfortable hotel with a century's reputation (Tel. 5), and also a smaller, THE CROWN HOTEL, an old Georgian Inn recently reconstructed (Tel. 53), both well known for the excellence of their catering.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Year 1932 (Jan. 1 to June 29) Inclusive.		Name of Security.	Price June 22, 1932.	Price June 29, 1932.	Rise or Fall.	Present Yield.	Prices Year 1931.		Year 1932 (Jan. 1 to June 29) Inclusive.		Name of Security.	Price June 22, 1932.	Price June 29, 1932.	Rise or Fall.	Present Yield.
High-est.	Low-est.	High-est.	Low-est.						High-est.	Low-est.	High-est.	Low-est.						£ s. d.	£ s. d.
British Funds.																	
60 1/2	49 1/2	66 1/2	54 1/2	Consols 2 1/2 %	65	66	+1	3 15	9	70	70	0	6				NH
97 1/2	77 1/2	101 1/2	81 1/2	Consols 4 %	101	101 1/2	+1/2	3 19	3	21	20	-1	7	70	70	0	NH
85 1/2	77 1/2	93 1/2	75 1/2	Cons. Loan 3 1/2 %	90 1/2	93	+2 1/2	3 16	1	150	94 1/2	-55 1/2	12 1/2	95 1/2	+2 1/2	7 6	6 1/2
104 1/2	86 1/2	106 1/2	93 1/2	Do. 4 1/2 % 1940-44	105	105 1/2	+1/2	3 15	0	65	20 1/2	-45 1/2	9 1/2	15 1/2	+2 1/2	14	6 1/2
104 1/2	86 1/2	106 1/2	93 1/2	Do. 5 % 1944-44	109 1/2	110	+1/2	3 19	0	9 1/2	2 1/2	-7 1/2	4 1/2				
97 1/2	78 1/2	103 1/2	83 1/2	Funding 4 % 1960-90	102 1/2	103 1/2	+1/2	3 16	0					2			
102 1/2	93 1/2	101 1/2	97 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101	0	4 5	0	16 9	5 9	6 6	2 1/2	2 9	2 9	0	NH
103 1/2	93 1/2	102 1/2	98 1/2	Treasury 5 % 1935-35	102 1/2	102 1/2	0	3 14	6	11 6	5 9	9 3	3 1/2	9 1/2	9 1/2	0	NH
98 1/2	85 1/2	103 1/2	82 1/2	Victory Bonds 4 1/2 %	102 1/2	103 1/2	+1/2	4 17	6	1 1/2	37 1/2	6 1/2	dis	5 1/2	dis	0	
104 1/2	90 1/2	103 1/2	95 1/2	War Loan 5 % 1923-47	102 1/2	101 1/2	-1/2	3 17	8	25 1/2	12 1/2	15 1/2	2 1/2	4 6	+2 1/2	7	12
46 1/2	29 1/2	52 1/2	36 1/2	Local Loans 3 %	75 1/2	77 1/2	+2 1/2	3 17	0	55 9	31 3	50 1/2	34 3	35 1/2	+1 1/2	4	3
46 1/2	29 1/2	52 1/2	36 1/2	India 2 1/2 %	50	51 1/2	+1 1/2	4 18	0	27 1/2	23 0	288	235	288	+3	4	4
46 1/2	29 1/2	52 1/2	36 1/2	Do. 3 %	59	62	+3	4 16	9	58 1/2	43 9	59 1/2	47 6	58 1/2	+1 1/2	6	10
46 1/2	29 1/2	52 1/2	36 1/2	Do. 4 %	69	72	+3	4 17	3	26 1/2	19 9	28 1/2	21 6	58 1/2	+1 1/2	6	10
86 1/2	55 1/2	93 1/2	67 1/2	Do. 4 1/2 % 1958-68	102	109	+7	3 19	0	9 1/2	2 1/2	7 1/2	7 1/2	59 1/2	+6 1/2	4	12
106 1/2	94 1/2	109 1/2	97 1/2	Palatine 5 % 42-67	109	109 1/2	+1/2	3 19	0	9 1/2	2 1/2	7 1/2	7 1/2	59 1/2	+6 1/2	4	12
110 1/2	90 1/2	111 1/2	103 1/2	Sudan 5 1/2 % Bonds	111	111	0	5	0	63	47	53	34	53 1/2	+2 1/2	7	12
99 1/2	87 1/2	102 1/2	87 1/2	Uster 4 1/2 % 45-75	101	102	+1	4	7	26	18 1/2	23	20	20 1/2	+1 1/2	7	12
Dom. & Colonial Govts.																	
85 1/2	58 1/2	94 1/2	77 1/2	Australia 5 % 1945-75	92 1/2	93 1/2	+1	5	8	5 1/2	3 1/2	14	9 1/2	3 1/2	+1 1/2	8	11
96 1/2	75 1/2	95 1/2	82 1/2	Canada 4 % 1940-60	95	95	0	4	7	14 9	9 1/2	10 1/2	9 1/2	10 1/2	+1 1/2	7	16
105 1/2	94 1/2	102 1/2	97 1/2	Ceylon 6 % 1936-61	105	106	+1	4	10	66 1/2	43 1/2	55 1/2	45 1/2	51 1/2	51 1/2	0	10
101 1/2	87 1/2	102 1/2	91 1/2	Gold Coast 4 1/2 % 1956	101	101	0	4	8	66 1/2	43 1/2	55 1/2	45 1/2	51 1/2	51 1/2	0	10
104 1/2	92 1/2	108 1/2	93 1/2	Kenya 5 % 1948-58	105 1/2	105 1/2	0	4	11	42	28	87 1/2	57 1/2	42 1/2	42 1/2	0	10
80 1/2	46 1/2	89 1/2	58 1/2	Nigeria 5 % 1950-60	108	108	0	4	10	8 1/2	6	5 1/2	4 1/2	3 1/2	3 1/2	0	10
102 1/2	85 1/2	100 1/2	84 1/2	N.S. Wales 5 % 35-55	86 1/2	87 1/2	+1	6	3	11 3	9 1/2	10 1/2	9 1/2	49 1/2	49 1/2	0	10
81 1/2	48 1/2	90 1/2	70 1/2	N. Zealand 5 % 1946	97	97 1/2	+1/2	6	3	7 1/2	4 1/2	6 1/2	4 1/2	49 1/2	49 1/2	0	10
105 1/2	82 1/2	104 1/2	90 1/2	Queensland 5 % 40-60	86 1/2	88 1/2	+2	1	0	4 1/2	6 1/2	4 1/2	4 1/2	70 1/2	73 9	+3 9	6 9
100 1/2	85 1/2	102 1/2	88 1/2	S. Africa 5 % 1945-75	101 1/2	101 1/2	0	4	16	80 6	60 6	74 1/2	62 1/2	74 1/2	+2 1/2	4	6
Foreign Governments.																	
88 1/2	53 1/2	77 1/2	57 1/2	Argentina 4 % Recies.	62 1/2	62 1/2	0	9	1	14 1/2	9	12 1/2	9 1/2	11 1/2	11 1/2	0	10
105 1/2	87 1/2	100 1/2	76 1/2	Austria 6 % 1923-43	88	87	-1	7	16	35 1/2	29 1/2	35 1/2	31 1/2	35 1/2	+4 1/2	4	14
98 1/2	33 1/2	49 1/2	25 1/2	Do. 7 % Int. Ref. by 1957	38	35	-3	20	0	10 18	9	10 1/2	9 1/2	10 1/2	+1 1/2	4	14
56 1/2	29 1/2	41 1/2	28 1/2	Belgian 7 % red. by 1956	105 1/2	106	+1/2	6	8	80 1/2	47 6	56 1/2	47 6	68 1/2	+1 1/2	5	3
112 1/2	89 1/2	108 1/2	94 1/2	Bulgaria 7 % Loan	25	25	0	30	0								
75 1/2	43 1/2	69 1/2	50 1/2	Brazil 5 % Fund, 1914	57 1/2	57 1/2	0	8	12	21	16	23 1/2	16 1/2	21	21	0	10
79 1/2	28 1/2	46 1/2	28 1/2	Do. 6 1/2 % (1927)	31 1/2	31 1/2	0	13	9	15 1/2	9	11 1/2	9 1/2	11	11	0	10
94 1/2	20 1/2	30 1/2	9 1/2	Chili 6 % (1929)	13	10	-3	13	18	24 1/2	18 1/2	20 1/2	17 1/2	17 1/2	+1 1/2	5	15
52 1/2	33 1/2	43 1/2	31 1/2	China 5 % (1912)	51	56	+5	1	13	18 1/2	28 1/2	27 1/2	20 1/2	17 1/2	17 1/2	0	10
70 1/2	55 1/2	65 1/2	52 1/2	Do. 5 % (1915)	61	60	-1	8	18	28 1/2	27 1/2	20 1/2	17 1/2	17 1/2	+1 1/2	3	18
113 1/2	78 1/2	103 1/2	67 1/2	Czechoslovakia 8 %	86 1/2	85 1/2	-1	9	12	6	34 1/2	25 1/2	31 1/2	30	30	0	10
87 1/2	58 1/2	65 1/2	58 1/2	Danish 3 1/2 %	70	70	0	4	6	16 1/2	12 1/2	16 1/2	12 1/2	15	15	0	10
85 1/2	56 1/2	61 1/2	58 1/2	Danish 5 1/2 %	40	40	0	16	5	0	13 1/2	9 1/2	12 1/2	12 1/2	+1 1/2	3	18
76 1/2	35 1/2	50 1/2	40 1/2	Egypt United 4 %	91	90	-1	4	10	14 1/2	9 1/2	14 1/2	14	14	0	10	
92 1/2	70 1/2	82 1/2	65 1/2	Estados 7 % 1927	40	40	0	1	10	22 1/2	22 1/2	22 1/2	22 1/2	38 9	38 9	0	10
31 1/2	20 1/2	28 1/2	18 1/2	Finland 6 % 1923	50	50	0	1	10	40 1/2	28 1/2	40 1/2	30 1/2	38 9	38 9	0	10
106 1/2	53 1/2	79 1/2	52 1/2	French 4 % (British)	24	24 1/2	+1/2	9	11	6 1/2	4 1/2	6 1/2	4 1/2	5 1/2	5 1/2	0	10
81 1/2	37 1/2	57 1/2	42 1/2	Do. 5 %	26 1/2	26 1/2	0	5	6	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	0	10
93 1/2	59 1/2	66 1/2	52 1/2	German 7 %	71	66	-5	10	12	3	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	0	10
101 1/2	72 1/2	80 1/2	64 1/2	Do. 5 1/2 % Stg. Bde. 1930	56	52	-4	10	11	6	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	0	10
103 1/2	73 1/2	81 1/2	68 1/2	Greek 6 % Stab. Ln.	30	30	0	3	5	5 1/2	4 1/2	5 1/2	4 1/2	4 1/2	4 1/2	0	10
104 1/2	74 1/2	82 1/2	69 1/2	Do. 7 % Refugee	38	41	+3	18	0	14 1/2	11 1/2	14 1/2	11 1/2	13 1/2	13 1/2	0	10
105 1/2	75 1/2	83 1/2	70 1/2	Hungary 7 %	38	41	+3	18	0	29 1/2	220	240	215	220	220	0	10
105 1/2	75 1/2	83 1/2	70 1/2	Japanese 5 1/2 % 1935-65	68	66	-2	8	13	6	14 1/2	11 1/2	13 1/2	13 1/2	13 1/2	0	10
105 1/2	75 1/2	83 1/2	70 1/2	Do. 6 % (1924)	60	57	-3	10	10	6	14 1/2	11 1/2	13 1/2	13 1/2	13 1/2	0	10
105 1/2	75 1/2	83 1/2	70 1/2	Mexican 5 % (1899)	5 1/2	5 1/2	0	7	28	9	21 6	10 1/2	10 1/2	10 1/2	10 1/2	0	10
98 1/2	78 1/2	90 1/2	78 1/2	Norwegian 4 % 1911	85 1/2	85 1/2	0	4	13	7	28 9	22 1/2	10 1/2	10 1/2	10 1/2	0	10
83 1/2	40 1/2	55 1/2	30 1/2	Peru 7 1/2 % 1922	30	30	0	15	15	0	185 1/2	157 1/2	14 1/2	14 1/2	14 1/2	0	10
86 1/2	54 1/2	62 1/2	52 1/2	Poland 6 % 1934-61	60	60	0	15	11	0	128 1/2	97 1/2	7 1/2	7 1/2	7 1/2	0	10
89 1/2	75 1/2	79 1/2	64 1/2	Swedish 6 % 1934-61	92 1/2	85	-7 1/2	7	4	3	110 1/2	73 1/2	70 1/2	70 1/2	70 1/2	0	10
86 1/2	54 1/2	62 1/2	52 1/2	Swedish 6 % 1934-61	92 1/2	85	-7 1/2	7	4	3	110 1/2	73 1/2	70 1/2	70 1/2	70		

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 22, 1932.	Price, June 29, 1932.
Agricultural Mortgage Corporation 4½%	95	60	5½-6 pm	6½-7½ pm
Deb. Stock, 1961-91	98	18	...	1½-1½ dis
Alberta 5% 1962-67	...	...	...	...
Allied Newspapers 6½% Cum. 1st Pref. £1	£1	10/-	8/9-9/9	9/-9/6
Bowater's Paper Mills 6½% Cum. Pref. £1	£1	10/-	...	...
Bristol Corporation 4½% Red. Stk. 1952-62	100½	45	3d.-6d. pm	4½d.-7½d pm
British Columbia 5% Stk. 1957-67	99	64	3½-3½ pm	4½-4½ pm
British Power and Light 6% Cum. Pref. £1	£1	10/-	1½d.-1½d pm	2½-2½ pm
British 4½% Stk. 1952-62	100½	55½	1-1½ pm	2½-2½ pm
Central Electricity Board 4½% Deb.	96	5	1½-1½ pm	2½-2½ pm
1957-82	38½	...	1½-1½ pm	2½-2½ pm
County of London Electric New Ord.	95	5	...	...
Cyprus 4% Ins. Stk. 1956-66	21/-	fy. pd.	1½d.-4½d pm	2½-2½ pm
Edmondson's Electricity 6% Pref.	10/-	fy. pd.	2½-2½ pm	2½-2½ pm
Ever Ready New Ord. 10/-	100½	30½	1-1½ pm	2½-2½ pm
Hull Corporation 4½% Stk. 1952-72	95	60	5½-5½ pm	6½-6½ pm
India 5% 1942-47	101½	51½	4½-4½ pm	4½-4½ pm
London and Home Counties Joint Elec. Supply Authority 5% Stk. 1951-71	97½	fy. pd.	3-2 dis	9½-9½
Moccano 6% Deb.	96	61	1½-1½ pm	2½-2½ pm
Metal Box 5½% Deb.	21/-	13½	2½-2½ pm	2½-2½ pm
Do. 7% Cum. Pref. £1	21/-	fy. pd.	1½-1½ pm	2½-2½ pm
Murex 7% Pref.	98½	fy. pd.	97½-98½	98-99
New Zealand 5% Ins. Stk. 1956-75	20½	10½	6d.-1/- pm	6d.-1/- pm
N. Somerset Electric 5½% Cum. Pref.	23/-	8/-	10½d.-1½ pm	1½-1½ pm
Scottish Power 6% Cum. Pref. £1	100	68	4-3 dis	5-4 dis
Slators and Bodegas 5½% Deb.	101	15	1-1½ pm	1½-1½ pm
South Shields 4½% Stk. 1952-62	100	48	2½-2½ pm	2½-2½ pm
Swansea Gas 5½% Pref.	98	48	2½-2½ pm	2½-2½ pm
Tanganyika 4% Stk. 1952-72	97½	47½	2½-2½ pm	2½-2½ pm
Treasury Bonds 3% 1935-42	...	...	...	...

(Continued from page 27.)

Record high prices were seen throughout the market, several India and Colonial and the new trustee stocks participating in the general liveliness. The announcement of a 2 per cent. Bank rate was the signal for a reaction, but at the moment of writing the market is firm at levels only slightly below the best. On the reaction on Thursday it was noticeable that a good deal of money went into short-dated stocks, including even 5 per cent. War Loan, which rose from 101½ to 101¾. The new Treasury 3 per cent. bonds were ¾ higher at 2½ premium.

Metropolitan Railway and the Bill.—In the *Economist* of November 14, 1931, we discussed the objections which the Metropolitan Railway had raised to the London Passenger Transport Bill, our contention being that the Metropolitan Railway had genuine grievances which deserved to be taken into account. It was announced this week that an agreement had been reached between the directors of the Metropolitan Railway and the Minister of Transport which would meet these grievances and put an end to the opposition of the Metropolitan Railway to the Bill. A meeting of the consolidated and preference stockholders is to be held on July 14th to approve the scheme, which contains the following proposals: (1) holders of 3½ per cent., 3½ per cent. "A" and 5 per cent. preference stocks to receive an amount of London Passenger Transport "B" stock, which will produce the same income as that derived from their present holdings; (2) holders of convertible preference stock to elect either to be dealt with as in (1) or to exchange into ordinary stock at par; (3) holders of ordinary stock to receive £67 10s. London Passenger Transport "C" stock for every £100 ordinary, with the option to convert into a new guaranteed stock, of a nominal amount equal to the par value of their present holdings, bearing interest at 3½ per cent. for fifteen years and 3 per cent. for ten years. For this purpose a trust is to be established on the general lines of the trust constituting the Central London Guaranteed Assented stock. Metropolitan ordinary stock of holders who do not desire to accept Transport "C" stock is to be deposited with the trust, to which will be allotted the Transport "C" stock issuable in respect of the Metropolitan ordinary stock so deposited. The new guaranteed stock issued by the trust will be secured by a first charge on the share of the pooled receipts to which the main line railway companies are entitled in respect of their suburban traffic. The guarantee is to come to an end after fifteen years from the appointed day if at any time after twelve years 6 per cent. shall have been paid on the Transport "C" stock in two out of three consecutive years. At the expiration of twenty-five years

the trust will be dissolved, and each holder of trust stock will receive his proportionate amount of Transport "C" stock. It will be seen that a valuable option has been secured by the ordinary stockholders of Metropolitan Railway, for it would appear that the share of the pooled revenues representing the receipts of the main line railway suburban traffic will provide a very substantial cover for the guaranteed stock interest. There should be no difficulty in obtaining the consent of the Metropolitan stockholders to this scheme, for it is undoubtedly an excellent bargain for the company. It may be added that the holders of Metropolitan 4 per cent. terminal debenture stock will be repaid on the due date in 1933 and will not have their holdings converted. The holders of Metropolitan debenture stock other than the terminal debenture will be transferred into Transport "A" stock on such a basis as will produce the same income as they receive from their present holdings. The settlement is subject to Parliamentary confirmation, but the company has the right to withdraw if any amendments are made repugnant to the agreement.

London Midland and Scottish and the Pool Plan.—The directors of the London Midland and Scottish Railway announced last week the half-yearly dividends on their preference stocks. The 5 per cent. redeemable preference stock of 1955 is to receive 1½ per cent., the 4 per cent. first preference 1 per cent., and the 4 per cent., 1923, nil. The announcement came as a shock to the market, as although earnings were not expected to cover the junior preference stocks this year it was thought that the first half-yearly payments would be made. According to the directors' statement the total decline in traffic receipts this year up to date has amounted to £2,200,000, which has been offset to the extent of £1,200,000 by fresh economies in expenditure, of which £420,000 was due to reduced wages and salaries. Some interesting facts were disclosed by Sir Josiah Stamp in evidence before the Committee appointed by the Minister of Transport to hear objections to the proposed pooling of competitive traffic receipts by the London Midland and Scottish and London and North Eastern Railway Companies. Under the pooling scheme competitive traffics are to be grouped into three classes and to be of eight descriptions. The whole of the traffic receipts of the two companies under these headings for the years 1928, 1929 and 1930 are to be ascertained, and for future years the combined receipts will be divided between the two companies in the proportions found for the average of these three years, allowances being made for work done other than by rail conveyance. The scheme is not intended to affect the fixation of rates and charges, which are on a common basis, but the results should tend to improve the efficiency of the services and to reduce charges. The agreement is to run for fifty-five years from July 1st. Objections to the proposed scheme have been raised by the National Union of Railwaymen, the Railway Clerks Association, the National Federation of Iron and Steel Manufacturers, the Railway Carriage and Wagon Builders, and the Mining Association. Sir Josiah Stamp stated that facilities which were being given by both companies on unremunerative lines could be run at a profit under the pooling scheme as a single service. Without the pool it was possible that both facilities might have to be abolished. He agreed that the pooling would assist the companies in their competition with road transport and that the economies which the pool would make possible, coupled with a trade revival, might enable the companies to reach their standard revenues and more. In reply to the Chairman of the Committee, Sir Josiah added that the amount likely to be saved would be very large. He did not care to make a guess, but the order of magnitude might be six or seven figures, although the scheme would take a considerable time to develop. It was surprising to hear from Sir Josiah that the pool would affect about 50 per cent. of the company's total gross receipts, or rather more than £50 millions. The economies in sight if the scheme is approved of may be some comfort to the preference stock holders, who are now to receive only a meagre proportion of their dividends.

County Stock New Regulations.—Amendments of the County Stock Regulations, 1891-1921, which have been published in the *London Gazette*, have carried out one of the important reforms made necessary by the Hatry defalcations. Under the new regulations, when stock is issued to the public by a County Council, the funds subscribed are to be transferred to the Council's bankers and credited to a special account bearing the Council's name and the name of the stock. Moneys paid in advance of allotment are to be so transferred within three days after allotment. No payment is to be debited to a special account opened under the regulations unless authorised by order of the Council. When an issuing company paid to the bankers for credit to the special banking account all sums due from the purchaser in respect of the amount certified in the allotment letter or scrip certificate. Issuing houses are to supply the registrar as soon as possible with a record of the scrip certificate, showing in each case the number and other identification marks. When the stock is fully paid a statement of payments and dates is to be furnished. Fully-paid scrip certificates or fully-paid allotment letters must be surrendered to the registrar before the registered person can be registered as a holder. The new regulation does not apply when the Council itself issues the allotment letters and scrip certificates and an officer of the Council is the registrar. These regulations, whose effect should be entirely salutary, apply only to England and Wales, excluding the London County Council.

Mexican Debt Statement.—The decision of the International Committee of Bankers in Mexico not to make any distribution to depositors of Mexican bonds until certain matters arising out of conflicting claims have been settled postpones once again the clearing up of the Mexican debt position. The Committee had prepared definite plans for making a distribution to depositors under the agreements of July, 1922, and October, 1925, but in view of the fact that conflicting claims are now being raised by an action instituted in the New York courts, the Committee feels it is precluded from making any payment until the respective rights of all those interested are settled. Owing to adverse economic conditions, the Federal Congress of the United States of Mexico, by a law promulgated on January 27th last, declared ineffective and refused to ratify the agreement of July 25, 1930, and the supplementary agreement of January 29, 1931, which were executed subject, upon ratification, to submission to bondholders for their acceptance. The action of the Mexican Government rendered the agreement null, and the Committee therefore returned to the Government its deposit of \$5,000,000. In order to preserve the basis for a resumption of payments on the direct external debt and for the reorganisation of the railways when economic conditions improved, the Government entered into an interim agreement on December 22, 1931, which was ratified. In its turn, the Government undertook to deposit with the Committee the sum of \$5,000,000 in United States gold on or before July, 1933, the Committee agreeing that if the new deposit is made within the period named it will execute with the Government for submission to bondholders an agreement substantially identical in form and substance with the July, 1930, agreement, subject to any changes made necessary by the lapse of time involved in the postponement of the first annuity year to 1934. The details of the 1930 scheme appeared in the *Economist* of August 2, 1930, page 243.

Cordoba Central Scheme.—Details of a drastic scheme of capital reconstruction were announced this week by the Cordoba Central Railway, which has a paid-up capital of £21,028,860. It will be recalled that in March last the 4 per cent. debenture holders and 5 per cent. debenture holders approved a moratorium. It is now proposed that no interest shall be paid on the first debentures prior to October, 1934, when the rate is to be increased from 4 per cent. to 4½ per cent. per annum, subject to the reservation that for the first two succeeding years payment shall be deferred, if in the opinion of the Board, net revenue available in cash does not permit of payment in full. As compensation, holders will receive new Consolidated Income stock equivalent to 15 per cent. of their holdings. The sum of £40,000 per annum will be set aside as from July 1, 1934, and the first £200,000 may be used for capital purposes, while the balance will be for redemption. The redemption price of the stock is to be raised from 105 per cent. to 107½ per cent. The 5 per cent. debentures will receive no interest until all interest due on the first debentures has been met. Holders of this stock are to waive their rights to interest for a period of four and a half years from January 1, 1930, and to agree that interest after July 1, 1934, shall be non-cumulative. The first preference, second preference and ordinary stock is to be merged into a consolidated income stock entitling holders to the balance of net revenue of each year subsequent to the year ending June 30, 1934. Holders of 5 per cent. debentures will receive 50 per cent. of their present holdings in the new stock; holders of the first preference stock, 65 per cent.; holders of the second preference stock, 30 per cent.; and holders of the ordinary stock, 12½ per cent. As regards the six per cent. debentures, the scheme provides for the modification of sinking fund rights and the consent of the 5 per cent. debenture holders before any further stock is issued. Though the scheme is drastic, it is pointed out that by its adoption the amount at the

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

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

Board of Directors.

William Reiersen Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh. Stanley Christopher, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham, G.C.S.I., F.R.S. Sir Roderick Roy Wilson.
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Joint General Managers in South Africa—James S. Shiel, W. K. Robertson
Deputy General Manager in South Africa—Herbert G. Hoey
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

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debit of the company's net revenue account, which by June 30, 1932, would total over £1,000,000, will be practically wiped out. An additional incentive to stockholders is the fact that the Inland Revenue authorities, if the scheme is sanctioned, propose to accept five per cent. debenture stock and the newly-created Consolidated Income stock in satisfaction of a substantial part of a liability of some £460,000.

Yorkshire Amalgamated Collieries.—The accounts for the year ended March 31, 1932, of this Northern holding company show a decline in total revenue of £42,106. The export of coal from the Humber ports, the natural outlet for a large proportion of the output of the collieries operated by the subsidiary companies, has been greatly restricted in volume, and the prices obtainable have been lower than those prevailing in the preceding year. A dividend of 6d. per share on the "A," "B" and "D" shares was announced last July in respect of the year 1930-31, but no distribution is recommended this year, the dividends received from subsidiaries having been declared in part out of undistributed profits earned since the incorporation of Yorkshire Amalgamated.

	Year to March 31,		
	1930.	1931.	1932.
Income	£ 80,182	£ 69,974	£ 27,868
Interest	15,944	11,092	10,488
Management	707	940	867
Directors' fees	2,000	2,000	2,000
Net profit.....	61,531	55,942	14,513
Brought forward.....	5,447	16,102	18,434
Ordinary dividend.....	70,018	52,000	Nil
Special charges.....	5,000*	5,000*	7,500*
Income tax returned.....	4,142	3,390	1,448
Carried forward.....	16,102†	18,434	26,895

* Investment reserve or depreciation.

† After crediting £20,000 from suspense account.

The poor results of the operating companies are shown below:—

	Net Profit, Net Profit,	
	1930.	1931.
Dinnington Main	£ 45,464	£ 21,407
Rossington Main.....	19,247	Dr. 12,123
Maltby Main.....	15,966	4,207
Denaby and Cadeby Main	96,586	33,197

The balance sheets of the subsidiary companies show that current items are mainly lower as a result of a smaller volume of trading. Both Maltby and Rossington—whose losses are attributed mainly to the relatively high proportion of loan capital and bank indebtedness—have slightly reduced their debt. All the collieries have been maintained in efficient working condition, and ample depreciation on plant, machinery and houses has been provided for in the accounts of all the subsidiary companies.

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

Patons and Baldwins.—This important company of wool and hosiery yarn manufacturers has recorded better results for 1931 than for any year since 1924. Net profit totals £287,005, after providing, *inter alia*, for depreciation, taxation, and loss in connection with the Australasian exchanges. For 1930 net profit was only £112,186. Preference dividend absorbs £65,168, while the ordinary distribution is increased from 2½ per cent., tax free, to 7½ per cent., tax free, and requires £119,947. The directors have taken the opportunity to restore to the reserve fund the sum of £100,000 which was withdrawn in 1929-30, while the carry-forward is slightly augmented at £42,072.

	Year to April 30.		
	1930.	1931.	1932.
Profit	£ 23,096	£ 117,626	£ 292,205
Directors' fees	5,500	5,440	5,200
Earned for dividends	17,596	112,186	287,005
Brought forward.....	28,433	36,460	40,182
Preference dividend	69,587	68,482	65,168
No. of times covered	Nil	1.6	4.4
Ordinary dividend—			
Amount	39,982	39,982	119,947
Earned %	Nil	2.7	13.8
Paid %	2½*	2½*	7½*
Reserve	Dr. 100,000	Nil	100,000
Carried forward.....	36,460	40,182	42,072

* Tax free.

The company has extended its operations in several directions during the year. The assets of Derwent Mills, Ltd., Matlock, have been acquired for Angora rabbit wool spinning, while a larger mill has been built at Toronto to make better provision for the company's Canadian business. The balance sheet is barely liquid, available assets at £531,392 being insufficient to meet "sundry creditors, including reserves for Government taxes, etc.," at £579,936. At their present price of 28s. 9d. the £1 ordinary shares give a yield of about £5 10s. per cent., tax free, allowing for the final dividend.

W. T. Henley's Telegraph.—Once again the profits of this old-established company have displayed considerable stability in the face of intensified depression. Trading profit is down by less than 6 per cent. at £328,664, while net earnings amount to £244,309, compared with £248,556, the allocation to depreciation being only £54,131, against £78,395. The modest preference dividend is covered twenty-seven times, while the directors are again able to recommend an ordinary dividend of 30 per cent., including bonus, the distribution being well covered by earnings:—

	Year to March 31.		
	1930.	1931.	1932.
Trading profit.....	£ 374,264	£ 349,089	£ 328,664
Fees	8,609	7,500	7,500
Debenture interest.....	6,750	6,750	6,750
Depreciation	49,767	78,395	54,131
Income tax	24,788	7,888	15,974
Net profit.....	284,350	248,556	244,309
Brought forward.....	542,280	572,630	567,186
Preference dividend	9,000	9,000	9,000
No. of times covered	31.6	27.6	27.1
Ordinary dividend:			
Amount	195,000	195,000	195,000
Earned %	45.9	38.2	36.2
Paid %	30	30	30
Reserve	50,000	50,000	50,000
Carried forward.....	572,630	567,186	557,495

The carry-forward is reduced from £567,186 to £557,495, but the reserve fund is increased by £50,000, and now stands in the balance sheet at no less than £650,000, or the equivalent of the ordinary capital. The report states that there has been a reduction in turnover during the year, the conditions of exchange having rendered foreign business difficult. The subsidiary company, Henley's Tyre and Rubber, made "a satisfactory profit." The balance sheet of the parent company reveals a strong liquid position. At £5½, the £1 ordinary shares yield about £6 2s. 6d. per cent., allowing for the final dividend and bonus.

A New Fixed Trust.—Another fixed trust has made its appearance under the title of National Fixed Investment Trust, Ltd. The chairman is Sir George Hamilton, M.P., and the directors include Sir Arthur Griffith-Boscawen. The investments forming the unit of stock embrace twenty-seven equity shares of British companies, including the Bank of England, Prudential Assurance, and four public utility companies. The aggregate unit cost at present market prices is approximately £46,000. Each unit is divided into 4,000 sub-units, and the trustees (Midland Bank Executor and Trustee Company) will issue to each purchaser of the sub-units "National Fixed Trust" certificates. The minimum purchase in the first instance is limited to twenty sub-units. The purchase and sale prices of the certificates will be published daily in the Press, the price being based on the market value of the twenty-seven securities forming the unit, plus the usual Stock Exchange charge. Our criticism of fixed trusts remains the same—that the selection of the original securities comprising the unit presumes something like omniscience. No share can be sold unless there is a fundamental change in the intrinsic security or the non-payment of a dividend. The shares comprising the units of the National Fixed Investment Trust appear to be well chosen. When buying a shop window, however, you are bound to buy some articles which you do not favour or which you do not particularly prize.

South Kalgurl.—Our mining correspondent writes:—Towards the end of April this West Australian undertaking issued an advance ore reserve estimate showing some decrease in the quantity and value of the "probable" material and accompanied by rather discouraging remarks as to the outlook in this respect. Shareholders who were thus induced to part with their interest are doubtless now regretting their timidity. The report to March 31st shows a profit of £76,400, against £82,960 in 1930-31. The difference is due to the exchange premium and the enhanced selling price of gold in terms of currency; but for these factors, the earnings would have been somewhat less than before. As the continuance of current conditions "cannot be relied upon," the directors have decided to pay a special bonus of 2s. 6d. per share in addition to the usual final dividend of 1s. 6d. per share. Moreover, it is proposed to make a return of capital to the extent of 2s. 6d. per share. Thus the members will shortly receive 6s. 6d. per share—4s. less tax, the balance tax free. Even then the company's financial position will be quite good. The ore reserves still represent several years' supply, and there is the possibility that fresh discoveries of value may be made. Altogether, a study of the position as a whole suggests that the recent advance in the price of the shares was fully warranted.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Mexican Railway, Ottoman Bank, Anglo-South American Bank, Bleachers' Association, Globe Telegraph and Trust, Electric Supply Corporation, General Electric, African and European Investment, Metal Box, Barclay Perkins, and Hovis. At the annual meeting of the Ottoman Bank, Sir Herbert Lawrence drew the attention of shareholders to the liquid character of the balance sheet, the cash item being six million sterling, against three millions the year before, and bills receivable roughly £6,000,000, instead of £4,000,000. The policy of increased liquidity had naturally had an adverse effect on working results, but it was a policy essential to the present security and future prosperity of the bank. Presiding at the annual meeting of Bleachers' Association, Sir Alan Sykes said that, taking the year as a whole, the volume of exports of bleached cotton piece-goods had declined by nearly 7½ per cent. in comparison with 1930-31, the present level being less than one-half of the quantity exported only three years ago. At the annual meeting of the Metal Box Company, the chairman said that the company's food-can business had expanded very greatly and in step with the increasing realisation of the great possibilities of the canning industry

Fixed Trust Investment

This new method of investment allows any sum from £25 upwards to be spread over an investment in Ordinary Stocks of the following Twenty-seven First Class British Securities, yielding approximately £5 13s. per cent., by purchasing

National Fixed Trust Certificates

List of Securities

BANKS Bank of England	OIL Shell Transport & Trading Co. Ltd. London and Thameshaven Oil Wharves Ltd.
INSURANCE Prudential Assurance Co. Ltd.	STORES John Barker & Co. Ltd. Marks & Spencer Ltd. F. W. Woolworth & Co. Ltd.
ELECTRICITY Yorkshire Electric Power Co. County of London Electric Supply Co. Ltd.	TOBACCO Imperial Tobacco Co. (Great Britain & Ireland) Ltd.
Newcastle-on-Tyne Electric Supply Co. Ltd.	MISCELLANEOUS Associated Portland Cement Manufacturers Ltd. Reckitt & Sons Ltd. Courtauld's Ltd. London County Freehold & Leasehold Properties Ltd. Schweppes Ltd. Wiggins Teape & Co. (1919) Ltd. Wall Paper Manufacturers Ltd.
Scottish Power Co. Ltd.	
COAL, GAS Imperial Continental Gas Association	
Gas Light and Coke Company Wm. Cory & Son Ltd. Staveley Coal & Iron Co. Ltd.	
FOOD, CATERING, ETC. J. Lyons & Co. Ltd. International Tea Company's Stores Ltd. United Dairies Ltd. Home & Colonial Stores Ltd.	

Full particulars from

The National Fixed Investment Trust Ltd.

125 Pall Mall, London, S.W.1

Telephone: Whitehall 4884

or from any Branch of the

MIDLAND BANK LTD.	BELFAST BANKING CO. LTD
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Poultry, London, E.C.2	

in this country. For the period from January 1st to date, the sales of open-top cans were approximately 44 millions, as compared with 27 millions for the same period in the previous year.

CAPITAL ISSUES.

Following on the recent British Columbia issue, the *Province of Alberta* entered the London capital market this week with an issue of £1,000,000 5 per cent. redeemable stock at 98, giving a yield of £5 2s. 5d. per cent. on the basis of redemption in 1967. Notwithstanding the relatively high return, it seems that some 80 per cent. was left with the underwriters. A trustee issue of £615,000 4 per cent. inscribed stock, 1956-66, at 95 by the *Cyprus Government* had a much better reception, though the yield to redemption was no more than £4 5s. 7d. per cent. This is the first time that Cyprus has raised a loan in London, and the colony has no public debt apart from outstanding balances amounting to £152,504, which will be repaid out of the proceeds of the present issue. The balance is to be used to meet the cost of road and harbour works. In a different class, the *South Shields Greyhound Stadium* offered 480,000 2s. ordinary shares at par. The company has been formed

purchase and equip a greyhound racecourse and sports stadium at South Shields, the purchase price being £23,500 in cash and 80,000 fully-paid ordinary shares of 2s. each. Three of the five directors are also directors of Clapton Stadium, Ltd. No estimate of profits is given, though the satisfactory results of similar going concerns are tabulated. The present popularity of this mushroom sport is unquestionable, but the issue must nevertheless be regarded as somewhat speculative.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to June 25, 1932, excluding conversions, £161,576,924.†
Total recorded, January 1 to June 25, 1932, including conversions, £290,311,589.†

National Savings Certificates.
Net receipts, week ended June 25, 1932, £500,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Subscriptions.	First Payment.	Further Liability.
Government of the Province of Alberta, £1,000,000 5% red. stks., 1932-37, issued at 98%.	1,000,000	...	980,000	50,000	930,000
Cyprus Government, £615,000 4% inscribed stock, 1956-66, issued at 95%.	615,000	...	584,250	30,750	553,500
South Shields Greyhound Stadium, 480,000 ord. shares 2/- at par	48,000	...	48,000	12,000	36,000
Total offered to Public, week ended July 2, 1932.	1,663,000	...	1,612,250	92,750	1,519,500

To Shareholders only—	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	£	Whole year—	£	£
1932	292,423,839†	163,689,174†	1931	114,290,666	102,044,291
1931	93,170,476	89,273,491	1930	454,888,784	267,800,700
1930	245,907,847	169,655,573	1929	488,764,940	285,239,400
1929	205,719,134	174,393,534	1928	693,100,056	369,058,073
1928	...	244,762,793	1927	...	355,165,970
1927	...	207,563,814	1926	...	230,782,600
1926	...	122,745,363	1925	...	232,214,500
1925	...	114,061,974	1924	...	209,326,101

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

January 1 to date—	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
1932	152,685,581	8,025,682	3,177,911	†163,789,174
1931	63,436,524	5,832,786	14,523,781	83,793,091
1930	140,204,594	14,149,987	18,901,617	173,256,198
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,617,900	45,062,500	111,177,600	369,058,100
1927	228,836,000	36,836,000	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
£	£	£	£
6,681,750	...	...	7,041,857
Total, week ended July 2, 1932	Nil	...	Nil
Total to date, 1932	6,681,750	...	7,041,857
Total to date, 1931	7,262,183	...	7,626,315

Public Offers.

Province of Alberta.—Issue of £1,000,000 Government of Alberta 5 per cent. redeemable stock, 1962-67, at £98 per cent. The stock will be redeemed at par on June 1, 1967, but the Government will have the option of redemption, in whole or part, at par on or after December 1, 1962, on six months' notice. The proceeds will be applied to refunding Treasury bills and meeting charges on the General Revenue Fund of the Province. The net general debt of the Province was \$88,952,745 on June 14, 1932. There is a budget deficit of about \$4,000,000 for the fiscal year ended March 31, 1932.

Cyprus Government.—Four per cent. inscribed stock, 1956-66. Issue of £615,000 stock, of which £200,000 was placed in the terms of the prospectus. Price of issue, £95 per £100 stock. The issue is a trustee security. The proceeds will be used to meet the cost of harbour works and road construction in the colony, and for the repayment of loans. The loan is secured on the general revenue and assets of the Government of Cyprus. The principal will be repaid at par on August 15, 1966, but the Government will have the option of redemption at par on or after August 15, 1956, on six months' notice. The colony has no public debt.

South Shields Greyhound Stadium.—Issue at par of 480,000 ordinary shares of 2s. each. The company has been formed to purchase the freehold property at South Shields, lately in possession of the South Shields Football Club, to be equipped as a greyhound racecourse and sports stadium. The directors anticipate that the present undertaking will be as successful as similar going concerns, and should show satisfactory returns to shareholders.

Bristol Waterworks.—Issue by tender of £250,000 5 per cent. consolidated preference stock. Minimum price £107 per £100 stock. This is an irredeemable security authorised under the Trustee Act, 1925. No portion of the stock has been underwritten. The proceeds will be used to meet capital expenditure already incurred and for the new reservoir and works at Cheddar. Full interest on the preference capital has been paid since the incorporation of the company in 1846.

Sheppy Gas Company.—Issue by tender of £10,000 five per cent. perpetual debenture stock, minimum price par. The net revenue for the year to December 31 last, after depreciation was £6,488, covering interest on the loan capital, including the present issue, nearly five times. The proceeds will be used to repay a banker's loan.

Stock Exchange "Introductions."

York Corporation.—Particulars of an issue of £500,000 York Corporation 4 per cent. redeemable stock, 1952-1972, redeemable at par on June 30, 1972, or at the option of the Corporation on or after July 1, 1952, on three months' notice. This is a trustee security. The whole of the stock has been sold at £94 per cent. to Messrs. F. W. Bentley and Company, of Leeds.

NEW CAPITAL MARKET.

TOTAL CASH INVOLVED IN ISSUES BY STOCK EXCHANGE INTRODUCTION.

	United Kingdom.	Colonies.	Abroad.	Total.
Year 1929—	£	£	£	£
1st Quarter	15,191,600	393,700	3,094,400	18,679,700
2nd Quarter	9,465,500	1,284,400	2,166,400	12,916,300
3rd Quarter	3,574,700	217,100	5,778,300	9,570,100
4th Quarter	733,400	304,400	1,437,500	2,475,300
Total Year 1929	28,965,200	2,199,600	12,476,600	†43,641,400
Year 1930—	£	£	£	£
1st Quarter	3,982,300	1,477,000	8,399,900	13,859,200
2nd Quarter	839,600	Nil	2,685,100	3,524,700
3rd Quarter	67,200	100,000	601,500	768,700
4th Quarter	3,402,900	1,667,600	721,200	5,791,700
Total Year 1930	8,292,000	3,244,600	12,407,700	†23,944,300
Year 1931—	£	£	£	£
1st Quarter	2,174,200	632,900	Nil	2,807,100
2nd Quarter	1,121,600	2,366,300	581,900	4,069,800
3rd Quarter	1,289,500	Nil	265,600	1,555,100
4th Quarter	Nil	451,500	Nil	451,500
Total Year 1931	4,585,300	3,450,700	847,500	†8,883,500
Year 1932—	£	£	£	£
1st Quarter	473,800	96,500	Nil	570,300(†)
2nd Quarter	4,866,496	1,515,061	Nil	6,381,557(†)

† Nominal amount of capital introduced, £31,519,934.

† Nominal amount of capital introduced, £22,158,480.

† Nominal amount of capital introduced, £8,757,183.

(b) Nominal amount of capital introduced £535,750.

(c) Nominal amount of capital introduced £6,011,343.

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	April, 1932.			May, 1932.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
Brakpan	101,000	154,334	45,753	103,000	155,125	46,853
City Deep	83,000	90,434	5,359	84,000	91,449	5,693
Consolidated Main Reef	70,300	97,797	15,410	70,300	97,845	15,541
Crown Mines (10s. shs.)	274,000	358,205	91,701	280,000	367,713	94,018
Durban Rdooprt. Deep	48,500	66,580	8,020	50,000	66,452	8,253
East Rand Proprietary	187,000	177,975	11,275	161,000	180,323	12,033
Geduld Proprietary	84,000	114,793	46,422	86,500	117,622	49,140
Geldenhuis Deep	64,000	64,170	2,444	71,000	70,446	6,074
Glyn's Lydenburg	6,500	10,907	1,018	5,700	10,774	1,063
Government Areas	207,000	405,903	231,135	208,000	408,056	231,200
Kleinfontein, New	50,400	41,547	4,981	...	...	...
Langlaagte Estate	78,000	110,856	30,032	80,000	112,381	30,043
Lupat's Vlei	34,000	36,034	5,105	34,500	36,629	5,240
Meyer and Charlton	17,200	43,482	4,388	17,200	18,166	5,941
Modderfontein B.	75,000	95,943	30,037	77,500	93,140	31,136
Modderfontein Deep	44,500	91,686	57,704	44,600	92,023	57,491
Modderfontein East	73,500	91,932	16,409	73,500	91,568	16,454
Modderfontein, New	167,000	279,436	151,832	171,000	279,194	149,382
New State Areas	87,000	179,810	89,248	88,000	181,853	90,006
Nourse Mines	70,000	88,414	7,080	71,500	89,757	7,043
Randfontein Estates	240,000	283,357	55,141	250,000	292,999	58,137
Robinson Deep	93,000	114,864	114,864	100,000	120,545	26,965
Rose Deep	62,600	54,197	3,094	65,000	55,561	3,037
Simmer and Jack	78,400	91,225	11,406	81,900	92,560	11,770
Springs Mines	74,000	159,696	75,022	75,800	163,191	78,810
Sub-Nigel	35,800	133,971	71,291	37,000	137,407	72,648
Transvaal G.M. Estates	18,500	21,085	5,009	19,100	23,040	5,117
Van Ryn	61,000	43,473	5,110	61,000	43,029	5,622
Van Ryn Deep	69,000	91,056	23,039	69,000	90,577	23,118
West Rand Consolidated	93,000	104,186	24,005	96,500	106,681	26,309
West Springs	74,500	80,335	17,355	75,000	80,557	17,434
Witwatersrand Knight's	64,000	53,690	1,527	68,000	55,278	1,513

COMPANY MEETINGS, &c.

OTTOMAN BANK.

DIVIDEND MAINTAINED.

STRONG AND LIQUID POSITION.

TRADE CONDITIONS IN THE NEAR EAST.

SIR HERBERT LAWRENCE'S IMPORTANT REVIEW.

The annual general meeting of shareholders of the Ottoman Bank was held, on June 28th, at Winchester House, Old Broad Street, London, E.C.

General the Hon. Sir Herbert A. Lawrence, G.C.B., presided. The Secretary (Mr W. P. Sheppard) having read the notice convening the meeting,

The Chairman said:—Ladies and gentlemen,—I have been informed that this meeting is properly constituted, and I presume that it is your pleasure that the report and balance sheet circulated among you should be taken as read. (Agreed.)

I wish first of all to report to you, with great regret, the premature decease in the month of March last of Monsieur de Sorbier de Pougnaoresses, who, during the last six years, has occupied with distinction and devotion the post of director-general of the bank at Istanbul.

During the past year the general situation was considerably aggravated, not only in the countries of the Near East but in all parts of the world, culminating in two outstanding events—the crisis in Germany and the suspension of the gold standard in England.

GERMAN CREDITS

The nature of our business naturally causes us to maintain banking relations with most European countries and the Mediterranean basin. Happily, our only so-called "frozen" assets of any importance are those in Germany. There, however, the credits constitute important provisions apart from the statutory reserve. With regard to the other outstanding event, the departure by England from the gold standard in September last, this matter of worldwide importance was not without its effects on our own balance sheet, which is, of course, in sterling, though, our activities being of an international character, part of our capital and reserves are not in sterling.

GREATLY IMPROVED CASH POSITION.

I would particularly call your attention to the liquid character of our balance sheet and to the effect of our efforts to increase that liquidity in the course of the year under review. You will notice that the item cash is six million sterling this year, against three million sterling last year. Though part of this difference is caused by appreciation of foreign currencies in terms of sterling, the major part of the increase is the result of a definite policy to increase our strength and liquidity. Other indications of this policy are the reduction in current account debtor and the increase in bills receivable from £4,000,000 to approximately £6,000,000. This figure included French and English Treasury bills, which form a considerable portion of the employments in Paris and London.

This policy of increased liquidity has naturally an adverse effect upon the working results, but we feel convinced that it is a policy essential for the present security and future prosperity of the bank.

The exploitation of our various groups remained closely bound up with the economic situation peculiar to each of the countries in which they work.

TURKEY'S TRADE POSITION.

Turkey, which mainly draws its revenues from the soil, has been deeply affected by the world fall in agricultural products and raw materials. Prices, when it has been possible to sell on foreign markets, have frequently fallen below cost of production. Although last year the harvests in tobacco, cotton, wheat, barley and fruit were satisfactory in quantity, there was again a notable contrac-

tion in export value; since 1925 the fall in gold value comes out at 50 per cent., while in tonnage it only amounts to 20 per cent.

In spite of the corresponding reduction in imports, the commercial balance showed at the end of October, 1931, a deficit of nearly £T.15,000,000. As a remedial measure imports were strictly limited by decree in November last, and this had some effect towards re-establishing the commercial balance during the last two months of the year.

This, however, must considerably affect the Customs receipts, which were estimated in the Budget of 1931-32 at £T.56,000,000 out of the total Budget of £T.186,000,000. In its anxiety to maintain a balanced Budget the Turkish Government endeavoured to secure a reduction in the charges of the external debt by an agreement with the bondholders. It also pursued a policy of strict economy, including a levy on salaries, both public and private, by a progressive tax called the "Tax of the Economic Crisis."

The Government aims at balancing both the commercial and the State Budget, so as to maintain the *de facto* stability of the national currency, which was reached in September, 1930.

THE TURKISH POUND.

In September, 1931, this stability showed its power of resistance in that it was possible to keep the then existing parity of the Turkish pound with currencies which remained on the gold standard. Throughout the year 1931 the Consortium of Banks continued to intervene on the market, and your establishment was again charged in the autumn with the task of the temporary circulation for account of the Treasury of notes necessary for the purchase of exchange arising from exports. Since January 1, 1932, the work of the Consortium and the issue of notes has been taken over by the Central Bank of the Republic, which began its activity on October 3, 1931.

In the difficulties of every kind imposed on them to-day Governments can do no better than choose between several temporary policies: the Turkish Government has preferred the restriction of foreign commerce and greater dependence on its own resources to the dangers of a depreciated currency. No impartial observer can complain of this choice. Banking activity, however, naturally suffered in consequence.

It is significant that cheques passing through the clearing house at Istanbul have fallen by 24 per cent. since 1930. Our head office in Turkey and the Turkish branches were faced with an increase in unproductive cash resources owing to a restricted business programme following the diminished purchasing power of a heavily taxed population, and the necessity for more than ordinary care in giving credit.

It is not surprising, in these conditions, that in 1931 the results of our exploitation have been bad in Turkey. Your committee have been preoccupied with this state of affairs and have taken steps to reduce the general expenses.

EGYPT.

In Egypt the effects of the world crisis were felt acutely during the year. The fall in the price of cotton had a natural effect on exports, which were only about £E.28,000,000, against about £E.32,000,000 in 1930. The difference in imports was even more considerable, the figure of £E.31,500,000 for 1931 comparing with nearly £E.47,500,000 for 1930. Our branches there conducted only a limited business, partly owing to the decrease in turnover, and partly as a matter of prudence.

PALESTINE AND IRAQ.

The results of our Palestine branches continued to be satisfactory despite a considerable depression in that country. On October 1 last year we established an office at Tel-Aviv, near Jaffa, which is making satisfactory progress.

In Iraq there was no improvement in economic conditions. The prices of exported commodities reached lower levels, the demand

was poor, and the country, being essentially agricultural, suffered severely. The Government, however, acted energetically and did all in its power to assist cultivators, while proceeding with necessary capital works, which should lead to improvement in both agriculture and communications.

The financial situation should also be improved by the oil royalties, which are a new source of income, and it is anticipated that work will shortly begin on the trans-desert pipeline to the Mediterranean.

CONDITIONS IN PERSIA.

In Persia there was an adverse trade balance, the exceptional and continued fall in the price in silver since 1929 resulting in serious depreciation in the value of the kran.

As a measure of control the Government instituted a Commission on foreign exchange, and later a monopoly of foreign trade. The first measure was not entirely successful, but the monopoly law was more effective, and resulted in a considerable reduction in imports, which were only permitted under licence.

It will be realised that our branches, both in Iraq and Persia, suffered from these difficult conditions, but the results of their working were not unsatisfactory.

Our branches in Cyprus have had their share of the reduced business available, but the turnover was again small, and low prices had, as elsewhere, an adverse effect on the general well-being of the island. The Agricultural Bank of Cyprus, Limited, suffered from the same causes.

In the Levantine countries under French Mandate the effects of the world depression were more limited than in most other countries, and the Banque de Syrie et du Grand Liban, after creating reserves, has only reduced its dividend slightly from 11 per cent. to 10 per cent.

The Banque Franco-Serbe was able to maintain its dividend at 5 per cent., in spite of the agricultural crisis from which Yugoslavia, like all the other Danubian States, is at present suffering.

BANK'S SUBSIDIARY IN ATHENS.

At the moment when our subsidiary in Athens, the British-French Discount Bank, Limited, closed its balance sheet, the drachma was maintained on the gold parity; nevertheless, as a measure of prudence, the necessity of which was confirmed by subsequent events, the drachma assets were valued at the old parity of 375 drachmas per pound sterling instead of applying to them the official rate of 270 drachmas. At the end of the year the profit and loss account shows a profit which it has been decided to retain.

Banking business in Roumania, where we are interested through the Bank of Roumania, Limited, has again been depressed, and there does not seem any immediate prospect of renewed activity.

The balance sheet has been drawn up with our customary prudence. The balance of profit and loss is, even more than last year, affected by the policy of liquidity of which I have previously spoken. It shows a balance of £77,582, which with the amount brought forward of £23,271, makes the total at our disposal £100,853.

We propose to you the distribution of a dividend of 3s. per share, the same as for last year. If you are good enough to follow our recommendations, the dividend will be payable on July 4 at Istanbul, London and Paris, free of all tax in Paris, leaving a sum to be carried forward of £25,853.

TRIBUTE TO THE MANAGEMENT AND STAFF.

Before concluding my remarks I should like to thank in your name the personnel of all ranks, and in particular our managements for their care and vigilance in such a difficult and trying period.

I now beg to move, ladies and gentlemen: "That the report and accounts now read be received and adopted; that the dividend for the year ended December 31, 1931, be fixed at the rate of 3s. per share, and that this dividend be payable in Istanbul, London and Paris on July 4, 1932." I shall ask Monsieur Mallet to be good enough to second that resolution.

Monsieur Raoul Mallet: I have much pleasure in seconding the resolution.

The Chairman: Before I put the resolution to the meeting I shall be prepared to answer any questions.

No questions being asked, the resolution was put to the meeting and carried unanimously.

The Chairman: I now beg to propose: "That Monsieur Anathase Roudy and Monsieur Jacques de Neufize be and they are hereby re-elected members of the general committee."

The Viscount Goschen, P.C., G.C.S.I., G.C.I.E., C.B.E., V.D.: I have much pleasure in seconding that.

The resolution was unanimously adopted.

The Chairman: That concludes the business of the meeting.

VOTE OF THANKS.

Mr Gordon Jacobs: Before we leave the meeting, gentlemen, I think we should offer a word of thanks to the chairman for his very interesting review. He has spoken of the difficulties of the situation, and I often wonder if shareholders realise what an anxious time is experienced by the board of a bank such as this in these harassing days. I think we can congratulate ourselves on the results, and it is certainly very satisfactory that the finances of the bank are in such a liquid state. I have much pleasure in proposing a hearty vote of thanks to the chairman and the other members of the general committee, as well as to the management.

Mr A. A. J. Addiscott: I have very great pleasure in seconding the motion.

The vote was unanimously accorded.

The Chairman: Gentlemen, on behalf of my colleagues, both here and in Paris, I beg to thank you for the resolution which you have just passed. I do not propose to add anything to what I have already said in my speech, except to confirm what the mover said just now, that the anxiety of conducting a business of this kind in these times is really a very great one. I thank you.

The proceedings then terminated.

BARCLAY, PERKINS & COMPANY, LIMITED.

OVER-TAXATION OF BEER.

The thirty-seventh ordinary general meeting of Barclay, Perkins and Company, Limited, was held, on the 27th ultimo, at Southern House, Cannon Street, London.

Mr E. W. Giffard (chairman and managing director) said that the gross profit for the year was £303,394, and the net profit was £249,359, a decrease of £59,000. He was sorry to have to report a decrease in the profits, but he thought that any of them who had been following the course of events in the world would agree that they really ought to congratulate themselves on having done so well in the circumstances.

During the first six months of the year under review the profits had been practically maintained. Then, in September, Lord Snowden had put on an extra 31s. tax per barrel, on top of the 3s. imposed in the Budget of 1930, which the brewers had been unable to pass on to their customers. That made a total tax of 134s., less a rebate of 20s., making 114s. per standard barrel, whereas before the war the tax had been 7s. 9d.

They fully realised the national emergency and the difficulties which the Chancellor had to contend with, but they did feel that it was very unjust—and he personally thought that it would prove to be very unwise to single out one industry to find one-tenth of the national revenue. (Hear, hear.) Everyone had anticipated that the extra tax would be taken off last March, and, of course, there could be no question but that it could not indefinitely be maintained. The Chancellor himself in his Budget speech had said: "I never put the maintenance of the tax upon the ground that it was a tax that was desirable in itself. I have never denied my view that the beer industry is over-taxed at present. I agree that it is very hard that this tax should have gone on being increased time after time with obvious detriment to the industry itself and in the long run to the Revenue."

INJURY TO ALLIED TRADES.

While they had loyally accepted the burden, they had not retreated one inch from their conviction that beer was intolerably over-taxed, and that serious harm was being done to the brewing industry and its many allied trades. He believed that there were as many as forty or more allied trades which were directly or indirectly affected. Great distress was being experienced among the retailers and among the hop-growers and the barley-growers. The effect of that tax must be to lower income-tax returns and estate duties and to increase unemployment. To tax a falling industry too heavily only made it fall further.

There was another unfortunate result of the tax. It must necessarily check the improvement of the public-house, thus defeating the principal recommendation of the Royal Commission. The improvement of the public-house constituted probably the most practical solution of what was left of the drink question. He would point out that brewers had spent since the war upwards of £21,000,000 on improving their houses. He would suggest to the shareholders that they should press on their representatives in the House of Commons the seriousness and the injustice of the tax, and do all they could to get it removed at the earliest possible moment.

As far as business for the current year was concerned, he was not prepared to prophesy, but he was afraid that as long as the tax was maintained there would be very little chance of any increase in their sales, because the price of beer now practically put it out of the reach of the working man and his family.

The report and accounts were unanimously adopted.

MEXICAN RAILWAY COMPANY, LIMITED.

PAYMENT OF DEBENTURE INTEREST.

MR VINCENT YORKE ON HIS VISIT.

The 134th ordinary general meeting of the Mexican Railway Company, Limited, was held on the 29th ultimo, at Winchester House, Old Broad Street, London. Mr Vincent W. Yorke (the chairman) presiding.

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

The Chairman said: At our last meeting six months ago, I pointed out that it was impossible for us to make money for "want of business," and my story to you will be very much the same to-day. Our gross earnings for the half-year under review were only \$24,424 per diem, as compared with \$31,364 in the corresponding half-year, and with \$35,500 as recently as in the first half of 1929. Passengers and in numbers and in receipts are over 19 per cent. down, while the tonnage of goods is down by 20 per cent., and receipts by 23.5 per cent. The heaviest decline has been in foreign goods, our best paying traffic, and amounts to 40 per cent.

Against the decline in total receipts of \$1,276,000, we have been able to set a saving in expenses of no less than \$743,000, which reflects clearly the successful efforts of the management to economise in every possible direction. Even then, we have, after charging debenture interest, a net debit of £135,000, as compared with a net debit of £60,000 for the preceding half-year, which can only be described as a most deplorable result.

THE CURRENT HALF-YEAR.

As regards the current half-year, the gross receipts have continued at much the same unsatisfactory level, and down to the end of April average only \$24,000 per diem. I will say, however, that they now remain week by week very constantly at that figure, which may be an indication that they have at last touched bottom, if indeed there is a bottom to anything in the world to-day. The net receipts show an adverse balance of \$194,000 to the end of April, but after that month it may be hoped that they will show some improvement. The question of our shops has been receiving very careful attention for some time past, and a scheme is now under weigh for the concentration of all repairs to steam locomotives at Apizaco. The first steps towards this change were effected at the end of last year and resulted in the discharge of over 150 men, who became redundant under the new arrangement, and the saving of \$28,000 per month in wages. Indemnities under the Labour Law have had to be paid to those discharged, with the result that the saving effected has not yet been apparent in the accounts. In addition to this, we have induced our suppliers of electric power to make us certain concessions in rates while the bad times last, which should save us another \$14,000 per month. I do not pretend that these economies will go nearly the whole way to counteract the falling off in traffic, but in really bad times like these every little helps.

THE OUTLOOK.

As regards the future, I fear that there are no signs in recovery of business or prosperity, to which I can point. Our passenger traffic, as is happening all over the world, is suffering from road competition, the new roads in Mexico are well constructed and maintained, and offer a call to the holiday maker and his family, which the railway does not. The prices of metals show no recovery in the last six months, with the result that nearly all the smaller mines have closed down, and the larger ones can barely make profits. The cotton factories are mostly working short time, having on their hands large stocks which move very slowly. Fruit traffic from the south-east of Mexico, which three years ago was becoming of real importance to us, has entirely ceased by the land route, owing to the low prices for bananas ruling in the United States of America. The figures of oil production have sunk to a relatively very low level, owing to the new developments in the United States of America, and the bad prices obtainable. The pipe line from the oilfields to Mexico City has now been completed, and will have the effect of reducing our receipts for transport of oil. The outlook for foreign traffic through the port of Vera Cruz would seem to be a poor one, owing to the uncertain future of exchange, which is discouraging to the importer, and the development behind a high tariff wall of many new industries in the Republic. In fact, it is difficult to see how any general improvement can set in until the prices of primary products rise, and of this one can see no sign anywhere.

THE CHAIRMAN'S VISIT.

As I have just returned from a visit to our property in Mexico and a stay of five weeks in the country, I will give you a short summary of the various impressions left on my mind. In the first place, I will say that I found the general atmosphere much more cheerful

than it is here, and certainly more cheerful than that of the United States, and Cuba, which I also passed through. Political conditions appeared to be absolutely stable, and the diplomatic relations of Mexico with the United States entirely satisfactory.

The future of exchange, which affects our interests very vitally, seems to me most uncertain. While I was in the country, it fell steadily from \$2.95 pesos to the American dollar to \$3.55 pesos, and to-day, after allowing for the discount on sterling, the peso is only worth 17.7 pence. So far as I could ascertain, no effort was being made on the part of the Mexican Government to sustain the value of the peso, possibly with the idea of lowering the cost of production and increasing the country's exports. Any further fall is much to be deplored from our point of view, but it should be recognised that this may well happen.

CONDITION OF PROPERTY.

As regards our own property, its physical condition is excellent; in fact, has never been better. At the same time, I was able to satisfy myself that all reasonable economies in operation have been effected, nor could I see signs of extravagance in any direction. I am glad to say that we seem to be getting to the end of our commitments for capital expenditure, and only owe now for rolling stock bought on deferred terms the sum of some \$212,000 payable in instalments which continue until October, 1933. The only additional expenditure with which we shall be faced is in connection with the removal of the shops from Orizaba to Apizaco, of which I have already spoken. It is desirable to remove the car-repairing work also to Apizaco if finance will permit, but this work, together with the remodelling of the shops for the repair of steam locomotives, can be spread over some length of time, and suspended at any moment if funds are not available. Otherwise, unless there is a big revival of business, the property is in a condition to move on for many years with little or no expenditure of a capital nature.

On the whole, then, though I will not say I was encouraged, I was far from discouraged by my visit, and came away more hopeful than I had expected to.

If I may now review the actual position of our company—we have paid the whole of our debenture interest and the interest on the "A" and "B" stocks since 1922, and in that time have paid off £438,880 of the "A" stock outstanding, and we shall pay our debenture interest falling due on July 1st next. For a long time past we have been a Cinderella among foreign railways, but at the moment we can look our haughtiest sisters in the face and hold our head as high as almost any of theirs. You may like to ask whether we see any chance of being able to continue payment of debenture interest. I can only say that it seems hopeless to-day to look for any immediate recovery in earnings, and we have nearly reached the limit of economies. It must therefore depend on whether we can induce the Mexican Government, either by accelerating the rate at which our indemnity is being paid us, or the liquidation of their debts for services, or by some other concession, to help us to tide over the next few months, or it may be years.

ATTITUDE OF AUTHORITIES.

I lost no opportunity while in Mexico of pressing our claims on the Mexican authorities, and of pointing out that nothing would help Mexican credit more than the re-establishment of the fortunes of the Mexican Railway in London, which, even after all that has happened lately, is still the financial centre of the world. Without saying I am confident, I will say that I am hopeful that they may respond to our representations. A breathing space after our long struggle would be of great advantage to us.

I will now read you a cable just received from my general manager in Mexico:—

"Poor harvest prospects owing to frost and drought—Coffee and fruit crops good in Cordoba district—Bananas production poor, both United Fruit and Vaccaro Lines shipping only small quantities through Vera Cruz—Increased production expected with beginning of the rains—Potrero has produced some 3,000 tons more sugar than expected, but production will be reduced next season—Lumber industry doing well—Textile jute and beer industries working reduced hours Orizaba district and textile mills at Panzacola closed but expecting renew work in a few months—Textile and flour mills in Puebla working almost normally, most factories in Puebla have installed modern machinery—No immediate prospects of increase in silver price in spite of new demand for coinage purposes—Exports from Mexico low—Prices for other metals very low—Real del Monte and Santa Gertrudis mines operating at full capacity—Dollar exchange is now 3.67 causing reduced imports—High rate was partly due to expropriation laws, but these may be cancelled—Traffic running normally—General labour unrest, tramway operatives on strike, and strike threatened on Southern Pacific—Political situation unchanged—Concentration of Apizaco shops giving desired results and hope to be able to complete programme."

The report and accounts were unanimously adopted.

BLEACHERS' ASSOCIATION LIMITED.

IMPROVED POSITION DESPITE YEAR'S DIFFICULTIES.

BENEFITS OF ECONOMIES.

SIR ALAN J. SYKES ON POSITION AND PROSPECTS.

The thirty-third ordinary general meeting of Bleachers' Association, Limited, was held at Blackfriars House, Manchester, on Wednesday, June 29, 1932.

Sir Alan J. Sykes, Bart. (Chairman of the Company), in moving the adoption of the report and accounts, said:—

I concluded my speech last year with a statement that the future depended largely upon factors which were almost entirely beyond our control, that we had commenced the new financial year with a volume of trade at a slightly lower level than that at the commencement of the year 1930-31, with the accounts of which I was then dealing, and that the immediate prospect was not encouraging.

That somewhat pessimistic outlook has been amply justified by the condition of our export trade during the past year, but I am glad to say that the figures to which I shall refer in a moment will show that we have been able to effect a definite improvement in our position, despite the difficulties with which we have been confronted.

DECLINE IN EXPORTS.

I characterised 1930-31 as the worst year the bleaching trade had experienced since the days of the American Civil War in 1861-65. From the point of view of the volume of trade, the year 1931-32 was distinctly worse. The decline in the United Kingdom exports of bleached cotton piece-goods by comparison with the previous year continued, and by the end of the first quarter of our financial year, the volume of exports was nearly 30 per cent. below the already low level reached in 1930. During the summer, trade continued to decline by comparison with the previous year, but at a diminishing rate, and, at the end of the third quarter, the total exports were rather more than 15 per cent. behind the previous year's figures. From that point, the comparison improved, in the first place because the stagnation of trade last year almost obliterated the usual seasonal increase that occurs in the early months of the calendar year, and, in the second place, because of a definite improvement in the volume of trade this year. Had it not been for this improvement in the last three months of the financial year, the position would have been substantially worse.

Taking the year as a whole, the volume of exports of bleached cotton piece-goods declined by nearly 7½ per cent. in comparison with 1930-31 to a level less than one-half of the quantity exported only three years ago.

To a trade dependent upon exports for something like 80 per cent. of its normal production, such a contraction can only be described as disastrous.

Nevertheless, we have had to make the best of things as they were and I think that we can justly claim some success in meeting the exceptionally difficult conditions with which we have been faced during the past year.

Although the financial results which we are able to place before you are far from what we should like them to be, it is not without some satisfaction that we can point to an improvement both in our financial position and in the total profit which we have made by comparison with last year.

The brief review that I have given of the trend of the export trade will have shown you that the improvement occurred in the second half of our financial year. This improvement was reflected in the financial results of our trading and was augmented by the cumulative effect of the economies which we had introduced, with the result that in the last six months our profits showed a marked increase by comparison with the first half of the year.

YEAR'S PROFIT.

If you will turn to the profit and loss account, you will see that the profit for the year, before providing for depreciation or for the payment of directors' fees, amounts to £391,232, compared with £308,436 in the previous year. The latter figure, however, as I explained in presenting the accounts last year, included a transfer of £25,087 from income tax reserve, so that the actual increase in the profit earned this year amounts to £107,883.

Directors' fees amount to £2,349, which is somewhat less than last year.

The amount which we are charging for depreciation this year is £175,000, a reduction of £25,000 compared with the amount charged last year. This reduction is in conformity with the reduced value of the fixed plant and machinery, consequent upon the transfer of

the business of John McNab and Company, Limited, and the provisions which we have made for writing down the value of other assets. I shall explain these items more fully when dealing with the figures of the balance sheet.

After payment of debenture interest amounting to £101,250, the balance of profit amounts to £112,633, compared with £4,576 in 1930-31.

Last year, it was necessary to transfer £90,000 from our reserve for equalisation of dividends and to reduce the balance of profit carried forward by £42,236, to cover the payment of our preference dividend, but this year we need for that purpose only £24,179 from the balance of profit brought forward.

BENEFITS FROM ECONOMIES.

I am sure you will appreciate that such a marked improvement in the profit earned during the past year in spite of a lower volume of production could have been secured only by enforcing the strictest possible economy, and, in effecting this, the directors have received, and they wish to acknowledge, the loyal and whole-hearted co-operation of both our staff and our workpeople.

Our managing directors, staff and workpeople have had another anxious year, but each and all of them in their own spheres have loyally worked together in our interests, and on your behalf I propose to tender to them our great appreciation of their loyal co-operation and our grateful thanks.

In the interest of economy, we have been compelled to continue the policy to which I referred last year and to close four more of our works, and although we regret the hardship that this must necessarily involve, we have no option but to take such steps as will reduce our productive capacity to accord more with trade demands.

Actually, the economies which we have been able to secure are greater than would appear from the accounts which are in your hands, in that they have resulted not only in an increase in profit on a lower output, but that they have permitted us to continue our policy of reducing prices where possible with a view to meeting foreign competition. Naturally, the concessions which we have been able to make during this year, under exceptionally difficult conditions, are not extensive, nor are they as much as we should like them to have been, but they are an earnest of the determination of the bleaching trade to do all that lies within its power to cheapen the cost of our finished products in the world's markets.

I will now turn to the balance sheet, where there are one or two changes since last year which I should like to explain.

BALANCE SHEET—ASSETS.

Taking first the assets side of the balance sheet, the item, "Land, Buildings, &c.," has been reduced during the year by £722,844. In part, this reduction is due to an arrangement by which the business of John McNab and Company, Limited, one of the subsidiary companies of the association, was recently transferred to a new company, the shares of which are held by the Calico Printers' Association, Limited, and ourselves, and the value of our holding appears in the balance sheet under the heading of "Shares in Subsidiary Companies."

This transaction was a measure of rationalisation between the two associations arising from the fact that we each had a works in Scotland engaged in the same class of trade, neither of which was fully employed nor likely to be. The interests of both associations obviously would be served by securing the economies which would arise by amalgamating the two businesses, and a mutual decision was reached to effect this step. The amalgamation has been completed and we are satisfied that the arrangement will be of benefit both to the Calico Printers' Association and to ourselves.

The account has also been credited with the sum of £320,000, which has been transferred from the fire insurance fund, and to which I shall refer in dealing with the liabilities side of the balance sheet. The allocation of this sum has enabled the directors to write down the value of the works which have been closed during the past year to a figure which represents not more than the value of such works when closed, and by this means any loss in capital value sustained by this arrangement has been adequately provided for.

The account has been reduced further by the sum of £175,000, written off as depreciation. This amount, in the opinion of our

valuers, is adequate in view of the large reduction in the value of fixed plant and machinery, for which we have already provided.

The second item on the assets side of the balance sheet, "Shares in subsidiary companies," has increased by £227,810. This is accounted for by the transfer of our interest in John McNab and Company, Limited, and by other adjustments.

There are small changes in advances to subsidiary companies, stocks on hand, and sundry debtors, which are accounted for by slight variations in the amount of working capital required as a consequence of trade fluctuations.

The balance of cash with our bankers shows a substantial increase, and our investments are practically unaltered.

LIABILITIES.

On the liabilities side of the balance sheet there is no change in respect of the issued capital or debenture stock, or in the amount outstanding on mortgage account. The bank overdraft has disappeared, to be replaced by the credit balance to which I have just referred, and the loan account has been reduced by more than £50,000. In respect of these two items alone there is an improvement in the liquidity of our balance sheet to the extent of over £200,000.

There is no alteration in the amount standing to the credit of our general reserve fund, but the superannuation fund shows a slight reduction as a result of the payments made during the past year.

The fire insurance fund has been reduced by £320,000 in accordance with the transfer to which I referred in my explanation of the reduction of the value of land, buildings, &c. This amount is no longer required for the purpose for which the fund was originally established, and the balance, which now stands at £52,771, is sufficient, in the opinion of the directors, to meet any claim that may be made upon the fund.

The investments contingency fund shows no material change.

The available balance of the profit and loss account, after providing for depreciation and for the payment of directors' fees and debenture interest, is £112,633, and this, with the amount brought forward from last year, gives us a total available balance of £349,811. The directors have already paid an interim dividend for nine months on the preference shares amounting to £102,609, and they recommend that a further dividend be paid on the preference shares for the three months ended March 31, 1932, at the rate of 5½ per cent. per annum, amounting to £34,203, and that the balance of £212,999 be carried forward to the next account.

CURRENT YEAR'S PROSPECTS

Before I conclude, you will probably expect me to say something with respect to the prospects for the current year. We have closed the financial year with the volume of trade at a slightly higher level than at the close of 1930-31. To what extent the improvement will be maintained I cannot say, but already the pace shows signs of slackening.

The abandonment of the Gold Standard has done much to neutralise the handicap of high internal costs, from which this country previously suffered, but the mere severance of the link with gold does not absolve us from the necessity of exerting every effort to reduce our production costs to the lowest practicable level.

Neither does it justify the view that appears to be held in some quarters that, because high internal costs are to some extent offset by the depreciation of the external value of our currency, it does not matter what burdens are placed upon industry either by the excessive demands of those engaged in production or by the appropriation of a disproportionate part of the national income to the service of the State.

We are not unappreciative of the economies which have been effected by the present Government or by the Cabinet which was formed after the failure of the late Government, but we must not lose sight of the fact that such economies have been no more than were necessary to correct unsound finance and to restore the equilibrium of the Budget. They have afforded no relief to the taxpayer, and the intolerable burden of national and local taxation remains one of the most urgent problems with which this country is faced. The recovery of British industry is dependent upon a substantial remission of direct taxation, which is not only draining the industrial system of capital which should be devoted to reorganisation and development, but is throttling the primary force by which the whole industrial system is kept in motion—that is, the ability to earn profits.

One other warning I should like to utter. The external depreciation of our currency has appreciably lightened our burden, and we cannot afford to take up that burden again. Whatever decision may ultimately be reached with respect to the basis of our monetary system, we must at all costs avoid a repetition of the mistakes or miscalculations of 1925, and, above all, the interest of British industry must come first.

PROBLEM OF WORLD TRADE.

The cotton trade still has its own problems to solve, but of no less importance is the world problem of arresting the decline in international trade.

The continuous fall in world gold prices, the burden of reparations and war debts, the increase in tariff barriers, exchange restrictions, exchange dumping regulations and import quotas, Government defaults, and the entire lack of confidence which has brought about a cessation of foreign lending—these are the forces which are gradually but inevitably strangling world trade.

The problem is international, and the remedy can only be found and applied by international co-operation.

Given the removal of these obstacles to world trade, I have a greater confidence than I have felt for some time past in the ability of British industry to hold its own. The extent to which the cotton trade will participate in any general recovery of world trade must depend, in a large measure, upon the wisdom of its leaders, both employers and employees, and their ability to find a solution of the difficulties which lie immediately ahead of us.

The resolution approving the report and accounts was moved by the chairman, seconded by Mr A. K. Davies, and carried unanimously.

The retiring directors were re-elected on the motion of Mr James Ainsworth, seconded by Mr Ernest Cubbin.

The joint auditors, Messrs Jones, Crevdson and Youatt and Messrs P. & J. Kevan were re-elected on the motion of Mr Fisher Lyon seconded by Mr P. Bayley Brown.

The motion for the conversion of shares into stock was proposed by the chairman, seconded by Sir William Clare Lees, and carried.

The meeting terminated with a vote of thanks to the chairman, moved by Mr H. W. Arnold, who made sympathetic reference to the late Mr D. Q. Henriques, who had been a constant attendee at the shareholders' meetings. Mr G. Grimshaw seconded the vote of thanks, which was carried unanimously, and Sir Alan briefly responded.

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AFRICAN AND EUROPEAN INVESTMENT COMPANY, LIMITED.

REVENUE AFFECTED BY WORLD CONDITIONS.

The twenty-seventh ordinary general meeting of the African and European Investment Company, Limited, was held, on the 24th ultimo, at Southern House, Cannon Street, London.

Mr C. F. Rowsell (chairman of the London board) said that the past year had seen the greatest financial crisis in the history of this country and a fall in the general trade of the world so great that, unless some solution was found of the problems involved, it was quite impossible to foretell what might be the final result. However, a study of financial crises in the past gave one confidence that a solution would and must be found, and, when that was put into operation, the recovery would be rapid and complete. The present price of commodities generally and base metals in particular had long gone below the cost of production, and it was inevitable that either from exhaustion of the producers or from other causes a rise in price must inevitably follow.

The effects of the crisis had been worldwide and had naturally affected South Africa, where the difficulties had been increased by Great Britain abandoning the gold standard and South Africa remaining upon it. His own view was that, in the interests of South Africa, it would be best if they were to determine to follow sterling; that appeared to be the opinion of the majority of business and financial interests in South Africa.

YEAR'S RESULTS.

Taking into consideration the facts of the situation, he did not think that they had to present the shareholders with a position which could be described as very unsatisfactory. The dividends received during the year were £28,266, as against £63,411 in the previous year. That decrease was mainly accounted for by the reduction in the dividend of the Vereeniging Estates, Limited, and of the Crown Diamond Mining and Exploration Company, Limited, which, owing to the severe fall in the value of diamonds, had had to shut down its mine. Profit on sale of shares and farms and sundry receipts were £50,680, as against £74,590. The item of rentals and farm revenue, £48,527, as against £54,325, was very satisfactory, showing that, notwithstanding the depressed conditions, the farm revenue had been well maintained. The total revenue amounted to £127,474, as against £192,358, and the profit was £28,318, against £100,382. There was a disposable balance of £147,432, and they had dealt with that by writing off the discount on the issue of first mortgage debentures and expenses of issue, amounting to £73,988, by transferring £60,000 to reserve, and by carrying forward £13,443.

PRINCIPAL INTERESTS

Referring to some of the company's leading interests, the Chairman said that the Grootvlei Proprietary Mines had now completed its arrangements with the Government, and an agreement had been made with the East Geduld Company by which that company was extending its workings into the Grootvlei property, as this was the most economical and satisfactory method of developing the latter. One could not form an opinion as to the value of the reef underlying the Farm Grootvlei except from the indications given by the developments being carried out on East Geduld, where the drives were gradually approaching the Grootvlei boundary. East Geduld promised to be one of the highest grade mines on the Rand, and the developments went to show that the long neglected Far Eastern Section might ultimately develop into the richest section of the Witwatersrand.

The Vereeniging Estates, Limited, continued to be thoroughly successful, and the output of coal controlled by it last year amounted to 2,864,260 tons. He thought that the output this year would be nearer 3,000,000 tons. Everything was going quite satisfactorily on this estate.

The Union Steel Corporation, Limited, had made a much better showing, the trading profit for the year being £56,120, and the net profit was £27,208, as compared with a loss of £16,868 for the previous year.

The most important interest which they had was their holding of land in South Africa, consisting of about 3,000,000 English acres standing in the books at £1,110,166. In that they had an asset of excellent value. Every realisation of land during the past few years had been made at a substantial profit, and, apart from the value of the land as an agricultural proposition, there were great possibilities attached to so large an area, spread in so many directions, of the discovery of valuable minerals upon it. It was upon several of their farms that the alluvial diamonds had been discovered which had resulted in substantial profits to the company. The report and accounts were adopted.

METAL BOX COMPANY, LIMITED.

CONSIDERABLE EXPANSION OF BUSINESS.

The eleventh annual ordinary general meeting of the Metal Box Company, Limited, was held on the 29th ultimo, at Winchester House, Old Broad Street, London. Mr F. N. Hepworth (chairman of the company) presiding.

The Chairman, in the course of his remarks, said: The accounts submitted for approval to-day disclose a position which I feel sure you will regard as satisfactory in view of the present situation. The balance of profit and loss account for the year, together with the balance brought forward from last year, is £91,544 13s. 6d.

There are undivided profits and reserves of the subsidiary companies, earned while they have been in association, of no less than £88,295, which, added to the reserves and carry-forward already disclosed, make a total of undivided profits of £212,754; and the shares in subsidiaries have been acquired on such a basis that, in total, after deducting depreciation and other amounts written off the whole cost is represented by assets, without including anything for goodwill.

Our general line business has been well maintained throughout the year, though owing to the drop in prices generally, and the severe competition that has been experienced, the profits have been to some extent affected. I would like members to note that we are from day to day, and all through the year, making efforts to develop improved methods of packing for our customers and fresh uses for the tin box generally.

LARGE EXPANSION IN FOOD CAN BUSINESS.

Our food can business has expanded very greatly, and in step with the increasing realisation of the great possibilities of the canning industry in this country.

The fact that the food values and flavour of properly canned vegetables and fruit are increased rather than diminished by the process is receiving wider recognition almost daily.

The full benefit of the very large capital expenditure on our food can factory and plant at Perry Wood has not yet been obtained, and, indeed, even now we are making a very considerable extension there which, together with the servicing facilities we are able to render, will make the position of our customers' supplies absolutely secure.

For the period from January 1st to date the sales of open top cans are approximately 44,000,000, as compared with 27,000,000 for the same period last year.

To stabilise further our production we are developing the flattened can business, and if we are successful, as we fully anticipate we shall be, it should mean a very large export business to those countries where seasons and products vary from our own.

Our paper printing and carton business is an important branch—important in itself and important in that it completes the chain of service we are able to offer to packers of every kind of commodity.

Tinplate Market: This has caused some anxiety. At one time a pool was formed and a minimum selling price fixed at 16s. per basis box—a price which it has not been found possible to maintain. The pool still exists, but the minimum price has been abandoned, and we have been mulcted in some loss by having to write down our stocks of tinplate—our principal raw material.

RECENT ISSUE.

Last month £700,000 debentures were created and £600,000 issued at 86 per cent., and an issue was made of 200,000 £1 preference shares at 21s.

The prior charges created by this new capital are to a large extent in replacement of prior charges of subsidiary companies, the interest on which had previously been deducted by them before arriving at their profits.

In addition, we have been able to repay money borrowed from the banks to pay for our considerable extensions and the acquisition of new businesses.

I cannot let this opportunity pass without a reference to our managing director, Mr Robert Barlow, who during the past year has been called upon for enormous sacrifices of his own personal leisure.

I cannot pretend to see into the future, but, with the loyal support of all our staffs, I make bold to say that when we meet next year we will have an even more satisfactory position to disclose than the one I have had the honour of putting before you to-day.

Mr Robert Barlow, the managing director, in seconding the resolution, said they were anxious to preserve the individuality and initiative that had made the success of each of the associated businesses. At the same time, of course, they had to direct and control these activities in the interests of the company as a whole. It was fortunate that they had been able to build up their central organisation during the period of depression. The conditions of the last two years had emphasised the necessity for economy. The report was unanimously passed.

ANGLO-SOUTH AMERICAN BANK, LIMITED.

SCHEME APPROVED.

At the extraordinary general meeting of the Anglo-South American Bank Limited, held at Southern House, London, on the 27th ultimo, the chairman, Sir Bertram Hornsby, referred to the close association of the bank since its inception with the Chilean nitrate industry. The majority of the former Chilean companies were indebted to the bank for considerable sums, but not to an extent causing anxiety. To compete successfully with synthetic nitrate, reorganisation of the Chilean industry had become obvious, and the bank had lent support to a plan for the formation of the Campaña de Salitre de Chile ("Cosach"), which assumed the bank debts of the absorbed companies. Unfortunately the financial crisis in America had frustrated an intended large "Cosach" bond issue there, part proceeds of which would have paid the Anglo-South American Bank debt.

The knowledge of "Cosach's" difficulties and heavy debt to the bank, combined with the abandonment of the gold standard by many this country, causing withdrawal of sterling balances by many foreign depositors, also the exceptionally large amount of our acceptances outstanding in the London market, had so strained the bank's liquid resources that the directors had submitted the position to the Bank of England, who in association with a group of other banks had responded most generously, and it was entirely due to their goodwill that the arrangement outlined in the circular of June 2nd had become possible. With control passing temporarily to a group of the most important English banks, headed by the Bank of England, shareholders had little to lose and much to gain. He considered that with only a small improvement in commodity values, the Continent of South America would once again return to prosperity, and this bank had very valuable connections and a very definite goodwill value, which would enable it to take its full share in that prosperity.

Regarding the possibility of a call on the "A" shares, little could be added to the recent circular. Nobody could by a stroke of the pen transform partly-paid into fully-paid shares, but he considered that the proposed arrangement should put into the background the need for a call.

Resolutions were passed unanimously authorising the increase of the capital to £11,000,000 by creating 1,000,000 5 per cent. first cumulative preference shares.

GLOBE TELEGRAPH AND TRUST COMPANY, LIMITED.

EFFECTS OF WORLD DEPRESSION.

The fifty-ninth ordinary general meeting of the Globe Telegraph and Trust Company, Limited, was held, on the 28th ultimo, at River Plate House, London, the Rt. Hon. the Earl of Middleton, K.P. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that their gross receipts amounted to £58,861, against £269,868 in the previous year. In order to pay the preference dividend, which was cumulative, they had transferred £25,000 from the reserve which had been formed to be available to equalise dividends. The year under review had been the worst experienced in the history of the company, which had, for the first time in 59 years, paid no dividend on the ordinary shares.

The general depression had fallen heavily on telegraph securities which the company had been formed to hold, and had had an adverse effect on their revenue. Cables and Wireless, Limited, had paid no preference dividend in the last two half-years, and the experience of great foreign companies had been the same, with the result that there had been a drop in the trust's revenue from that source of £218,731, on the basis of last year's figures. That was the effect of the world-wide paralysis of trade, the duration of which could not be at present estimated, but which, in the nature of things, could not be permanent.

CABLES AND WIRELESS, LIMITED.

The future of the trust must, of course, largely depend on their great holdings in Cables and Wireless, Limited. The trust differed in its object and its scope from any ordinary trust company, as from its inception it had been dependent on the cable companies. None the less the directors had thought it desirable that a trust company should not be entirely dependent for its revenue on one industry, and consequently three years ago they had taken wider powers of investment, and now had £600,000 invested in securities independent of cables. Therefore, before the great collapse of trade they had been alive to the possibility of change in the prosperous conditions which had so long held good. The new companies now on their list were largely electric light and power companies and similar securities, which showed less depreciation in value at the moment than almost any other class of investments.

The report and accounts were adopted.

GENERAL ELECTRIC COMPANY, LIMITED.

SATISFACTORY RESULTS.

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

The chairman, in moving the adoption of the report and accounts, said that the profit and loss account showed a diminution of net results of barely 5 per cent. Considering that net result was arrived at after allowing for the decline in the company's overseas business and was big enough to enable it to make generous provision for reserve, he hoped the shareholders would be as gratified as the directors were. It was true the dividend recommended was 8 per cent. instead of their recent standard of 10 per cent., but, with the outlook as it was, he was sure shareholders would agree that the preservation of the company's internal strength was of the utmost importance, and he hoped shareholders would support the directors in their conservative policy, which was to make the company strong enough to withstand all pressure.

Referring to the effect of the depression and misfortune in all parts of the world, the chairman remarked that the steadiness and determination with which the people of this country faced the situation were reflected in the electrical industry, and whilst it was too much to hope that they could be really prosperous whilst the world was in its present state, he for one was convinced that even if they should have to face further setbacks there would be no disaster. They in the electrical industries were particularly justified in expressing those sentiments, as they were spending a great deal in research and development, and, consequently, if some of the older departments showed a falling off, they were encouraged by new possibilities.

The chairman then went on to refer at some length to the progress made in the various departments of the company's business and said that the demand for domestic appliances of every kind was progressing most satisfactorily, and the high standard of the company's products assured them of a steady market. They had equally good reason to be proud of their achievements in the wireless field, both in valves for transmission and reception, as well as their listening-in apparatus, the quality of which was so much appreciated, that every year since the beginning of broadcasting had proved a record year in their output and sales. So far as their overseas companies were concerned, they had suffered particularly in Australia owing to the drop in exports in that Dominion. During the recent months there had been signs of the beginning of a betterment; they could only hope, for the company's sake and for Australia's sake, that those signs might continue. It was also satisfactory to record that their South African and Chinese companies had shown a slight improvement over last year. He desired to point out in that connection that any losses they had incurred had been dealt with out of the profits of the year under review.

THE GENERAL OUTLOOK.

With regard to the general outlook, the chairman remarked that he for one felt happy that this country had at last committed itself to a policy of protection of its industries. The short time during which they had enjoyed protection had not been long enough to prove results. On the one hand, foreign importers had taken care that their shelves should be full from the day protection became effective. On the other hand, the Government had to act quickly, and the form of protection which they enjoyed was not yet based on scientific lines. They in the electrical industry particularly had cause for grievance on that account. They were not complaining, they were considering themselves so much better off than they were and they felt confident in due course they would get the scientific protection they needed, which was the only one serving the best interests of the country. He was satisfied that the protection established would give many industries which became impotent during a period of free imports and were driven towards extinction an opportunity to rehabilitate themselves.

He knew there were those who said that what we were doing might be useful to us but might be at the expense of others, and that such a policy was not one which would lift the economics of the world out of their slough. He agreed, but was it wrong to look after the welfare of one's own family before one looked after that of one's neighbour's?

It was his ardent hope that Lausanne might achieve something which would relieve nations from the burdens of war indemnities and reparations which pressed so heavily on them and us. It was his ardent hope that the measures that had been taken would balance the Budget, and he particularly hoped the Government would, before the next Budget approached, submit to the country schemes of economy which would considerably reduce future commitments in taxation. They could not hope to continue to exist with a permanent Budget of £800,000,000.

The reports and accounts were unanimously adopted.

ELECTRIC SUPPLY CORPORATION LIMITED.**PROGRESS OF SUBSIDIARY COMPANIES.**

The thirtieth annual general meeting of this company was held, on the 30th ultimo, at Winchester House, London.

Mr John G. B. Stone (the Chairman) said that the gross earnings during the past year amounted to £88,379, compared with £96,030. in 1930, and £53,562 was carried to net revenue account compared with £55,443. The gross earnings were reduced by the sale of the Hitchin undertaking as at July 1st last, and also by a marked reduction in their sale of electricity at Dumbarton, which would account for more than the reduction in the total units sold. They had also sold their interest in the Alton District Electricity Company, and, although these transactions had caused a temporary setback in revenue and profit, they had been able to add to general reserve fund the satisfactory sum of £56,337. The Chelmsford undertaking was entering into a new phase of its existence, the whole supply now being taken in bulk from the County of London Electric Supply Company. The rates charged to consumers had been very materially decreased and a new two-part tariff introduced. With regard to their subsidiary companies, for which they had provided practically all the capital, one group comprised one area covering roughly 300 square miles in Sussex, extending from Pulborough and Amberley in the west to Buxted and Framfield in the east, and from Handcross and Ardingly in the north to Steyning and the northern boundary of Brighton in the south. Further east they had the Newhaven and Seaford Company, and to the west of the Sussex undertakings they had in Hampshire the Petersfield Company. Then they had the Peterhead Company in the far north, which commenced supply in September, 1929.

The effect of the new tariffs at Chelmsford was reflected in the increase of 20 per cent. in the connections. In the rest of their own undertakings, apart from Dumbarton, the increases were satisfactory.

Dealing with the accounts, the Chairman said that the market value of investments apart from subsidiary companies, as at December 31st last, was £248,371, against a book value of £120,463. Of these, they had since realised £45,743, and the present value of the balance was £225,184.

The report and accounts were unanimously adopted, and a final dividend of 7 per cent., making 11 per cent. for the year, on the ordinary shares, was declared.

HOVIS, LIMITED.**RECORD PROFIT.**

The ordinary general meeting of Hovis, Limited, was held, on the 27th ultimo, at Caxton Hall, Westminster, London.

Mr A. H. Dence (the chairman), in moving the adoption of the report and accounts, said that the amount of their net profit, at £152,920, constituted a record.

Referring to matters of importance to the milling trade of Great Britain, the chairman said that in the autumn of last year the Government introduced a Wheat Bill, requiring the milling trade to absorb a quota of British wheat. The Bill had now been passed, and had come into force as the Wheat Act. The Act admittedly was passed in the interests of farmers and agriculturists of Great Britain, and did not pretend to help millers, but the chief onus of administering the Act and of collecting quota payments fell upon the millers. They had accepted in a spirit of loyalty and co-operation the responsibilities which the Act threw upon them.

In a few days' time the Ottawa Conference would be sitting, and again the milling industry and its interests would be one of the subjects of conversation and negotiation. The question of a Dominion quota had been one of the chief much-advertised and discussed measures to be dealt with by the Conference. Millers looked forward with much trepidation and some dismay to what might take place at Ottawa. They felt it was unfortunate that their industry should be the subject of such negotiations, and feared that the results to their interests, unless most carefully watched and protected, might be disastrous.

He most earnestly hoped that the Government, whatever else they might do, might see the necessity of leaving British millers a free wheat market, and also that, recognising all the new obligations imposed upon them and the need for supporting them in carrying out their obligations, they might see the absolute necessity and wisdom of providing the trade with reasonable protection against foreign and Dominion competitors, who, not having the same obligations, were placed in a favourable position to compete with and undersell them in their own markets.

In conclusion, the chairman said that they had a splendid business and their goods met a national want; also, they had laid such solid foundations in the past that there was every right to hope for a continuance of prosperity in the future.

The report was unanimously adopted.

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

The total ordinary revenue for the twelve days ended June 30, 1932, amounted to £12,252,400 against ordinary expenditure of £17,522,400. After allocating £895,000 to Sinking Fund and having allowed for a reduction of Exchequer Balances of £57,993, the operations for the week, as shown below, increased the National Debt by £6,107,000 to £7,665,703,000:—

(000's omitted.)

Bank of England Advances ...	19,500	Borrowing for Equalisation Fund—150,000	
Public Department Advances ...	35,350	Road Fund ...	570
Treasury Bills ...	97,086	Issues to Nat. Debt Commis-	
By 3% Treasury Bonds ...	3,100	sioners ...	609
National Savings Certificates ...	500		
P.O. and Telegraph Money ...	1,750		
	+157,286		-151,179

A complete analysis of the National Debt at June 30, 1932, is shown below:—

NATIONAL DEBT—(Million £).

	Aug. 1, 1914.	Dec. 31, 1919.	Mar. 31, 1927.	Mar. 31, 1928.	Mar. 31, 1929.	Mar. 31, 1930.	Mar. 31, 1931.	Mar. 31, 1932.	June 30, 1932.
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
Term Annuities	30	20	12	12	12	12	12	12	12
4% Consolidated Loan	...	166	204	354	353	342	403	403	403
3½% Conversion Loan	...	740	832	811	790	770	750	750	750
Other Funded Debt	15	15	14	14	14	14	14	14	14
4½% Conversion Loan	...	211	221	223	257	317	369	369	369
5% Conversion Loan	...	...	...	...	323	323	323	323	323
3½% War Stock	...	63	63	...	...	...	...	...	...
4½% War Stock	...	13	13	13	13	13	13	13	13
4% and 5% War Stock	...	2,047	2,154	2,253	2,264	2,171	2,087	2,085	2,085
National War Bonds	...	1,509	556	194	...	...	...	...	...
4% Funding Loan	...	409	389	385	381	378	374	371	371
4% Victory Bonds	...	360	277	261	246	235	219	209	209
Treasury Bonds	...	...	454	675	681	542	607	494	573
Exchequer Bonds	...	20	323	15	16	...	...	...	...
National Savings Certs.	...	267	372	362	361	358	372	374	374
Other Debt*	...	1,306	1,103	1,097	1,087	1,076	1,062	1,091	1,085
American Loan (Anglo-French)	...	...	51	...	...	...	...	...	...
Treasury Bills	...	15	1,107	599	527	700	589	570	570
Temporary Advances	...	1	243	117	162	37	49	25	8
Other Capital Liabilities	654	8,033	7,555	7,528	7,500	7,470	7,413	7,420	7,658
	57	46	98	103	120	127	170	159	158
Total Liabilities ...	711	8,079	7,653	7,631	7,620	7,597	7,583	7,579	7,816

* Includes debt to American Government.
† Includes recent United States and French credits to British Treasury.
‡ Including borrowing of £150 millions for Exchange Equalisation Fund.

The aggregate revenue and expenditure to June 30, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to JUNE 30th, 1932.

(000's omitted.)

Expenditure	204,197	Revenue	122,874
New Sinking Fund	6,905	Decreases in balances	3,075
		Net amount borrowed	85,153
			211,102

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	June 30, '31.	Mar. 31, '32.	June 30, '32.	June 30, '32.
Advances by Bank of England	14,290,000	19,500,000	19,500,000	19,500,000
Advances by Public Departments	45,700,000	7,500,000	37,800,000	35,350,000
Treasury Bills outstanding	616,905,000	604,455,000	719,100,000	+97,120,000

Total Floating Debt ... 676,895,000 611,955,000 776,400,000 +151,970,000
* Includes £51,000, the proceeds of which were not carried to the Exchequer within the period of the account.

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32):
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on June 24, 1932, and the total amount applied for was £65,410,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 16s. 2d., about 72 per cent. and above in full, and Saturday at £99 16s. 3d. and above in full. The amount allotted was £43,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			£ s. d.
June 3	45,000,000	53,940,000	0 18 1.48
June 10	45,000,000	61,970,000	0 18 11.79
June 17	45,000,000	65,850,000	0 16 0.06
June 24	45,000,000	65,410,000	0 15 0.19

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and illness. Fidelity Guarantees. Employers' Liability. Burglary. Fire. Motor Cars. Public Liability. Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Executorships and Trusteeships.

Head Office: 38-44 MOORGATE, LONDON, E.C.

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

Return for Week ended Wednesday, June 29, 1932.

ISSUE DEPARTMENT.

Notes Issued:—		Government Debt	11,015,100
In Circulation	363,083,121	Other Government Securities	208,532,250
In Banking Department	48,059,633	Other Securities	50,538,370
		Silver Coin	3,813,340
		Amount of Fiduciary Issues	275,000,000
		Gold Coin and Bullion	136,142,754
			£411,142,754

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	67,169,656
Reserve	3,443,045	Other Securities	...
Public Deposits	17,982,394	Discounts and Advances	£14,889,401
Other Deposits	...	Securities	£26,351,780
Bankers' ...	£86,565,354		41,241,181
Other Accounts	£34,756,257		48,059,633
	121,301,611		810,825
7-Day and other Bills	1,245		£157,281,295
			£157,281,295

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

Both Departments.	Amount, June 29, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	363,083,121	+ 4,535,084	+ 5,653,668
Public deposits	17,982,394	+ 17,595,022	+ 6,492,277
Bankers' deposits	86,565,354	+ 12,915,894	+ 12,836,453
Other deposits	34,756,257	+ 1,590,805	+ 284,993
Seven-day bills	1,245	+ 245	+ 1,249
Total outside liabilities	502,368,371	+ 1,446,516	+ 46,764
Capital and reserve	17,996,045	+ 89,813	+ 6,306
Government debt and securities	287,717,046	+ 5,392,137	+ 12,414,119
Discounts and advances	14,889,401	+ 747,769	+ 19,429,899
Other securities	76,991,050	+ 5,080,740	+ 34,709,880
Silver coin in issue department	3,813,340	— 33	+ 279,641
Coin and bullion (bank's reserve)	136,953,579	+ 477,196	+ 27,467,529
Reserve of notes and coin in banking department	48,870,458	+ 4,057,888	+ 28,121,197
Proportion of reserve to outside liabilities		— 2½%	— 11½%
(a) Banking department only ("proportion")		— 2½%	— 11½%
(b) Gold stocks to deposits and notes ("reserve ratio")		+ 1½%	— 5½%

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.
	Notes Issued.	Public Deposits.	Bankers' Deposits.
1932.			
May 25	400,032	354,221	23,606
June 1	403,617	355,414	18,553
8	406,721	357,238	25,577
15	409,480	357,426	20,568
22	410,721	358,548	35,577
29	411,145	363,083	37,982

(000's omitted.)

Date.	Govt. Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve to "Proportion."
1932.							
May 25	212,031	59,155	125,761	25%	69,375	12,172	23,788
June 1	203,137	68,052	129,342	26%	73,595	12,492	25,120
8	208,099	68,068	132,462	26½%	75,220	12,612	25,622
15	210,518	60,668	135,220	27½%	68,775	12,690	25,711
22	215,680	55,506	136,476	28%	66,645	14,142	26,565
29	220,547	50,639	136,954	27½%	67,170	14,889	26,352

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to June 15	12,178,776	753,845	1,256,071	14,188,692
Week ended June 22	529,296	27,345	47,593	604,234
Week ended June 29	583,591	28,633	43,203	655,427
Total to date, 1932	13,291,663	809,823	1,346,867	15,448,353
Total to date, 1931	17,824,557	866,742	1,394,219	20,085,518
Increase or decrease in 1932 ...	-4,532,894	-56,919	-47,352	-4,637,165
	-25.4%	-6.6%	-3.4%	-23.1%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931 ...	-6,966,769	-144,294	-211,422	-7,322,485
	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

Week ended June 25.	Month of May.	Aggregate Total, January 1 to June 25.
1931.	1932.	1931.
No. of working days	25	25
	£	£
BIRMINGHAM	2,419	1,930
BRADFORD	961	950
BRISTOL	1,066	962
DUBLIN	4,825	5,134
HULL	580	598
LEEDS	664	638
LIVERPOOL	484	451
MANCHESTER	5,370	4,802
NEWCASTLE	8,604	8,212
NOTTINGHAM	821	1,075
SHEFFIELD	417	341
	534	469
Total	26,745	25,566

OVERSEAS BANK RETURNS.

Note.—The latest return of the Bank of Lithuania appeared in the *Economist* of May 28; Russia in June 4; Denmark and Bank for International Settlements in June 11; Czechoslovakia, Latvia and Roumania in June 18; Canadian Banks, Sweden, Spain, Estonia, Danzig, Finland, Chile and Italy in June 25.

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

RESOURCES.	July 2, 1931.	June 9, 1932.	June 16, 1932.	June 23, 1932.	June 30, 1932.
Total gold reserve	3,412,040	2,626,960	2,561,190	2,562,520	2,579,370
Total bills discounted	150,200	501,910	496,240	488,210	469,830
Bills bought in open market	103,340	35,720	65,660	53,720	63,520
Total U.S. Govt. securities.....	663,400	1,644,570	1,692,210	1,729,700	1,800,970
Total bills and securities.....	927,540	2,187,970	2,259,720	2,277,340	2,340,260
Total	5,206,500	5,546,650	5,635,110	5,586,510	5,642,440
LIABILITIES.					
Federal Reserve notes in actual circulation	1,738,400	2,557,120	2,575,800	2,615,930	2,755,860
Deposits—Memberbank—reserve account	2,389,210	2,111,670	2,101,240	2,066,090	2,033,700
Total deposits	2,500,850	2,210,200	2,198,430	2,172,890	2,179,360
Capital paid in and surplus	1,705,650	1,224,280	1,412,330	1,412,330	1,412,240
Total Liabilities	5,206,500	5,546,650	5,635,110	5,586,510	5,642,440
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	84.4%	59.4%	57.9%	57.8%	57.2%

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

ASSETS.	June 5, 1931.	June 5, 1932.	June 5, 1933.	June 5, 1934.	June 5, 1935.
Total securities.....	30,21,78	24,78,49	24,92,46	25,29,87	25,31,46
Loans.....	10,28,35	10,86,13	9,76,35	8,86,68	8,26,69
Overseas credits.....	29,97,55	24,42,68	24,97,79	24,18,05	25,31,11
Inland bills.....	3,72,54	5,36,56	5,43,20	4,94,42	3,91,39
Foreign bills.....	41,67	31,21	22,70	21,78	17,98
Dead stock.....	2,75,77	2,69,81	2,69,90	2,69,95	2,70,14
Real estate.....	3,25	4,50,1	4,90,9	37,07	47,12
Other assets.....	15,58,93	8,31,57	9,58,81	10,83,33	13,58,36
LIABILITIES.					
Capital paid up.....	5,52,50	5,52,50	5,52,50	5,52,50	5,52,50
Reserve.....	5,40,00	5,00,00	5,00,00	5,00,00	5,00,00
Deposits.....	81,39,91	68,05,95	66,43,94	67,85,77	66,51,92
The above includes—					
Deposits in London.....	921	872	846	910	898
Advances in London.....	973	648	601	763	759
Cash, &c., at other Banks in London.....	25	340	309	281	296

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

ASSETS.	June 19, 1931.	June 19, 1932.	June 19, 1933.	June 19, 1934.	June 19, 1935.
Gold.....	56,525,260	80,170,598	80,974,192	81,643,495	82,099,633
Foreign assets—					
Sight deposits.....	5,737,337	5,413,875	5,007,612	4,547,208	4,289,845
Bills, &c., at other Banks.....	20,423,530	3,984,762	3,334,950	2,284,419	...
Home bills.....	4,654,045	3,379,460	3,258,275	3,250,067	...
Advances against sec. To the State.....	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances.....	2,792,972	2,799,272	2,765,722	2,757,325	2,714,806
Negotiable Bonds, Sinking Fund Dept. Other assets (excluding forward exch.).	5,082,397	6,880,527	6,880,527	6,880,527	6,625,696
LIABILITIES.					
Notes in circulation.....	76,474,605	82,406,094	81,737,377	81,018,189	80,667,456
Public deposits.....	9,312,357	2,995,446	2,936,756	3,298,332	2,880,779
Private deposits.....	13,773,584	23,359,325	23,881,266	23,188,329	24,255,619
Other liabilities.....	2,858,853	2,703,866	2,561,254	2,548,068	...

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

ASSETS.	June 23, 1931.	June 23, 1932.	June 23, 1933.	June 23, 1934.	June 23, 1935.
Gold.....	1,411,173	848,421	822,507	823,388	823,388
Of which deposited abroad.....	117,688	80,254	90,474	90,368	90,368
Reserve in foreign currencies.....	92,594	138,163	135,713	137,978	137,978
Bills of exchange and cheques.....	2,349,775	3,037,693	2,983,391	2,869,998	2,869,998
Silver and other coin.....	214,476	236,412	283,800	311,047	311,047
Notes of other German banks.....	22,708	5,686	8,317	11,727	11,727
Advances.....	136,651	129,239	108,940	102,481	102,481
Investments.....	102,916	364,427	364,430	364,431	364,431
Other assets.....	579,980	759,997	769,394	765,523	765,523
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserves.....	337,331	417,426	417,426	417,426	417,426
Notes in circulation.....	3,725,980	3,889,407	3,815,404	3,716,917	3,716,917
Other daily maturing obligations.....	433,043	357,522	380,422	400,341	400,341
Other liabilities.....	265,919	704,683	712,630	711,889	711,889
Cover of note circulation.....	40-4%	25-4%	25-1%	25-1%	25-9%

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

ASSETS.	Position, May 28, 1931.	June 24, 1931.	June 2, 1932.	June 9, 1932.	June 16, 1932.	June 23, 1932.
Gold.....	1,434,234	2,543,306	2,550,649	2,551,708	2,556,665	2,556,665
Foreign bills and balances abroad.....	232,650	873,839	56,223	56,287	57,419	58,606
Silver and other coin.....	697,600	18,473	57,997	89,236	89,639	89,611
Securities.....	934,150	3,193,311	3,639,521	3,624,891	3,598,895	3,582,166
Notes in circulation.....	112,125	199,957	218,767	247,224	252,720	286,622
Current accounts.....						

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1931.	June 29, 1931.	June 13, 1932.	June 13, 1933.	June 13, 1934.	June 27, 1934.
Gold.....	163,092	497,416	966,868	972,388	977,595	980,358
Silver.....	8,436	38,351	22,307	22,044	21,798	21,418
Home bills discounted.....	42,756	49,096	48,420	48,017	46,449	46,449
Foreign bills.....	253,504	228,484	88,572	88,572	88,572	68,653
Loans and advances in current acct.....	101,705	96,308	95,851	98,624	97,101	97,101
LIABILITIES.						
Notes in circulation.....	316,632	880,660	1,005,473	989,665	977,793	981,215
Deposits.....	5,016	67,527	221,650	241,734	261,106	257,146

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

ASSETS.	Position, May 30, 1931.	June 29, 1931.	June 13, 1932.	June 13, 1933.	June 13, 1934.	June 27, 1934.
Gold.....	22,971	115,054	150,600	150,100	149,200	150,000
Silver.....	29,785	45,549	150,600	150,100	149,200	150,000
Discounts, advances, and other investments.....	77,567	112,811	104,900	107,700	103,800	99,800
LIABILITIES.						
Notes in circulation.....	109,499	240,293	225,200	228,500	224,500	219,800
Deposits and bills payable.....	11,250	37,495	33,900	32,800	34,300	34,900

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

ASSETS.	Position, May 31, 1931.	June 23, 1931.	May 31, 1932.	June 7, 1932.	June 15, 1932.	June 23, 1932.
Gold.....	171,175	831,780	2,555,336	2,584,893	2,606,005	2,606,167
Foreign Bills and Balances abroad.....	...	378,311	78,319	70,527	54,842	55,144
Discounts.....	103,000	46,278	43,043	44,022	42,700	45,159
Advances.....	275,925	915,065	1,535,188	1,511,535	1,487,759	1,488,135
Notes in circulation.....	33,750	399,619	1,165,977	1,208,558	1,240,170	1,242,999
Deposits.....						

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

ASSETS.	Position, May 31, 1931.	June 22, 1931.	June 7, 1932.	June 15, 1932.	June 22, 1932.
Coin and bullion—Gold.....	44,224	146,375	155,259	155,259	149,842
Balance abroad and foreign bills.....	28,533	21,241	10,625	9,498	13,754
Norwegian and Foreign Government securities.....	8,816	54,055	27,331	27,682	27,859
Discounts and loans.....	76,911	167,406	274,437	273,550	273,523
LIABILITIES.					
Notes in circulation.....	113,484	286,785	301,625	302,362	306,835
Deposits at sight.....	7,188	54,277	101,878	100,634	94,024

* Includes an amount of Kr. 31,600,000, which the Bank has at its free disposal abroad.

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

ASSETS.	May 11, 1931.	May 11, 1932.	May 25, 1932.	June 1, 1932.	June 8, 1932.
Gold.....	375,761	377,570	378,676	385,701	386,200
Balance abroad.....	555,228	545,075	536,667	534,684	527,842
Discounts.....	317,624	309,543	310,298	310,956	310,806
Government loans.....	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.					
Notes in circulation.....	1,892,174	1,872,878	1,864,128	1,905,305	1,892,494
Government deposits.....	52,162	57,276	62,291	40,612	44,992
Bankers' deposits.....	288,889	282,469	282,727	265,433	270,098
Other deposits.....	23,328	30,433	29,396	25,952	23,528

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

ASSETS.	June 23, 1931.	May 31, 1932.	June 7, 1932.	June 15, 1932.	June 23, 1932.
Cash Reserve and bullion.....	214,327	164,446	164,446	149,476	149,476
Foreign exchange.....	133,385	33,424	31,330	43,818	43,035
Other foreign exchange.....	313,304	115	115	115	115
Bills discounted.....	490,201	873,866	859,754	849,751	842,692
Govt. debt.....	96,059	95,090	93,978	93,978	93,978
LIABILITIES.					
Share capital.....	43,200	43,200	43,200	43,200	43,200
Reserve fund.....	10,803	10,803	10,803	10,803	10,803
Notes in circulation.....	1,009,723	994,669	940,336	912,192	873,256
Deposits.....	245,653	111,737	149,849	162,703	193,494

† In dollar and sterling only.

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

ASSETS.	June 23, 1931.	May 31, 1932.	June 7, 1932.	June 15, 1932.	June 23, 1932.
Metal reserve—					
Gold coin and bullion.....	111,802	96,414	96,414	96,527	96,527
Drafts and notes.....	5,775	15,118	13,484	11,539	12,116
Silver coin and bullion.....	15,616	11,767	11,367	11,825	12,308
Inland bills, warrants and securities.....	239,357	405,121	403,681	393,736	387,165
Advances to Treasury.....	60,065	54,159	54,137	54,137	54,137
LIABILITIES.					
Share capital (gold crowns 30,000,000)*.....	34,756	34,756	34,756	34,756	34,756
Notes in circulation.....	320,181	370,146	361,244	348,061	339,342
Current accounts, deposits, &c.....	53,956	73,778	76,323	77,731	81,951

* Calculated at pre-war parity of exchange.

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

ASSETS.	May 31, 1931.	June 8, 1932.	June 15, 1932.	June 22, 1932.
Cash reserve—				
Gold at home and abroad.....	1,765,435	1,763,764	1,763,736	1,763,818
Foreign exchange.....	244,480	243,177	232,454	225,081
Other foreign exchange.....	81,425	83,631	80,540	84,305
Bills and advances against security.....	2,345,765	2,343,468	2,327,873	2,317,319
Government advances.....	1,804,780	1,805,051	1,805,339	1,805,951
LIABILITIES.				
Notes in circulation.....	4,941,524	5,008,862	4,920,533	4,828,960
Sight deposits.....	617,279	544,794	605,638	672,809

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

ASSETS.	June 15, 1931.	May 23, 1932.	May 31, 1932.	June 7, 1932.	June 15, 1932.
Gold and silver holdings.....	1,496,716	1,513,620	1,513,807	1,513,948	1,514,120
Balance abroad and foreign currencies.....	613,825	287,697	316,563	342,191	333,613
Discounts and advances.....	663,071	733,203	727,787	718,926	717,454
Advances to the Treasury.....	3,064,426	2,965,483	2,965,483	2,965,483	2,965,483
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserves.....	1,184,508	1,191,727	1,192,188	1,192,713	1,192,667
Bank notes in circulation.....	3,220,101	2,675,871	2,675,325	2,693,302	2,654,313
Sight liabilities.....	1,292,389	1,625,877	1,650,777	1,643,237	1,654,153
Deposits.....	256,102	231,879	231,217	229,999	229,567

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	June 15, 1931.	May 23, 1932.	May 31, 1932.	June 7, 1932.	June 15, 1932.
Gold	486,113	940,135	952,759	1,050,323	1,167,393
Gold exchange	2,966,780	607,930	607,930	607,930	607,930
State Gold Bonds		3,505	3,583	2,140	2,147
Other foreign exchange	1,881	325,727	325,808	327,440	325,628
Bills discounted	149,287	1,182,786	1,071,034	1,125,440	1,044,764
Advances	200,666	2,703,386	2,703,386	2,703,386	2,703,386
Debt to the State	3,288,763				
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,246,802	4,015,113	4,059,519	4,133,458	4,124,823
Deposits and current ac- counts	1,493,354	1,066,439	1,035,736	1,138,301	1,177,430
Foreign exchange liabilities	946,789	989,329	983,329	773,057	873,329

BULLION.

The following statistics of imports and exports of gold for week ended June 30, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Netherlands	Belgium
France	Germany
United States of America	Netherlands
British West Africa	France
British South Africa	Switzerland
Anglo-Egyptian Sudan	Austria
British India	Czechoslovakia
Straits Settlements and Dependencies	
Australia	
Salvage from s.s. Egypt	
Other countries	
Total declared value of imports	Total declared value of exports

GOLD MOVEMENTS.

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

1932.	ARRIVALS.	1932.	WITHDRAWALS.
June 24	Nil	June 24	Nil
" 25	Nil	" 25	Nil
" 27	Nil	" 27	Nil
" 28	Nil	" 28	Nil
" 29	Bars bought 402,533	" 29	Nil
" 30	Nil	" 30	Nil
Total	402,533	Total	Nil

Net arrivals, June 24, 1932, to June 30, 1932, inclusive, £402,533. Messrs Samuel Montagu and Company write on June 29, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £135,721,215 on the 22nd instant, as compared with £134,479,710 on the previous Wednesday. To-day, the Bank of England announced the purchase of £402,533 in bar gold. The amounts of gold available in the open market have again been substantial, but Continental buyers have readily absorbed offerings.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
June 23	114s. 2d.	14s. 10-6d.
" 24	114s. 6d.	14s. 10-1d.
" 25	114s. 2d.	14s. 10-6d.
" 27	114s. 4d.	14s. 10-3d.
" 28	114s. 7d.	14s. 9-9d.
" 29	114s. 8d.	14s. 9-8d.
Average	114s. 4-8d.	14s. 10-2d.

The s.s. "Cathay," which sailed from Bombay on the 25th, carries gold to the value of about £733,000.

An event of special interest was the arrival in London yesterday of the first consignment of gold saved from the s.s. "Egypt," which was lost off Ushant in May, 1922. It will be recalled that the original salvage ship "Artiglio" was also lost in December, 1930, and it remained for the new vessel of the same name to carry on the work of its predecessor. The success which has already attended the efforts to recover the treasure, which has been at the bottom of the sea for more than ten years, is therefore particularly gratifying, and it is to be hoped that the further operations will be even more successful.

SILVER.

During the week the tendency has been toward a slightly lower level of prices. On the 24th instant prices for both deliveries fell sharply, being quoted at 16½d. and 16¼d. respectively; the fall followed a decline in the Shanghai exchange, which appeared to be due to speculative exchange operation in that quarter. Although there was some resistance at this level, China and the Indian Bazaars both being inclined to give support, the market has shown little power of recovery, selling by speculators and the Continent proving sufficient to meet the demand. America has also been more disposed to sell, but offerings from this quarter have been only moderate.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 20th instant to mid-day or the 27th instant:—

Imports.	Exports.
British India	Bombay
Australia	Ceylon
New Zealand	Germany
British South Africa	Italy
Canada	Other countries
Belgium	
Other countries	
47,784	9,786

Quotations during the week:—

IN LONDON.	IN NEW YORK.
Bar silver per oz. std.	Ounce
Cash Two Months' delivery.	999 fine.
June 23	June 22
" 24	" 23
" 25	" 24
" 27	" 25
" 28	" 27
" 29	" 28
Average	

The highest rate of exchange on New York recorded during the period from the 23rd instant to the 29th instant was \$3-62½ and the lowest \$3-60½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	June 22.	June 15.	June 7.
Notes in circulation	17,003	16,921	16,828
Silver coin and bullion in India	11,152	11,117	11,029
Gold coin and bullion in India	1,078	1,078	1,071
Securities (Indian Government)	4,773	4,726	4,728

The stocks in Shanghai on the 25th instant consisted of about 80,300,000 ounces in sycee, 237,500,000 dollars and 5,240 silver bars, as compared with about 77,000,000 ounces in sycee, 232,500,000 dollars and 4,780 silver bars on the 18th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver—Per Ounce.
		Cash		Forward
1932.	s. d.	d.		d.
June 24	114 6	16½	July 2, 1926	30½
" 25	114 2	16½	" 1, 1927	26½
" 27	114 4	16½	" 5, 1928	27½
" 28	114 7	16½	" 4, 1929	24½
" 29	114 8	16½	" 3, 1930	15½
" 30	114 8	16½	" 2, 1931	13½

NOTICES.

The Midland Bank announces the retirement, on June 30th, of Mr E. T. Parkes, joint general manager, after 52 years of highly valued service.

The Midland Bank announces the opening of a new branch in The Broadway, Haywards Heath, Sussex also a sub-office under the supervision of the joint managers of the City Square, Leeds, branch, will be open daily from 10 a.m. to 4 p.m. at Stand No. 207 in the grounds of the Yorkshire Agricultural Show to be held at Temple Newsam, Leeds, on July 12th, 13th and 14th.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % of Stated in Cash.	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.						
London Midland & Scottish Ry.:	11%*	July 1	Less tax	...	...	...
5% pref. stk.	1%	July 1	Less tax	...	...	...
4% pref. stk.	...	...	...	...	...	...
BANKS.						
National Bank of New Zealand...	3%†	...	Tax free	...	...	...
TEA AND RUBBER.						
Borella Tea	12½%†	...	...	...	12½	12½
Deamoolie Tea	...	...	...	...	20	20
Scottish Assam Tea	...	...	...	...	5	5
MINING.						
Apex Mines	5%*	...	...	...	...	...
Bullcroft Main Collieries	3%†	...	Tax free	...	5	5
Carlton Main Colliery	2%†	...	...	...	2	2½
Globe and Phoenix Gold	30%*	Aug. 11	Tax free	...	...	...
OTHER COMPANIES.						
Aberthaw Portland Cement	3%*	...	...	...	6	6
Alex. Findlater and Company	5%*	...	...	...	...	...
Alisa Investment	10%*	July 8	Less tax	...	2½	5
Associated Fireclay	2½%*	...	...	...	8	11
Barclay Perkins	5%*	...	...	...	...	...
Barratt and Company	20%*	July 1	Less tax	...	20	20
Bassett (Geo.) and Company	12½%†	...	Less tax	...	6	6
Beckett's Brewery Investment	3%*	...	...	...	...	...
British and Colonial Furniture	10%*	...	...	...	5	5
Charles Kinloch and Company	10%*	...	...	...	17½	20
Distillers Company	2½%*	Aug. 2	Less tax	...	8	10
Fortnum and Mason	2½%*	...	...	...	...	...
General Electric	...	...	...	...	5	7½
General Securities Investment Trust	2½%†	...	...	...	...	...
Glasgow Greyhound Racecourse (Def.)	10%*	...	...	...	...	...
Greenwood and Batley	2½%†	...	...	...	2½	5
International Stores	18%†	...	...	...	30	30
John Bland	...	...	...	...	7½	5
J. W. Cameron	3%*	...	Quarterly	...	...	...
London County Freehold	2%*	...	Less tax	...	6	Nil
Lovell and Christmas	...	...	...	...	...	...
Melville Trust	3%†	...	...	...	7½	8½
Metal Box Company	4%*	...	...	...	...	...
Notting Hill Electric	4%*	July 1	Less tax	...	2½	Nil
Patons and Baldwins	...	...	Tax free	...	2	3
Peck (J. H.) and Company	2%†	...	Less tax	...	...	...
Pentland Investment Trust	4%*	...	...	...	5½	8
Reeves and Sons	6%†	...	...	...	10	10
Ribble Motor Services	...	...	...	...	17½	17½
Sangers	...	...	...	...	7	9
Sawers	3½*	...	...	...	...	...
Sunlight Laundries	8½%*	...	...	...	6½	6½
United Velvet Cutters	...	...	...	...	15	15
W. and T. Avery	...	...	...	...	...	...

LONDON, LTD.—The directors have decided, in view of prevailing trading and financial conditions, especially in export markets, to defer consideration of a dividend on the ordinary shares until the accounts for the financial year ending October 31, 1932, have been completed.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended June 24, 1932.	(c) Week ended June 25, 1932.	Miles Open.	Gross Receipts, week ended June 25, 1932. (000's omitted.)					Aggregate Gross Receipts, 25 weeks. (000's omitted.)				
			Passenger.	Merchandise.	Coal and Coke.	Other Goods.	Total.	Passenger.	Merchandise.	Coal and Coke.	Other Goods.	Total.
Great	1932	3,761	216	164	95	259	475	4,536	4,233	2,597	6,830	11,366
Western	1931	3,761	237	188	102	290	527	4,995	4,765	2,700	7,465	12,460
L. & N.	1932	6,353	332	255	190	445	727	6,871	7,395	5,600	12,995	19,866
Eastern	1931	6,353	373	317	206	523	896	7,460	8,506	5,989	14,495	22,955
L. M. & S.	1932	6,962	533	405	192	597	1,130	10,560	10,697	7,292	16,549	27,799
Scottish	1931	6,958	572	453	207	660	1,232	11,254	11,751	6,377	18,128	29,382
Southern	1932	2,181	310	65	25	90	400	6,426	1,567	787	2,354	8,780
	1931	2,180	348	76	31	107	455	7,030	1,817	798	2,615	9,645
Total	1932	19,259	1,391	889	502	1,391	2,782	28,393	23,892	14,905	38,798	67,191
	1931	19,250	1,530	1,034	546	1,580	3,110	30,739	26,639	15,864	42,703	73,442

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1932.	+ or -
INDIAN.					
Assam Bengal	8	May 28	1,330	2,93,600	99,358
Barsi L. Ry.	9	June 4	2,100	27,100	2,791
Bengal & N. Western	9	June 4	2,114	6,37,433	92,520
Bengal-Nagpur	7	May 21	13,322	1,04,000	83,000
Bombay Bar. & O.I.	12	June 25	3,084	20,45,000	1,06,295
Madras & S. Mahr.	4	June 4	3,230	13,96,000	1,30,900
† Rohilk' & Kumaon	9	May 29	572	1,25,329	4,476
South Indian	9	June 4	2,495	10,82,289	99,293

† Including Lucknow-Bareilly State Railway.

CANADIAN.

	1932.	1931.	1930.	1929.	1928.
Canadian National	25	June 21	20,538	2,877,320	572,253
Canadian Pacific	25	June 21	16,903	2,581,000	285,000

	1932.	1931.	1930.	1929.	1928.
Antofagasta (Chili and Bolivia)	24	June 12	804	6,530	12,350
Argentine N.E.	52	25	753	12,500	300
B.A. and Pacific	52	25	2,806	109,000	50,000
B.A. Central	52	26	...	11,480	929
B.A. St. Southern	52	25	5,076	148,000	42,000
B.A. Western	52	25	1,296	70,000	5,000
Central Argentine	52	25	3,505	236,000	9,000
Central Uruguay	52	25	273	10,740	3,889
C. Urg. (East Ext.)	52	25	185	2,650	615
C. Urg. (W. Ext.)	52	25	211	1,054	190
C. Urg. (W. Ext.)	52	25	1,216	52,000	7,000
Coroboa Central	52	25	81	572	5,400
Entre Rios	52	25	1,952	17,200	800
G. Westn. of Brazil	52	25	1,018	6,000	488
Leopoldina	26	25	...	28,000	10,000
Leopoldina Termal.	26	25	...	560	3,934
Nitrate	15	15	411	3,770	710
Paraguay Central	52	25	274	2,344	176
Salvador	52	25	153	35,068	7,229
San Paulo	25	19	153	15,824	4,525
United of Havana	26	25	1,367	15,824	4,525

† Months.

OTHER OVERSEAS.

	1932.	1931.	1930.	1929.	1928.
Egyptian Delta	8	June 10	620	5,558	980
Light Railways	24	16	...	1,372	8
Egyptian Markets	24	18	104	59,948	9,263
Gr. South of Spain	24	18	104	59,948	9,263
Mexican Railway	25	21	483	185,100	47,400

TRAMWAYS WEEKLY GROSS RECEIPTS.

	1932.	1931.	1930.	1929.	1928.
Anglo-Argentine	25	June 24	329	64,178	3,500
B. Aires Lacroze	52	25	...	7,730	679
Tele. of Thane Elec.	24	15	...	2,726	202
Liverpool Corp.	12	22	124	29,498	674
Madras Electric	15	May 31	166	46,837	391
L.C.C. Tramways	12	June 23	166	78,317	2,826

† Months.

MONTHLY TRAFFICS.

Company.	Month.	Ending 1932.	De- scrip- tion.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Barcelona Traction Light & Power	5	May 31	Gross Net	Pa. 8,774,405 + Pa. 5,761,531 +	373,252 311,956	47,823,426 + 32,303,002 +	1,194,438 1,600,994
Canadian National Ry.	5	May 31	Gross Net	\$11,686,354 + \$731,794 +	-3,918,273 291,105	57,750,742 + 1,610,818 +	-15,288,654 253,226
Canadian Pacific Ry.	5	May 31	Gross Net	\$9,617,000 + \$737,000 +	-2,769,000 -337,000	47,000,000 + 3,672,000 +	-12,040,000 1,214,000
Salt Lake Hydro Electric Railway Co.	12	Apr. 30	Gross Net	\$1,867,213 + \$5,709,931 +	-1,062,381 731,080	144,810,934 + 69,300,496 +	-10,461,011 4,039,604

(t) Also capital bonus of 100 per cent. in ordinary shares from reserve.

CARDIFF.—An active demand for anthracite coal is the only favourable feature of the South Wales coal market. At Swansea and Port Talbot shipments are more active than they have been at any other period this year, and at Swansea on Wednesday morning eight vessels were waiting their turn for loading berths. The position in the steam coal trade is practically unchanged. A contract for the supply of 40,000 tons has been placed by the Madrid-Saragossa-Alicante Railways and another for 7,000 tons by the Palestine railways, while one or two others are in the course of negotiation. The current volume of trade, however, in steam coals is not quite as large as it was a few weeks ago, and shipments, particularly to France and Italy, are suffering from import restrictions and large stocks. The French official figures for May show a decrease in the total imports of coal from the United Kingdom of about 210,000 tons compared with April, and normally France draws over 50 per cent. of its British supplies from the South Wales coalfield. Some of the sized small grades are demanding prices above the schedule, but other qualities are in abundant supply at the minimum prices. The following are the current approximate quotations: Best Adirats, 18s. 6d.; seconds, 18s. 9d. to 19s. 4d.; best drys. 18s. 6d. to 19s.; Black Veins, 18s. 3d. to

SHEFFIELD.—Nothing has occurred this week to relieve the acute depression of all branches of iron and steel. In fact it is being aggravated by preparations at many works for the half-yearly stocktaking. In these cases deliveries of material are being suspended for the present. Inquiries coming in are disappointing. A few good special contracts are reported. The Appleby works in Lincolnshire have been allocated 3,000 tons of steel plates as their share of the big Russian contract recently secured by Stewarts and Lloyds. There is rather more activity in the high-grade tool and alloy steels; foreign competition in such material has almost disappeared. Importations of the best Swedish brands of steel have fallen off considerably since the 33½ per cent. duty was imposed on such material. Users of ferro-alloys refuse temptations to buy forward. Business continues fairly brisk in steel parts for automobiles, bed wires, precision tools and cold wrought steel in strip form. A German firm has commenced to manufacture pocket knives and scissors at a factory in Sheffield. The depression in cutlery and plate is as acute as ever, but there is a moderate demand for knives used in industry. Proprietors of steel-casting

AGENTS IN CANADA:
BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

OVER ONE HUNDRED YEARS OF SERVICE.

SCOTTISH UNION & NATIONAL
INSURANCE COMPANY.

ASSETS EXCEED - £15,600,000

FIRE. LIFE. ACCIDENT. MARINE.

Edinburgh: 35, St. Andrew Square,
London: 5, Walbrook, E.C.4 and 4, St. James's Street, S.W.1

foundries are being invited by the General Steel Castings Association to negotiate on the subject of selling their plants for dismantling in order to get rid of redundant capacity.

GLASGOW.—Business in the West of Scotland is not yet showing signs of early revival, and now the feeling seems to be pretty general that no improvement can be looked for till after the Fair holidays. There has been a quite important amount of ship repair work carried on at the Clyde yards during recent weeks, involving a fair tonnage of steel, but on the whole steelmakers are finding it difficult to dispose of output of the limited plant now in operation. Semis are also in poor demand. Home trade for both black and galvanised sheets is very good and for several export markets there seems to be some improvement, although plant is still only partially employed. At the tube plants work is irregular, some makers having a considerable amount of work on hand while others are very badly off for work. In the wrought iron trade things remain dull.

CARDIFF.—The recent improvement in the South Wales tinplate trade is maintained and shipments last week at Swansea totalled nearly 100,000 boxes, compared with 81,700 the previous week and 78,500 boxes in the corresponding period last year. Prices are firm at from 14s. 9d. to 15s. 3d. per basis box. Welsh bars, at 95s. per ton, are unchanged, and foreign bars, the imports of which are declining, are quoted at 82s. to 83s. per ton. Galvanised sheets are firmer and a substantial order is reported to have been placed with Lysaghts, Ltd., by Russia.

OTHER METALS.

TIN.—Despite the new and drastic turn in the restriction screw, demand remained generally on a small scale and prices showed a weak tendency. Quotations at the London Metal Exchange were subject to wide fluctuations during the week. Only slight selling pressure was sufficient to drive values down to about £110 on Monday. The market remained dull on Tuesday. On Wednesday prices improved on improved buying, but closed below the figure of the corresponding day a week ago. In New York the metal was quoted at 19.50 cents per lb. on Wednesday, against 19.70 cents per lb. a week ago and 20.75 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £114 15s. to £115 per ton, compares with £116 5s. to £116 10s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,435 tons, show an increase of 286 tons on the week.

COPPER.—In view of the small volume of business in New York, copper prices were largely nominal. In London, prices declined gradually from Monday to Wednesday, but there was a considerable increase in turnover at the lower level of values. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £26 2s. 6d., compares with £27 11s. 3d. to £27 13s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 18,255 tons, show a decrease of 349 tons, while stocks of rough copper, at 894 tons, remain unchanged.

LEAD.—The volume of sales at the London Metal Exchange was only kept steady (750 tons on Monday, 800 tons on Tuesday, and 650 tons on Wednesday) by means of concessions from holders, and the metal closed below the level of Wednesday last week. In New York the metal was quoted at 2.95 cents per lb. on Wednesday, against 3.00 cents a week ago and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £9 7s. 6d. per ton for shipment during the current month, compares with £9 13s. 9d. on the corresponding day last week.

SPELTER.—Owing to the poor demand for this metal, prices declined at the end of last week. On Monday, the metal opened a little steadier, but although sales totalled 950 tons, there was no advance in prices because of excessive supplies. On Tuesday and Wednesday business fell off, but there was no further reduction in prices. Wednesday's official closing quotation in New York, at 2.75 cents per lb., compares with 2.80 cents a week ago and 2.825 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling, for "good ordinary brands," was £11 3s. 9d. per ton for shipment during the current month, against £11 10s. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel have been maintained at £95 per ton and £225-£230 per ton respectively. Platinum remained unchanged at £9 15s. per ounce. Foreign antimony was reduced from £23-£23 10s. per ton to £22 10s.-£23 per ton. Quick-silver was again sold at £11 15s.-£12 5s. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week June 23rd to 29th (inclusive) are 56,580 bales, of which 35,041 are American, 5,463 Peruvian, 8,332 Egyptian, 1,025 African, 5,124 East Indian, 889 Argentine, and 706 sundries.

Manchester.—The conditions prevailing in the market during the past week have shown very little change. Spinners and manufacturers have met with a fair amount of inquiry and some useful contracts have been secured, but buying has not been at all vigorous and most of our customers are still disposed to restrict their commitments as much as possible. Demand in cloth for India continues on a rather more encouraging scale and in light white prints and fancies a moderate turnover has taken place, chiefly for Karachi, Madras, Amritsar and Calcutta. Some advices from China have been rather better and a few transactions have been put through in white shirtings for Shanghai. Certain shippers for Egypt and the Near East have displayed rather more interest in bleaching cloths and printed and dyed goods have been in steady request for North and West Africa. Home trade goods have been purchased rather more freely and a little more activity has been mentioned for Australia. American yarns for home consumption have moved off quietly at irregular rates. It has been quite impossible to improve margins. Quotations in Egyptian qualities have been rather firmer without any particular increase in turnover.

Cotton Prices.

	1932.				Corresponding Date.	
	June 8.	June 15.	June 22.	June 29.	1930.	1931
Raw Cotton—Mid. American	d. 40	d. 42	d. 43	d. 43	d. 40	d. 40
" Sakelardie Fully Good Fair	d. 40	d. 42	d. 43	d. 43	d. 40	d. 40
Yarns—32's twist	5.70	5.95	6.15	6.20	12.10	8.35
" 40's twist	7.2	7.2	7.2	7.2	11.4	9
" 60's twist (Egyptian)	13	13	13	13	20.2	15.2
32-in. Printers, 116 yds., 16 by 16, 32's and 40's	s. d. 16 6	s. d. 15 6	s. d. 15 3	s. d. 15 0	s. d. 21 0	s. d. 17 11
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	18 6	18 3	18 3	18 3	23 3	19 6
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 2	9 10	9 10	9 10	12 9	11 0
39-in. ditto, 37½ yds., 16 by 16, 10 lb.	9 2	8 8	8 8	8 8	11 6	9 11

THE WOOL TRADE.—Bradford.—The attention of the trade is again turning towards Coleman Street, where the fifth series of sales will commence next Tuesday. The indications are more favourable for selling interests, writes our correspondent, than any series previously held this year. The delay in the discharge of debts enforced upon the Continental clients of firms in the wool trade here is causing great dissatisfaction. Large sums of money are held up which should be available here for the pursuance of new business. Internally, the wool industry is fairly sound. The opinion is gaining ground that prices have touched bottom. Already there is talk of a 5 per cent. advance at the forthcoming sales. This would leave wool still quite cheap, and the probability is that topmakers and other buyers on local account will operate freely. Purchases at the last series are not by any means exhausted. Indeed if buying is to be governed by immediate requirements, there will not be sufficient competition to lift the price of any class of wool but it is expected that 64's average combed merinos will not be bought in London at less than 21d. in the top. Since last report a fair amount of new business has been done in tops, including an improved call for dry-combed merinos for export, and the result is that quotations are ¼d. to 1d. higher. For average 64's 20½d is wanted, and 21½d. for warp—in some cases ¼d. more for both types. The attitude of topmakers is definitely protective.

THE GRAIN MARKETS.

WHEAT.—There has been no improvement in the international wheat situation during the past week. Business in wheat has been quiet, and prices showed a sagging tendency. There has been no perceptible change in crop prospects. Nevertheless, it would be idle to venture a forecast of the course of prices in the near future as markets are still largely governed by crop reports. According to the fortnightly crop report of the Canadian Bureau of Statistics the standing crop continues to make good progress. The migratory grasshopper pest, particularly in parts of Manitoba, is still dangerous; but the cut-worm menace is now past. The report indicates a normal or above normal harvest for Canada this year. On Wednesday, "July" futures were quoted at 48½ cents per bushel in Chicago, against 48½ cents on the corresponding day last week, and 55½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. 9d. per 496 lbs., as compared with 27s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 26s., against 26s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 25s. 6d., against 25s. 6d.; Australian, ex ship, 25s., against 25s. 6d. to 26s. 3d. a week ago.

WHEAT FLOUR.—Trading in flour has not been very active, although quotations were further reduced in North America. North American shipments, at 128,000 sacks, showed an increase of 2,000 sacks, as compared with the previous week. Of this total, 28,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 24s. per sack of 280 lbs., as compared with 24s. last week; delivered London, 23s., against 23s. Manitoba patents, ex store, 23s. 6d. to 26s., against 23s. 6d. to 26s.; and Australian, ex store, 19s. to 19s. 6d., against 19s. to 19s. 6d. a week ago.

BARLEY.—The market in barley has been dull, and prices are scarcely changed on the week. On Wednesday, "July" futures were quoted at 38½ cents per bushel in Winnipeg, against 38½ cents last week and 40½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. to 25s., against 24s. to 25s. a week ago.

OATS.—The demand for oats has been on a small scale, and prices tended to sag under the influence of larger arrivals from Argentina. "July" futures, which last week stood at 20½ cents per bushel in Chicago, sold at 19½ cents per bushel on Wednesday this week, against 22½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 3d. per 320 lbs., as compared with 17s. 6d. last week; "River Plate," ex ship, 16s. 3d., against 16s. 6d.; "Chilean White," landed, 24s. 6d. to 26s., against 24s. 6d. to 26s. a week ago.

MAIZE.—There has been a substantial increase in demand during the past week, and prices gained a little despite heavy arrivals. Wednesday's quotation in Chicago for "July" futures, at 28½ cents, show no change on last week, and a fall of 1½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 19s. 9d. per 480 lbs., compared with 19s. 6d. last week; "Plate," ex ship, 18s. 9d., as against 18s. 3d.; "Plate," June-July, 18s. 9d., as against 18s. 3d. Yellow maize meal, ex wharf, was quoted at £5 10s. per ton, against £5 10s. a week ago.

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

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat:	Owts. 67,779	Owts. 53,319	Owts. 81,889	Owts. 48,213
1 week to June 25	3,598,157	4,717,744	9,163,494	9,456,585
43 weeks to June 25	s. d. 6 5	s. d. 6 1	s. d. 8 6	s. d. 9 8
Average price of English wheat per cwt.	s. d. 6 5	s. d. 6 1	s. d. 8 6	s. d. 9 8

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.			
	Wheat	Barley	Oats	Wheat	Barley	Oats	
June 18, 1932.....	Owts. 68,107	Owts. 3,081	Owts. 11,941	s. d. 6 5	s. d. 6 9	s. d. 8 1	
June 25, 1932.....	67,779	3,525	9,433	6 5	7 1	8 1	
June 23, 1928.....	148,160	11,241	9,350	10 10	10 10	12 7	
June 22, 1929.....	71,440	8,289	9,083	9 7	9 7	9 5	
June 28, 1930 ...	81,889	9,405	9,569	8 6	7 5	6 6	
June 27, 1931 ...	53,319	4,106	13,922	6 1	6 5	6 9	

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	June 30, 1931.	Jan. 4, 1932.	June 22, 1932.	June 29, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	62	62½	54½	53½
Chicago (No. 2 Winter)	130½	79½	57½	55½	48½	48½
Chicago (No. 3 Winter)	130½	79½	57½	55½	48½	48½

The visible supply of wheat in Canada, at 65,784,000 bushels, shows an increase on the week of 6,632,000 bushels. Supplies a year ago stood at 56,672,000 bushels.

OTHER FOODS.

SUGAR.—There has been a further advance in raw sugar values during the past week although profit-taking took place on a substantial scale in the United States. The volume of sales at the New York "futures" market was smaller than a week ago (16,000 tons on Monday, 24,000 tons on Tuesday, and 27,000 tons on Wednesday). "July" futures in New York were quoted at 0.78 cent per lb. on Wednesday, against 0.77 cent per lb. a week ago, and 0.63 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 5s. 8½d. to 5s. 9½d. per cwt., against 5s. 7½d. to 5s. 8½d., and "March, 1933," at 5s. 11½d. to 6s. 0½d., against 5s. 7½d. to 5s. 7½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.	Deliveries.	Stocks.
	1932. 1931.	1932. 1931.	1932. 1931.
Tons. Tons.	Tons. Tons.	Tons. Tons.	
London	2,563 2,771	1,987 4,584	14,826 33,800
Liverpool ...	11,955 3,729	15,285 14,176	93,324 64,227
Total	14,518 6,500	17,272 18,760	108,150 98,027

Last week ... 14,829 25,554 14,359 14,172 110,904 110,287

COFFEE.—In view of the poor demand the reaction in coffee prices proceeded further in New York. At Tuesday's London auctions only a small proportion was sold and prices were easier. Last week's movements of coffee in London were as follows: Brazilian, landed, 164 bags; delivered for home consumption, 73 bags; exported, nil bags; stocks, 6,199 bags, against 2,737 bags last year. Central American, landed, 931 packages; delivered for home consumption, 2,660 packages; exported, 2,201 packages; stocks, 124,641 packages, against 116,228 a year ago. Other kinds, landed, 958 packages; delivered for home consumption, 2,203 packages; exported, 931 packages; stocks, 91,002 packages, against 88,445 a year ago.

COCOA.—The demand for cocoa was not very active either in London or New York, and prices remained barely steady. "July" futures were quoted at 3.81 cents per lb. in New York on Wednesday against 3.83 cents per lb. a week ago and 3.84 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, June-July, at 24s. 6d. per cwt., f.o.b., London contract, shows no change on the week. Last week's movements of cocoa in London were as follows: Landed, 2,252 bags; delivered for home consumption, 4,108 bags; exported, 231 bags; stocks, 166,233 bags, against 229,420 last year.

TEA.—The quantities catalogued for this week's auction comprise 46,745 packages of Indian, and 27,607 packages of Ceylon tea. Monday's Indian auctions showed a better demand than last week and sales passed quickly at steady prices. The Ceylon teas on offer on Tuesday were generally of unattractive quality, but common and medium grades sold quite well. The improvement in demand was maintained at Wednesday's Indian sales, though teas of better grade were somewhat irregular. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
June 25, 1931	s. d. 0 7-79	s. d. 0 8-15	s. d. 0 11-17	s. d. 0 5-79	s. d. 0 5-80	s. d. 0 4-04	s. d. 0 8-63
June 2, 1932	0 6-73	0 9-13	0 10-71	0 5-30	0 4-60	0 5-83	0 8-09
June 9, "	0 7-23	0 8-30	0 9-79	0 5-04	0 4-67	0 5-88	0 7-68
June 16, "	0 7-19	0 7-59	0 8-83	0 4-92	0 4-75	0 5-86	0 7-36
June 23, "	0 7-04	0 7-00	0 7-55	0 4-32	0 4-29	0 5-64	0 6-79

RICE.—The market in rice was again quiet and prices remained unchanged. Wednesday's "spot" price, at 9s. 3d. per cwt., shows no change on last week, while forward positions, at 7s. 10½d., also remained unchanged. Movements in London during the past week were as follows: Landed, 1 ton; delivered, 113 tons; stocks, 3,321 tons, as against 602 tons last year.

POTATOES.—Old potatoes have been generally in excess of the dwindling demand and prices fell sharply during the week. Supplies of new potatoes are increasing steadily. At the Borough Market, "Best King Edward" sold from 5s. to 6s. per cwt., as compared with 10s. to 10s. 6d. per cwt. a week ago. New "Jerseys," at 13s. per cwt., remained unchanged.

SPICES.—The market in spices has been dull and pepper was easier. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a fall of ¼d. per lb. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 11 tons; delivered, 14 tons; stocks, 357 tons, against 483 tons last year. White, landed, 20 tons; delivered, 15 tons; stocks, 585 tons, against 616 tons a year ago.

MEAT.—At the Smithfield Market English beef remained unchanged in price, but Argentine meat was again cheaper. In mutton there was no improvement in "New Zealand," and "home-grown" was easier. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 4d. to 4s. per 8 lbs., against 3s. 10d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 3s., as against 2s. 2d. to 3s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,864 tons, as compared with 8,237 tons in the corresponding week last year. Imported beef, principally Argentine, formed 87.8 per cent. of the supplies, as against 87.3 per cent. a year ago, and imported mutton, mainly New Zealand, formed 82.0 per cent. of the total supply, as against 82.3 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Quiet and to a large extent seasonal conditions prevail. Demand for the oilcake product is at a low level and vegetable oils are in only moderate request by the consuming industries. Hence the trade in oilseeds tends to drag and with more than ample supplies pressing on the market there is nothing to help prices to advance. Plate linseed, afloat and June shipment, however, is steady around £7 7s. 6d., later positions rising to £7 12s. 6d., but crushers, both here and on the Continent, are tardy buyers, while the United States is unable to give much support. Shipments from Argentina are on a liberal scale, the quantity of linseed now afloat for Europe being 159,500 tons (including 5,600 tons from India), or 6,400 tons more than last week. Argentina alone has still over a million tons of this season's seed available for export. Cottonseed is steady but inactive, current value of Egyptian (black) being £5 15s. to £5 17s. 6d., according to position. New seed, November-January loading, is quoted £6 5s. Linseed oil is in poor request but steady, raw oil for June delivery quoting £12, and July-August, £12 5s. per ton, naked, ex Hull mill. Crude cotton oil is somewhat steadier at

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				Irish bladders.....				English Southdown, washed per lb.				Best heavy ox and heifer			
No. 2, N. Man. 49b lb.	26	0		American, boxes, 56 lbs.	41	6	42	Lincoln, washed	51			Best cow	0	3	0
Eng. Gas. av., per cwt.	6	5		POTATOES—				Queensland, acd. super cmbg.	17			Best calf	0	2	4
Burley, Eng. Gas. av.	7	1		Good English, per cwt.	5	0	6	N.Z.W. greasy, super	10						
Oats, " "	8	1		Spices—				N.Z., gray, half-bred 50-56	9						
Maize, La Plata, landed	19	9		Pepper, per lb.—				Topes—	22						
480 lb. Lon. stan. ex mill.	21	9		Muntok, fair White	0	7		Crossbred 40-44	44						
Flour, Lon. stan. ex mill.	19	9		Black Lampong	0	6		Merino 70's	21						
280 lb. " "	21	9		Cinnamon—1st sort, per lb.	0	7		" 64's	81						
Rice, No. 2 Burma, per cwt.	7	10		Ginger—per cwt.	22	6		Crossbred 45's	81						
Tapioca, per cwt.—				Jamaica, ord. to good...	55	0	85	" 46's	81						
Fair Flakes, Singapore.	11	6		Nutmegs 65s	1	4		COAL—							
MEAT—				SUGAR—				Welsh, best Ad'ty, ton	19	6					
Beef, per 8 lbs.—				(Duty, 11s. 8d. per cwt.)				Durham, best gas, f.o.b.	14	6					
English long sides	5	0	5	B.W.I., crystallised	17	0	18	Shelford, best house, at	20	0	20				
Argentine chilled hinds	3	4	4	Jaya, white, c. & f. India	7	9		pits	20	0	20				
Mutton, per 8 lbs.—				June-July				IRON AND STEEL—							
English wethers	3	4	5	REFINED—London—				Pig, Cleveland No. 3, ton	58	6					
N.Z. frozen " "	2	2	3	Yellow Crystals	18	7		Bars, M'brough	195	0					
Pork, English, per 8 lbs.	3	6	4	Cuba	23	0	23	Steel Rails, heavy	170	0					
				Crushed	21	0	21	Tin Plates, per box	14	9	15				
				Granulated	19	0	19	Copper, Electrolytic, ton	30/10/0						
				Home Grown	18	7	18	Sheets (strong)	59/0/0						
								Standard	26/1/3	26	2/6				
								Lead Eng. Pig	11/0/0						
								Soft Foreign	9/7/6						
								Spelter G.O.B.	11/3/9						
								Tin—English Ingots	11/10/0						
								Standard cash	114/15/0	115	0/0				
								MISCELLANEOUS.							
								CHEMICALS—							
								Acid, citric, per lb. less 5%	1	0	1				
								Nitric	0	2	0				
								Nitric, net	0	3	0				
								Tartaric	1	0	1				
								Alcohol, Plain Ethyl	12	0					
								Alum, lump	9	0	9				
								Ammonia, carb.	36	0	38				
								Sulphate	6	0	6				
								Armenia, lump	35	0	40				
								Bleaching powder, per cwt.	8/0/0	8	10/0				
								Borax, gran.	per cwt.	13	0				
								Do. powder	14	6					
								Nitrate of Soda	per cwt.	9	0	9			
								Potash—Chlorate, net	0	3	0	3			
								Sulphate	per cwt.	11	6	12			
								Sal-Ammoniac	per cwt.	42	6	45			
								Soda Bicarb.	per cwt.	9	0	10			
								Crystals	per cwt.	5	0	5			
								Sulphate of Copper, per ton	16	15	17				
								CEMENT, London—							
								Portland, best Eng. pr. ton	44	9	46				
								In jute sacks (11 to ton)	44	9	46				
								In free paper bags (20	46	0	48				
								to ton)	46	0	48				
								OPRA—							
								S.D. Straits c.f.f., per ton	14/0/0						
								Smoked South Sea	13/0/0						
								DRUGS—							
								Camphor							
								Japan, refined	per lb.	2	6	2			
								Castor-oil	per lb.	85	0	95			
								Ipocaulis	per lb.	4	9	5			
								Peppermint, Wayne Co.	per lb.	9	3	9			
								Wet salted—Australian	per lb.	0	3	0	4		
								West Indian	per lb.	0	2	0	2		
								Cape	per lb.	0	2	0	2		
								Dry and Drysalted Cape	per lb.	0	4	0	4		

£19 10s. and refined £21 15s., also ex Hull. Oilcakes are in low demand and mill quotations have again been reduced slightly.

HIDE, LEATHER AND ALLIED TRADES.—Very little alterations in prices of ox and heifer hides occurred at the Manchester sales this week, as, with the exception of 59 lbs. and under, second warbled, which made 1/4d. per lb. more, supplies were disposed of at the previous week's figures. Cows also were unchanged in value. At the Leeds auctions prices were inclined to be firmer, and, taken all round, there is, perhaps, a slightly better feeling in regard to the market for hides from home-slaughtered cattle. Business in the imported hide market has tended towards improvement, and for some classes of hides a trifle more money has been paid. A fair trade has been done in wetsalted South Americans, Argentine ox having changed hands at 3 1/4d., while light ox have made just over 3 1/4d., and Montevideo ox 3 3/4d. Turnover in dry hides from the same source has been small, and prices are unchanged at 4 1/4d. for B.A. Americanos, up to 5 1/4d. for M.V. Americanos, 4 1/4d. to 5 1/4d. for Sierra Cordobas, and 2 1/4d. for B.A. Inservibles. In keeping with most other sorts of dry hides, Africans have ruled quiet, apart from a little interest taken in Capes. For the latter 5d. and 4d. is being asked for first and second dries, while drysalted 20/30 lbs. are offered at 4 1/4d. and 3 1/4d. Prices for Mombasas range from 4d. to 4 1/4d., while unbathed Adis Abebas can be obtained for from 3 1/4d. to 4 1/4d. There has been no increase in the trade in Australians, which are offered at unchanged rates. A moderate turnover continues to be done in both sole and upper leather, but the bulk of the business passing is composed of small orders for immediate requirement, and it is seldom that an inquiry for a decent size parcel is met with. In bottom stuff English and wetsalted bends have accounted for a fair proportion of the trade done, in addition to which medium weight dry hide bends have been moved off in moderate quantities for the requirements of shoe manufacturers. Pinned bellies and shoulders have again received slightly more attention, but there has been no increase in the call for rough sorts, the market for which remains very quiet. The majority of orders in connection with upper leathers are concerned with glacé kid and patent leather. Box and willow calf inquiries are, perhaps, rather more frequent, but in remains to be seen whether business will result from all the "feelers" which are being put out. Other sorts of upper stock are only a limited sale, with, perhaps, the exception of reptiles, for which the call is fairly well maintained.

RUBBER.—Little interest was taken in rubber during the past week, but prices remained unchanged. In New York, Wednesday's spot price for rubber, at 2 1/2 cents per lb., shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 1 1/4d. per lb., against 1 1/4d. per lb. on the corresponding day last week. In forward positions, business has been done at 2 1/4d. for April-June, 1933, as against 2 1/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,191 tons; delivered, 2,202 tons; stocks at the end of last week, at 110,226 tons, show a decrease of 1,011 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

	(New York quotations, unless otherwise stated.)		
	June 1.	June 22.	June 29.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	55 1/2	48 1/2	48 1/2
Maize, nearest future, Chicago, per			
bushel	29	29 1/2	28 1/2
Oats, nearest future, Chicago, per			
bushel	22 1/2	20 1/2	19 1/2
Rye, nearest future, Chicago, per			
bushel	34 1/2	29 1/2	27 1/2
Coffee, Rio No. 7, cash, per lb.	10 1/2-10 3/4	10-10 1/2	9 1/2-10 1/4
" Santos No. 4, cash, per lb.	3-84	3-83	3-81
Cocoa, Acera, nearest future, per lb.			
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	2-57	2-82	2-85
Cotton, middling, spot, per lb.	5-05	5-30	5-55
Rubber, smoked sheet, spot, per lb.	2 1/2	2 1/2	2 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic,			
spot, per lb.	5 1/2	5 1/2	5 1/2
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	2-825	2-80	2-75
Spelter, East St. Louis, spot, per lb.	3-00	3-00	2-95
Lead, spot, per lb.	20-75	19-70	19-50
Tin, "Straits," spot, per lb.			

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rise of bill rates was the competition of War Loan, which, if "non-assented," was utilisable as a five months' Treasury bill. At a price of about 101, its net yield is over 2 per cent.; and it is thus only natural that bill rates had to move in the upward direction to attract buyers.

* * * *

The extent to which the discount market availed itself of the opportunity to secure a higher yield by buying War Loan has been greatly over-estimated in many quarters. The absorbing capacity of the market for bills maturing on any particular day is limited; and December 1st is a particularly bad day, owing to the heavy disbursements of dividends. Moreover, as uncertainty prevailed whether the clearing banks would take War Loan as collateral, none of the discount houses were anxious to commit themselves to any substantial extent. In spite of this, it was perhaps a reasonable precaution on the part of the authorities and the banks to discourage the practice; and, as a result of the "hint" given to the market on Wednesday, further purchases of War Loan for this purpose will be curtailed. In any case, however, it is most unlikely that the operations would have assumed sufficiently large dimensions to make any material difference to the result of the conversion offer.

* * * *

Owing to the comparative scarcity of Treasury bills, money was in good demand last Friday, and the rate quoted was $\frac{3}{4}$ to 1 per cent. From Saturday onward, however, an easier tendency prevailed, and this Thursday the rate was $\frac{1}{2}$ to $\frac{3}{4}$ per cent. Last week's Treasury bills went at 16s. 11.82d., against 15s. 0.19d. on the previous week. The rise was due to the announcement of the Conversion scheme. Treasury bill rates advanced from $\frac{1}{4}$ to $\frac{3}{4}$ during the week, while on Thursday fine bank bills were quoted at 1—1 $\frac{1}{4}$. The result of the standstill negotiations—recorded on another page—did not influence the rates of standstill bills.

	June 16, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate...	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$ (May 12, '32)
Discounts { Call	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$ (May 12, '32)
{ Notice ...	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$ (May 12, '32)
Market rate ("hot" Treasury bills).....	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	...
Market rate (3 months' bank bills)	$\frac{1}{4}$ —1 $\frac{1}{4}$	1—1 $\frac{1}{4}$	$\frac{1}{4}$ —1	1—1 $\frac{1}{4}$	...
Market rate (standstill bills)	1 $\frac{1}{4}$ —2 $\frac{1}{4}$	1 $\frac{1}{4}$ —3	1 $\frac{1}{4}$ —2 $\frac{1}{4}$	1 $\frac{1}{4}$ —2 $\frac{1}{4}$	...

* * * *

The main feature of the Bank return was an increase of other Government securities in the Issue Department by £32 millions and a corresponding decline of Other Securities. Many quarters were inclined to interpret this change as an indication that the Bank had sold a corresponding amount of its foreign exchange holdings. Although it has been known in the market that it has been necessary to support sterling, the amount of £32 millions was much in excess of the Bank's estimated loss of foreign exchange. In fact, the changes in the Issue Department last week bear no relation to the fluctuations of the Bank's balances abroad. They were mere bookkeeping entries connected with the definite establishment of the Exchange Equalisation Account. Before the creation of that account the foreign exchange acquired had to be carried in the Issue Department; now that the account is in operation it has become possible to transfer the *devisen* in exchange for Treasury bills. Hence the increase of Government securities and the decline of other securities.

* * * *

The turn in the trend of sterling has removed the possibility of selling in the market the Treasury bills issued for the purposes of the Exchange Equalisation Fund. Indeed, it seems probable that, should the adverse trend continue, it will tend to bring about a reduction in the

volume of outstanding Treasury bills. On the other hand, this tendency might be rather more than counteracted by an increase in anticipation of repayments on December 1. This consideration has also contributed towards the stiffening of Treasury bill rates during the past week.

* * * *

The last reduction of Bank rate has revived the controversy about the charges of clearing banks on overdrafts. While no reduction has so far been made in the standard rates, it is believed that the number and extent of exceptions from the rule of a 5 per cent. or 4 $\frac{1}{2}$ per cent. minimum rate has increased considerably. Notwithstanding this, considerable pressure is being brought to bear upon the banks to lower their standard charge.

* * * *

It now seems certain that the efflux of gold from New York has come to an end, for the time being at any rate. The shipments that are still being arranged to various European countries represent the repatriation of previously earmarked gold. As a result of the withdrawal of funds from London the dollar has improved, and is now well above gold export point. Money rates in New York have remained unchanged, with call loans at 2 $\frac{1}{2}$ per cent. and commercial paper at 2 $\frac{1}{4}$ to 2 $\frac{3}{4}$ per cent.

* * * *

The Foreign Exchange market was rather more active this week, and fluctuations were more frequent and wider than of late. Sterling was weak against the gold currencies, and especially against the dollar, the latter being due partly to covering of short positions, and partly, it would appear, to repatriation of proceeds of sales of British Government securities on foreign account. The New York rate went from 3.60 $\frac{3}{4}$ to 3.57 after 3.54. Montreal improved to 4.07, after 4.01. Paris was less variable, and went to 90 $\frac{1}{8}$ after 90 $\frac{3}{4}$. Brussels was at 25.67, some 23 points lower than last week. Milan touched 69 $\frac{1}{4}$, but reacted to 70, whilst Madrid exceptionally was weaker on balance at 43 $\frac{1}{8}$. Amsterdam gained 5 points at 8.85, and Berlin 12 at 15.04. Switzerland, after 18.19, rose to 18.33, against 18.50 last week. Of the Scandinavian currencies, Stockholm was unchanged at 19.50, Oslo weakened by 2 points to 20.28, and Copenhagen by 7 to 18.43. The last-named movement does not represent any change in the Danish policy of keeping the kroner "linked" at a chosen level to sterling; nor is there any reason to suppose that the Copenhagen authorities are not in a position to control the rate. Indeed, the kroner, in terms of gold, has fractionally appreciated. Helsingfors lost 5 points at 237. The South American currencies were again largely nominal, Rio being quoted at 5 $\frac{1}{8}$ d. (sellers), Buenos Aires at 34 $\frac{1}{4}$ d., and Montevideo at 29 $\frac{1}{4}$. In the Far East the rupee was very firm at 1s. 6 $\frac{1}{2}$ d., a gain on balance of $\frac{1}{4}$ d., and was quoted at one time at 1s. 6 $\frac{3}{4}$ d. The yen was firmer and gained $\frac{3}{4}$ d. at 1s. 6 $\frac{1}{4}$ d. Batavia improved to 8.93. In the forward market dollars were firmer at rather narrower discounts of $\frac{1}{8}$ cent for one month and 1 $\frac{1}{4}$ cents for three. Paris went from par for both deliveries to 2 and 3 centimes premium for one and three months respectively. Brussels from $\frac{1}{2}$ centime discount was at par for one month and $\frac{1}{4}$ centime discount for three. Milan was unchanged for one month at $\frac{1}{8}$ lira discount but gained $\frac{1}{8}$ at $\frac{1}{4}$ lira discount for three. Madrid one month remained at $\frac{1}{8}$ peseta discount but improved by $\frac{1}{8}$ to $\frac{3}{8}$ peseta discount for three. Amsterdam was unchanged, as was one month's Switzerland, but three months weakened by $\frac{1}{2}$ to one centime premium. The silver market was very quiet and fairly steady, prices declining by $\frac{1}{16}$ d. to 16 $\frac{3}{4}$ d. for cash and to 16 $\frac{1}{2}$ d. for forward. The China silver exchanges remained at last week's levels, Hong Kong being quoted at 1s. 3 $\frac{1}{4}$ d. and Shanghai at 1s. 7 $\frac{1}{4}$ d.

ECONOMIST INTELLIGENCE BRANCH.

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

BATTLING WITH SHADOWS.

WRITING a week ago, with full consciousness of the risks of last-minute hitches to which international conferences on the grand scale are always exposed, we took, not without substantial reason, an optimistic view of the outcome of Lausanne. Apart from the inclusion in the Creditors' proposals of a wholly objectionable so-called "escalator" clause, providing that the figure of Germany's future payments should be subject to modification in the light of such revision as might be effected of the payments due by the Allies to the U.S.A., the broad bases for a settlement seemed to have been so firmly laid that we felt confident that no delegation dare take the responsibility of obstructing, or even unduly delaying, the completion of a satisfactory accord. *Dis aliter visum*; fulfilment of the hopes of an expectant, not to say impatient, world has once more been deferred. The stumbling-block of the "escalator" clause has, it is true, been removed, but only at the cost, apparently, of substituting for it an alternative proviso suspending ratification—a proviso equally objectionable from the American point of view, and one whose introduction represented a lamentable departure from the spirit of the original brave declarations that the settlement must contain the essential principle of finality. Worse still, the Conference—with reality within its grasp—degenerated during the past week into a battle with shadows. The path to agreement was blocked no longer by substantial questions, such as the problems of budgets and transfers, but by political figments to which reality was lent only by the forces of national rancour and stiff-necked personal pride.

We may take up the melancholy story from last Saturday morning, when M. Herriot rejoined the Lausanne Conference after a single day's visit to Paris. After much drafting and re-drafting, the Creditor Powers succeeded by Sunday in formulating a more or less definite plan which they submitted to the German delegation. No details were officially published, but it appeared from Press reports that the scheme was roughly as follows:—Reparations as such should be cancelled, but Germany should undertake to make a contribution to "economic reconstruction" in the form of bonds to the amount of Rm. 4,000 millions, which should be issued when the Bank for International Settlement was of opinion that the bonds could be marketed without danger, but not until after the expiry of three years. It was apparently contemplated that the figure stated should be inclusive of arrears under the Hoover moratorium but exclusive, not only of the service of the Dawes and Young Loans, but also of the American Mixed Claims payment and of the Belgian marks adjustment; that the interest on the bonds should be 5 per cent., with a sinking fund extinguishing the obligations in fifteen to twenty years; and that the bonds should not be issued at less than 90.

The reception of these proposals by the German representatives was not favourable. The German delegation objected to the amount, which, they argued, was twice too high; they further asked that the decision of the B.I.S. in relation to the issue of bonds should be unanimous—a proviso which would mean that the Governor of the Reichsbank would in effect have a veto; and, most of all, they objected to the incorporation in the settlement of a proviso, which the creditors now proposed, that the settlement should not be ratified unless and until there was a corresponding settlement in the matter of Europe's war debts to America. It also began to be clear that, as might have been anticipated, Herr von Papen, with an eye to his own political preoccupations at home, would make his acceptance of any future liability of the order of magnitude contemplated by the Creditors conditional on some form of "political concession" which could be represented for German consumption as a vindication, in part at least, of Germany's case.

Monday was uneventful. M. Herriot was absent in Paris; and the only development of importance was the

presentation by Signor Grandi of a memorandum—inspired apparently by feelings of uncertainty with regard to inter-European war debts other than reparations—in which the Italian delegation emphasised their conviction that the "clean slate" was the only possible solution. Italy very properly reminded the Conference that it was convened not to ensure future and uncertain payments, but "to perform the final indispensable acts for the revival of confidence and the recovery of trade."

The rest of the story can be briefly told. Tuesday was spent in a series of bilateral negotiations between Mr MacDonald, on the one side, and M. Herriot and Herr von Papen alternately, on the other. From these discussions, in which there was no direct contact between the French and German delegations, the only positive progress reported was that the Germans had raised their figure for the bond issue to Rm. 2,600 millions. On the question of the "political concessions," the German demands were now understood to comprise both a clause in the Lausanne protocol formally annulling Part 8 of the Treaty of Versailles (*i.e.*, the Reparations Section, which includes the "War Guilt" Article) and a claim to equality of status with regard to armaments. To both of these proposals French opposition was adamant and, meanwhile, the atmosphere was rendered less conciliatory by the unaccountable reluctance of the British delegation to adhere to the spirit of its original declaration and announce generously and courageously that it would act in relation to war debts on the same basis as other creditor Powers acted in relation to reparations. Such a course of action was undoubtedly implied in the arguments which were employed to induce the French to abandon the substance of their 'reparation claim. On Wednesday some sort of "gentleman's agreement" in the matter of the French and Italian war debts to Great Britain—albeit, one judges, in somewhat vague terms—was concluded, but, though the discussion was once more transferred to a full meeting of the six inviting powers, no further progress could be recorded on the central issue, in regard either to the final figures of Germany's "reconstruction" payment, or to the political clauses.

Up to midnight on Thursday the deadlock persisted. While the experts were busily polishing the details of a Convention, M. Herriot was still not prepared to yield one inch on the "War Guilt" issue, or even, it seems, to discuss "political concessions" at all. Finally, in the small hours of Friday morning, the situation was reported to be that, whereas the French were now grudgingly prepared—on a cash figure undisclosed—to consider a new "political" formula drafted by the British, the Germans were reluctantly offering to drop all "political" demands if their liabilities were reduced to well under Rm. 2,000 millions.

It may well be that, before these lines are read, a "settlement" of sorts will have been signed; but can the outcome of Lausanne now be the laying of sure foundations for tackling urgently the problems of European reconstruction? Finality was demanded and promised; instead, the slate is to be half-cleaned, and the controversy—with its train of uncertainties and animosities—transferred to the question of inter-Allied debts, on whose settlement the ratification even of the Lausanne agreement itself is to be conditional. A spirit of general reconciliation and readiness to co-operate was to be created; instead, there have been dreary bickerings over a question which only the judgment of history—not any formula devised by living statesmen—can determine. The one certain thing is that, in a week's hard bargaining, much of the spirit of co-operation has been lost; that a unique opportunity for the "grand gesture," for magnanimity and a generous-minded policy of "burying the hatchet"—the only basis on which Britain and her fellow-debtors could safely expect equally generous treatment by the United States—has been largely frittered away.

IRELAND AND ARBITRATION.

REPORTS of the British Government's intentions, on which we commented last week, have now been confirmed; they have sought for and obtained from Parliament powers to impose by Treasury Order import duties up to a maximum of 100 per cent. *ad valorem* on imports from the Irish Free State "if it appears to the Treasury that any failure of the Government of the Irish Free State to implement their obligations has resulted, or is likely to result, in a direct loss to the revenue of any public fund of the United Kingdom or in an additional charge on any such fund." In the House of Commons last Monday, Mr Thomas stated that the Government propose to exercise these powers "in their own way, at their own time, but immediately." We should have been much happier had Mr Thomas omitted that last uncompromising word. While a chance still remains to prevent the "Irish Question" once more appearing upon the stage of British politics, with all its old bitterness and with the risk of ultimate consequences not lightly to be contemplated, we would express with all the emphasis at our command the earnest hope that the powers which Parliament has delegated to the Executive may never be used.

Introducing the Government's motion last Monday, the Secretary for the Dominions made out, with commendable freedom from exaggeration or over-emphasis, a strong case in favour of the British Government's claim to the receipt of the annuity payments. Reviewing briefly the history of Irish land purchase during the past two generations, he reminded the House that there was no constitutional issue involved in this matter, and that the essence of what had been a short and simple transaction was that the British Government had helped to provide an easy means whereby the Irish peasantry should become their own landlords. This they had done not merely by guaranteeing the payment to the lenders of the money required for land purchase, but by supplying large sums themselves. The Irish Land Commission had reported only a year ago that in a period of fifty years over three hundred thousand holdings had been vested in the tenants, subject to a terminable half-yearly payment representing in practically all cases a substantial reduction of the amounts payable as rents; the average tenant purchaser was now repaying to the State as purchase instalments little more than half the rent payable prior to the Land Act of 1881. In short, Britain's treatment of Ireland in this question had not been ungenerous; and the British Government did not shrink from arbitration.

Both Mr Thomas and other Government speakers disclaimed all desire to act towards the Irish Free State in a spirit of retaliation; their wish was to seek a peaceful settlement, and the disclosure made in Mr Greenwood's speech, and subsequently confirmed by Mr Thomas after communication with the Irish High Commissioner—that the moneys received from the land annuities and other charges were being set aside by the Irish Free State Government in suspense accounts in anticipation of arbitration—obviously made a favourable impression on the Front Bench as on the whole House. None the less, though Mr de Valera in his latest letter of June 16th "accepts the principle of arbitration and agrees that a tribunal of the general character outlined in the report of the Imperial Conference of 1930 would be suitable," the Government at Westminster could not concede the Irish demand that the personnel of the tribunal should not be restricted solely to citizens of the British Commonwealth. This, they stated, was a point of principle from which there could be no departure on their side; and meantime, since default in respect of the land annuities or other Irish payments would represent a new burden on the Budget and on the British taxpayer, they must recoup themselves at their discretion by the proposed special import duties.

There are two reasons, one economic and one political, on whose account we find ourselves unable fully to approve the policy which the British Government is proposing to adopt. In the first place, we regard the tariff weapon as an entirely inappropriate mechanism for application to this case. As we pointed out last week, the raising of

anything like £5 millions on imports from the Irish Free State would mean, when regard is had to the nature of our imports from that country, that British consumers (and particularly British farmers), rather than the Irish suppliers, would in effect have to pay the bulk of the duty. Admittedly, if sufficiently prohibitive duties were imposed, all but a small percentage of Irish imports could be excluded and Ireland could in consequence be brought rapidly to the verge of economic ruin. But to suggest that such a development, with its inevitable repercussions on our important export trades to Southern Ireland, would do this country less economic injury than the loss to the Treasury of a few million pounds of "Miscellaneous receipts" is ridiculous. Quite apart from the disquieting consideration that a tariff war between Great Britain and the Free State would have a "front" on the dangerous terrain of the Ulster Border, the policy of endeavouring to recoup losses on inter-governmental obligations by the two-edged blade of tariffs would be futile if put into effect; and, as a bluff, it is singularly ill-considered.

In the second place, we are not satisfied that the British Government are well advised to take a rigid stand on what they have described as the "unanimous conclusions of the 1930 Imperial Conference." That Conference, it is true, recommended that where machinery for the settlement of disputes between members of the Commonwealth became desirable, and where the parties to the dispute agreed to submit it to arbitration, an *ad hoc* tribunal should be set up, and that its personnel should be limited solely to citizens of States of the British Commonwealth. But they deprecated "too much rigidity," and their preference for *ad hoc* proceedings instead of the constitution of a permanent court, and their insistence on the voluntary character of the arbitration, indicate that they did not intend to rule out other forms of procedure if these could be agreed upon. In a matter which involves not merely sums of money, but the whole of the future relations between this country and the Irish people, we have little patience with sticklers for constitutional procedure; nor do we think that it is much practical matter that when the British Government signed the Optional Clause they did so, as Mr Thomas stated, with the express reservation that inter-Imperial disputes were "a domestic matter for ourselves" and not justiciable before the Hague Court. In this dispute, without prejudice to the validity of any arguments which the Free State Government may have to bring forward, we may fairly say that the British Government has "its quarrel just." In that position it could well afford to waive its objections and humour Irish feelings in the matter of a neutral chairman to preside over a quartette of assessors.

We go further than this. We would suggest that even if agreement be impossible with regard to the chairmanship of the tribunal, the right course for the British Government would be to seek an award from such a tribunal as can, in such circumstances, best be constituted before proceeding to tariff retaliation. Let them even now appoint two arbitrators of their own nomination, both of whom should preferably be citizens of Dominions overseas, and let them invite Mr de Valera to appoint two arbitrators on his side from among the citizens of the Irish Free State. If Mr de Valera makes his nominations, well and good; the tribunal can take evidence and proceed to judgment, with the risk at worst that disagreement and an even vote might render recourse to further arbitration inevitable. If Mr de Valera declines on such terms to nominate members to the tribunal, then let the British Government submit its case to the Dominion arbitrators appointed by it. Plenty of names of Dominion statesmen and members of the judiciary will readily occur to mind, whose judgment in such a dispute would impress public opinion throughout the world as possessing the quality of impartiality; and, if their reasoned award was in favour of the British Government's contention, Mr de Valera's moral position would be hopelessly weakened.

As it is, the British Government appears to us to be in danger of playing into Mr de Valera's hands by giving Fianna Fail the chance to argue, however unfairly, that it is attempting to execute judgment before the jury's verdict. That is the way to enable Mr de Valera to

retrieve in Ireland support which his budget and his general policy have already done much to lose for him. On the dark forces in the background of Irish politics—the still menacing shadow of the gunman—we do not wish to dwell unduly. It is enough that, whereas the bulk of the Irish people are fully alive to the advantages of retaining membership of the British Commonwealth of nations, Mr de Valera might be able to submerge that plain and simple issue in a flood of recrudescing animosities and national hysteria. At the present juncture of our relations with the Irish Free State there is everything to be gained by patience and "masterly inactivity," and everything to be lost by hasty action.

THE MONETARY HALF-YEAR.

IN the present phase of the world crisis, with sterling a "managed" currency, free dealings in foreign exchange suspended over half the world, psychological influences exercising abnormal weight on movements of liquid funds, and with moratoria and standstill arrangements rendering the whole situation in many directions artificial, the real centre of interest in monetary affairs this year has lain in the sphere of governmental and central banking policy—aspects of the problem to whose frequent discussions in these columns we do not propose, on this occasion, to add. Yet, though the technical features of the London money market, whose trend we customarily review at the close of each half-year, may have been of relatively minor importance, a period of six months, which began with Bank rate at 6 per cent. and ended with "Two per cent." as a signal prelude to the greatest conversion operation recorded in the history of this country, merits brief comment by way of retrospect. For though the trend of the money market in London during the first half of 1932 can be summarised shortly as the story of rates falling progressively under the pressure of a glut of loanable funds, combined with shortage of commercial paper and restricted demand for Stock Exchange loans, the rapidity of the movement and the extent to which it reflected the restoration of confidence—on a short view, at all events—in Britain's financial stability; had a certain dramatic quality.

The half-year began with a supreme effort on the part of the direct taxpayer, which yielded in January alone over £140 millions of revenue, enabled the floating debt to be reduced by £91 millions, and produced a strong impression on public opinion abroad. The flow of international short money was definitely reversed in favour of London; sterling was further assisted by steady resales in this market of gold attracted from India by the depreciation of the rupee in terms of gold currencies; and, with the supply of Treasury bills sharply curtailed as a result of the great influx of tax revenue, the end of January saw the Treasury able to discount bills at 4½ per cent., as compared with nearly 5½ per cent. at the close of 1931. By the middle of February—the Bank of England having meantime repaid the balance of its New York and Paris credits—Bank rate had long been completely ineffective; and the reduction of the rate by a full point, from 6 to 5 per cent., was regarded at the time as being a step considerably overdue. From then onwards the course of events was uniformly one of successive reductions of Bank rate (4 per cent. on March 10th, 3½ per cent. a week later, 3 per cent. on April 21st, and 2½ per cent. on May 12th) following cautiously an uninterrupted decline in market rate, until the final level of 2 per cent. was reached on June 30th, when the discount on "hot" Treasury bills was barely ½ per cent.

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

DAILY AVERAGE FOR FIRST HALF-YEAR.									
	1928.		1929.		1930.		1931.		1932.
Bank rate	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Market rate (3 months) ...	4 10 0	5 5 11	3 16 9	2 17 2	2 8 0	2 8 0	2 8 0	2 16 8	
Margin	0 9 0	0 4 6	0 16 9	0 9 2	1 3 7				
Short loans	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Deposit rate	3 13 8	4 8 2	2 19 9	2 1 8	2 15 2				
Margin	2 10 0	3 5 11	1 16 9	1 0 0	0 3 3				
Margin	1 3 0	1 2 3 1	1 3 0	1 1 8	0 14 11				

The unusually wide margin between Bank rate and market rate illustrates the extent to which market rate during the half-year anticipated the successive reductions in their rediscount rate by the Bank of England authorities. The close approximation of the short loan rate to market rate reveals the lack of profit, during a great portion of the period, in financing bill portfolios (indeed, towards the end of the half-year the average cost of market borrowings was nearly ½ per cent. higher than the return on Treasury bills), but it has to be borne in mind that during nearly the whole period the market's profits on resales of bills was substantial. The considerable decrease in the margin between the deposit rate allowed by the banks and the minimum rate obtainable for their advances to the market must also have trenchanted considerably on banking profits, though this consideration is more than counterbalanced by the great capital appreciation which the banks have enjoyed on their investments in gilt-edged securities.

In the next table we summarise the half-year's changes in the quotation of sterling against typical centres:—

	Par Level.	Rate, End of 1931.	Rate, June 30, 1932.
New York.....\$ to £1	4 86½	3 38½-39½	3 60-60½
Montreal\$ to £1	4 86½	4 09-11	4 11-13
Paris .....Fr. to £1	124 21	86½-86½	91½-91½
Copenhagen ...Kr. to £1	18 159	18 18½	18 ½-18 ½
Stockholm ...Kr. to £1	18 159	17½-18	19 45-55
Oslo .....Kr. to £1	18 159	18½-18½	20 ½-20 ½
Kobe ...Sterling to yen	2/0 58	2/0½-2/0½	1/6½-1/6½

The most sensational developments, so far as sterling is concerned, took place in March. The early days of that month had seen an improvement to \$3.48 in the rate on New York; and, following the announcement that the Treasury had repaid the bulk of its Franco-American credits, demand for sterling, prompted partly by lack of confidence in the stability of New York and other centres, became almost uncontrollable. By the end of March the New York rate had risen to \$3.80, and though a reaction followed, the Bank of England, in an endeavour to avoid embarrassing fluctuations in the exchange, was compelled to acquire *devisen* to an extent which, it was feared, might exercise an undue strain on its resources. The authorities' hands were strengthened towards the end of April by the Government's decision to establish the Exchange Equalisation Account, but up till early June the task of keeping the pound steady was rendered more difficult by a general lack of confidence in Continental centres as to the stability of the dollar. The balancing of the American Budget brought temporary reassurance, but not before there had been large-scale withdrawals of French and other balances from New York in gold, while the Bank of England and other Government holdings of dollars reached a figure not made known to the public, but generally believed to run into many millions sterling. In addition, the Bank of England had acquired £14 millions of gold. Mid-June, however, saw signs of a change of sentiment. Those who had taken short positions in dollars were inclined to cover their commitments, and even before the final reduction of Bank rate to 2 per cent. it was believed that the Bank of England was a seller of foreign exchange in pursuance of the policy of neutralising short-term fluctuations. With the relation between the course of sterling exchange and that of British wholesale prices, we deal in another article in this issue.

Turning from retrospect to prospect, it is by no means easy in all respects to "take a view" of the monetary situation this mid-summer. The end of June was negotiated by the market with almost unexampled ease, and the reduction to 1 per cent. in the clearing banks' minimum charge for short market loans has appreciably reduced the cost of financing bill portfolios. How far market rates of discount will be forced down still further by a continuance of "short" bill purchases by the clearing banks, which played a large part in accelerating the decline during recent months, remains to be seen. Since there is no general disposition to expect any further reduction of Bank rate, and since "non-assented" War Loan now possesses considerable attractions as a five months' bill, the outlook would appear to favour greater steadiness of rates in the discount market. In fact, the phase

of "depression cheapness" of short money, which was only temporarily interrupted by the sterling crisis last summer and autumn, would now seem to have reached more or less complete finality. How long the period of comparative stability, which now seems to be in prospect, will endure, or whether its even tenor will be broken, at least temporarily, by the effect of adverse developments in foreign centres or by exchange fluctuations leading to further unexpected movements of the mass of liquid international funds—these questions await answers whose nature will be dictated in the first instance by the decisions of statesmen in the field of international politics.

IMPERIAL PREFERENCE: INDIA.

THE participation of India in the Ottawa Conference is in itself remarkable. Hitherto delegates of India at Imperial Conferences have been unable to pledge their country to a policy of Imperial preference for two main reasons. The first is that a very high proportion of India's imports (over one-half in some recent years) comes from Great Britain, so that privileged entry could not be given to British goods without substantially altering the measure of domestic protection that has been held necessary; and the second reason is that political opposition to commercial favours to this country has been intense and has received the backing of very powerful commercial interests in India. It is therefore a matter for congratulation that the Indian Legislative Assembly has approved the despatch to Ottawa of a delegation, headed by Sir Atul Chatterjee and including Mr. Shanmukham Chetty, leader of the Nationalist Opposition, one of whose tasks will be to consider whether "having regard to the new tariff policy of His Majesty's Government in the United Kingdom, Great Britain and India should enter into a reciprocal preferential regime so designed as to benefit the trade of both countries."

India has been forced in the past few years to accomplish a strenuous adjustment of her external trade balance. In the year ended March 31, 1930, her exports (other than re-exports) totalled £233.8 millions, and her imports £187.3 millions, giving her a balance of £46.5 millions with which to pay debt service and other external charges. By 1931-32 her exports had been exactly halved, and, in spite of a curtailment of imports in nearly the same proportion, her outward balance had fallen to £22.1 millions. The division of her overseas trade by countries is shown below:—

BRITISH INDIA, TRADE BY SEA.

In millions of £'s.

Years ended March 31.

From or To.	Imports.			Exports of Indian Produce.		
	1925.	1930.	1932.	1925.	1930.	1932.
United Kingdom	104.2	82.1	33.6	73.4	50.0	32.6
Canada	0.7	1.4	0.3	1.7	1.8	1.1
Australia	0.6	4.3	1.2	5.3	4.3	2.2
South Africa	0.4	0.5	0.2	2.0	1.7	0.1
East Africa*	5.9	2.6	2.8	2.6	2.3	1.3
Ceylon and Straits Settlements	4.7	6.0	3.2	16.9	16.0	9.2
Other British Countries	2.2	1.4	1.2	6.8	7.2	5.0
Total, Empire	118.7	98.3	42.5	108.7	83.3	51.5
Dutch East Indies	12.2	11.1	4.1	3.0	4.6	1.8
Germany	11.7	12.5	7.7	21.0	19.9	7.6
Holland	2.2	3.2	1.5	6.0	6.8	3.5
Belgium	5.2	5.4	2.3	11.5	9.1	3.2
France	1.9	3.4	1.6	15.6	12.6	5.6
Italy	2.9	5.3	2.7	17.6	8.7	4.1
Near East†	3.4	4.4	3.6	9.7	6.6	4.1
China	2.1	3.1	2.0	7.2	9.8	5.8
Japan	12.8	17.7	10.0	41.4	24.2	10.5
U.S.A.	10.8	13.4	9.6	25.7	27.2	10.4
Other Foreign Countries	6.1	9.5	7.2	22.3	21.0	8.8
Total, Foreign Countries	71.3	89.0	52.3	181.0	150.5	65.4
Grand Total	190.0	187.3	94.8	289.7	233.8	116.9

* Including Mauritius.

† Iraq, Egypt, Arabia, Persia.

Apart from the great reduction of trade in the past two years, the most striking fact that emerges from this table is the falling proportion of imports bought from Great Britain. In 1924-25 we supplied 55 per cent., and the whole Empire 62 per cent., of India's imports; in

1929-30 these proportions had fallen to 44 per cent. and 53 per cent., and last year to 35 per cent. and 45 per cent. This in spite of the fact that as a market for India's products the United Kingdom had meanwhile improved her relative position considerably. That is the main problem with which India and this country will jointly be faced at Ottawa.

The item of greatest importance in our exports to India is, of course, cotton manufactures. Here the Congress boycott, which reduced imports by more than one-half in a single year, affected the figures for 1929-30 abnormally, but that is not the whole tale, since between 1923-24 and 1928-29 imports of cotton goods from Great Britain had declined from £45.5 millions to £25.4 millions, while cotton imports from foreign countries rose from £6.4 millions to £11.7 millions. And apart from foreign competition. Indian mills are not only increasing their output but are moving steadily towards the production of those finer qualities upon the revived demand for which Lancashire relies for its rehabilitation in the Indian market. In the course of a communication to the Tariff Board, strongly opposing preferential duties in favour of Lancashire goods, the Indian Chamber of Commerce in Calcutta has recently pointed out that the production of piece-goods in Indian mills has increased since the quinquennium 1925-30 by about 39 per cent. Meanwhile imports of cloth have decreased from 1,919 million yards in 1929-30 to a rate of 760 million yards in 1931-32. Statistics are also produced to show "that the quality of cloth produced in the country has greatly improved. . . . The mills have produced larger quantities of fancy goods, bleached goods and also coloured piece-goods; and it is the experience of consumers that the finish of the cloth manufactured by the Indian mills has also improved. There has also been a very remarkable increase in the production of higher counts of yarn and finer goods, in accordance with the recommendations by the Tariff Board during their last inquiry." In view of such achievements the Chamber maintains that "it can no longer be doubted that with the grant of adequate protection the Indian mills will be able to provide all the requirements of the country both in respect of quality and quantity." In brief, "because India needs full protection against the imports of finer varieties of cloth, irrespective of the country of origin, she cannot give any effective Imperial preference without jeopardising her own interests considerably. The position, frankly stated, is that if the preference to the United Kingdom is to be effective, we have to injure the home industry." These views may be contrasted with the opinion of the Bombay Millowners' Association, indicated in its recent annual report, that the most serious competitor of the Indian textile industry is Japan rather than Great Britain, a view endorsed by Mr. Gandhi when he wrote in his journal a year ago that "from the economic standpoint—and that is the only standpoint for the millions—boycott of Japanese goods is much the more important."

Another important category in our trade with India is iron and steel. India is an exporter of pig iron (chiefly to foreign countries), but a considerable importer, in normal times, both of iron and steel semi-manufactures and of finished articles. Here again the figures over a period of years show a reduction of total imports since 1927 (under the influence of protection) and a falling away of the British share of the market. Now iron and steel production is regarded as a key industry for India from both the political and the economic viewpoints, so that it will be little use for Britain to ask for a mere reduction of local protection; but it is an industry where large units prevail and where concentration of production on different stages and grades can be arranged with comparative simplicity. This line of approach has recently been commended by Sir Padamji Ginwala, formerly president of the Indian Tariff Board and one of the delegates to the Ottawa Conference.

On the other side of the account, India's principal articles of export are raw cotton (£48.8 millions in 1929-30, the last fairly normal year), rice (£23.5 millions), jute and its manufactures (£59.1 millions), and tea (£19.5 millions). Jute may be ruled out at once as a subject of

preference, since India is practically the only source of supply not only for Great Britain but for the world. Tea has just been given back a preferential duty, and no doubt the Indian delegation will press for an increase of the rate; in 1930 we imported £29.6 millions worth of tea from British and £4.5 millions from foreign countries. Great Britain forms such a small portion of India's market for rice (5.4 per cent. only in 1931-32), while on the other hand so large a proportion of our imports come from foreign countries, that to penalise the British consumer in order to encourage the Indian cultivator of rice seems a very poor bargain. The same applies to raw cotton, of which we bought, in 1930, 44 per cent. of our supplies from the United States, 38 per cent. from other foreign countries, and 18 per cent. from the Empire, while India finds by far the greater part of her market for cotton in foreign countries, notably Japan. Apart from these considerations and the necessity of buying the raw material of a staple industry in the cheapest market, the growing local demand for India's cotton renders it an unfavourable subject for preferential treatment. However, there are greater possibilities of advantageous arrangements concerning India's secondary exports—for instance, groundnuts, oil cakes and oil seeds, coffee, rubber, and fruit—which will have to be carefully examined at Ottawa. Preferences exist already, of course, on sugar and tobacco.

When we turn from trade and tariffs to currency and credit we find political difficulties thickening still further. The rupee has been, since 1926, fixed in relation to sterling at the rate of 1s. 6d., and this link was preserved after the suspension of the gold standard here last September. But intense agitation both among Indian business men and in nationalist political circles has been directed against what was conceived to be an artificial overvaluation of the rupee, maintained in the interests of British traders. India, certainly, like other countries, suffered grievously for five years or more through the appreciation of gold in terms of commodities, but now that sterling, and the rupee with it, are free to pursue their own course the worst of her troubles might be removed by concerted action within the "sterling area." Even so, the grievance of the one-and-sixpenny ratio will not have been dismissed, and Mr. Chetty at least may be expected to raise that issue when currency matters are discussed at Ottawa. The final answer to this, as to the tariff problem, turns upon the question, how far and how soon under her new constitution will India be master of her own financial, fiscal and economic destiny.

PRICES: HALF-YEAR'S REVIEW.

At the end of 1931 the *Economist* index of wholesale prices showed a rise of nearly 10 per cent. on the level at which it stood immediately before our departure from the gold standard; the trend had an appearance of some stability, and it was permissible to hope that, so far as the valuation of commodities in terms of sterling was concerned, the long and disastrous decline in prices had been definitely arrested. The past six months, however, have shown that such hopes were premature and doomed to disappointment. As will be seen from the following summary of our index number, calculated with 1927 as a base year, the end of June saw our index number at a new record low level, 2.5 per cent. below that recorded in mid-September of last year and over 7 per cent. lower than the figure of a year ago:—

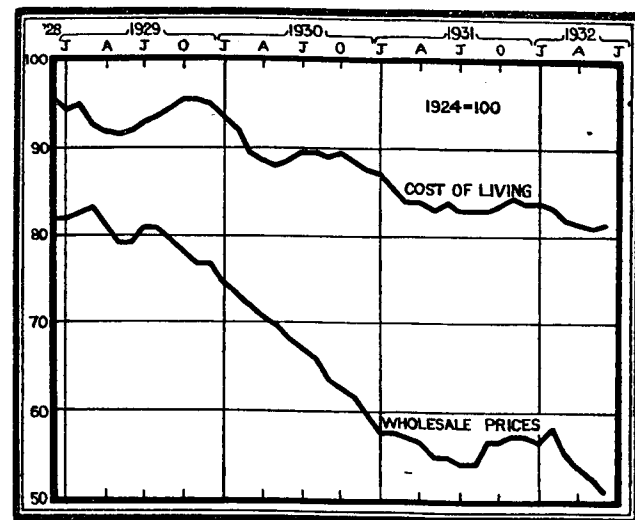
"ECONOMIST" INDEX.

1927 = 100.

Date	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	114.2	108.7	136.8	119.4	105.6	115.7
" 1929	96.9	85.8	92.2	95.6	90.5	92.4
" 1930	81.0	77.2	64.4	83.6	81.6	77.6
" 1931	68.7	65.3	50.0	73.1	68.4	64.3
End June, 1931	68.8	60.2	48.4	72.4	68.7	63.6
" December, 1931	69.0	64.7	52.8	76.7	66.2	65.8
" March, 1932	73.7	65.8	50.4	71.4	62.2	64.3
" June, 1932	68.9	57.6	43.7	67.4	58.4	58.8

In short, as may be seen at a glance from the first of the accompanying diagrams, in which we plot the course of British wholesale prices and the cost of living, with 1924 as a base year in each case, a brief upward turn of sterling prices during the autumn and winter of 1931 has been succeeded this year by an abrupt reversion to the precipitate downward trend of 1930. There is no sign yet of "flattening" in the recent downward curve of wholesale prices, and the gap between prices has widened.

WHOLESALE AND RETAIL PRICES.



To illustrate the position further we show below a list of cash quotations in sterling for a number of typical commodities at the end of the past half-year in comparison with previous dates:—

	1930.		1931.		1932.
	End June.	End December.	End June.	End December.	End June.
Wheat, Canadian, per qt.	39/-	24/6	26/-	30/9	26/-
Beef, English sides, per 8 lbs.	5/8	5/3	5/2	4/6	5/4
Mutton, New Zealand, per 8 lbs.	3/10	3/11	3/8	2/10	2/7
Tea, Indian auction average, per lb.	13.50d.	14.25d.	7.75d.	10.18d.	7.04d.
Sugar, granulated, per cwt.	21/9	19/6	20/9	20/8	19/2½
Cotton, American middling, per lb.	7.58d.	5.34d.	5.43d.	5.34d.	4.43d.
Cotton yarn, 32's twist, per lb.	11.50d.	9.00d.	9.00d.	9.12d.	7.87d.
Wool, Australian, per lb.	27d.	22d.	21d.	22d.	17d.
Jute, per ton	£22/5/-	£15/10/-	£16/-	£19/5/-	£14/15/-
Pig iron, Cleveland No. 3, per ton	66/6	63/6	58/6	58/6	58/6
Coal, best Welsh, per ton	20/-	20/-	20/-	19/6	19/6
Tin, standard, per ton	£136/12/6	£116/10/-	£113/2/6	£141/3/9	£114/17/6
Copper, per ton	£49/5/-	£46/10/-	£37/5/-	£38/10/7½	£26/11/10½
Linseed oil, per ton	£41	£22/10/-	£18/-	£14/12/6	£12/5/-
Rubber, plant, sheet, per lb.	6.25d.	4.25d.	3.25d.	3.31d.	1.75d.
Cement, Portland, per ton	47/-	47/-	47/-	43/-	43/-

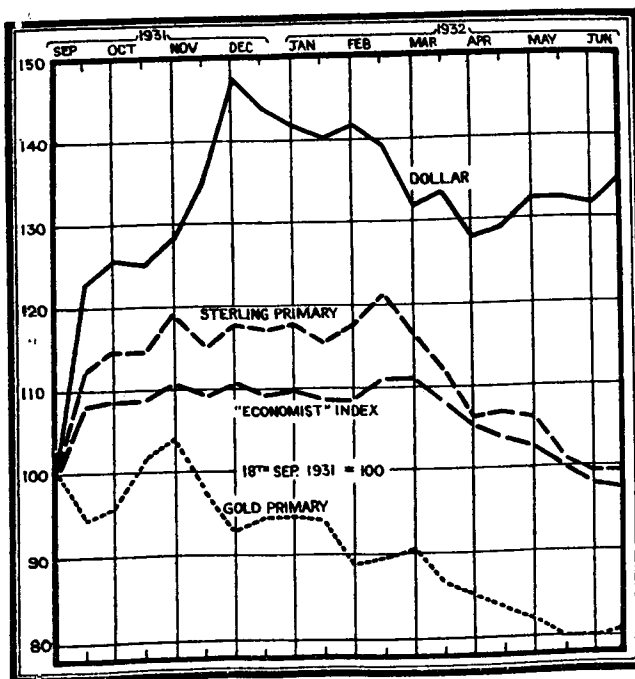
It will be seen that, with the exception of imported wheat and English beef, every item in the foregoing list shows a more or less substantial fall as compared with the prices ruling a year ago. The great extent, however, of the divergence of movement between the prices of individual commodities can be seen more readily from the next table, in which we show the percentage variations in the prices of all the articles covered by our index number, as compared with a year ago and with mid-September, 1931. The extraordinary range of movements—from declines of over 40 per cent. to increases of over 20 per cent.—furnishes an eloquent commentary on the disturbance which the monetary events of the past year have created in the commodity markets, even when due allowance is made for special factors (e.g., in the case of tin) affecting individual prices. With certain exceptions and qualifications, comparison of current prices with those of a year ago leads to the conclusion that the major

declines have been in cases where the British market is predominantly the price determinant:—

	Inc. (+) or Dec. (-) per cent. compared with			Inc. (+) or Dec. (-) per cent. compared with	
	Sept. 18, 1931.	End June, 1932.		Sept. 18, 1931.	End June, 1932.
Wheat—For.	+14.3	...	Flax.....	+26.2	+22.4
Wheat—Eng.	+37.5	+ 5.6	Hemp.....	+ 6.2	- 5.6
Flour.....	+17.6	+ 2.4	Jute.....	-11.9	- 7.8
Barley.....	-27.4	+10.3	Textiles.....	...	- 9.7
Oats.....	+44.8	+19.7	Pig iron.....	...	...
Maize.....	+33.9	+16.2	Steel rails.....	- 2.5	- 7.1
Rice.....	- 1.6	+12.4	Iron bars.....	+15.4	+11.1
Potatoes.....	+75.0	+16.7	Timber, Eng.....	- 8.3	- 2.5
Beef—Eng.....	+23.1	+ 3.1	Coal, Welsh exp.....	- 1.3	- 2.5
Arg.....	-13.6	- 2.1	Coal, Dur. gas.....	...	...
Mutton—Eng.....	-21.3	-33.4	Coal, household.....	- 3.6	+ 3.8
N.Z.....	-32.6	-29.7	Load.....	+ 3.5	+ 1.5
Bacon, Danish.....	- 6.5	- 1.7	Tin.....	- 6.0	-30.0
Cereals and meat.....	+ 6.8	+ 0.1	Copper.....	+ 5.4	-16.3
Tea.....	-49.7	- 9.2	Spelter.....	...	- 6.9
Coffee.....	- 4.2	- 8.1	Minerals.....	...	- 6.9
Cocoa.....	+ 8.6	...	Timber, Swed.....	...	- 5.9
Sugar, cane.....	- 9.0	-11.2	Timber, Swed.....	- 8.5	- 8.5
Sugar, ref.....	- 0.7	- 7.5	Hides.....	-36.4	-28.1
Cheese, Can.....	+11.3	- 2.8	Leather.....	-19.5	-21.4
Butter, Dan.....	-22.5	-11.0	Petrol No. 1.....	...	+ 6.9
Coco. oil.....	+29.7	+20.0	Petroleum oil.....	...	- 7.7
Tobacco.....	- 5.4	- 5.4	Fuel oil.....	-18.3	-31.9
Other foods.....	- 7.4	- 4.3	Lined oil.....	+11.1	+ 2.6
Cotton A.....	+18.4	-18.4	Tallow.....	-26.2	-46.2
Cotton E.....	+ 3.3	-24.8	Rubber.....	...	...
Cotton yarn.....	+ 4.9	-12.6	Soda crystals.....	-44.4	-44.4
Cotton cloth.....	- 0.9	-11.8	Sulph. ammon.....	+14.3	+14.3
Wool, Eng.....	-17.4	- 9.5	Creosote.....	...	...
Wool, Aust.....	- 5.6	-19.0	Miscellaneous.....	-11.2	-15.0
Wool tops.....	...	- 4.5			
Silk.....	-15.0	- 8.1			

As our readers are aware, we have endeavoured since this country's departure from the gold standard to throw as much light as possible on the trend of commodity prices by supplementing our regular wholesale index number with two other indices compiled on roughly analogous bases, namely, (1) a selection of typical primary products whose prices are quoted in terms of gold currencies, mainly in the United States markets, and (2) an approximately similar list of primary commodities dealt in on a sterling basis in the London market. In the second of the accompanying diagrams we have plotted the course of our complete index and of our two supplementary indices, together with a curve showing the appreciation of the dollar in terms of the pound sterling. Each of the curves is plotted with the position as at last mid-September as a base.

STERLING AND GOLD PRICES.



The picture which is presented by the diagram may repay close study. It lends itself to interpretations of a controversial nature, but it is premature, we suggest, as yet to draw from the movements of the four curves any inferences of a more than tentative, provisional nature. Considering first the period from the middle of last September to the end of February, 1932, we are inclined to

suggest that the following features emerge. Firstly, the depreciation of sterling and, in particular, its sharp fall (which appears as an inverse movement on the chart) between mid-November and mid-December, 1931, played a large part in contributing at that time to the depression of gold prices; for, in the conditions of the crisis, "gold" producers were forced to accommodate their prices to the British market. Indeed, up to the end of February the salient conclusion which emerges from the diagram is that in the determination of prices sterling "called the tune." Between the end of February and the middle of April, however, the appreciation of sterling had a natural consequence in a fall of sterling prices, and from the middle of April to the end of the half-year, with the pound more or less pegged against the dollar, sterling and gold prices moved on almost parallel lines. In both cases, one should perhaps say, similar consequences—notably restriction of international trade—produced similar results.

We may fitly end this survey by a final table, which shows in summary form the course of our complete index number, with 1913 as a base year:—

"ECONOMIST" INDEX.

1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscel- laneous.	Complete Index.
Average, 1924.....	159.9	169.9	210.6	145.2	131.5	159.3
" 1929.....	135.6	136.8	141.9	116.2	112.7	127.2
" 1930.....	113.4	122.9	99.1	101.6	101.5	106.8
End June, 1931.....	96.1	104.1	77.0	88.9	85.3	89.3
" December, 1931.....	96.3	95.9	74.5	88.0	85.6	87.5
" March, 1932.....	96.3	104.7	81.3	93.3	82.4	90.6
" June, 1932.....	103.1	104.8	77.6	86.8	77.5	88.5
" June, 1932.....	96.4	91.8	67.3	82.0	72.7	80.9

Reviewing the situation a year ago, we observed that the depression of wholesale prices to an average level of 12½ per cent. below that which existed in 1913 was putting a strain on the world's economy, whose ultimate consequences, if no recovery took place, could not lightly be contemplated. In the past twelve months much has happened to emphasise the force of that warning. The problem how a recovery of prices is to be fostered is to-day more than ever the focal point of the world's difficulties.

NON-FERROUS METALS.—I. COPPER.

THE rapid advance of electrification since the war has occasioned an ever-increasing demand for copper. This metal has the advantage of being, next to silver, the best conductor of electricity, and as silver is relatively more expensive, copper has no substitute in this field. Expressed as a percentage of the average of 1909-13, the world's smelter production of copper in 1929 showed an increase of 100 per cent. Partly as a result of technical progress in the mining and refining of copper, and partly because of the discovery and exploitation of new deposits and the increasing use of scrap metal, productive capacity had begun to exceed demand some years before the onset of the present world crisis. Statistics of production, consumption and prices indicate that since 1923 excessive productive capacity has been the bugbear of the industry.

In the following summary table we give a picture of United States and world production:—

	(Thousands of Metric Tons.)					
	Mine Production (a).	Smelter Production (a).	Refinery Production (b).	U.S.A.	World.	U.S.A.
1913.....	555.4	990.4	600.1	1,018.5	(d)	(d)
1927.....	784.4	1,505.9	837.2	1,495.7	1,140.0	1,600.0
1928.....	820.9	1,715.6	893.8	1,678.3	1,240.0	1,780.0
1929.....	905.0	1,937.8	987.9	1,885.0	1,400.0	2,005.0
1930.....	632.5	1,601.8	706.3	1,556.5	1,120.0	1,760.0
1931 (c).....	451.0	1,300.0	(d)	(d)	747.0	1,520.0

(a) Metallgesellschaft.

(b) American Bureau of Metal Statistics.

(c) Estimated by Messrs Brandeis, Goldsmid and Company.

(d) Figures not available.

It will be seen that, though the post-war years had brought about, even by 1927, a slight relative increase in

supplies from countries other than the United States, up to 1930 the U.S.A. still dominated the production position. Of the total mine production (metal content) in 1929, the United States was responsible for 48 per cent., while Chile, Canada and Africa accounted for 16 per cent., 6 per cent. and 8 per cent. respectively. The proportion of the world's smelter production of these countries was: United States, 52 per cent.; Chile, 15 per cent.; Canada, 3 per cent.; and Africa, 7 per cent. Comparative figures for the world's refinery production were: United States, 70 per cent.; Chile, 12 per cent.; Canada, 0.1 per cent.; and Africa, 1.1 per cent. In 1929 about 75 per cent. of the world's total production originated either in the United States or in mines located in Latin America under her direct control. In addition, the United States refined a very large proportion of the output of Canada and Africa. She was also the world's principal consumer of copper, her proportion of the world's consumption being 53 per cent., against 11 per cent. for Germany, 8 per cent. for Great Britain and 7 per cent. for France.

Before coming to more recent developments, it should be noted that the internal organisation of the copper industry had undergone far-reaching changes since the war. The discovery of the "flotation process" of concentrating finely milled ores of low grade led to the development of the great "Porphyry" deposits in the United States and to the formation of large horizontal combines. At the same time the great South American deposits passed under the control of Kennecott and Anaconda, the two leading United States producers. Horizontal combination was quickly followed by vertical integration, first by Anaconda and subsequently by Kennecott, the American Smelting and Refining Company, and later by Phelps Dodge. Anaconda acquired control of the American Brass Company, which is the largest copper manufacturing concern in the world. Kennecott acquired the Chase Companies, which are also very large copper manufacturers. In 1927 Anaconda and Kennecott together controlled nearly 40 per cent. of the world's total output of copper. The control of the copper industry had thus passed into the hands of a small number of very large concerns.

When the price of copper began to decline as a result of the development of excessive productive capacity, the large producers took advantage of their dominating position, and in October, 1926, an organisation was formed with the object of controlling prices and sales of copper to consumers in Europe, which meant, indirectly, to United States consumers as well. Copper Exporters, Inc., which comprised 90 per cent. of the world's capacity (including, apart from United States producers and refiners, their Latin-American subsidiaries, many Canadian mines, Katanga, and also most European concerns), began by restricting supplies in order to eliminate the price-fixing powers of the London Metal Exchange. From June, 1927, to April, 1929, the price of copper was raised from 12½ cents per lb. to 24 cents per lb. Shortly afterwards it declined to 18 cents per lb., and was held at that level for a whole year until April, 1930.

As was to be expected, this artificially high price stimulated production elsewhere, particularly in Northern Rhodesia, where the metal content of the deposits is very much higher than that of the large mines in the United States. Katanga, the Belgian-owned mine in the Congo, and Canada also increased their output steadily. As a result, the progressive shrinkage in the demand for this metal since the end of 1929 was not accompanied by a similar reduction in output. While stocks in North and South America increased to 525,000 tons at the end of 1930, prices declined rapidly to 10 cents per lb. Throughout 1931 prices continued to decline, reaching 6½ cents per lb. at the end of November. In December a slight recovery took place following a decision of the American Producers' Association to curtail their output to 26½ per cent. of capacity; and at December 30 the metal was quoted at 7½ cents per lb. Restriction had, however, come too late to be effective. Although the quantity of stocks held in North and South America has not been disclosed since September last year, a reliable estimate gives the stocks in the hands of producers at nearly 800,000 tons at the end of 1931, representing about 10 months' supply at the present rate of consumption. In

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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February this year prices again began to decline, and touched 5½ cents per lb. in New York on March 2. A further turn in the restriction screw to 20 per cent. of capacity on April 1 caused a rise in price to 6½ cents per lb., but within a fortnight the New York quotation had fallen back to 5½ cents per lb.

Until then, Copper Exporters, Inc., had preserved its existence by means of an amendment to its marketing rules permitting sellers to dispose of the metal to foreign consumers below the official price. But a new factor was introduced into the situation by the tariff clauses in this year's United States budget. In order to counteract the gradual shift of production from the high-cost producers in the United States to the low-cost concerns elsewhere, the United States Government imposed an import duty on the metal of 4 cents per lb. The effect was to throw the world's copper industry completely out of gear. On the one hand, producers outside the United States, deprived of a large potential demand, were faced with the necessity of reducing production still further. On the other hand, as was to be expected, the imposition of the duty led to the disruption of Copper Exporters, Inc. Four of the largest members, the International Nickel Company of Canada, the Chile Copper Company, the Cerro de Pasco Corporation, and Katanga, have already announced their decision to withdraw from the cartel. So far, the Producers' Association has remained intact, but it is believed that as soon as there is an attempt to throw overboard the large stocks existing in the United States, foreign producers will secede from the Association.

The immediate outlook for the industry is not hopeful. The existence of huge stocks in the United States will probably prevent a rise in prices despite the duty. The future for concerns outside the United States is even less bright owing to the increase in productive capacity relatively to demand as a result of the duty. Since the end of June prices have declined further, both in the United States and elsewhere, and unless some of the producers decide to shut down their mines, a recovery in prices appears to be very distant, although, as with other commodities, stocks in the hands of industrial consumers are at a minimum, and a fairly rapid reduction of the amounts overhanging the market might be expected if there were a definite industrial revival. Incidentally, an interesting development has been the formation in this country of a copper refining company under the title of British Copper Refiners, Ltd. Its initial output capacity will be 1,000 tons per week, but provision is being made for an enlargement of the plant as soon as circumstances permit. There is no doubt that as a result of the duty, additional refining capacity will be installed in other European countries and that the virtual monopoly of the United States will gradually pass out of her hands.

Notes of the Week.

The Prince and Ottawa.—The views of those who regard the Ottawa Conference as an opportunity for elaborating a restrictive Imperialistic system of trade barriers get no sympathy from the Prince of Wales, whose personal knowledge of the Empire as well as of the rest of the world is probably unsurpassed by that of any delegate to the Conference. The Prince, having caught a chill, was unable to deliver the speech that he had prepared for the Canadian Dominion Day dinner for Ottawa delegates last Thursday, but his brother, Prince George, read it for him. No country or group of countries, he said, could isolate itself from the fortunes of the rest. The case of the United States, the largest free trade area in the world, alone proved that. Canada and Australia needed a world market for their wheat; Australia, South Africa and New Zealand for wool; the United Kingdom for manufactures. It may be (the Prince added) that, taking a long view, the Empire will, by drawing closer together, become in time less dependent on the rest of the world, but such a change, if it is to come, must come gradually and by a natural process of evolution, guided but not forced by Government action. If the Government delegates needed reminding that the success of the Ottawa Conference (and the Prince declared that failure was unthinkable) will be measured by the extent to which it reduces tariff barriers and liberates trade, they have now had from the most experienced as well as the most exalted source a reminder which could hardly have been more clearly or more emphatically expressed.

The British Disarmament Plan.—The statement of the British Government on disarmament, made on Thursday by Mr Baldwin in the House of Commons, adds little that is new to the seemingly interminable international debate in which everyone speaks in favour of the motion but no one is prepared to vote for it. The Government, said Mr Baldwin, most cordially welcome President Hoover's declaration, between which and their own proposals there is a substantial area of common ground. They agree with Mr Hoover that the three problems of military, naval and air disarmament are essentially inter-connected; and, as regards land and air forces, the American and British proposals differ only slightly—notably in the particular of the desirability, according to the British Government, of retaining tanks weighing less than 20 tons, which "cannot be regarded as specifically offensive weapons." But as regards navies the proposals differ considerably. Instead of cutting numbers and total tonnage of battleships by one-third (i.e., by 175,000 tons) the British Government propose to limit armament to 11-inch guns and individual tonnage to 22,000 tons, which would ultimately "save" 195,000 tons. This is plausible enough, but it means no saving at all until 1937, and then possibly merely concentration of competition and expense on speed and equipment. If we cannot assent to the abolition of the battleship, we must associate reduction in numbers with the cut in size. In the cruiser class the difference is similar, for the British plan is merely to reduce the maximum size and armament to 7,000 tons and 6.1-inch guns—indeed, this is apparently to be made a condition of the reduction of the size of capital ships below 25,000 tons. Now just as it is true that our special needs demand the retention of a considerable cruiser fleet—we see no reason why there should not be a naval, as well as a military, "police component"—so it is equally true that the United States need large cruisers with high steaming range; and until we offer some compromise on the point we shall be wrecking the Geneva Conference on the same rock as that which sank the Coolidge Naval Conference in 1927. The British Government continues, rightly in our view, to press for the abolition of the submarine, upon which it would make contingent the reduction of destroyer tonnage by one-third; it proposes that if that cannot be accomplished, then the surface displacement of submarines should be fixed at 250 tons—but in that event would we, or would we not, be prepared to cut destroyer tonnage at all? At this moment the world

demands of Great Britain a clear, a bold and a generous disarmament policy; and on all three counts it has been disappointed.

Progress in Conversion.—Present indications disclose a highly favourable proportion of assents to the terms of conversion by holders of 5 per Cent. War Loan. Among large converters may be noticed the clearing banks, several large insurance companies, and many leading industrial concerns. The directors of International Tea made a fine gesture by investing £500,000 new money in 5 per Cent. War Loan with the object of converting. One important development of the week was the intimation of the authorities to the discount market that they disapproved of non-assented War Loan being used as a short bill—a question discussed more fully in our Money Market Notes. Meanwhile, several points of interest to War Loan holders have been cleared up. In the House of Commons Mr Baldwin stated that the bonus of £1 per cent. which is payable to those who give notice of conversion before July 31st will be accountable as income and not as capital. Trustees will not therefore be obliged to reinvest the proceeds of the bonus, but can pass it on to the beneficiaries. Moreover, the bonus money will be tax free. In reply to another question, Mr Baldwin stated that holders of the new 3½ per cent. War Loan will be chargeable to income tax for 1933-34 upon the amount of their dividends for that year and not by reference to the dividends for 1932-33 upon their corresponding holdings of 5 per cent. War Loan. It is obviously still too soon to attempt to assess the degree with which this impressive conversion operation, whose bearing on investment factors we examine in a leading article in our Stock Exchange section, will common the assent of holders; but an encouraging start has been made. In these times of uncertainty, he would be a rash prophet who was prepared to guarantee that the rate of interest on riskless lending can be held down in the long run to a 3½ per cent. basis; but from the standpoint of the national advantage the case for contributing to the complete success of an operation calculated to afford substantial relief to the Budget, and ultimately to facilitate the lowering of fixed charges on industry, should be convincing.

A Wet President?—By 945 votes to 190½ the Democratic Convention elected Mr Franklin Roosevelt as presidential candidate at the fourth ballot on Saturday. This result was achieved by the transference to Mr Roosevelt of the votes previously cast for Mr John Garner, Speaker of the House of Representatives, who was chosen as candidate for the vice-presidency. Whether the nomination of Mr Garner to run with Mr Roosevelt was the only concession required by the Hearst interests, who were strongly supporting the former's candidature, may never emerge. There have been, as always when a party convention in the United States is narrowly divided, unsavoury rumours of bargains and subterfuges, most of which can doubtless be dismissed as mere gossip, but which will do Mr Roosevelt no good in the country. The greatest obstacle that he has to overcome, however, outside genuine political and party issues, is the opposition of Tammany Hall, whose nominee, ex-Governor "Al" Smith, received such a humiliating defeat at Chicago. Mr Smith himself has since formally aligned himself with the Democratic campaign, without reference to the personality of the candidate, but Tammany is implacable in its resentment towards Mr Roosevelt, who is popularly associated with the Seabury investigation, which has recently exposed an appalling condition of corruption and public malfeasance in New York. As for policy, the Democratic aspirant to the White House may be counted a "low-tariff man." After his nomination he described the Smoot-Hawley tariff as a barbed-wire entanglement, adding: "We have invited and we have received the retaliation of the nations. I propose an invitation to them to forget the past, to sit at a table with us as friends, and to plan with us for the restoration of the trade of the world." So far, so good; though whether these fine principles can emerge unscathed from the factional bargaining and log-

rolling that accompany the construction of an American tariff remains to be tested by experience. It is unlikely that the election will be fought on the tariff issue, in spite of the prominence given to it in the Democratic programme; for the Democrats have "gone wet," and with that question to consider the citizens of the United States are unlikely to be distracted by matters so much further from home. Everything points to the presidential campaign turning on the repeal of the Eighteenth Amendment, and so powerful is the feeling, even among former "Drys," that prohibition has multiplied corruption and crime that, in spite of hesitations in the South and the hostility of "bootleggers" organised ecclesiastical forces, the "Wet" plank is, of all the material in the Democratic platform, the most likely perhaps to win them victory. But that victory is far from assured.

French Finance and Monsieur Herriot.—A detailed account will be found in our Paris correspondent's despatch this week of the budget problems confronting France and of the proposals on which M. Herriot's Government came to loggerheads with the Finance Committee of the Chamber. From the political point of view, the situation which our correspondent describes involves many elements of regrettable uncertainty, but there appears to be a prospect of some accommodation being reached which will avoid a fresh crisis in Paris or the reconstruction of the Government. Negotiations between M. Palmade, the Budget Minister, and the Finance Committee have been continuing this week, and though it may be that reluctance on the part of deputies of the Left to assent to unpalatable forms of retrenchment in regard to *fonctionnaires* and pensioners will result in a considerable modification of the Government's original proposals, there appear to be signs of general recognition that the budget must be balanced and the present weekly deficit of some £2 millions definitely stopped. It would be a bitter irony of Fate if France once again were to be disappointed of a desire which she has more than once vainly entertained since the war—to have an Administration which is liberal in its foreign policy yet sound in its treatment of domestic finance.

Change and No-change in Yugoslavia.—Dr. Mariukovich's Cabinet resigned at Belgrade on June 30th, and a new Ministry was formed by Dr. Serskhich two days later. The change of Government was forced by a majority in the present Chamber—a so-called parliament, which represents, not the people of Yugoslavia, but the dominant Serb minority—and the new Ministers' mandate is not to change, but to accentuate the present policy of forcible "Serbisation." Presumably they are apt instruments for the task, since most of them appear to be nonentities, while the new Prime Minister himself, being a Bosnian Serb who started his political career as an irredentist under Austro-Hungarian sovereignty, may safely be credited with the zeal of the fanatic. The policy which is thus to be prosecuted with increased vigour is to standardise Yugoslavia and the Yugoslavs on a Serb pattern. Free parliamentary institutions are in abeyance; and, under what is virtually a Serb military dictatorship, the old regional political parties are banned and the historic geographical boundaries of provinces are effaced by a redistribution of the country into artificial departments which are deliberately made to cut across the old lines. This, of course, is a leaf taken out of the log-book of the French Revolution; but the implied analogy between twentieth-century Yugoslavia and eighteenth-century France is false, and therefore dangerous. By the time when the territory of France was redistributed into the present French departments, the mind of the French people had long been ripe for closer national union. The internal unification of France at the turn of the eighteenth and nineteenth centuries had hundreds of years of preparatory history behind it. There is no such intellectual and emotional background to-day for a unified Yugoslavia. Until 1918 the present territory of this post-war successor-State of the Hapsburgs and Osmanlis had been divided—ever since the break-up of the Roman Empire—by fron-

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tiers which separated not only different States and different peoples, but different civilisations. The problem of Yugoslav unification to-day is thus vastly more difficult than that of Italian unification in the nineteenth century. Moreover, Italian unification proceeded from the most civilised end of Italy, which asserted its ascendancy over the backward toe and heel, whereas the Serbs are semi-barbarians by comparison with the Croats, who are now having Yugoslav unity forced upon them by Serbian hands. These orthodox Christian Serbs may still be able to hold down the Catholic Croats and the Muslim Bosniaks by sheer force for some time to come; but the eventual effect of this policy will be just the opposite to what the Serbs themselves desire; and, if they persist in it, the price of their error, in the long run, will assuredly be the dissolution of Yugoslavia into its original component parts. If the Serbs want a safe model to follow in their relations with the Croats, they should look into the terms on which Scotland has been united with England since 1707.

Marking Time in Manchuria.—Last Friday a special meeting of the Assembly of the League of Nations was held in Geneva to consider the present state of the Sino-Japanese dispute; and it was simply decided to extend the constitutional period of six months (due to expire on August 19th) within which a report on the dispute ought to be made by the League Council. No fresh time-limit was fixed—though a hope was expressed that the Assembly's Standing Committee of Nineteen might be in a position to begin its examination of the forthcoming report from the Commission of Inquiry not later than November 1st. The Commission has already finished its field-work in Manchuria, and is now paying its final visits to Japan and China before digesting and setting forth the results of its observations. Everyone knows that a report of this scale and importance and delicacy cannot be produced in a hurry. None the less, we agree with, and endorse, the points which were made at Geneva on this occasion by the Chinese delegate, Dr. Yen, when he appealed for the greatest possible expedition in reaching some decision and taking some action. His points were that Japan is taking advantage of the long delay in order to create a *fait accompli*; and that, although little is being heard of the fighting that is now going on in the remote north-eastern parts of Manchuria, it is bringing death—and this upon civilians as well as combatants—no less surely than the fighting which took place a few months ago, in the full glare of publicity, on the outskirts of Shanghai. Mr Yen also pointed out that a region which used to be the granary of China is now fast going out of cultivation. All these points are cogent. As regards the *fait accompli*, the seizure of the China Maritime Customs office at Dairen by the officials of the puppet Manchukuo Government, with Japanese connivance and support, has now been followed up by high-handed seizures at Harbin, at Antung on the frontier between Chinese territory and Korea, and at Manchuli, where the Chinese Eastern Railway meets

the Trans-Siberian Railway on the Sino-Russian frontier. Meanwhile, in North-Eastern Manchuria the Japanese troops, with their doubtful Manchukuo auxiliaries, are confined to the railways and navigable rivers, while the open country is in the hands of their opponents. The frost-covered highlands of Kirin Province, east of Ninguta, are in the hands of local Chinese guerrillas, while, in the plains north of the Sungari, General Ma, with his mounted troops, is eluding pursuit. These are not the conditions in which Manchuria can be developed economically—either by the Japanese or by anybody else.

Turkey and the League.—At a time when the League has been weakened by loss of blood from the stab in the back which it has received from Japan—an original member who has never ceased to protest her devotion—there is some comfort in the prospect that the League's strength may be recruited by the adhesion of Turkey, another Oriental country which, unlike Japan, has hitherto kept outside the League and has never sought to conceal its suspicion of what the League stands for. (There is more than a reminiscence, here, of the Parable of the Two Sons). Turkey's motives for holding aloof from the League hitherto are not, after all, far to seek. To begin with, she regarded the League with suspicion for the same reason for which Germany once took the same view—on the ground that the League had begun life as an enlargement of the circle of Allied and Associated Powers who had been Turkey's enemies, as well as Germany's, during the war. After that, Turkey was turned against the League—perhaps not reasonably, but also, perhaps, not unnaturally—by the terms of the League Council's decision in the Mosul dispute between Turkey of the one part and Great Britain and Iraq of the other. And finally Turkey (again like Germany) finds herself placed, by an awkward accident of geography, between the Western world and Russia; and she could not afford to make friends with the West at the price of alienating her formidable Muscovite neighbours, with whom she is constrained, whatever happens, to live on reasonably good terms. It now appears that these obstacles, which have deterred Turkey so long from joining the League, have at last been overcome; and on July 1st it proved possible for the League Assembly to place the admission of Turkey upon its agenda. An invitation, emanating from twenty-eight States-members, was read by the Spanish representative, Señor Maderiaga; and a special advocacy of Turkey's claim to admission was made thereafter by the Greek Minister for Foreign Affairs, M. Michalakopoulos. The recent reconciliation between Turkey and Greece (in which M. Michalakopoulos himself has played an active personal part) is to the credit of both Greek and Turkish statesmanship, and it is also the best of reasons for letting Turkey in; for the establishment of this Græco-Turkish *entente* is a solid guarantee that Turkey's weight will be thrown on the side of peace. On this precedent, League Members might well make up their minds forthwith that, supposing Japan executes her threat to resign her membership, they will leave the question of her readmission in abeyance until the day comes when it is proposed by the representative of China.

British Industry and the Imperial Conference.—The Federation of British Industries and the General Council of the Trades Union Congress, whose joint memorandum prepared for the 1930 Imperial Conference still forms the most important statement of the case for constructing permanent machinery of economic co-operation within the Commonwealth, have sent to the Government a further manifesto designed to give the views of British industry as a whole on the problems of Ottawa. As a joint expression of opinion by the accredited representatives of capital and labour it is remarkable in itself; but still more striking is its insistence on the world-wide character of those problems. "In our view," they write, "it would be fatal to approach the Ottawa Conference in any narrow spirit, or with an objective limited to inter-Commonwealth preferences. . . . We should wish to see

the Ottawa Conference endeavour to give a lead, both by its declarations and by its actions, towards an ultimate all-round relaxation of restrictions on trade. As a first step everything possible should be done to facilitate the easy exchange of goods between the different nations of the Commonwealth. In the second place, we hope the decisions of the Ottawa Conference will be such as to facilitate international action designed to bring about a recovery in the level of wholesale prices." What is suggested is the organisation of a sterling area in which there could be greater stability of prices coupled with freer trade. "If an agreement on these lines were reached we should then be glad to invite other nations seeking a similar objective to join with us in enlarging the area over which price stability and freedom of exchange would operate." Finally, the statement urges the development of complementary production, in the belief that the unco-ordinated development of a great variety of industries in all parts of the Commonwealth has already led to the establishment of certain enterprises on an economic basis. The statement, which is signed by Sir George Beharrell, Mr Guy Locock, Mr John Bromley and Mr Walter Citrine, is necessarily couched in general terms, but its purport is unmistakable, and amid the welter of special interests with which the Government delegation will be surrounded at Ottawa they will do well to heed its warnings.

Empire Monetary Policy.—A strong warning against ill-considered manipulation of the currency and credit of the Empire as a result of the Ottawa Conference is contained in this month's *Barclay's Bank Monthly Review*. The author of the article points out that public confidence is the first essential of a monetary system, and that, with memories of post-war inflations still so vivid, "as a permanent arrangement there is no practical alternative to a currency having a metallic basis." The breakdown of the gold standard was due not so much to its inherent defects as to the influence of extraneous factors. Again, "a great Empire should have a strong and powerful financial centre," capable of lending abroad and of influencing world monetary and commercial conditions. The strengthening of the position of this country must thus first be achieved before a new monetary plan for the Empire can be launched. Just as the Ottawa Conference must avoid the erection of any additional hindrances to trade with other countries, and "set an example in the promotion of freer trade," so "until a common standard is again established, to which all the leading nations are prepared to link their own systems, trade must continue to be conducted under a serious handicap." The writer urges, therefore, that we should continue without material change our monetary system as it is now working. To this statement of "sound banking" views, we would add one comment: a premature return to the gold standard, at whatever level of exchange, would be as great a disaster as the premature construction of any permanent non-metallic system. A settlement of the reparations and war debts questions, general political appeasement, and some move towards closer world economic co-operation, are the indispensable conditions of either course of action.

German Standstill Negotiations.—The first of the quarterly conferences, which has been held this week under the chairmanship of Mr. Wiggin, in accordance with the terms of the 1932 Agreement, between delegates from the various Creditor Committees and from the German *Stillhalte* Committee appears to have been characterised by an attitude of goodwill among the majority of the creditors; but, with political settlement at Lausanne still to be achieved, it was obviously impossible to make much progress with the major problems which have one day to be faced. The official *communiqué* issued at the end of the Conference stated that "there were still due to creditors in certain countries preferential rights to moderate amounts to complete the reduction of 10 per cent. which began on March 15th. In agreement with the German delegates,

arrangements were made which will assure completion of these reductions. At least one-third of the amount is available immediately. The greater part will have been provided by October 1st and the balance by the end of the year." The difficulty which had to be resolved in this connection lay in the fact that, whereas the original Standstill Agreement precluded cash repayments and contemplated simply a reduction of "credit lines," some debtors had drawn up to the full extent on their open credits, so that the 10 per cent. reduction could not take place without cash transfers. The amount involved is believed to be about £1,000,000 gold, and we understand that the situation will be adjusted either by cash repayment or by agreement on the part of the German Committee to transfers of "non-availed" credits between debtors. As for the question of a further reduction in outstanding credits, the Conference agreed to postpone consideration until the next meeting on October 1st. In connection with the interest rates on the German credits, the German Committee is believed to have asked for a uniform level of 5 per cent. on cash advances. The *communiqué* announced that, in view of the general cheapening of money, and in order to give the benefit of this to German economy as well as to make sure that all creditors received uniform treatment, it was agreed that the delegates should recommend to their committees in the respective countries a lower schedule of interest rates. While there would probably be no strong opposition in London to the rate being reduced from the present figure of 6 per cent. to 5 per cent., it remains to be seen whether other centres will be prepared to fall into line.

More Tariffs.—Further recommendations of the Import Duties Advisory Committee have just been issued as a White Paper.* They relate chiefly to the prolongation of the additional duty of 23½ per cent. *ad valorem* (making 33½ per cent. in all) imposed in April for a period of three months on a wide range of iron and steel products. Meanwhile a national committee, with area and sectional sub-committees, has been appointed to prepare a scheme of reorganisation of the industry, to operate under the protection of the permanent tariff that has been promised. It is now proposed to renew the temporary duty, fortunately not indefinitely, but for a further period of three months, "so that the whole position may automatically come under review in the early autumn." The only amendment is the exception from additional duty of band-saw steel strip more than 4 inches wide and from 19 to 12 gauge (Birmingham wire) in thickness, which is not manufactured in this country. The Committee append recommendations for new duties on safety-razor blades and blanks and on transparent cellulose wrapping. The former class was subject to a safeguarding duty, which has now lapsed, and lately, according to the Committee, foreign competition has become very keen in the cheaper types of blades. They propose, in addition to the existing rate of 20 per cent., a specific duty of 2s. a gross, which should not, they believe, result in any increase of the retail prices of British blades, since for a blade sold wholesale at ½d. each the public has in some cases to pay 1½d. each, with equally great distributive margins on the better-class blades. Plainly, there is more to be done for the British industry by means of lowering distribution costs than by means of protective duties. It should be observed that on the cheap blades, against which the duty is explicitly directed, the total duty may work out at 70 per cent. *ad valorem*, and even more on blanks. The Committee "do not contemplate recommending any alteration in the rate of duty now proposed for a period of five years"—a wholly objectionable attitude which appears to imply a desire to "plant" permanent high protection on this country. They recommend further that transparent cellulose wrapping should be brought on the 20 per cent. list, being satisfied that home production can be rapidly extended. We have often repeated our opposition to taxing wrapping paper, which is an important raw material of commerce, and our arguments remain valid.

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Cotton Trade Affairs.—During the past week, writes our Manchester correspondent, there has not been any particular development in connection with the wage crisis in the weaving branch of the Lancashire cotton industry. On Tuesday last separate meetings were held of the employers' and the trade union committees, but neither side made any move towards a joint conference. The employers have made it a condition of another joint meeting that it should begin on the understanding that a wage reduction is necessary, and the leaders of the operatives refuse to begin negotiations until this condition is withdrawn. The employers are also very determined that no discussions shall take place until the negotiating committee appointed by the workpeople shall have received full powers to negotiate a final settlement without the terms being submitted to the larger organisations. The employers are not at all concerned at the deadlock, as gradually more of their members are securing wage concessions from the operatives, and undoubtedly there is every appearance of the trade unions losing further ground if the present policy of drift is maintained. In the meantime, however, favourable trade developments are undoubtedly being held back owing to buyers withholding orders until a definite wage settlement has been reached. It has become known this week that the scheme for regulating production in the Egyptian spinning section has had to be abandoned. The proposals which were announced about a month ago provided for the limitation of output and for a fund to be created from penalties from those spinners working their mills in excess of the determined quota. Those spinners not able to run machinery equal to the amount permitted would receive payments from the fund. It was expected that this scheme would keep production down to the demand and thus prevent the acceptance of prices much below costs. It is now reported that although all the big combines in the fine spinning trade have been prepared to accept the scheme, a few firms have refused to come into line. In the circumstances, the committee has concluded that it would be unfair to create a state of affairs in which a small minority could benefit at the expense of a majority of the spinning employers affected. This is another instance of the failure of the Lancashire trade to devise any scheme to ease the depression.

Canada and the Cotton Trade.—A vivid, and none too pleasing, light has been thrown on the prospects of the Ottawa Conference by the report presented to His Majesty's Government by the delegation which recently visited Canada on behalf of the Lancashire cotton industry. After a fortnight spent in consulting with representatives of the Canadian cotton manufacturers and of the Government, and in visiting factories, the result—already briefly noted in an earlier issue of the *Economist*—was that they were no nearer than when they arrived towards deflecting the Canadian manufacturers from their view that the present tariff levels were the minimum necessary, and that the complexities of which the British cotton trade complains were an essential feature of the protective system which Canadian interests required. The British delegation presented a case for such a reduction of the Canadian tariff as would assure to Lancashire a major share of Canadian imports of cotton cloth, which they assessed at 125 million yards, against a domestic produc-

tion of 275 million yards. Having concluded that a tariff of 7½ to 8 per cent. would be adequate to meet the differences between the two industries so far as labour costs were concerned, they put forward a plan involving a list of goods to be admitted free of duty and a second list of categories to be admitted from the United Kingdom at duties ranging from 5 to 17½ per cent., with duties against foreign goods higher by 25 per cent., *ad valorem* in each case. They advocated the radical simplification of the Canadian tariff by the substitution of single *ad valorem* rates for the present combination of *ad valorem* duty, currency dumping duty, rates tax, special excise tax and a system of discretionary valuation by appraisal. They argued that a prosperous consuming market like Canada requires a varied supply of fabrics quite beyond the range of home production, and the high and complicated duties, even combined with preference, gave a great advantage to United States manufacturers, who could deliver from hand to mouth and who were responsible for most of the competition and price-cutting that the Canadian industry feared. But the Canadian representatives remained obdurate; "the only measures which they in any way contemplated as a means of securing a more satisfactory share of the trade for the United Kingdom were tariff adjustments and increases devised with a view to erecting further barriers against foreign importations." One suspects, however, that their reluctance to consent to the British group's candid *exposé*, and their objection to a simple *ad valorem* duty which would leave no doubt as to the measure of protection existing, indicate some lack of confidence in the support of public opinion. The report notes, too, that the distributive trades and the garment manufacturing industry (which collectively employs a far larger volume of labour than the cotton manufacturers) are becoming increasingly active in favour of lower cotton duties. Where does the Bennett Government stand in the matter? No doubt the delegation communicated privately with the British Government on that point. The speeches of Mr Stevens, the Minister of Commerce, and the well-known fact that the Conservative leaders are closely in touch with Eastern industrialists, especially the textile trades, do not encourage an optimistic view. Let us hope that Mr Baldwin and his colleagues will hold strongly at Ottawa to the proposition now put forward by the cotton delegation, "that nothing short of a reduction in tariff levels in the Canadian market will offer us the volume of trade which the chief industries of the United Kingdom are entitled to look for under Imperial Preference in return for the risks they will undoubtedly run in their foreign markets and the higher costs of living which may be unavoidable in more normal times." The case, thus stated, is well put; but, as further illustration of the complexities of the Canadian problem at Ottawa, we commend especially to our readers' notice the informative letter from a correspondent which we print on p. 76 of this issue.

Unemployment and Working Hours.—The contention in trade union circles that unemployment, in so far as it may be caused by industrial reorganisation and mechanisation, should be countered by a reduction of working time has long been familiar. In the past two weeks this general contention has been expressed in concrete and precise demands. The annual conference of the Engineering Union instructed the Executive to submit to the employers a claim for a 40-hour week, and the President of the National Union of Railwaymen, in his opening address at the annual conference of that body, suggested that the immediate objective of the union should be a 36-hour week. It is not surprising that in circumstances which must induce a feeling of desperation in the minds of many workers their thoughts should be concentrated on a shorter working week as a device for spreading the available employment among a larger number of workers. In virtually all the discussions on the subject, however, the condition is either implicit or openly stated that the level of former earnings must not be lowered. Now there may be cases, as experience in America has shown, where economies due to reorganisation or the installation of labour-saving plant are so great that hours may be reduced

in particular establishments without a corresponding fall in earnings, but for trade union leaders to countenance the belief that this can be done throughout an industry in existing circumstances in this country is highly dangerous from the point of view of the workers themselves. The causes of the present abnormal employment are varied and intricate. No one can estimate even approximately the extent to which labour displacement may be the consequence of reorganisation; but, whatever the proportion may be, it is certainly small compared with the unemployment arising from foreign competition, the effects of the world slump, and other causes. In a "capitalist" economy these factors could only be accentuated by the higher costs which would be unavoidable if hours were reduced without equivalent adjustments in earnings, and the outcome would be a still further extension, rather than a diminution, of unemployment.

Conditions in Germany.—The semi-annual report of the Reichskreditgesellschaft contains, as usual, a remarkable collection of statistics illustrative of industrial, financial and commercial developments in Germany and abroad during the half-year just completed. The statistics show a certain similarity as between Germany and the United States, which have experienced almost equal percentage reductions, between 1929 and 1932, in production, foreign trade and stock exchange values, whereas the corresponding curves for Sweden and England are much flatter. During the early months of 1932 the German index of production rose from 52.9 (1928=100) in January to 59.2 in May, but this compares with an average of 74.9 in the second quarter of 1931. The industrial consumption of electricity (1925-26=100), which was 105.5 in the first quarter of last year, fell to 88.1 in the first quarter of 1932. The volume of goods carried by the Reichsbahn fell in the same period from 24.1 to 18.7 million tons, and the percentage of trade unionists fully employed (1929=100) from 71.8 to 58.7. Merchandise imports were Rm. 351 millions in May, against a monthly average of 415 millions in the first quarter of 1932 and 640 millions in the first quarter of 1931; the corresponding figures for exports were Rm. 447, 535 and 807 millions. The export surplus rose to 96 millions in May, after having fallen from an average of 334 millions in the third quarter of last year to 54 millions in April, 1932. While the wholesale price index (1913=100) had fallen to 97.2 in May, the cost of living (1913-14=100) was still 121.1. Hourly tariff wages, which first fell below the 1928 average in December last, remained stationary at 89.6 per cent. of that level during the first quarter of this year. Savings bank deposits have been falling since February, new capital issues are practically at a standstill, and, in spite of reductions in the Reichsbank discount rate and in call money rates, short-term money is still three times as dear in Germany as in London, New York or Paris.

The Shipping Industry and Ottawa.—The report on shipping policy, presented by the committee appointed last January by the Chamber of Shipping of the United Kingdom, and adopted by the Council at their last meeting, will be welcomed by all who are anxious that the result of the Ottawa Conference should not be the imposition of further stifling restrictions upon an already half-strangled system of world trade. The essence of the report is its recommendations that "the British shipping industry, in the interests of this country and of the Empire, should adhere to the policy of freedom of the seas, on a footing of equality for all ships, under all flags, in all parts, in all international and in all inter-Empire trades." In particular the committee, with a small dissentient minority, declares that the need for equal treatment applies with equal force to the United Kingdom coasting trade, and expresses itself not in favour of the reservation of that trade to British ships. According to the statement prepared by the committee, British inter-Imperial trade in 1929 represented 15 per cent. of the total seaborne trade of the world and trade between the British Empire and foreign countries a further 39 per cent. In the same year, British shipping carried about 43 per cent. of the world's

total international trade, including nine-tenths of the inter-Imperial trade, three-fifths of the trade between the Empire and foreign countries, and about a quarter of the trade between foreign countries. Thus the proportion of the British shipping trade which would be subject to retaliation by foreign countries is very high, and this possibility far outweighs the possible advantage of reserving the coastal trade. Similarly, the committee is opposed to any attempt to reserve the inter-Empire carrying trade to British ships: "the benefits to be obtained by reserving that trade to British ships are small, but if such a reservation were made it would no doubt be regarded as the concession of a valuable monopoly in return for which the Governments of the Empire would seek to impose, in the interests of their import and export trades, conditions on British ships, the burden of which would far outweigh the value of the benefits actually conferred." The committee strongly emphasises the fact that the vital need is for the restoration of world trade and that the most important task before the Empire is to give a lead in that direction. In addition, it urges the importance of the adoption and enforcement by all nations of the various international conventions relating to shipping, and the formulation of schemes for the gradual elimination of redundant tonnage. If the same courage and sense of proportion which the shipping industry has shown in adopting this report could be expected from all the interests to be represented at Ottawa, the prospects of the Conference would be considerably brightened.

The Situation in Iraq.—As the Arab State of Iraq approaches the momentous transition from British tutelage to full *de facto* as well as *de jure* independence, certain problems which have been always present in the background are coming to the front and coming into focus; and the greatest of these problems is the question of the non-Arab minorities. Apart from the inevitable elements in the chief commercial centres, and the Persian element in the Shi'i holy cities, there is one large non-Arab element—the Kurdish element—which occupies a compact, mountainous and inaccessible territory of its own; and there are also the Assyrian Nestorian Christians, who came from the Kurds' own mountains. Southern Kurdistan was deliberately incorporated in the 'Iraq, at the instance of the British Government, in the outcome of the long and stubborn controversy over the frontier between Iraq and Turkey which was the last point to be disposed of in the Middle Eastern peace settlement. At the moment, the Southern Kurds acquiesced in the League of Nations Council's decision to attach their country to Iraq; for this relieved them of the unpleasant alternative of a Turkish reoccupation; and the League award was explicitly made conditional upon the safeguarding of the Kurds' national individuality and upon a prolongation of the British mandate—or mandatory responsibility—for twenty-five years, unless this regime were to terminate at some earlier date through the admission of Iraq herself to League membership. Now that this latter contingency is on the point of being realised, the 'Iraqi Kurds are becoming more and more restive. For, although the Arab Government at Baghdad has given them assurances (doubtless in good faith) that the existing arrangements for the local official use of the Kurdish language and for the maintenance of local self-government will be respected, the Kurds have always regarded the British tutelage over Iraq as the substantial guarantee for the rights which the League Council stipulated that they should enjoy; and they are unwilling to see the British connection terminate. This incipient anti-Arab national movement in Southern Kurdistan obviously threatens to increase the 'Iraq Government's difficulties in dealing with disorderly highland chieftains of the traditional type, such as the Sheykh of Barzan. Although this latter disturber of the peace was driven across the frontier and was thereafter compelled to surrender to the Turkish authorities last month, the 'Iraqi Army does not appear to have acquitted

itself very creditably in these operations, in which the heat and burden of the day appears to have been borne by the British Air Force. Moreover, this Kurdish chieftain has no sooner been disposed of than the British authorities in Iraq have found themselves in difficulties with the Assyrian levies—a force which is in the service of the British and not in that of the 'Iraqi Government. Ever since the termination of the British tutelage over Iraq became imminent, the Assyrians have been threatening to emigrate *en masse* from that country—where they have been settled, on British initiative and under British auspices, in compensation for the loss of their former homes in the mountains, which have been left on the Turkish side of the new Turco-Iraqi frontier. The Assyrian levies in British service in Iraq have now refused to re-enlist, and a British battalion has had to be rushed to Iraq from Egypt by air in order to take their place. Presumably the Assyrians intend to emigrate to Syria and to offer their services to the French. These minority problems in Iraq are not to be taken lightly.

Shipping Freight Index.—Partly in conformity with seasonal trend and partly as a reflection of an accentuated glut of tonnage pressing on markets whose demand grows more and more restricted, whole-cargo shipping freights in June registered a further substantial decline. Our index number shows a fall on the month of 5.3 per cent., and is now 8.4 per cent. lower than a year ago:—

AVERAGE 1898-1913=100.					
	Average, 1913.	June, 1931.	April, 1932.	May, 1932.	June, 1932.
European Waters	110.0	82.4	86.1	86.3	83.3
North America	113.1	89.6	91.7	89.6	87.4
South America	123.4	89.8	86.0	81.6	77.1
India	106.3	91.8	90.8	93.5	93.1
Far East and Pacific	117.4	93.0	99.3	88.8	82.3
Australia	127.9	98.8	96.1	88.1	76.6
Total	116.3	90.9	91.7	88.0	83.3

Outward coal freights for Mediterranean discharge were still relatively steady, and poor homeward prospects led to a slight stiffening of outward freights to South America and India. In the home trade and to near Continental ports, however, quotations generally declined. In the homeward markets the weakness of grain prices was reflected in an appreciable reduction in the volume of chartering. Business from North America, so far as tramp tonnage was concerned, was very meagre; and though a fair number of vessels were absorbed for Plate loading, the quantity of available tonnage in Argentine waters was so excessive that freights to Europe fell heavily. Similar weakness characterised the Australian and Far Eastern markets. Movements of the various sections of our index number are shown in detail below:—

AVERAGE 1898-1913=100.					
	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	71.3	- 2.5	South America—outwards	67.3	+ 2.1
Bay—outwards	99.1	- 1.8	South America—homewards	86.8	- 11.7
Bay—homewards	82.3	- 9.6	India—outwards	88.4	+ 4.2
Mediterranean—outwards	89.5	+ 0.1	India—homewards	97.7	- 5.0
Mediterranean—homewards	86.6	- 1.6	Far East, &c.	82.3	- 6.5
North America	87.4	- 2.2	Australia	76.6	- 11.1

Expressed as a percentage of the average for 1913, the total figure of our index number for June works out at 71.6, compared with 75.6 in May and 78.1 a year ago.

The 1930 Census of Production.—Volume XIII. of the preliminary reports of the 1930 Census of Production, published in a recent issue of the *Board of Trade Journal*, covers the mechanical engineering trades. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other

firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
	Thous. £.	Thous. £.	Thous. £.	Thous. £.	£	£
Agricultural machinery	3,249	3,203	1,926	2,011	185	183
Locomotives, engines, boilers ..	29,505	19,484	15,340	11,111	193	211
Machine tools	2,958	6,139	1,842	3,272	186	178
Marine machinery	21,015	23,354	10,015	10,945	164	190
Printing and bookbinding machinery ..	2,383	3,627	1,726	2,858	233	281
Textile machinery	18,570	11,833	11,159	7,285	185	151
Other engineering*	74,687	90,960	42,355	50,730	213	219
Total	152,367	158,600	84,363	88,213	197	205

* Excluding motor vehicles, cycles, aircraft, railway carriages and wagons.

The returns reveal a slight but definite expansion in the industry as a whole between the two census years. The average number of persons employed rose from 427,289 to 429,790, and the net output per employee, at £205, records an advance of £8. As was to be expected, this expansion has not been uniform. The textile machinery branch of engineering shows an appreciable decrease in net output, and in the locomotives, engines, boilers, and boilerhouse plant section, the net output also reveals a heavy decline. The advance was most pronounced in the miscellaneous group, of which constructional engineering forms the chief item.

Vital Statistics 1930.—The outstanding feature of the final report of the Registrar-General for 1930 is the decline of 14 per cent. on the previous year in the number of deaths registered in England and Wales. The death-rate, at 11.4 per thousand, was the lowest on record, and compares with 13.4 in 1929. The rate of infant mortality, at 60 per thousand live births—still much too high a figure—was 14 per cent. below that of the previous year and 5 per thousand less than the previously lowest rate recorded in 1928. The birth-rate, at 16.3 per thousand of the population, was the same as in 1929. The downward trend in the birth-rate, so marked since the war, was therefore temporarily arrested. According to more recent information, it is clear that a further decline is to be anticipated in 1931. In the view of the Registrar-General, the element of personal control over reproduction accounts for the great decline in the birth-rate during recent years. The total number of live births and deaths amounted to 648,811 and 455,427 respectively. The “natural increase” in the population was therefore 193,384, against 111,181 in 1929.

Another German Reorganisation.—Recent days, writes our Berlin correspondent, have seen the conclusion of the financial reconstruction of another large mining organisation, the Ewald Mining Company. This company caused great surprise last autumn by its announcement that its short-term debts, together with those of its subsidiary, the König Ludwig Mining Company, amounted to about Rm. 90 millions, of which 70 millions were bank credits. Its principal creditors were the Deutsche Bank and the banking house of Simon Hirschland in Essen. The debts were primarily due to excessive capital expenditure, both on the exploitation of collieries and on the construction of a nitrate factory. It was intended to consolidate the debts by means of a large foreign loan, but meanwhile there supervened not only the crisis in the international capital market, but also the particular crisis in the nitrate industry, which made the new plant unprofitable. The position is now to be rectified by turning the Ewald Mining Company into a joint-stock company with a capital of 16 million marks. Of this 10 millions will be allocated to the bank creditors, 4½ millions exchanged for old Ewald shares in the proportion of one old share to Rm. 1,500 new Ewald shares, and the remaining 1½ millions exchanged for the 500 König Ludwig shares which are still held by the public. The remaining 2,500 König Ludwig shares are still held by Ewald, which holds the König Ludwig mines on a thirty years' lease. This arrangement leaves Ewald still with about 42 millions of debt and König Ludwig with more

than 33 millions, but the banks have granted both companies a five-year moratorium with a substantial reduction of interest. The burden is to be slightly reduced by the sale of the majority of the shares of the Langenbrahm Mining Company, held by König Ludwig, to a French group, but the purchase price is to be paid out of funds which are subject to the standstill agreement, and so far it has not been possible to obtain the consent of the foreign exchange clearing office.

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

	First half-year, 1929.	First half-year, 1930.	First half-year, 1931.	First half-year, 1932.
Foreign—				
Government	\$ 48,667,000	\$ 44,661,000	\$ 148,612,200	\$ Nil
Corporate	194,148,347	336,510,000	126,150,000	Nil
Domestic—				
Municipal	465,792,051	505,099,283	750,728,400	421,756,427
Railroad	353,670,700	793,763,070	318,636,000	3,425,000
Public utility	759,340,090	1,348,309,922	1,170,309,100	175,026,000
Industrial	1,637,813,291	747,071,164	256,015,700	413,800
Others	1,379,279,682	351,707,238	72,855,000	115,871,500
Total	4,838,711,161	4,127,121,677	2,843,306,400	716,492,727

Borrowings in the United States have been on a considerably reduced scale during the past six months, as compared with corresponding periods of the three preceding years. Municipal borrowing accounted for more than half of the total. Public utilities were the next largest borrowers. Railroad and industrial issues were practically negligible, but other issues amounted to about one-sixth of total borrowings.

Pioneer Life Assurance.—In spite of the handicap of administering in these times a small and fluctuating business, the Pioneer has produced for the year ended March 31, 1932, a very satisfactory report. The company's business is centred in Liverpool; is confined in the ordinary branch to the issue of “without-profits” policies; and includes in the industrial branch all forms of policy normally issued by industrial companies. The combined funds amount to £680,000. As a result of lower income tax assessment in the industrial branch, the combined interest earnings show an increase from £4 10s. per cent. net in 1930-31 to £4 13s. 5d. per cent. last year. The expenses have remained at virtually the same level in the industrial branch, namely, 39.4 per cent., but in the ordinary branch show an advance from 15.2 per cent. to 16.1 per cent. The company has achieved the creditable result of increased new business in each branch, the amount in the ordinary branch being £97,150, compared with £90,525, and in the industrial branch £390,289 compared with £321,393. The usual annual valuation has been made, and the basis of valuation has in no way been weakened. The results of the last three years are as follows:—

Ordinary Branch.		1929-30.	1930-31.	1931-32.
Trading surplus earned during the year	£	544	7,909	17,056
Investment profits	£	1,564	3,424	816
Brought forward from previous year	£	2,262	3,282	4,615
		3,282	14,615	22,487
Allocations:—				
Shareholders	£	...	6,000	5,000
Investment reserve fund	£	...	4,000	17,000
Carried forward to next year	£	3,282	4,615	487
		3,282	14,615	22,487
Industrial Branch.				
Trading surplus earned during the year	£	5,094	17,235	11,375
Investment profits	£	1,628	3,558	878
Brought forward from previous year	£	9,731	10,453	5,246
		16,453	31,246	17,499
Allocations:—				
Shareholders	£	6,000	...	...
Investment reserve fund	£	...	26,000	17,000
Carried forward to next year	£	10,453	5,246	499
		16,453	31,246	17,499

During the height of the crisis, in November last, the usual interim dividend was postponed, but the directors recommend in the report a dividend for the year at the same rate as formerly, namely, 9½ per cent., and announce also that interim dividends will not in future be paid. The £34,000 transferred to investment reserve fund has, together with a release of £5,000 from internal reserves, sufficed to increase this fund to £90,000. It is stated that this fund is more than sufficient to meet the depreciation on the assets.

Liberal Summer School.—The annual meeting of the Liberal Summer School will be held this year at Oxford from July 28th to August 3rd. The programme of lectures covers a wide range of topical economic and political questions, and includes, *inter alia*, such well-known speakers as Mr H. G. Wells, Viscount Cecil, Sir Arthur Salter, Viscount Astor, Sir Michael Sadler, and Sir Walter Layton. All inquiries should be forwarded to the Secretary at 42, Parliament Street, London, S.W. 1.

Overseas Correspondence.

LEAGUE OF NATIONS.

Lytton Commission — Turkey — Economic Conference — Geneva.

(FROM OUR CORRESPONDENT.)

GENEVA, July 5.

It was with considerable misgiving that a number of delegates accepted the Special Assembly's resolution to prolong the delay of six months within which the Covenant requires that the report on a given dispute should be published. The reason for this is that the Lytton Commission has informed the League that it will not be able to report before the middle of September. Meanwhile, as the Chinese delegate observed, the delay is against China's interests, and plays into the hands of the Japanese. The President's reminder of Japan's promise not to aggravate the situation is worthless; Japan has completely and consistently ignored every undertaking she has given. What is more important is the President's reminder to the Assembly of its resolution not to recognise any situation brought about by means contrary to the Covenant or the Paris Pact. Not all States can afford to follow Japan's example and show such lack of self-respect as to ignore their undertaking; if they should fail to obtain an honest settlement, the least they can do will be to remain firm in their refusal to recognise the consequences of Japan's bad faith.

By the time this appears in print Turkey will in all likelihood be in the League. Her entry is not without interest, for Turkey's influence in the Balkans in recent years has been one of moderation in many respects, and the very striking change in the relations between Turkey and Greece received much less notice than it deserved. It is an example of political wisdom which might well be kept before other States whose attitude to Turkey and the Balkan States is generally one of lofty superiority. Turkey comes in without any of the conditions for a seat on the Council which have in recent years been the obstacle.

It now seems certain that the world economic conference will, after all, be a League Conference. The excuse so often given that the Conference would have to be held outside the League because the United States of America is not a member was never valid. The United States has on no occasion in recent years objected to participate in any conference organised by the League on those grounds, and it was rather strange that such objections should have been attributed to her from Lausanne at a moment when she was not participating in the Lausanne Conference but was taking part in the League Conference at Geneva. It is unfortunate that matters should have so developed that

the United States of America has become in this case almost the champion of the League, in face of other Governments who claim to be its stalwarts. It is fair to say that in Geneva no profound importance is attached to the question whether the Conference be held within the League or outside it, provided it accomplishes useful work, but the excuses that were being put about for the proposed economic conference to be non-League have created something like a scandal. If Great Britain or any other members of the League, for reasons best known to themselves, desire to leave the League aside whenever possible, it would be better to do so frankly and not to hide behind the skirts of the United States. It is assumed in many quarters that apart from more general reasons which are attributed to some of the more nationalist Governments, the outstanding irritation is the insistence of many of the smaller powers on receiving a square deal—more particularly in the Sino-Japanese conflict—on pressing for a little more respect for the Covenant, more achievement and fewer secret conversations of which they know nothing.

The bureau of the Disarmament Conference this afternoon decided, at the request of a number of delegations, to resume next Thursday the general discussion of the Hoover plan. It is not to be a detailed discussion, but one on the lines of the speeches made when the plan was first submitted. Sir John Simon stated, with Mr Gibson's approval, that it could not be expected that on so bold a proposal States could be ready within two or three weeks to enter upon detailed debate. On Sir John's proposal, it has been decided that when this discussion is concluded a resolution will be proposed welcoming in broad terms the Hoover plan as a stimulus to the Conference, and a further resolution setting out the nine or ten points on which the Conference has more or less reached agreement. There is some difference of opinion as what point has in fact been reached, and Mr Litvinoff suggested they might also have a resolution on the points of disagreement. However, Sir John Simon, Mr Motta and others asserted that far more progress had been attained than the Conference had been given credit for. Some of the smaller powers are not content, but the prospects are that something roughly on the lines of Sir John's suggestions will be adopted, and that in about two or three weeks the Conference will adjourn.

UNITED STATES.

Industry — Railroads — Dividends — Banking.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 29.

BUSINESS conditions are slack and are likely to continue so until the autumn. Prolongation of the Congressional session, a fresh outbreak of bank failures, although of no great importance, and the general uncertainties abroad restrain such tendency towards improvement as might otherwise appear. Trade activity is probably at a lower level now than it was a month ago. The rate of decline in railroad freight traffic this month has slackened, but railroad earning statements for May show that the past month, in spite of economies in all directions, was the worst the roads have yet had. The first seventy first-class railroad companies to report reveal a decline of nearly 70 per cent. in net railway operating income as compared with the corresponding month of last year. Only a few roads are earning enough to cover their interest charges, and for the first five months net railway operating income was down by 45 per cent. The Norfolk and Western, one of the strongest roads of the country, has been obliged to cut its regular dividend from a \$10 to an \$8 basis. The Atchison, Topeka and Santa Fé omitted its dividend entirely after two reductions. This is the first time the Santa Fé common shareholders have had to forgo dividends since 1900, and the stock was a prime favourite among investment trusts and others investors of large sums. Only two active railroad stocks—the Chesapeake and Ohio and the Delaware and Hudson—have maintained dividend rates intact since the beginning of the depression.

Five active railroad common stocks listed on the New York Stock Exchange are still in the dividend class. Besides the D. and H. and the C. and O., they are: Union Pacific, Reading, and Norfolk and Western.

Some further severe reductions of industrial company dividends also has taken place, but there have been some surprises on the side of maintenance, namely, American Can and Allied Chemical and Dye. The yield basis for all common stocks, and for most preferreds as well, clearly indicates that the market is shaky about any dividend. United States Steel preferred, for instance, is selling to yield nearly 14 per cent. The steel industry is merely doing some replacement jobs, and the rate of operations is scarcely above 15 per cent. of capacity. Some industries have had orders placed to anticipate the excise taxes which came into effect last week. The oil trade is slowly improving, because of unrestricted output, and the price trend is now upward.

The wheat harvest is in full swing, having come earlier than usual in the winter crop areas. While the yield is fair in most sections, the prevailing low prices will not permit recovery in agriculture this year. Farmers are able to live, but with the average price of around 25 cents a bushel for wheat at primary markets, they have little or nothing for taxes and interest on debts. They cannot be expected to buy much beyond the necessities of life until another crop year, although higher prices for hogs are helping.

The outbreak of bank failures in the Chicago district came as an unpleasant reminder that the position is not yet entirely liquidated, and while the news of the difficulties of the bank in which Charles G. Dawes is interested came as no surprise to Wall Street, it was nevertheless somewhat unpleasant news to the country. A heavy loan from the Reconstruction Finance Corporation and private bank aid have put the Dawes bank out of danger, and no serious trouble is expected from Chicago, where there have been 36 small failures in the past fortnight. Bank failures in May rose to 77, but there have been few this month outside Chicago.

Some rise in currency circulation has come as a consequence of withdrawals of deposits from banks, and these affairs also have accounted in part for the heavy deflation in bank loans and investments last week. Reporting member banks in leading cities show a drop of \$218 millions in loans; of which only \$50 millions were on stock and bond collateral. A partial explanation also lies in the recent increase of R.F.C. loans to railroads, which have liberated bank money; and, for the remainder, the aftermath of the tax date is responsible.

The Federal Reserve system last week found it necessary to purchase only \$38 millions of bills (there was at the same time a drop of \$12 millions in bills and of \$8 millions in member bank discounts) in order to maintain member bank excess reserves at around \$250 millions. The monetary gold stock rose \$8 millions, and money in circulation gained \$38 millions. Reduction in the New York discount rate was fully expected, and was taken as a measure of confidence of the central banking authorities in the end of gold exports and the improbability of heavy U.S. Treasury long-term loans in the near future.

Open market money rates are still unusually far below the discount rate, although the New York Reserve Bank cut sharply its buying rate for bills to aid the market. The Treasury is ending the fiscal year with a deficit of virtually \$3,000 millions. Apparently all Congress will do toward the suggested \$300 millions Economy Bill will be to approve reductions of \$150 millions, of which two-thirds is in pay for Federal employees. This reduction is to come about through compulsory thirty-day vacations without pay. The plan is estimated to be equivalent to an 8 per cent. cut in salaries. The Relief Bill is still in conference of Senate and House committees, and may not be ready for a vote for several days.

The committee of twelve, recently appointed by the Governor of the New York Federal Reserve Bank, partly at the suggestion of the Secretary of the Treasury, to devise and consider plans for stimulation of industry and to help advance the anti-deflationary policy of the Federal

Reserve Banks, have approved the scheme for trade acceptances as a substitute for open-book accounts among industrial and merchandising companies. The plan has strong backing from such leading companies as General Motors, General Electric, Westinghouse, U.S. Steel and Standard Oil of New Jersey, and the committee hopes that "the grant of banking accommodation to manufacturers and merchants will be facilitated through the discount of approved trade bills in place of cash advances on one-name promissory notes of borrowers," which should result in the use of additional bank credit.

FRANCE.

Political Crisis — Finance — Iron and Steel.

(FROM OUR CORRESPONDENT.)

PARIS, July 6.

THE Bill embodying the first portion of the Government's economy proposals, which have been specially designed to balance the Budget and furnish the Treasury with the necessary funds to meet requirements, was laid before the Chamber on Friday. It was evident from the outset, however, that the Finance Commission—in which Radicals, Socialists and other normal supporters of the Government fill a clear majority of the seats—was by no means in favour of the proposals submitted to it. The only whole-hearted supporters of the Government's plan were the representatives of the Opposition groups; and the Commission rejected so large a proportion of the proposals that the net result would be to reduce the Ministry's economy plan from 4,200,000,000 francs to 2,500,000,000 francs, and at the same time render impracticable other projected measures designed to furnish a further 2,200,000,000 francs for the purpose of establishing a balanced Budget and an adequately supplied Treasury.

The effect of this extraordinary policy has been a fresh crisis. The definitely Cartellist groups in the Chamber have seized the first opportunity offered to challenge the Herriot Ministry on the question whether it will depend for a majority solely and entirely on the groups of the Left, or risk another Ministerial crisis, which may be solved either by the formation of a coalition between the whole of the Centre Parties, or by a dissolution and fresh elections.

The Government economy proposals are directly due to the twin facts that the Budgets for 1931-32, 1932 and 1933 all resulted or will result in heavy deficits, and that the Treasury—whose bank balance has for some time past been less than 100,000,000 francs (in the last two Bank of France statements it has been returned as barely 80,000,000 francs)—is impossibly restricted. The proposals tabled last Friday comprise the following items, the figures indicating estimated reductions of expenditure or increases of revenue to be effected under the current Budget (April 1 to December 31, 1932) and its successor:—

(In millions of francs.)			
I.—REDUCTIONS OF EXPENDITURE.			
	1932.	1933.	
National defence	83	1,440	
Civil Service pay	125	500	
Pensions to war widows after re-marriage	110	220	
Old-age pensions to ex-service men who pay income tax	50	100	
National insurance	45	90	
Other economies	10	240	
	423	2,590	
II.—INCREASED REVENUE.			
Suppression of certain turnover tax abatements	205	410	
Increase in tax on coffee	150	300	
Income tax on savings bank deposit interest	140	280	
Increase of income tax on real estate revenues	...	100	
Revision upwards of general income tax scale	...	380	
	495	1,470	
III. POST OFFICE BUDGET.			
Revision of rates	107	214	

A number of these proposals concern suppression of recently applied increases of expenditure. The most serious increase of the taxation burden (which received the approval of the majority of the Finance Commission) is that concerning the sliding scale of rates imposed in regard to assessments for general income tax, to which the schedule rates are supplementary. The increases proposed range from 12½ to 27½ per cent. The effect of the new modifications will be seen by the following examples:—

Taxable Income.	Amount payable under			Increase.
	Present System.	New System.		
Frs.	Frs.	Frs.		%
20,000	400	500		12
30,000	800	1,020		27½
50,000	2,000	2,500		25
100,000	7,333	8,500		16
400,000	70,933	88,000		24
1,000,000	267,333	320,000		16-30

All the proposed reductions in national defence expenditure were approved by the Finance Commission practically unanimously. They are distributed as follows:—Army, 22,000,000 francs under current Budget, 615,000,000 francs in 1933; Navy, 302,000,000 francs (in 1933 only); Air Forces, 202,000,000 francs (in 1933 only); Colonial Defence, 8,500,000 francs in 1932, 10,000,000 francs in 1933; other reductions common to all services, 52,500,000 francs in 1932, 311,000,000 francs in 1933. Total economies in military expenditure will therefore be 83,000,000 francs this year and 1,440,000,000 francs under the 1933 Budget.

The foregoing economy proposals form only the first portion, as has already been mentioned, of the Government plan.

The Government propose to raise a further 1,200,000,000 francs by applying an extensive conversion scheme to certain of the war and post-war Rente issues. This, according to plans drawn up in connection with the above economy and readjustment proposals, it was proposed to submit to the Chambers under urgency procedure immediately after the summer recess. Finally, on the assumption that the conversion plan would prove successful, it was decided to raise a further 1,000,000,000 francs from the Caisse d'Amortissement, out of reductions that would accrue in regard to annual public debt charges by the application of the conversion plans. The 2,200,000,000 francs expected from these two sources were necessary to round off the Government plans to secure sufficient funds to deal with the present deficit and to place the Treasury in an easier situation. It is now evident that, unless the Cartellist opposition to a large proportion of the Government proposals can be overcome, the entire plan for balancing the budget will have to be recast.

The rejection by the majority members of the Finance Commission of all proposals involving cuts in the scales of civilian pay, pensions and allowances has obviously been largely due to pressure brought to bear by various powerful syndical organisations into which the public servants formed themselves some years ago. This was made clear when the Commission took into consideration Clause 6 of the Bill, which provides for a reduction of 5 per cent. in the salaries paid to the President of the Republic, the Ministers, senators and deputies, and all other civil and military servants of the State. This was adopted only in so far as it applies to the President of the Republic and the members of both Houses of Parliament. All the rest of the proposals for cuts in the pay, pensions or allowances of other individuals were also rejected. Steps taken by some of the Civil Servants' unions to organise on Saturday a manifestation outside the Chamber, as a protest against the economy proposals, were nullified by the posting of large bodies of police to command all approaches to the House within a radius of about a mile. According to present plans, there seems to be a possibility that M. Herriot may endeavour, if negotiations prove fruitless, to bring the whole question directly before the Chamber, independent of any report by the Finance Commission. An unofficial suggestion is that powers should be sought permitting, in certain circumstances, matters of this kind to be referred for consideration to the Conseil d'Etat, which in France is

the supreme body of arbitration in all matters concerning interpretation of the rules of administrative procedure, and which, it is argued, would or should possess jurisdiction in the present conflict.

Iron and steel production figures for May, which were made public yesterday, show little difference of the month. Pig iron output totalled 459,000 tons, or exactly the same figures as in April (against 724,000 tons in May last year and monthly averages of 864,000 tons throughout 1929). Crude steel production was 445,000 tons, against 457,000 tons in April, 674,000 tons in May last year and a monthly average of 808,000 tons in 1929. The number of blast furnaces in activity during May was only 79 (or the same as in April), against 129 in April last year. In the home market business remains as poor as in other countries, with prices still on the downward trend, and no sign of improvement exists, with the exception of a slight animation in constructional ironwork and one or two other directions.

GERMANY.

Lausanne — Budget — Gelsenkirchen — Foreign Loans.

(FROM OUR CORRESPONDENT.)

BERLIN, July 5.

THE German public is now beginning to have a fairly clear idea of the position of the Lausanne negotiations. The greatest surprise is felt at the reported readiness of the German delegation to undertake an unconditional final payment, and in the event of success Herr von Papen will have the greatest difficulty in persuading the German public of the necessity of such a decision and of the possibility of carrying it into effect. Judging from the attitude of the respective parties, he can only count to a very limited extent on the support of the Right, while neither the National Socialist nor the Nationalist Press gives any reason to suppose that the attitude of absolute refusal of any German special payments is to be in any way modified. Nevertheless, it is, of course, conceivable that Herr von Papen may purchase, by further concessions in domestic politics, the continued toleration by the Nazis of his foreign policy. Of all the papers of the Right, however, only the *Deutsche Allgemeine Zeitung*—which, indeed, in this as in many other matters may be regarded as the mouthpiece of industry—is at present giving the Government to understand (though without approving the tactics of the German offer) that an agreement would be tolerable "in so far as it does not substantially exceed one to two milliards; in so far as all difficulties with the United States, so far as Germany is concerned, are removed; and in so far as the carrying through of the new loan can be regulated the late Government could not have procured any better terms, and if the Papen Cabinet comes home with an agreement of this character it will owe no apology to its predecessor." This is, however, written on the presupposition that it will be possible formally to cancel the reparation clauses of the Versailles Treaty, including the war guilt clause.

Up to the present the Centre, on the other hand, has remained adamant. Its leading paper, the *Germania*, writes:—"Germany can make herself useful to her creditors more effectively than by final or sham payments if she contributes to the recovery of the commodity and capital markets and makes it possible for the resources invested in Germany once more to be productively used. The Brüning thesis of complete cancellation, which, unhappily, has been fatally undermined by the German delegation at Lausanne, appears more and more clearly as the only possible—because the simplest and most reasonable—solution, and nothing would be, to our mind, more ungrateful and short-sighted than just at this moment to pass over Brüning's reparation policy with a sympathetic smile. We do not believe that the delegation have anything better and more effective to put forward, and we consider it a serious mistake on their part to have failed to prevent the creditors from spreading a

thick net of figures and demands." Although the Social-Democratic Press is showing the greatest reserve, it is highly probable that the Papen Government could secure the support of the Left for a reasonable agreement with the reparation creditors, but it can hardly accept this support without destroying its internal political foundation.

The report of the Reichskreditgesellschaft on Germany's economic development during the first half of 1932 holds the "war between creditors and debtors" primarily responsible for the appalling state of affairs which has arisen: "There is no longer any possibility, as the development of international trade clearly shows, for debtors in debtor countries to assume obligations to make payments abroad as long as there is no possibility of securing, and even increasing, markets by hard work and effort. This possibility has been reduced by the action of individual countries pursuing a *saue qui peut* policy in instituting exchange regulations, import duties and quotas, and thereby making commercial interchange the subject of State regulation. For this reason, the report continues, debtor and creditor relationships ought to be adapted to the changed conditions, for the ability of debtors to meet even their old obligations has in many instances been destroyed.

The suggestion then put forward in the report is a reduction or partial suspension, by mutual agreement, of the interest on foreign loans when the foreign exchange necessary for the transfer cannot be procured. The redemption of the loan according to programme ought, on the other hand, on no account to be interrupted, as the redemption corresponds to the depreciation of the capital goods purchased with the loan. Advantage might, however, be taken of low quotations for German loans to hasten their redemption, and this would enable a large number of long-term creditors who would like to do so to free themselves of their long-term connections in advance of the due date. No such regulation of private debts is, however, possible until reparations have been cancelled by agreement.

The Budget for 1932, which has been put into effect by emergency decree, is as follows:—

(In Millions of Marks.)

REVENUE.		EXPENDITURE.	
Income tax, including poll and crisis taxes	1,890	Tax revenue transferred to states and communes	2,113.5
Turnover tax	1,820	Pensions	1,381.5
Death duties, industry and transport taxes	1,047	Other internal expenditure arising out of the war	325.6
Customs	1,140	External expenditure arising out of the war	145.0
Tobacco duty	775	Social insurance	501.9
Beer duty	300	Unemployment insurance	929.2
Other taxes on consumption	492	Reich debt services	231.4
Total taxation	7,464	Extraordinary service of floating debt	420.0
Other revenue	755	Service of old Reich debt	286.9
		Army supplies	426.6
		Other expenditure	1,567.7
Total	8,219	Total	8,329.3

The Government intends to balance the Budget, which is lower by one milliard than that of the preceding year, by a reduction of 110 millions spread over the various items of expenditure. The Reich itself has reduced its expenditure by 129.6 millions, apart from the contemplated 110 millions; the transfers to States and provinces are 207.6 millions less, and the complete cessation of reparation payments brings the reduction in expenditure to 422 millions.

The Government have appointed a committee, consisting of the former President of the Reichsgericht, Dr. Simons, the former Finance Minister, Herr Schlieben, and the former Secretary to the Treasury, Professor Popitz, to inquire into the Gelsenkirchen affair. The duty of the committee is less to go into questions of law, for it is assumed that the transaction was legally unimpeachable, than to ascertain whether it was in the public interest, in what circumstances it took place, and, in particular, whether any private groups have derived

illegitimate advantage from it. It may be taken for granted that the result of this inquiry will be made public before the elections, as the Papen Government probably hope to find in it a weapon against their predecessors. Meanwhile it has become known that at the last moment a parcel of Rhenish lignite shares, to the nominal value of about Rm. 12 millions, which were held by Gelsenkirchen, were sold to Flick-Charlottenhütte before the Gelsenkirchen shares passed into the ownership of the Reich, and Flick-Charlottenhütte resold them, it is rumoured, at 200, which means a total of Rm. 25 millions to Dr. Silverberg, the principal shareholder of Rheinbraun. This does not improve the appearance of the Gelsenkirchen affair, since it means that the Reich was deprived of one of Gelsenkirchen's most valuable holdings to the advantage of Herr Flick. The Finance Minister certainly knew of the transaction.

While the interest service of the German foreign loan has hitherto been transferred in full, anxiety has been felt for some months as to how the Reichsbank would meet those few maturities of long-term loans which fall due in 1932. The first was that of a 5 per cent. American debt of 10 million dollars, owed by Sächsische Werke and due on July 15th. The company has informed its American creditors that it is not in a position to repay the loan at maturity, as the authorities will not provide the foreign exchange necessary for transfer. Negotiations were therefore opened with the National City Bank as trustee for the loan, and an interesting compromise has now been arrived at. Five per cent. of the loan, which was redeemable at 105, is to be paid in dollars at maturity and the rest converted into five-year 6 per cent. notes, which will thus fall due on July 15, 1937. Saxony bonds rose sharply in New York upon the news of this settlement.

U.S.S.R.

Foreign Trade — Balance of Payments.

(FROM OUR CORRESPONDENT.)

MOSCOW, June 22.

THE recent publication of full statistics covering Soviet foreign trade in 1931 indicates that in this field, at least, Russia is feeling the full blast of the world crisis. While exports increased in volume by 1.3 per cent., their value declined by 21.7 per cent., or 225,161,000 roubles. Imports increased in quantity by 24.8 per cent. and in value by 4.3 per cent. The unfavourable balance of trade amounted to almost 300,000,000 roubles, or over £30 millions at par. Inasmuch as the Soviet Union has no foreign investments and few "invisible exports," an unfavourable trade balance demands strenuous efforts to keep the balance of payments on an even keel, and the Soviet Government has been acting with considerable energy in various directions for this purpose. The first and most obvious remedy is to cut down imports, and the complaints of dull business which are to be heard from most representatives of foreign firms here indicate that this is not being neglected. For many years the Soviet Government has ruthlessly barred from its import list not only luxuries, but practically all objects which are designed for the immediate satisfaction of the consumer. The overwhelmingly largest share of Soviet imports falls under such headings as machinery and equipment, metals and raw materials. Now it seems that some cut must be made even in those foreign purchases which make possible the rapid industrialisation of the country. At the same time the "valuta specialist" is rapidly becoming a figure of the past. Contracts on a foreign currency basis are being wound up, with a very few exceptions, as fast as possible, and as a general rule only engineers and skilled workers who are willing to accept payment in roubles (which may not be exchanged into foreign currency or taken out of the country) need apply for posts in the Soviet Union.

Russia's need to realise every available unit of foreign currency has led to an extraordinary system of currency double bookkeeping, which probably has no exact precedent in any other country. The Soviet Union to-day

is covered with a network of so-called Torgsin stores, where only gold and foreign currency are accepted in payment. These shops are stocked with foodstuffs and manufactured goods, better in quality, as a rule, than one can purchase in Russian shops which deal on a rouble basis, and free from the rationing system. While the Torgsin shops were inaugurated for the benefit of tourists and foreign residents in Russia, they have expanded to an extent which indicates that they are reckoning with a considerable amount of Russian patronage. Certainly the opportunity of buying unlimited quantities of butter, sugar, conserves and manufactured goods does coax out a certain quantity of hoarded gold and foreign banknotes. Moreover, a remittance system has been introduced and widely advertised abroad whereby persons with friends or relatives in Russia may send them currency in the form of buying cheques, payable at the Torgsin shops.

Another Soviet method of restoring the balance of payments is intensified production of gold. Modern mining machinery and large dredgers are being employed in such gold districts as the Lena and Aldan River basins of Eastern Siberia. The figures of gold output are not published, but there is a visible strenuous effort to develop maximum production. Finally, a constant campaign for "economic independence" is carried on in the factories and mines. Engineers and workers are especially rewarded for inventions or suggestions which make it possible to dispense with imported machinery or equipment. Russian is substituted for foreign equipment whenever there is the least possibility that satisfactory results can be achieved after the change.

A continuation of the world depression will probably mean a slowing up of the tempo of industrial construction and development envisaged under the second Five Year Plan, which begins in 1933. Scarcely any industry is keeping up with the high production schedule set for 1932 (when an increase of 36 per cent. in industrial output, by comparison with 1931, was projected) and the shortage of steel is already having a bad effect on the work of the tractor and machine-building plants. However, a spreading out of the programme of industrialisation over a longer period would not have any particularly disastrous results; a much more important practical problem would seem to be the improvement of the country's food supply, which has suffered badly last winter and spring as a result of a combination of factors, including drought in some of the eastern and south-eastern regions of the country, and storage of food for possible military emergencies in the Far East. In the meantime, the Soviet Union has maintained its commercial solvency with a success which more than one capitalist country might envy.

AUSTRIA.

Bank Bill — Trade Treaties — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, July 4.

THE Government has brought in a new Bank Bill, based on the experience of the last few years and providing for thorough measures of control. In the first place, the evil that the banks publish far too little information is to be eliminated. A balance-sheet scheme is laid down, and balance sheets have to be made up quarterly. A special control institute is to keep track continually of current business, and every bank is obliged to resort to one of the chartered auditors, whose independence is to be assured by means of strict penal regulations. Further, records of credits are to be given to prevent clients from taking up credits from various sources without the knowledge of their bank. Business with members of the banks' boards and supervisory councils is to be forbidden, as also with the employees of the banks and with the members of their families. The according of so-called guaranteed royalties is to be stopped, and of any payment which a member of a bank receives for his activities with an associated enterprise at least half must go to the bank. The emoluments of functionaries of banks in distress are to be specially regulated, and the notice necessary for

dismissal of employees is to be considerably reduced. Members of the management and leading officials of banks which have become insolvent are obliged to repay any "excessive" emoluments which they may have received in the course of the three years immediately preceding the opening of bankruptcy or composition proceedings. If these provisions had been introduced earlier they might have prevented several deplorable affairs, which have in the meanwhile caused great losses to the banks and to the State. The Government commission which was previously responsible for the banks has proved to be totally inadequate.

The delegates of the Austrian Government have come back from Lausanne, and the Federal Chancellor has declared that the loan has been assured to Austria, though he did not state when it will be available. It is expected that this will be in the early days of September, after the necessary measures have been passed by Parliament. In the meanwhile, the National Bank must maintain the restrictions which it has been observing in regard to the remitting abroad of foreign means of payment. For travelling purposes only very small sums are being allowed. The agreement made between Austria and Czechoslovakia to promote tourist traffic between the two countries during the summer months is also meeting with difficulty.

The trade treaty conflicts which have developed between Austria and Hungary are of a serious nature. The Austrian farmers want the cattle quota reduced to half; further, Austria demands that payments for Hungarian merchandise, and particularly for grain, should be made in schillings and not in dollars as heretofore. Finally, in recent months Hungary has decreed a number of import prohibitions which seriously affect Austrian export trade, though Hungary has declared herself prepared to rescind a part of the prohibitions, provided Austria waives her claim to a reduction of the import quota of cattle. Further, the Hungarians are willing to liberate to Austria for travelling purposes only an amount representing the surplus value of the foodstuffs which Austria may take from Hungary over and above the present level.

The negotiations with Russia concerning fresh orders for Austrian industrialists have come to a dead stop. The Russians will place fresh orders, but they demand that for every fresh order a conversion shall be made into schillings of the corresponding value of old Russian obligations in dollars to Austrian firms. In economic circles it is pointed out that for the past ten months not a single Russian order has actually been executed in Austria, while the Russians have not only maintained their old exportation to Austria but have been trying to enhance it.

Unemployment is increasing in spite of the summer season. In the second half of June the increase in Vienna brought the total up to 106,990, so that the corresponding level of last year is exceeded by 21,740. But even in the provinces no marked decrease is observable. For instance, at the Krupp works at Berndorf further dismissals are in progress, especially as the efforts to get Krupp of Essen to help to put the Austrian enterprise on its feet again have been fruitless. There is no improvement yet on the Federal Railways, and, though one expert opinion follows another for the purpose of effecting internal savings and whittling down the number of offices and departments, traffic continues to decline and revenue consequently to dwindle. Statistics show that in the year 1918 there were 18 journeys *per capita* of the population and only 14 in 1931.

HUNGARY.

Politics — Lausanne — League Loan.

(FROM OUR CORRESPONDENT.)

BUDAPEST, July 5.

ON June 30th, the Budget having been passed by both Houses of Parliament, Count Károlyi tendered the resignation of the Cabinet to the head of the State, which was, however, not accepted. It is understood here that

the Regent's decision to retain the Károlyi Cabinet was due principally to the realisation that the present Government is better suited to conduct the forthcoming international negotiations on reparations, the scheme for the Danubian economic co-operation, and, above all, the parleys with the foreign creditors through the intermediary of the League with a view to the reduction of the intolerably high interest burden.

The representatives of the Government have gone to Lausanne at the invitation of the Great Powers, but the agenda of the Conference concerning Hungary is not exactly known here. It is supposed that apart from the settlement of Eastern reparations, with which the thorny problem of the Hungarian Optants is closely interconnected, there will be an opportunity to discuss economic co-operation among the Danubian countries. As to reparations, it will be remembered that in 1924, before the first League reconstruction scheme began to operate, Hungary had undertaken by the Geneva Protocol to pay 200 million gold kronen in twenty annuities commencing at 5 millions and gradually rising to 14 million gold kronen. At the second Hague Conference in January, 1930, Hungary consented to pay 23 further annuities at the rate of 13.5 million gold kronen (15.6 million pengő) from 1944 until 1966 on other than reparation account as a final settlement of all political obligations arising out of the war. At the same time, the Hague Conference settled the long-drawn-out dispute of the dispossessed Hungarian landowners by instituting the so-called "A" and "B" Funds, to which most of the Hungarian reparation payments are to be remitted apart from other contributions from the Great Powers and the interested Succession States. It is obvious that so long as Hungary cannot meet her commercial obligations she will not be able to meet her political obligations either. The estimates for 1932-33 provide only a sum of 800,000 pengő, instead of the annuity of 10 million pengő according to the schedule of the Geneva Protocol of 1924. Whatever the decision at Lausanne, two important facts will have to be borne in mind by the Great Powers whose citizens are also the chief creditors of Hungary on commercial accounts; first, that even when normal trade relations have been restored in the Danube Valley the transfer capacity of Hungary will be very limited, and it seems that the best that foreign creditors can hope is an annuity scaled down to 100 million pengő, a third of the present obligation of 300 million pengő; second, that any amount required from Hungary on reparation account will flatly diminish the commercial creditors' share; in other words, reparations, if any, will have to be borne by them.

Hungary's transfer difficulties are amply demonstrated by the recent announcement of the trustees of the State Loan of 1924 (commonly known as the League Loan) that the funds in foreign currencies already in their hands are at present insufficient to meet in full the interest due on August 1st next. Fortunately, there is a reserve fund covering a half-yearly service of the League Loan from which the August coupons will be duly met. The Hungarian Government has promised to recommence transfers as soon as possible when the situation permits. On the other hand, the trustees announced that the Government, in further breach of the terms of the General Bond and the Geneva Protocol, issued instructions that, from the proceeds of the revenues pledged for the security of the loan, only such amounts are for the future to be transferred to the trustees' account with the National Bank of Hungary, as, converted at the official rate of the Bank, would correspond to the pengő equivalent of the instalments due under the General Bond. The trustees have taken immediate steps to lodge a protest against these infractions of the General Bond and the Geneva Protocol, and have advised the Secretary-General of the League of Nations of these developments. The Hungarian Government, in response to the announcement of the trustees, has issued a *communiqué* pointing out that as the pledged revenues yield about 6½ times the service requirements, and represent about 30 per cent. of the total State revenue, their attachment for an indefinite period would make the administration of the Budget impossible. It is

difficult to see how any Government in a similar case could have acted otherwise, and there is little doubt that the Financial Committee of the League which has just dealt with the matter will have to admit that there was no other solution in view of developments which could not have been foreseen in 1924 when the General Bond and the League Protocol were signed.

Unlike the Austrian League Loan, the Hungarian State Loan, though issued under the auspices of the League, was not guaranteed by the respective Governments of the issuing countries. The total amount issued in 1924 amounted to £14,129,000 gold, of which London lent £7,903,000; the amount of the British share outstanding at present is about £6,400,000. The American portion issued amounted to \$9,000,000, of which \$7,320,000 is outstanding. France did not participate in the loan; the other participants were Switzerland, Holland, Italy and Sweden. It should suffice to demonstrate the financial plight of the country that total exports, averaging less than 25 million pengő per month in the first five months of 1932, are not enough to cover the service of the external debt, amounting to 300 million pengő per annum.

BELGIUM.

Railways — Public Finance — Industry

(FROM OUR CORRESPONDENT.)

LOUVAIN, June 14.

In common with the railways of other countries, the Belgian railways have suffered severely from the crisis. For the first four months of this year the running of the Belgian railways has left a deficit of 125 million francs. It is hoped, however, that for the whole year the loss may not exceed 250 millions, which could be met from the company's reserves. Since April 1st running costs have been lightened by the 10 per cent. diminution in salaries and wages, and the prices of coal and other supplies have also fallen. Running costs, it should be noted, include the allocation of a relatively high amount (30 million francs per month) to the renewal funds. The rolling stock renewal fund will be largely drawn upon for the building of steel coaches, which has just been put in hand.

The railways have recently been preoccupied by the question of motor competition, which had hitherto not been as acute in Belgium, where freights and fares have always been comparatively low, as in other countries. The railway administration has been endeavouring specially to develop on the Belgian railways the system of traction by automotors. For two years three German automotors, consuming heavy mineral oil, and three English steam automotors (Sentinel) have been running on local lines. An electric automotor (A.S.E.A.) has recently been purchased. The adoption of this kind of traction has reduced costs notably on certain lines, and has shown that competition with the automobile can be carried on successfully by the railways. The rural narrow-gauge railways, which constitute an extremely widespread network in Belgium (4,600 kilometres), are also going to undertake a similar reform. More than 1,000 kilometres have already been, and 500 more are to be, electrified. The rest will all be provided with oil-consuming automotors, and this is expected to enable these lines to resist motor competition.

Revenue from the new taxes has not apparently fallen far short of anticipations, but expenditure has been increasing unceasingly. Unemployment relief will involve more than 700 million francs, and old-age pensions will this year absorb 800 millions, against 500 millions as anticipated in the budget. A disablement relief fund, for which 35 millions were provided in the budget, will necessitate more than 60 millions. There is no question that there has been exaggeration and abuse in respect of social expenditure. The Government have been trying to check these undue expenses, but the political difficulties are too great. The Government, in fact, will have

to issue further loans, and though the market is not unfavourable, the public is not very likely to absorb all that will have to be offered for public subscription. This policy of balancing the budget by means of loans is likely to give rise to a financial crisis at the end of the year.

The general economic situation has not improved, but industry seems to have touched bottom. The present industrial production may be estimated in Belgium at 70 or 75 per cent. of the 1929 volume. Unemployment figures showed a seasonal fall in April and May. The foreign trade balance has become favourable, and exports have remained at a relatively satisfactory level.

NORWAY.

Money — Finance — Trade — Shipping — Whaling.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, June 20.

THE situation on the money market has continued rather easy during the month, though the amount of notes in circulation is somewhat too high for this season of the year. According to the return of the Norges Bank on June 15th, this item was 302 million kroner, against 290 millions at the same time last year. Balances abroad have been reduced from 16.4 million kroner on May 18th to 9.5 million kroner on June 15th. As on previous occasions when the krone has depreciated heavily, the Norges Bank—in full correspondence with the policy of the Government—has maintained a much higher krone rate than international quotations would indicate, thus causing a heavy toll on the balances held abroad. The Minister of Finance recently stated that it was the opinion of the Government that the krone should follow the pound as far as practicable, and that fluctuations of the rate should be counteracted as far as possible.

The revenue and expenditure figures for the first three quarters of the Budget year 1931-32 are now available. It appears that total revenue for the whole year was estimated at 373.6 million kroner, while an amount of 280.9 million kroner has been received; and that while expenditure during these first three quarters amounts to 259.4 million kroner, the amount voted for the whole year aggregates 381.5 million kroner. The Government propose to cover the prospective deficit by an increase of direct taxes and by introducing duties on tobaccos, beer, petrol and various other products. Further, the Government have submitted a proposition to the Storting to take up a new loan of up to 50 million kroner, part of which will be used for the redemption of internal loans.

Foreign trade figures for May reveal an excess of imports over exports amounting to 15 million kroner, against 11.5 million kroner in the preceding month and 47.3 million kroner in May last year. During the five first months of this year the total import surplus amounts to 52 million kroner, compared with 153 million kroner during the same period last year. The improvement of the trade balance is due to a decrease in imports of 80 million kroner and an increase of exports by 20 million kroner. The item "Ships imported" represents about seven-eighths of the decrease in imports.

Owing to the continued slump in world trade, the freight market has been highly unsatisfactory during May and June, except that the Russians have been in the market for tonnage from Archangel to British and Continental ports, and a number of Norwegian steamers have been chartered. There has consequently been a decrease in laid-up Norwegian tonnage during May of about 225,000 tons, representing 64 steamers, and of this number some 40 have been chartered for the Russian timber trade. Though the freights obtained are exceedingly low, this favourable development is encouraging, but may not be of a lasting character, as most of the steamers have only been chartered for one single trip, and it may prove very difficult to obtain remunerative employment during the remainder of the summer.

The agreement between all the foreign and Norwegian whaling companies operating in the Antarctic (with the

exception of one foreign and one Norwegian company) was recently signed in Sandefjord, after prolonged negotiations. This agreement restricts the catch during the season 1932-33 to a certain percentage of the catch during 1930-31, and fixes the production of whale oil at not exceeding 1.93 million barrels, while the capacity of the companies concerned amounts to about 4 million barrels. On account of the heavy reduction of the catch, several companies will not be able to handle remuneratively the quotas allotted to them, for which reason co-operation has been established between the various companies.

JAPAN.

New Government — Tariff — Silk — Trade.

(FROM OUR CORRESPONDENT.)

TOKYO, June 9.

AFTER an unusual delay of more than a week since the assassination of the Premier Inukai, Admiral Viscount Saito, the former Governor-General of Korea, was commissioned to form a new Government. Despite the growing impatience of the army and navy with party politicians, which was a principal cause of the protracted Cabinet crisis, Viscount Saito selected most of his colleagues from the two major parties and formed a Government which is practically a coalition and is by no means "a strong super-party Ministry." Mr Takahashi, the Minister of Finance, and Lieutenant-General Araki, the Minister for War, have retained their respective posts in the new Cabinet. As Mr Takahashi remains in the Treasury there will not be much change in the contour of financial policy. This is admittedly a disappointment to the ever-widening circle of inflationists, though the more sober section of the financial world approves of the veteran financier. As to the relief of farmers, for which a national movement is being organised, time must pass before a definite constructive programme is devised.

The Government introduced into the present special session of the Diet three important financial measures—for the reform of the Bank of Japan, prevention of the flight of capital, and tariff revision. The gist of the central bank reform is summarised in the raising of the maximum for the fiduciary note issue from the present 120 million yen to 1,000 million yen, the State's direct share in the profits of the bank and the constitution of an advisory board to the court of the bank. The proposed measure against the flight of capital empowers the Government to restrict or prohibit any transaction in foreign bills, currencies and securities, acceptance of deposits in foreign currencies, remittance of money and granting of credit abroad, except for the purpose of financing normal trading requirements and reasonable travelling or other personal expenses. There are two proposed lines of tariff revision: one projects an imposition of a 35 per cent. surtax on specific duties

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"in order to restore equilibrium between specific duties and *ad valorem* duties, which has been upset by the depreciation of the currency." Nearly two-thirds of the 647 items on the tariff list will be subject to the additional duty. The other proposal is for higher protective duties on wheat and other grain, iron and steel, watches, machinery, automobile parts, timber and several others. The increase is roughly 50 per cent. on the average.

The unloading of the huge surplus of raw silk held under the Raw Silk (Indemnification) Act has proved, as was feared, a depressing influence on silk prices, which last week were down to 380 yen, a new low level. In the circumstances, the buyers have been unable to take over the stock. The situation has become so serious that, particularly as the agricultural communities are in dire distress, it cannot be left to take its own course. The Government decided on Saturday night to rescind the contract and repurchase the remaining stock of 98,310 bales. Following the Government's decision, silk prices rapidly recovered to 470 yen. There also has been a marked recovery in Spring cocoons, which are now arriving at the market.

Heavy imports still continue. The trade returns for last month show that, in comparison with May, 1931, imports increased by 23.5 million yen, or 18.3 per cent. while exports rose by only 1.3 million yen, or 1½ per cent. Though the increase in imports is again largely accounted for by raw cotton, the growth in imports of wheat, pig iron, machinery, timber and several other items represents some attempt at forestalling of duties. On the export side, the expansion in cotton manufactures and rayon products was nearly offset by the heavy decline in raw silk, sugar and paper.

Commodity prices continue the downward trend with undiminished severity. The Bank of Japan's wholesale index number for May registered a further sharp drop of 2½ per cent. on the month, reducing the total to 150.3 and thus offsetting most of the gain since the abandonment of the gold standard. The fall was general, and out of fifty-six products only four advanced.

Letters to the Editor.

CANADA AND THE OTTAWA CONFERENCE.

TO THE EDITOR OF THE ECONOMIST.

Sir,—It may interest you to have some observations on the Ottawa Conference from the Canadian viewpoint. As hosts and as members of the Conference, the Canadian Government, after a somewhat laggardly start, have been actively engaged on preparations, and a number of committees have been set up. A general economic committee is charged with the examination of a wide variety of problems such as the effect of preferences upon import trade and Canadian price levels, dumping, the currency situation as it affects Canada's foreign trade, marketing methods, the wheat quota proposals, Canada's competitive position in the British market, the status of trade treaties in relation to preferences, ocean freight rates, and other matters. The Tariff Committee has a more restricted function; its task is to compile material which will help the Ministry to determine the practical proposals for the stimulation of inter-Imperial trade which they will submit to the Conference. It has had before it communications from the British Government and the observations thereon of the Canadian Manufacturers' Association and of representatives of individual industries affected, who have been cross-examined on their views.

Moreover, the Bennett Ministry is by no means relying solely upon the advice of the manufacturing interests. It has invited Chambers of Commerce, importers' associations and agrarian organisations to submit their views and ideas about the expansion of inter-Imperial trade, and the memoranda which they submit will be given careful consideration. At the invitation of the Bennett Ministry the three Provincial Governments of the Prairie Provinces have, after a conference on the subject, taken steps to secure a co-ordinated expression of western opinion about the problems of the Conference, and the milling interests are being consulted about problems like the wheat quota and the future of their export market in Britain. So if the Bennett Ministry was somewhat slow in beginning its preparations for the Conference, it has been making up for lost time, and there is now every prospect that Canada will be

as well prepared with material as any other of the British units. But probably no one of the Governments requires such careful preparation of its case inasmuch as it is confronted with a peculiarly delicate dilemma whose solution is imperative for its own political fortunes.

The Attitude of Manufacturers.

The real difficulty is that while the Canadian Manufacturers' Association as a body professes ardent devotion to the idea of deepening the channels of inter-Imperial trade, few—if any—of its individual members see any reason why they should be called upon to sacrifice their present scale of protection. What some manufacturers are willing to suggest is that duties affecting their raw materials and supplies should be altered so as to divert to Britain business now enjoyed by American and other interests. On the other hand, there are a substantial number of industrial firms in Canada which are controlled by American capital and have close affiliations with either parent or allied organisations in the United States, from which they are in the habit of securing their raw material; such firms naturally dislike the idea of being compelled by tariff changes to buy from British instead of American sources, and are resisting tariff changes directed to this end. It is, however, an open secret that warnings have been conveyed to manufacturers by the Government that a general attitude of "non possumus" will not be tolerated, and that if they do not volunteer a reasonable number of concessions, the Government will disregard their views and objections and make the concessions "off its own bat."

It is understood that at the annual convention of the Canadian Manufacturers' Association a few weeks ago the private decision was reached not to adopt at the Conference an attitude of rigid defence of the existing tariff preserves, and Mr W. C. Coulter, the newly-elected President, declared in his address at the closing banquet that the Association ardently believed in the stimulation of inter-Imperial trade and would make whatever contribution it could to the success of the Conference. But it is also known that the policy of the Bennett Ministry in regard to dumping duties and measures taken to cope with imports from countries with depreciated currencies was endorsed. Undoubtedly the core of the resistance to any further tariff concessions to Britain is to be found in the attitude of textile manufacturers engaged in producing woollens, cotton, rayon and silk. They have been the chief beneficiaries of the tariff largesse which the Bennett Ministry has dispensed since it came to office, and their plants have been working far nearer to their full operating capacity than those of any other Canadian industry. On the other hand the price of textiles shows no decline as is visible in other commodities.

The textile manufacturers make no secret of their determination to fight to the last ditch for the retention of their preserves, and as textile factories are fairly well scattered over Eastern Canada they can command a good deal of support. Their extremist attitude, however, is not supported by the main body of the Manufacturers' Association, and it is believed that the officials of the latter body have frankly informed the textile interests that they cannot commit the Association as a whole to support such a rigidly protectionist policy. Private warnings to the same effect have also been conveyed by Ministers to the textile interests and intimation given that some concessions to British textile imports are inevitable.

The situation in regard to iron and steel also presents difficult complications. With railway and building construction at the lowest ebb for years, the Canadian iron and steel plants are now operating at a very low level and find orders hard to come by, with the result that the workers engaged in these industries are suffering severely from unemployment and none of the iron and steel corporations of the Dominion, except the Steel Company of Canada, is able to pay anything to its security-holders except bond interest. A year ago Mr Julian Piggott, the manager of the British Steel Export Association, spent some months in Canada and succeeded in negotiating an arrangement under which the Canadian steel manufacturers, in return for being allowed immunity from British competition in the lighter types of steel, agreed not to manufacture certain heavier classes of steel products, which not "being of a class or kind made in Canada" would therefore enter duty free, although the value of this agreement to British steel manufacturers has since been substantially impaired. Conferences preliminary to the Ottawa Conference are due to take place between the representatives of the British and Canadian steel interests, and an effort will be made to reach some satisfactory agreement for the allocation of equitable shares in the Canadian market, but the iron and steel interests of Canada will not willingly see any diminution of their present tariff protection.

Footwear, leather goods, electrical equipment and machinery of different kinds will be the other commodities of prime importance in the tariff discussions between the British and

Canadian delegates, and the situation which prevails in regard to them presents many of the same difficulties as exist in the case of textiles and iron and steel products. There has been some propaganda disseminated in Canada to the effect that the best policy for the Canadian Government would be to put everything that is not manufactured in Canada on a British preferential free list and that this would offer magnificent openings for British trade. A list of something like 3,000 articles which are not made in Canada has been compiled, but the unfortunate flaw in this scheme is that a large number of these articles are petty gadgets of which the annual volume of imports is inconsequential and others are only produced in the United States, not a few of them being covered by American patents. A free list of this kind for British goods would probably not bring any material stimulus to British exports to Canada, and what the British delegates will obviously insist upon is concessions upon staple articles of common domestic consumption.

The Government's Dilemma.

Herein lies the great dilemma of the Bennett Ministry. There are comparatively few articles of ordinary staple consumption which Canadian manufacturers do not try to produce, and naturally they think that they are entitled to the lion's share of the domestic market. The Bennett Ministry is fully aware that, if it countenances any serious inroads upon the protectionism enjoyed by its local manufacturers, it will incur their bitter hostility and might possibly have to face a revolt among the more extreme protectionists in its own following in Parliament. It is also aware that in the rural communities, and with consumers who are not interested in manufacturing industries, the manufacturers as a class are not popular; complaint is often made that the products which they offer are not good value for the price which their tariff protection enables them to ask. It knows that very high hopes concerning the Economic Conference have been raised and that the Canadian public has been encouraged to expect that the Canadian public will increase inter-Imperial trade valuable results which will restore Canadian prosperity. exchanges and thereby help to restore Canadian prosperity. It is conscious that, if it does not make some very substantial tariff concessions at the Conference, it will be liable to see the British Government withdraw the existing preferences for certain products and conclude new trade arrangements with some of Canada's competitors in the British market like Denmark and Argentina. It can visualise the devastating indictment which would in this event be launched by the Liberals and Progressives, who will accuse it of having acted as the subservient instrument of selfish manufacturing interests. So what the Bennett Ministry will be engaged in during the coming month is a delicate calculation as to just how far it can go in the direction of tariff concessions for the benefit of inter-Imperial trade without arousing the envenomed opposition of the local industrialists who are its staunchest supporters.

The Canadian Conservative party, led by Mr R. B. Bennett, owed its decisive victory at the general election of July, 1930, partly to the popular dissatisfaction with the Liberal Government of Mr Mackenzie King, which the advent of hard times had generated, and partly to its forthright advocacy of a policy of higher protectionism as a panacea for the depression which had then begun to afflict the Dominion. To-day, nearly two years have elapsed since the experiment in higher protectionism was initiated and an appraisal of the results does not reveal a very satisfying picture. So far from unemployment being cured, it has steadily mounted in volume. A competent economist, Professor G. E. Jackson, of Toronto University, recently placed the number of unemployed in Canada at about 725,000, or some 35 per cent. of the total workers, a figure which is much higher than the British ratio of unemployed. Naturally the protectionists rejoice in the curtailment of imports and the appearance of a favourable balance of trade, but the barriers against imports have produced tariff reprisals from foreign countries and caused a steady diminution of exports. The Bennett Ministry is, indeed, faced with evidence that its tariff policies have resulted in an erosion of a substantial amount of the popular support which brought it victory at the last general election, and it is now a subject of common speculation whether it will not utilise the coming Economic Conference as an opportunity to modify its fiscal policies in the direction of lower tariffs. But it cannot embark upon any such adventure without taking into consideration the attitude of the Canadian Manufacturers' Association, whose members ranged themselves almost solidly behind it at the last general election.

The Wheat Quota.

Finally, a word as to the wheat quota scheme, which, at the Imperial Conference of 1930, was submitted to an exhaustive examination by the grain and economic experts of Britain and the Dominions. There was considerable divergence of

opinion between the two groups about what would constitute a fair allocation by quota of Britain's wheat imports. The British were at first unwilling to concede that Canada should have a larger quota than 47 per cent. of Britain's wheat imports, but the Canadians stuck out for 55 per cent. Eventually it was decided that the scheme should be subjected to further examination and come up for discussion at Ottawa. The controversy about the allocation of quotas is complicated by the difference between Canadian and British statistics of the trade in grain between the two countries, the former describing as exports to Great Britain many cargoes diverted en route to other countries, while the latter undoubtedly include among imports from the United States grain originating in Canada but shipped from New York after storage in American lake ports.

But despite this difficulty the quota scheme will undoubtedly receive further consideration at the Conference, and the Canadian delegates (if they cannot persuade their British confreres to incur the political risks of a preferential food tax) will push it with all their powers of argument and persuasion.

So far discussions in the press and elsewhere have revealed considerable divergence of opinion about the value of a quota scheme to the grain-growers of Western Canada. One body of opinion, which has supporters among both the grain trade and the farmers, thinks that a fixed minimum quota in the British market would have definite value and in support of their belief lay great stress on the following argument. During the first half of each crop year from August 1st onwards the continental countries with their restrictive systems for the benefit of their domestic producers are in the habit of exhausting their home production of grain and drawing as little as possible upon external supplies. As a consequence there is during this period intensive competition in the British market, and it is claimed that the assurance of a definite outlet for a part of the Canadian wheat crop during this period would bring substantial benefits to the western grain grower; it would be of less value to him during the second half of the crop year when the continental countries were importing more freely. Another point made is that a quota system would offer some protection against the demoralisation of grain markets by Russian dumping.

But in other equally authoritative quarters grave doubts are entertained about the value of a fixed minimum quota in the British market or even of a preference. It is pointed out that when Western Canada has an average crop nowadays, say of 400 million bushels, the exportable surplus available will not be far short of 300 million bushels. Obviously, even if all Argentinian and Russian wheat were excluded from the British market, Canada would still have to share it with Australia, and it could not at the very best be expected to absorb for British consumption more than 150 million bushels of Canadian wheat. The balance of the exportable surplus would have to be disposed of elsewhere, and in the markets of the Continent of Europe it would have to face fierce competition from the wheat of other exporting countries who had either been completely shut out of the British market or allowed to sell only a small quantity in it. In these markets selling pressure would be intensified and an inevitable consequence would be a depression of the basic world price for wheat, and a lower aggregate return for the Canadian grain-grower. This view is strongly held by some of the most intelligent members of the grain trade in Winnipeg, while the milling interests of Canada also entertain a cordial dislike of the idea of a quota as they fear that it will give British millers an excuse for pressing their claims for a duty on all imported flour. But the Bennett Ministry is under the necessity of demonstrating its ability to get from the Conference some practical benefits for the western farmer and it will therefore use all its bargaining power to secure for him some preferential position in the British market in regard to wheat.—Yours, etc.,

Canada.
June 24th.

OTTAWA.

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Books and Publications.

BOOKS OF THE WEEK.

Depressed Areas.

THE Board of Trade has just issued two of the Industrial Surveys of Depressed Areas which were drawn up for it by the Economic Departments of the various universities concerned.* The first two relate to South Wales and the south-west of Scotland; and the amount and variety of information provided is such as to make one look forward with lively anticipation to the remainder of the series.

The scope of the reports includes a brief description of the physical and industrial character of each region, an account of its economic history during recent years, with special reference of the period from 1924 to the present time, an evaluation of the present position of the principal industries and services which are to be found in it, and an attempt to prophesy in some degree its economic future. Naturally, perhaps, personal idiosyncrasies show themselves most clearly in the last of these four divisions, since any view formulated about the economic future of these or any other regions—or, indeed, of Great Britain as a whole—must depend so largely upon the views which its formulators hold about the nature of the present crisis itself, and whether it is destined to disappear naturally, as other crises have disappeared, or to deepen and intensify and end either in a permanent lowering of standards or in the collapse of the present system. Economists in different areas and of different schools of thought will answer this question in different ways; those who write from Cardiff seem to be prophesying in the expectation that the conditions of 1930-32 will continue with only minor modifications, while the Glasgow contributors obviously believe in the trade cycle, write casually of "the first post-crisis year (probably 1934)," and even commit themselves to a tabular statement of the probable state of employment in that year, showing in most industries a distinct improvement over 1929—a statement which seems, to the present writer at any rate, almost startlingly optimistic.

As has been said, no such optimism is prevalent in South Wales. There even the heavy loss in population (largely by migration) has not availed to prevent unemployment in the heavy industries, and particularly in the northern part of the coalfield, reaching appalling heights. It is true that South Wales, in common with the rest of the country, has seen a considerable expansion of employment in such occupations as road transport, distribution, hotel and restaurant work, and amusement trades; but this expansion is not expected to continue; and, as the report points out, any attempt to move out of the area the thousands of unemployed miners who are definitely "surplus" to the industry and whose services are extremely unlikely ever to be required again can only result in a diminution of employment in those occupations which have expanded. Nor does either the departure from the gold standard or the discovery of new uses for coal appear to afford any hope. The departure from the gold standard has, for a variety of reasons, brought little or no increase of prosperity; the sale of patent fuel has practically collapsed; low-temperature carbonisation is having little success; and hydrogenation, though it has possibilities, still gives too expensive a product. Better organisation of mining, and better co-ordination of the coal mines with the railway companies, particularly in relation to waggons, would, the report thinks, be of service; but both these are in effect forms of rationalisation whose general tendency is to the displacement of labour; and the final result, in terms of employment, might be no better. The only remedy, the report insists,

is the domiciling of new industries within the area, and the creation of greater "diversity in industrial make-up," as in Swansea, which has suffered relatively little. But of efforts in that direction it has little to chronicle, save the establishment of the semi-educational craft "settlements" in such black spots as Blaenau and the Rhondda; and, as it somewhat sadly observes, "the employment of fifty or sixty persons at Brynmawr making tweeds or furniture or boots is but a minute step along the road which has to be travelled before a surplus of 30,000 or 40,000 can be removed." Not, on the whole, a cheering document.

The report on the Clyde area is more optimistic, and that not only in its prognostications, though it has to admit a loss in population and heavy unemployment in its most important occupations, in only two of which, shipping and dock labour, was the percentage lower than that for Great Britain as a whole. The reason for this optimism, when the facts and figures given are closely studied, is rather hard to find. It appears to be due partly to a feeling that the position, particularly in regard to shipbuilding, might have been much worse; and partly to a faith in the financial stability of Scottish firms—as to which rather more detail than that given in a very short appendix would have been welcome. For this reason, the report holds, new inventions and the improvement of industrial processes (rather than the creation of new industries) will be easy to finance in Scotland when the time arrives—whether that date be 1934 or another. There is, however, a certain feeling that the progress of rationalisation tends slightly to close down Scottish rather than English works. It is disappointing that this report pays no heed to agriculture, which is the subject of a full and interesting section to the Welsh report; and both would have gained by a rather fuller description of the organisation both of industry and of labour. But they contain so great an amount of valuable matter difficult to obtain elsewhere that these are minor criticisms.

"The Co-operative Movement in India." By Eleanor M. Hough. (London) P. S. King. 340 pp. 15s.

Despite its enormous development—over 100,000 societies figured in the statistical returns of 1929-30—the co-operative movement of India has received less attention than it merits in this country. The indebtedness of the peasantry is the root of all evils in the Indian countryside; credit societies consequently overshadow all other types of co-operative activity, and consumers' and marketing societies have made slower progress. It is impossible to expect a sustained effort towards the improvement of agricultural production or marketing from small farmers who cannot hope, by the most strenuous labour, to pay off the exorbitant claims of their moneylenders. Dr. Hough, examining Indian Co-operation with detachment as an American, realises the urgency both of increased credit facilities in the rural areas, and of a careful control over their use in the hands of illiterate and unpunctual peasants. However undesirable in principle the dominant position of the official Registrars of Co-operative Societies, the collapse of the co-operative structure in Burma and its unsteadiness in Madras and elsewhere prove that a premature withdrawal of official supervision leads to disaster. Only a steady training in the virtues of thrift and wise expenditure will fit the villager for the unrestricted management of his societies. Under prudent guidance, as Dr. Hough points out, Indian co-operators have gained valuable ground. Dr. Hough endorses, however, the demand of the recent Banking Inquiry Committees in India for long-term mortgage credits, with which to carry out land improvements and to release the owners from old debt. She tends, as do impatient Indian economists, to under-rate the dangers of long-term lending to men who lack thrift and are inclined to postpone all payments to which they are not immediately compelled. The experience of the Mortgage Banks in the Punjab and Madras suggests a policy of caution. Nevertheless, this review of Indian Co-operation is the best which has yet appeared. It is balanced and full of thoughtful comment.

* "An Industrial Survey of the South-West of Scotland." "An Industrial Survey of South Wales." Made for the Board of Trade by the staff of the Political Economy Department of the University of Glasgow, and by the University College of South Wales and Monmouthshire. H.M.S.O. Papers 51-191 and 51-192 of 1932. 222 pp. and 180 pp. 4s. 6d. and 3s. 6d.

"Kemalist Turkey and the Middle East." By Dr. K. Krüger. (London) Allen and Unwin. 7s. 6d.

This book is competent and comprehensive, but it lacks freshness and originality. It would indeed be difficult, in the compass of some two hundred pages, to survey so vast a field in any but a summary fashion. The author observes, in his preface, that he could have written a much larger work, but that he has deliberately limited the size of the present volume out of regard for the present straits of the book-market, as well as from the desire to make his knowledge of Turkey accessible to the general public. This being so, he would have been better advised to make some corresponding restriction of his field. As it is, the book ranges over every aspect of contemporary Turkish social and political life; goes into the relations of Turkey with all her neighbours; and, in each chapter, attempts to give a sketch of the historical and background. There are chapters on Pan-Islamism and Nationalism; on the new economic policy and economic resources; on parliament, the press, education and justice; on the emancipation of women; on national defence; on relations with Soviet Russia; on relations with Western Europe; on the Christian minorities; on Turkish relations with the Balkan States; on the future relations of Turkey and Russia; on Turkey and her Eastern neighbours; on the geographical position of Turkey and its bearing on Russian and British policy in the Middle East; on Turkey's hopes of the United States; and on Turkey and the League of Nations. Perhaps the two best chapters are those on economics (especially the account of recent railway construction) and on future relations with Russia (including an appraisal of the future of Pan-Turkism in the U.S.S.R. and a hint of the future Russian economic pressure upon Turkey). On the other hand, in the chapters on Pan-Islamism and Nationalism, on Women and on Minorities, the writer fails to call up vividly in the reader's mind the fascinating picture of the process by which Turkey has been "made over" into the likeness of a rather common-place modern Western-model State at the cost of jettisoning all her own original institutions which provided, in their day, something so very near to a solution of the peculiar social problems of the Near East. In these chapters, we ought to be shown a picture of our fundamental Western institutions transplanted into an exotic environment where they produce incalculable and often disastrous effects. But Dr Krüger seems to lack just that touch of imagination which is wanted in order to conjure that picture up.

A. J. T.

OTHER BOOKS RECEIVED.

- Krise und Konjunktur.* By Professor Wilhelm Röpke. (Leipzig) Quelle and Meyer. Rm. 1.80. 137 pp.
An analysis of the trade cycle with a discussion of possible measures of regulating it and of mitigating the effects of failure to regulate it.
- The Alternative to Communism.* By A. G. Pape, and a Symposium. (London) Cecil Palmer. 126 pp. 2s. 6d. net.
A plea for a new political "fellowship." The symposium contains contributions by Professor Murray Butler, Mr George Lansbury, Mr Arthur Kitson and others.
- World Reorganisation or Downfall, and the Remedy.* By Peter L. Robertson. (Hamilton, Ont.) Davis-Lisson, Limited. 236 pp.
Contains, *inter alia*, plans for the redistribution and revaluation of gold, the liquidation of war debts, and an international currency.
- We have Paid Enough.* (London) Simpkin Marshall. 125 pp. 2s. net.
A collection of criticisms, by British, French and American writers, of the United States war debt policy.
- Mind and Money.* By John T. MacCurdy. (London) Faber and Faber, Limited. 319 pp. 10s. 6d.
An analysis of the present economic situation in the light of group psychology.
- Unemployment Insurance in Austria.* By Mollie Ray Carroll. (Washington) Brookings Institution. 49 pp. 50 cents.
An interesting and instructive account of the working of the present Unemployment Insurance Act in Austria.
- Essai sur le Chomage Anglais Contemporain.* By Henri Lavachery. (Brussels) Maurice Lamertin, 58-60 Rue Condrenburg. 156 pp. 16 francs.
A study, in French, of the English unemployment problem.
- The Crisis in the World's Monetary System.* By Gustav Cassel. (London) Oxford University Press. 98 pp. 4s. 6d. net.
The Rhodes Memorial lectures delivered in Trinity Term, 1932.
- Economic Conditions in the U.S.S.R.* (London) Kniga, Ltd., Bush House. 279 pp. 4s.
A descriptive handbook giving particulars of the general structure and working of the U.S.S.R.

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A PRACTICAL MONETARY POLICY
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THE OTTAWA CONFERENCE

By
E. BEDDINGTON BEHRENS
With a Foreword by
The Right Hon. L. S. AMERY, P.C., M.P.
(former Secretary of State for Dominion Affairs
and for the Colonies)

The St. Clements Press, Portugal Street, W.C.2.

Die Golddevisenwährung. By Dr. Hans Busse. (Berlin) Verlag von George Stilke. 130 pp.

The working of the gold exchange standard is examined in the light of the experience of various countries, and the conclusion is reached that its future as a means of economising the world supply of gold is very dubious.

Weltwirtschaft: eine Notwendigkeit der deutschen Wirtschaft. By Wilhelm Röpke. (Tübingen) Verlag von J. C. B. Mohr (Paul Siebeck). 27 pp. Rm. 1.20.

A short and effective essay in denunciation of the policy of "autarchy."

Les Finances de l'Empire Japonais et leur Évolution. By André Andradès. (Paris) Librairie Félix Alcan. 200 pp. 15 frs.

A short history of Japanese public finance from the revolution of 1868.

Empire Stock-taking, 1932. By L. St. Clare Grondona. (London) Haycock Press. 84 pp. 3s. 6d.

An abridged revision of the original volume, with the statistics brought up to date.

The Indian Peasant. By the Marquess of Linlithgow. (London) Faber and Faber. 32 pp. 1s. net.

A very readable little pamphlet, well designed to give the general reader a background to the Indian problem.

Political Aspects of the World Depression. By Sir Arthur Salter. (Oxford) Clarendon Press. 21 pp. 2s. net.

The Burge Memorial lecture.

Problems of the Ottawa Conference. By G. R. Stevens. (Cape Town and Johannesburg) Juta and Co., Ltd. 53 pp.

A collection of articles, most of which were originally published in the *Cape Argus*.

A Main Cause of Unemployment. By P. C. Loftus. (London) Sir Isaac Pitman. 88 pp. 2s. net.

The author attributes the present crisis principally to large-scale foreign investment.

The South Wales Coal Annual, 1932. Edited by A. P. Barnett and T. J. Beynon. (Cardiff) Business Statistics Company, Ltd. 302 pp. 7s. 6d.

A useful reference book containing all manner of coal statistics and particulars of dock accommodation, conveyance rates, foreign duties, etc.

Atkin's Manual, 1932. (London) Geo. D. Atkin and Co., Stock Exchange. 483 pp.

Giving particulars of over one hundred and thirty electricity companies.

Il Costo della Burocrazia dello Stato. By F. A. Repaci. (Turin) Edizione de "La Riforma Sociale." 38 pp.

An account of the cost of State administration in Italy.

Die Wirtschaftskurve, 1932. Vol. I. (Frankfurt-a-M.) Societäts-verlag. Rm. 2.70. 112 pp.

A periodical containing articles on current economic conditions.

Income Tax Up to Date. By H. J. Gully. (London) Financial News. 24 pp. 9d.

In addition to income tax rules and payments for 1932-33, the pamphlet contains a synopsis of the Land Value Tax and a table of the rates of Estate Duty.

Status and Duties of Secretaries and Directors. By Herbert W. Jordan and Stanley Barrie. 10th edition. (London) Jordan and Sons. 137 pp. 3s. 6d.

A Catalogue of the Library of Adam Smith. By James Bonar. (London) Macmillan. 218 pp. 21s.

International Review of Agriculture, April, 1932. (Rome) Treves, Treccani, Tumminelli, S.A., 32 Via Michelangelo Caetani.

OFFICIAL PUBLICATIONS.

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

Second Report from the Select Committee of Public Accounts, 1932. 3d. net.

Report from the Select Committee on Sky-Writing, 1932. 6d. net.

Fiftieth Annual Report of the Fishery Board for Scotland, 1931. Cmd. 4110. 2s. net.

Parliamentary Papers: List of Bills, Reports, Estimates, etc., Session, 1930-31. 2s. 6d. net.

The Stock Exchange.

THE CONVERSION SCHEME.

THE City has now had time to reflect upon the great conversion scheme. The magnitude of the task—the conversion of one-third of the National Debt, or an amount exceeding £2,000 millions—and the simplicity and boldness of the Government's proposals undoubtedly caught the imagination of the public. There has been an immediate and enthusiastic response from the City. The welcome of the Stock Exchange has been expressed in a somewhat frenzied boom in gilt-edged securities, a scramble for industrial prior charges and a somewhat indiscriminating speculation in foreign Government bonds and British industrial ordinary shares. At one moment the curious phenomenon was seen of Government stocks falling while equity shares of the most varied types were rising with the greatest abandon, but this proved to be a transient phase. The incipient equity boom has not been widely followed by the public, and, as we write, gilt-edged stocks have regained their initial strength. In any case, afterthoughts are always more important than first reactions, and in estimating the chances of success for the scheme we must attempt to analyse the forces whose future influence on the markets is likely to be decisive.

That a reaction in gilt-edged should have occurred is not unnatural. On the morning after the Government's announcement, the dealers advanced the prices of British long-dated stocks automatically to a new yield basis of about $3\frac{1}{2}$ per cent. No doubt they argued that as 5 per cent. War Loan had been the drag upon the market, preventing Government stocks from deriving the full benefit from the fall in interest rates, the market should rise immediately as soon as the drag was removed—in other words, that they were not advancing the price of British Government credit to a new and experimental basis, but were allowing the real credit basis, which had been concealed by the 5 per cent. War Loan, to be revealed. Nevertheless, it was clear that any buying which followed in the enthusiasm of the moment on top of the adjusted prices might leave the market in a top-heavy, vulnerable position. Speculation in the long-dated stocks had been rampant in the weeks and months prior to the conversion scheme. Profits were bound to be taken. Moreover, the weakness of sterling on the exchange markets probably reflected some withdrawal of foreign money from British Government funds.

There is no doubt that the markets will recover when these profit-taking sales or foreign withdrawals are completed. It will, however, be necessary if the conversion scheme is to be a complete success, to remove the present anomaly—that it pays better to sell 5 per cent. War Loan and buy $3\frac{1}{2}$ per cent. Conversion than to buy or hold War Loan and assent to the conversion. Even allowing for the £1 bonus granted to holders assenting before July 1st, War Loan at $101\frac{1}{2}$, with 5s. net accrued interest, yields only £3 10s. per cent. as a $3\frac{1}{2}$ per cent. long-dated stock, whereas $3\frac{1}{2}$ per cent. Conversion at 98½ with 14s. net accrued interest yields £3 11s. 6d. per cent. The present prices and yields of the long-dated stocks are shown in the following table, which gives for comparison the lowest prices touched early this year, the prices ruling at the close of business on June 30th—the eve of the announcement—and at the opening of July 1st—the morning after.

	Lowest. 1932.	June 30.	July 1.	July 7.	Yield %.
Consols, $2\frac{1}{2}$ %.....	54½	67	71	71½	3.52
Consols, 4%.....	81½	101½	110	105½	3.85
Conversion, $3\frac{1}{2}$ %.....	73½	93½	98	98½	3.59
Funding, 4%.....	83½	104½	107½	106½	3.75
Victory Bonds, 4%....	89½	104½	108	105½	3.79
Local Loans, 3%.....	60½	77½	85	83½	3.59

* The Government has the option to redeem at par, 1957.

We must next consider whether the present strong demand for trustee stocks outside the British Government list, for industrial debentures and for preference shares denotes the genuine embarrassment of the small holders of War Loan. There is no doubt that the great mass of small holders will be seriously distressed by the 30 per cent. reduction in income if their holdings are converted. Further, they are not accustomed to holding a long-dated stock exposed to the market fluctuations that depend on the rise or fall of money rates. It is not forgotten that the Goschen conversion scheme, which was hailed at the time as a brilliant success, was later to cause bitter disappointment through the rise in interest rates and the consequent fall in the market value of Consols. To be in the possession of a long-dated stock liable to depreciation in market value at some future date, after having suffered a reduction in interest from 5 per cent. to $3\frac{1}{2}$ per cent., is not a pleasant prospect for the small holders of War Loan. These considerations—especially the anxiety to maintain income—probably explain the rush to buy Colonial stocks, the loans of public boards and port authorities, and the debenture stocks and preference shares of trading companies which can be regarded as safe. Some remarkable rises have occurred. The next table gives the prices of representative loans and prior charges to-day and four weeks ago:—

	Price beginning of June.	Yield %.	Price July 7.	Yield %.
Victoria 5%, 1945-75.....	86½	5.84	100	5.00
New Zealand 5%, 1956-71.....	98	5.12	106	4.75
India $4\frac{1}{2}$ %, 1950-55.....	90½	5.20	100½	4.50
Port of London Authority 5%, 1950-70.....	105	4.55	113	4.03
Central Electricity Board 5%....	104½	4.68	109½	4.58
London Midland and Scottish 4% deb.....	79½	5.14	90½	4.43
London and North Eastern 4% deb.....	74½	5.48	81½	4.90
Buenos Ayres Great Southern 4% deb.....	57	7.00	69	6.75
Pref. Shares:				
Meadow Dairy $7\frac{1}{2}$ % pfce.....	25/6	6.03	28/-	5.33
Vickers 5%, tax free.....	15/7	8.60 (gross)	17/-	7.84 (gross)
Shell Transport 7%, 2nd pfce.	22/3	6.43	26/9	5.29
Lyons 7% pfce.....	28/-	5.00	30/-	4.65
Unilever 7% pfce.....	23/-	4.45	27/-	5.18
Courtaulds 5% pfce.....	20/-	5.00	23/6	4.25

Can such high prices for fixed-interest stocks be maintained? As there has been no change in the basic conditions of trade, it seems illogical that the prior charges of industrial companies, which only recently were being avoided on the grounds that the earnings cover was deteriorating, should now be bought in a stampede, because the yield basis on British Government stocks has been brought down to nearly $3\frac{1}{2}$ per cent. Allowance must, however, be made for the fact that the holders of War Loan who desire to maintain their income are being forced to sell quickly and reinvest in Colonial stocks, public board stocks and industrial prior charges, so that the advance in the latter has been artificially pressed. And it is possible that the difference in yields between British Government stocks and industrial prior charges may be narrowed to a still finer point by reason of the scarcity of suitable fixed-interest securities. Nevertheless, if the trade depression continues unabated, the natural inclination of investors must be to prefer the greater security of British Government funds, and we, therefore, incline to the view that further lowering of dividend yields will be seen inside the gilt-edged market before the end of the year unless some world catastrophe supervenes.

If, as we imagine, the Government views with mixed

feelings the Stock Exchange boom in fixed-interest securities outside the gilt-edged market, it must certainly be amazed, if not disconcerted, by the sudden demand for equity shares. But it must recognise that the same motives are behind this movement—namely, the desire to purchase dividend-paying securities which will return a reasonable income. The leading British industrial ordinary shares have already enjoyed an all-round rise, as can be seen from the following table:—

	June 30.	July 1.	July 4.	July 6.
Associated Portland Cement, £1	22/1½	23/-	26/-	25/6
British American Tobacco, £1	2½	3½	4½	4½
Carreras "A".....	3½	3½	4½	4½
Courtaulds, £1.....	1½	1½	1½	1½
Babcock and Wilcox, £1.....	36/6	32/6	45/-	43/9
Bradford Dyers, £1.....	15/-	16/-	18/6	17/-
Imperial Tobacco, £1.....	3½	4½	4½	4½
Imperial Chemical, £1.....	14/3	14/9	16/9	16/6
Pinchin Johnson, 10/-.....	31/3	31/6	27/3	26/-
Thomas Tilling, £1.....	54/-	56/-	60/-	59/4½
Turner and Newall, £1.....	22/9	23/6	27/-	25/6
Unilever, £1.....	1½	1½	1½	1½
United Glass Bottles, £1.....	23/9	24/-	26/9	26/3
Woolworth, £1.....	50/6	51/9	56/-	54/6
Great Western Rly ord. stock...	24½	27	31½	28½

Many of these rises may have been justified on individual merits, particularly as the market has been short of stock, but there is less to be said for the rise, for example, in Japanese $5\frac{1}{2}$ per cent. bonds from 63 to 75, Brazil 5 per cent. Funding, 1914, from 57 to 66, Entre Rios ordinary stock from 13 to 20, Argentine 4 per cent. from 45 to 53. These offshoots of the prevailing Stock Exchange activity are typical of the confusion of the hour. The idea that a successful conversion of 5 per cent. War Loan in Great Britain can improve world conditions is obviously far-fetched. At best it can tend to stimulate domestic trade by the normal process of cheapening the rate of borrowing for industry and reviving activity in the new issue market. If it were seriously believed that the conversion scheme, involving the payment of £1 bonus to the prompt assenters, would prove to be the turning point for domestic trade, the investor in British Government stocks would have to face the prospect of an increasing trade demand for credit and a gradual advance in interest rates, reacting adversely on the market prices of his long-dated holdings. Thus if there were any justifiable reason for the boom in equity stocks, the War Loan holder would be torn between the desire to help the Government in balancing its budget and the knowledge that by claiming repayment in cash on December 1st he might be able to reinvest in Government stocks more cheaply.

Happily, the Government is not altogether dependent for its success upon whether the private holders of War Loan take a patriotic view of their duty towards the conversion. It is believed that the Government departments control about one-third of the entire loan, and that the banks, insurance companies and financial institutions account for another third. Moral pressure can be brought to bear upon the latter, while direct orders can be given to the former to convert. Of course where War Loan has been bought by the money market as a short-dated bill, cash will be demanded for repayment on December 1st. But this cannot be very harmful, for the Government will doubtless make a new Treasury bond issue before December 1st. It is, indeed, argued in some quarters that within limits it would be to the interest of the Government to break up the loan, and that although too heavy an issue of Treasury bonds would be inadvisable, it is also unwise to have too large a proportion of a $3\frac{1}{2}$ per cent. long-dated stock outstanding. We do not, however, suggest that the Government will have any difficulty in carrying through the conversion scheme, as far as technical conditions are concerned, and to make it the complete success that is desired only a slight further advance in long-dated stocks is probably required. Such a movement now seems likely.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
July 19.	July 21.

FOLLOWING the sensational rise in gilt-edged stocks at the close of last week, buyers overflowed into all markets on Monday, and quotations throughout moved to higher levels, many securities scoring records for the year. Profit-taking brought a reaction on Tuesday, and irregularity continued early on Wednesday. Subsequently the bulls again took charge, and the upward trend was continued. Despite a singular lack of authoritative information from Lausanne, dealers were in the mood to take the best possible view of everything, and international loans scored some of the biggest advances.

The tempo of the gilt-edged rise was moderated as the longer-dated stocks approached a $3\frac{1}{2}$ per cent. yield basis, but after a period of profit-taking on Tuesday, buying was resumed and considerable business was transacted. Three and a half per cent. Conversion Loan was in strong demand on Thursday, while Local Loans were also in request and moved up to $83\frac{1}{2}$. India stocks were fairly quiet in mid-week, but a marked recovery occurred on Thursday. The new Five per cents. were quoted at $10\frac{1}{2}$ premium. A large amount of trading was carried on in Colonial stocks, though Australian loans became slightly irregular. New Zealand issues were firm. The new Cyprus 4 per cent. loan was quoted at $6\frac{1}{2}$ premium. Home corporation issues were strong.

Foreign stocks made a remarkable recovery under the lead of the German loans, following persistent rumours that Lausanne would prove successful. Young bonds in particular were strongly supported from the Continent. Austrian bonds were firm on renewed talk of the possibilities of an early loan. Roumanian 7 per cents. were prominent. Chinese bonds came on offer on news of a fall in the Customs receipts. Japanese issues registered big advances in the earlier session, but became a little patchy later. The Brazilian funding loans were weaker, while Chilean and Argentine stocks were relatively neglected. Home rails lacked support following the publication of a particularly bad set of traffic figures, though most stocks were up on the week. The traffic position is discussed in a note on page 86. Underground shares were quiet pending the interim dividend announcement. Business was quieter among foreign rails, the traffic figures of the Argentine lines inspiring anything but confidence, while most stocks suffered from profit-taking after the earlier gains.

Bull speculation was responsible for an all-round improvement in industrial quotations, though basic conditions failed to provide any real reason. Some profit-taking on Wednesday was followed by renewed purchasing. Trans-Atlantic issues were a shade firmer. The feature was the sharp advance in Cables and Wireless preference shares, which put on $15\frac{1}{2}$ points in a week on the announcement of an unexpected dividend. Electrical shares were less steady. Among Motor shares, Leyland dipped, but subsequently rallied. Courtaulds were a trifle uncertain. The Tobacco leaders gathered fresh strength. A revival of interest was noticeable in Greyhound shares, while an active turnover was recorded in Boots Pure Drug. Foster Clark were dull on the interim dividend reduction.

The speculative markets shared in the general advance. Oil shares were bought from Paris, and considerable business was transacted, with an active "Street" market after hours. The sharp decline in American crude oil output assisted quotations. Rubber shares became a little quieter in mid-week, but quotations were firm, the easiness of the raw material having little or no effect on prices. Rubber Trust suffered from profit-taking. Tea shares were active, Amalgamated and Consolidated Tea and Lands being especially favoured.

Mining shares were buoyant. Kaffir shares continued in spirited demand from Paris and the Cape, Randfontein, East and West Rand and Sub Nigel recording important gains. "Chartered" forged ahead, and Santa Gertrudis

(Continued on page 84.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to July 6) Inclusive.		Name of Security.		Price June 29, 1932.	Price July 6, 1932.	Rise or Fall.	Present Yield.	Prices Year 1932 (Jan. 1 to July 6) Inclusive.		Name of Security.		Price June 29, 1932.	Price July 6, 1932.	Rise or Fall.	Present Yield.	
High- est.	Low- est.	High- est.	Low- est.						£ s. d.	High- est.	Low- est.	High- est.	Low- est.				£ s. d.	
British Funds.																		
60 1/2	49 1/2	72	54 1/2	Consols 2 1/2 %	66	70	44	3	11 5	21	8	70	6	Paraguay Cen. D. Db.	70	70	—	Nil
97	77	111	81 1/2	Consols 4 %	101 1/2	105 1/2	4	3	16 2	70 1/2	70	117	92	San Paulo Ord. Stk.	95 1/2	110 1/2	+15	6 6 9
85 1/2	67 1/2	100	73 1/2	Cons. Loan 3 1/2 %	93	97	+1	3	11 0	150	94 1/2	25 1/2	12 1/6	Talita Rly. Ord. Stk.	95 1/2	110 1/2	+15	6 6 9
104 1/2	88 1/2	109 1/2	93	Do. 4 1/2 % 1940-44	105 1/2	109 1/2	+3	3	14 8	65 1/2	20 1/2	4 1/2	1	Utd. Havana Ord. Stk.	2	2	—	Nil
108 1/2	93 1/2	113 1/2	99	Do. 4 1/2 % 1960-90	113 1/2	113 1/2	+2 1/2	3	15 9	9 1/2	2 1/2	4 1/2	1					
97 1/2	78	108 1/2	83 1/2	Funding 4 1/2 %	101	101	—	4	5 0	11 1/2	8 1/2	9 1/2	8 1/2	Anglo-French (E1)	2 1/2	2 1/2	—	Nil
109 1/2	93 1/2	109 1/2	93 1/2	Treasury 5 % 1933-34	102 1/2	102 1/2	—	4	5 0	16 1/2	5 1/2	6 1/2	2 1/2	Anglo Internat. (E1)	5 1/2	5 1/2	—	Nil
103 1/2	93 1/2	109 1/2	89 1/2	Victory Bonds 4 1/2 %	103 1/2	103 1/2	+2 1/2	3	17 4	11 1/2	8 1/2	9 1/2	8 1/2	Anglo S. A. E1000 pd	5 1/2	5 1/2	—	Nil
98 1/2	85 1/2	103 1/2	96 1/2	War Loan 5 % 1929-47	101 1/2	101 1/2	+2 1/2	4	18 6	6 1/2	13 1/2	13 1/2	6 1/2	Amoco S. A. E1 1/2 pd	5 1/2	5 1/2	—	Nil
70 1/2	57	85	60 1/2	Local Loans 3 %	77 1/2	82	+4 1/2	6	11 5	59 1/2	31 1/2	50 1/2	34 1/2	Royal of N. Zealand E1	38 1/2	40 1/2	+5/8	6 11 3
46	29 1/2	59	36 1/2	India 2 1/2 %	51	57	+6	4	8 11	27 1/2	20	31 1/2	23 1/2	Bank of Eng. Stk.	255	315	+27 1/2	3 16 3
55 1/2	34	71	42 1/2	Do. 3 1/2 %	72	79 1/2	+7 1/2	4	8 1	59 1/2	43 1/2	65 1/2	47 1/2	Barclay B. (E1)	59 1/2	61 1/2	+2/6	4 10 6
64 1/2	41	83 1/2	49 1/2	Do. 3 1/2 %	93	99	+6	4	11 2	26 1/2	19 1/2	25 1/2	21 1/2	Barcl. (Dom. &c.) A E1	23 1/2	24 1/2	+1/6	3 17 6
66 1/2	55	102 1/2	67 1/2	Do. 3 1/2 %	109	112 1/2	+2 1/2	3	11 0	9 1/2	6 1/2	9 1/2	7 1/2	Bk. of Australasia (E5)	7 1/2	9 1/2	+1 1/2	5 0 0
106 1/2	94	116	103 1/2	Do. 3 1/2 %	111	115	+4	4	16 6	63	47	53	34	Bk. of Montreal (\$100)	83 1/2	84 1/2	+1/6	6 17 0
110	90	116	103 1/2	Do. 3 1/2 %	102	107 1/2	+5 1/2	3	15 0	26	18 1/2	23 1/2	20	Bk. of N.S.W. (E20)	20 1/2	21 1/2	+1	7 8 0
99 1/2	87 1/2	107 1/2	87 1/2	Do. 3 1/2 %	100	103 1/2	+3 1/2	3	8 6	14 1/2	9 1/2	14 1/2	13	British Overseas A E5	3 1/2	3 1/2	+1/2	8 0 0
Dom. & Colonial Govts.																		
85 1/2	58	101 1/2	77	Australia 5 % 1945-75	93 1/2	100 1/2	+7	4	19 0	1 1/2	3 1/2	14	10 1/2	Can. Bk. of India (E5)	11 1/2	11 1/2	—	10 12 0
96 1/2	75	102 1/2	82	Canada 4 % 1940-60	95	101 1/2	+6 1/2	4	1 2	14 1/2	9 1/2	14 1/2	10 1/2	District A E5, E1000 pd	51 1/2	62 1/2	+11 1/2	5 6 0
105 1/2	97	108	100 1/2	Ceylon 6 % 1936-61	106	104	+3	4	4 6	42 1/2	38 1/2	45 1/2	36 1/2	Do. B E1 fully paid	42 1/2	45 1/2	+2/6	4 9 0
105 1/2	90	108 1/2	94 1/2	Gold Coast 4 1/2 % 1956	105 1/2	107	+2	4	7 6	4 1/2	27 1/2	87 1/2	57 1/2	Eng. S. A. & Aust. E5, E3 pd	3 1/2	3 1/2	—	6 10 0
104 1/2	92	110 1/2	93 1/2	Kenya 5 % 1940-60	108	110 1/2	+2 1/2	4	3 9	8 1/2	6	5 1/2	3 1/2	Hambro E10, E24 pd	3 1/2	3 1/2	—	11 5 0
80	65	105 1/2	84	N.S. Wales 5 1/2 % 35-55	87 1/2	98 1/2	+11 1/2	5	3 1	11 1/2	9 1/2	11 1/2	9 1/2	Hong. and S. (\$125)	49 1/2	51 1/2	+2 1/2	5 13 2
102 1/2	85	105 1/2	84	N. Zealand 5 % 1946	97	103 1/2	+6 1/2	4	13 0	63 1/2	38 1/2	66 1/2	41 1/2	Lloyds E5, with E1 pd.	49 1/2	55 1/2	+6 1/2	4 17 6
81	48	100	70	Queensland 5 1/2 % 40-60	98 1/2	98 1/2	+10	5	2 8	80 1/2	60 1/2	80 1/2	62 1/2	Martins E20, E24 pd	73 1/2	77 1/2	+4	5 12 0
105	83	108	90 1/2	S. Africa 5 % 1945-75	101 1/2	105 1/2	+4	4	8 9	80 1/2	60 1/2	80 1/2	62 1/2	Midland E1, fully pd	24 1/2	26 1/2	+3/4	4 18 0
100	85	103 1/2	88 1/2	Stria. Sett. 4 1/2 % 35-45	100	103 1/2	+3 1/2	3	8 6	43 1/2	37 1/2	38 1/2	28	Nat. of India E25, E12 pd	83 1/2	83 1/2	+3 1/2	4 18 0
Foreign Governments.																		
88	53	77	57 1/2	Argentina 4 1/2 % 1935	62 1/2	66 1/2	+4	8	3 6	14 1/2	9 1/2	14 1/2	9 1/2	Nat. Prov. E20, E4 pd	11 1/2	13 1/2	+1 1/2	5 4 0
105 1/2	87	100 1/2	76 1/2	Austrian 6 % 1923-43	87	97 1/2	+10	6	6 0	35 1/2	29 1/2	38 1/2	31 1/2	Royal Bk. of Scotland	63 1/2	63 1/2	+2 1/2	4 9 6
98 1/2	33 1/2	49 1/2	28 1/2	Do. 7 1/2 % Int. by 1957	35	44 1/2	+12 1/2	15	18 3	14 1/2	9 1/2	10 1/2	7 1/2	St. of S. A. E20, E5 pd	8 1/2	9 1/2	+1 1/2	5 16 0
116 1/2	66	89 1/2	49 1/2	Bel. Airco (Pror.) 3 1/2 %	32	35 1/2	+3 1/2	10	0 0	80 1/2	47 1/2	78 1/2	56 1/2	Westminster E4, E1 pd	69 1/2	77 1/2	+7/6	4 15 9
83 1/2	39	112	15	Belgian 7 1/2 % 1956	106	109 1/2	+3 1/2	6	4 0									
75 1/2	43	69	50	Bulgaria 7 1/2 % Loan	25	30	+5	25	0 0									
99	28	46	28 1/2	Brazil 5 % Fund, 1914	57 1/2	66 1/2	+9	7	10 6	21	16	24 1/2	16 1/2					
94	20	30	9	Do. 6 1/2 % (1927)	31 1/2	34 1/2	+3 1/2			23 1/2	16 1/2	21	16 1/2	Atlantic E5, fully pd	21	23	+2	4 2 0
94	20	30	9	Chili 6 % (1929)	10	10	+1 1/2	13	6 9	21	16	24 1/2	16 1/2	Atl. E5, fully pd	11	12 1/2	+1 1/2	5 5 0
52 1/2	33	43 1/2	31	China 5 % (1912)	60	63 1/2	+3 1/2	8	8 0	28 1/2	19 1/2	28 1/2	20	Com. Un. E24, fully pd	18	19 1/2	+1 1/2	5 5 0
70 1/2	55	63 1/2	52 1/2	Do. 5 % (1913)	85	94 1/2	+9	8	15 3	34 1/2	25 1/2	33 1/2	26	Gen. Accident E5, E1 pd	13	14 1/2	+1 1/2	4 19 0
113 1/2	78	103 1/2	67 1/2	Czechoslovakia 8 %	70	67 1/2	-1	4	9 0	16 1/2	12 1/2	17 1/2	12 1/2	Lon. & Lanc. E5, E2 pd	25 1/2	27 1/2	+1 1/2	3 14 0
86 1/2	70	85 1/2	61 1/2	Danish 3 1/2 %	40	50	+10	13	0 0	13 1/2	9 1/2	13 1/2	9 1/2	N. Brit. & Mer. E5, E1 pd	30	32	+2	3 12 0
87 1/2	65	85	58 1/2	Danzig 6 1/2 %	40	50	+10	13	0 0	13 1/2	9 1/2	13 1/2	9 1/2	Northern E10, E1 pd	15	16 1/2	+1 1/2	5 2 0
66 1/2	55	65	38 1/2	Egypt Unified 4 %	40	50	+10	13	0 0	13 1/2	9 1/2	13 1/2	9 1/2	Pearl (E1), fully paid	12 1/2	13 1/2	+1	3 12 0
76	35	50	40	Estonia 7 % 1927	40	50	+10	13	0 0	13 1/2	9 1/2	13 1/2	9 1/2	Phoenix E1, fully pd	21 1/2	23 1/2	+1 1/2	3 13 0
92 1/2	70	85	57	Finland 6 % 1923	65	60	-5	17	0 0	24 1/2	17 1/2	24 1/2	18	Prudential E1 A	38 1/2	42 1/2	+3/4	3 13 0
31 1/2	20 1/2	28 1/2	23 1/2	French 4 % (British)	24 1/2	25 1/2	+1 1/2	4	0 0	48 1/2	43 1/2	49 1/2	30 1/2	R. E1, with E4 pd	5 1/2	6 1/2	+1	4 10 0
30 1/2	20 1/2	28 1/2	23 1/2	Do. 5 %	66	81	+15	9	8 1	3 1/2	3 1/2	3 1/2	3 1/2	Royal E1, 10a. paid	6 1/2	7 1/2	+1	4 6 9
106 1/2	83 1/2	85 1/2	52 1/2	German 4 % 1923-30	52	65	+13	8	11 9	3 1/2	3 1/2	3 1/2	3 1/2	Sea Insur., E1 fully pd	3 1/2	3 1/2	+1	8 3 6
81 1/2	37 1/2	71	22 1/2	Do. 5 1/2 % E10, B10, 1930	30	30	—			5 1/2	4 1/2	5 1/2	4 1/2	San Luis, E10 1/2 pd	3 1/2	3 1/2	+1	3 14 0
93 1/2	59 1/2	81	28 1/2	Greek 6 1/2 % 1923-30	30	30	—			5 1/2	4 1/2	5 1/2	4 1/2	San Luis, E10 1/2 pd	3 1/2	3 1/2	+1	3 14 0
104 1/2	73 1/2	80	30	Do. 7 % 1923-30	35	40	+5			14 1/2	11 1/2	16	11 1/2	Sea Insur., E1 fully pd	3 1/2	3 1/2	+1	3 14 0
111 1/2	83	100 1/2	64	Hungary 7 1/2 %	41 1/2	39 1/2	-2	18	0 0					Yorkshire E1, fully pd	13 1/2	15 1/2	+2	3 1 0
106 1/2	77 1/2	93	56 1/2	Japanese 5 % 1935-65	66	75 1/2	+9	7	11 9	29 1/2	22 1/2	24 1/2	21 1/2	Anglo-American Deb.	220	220	—	5 9 1
14 1/2	5	10 1/2	4	Do. 6 % (1924)	57	72	+15	9	2 9	21 1/2	16 1/2	21 1/2	16 1/2	Anglo-Occid. Ord.	6 1/2	7 1/2	+4	

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 29, 1932.	Price, July 6, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1921-91	95	60	67-7½ pm	11½-12½ pm
Albion 5% 1921-27	98	18	1½-1½ dis	1½-1½ pm
Allied Newspapers 6½% Cum. 1st Pref. £1	£1	10/-	9/-9/6	9/6-10/-
Bowater's Paper Mills 6½% Cum. Pref. £1	£1	21	4½-4½ pm	22/9-23/3
British Columbia 4½% Red. Stk. 1922-27	100½	45	4½-4½ pm	8-8½ pm
British Columbia 5% Stk. 1927-27	99	64	4½-4½ pm	3½-3½ pm
British Columbia 5% Stk. 1927-27	£1	10/-	par-3d. pm	2/6-3/- pm
Burnley 4½% Stk. 1922-27	100½	55½	2½-2½ pm	6½-7½ pm
Central Electricity Board 4½% Deb. 1927-27	96	21	2½-2½ pm	6½-7½ pm
County of London Electric New Ord.	38/6	5	2½-2½ pm	4/-4/6 pm
Cyprus 4% Ins. Stk. 1926-26	95	5	1½-1½ pm	6½-6½ pm
Edmondson's Electricity 5% Pref. £1	21/-	ty. rd.	21/4-21/10½	23/9-24/3
Ever Ready New Ord. 10/-	10/-	ty. pd.	21/-21/6	23/6-24/-
Flint Corporation 4½% Stk. 1922-27	100½	30½	2½-2½ pm	6½-7½ pm
India 5% 1922-27	95	60	5½-6½ pm	9½-10½ pm
London and Home Counties Joint Electricity Authority 5% Stk. 1921-71	101½	ty. pd.	4½-4½ pm	110-112
Macclesfield 6% Deb. £1	97½	ty. pd.	4½-4½ pm	95-97
Metal Box 5½% Deb. £1	21/-	13/6	2½-2½ pm	3½-4½ pm
Murphy 7% Pref. £1	21/-	ty. pd.	21/4-21/10½	23/9-24/3
New Zealand 5% Ins. Stk. 1925-75	98½	ty. pd.	98-99	104½-105½
N. Somerset Electric 5½% Cum. Pref. £1	20/6	10/8	6½-7½ pm	6½-7½ pm
North British 6% Cum. Pref. £1	23/-	ty. pd.	1½-1½ pm	26/3-27/3
North British 6% Cum. Pref. £1	101	15	1½-1½ pm	6½-6½ pm
South British 4½% Stk. 1922-27	100	ty. pd.	10½-10½	105-107
Tanganyika 4½% Stk. 1922-27	98	48	2½-2½ pm	7-7½ pm
Treasury Bonds 3% 1933-42	97½	67½	2½-2½ pm	2½-3½ pm

(Continued from page 81.)

was a strong feature. Tin shares resumed their rise, helped by the improvement in the metal, while the same consideration for copper brought a rise in Rio Tinto and Tharsis. Ashanti Goldfields received a mild setback on Tuesday.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	June 30, 1932.	July 1, 1932.	July 2, 1932.	July 4, 1932.	July 5, 1932.	July 6, 1932.	July 7, 1932.
Government and Municipal Loans	2,027	2,115	799	2,906	2,963	2,830	2,912
Transport, Communications, and Public Utilities	1,016	1,102	447	1,937	1,802	1,476	1,546
Commercial and Industrial	1,415	2,057	734	3,710	3,004	2,552	2,497
Banks, Insurance and Financial	480	536	236	1,145	1,060	796	830
Mines (including Nitrates)	381	515	126	828	733	549	668
Oil	94	181	74	276	221	104	202
Rubber, Tea and Coffee	80	62	25	103	170	151	120
Total	5,493	6,563	2,441	10,905	9,953	8,458	8,775

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	June 30, 1932.	July 1, 1932.	July 2, 1932.	July 4, 1932.	July 5, 1932.	July 6, 1932.	July 7, 1932.
63.7	51.3	54.0	56.5	59.6	62.0	60.7	60.3	60.5

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The New York Stock Exchange was closed on Saturday, and again on Monday for the usual Independence Day holiday. The tone of markets was fairly firm when business was resumed, German and European bonds being especially favoured as news continued to arrive suggesting a satisfactory *dénouement* at Lausanne, but there was no movement corresponding to the sharp boom in London. Public utility shares were, if anything, more than ever out of favour, following the Democratic nomination of Mr Franklin Roosevelt, who is believed to advocate some measure of Federal regulation of holding companies. Oil shares were one of the best features on the fall in the last crude oil output return, while copper shares were hardly affected by the very low export prices which are being obtained. Farm equipment shares improved substantially on the rise in wheat and cotton. Elsewhere the 6 per cent. bonds of the New York, Chicago and St. Louis advanced 9 points in a day on the expectation of a partial payment, with the assistance of a loan from the Reconstruction Finance Corporation. There is little basic improve-

ment in the economic situation, steel operations being reduced to 12 per cent. of capacity, against 15 per cent. for the previous week. Electric power output for the week ended July 2 was 1,456,961 thousand kilowatts, against 1,607,238 thousand kilowatts a year ago.

	June 30, 1932.	July 1, 1932.	July 2, 1932.	June 30, 1932.	July 1, 1932.	July 2, 1932.
U.S. 3½% T. Bds.	99½	99½	100½	Natl. Biscuit	28½	22
Lo. La. 3½% '32-47	101½	101½	101½	Phelps Dodge	4½	3½
Do. 4½% '32-47	101½	101½	101½	Pullman	14½	13½
Do. 4½% '33-38	102½	102½	102½	Sears-Roebuck	10½	10
Achison	25½	18½	19½	Studebaker	11	12½
Ches. & Ohio	12½	10	10	Un. Fruit	14	12½
Erie	3½	2½	2½	U.S. Leather	1½	1½
Illinois Central	6½	5½	6½	U.S. Rubber	2½	1½
N.Y. Central	12½	11½	11½	U.S. Steel	24½	22
Pennsylvania	8½	7½	7½	Westinghouse	21½	16½
Southern Pacific	8½	7½	7½	Woolworth	25	23½
Southern Ry.	3	2½	2½	Am. Tel. & Tlg.	80½	76½
Union Pacific	37½	29½	29½	Int. Tel. Tel.	3½	3½
Am. Can.	32½	32½	31½	Radio Corp.	3½	3½
Amer. Smelting	6½	5½	7½	Utilities P. & L.	2½	2½
Anaconda	3½	3	3½	W. Union Tlg.	14½	12½
Bethlehem Steel	8½	7½	8½	Associated Gas "A"	1½	1½
Chrysler Motor	29½	26½	26½	Pan. Amer. B. (New)	3½	4½
Corn Products	41½	29	35½	Shell	10	10
Gen. Electric (New)	10½	9½	9½	Shell Union	22½	24
Gen. Motors	8½	7½	7½	Std. California	18½	18½
Int. Harvester	12½	11½	11½	Do. N.J.	24½	24
Mont. Ward	4½	4½	4½			

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1928 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	June 29.	July 6.
33 Industrials	98.2	174.1	81.4	114.7	82.2	32.4	33.2
33 Rails	89.1	145.6	31.7	105.7	32.2	13.1	13.7
34 Utilities	153.2	267.4	90.6	187.6	91.8	52.9	53.1
Total, 404 stocks	106.5	184.2	84.7	124.8	85.5	32.8	33.4
Average yield of 50 Industrial Common Stocks	4.15%	6.95%	9.37%	5.11%	9.29%	10.08%	9.83%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1928 = 100).

Highest of 1932. (Mar. 8.)	Lowest of 1932. (June 27.)	June 29, 1932.	June 30, 1932.	June 31, 1932.	July 1, 1932.	July 2, 1932.	July 4, 1932.	July 5, 1932.
68.9	35.2	35.7	35.1	36.2	35.6	Closed.	Closed.	36.7

TOTAL DEALINGS IN NEW YORK.

	July 1, 1932.	July 2, 1932.	July 4, 1932.	July 5, 1932.	July 6, 1932.	July 7, 1932.
Stock Exchange—Shares (Thous.)	600	Closed.	Closed.	600	700	800
Bonds (Value Thous. \$)	9,859	Closed.	Closed.	10,170	12,158	12,355
Over-the-counter—Shares (Thous.)	70	Closed.	Closed.	70	80	100

* 2-hour session.

PARIS.

The conflicting reports from Lausanne were not taken too seriously, and there was a general tendency to regard the position as hopeful. On the strength of this, a large volume of business was transacted, and prices moved sharply in favour of holders. Young and Dawes bonds rose quickly, while Tintos, Royal Dutch, Canadian Pacific and Central Mining were favoured. Rentes were strong. Profit-taking in mid-week, particularly in German loans, brought a sudden reaction, followed almost at once by a recovery. On Thursday all markets took on a heavy appearance.

	June 30, 1932.	July 1, 1932.	July 2, 1932.	June 30, 1932.	July 1, 1932.	July 2, 1932.
Banque de France	11,060	11,400	10,895	Wagons Lits	69	72
Crédit Lyonnais	1,889	1,949	1,940	Mexican Eagle	29	33
Suez Canal	14,050	14,250	13,875	"Chartered"	70	74
Chargers Réunis	193	195	209	Ford	98	100
Rio Tinto	1,185	1,220	1,255	De Beers	243	251
Royal Dutch	12,660	13,500	13,750	"Johnnies"	97	104

BERLIN.

The Berlin Bourse enjoyed a vigorous recovery on increasing anticipations of a satisfactory settlement at Lausanne. A swift rise occurred in practically all fixed-interest securities. Young bonds were again higher, while Reichsbank improved and mining shares were in request. Gelsenkirchen showed some weakness. Business con-

INVESTMENT NOTES.

Course of Equity Share Values.—For the first time this year our monthly chart of equity share prices shows a divergence in trend between London and New York. London turned upwards, while New York continued reactionary. The movements in British equity share prices last month were, however, small—the *Financial News* index of 30 British ordinary shares moving up from 51.3 on May 31st (the low record of the year) to 54.0 by June 30th. Since that date a much sharper upward movement has taken place—the index for July 4th being 62.0. This, of course, is the result of the enthusiasm with which the War Loan conversion scheme has been received. If the movement continues—the probabilities of which are discussed in our leading article this week—the losses suffered on equity shares last year will shortly be wiped out. It is interesting to see that whereas the standard statistics index of American equity share prices has fallen from 184.2 in 1930 to 32.8 by the end of June, 1932—a drop of 82.2 per cent.—the index of British share prices has only fallen from 86.6 to 54.0 in the same period—a decline of 37.7 per cent.—while already a large part of the decline has been recovered. The interesting question is whether the liveliness in London, coupled with a favourable *dénouement* at the Lausanne Conference, will now pull the New York Stock Exchange out of its rut. The rally which occurred on Wednesday gives some promise that at least a temporary recovery has begun. Strong British buying of American securities and European, especially German, bonds was reported. It may therefore be that London will come to the rescue of New York and that the Old World will yet point the way of recovery to the New.

tinued to be of large dimensions in mid-week, though prices were less satisfactory and trended downwards in many instances as a result of profit-taking.

	June 1932.	July 1932.	July 1932.		June 1932.	July 1932.	July 1932.
Reichsbank	122½	129½	129½	A. E. G.	20½	23	25½
Disconto	30	30	30	Siemens & Halske	117½	121½	121½
Dresdner	18½	18½	18½	A. K. U.	32½	35½	35½
Norddeutscher	11½	12½	13½	Svenska Tandsticks	8½	7	7

AMSTERDAM.

Buoyant conditions prevailed at Amsterdam in sympathy with the strength of the London Bourse and in the expectation of a Lausanne settlement. All quotations trended upwards, the German loans being especially favoured. Royal Dutch sprang, while Unilever and Philips Lamps were in keen request. Sugar shares were lively, Amsterdam Trading advancing sharply, while rubber and shipping shares were bought. Billiton Tin was a good feature.

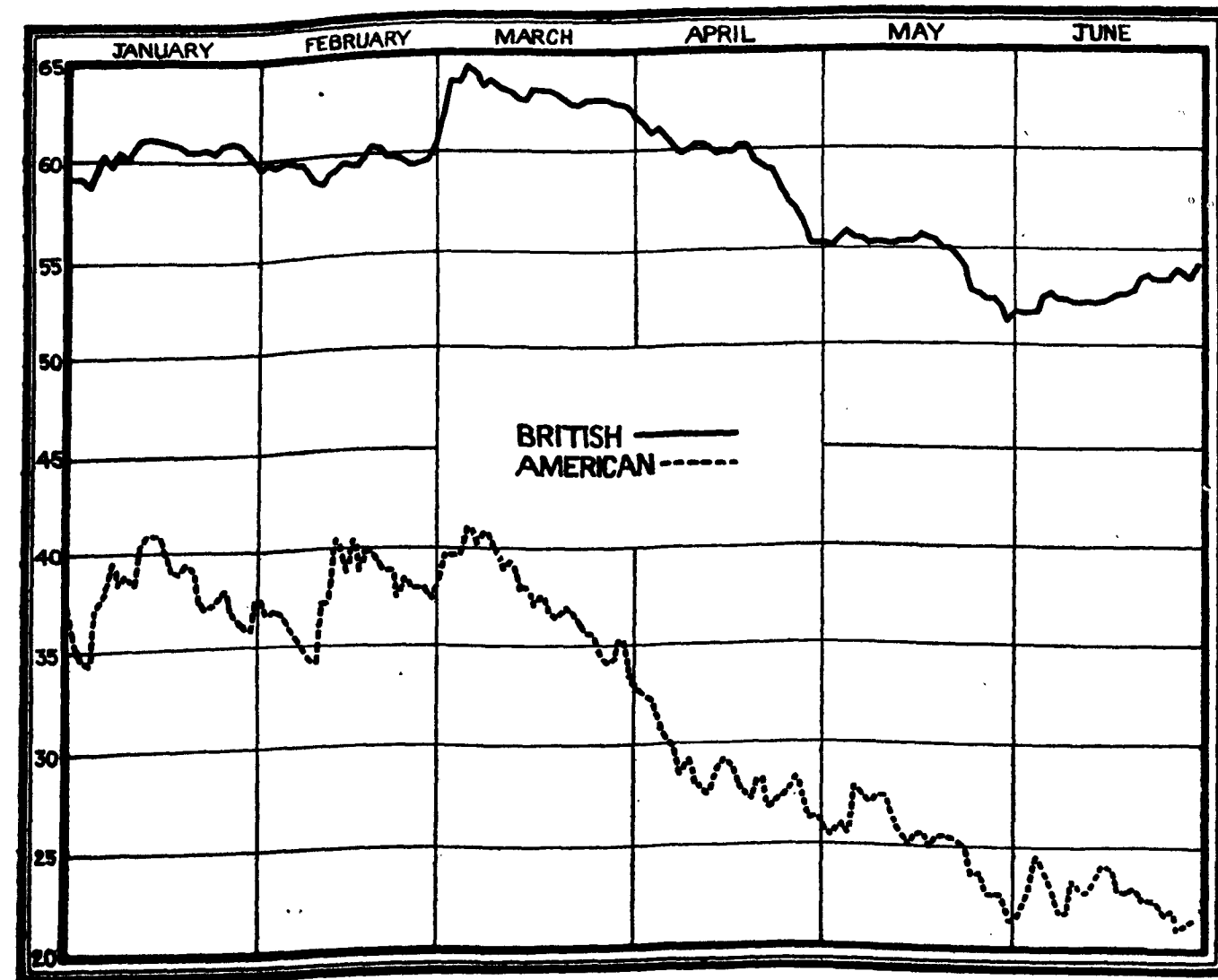
	June 1932.	July 1932.	July 1932.		June 1932.	July 1932.	July 1932.
2½% Dutch Loan	49½	61	63	Steel Common	23½	25½	24½
5½% German	36½	43½	48½	A. K. U.	24	27½	28½
Unilever N.Y.	92½	106	102	Ford Motor	89½	93	101½
Philips' Lamps	66½	72½	73½	Dell Batavia	100	119	125
Netherlands Ship	42½	45½	47½	Royal Dutch	123	132	130
Union	111	118	119	Handelsbank	154	161	163
Java Cultuur	111	118	119				

OTHER CENTRES.

Nearly all the minor European bourses enjoyed a strong tone in sympathy with London and Paris. Prices were up all round at Stockholm, Skandinaviska and Grangesberg being especially in request, while banks generally were supported. A more cheerful sentiment obtained in Brussels, while Milan and Frankfurt were active, though irregularity tended to develop in mid-week.

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, January 1932 to June 1932. (1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



Half-year Railway Traffic.—For the first half of 1929, before the world slump began, the gross "traffics" of the "Big Four" railways amounted to £86,504,000. For the first half of 1932 gross receipts have fallen to £70,097,000, or by 19 per cent. The aggregate decline for the half-year is no less than £6,588,000, compared with 1931, though the period with which comparison is made itself showed a fall of £7,947,000 over the first six months of 1930. A feature of the figures is the sharp relative fall in passenger traffic, the proportion being 37.7 per cent. of the whole decline, against 30.9 per cent. Merchandise makes a relatively better showing, accounting for only 46.9 per cent. of the losses against 54.6 per cent. The London Midland and Scottish contributes 35 per cent. of the decline, the North-Eastern 33 per cent., the Great Western 18 per cent., and the Southern, whose passenger traffic has been particularly badly hit, 14 per cent. The quota of the Southern last year was only 7 per cent.

HALF-YEAR TRAFFICS.

(£'000 omitted.)

	L.M.S.	L.N.E.R.	G.W.R.	S.R.	Total.
	1931, compared with 1930.				
Passengers	828	759	460	411	2,458
Merchandise	1,991	1,523	657	171	4,342
Coal and coke	146	584	474	57	1,147
Total	2,965	2,866	1,591	525	7,947

1932, compared with 1931.

Passengers	722	619	491	652	2,484
Merchandise	1,108	1,168	564	253	3,093
Coal and coke	479	401	120	11	1,011
Total	2,309	2,188	1,175	916	6,588

The following table demonstrates the catastrophic declines in share values. By June 30th prices were already on the upward grade for reasons entirely unconnected with the railway position, and since that date the equity stocks have reached considerably higher levels following a wave of speculative buying based on anything but the intrinsic merits of the stocks.

	1931.	1932.	Price,
	High.	Low.	June 30, 1932.
L.M.S.R. 4% pref. stk., 1923.....	55½	25½	38½
" ord. stk.	34	13	20½
L.N.E.R. 4% 2nd pref. stk.	44½	16½	33½
" def. stk.	8½	2½	6½
G.W.R. 5% red. pref. stk.	100½	83½	87½
" ord. stk.	69½	38	48½
S.R. 5% pref. stk.	92½	55½	67½
" def. stk.	23½	9½	11½

It is not expected that the gross receipts for the second half of 1932 will be materially better than those for the first half, and it is doubtful whether further economies and pooling schemes (to which reference was made in last week's *Economist*, page 30) will be adequate to safeguard those stocks, which are at present perilously perched on the edge of the trustee list.

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

"Cosach" Liquidation.—The Chilean junta announced on Saturday last that the Chilean national nitrate company "Cosach," would be liquidated in such a way that the Treasury would not suffer any loss. If this decision is adhered to, the grand attempt to rationalise the Chilean nitrate industry on mass-production lines—and with the use of Guggenheim process plant—will have ended in failure and disaster, and the failure will be attributable only in part to the onslaught of the world trade depression. The truth of the matter is that "Cosach" has been hampered from the beginning with an insupportable burden of debt representing the claims of the Chilean Government, the Guggenheim Brothers and their bankers, and the constituent companies. The decision to liquidate will not be accepted without a struggle. The directors of "Cosach" are of opinion that the company's debts can be written down to a point at which it will be possible to compete with independent producers and at the same time provide the Chilean Treasury with an adequate revenue. The present position is deplorable enough for the British investor holding not only Chilean Government bonds, but shares in the constituent nitrate companies and the mass of the £2 millions prior-secured 7 per cent. "Cosach" sterling bonds, which were issued in March, 1931, on the London market by Baring Brothers, Morgan Grenfell, Rothschild's and Schroeder's. It was announced on June 4th that the trustees to this loan had not received the April or subsequent monthly payments required for the service of the "Cosach" bonds. A strong committee representative of British holders of "Cosach" securities has been formed, with Mr Nigel Campbell, of Helbert Wagg, as independent chairman. But the strongest of bondholders' committees cannot oppose a whole nation or remove a whole slump from an industry. It will be interesting to see how the independent nitrate producers, unencumbered with debt, make use of their new freedom of action, and whether the change will do anything to improve the revenues of the Chilean nitrate railways, including Antofagasta, which have suffered from a closing down of the Shanks process plants.

Coal Mining Company Results.—The combined effect of coal marketing schemes, local rationalisation and a sterling bounty has not sufficed to lift the coal trade out of depression. One or two companies have shown better results, but of the seventeen whose recent profits are set out in the table below, twelve failed to pay an ordinary dividend last year. The aggregate profits of the seventeen concerns declined from £1,434,826 in 1930 to £1,049,981 in 1931—i.e., by nearly 27 per cent. A conspicuous improvement, however, was registered by the Bolsover Colliery, whose profits rose from £163,654 to £302,409, and the ordinary dividend from 2½ per cent. to 7 per cent. Manchester Collieries (which paid 2 per cent., against nothing) would appear to have benefited from internal reorganisation.

Name of Company.	Net Profit, 1930.	Ord. Div.	Net Profit, 1931.	Ord. Div.	Present Price.	Yield %
Amalgamated Anthracite (£1)	447,153	Nil	289,478	Nil	3/3	£ s. d.
Bolsover Colliery (£1)	163,654	2½	302,409	7	11	0
Edinburgh Collieries (£1)	Dr. 28,816	Nil	Dr. 27,085	Nil	1/6	Nil
Fife Coal (£1)	99,837	6	43,548	3	15/-	8 0 0
Glasgow, Houghton and Castleford	4,497	Nil	2,542	Nil	...	Nil
Hickleton Main (£1)	62,685	5	61,624	5	13/9	7 5 0
Manchester Collieries (£1)	148,306	Nil	177,503	2	...	...
North's Navigation Collieries (£1)	2,180	Nil	Dr. 23,255	Nil	6d.	Nil
Ocean Coal and Wilsons (£1)	277,829	4	170,035	2	6/3	6 8 0
Pearlbyer Navigation (£1)	4,741	Nil	Dr. 22,549	Nil	6/11	Nil
Powell Duffryn (£1)	12,308	Nil	970	Nil	...	Nil
Shipley Collieries (£1)	6,838	Nil	29,877	Nil	7/6	Nil
Welsh Associated	208,711	Nil	44,232	Nil	...	Nil
Wigan Coal (£1)	5,441	Nil	4,461	Nil	...	Nil
Wilson's and Clyde Coal (£1)	Dr. 28,301	Nil	11,405	Nil	4/-	Nil
United Collieries (2/6)	Dr. 25,434	Nil	Dr. 23,674	Nil	1½d.	Nil
Yorkshire Amalgamated	54,532	2½	8,460	Nil	...	Nil

* Tax free.

† 11 months.

‡ Before sinking fund.

Welsh Associated Collieries were particularly badly hit by the falling off in industrial demand. The imposition of severer quota restrictions abroad is unfavourably affecting the current year's trading. The new Coal Mines Act makes for stabilisation of current labour conditions, but does not provide for lower working costs.

Good Recoveries.—At a time when the vast majority of company reports tell a depressing tale of the world trade slump, it is important that we should not lose sight of the few whose recent results have shown a marked recovery. In the following table we give comparative profit figures of twelve companies about whose results the word "recovery" can fairly be used. In seven cases the ordinary dividend has been increased, while in the other five cases prudence has dictated the further conservation of resources:—

Name of Company.	Net Profit, 1930.	Ord. Div.	Net Profit, 1931.	Ord. Div.	Price, July 6, 1932.	Yield %.
Barry and Staines Linoleum (£1)	98,795	2½	142,963	10	1½	5 15 0
Bolsover Colliery (£1)	163,654	2½	302,409	7	11	7 10 0
British Cotton and Wool Dyers' (5/-)	Dr. 7,705	Nil	27,175	3½	4/0	5 5 0
British Oil and Cake Mills (£1)	155,105	Nil	666,162	10	1½	6 3 3
Dunlop Cotton Mills (Q1)	151,446	15*	189,825	32*	...	...
Home and Colonial Stores (Q1)	564,938	25	795,825	25	16/3	6 5 0
Kolster-Brandes (£1)	6,895	Nil	86,468	Nil	5/6	Nil
Lovell and Christmas £1	60,635	Nil	113,009	6	18/9	6 6 3
Patons and Baldwins (£1)	112,186	2½*	287,006	7½*	1½	4 16 0
Shipley Collieries (£1)	6,838	Nil	29,877	Nil	7/6	Nil
Spillers	272,444	10	352,077	15	38/6	7 15 0
Vauxhall Motors	Dr. 85,636	Nil	56,040	Nil	...	...

* Tax free.

The causes of the improvements are in most cases clear. The two collieries have profited by internal reorganisation and modernisation of plant. Barry and Staines Linoleum has effected important economies following the linoleum merger. British Oil and Cake Mills has derived advantage from its close association with Unilevers, while Vauxhall Motors has been revitalised by General Motors. The widening gap between wholesale and retail prices has doubtless been of assistance to Home and Colonial Stores. British Cotton and Wool Dyers has benefited directly from the sterling "bounty" following the abandonment of the gold standard. Dunlop Cotton Mills have been helped by the low prices of raw materials, while the same condition has probably been a factor in the marked recovery of Patons and Baldwins. Kolster-Brandes is recovery of the "boom" flotations which has survived the slump and now promises to take its share of the profits of a growing radio industry.

Distillers.—The annual report of the Distillers Company shows that profits have declined by over 20 per cent. After providing for payment of the full year's interest on the several debenture stocks there remains a balance of £1,758,869, which with £283,151 makes available for distribution £2,042,020. The reserve fund is increased to £2,750,000 by the allocation of £250,000. It is proposed to reduce the annual dividend to 17½ per cent., against 20 per cent. for the two preceding years. The carry-forward is £201,482, an increase of £8,330.

	1930	1931	1932
Net profit	£ 2,322,740	£ 2,272,915	£ 1,758,869
Brought forward	227,991	269,636	283,152
Preference dividend	103,950	102,300	97,350
No. of times covered	22.3	22.2	18.1
Ordinary dividend	1,677,145	1,657,099	1,403,189
Amount	26.5	26.2	20.7
Earned %	20	20	17½
Paid %	500,000	500,000	250,000
Reserves	269,636	283,152	291,482
Carried forward	...	...	...

While the operating works of the company have been maintained in the fullest state of efficiency, there has been written off a sum of £158,976 for depreciation. During the year the value of the vinegar works at Hull has been taken out of property account and added to sundry investments against shares to be issued by British Vinegars Ltd., a company that has been formed to amalgamate some of the well-known vinegar manufacturers in this country. After deducting the value of these works and the depreciation referred to, and adding the costs of additional realisations, the net result is a reduction in property account by £180,637. The £1 ordinary shares are at present quoted at 50s. to yield £7 6s. per cent. after allowing for the final dividend of 10 per cent.

Associated Newspapers.—The accounts of this leading "Rothermere" company for the twelve months to March 31st last indicate that net profits have fallen by a third to £704,645. The usual dividend on the 5 per cent. preference shares and the 7 per cent. ordinary shares absorbs £67,000, while the distribution on the £2,250,000 of deferred capital is reduced from the 40 per cent. which it has received for the past eight years to 25 per cent., requiring £562,500. The sum of £250,000 is placed to reserve for contingencies and the carry forward reduced from £666,172 to £491,318.

	Year to March 31.	1930.	1931.	1932.
Profit	£ 1,253,573	£ 1,067,917	£ 710,645	£ 6,000
Directors' fees	8,250	8,081	...	...
Net profit	1,245,323	1,059,836	704,645	...
Brought forward	695,013	773,336	666,172	...
Pref. and ord. divs.	67,000	67,000	67,000	...
Deferred dividend—				
Amount	900,000	900,000	562,500	...
Earned %	55.9	45.3	29.3	...
Paid %	40	40	25	...
Reserve	200,000	200,000	250,000	...
Carried forward	773,336	666,172	491,317	...

The balance sheet reveals liquid assets of £1,655,173, of which £354,231 consists of cash and £730,216 of British Government securities. Shares in subsidiaries at £1,404,797 are given at or below market value where quoted and at cost where unquoted. Liabilities include £568,963 owing to subsidiaries and £962,981 on account of "creditors and reserves for contingencies," an item which might well be elucidated further. At their present price of 15s. the 5s. deferred shares yield £8 6s. 8d. per cent. less tax.

Union Cold Storage.—The 1931 accounts of this holding company show that after charging differences on exchange and "certain provisions for the year" to a reserve account, there is a balance of income of £999,707, which compares with £981,703 for the previous twelve months. After placing £125,000 to depreciation reserve and meeting

SOUTH MANCHURIAN RAILWAY CO. LTD.

5% Sterling Bonds issued in 1907 and 1908 for £4,000,000 and £2,000,000 respectively.

THE YOKOHAMA SPECIE BANK, Ltd., announce that the REPAYMENT of the above Bonds maturing on the 23rd July, 1932, at par, and payment of the accrued interest up to that date at 5% per annum, will be made in London at their office on and after the said date, between the hours of 11 and 3 (Saturdays excepted).

The Bonds must be listed on the forms to be obtained at the said Bank, and be lodged three clear days for examination prior to their payment.

For

THE YOKOHAMA SPECIE BANK LTD.

D. NOHARA, Manager.

7 Bishopsgate, London, E.C.2.
7th July, 1932.

charges of £2,400 for directors' fees and £45,450 for interest, there remains a net profit of £826,857, against £825,667. Preference dividend again absorbs £720,000, while the ordinary dividend is maintained at 10 per cent. for the thirtieth consecutive year.

* Year to December 31.	1929.	1930.	1931.
Profit	£ 968,288	£ 981,703	£ 999,707
Depreciation reserve	125,000	125,000	125,000
Directors' fees	2,400	2,400	2,400
Interest	19,744	28,636	45,450
Net profit	821,144	825,667	826,857
Brought forward	183,339	184,483	190,150
Preference dividends	720,000	720,000	720,000
No. of times covered	1.14	1.14	1.15
Ordinary dividend :—			
Amount	100,000	100,000	100,000
Earned %	10.1	10.6	10.7
Paid %	10	10	10

Carried forward 184,483 190,150 197,007

The amount at which the company's properties in Russia stood in the balance sheet has now been fully provided for. The directors are of the opinion that trading investments in subsidiaries, at £7,604,280, are not over-valued "in view of the benefits which the company derives from them." The balance sheet does not disclose a liquid position, "quick" assets being only £2,743,549 to cover current liabilities of £3,870,308. The 16 per cent. cumulative preference shares are quoted at 22s., to yield about £5 10s. per cent., allowing for the accrued dividend. The ordinary shares are privately held. The absence of consolidated accounts hides the real earnings position.

Industrial Profits.—During June we received 235 company reports, aggregate profits showing a decline of 21.80 per cent., compared with 33.30 per cent. in May:—

Reports.	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
Published in 1931—		%
April	217	— 10.49
May	211	— 22.3
June	192	— 21.93
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59
December	157	— 68.54
1932—		(1932 compared with 1931).
January	127	— 19.65
February	211	— 6.81
March	210	— 13.37
April	244	— 13.66
May	196	— 33.30
June	235	— 21.80

We set out below the figures for various industrial groups, according to reports received during the past quarter:—

INDUSTRIAL PROFITS—APRIL, MAY AND JUNE, 1932.

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest).	Increase or Decrease.
		1930-1931.	1931-1932.
Breweries	18	£ 3,135,066	£ 2,576,377 — 17.8
Cannals and Docks	3	49,577	48,309 — 2.5
Electric Lighting and Power	14	982,775	1,013,304 + 3.1
Financial, Land and Investment	26	673,777	216,083 — 67.9
Gas	6	909,536	754,155 — 17.4
Hotels and Restaurants	10	1,445,225	1,107,104 — 23.4
Iron, Coal and Steel	52	4,316,761	3,221,162 — 25.4
Motor and Cycle	6	1,154,974	621,268 — 46.5
Oil	11	14,113,775	7,624,524 — 46.5
Rubber	144	Dr. 111,146	Dr. 648,036 — 96.1
Shipping	14	791,009	22,719 — 97.1
Shops and Stores	20	3,149,186	3,289,523 + 4.4
Tan	70	1,829,184	1,059,823 — 42.1
Telegraphs and Telephones	5	889,038	774,762 — 12.8
Textiles	13	2,154,434	2,454,531 + 12.3
Tramways and Omnibuses	11	2,348,431	973,354 + 2.6
Trusts	59	4,688,402	3,593,372 — 23.3
Waterworks	6	372,758	305,508 — 18.0
Other Companies	148	29,475,330	27,720,580 — 7.2
Total	675	72,998,272	56,834,421 — 22.14

One of the worst declines was recorded by the Anglo-Persian Oil Company, whose profits fell from £4,468,579 to £2,318,718. India Tyre and Rubber made a loss of £558,177, against a profit of £169,066, while the earnings of Guest Keen fell from £439,222 to £233,895. Several of the textile companies fared better, Bleachers, J. and P. Coats, and Patons and Baldwins all enjoying higher profits.

Tin Company Reports.—In view of the conditions which prevail as regards output restriction and the price of the metal, little purpose would be served by any detailed comparison of tin results for the past two years, but the financial features of various reports lately issued deserve attention. Last year the Aramayo lost 2,355,850 Swiss francs, as against 754,060 francs in 1930, reducing the carry-forward to 708,600 francs. In respect of 1929 the distributions totalled 25 per cent. For details of output and other salient points the meeting must, as usual, be awaited. The depreciation of the boliviano in terms of Swiss francs has entailed the provision of an exchange account of no less than 4,425,500 francs. Stocks of metal at the date of the balance sheet stood at 3,996,600 francs and cash at 1,468,800 francs. South Crofty resumed production towards the end of October after a year's suspension. Operations resulted in a net loss of £22,300, of which £6,770 is extinguished by transfer of the general reserve. On December 31st cash and debtors totalled £13,600, against creditors of £7,500. Should tin rise above £150, the directors state, the company will begin to make a moderate profit. The outstanding feature of the Tronoh report for last year consists in a drastic writing down of the fixed assets. To this purpose are applied first, the balance of £62,800 standing to the credit of share premium account; then £10,000 from income tax reserve; and, finally, £21,900 from profit and loss. The book value of the company's two properties, five dredgers, plant, buildings, etc., thus becomes reduced to the virtually nominal amount of £10,000. The reason for this drastic measure is to be found in the financial position. There is a cash surplus of barely £10,000—irrespective, on the one hand, of suspense accounts, etc., to the tune of £12,300, and, on the other hand, of £53,700 for income tax and accruing liabilities. Investments at cost now figure at £361,000, as against £378,050 on December 31, 1930. Last year's profit on mining corresponded very closely with that of the preceding period, but in the absence of any appreciable surplus from realisation of investments, which in 1930 provided £9,400, the profit is £6,600 down to £30,800. Of this the dividends absorb £15,000, and £49,600 goes forward, as compared with £58,200 brought in. Prospects for the current year depend chiefly upon the extent to which the rise in the price of tin counteracts the further cut in quota. The latter is now only one-third the 1929 standard. Following the example of the Tronoh, the Sungei Besi indulges in a liberal writing down. By the 1931 net profit of £7,600 the credit balance was increased to £39,600. Of this £17,600 is applied to the writing down of the fixed assets. The share premium account of £15,500 is similarly utilised, the book value of the hydro-electric works being thus reduced to £80,000, and the plant and machinery to £25,000. On December 31st the cash assets exceeded the liabilities by only a narrow margin. Last year the Southern Tronoh made only a small profit, but the financial position is fairly good, the company having £26,000 in Treasury bonds. By reduction in costs, the Bisichi—a Nigerian proposition—rather more than offset the adverse factors initially referred to; even so, the earnings were not sufficient to admit of any distribution. The last was 5 per cent. in respect of 1929. The company has ample funds in hand. The accounts of the Geevor (Cornwall) show a loss of £10,700, the mine having been shut down ten months out of the twelve ended March 31st.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—P. and O. Banking Corporation, Imperial Bank of Persia, Trust Company of London and Scotland, Anglo-

Spanish Construction, George Newnes, Henderson's Transvaal Estates, Ohlsson's Cape Breweries, and Amalgamated Dental. At the annual meeting of the Imperial Bank of Persia, Sir Hugh Barnes said that there had been considerable activity in the resuscitation of local Persian industries and the development of new ones. Two sugar factories had been erected near Teheran, and tanning, cotton, spinning, weaving, hosiery and other factories had been set up in various parts of the country. Presiding at the annual meeting of the Amalgamated Dental, Mr Russell Polden said one of the most important developments during the past year had been the world-wide introduction of an entirely new product—Solarex—which made it possible to match natural teeth in form and shade much more closely. At the annual meeting of the P. and O. Banking Corporation, Mr W. E. Preston said that the new export of gold from India had been of inestimable value to that country, which was suffering, like all other raw material producing countries, from a severe contraction in the demand for her raw produce.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to July 2, 1932, excluding conversions, £163,689,174.
Total recorded, January 1 to July 2, 1932, including conversions, £292,423,839.

National Savings Certificates.		New Money		First Further	
Net receipts, 5 days ended June 30, 1932, Nil.		Conversions or Repayments.		Subscription. Payment. Liability.	
To the Public.		Nil		Nil	
To Shareholders only.		Nil		Nil	
Total Offered for Subscription—		Total Offered for Subscription—		Including Excluding	
Including Conversions.		Including Conversions.		Conversions.	
Jan. 1 to date—		Whole year—		£	
1932	292,423,839	1931	114,290,666	102,044,291	
1931	102,875,077	1930	454,888,784	267,800,700	
1930	270,700,924	1929	488,764,940	285,239,400	
1929	210,951,078	1928	693,100,056	369,058,073	
1928	259,282,485	1927	355,165,970		
1927	223,072,416	1926	230,782,600		
1926	136,975,561	1925	232,214,500		
1925	119,729,428	1924	209,326,101		

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.		Preference Stocks and Shares.		Ordinary Stocks and Shares.		Total.	
Debentures, Bonds, &c.		£		£		£	
January 1 to date—		£		£		£	
1932	152,685,581	8,025,682	3,177,911	163,889,174			
1931	72,621,524	5,832,786	14,523,781	92,978,091			
1930	147,933,594	14,715,158	19,138,846	181,787,578			
Whole year—							
1931	74,835,599	6,911,859	20,296,833	102,044,291			
1930	227,658,500	15,548,800	24,593,300	267,800,600			
1929	137,670,300	31,543,400	116,025,700	285,239,400			
1928	218,817,900	45,062,600	111,177,600	369,058,100			
1927	228,958,000	36,836,600	98,381,400	355,165,970			
1926	145,180,000	39,393,200	46,209,500	230,782,600			

By Stock Exchange Introduction.

Amount previously recorded		Amount of Capital Introduced.		Prices at which Dealings Began.		Total Cash Involved.	
£		£		£		£	
York Corporation £500,000 4% red. stk.	470,000	103	515,000				
1932-72 at 94%	470,000	...	515,000				
Total, week ended July 9, 1932	7,151,750	...	7,556,857				
Total to date, 1932	7,262,183	...	7,626,315				

Public Offers.

Five per cent. War Loan, 1929-47.—Holders who so desire may have their holdings in this Loan continued after December 1, 1932. The rate of interest will be reduced to 3½ per cent.; the Treasury reserves the right to redeem at par on or after December 1, 1952, on three months' notice. The exemptions from United Kingdom taxation will continue in force. Holders giving notification of conversion on or before July 31, 1932, will receive a cash bonus of 1 per cent. nominal of the amount of their holdings. Holders who wish to have their holdings redeemed in cash on December 1, 1932, must notify the Bank of England or Bank of Ireland not later than September 30, 1932. Holders who have made no notification on or before September 30, 1932, will be deemed to have accepted the offer to continue their holdings in the Loan.

Stock Exchange "Introductions."

York Corporation.—Particulars of an issue of £500,000 4 per cent. redeemable stock, 1952-72, redeemable at par on June 30, 1972, or at the option of the Corporation at any time

after July 1, 1952, on three months' notice. This is a trustee security. The whole of the stock has been sold to Messrs F. W. Bentley at £94 per cent.

Middlesex County Council.—Issue of £2,000,000 4 per cent. redeemable stock, 1952-72, redeemable at par on November 1, 1972, or at the option of the Council on or after November 1, 1952, on three months' notice. The stock is a trustee security. The sale of the stock has been negotiated through Messrs R. Nivison and Company and Messrs J. and A. Scrimgeour at £98 per cent.

SUMMARY OF BALANCE SHEETS.

NATIONAL PROVINCIAL BANK, LIMITED.		ASSETS.	
LIABILITIES.	Compared with June 30, 1931.	LIABILITIES.	Compared with June 30, 1931.
June 30, 1932.	£	June 30, 1932.	£
Capital paid up	9,479,416	Cash, &c.	27,848,149 + 725,514
Reserve fund	8,000,000 — 1,479,416	Balances with other banks	8,230,645 — 944,856
Deposits	262,479,989 — 4,400,776	Money at call, &c.	15,578,064 — 2,004,023
Due to subsidiaries	158,175 — 236,205	Investments	39,243,723 + 2,635,155
Acceptances	6,272,340 — 2,078,221	Investments of subsidiaries	2,514,000
		Bills discounted	44,759,803 + 6,251,937
		Advances	134,772,774 — 13,118,268
		Due by subsidiaries	Nil
		Premises	7,170,422 + 342,144
		Acceptances	6,272,340 — 2,078,221
Total	286,389,920 — 8,194,618	Total	286,389,920 — 8,194,618

WESTMINSTER BANK, LIMITED.		ASSETS.	
LIABILITIES.	Compared with June 30, 1931.	LIABILITIES.	Compared with June 30, 1931.
June 30, 1932.	£	June 30, 1932.	£
Paid-up capital	9,320,157	Cash	31,218,299 + 645,492
Reserve fund	7,500,000 — 1,820,157	Balances with other banks	7,832,604 — 487,616
Current deposits and other accounts	270,531,020 — 8,925,382	Money at call and notice	23,424,727 + 2,952,568
Acceptances & endorsements	22,553,514 + 1,697,035	Bills discounted	44,648,642 + 537,637
Note issue in Isle of Man	13,224 — 824	Advances	117,311,914 — 15,029,699
		Investments	54,115,458 + 287,352
		Shares in allied banks	2,991,926
		Acceptances	22,553,514 + 1,697,035
		Bank premises	5,820,831 + 347,903
Total	309,917,915 — 9,049,328	Total	309,917,915 — 9,049,328

YOU CAN BE SURE OF SHELL

Summer Shell petrol is specially blended to give the best results under Summer conditions

The resolution was carried unanimously.

THE ANGLO-SPANISH CONSTRUCTION COMPANY, LIMITED.

THE FINANCIAL POSITION.

At the annual general meeting held on Tuesday, July 5th, the Chairman, Sir Evelyn Wallers, reported that the 52½ millions of pesetas nominal of Spanish State Bonds lodged in the company's name with the Bank of Spain had now been withdrawn and partially realised. During the period of deposit there had been some decline in their quoted value, and a depreciation of the peseta, which losses were directly attributable to the arbitrary action of the Government in power before the present Republic.

The chairman stated that an estimate of the liquid assets could be arrived at equivalent to 66 per cent. of the company's debentures outstanding, but this would only be realised provided that certain assumptions as regarded the disposal of the investments and the exchange value of the peseta eventually materialised. This calculation excluded sums still owing by the Government to the Spanish company amounting to some 55 millions of pesetas. Unfortunately, the railway had been affected by political factors; there was, however, no reason whatsoever why the concession should be called in question, and the board was confident that with increasing political quietude the company would receive justice at the hands of the Government in power. It should be observed that the company, which on several occasions had protested in the Supreme Courts against acts of previous Governments in conflict with the terms of the concession, had in every instance been awarded judgment in its favour.

The annual receipts of the exploitation continued to show progressive improvement, although the expenditure still exceeded the revenue.

An improvement in the peseta was to be noted as the result of the comparative prosperity of the country and the Government's strong action against extremists, and the Republic had done much good work as regards national finance.

AMALGAMATED DENTAL COMPANY, LIMITED.

GOOD RESULTS—SUCCESS OF NEW PRODUCT.

The twenty-seventh annual general meeting of the Amalgamated Dental Company, Limited (formerly Claudius Ash, Sons and Company, Limited and De Trey and Company, Limited) was held at the Holborn Restaurant, High Holborn, London.

Mr Russell Polden (the chairman), who presided, and moved the adoption of the report and accounts, said that the two preceding years had been difficult owing to economic depression, but the embarrassments of trade in 1931 had been increasingly aggravated by reason of the ever-growing lack of confidence internationally. Shareholders might be justifiably pleased with the manner in which the unprecedented situation had been handled, and the results of the year's trading might be considered satisfactory. There was a balance of £118,000 standing to the credit of the profit and loss account for appropriation, or £5,000 less than in the previous year, and the board now proposed to pay the balance dividend of 4 per cent., making 8 per cent. for the year, on the cumulative preferred ordinary shares, and a dividend of 3d. per share, free of income tax, on the deferred ordinary shares, or at the rate of 6½ per cent. gross, carrying forward £11,858, as against £11,302 brought in.

Having referred to the opening of the magnificently equipped new dental schools at Newcastle-on-Tyne and at Helsingfors, and to the completion of Glasgow's up-to-date dental hospital, the Chairman said that he had mentioned these important examples that the shareholders might better appreciate that the duty was upon their company to maintain a progressive policy in line with the great advances in dental science which were evidenced in every country in the world, and he felt he might say that the dental profession, wherever the company traded, had ample evidence in the shape of new and improved products emanating from the company of the result of their research work. One of the most important developments in that direction during the past year had been the world-wide introduction of the entirely new product—Solarex—which made it possible to match in form and shade natural teeth much closer than had ever been possible before. Solarex had been received by the dental profession with general and world-wide appreciation.

As to the immediate future, much depended upon the efforts of the conferences that were seeking to restore confidence, politically and financially, throughout the world. So far as their company was concerned, every precaution possible was being taken to protect the interests of the business pending a return to normal international trade.

The report and accounts were unanimously adopted.

GEORGE NEWNES LIMITED.

REVIEW OF COMPANY'S INTERESTS.

LORD RIDDELL'S SPEECH.

The thirty-fifth annual general meeting of George Newnes, Limited, was held, on the 7th instant, at the offices of the company, 8-11, Southampton Street, London, W.C.

The Rt. Hon. the Lord Riddell (the Chairman), in the course of his speech, said:—Ladies and gentlemen, in view of the conditions that prevailed during the period under review, the profit earned may be regarded with satisfaction. Let us hope that we may do as well during the present year.

Having complimented the staffs of the company and its subsidiaries upon their excellent work, Lord Riddell proceeded: As stated in the report, George Newnes directly or indirectly hold the whole of the ordinary shares in C. Arthur Pearson, Limited, Country Life, Limited, Newnes and Pearson Printing Company, Limited, W. H. and L. Collingridge, Limited, Leach's Publications, Limited, and the George Newnes Book Company (India), Limited.

VARIETY OF PUBLICATIONS

I again wish to direct your attention to the list of periodicals and magazines owned or controlled by George Newnes. It comprises *Tit-Bits*, *John o' London's Weekly*, *Humorist*, *Woman's Life*, the *Strand*, *Pearson's*, *Wide World*, *Grand*, *Royal Pictorial*, *Novel*, *Happy* and *Sunny Magazines*, *Hobbies*, *Home Movies*, *Pearson's Weekly*, *Home Notes*, *Woman's Friend*, *Home Gardening*, *Smallholder*, *Scout*, *Peg's Paper*, *Peg's Companion*, *Modern Woman*, *Modern Home*, *Miss Modern*, *Lady's Companion*, *Leach's Home Dressmaker*, *Leach's Children's Fashions*, *Leach's Knitting Books*, *London Opinion*, *Amateur Gardening*, the *City Press*, *Country Life* and *Homes and Gardens*.

I am fully justified in saying that no periodical house possesses such a varied, important and useful set of publications. They cater for every taste and find their way into a large proportion of the homes throughout the country. They also have a large sale overseas. Compared with other publications, periodicals have a long life. They are read and re-read and are passed on from reader to reader. For this reason they hold an important and exceptional position as advertising media, well understood by advertising experts in search of publications which make a steady sustained appeal.

In addition to our periodicals, there are other profitable branches of the business that demand constant care and attention. I refer in particular to our great printing works at Exmoor Street, now being largely extended; our block-making works and our book-selling department, which is a specialised branch of the business.

The profit earned by George Newnes does not include the whole of the profit earned by its subsidiaries. Each of these is carefully managed so as to ensure its individual stability. In other words, excessive dividends are not paid to the holding company. The permanent stability of each part of the undertaking is our main objective. I am sure this policy will meet with your approval.

FIGURES OF COMBINED UNDERTAKINGS.

A few figures concerning the combined undertakings as at March 31, 1932, will no doubt be of interest. They are necessarily only approximate.

Cash at bankers and in hand amounted to some £237,000, of which £128,630 was held by George Newnes. Freeholds, leaseholds, machinery, plant, furniture, fixtures, stock and investments amounted to £633,287 and debtors to £382,074. On the other hand, creditors amounted to £300,821, the preference share capital of the combined companies to £1,082,472, and the ordinary share capital of George Newnes to £464,944. Accumulations standing to the credit of profit and loss account, after providing £68,494 for the final dividend on the George Newnes shares and the other payments mentioned in the report, will stand at £143,830. Goodwill stands at £1,299,351. In this connection we have, however, reserves amounting to £490,275, thus reducing the effective figure to some £800,000, which is very moderate considering the earning capacity of the combined undertakings. In arriving at this figure I have not brought into account the balances on profit and loss accounts already referred to. The Newnes and Pearson Printing Company have debentures amounting to £150,000 and Collingridge debentures amounting to £90,000, but the whole of both issues is now held by George Newnes and its subsidiaries.

Next year I hope to present you with a consolidated balance sheet. This could not be done this year, as it was necessary, in order to arrive at precise figures, to readjust some of the accountancy periods.

I think you will agree that the figures with which I have supplied you show that the combined concern is in a thoroughly

sound financial condition. Owing to the state of trade, some of our departments and some of our subsidiaries have not done as well as usual, but this was only to be expected.

EXTENSION OF PRINTING WORKS.

In order to cope with increased requirements, we have recently bought more land at Exmoor Street, on which we are about to construct a much-needed extension of the works. We have also placed orders for a quantity of new machinery. These operations involve an expenditure of some £80,000, part of which has already been paid. The remainder will be provided out of existing resources of the combined undertaking. We hope and believe that the expenditure will be justified by increased profits. To keep a printing business such as ours up to date, almost continuous expenditure is necessary, but to provide for this we have from time to time written down our machinery and plant, so that the figure in the balance sheet is no real index of their value. The equipment of a printing works such as ours would demand a very much larger expenditure than the amount shown in our accounts.

I propose to make no prophecy about the future. Our various businesses chiefly depend upon the state of trade. Indeed, they may be regarded as a barometer of trade prosperity or the reverse. Let us hope that before long trade conditions will cause the barometer to rise.

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

Sir Frank Newnes, Bt. (Vice-Chairman), seconded the resolution, which was carried unanimously.

The retiring directors having been re-elected, and the auditors (Messrs Yeatman, Melbourne and Company) reappointed, a cordial vote of thanks to the chairman, directors and staff terminated the proceedings.

TRUST COMPANY OF LONDON AND SCOTLAND, LIMITED.

MR ALFRED SHEPHERD ON THE OUTLOOK.

The third annual general meeting of the Trust Company of London and Scotland, Limited, was held, on the 1st instant, at the company's office, 25-31 Moorgate, London, Mr. Alfred Shepherd (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—So far as the business of our company—that of an investment trust company—is concerned, the year embraced in the report accounts now submitted to you has been one in which a total lack of confidence has existed, arising, I fear, from the inability of many, if not all, countries concerned to view the position otherwise than from their own national standpoint. Until nations realise that they must consider and treat the present conditions internationally, I fear nothing effective is likely to be accomplished.

There is one item in the balance sheet to which I think it necessary to direct your attention—namely, realisation account, being a net losses on investments sold (less reserve), £33,634 13s. 7d. This arises from the fact that during the year the directors considered it advisable to realise certain securities at sums below their cost price, the result being that, after exhausting the balance of the reserve which had hitherto been deducted from the total cost of the investments and not applied in writing down any specific securities, there was a loss amounting to the said figure. The directors sold these securities because they thought it advisable that they should be realised, and the subsequent trend of quotations of these investments has fully justified the action taken.

The general result, so far as our Trust is concerned, is that at the end of our year there has been a further serious fall in Stock Exchange quotations, which, however, must not be taken as an indication of the present intrinsic value of the investments. The valuation shows that, after giving effect to the realised loss before last year. Considering the general fall in the quotations of securities during the year, this further depreciation cannot be viewed as unexpected.

There has been a considerable reduction in the amount of revenue received by our Trust, the income from investments this year being £49,116, against £59,762 last year. After payment of year being £49,116, against £59,762 last year. After payment of income tax and interest on debenture stock and loan, the appropriation account shows £27,396, against £39,651 last year, and, as will be seen from the directors' report, after payment of the preference dividend and writing off the expenses in connection with the debenture stock, there remains a balance of £3,415 11s. 11d. This sum the directors recommend should be added to the amount of the carry-forward brought in, making £14,394 12s. 2d. to be carried forward to next year.

The directors gave very serious consideration to the question of whether it would be judicious to recommend any dividend on the

ordinary stock. After full consideration, and particularly keeping in view the great uncertainty which still exists as regards the future, they felt reluctantly compelled to recommend that no dividend should be paid on the ordinary stock, and that the balance, after payment of the preference dividend, should be carried forward.

Before formally moving the adoption of the report and accounts, I would like to say that the date of the closing of our accounts was one when Stock Exchange quotations were the lowest, or nearly the lowest, of the year as regards securities other than gilt-edged. While there has been a slight rise in certain quotations and some reports of industrial companies show better results, it cannot be assumed that there is any substantial improvement in the trade of the country, and no general rise in the value of securities can, in my opinion, occur until there is such a revival. As I have already intimated, so far as our revenue is concerned, there will, it is clear, be a further fall during the current year.

Until the results of the Lausanne and other conferences and the elections in Germany and the United States are known, it seems to me unlikely that there will be any immediate rise. The intimation this morning of the War Loan conversion terms is a matter of supreme importance, and gives ground on the other hand for feeling that we may now be approaching the dawn of better times.

The resolution was carried unanimously.

Government Returns, &c.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on July 1, 1932, and the total amount applied for was £59,945,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. 5d., about 54 per cent. and above in full, and Saturday at £99 15s. 6d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			£ s. d.
June 10	45,000,000	61,970,000	0 18 11.79
June 17	45,000,000	65,350,000	0 16 0.05
June 24	45,000,000	65,410,000	0 15 0.19
July 1	45,000,000	59,945,000	0 16 11.82

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 6, 1932.

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	366,678,881	Other Government Securities	11,015,100
In Banking Department	44,465,271	Other Securities	241,327,339
		Silver Coin	18,644,736
		Amount of Fiduciary Issue	3,812,825
		Gold Coin and Bullion	275,000,000
			136,144,152
			£411,144,152

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserves	14,553,000	Other Securities	67,626,570
Public Deposits	3,485,682	Advances	14,991,091
Other Deposits	20,947,199	Securities	226,246,974
Bankers'	80,922,753	Notes	41,238,065
Other Accounts	34,241,078	Gold and Silver Coin	44,465,271
7-Day and other Bills	115,163,831		820,866
Capital and Reserves	1,060		
	£154,150,772		£154,150,772

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

Both Departments.	Amount, July 6, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 366,678,881	+ 3,595,760	+ 7,421,219
Public deposits	20,947,199	+ 2,964,805	+ 5,213,179
Bankers' deposits	80,922,753	- 5,642,601	+ 16,379,429
Other deposits	34,241,078	- 495,179	- 745,303
Seven-day bills	1,060	- 185	- 275
Total, outside liabilities	502,790,971	+ 422,600	+ 28,268,249
Capital and Reserves	18,038,682	+ 42,637	- 15,303
Government debt and securities	320,169,009	+ 32,451,963	+ 44,916,680
Discounts and advances	14,991,091	+ 101,690	+ 7,888,723
Other securities	44,891,710	- 32,099,340	+ 4,570,919
Silver coin in issue department	3,812,825	- 515	- 27,448
Gold and bullion (bank's reserve)	136,965,018	+ 11,439	- 28,845,928
Reserve of notes and coin in banking department	45,286,137	- 3,584,321	- 21,267,147
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	33½%	-1½%	-24½%
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%	+ ½%	-5½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bullion & Reserves.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
June 1	403,617	355,414	18,553	89,957	34,150	3,583	24
15	408,721	357,238	25,577	85,846	33,472	3,103	24
22	409,480	357,426	20,568	87,546	33,987	2,611	24
29	410,721	358,548	35,577	73,145	33,145	1,212	24
July 6	411,143	363,083	17,982	86,565	34,736	403	24
	411,144	366,679	20,947	80,923	34,241	1	24

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bullion & Reserves.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserves Ratio.	Govt. Securities.	Discounts & Advances.		
1932.							
June 1	203,137	68,052	129,342	26	73,915	12,482	25,120
15	208,099	63,088	132,462	26	74,260	12,612	25,622
22	210,518	60,668	135,220	27	74,775	12,690	25,711
29	215,680	55,806	136,476	25	76,645	14,142	26,565
July 6	220,547	50,639	136,954	27	77,170	14,689	26,352
	232,342	18,645	136,965	27	77,627	14,991	26,247

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
Week ended June 22	12,708,072	781,190	1,303,664	14,792,926
Week ended June 29	12,583,591	783,331	1,303,664	14,670,586
Week ended July 6	798,381	39,035	63,117	900,533
Total to date, 1932	14,090,044	848,858	1,409,984	16,348,886
Total to date, 1931	18,595,466	909,185	1,462,338	20,966,989
Increase or decrease in 1932	-4,505,422	-60,327	-52,354	-4,618,103
	-24.3%	-6.6%	-3.6%	-22.0%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,762,577	1,812,146	2,963,431	43,538,154
Increase or decrease in 1931	-6,946,769	-144,294	-211,422	-7,322,485
	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended July 2.		Month of June.		Inc. or Dec.	Aggregate Totals, January 1 to July 2.	
	1931.	1932.	1931.	1932.		1931.	1932.
26							
25							
24							
23							
22							
21							
20							
19							
18							
17							
16							
15							
14							
13							
12							
11							
10							
9							
8							
7							
6							
5							
4							
3							
2							
1							
Total	37,047	34,629	96,631	97,185	+ 0.5	759,319	766,059

OVERSEAS BANK RETURNS.

Note.—The latest return of the Bank of Lithuania appeared in the *Economist* of May 28; Roumania and Latvia in June 18; Canadian Banks, Sweden, and Finland, in June 26; Jugoslavia, Poland, National Bank of Egypt and Netherlands in July 2.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

	June 30, 1931.	Mar. 31, 1932.	Apr. 30, 1932.	May 31, 1932.	June 30, 1932.
ASSETS.					
Cash	11.2	14.2	15.5	13.1	17.9
Sight funds	168.5	74.4	71.4	68.3	51.6
Bills and acceptances:—					
Commercial bills	438.1	473.6	453.7	469.1	453.7
Treasury bills	293.1	136.7	156.2	182.6	177.4
Time funds:—					
Not exceeding 3 months	594.0	206.5	253.5	269.0	248.2
Between 3 and 6 months	24.7	210.9	177.3	178.3	153.5
Sundry investments	240.7	210.9	177.3	178.3	153.5
Other assets	10.1	9.7	10.0	11.2	7.6
LIABILITIES.					
Capital paid up	108.5	108.5	108.5	125.0	125.0
Reserves	...	...	...	...	...
Special deposits:—					
Annuity trust account	154.1	153.6	153.8	153.8	153.8
German Government deposit fund	77.0	76.8	76.9	76.9	76.9
French Government guarantee fund	68.8	68.6	68.6	68.6	68.6
Time deposits of Central Banks:—					
Not exceeding 3 months:					
For their own account	551.9	145.2	300.6	351.7	210.3
For account of others	203.3	...	...	...	...
Other deposits	...	...	...	...	...
Sight deposits of Central Banks:					
For their own account	388.9	463.0	319.9	314.4	396.3
For account of others	169.0	68.2	61.4	53.4	30.4
Other deposits	1.1	7.8	4.0	8.1	6.0
Miscellaneous items	11.2	30.4	34.4	20.7	23.6
Profits allocated for distribution on July 1, 1932	...	...	...	9.6	9.6

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

	July 9, 1931.	June 16, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
RESOURCES.					
Total gold reserve	3,427,900	2,561,190	2,562,520	2,579,370	2,578,450
Total bills discounted	162,390	496,240	488,210	469,830	499,830
Bills bought in open market	91,790	65,660	53,720	63,520	77,350
Total U.S. Govt. securities	667,950	1,692,210	1,729,700	1,800,970	1,801,060
State and local securities	932,100	2,259,720	2,277,340	2,342,860	2,384,240
Total bills and securities	5,194,260	5,635,110	5,586,510	5,642,440	5,731,940
LIABILITIES.					
Federal Reserve Notes in actual circulation	1,736,920	2,575,800	2,615,930	2,755,860	2,868,160
Deposits—Member bank—reserve account	2,439,580	2,101,240	2,066,090	2,033,700	1,962,990
Total deposits	2,527,350	2,198,430	2,172,890	2,107,360	2,044,990
Capital paid in and surplus	442,610	414,230	414,230	414,240	414,210
Total liabilities	5,194,260	5,635,110	5,586,510	5,642,440	5,731,940
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	84.2%	57.9%	57.8%	57.2%	56.3%

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

	July 9, 1931.	June 16, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
RESOURCES.					
Total gold reserves	1,188,300	714,770	735,410	705,410	708,400
Total bills discounted	25,340	101,740	103,410	108,680	102,880
Bills bought in open market	25,390	23,720	11,300	11,590	29,940
Total U.S. Govt. securities	166,150	700,960	721,930	694,540	692,380
State and local securities	222,860	830,420	840,720	819,100	829,620
Deposits—Member bank—reserve account	1,050,980	912,270	937,280	871,740	858,280
Ratio of total res. to dep. and Federal Res. note liabilities combined	90.0%	50.2%	50.9%	50.7%	50.0%

FEDERAL RESERVE MEMBER BANKS.

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

	June 24, 1931.	June 15, 1932.	June 22, 1932.	June 29, 1932.	June 6, 1932.
ASSETS.					
Loans	14,540	11,588	11,397	11,515	11,297
Investments	7,803	7,406	7,395	7,315	7,572
Demand deposits	13,286	11,158	11,102	10,991	10,922
Time deposits	7,169	5,673	5,664	5,624	5,568
Due from banks	1,523	1,210	1,202	1,203	1,246
Due to banks	3,339	2,734	2,740	2,727	2,477
Federal reserve borrowings	63	178	197	207	198

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

	June 12, 1931.	May 15, 1932.	May 22, 1932.	June 5, 1932.	June 12, 1932.
ASSETS.					
Gold coin and bullion	1,931	1,932	1,932	1,932	1,932
Subsidiary coin	6,547	7,235	7,151	7,239	7,284
Bills discounted: Domestic and Union Gov. Treas.	333	486	492	492	487
Bills discounted: Foreign	300	819	903	1,354	795
Investments	1,869	1,564	1,231	1,880	1,613
Capital	1,000	1,000	1,000	1,000	1,000
Reserve	802	802	802	802	802
Notes in circulation	6,921	6,869	6,515	7,640	6,973
Government deposits	1,762	1,250	1,432	1,282	861
Bankers' deposits	4,874	4,163	4,335	4,107	3,913
Ratio of cash reserves to liabilities to public	47.6%	58.3%	58.9%	55.1%	55.3%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loan, namely, £792,916, has been written off Reserve.

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

	June 12, 1931.	May 15, 1932.	May 22, 1932.	June 5, 1932.	June 12, 1932.
ASSETS.					
Total securities	30,770	29,426	25,297	25,137	29,074
Loans	8,882	9,765	8,858	8,256	8,302
Cash credits	29,530	24,979	24,185	24,694	25,311
Inland bills	3,264	5,430	4,942	3,919	3,040
Foreign bills	13,286	11,158	11,102	10,991	10,922
Dead stock	2,751	2,690	2,695	2,704	2,738
Bal. with other banks	8.50	40.90	37.07	47.12	39.20
Cash	13,17.13	9,58.81	10,83.33	13,58.36	12,87.69
LIABILITIES.					
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,40.00	5,00.00	5,00.00	5,00.00	5,00.00
Total deposits	77,73.48	66,43.94	67,85.77	68,26.05	66,51.92
The above include:					
Deposits in London	921	846	910	898	1,000
Advances in London	973	601	763	759	809
Cash, &c., at other Banks in London	63	309	281	357	296

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

	July 3, 1931.	June 10, 1932.	June 17, 1932.	June 24, 1932.	July 1, 1932.
ASSETS.					
Gold	56,228,693	80,974,192	81,643,495	82,099,633	82,316,794
Foreign assets					
Sight deposits	6,945,695	5,007,612	4,547,208	4,289,845	4,528,521
Bills, &c.	18,686,569	3,334,950	2,284,419	2,042,534	...
Home bills	4,431,968	3,258,275	3,250,067	3,923,246	...
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,891,803	7,765,722	2,757,325	2,714,806	2,815,366
Negotiable bonds,					
Sinking Fund Depts.	5,082,397	6,880,527	6,880,527	6,625,696	6,625,696
Other assets (exclud- ing forward exch.)	4,514,926	5,715,372	5,469,877	5,434,364	...
LIABILITIES.					
Notes in circulation	78,609,675	61,737,377	81,018,189	80,667,456	82,789,670
Public deposits	9,103,791	2,936,756	3,298,332	2,880,779	2,868,487
Private deposits	11,416,216	23,881,266	23,188,329	24,253,659	22,093,681
Other liabilities	2,852,312	2,581,254	2,548,068	2,534,230	...

BANK OF DANZIG.—In Danzig gulder (000's omitted).

Assets.	June 30, 1931.	June 30, 1932.	June 30, 1932.	June 30, 1932.	June 30, 1932.	June 30, 1932.	June 30, 1932.
Gold coin and bullion	3,617	21,816	21,816	37,222	37,222	38,251	38,251
Danzig subsidiary coin	3,487	4,738	4,272	4,203	4,007	4,101	3,537
Bel. of Eng. inc. notes	16,277	26,600	29,316	12,098	11,232	9,112	9,472
Bill of exchange	21,292	354	304	250	200	378	378
Advances	5,937	6,731	8,116	6,744	8,381	7,189	6,931
Discounts	33	1,309	44	34	40	39	47
Other bills							
LIABILITIES.							
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	35,817	37,626	41,244	37,282	39,593	35,555	39,081
Deposits on demand	1,625	13,491	14,166	15,037	13,257	15,304	11,219

BANK OF JAPAN.—In yen (000's omitted).

Assets.	June 30, 1931.	June 30, 1932.	June 30, 1932.	June 30, 1932.	June 30, 1932.	June 30, 1932.	June 30, 1932.
Gold coin and bullion	221,330	850,055	429,066	429,066	429,066	429,066	429,066
Other coin and bullion		68,959	66,768	67,368	68,137	68,836	68,836
Discounts	41,740	622,883	714,121	693,761	678,469	677,478	677,478
Advances	70,540	55,697	128,590	127,518	127,498	106,085	106,085
LIABILITIES.							
Notes	362,270	1,007,483	1,017,062	981,721	934,223	960,448	960,448
Govt. deposits	87,340	383,298	408,327	371,967	381,393	372,050	372,050
Other deposits	11,440	236,150	82,882	138,064	159,828	148,163	148,163

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

Assets.	May 29, 1931.	May 29, 1932.	May 29, 1932.	May 29, 1932.	May 29, 1932.	May 29, 1932.	May 29, 1932.
Gold at home	62,832	68,995	69,019	69,001	69,002	69,002	69,002
Gold abroad	186,164	93,390	91,335	90,740	90,321	90,321	90,321
Discounts and advances	133,530	21,602	21,078	21,275	20,900	20,900	20,900
LIABILITIES.							
Notes of the bank in circulation	293,192	365,375	359,695	357,009	354,291	354,291	354,291
Deposits	31,695	136,221	138,565	146,248	145,744	145,744	145,744
Paid-up capital	90,832	90,832	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	June 30, 1931.	July 1, 1932.	July 2, 1932.	July 4, 1932.	July 5, 1932.	July 6, 1932.	July 7, 1932.
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
90 days' bankers' drafts	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
3 months' do.	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
4 months' do.	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
6 months' do.	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
Discount Treasury Bills—							
3 months'	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
6 months'	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
1 year—Day-to-day	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
Short	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
Deposit allowed by Bank	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
Discount by bank at call	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½
At notice	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½	1-1½

Comparison with previous week—

		Bank Bills.			Trade Bills.		
Short Loans.		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
June 16	1	1	1½	1½	2½-3½	2½-3	3½
" 23	1-1½	1-1½	1½-1½	1½-1½	2½	3	3½
" 30	1-1½	1-1½	1-1½	1½	2	2½	3
July 7	1-1½	1½-1½	1½-1½	1½-1½	2	2½	3-½

RATES OF EXCHANGE.

London on	Usance.	Par.	July 9, 1931.	June 30, 1932.	July 7, 1932.
New York	dollars to \$1	Cable	4-86½	3-60-3-60½	3-56½-3-57½
Montreal	dollars to \$1	Cable	4-86½	4-11-4-13	4-06-4-07
Paris	francs to £1	T.T.	124-21	124-10-12	91½-91½
Brussels	marks to £1	T.T.	20-43	20-50-50½	15-10-15-20
Amsterdam	florins to £1	T.T.	12-107	12-08-12	8-91-8-94
Bombay	rupees to £1	T.T.	35-00	34-84-85	25-90-25-95
Calcutta	rupees to £1	T.T.	32-46	32-08-32	25-90-25-95
Madras	rupees to £1	T.T.	25-224	25-08-25	25-90-25-95
Yokohama	yen to £1	T.T.	18-159	18-16-18	20-18-20-18
Osaka	yen to £1	T.T.	18-159	18-16-18	20-18-20-18
Manila	pesos to £1	T.T.	18-159	18-16-18	20-18-20-18
London	pounds to £1	T.T.	18-159	18-16-18	20-18-20-18
Lyons	francs to £1	T.T.	25-224	25-08-25	25-90-25-95
Vienna	schillings to £1	T.T.	34-58½	34-60-35	32-34
Frankfurt	marks to £1	T.T.	164½	164½	31-35½
Brussels	francs to £1	T.T.	278-316	278-316	215-235
Belgrade	dinars to £1	T.T.	27-82	27-88-92	20-21(6)
Bucharest	lei to £1	T.T.	813-6	816-818	590-610
Sofia	leva to £1	T.T.	673-659	668-673	490-530
Athens	drachmas to £1	T.T.	375	374½-375½	545-575
Constantinople	piastres to £1	T.T.	110	102½	740-780
Moscow	roubles to £1	T.T.	9-46	9-446-9-465	6-99-701
Warsaw	zlotys to £1	T.T.	43-38	43-38	32-33½
Helsingfors	marks to £1	T.T.	193-23	193-23	215-225
Kyoto	yen to £1	T.T.	18-159	18-20-27	35-39
Batavia	rupiahs to £1	T.T.	18-159	18-20-27	12-14
Singapore	dollars to £1	T.T.	25-224	25-20-30	17-19
Aden	pounds to £1	T.T.	25-224	25-20-30	17-19
Alexandria	piastres to £1	T.T.	97½	97½	97½-97½
Buenos Aires	pesos to £1	T.T.	47-62½	47-62½	41-54½
Rio de Janeiro	pesos to £1	T.T.	8-99	8-99	29-31½
Montevideo	pesos to £1	T.T.	40	40	29-31½
Valparaiso	pesos to £1	T.T.	17-3	17-3	16-80½
Lima	soles to £1	T.T.	18	18	16-80½
Colon	soles to £1	T.T.	18	18	16-80½
Bombay	rupees to £1	T.T.	1/5½-1/5	1/5½-1/5	1/5-1/5½
Calcutta	rupees to £1	T.T.	1/5½-1/5	1/5½-1/5	1/5-1/5½
Madras	rupees to £1	T.T.	1/5½-1/5	1/5½-1/5	1/5-1/5½
Hong Kong	dollars to £1	T.T.	2½-4d.	2½-4d.	2½-4d.
Shanghai	dollars to £1	T.T.	24-582½	24-582½	24-582½
Singapore	dollars to £1	T.T.	24-582½	24-582½	24-582½
Kobe	yen to £1	T.T.	24-582½	24-582½	24-582½
Manila	pesos to £1	T.T.	9-76	9-10-10-00	13-10-13-60
Yokohama	yen to £1	T.T.	21-82½	21-82½	19½-19½

† Nominal.

(c) Official rate.

OVERSEAS BANK RATES.

Changed From To	Changed From To
Albania	July 1, 1931
Amsterdam	Apr. 18, 1932
Athens	Feb. 20, 1932
Batavia	Mar. 10, 1930
Belgrade	July 20, 1931
Bombay	Apr. 27, 1932
Brussels	Jan. 13, 1932
Bucharest	Jul. 5, 1932
Calcutta	July 7, 1932
Canton	May 30, 1932
Cebu	Nov. 24, 1931
Danzig	Apr. 19, 1932
Hankow	May 4, 1932
Harbin	Apr. 4, 1932
London	June 23, 1932
Lyons	June 23, 1932
Manila	June 23, 1932
Medan	June 23, 1932
Moscow	June 23, 1932
Odessa	June 23, 1932
Peking	June 23, 1932
Rangoon	June 23, 1932
San Francisco	June 23, 1932
Shanghai	June 23, 1932
Singapore	June 23, 1932
Sourabaya	June 23, 1932
Tientsin	June 23, 1932
Yokohama	June 23, 1932

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

Call money	July 1, 1932.	June 15, 1932.	June 22, 1932.	June 29, 1932.	July 6, 1932.
Time money (90 days' mixed coll.)	1½	2½	2½	2½	2½
Bank acceptances	1½	2½	2½	2½	2½
Members—eligible, 90 days	1	1	1	1	1
Non-members—eligible, 90 days	1	1	1	1	1
Uneligible, 90 days	1½	2½	2½	2½	2½
Commercial accept., 90 days	2	3	3	3	3

Rates of Exchange, New York on—	Par Level.	July 8, 1931.	June 22, 1932.	June 29, 1932.	July 6, 1932.
London—					
60 days	4-86½	4-86½	3-60	3-58	3-55½
Cable	4-86½	4-86½	3-62	3-60	3-57½
Cheques	4-86½	4-86½	3-62	3-60	3-57½

London—	Par Level.	July 8, 1931.	June 22, 1932.	June 29, 1932.	July 6, 1932.
Paris	3-91½	3-92	3-93	3-93	3-93
Brussels	13-90	13-95	13-92	13-91	13-91
Switzerland	19-30	19-40	19-42	19-47	19-51
Italy	5-263	5-23½	5-10	5-09	5-11½
Berlin	23-82	23-71½	23-74	23-76	23-80
Vienna	14-07	14-06	14-06	14-06	14-06
Madrid	19-30	19-30	19-30	19-30	19-30
Amsterdam	40-195	40-27½	40-40	40-37	40-37
Copenhagen	26-78	26-78	26-78	26-78	26-78
Osaka	26-80	26-80	26-80	26-80	26-80
Stockholm	26-81	26-81	26-81	26-81	26-81
Athens	1-297	1-297	1-297	1-297	1-297
Can. cents for \$1	100	99	99	99	99
Yokohama	49-85	49-35	29-00	27½	27½
Hong Kong	25-50	25-50	25-50	25-50	25-50
Shanghai	31-75	31-75	31-75	31-75	31-75
Calcutta	36-50	36-00	27-00	27-12½	27-00
Buenos Aires	103-65	138-15	138-15	138-15	138-15
Rio de Janeiro	11-96	7-50	7-50	7-50	7-50
Valparaiso	12-125	12-09	12-09	12-09	12-09

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.	Par Level.	July 8, 1931.	June 22, 1932.	June 29, 1932.	July 6, 1932.
T.T.					
Sight					
30 days' sight					
60 days' sight					
90 days' sight					
London on—					
Rhodesia	1½ dls.	1½ dls.	1½ dls.	1½ dls.	1½ dls.
South Africa	1½ dls.	1½ dls.	1½ dls.	1½ dls.	1½ dls.
SELLING RATES PER £100 (STERLING).					
Sight					
Telegraphic					
London on—					
Rhodesia	99 16 3	99 16 3	99 16 3	99 16 3	99 16 3
South Africa	73 8 9	73 8 9	73 8 9	73 8 9	73 8 9

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Soles to £	24-3325	Sight London	23-61½
Colombia	Bolivares to £	20-2215	"	24-65½
Costa Rica	Costa Rican to £	5	"	3-73½
Salvador	Colonos to £	4-8665	"	4-98
Bolivia	Bolivianos to £	9-73	"	9-80
Bolivia	Bolivianos to £	13-33	"	13-38

OVERSEAS DOMINION RATES.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Australia.	New Zealand.	Australia.	New Zealand.	Australia.	New Zealand.	Australia.	New Zealand.
T.T. ...	125	111	125	109½	125	...	125½	110
Sight ...	126½	112½	125½	109½	124½	108½	125½	109½
30 days	127	111½	...	...	124½	108½	125½	109½
60 days	127½	112½	...	...	124½	107½	125½	109½
90 days	128½	113	...	...	124½	107½	125	108½

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.		
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.	
					Prefere.	Ordinary.						
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%	
Banks.												
National Bank of Australasia	Mar. 31	149,113	276,838	425,951	...	300,000	6	...	125,951	561,206	8½	
Breweries.												
Distillers Company	May 14	283,152	1,758,869	2,042,021	97,350	1,403,189	17½	250,000	291,482	2,272,915	20	
Tamplin and Sons, Brighton	Apr. 30	30,951	42,921	73,872	24,815	13,950	8	5,000	30,107	68,125	15	
Financial Land, &c.												
Berkeley Property & Invest.	Mar. 25	8,890	50,355	59,245	2,924	33,750	5	12,234	10,337	57,267	7	
Hotels, Restaurants, &c.												
Spiers and Pond	Mar. 31	6,107	42,850	48,957	32,342	24,934	6	Dr. 12,000	3,681	89,617	14	
Iron, Coal and Steel.												
Horseley Bridge and Engrg.	Mar. 31	13,669	Dr. 11,425	2,244	...	...	...	...	2,244	864	...	
Petters, Ltd.	Mar. 31	45,016	10,635	55,651	11,062	...	...	...	44,589	33,898	6	
Oil.												
Phoenix Oil and Transport	Dec. 31	233,075	20,746	253,821	...	...	...	71,297	182,524	248,459	2½	
Rubber, &c.												
Anglo-Dutch Plantations of												
Java	Dec. 31	174,030	Dr. 142,779	31,251	...	...	...	Dr. 100,000	131,251	28,942	...	
North Hummock Rubber ...	Mar. 31	401	Dr. 6,191	5,790	...	...	...	Dr. 7,101	1,311	7,491	...	
Tremelbye (Selangor) Rubber	Mar. 31	1,379	Dr. 4,509	Dr. 3,130	...	...	...	Dr. 4,559	1,429	Dr. 7,586	...	
Shipping.												
Sutherland Steamship	June 30	793	Dr. 5,051	Dr. 4,258	...	...	...	...	Dr. 4,258	371	...	
Union Castle Mail Steamship	Dec. 31	184,323	1,688	186,011	...	...	...	...	186,011	130,510	...	
Shops and Stores.												
Benson (J. W.), Ltd.	Mar. 31	143,527	29,178	172,705	16,668	12,500	7½	...	143,537	33,667	7½	
Lovell and Christmas	June 11	108,260	117,009	225,269	45,000	45,000	6	34,000	101,269	60,635	Nil	
Tea.												
Boroi Tea	Dec. 31	7,099	Dr. 1,182	5,917	...	1,200	5	...	4,717	...	...	
Looksan Tea	Dec. 31	2,760	Dr. 3,074	Dr. 314	...	...	...	...	Dr. 314	Dr. 1,617	...	
Nedem Tea	Dec. 31	264	Dr. 26,415	Dr. 26,151	...	...	...	Dr. 7,500	Dr. 186,511	Dr. 844	...	
Rajmai Tea	Dec. 31	11,754	38,088	49,842	...	36,400	65	...	13,442	29,296	55	
Rungajau Tea	Dec. 31	1,081	888	1,969	810	...	...	...	1,159	Dr. 8,151	...	
Sumatra Tea	Mar. 31	24,278	Dr. 18,826	5,452	...	...	...	...	5,452	3,292	...	
Zaloni Tea	Dec. 31	3,232	4,759	7,991	...	3,000	7½	1,500	3,491	...	...	
Textiles.												
Grout and Co.	Apr. 30	13,877	Dr. 1,676	12,201	758	...	...	...	11,443	10,439	...	
Other Companies.												
Associated Newspapers ...	Mar. 31	666,173	704,645	1,370,818	25,000	{ 42,000	7 ord.	} 250,000	491,318	1,059,836	{ 70,000	
Brooklehurst-Whiston Amal.	Mar. 31	4,425	28,894	33,319	28,000	{ 562,500	25 def.		159	5,160	37,030	2½
British Glues & Chemicals	Apr. 30	25,191	31,468	56,659	21,000	...	...		4,000	31,659	15,029	...
Burgis and Colbourne	Apr. 27	3,290	7,875	11,165	4,200	3,000	10		678	3,287	8,575	15
Covent Garden Properties	June 30	39,008	119,035	158,043	74,488	36,562	7½		...	46,993	124,927	7½
Goodyear Tyre and Rubber												
(Great Britain)	Dec. 31	180,018	67,601	247,619	...	160,000	20	...	87,619	126,084	10	
National Canning Co.	May 31	...	49,847	49,847	...	30,885	12½	16,822	2,140	...	...	
Sangers, Ltd.	Mar. 31	34,758	48,587	83,345	14,062	32,812	17½	...	36,471	57,323	17½	
Union Cold Storage	Dec. 31	190,150	951,858	1,142,008	720,000	100,000	10	125,000	197,008	950,667	10	

REPORTS AND NOTICES.

BANKS.

CHASE NATIONAL BANK OF THE CITY OF NEW YORK.—The statement of the Chase National Bank for June 30, 1932, shows the following changes in important items since March 31st, the last quarterly statement date. Cash in the bank's vaults and on deposit with the Federal Reserve Bank and other banks amount to \$299,944,000, as compared with \$327,674,000 on March 31st. Investments in United States Government securities are \$218,073,000 as compared with \$176,563,000. Securities maturing within two years are \$106,511,000, as compared with \$51,081,000. Other bonds and securities, including stock in the Federal Reserve Bank, amount to \$89,847,000 as compared with \$101,355,000. Loans and discounts total \$860,648,000 as compared with \$1,025,866,000. The capital of the Bank remains unchanged at \$148,000,000, while the surplus is \$100,000,000 as compared with \$124,000,000 on March 31st. Undivided profits are shown at \$17,381,000 as compared with \$20,789,000. Reserve for taxes, interest, contingencies, etc., amounts to \$12,170,000 as compared with \$28,650,000. Deposits at \$1,302,456,000 compare with \$1,328,737,000 on March 31st.

NATIONAL BANK OF AUSTRALASIA, LTD.—Net profits of the National Bank of Australasia, Ltd., for the year ended March 31st amounted to £276,838 (against £561,205 for 1930-31), to which is added £149,112 brought forward, making the amount available £425,950. From this sum appropriation has been made in respect £425,950. Of this sum dividend of 3 per cent. paid in November last—i.e., of interim dividend of 3 per cent. at the meeting that a final dividend of £150,000. It was recommended at the meeting that a final dividend of 3 per cent., leaving a carry-forward of £125,950. The total dividend for the year of 6 per cent. compares with 8½ per cent. for the preceding year. An amount of £300,000 has been transferred from the reserve fund (which previously stood at £3,300,000) to a special reserve for exchange adjustment, which is designed to provide for possible adverse movements in overseas exchange. In the event of this reserve or any portion of it not being required for the purposes of exchange adjustment, the amount available will be added by the board to the bank's inner reserves.

INSURANCE.

THE NATIONAL MUTUAL LIFE ASSURANCE SOCIETY.—To succeed Mr Geoffrey Marks, whose retirement was announced in our issue of July 2nd, the directors have appointed Mr George Hugh Recknell, F.I.A., F.F.A., the society's present actuary and secretary, to be actuary and manager. Mr Recknell entered the society's service as assistant actuary in September, 1923, being appointed actuary in May, 1928, and actuary and secretary in October, 1929. He became a Fellow of the Institute of Actuaries in 1915, served through the war in France and in Palestine and in Syria, and obtained the Fellowship of the Institute of Actuaries in 1923. He has been a member of the Council of the Institute of Actuaries since 1927, and of the Board of Examiners for the last three years. He has also contributed frequently to the journal of the Institute. The Directors of the Society have appointed Mr F. B. Swift, F.I.A., to be Investment Secretary. Mr Swift entered the service of the Society in 1922 and became a Fellow of the Institute of Actuaries in 1930.

MISCELLANEOUS.

SANGERS, LTD.—The third annual report and accounts of Sangers, Ltd., show a trading profit for the year ended March 31, 1932, of £69,213, being a small reduction of £5,061 on last year's figure of £74,874. Deducting directors' fees and income tax, adding the amount brought forward there is a balance of £84,945, of which preference dividends to January 31, 1932, absorb £14,062 and the preference dividend on January 31, 1932, absorb £14,062, leaving an available balance of £56,820 (last year £59,133). £1,600 has been written off goodwill, making a total of £52,600 written off this item during the four financial years since the incorporation of the company. It is proposed to pay a final dividend on the ordinary shares of 10 per cent., making 17½ per cent. for the year (last year same), leaving to be carried forward, subject to two months' accrued preference dividend, £36,470 (last year £34,758). The balance sheet shows: Cash, £17,970 higher at £59,505 (last year £41,535); British Government securities, £28,018, as against £24,170 last year. Meeting, Holborn Restaurant, W.C.2, at 12 noon on July 12, 1932.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended July 1, 1932. (c) Week ended July 2, 1932.	Miles Oper.	Gross Receipts, week ended July 3, 1932. (000's omitted.)					Aggregate Gross Receipts, 26 weeks. (000's omitted.)				
		Passenger.	Merchandise.	Coal and Coke.	Other Goods.	Total.	Passenger.	Merchandise.	Coal and Coke.	Other Goods.	Total.
		£	£	£	£	£	£	£	£	£	£
Great Western	1932	3,761	239	160	88	4,248	4,775	4,393	2,685	7,078	11,853
(e) L. & N.	1932	3,761	271	192	105	4,329	5,266	4,957	2,805	7,762	13,028
Eastern	1932	6,353	369	276	194	7,122	7,240	7,671	5,794	13,465	20,705
L. M. & D.	1932	6,353	399	333	206	7,291	7,859	8,439	5,195	15,034	22,933
Scottish	1932	6,968	568	404	196	8,136	11,128	11,101	6,108	17,209	28,337
Southern	1932	2,181	321	75	28	2,605	1,185	1,228	6,588	18,796	30,646
	1931	2,180	369	75	29	2,653	4,747	1,639	816	2,455	9,202
	1931	2,180	369	75	29	2,653	7,399	1,892	827	2,719	10,118
Total...	1932	192,591	14,971	913	496	219,061	298,900	248,040	154,053	40,207	70,097
	1931	192,504	16,355	1,058	550	210,467	323,741	278,961	164,115	44,511	76,685
(a) Metro-	1932	59	30	0	...	89	...	...	...	...	89
politan	1931	59	31	0	...	90	...	...	...	...	90
(c) Under-	1932	...	302	8	...	310	...	...	...	...	310
ground R.R.	1931	...	319	2	...	321	...	...	...	...	321
(e) Green	1932	...	34	2	...	36	...	...	...	...	36
Buses, &c.	1931	...	34	2	...	36	...	...	...	...	36
(e) L. & S.	1932	45	9	...	...	54	...	...	...	...	54
Group	1931	45	9	...	...	54	...	...	...	...	54
(b) Belfast	1932	80	4	0	...	84	...	...	...	...	84
& Co. Down	1931	80	4	0	...	84	...	...	...	...	84
(b) Great	1932	562	25	6	...	593	...	...	...	...	593
Northern	1931	562	25	6	...	593	...	...	...	...	593
(b) Great	1932	2,182	68	5	...	2,255	...	...	...	...	2,255
Southern	1931	2,182	68	5	...	2,255	...	...	...	...	2,255

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	9	1932.		Rs.	Rs.	Rs.	Rs.
Barelly L. Ry.	10	June 4	1,330	3,03,600	- 89,486	27,12,300	- 8,81,846
Bengal & N. Western	10	11	202	28,500	- 5,500	3,50,200	- 87,500
Bengal-Nagpur	9	4	3,274	6,30,354	- 10,112	70,50,329	- 90,956
Bombay Bar. & C.I.	13	July 2	3,084	1,894,000	+ 30,000	2,76,71,000	- 11,64,300
Madras & S. Mahr.	10	June 11	3,230	14,91,000	- 64,223	1,45,81,000	- 22,64,054
+ Rohilk. & Kumaon	10	11	572	1,21,113	- 9,002	14,61,355	+ 57,195
South Indian	10	11	2,495	11,53,556	- 71,796	1,10,02,924	- 5,05,589
Bengali State Railway.							

The Durham "bunker only" trade is much quieter this week, with prime bunkers offering at 13s. 6d. per ton f.o.b. To-day's f.o.b. prices for export are as follows: NORTHUMBERLAND.—D.C.B. screened steam, 13s. 6d.; smalls, 8s. 6d.; Howards, Bentinck, Newbiggin screened, 13s.; smalls, 8s.; Tyne prime large, 12s. 9d.; smalls, 8s.; Hartley main, large, 12s. 6d.; smalls, 8s. DURHAM.—Lambton, South Hetton screened steam, 15s.; smalls, 11s.; Wear special unscreened gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s.; coking smalls, 12s. 6d.; price, unscreened bunkers, 13s. 6d.; second class unscreened bunkers, 13s.

CARDIFF.—Conditions in the South Wales steam coal trade have shown no improvement during the present week; on the contrary, owing to the scarcity of orders, the shipments of steam coals have further declined, and there have been periods when about 40 per cent. of the tipping appliances have been idle. In the anthracite trade, however, the recent improvement has been maintained, and exports at Swansea and Port Talbot have continued active. Among the contracts placed during the past week have been one for 24,000 tons of steam coal for the service of Spanish trawlers, and for 80,000 tons of locomotive coals by the Brazilian Sao Paulo Railway. There is a likelihood of some improvement in trade with France as the result of an increase in the quota from 60 per cent. to 70 per cent. of the monthly average shipments for the United Kingdom to that country in three years, 1928-30, but the current supply of coal is so much in excess of the demand that a further reduction in the output quota of the coalfield is anticipated for the September quarter. Last week's quotations are unchanged.

IRON AND STEEL.

MIDDLESBROUGH.—Little headway is being made in the pig iron markets and during the past week business has again been very quiet. In Cleveland iron the demand locally is only on a moderate scale owing to the slackness in the foundry trades, and the demand for Scotland, already small, will be further curtailed by the holidays now in force in the Falkirk district, to be followed later by the Glasgow fair holidays. The export trade is also very slack and little improvement can be looked for in that quarter. After providing for their own requirements, the outside demand is not sufficient to take up the whole of the surplus, and makers have been adding to stocks at the furnaces recently. Only a small business was reported at Tuesday's market and this was practically all for early delivery. Official prices for Cleveland were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t., but substantial concessions can be obtained on these prices for Scotland. There is little change in the hematite position. Demand is improving a little, but is almost entirely confined to early requirements, for which mixed numbers are obtainable at 62s. 6d. per ton. Makers are anxious to secure forward business, for which they ask 63s. a few months ahead, but consumers show no inclination to commit themselves at present. Shipments last month showed considerable improvement on May, the details being:—

	June, 1932.	May, 1932.
Pig iron	11,920	8,958
Manufactured iron	2,937	3,718
Manufactured steel	27,569	19,804
	42,426	32,280

The ore market is practically idle. Best rubio is nominally 15s. c.i.f., and the current freight for early loading Bilbao/Middlesbrough is 4s. 6d. Imports of all kinds of ore into Middlesbrough for June totalled 77,849 tons, against 35,027 tons for May. Coke continues in full supply and good blast-furnace qualities are offering at 15s. 6d. delivered local works. In the finished trades no new orders of importance are reported during the last week, but several small contracts have been secured and more are expected to follow. Prices for steel for home under the rebate scheme are unchanged, viz.: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other main products are: Iron crown bars, £9 15s.; heavy steel rails, £8 10s.; 24-gauge black sheets, £8 5s.; and 24-gauge galvanised corrugated sheets, £9 10s., all for home use. The number of blast furnaces in operation in the district is unchanged at 17.

SHEFFIELD.—A state of depression continues in most branches of the iron and steel industry, and is aggravated by the seasonal quietude which is customary in the months of July and August. Buyers of open-hearth steel are awaiting reductions in price, held to be long overdue. This subject is under consideration by producing firms. Makers of steel strip are benefiting by the tariff. Large quantities of this material have been imported in the past, but there is now little difference between the cost of foreign and British strip, and the quality of the latter is quite satisfactory. The large firms are again curtailing their staffs and reducing salaries, and the unemployed of Sheffield now contains a numerous sprinkling of men who have held responsible positions in the steel industry. There are many cases of severe hardship. Tools are the only active lines in the lighter branches, but orders from the automobile industry continue on a substantial scale. Conditions in the plate and outlery industry have never been so bad. Taking Sheffield as a whole, the volume of business and work continues to fall off.

GLASGOW.—In the iron and steel trades there has been more business placed during the present week, in the main for small lots required before the holiday stoppage, but plant is not fully employed. Continental semis have been offered here at exceedingly low prices, but very little business is being done. There is an increased demand for home semis by those manufacturers who are mainly engaged on manufactures for the home market. Bookings of both black and galvanised sheets for export are better this week, and the volume of home trade orders is fairly satisfactory. Conditions in the tube trade are unchanged. It was announced at the

end of last week that Messrs Lithgows, Ltd., of Port Glasgow, had received an order for a large cargo boat from Messrs J. and C. Harrison, Ltd., London, this being similar to several others which Messrs Lithgows are building for the same firm.

CARDIFF.—Conditions in the South Wales iron and steel trade have deteriorated during the past week, and in the tinplate industry mills are now operating at only from 55 per cent. to 57 per cent. of capacity. Prices, however, are unaltered at from 14s. 9d. to 15s. 3d. per basis box. Welsh steel bars are quoted at 95s. per ton, delivered, and foreign bars at from 80s. to 82s. per ton. Galvanised sheets continue a very quiet market at £9 15s. per ton f.o.b.

OTHER METALS.

TIN.—This metal advanced in price towards the end of last week, following the publication of the world's visible supplies, which, at 59,200 metric tons, shows a decrease of 1,100 metric tons on the month. On Monday the market in London opened dull. Sales amounted to 350 tons only, and prices reacted. There was a slight improvement on Tuesday, although demand showed no increase. On Wednesday, demand increased, sales totalled 450 tons, and prices advanced further. In New York the metal was quoted at 20.75 cents per lb. on Wednesday, against 19.50 cents per lb. a week ago and 19.60 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £124 to £124 5s. per ton, compares with £114 15s. to £115 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,435 tons, show a decrease of 261 tons on the week.

COPPER.—As was to be expected, the imposition of an import duty of 4 cents per lb. on June 21st, has occasioned the withdrawal of four important members of Copper Exporters, Inc. They are: Katanga, Chile Copper, International Nickel and Cerro de Pasco. The market opened slightly firmer on Monday, owing to the depreciation in sterling. Sales totalled 900 tons. A better demand on Tuesday, when sales amounted to 1,000 tons, brought about a slight increase in prices which was maintained on Wednesday, although business had fallen back to the level of Monday. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £27 5s. to £27 7s. 6d., compares with £26 1s. 3d. to £26 2s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 17,930 tons, show a decrease of 325 tons, while stocks of rough copper, at 869 tons, were 25 tons smaller.

LEAD.—In view of the reserve of sellers, the price of lead advanced on Monday, although sales at 700 tons, show a reduction of 50 tons on the corresponding day a week ago. Despite the smaller demand on Tuesday (650 tons), prices hardened further, but there was a slight reaction on Wednesday, when sales dropped to 400 tons. In New York the metal was quoted at 2.80 cents per lb. on Wednesday, against 2.95 cents a week ago and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £10 per ton for shipment during the current month, compares with £9 7s. 6d. on the corresponding day last week.

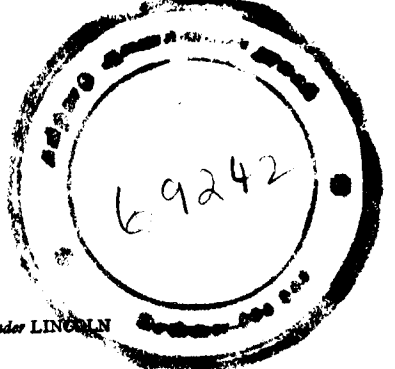
SPELTER.—More interest was taken in spelter this week, and sales rose from 600 tons on Monday to 650 tons on Tuesday, and 1,000 tons on Wednesday. Under the influence of this improvement in demand, coupled by reserve on the part of sellers, the price of this metal advanced steadily. Wednesday's quotation in New York, at 2.625 cents per lb., compares with 2.75 cents a week ago and 2.825 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling, for "good ordinary brands," was £11 13s. 9d. for shipment during the current month, against £11 13s. 9d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and platinum have been maintained at £95 per ton and £9 15s. per ounce respectively. Nickel tained at £25 per ton and £9 15s. per ounce respectively. Foreign antimony rose from £225-£230 per ton to £230-£235 per ton. Foreign antimony was reduced from £22 10s.-£23 per ton to £21 10s.-£22 10s. per ton. Quicksilver was sold at £11 10s.-£11 12s. 6d., against £11 15s.-£12 5s. a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week June 30th to July 6th (inclusive) are 38,290 bales, of which 16,483 American; 236 Peruvian; 3,494 Argentine; 1,578 African; 1,417 East Indian; 13,928 Egyptian; and 1,154 Sundries.

Manchester.—The tone of the market has continued firmer in sympathy with the further rise in raw material rates. Inquiry has tended to broaden and here and there rather more business has been done, but the turnover in most sections remains disappointing. There is less expectation of cheaper prices, but export trade is being very seriously curtailed by the restrictions upon dealings with many countries abroad. Cloth inquiry for India has continued rather more encouraging, and a fair miscellaneous business has been done in light bleaching descriptions, prints and fancies, chiefly from Karachi, Madras and the up-country markets. There has not been much fresh demand for China, but there are indications of a little more activity before very long in fancies. A few more sorting up lots have been booked for Egypt and the Near East, and the recent improvement in the demand for West Africa has been maintained. Some makers have met with useful support from the markets of the Dominions, and necessary buying has taken place in home trade goods. Quotations in American and Egyptian yarns have stiffened, and most spinners have displayed more resistance against low offers from buyers. There has been a slight improvement in the turnover in home counts, but only a limited trade has been done in export numbers.

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

THE CHASE NATIONAL BANK

of the City of New York

Statement of Condition June 30, 1932

RESOURCES	LIABILITIES	
Cash and Due from Banks	\$299,944,736.14	
U.S. Government Securities	218,073,494.25	
State and Municipal Securities maturing within two years	59,442,958.39	
Other State and Municipal Securities	11,604,905.96	
Other Securities maturing within 2 years	47,068,527.03	
Federal Reserve Bank Stock	8,160,000.00	
Other Bonds and Securities	80,082,193.85	
Loans and Discounts	860,646,464.07	
Real Estate	33,430,917.83	
Redemption Fund—U.S. Treasurer Customers' Acceptance Liability	809,632.50	
Less Amount in Portfolio	4,168,176.47	
Other Assets	100,750,391.13	
Total	\$1,731,509,127.06	
	Capital	\$148,000,000.00
	Surplus	100,000,000.00
	Undivided Profits	17,381,149.56
	Reserve for Taxes, Interest, Contingencies, etc.	12,170,961.47
	Dividend payable July 1, 1932 ...	3,700,000.00
	Deposits	1,302,456,350.72
	Circulating Notes	15,942,430.00
	Acceptances \$124,087,110.67 Less Amount in Portfolio	4,168,176.47
	Liability as Endorser on Acceptances and Foreign Bills	119,918,934.20
	Other Liabilities	338,547.06
	Total	\$1,731,509,127.06

This Statement does not include the Statements of any of the organisations affiliated with The Chase National Bank

London Offices:

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

Incorporated with Limited Liability under the Laws of the U.S.A.

		1932.				Corresponding Date.	
		June 15.	June 22.	June 29.	July 6.	1930.	1931.
Raw Cotton—Mid. American	per lb.	4.27	4.37	4.43	4.76	7.59	5.36
" Sakellaridis Fully Good E	per lb.	5.95	6.15	6.20	6.65	12.15	8.25
" Egyptian	per lb.	7.7	7.7	7.7	8.7	11.4	9.4
Yarns—32's twist	per lb.	13	13	13	13	12	12
" 40's twist	per lb.	15	15	15	15	20	15
" 60's twist (Egyptian)	per lb.	15	15	15	15	21	17
20-lb. Printers, 116 yds., 16 by 16, 32" end	per lb.	18	18	18	18	23	19
24-lb. Shirdings, 78 yds., 19 by 19, 32" end	per lb.	9	9	9	9	11	11
24-lb. Shirdings, 78 yds., 19 by 19, 32" end	per lb.	8	8	8	8	11	11
24-lb. Shirdings, 78 yds., 19 by 19, 32" end	per lb.	8	8	8	8	11	11
24-lb. Shirdings, 78 yds., 19 by 19, 32" end	per lb.	8	8	8	8	11	11

THE WOOL TRADE.—Bradford.—Since last report, writes our correspondent, events have moved favourably in the wool trade, and to-day the outlook is better than at any time since last October. The influences then at work were exceptional. The recovery in prices in that period may be attributed very largely to an increase of consumption, though no doubt there has been also a good deal of intelligent anticipation. Importers and topmakers realised that prices were about at the bottom, and that in any case it was high time for a new move to be made. It has long been recognised that wool was below an economic level, and calls have frequently been made for something to be done to adjust the relationship between primary cost and the prices for partly and fully manufactured goods. Between these two extremes spinners have been struggling against unremunerative prices for yarn, and speculating on cheap tops by selling yarn at prices which obviously meant a loss. Topmakers had also been more squeezable than was justified by the original cost of the raw material, the result being that average 64's were sold at 19½d. and warp at approximately 20½d. A buying

move on the part of spinners, and the approach of the London sales contributed to the creation of a new atmosphere, and now greasy combed merino and medium and coarse crossbreds are selling at 7½ to 10 per cent. advance, compared with the previous series. This is equivalent in the former to ½d. to ¾d. per lb., and in the latter to ½d. So far, the supply of fine crossbreds has been rather sparse, but the improvement in these is also ½d., and whilst there have been large supplies of slipes, these have advanced ½d. to ¾d. for fine, and ¾d. for medium and coarse. Thus, the raw material is again establishing itself, and spinners who have sold yarn at little prices in anticipation of still being able to get cheap tops, seem likely to be the losers. The selling price of average 64's tops is now 21½d. to 22d., and warp 22½d., ½d. more being occasionally wanted for the latter.

THE JUTE TRADE.—Dundee.—The first forecast of the jute crop, giving the area under cultivation of raw jute, was issued yesterday. The figures were only slightly increased, compared with last year at this time, being 1,903,000 acres against 1,899,600 acres. The latter figures were revised in September last year, when the final forecast was issued, and the area was reduced to 1,858,100 acres. It was expected that the acreage of the new crop would be larger than that given out, but the prospects under growing conditions have been so very favourable this season that a good yield is anticipated, and a crop of 6,660,000 bales can be expected, compared with last year's forecast of output at 5,560,000 bales. The consumption of the Indian Jute Mills during the past season from July 1, 1931, to June 30, 1932, was about two million bales more than their purchases of the past crop, which meant that their stocks of over 5 million bales were reduced to that extent. Under present working conditions the consumption of the Indian Mills is round about five million bales per season, compared with the normal seven million bales. Trade generally has improved during the past week, and spinners and manufacturers have sold on larger lines. Prices are steadier, but not dearer for yarns and cloth, while the raw material has gained 5s. to 10s. per ton. Sellers of the new crop have not been offering very freely this week. Grade First Marks are quoted at £16 5s., and grade Lightnings at £15 15s., while good First and Lightnings are more or less nominal at £18 and £16 10s. respectively, August-September. Daisie assortment rules at £15 10s. and Tessa assortment at £16 10s., for the full group, September-October shipment. Spinners have displayed considerably more interest in the spot position, and a number of sales have been carried through at from £14 10s. to £14 15s. for Daisie assortment, and £13 to £13 10s. for Daisie-4, ex-warehouse. Jute yarns are firm, and altogether a fair business has been done in most qualities recently. Common 8 lb. cops are lowest at 9s. 9d., and 8-lb. spools at 1s. 10d., twist at 3½d. for 3 ply 8 lb., and sacking yarns at 2½d. for 24-lb. weft, and 3½d. for 8-lb. chains. Rove is quiet but steady, at from £18 for 46 lb., and £15 10s. for 200 lb., and the finer yarns have come in for a little attention at 2s. 5½d. for second quality 8 lb. Rio warp, 2s. 2d. for third, and 2s. for fourth. Carpet qualities are quiet, at from 3d. to 3½d. for 14 lb. warp. Inquiries for jute cloth have been decidedly more numerous, and buyers have been more ready to purchase on broader lines. Prices are very steady at from 2½d. for 10½ oz. 40 in. and from 1½d. for 8 oz. Lir-oleum hessians and heavy goods are quiet. Calcutta goods have firmed up in sympathy with the general tone of improvement prevailing throughout the market.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation is scarcely changed on the week. The volume of business at the principal markets has again been small, and prices fluctuated within narrow limits round the lower level established recently. The following table shows a recent estimate of North American crops in 1932, which exceeds substantially an earlier estimate made a few weeks ago:—

North American Wheat Crops.

	(Million bushels). 1931.	1932 (estimate)
U.S. Spring wheat	787	428
U.S. Winter wheat	105	274
Total	892	702
Canada: Prairie Provinces	284	478
Total	1,176	1,180

It will be seen that the 1932 crop of North America is expected to exceed the harvest of 1931. As home consumption is at the rate of about 750,000,000 bushels per annum, Canada and the United States together will have an exportable surplus of about 430,000,000 bushels. Recent crop reports suggest that most European crops will show a higher yield than last year. On Wednesday, "July" futures were quoted at 49 cents per bushel in Chicago, against 48½ cents on the corresponding day last week and 50½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. 9d. per 496 lbs., as compared with 27s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 26s., against 26s.; No. 3 Northern Manitoba, Vancouver, ex ship, 25s. 9d., against 25s. 6d.; Australian, ex ship, 25s., against 25s. a week ago.

WHEAT FLOUR.—Trading in flour has been a little more active, but prices remained generally unchanged. North American shipments, at 166,000 sacks, showed an increase of 38,000 sacks, as compared with the previous week. Of this total, 67,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Strait run, delivered country, 24s. per sack of 280 lbs., as compared with 24s. last week; delivered London, 23s., against 23s. Manitoba

patents, ex store, 23s. 9d. to 26s., against 23s. 6d. to 26s.; and Australian, ex store, 18s. 6d. to 18s. 9d., against 18s. to 19s. 6d. a week ago.

BARLEY.—The demand for barley has shown some improvement on the Continent. The Danubian countries and Russia were the chief sources of supply. On Wednesday, "July" futures were quoted at 36½ cents per bushel in Winnipeg, against 38½ cents last week and 36½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. to 25s., against 24s. to 25s. a week ago.

OATS.—Little interest was taken in oats during the past week. Shipments have been on a small scale. "July" futures, which last week stood at 19½ cents per bushel in Chicago, sold at 19½ cents per bushel on Wednesday this week, against 20½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. per 320 lbs., as compared with 17s. 3d. last week; "River Plate," ex ship, 16s. 1½d., against 16s. 3d.; "Chilean White," landed, 24s. 6d. to 26s., against 24s. 6d. to 26s. a week ago.

MAIZE.—A large volume of business has again been done in maize, and, despite heavy shipments from Argentina, prices hardened a little. Wednesday's quotation in Chicago for "July" futures, at 29½ cents, shows a rise of ½ cent per lb. on last week, and one of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 20s. per 480 lbs., compared with 19s. 9d. last week; "Plate," ex ship, 18s. 9d., as against 18s. 3d.; "Plate," June-July, 18s. 9d., as against 18s. 3d. Yellow maize meal, ex wharf, was quoted at £4 10s. per ton, against £5 10s. a week ago.

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

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to July 2	45,374	48,173	50,579	51,734
44 weeks to July 2	3,643,531	4,765,917	9,214,073	9,508,319
Average price of English wheat per cwt.	s. d. 6 5	s. d. 6 2	s. d. 8 5	s. d. 9 10

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
June 25, 1932	Owts. 67,779	Owts. 3,625	Owts. 9,433	s. d. 6 5	s. d. 7 1	s. d. 8 1
July 2, 1932	45,374	3,522	6,784	6 5	6 10	7 10
June 30, 1928	103,875	7,111	5,504	10 9	10 8	12 5
June 29, 1929	48,213	7,080	12,784	9 8	9 11	9 3
July 1, 1930	50,579	7,537	6,272	8 5	6 11	6 5
July 4, 1931	46,173	6,720	9,992	6 2	5 11	6 8

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	July 8, 1931.	Jan. 4, 1932.	June 29, 1932.	July 6, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	66½	60½	62½	53½	54½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	54½	55½	48½	49

The visible supply of wheat in Canada, at 71,090,000 bushels, shows an increase on the week of 6,006,000 bushels. Supplies a year ago stood at 57,037,000 bushels.

OTHER FOODS.

SUGAR.—There was a further substantial improvement in raw sugar values during the past week, and sales took place at 3-00 cents per lb. c. and f. New York. "July" futures in New York were quoted at 0-88 cent per lb. on Wednesday, against 0-78 cent per lb. a week ago, and 0-61 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 5s. 11½d. to 6s. 1½d. per cwt., against 5s. 8½d. to 5s. 9½d., and "March, 1933," at 6s. 2½d. to 6s. 4½d., against 5s. 11½d. to 6s. 0½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	174	131	749	5,051	14,251	28,890
Liverpool	7,826	13,320	16,576	11,336	84,574	66,211
Total	8,000	13,451	17,325	16,387	98,825	95,091
Last week	14,518	6,500	17,272	18,760	108,150	98,037

COFFEE.—The market in coffee has again been dull. New York quotations receded further. At Tuesday's London sales only 1,580 bags were on offer, but only a proportion found buyers at easier rates. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 704 bags; exported, 10 bags; stocks, 5,470 bags, against 2,769 bags last year. Central American, landed, 1,063 packages; delivered for home consumption, 1,922 packages; exported, 2,397 packages; stocks, 121,165 packages, against 113,880 a year ago. Other kinds, landed, 9,700 packages; delivered for home consumption, 2,910 packages; exported, 1,141 packages; stocks, 96,733 packages, against 86,649 a year ago.

COCOA.—After a period of slow demand, both in London and in New York, a slight improvement became noticeable during the week and quotations showed a slight rise. "July" futures were quoted at 3-91 cents per lb. in New York on Wednesday, against 3-81 cents per lb. a week ago and 3-83 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 27s. 3d. per cwt., f.o.b., London contract, shows an advance of 9d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 2,504 bags; delivered for home consumption, 11,497 bags; exported, 83 bags; stocks, 157,608 bags, against 227,361 last year.

TEA.—The quantities catalogued for this week's auction comprise 47,505 packages of Indian, and 28,375 packages of Ceylon tea. At Monday's "Indian" sales common and low medium varieties were in good demand and prices were firmer. The improvement was sustained at Tuesday's "Ceylon" auctions. On Wednesday there was a further improvement in the demand for low-grade Indian tea at higher prices. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	
July 2, 1931	0	7-73	0	7-45	0	10-75	0	6-10	0	6-96	0	5-88	0 8-57
June 9, 1932	0	7-25	0	6-30	0	9-79	0	5-04	0	4-67	0	5-88	0 7-68
June 16, 1932	0	7-19	0	6-59	0	8-83	0	4-92	0	4-75	0	5-86	0 7-36
June 23, 1932	0	7-04	0	7-00	0	7-55	0	4-32	0	4-29	0	5-64	0 6-79
June 30, 1932	0	6-82	0	6-80	0	7-35	0	4-56	0	4-27	0	5-62	0 6-61

RICE.—The market in rice was steady and "forward" positions showed a hardening tendency. Wednesday's "spot" price, at 9s. 3d. per cwt., shows no change on last week, while forward positions, at 8s. per cwt., show a rise of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 423 tons; delivered, 724 tons; stocks, 3,020 tons, as against 599 tons last year.

POTATOES.—There are now very few old potatoes on offer, and new potatoes are available at prices scarcely exceeding those ruling for last year's varieties only a few weeks ago. English kidney could be obtained at from 10s. to 12s. per cwt. at the London Borough Market.

SPICES.—The market in pepper was steady and quotations hardened a little. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a rise of ½d. per lb. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 12 tons; delivered, 8 tons; stocks, 361 tons, against 619 tons last year. White, landed, 18 tons; delivered, 28 tons; stocks, 570 tons, against 597 tons a year ago.

MEAT.—Prices of English beef and mutton at Smithfield are scarcely changed on the week. On the other hand, both Argentine beef and New Zealand mutton have been slightly dearer. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 8d. to 4s. 2d. per 8 lbs., against 3s. 4d. to 4s. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 4d. to 3s. 2d., as against 2s. 2d. to 3s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,063 tons, as compared with 7,594 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86-4 per cent. of the supplies, as against 85-9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 83-0 per cent. of the total supply, as against 82-4 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Active and generally steadier conditions prevail in the markets for oilseeds. Linseed is in better demand, both here and on the Continent, and prices have advanced, Plate afloat and for July shipment now quoting £7 17s. 6d. and forward to September, £7 17s. 6d. to £8. Shipments continue good and the quantity afloat for Europe has increased to 179,800 tons, or 20,300 tons more than last week, but this is likely to undergo reduction in the near future. Cotton seed is also in better demand and dearer in sympathy with Alexandria, the market being influenced by reports of lessened production in Egypt in the coming season and an improved domestic consumption in India. Old seed for July and August shipment is quoted around £6 5s. and new crop, November-January, £6 10s. Vegetable oils have a somewhat better tone, though consumptive demand is not excessive. Linseed oil has advanced, with seed raw oil for July delivery, ex Hull mill, now quoting £12 12s. 6d., and for August, £12 16s. Cotton oil is steadier, and crude Egyptian ex Hull has advanced to £20 and refined to £22 10s. Oilseeds and meals are in poor request and mill quotations are unaltered.

FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW.

Hamilton Fish Armstrong, Editor.



IN THE JULY ISSUE

"The Great Depression"

Edwin F. Gay, Professor of Economic History in Harvard University, sums up the principal causes of the economic crisis, and points the necessary morals.

"The War in the Far East: A Soviet View"

Karl Radek, editor of *Izvestia*, gives one of the first authoritative statements as to what the Soviet Government thinks of Japan's action in the Far East.

"Before Ottawa"

H. V. Hodson, associate editor of *The Round Table*, analyzes the difficulties and dangers to be surmounted at the Imperial Economic Conference.

Other Notable Articles in this Issue:

- The Polish Corridor: Revision or Peace? *Jan Ciechanowski.*
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FOREIGN AFFAIRS

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				Irish bladders—				English Southdown, washed per lb.				Best heavy ox and heifer			
Wheat—	a.	d.	s. d.	American, boxes, 56 lbs. 45				Lincoln hog, washed				Best cow			
No. 2, N. Man. 496 lb.	26	0		Good English, per cwt. 10				Queensland, sod. super cmbg.				Best calf			
Eng. Gas. av., per cwt.	6	5		SPICES—				N.S.W. greasy, super				INDIGO—			
Barley, Eng. Gas. av.	6	10		Pepper, per lb.—				N.Z., grey, half-bred 50-56				Bengal gd. red-vio. to			
Oats—	7	10		Mustok, fair White				Tons—				fine—per lb.			
Malta, La Plata, landed	20	0		Black Lam. on				Crested 40-44				LEATHER—			
480 lb.	20	0		Cinnamon—1st sort, per lb.				Marino 70's				Role Bonds 8/14 lb.			
Flour, Lou. stat. ex mill	21	9		Cloves—Zantibar per lb.				Crested 44's				per lb.			
280 lb.	21	9		Ginger—per cwt.				46's				Bark Tanned Sole			
Rice, No. 2 Burma, per cwt.	8	0		Jamaica, ord. to good				Dunham, best gas, f.o.b.				Do. Bng. or WS do.			
Tapoca, per cwt.	8	0		Mace				Sheffield, best house, at				Do. Bng. or WS do.			
Fair Fluke, Singapore.	11	6		Nutmegs 55s				pits				Dressing Hides			
MEAT—				SUGAR—				Ro. Eng. Calf, 20/30 lb.				Aust. Bonds			
Beef, per 8 lbs.	4	10	5 8	(Duty, 11s. 8d. per cwt.)				IRON AND STEEL—				VROETABLE OILS—			
English long sides	4	10	5 8	B.W.I., crystallised				Pig, Cleveland No. 1, ton				Linsed, naked, p. ton net			
Argentine chilled hinds	3	8	4 2	Java, white, c. & f. India				Mars, M'brough				Shoulder fr. DS Hides			
Mutton, per 8 lbs.	3	4	5 4	June-July				Steel, Raila, heavy				Do. Bng. or WS do.			
English wetters	3	4	5 4	REFINED—London—				Tin Plates, per box				Do. Bng. or WS do.			
N.Z. frozen	2	4	3 2	Yellow Crystals				Copper, Electrolytic, ton				Cotton-seed, crude			
Pork, English, per 8 lbs.	3	8	4 2	Cubes				Sheets (strong)				Coconut, crude			
OTHER FOODS.				Crushed				Standard				Oil Cakes, Linsed, Eng.			
BACON—				Granulated				Lead Eng. Pig...per ton				Palm			
Irish	86	0	53 0	Home Grown				Soft Foreign				Oil Seeds—Linsed—			
Danish	48	0	51 0	TEA—				Sperter C.O.S.				La Plata, p. ton			
Dutch	50	0	51 0	Indian—				Th—English Ingots				June-July			
Canadian	72	0	82 0	Broken Pekoe				Standard cash				Calcutta—per ton			
American	78	0	82 0	Orange Pekoe				CHEMICALS—				Turpentine, per cwt.			
BUTTER—				Broken Orange Pekoe				Acid, elcric, per lb. less 5%				PETROLEUM PRODUCTS—			
Australian	98	0	99 0	Ceylon—per lb.				Nitric				Motor spirit, No. 1, Lon-			
New Zealand	99	0	102 0	Pekoe				Oxalic, net				don			
Danish	102	0	104 0	Broken Pekoe				Taracid, English less 5%				Petrolium, Amer. rid.			
English Cheddars	94	0	110 0	Orange Pekoe				Alcohol, Plain Ethyl.				bri. London per gal.			
Dutch	57	0	65 0	Broken Orange				Alum, lump				Fuel oil, in bulk, for			
COCOA—				TONACCO—				(Duty 9/6-10/6) per lb.				contracta, ex instal.			
(Duty, British grown,				Virginia leaf				Empire growths, 7/5d				Thames—			
11s. 6d.; foreign, 14s. cwt.)				Common to fine				8/5d per lb.				Diesel			
Acara, f.f.	24	0	29 0	Rhodesian leaf				Borax, gran.				Turpentine			
Trinidad	40	0	48 0	Nyasaland leaf				Do. powder				Pales			
Grenada	32	0	39 0	East Indian leaf				Nitrate of Soda...per cwt.				Reds			
COFFEE—				COTTON—				Potash—Chlorate, net				Cylinder			
(Duty, British grown,				11s. 6d.; foreign, 14s. cwt.)				Sulphate				ROBIN—			
11s. 6d.; foreign, 14s. cwt.)				Santos super, c. & f. cwt.				Sulphate				American			
Colombian, good	66	0	85 0	Columbia, good				Sulphate				Sulphate			
Osta Rica, med. to good	70	0	110 0	East Indian				Sulphate				Sulphate			
East Indian	80	0	110 0	Kanya, medium				Sulphate				Sulphate			
Kanya, medium	80	0	90 0	NGG—				Sulphate				Sulphate			
English	11	9	12 3	English				Sulphate				Sulphate			
Danish	11	0	11 6	FRUIT—				Sulphate				Sulphate			
FRUIT—				South African				Sulphate				Sulphate			
Oranges—				Brazilian				Sulphate				Sulphate			
South African	14	0	26 6	Lemons, Sicilian				Sulphate				Sulphate			
Brazilian	14	0	26 0	Malaga, 420 No. 1				Sulphate				Sulphate			
Lemons, Sicilian	18	0	25 0	Apples: Amer.(var.) bris				Sulphate				Sulphate			
Malaga, 420 No. 1	17	0	25 0	" (var.) bris				Sulphate				Sulphate			
Apples: Amer.(var.) bris	6	0	13 0	Onions—				Sulphate				Sulphate			
" (var.) bris	5	0	7 3	Valencia, case, 4s.				Sulphate				Sulphate			
Onions—				Argentina				Sulphate				Sulphate			
Valencia, case, 4s.	5	0	7 3	Grapes, Lisbon				Sulphate				Sulphate			
Argentina	5	0	5 6	" Almeria				Sulphate				Sulphate			
Grapes, Lisbon	5	0	5 6	HIDE, LEATHER AND ALLIED TRADES.—				Sulphate				Sulphate			
" Almeria	5	0	5 6	Prices for hides and skins				Sulphate				Sulphate			

HIDE, LEATHER AND ALLIED TRADES.—Prices for hides and skins from home-slaughtered cattle are steady to a rather firmer tendency, as at the auctions held in Manchester this week all ox and heifers, with the exception of the two bottom weights in first clears, were unchanged in value from the previous week. The latter weights, together with all cows, made 1d. per lb. more money. Slightly more interest is being taken in the calfskin market, and although values still remain very low, a slight upward tendency is apparent for some weights. Prices for sheepskins also are inclined to improve in view of the fact that fellmongers have been able to obtain a little more money for wool. A moderate amount of business has been done in some descriptions of imported hides, and while prices for many sorts show very little variation, fractional advances have been obtained in some directions. In the South American wet-salted market Argentine ox have been disposed of on the basis of 3½d., while light ox have realised up to 3½d., and Montevideo ox 3½d. Dry South American hides are unchanged in value, with only a small business passing, quotations for B.A. Americanos being in the region of 4½d., while Sierra Cordobas are offered at 4½d., and M.V. Americanos at 6d. Fair sales have been made of African hides, with Capes changing hands at 4½d. and 3½d. for dry salted 20-30 lbs., and 30-40 lbs. at 4½d. and 3½d. Unbathed Adis Abebas are obtainable at up to 4½d., as is also the case with Mombasas. Business in Australians continues quiet. Although there has been no appreciable increase in the turnover of sole leather, fair sales of light-weight dry hide bends have been made of late, and in this direction business has shown an improvement on the past week or two. Medium weights also continue to command a moderate amount of attention, but so far the call for heavy weights has not increased. Pinned bellies and shoulders have accounted for a moderate amount of attention, in addition to which a little extra business has been done in rough bellies. Trade in connection with upper stock continues on fairly satisfactory lines for glaci and kid willow calf, but there has been no improvement in the call for either box calf or patent leather. Reptile skins continue to be moved off in fair quantities, in addition to which a dropping sale is experienced all the time for certain lines of suede leather.

RUBBER.—The market in rubber has been a little more active, and, in the absence of selling pressure, quotations in London show a

slight advance. In New York, Wednesday's spot price for rubber, at 2½ cents per lb., shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 1½d. per lb., against 1½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. for April-June, 1932, as against 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,467 tons; delivered, 2,590 tons; stocks at the end of last week, at 109,225 tons, show a decrease of 1,001 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	June 8. Cents.	June 29. Cents.	July 6. Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	50½	48½	49
Maize, nearest future, Chicago, per bushel	28½	28½	29½
Oats, nearest future, Chicago, per bushel	20½	19½	19½
Rye, nearest future, Chicago, per bushel	31½	27½	29½
Coffee, Rio No. 7, cash, per lb.	8½	7½-7½	7½
" Santos No. 4, cash, per lb.	10½-10½	9½-10½	9½-10
Cocoa, Accra, nearest future, per lb.	3-83	3-81	3-91
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	2-62	2-85	2-95
Cotton, middling, spot, per lb.....	5-10	5-55	6-20
Rubber, smoked sheet, spot, per lb....	2½	2½	2½
Petroleum, Pennsylvania crude, stan- dard grade, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic, spot, per lb.	5½	5½	5½
Copper, "Electrolytic," Copper Ex- porters, Inc., spot, per lb.	5½	5½	5
Spelter, East St. Louis, spot, per lb....	2-825	2-75	2-625
Lead, spot, per lb.	3-00	2-95	2-80
Tin, "Straita," spot, per lb.	19-80	19-50	20-75

this was the cause of the cheapening of discount rates. Possibly it may have had some psychological effect upon the market, but the immediate cause was the notification of the embargo on lending on War Loan as "shorts." As it was the competition of War Loan that had been responsible for the firmer tendency during the week that followed the conversion announcement, it is only natural that, once this factor was eliminated, bill rates should relapse once more to their old level.

The Lausanne Agreement may have contributed to the downward movement of bill rates, as it reduced the likelihood of a German moratorium, in the near future at any rate. Although the bills directly concerned are the Standstill bills, indirectly the improvement of the outlook has strengthened confidence. Moreover, the likelihood of a reduction of Bank rate is now more in the realms of practical politics than would have been the case had Lausanne resulted in failure.

Money was in good supply throughout the week, and the rate was at $\frac{1}{2}$ to $\frac{3}{4}$ per cent. for day-to-day loans, and $\frac{1}{2}$ to 1 per cent. for weekly loans. Treasury bill rates were persistently weak, in part owing to buying by those who missed the Treasury bills sold on tender on Friday last. The average rate of allotment was 17s. 2.38d., which, though higher than during the last three Fridays, was considerably under market anticipation. Fine bank bills moved with the general tendency, declining once more below 1 per cent., while better-class Standstill bills were also more popular and commanded lower rates.

	June 23, 1932.	June 30, 1932.	July 7, 1932.	July 14, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Discount { Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Houses { Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Market rate ("hot"	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months'	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (stand-	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
still bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...

The controversy about the use of War Loan as collateral for market loans has come to an end completely, as the clearing banks have definitely enforced the rule not to regard them as short bills. One of the discount houses has announced the conversion of its whole holding, and it is to be assumed that others will follow the example. The suggestion has been put forward that banks should go a step farther and, in order to encourage the conversion of War Loan held in the market, they should agree to grant loans on assented stock on the terms of market loans, i.e., with a 5 per cent. margin, and at a rate of interest of 1 per cent. If this is arranged for a definite period—say twelve months—it would certainly contribute towards the success of the scheme.

The Bank return was comparatively unexciting after last week's spectacular changes. As the foreign exchange holding has been transferred from the Issue Department to the Exchange Equalisation Fund, the items of the Issue Department no longer indicate the Bank's operations in the foreign exchange market; in fact, changes in Other Government Securities and in Other Securities were in this return negligible. The most interesting feature of the Bank return was the slight decline of the note circulation, which is decidedly favourable considering the advance of the holiday season. It is believed that this year the holiday demand will be of greater importance than usual, as many people who went abroad in previous years and financed their holiday by buying foreign notes or by taking letters of credit will stay in Great Britain this year and so require more notes.

On Tuesday the Bank bought gold to an amount of £250,000 in the market. While during the last two months it has been buying considerably larger amounts, this purchase has attracted attention because it is the first time that the Bank has bought gold in the London market. Thus, while its previous purchases, which were made abroad, resulted in a reduction of the Bank's foreign exchange holding, the present purchase left that holding unaffected. One of the theories put forward in explanation of the transaction is that it is a way to bring about a credit expansion on a modest scale. Another interesting feature of the bullion market has been the revival of retail selling, as a result of the depreciation of sterling, which has enabled dealers to quote more attractive prices for sovereigns and other forms of gold.

Dollars have been decidedly firm, not only in relation to sterling, but also in relation to gold currencies. There has been so far very little sign of transferring funds from New York to London to take advantage of the high yield of War Loan as a short bill. The bear position in dollars may be regarded as having been completely liquidated. Open-market discount rates in New York remained unchanged at 1 per cent. to $\frac{1}{2}$ per cent. for 90-day bank bills and $\frac{1}{2}$ per cent. to $\frac{1}{2}$ per cent. for six months' bills. The ruling rate for call money was 2 per cent.

The Foreign Exchange market was quieter this week, and fluctuations were fewer. The general tendency was against sterling, especially in regard to the dollar and the franc, for both of which there was a considerable demand. New York went to 8.55 and 8.57, and at one time declined as low as 8.54. Montreal was a point weaker at 4.08. Paris improved by $\frac{1}{8}$ to 90, and Brussels moved rather sharply against us to 25.58. Milan gained $\frac{1}{8}$ at 69. Madrid, exceptionally, again moved in our favour to 44. Amsterdam was four points better at 8.81, and Berlin eight points at 14.98. Switzerland moved rather sharply against sterling to 16.20. Of the Scandinavian currencies Stockholm gained two points at 19.48, and Oslo eleven at 20.17, but Copenhagen again weakened, by four points, to 18.47. The South American currencies are still at practically nominal quotations, Rio being unchanged at 5.3d. (sellers), as were Buenos Aires and Montevideo at 34d. and 29d. respectively. In the Far East the rupee was very firm, and improved by $\frac{1}{8}$ d. to 1s. 6. $\frac{1}{8}$ d., whilst the yen, after early weakness, improved on balance by $\frac{1}{8}$ d. to 1s. 6. $\frac{1}{8}$ d. Batavia gained three points at 8.90. In the forward market New York was firmer at narrower discounts of $\frac{1}{2}$ cent and 1 cent for one and three months. Paris weakened to 1 and 2 centimes premium. Brussels was quoted at $\frac{1}{2}$ centime discount for both deliveries. Milan improved by $\frac{1}{8}$ to $\frac{1}{2}$ lira discount for one month and $\frac{1}{2}$ lira discount for three. Madrid weakened, and stood at wider discounts of $\frac{1}{2}$ centimo for one month and $\frac{1}{2}$ centimo for three. Amsterdam was unchanged at par for both deliveries, as was Switzerland at $\frac{1}{2}$ centime and 1 centime for one and three months respectively. The silver market was quiet, but the bazaars were inclined to take a little more interest, and some speculative buying by India and China sufficed to raise prices in spite of sales by the U.S.A. Cash advanced by $\frac{1}{8}$ d. to 16. $\frac{1}{8}$ d. and forward by $\frac{1}{8}$ d. to 16. $\frac{1}{8}$ d. The China silver exchanges rose in sympathy, Hongkong gaining $\frac{1}{8}$ d. at 1s. 3. $\frac{1}{8}$ d. and Shanghai $\frac{1}{8}$ d. at 1s. 8d.

INSURANCE SUPPLEMENT.

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A GREAT ACHIEVEMENT.

Writing a week ago, when the fate of the Lausanne Conference hung in the balance and when reports reaching London of many comings and goings suggested that unsuspected difficulties had arisen in clinching an agreement, it almost seemed as though the will to peace was faltering in the presence of old prejudices and traditional suspicions. But the darkest hour is just before the dawn. Before last week's *Economist* was in the hands of our readers the good news had flashed round the world that Germany and her creditors had come to terms and that for all practical purposes the unhappy story of reparations was at an end. Well might the whole world heave a sigh of relief at the passing of this penal regime, with its constant reminder of sad and bitter memories, and at the promise of a fresh start on the basis of co-operation and understanding. It is true, there may yet be some awkward corners to turn, the most difficult of these being the complementary problem of the decision of the creditors to postpone ratification of the Lausanne Agreement until a satisfactory arrangement about the debts has been reached. The European creditors would, in our view, have been on much stronger ground if they had taken their courage in both hands; for the mere fact that final ratification is suspended is only "a talking point," which may easily do more harm than good by having an appearance of a threat to the United States. But so far as the vital task of rebuilding German credit is concerned there need be no misgivings if the world will hold fast to the certainty that, whether the Lausanne Agreement be ratified soon or late, there can be no going back on the decision reached last Friday. Whatever the course of future negotiations may be, that day was a turning point in Europe's history. A generous meed of praise is due to the statesmen responsible for this momentous achievement.

The agreement with Germany is in our opinion a very good one—indeed, the best that in the circumstances could have been obtained. The details, which we give on a later page, show that while the advocates of complete cancellation have been disappointed, a relatively small final payment by Germany has been designed on lines which will ensure that hereafter the world need fear no serious disturbance of international trade and finance as a result of Germany's obligations. Indeed, the only payments to be made in future by Germany will be not to Governments but to private investors, and the charges will be absorbed into her ordinary public debt.

As to the two points on which there was still a difference of opinion when we wrote last week, namely, the amount of the bonds to be issued, and the form in which the creditors of Germany were prepared to say that the Reparations Chapter of the Treaty of Versailles, with its War Guilt clause, was closed—the first was settled by splitting the difference between two and four milliards and fixing three milliards as the nominal value of the bonds. This means that as they are to be issued at 90 the cash proceeds when issued will be 2.7 milliards. As to the second point, it was never contemplated that the clause regarding Germany's responsibility for the war would be dealt with in any way which suggested that the former Allies had changed their views on the origins of the war. What is very much to be desired is that the world should put this question behind them and treat Germany hereafter on an equal footing. In the event, this question of future relations with Germany was dealt with in the Preamble, the key phrases of which are that the Act accomplished at Lausanne "will completely put an end to reparations"; that the purpose of the signatories in doing so is to "create a new order, permitting the establishment and development of confidence between the nations in a mutual spirit of reconciliation, collaboration and justice"; and that they will make every effort to deal with present and future problems "in the spirit which has inspired the present agreement." M. Herriot spoke even more warmly in his final speech when he said that "we have tried to understand one another," and, to

quote only one example, "we French, gravely concerned with the affairs of our own country, have listened with emotion to the story of the sufferings of the German people with whom we wish to have cordial relations."

That the accredited representatives of France, frankly recognising the economic necessities of the world and surrendering their claim that the last penny of war damage must be made good at Germany's expense, should have spoken of future collaboration with Germany in such terms is a great event. Moreover, that French opinion was genuinely anxious to come to terms with Germany was forcibly illustrated by the uneasiness displayed by the Radical Party while the Conference was in progress lest the prospects of settling reparations and establishing better relations might be prejudiced by trying to drive too hard a bargain. If the spirit of M. Herriot and the forces which he represented at Lausanne continue to guide the policy of France, it will awaken a warm response in the public mind of Great Britain and will ensure that Britain will work cordially with her nearest neighbour in trying to solve the problems of the world.

How far these good intentions will carry us depends, however, also to some extent upon Germany. French opinion has not been unduly disturbed by recent pronouncements of the Hitlerites, and it was not altogether unexpected that Herr Hitler would refuse to endorse the arrangements arrived at by the Conference. But the tone of German politicians may be rather different after the election to that which is now adopted, and we have no doubt that, whatever may be said on party platforms, every thinking German must realise that the arrangement made at Lausanne is a very favourable one for Germany. At the cost of a very modest contingent payment, Germany gets a final quittance of her reparations obligation, and the opportunity of rebuilding her damaged credit. We cannot believe that when German opinion frankly faces the situation it will prefer to reject this very favourable arrangement, and with it the prospects of a peaceful understanding, and prefer to follow the road of repudiating her obligations with all the risk of damage to her credit and the revival of suspicion and bitterness which that course would involve.

But, promising though the results of the Lausanne Conference unquestionably are, the way in which its results have been presented to the world undoubtedly leaves something to be desired. It is clear from the Agreement that the underlying motive is the desire to be quit of the disturbing effect of political payments, for until this is done no headway can be made in evolving a common policy for grappling with the economic crisis. The Lausanne agreement, largely because of hurry in its final stages, has been rather given the appearance of a patched-up bargain; whereas in truth it is the practical recognition of an economic reality. It is therefore essential that the major premise of the whole discussion should be forcibly and clearly brought to the fore, particularly since it is the consideration which must underlie not merely the question of reparations, but the question also of war debts. Whereas the making of commercial loans or the movement of credit between one country and another increases economic activity and provides the means by which repayments can be made, the payments arising out of the war are in no way related to the rendering of any service that has added to the wealth or to the trade of nations. On the contrary, they are the result of events which have impoverished the debtors. Moreover, even if the debtor countries are able to shoulder the burden involved, the payments cannot be made unless the creditor is able and willing to accept payment in the goods or services which the debtor is able to supply. This has not happened; with the result with which all the world is familiar. Unfortunately, the damage is not limited to the amount of the debts involved; but, as we have often pointed out, the crisis once started has gathered such momentum that the shrinkage of economic activity has reached colossal dimensions, compared with which the total of these war

payments is comparatively small. The game is not worth the candle for anybody concerned.

It is on such grounds as these that the European countries must present the case to the United States. This is the more important in view of the misunderstandings that have been allowed to arise regarding the so-called "gentlemen's agreement." About this much-discussed document there was never any real mystery—except perhaps its name, the usual meaning of which is an understanding between two or more persons which is not committed to paper! The explanation of Mr Chamberlain in the House, followed on Thursday by its publication, has removed all doubts as to its meaning and purport. It was not a case of secret diplomacy, for Mr MacDonald announced one of its most essential provisions at the public meeting of the Conference and each Prime Minister was specifically left free by the terms of the note itself to explain its provisions to his Parliament; it was not concealed from the Germans, for a copy was sent to Chancellor von Papen, who knew the intention of the creditors at an early stage of the Conference. Nor does it lay down any basis on which the European countries would be prepared to come to terms with America. It merely declares the intention of the Powers not to ratify the present agreement until satisfactory arrangements are made regarding the debts, and provides that, if this is not done, the parties will meet again to consider the situation. There is nothing sinister about all this; and if we question its wisdom, we must recognise that politicians are more often the interpreters rather than the creators of public opinion, and that Parliaments, who have the last word, have to be persuaded or cajoled. The simple fact is that certain of the European creditor countries were not willing finally to sign, seal and deliver an agreement affecting one side of their budgets until they knew where they stood in regard to the tangled skein of the international debts—of which the debts to America are a very important part. As a matter of pounds, shillings and pence this is very small comfort, for not one of the Governments concerned imagines that, whatever the juridical position may be, the deal with Germany, with all that it implies in both the political and economic fields, can possibly be reopened. We can only hope that America will not be too much perturbed by these very human hesitations on Europe's part.

The moral is that the emphasis hereafter must be laid on what is after all the central point for us all, namely, that every obstruction that stands in the way of economic recovery and of collaboration to that end must be removed. Paradoxical though it may seem to the taxpayer of the Middle West, that can only be achieved if the same criterion is applied to the debts as the European countries have applied to the case of reparation payments. The British Conversion scheme and the Lausanne Agreement are two great efforts to break the onslaught of the trade crisis. But the offensive must not slacken, and these blows must be followed up in an even wider field. If our courage and perseverance do not falter, there is every reason to believe that the future historian will note the month of June as the turning point of the great depression.

BRITAIN AND DISARMAMENT.

THE more closely we consider the British Government's disarmament proposals which were announced in the House of Commons by Mr Baldwin on July 7th, the more strongly do we feel the force of the criticisms which we outlined in the *Economist* last week. It is not too much to say that, in allowing these proposals to go forward as this country's official policy, the British Government is making itself a party to a move which threatens to stultify the Hoover Disarmament Plan. It was inevitable, but none the less unfortunate, that in last Wednesday's debate the question of disarmament should have been crowded out by the Prime Minister's report on Lausanne; for Parliament's pre-occupation is the experts' opportunity; and at this moment it is a god-send for the experts of the Admiralty to be able to carry on their business in "ships and sealing wax" without public criticism.

We do not blame the Admirals. They are simply acting

after their kind; and it would be as futile to blame greyhounds for chasing hares. But an efficient democracy ought to know how to keep its experts under control; and, in the world as it is, it is the naval and military experts who need the strictest supervision. There are certain spheres in which the expert is apt to be wiser than the man in the street. In the sphere of international economic and financial relations, for instance, it would manifestly have been better for this country and for the world if, during the last fourteen years, the experts had been able to have the last word instead of being flouted, again and again, by politicians who were partly reflecting and partly inflaming an ill-informed public opinion. On the question of disarmament, on the other hand, the intuitive good sense and good feeling of the peoples has manifestly proved itself better able to save the world than the expertise of distinguished professionals whose very occupation and outlook debar them from offering the peoples what the peoples are rightly asking for and what the peoples are entitled to receive. The Government will be gravely failing in their duty towards their constituents if, in speaking their final word at Geneva, they speak, not with the voice of the people, but with the voice of our naval and military public servants.

This means that there must be a radical revision of the programme announced by Mr Baldwin last week. The more narrowly we scrutinise it, the clearer it becomes that these are not so much proposals for disarmament as ingenious devices for enabling the British Navy and Army and Air Force to retain the arms by which they set the greatest store and to keep a free hand for employing these arms for the professional purposes which they consider most important. For instance, why do our experts reject President Hoover's admirable proposal for an immediate scrapping (without any suggestion of replacing) one-third of the capital ships that are allowed to the three principal naval Powers under the London Naval Treaty of 1930? Why do they propose, instead, that the London Treaty strengths in capital ships should be left as they are for the original treaty period and should then be replaced by equal numbers of capital ships of a smaller and cheaper type? Surely because they reckon that, given the limitations of British taxable capacity, this is a promising basis on which they will be able to persuade the British taxpayer, in the long run, to keep up our British establishment of capital ships to a parity with American maximum strength.

And why do they propose that cruisers, again, instead of being reduced in numbers, shall be reduced in size? Because, as we all know, a larger number of smaller cruisers happens to suit the British Empire, with its excessive length of sea-routes to be protected and its convenient multitude of coaling stations, whereas the American Navy, with a shorter length of sea-routes and a dearth of outlying stations, prefers a smaller number of larger ships. In fairness we ought to add, in passing, that President Hoover, when he was drafting the corresponding clause of his Disarmament Plan, seems to have permitted the Navy Department at Washington to dip its professional trident into the ink instead of here using his own presidential fountain-pen. In this matter of cruisers—though in this matter only—the Hoover and the Baldwin proposals seem to us to be "much of a muchness," and both inadequate. But here there was a clear case for mutual concessions, not alternative irreconcilable schemes.

Next, why does the British Army want to keep light tanks and the British Air Force want to retain the right to carry out aerial bombardments within specified areas? In pleading the experts' case in the House of Commons, Mr Baldwin let the cat—or the bomb—out of the bag. "More than any Power," Great Britain "relies upon aircraft to discharge her mandatory duties and to police and control undeveloped regions (sic)." And the Army's use for light tanks turns out to be the same. "They constitute an essential compensation for lack of numbers which it would be impossible to surrender. As far as this country is concerned, in view of its world-wide responsibilities, any general prohibition would require an increase in our present land forces in terms of man-power." In plain language, we want bombing planes to terrorise Pathans on the N.W. frontier of India and Kurds on the N.W. frontier of Iraq, and light tanks to overawe certain large

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populations under the British Raj or British ascendancy—perhaps in India, perhaps in Egypt, or perhaps in Cyprus or in Palestine—who might be inclined to kick against the pricks of British bayonets but who are expected to think twice about it if they are confronted with a nineteen and three-quarter ton tank.

Limits within which air-bombing is to be allowed by international convention? In that case, is London to be outside or inside? And if it is to be outside, is the safety line to run east or west of Twickenham and north or south of Hendon? We do not share, nor do we believe that the British public shares the Government's enthusiasm for "selective" bombing. And why do we want a battle-fleet at all? The Admiralty's desire for a relatively large number of relatively small cruisers is a desideratum which we appreciate, though there is an uneasy suspicion always in the United States that what we are really after is maintenance of numbers of personnel. We believe that this desideratum can be satisfied by applying to naval forces, as well as to land forces, President Hoover's valuable conception of a "police component." Incidentally, this would help to solve Franco-Italian as well as Anglo-American naval disagreements. But why a battle-fleet? For the very insistence of our Admiralty upon large quantities of small cruisers on the score of our far-flung Imperial responsibilities cuts the ground from under their feet in this matter of capital ships. One of the essential distinctive features of capital ships is the restrictedness of their range of operation; and even if we kept Scapa Flow stuffed full of super-dreadnoughts, that would not help us one jot in policing Hongkong.

In short, we have regretfully to conclude that the British counter-proposals on disarmament, instead of helping or improving the Hoover Plan, go far to wreck it. At the time of their publication we criticised Mr. Hoover's proposals on the grounds that they failed to take into account Britain's real need for a "police force" of light cruisers; that they did not go far enough towards the abolition of the submarine; and that on land, while failing to allow sufficiently for the exposed strategical position of some countries, they had the serious omission of not combining budgetary limitation with reduction of effectives. These, however, were relatively minor points capable of adjustment. The essential value of the Hoover Plan was that it represented a genuine measure of disarmament—here and now. This, unhappily, cannot be said of the British proposals, and we fear their reception in the United States will be most unfavourable.

INDUSTRIAL PROFITS.

THE aggregate results disclosed by the profit and loss accounts of 675 British industrial joint-stock undertakings, whose reports have been analysed in our columns during the past quarter, make a considerably less favourable showing than those recorded in the first quarter of this year. As will be seen from the following table, net earn-

ings declined by 24.2 per cent., following a recession of 19.4 per cent. registered in the corresponding quarter of 1931 in comparison with the results for 1930:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Companies.	Reports Published in		Increase (+) or Decrease (—).	
		1930.	1931.		
Third quarter	320	£ 24,793,702	£ 15,996,685	— 8,797,017	—35.5
Fourth quarter	474	26,460,390	12,292,859	—14,167,531	—53.9
1931.					
First quarter	548	63,403,727	54,314,815	— 9,088,912	—14.3
Second quarter	675	74,997,272	56,832,591	—18,164,681	—24.2
Total	2,017	189,655,091	139,436,950	—50,218,141	—26.5

During the past quarter (aggregate provisional figures were given on page 88 of last week's issue of the *Economist*) the heaviest decline of profits occurred in the shipping group, while the financial, land and investment, motor and cycle, oil, tea, and iron, coal and steel groups also show a severe contraction of profits. Exceptionally, slight improvements as compared with a year ago were recorded in the case of electric lighting and power, shops and stores, textiles and tramways. The average rate of ordinary dividend for the quarter works out at 4.6 per cent., as compared with 8.7 per cent. in the previous quarter and 8.3 per cent. a year ago.

In accordance with our practice each summer, we give in the next table a summary of the results ascertained during the past twelve months as a whole:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

Group.	No. of Companies.	Reports Published in Year ended June 30.		Increase.		Decrease.	
		1931.	1932.				
Breweries	108	£ 18,097,377	£ 16,353,621	...	...	£ 1,743,756	9.6
Canals and docks	9	528,008	248,288	...	...	279,720	53.0
Electric lighting and power	44	7,913,136	7,998,711	85,575	1.1	...	...
Financial, land and investment	107	5,486,115	2,283,383	...	...	3,202,732	58.4
Gas	49	4,408,353	4,254,260	...	...	154,093	3.5
Hotels, restaurants, &c.	34	2,163,110	1,654,671	...	...	508,439	23.5
Iron, coal and steel	137	8,987,413	4,566,798	...	...	4,420,615	49.2
Motor and cycle	31	3,296,800	892,688	...	...	2,404,112	72.9
Nitrates	1	287,337	Dr. 656,511	...	...	943,848	328.5
Oil	12	14,315,754	8,076,906	...	...	6,238,848	43.9
Rubber	328	1,087,349	Dr. 1,046,594	...	...	2,133,943	196.3
Shipping	41	4,410,357	Dr. 346,609	...	...	4,756,966	107.9
Shops and stores	66	10,333,842	3,146,094	...	...	1,787,748	16.4
Tea	104	4,528,794	1,248,617	...	...	3,280,177	72.4
Telegraphs, &c.	10	2,590,805	2,402,230	...	...	188,575	7.3
Textiles	66	5,378,310	3,757,952	...	...	1,620,358	30.1
Tramways	29	2,478,949	2,186,645	...	...	292,304	11.8
Trust	190	14,941,557	12,075,308	...	...	2,866,249	19.2
Waterworks	29	1,176,646	1,123,053	...	...	53,593	4.6
Miscellaneous	617	76,045,069	63,217,439	...	...	12,827,630	16.9
Total	2,017	189,655,091	139,436,950	...	...	50,218,141	26.5

The foregoing figures speak largely for themselves and require little amplification by way of comment. As was to be expected, public utilities of an essential nature, such

as electric lighting, waterworks, gas, telegraphs and tramways make a relatively good showing, while the fall in the profits of breweries, shops and the large miscellaneous group was appreciably less than the average for the whole, in which the adverse fortunes of rubber, shipping, nitrate, iron, coal and steel, textiles and the motor and cycle group figure prominently. The fall of 26.5 per cent. in net profits over the twelve months follows upon a fall of 14.7 per cent. a year ago.

In the next table we set out the distribution of profits in the past four quarters, together with the total for the year ended June 30th:—

DISTRIBUTION OF PROFITS.

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
1931.	£	£	£	£
Third quarter ..	15,996,685	11,479,274	71.8	5,937,287
Fourth quarter ..	12,292,859	9,462,779	76.9	5,315,499
1932.	£	£	£	£
First quarter ..	54,314,815	37,438,571	68.9	11,647,128
Second quarter ..	56,832,591	31,983,074	56.3	18,545,687
Total	139,436,950	90,363,698	64.8	41,445,601

In the past two quarters there has been a welcome improvement in the proportion "put back into the business." On the average for the past twelve months, however, the reserve ratio at 5.6 per cent. compares very unfavourably with 15.7 per cent. ascertained this time last year. The apportionment of earnings of the individual groups is shown below:—

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
Breweries	16,353,621	10,724,005	65.6	2,311,628
Canals and docks ..	248,288	90,995	36.6	178,963
Electric lighting and power	7,998,711	3,455,415	43.2	1,469,248
Financial, land and investment	2,283,383	2,461,058	107.8	1,361,197
Gas	4,254,260	3,598,743	84.6	404,447
Hotels, restaurants, &c.	1,654,671	776,115	46.9	676,507
Iron, coal and steel ..	4,566,798	3,386,731	74.2	1,586,138
Motor and cycle	892,688	574,010	64.3	426,406
Nitrate	Dr. 656,511	Nil	Nil	Dr. 656,511
Oil	8,076,906	4,672,351	57.8	2,192,590
Rubber	Dr. 1,046,594	65,675	13.491	Dr. 1,125,760
Shipping	Dr. 346,609	1,348,904	74.5	Dr. 2,441,223
Shops and stores	9,146,094	5,112,051	55.9	1,182,607
Tea	1,248,517	1,092,672	87.5	136,796
Textiles, &c.	2,402,230	870,641	36.2	1,486,298
Tramways	3,757,952	3,979,318	105.9	1,986,499
Trust	2,186,645	874,529	40.0	585,743
Waterworks	12,075,308	6,507,153	53.9	4,105,565
Miscellaneous	1,123,053	658,151	58.6	275,306
Total	63,217,439	40,115,181	63.5	18,475,688

It will be observed from the very irregular showing disclosed by the foregoing figures that conservative principles in the matter of distribution of earnings were still displayed by breweries, electric lighting and power companies, hotels, the oil group, shops and stores, tramways, trust companies and waterworks, but heavy drafts were made in the aggregate on reserves in the case of the financial, land and investment companies and by the textile group, while tea, motor and cycle and iron, coal and steel companies also show a debit entry on reserve account. It should, of course, be appreciated, as we have pointed out before, that these aggregate figures must be read with the qualification that they do not mean that companies which made losses actually declared dividends. That is to say, they are true of groups, not of individual concerns.

We now come to the ratio of net profits and reserve allocation to total ordinary and preference capital:—

	Total Ordinary and Preference Capital.	Net Profits.	Carried to Reserve, &c.
1931.	£	£	£
Third quarter ..	343,500,531	15,996,685	4.6
Fourth quarter ..	383,451,625	12,292,859	3.2
1932.	£	£	£
First quarter ..	665,704,181	54,314,815	8.2
Second quarter ..	1,042,514,627	56,832,591	5.5
Total	2,435,170,964	139,436,950	5.7

A year ago the ratio of net profits to capital was 8.7 per cent., as compared with 10.6 per cent. in the year ended

June 30, 1930. The ratio reserved has fallen from 2.1 per cent. in 1930 to 1.4 per cent. in the twelve months ended last June and 0.3 per cent. in the year now concluded. Thus progressively the decline in the earning of capital has been tempered from the shareholders' point of view by a decrease in the proportion of net profits withheld from them.

In the final table we show the average rate of interest paid on debenture, preference and ordinary share capital during the past twelve months:—

	Debt Capital.	Rate of Int.	Preference Capital.	Rate of Int.	Ordinary Capital.	Rate of Div.	Rate of Div. a Year Ago.
Breweries	53,977,806	4.7	45,044,375	5.1	72,376,185	14.8	16.6
Canals and docks ..	3,057,967	4.1	6,348,099	2.8	8,942,195	1.0	2.4
Electric lighting and power	30,246,557	5.1	25,429,183	5.8	48,363,588	7.1	7.2
Financial, land and investment	50,134,660	5.0	40,045,065	3.4	77,798,219	3.2	4.6
Gas	25,382,409	4.2	8,720,482	4.6	62,577,983	5.8	6.3
Hotels, restaurants, &c.	5,686,495	5.1	14,040,165	4.8	9,331,134	8.3	10.3
Iron, coal and steel ..	54,755,729	5.6	69,089,652	2.3	162,644,000	2.1	3.0
Motor and cycle	2,883,839	6.5	10,260,437	4.2	22,508,258	2.6	8.4
Nitrate	Nil	Nil	8,000,000	Nil	100,000	Nil	Nil
Oil	9,791,251	5.3	28,401,680	7.7	55,962,562	7.1	12.7
Rubber	5,801,272	6.7	1,563,733	0.9	63,628,470	0.1	1.2
Shipping	31,813,704	5.0	34,851,901	2.1	180,858,930	0.7	4.5
Shops and stores	16,135,236	5.3	43,514,324	6.6	42,933,032	11.9	13.5
Tea	949,565	8.0	6,112,732	4.6	17,689,760	6.2	10.6
Textiles, &c.	236,409	5.4	27,261,317	5.5	39,465,367	2.2	8.7
Tramways	27,476,320	5.2	52,501,577	3.8	89,525,660	4.4	6.3
Trust	17,824,685	4.7	13,584,024	4.3	15,923,203	5.5	7.4
Waterworks	102,613,361	4.5	101,781,644	4.0	105,782,281	6.2	7.6
Miscellaneous	7,006,107	4.7	5,396,580	5.1	11,182,290	5.9	6.9
Total	91,215,482	5.4	306,995,118	6.0	488,335,759	8.2	10.5

At 5.7 per cent. the average rate of ordinary dividend shows an appreciable fall as compared with a year ago and still more in contrast with 10.8 per cent. in the twelve months ended June 30, 1930. In view of the contraction of the reserve ratio noted above, investors will probably decide that the scaling down of dividends represents no more than common prudence.

NON-FERROUS METALS: ZINC.

The outstanding feature of the zinc-producing industry is that the United States, at once the principal single producer and consumer, has been rendered immune from foreign competition by an import duty imposed as long ago as 1846. At present the duty on crude zinc is 1½ cents per lb. On the other hand, the United States does not normally export zinc owing to the relatively high costs of her producers. The industry is therefore strictly compartmented on a geographical basis between the United States and the rest of the world.

The principal products of zinc ore are spelter, zinc dust, oxide and sulphide. Of these, spelter, which usually contains a small proportion of lead, is by far the most important in quantity. Spelter is used chiefly in the process of galvanising as a protective coating for iron and steel, and, in conjunction with copper, in the manufacture of brass. Of the total consumption of spelter in the United States in 1931, 43 per cent. was absorbed by the galvanising trades and 26 per cent. in brass manufacture.

The development of production and consumption of spelter in the United States and elsewhere during recent years is shown in the following table:—

(In thousands of metric tons.)

	Smelter Production.*			Consumption.†		
	United States.			United States.		
	Production.	Proportion of World Production.		Consumption.	Proportion of World Consumption.	
1913.....	1,001	31.4	1,001	280	28.0	
1925.....	1,133	45.8	1,200	488	40.6	
1926.....	1,235	45.4	1,245	530	42.5	
1927.....	1,318	53.7	1,319	499	37.9	
1928.....	1,408	54.7	1,423	526	37.0	
1929.....	1,457	56.7	1,462	541	37.0	
1930.....	1,404	45.2	1,281	396	30.9	
1931†	1,009	27.2	1,060	285	26.9	

* Metallgesellschaft. † American Bureau of Metal Statistics. ‡ Provisional.

It will be seen that, up to the present crisis, there had been a substantial rise in world production and consumption during the post-war period. At the same time the figures reveal a progressive decline since 1925 in the relative importance of the United States as a producer and a consumer. Of a total smelter production of 1,404,000 metric tons in 1930, the United States contributed 32 per cent.; Canada, 8 per cent.; Belgium, 13 per cent.; Poland 12 per cent.; France, 6 per cent.; and Australia, 4 per cent. Apart from the United States, which in 1930 was responsible for 81 per cent. of the world's total consumption, the principal consumers were:—Germany, 14 per cent.; Great Britain, 13 per cent.; France, 10 per cent.; and Belgium, 10 per cent.

The present position of the zinc-producing industry can best be considered in the light of recent developments. The method of production of spelter was revolutionised after the war by the discovery of the process of "selective flotation." The new process, which began to come into extensive use in 1925, increased the proportion of zinc recoverable from the ore. Further, and most important, it made possible the exploitation of many great low-grade ore deposits hitherto undeveloped in many parts of the world. The effects of this revolution in the metallurgy of zinc is illustrated in the next table, showing the average price of spelter during recent years:—

	London.	St. Louis (U.S.A.)
	"Ordinary Brands." "Per Long Ton."	"Prime Western." "Cents. per lb."
Average, 1913	22 14 3	5.504
" 1925	36 3 6	7.622
" 1926	34 2 8	7.337
" 1927	28 9 11	6.242
" 1928	25 5 5	6.027
" 1929	24 17 8	6.512
" 1930	16 14 4	4.556
" 1931	12 8 7	3.640
" 1932, July 13th ..	11 12 6	2.550

After a relapse from war-time scarcity prices during the 1921 slump, prices of spelter rose steadily from 1922 until 1925. That year, however, marked a turning point in the industry, and producers have suffered ever since from excessive output capacity. Even the United States from 1928 and 1929, which added to rising world consumption, did not arrest the downward trend in world prices. The pressure of surplus capacity, already strong during a period of rapidly advancing demand, became overwhelming when industrial activity began to decline at the end of 1929. The situation was, of course, aggravated by the tariff protection of the high-cost producers in the United States, which limited the market for foreign low-cost producers; but serious over-production, years before the onslaught of the economic blizzard, was prevented only by the gradual decline in prices.

Under the circumstances it is scarcely surprising that attempts should have been made to control production and prices in order to counteract the downward movement in the value of the metal. In 1927 Belgian producers entered into negotiation with the principal interests outside the United States, and in 1928 a cartel was tentatively established. Owing to the non-adherence of Australian, Canadian and Mexican producers, the scheme proved a failure, and the cartel was dissolved at the end of 1929. In 1930 fresh efforts were made to reconstitute the cartel, but a definite agreement was not reached until the July, 1931, when the situation had become desperate. The International Zinc Cartel, which was formed in July, 1931, represents about 90 per cent. of world capacity outside the United States. Its first action was to curtail production to 55 per cent. of capacity as from August 1st. As this cut proved insufficient for the adjustment of supply to demand, a further turn in the restriction screw was found necessary, and since October last the industry has been working at 50 per cent. of capacity. The cartel agreement is to continue for five years, but it may be denounced on September 30, 1932. In the event of a denunciation on that date the agreement will expire on December 1, 1932.

The course of prices since August last year shows that the cartel has been unable to stem the downward tendency of prices. The imposition by Great Britain of an import duty on spelter as from March 1st has had an adverse effect on quotations without providing any imme-

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diate benefit for Empire producers. Empire production has been increasing rapidly during recent years, and the Empire is now a potential net exporter of zinc. Nevertheless, the outlook for spelter appears less dark than that of copper. Recent figures show that production has recently been kept below demand. Stocks of the associated producers declined from about 206,000 metric tons at the end of July last year to 189,000 metric tons at the end of December, and 176,000 metric tons at the end of March, 1932; and though stocks in the United States, at 120,000 metric tons at the end of May, show little change on the corresponding date of last year, the cartel is so confident as to the outlook for the industry that at a meeting held in Brussels on May 12th it considered a further reduction in output unnecessary. This view appears, however, somewhat optimistic. The new British tariff has not so far led to the disruption of the cartel, but serious difficulties may arise in the event of the imposition of a duty by Germany.

THE HALF-YEAR'S OVERSEAS TRADE.

The June trade returns do not compare favourably with those of May; for, while imports are nearly £2 millions more, total exports are £750,000 less. Comparison with the preceding month, however, is never satisfactory, owing to the confusing influence of seasonal causes, and when the returns are compared with those of June last year they show certain encouraging elements, as may be seen from the first of the subjoined tables:—

MONTH OF JUNE.
(000's omitted.)

	1932.	Increase or Decrease as compared with			
		June, 1931.	June, 1930.		
Imports	£ 57,518	— 11,078	— 16.1	— 25,835	— 31.0
British exports	29,724	+ 292	+ 1.0	— 13,122	— 30.6
Re-exports	4,175	— 1,869	— 30.9	— 3,704	— 47.0
Total exports	33,898	— 1,577	— 4.4	— 16,826	— 33.2
Excess of imports over total exports	23,620	— 9,500	— 28.1	— 9,009	— 27.6

FIRST HALF-YEAR.
(000's omitted.)

	1932.	Increase or Decrease as compared with			
		January-June, 1931.	January-June, 1930.		
Imports	£ 359,972	— 57,850	— 13.8	— 181,717	— 33.5
British exports	187,033	— 12,123	— 6.1	— 117,818	— 38.6
Re-exports	29,330	— 6,378	— 17.8	— 19,949	— 40.4
Total exports	216,363	— 18,501	— 7.9	— 137,767	— 38.9
Excess of imports over total exports	143,609	— 39,349	— 21.5	— 43,950	— 23.4

The figures for the half year, in the second table above, are more significant than those for a single month. Though exports are still lower than during the corresponding period of last year, their decline seems to have been at least temporarily checked, and while the three-months moving average of imports tends rapidly downwards, that of exports is fairly well maintained. It appears that, so far, the reaction of our tariff policy upon the purchasing power of our customers abroad has not checked exports in

the same degree as the tariffs themselves have reduced imports. How long this benefit accruing from the depreciation of sterling will last is another matter.

The next table shows in which classes the decreases of imports and exports have been most marked:—

RETAINED IMPORTS AND BRITISH EXPORTS BY CLASSES.
(£'s million.)

	Retained Imports.			British Exports.		
	First Half-Year.			First Half-Year.		
	1930.	1931.	1932.	1930.	1931.	1932.
Food, drink and tobacco	221.8	187.2	176.1	23.0	17.2	16.0
Raw materials and articles mainly unmanufactured.....	118.5	74.5	75.3	34.5	23.7	21.8
Articles wholly or mainly manu- factured	146.6	115.2	75.0	238.6	150.4	143.0

As was to be expected, the reduction in imports has taken place mainly in the manufactured class. A satisfactory symptom is the slight increase in the retained imports of raw materials, which should betoken an anticipated expansion in industrial activity. This increase was due mainly, as the following table shows, to increased imports of timber, raw cotton, wool, silk, flax, hemp and jute, hides, and wood pulp:—

RETAINED IMPORTS.

	First Half-Year.		
	1930.	1931.	1932.
Wheat..... cwt.	41,338,767	45,691,105	50,698,927
Beef..... cwt.	6,343,616	6,363,202	5,669,777
Sugar..... cwt.	16,669,595	17,388,602	23,824,194
Iron ore and scrap..... tons	2,776,790	1,221,427	1,049,249
Wool..... loads	1,446,392	992,769	1,292,901
Wood and timber, sawn, soft.....	5,834,950	4,814,438	6,147,622
Raw cotton..... centals	3,406,053	4,155,327	4,252,479
Sheep and lambs' wool..... lbs.	2,354,812	1,687,574	2,313,860
Raw silk..... lbs.	158,275	130,978	145,805
Flax, hemp and jute..... tons	228,073	212,242	174,145
Crude petroleum..... thousand galls.	546,966	526,713	617,400
Hides, wet and dry..... cwt.	729,071	591,149	866,133
Wood pulp..... tons	1,669,297	1,322,381	490,702
Rubber..... centals			

The following statistics of exports bear out, so far as manufactures are concerned, the suggestion of these raw material import figures:—

EXPORTS.

	First Half-Year.		
	1930.	1931.	1932.
Coal..... tons	28,548,670	21,284,988	19,823,231
Pig iron and ferro alloys..... tons	191,045	111,454	76,262
Railway material..... tons	234,113	113,564	48,408
Total iron and steel..... tons	1,797,540	999,214	954,539
Textile machinery..... tons	50,182	170,585	167,390
Total machinery..... tons	72,691,600	62,490,300	80,448,400
Cotton yarns..... lbs.	1,487,875	847,913	1,147,949
Cotton piece-goods..... thous. sq. yds.	136,528	139,491	199,325
Wool tops..... lbs.	15,152,800	12,233,800	15,102,800
Worsted yarns..... sq. yds.	40,682,800	27,391,100	26,294,000
Woolen tissues..... sq. yds.	17,855,300	14,734,700	14,528,600
Worsted tissues..... sq. yds.	38,438,700	32,358,600	37,494,600
Linen piece-goods..... sq. yds.	459,078	324,996	331,246
Leather boots and shoes..... dozen pairs	145,231	79,724	78,609
Leather..... cwt.	2,268,330	1,551,782	1,960,041
Paper and cardboard..... cwt.	25,785	12,782	2,119
Locomotives..... number	16,260	12,035	18,298
Motor cars and chassis..... number			

Exports of all textiles, except pure silk and woollen and worsted piece goods, were greater in the first half of this year than in the corresponding period of 1931, and exports of boots and shoes, paper and cardboard, textile machinery and motor cars all showed an improvement. Coal, iron and steel and most of the principal iron and steel products, however, still compare unfavourably with last year.

We remarked three months ago that the effect of the departure from the gold standard in changing the orientation of our trade appeared to have shown itself less in a stimulus to purchases from us by gold-standard countries than in a diversion from those countries to our market of the purchases of "non-gold" countries. This tendency has continued. Our exports of coal are down, largely owing to the quota system so widely prevalent in Europe, but our coal exports to the Scandinavian countries and to Canada have increased. The increase in exports of cotton yarn was most marked in the cases of the Scandi-

navian countries, China, India, Australia, Canada, Argentina, Roumania and Bulgaria, a development which suggests not only a temporary increase in the relative importance of non-gold-standard countries as markets for our manufactures, but also a revival of the Far East as a market for British textiles. China took nearly 57 million square yards of cotton piece-goods in the last half-year, as compared with 20 millions a year ago, and India took 292 millions, against 212 millions. Most European countries, except Norway, Denmark, the Netherlands and Roumania, took less, but exports to nearly all Empire markets, except South Africa, increased substantially.

THE LAUSANNE ACT.

For the convenience of our readers we summarise below in a form readily available for future reference the Final Act of the Lausanne Conference, signed on July 9, 1932, and published as a White Paper (Cmd. 4126). The Act comprises a Preamble and five instruments, namely:—

- I.—Agreement with Germany.
- II.—Transitional measures relating to Germany.
- III.—Resolution relating to non-German Reparations.
- IV.—Resolution relating to Central and Eastern Europe.
- V.—Resolution relating to a World Economic and Financial Conference.

The Act was signed on behalf of the Governments of Belgium, Great Britain, Canada, Australia, New Zealand, South Africa, India, France, Italy, Japan, Poland and Germany. The signatures of Greece, Portugal, Roumania, Czechoslovakia and Yugoslavia were withheld.

The Preamble.

The Preamble recalls that in accordance with the announcement made at Geneva on February 13, 1932, the object of the Lausanne Conference was:—

"... to agree on a lasting settlement of the questions raised in the Report of the Basle Experts and on the measures necessary to solve the other economic and financial difficulties which are responsible for, and may prolong, the present world crisis."

On the 16th June, 1932, the representatives of the Governments of the United Kingdom and Northern Ireland, France, Italy, Belgium and Japan signed the following Declaration:—

"Deeply impressed with the increasing gravity of the economic and financial perils which overhang the world and with the urgency of the problems which the Lausanne Conference has met to consider;

"Firmly convinced that these problems require a final and definite solution directed to the improvement of European conditions and that this solution must be pursued henceforward without delay or interruption, with a view to its realisation in the framework of a general settlement;

"Noting that certain payments of reparations and war debts will fall due as from the 1st July next;

"[We] Are of opinion, in order to permit the work of the Conference to proceed undisturbed, that, without prejudice to the solution which may ultimately be reached, the execution of the payments due to the Powers participating in the Conference in respect of reparations and war debts should be reserved during the period of the Conference, which the undersigned Governments intend should complete its work in the shortest possible time.

"It is understood that the service of market loans will not be affected by these decisions.

[On July 10th the following statement was made to the Conference on behalf of the British Government:—

"The effect of the Declaration of the Conference signed on June 16, 1932, is extended to cover the suspension of the payments due in respect of War debts until the Lausanne Agreement with Germany which we are signing to-day has come into force, or until the decision has been reached that it will not be possible to ratify that agreement."

The French and Italian Governments associated themselves with this arrangement.]

I.—Agreement with Germany.

The signatories, recognising that the validity of the Agreements signed at The Hague on the 20th January, 1930, is not in question, but concerned by the economic difficulties resulting from the present crisis, and being desirous to make, so far as they are concerned, the necessary efforts to ensure the confidence which is indispensable to the development of normal

economic and financial relations between the nations make the following declaration:—

"The Powers signatory of the present Agreement have assembled at Lausanne to deal with one of the problems resulting from the war, with the firm intention of helping to create a new order, permitting the establishment and development of confidence between the nations in a mutual spirit of reconciliation, collaboration and justice.

"They do not claim that the task accomplished at Lausanne, which will completely put an end to Reparations, can alone assure that peace which all the nations desire. But they hope that an achievement of such significance and so ardently attained will be understood and appreciated by all the pacific elements in Europe and the world, and that it will be followed by fresh achievements.

"These further successes will be more readily won if the nations will rally to this new effort in the cause of real peace, which can only be complete if it is applied both in the economic and in the political sphere and rejects all possibility of resort to arms or to violence.

"The signatory Powers will make every effort to resolve the problems which exist at the present moment or may arise subsequently in the spirit which has inspired the present Agreement."

ARTICLE 1.

The German Government shall deliver to the Bank for International Settlements German Government 5 per cent. redeemable bonds, to the amount of three milliard reichsmarks gold of the present standard of weight and fineness, to be negotiated under the following arrangements:—

(1) The Bank for International Settlements shall hold the bonds as trustee.

(2) The Bonds shall not be negotiated by the Bank for International Settlements before the expiry of three years from the signature of the present Agreement. Fifteen years after the date of the said signature the Bonds which the Bank for International Settlements has not been able to negotiate shall be cancelled.

(3) After the above period of three years the Bank for International Settlements shall negotiate the Bonds by means of public issues on the markets as and when possible, in such amounts as it thinks fit, provided that no issue shall be made at a rate below 90 per cent.

The German Government shall have the right at any time to redeem at par, in whole or in part, the Bonds not yet issued by the Bank for International Settlements. In determining the terms of issue of the Bonds, the Bank for International Settlements shall take into account the desirability of giving to the German Government the right to redeem the Bonds after a reasonable period.

(4) The Bonds shall carry interest at 5 per cent. and sinking fund at 1 per cent. as from the date on which they are negotiated. They shall be free of all German taxes, present and future.

(5) The proceeds of the Bonds, as and when issued, shall be placed to a special account, the allocation of which shall be settled by a further agreement in due course between the Governments, other than Germany, signatory to the present Agreement.

(6) If any foreign loan is issued by the German Government, or with its guarantee, at any time after the coming into force of the present Agreement, the German Government shall offer to apply up to the equivalent of one-third of the net cash proceeds of the loan raised to the purchase of Bonds held by the Bank for International Settlements. The purchase price shall be such that the net yield on the Bonds so purchased would be the same as the net yield of the loan so raised. This paragraph does not refer to loans for a period of not more than twelve months.

(7) If, after five years from the signature of the present Agreement, the Bank for International Settlements considers that the credit of the German Government is restored, but the quotations of its loans remain none the less below the minimum price of issue fixed under paragraph (3) above, the minimum price may be varied by a decision of the Board of the Bank for International Settlements, which decision shall require a two-thirds majority.

Further, at the request of the German Government, the rate of interest may be reduced below 5 per cent. if issues can be made at par.

(8) The Bank for International Settlements shall have power to settle all questions as to the currency and denomination of bonds issued, and also all questions as to charges and costs of issue, which it shall have the right to deduct from the proceeds of the issue. In considering any questions relating to the issue of Bonds, the Board of the Bank for International Settlements shall take the advice of the President of the Reichsbank, but decisions may be made by a majority vote.

ARTICLE 2.

On its coming into force the present Agreement will put to an end and be substituted for the reparation régime provided for in the agreement with Germany, signed at The Hague on the 20th January, 1930, and the agreements signed at London on the 11th August, 1931, and at Berlin on the 6th June, 1932; the obligations resulting from the present Agreement will completely replace the former obligations of Germany comprised in the annuities of the "New Plan."

ARTICLE 3.

Consequently, Articles 1, 2, 4, 5, 7, 8, 9 and 12 and Annexes I, III, IV, V, Va, VI, VII, IX, X and Xa of the said agreement with Germany are definitely abrogated.

[The effect of this Article is mainly to abrogate Germany's Debt Certificate under the Young Plan and the Certificate of the German Railway Company; to release Germany from her obligations with regard to the Reichsbank and German railway laws; and to abrogate the Young Plan provisions with regard to payments in kind.]

ARTICLE 4.

The Protocol signed at London on the 11th August, 1931, and the Protocol supplementary thereto signed at Berlin on the 6th June, 1932, are abrogated. Consequently, the provisional receipts handed to the Bank for International Settlements by the German Railway Company under the said Protocol of the 11th August, 1931, will be returned to it.

ARTICLE 5.

The debt certificate of the German Government and the certificate of the German Railway Company referred to in Article 7 and in Annexes III and IV of The Hague Agreement shall, with the coupons attached, be returned to the German Government and to the German Railway Company respectively.

ARTICLE 6.

Nothing in the present Agreement alters or affects Article 3 (Liquidation of the past), Article 6 (so far as concerns the corporate existence of the Bank for International Settlements), or Article 10 (Immunities of the Bank for International Settlements) of The Hague Agreement.

ARTICLE 7.

The Signatory Governments declare that nothing in the present Agreement diminishes or varies or shall be deemed to diminish or vary the rights of the bondholders of the German External Loan, 1924, or of the German Government International 5½ per cent. Loan, 1930.

Any necessary adaptation of the machinery relating to the manner in which the obligations of the German Government with respect to the German External Loan, 1924, and with respect to the German Government International 5½ per cent. Loan, 1930, will be discharged will be subject to mutual arrangement between the German Government, on the one hand, and the Bank for International Settlements, Fiscal Agent of the Trustees of the German External Loan, 1924, and Trustee of the German Government International 5½ per cent. Loan, 1930, on the other hand.

ARTICLE 8.

The present Agreement will, on its coming into force, be notified by the Government of the French Republic to the Bank for International Settlements with a view to the application by the Bank of the provisions which affect it; the said Government will also inform the Bank, for the purposes of its Statutes, that the "New Plan" is no longer in effect.

ARTICLE 9.

Any disputes, whether between the Governments signatory of the present Agreement, or between one or more of those Governments and the Bank for International Settlements, as to the interpretation or application of this Agreement shall be referred to the Arbitration Tribunal set up under Article 15 of The Hague Agreement with Germany. The relevant provisions of that Article and of Annex XII of the said Agreement will for this purpose be applicable.

ARTICLE 10.

As soon as the present Agreement has been ratified by the Governments of Germany, Belgium, France, Great Britain and Northern Ireland, Italy and Japan, it shall come into force between those Governments whose ratifications have been deposited or notified at that date. It shall come into force in respect of every other signatory Government on the date of notification or deposit of ratification.

II.—Transitional Measures relating to Germany.

The signatories declare:—

ARTICLE 1.

The effects of the Declaration of 16th June, 1932, [see above] will be prolonged until the coming into force of the Lausanne Act or, failing this, the notification by any one of the following countries: Germany, Belgium, Britain, France or Japan that it has decided not to ratify.

ARTICLE 3.

As regards the execution, by means of deliveries in kind, of contracts and works in course of execution, a Committee, consisting of representatives of the German Government and the Governments concerned, shall be appointed to draw up such proposals as may be desirable in regard to such contracts and works.

III.—Resolution relating to Non-German Reparations.

The Creditor Powers and other Governments concerned [the signature of Greece was withheld] recommend to the Conference that a Committee consisting of one representative of each of the Governments concerned shall be set up to consider the group of questions known as "non-German Reparations" and cognate questions viewing them within the framework of a general settlement; are of opinion that, in order to permit the work of the said Committee to proceed undisturbed, without prejudice to any question of principle or to the solutions which may ultimately be reached, the execution of the payments due in respect of the above-mentioned questions should be reserved until 15th December, 1932, failing a settlement before that date.

IV.—Resolution relating to Central and Eastern Europe.

In order to achieve the financial and economic reconstruction of Central and Eastern Europe, the Conference decides to appoint a Committee which will be entrusted with the duty of submitting to the Commission of Enquiry for European Union at its next session proposals as to measures required for the restoration of the countries of Central and Eastern Europe, and, in particular—

- (a) Measures to overcome the present transfer difficulties of those countries and to make possible the progressive suppression, subject to the necessary safeguards, of the existing systems of exchange control;
- (b) Measures to revive the activity of trade, both among those countries themselves and between them and other States, and to overcome the difficulties caused to the agricultural countries of Central and Eastern Europe by the low price of cereals, it being understood that the rights of "third countries" remain reserved.

Accordingly, the Conference invites the Governments of Germany, Austria, Belgium, Bulgaria, France, the United Kingdom, Greece, Hungary, Italy, Holland, Poland, Roumania, Switzerland, Czechoslovakia and Yugoslavia, each to appoint not more than two representatives on the Committee referred to above.

V.—World Conference.

With a view to deciding upon "the measures necessary to solve the other economic and financial difficulties which are responsible for, and may prolong, the world crisis," the Conference decides to invite the League of Nations to convoke at a convenient date and at a place to be fixed (not necessarily Geneva) a Conference on Monetary and Economic Questions.

The Conference decides to entrust the preliminary examination of these complex questions, which are closely interdependent, to an authoritative committee of experts.

The Conference therefore invites the Governments of Germany, Belgium, France, the United Kingdom, Italy and Japan each to appoint as members of the Committee two experts, one qualified to deal with economic questions, the other qualified to deal with financial questions.

The Conference further resolves to invite the Government of the United States of America to be represented on the committee on the same basis as the Governments of the States mentioned above.

Finally, the Conference invites the Council of the League of Nations to nominate three persons qualified by their financial competence, and three persons qualified by their economic competence.

Notes of the Week.

All at Sea.—The argosy has sailed into the sunset. On Wednesday the "Empress of Britain" put forth from Southampton carrying the British Olympic team, bound for Los Angeles, and a still more olympian cohort—seven Cabinet Ministers and God and the ship's purser alone know how many advisers, secretaries and journalists—*en route* for Ottawa. We wish them well; and, of the two teams, the parliamentarians probably stand in greater need of the nation's good wishes, for the political hurdles at the Imperial Conference have an even more formidable look than those in California which will confront the athletes. In recent issues of the *Economist* we have examined the relevant data relating to the trading situation of each of the principal overseas participants in the Conference, and have endeavoured thereby to present the background of economic fact against which possibilities of fruitful agreement have to be measured. The evidence affords little encouragement to those who have reposed on the Ottawa Conference fanatical hopes of realising the conception of free trade within an impenetrably ring-fenced Empire; the scope for diversion of existing trade by preferential tariff mechanism would obviously be very limited, even if considerations of the need to sell outside the Empire were not important for all its members and, particularly, for Great Britain. The experience of the Lancashire cotton delegation in Canada is scarcely encouraging; and there is a real danger that in a desperate effort to escape from overt failure, the Conference may be tempted to take the fatal course of pursuing Imperial preferences at the price of still further crippling world trade by adding to tariff barriers against foreign goods. From recent declarations of Ministers we gather, to our great satisfaction, that the Cabinet has awoken to this danger and is prepared to insist that the test of the Conference's success will be its ability on balance to add to, and not subtract from, the world's freedom of trade. If they can achieve even a little progress in this direction, and if they avoid at the same time any commitments which would prejudice our freedom to join with non-Empire countries in reciprocal "freer trade" arrangements, the British delegation—even though they disillusion those who cherish dreams of the Empire lifting itself into prosperity by its own bootstraps at express speed—will do well.

The Franco-British Declaration.—On Wednesday afternoon Sir John Simon announced in the House of Commons "an outcome of the Lausanne Conference" in the shape of a joint Franco-British declaration under four heads:—

- (1) France and Britain intend to exchange views with complete candour concerning "any questions coming to their notice similar in origin to that now so happily settled at Lausanne, which may affect the European régime." They hope that other nations will join them in adopting this procedure.
- (2) They intend to work together and with other delegations to find a solution of the disarmament question.
- (3) They will co-operate with each other and with other Governments in preparing for the World Economic Conference.
- (4) Pending a new commercial treaty they will avoid discrimination against each other's trade.

The House was somewhat mystified by this statement; and, if the proof of the pudding lies in its effect on international digestions, it must be added that the reception of Sir John's words abroad makes one ask what good purpose was served by their utterance. The agreement to renounce tariff discrimination is welcome; but Clauses 1-3 are, on the face of it, so amiably vague and colourless that they invite every manner of gloss. In Geneva, the declaration is suspect as a supposed attempt to substitute a new Concert of the Powers for the authority of the League. In Paris and Berlin, Clause 1 is approved or denounced according to the hopes, or fears, of its press interpreters that (a) there is now a revived *entente cordiale* directed against Germany, or (b) that France is

now pledged to entertain discussions of Treaty revision. Worst of all, M. Herriot's announcement that the pact means that Britain cannot undertake to make debt payments to the United States without consulting France has been received very ill in America. The implication that this is a move towards a "united front of debtors" has evidently strengthened in the U.S.A. the regrettable impression created by the "gentlemen's agreement," namely, that the European auto-piano will play the tune of harmonious agreement only if America puts in the penny. Of this attitude on the part of the United States we shall have occasion to write again; we are only sorry that, thanks partly to the hesitations and partly to the maladroitness of Europe, the debts issue should now be in danger of becoming a controversial item in the inopportune circumstances of the Presidential Election.

M. Herriot and the Chamber.—The course of the proceedings in the Chamber of Deputies on the Government's financial proposals suggests that the ultimate effect on the alignment of parties in France and on the position of M. Herriot's administration may be far-reaching. During a session which lasted from 2 p.m. on Monday to 11 a.m. on Tuesday the Chamber radically modified the Finance Bill, which is now estimated to yield an "improvement" of only 883 million francs in the Budget of 1932 and 2,570 million francs in that of 1933, whereas the Budget Minister had originally asked for over 4,000 million francs in respect of the latter year, whose aggregate prospective deficit is put at between 6 and 7 milliards. Thus, watered down by deputies reluctant to assume responsibility for unpalatable economies, the Bill has now gone before the Finance Committee of the Senate, which may possibly reinstate a number of the rejected items of new taxation and retrenchment—unless desire to avoid further trouble on the eve of the Recess prove uppermost. Politically, however, the significant feature of the debate in the Lower House was the defeat of the proposal which the Finance Committee of the Chamber had inserted in the Bill, at the instance of the Socialists, providing for the suspension of army manoeuvres and periodical training of military reserves. This proposal was opposed by the Right and—with great vehemence—by M. Herriot himself, who made its suppression a matter of confidence. By 360 votes to 172 M. Herriot secured his vote of confidence, but thanks only to the support of the Centre and part of the Right. The Socialists and some Left-Wing Radicals voted against M. Herriot, and still more of the latter party abstained from voting. Thus M. Herriot's *point d'appui* has shifted definitely Rightwards; the conception of co-operation between Socialists and Socialist-Radicals has broken down on an important question of principle, and, unless M. Herriot succeeds in cementing together a Centre coalition which embraces some Right elements—and, though our Paris correspondent points to this as a probability, it remains to be seen whether he is prepared to pay the price of such support—his position may ultimately become precarious.

The Broker's Man in Ireland.—Our hopes that the British Government might yet see fit to exercise a little more patience in dealing with the Government of the Irish Free State have been disappointed. On Tuesday night the Special Duties Bill received the Royal Assent, and almost immediately—while Mr De Valera was speaking in the Dail of the possibility of agreement on an arbitration tribunal—a Treasury Order was issued imposing a duty of 20 per cent. *ad valorem* on a wide range of imports from the Irish Free State. Whiskey and stout escape; but the hand of the new-model international debt-collector falls on animals, alive or dead, and on dairy produce—in other words, on the great bulk of what we buy from Southern Ireland. The decision is regrettable. In so far as 20 per cent. does not exclude—and, if it does, the Government will not get their revenue—the duties will both hit the British stock farmer and raise the cost of living. If he had wanted to recoup the loss on the Land Annuities without penalising the British consumer, Mr Thomas would have done better to put an export tax on exports

to Southern Ireland. The new proposals, which Mr Norton is said to be bringing over from Dublin, may turn out to afford the basis for a belated agreement, before Mr De Valera carries out his plan of tariff retaliation in turn. Let us hope so; for it is no use for Mr Thomas to plead that the Irish leader has throughout been difficult and inclined to "trail his coat." Our duty to practise a little masterly inactivity was the greater. As it is, the Government have risked the embitterment of Anglo-Irish relations by using as a means of debt-collecting a weapon only one degree less futile than a bayonet.

The Indian Moderates.—It seems that the work of building a new constitution for India must go forward without the co-operation even of the Moderates. Sir Tej Bahadur Sapru, Mr Jayakar, and their colleagues at the Round Table Conference, have now decided to take no further part in the work of the Consultative Committee. As a reason for this decision they have explained that in their view the procedure recently outlined by the British Government is symptomatic of a new policy and cannot produce a constitution as satisfactory as that which the conference method was calculated to bring about. How far this is the real explanation, or how far the opinion of the Moderates in India has been alienated by the Ordinances, we do not profess to know. All that can be said is that the cessation of the Moderates' co-operation leaves the British Government still more alone in its task, but with no less responsibility to press forward with it as rapidly as possible. The best hope for the future in India that we can see is that the Provincial Legislatures should be rapidly brought into being, with statutory provision for the future formation of a Central Federal Authority. Then, though the only Central constitution which this Parliament at Westminster is likely to approve will probably not fully satisfy the aspirations of any section of politically-minded India, nevertheless the opportunity thus afforded to Indian politicians of exercising real and definite self-government over provincial areas surpassing in size the territories of most of the world's Great Powers—with a substantial step towards Central autonomy in prospect—may yet succeed in attracting to the work of constructive statesmanship the forces now spent on purely obstructive opposition.

Convulsions in Latin America.—If any practical demonstration is really needed to convince the Government and people of the United States that a European reparations agreement at Lausanne is not enough in itself to restore the financial and economic health of the world, they have only to look across the border at the plight of Latin America. For here are twenty American republics which, according to American ideology, possess the same regional right as the United States herself to immunity from the hereditary ills of the Old World. These Latin American countries, moreover, are now a great and growing market for United States exports and United States investments. Yet Latin America is palpably hit as hard as any part of the world by the world depression; and the Latin American reaction is one of the most prominent danger signals indicating that reconstruction and recovery have their definite, and now fast approaching, time limit. Since the summer of 1930 Latin American economic and financial distress has been finding vent in political upheavals; and the serious feature is that, as the world depression persists, one Latin American revolution follows hard at the heels of another until the cumulative damage to the social fabric threatens—in some of these countries at least—to reach a point at which it may become irreparable. During the last few days there has been more disturbance in Chile, and fresh trouble in Peru and in Brazil. In Chile, where Señor Davila has been in the saddle since the overthrow of Colonel Marmaduke Grove on June 17th, the momentary dictator's power has been challenged by the return home of ex-President Ibañez on July 6th. Señor Davila received him with ostensible friendliness, but countered his arrival by himself assuming the Presidency on the 8th. At the end of last week it looked as though there would be fighting in Santiago de Chile between the two men's armed supporters; but this bloodshed has been averted for

the moment by the voluntary withdrawal of General Ibañez from the city into the country. Meanwhile, in Peru, there has been a violent Communist outbreak at Trujillo, and although the Peruvian Government has been able to send reinforcements with comparative rapidity by sea, and has been bombing the insurgents from the air, it has taken several days to drive them out of the town, and they are still holding their own on the outskirts. The most serious news of all—in view of the size of the area involved—comes from Brazil, where the present Government, which fought its way to office in October, 1930, and which represents the interests of the outlying States of the Brazilian Union in the extreme north and south, has been challenged this week by a military revolt in São Paulo: the leading central State which had formerly dominated the Brazilian Federal Government at Rio de Janeiro. If this sort of thing were to go on for another year or two, large parts of Latin America might forfeit the fruits of a century's painful progress and might relapse into the anarchy and poverty in which they found themselves on the morrow of their original liberation. If this were to happen to a region of this magnitude, the untoward effects would be felt severely by the world in general and by the United States in particular.

The Cortes and Catalonia.—The Spanish Cortes, which has done duty as a Constituent Assembly as well as an ordinary Parliament, completed a year's solid labour this week. Unhappily, in spite of three all-night sittings during the last fortnight, the debate on the statute of autonomy for Catalonia is not nearly finished. Tempers are clearly becoming ragged in the July heat, while the same old issues are fought out in connection with each successive Article of the draft which is the basis of discussion. But, as Señor Marcelino Domingo, the Minister of Agriculture, pointed out the other day, the differences of opinion within the Republican ranks are only concerned with the degree of autonomy that is to be sanctioned. It is merely a question of expediency, of ways and means, whereas formerly, in the time of the monarchy, the issue was patently one of principle. There is no doubt that the establishment, *de facto*, of the *Generalitat*, actually before Spain itself became a Republic, has made possible a solution of the Catalan problem which no amount of negotiation could have achieved. Nevertheless, Colonel Macia and his colleagues are displaying a readiness to compromise on non-essentials, with which they had certainly not been credited. Even when in Madrid the luckless poet-politician, Señor Ventura Gassols, was the victim of a practical joke, being shorn of his flowing locks, there was no unfortunate sequel. Exquisite expressions of condolence in the Cortes by a Madrid fellow-poet and by the Prime Minister closed the incident. One still hears from Barcelona of threatened Sinn Féin violence and from Madrid of a commercial boycott. But they are, in the main, the fruits of a heated imagination. The reality is the steady preparation in Catalonia for an autonomous regional life, and now finally comes an announcement that the Government is losing patience and proposes to issue a statement of the further modifications in the *dictamen* which it will allow (Catalan acquiescence having already been secured) and to stand or fall by it. Since there is certainly no alternative Government at present, the Cabinet can afford to challenge Parliament in this way. It looks as if the final touches, however, to the Statute and the Land Reform Bill will await the re-assembly at the beginning of October.

The Free List.—On the recommendation of the Import Duties Advisory Committee, the Free List has been this week enriched by a curiously assorted, though none the less welcome, medley of exemptions—to wit, *objets d'art* consigned to galleries or museums; paintings and drawings; roundwood logs of pine, spruce and aspen; *phragmites communis*; glycol ethers, bromine and boron minerals and concentrates; rags, partly of wool, not pulled; and natural essential oils. None of these classes of articles can strictly be regarded as forming a trade of great economic importance; and we may, perhaps, be forgiven a smile when the Committee describes the free

importation of *bois de rose* and bergamot as possessing "special urgency," while steel "semi's" are left to carry 33½ per cent. Nevertheless, we are glad to note that the Committee is alive to this side of its functions, and we are particularly pleased that the senseless and illiberal duty on works of art has now gone by the board.

The B.I.S. and Gold.—At the monthly meeting held last Monday, the board of the B.I.S., having taken note of the provisions of the Final Act of the Lausanne Conference, decided to renew for three months the credits extended to the national Banks of Austria, Hungary and Yugoslavia expiring during July. It then proceeded to pass a resolution substantially to the following effect:—

"The board, recognising the necessity of the re-establishment between nations of a monetary system with a common basis in order to facilitate international settlements under more stable and secure conditions, is unanimously of opinion that the gold standard remains the best available monetary mechanism . . . it is desirable, therefore, to prepare all the necessary measures for the re-establishment of the functioning of the gold standard."

"In order to render possible a general return to the gold standard, the board thinks it first necessary that those measures should be taken by international collaboration and national efforts which will restore equilibrium in the economic and financial structure of the various countries. The realisation of these measures depends in the first instance on Government action and, without that, is beyond the power of Central Banks. To enable the mechanism of the international balance of payments to work again in a satisfactory manner, it will be necessary to restore a reasonable degree of freedom in the movement of goods, services and capital; to complete the solution of reparations reached at Lausanne by a satisfactory solution of war debts; and to take the necessary steps in each individual country to restore and maintain equilibrium in its internal economy, not only as regards public revenue and expenditure, but also as regards the cost of production and organisation of the internal money and capital market."

The fact that the votes in favour of this resolution included those of Mr Montagu Norman and Sir Otto Niemeyer, representing the Bank of England, gave rise to some concern in British circles opposed—and rightly—to our returning either prematurely or unconditionally to the gold standard. Mr Chamberlain, however, lost no time in explaining to the House on Tuesday that the resolution represented, as he understood it, simply the view of the B.I.S. on what the ultimate solution of the currency problem ought to be. He did not read it as having any bearing upon any immediate action that might be taken by this or any other Government; the British Government were in no sense committed by the resolution, and there was no intention on their part to return to the gold standard in the immediate future. There the matter may well be allowed to rest. The charge that the Governor of the Bank of England was endeavouring to commit the Government was, in fact, a little absurd. When all is said, the B.I.S., in passing this resolution, was doing little more than signifying its endorsement of the majority findings of the Gold Delegation of the Financial Committee of the League. Pending the World Economic Conference, no decision is likely to be taken by this, or any other "off-gold" country, on the very vital question whether, and on what conditions, it shall resume gold payments. In the meantime, there is no constitutional impropriety in central bankers expressing opinions which, as a matter of common knowledge, they have consistently held.

The Shipbuilding Returns.—The returns issued for the end of June by *Lloyds Register of Shipping* show, as was to be anticipated from the known state of demand, a further downward movement:—

	(Thousand tons.)			
	Work in Hand.	Work Commenced.	United Kingdom.	Abroad.
1931—First quarter.....	693	1,306	33	209
Second quarter....	556	1,271	23	211
Third quarter ...	417	1,114	39	134
Fourth quarter....	400	1,003	105	120
1932—First quarter.....	373	925	26	55
Second quarter....	280	829	28	42

British tonnage under construction at the end of June is scarcely more than half that at the end of June, 1931, and constitutes the lowest figure recorded for over fifty

years. Even at that, it includes 159,000 tons on which work has been suspended. Work in hand abroad has diminished less, so that the British percentage is reduced to 25.3, and the foreign total includes only 17,000 tons on which work has been suspended. The chief countries whose figures compose this total are: Italy, 180,565 tons; United States, 162,203 tons; France, 128,128 tons; Germany, 103,500 tons; and Sweden, 89,201 tons. This increasing stagnation in the shipyards is an inevitable *sequela* of the paralysis which has been steadily creeping upon international commerce during the past two years. Until there are signs of trade expansion, reflected in some recovery of freights, it would be optimistic to look for any revival.

Sterling and Gold Prices.—The past fortnight has seen a slight, but none the less welcome, rise in gold prices as measured by our index based on a short list of primary products. A parallel rise occurred in sterling primary prices; but, though there has been a fall of 5 cents in the dollar quotation for the pound, our complete index has risen only fractionally:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsamt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	96.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 27th ...	108.3	115.7	95.8	93.5	93.6	98.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 26th ...	105.8	106.4	83.6	89.6	97.0	95.3	90.3
May 12th ...	102.6	105.9	81.9	88.6	95.1	93.4	89.4
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 15th ...	97.8	99.7	80.2	86.0	92.7	90.4	88.2
June 29th ...	97.4	99.3	80.5	86.4	91.5	89.5	88.1
July 13th ...	97.5	101.3	82.6	...	...	...	...

Sectional movements of the complete *Economist* index are shown below:—

"ECONOMIST" INDEX.
(1927 = 100).

	Sept. 18, 1931.	June 29, 1932.	July 13, 1932.
Cereals and meat	64.5	68.9	66.1
Other foods	62.2	57.6	56.9
Textiles	43.7	43.7	45.7
Minerals	67.4	67.4	68.3
Miscellaneous	65.8	58.4	58.7
Complete index	60.4	58.8	58.9
1913 = 100	83.1	80.9	81.1
1924 = 100	52.2	50.8	50.9

Movements in the cereals and meat and "other foods" groups during the fortnight have been irregular, the chief factor in the decline on balance being falls in the prices of imported wheat, bacon, potatoes, beef and cheese. There was an appreciable recovery in textile prices, and in the other groups tin and rubber were firmer.

Currency at Ottawa.—Our Ottawa correspondent writes:—There is a substantial body of Canadian opinion which takes the view that it would be conducive to a revival of Canadian prosperity if the Canadian dollar could be linked to sterling, and the disturbing fluctuations of monetary exchanges between at least the different parts of the Commonwealth eliminated. Of this school of thought Mr Stevens, the Minister of Trade and Commerce, has been an assiduous protagonist, without, however, receiving any endorsement of his views from Mr Bennett or any other of his Ministerial colleagues. It was largely his advocacy that induced the Canadian House of Commons, by formal resolution, to instruct the Government to raise the currency question at the Ottawa Conference and "to initiate and support measures for the stabilisation of the currencies of all British countries in such a manner as to facilitate trade between the component parts of the Empire, and to promote economic unity therein." Mr

Stevens takes the view that unless commodity prices are raised by some new monetary policy the debt burdens, public and private, of Canada as well as of other countries are beyond hope of liquidation. He has also supported the remonetisation of silver. In some quarters the view is held that the best means of achieving an equilibrium in inter-Imperial monetary exchanges would be for all countries of the Commonwealth to adopt the British pound as the basic currency unit, and that Canada should not abandon her dollar, but should undertake to maintain it on a constant level with the pound regardless of its fluctuations in terms of foreign currencies. But another school of thought holds that nothing short of the creation of a common Imperial currency will be effective for the purposes aimed at. General A. D. McRae of Vancouver, a multi-millionaire, a senator, and formerly Conservative campaign manager, has lately constituted himself the active protagonist of this idea. He proposes the resurrection of the British guinea, which would be treated as the equivalent of five dollars, as the basis for a common Imperial currency on the decimal system, which would be placed under the management of either an Imperial super-bank or some sort of Imperial governing board recruited from representatives of all the units of the British Commonwealth. He would have this currency backed by the joint gold reserves of the British Commonwealth and the future output of its gold mines, and to each unit there would be allocated an amount of currency in proportion to its gold reserves in a ratio of 4 to 1. Senator McRae also argues that the creation of such an Empire currency as he outlines would immediately attract large sums from other countries which are uneasy about the present position of their deposits, and that it would soon be adopted as the basic unit of exchange throughout the world. The objection is that at the present time the financial and commercial relations of Canada with the United States far surpass both in volume and importance similar relations with the countries of the British Commonwealth taken together. For two countries which have a common frontier of three thousand miles the convenience of possessing a common monetary unit, even though it is rarely at the same level on both sides of the frontier, is indispensable. Furthermore, account must be taken of the enormous debt obligations which Canada has incurred in the United States. The aggregate investment of American capital in Canada is placed at three and a half billion dollars, and this year Canada has to find roughly a million dollars per day to meet her obligations for principal and interest in the United States. In any scheme for achieving parity between the pound sterling and the Canadian dollar it is unlikely that the British Government would agree to raising the pound to the level of the Canadian dollar, and therefore the Canadian dollar would have to be brought down to the level of the pound. Such a process would undoubtedly entail a heavy augmentation of the burden of Canada's indebtedness to American interests, and for this reason alone it could not be lightly contemplated, though inflation finds support from the agrarian leaders of the Western provinces.

The Austrian Budget.—The Government has presented the supplementary Budget to Parliament, writes our Vienna correspondent. Some of the measures designed to bring in increased revenue were dropped in deference to vigorous protests both in Parliament and in all the economic associations. Indeed, a plenary session of the Chamber of Commerce made a severe attack upon the Government, and declared that, in the opinion of the Chamber, the policy which the Government has so far observed has served agrarian interests exclusively. The supplementary Budget provides for extra expenditure amounting to 181 million schillings, against increased revenue amounting to only 85 million schillings. The deterioration in the balance of revenue and expenditure is to be covered by savings of 81 millions in expenditure on materials, by withdrawal of the 100 million reserve for short-term liabilities and by increased revenue from taxes, Customs duties and imposts, making a further 85 millions. There is no precise limit to the increase of the merchandise turnover tax. It is merely stated that the

crisis supplement to the general merchandise turnover tax is to be fixed in consultation with the principal committee of the National Assembly in accordance with the proposal of the advisory committee on unemployment benefit. This is designed to keep the Social Democrats from forcing an increase of Government liabilities under the National Insurance, for if they insisted upon greater liberality in this direction a further increase of the merchandise turnover tax would be necessary to cover the extra demands of the National Insurance Department. For the time being, however, the merchandise turnover tax will no doubt be doubled. The question of covering the deficit on the Federal Railways has not yet been solved. The Government declares that it is impossible to take the whole of the deficits of 1930 and 1931 into the Budget for the year 1932. In addition to the deficit for 1930, amounting to 54 millions, and interest thereon of 2.5 millions, half the deficit of the Federal Railways for 1931, amounting to 40 millions, is to be covered. The remainder is to be left for liquidation in the Budget of the year 1933. At the same time, both the Government and the Minister of Finance admit that the continued decline in traffic will inevitably lead to a deficit on the year 1932. From the loan which is hoped for, 54 millions is to be allocated to investment renewals which have already been executed or ordered by the railways. The position of national insurance is desperate. In the first Budget for the year 1932 it was calculated that the average of unemployment would figure at 250,000 schillings, whereas, in consequence of the increased severity of the economic crisis, the figure will be 323,500. The result is that an additional expenditure of 71.6 million schillings and a further expenditure of 9 millions, due to the altered distribution of the burden between the State and the Federal countries, will have to be reckoned with. All this extra expenditure on social services is to be covered by an increase in the merchandise turnover tax. In view of the storm of protest from economic circles the further increase of taxation which was contemplated has been abandoned. The duty on colonial goods and spices is the only one to be seriously augmented, and from this a supplementary revenue of 12.5 million schillings is expected. For the agreement which is to be made with the creditors of the Credit Anstalt a sum of 5 million schillings is provided in the Budget. Postal fees are to be greatly increased.

Hungary's Agricultural Moratorium.—Our Budapest correspondent writes:—Parliament has been adjourned until October 26th, but the Emergency Committee, composed of 33 members of both Houses, called into life a year ago to act as an advisory body in financial matters to discuss the proposed ordinances of the Government, will meet during the summer recess, whenever circumstances demand it. Since Parliament rose the Committee has voted a decree providing for a partial moratorium on all agricultural debts until November 1st. The agricultural *stillhalte* agreement, as it is called here, was the price the Government had to pay for a political truce from the rank and file of their own party. While there is a strong case for the temporary suspension of forced sales of agricultural estates, especially for smallholders, until a general debt settlement can be worked out with the foreign creditors, it cannot be denied that the partial moratorium for agriculturists—without complementary provision for commerce and industry primarily affected by it—is likely to force the country towards a general moratorium with all its attendant evils, unless the Government can present a businesslike scheme after the four months of grace have elapsed. With regard to the much-talked-of unilateral action for scaling down the intolerably high interest rates of both foreign and internal obligations, it is understood that the Government does not propose to do anything in July, but it will endeavour to get the assistance of one or more experts with international reputation to advise on the situation. In view of the complete cessation of transfer of foreign exchanges for the service of the external debt and the above-referred partial moratorium for internal debts, it is obvious that urgent action is necessary to avoid a general moratorium.

Iron and Steel Production in June.—According to the figures issued this week by the National Federation of Iron and Steel Manufacturers the number of blast furnaces in operation remains at 69, and production of pig iron, at 311,400 tons, continued in June on a fairly even keel. Steel production amounted to 459,800 tons, compared with 416,900 tons in May and 428,900 tons in June last year; the apparent increase is, however, discounted by the fact that Whitsun holidays occurred in June last year and in May this year, while it is understood that production would not have been maintained at this level but for Russian orders for plates and sections taken by some of the firms. The June output brings the pig iron production for the half-year to 1,932,800 tons and steel production to 2,683,100 tons. Pig iron production is at 38 per cent. of the 1913 rate and steel production at 70 per cent. The following table compares the production of pig iron and steel in the chief producing countries in the first half of 1932 and 1931; where the output figures for June are not yet available they have been assumed to be the same as in May:—

	Pig Iron.		Steel.	
	First Half of		First Half of	
	1931.	1932.	1931.	1932.
	(In thousands of tons.)			
United Kingdom	2,006.0	1,932.8	2,650.1	2,683.1
U.S.A.	11,105.3	5,326.0	15,258.6	7,779.5
Germany	3,291.6	2,068.0	4,545.2	3,007.5
France	4,391.5	2,765.5	4,094.3	2,702.0
Belgium	1,555.7	1,454.5	1,486.7	1,435.0
Luxemburg	1,026.2	920.0	998.7	924.5
Total	23,376.3	14,466.8	29,031.6	14,551.6

Imports of iron and steel in June amounted to 126,100 tons, the lowest figure reached since 1923, when the Ruhr occupation interfered with exports from the Continent. Imports for the first half-year amounted to 967,500 tons, compared with 1,276,900 tons last year, but part of this decline was due to the "forestalling" which took place in the later months of last year. Exports of iron and steel fell by 4,000 tons to 147,300 in June and the total exports for the first half-year amounted to 952,500 tons, compared with 999,200 tons in the corresponding period of 1931. Prices of Continental material, on a gold basis f.o.b. Antwerp, registered small declines during June. British prices were firm, but, in order to narrow the margin between British and Continental prices, concessions were granted on soft billets when ordered in quantity.

U.S.A. Wheat.—The Crop Reporting Board of the Bureau of Statistics of the United States Department of Commerce has issued its July estimates of the wheat crop. The figures are shown below, with comparable statistics for past years:—

Season	(Million bushels.)		
	Winter	Spring	Total.
(June-July).	Wheat.	Wheat.	
1927-28	578	336	914
1928-29	577	228	805
1929-30	601	246	857
1930-31	787	105	892
1931-32	432	305	737

It will be seen that the partial failure of the winter wheat crop has been largely made good by the high yield of the spring crop. The yield of the Canadian crop (Prairie Provinces) has been estimated at 478 million bushels, against 284 million bushels a year ago. The total North American crop is, therefore, expected to exceed last year's harvest by 89 million bushels. The United States oats crop has been estimated at 1,217 million bushels, against 1,112 million bushels a year ago. The maize harvest is expected to yield 2,996 million bushels an increase of 439 million bushels on last year. The estimate for barley, at 812 million bushels, shows an increase of 113 million bushels as compared with the actual yield in 1931.

American Cotton Crop.—At the end of last week the Department of Agriculture of the United States Government announced that the area under cotton cultivation on July 1st was 37,290,000 acres, a decrease of 9½ per cent. compared with a year ago, when the amount was 41,189,000 acres. The decrease in the acreage, writes our Manchester correspondent, was slightly larger than expected. It is impossible at this period of the year to form any idea as to the probable extent of the yield; for the crop will depend upon the weather in the belt during the next couple of months. Up to the end of last week there had been a period of excessive rains in the growing area, and some anxiety was felt as to damage to the plants from the boll weevil later on; but during the last few days better weather reports have been received, and the growth is now making more favourable progress. Since the crop for the season which is now ended was the second largest on record, namely, 17,000,000 bales, it is believed that the carryover will be 13,000,000 bales. Even should the new crop be of only moderate dimensions, heavy supplies are assured during the next twelve months.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — After Lausanne.

(FROM OUR CORRESPONDENT.)

GENEVA, July 13.

AFTER the first impression caused by the Hoover proposals there was something of a slump in the Conference proceedings. The only important sequel had been Italy's comprehensive acceptance. Then came the British Government's programme which, despite its effusive preamble, is a definite alternative so far as naval matters are concerned. It has not produced a deadlock, but the situation is not far short of that. The British effort has had a discouraging influence. For hopes of substantial reductions in number now, the British hold out hopes of reductions, not in numbers, but in size and gun calibre, five, eight or ten years hence.

It is difficult to see a bridge between the two plans. For that bridge to be found, two things must happen. The British Government must show a readiness to reduce numbers now, and the American Government a readiness to consider subsequent reductions in size. But that is not all. The Americans allowed it to be implied that in reducing capital ships by one-third, they may be ready not to replace the remaining units and thus allow the capital ship to die a natural death. The British Government wants the same number of capital ships at 25,000 tons instead of 35,000 tons, and so to perpetuate the big ship. Incidentally, they ignore completely one of the central political problems of the Conference by thus taking no account of Germany's demand for equality of rights. The British plan, as a supplement to substantial reduction in numbers somewhere near the proposed American levels, would be admirable, and would justify the otherwise unjustifiable claim that it goes further than America suggests.

On top of this discouraging position comes the Japanese refusal of the American plan, and an expression of preference for the British. It will be politically most unfortunate if we work in that partnership and in that direction. It is possible that Japan may wreck the American scheme anyhow, but if there were whole-hearted British determination to make something out of the American plan, it would be quite feasible, if Japan declined to come in, to go ahead and have a safeguarding clause if necessary to provide against possible contingencies. The controversy, however, will not be engaged yet, and present efforts are devoted to finding a resolution containing sufficient points of achievement to make an adjournment of the Conference respectable. This will probably take place in about a week or ten days.

Meanwhile, Turkey has accepted the invitation to join the League, and a resolution declaring her to be a member will be adopted by the Special Assembly next Monday. The Council meets in a day or two to consider the agreement regarding help to be given to Austria, and the invitation from the Lausanne Conference to summon a financial and economic conference at a convenient time and place. The Lausanne invitation is conceived in rather unusual terms; it reports that the Lausanne Conference decided to entrust the preliminary work to a committee of experts to which it asks the League to add other experts; it suggests that the Committee should "seek assistance from the Directors of the Economic and Financial sections of the Secretariat" of the League; and it adds that the British Government are prepared to enter into correspondence with the various Governments concerned in the appointment of members of the preliminary committee. This is a novel method to suggest to the League. It is customary for the League, when it organises a conference, to appoint its own committees, naturally to use its own officials, and to consult Governments through its own channels. If States members have any suggestions on the way this should be done, the Council is the proper place for them to make them; it is quite abnormal for one particular Government itself to offer its services to "enter into correspondence" with other Governments.

This is not purely a matter of courtesy or procedure, but one also of some political importance. The success of the Lausanne Conference has been hailed with enthusiasm everywhere, but there were some political tendencies, of which the invitation to the League is a manifestation, that will require watching. The apparent efforts—real or rumoured—to set up a consultative pact between the inviting Powers were conceived in a somewhat dangerous form of resemblance to a pre-war concert of Powers in Europe, and this tendency is reflected in the information transmitted to the League as to what the Powers have already done about a League Conference, and what the British Government itself further suggests it should undertake. It is curious also to note all omission of any idea that the International Labour Organisation—representative of employers, and workers, as well as Governments—should be asked to help in the preparatory work. That, also, is apparently not accidental, and on this, as on the other points, there may be some comment in the Council. It is well for the great and powerful States to give a lead, but it is late in the day to ignore the interests and views of others, which include the British Dominions. The Conference to be summoned by the League is not a European but a world conference, and the inviting Powers at Lausanne were not representative of world interests. The principle, however, is wider than in its relation to the projected conference, and if it is not checked in time it will create disorder and ill-feeling that will increase the difficulties of developing fruitful international co-operation.

One other result of Lausanne is that the delicate political questions there left aside will be transferred to Geneva both in the Disarmament Conference and in other respects. That is as it should be. But the Governments should understand that to deal with them successfully will require an even greater effort of concentration than was needed at Lausanne where, after all, the problem was to find a form in which a known fact could be recorded in agreement instead of in disagreement. The political problems left over are much more complicated and fundamental.

UNITED STATES.

Politics — Lausanne — Relief — Industry — Finance.

(FROM OUR CORRESPONDENT.)

NEW YORK, July 5.

ALTHOUGH Governor Roosevelt obviously was the strongest candidate before the Democratic convention, Wall Street was taken somewhat by surprise by his nomination. In the financial district the prevailing opinion is that, while Roosevelt has started well and has made a politically

clever speech of acceptance, his position will weaken as the campaign progresses. Roosevelt's candidacy is recognised, nevertheless, as dangerous to Republican success, and that recognition adds to the gloom in Wall Street, where sentiment is predominantly Republican.

Along with the anxieties of the election, the uncertainties at Lausanne are helping to keep markets stagnant; in fact, there is a large and apparently growing body of opinion in this country to the effect that important reductions in foreign debts must be faced by this country, and there is much sentiment in favour of an offer from here. At the same time, politicians fear that it will cost them votes to take such a stand, and the Democratic platform is made up with a "no cancellation" plank. That by no means closes the door to large concessions, but it may make the matter more difficult if Congressional candidates stress the point in their campaigning. On the other hand, there is some expectation that President Hoover may take a strong stand in favour of help for Europe before election day.

In Wall Street, at least, the point is stressed that Europe is making a mistake to appeal for reduction or cancellation in this country on the basis that sacrifices here should equal those on the other side. It is felt that the chance of a genuine sacrifice on the part of the American taxpayer would be much more likely if nothing more were said on that score. Such proposals are immediately countered with the purposely rigid attitude that a debt is a debt, and that reparations are Europe's business. Some such sentiment has been voiced by ex-President Coolidge in a recent magazine article, and the effect is felt to be unfortunate. Yet, more than most observers far removed from the scene suspect, the American public is coming to realise that its best interests lie in the direction of debt reduction or cancellation. After all, the added tax burden will not be particularly heavy, so long as attention is not called to it by politicians; and few would mind the taxes if only they could again do business on a profitable basis and draw wages. American aid in removal of the debt burdens is to be sought through the door of reviving American trade. For that reason Wall Street leaders feel that a great deal would be accomplished by the drawing up of some plan at Lausanne independent of what America might do.

Congress has joined issue with the Administration over a Relief Bill. No great difference in viewpoint exists, and the measure to provide two or three hundred millions for direct State relief, about as much more for "unproductive" public works, and some \$1,500 millions for lending to private enterprise through the Reconstruction Finance Corporation will probably be adopted. The chief difficulty lies in minor points of administration, but it is fairly certain that the Federal Treasury will have to find \$2,000 millions or so for loans and gifts.

Meanwhile the statistics of trade show the effects of seasonal slackening superimposed on continued deepening of the depression. The steel industry is now down to 10 or 12 per cent. of capacity, due in part to closings over the July 4th holiday, and railroad traffic has declined further. Industrial company reports for the first six months or second quarter have not yet appeared, but are bound to be poor. Oil companies have been doing better, but mining concerns, steel mills, motor factories, companies engaged in building construction, farm implements, railroad supplies and most manufacturing enterprise will be able to show little net profit. Pig iron operations are probably the lowest in history, and steel output is the smallest since 1896.

The mid-year report of the Federal Treasury shows a deficit for the fiscal year ended June 30th of \$2,885,000,000, against \$903,000,000 for 1931. Gross debt increased by \$2,686 millions. Total receipts were \$2,121 millions, a drop of \$1,196 for the year, and expenditures chargeable against ordinary receipts were \$5,006 millions, or \$786 millions larger than in 1931. The 1932 deficit proves to have been \$762 millions larger than the Treasury's estimate in its annual report. The discrepancy came about largely in the Federal Government's loans to the Reconstruction Finance Corporation

and the Federal Land Banks. Other expenditures were \$100 millions under estimates, and the ordinary receipts were only \$238 millions less than the estimates.

While the actual balance for the 1933 budget will depend on receipts which are not likely to materialise in full, including payment of the inter-Allied debts, and a volume of trade at least equal to that of the past year, a sales tax remains a possible means of increasing revenues and one which the Congress, which meets in December, may have to consider. R.F.C. loans continue on a somewhat larger scale, and obviously the policy of allowing such loans to increase can be justified only on the belief that the depression will subside before long, and that it is only necessary to maintain buoyancy among the banks and railroads until that time.

Federal Reserve cheap money policy is unshaken, and the week's expansion in Reserve Bank credit was \$58 millions, accomplished by the purchase of \$71 millions in Government bonds. The effect was largely lost through an expansion of \$144 millions in currency, which is now \$808 millions greater than a year ago, the week's rise being due to the Chicago banking troubles. Monetary gold stock rose \$3 millions, and the week's shipment of \$17 millions came from earmarked stocks, going to France, Switzerland and Belgium, and imports coming from Canada to the extent of \$2.6 millions. Member bank loans and investments continue to drop, but less rapidly. Deflation for the last week of June in loans and investments for reporting member banks in leading cities (40 per cent. of the banking resources of the country) was \$65 millions, entirely in the Chicago district.

FRANCE.

Politics — Budget — Lausanne — Prices.

(FROM OUR CORRESPONDENT.)

PARIS, July 13.

THE sharp divergences of opinion between Radicals and Socialists, in regard to the Herriot Government's proposals for bringing about a balanced budget, may have interesting consequences. The Socialist Parliamentary Party yesterday morning voted solidly against the Herriot Ministry. The vote is regarded by all shades of opinion as marking a definite break between Radicals and Socialists, and as a rupture of the Cartel; and this, as M. Léon Blum mournfully remarked, "within a bare two months of our electoral victories."

The crucial issue during the debate was one concerning national defence—the suppression of the annual training of reservists and the customary large-scale army manoeuvres—which reduced the whole problem of the inherent incompatibility of the respective basic doctrines of the Socialist and Radical Parties to a remarkably clear-cut and simple test, of which the result was a foregone conclusion. For a few minutes, however, the fate of the Government trembled in the balance. Unless aid were forthcoming from the Opposition ranks on its right, the Ministry was doomed. M. Paul Reynaud, a former Finance Minister, declared that no help must be expected from his group, as the Government had abandoned most of their proposals for economy, for which reason they proposed to abstain from voting, in the hope that the Senate would right the situation in this respect. M. Flandin (Finance Minister in the Tardieu Cabinets), however, in a speech which made a marked impression on the House, took the whole question into a higher level. The time had passed for party warfare, he said, and the moment had come from the union of all good wills. In view of the serious general situation, he and his friends had decided to give the Government their support in regard to the finance proposals. After a rather confusing speech from the leader of the more socialisant section of the Radical Party, M. Herriot promptly put the question of confidence, and the Government proposals were adopted by 360 votes to 172, with 125 abstentions. The latter included the whole 42 votes of M. Tardieu's new "Central Republican" group, and 41 of the Marin Nationalists.

Exactly what the immediate outcome of this unexpectedly speedy collapse of the Cartel will be is not yet clear. The Chambers will rise for the summer recess as soon as the Emergency Finance Bill has been approved by both Houses, which it is practically certain to be by Monday next at the latest. This will give nearly three months for calm reflection. The general feeling seems to be that the end of October or early in November, when the 1933 budget will have to be taken in hand, will see a coalition of most of the Centre groups, which will assure the future of a strong Ministry of Concentration, led by the present Premier.

The Emergency Finance Bill, nevertheless, has emerged from the battle with sadly diminished value. The Finance and Budget Ministers based their original proposals on the necessity for securing, by a combination of economies and fresh revenue, some 6,000,000,000 francs, urgently needed to cancel out the existing deficit, to help towards extinguishing further expected shortages, and to place the Treasury on an easier footing. The revolt of the Socialists and advanced Radicals against the original proposals, as soon as they were made public, resulted in a hasty recasting of the whole plan before it was presented to the Chambers. The Socialist and advanced Radical members of the Finance Commission insisted on still further far-reaching modifications, many of which the Government accepted. Other important changes were effected during the "urgency" debate on the measure. The result of all this is shown by the following figures (in millions of francs):—

	1932.	1933.
Initial proposals of the Government	918	4,060
Estimated totals as reported after Finance Commission's First Reading	299	2,357
Estimated totals as reported after Commission's Second Reading	663	2,880
Text voted by the Chamber	333	2,570

The thorny question of a 5 per cent. cut in Civil Service pay was avoided by the rejection of the proposal, except as regards the salaries of the President of the Republic and of Ministers. The proposed reduction in the pay of senators and deputies has been replaced by a cut of 5 per cent. in the credits to meet the administrative expenses of the two Houses. During the Chamber debate M. de Lasteyrie, M. Poincaré's Finance Minister, urged, amid general approval, that the whole question of administrative reform should be taken in hand in earnest, and that, instead of reductions in Civil Service pay, there should be a substantial cutting down of the number of public servants, in view of the heavy over-staffing of certain departments. This is also the view of many experts who are themselves in public employ, and who suggest the setting up of a permanent commission to take the work in hand, with a view to increased yield and greater efficiency.

The urgent question of the moment is as to how the remainder of the money required to balance the Budget is to be found. It is now considered probable that an early issue of 1,000,000,000 francs Treasury Bonds will be necessary. The situation in this respect may be gauged from the fact that, according to the Finance Minister, M. Germain-Martin, when the Government came into office in



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SURPLUS
and
UNDIVIDED
PROFITS
\$205,444,512.77

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Offices in
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including

Domestic and Foreign Offices

Condensed Statement of Condition as of June 30, 1932.

ASSETS		
Cash in Vault and in Federal Reserve Bank	\$180,581,711.67	
Due from Banks and Bankers	121,737,827.46	
		\$302,319,539.13
Loans, Discounts and Bankers' Acceptances		696,620,610.13
United States Government Bonds and Certificates	\$253,201,185.70	
State and Municipal Bonds	21,701,593.02	
Stock in Federal Reserve Bank	6,600,000.00	
Other Bonds and Securities	105,340,840.38	
		386,843,619.10
Ownership of:		
International Banking Corporation		8,000,000.00
Bank Buildings		61,122,307.90
Items in Transit with Branches		6,473,867.45
Customers' Liability Account of Acceptances		99,186,454.02
Other Assets		7,107,270.65
TOTAL		\$1,567,673,668.38
LIABILITIES		
Capital	\$124,000,000.00	
Surplus	76,000,000.00	
Undivided Profits	5,444,512.77	
		\$205,444,512.77
Reserves for:		
Contingencies		\$31,253,258.98
Unearned Discount and Other Unearned Income		2,455,115.61
Interest, Taxes, Other Accrued Expenses, &c.		6,913,168.47
Dividend Payable July 1, 1932		3,100,000.00
Liability as Acceptor, Endorser or Maker on Acceptances and Bills		104,241,020.25
Deposits		1,214,266,592.30
TOTAL		\$1,567,673,668.38

Figures of Foreign Offices which are included herein are as of June 25, 1932.

May the Treasury's available funds totalled 70,000,000 francs, and it had need of 2,000,000,000 francs to meet requirements for June. The Rente conversion plan is now likely to be applied as soon as the holidays are over, but it is already evident that this will not materially improve the general situation, and it appears probable that, in the end, a solution will be found in the time-honoured form of a large internal loan issue. A huge lottery for the benefit of the Budget is again being suggested in various unofficial quarters.

The decisions arrived at by the Lausanne Conference have been received by French opinion with satisfaction. This is due to some extent to the fact that, in the view of Paris, M. Herriot—although the French delegates were completely isolated when the Conference began—was eventually able to win both Mr MacDonald and Signor Grandi round to his thesis, and to bring about what is regarded here as an effective revival of the *entente cordiale*. What is looked upon as immensely more important, however, is that French hopes that Lausanne could be transformed into a prelude to eventual negotiations with Washington, for the wiping out of European debts to America, have become an accomplished fact. The French leaders long ago, for all practical purposes, renounced all hope of recovering any further substantial sum from Germany, and focussed their attention primarily on the problem of how Germany's default could best be utilised as a factor for securing them relief from their American creditor. This aspect of the matter, much more than any serious expectation of ultimately benefiting from such deferred payments as Germany might be induced to agree to, was the real motive for adopting the policy of Lausanne of urging that, in form at least, reparation payments should not be completely wiped out. The reason is simple. Now that the Young Plan has followed its predecessors into oblivion, the doctrine which it embodied, and which inseparably bound up German reparation payments with American claims against Europe, has also disappeared; so that any complete cancelling of the German debt prior to an arrangement between Washington and its European debtors would place the latter in a defenceless position. The Lausanne decisions have furnished Europe with a weapon—in the form of a united front and the "gentlemen's agreement"—that will enable her delegates to meet their creditor on much better terms than would otherwise have been the case. Lausanne, in short, from the French point of view, will enable Europe to argue without fear of retort that, if America is not prepared to sacrifice something to restore world prosperity, she need not expect Europe foolishly to make a one-sided sacrifice that would leave both the Old World and the New in the same hopeless situation as at present.

The unweighted index of wholesale prices at the end of June is announced by the Statistique Générale to-day as 408 (1914 = 100), against 421 in May, 477 in June last year and a mean of 543 in 1929. The index for French products is 475, a drop of 17 on the month and of 64 since June last year. The figure for imported products is 287, against 294 in the previous month and 365 in June, 1931.

GERMANY.

Lausanne — Trade Policy — Reichsbank.

(FROM OUR CORRESPONDENT.)

BERLIN, July 12.

THE German public has not received the results of the Lausanne Conference with satisfaction. The Social-Democrats and the relics of the bourgeois Left do, however, recognise that Lausanne represents a great advance on the Young Plan, as witness the following passage from *Vorwärts*:—

"Herr von Papen, who went to Lausanne to secure a victory for the policy of 'national concentration' has returned with a fine result of the policy of fulfillment. Lausanne was to be a parting of the ways. It has, however, become a milestone on the long and difficult road which led from Versailles through London to Locarno and The Hague and which is marked by the monuments of Erzberger and Rathenau. . . . On the whole, the policy of reason has been victorious at Lausanne over unreason. The defeat

of unreason is signalled by the tremendous uproar it is raising in the press of the Right, against the German delegation."

The most severe attacks on the Government come from the National Socialists. Their leader in Berlin, Dr. Goebbels, declared at a large public meeting:—

"And now for the most terrible thing of all: a representative of this Cabinet has negotiated at Lausanne in our name, the name of national Germany. This representative did not consider it necessary to announce openly to the world before the conference: 'We will pay no more because we cannot pay any more, and because we do not wish to pay any more. We have paid enough. We wish to see Germany cleared of the slur of War guilt: and if the world resists this demand we will declare the Versailles Treaty null and void.'"

On the same day Hitler stated:—"The agreement which has to-day laid a burden of three milliards on Germany will in six months not be worth three marks."

The Nationalists are rather milder in their utterances, but they are keeping the way open for an alliance with the National Socialists. As to the Centre, Dr. Brüning, in his election speech at Breslau on Sunday, severely criticised the new Government and spoke with great disappointment of their foreign policy. There is, however, little doubt that the Centre will ultimately support the Lausanne agreement if it is laid before the new Reichstag. That it will not be easy to secure ratification is clear from the simple fact that in all human probability the National Socialists and the Communists together will not be far from having a majority in the new Reichstag. But ratification is no urgent necessity for the time being; it will certainly not become pressing before the beginning of next year, and by then many changes in domestic politics may have occurred.

German trade policy has recently taken further steps in the direction of intensified protectionism. When the tariff was drawn up in 1925, autonomous duties of Rm. 6 per 700 kilos on lard and Rm. 14 per 200 kilos on bacon was introduced. In order to keep a free hand for future increases rates of 14 and 20 marks were specified in the trade treaties. The modified "intermediate duties" have now suddenly been raised by decree, which means a heavy burden on the consumer and a blow to the export industries of several countries. Not only this, but the treaty with Sweden has been denounced. True, the bacon and lard duties were only of secondary consideration, though it is admittedly intended to raise them still higher; the primary consideration was the duty on sawn timber. When Germany wished to raise the duties on round softwood logs in June, it appeared that this was only possible to a very limited extent, because otherwise the German sawmill industry would have been injured by a corresponding increase in the import of sawn timber. In order to avoid this result without forgoing the increase in the duties on rough timber, it is now intended to abolish the restrictions on the duties on sawn logs contained in the Swedish-German trade treaty, and to that end the treaty has been denounced, although Germany's trade balance with Sweden is very favourable. In addition, the potato duties have been raised from Rm. 2 to Rm. 4 per 200 kilos, and the import of early potatoes is limited to 70 per cent. of last year's amount. The Reichslandbund, the largest farmers' organisation, is demanding a tax on margarine, on the ground that it is made principally of foreign raw materials and with the intention of aiming a blow at the most formidable competitor of German butter.

While the reduction in the number of unemployed during the first half of June was only 13,915, against 53,000 last year, it was unusually great in the second half of the month and amounted to 93,000 and 46,000 last year. The total number of unemployed at June 30th was 5,457,000, against 8,958,000 a year ago. The improvement in the second half of June was due to a belated seasonal movement in agriculture and to an improvement in certain sections of the textile industry.

The Stock Exchange and a section of the financial press expect a reduction in discount rate as one of the first consequences of the Lausanne agreement. The Reichsbank law requiring a gold and exchange cover of over 40 per cent. as a condition of the reduction of bank rate below 5 per cent. is part of the Young Plan and therefore cannot be set aside by a German law or by emergency

decree. Not until the Lausanne agreement is ratified will the German legislative recover a free hand. It is, however, believed in influential quarters that Germany could now, after the Lausanne agreement, secure the consent of the presidents of the foreign banks of issue, which is provided for in the Young Plan, for a change in the Reichsbank law. Dr. Luther raised this question at the last meeting of the B.I.S., but it is not yet known with what result. Even if no opposition is forthcoming from abroad, however, it is doubtful whether Germany would do wisely to alter the law and reduce the discount rate at present. In spite of the very strict exchange regulations, the interest rates obtaining in Germany are not wholly without influence on the movements of funds to and from Germany, so that it is possible that the already very scanty gold reserve might be further reduced by a large fall in the discount rate. Also, the demands on the Reichsbank by domestic borrowers are still very great, and constitute another argument against reduction. On June 30, 1932, the Reichsbank had Rm. 3,100 million rediscounted bills, against 2,579 million a year before, in spite of the contraction in economic activity which took place in the meantime. Further, the average yield on most German rentes is still nearly 10 per cent. A further artificial reduction in short-term money rates would make the spread between money market and capital market rates excessive. In spite of these considerations, the Reichsbank brought about a reduction in the private discount rate from 4½ to 4¼ per cent. on July 11th, and the Stock Exchange is counting on an early reduction in discount rate to 4 per cent. Ex-Finance Minister Dietrich, in a recent political speech, even demanded a reduction to 3 per cent.

ITALY.

Growth of Corporate System — Railways and Roads — Gas — SIP.

(FROM OUR CORRESPONDENT.)

TURIN, July 4.

At a Ferrara corporate congress recently a few voices were heard advocating the vesting of all capital ownership in a body on which savers, capitalists, employers, technicians and workers should be represented. These prophets were howled down as Bolsheviks, and the overwhelming majority reiterated a profession of faith in the Labour Charter, which recognises individual initiative under State control. Intervention by the State is increasing daily, and is signalled by a systematic recourse to intermediate agencies between State and individuals. Workmen's insurance against accidents will be administered through a unified body, acting through existing or new organisations or syndicates. A new silk corporation is to be created, according to Signor Bottai. Its character is not very clear; separate syndicates for employers and employees will continue to exist, and the corporation will be a body representative of both, with functions of education and control which are now exercised by Government departments. Syndicates will pay the recently instituted premium of 1 lira per kg. of cocoons produced, a premium which will cost the Treasury some 30 million lire. The crisis is acute in the silk industry, and at the present cocoons price of 4 lire per kg. many spinners dare not buy.

There is some resistance to this gradual dispossession of public departments from their time-honoured functions, especially as frequently there is the risk that the control of expenditure of public money will be weakened by such a procedure. Anxiety is sometimes visible in parliamentary reports about the consequences of the growth of numerous intermediate bodies, such as syndicates, semi-public institutions, joint-stock companies whose sole shareholder is the State, and whose accounts are not subject to the same degree of revision as the usual State accounts. In a recent report (Senate, 1176-A), Senator Mayer said that the probable losses of the Liquidations Institute could be estimated at 5,429 million lire, to be paid by taxpayers before 1940.

The crisis and the competition of motor cars are playing havoc with the revenue of the State railways, and a sum of 200 million lire is to be paid from the Treasury to the railways, in order to balance the 1931-32 accounts. The State railways appear to be active in devising remedies. As motor-car competition extends from short to long distances, drastic reductions for goods are granted, up to 70 per cent. for shorter hauls. To single firms reductions are granted provided that at least 400 tons per semester are loaded. Terminal charges are also being drastically reduced.

Senator Frassati convened on June 30th the shareholders of the Italgas Company, the biggest gas-holding company of Italy, whose lamentable story is already known, to hear the results of this liquidation. The gist of the matter is that 883.2 million lire must be deemed lost in consequence of the speculative adventures of past administrations. After charging 149.2 millions of it to the various reserve funds, the remaining 234 millions loss must be debited to capital, which is thus reduced from 260 to 26 millions (i.e., from 100 to 10 lire per share, a remarkable fall from the 800 lire quotations of halcyon days). The capital will again be increased to 260 millions, by a share issue already guaranteed, to be offered at par to old shareholders. At the meeting of SIP, a big electric and telephone company, it was stated that the company owns plants with a yearly output capacity of 1,850 million kwh. of continuous energy and of 339 million kwh. of seasonal energy. During 1931, the production was limited to 1,245 and 47 million kwh. respectively, with a probable loss of some 100 million lire net revenue. The telephone plants were similarly used up to only 70 per cent. of their capacity, against a normal 90 per cent., thus entailing another loss of 50 million lire net revenue. The broadcasting monopoly, which is also vested in SIP, is as yet far from giving good results; subscribers represent only 0.5 per hundred population, against 2 in Switzerland, 4.50 in Germany, and 6.70 in England. The accounts close with a net profit, but with practically no provision for depreciation, only 8.2 million lire being set aside on a 847 million lire capital and 138 millions reserves, and with heavily overdrawn banking accounts of about 400 million lire. Directors state that a settlement is sought to fund this enormous floating debt, thus paving the way to resume the payment of dividends to shareholders as soon as the worst of the crisis is over.

HOLLAND.

Belgian Treaty — Money — Capital Issues.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, July 5.

THE convention recently initialled between the Netherlands and Belgium at Ouchy, aiming at the gradual and reciprocal reduction of import duties, has been greeted with all-round approval. The operation of the convention, however, seems likely to involve some difficulties. In the Netherlands we have an *ad valorem* tariff, whereas the Belgian duties are specific. In addition, Holland has always striven for the inclusion of general and unconditional most-favoured-nation terms in all negotiations for commercial treaties. If, now, certain privileges are accorded to Belgium with regard to the levying of import duties, other countries with which we have most-favoured-nation treaties can lay claim to the same privileges on the strength of that clause without the slightest reciprocal concession. This, of course, is not the object of the treaty proposed between the Netherlands and Belgium, which is based essentially on the principles of reciprocity. When, therefore, the treaty of Ouchy becomes operative it will be necessary for the Netherlands and Belgium to approach all countries enjoying most-favoured-nation terms with them, and to inquire whether they are prepared to regard the Ouchy convention as an exception to the most-favoured-nation arrangements.

The Amsterdam money and capital market continues to display a remarkable trend. The money market is exceedingly liquid, so that private discount rates range from

$\frac{1}{2}$ to $\frac{3}{4}$ per cent. In view of the Netherlands Bank's official discount rate of $2\frac{1}{4}$ per cent., it appears likely that Dr. Trip, the President, will shortly follow the example set by New York and London, and decide upon a further reduction in Bank rate here, especially as the position of the guilder is exceptionally strong. The circulation of banknotes is now covered by gold to the extent of over 100 per cent.; in addition, private banks in the Netherlands are in possession of large stocks of gold.

The great liquidity of the money market is also expressed in the rates for prolongations. During June prolongation rates averaged 1 per cent., as compared with 1.06 per cent. in June, 1931. For the second quarter of the year the average was 1.02 per cent., as compared with 1.89 per cent. for the corresponding quarter of 1931. Balances with the Netherlands Bank bearing no interest have risen to 247 million guilders. The remarkable thing is that, despite such abundant supplies on the money market, the rates on the capital market still show a rising tendency. The 5 per cent. class has apparently been pretty well abolished for municipal loans; the last flotations at $5\frac{1}{2}$ per cent. were in vain, and the municipality of Groningen is evidently considering the possibility that 6 per cent. will be demanded for a new loan. The fact that the two 1932 State loans were issued at par at 5 per cent. interest has not made it easy for borrowers of smaller standing.

The issues floated during the first half-year on the Amsterdam market, totalling 245 million guilders, are not far behind the total for the corresponding period of 1931, when issues aggregated 264 million guilders. Of this year's figure, however, no less than 200 millions were absorbed by Netherlands State loans. The remaining borrowers accounted for only 45 million guilders, which is less than half of the amount taken in the same period last year. In the course of last month issues to a total of 102 million guilders were offered for subscription, but 100 million guilders of this were for account of the State.

FINLAND.

Short-term Debt — Money — Trade — Unemployment.
(FROM OUR CORRESPONDENT.)

HELSINGFORS, June 30.

THE money market was quiet in May and June, with a slight tendency to become more stringent. This is partly a consequence of customary seasonal fluctuations, but is principally due to the international confidence crisis, for owing to the continued nervousness of the lending countries, Finland has been obliged to reduce her short-term foreign credits at a rapid pace. While these usually grow appreciably during the spring, their amount, calculated at par, has been reduced this year by over 300 million marks. Finland's net short-term foreign indebtedness, which was estimated to amount to 3,100 million marks at the end of 1929, has thus dropped to below 900 millions. At the same time the annuities on the country's foreign bond loans have been paid in the usual way. This reduction in the foreign indebtedness of the country has only been possible thanks to the satisfactory balance of trade, which would have caused a considerable relaxation of the money market under normal conditions.

Deposits of the joint stock banks were reduced in May by 104.1 million marks, in comparison with only 17.8 millions in May, 1931, while credits fell by 110.5 as compared with 10.6 millions in the previous year. At the end of May the total credits of the joint stock banks amounted to 8,463.1 million marks, compared with 9,120.8 millions one year and 9,535.8 millions two years before. In other respects the changes in the balance sheets of the joint stock banks were very slight during May. Their borrowing from the Bank of Finland was practically unchanged at 147.1 million marks in comparison with 492.8 millions at the end of 1931, while their net foreign balances dropped 5.2 million marks to 20.4 millions compared with a net indebtedness of 151.1 millions a year ago. All the private financial institutions lowered their

rates on deposits and credits by $\frac{1}{4}$ per cent. on May 1st and again on July 1st.

The position of the Bank of Finland has changed little. In May the reserve of foreign currency was reduced by 48.1 million marks, and during the first three weeks in June by a further 53.9 millions. On June 22nd, therefore, the reserve of foreign currency, excluding the foreign credit, amounted to 400.5 million marks, as against 554.8 millions at the end of March, before the last decrease started. In spite of this the note reserve has remained more or less unchanged at a little over 600 million marks, compared with only about 300 millions at the end of last year. The ordinary cover for the notes amounted at the end of May to 61.6 per cent. of all liabilities payable on demand.

The brightest point in the economic position of Finland is the continued favourable balance of trade. Imports for the whole period January-May was in volume about 21 per cent. less than last year, while the volume of exports increased about 12 per cent. In May imports were fairly large; their value amounted to 811 million marks, compared with only 223 millions in April, but 329 millions in May, 1931. Exports amounted to 826 million marks, against 291 millions in April and 359 millions in May, 1931. While the surplus of exports for January-May last year was no larger than 27 million marks, the corresponding figure this year was 376 millions.

Unemployment, though greater than it has been in Finland for a long time, is fairly moderate in comparison with the large industrial countries. The number of unemployed reached its highest point during the winter at about 90,000 but has now dropped to about 53,000. It is to be expected, however, that this is chiefly a temporary seasonal improvement and that, with the approach of winter, the number will rise again to its former level, unless general economic conditions take a turn for the better before that. To cope with the unemployment problem next autumn and during 1933 a Government Commission has just worked out a plan for special public works of various kinds to be carried out for account of the Government or with State aid. The cost is estimated at about 500 million marks. This amount is to be covered partly out of the new spirit taxes and partly by means of economies effected in current Government expenditure, but chiefly by means of internal loans.

CANADA.

**Crops — Business — Trade — Ottawa Conference —
The Meeting of Cotton Interests.**
(FROM OUR CORRESPONDENT.)

OTTAWA, June 27.

THE trend of all the crop reports available is that there is a great improvement in conditions as compared with the same date a year ago. Export demand for wheat showed some improvement in the month of June, but prices still remain deplorably low. Moreover, there are rumours abroad at Winnipeg that the Government, though its representative, Mr John MacFarland, who is charged with the disposal of the stocks held by the Wheat Pools, has been supporting the market to a very substantial extent.

There is little change to record in the general business situation. The car-loading figure for the week ending June 18th, at 44,787 cars, shows a gain of 1,051 cars over the figure for the previous week, but is 7,618 cars below the figure for the corresponding week of 1931. Retail trade has been stimulated by the advent of warm weather, but wholesale trade is below the volume of a year ago and merchants are only buying in small lots. There is not available this spring the usual impetus to business from new construction work, owing to the fact that the index for building materials had fallen in May to 79.09, compared with the peak figure of 144.7 in 1920. Building permits in May, issued in sixty-one Canadian cities, had a value of \$5,289,500, as compared with a value of \$12,155,800 in May, 1931. The only factories which are

really busy are the textile mills and the boot and shoe establishments. There has been a slight increase in the production of motor cars, but the furniture and agricultural implement plants are very dull, and the metal trades are short of orders.

In the worst plight of all are the iron and steel plants, and the production of pig iron in Canada during May only amounted to 13,339 tons, as compared with the April total of 16,898 tons; the production of steel ingots and steel castings in May was 29,239 tons, as compared with 36,030 tons in April and 75,235 tons in May, 1931. The Algoma Steel Company, which has its plant at Sault Ste. Marie, and is a subsidiary of the Lake Superior Corporation, has just gone into voluntary liquidation following its default on its first mortgage bonds.

The difficulties of the lumber industry have been increased by the new American duties, which are almost prohibitive in their effects; the markets of the Antipodes and the Orient are not extensive at the present time, and the lumbermen of British Columbia feel that their best hope is in getting a larger share of the British market. A delegation of the British Columbia lumbermen, headed by Dr. Tolmie, the Provincial Premier, has descended upon Ottawa to urge the Bennett Government to insist that the British Government put in force preferences, and embargoes on Russian lumber, which will open the British market for Canadian timber. No daylight is visible for the newsprint industry; the shipments from Canadian mills in May amounted to 172,954 tons, which was 29,326 tons less than the figure for May, 1931.

One of the few bright spots in the Canadian economic situation is the steady increase of the output of gold, and it is now reasonably certain that the total production for the year will have a value in excess of sixty million dollars, as compared with a value of 55½ millions for 1931. The production of the base metals is being held down by low prices and lack of demand.

The foreign trade figures for May were an improvement upon those of April, but were again disappointing, and read as follows, comparative figures for May, 1931, being appended:—

	May, 1931.	May, 1932.
	\$	\$
Imports	73,457,404	44,361,312
Exports (domestic)	59,833,245	40,594,404
Exports (foreign)	1,011,742	807,895
Total	134,302,391	85,763,611

The aggregate decline is about 35 per cent., but as imports have declined by 29 millions as against a shrinkage of 19 millions in exports, the adverse trade balance for the month was reduced to less than three million dollars as compared with an adverse balance of more than twelve millions for May, 1931. Wheat was responsible for nearly half the decrease in export values, but the exports of flour were well maintained; the exports of meat were more than double, and there was a substantial increase in copper exports. Other commodities which showed a decrease were newsprint, lumber and nickel.

Preparations for the Imperial Conference are still going busily ahead at Ottawa, and this week the Cabinet, some of whose members have been on holiday, have practically all reassembled in the capital and will hold daily meetings for the next week to examine the data which have been collected by different committees, and to discuss plans and policies in connection with the Conference. Unfortunately, a preliminary conference at Montreal between the representatives of the British and Canadian cotton industries, which was designed as a sort of curtain-raiser for the main conferences, has had very disappointing results. The Lancashire delegates proposals aimed at an increase of 120 million yards of cotton cloth in their Canadian sales by tariff readjustments, but the Canadians could not contemplate concessions which would have given

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them more than 16 per cent. of this amount, and practically all of this was to be accomplished by diverting business which is now enjoyed by other countries. At the close of the conference each of the parties issued a separate press statement giving its account of the proceedings and explaining its situation. However, Mr J. H. Grey, the head of the Lancashire delegation, supplemented this with a personal statement in which certain observations caused great offence to the Canadians, and as a result the Canadian delegation sent to the press a rejoinder couched in severely critical terms. So the cotton conference has left rather an aroma of discord behind, and it is quite plain that if British cotton goods are to get any worthwhile concessions at the Conference, the Bennett Government will have to make them of its own accord, and in the face of opposition from the manufacturers.

ARGENTINA.

Budget — Loans — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, June 21.

THE 1932 budget is now practically sanctioned by both Chambers with a total expenditure of something like \$886,000,000 paper, of which some \$300,000,000 corresponds to the service of the public debt, including provision for the additional charge brought about by depreciated exchange. Exact statistics are not at the moment obtainable, and there are still a few points upon which the Senate and the Chamber of Deputies do not see eye to eye. The main body of taxation is, however, fully authorised, including income tax, death duties on an increased scale, the tax on transactions, and the additional import dues as imposed by the Provisional Government.

By dint of hard work and widespread propaganda the Junta responsible for raising the Patriotic Loan has obtained in one form or in another an amount of approximately \$135,000,000 paper; of this sum \$90,000,000 paper appears to have been actually paid up, while the balance will presumably be met in due course by subscribers. It is impossible to write with greater exactitude, as the published statements do not make it very clear how much cash has been received, and allowance has also to be made for the various offers by firms and individuals who are creditors of the State and willing to accept bonds of the new loan in settlement of their accounts. It is announced that very shortly the whole of the first \$100,000,000 paper in bonds of the first series lodged or discounted with the Conversion Office will be withdrawn, and the second series is about to be put out for subscription, though presumably this too will be treated in the same way as the first series and discounted with the Conversion Office. Whether the second \$100,000,000 will be covered by public subscription is hard to say. Possibly the bulk of it can be placed with creditors of the State, but it is more than likely that

institutions known to have important credit balances at their disposal will be directly approached, and that in a manner that will make refusal difficult.

Beyond this second \$100,000,000 there seems little reasonable possibility of local funds being forthcoming. Moreover, there is the grave danger that when bonds of the first and second series are offered for sale in the open market the price registered will be much below the issue price of 90 per cent. Argentina must nevertheless be given credit for a whole-hearted attempt to supply her urgent financial needs from her own resources, and if in the long run the balance of the \$500,000,000 is found by rediscounting the bonds with the Conversion Office it is reasonable to assume that the credit of the nation will be strong enough to stand the strain on the currency without seriously depreciating the purchasing value of the Argentine paper dollar.

Strict control of all foreign remittances, though detrimental in many ways to import trade, is unquestionably helping to build up a favourable balance, notwithstanding the severe handicap caused by the steady fall in value of all Argentina's exportable commodities. For the first five months of 1932 the total in tons exported was 8,171,650, as against 7,254,012 tons for the first five months of 1931, while the value was \$285,101,565 gold, as against \$274,613,031 gold. Prices unfortunately are most depressing. Wheat in Buenos Aires for prompt shipment is to-day \$6.30 paper per 100 kilos, as against \$7.10 at the beginning of the month. Maize at \$4.55 is some 30 cents down, while linseed has for over a month pasts stood at what is considered the bedrock quotation of \$8.70. Meat, wool and hides are also at the lowest quotations known for very many years, and this position naturally reacts upon local financial conditions. Nevertheless, the financial position is not on the whole top-heavy. Producers are making next to no profit, but in the majority of cases they are still able to pay their way if given reasonable financial consideration; and that the local money market is strong enough to be able to do without incurring excessive danger.

Books and Publications.

BOOKS OF THE WEEK.

Labour in America.

MANY books, says Professor Cummins, have been written about various aspects of labour problems in America; but he has set out to view and to analyse the labour problem as a whole. The result is an impressive volume of over 850 pages,* within which is brought together a very large mass of material, old and new. Professor Cummins not only describes the history and working of the American trade union movement, from the "moderate" American Federation of Labour to the revolutionary Industrial Workers of the World and their successors, but also sets out to analyse the attitude of the employers and of the State to trade union organisation and trade union grievances, to discuss the working of "open" and "closed" shops and of schemes of employee representation, and to evaluate the movement as a whole in the light of its relation to the present economic system. His tone and attitude are usually judicial, and, while he is in general sympathetic to trade unionism, he has many hard things to say of its actual operation under American conditions—of trade union "graft," for example, in the building trades of Chicago and New York. But, unlike many American publicists, he rejects entirely the view that there is in reality no need for trade unionism, on the ground that the underlying interests of employers and workers are identical. On the contrary, he affirms with the Socialists that opposition of interests is bound to exist as

long as the present economic system endures, because the dominance of the money motive in industry makes it indispensable for the employer to aim at making labour cheap and plentiful, whereas it is to the interest of the worker to do all he can to make it scarce and dear.

The labour problem, in Professor Cummins's view, exists precisely because of this conflict of interests, and trade union policies are, in his opinion, mainly variants on the attempts to maintain a scarcity of labour. For it is on scarcity that bargaining strength depends. The American trade unions are, however, not numerous enough to have much influence on the general conditions of supply, save to the extent of their political influence on immigration policy. They have been able to affect supply only in the relatively small number of occupations in which they have been strongly organised, and hardly at all outside the highly skilled grades of labour. Though there are a few industrial unions—notably the miners and the brewery workers—inside the American Federation of Labour, that body has, on the whole, set its face against the common organisation of skilled and less skilled workers, and clung to the attempt to preserve its sectional monopolies of labour in the skilled crafts. In doing this, Professor Cummins holds, it has been allowing the stream of economic development to flow round it, and its power to be increasingly undermined. The greatest recent successes in collective bargaining have come to industrial unions, such as the Amalgamated Clothing Workers, which are outside and at variance with the American Federation of Labour.

Recent developments, especially the contraction in the demand for labour owing to mechanisation and the severe

unemployment brought on by the slump, have been driving the trade unions slowly and reluctantly from their "non-partisan" policy of voting for men rather than parties to some more organised political action. But Professor Cummins does not expect this tendency to work swiftly. He points out conclusively the very formidable obstacles which the American constitution and American political practice put in the way of the growth of any effective third party; for the American political system gives a new party little chance of gradually building up its power as a minority group. Third-party votes are usually votes thrown away; and though the Socialists have been able to poll up to a million votes on occasion, this has given them no such say in American policy as a minority party might have in Europe. Nor, in his view, have Socialism and Radicalism in America used aright such opportunities as have come their way. They have been too much under European influence to make a genuine American appeal on a broad enough basis. Professor Cummins's book, taken as a whole, is neither very original nor very constructive. But it brings together usefully a large mass of scattered materials, and his comments are usually sensible, though not inspired.

SHORTER NOTICES.

"Economic Progress and Economic Crises." By Johan Åkerman. Macmillan. 8s. 6d.

Up to a few years ago economists used to write glibly—as some of them still do—about a mysterious phenomenon known as "the trade cycle." This alleged "cycle" was supposed to repeat itself in modern communities over periods of from seven to a dozen years, and much ingenuity was expended upon attempts to find a formula which would explain the varying duration and intensity of the different recorded "cycles." There were a dozen theories of the "trade cycle," and in most of them the chief stress was laid upon some single cause, supposed to be universally at the back of the cyclical movement. There were monetary explanations, psychological explanations, even explanations based on the alleged influence of "sun-spots" on the world's harvests. But nowadays these simple explanations have gone out of fashion, and economists who still cling to the idea of the "trade cycle" in some form usually advance more complicated and less comprehensive theories. Dr. Åkerman belongs to the newer generation. Criticising the methods of all those schools of economists which based their reasoning on an abstract assumption of equilibrium in economic affairs, and setting out to stress above all else the vital importance in them of the element of time, Dr. Åkerman comes to the conclusion that economic life at any moment embodies the current phases of a number of cycles of varying length and character—not peculiar to different industries or groups within the economic system, but all operating in their several ways upon the system as a whole. This conception will be recognised as one that has become fairly popular in America in recent years, and Dr. Åkerman, though a Swede, learnt his economics in the United States. Undeterred by the doubts cast upon the "trade cycle" theory in its older, simpler form, he sets out with a fixed determination to find "cycles" everywhere and in everything; and where the data are admittedly too scanty, or cover too short a period, to afford a satisfactory demonstration, faith is unhesitatingly called upon to fill the gap. In stressing the importance of time-factors in the processes of economic causation—or causal association, as he would prefer to say—Dr. Åkerman supplies a useful corrective of equilibrium theories; but a recognition of the importance of the time-factor in all the various aspects of economic life does not, by itself, form an adequate basis for a belief in any cyclical rhythm in the economic system as a whole; nor does Dr. Åkerman really demonstrate that such a rhythm in fact exists. In particular, his attempts to establish the existence of long "cycles" extending over fifty-year periods, and even of longer cycles still, lasting for centuries, seems to rest on very slender foundations, and to depend far too much on the inconclusive evidence supplied by movements of general prices. By the way, he says many good things, and his book is well worth reading for them. But his method of seeking for general cycles of varying duration in time, in preference to studying the varying causes of fluctuation in different parts of the economic system, leads too readily to facile generalisations with an insufficient basis of clearly established fact. G. D. H. C.

Money Power and Human Life. By Fred Henderson. Allen & Unwin. 6s.

MR. HENDERSON published last year a little book, *The Economic Consequences of Power-Production*, which was among the most penetrating studies of the modern industrial era. He now follows this up with another small volume on the power of finance. The money power is, in Mr. Henderson's view, merely a reflection of the power generated by the private ownership of real things—the means of production—in a form appropriate to the exchange economy of the modern world. He is intent always to get back to the real things and forces which lie behind the monetary expressions characteristic of a price-economy; and his object, in this volume as in his last, is to lay bare the artificial character of the scarcity under which the world is now compelled to exist. Mr. Henderson is not a monetary crank, hoping to cure all our ills by a better management of the monetary machine, but a Socialist who sees in modern finance the latest form assumed by that class-exploitation which Socialists associate with the private ownership of the instruments of production. He is somewhat inclined to be repetitive, and to think that an argument gains force by being restated in different language. But his book is important, and deserves to rank high among modern Socialist critiques of the working of the present economic system.

OTHER BOOKS RECEIVED.

Banking Policy and the Price Level. By Dennis H. Robertson. (London) P. S. King. 103 pp. 5s.

A critical examination of the theory that the trade cycle is due to purely monetary causes.

Are Sanctions Necessary to International Organisation? (New York) Foreign Policy Association, 18 E. 41st Street.

An affirmative answer is given by Mr. Raymond Leslie Buell and Mr. John Dewey answers in the negative.

Annuaire Statistique de la Société des Nations, 1931-32. (London) Allen and Unwin. 342 pp.

The tables, which are given both in English and in French, include statistics of population, employment, production, commerce, transport prices and public finance.

The Measure of Value. By J. Taylor Peddie. (London) P. S. King. 45 pp. 2s. net.

The author sets out to evolve a scheme for a measure of value, maintaining that gold and silver have not in the past functioned as such.

Balance of Payments, 1930. (London) George Allen and Unwin. 183 pp. 6s.

This valuable League publication gives the latest available estimates of the balance of international payments of thirty-two countries.

Keane's Manual of Investment Trusts, 1932. (New York) Keane's Financial Publications, Inc. 1,836 pp. \$25.

A comprehensive record of all the available information of some 592 investment trusts.

Le Banque Nationale Suisse, 1907-1932. Compiled by Hermann Schneebeli (Zurich) Banque Nationale Suisse. 501 pp.

A history of the bank since its establishment a quarter of a century ago.

The Calendar and its Reform. By F. A. Black. (London) Gall and Inglis. 73 pp. 2s. 6d. net.

Contains a history of the evolution of the present Calendar and a scheme for its revision.

A Mathematical Reformation of the General Theory of International Trade. By Theodore Otto Yntema. (London) Cambridge University Press. 113 pp. 12s. 6d. net.

A re-examination by mathematical methods of the conclusions drawn from the classical theory of international trade.

L'Argent-Metal. By Maurice Desonbry. (Paris) Les Presses Universitaires. 281 pp.

An account in French of the recent production, consumption and marketing of silver.

OFFICIAL PUBLICATIONS.

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

Empire Marketing Board: Survey of Vegetable Oilseeds and Oils. Vol. I—Oil Palm Products. 1s. net.

Report of the Chief Registrar of Friendly Societies for the year 1931. Part I—General. 9d. net.

Department of Overseas Trade: Report on the Economic Situation in Finland in April, 1932, and Foreign Trade for the First Quarter of 1932; Report on the Economic and Commercial Conditions in Algeria, 1931.

Empire Marketing Board: Note on the Work and Finance of the Board from July, 1926, to March 31, 1932. Cmd. 4121. 9d. net.

Thirtieth Annual Report of the Ministry of Health, 1931-32. Cmd. 4113. 5s. net.

* *The Labour Problem in the United States.* By E. E. Cummins, Professor of Economics, Union College, U.S.A. 857 p.p. London. Macmillan, 18s.

The Stock Exchange.

AMERICAN INVESTMENT TRUSTS.

FUTURE American investors may not altogether regret that the investment trust principle in America was required to face a severe market crisis in the first decade of its existence. The British movement in the 'nineties had a similar experience, and learned more of the sound technique of its trade in a decade of adversity than it could have picked up in fifty of humdrum existence. In America the investment trust was "discovered" and taken up, with possibly more zeal than discretion, in the years before the great boom of 1928-29. At a time when immense profits were to be made, by way of investment for speedy capital appreciation, it was inevitable that the cautionary voices of some of the pioneers, who had studied the investment trust movement in Great Britain, should be unheeded—the more so as the Federal authorities, unlike the Inland Revenue of Great Britain, placed profits on sales of securities on a par with investment income by taxing both indiscriminately. It was no less inevitable that some promoting groups should abuse the "blank cheque" facilities which all subscribers to investment trust shares must needs give to the management. Honest but costly mistakes by well-meaning boards were no less unavoidable, for shrewd management houses of the Scottish and English type are not built up in a day or a decade. Finally, when the slump reduced average bond prices by 40 per cent. and equity values by 80 per cent. from their "peak" levels, many American trusts had scarcely begun to build up strong reserves, which alone afford effective defence against adversity.

A year ago, when we reviewed the prospects of leading American investments trusts (see the *Economist*, June 20, 1931), we pointed out that the shares of many companies were already selling below the break-up value of the portfolios, and that the American public had signalled its dissatisfaction with the managements by the avidity with which it had taken up the wares of the "fixed trusts"—whose chief *raison d'être* was the elimination of managerial discretion. It has now been made clear that

the lessons of depression have not been lost on the directors of American trusts. The conclusion reached by a sound critic of American practice, Mr Henry E. Hanson,* is that the adoption of conservative management methods, in keeping with the practice of the British system, was the "outstanding feature" of investment trust operations in 1931. The consensus of expert opinion has now accepted the principle that diversified investment for income, and not speculation for capital profits, is the true investment trust function. A definite beginning has been made with the setting up of reserves against depreciation in portfolio values.

Mr Hanson's survey, which is based on the published figures of a large number of companies, is eloquent of the difficulties under which all American investment trusts, without exception, are labouring. In the first place, investment income has fallen off much more sharply than in Great Britain. The net profits of 78 "general management" trusts in 1931 declined by 25.9 per cent. as compared with 1930. The average return on the whole invested capital of these companies was no more than 2.56 per cent., against 8.06 per cent. in 1930. Capital losses, through security depreciation, very greatly exceeded investment income. In the case of the 78 companies referred to, realised losses on securities were about four times as great as total receipts by way of dividend and interest, and were responsible for the second feature of investment trust practice last year, namely, the reduction of capital resources. The 78 companies reduced their issued capital and surplus from \$814.5 millions to \$722.0 millions, or by 11½ per cent. over the course of the year. Such reductions, heavy as they were, represented only a part of the total decline in asset values, which, for 67 companies, reached a figure of 41 per cent., net assets declining from \$680.5 millions to \$400.0 millions.

The fall in portfolio values of ten large American trusts last year is compared below with that of ten large British trusts of pre-war formation:—

Company.	When Formed.	Balance Sheet Date.	Value of Invested Resources† (Millions).			Net Value All Assets‡ (Millions).			
			End 1930.\$	End 1931.\$	Per cent. Change During Year.	End 1930.\$	End 1931.\$	Per cent. Change During Year.	Per cent. of Invested Resources (1931).
<i>American.</i>									
United Founders (a)	1929	Nov. 30	\$ 296.9	\$ 270.8	- 8.78	\$ 203.2	\$ 139.1	- 31.54	51.4
American Founders (a)	1928	Nov. 30	170.0	162.0	- 4.71	129.8	75.5	- 41.83	46.6
International Secur. Corp.	1927	Nov. 30	58.1	53.9	- 7.23	49.6	28.7	- 42.14	53.2
Adams Express (b)	1929	Dec. 31	57.5	57.1	- 0.69	45.6	19.2	- 57.89	33.6
U.S. and International Securities.....	1928	Dec. 31	49.6	47.2	- 4.84	36.3	19.5	- 46.30	41.3
American International	1915	Dec. 31	44.7	41.8	- 6.49	45.0	26.7	- 40.66	63.9
Sterling Securities	1928	Dec. 31	32.3	31.6	- 2.17	21.6	12.0	- 44.44	38.0
U.S. and Foreign Securities	1924	Dec. 31	28.8	27.9	- 3.12	38.1	24.5	- 35.69	87.7
Fourth National Investors.....	1929	Dec. 31	26.9	26.9	...	18.7	13.4	- 28.34	49.8
General American Investors	1927	Dec. 31	27.5	26.9	- 2.18	23.2	16.8	- 27.59	62.5
<i>British.</i>									
Alliance Trust	1888	Jan. 31	£ 8.56	£ 8.60	+ 0.05	£ 10.87	£ 9.77	- 10.12	113.6
Investment Trust Corporation	1888	May 2	6.93	6.86	- 1.01	9.45	7.20	- 23.81	104.9
British Investment Trust	1889	Jan. 1	4.98	4.85	- 2.61	7.03	5.54	- 21.19	114.2
Industrial and General Trust	1889	Mar. 31	5.96	5.96	...	7.94	6.58(c)	- 17.13	110.4
Mercantile Investment and General.....	1884	Jan. 31	6.39	6.29	- 1.57	7.90	7.41	- 6.20	117.8
Scottish American Investment	1873	Dec. 31	5.01	5.07	+ 1.20	6.18	5.03	- 18.60	99.2
Metropolitan Trust	1899	Jan. 1	2.50	2.46	- 1.60	3.70	2.91	- 21.35	118.3
Foreign and Colonial Investment	1879	Jan. 10	3.03	3.01	- 0.66	3.60	2.69	- 25.83	88.7
Anglo-American Deb. Corporation	1890	Mar. 31	1.99	1.98	- 0.50	2.45	2.10	- 14.29	106.6
Caledonian Trust	1910	Jan. 31	2.21	2.18	- 1.36	2.38	1.83	- 23.11	83.9

* In "The Annalist," April 15 and May 6, 1932.

† "Invested Resources" = Total Debt, Issued Capital and Surplus.

‡ Taking portfolio at market value. § Or nearest date.

(a) Including subsidiaries. (b) Founded 1854; organised as investment trust, 1929. (c) Deducting reserve fund.

Although British valuations are taken, on the average, at rather later dates than the American, they reveal much less extensive depreciation during the last twelve months. This may be attributed in the main to their much wider "spread." American investment trusts hold a far higher proportion of ordinary shares than the British companies, and a survey made by a well-known American firm showed that although they did a good deal of switching from one issue to another last year, there was an unexpectedly small decrease in their holdings of common shares.

The ratio of investment income was much lower in the case of the American than of the British companies, as the next table shows:—

Company.	Net Investment Income.				Common (or Ord.) Stock.	
	Amount (000).		Per cent. of Invested Resources.*		Earned, 1931.	Paid, 1931.
	1930.	1931.	1930.	1931.	%	%
American.						
United Founders	\$ 6,543	\$ 3,109	2.20	1.15	0.13	Nil
American Founders	5,540	2,823	3.26	1.74	0.12	Nil
International Secur. Corp.	1,308	1,108	2.24	2.06	1.26	Nil
Adams Express	2,580	1,929	4.49	3.38	0.91	Nil
U.S. and International Secur.	2,207	1,721	4.45	3.65	Nil	Nil
American International	591	169	1.32	0.40	0.16	Nil
Sterling Securities	1,014	872	3.14	2.76	Nil	Nil
U.S. and Foreign Securities	2,165	857	7.52	3.08	Nil	Nil
Fourth National Investors	603	581	2.24	2.16	1.15	7
General American Investors	683	533	2.49	1.98	0.01	Nil
British.						
Alliance Trust	\$ 571	\$ 579	6.67	6.73	37.2	25
Investment Trust Corp.	530	515	7.65	7.51	23.1	20
British Investment Trust	371	337	7.44	6.95	24.0	21
Industrial and General Trust	465	360	7.79	6.04	14.7	14
Mercantile Invest. & General	459	302	7.18	6.36	16.6	14
Scottish-American Invest.	332	198	8.32	8.05	23.1	20
Metropolitan Trust	208	171	6.04	5.68	12.8	10
Foreign and Colonial Invest.	185	149	8.39	7.52	18.9	12
Anglo-American Deb. Corp.	167	120	6.07	5.50	17.2	15
Caledonian Trust	134	120	6.07	5.50	17.2	15

* Invested resources = Debt Issued, Capital and Surplus (including debentures, mortgages, etc.).
† Dividends payable semi-annually, but amounts vary. Last dividend paid, 55 cents per share.

The American companies, indeed, are now paying the penalty for their original concentration on stocks likely to give high capital profits rather than a stable investment income.

The lesson enforced by the difficulties of recent months has been sharp but salutary. A certain number of American investment trusts will be fortunate if they survive, and the equity stocks of many others may have a scarcely measurable value for years to come. The unfortunate common stockholders, in the meantime, have not the consolation of many ordinary stockholders in British trusts, who, though the capital value of their securities would not be fully covered on a break-up at present prices, can, nevertheless, look forward to receiving respectable annual dividends, unless the depression is unconscionably prolonged. Nevertheless, it may be contended that the best managed American trusts have now made a determined beginning with the task of setting their house in order. They have been compelled to take heavy losses on the liquidation of unsound securities, which, in many cases, should never have been included in their portfolios. The close scrutiny made of their investments, however, will serve them well in the future. Above all, the principle that only investment income should be brought into profit and loss may now be regarded as firmly established in America. Uniformity in this respect is not yet complete, but the New York Stock Exchange has given an invaluable lead by a recent recommendation—which has the dual merit of being unambiguous and coming at a most opportune moment. The recommendation is as follows:—

The Committee favours the elimination from the income account of all profits and losses on security operations and crediting and debiting them, preferably to a properly designated reserve, or else to a special surplus account, which should be a segregated part of earned surplus. Should a reserve be established and a debit balance occur therein, it should be shown as a deduction from earned surplus. This reserve or special account should not be regarded as available for current dividends, and when utilised as

a source of dividend such dividends should carry with them a clear indication of their character.

Even when more normal times have returned, however, American investment trust practice will probably still reveal important divergences from British traditions. Common shares will always represent a larger proportion of the total portfolio, for the reason that the capitalisation of American industry as a whole is much less by way of fixed interest and much more by way of equity stocks than that of British industry. The American investment trust manager has a narrower field, proportionately, from which to choose eligible bonds and preference stocks to give "ballast" to his portfolio, than his Scottish or English colleague. American trusts, again, will doubtless, for many years to come, invest their resources much more in domestic securities than their British counterparts. The investment trust movement in Great Britain was born at a time of active foreign lending, and to-day many companies hold anything from a half to three-quarters, or even more, of their investments outside the United Kingdom. American trust company managements have as yet neither the inclination nor the experience to render such a high degree of concentration on foreign investment either possible or desirable. They have learned in the fires of affliction that "wide spreading" of holdings is indispensable. For the present, however, they will seek to spread their portfolios over many domestic industries and groups rather than over numerous foreign countries.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

Ticket.
July 19.

Account.
July 21.

MARKETS had a less effervescent appearance and the decreased volume of transactions reflected the slowing up of speculative activity. Profit-taking, particularly among industrials, was persistent in the earlier sessions, but gilt-edged stocks continued to approach a 3½ per cent. yield basis. Second thoughts were less favourable towards the Lausanne "settlement," the prospects of general ratification being considered dubious. The better tone evinced in Anglo-French relations, however, was welcomed as a possible (if negative) step towards the crystallisation of international problems.

Gilt-edged stocks improved steadily throughout the week, the rise being general. Funding were in keen request, while Victory Bonds and the Conversion Loans enjoyed modest gains. War Loan rose ½ on Thursday, on "short-term" buying supposed to emanate from insurance houses not affected by the "ban." India stocks were firm, particularly the long-dated issues, and Colonial stocks were maintained. New South Wales issues were especially favoured. British Columbia scrip advanced to a higher premium, and the Cyprus Loan was strong. Home corporation stocks were firm in sympathy with the Funds.

In the Foreign market, European stocks were still subject to profit-taking, the German, Austrian and Greek loans weakening appreciably. French rentes were firm. Brazilians suffered from scattered sellings owing to the "revolt," but later news suggesting that the outbreak had been localised brought a sharp recovery, San Paulo rising several points. Argentine loans were dull and Chileans featureless. Japanese and Chinese issues had a firm appearance.

Home rail stocks declined steadily following the recent speculative rise, the return to realism being dictated in part by an exceedingly poor batch of "traffics" and in part by the grave tone of Sir H. Walker's circular to members of the Southern Railway staff. Weakness was general throughout the list, affecting senior and junior stocks impartially. Little business was transacted in foreign rails, further falls being recorded among Argentines. Costa Rica jumped exceptionally on further consideration of the dividend.

(Continued on page 132.)

Free of Income Tax

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, July 6, 1932.	Price, July 13, 1932.
Agricultural Mortgage Corporation 4½% Deb. Stock, 1961-91	95	fy. pd.	11½-12½ pm	108-110
Alberta 5% 1962-67	98	18	1½-1½ pm	6½-7½ pm
Allied Newspapers 6½% Cum. 1st Pref. £1	£1	10/-	9/6-10/-	10/-10/6
Bowater's Paper Mills 6½% Cum. Pref. £1	£1	10/-	9/6-10/-	10/-10/6
Bristol Corporation 4½% Red. Stk. 1952-62	100½	45	22/9-23/3	23/6-24/-
British Columbia 5% Stk. 1957-57	99	64	3½-3½ pm	10½-10½ pm
British Power and Light 6% Cum. Pref. £1	£1	10/-	2/6-3/- pm	1/9-2/3 pm
Burnley 4½% Stk. 1952-62	100½	55½	6½-7½ pm	9½-9½ pm
Central Electricity Board 4½% Deb. 1957-63	96	21	6½-7½ pm	8½-8½ pm
County of London Electric New Ord.	38/6	10/6	4/-4/6 pm	5/3-5/3 pm
Cyprus 4% Ina. Stk. 1956-66	95	35	6½-6½ pm	8½-8½ pm
Edmondson's Electricity 6% Pref.	21½	fy. pd.	23/9-24/3	23/9-24/3
Ever Ready New Ord.	10/-	fy. pd.	23/6-24/-	23/6-24/-
Hall Corporation 4½% Stk. 1952-72	100½	30½	6½-7½ pm	9½-9½ pm
India 5% 1942-47	95	60	9½-10½ pm	11-11½ pm
Mecano 6% Deb.	97½	fy. pd.	95-97	101½-102½
Metal Box 5½% Deb.	96	fy. pd.	3½-4½ pm	21/9-22/9
Do. 7% Cum. Pref. £1	21½	fy. pd.	24/-25/-	25/-26/-
Murex 7% Pref.	20/6	fy. pd.	6½-1½ pm	21/-22/-
N. Somerset Electric 6½% Cum. Pref. £1	23½	fy. pd.	26/3-27/3	26/6-27/6
Scottish Power 6% Cum. Pref. £1	100	fy. pd.	par-1½ pm	103-104
Shewan and Wadell 5½% Deb.	101	15	6½-6½ pm	6½-6½ pm
South Shields 4½% Stk. 1952-63	101	15	6½-6½ pm	6½-6½ pm
South Shields Greyhound Stadium Ord. 2½%	100	par.	105-107	107-109
Swansea Gas 5½% Pref.	98	48	7½-7½ pm	7½-8½ pm
Tanganika 4% Stk. 1952-72	97½	67½	2½-3½ pm	4½-4½ pm
Treasury Bonds 3% 1933-42	97½	67½	2½-3½ pm	4½-4½ pm

(Continued from page 129.)

There was no recrudescence of last week's indiscriminate activity among Industrials, markets developing a "patchy" appearance more in accordance with basic conditions. Transatlantic issues were steadier after initial irregularity, but Cables and Wireless fluctuated sharply pending the publication of the report (discussed on page 136). Iron and Steel shares were inclined to dullness, but among Textiles English Sewing Cotton revived following the appearance of an excellent preliminary statement (summarised on page 187). Guinness were heavily sold on the prospect of serious dislocation in Anglo-Irish trade. Imperial Chemical were without support, while Furness Withy, whose accounts are considered on page 136, remained under the influence of a reduced dividend. Among Bank shares, Hongkong and Shanghai responded to the maintenance of the interim dividend, but some irregularity was apparent elsewhere.

Oil shares suffered from an early lack of support. Conflicting news from the Oil Conference at Paris and an increase last week in the U.S. crude oil output were adverse factors. Subsequently, however, Paris entered the market as a buyer, and the leading issues advanced. Rubber shares were less buoyant than of late, and quotations showed signs of shaking down again to "depression" levels. Tea shares relapsed into comparative idleness, though the Indian issues were a little firmer in mid-week.

After a very quiet week, Kaffir shares were again in request from Paris on Thursday, and prices were mostly higher. Previously the feature had been the strong demand for Lake View and Star and Wiluna, while Nundydroog were also active. Tin shares were firm on the rally in the metal, but the weakness of copper had an adverse influence on Tinto and Tharsis. "Johnnies" declined, despite the maintenance of the dividend, but "Chartered" among Rhodesians, were a better market in mid-week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	July 7, 1932.	July 8, 1932.	July 9, 1932.	July 11, 1932.	July 12, 1932.	July 13, 1932.	July 14, 1932.
Government and Municipal Loans	2,912	2,891	1,279	2,927	2,791	2,512	2,602
Treasury, Corporation, and Public Utilities	1,546	1,509	701	1,478	1,392	1,401	1,326
Commercial and Industrial	2,497	2,329	1,207	2,362	2,299	2,260	2,272
Banks, Insurance and Financial	830	927	421	912	822	730	752
Mines (including Warrants)	668	578	325	567	475	508	563
Oil	202	167	82	124	116	112	117
Rubber, Tea and Coffee	120	120	64	199	145	163	74
Total	8,775	8,521	4,079	8,569	8,040	7,686	7,706

* Including iron and steel and beverages.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1926 = 100.)

Highest of 1932. (Mar. 8.)	Lowest of 1932. (June 1.)	July 7, 1932.	July 8, 1932.	July 9, 1932.	July 11, 1932.	July 12, 1932.	July 13, 1932.	July 14, 1932.
63.7	51.3	60.5	60.7	60.7	60.0	59.6	59.2	59.1

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The most serious feature at the beginning of the week was the decline in the volume of business to the lowest proportions for years past. On Monday only 600,000 shares were dealt in. On Tuesday the total was no more than 200,000. Firmer conditions began, however, on Wednesday, when 1,000,000 shares were traded and prices regained the whole of the ground lost in the previous seven days. The chief factors in a technical recovery were psychological, the markets regarding the early adjournment of Congress as increasingly probable, without the passage of the more extreme measures desired by some members. President Hoover's veto on the Garner Relief Bill was widely welcomed. The ultimate agreement between the President and Congress on "relief" measures was marked by the passage of a Bill, on Wednesday, appropriating \$300 millions for loans by the Reconstruction Finance Corporation to States and municipalities for the relief of distress, providing \$322 millions for public works, and enlarging the Corporation's total resources by \$1,500 millions. A clause authorising loans to private individuals was deleted. The bond market again showed strength, but suggestions for a renewal of new issue activity were frowned upon. The strength of commodity prices was also a favourable factor in the latter part of the week. Steel operations last week showed a rise from 12 per cent. to 16 per cent. of capacity. The improvement, however, was attributable to resumption of work after the holiday period rather than to betterment of basic conditions.

	June 30, 1932.	July 7, 1932.	July 14, 1932.		June 30, 1932.	July 7, 1932.	July 14, 1932.
U.S. 3½% T. Bds.	99½	100½	100½	Wells Fargo	22	20½	25
Lo. In. 3½% '32-47	101½	101½	101½	Phelps Dodge	34	44	44
Do. 4½% '32-47	101½	101½	101½	Fulham	13½	13	14
Do. 4½% '33-38	102½	102½	102½	Seam Roebuck	10	10	12½
Atchafalca	18½	19½	22½	Standard Oil	3	3	3
Ohio & Ohio	10	10	10½	Un. Fruit	12½	13½	17½
Erie	2½	2½	3	U.S. Leather	1	1	2½
Illinois Central	5	6	6	U.S. Rubber	1	2	2½
N.Y. Central	11½	11½	11½	U.S. Steel	22	21½	23
Pennsylvania	7	7	7	Westinghouse	16½	16½	17½
Southern Pacific	2	2	2	Woolworth	23	23	25
Southern Ry.	2	2	2				
Union Pacific	29½	29½	30½	Am. Tel. & Tel.	76½	74	73½
Am. Can.	32½	31½	33½	Interboro B.T.	3	3	4½
Amer. Smelting	5	7	8	Int. Tel. Tel.	3	3	5
Asarco	5	5	5	Radio Corp.	3	3	4
Bethlehem Steel	31	31	31	Utilities P. & L.	2	2	2½
Chrysler Motor	5	5	5	W. Union Tel.	12½	14	15½
Corn Producers Bd.	26½	24	28½				
Eastman Kodak	29	35½	37	Associated Gas "A"	1½	1½	6
Gen. Electric (New)	9	9	9	Pan. Amer. B. (New)	4½	4½	6
Gen. Motors	7	7	8	Shell	10	10	10½
Int. Harvester	11½	11½	12½	Shell Union	2½	3	3
Mont. Ward	4½	4½	5	Std. California	18½	18½	19½
				Do. N.J.	23½	24	25½

x Ex dividend.

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	July 6.	July 13.
33 Industrials	98.2	174.1	61.4	114.7	82.2	33.2	34.7
33 Banks	89.1	145.6	31.7	105.7	33.2	33.2	14.5
34 Utilities	183.2	267.4	90.6	187.6	91.8	53.1	53.1
Total, 404 stocks	106.5	184.2	64.7	124.6	55.5	33.4	34.6
Average yield of 30 Industrial Common Stocks	4.18%	5.95%	9.37%	5.11%	9.29%	9.83%	9.03%
DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).							
	Highest of 1932. (Mar. 8.)	Lowest of 1932. (June 27)	July 6, 1932.	July 7, 1932.	July 8, 1932.	July 9, 1932.	July 13, 1932.
	68.9	35.2	36.7	35.5	35.4	35.9	36.8

TOTAL DEALINGS IN NEW YORK.

	July 8, 1932.	July 9, 1932.	July 11, 1932.	July 12, 1932.	July 13, 1932.	July 14, 1932.
Stock Exchange—Shares (Thous.)	700	235	600	700	1,000	1,000
Bonds (Thous. \$).....	11,163	6,523	10,451	11,280	11,590	9,952
Over-the-Counter—Shares (Thous.)	90	30	60	60	90	110

* 2-hour session.

PARIS.

A less favourable tone was in evidence at the opening. The Lausanne Agreement failed to bring about the anticipated revival of confidence, and stocks continued to fall in profit-taking, particularly the German issues. Uneasiness was still felt regarding the condition of the domestic finances and the probability of new taxation. A marked recovery, however, followed M. Herriot's pronouncement regarding Anglo-French relations, rentes being a strong feature. Tintos and Royal Dutch, in the speculative sections, had a downward trend. The Bourse was closed on Thursday.

	July 7, 1932.	July 11, 1932.	July 13, 1932.		July 7, 1932.	July 11, 1932.	July 13, 1932.
Banque de France	10,895	11,000	11,075	Wagons Lits	72	73	72
Crédit Lyonnais	1,940	1,926	1,950	Mexican Eagle	33	32	30
Suez Canal	13,875	13,800	13,800	"Chartered"	78	78	75
Chemins de Fer	209	200	186	Ford	100	105	104
Rio Tinto	1,265	1,243	1,170	De Beers	256	282	278
Royal Dutch	13,750	13,220	12,555	"Johnnies"	107	108	103

BERLIN.

During most of last month the tendency was weak. Before and during the first part of the Lausanne Conference both the political and the economic outlook was considered unpromising. At the beginning of July the marked rises which German bonds had undergone on foreign markets began at last to be reflected in Berlin. On July 5th and 6th, especially, when there was at last a prospect of agreement in Lausanne, there were substantial rises in quotations. Shares and loans rose about 10 per cent., but even so, they only reached the very low level which had obtained at the end of May. The conclusion of the Lausanne Conference had, surprisingly, no effect on the German stock exchanges. Its unfavourable reception by the political parties, especially the National Socialists, and even by serious newspapers, frightened small and medium capitalists and discouraged them from investing their liquid funds. Bankers and speculators, on the other hand, were rendered uneasy by the fact that the ratification by Germany of the Lausanne agreement seemed by no means assured. Thus for the first few days after the conclusion of the conference the German bourses were weak and the turnover was small. Nevertheless, most prices are higher to-day than a month ago. German loans, which fell considerably in June, have recovered on hopes of a reduction in discount rates and of the inauguration by the Government of a cheap money policy. The 6 per cent. mortgage bonds of the mortgage banks, the most important German fixed interest security, which stood at 76 at the end of May and 62 at the end of June, are now again over 70. The Reichsbahn 7 per cent. preference shares were higher than at the end of May. The section of the German war loan which was not valorised in 1924 has risen from 3 to 5½, as the valorisation law made the payment of interest in these loans conditional upon a "final settlement of the reparations question."

	June 6, 1932.	July 11, 1932.		June 6, 1932.	July 11, 1932.
Banks—			Industry—		
Reichsbank	122	128	Deutscher Gas	84	89
DD-Bank	33	30½	I.G. Farben	92	91
Druckerei	18½	18½	Goldstein	40½	33½
Berliner Handels	85½	89	Gebrüder	52½	59½
			Harper	44½	50½
Transport—			Mannesmann	38½	40½
Reichsbahn pref.	72½	77½	Metalgesellschaft	28½	25
Hapag	13	17½	Polyphon	34	37
Nord. Lloyd	14½	17½	Rhein. Braunkohle	167	172½
			R.W.E.	60	58½
			Salsdorf	151	167
			Schultheiss	55	58
			Siemens	120	122½
			Ver. Stahl	16½	17
			Zellstoff-Waldhof	25½	31

AMSTERDAM.

A sharp reaction occurred on Monday in sympathy with conditions on other bourses. Mixed reports from the oil conference at Paris served to depress Royal Dutch, and prices tended to crumble in all sections. Sugar shares were heavily on offer. Jurgens and Van den Bergh's preference were exceptions to the general decline. German bonds fell sharply, while Unilever, Philips Lamps and Aku came on offer and lost several points each on Wednesday. Rubber shares were dull.

	July 7, 1932.	July 11, 1932.	July 14, 1932.		July 7, 1932.	July 11, 1932.	July 14, 1932.
2½% Dutch Loan	63	62½	62½	Steel Common	24½	25	25
5½% German	48½	49	45½	A. K. U.	28½	28½	27½
Unilever N.V.	102	100½	100½	Ford Motor	101½	95	94
Philips Lamps	73½	73½	73	Deli Batavia	123	123	116
Netherlands Ship	47½	52	50½	Royal Dutch	130	128	128
Java Cultuur	119	131	128	Handels Ams.	163	168	169

OTHER CENTRES.

The trend of the minor European bourses was mostly downward, and business showed a marked falling off. Inactivity prevailed at Brussels, where prices were adversely affected by the serious strike movement. Frankfurt was again overshadowed by domestic political considerations, but the demand for good fixed-interest stocks continued. Stockholm had a lively appearance in the earlier sessions, but business tailed off, and prices in mid-week were mostly lower.

INVESTMENT NOTES.

Progress of Conversion.—By Wednesday of this week the Bank of England and the Post Office Savings Bank had received applications from over 870,000 holders of War Loan in response to the conversion scheme. Approximately 95 per cent. were in favour of conversion. The amount converted is not stated, but according to General Seeley, who is in charge of the publicity, there is now no chance of failure. Of the larger conversions this week may be mentioned those of the Yorkshire Penny Bank of £6,475,000, the Co-operative Wholesale Society of £2,000,000, and Spillers of £1,900,000. Major Elliot, Financial Secretary to the Treasury, made an important announcement in the House of Commons on Wednesday to the effect that the total amount of War Loan held by all the Government Departments was about £36,500,000. Of this less than £1 million was under the control of the Departments, and had already been converted, while the balance was held by such bodies as the Charity Commissioners, the Public Trustee and the Accountant-General of the Supreme Court acting in a fiduciary character. Before conversions of these holdings could be effected, Major Elliot added, it was necessary to consult the persons or bodies interested. Reports had been current in the City (to which we alluded last week) regarding the amount of the holdings of Government Departments, the popular idea being that the Government controlled about one-third of the loan, directly and indirectly. It is now believed that the holdings of the banks, the insurance companies and other financial institutions of the City, together with those of Government Departments, will together not exceed one-third of the loan, leaving two-thirds in the hands of the British public, at home and overseas, and foreigners. The amount of foreign holdings has been officially given at about £100 millions. On the eve of his departure for the Ottawa Conference Mr Neville Chamberlain stated that he had every confidence that before the end of July the vast majority of holders would have converted (thus securing the £1 bonus). As the option to demand cash extends up to September 30th, it may yet be some time before the Government can announce the complete success of the conversion scheme. It is obvious that the Government must rely on the patriotism of holders and on the boom in long-dated Government stocks to ensure success. The behaviour of the gilt-edged market (described in the next note) has been a trump card for the Government.

Conversion Reactions.—Since the middle of last week the long-dated British Government funds have been a strong and rising market. Already some stocks, such as Local Loans, are yielding under 3½ per cent., and the market is freely speculating upon a rise in assented War Loan before September 30th to over 102 and a lowering of the yield basis on long-dated British Government funds to nearly 3 per cent. by the end of the year. The demand for fixed-interest stocks, outside the Government market, continues. The successful progress of the conversion scheme has created a shortage of supply of such securities. The Chancellor's appeal to borrowers not to make public issues of capital has led virtually to an embargo on the new issue market, and has dried up the supply of new fixed-interest securities of a high-grade investment standing. This shortage is responsible for the not altogether healthy boom in semi-gilt-edged stocks. It is now argued that if British Government funds are to stand on a yield basis of 3½ per cent. or better, Home Corporation stocks and the loans of public authorities such as the Central Electricity Board, Port of London Authority, etc., must stand on a yield basis of 4 per cent., while Dominion Government loans should command a credit basis of 4½ per cent. or better. This revolution in credit-worthiness has no doubt been a godsend to a large number of public borrowers, particularly Australia, which has a heavy New South Wales maturity to meet this year, and to the home railway companies. The progress which has been made so far in the credit advance is shown in the following table:—

	June 30.	Yield.*	July 13.	Yield.*
Conversion 3½%	93½	3 14 10	99	3 10 10
Local loans 3½%	77½	3 17 2	86½	3 9 3
India 3½%	74½	4 14 0	81½	4 6 2
Australia 5% 1945/75	94½	5 6 1	104½	4 15 11
New Zealand 4½% 1945	90	5 0 0	102½	4 7 10
British Columbia 5%	98½	5 1 6	108½	4 12 6
South Shields 4½%	103½	4 7 0	110	4 1 10
Central Electricity Board 5%	106	4 14 4	111	4 10 0
Great Western Railway 4% deb.	88½	4 10 5	98	4 1 6
Buenos Aires Great Southern 4% deb.	57	7 0 4	68	5 17 8

* Without allowing for accrued interest.

It will be deduced from this table that India and New Zealand can now see their way to raising money in London at well under 4½ per cent. and Australia at about 4½ per cent. Perhaps no industry has been more astonished at the credit revolution than the home railways, whose debenture stocks are now reaching a 4 per cent. yield basis. When the embargo on new issues has been lifted, the effect of thus cheapening the cost of borrowing so sharply and over so wide a field of enterprise may have a considerable effect on domestic trade.

Building Society Interest—Drastic Decision.—The boards of management of the Abbey Road, Co-operative, National, and Woolwich Equitable Building Societies announce that interest on new deposit accounts will in future be limited to 3½ per cent. net and free of liability to tax. Individual investors in these societies may not increase their present holdings by more than £250, and, until further notice, these societies will not receive upon new investment accounts sums in excess of £50. These steps are declared to have been taken to prevent societies being made the depository of substantial funds realised from the sale of War Loan. Their significance, if they are prolonged, will be very considerable. Lower interest to investors will, doubtless, check the future flow of new money to the societies, in normal times, less than might be imagined, since the rates obtainable on "competitive" or semi-competitive investments—e.g., gilt-edged securities, and National Savings Certificates in particular—will also be lowered under the new regime. The gap between effective building society rates and interest on deposits in the Post Office and Trustee Savings Banks will, however, be appreciably narrowed if the latter, as is generally expected, is maintained at 2½ per cent. Of more immediate importance, however, is the joint decision of the four largest metropolitan societies stringently to limit the amounts they are willing to receive from investors, new and old. These four societies alone had, at the end of their last financial years, received some £84,529,204, from 396,922 shareholders and 40,389 depositors. Their outstanding advances on mortgage were £81,617,886,

these having increased during the last financial year by £15,608,447. The severity of the present measures of limitation may be inferred from the fact that the largest of the London societies—the Abbey Road, which has consistently governed its policy as regards new investments by reference to contemporary conditions—was lately advertising its readiness to receive any sum on investment from 1s. to £4,975. It may be presumed that the current measure represents, in part, honourable observance of the Chancellor's request that the new capital market be kept clear while War Loan Conversion is proceeding, and that more latitude will be allowed to building society investors after the conclusion of that operation. Such a development would be highly desirable. New "residential" building activity in this country, for good or ill, is now governed so intimately by the dimensions of the financial accommodation forthcoming from the societies that any sudden and prolonged interruption of the stream would be calculated to have a dangerous effect on the volume of building and on property values. The pace of the last few years may have been too hot to last, but a gradual rather than a violent retardation is called for at the present time.

Lausanne and German Bonds.—The Lausanne Settlement has, naturally, had an invigorating effect upon German Government bonds, although prices have reacted from the highest touched. From a level of 68 on June 30th, the 7 per cent. (Dawes) Loan advanced to 89½ before reacting to 85½, and the 5½ Young Loan from 54 to 74 before reacting to 67½. The following table gives the extreme fluctuations over the past year and a half:—

	1931 Prices.		1932 Prices.		Present Price.	Yield Per cent.
	High.	Low.	Low.	High.		
German 7% (Dawes) Loan	106	52	52½	89½	85½	8 3 9
German 5½% (Young) Loan	81½	37½	39½	74	67½	11 3 3*

* Allowing for gold premium, interest being payable in gold pounds.

Whether the market in German Government bonds will enter upon a new phase will probably not be decided until after the German elections on July 31st. Hitherto the market has been primarily one for the speculator. At one time this year it was thought that Germany would be forced to declare a moratorium and that default would occur on both the Young and Dawes Loans. Later a distinction was made in favour of the Dawes Loan because its proceeds had been spent in Germany, whereas two-thirds of the Young Loan had been handed over to the Creditor Powers. That the Hitler Party had looked with disfavour on the Young Loan made it the more speculative, although the German Government had been paying interest thereon in gold pounds, whereas the interest on the Dawes Loan was payable in sterling. The Lausanne Settlement has for the moment left the security of the Young Loan somewhat uncertain. There is no doubt that the 7 per cent. Dawes Loan is the first charge on the German State as it received a first charge by way of collateral security on the gross revenues from the customs and from the taxes on tobacco, beer and sugar and from the net revenues of the spirits monopoly. The 5½ per cent. Young Loan was secured, subject to the Dawes Loan, on the annuities and on the special taxes and revenues assigned to the Dawes Loan and directly on the tax of Rm. 680 millions payable by the German Railways. As the German railways are now freed from this annual tax, the Young Loan presumably ranks as a second charge on the customs and taxes especially allocated to the Dawes Loan. If the German elections result in a Reichstag which will ratify the Lausanne Treaty, a further improvement in German credit may no doubt be expected. Under the Lausanne Pact, £150 millions of German bonds may be issued after three years at a minimum price of 90, carrying interest at 5 per cent. If this issue of bonds is ever to become possible, the 7 per cent. Dawes Loan must be standing at about 125 and the 5½ per cent. at 90 to return the same yield basis of 5.56 per cent.

Bank Interim Dividends.—The maintenance of the interim dividend rates of all the largest banking institutions at the levels established last year was reassuring to the market and to shareholders. In view of the conservative tradition of the British banks, which does not permit the distribution of earnings "up to the hilt," it was argued that the maintenance of interim dividends suggested that the banks had had a rather better half-year than might have been anticipated. The recent payments made by the chief institutions are set out below, together with comparative share prices and current yields:—

Name.	1931.		1932.		Share Price, July 7, 1932.	Price, July 13, 1932.	Present Yield.*
	Interim.	Final.	Interim.	Final.			
Barclays "B" and "C" £1 ...	6½	6½	6½	6½	2½	3½	4 6 6
Lloyds "A" £5 (£1 paid)	2½	2½	2½	2½	1½	1½	4 12 0
Lloyds "B" £1 (fully paid)	8	8	8	8	7½	8½	5 7 0
Midland, £12 (£2½ paid)	8	8	8	8	8½	9½	4 12 6
Midland, £2½ (fully paid)	8	8	8	8	3½	4	4 0 0
Midland, £1 (fully paid)	8	8	8	8	12½	13½	4 12 3
National Provincial, £20 (£4 paid) ..	9	9	9	9	3½	4	4 10 0
Westminster, £4 (£1 paid)	6½	6½	6½	6½	2½	3½	3 17 0
Westminster, £1 (fully paid)	7	7	7	7	5½	6½	5 7 0
Martin, £20 (£2½ paid)	7	7	7	7	3½	3½	4 10 0
Martin, £1 (fully paid)	8½	8½	8½	8½	2	2½	5 5 6
District "A" £5 (£1 paid)	5	5	5	5	2	2½	4 9 0
District "B" (£1, fully paid)	7½	6½	6½	7½	7½	7½	6 13 3
Manchester & County, £20 (£4 paid)							

* Based on dividend for 1931.

Recent months have undoubtedly brought to the banks their own problems and difficulties. The rapid decline in money rates, which kept steadily below Bank rate, has not had a wholly favourable effect on "short" operations, while the universal contraction in industrial and commercial activity meant a curtailed demand for advances at remunerative rates. Gilt-edged securities, on the other hand, have a much higher market value now than six months ago, but it is not the practice of the banks to write up their holdings. In the circumstances, it is not surprising to find that in general the half-yearly statements show a sharp fall in the total of "advances" and a considerable rise in "investments" and cash.

Underground Interim Statements.—The decision of the Underground "group" to reduce interim dividends came as no surprise to the market. Though considerable economies have been effected in the past, it is generally recognised that these have been insufficient to meet the decline of £268,700 in the gross receipts of the Common Fund Companies, which has occurred since the beginning of the year. The payments of the four operating lines of the group—the Metropolitan District, the London Electric, the City and South London and the Central London—are all reduced by 1 per cent. to 1½ per cent. The L.G.O.C. ordinary shares are to receive 2½ per cent., tax free, against 3½ per cent., while the Associated Equipment is able to maintain its payment at 5 per cent., tax free. Underground Electric, which is the holding company, is able to pay the 3 per cent. on its 6 per cent. income debenture stock, and 2 per cent., instead of 3 per cent., on its ordinary stock:—

Company.	Stock or Shares.	Date Payable.	Dividends.	
			To June 30, 1931.	To June 30, 1932.
Metro. District	Ord. stock	Aug. 8th	2½	1½
London Electric	Cons. ord. stock.	do.	2½	1½
City & South London	Cons. ord. stock.	do.	2½	1½
Central London	Undivided ord. stk.	do.	2½	1½
London Gen. Omnibus	Pref. ord.	do.	2	2
Assoc. Equipment	Ord. shares	do.	3½	2½
Underground Electric	Ord. shares	do.	5	5
Rlys. Company of London.	6% 1st cum. inc. deb. stock.	Sept. 1st	3	3
	Ord. shares	Aug. 8th	3	2

* Free of tax.

The receipts of the Underground companies have suffered less severely from the slump than those of the main lines, but the shares, where quoted, have registered severe de-

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clines. Metropolitan District ordinary stock has fallen from a high level of 77½ in 1931 to 51½, while the £1 ordinary shares of the holding company are only 18s. 6d., against a high point of 24s. 10½d. last year.

Armstrong Whitworth Securities.—In its third year following drastic reorganisation this holding company has suffered another setback. Interest and dividends for the year amounted to £81,090, against £100,730, the difference being due partly to lower interest rates and partly to re-investment in concerns which have not yet reached the dividend-paying stage. Profit totals £67,753, compared with £109,801, while after deduction of directors' fees and debenture and note interest, net earnings stand at £11,477, against £56,959. Provision for trading losses of subsidiaries has absorbed no less than £173,583, so that there is a debit balance of £93,431 to go forward to next year.

	Year to December 31.	1929.	1930.	1931.
Profit	£	108,985	109,801	67,753
Directors' fees	£	1,403	1,364	1,500
Special depreciation	£	54,426*		
Debenture interest	£	41,441	41,441	40,338
Note interest	£	Nil	10,037	14,438
Net profit	£	11,715	56,959	11,477
Brought forward	£		11,715	68,674
Carried forward	£	11,715	68,674	80,152†

* Provision against trading losses of subsidiaries.

† Before deducting £173,582 provision for trading losses of subsidiaries.

The report indicates that during 1931 the demand for steam locomotives and marine engines, which constituted the staple products of the Engineers' company, practically fell away altogether, while no orders for new ships have been received by the Shipbuilders' company since July, 1930, and the shipyards have been idle since April, 1931. Craven Brothers (Manchester) was reconstructed during

this year, and the resulting capital loss is reflected in the balance sheet. The company is now working at full capacity on contracts which should offer favourable results. A new company, Armstrong-Saurer Commercial Vehicles, was formed in 1931 for the manufacture of heavy oil road vehicles. Funds were provided also for the completion of the Diesel Electric Department at Scotswood. The expenditure on these items has resulted in a fall in the cash item from £365,859 to £28,107. The balance sheet position remains liquid, sundry creditors being no more than £244,654, while British and other Government securities alone stand at £554,852 and debtors at £524,494. It is significant that the value of works in progress in the consolidated statement of assets and liabilities is only £290,646, against £556,392 in 1930 and £941,949 in 1929.

Furness Withy.—In a leading article in the *Economist* of July 2, 1932, in which we considered the position of the Furness Withy shipping group in the light of such information as was then available, we suggested that the forthcoming accounts were eagerly awaited for two reasons—first, because they would indicate how far the strongest of the British mercantile marine group had withstood the effects of world depression, and, secondly, because they would throw light on the uses to which the recent issue of 2,000,000 £1 ordinary shares had been put. The accounts have now been made public, but unfortunately withhold almost as much information as they disclose. Profit for the year is given at £388,421, after crediting "transfer from reserves." Last year the profit was £402,690, and it was announced at the annual meeting that £111,000 of the total was drawn from reserves. Pending further information, it is impossible to compare net earnings with those for 1931. After setting aside £150,000 for depreciation and meeting the usual preference dividend, the directors feel justified in recommending an ordinary dividend of 6 per cent., against 7½ per cent. The £2,000,000 of new ordinary capital receives £18,750 by way of interest at 5 per cent., while £25,823 is used towards writing off new issue expenses of £125,823, the balance of £100,000 being transferred from share premium account:—

Year to April 30.	1930.	1931.	1932.
Profit	595,276	292,691	388,422*
Depreciation	250,000	150,000	150,000
Earned for dividends	345,276	142,691	238,422*
Brought forward	264,958	236,171	198,237
Preference dividend	59,063	58,125	55,312
No. of times covered	5.8	2.4	†
Interest on new ordinary shares	...	...	18,750
Ordinary dividend—			
Amount	315,000	232,500	180,000
Earned %	9.1	2.7	†
Paid %	10	7½	6
Balance of issue expenses	...	...	25,823
Carried forward	236,171	198,237†	156,774

* After unstated transfer from reserves.
† After crediting transfer of £111,000 from tax reserves.
‡ Unascertainable, pending further information regarding transfer from reserves.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.,"

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The balance sheet indicates that the greater part of the new capital has gone to the company's subsidiaries. Amounts due from subsidiaries have risen from £70,833 to £255,718, and amounts due to subsidiaries have declined from £887,568 to £911,877. General creditors have fallen from £2,400,868 to £2,192,406. Shipping property has risen from £1,297,347 to £2,430,822. The company's financial position continues to be very strong. General investments, including British Government securities, total £2,523,996, though the value of the latter is not separately stated. Possibly the meeting will disclose much which might well have been included with the accounts. The £1 ordinary shares are at present quoted at 17s. 6d. to yield about 47 per cent., allowing for the final dividend of 2½ per cent.

Cables and Wireless Results.—Following the unexpected announcement by the directors of the Cables and Wireless Company that the full results for the year 1931 would permit of a distribution of 2½ per cent., less tax, on the preference capital, the annual report of the parent company, together with that of its operating subsidiary—Imperial and International Communications, Ltd.—are of special interest. The latter showed only a 0.4 per cent. reduction in message receipts, a 16.6 per cent. reduction in total income, a 7.7 per cent. reduction in working expenses, and a 63 per cent. reduction in net income, which is equivalent to a return of only 0.4 per cent. on the ordinary capital of £30 millions. A dividend of 5s. per cent. is paid, absorbing £70,000, and £45,000 is written off part of the cost of the Indo-European Telegraph Company shares, leaving £20,665 to be carried forward, as against £20,131.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS.

	1930.	1931.
Net message receipts	5,185,010	4,699,804
Dividends	343,869	167,345
Ship charters and interest	110,890	112,078
Total income	5,979,023	4,979,023
Working expenses	5,313,521	†4,903,488
Earned for dividend	326,249	120,535
Per cent. earned	1.1	0.4
Per cent. paid	1.75	0.25
Carry-forward	20,130	20,665

† Includes £45,000 written off Indo-European Telegraph shares.

Cables and Wireless has had to meet a drop of 48.3 per cent. in dividends received from the cable and Marconi companies (including a drop of 81.6 per cent. in the dividend of the Marconi Company). Administrative and general expenses and taxes were only 16.8 per cent. less, leaving net income no less than 50.8 per cent. down at £642,083, which is equivalent to only 2.74 per cent. on the preference capital, to cover dividends of 2.75 per cent. The carry-forward is £2,200 lower at £64,689.

CABLES AND WIRELESS.

	1930.	1931.
Dividends received	£	£
from Eastern Telegraph	348,552	103,499
from Eastern Extension	494,511	329,506
from Western Telegraph	341,923	230,444
from Marconi	201,889	37,370
from other sources	16,339	8,980
Total income	1,403,215	726,069
General expenses and tax	100,830	84,026
Net income	1,302,384	642,033
Preference dividend	1,284,627*	644,251†
Carry-forward	66,907‡	64,689

* Inc. £10,787 dividends on preference stock issued since December, 1929.
† Inc. £5,865 dividends on preference stock allotted during 1931.
‡ Less £15,108 written off formation expenses.

The balance sheet shows the shareholdings in subsidiary companies at cost, viz., £52,728,471. It is more evident than ever before that a reconstruction of the capital is urgently required. Since the dividend announcement the 5½ per cent. preference stock has risen to 67½.

English Sewing Cotton.—The preliminary profit figures of this £3,000,000 Northern textile manufacturing company show that net earnings for the financial year to March 31 last increased from £221,522 to £249,663, a result which in the circumstances must be considered highly satisfactory. After payment of the usual preference dividend, the directors have decided to repeat last year's ordinary distribution of 10 per cent., although the amount is not quite earned:—

Year to March 31.	1930.	1931.	1932.
Profit	435,405	311,312	£
Directors' fees	9,750	9,000	£
Depreciation	37,908	37,482	£
Pension fund	10,000	5,000	5,000
Debenture interest	38,308	38,308	£
Net profit	339,439	221,522	249,663
Brought forward	70,469	109,908	81,430
Preference dividend	50,000	50,000	50,000
Ordinary dividend—			
Amount	250,000	200,000	200,000
Earned %	15.0	8.6	10.0
Paid %	12½	10	10
Carried forward	109,908	81,430	81,093

§ Not available.

The decision is less surprising when considered in the light of the company's last published balance sheet. Reserve funds aggregated no less than £1,150,000, of which £400,000 was earmarked for "equalisation of dividends," while to set against a "creditors" item of £509,345 there was £1,146,495 of gilt-edged securities and £764,430 of "debtors." In the circumstances shareholders will probably pardon the decision not to aim at a further conservation of resources. The £1 ordinary shares are quoted at 80s. to yield 48 19s. 8d. per cent., allowing for the final dividend of 7½ per cent.

Associated Newspapers' Position.—The speech of the Hon. Esmond C. Harmsworth, at last Tuesday's annual meeting, was not particularly informative as regards the financial position of Associated Newspapers, whose profit, as we pointed out last week, declined in the year ended March 31st last from £1,067,917 to £710,645. On the whole, however, Mr Harmsworth's speech was reassuring. Shareholders are accustomed to hearing a panegyric on the holders of the company's newspapers in the realm of dominance of the company's newspapers in the realm of circulation and advertising. It is clear, however, that in both these respects the company, broadly, is retaining its relative position. In view of the severity of economic depression, a drop of only about 10 per cent. in advertising space, coupled with the maintenance of the number of individual advertisers, must be accounted an encouraging result. As regards prospects for the immediate future, however, Mr Harmsworth had nothing to offer shareholders beyond the vaguest generalities. Notice has been given to redeem the whole of the outstanding first debenture stock of the Anglo-Newfoundland Development Company. The provincial evening papers controlled by Northcliffe Newspapers have increased their advertising revenue, but there appears, to judge by Mr Harmsworth's carefully guarded pronouncement, to be small prospect of an early augmentation of earning-power sufficient to put this somewhat costly venture soundly on its feet.

Anglo-Dutch Plantations.—The unsatisfactory level of plantation commodity prices has again gravely affected the earnings of this £2,850,000 holding company. Instead of receiving £102,708, the 1930 figure, from its operating company, it has had to provide £77,877 to provide for the subsidiary's loss. After meeting the usual charges, there remains a net loss of £142,779, compared with a net profit last year of £28,948. For the second year in succession the share capital receives no payment. The sum of £100,000 is taken from reserve account, leaving the carry-forward at £131,251, compared with £174,030 brought in:—

	1929.	1930.	1931.
Gross receipts	451,956	136,152	Dr. 50,986
Directors' fees, &c. ...	10,000	1,750	1,750
Income tax	50,000	25,000	15,000
General charges	10,554	10,448	9,145
Pension fund	10,000	Nil	Nil
Interest	60,930	70,011	65,898
Net profit	310,472	28,943	Dr. 142,779
Brought forward	119,650	145,087	170,030

Ordinary dividend:—	1929.	1930.	1931.
Amount	235,035	Nil	Nil
Earned %	14.1	2.3	Nil
Paid %	10	Nil	Nil
Reserve	50,000	Nil	Dr. 100,000
Carried forward	145,087	174,030	131,251

The local accounts have been charged with £29,019 to meet losses resulting from the fall in the value of sterling, while £201,059 was absorbed by depreciations on the usual basis. Excellent crops were obtained in 1931. The rubber plantations yielded 15,893,600 lbs., against 13,211,630 lbs., but whereas the cost price fell from 5½d. per lb. to 3.44d. per lb., the selling price declined from 5½d. per lb. to 2.70d. The tea crop was 15,519,263 lbs., against 12,902,277 lbs., the cost price falling from 8.60d. to 6.09d., and the selling price from 11.83d. to 8.56d. Half of the tea production was, however, sold forward under contract at 1s. 1½d. per lb. London. The company still possesses fair reserves, and its balance sheet is liquid. The £1 ordinary shares are quoted at 7s., against a high level for the current year of 18s. 6d. and for 1931 of 19s. 1½d.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—National Bank of New Zealand, W. T. Henley's Telegraph Works, Associated Newspapers, Union Cold Storage, Estates Control, Anglo-Dutch Plantations of Java, and International Tea Company's Stores. At the annual meeting of the Union Cold Storage, Mr Roger Sing spoke at length on the subject of the forthcoming Ottawa Conference, and adduced figures demonstrating the unreciprocal nature of our Imperial trade. He emphasised the view that the very life of Britain depended upon the development and extension of her trade, not only with the nineteen million white people of the Dominions but with the four hundred million white people in the rest of the world. Presiding at the annual meeting of W. T. Henley's Telegraph Works, Mr Arthur Salmon said that the Judge lead press, which they had designed at their works, had been very well received abroad, a leading maker of lead presses in America having taken a licence from them for the manufacture and sale of the press in the U.S.A. and Canada. The annual meeting of Associated Newspapers is dealt with on this page.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to July 9, 1932, excluding conversions, £163,689,174.†
Total recorded, January 1 to July 9, 1932, including conversions, £292,423,839.†

National Savings Certificates.

Net receipts, 9 days ended July 9, 1932, Dr. 350,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To Shareholders only.					
Stanton Ironworks, 302,575 new ordinary shares, £1 at 25s.	302,575	...	378,219	151,287	226,932
Total offered to shareholders only, week ended July 16 1932	302,575	...	378,219	151,287	226,932
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date	£	£	£	£	£
1932	292,452,058†	163,717,393†	1931	114,290,666	102,044,291
1931	105,083,326	95,186,341	1930	454,888,784	267,800,700
1930	273,935,924	185,022,578	1929	488,764,940	285,239,400
1929	216,109,842	184,784,242	1928	693,100,056	369,058,073
1928	...	267,962,485	1927	...	355,165,970
1927	...	234,147,582	1926	...	230,782,600
1926	...	138,462,586	1925	...	232,214,500
1925	...	125,804,753	1924	...	209,326,101

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

	Debt, Bonds, etc.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	152,135,581	8,025,682	3,556,130	163,717,393
1932	73,562,774	6,132,786	15,490,781	95,186,341
1933	151,168,594	14,715,138	19,138,846	185,022,578
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1932	227,658,500	15,548,800	24,593,300	267,800,600
1933	137,670,300	11,543,400	16,025,700	265,239,400
1929	218,817,900	45,062,600	111,177,600	375,058,100
1928	228,958,000	36,836,600	98,381,400	364,176,000
1927	145,180,000	39,393,200	46,209,500	230,782,600
By Stock Exchange Introduction.				
	Amount of Capital Introduced.	Prices at which Began.	Total Cash Involved.	
Amount previously recorded	7,151,750	...	7,556,857	
Middlesex County Council, £2,000,000 4% red. stk., 1952-1972 at 98	1,960,000	111	2,200,000	
Total, week ended July 16, 1932	1,960,000	...	2,200,000	
Total to date, 1932	9,011,750	...	9,756,857	
Total to date, 1931	8,057,183	...	8,432,058	

Public Offers.

Amersham, Beaconsfield and District Waterworks.—Issue by tender of £10,000 5 per cent. Mortgage Debentures to be redeemed at par on June 30, 1942, minimum price of issue, par; also 7,000 £1 additional ordinary shares ranking for a maximum dividend of seven per cent. equally with existing similar shares. Minimum price of issue £1 6s. per share, yielding at that price £5 12s. per cent. Net profit for the year to March 31st last was £7,612, covering interest on the loan capital, including the present issue, more than five times.

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Month.	Ending.	Description.	Receipts for Month.	Aggregate to Date.
				1932. + or -	1932. + or -
Alabama Gt. Southern	5	May 31	Gross	\$ 336,357	\$ 205,705
			Net	27,058	1,779,248
Atlantic Coast Line	5	May 31	Gross	3,287,038	2,068,631
			Net	225,118	1,073,848
Atchafalaya	5	May 31	Gross	9,956,356	4,212,156
			Net	58,660	700,705
Baltimore and Ohio	5	May 31	Gross	2,311,499	1,273,356
			Net	1,288,197	1,168,377
Boston and Maine	5	May 31	Gross	3,823,034	1,235,847
			Net	699,284	213,653
Chicago & N. Western	5	May 31	Gross	8,554,332	3,074,023
			Net	2,527,638	3,001,213
Chicago & N. Western	5	May 31	Gross	6,175,493	3,074,828
			Net	1,622,214	1,223,337
Chicago & N. Western	5	May 31	Gross	1,250,243	387,646
			Net	47,384	128,304
Chicago & N. Western	5	May 31	Gross	6,485,085	2,996,746
			Net	1,153,359	1,458,400
Colorado and Southern	4	Apr. 30	Gross	407,266	195,895
			Net	59,408	25,937
Delaware and Hudson	5	May 31	Gross	1,987,355	663,387
			Net	65,518	283,862
Denver and Rio Grande	5	May 31	Gross	1,222,454	632,643
			Net	4,584	275,266
Erie Railroad	5	May 31	Gross	6,150,603	1,712,929
			Net	595,033	308,244
Great Northern	5	May 31	Gross	4,103,881	2,100,187
			Net	761,695	465,665
Gulf Coast Lines	5	May 31	Gross	167,607	142,000
			Net	7,326,835	3,326,899
Illinois Central	5	May 31	Gross	547,915	306,074
			Net	867,563	1,137,437
International Great Northern	5	May 31	Gross	90,687	159,965
			Net	113,062	431,044
Lehigh Valley	5	May 31	Gross	4,865,075	2,883,154
			Net	87,874	1,044,900
Louisville and Nashville	5	May 31	Gross	1,801,910	717,946
			Net	2,060,606	689,394
Missouri, Kansas & Texas	5	May 31	Gross	5,503,772	2,570,500
			Net	271,973	1,225,133
Missouri Pacific	5	May 31	Gross	23,899,067	19,000,000
			Net	2,288,942	3,079,403
New York Central	5	May 31	Gross	6,202,617	2,595,439
			Net	986,972	801,587
N. York, New Haven and Hartford	5	May 31	Gross	951,271	78,733
			Net	215,835	97,823
N. York, Ontario & Western	5	May 31	Gross	4,552,808	1,907,946
			Net	1,091,480	501,982
Norfolk and Western	5	May 31	Gross	3,770,987	1,482,217
			Net	61,229	95,634
Northern Pacific	5	May 31	Gross	26,803,610	12,507,023
			Net	3,458,031	505,961
Pennsylvania Railroad	5	May 31	Gross	4,350,922	1,678,187
			Net	917,307	454,358
Reading Co.	5	May 31	Gross	5,786,937	2,646,956
			Net	116,741	896,805
Rock Island Railroad	5	May 31	Gross	2,665,769	1,521,749
			Net	2,781	314,417
Seaboard Air Line	5	May 31	Gross	12,444,702	5,395,092
			Net	592,709	2,139,207
Southern Pacific	5	May 31	Gross	5,810,672	2,762,494
			Net	2,207,444	907,971
Southern Railway	5	May 31	Gross	1,668,447	366,821
			Net	181,340	375,868
Texas and Pacific	5	May 31	Gross	9,051,091	4,238,292
			Net	577,327	759,389
Union Pacific	5	May 31	Gross	3,244,228	1,279,436
			Net	70,258	189,224
Wabash	5	May 31	Gross	20,258	189,224
			Net	70,258	189,224

† Net operating income.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended July 8, 1932.	Miles Open.	Gross Receipts, week ended July 10, 1932. (000's omitted.)					Aggregate Gross Receipts, 27 weeks. (000's omitted.)				
		Passenger.	Merchandise.	Coal and Coke.	Goods.	Total.	Passenger.	Merchandise.	Coal and Coke.	Goods.	Total.
Great Western	1932	3,761	251	167	89	256	5,026	4,560	2,774	7,334	12,360
(c) L. & N.	1932	3,761	271	191	96	287	5,537	5,148	2,301	8,049	13,586
Eastern	1932	6,353	364	267	183	450	7,044	7,338	5,977	13,915	21,519
(d) Green	1932	6,353	391	324	225	549	8,259	9,163	6,420	15,583	23,833
L. M. & Scottish	1932	6,962	546	398	194	592	11,674	11,498	6,303	17,801	29,475
Southern	1932	6,958	568	464	217	681	12,418	12,672	6,805	19,477	31,895
(e) L. & S.	1932	2,181	332	58	20	78	7,079	1,697	836	2,533	9,612
Total	1932	2,180	365	74	30	104	7,764	1,966	857	2,823	10,587
Total	1931	19,259	1,493	890	486	1,376	21,373	21,563	15,890	41,583	72,966
	1930	19,250	1,595	1,053	568	1,621	21,369	22,894	16,983	45,932	79,901
(f) Metro-politan	1932	59	29	7	...	32	799	1	...	92	892
(g) Under-ground	1932	59	31	4	...	3	7	35	1	101	947
(h) Great Northern	1932	297	...	...	...	297	7,922	...	...	7,922	...
(i) Buses, etc.	1932	308	...	...	...	308	8,201	...	...	8,201	...
(j) L. & S.	1932	35	1	...	...	35	814	1	...	814	...
(k) L. & S.	1932	45	...	...	...	45	717	...	...	717	...
(l) B. & C.	1932	46	...	...	...	46	1,205	...	...	1,205	...
(m) B. & C.	1932	80	3	...	...	0	6	4	...	17	7
(n) B. & C.	1932	80	3	...	...	0	6	4	...	17	7
(o) B. & C.	1932	562	13	...	...	89	22	...	...	336	6
(p) B. & C.	1932	562	13	...	...	13	6	...	...	396	7
(q) B. & C.	1932	30	7	...	...	30	7	...	...	946	5
(r) B. & C.	1932	2,182	32	...	...	36	4	...	...	1,112	0

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1932. + or -	1932. + or -
INDIAN.					
Assam Bengal	10	June 11	1,330	3,022,500	1,01,975
Barat L. Ry.	11	June 18	202	31,100	3,200
Bombay & Western	11	June 18	2,114	6,59,116	24,792
Bombay-Nagpur	10	June 11	3,274	13,22,000	1,20,563
Bombay, Bar. & C.I.	14	July 9	3,084	17,46,000	1,29,000
Madras & S. Mahr.	11	June 18	3,230	14,41,000	1,08,034
Rohilla & Kumaon	11	June 18	572	1,19,699	5,790
South Indian	10	June 11	2,495	11,54,856	71,796

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1932. + or -	1932. + or -
Canadian National	27	July 7	20,538	2,564,837	630,078
Canadian Pacific	27	July 7	16,903	2,220,000	511,000

† Nine days.

SOUTH AMERICAN.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1932. + or -	1932. + or -
Antofagasta (Chili and Bolivia)	28	July 10	804	7,570	12,390
Argentine N.E.	1	July 9	753	11,600	14,400
B.A. and Pacific	1	July 9	2,806	98,000	14,000
B.A. Central	1	July 9	2,806	8,957	1,521
B.A. Gt. Southern	1	July 9	5,076	140,000	36,000
B.A. Western	1	July 9	1,926	58,000	7,000
Central Argentine	1	July 9	3,505	20,000	19,000
Central Uruguay	1	July 9	273	12,815	2,159
C. U. (B. Ext.)	1	July 9	185	2,745	672
C. U. (W. Ext.)	1	July 9	211	1,528	462
C. U. (W. Ext.)	1	July 9	1,218	1,050	55
Cordoba Central	1	July 9	610	50,000	10,000
Entre Rios	1	July 9	1,052	15,900	4,100
G. West. of Brazil	28	July 10	1,918	7,600	2,500
Leopoldina	28	July 10	...	26,742	2,828
Leopoldina Termal.	28	July 10	...	Ma.282,000	13,000
Paraguay Central	16	June 30	411	3,560	650
Salvador Central	1	July 9	274	1,615	872
San Paulo	27	July 7	3,153	35,983	9,264
United of Havana	1	July 9	1,367	17,725	2,747

† Months.

OTHER OVERSEAS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1932. + or -	1932. + or -
Egyptian Delta Light Railways	12	June 20	620	5,796	1,195
Egyptian Markets	26	June 30	...	1,395	25
Gr.Southern of Spain	26	June 2	104	30,681	54,683
Mexican Railway	1	July 7	483	215,900	18,800

TRAMWAYS WEEKLY GROSS RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1932. + or -	1932. + or -
Anglo-Argentine	27	July 7	329	69,128	2,764
B. Aires Local	1	July 9	...	9,428	110
Iale of Thanet Elec.	26	June 29	...	3,218	185
Liverpool Corp.	14	July 6	124	29,460	1,766
Medina Electric	16	June 30	...	47,588	1,733
L.O.C. Tramways	14	July 6	166	79,529	1,452

† Months.

MONTHLY TRAFFICS.

Company.	Month.	Ending 1932.	De- scrip- tion.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Dorado Railway ...	6	June 30	Gross	\$8,400	- 4,700	37,600	- 35,800
Do. Ropeway Extn.	6	June 30	Gross	24,200	- 1,400	23,300	- 3,100
Midland Uruguay ...	12	June 30	Gross	28,455	- 476	128,165	- 66,777
N. Wn. of Uruguay	12	June 30	Gross	22,211	+ 195	32,448	- 12,151
Shanghai Electric...	6	June 30	Gross	Mex.\$389,882	- 99,787	1,894,819	- 880,566
Singapore Tramway...	9	June 30	Gross	\$114,000	- 15,000	1,091,000	- 138,000
Uruguay Northern...	12	June 30	Gross	11,002	+ 99	14,648	- 4,346

force of undiminished strength. This evidence has been provided by advertisers themselves in perhaps the most remarkable series of congratulatory letters of this nature ever received by any newspaper, which we have recently published.

"THE EVENING NEWS."

The Evening News maintains its leadership in evening journalism to the same unprecedented degree. No competitive evening newspaper has a net sale within 200,000 copies a day of that of *The Evening News*. I would point out, too, that *The Evening News* enjoys the confident support of leading advertisers in similar ratio. Last year the excess of trade advertising carried by *The Evening News* over and above its nearest rival amounted to 68,389 single column inches.

This ascendancy, maintained week after week, year after year, is most marked in the instances of national advertising and the announcements of the big retail stores. Figures show that *The Evening News* carries more than double the amount of store advertising than that which appears in any other competitive evening newspaper. This is exceptionally significant, as the results of such advertising, being carefully keyed, show at a glance the relative merits of media used.

Another feature is the larger proportion of displayed advertising allocated to *The Evening News* by the leading motor-car manufacturers, which reveals a wider appreciation of the unique pulling power of *The Evening News* in the better-class homes of London and the Home Counties, the area least affected by the trade depression.

THE "SUNDAY DISPATCH."

The position of the *Sunday Dispatch* is no less satisfactory. In spite of intense competition in this field of journalism, it is quite evident that its sale is consolidated in a million of the best type of middle-class homes. Advertisers continue to report most excellent results from the *Sunday Dispatch*.

Some indication of the increasing confidence of advertisers in the pulling power of the paper is provided by the record 28-page issue published the other week. In this issue we carried more advertising revenue than in any other single issue of the *Sunday Dispatch* over its 131 years of publication.

The *Over-Seas Daily Mail*, with its world-wide readership among Britain's abroad, becomes of increasing importance as a powerful organ of British trade. Regularly, the *Over-Seas Daily Mail* carries more than double the amount of advertising carried by any other newspaper produced in this country for similar circulation.

NEWSPAPERS' UNASSAILABLE POSITION.

To generalise once more, it can be said with the firmest assurance that the position of your publications in the advertising world is unique in this country to-day. They stand in an unassailable position in the confidence of the business world as well as the public, which can only mean that the gradual turn of the tide of trade must react, first of all, upon the advertisement revenue of Associated Newspapers, Limited.

There are signs of movement in this direction, but for the moment it must be admitted that they are not as appreciable as one might hope and work for. However, with the full benefit of the new tariff policy and with eyes turned towards Ottawa, the time for a general revival of British industry is not, we must hope, far distant.

THE FUTURE.

You will, no doubt, expect a few words from me as to the future. The full force of the economies which have already been effected will be mainly felt in the new financial year. The new spirit of hope and optimism which has been engendered by the success of the Lausanne Conference, the magnificent spirit of co-operation of the people in the biggest Conversion Loan ever effected encourage us in the belief that the foundations are being laid for the big trade revival which is, unfortunately, so long overdue.

In any case, so far as this company is concerned, the strong liquid resources reflected in the balance sheet place this company in a very sound position and enable us to meet any competition and to take full advantage of any favourable developments whenever they may occur. In view of these hopeful signs, I look forward to the coming year with confidence.

STAFF.

You would not like me to close without a word of thanks to the members of our staff for their loyal and hearty co-operation during the past year.

The Chairman having replied to questions, the resolution for the adoption of the report and accounts was put to the meeting and carried unanimously.

The retiring directors were re-elected, and the auditors (Messrs. Lever, Honeyman and Company) having been reappointed, the proceedings then terminated.

NATIONAL BANK OF NEW ZEALAND, LIMITED.

SIR AUSTIN HARRIS REVIEWS A DIFFICULT YEAR.

The sixtieth ordinary general meeting of the National Bank of New Zealand, Limited, was held, on the 12th instant, at 17, Moor-gate, London, Sir Austin E. Harris, K.B.E. (chairman of the company), presiding.

The Chairman, after expressing regret at the death of the late chairman, the Hon. William Pember Reeves, said that the year under review had been one of unrelieved depression and great difficulty. The depression had been world-wide and its full force had been felt by those countries depending principally for their welfare on primary production. Commodity prices had continued on the down-grade, without any definite signs of improvement and neither the abandonment by Great Britain of the gold standard nor the adjustment of Colonial exchanges had, as yet, produced any alleviation in that respect, which, from all their preconceived ideas, must have been expected to show itself.

It was the low level of prices of commodities which was perhaps the chief of the many troubles affecting the world, and was certainly the principal trouble affecting the welfare of New Zealand. It was to be hoped that some alleviation might emerge from the proceedings of the World Economic Congress, which was to be set up in the autumn. Economic laws of supply and demand would doubtless in time work their own cure, but they had been tampered with by so many extraneous devices of man that it would not seem impossible to expedite recovery by rectifying mistakes which had been made.

He had no hesitation in saying that a great step forward towards the restoration of confidence had been achieved by the successful conclusion of the Lausanne Conference. The ground had been cleared for the examination of further problems of currency, exchange and tariffs, which were blocking the road to stabilisation and renewed prosperity.

Those questions would be among the principal subjects to be explored and examined at Ottawa. The expressed confidence of our statesmen, apart from the urgency of discovering some remedy for our present ills—if possible, within the Empire itself—inspired the hope that that Conference, fraught with mighty possibilities, might lay the foundation of a great new Imperial trade brotherhood which might in time render Great Britain less dependent for her welfare on the rest of the world and less vulnerable to attack by tariffs or dumping.

NEW ZEALAND'S TRADE AND FINANCES.

The staple products of New Zealand—dairy produce, meat, and wool—had shown a progressive fall in values for the last four years. The dairying industry was the mainstay of the Dominion, and it was satisfactory to observe that production had been more than maintained in spite of the fall in prices. Great Britain was New Zealand's principal customer, and the figures of the Dominion's trade with this country and the rest of the world over the last five years indicated that the economic existence of New Zealand depended on her trade with Great Britain, and that the balance of trade which she carried on with foreign countries and other Dominions was unfavourable.

Summing up the financial position of the Dominion, he said that, at the beginning of May, the Government, by the firm decision to maintain the credit of the Dominion, had been able to borrow five millions of money in London. They had also realised £2,000,000 of revenue securities, and those two operations had correspondingly reduced the demand on the New Zealand banks to provide the Government with London money.

The Government had recently announced that, their requirements having been found in London up to March 31, 1933, and with an estimated trade balance of £12,000,000, there was no financial reason for retaining the licensing regulations, and there seemed to be less reason than ever for raising the exchange, especially as provision was assured for payment of the present level of imports. The banks had been accused in some quarters of exploiting the public or the Government for their own ends, but in the long run and in times of financial stress it was on the strength and guidance of those institutions that the country must rely. He could not too strongly emphasise that the banks were only concerned with the financial stability and trading affairs of the Dominion. Political pressure in any direction was outside their province, and they could do not more than give the Government their considered opinion and advice from time to time as to ways and means of finance.

The balance sheet represented a strong and liquid position. The ratio of liquid assets to demand liabilities was 31s. 2d. in the £, or, including fixed deposits, 11s. in the £, or 55 per cent. The gross profit of £600,300 showed a decrease of 7.1 per cent., and the net profits, at £30,500, a decrease of 14.4 per cent. The board had not felt justified in recommending a higher dividend than that proposed, and he felt sure that, in the circumstances, the proprietors would not look upon the return of 7 per cent., free of tax, as being other than satisfactory.

The report and accounts were unanimously adopted.

W. T. HENLEY'S TELEGRAPH WORKS COMPANY, LIMITED.

MR ARTHUR E. SALMON ON THE POSITION AND PROSPECTS.

The fifty-third ordinary general meeting of W. T. Henley's Telegraph Works Company, Limited, was held, on the 8th instant, at the Abercorn Rooms, Great Eastern Hotel, London, Mr Arthur Edward Salmon (chairman) presiding.

Mr A. H. M. Jacob (the secretary) read the notice convening the meeting.

The Chairman, in moving the adoption of the report and accounts, after paying a tribute to Sir George Sutton, who has retired from the chairmanship of the company, said:—The net profit is £260,283, which is £16,000 less than in the previous year. Considering the difficult conditions through which we have been passing, the directors consider that this result is satisfactory. There has been a reduction in the turnover of the business. There has consequently been a proportionate reduction in the profit made, but this has to some extent been compensated in the profit made, but this has to some extent been compensated by a dividend having been paid by the tyre company, and by the profit that has been made on investments being somewhat greater than was the case in the previous year. Trading conditions during the year have been very difficult. In common with all others engaged in the electric cable trade, there has been a reduction in turnover, but we have obtained a good share of the business that has been offering. The reduction in our turnover is partly due to a fall in the prices of commodities used in the company's manufacture, and partly to the quantity of work. The reduction in our overseas business has been much greater in proportion than in our home business. Owing to the restrictions in exchange and other adverse conditions, it has been very difficult to transact business abroad, but we have kept the flag flying, and we are quite ready to undertake any business abroad which our overseas branches may be able to secure. So far as our home trade is concerned, there has been a falling off in our general business, but we have received a larger number of orders than in the previous year, which indicates that we are not losing our customers, but that they placed orders for lower amounts; there has consequently been no saving in the staff work involved.

In addressing you at the last annual meeting the chairman referred to the Judge lead press, which was designed at our works, and to which we attach great value. We have received sundry inquiries for the press, both at home and abroad, and orders are beginning to be placed. The largest cable manufacturer in America sent a representative to our works to examine the press, and the result is that they have ordered a press for use in their own factory. Further, a leading maker of lead presses in America has taken a licence from us for the manufacture and sale of the press in the United States and Canada. The chairman informed you at the last meeting that the great firm of Krupp's also hold a licence for the manufacture and sale of the press.

As to the future prospects of the business, this is always a difficult matter to deal with, and with the conditions now prevailing it is more difficult than ever. Taking the long view I am optimistic, for I believe that with the progress which is being made in the use of electricity, there will be a large and increasing demand for the company's products, but so far as the immediate future is concerned it would be unsafe to prophesy. We have brought into the present financial year a substantial amount of business, although not so large an amount as was brought into the previous year. Next, the orders we have received up to date are equal in value to those received last year—I might say or slightly more—which is encouraging. So far as the overhead expenses are concerned, considerable economies have been made, but care has been exercised to ensure that such economies are consistent with the efficient carrying on of the business. We have an excellent sales organisation, and you may rest assured we shall secure a fair share of any business that is offering. On the other hand, the fall in the value of money may have some adverse effect upon the income from our investments. Taking all these circumstances into consideration, I have no hesitation in saying we can face the future with full confidence. The company is in a very strong financial position. Every item of its assets is taken at its lowest value, and, furthermore, there is a large amount of undistributed profit available, the carry-forward amounting to £557,000.

The resolution was unanimously adopted. Mr H. B. Shersby, in moving a cordial vote of thanks to the directors and the staff, congratulated Mr Salmon on his appointment to the chair, expressing the hope that he would for a long time occupy that important position.

Mr J. Lamont seconded the resolution, which was carried with acclamation, and the Chairman having briefly responded, the proceedings terminated.

ESTATES CONTROL, LIMITED.

LORD LUKE ON TRADE RECIPROCITY.

The twenty-eighth annual general meeting of Estates Control, Ltd., was held, on the 12th instant, at the company's offices, 152-166 Old Street, London.

Lord Luke, the chairman of the company, who presided and moved the adoption of the report and accounts, said:—The accounts are very similar to those of the previous year, the only really important change being that "Investments at cost and stock of raw material," which stood at £805,509 in March, 1931, are now represented by the following items:— "Investments at cost (being estate cattle and associated companies) £501,970, and "Sundry investments at cost and stock of raw material" £287,757. These two items taken together show a reduction of £15,782. The cash at bank, at £14,291, shows an increase of £2,801. The trading profits, at £24,476, are practically the same as in the previous year, but the "Dividends, interest rent, etc.," at £28,695, is £786 up.

CANADA AND ARGENTINA.

Estates Control has interests in Australia, Canada and the Argentine, and knowing something of the products of those countries it rather surprises me to find that there is such a general assumption that the Argentine is the great competitor of all the Dominions. It is a misconception, and, in the case of Canada, there is little similarity in the products exported.

Canada is an importer of maize and linseed. Argentina is the largest exporter of those products.

As regards any competition between Canada and the Argentine in exports to England, the only competitive article I can think of is wheat, and Canada exports a hard type of wheat, while the Argentine wheat is of a softer type, and is not in direct competition.

I have spent a fifth of my life in those two countries, and know something of their conditions and possibilities as regards products, and I feel that they are complementary to one another, and if there was an earnest to find further means of trade, new possibilities could be discovered.

While in Buenos Aires I pointed out that it would be helpful if reciprocal trade took place between the Argentine and Canada. Already Argentina takes about half its newsprint from Canada, and she is also taking a good deal of Canadian harvesting machinery.

Canada being north of the Equator and Argentina south, they have their summers at opposite times. I should not be surprised some day to find Canada importing Argentine chilled beef at the time of the year when it least suits her farmers to send their own cattle into the market. To-day Argentine Estates of Boyril ships Canada wholesome ready cooked corned beef.

OTTAWA POSSIBILITIES.

When leaving Buenos Aires I suggested to the journalists who interviewed me that Argentina should be thinking out what she could import from England, so that she could at the earliest possible date after Ottawa enter into negotiations for trade reciprocity. As regards reciprocity in another direction, I mentioned that delay was unnecessary, owing to the fact that our purchases of Argentine products were usually partially balanced by the dividends and interest received on our investments from over there, and by facilitating and assisting every British company working in the Argentine they would go some way towards equalising the trade balance.

The exchange provided by our chilled beef purchases should be available per contra to adjust the requirements for remittances to this country, and I was able to say this without any feeling that I was pleading my personal case because my companies' remittances on the whole are towards the Argentine. I mention chilled beef because whatever other Argentine product, be it mutton or frozen beef, exported to England may be curtailed, I do not anticipate much further reduction in chilled beef.

Chilled beef is a type of baby beef that it has taken forty years of pedigree stock farming to produce. This type of steer matures on alfalfa—that is, lucerne—in under two years, and the type could only be duplicated with similar soil and climate after many years of importing British pedigree stock, and to get numbers of the new type would mean many generations of three years each.

Each year our dividend causes a certain amount of comment. I would just say, in the first place, that it is paid on 102,500 ordinary shares of 4s. each, and therefore only requires £18,450 to pay 90 per cent. If you glance at the balance sheet you will see that we have put aside out of profits during the last 28 years over £350,000, part in reserve and part in carry-forward, and having thus increased our capital, we have this extra sum to trade with and earn additional profits.

The report and accounts were unanimously adopted.

INTERNATIONAL TEA COMPANY'S STORES, LIMITED.

ANOTHER RECORD YEAR.

The annual general meeting of the International Tea Company's Stores, Limited, was held, on the 12th instant, at Winchester House, London.

Mr Guy Collier (the chairman) presided, and in moving the adoption of the report, said that it was with great pride that he was able to announce another record year, the trading profit for this year being £885,088, which was £64,925 more than that earned last year. It was proposed to pay a final dividend of 18 per cent., making 30 per cent. for the year, to place £60,000 to income tax reserve, and to carry forward £134,547 to the next account. They had placed to general reserve account £100,000, and £100,000 to a reserve for equalisation of dividends.

Their extraordinarily good profits had been brought about by an enormous expansion of trade—by that and by that alone.

In spite of the lower spending power of the people, in spite of the competition which grew keener and keener each day, the weekly returns from their individual shops kept wonderfully steady, and even showed an increase in money turnover against previous years. When they considered the drop in food values this was little short of marvellous. It showed they had a solid following throughout the country, and that the International were becoming "The Fashion"—were becoming, in fact, the leading family stores in scores and scores of towns throughout the country.

The directors recommended that the sum of £124,943, being part of the reserve account, be capitalised, and distributed by way of bonus, in the form of ordinary shares of 5s. each, fully paid, to the ordinary shareholders, in the proportion of one new ordinary share for every ten ordinary shares held on June 27, 1932. He did not propose to speak on this question of policy very fully, but he would just caution shareholders not to expect this bonus distribution as an annual affair. They must, on this occasion, be guided entirely by results achieved and the prospects for the future.

Mr Colin Cooper (vice-chairman) in seconding the motion, said that their factory at Southall had now been improved and enlarged, and was now one of the finest, if not the finest, composite food factories in the world. Since the end of the financial year it had broken all records, the output in certain departments having been more than double that of last year.

The report was unanimously adopted and the bonus recommendation agreed to.

ANGLO-DUTCH PLANTATIONS OF JAVA, LIMITED.

FURTHER REDUCTIONS IN COSTS.

The twenty-second ordinary general meeting of the Anglo-Dutch Plantations of Java, Limited, was held, on the 14th instant, at Southern House, London.

Col. Sir Robert Williams, Bart. (the chairman), said that the available funds of the company were liquid and amounted to over £300,000. The local Java accounts, after providing £201,059 at par for the various depreciation reserves, showed a loss of £88,271. This loss, after the various items of London expenditure and debenture interest had been added, was increased to £142,779.

In 1931 they had 25,659 acres of tea in bearing and the crop amounted to 15,071,551 lbs. Notwithstanding the rigid economy which had had to be practised over the whole of the company's operations, both as regarded equipment and the condition of the gardens, their tea estates had never been in better fettle. The f.o.b. cost price in 1930 was 8.60d. Last year this was reduced to just over 6d., whilst the cash cost—excluding depreciations—was only a little over 5½d. Thanks to their forward contract the selling price, though comparing unfavourably with that of the last few years, could not, in view of the generally poor market, be considered an unsatisfactory one. At 8.56d. per lb. f.o.b. the result showed a net profit, after all deductions including depreciations, of 2½d. per lb.

With regard to the prospects for the coming year, their estimated crop was 16,500,000 lbs. As up to the end of June the crop had already amounted to 8,793,790 lbs., given normal weather the estimate should be about secured. Again this year they had the benefit of the contract under which one-half of their output had been sold at 1s. 1½d. per lb. London. The price on the market for the free portion of their teas was unfortunately likely to be a very low one.

The company's rubber area was now 32,248 acres, of which 28,307 acres were in production. The output for the year amounted to 15,893,600 lbs., or the equivalent of 582 lbs. per acre. The production cost was 3.44d. f.o.b. at par of exchange, a reduction of 2d. per lb. compared with the cost price of 1930. Of this, 3.44d., nearly seven-eighths of a penny, was accounted for by depreciation reserves, so that, notwithstanding the very low net selling price of 2.70d. per lb., the year showed a small cash profit.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the nine days ended July 9, 1932, amounted to £20,810,000 against ordinary expenditure of £22,406,000. After allocating £517,100 to Sinking Fund and having allowed for an increase of Exchequer Balances of £176,626 the operations for the week, as shown below, increased the National Debt by £2,290,000 to £7,667,993,000:—

(000's omitted.)

Treasury Bills	30,847	Bank of England Advances	19,500
By 1% Treasury Bonds	13,200	Public Department Advances	20,500
Repayments under Land Settlement Act	7	National Savings Certificates	350
		Road Fund	299
		Issues under Irish Land Act	1,115
	44,054		41,764

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.				
		April 1, 1932, to July 9, 1932.	April 1, 1931, to July 11, 1931.	Nine days ended July 9, 1932.	Eleven days ended July 11, 1931.	
ORDINARY REVENUE.						
Inland Revenue—						
Income Tax	260,000,000	25,680,000	25,974,000	5,144,000	6,156,000	
Sur-tax, including Arrears of Super-Tax	66,000,000	7,470,000	11,920,000	450,000	740,000	
Stamp Duty	76,000,000	24,050,000	22,080,000	5,050,000	2,450,000	
Stamp	23,000,000	2,550,000	2,800,000	240,000	220,000	
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...	
Land Tax and Mineral Rights Duty	800,000	120,000	140,000	...	10,000	
Total Inland Revenue	427,000,000	67,870,000	62,914,000	10,884,000	9,576,000	
Customs and Excise—						
Customs	174,570,000	44,212,000	33,367,000	4,179,000	4,507,000	
Excise	125,430,000	30,700,000	28,700,000	1,300,000	1,400,000	
Total Customs and Excise	300,000,000	74,912,000	62,067,000	5,479,000	5,907,000	
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,067,000	2,068,000	394,000	1,279,000	
Post Office (Net Receipts)	11,700,000	3,650,000	3,600,000	750,000	300,000	
Crown Lands	1,250,000	260,000	270,000	...	...	
Receipts from Sundry Loans	4,350,000	2,616,598	11,100,441	1,559,243	1,716,526	
Miscellaneous Receipts	17,500,000	3,308,220	6,289,913	2,743,743	531,117	
Total Ordinary Revenue	766,800,000	143,683,818	148,307,354	20,809,986	19,299,643	
SELF-BALANCING REVENUE.						
Post Office	59,188,000	14,600,000	14,800,000	1,250,000	1,700,000	
Motor Vehicle Duties apportioned to Road Fund	22,910,000	3,610,000	3,480,000	...	...	
Total Self-Balancing Revenue	82,098,000	18,210,000	18,280,000	1,250,000	1,700,000	
Total	...	161,893,818	166,587,354	22,059,986	20,999,643	

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.				
		April 1, 1932, to July 9, 1932.	April 1, 1931, to July 11, 1931.	Nine days ended July 9, 1932.	Eleven days ended July 11, 1931.	
ORDINARY EXPENDITURE.						
Interest and Management of National Debt	276,000,000	111,185,915	119,076,660	10,979,424	9,986,667	
Payments to Northern Ireland	6,800,000	1,395,964	1,450,382	232,678	201,785	
Other Consolidated Fund Services	3,500,000	833,399	654,602	195,850	202,01	
Total	286,300,000	113,415,278	121,181,644	11,407,952	10,390,469	
Total Supply Services (excluding Post Office)	447,210,000	113,188,000	112,254,650	10,998,000	16,038,000	
Total Ordinary Expenditure	733,510,000	226,603,278	233,436,294	22,405,952	26,428,469	
SELF-BALANCING EXPENDITURE.						
Post Office	59,188,000	14,600,000	14,800,000	1,250,000	1,700,000	
Road Fund	22,910,000	3,610,000	3,480,000	...	...	
Total Self-Balancing Expenditure	82,098,000	18,210,000	18,280,000	1,250,000	1,700,000	
Total Ordinary and Self-Balancing Expenditure	815,608,000	244,813,278	251,716,294	23,655,952	28,128,469	
New Sinking Fund (1928)	32,500,000	7,422,378	10,833,848	517,060	699,630	
Total (including New Sinking Fund)	...	252,235,656	262,550,142	24,173,012	28,828,099	

The aggregate revenue and expenditure to July 9, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to JULY 9th, 1932.

(000's omitted.)

Expenditure	226,603	Revenue	145,664
New Sinking Fund	7,422	Decrease in balance	2,899
	234,025	Net amount borrowed	67,443
			234,088

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	July 11, '31.	Mar. 31, '32.	July 9, '32.	9 days ended July 9, '32.
Advances by Bank of England	...	...	...	19,500,000
Advances by Public Departments	42,500,000	7,500,000	17,300,000	20,500,000
Treasury Bills outstanding	642,705,000	604,455,000	749,900,000*	+30,800,000
Total Floating Debt	685,205,000	611,955,000	767,200,000	9,200,000

* Includes £4,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on July 8, 1932, and the total amount applied for was £69,485,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 15s. 7d., about 75 per cent. and above in full, and Saturday at £99 15s. 8d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
June 17	45,000,000	65,850,000	0 16 0-06
June 24	45,000,000	65,410,000	0 15 0-19
July 1	45,000,000	59,945,000	0 16 11-82
July 8	45,000,000	69,485,000	0 17 2-38

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 13, 1932.

ISSUE DEPARTMENT.

Notes Issued—		Government Debt	11,015,100
In Circulation	366,271,208	Other Government Securities	241,371,433
In Banking Department	45,124,357	Other Securities	18,801,322
		Silver Coin	3,812,095
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	136,395,565
			£411,395,565

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	65,785,765
Bank	1,509,182	Other Securities	241,371,433
Public Deposits	17,047,517	Discounts and Advances	£14,771,076
Other Deposits	2,664	Securities	£24,947,833
Bankers'	£22,759,203		39,718,909
Other Accounts	£33,566,637		45,124,357
	116,325,840		809,172
7-Day and other Bills	2,664		
	£151,438,203		£151,438,203

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

Both Departments.	Amount, July 13, 1932.	Inc. or Dec. on Last Week.		Inc. or Dec. on Last Year.	
		£	%	£	%
Note circulation	366,271,208	— 407,673	— 0.11	+ 7,357,931	+ 2.02
Public deposits	17,047,517	+ 3,899,682	+ 22.88	+ 1,371,253	+ 7.98
Bankers' deposits	22,759,203	+ 1,836,450	+ 8.07	+ 16,329,863	+ 72.31
Other deposits	2,664	— 674,441	— 25.32	— 138,153	— 5.19
Seven-day bills	2,664	+ 1,604	+ 60.24	+ 1,407	+ 52.82
Total, outside liabilities	499,647,229	+ 3,143,742	+ 0.63	+ 24,92,301	+ 5.00
Capital and reserves	18,062,182	+ 23,500	+ 0.13	— 5,288	— 0.03
Government debt and securities	318,173,348	— 1,996,661	— 0.63	+ 44,897,173	+ 14.11
Discounts and advances	14,771,076	— 220,015	— 1.49	+ 7,364,293	+ 50.00
Other securities	43,749,155	— 1,142,958	— 2.61	+ 298,067	+ 0.68
Other securities	3,812,095	— 730	— 0.02	+ 277,363	+ 7.28
Silver coin in issue department	137,204,737	+ 239,719	+ 0.17	— 27,995,157	— 20.38
Gold and bullion (bank's reserve)	137,204,737	+ 239,719	+ 0.17	— 27,995,157	— 20.38
Reserve of notes and coin in banking department	45,933,529	+ 647,392	+ 1.41	— 20,353,088	— 44.32
Proportion of reserve to outside liabilities—					
(a) Banking department only		34 3/4 %	+ 1 1/2 %	— 22 3/4 %	— 6 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio") ..		27 1/2 %	+ 1 1/2 %	— 6 1/2 %	— 22 3/4 %

(000's omitted.)

Date.	Issue Department.				Gold in or out of Bank.	£	s	d
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.				
1932.								
June 4	408,721	327,238	25,877	85,846	33,472	3,103	11	2 1/2
15	408,480	327,428	25,868	85,846	33,987	2,611	11	2 1/2
22	410,731	328,548	25,577	85,846	33,145	1,212	11	2 1/2
29	411,143	328,083	17,982	85,846	34,736	403	11	2 1/2
July 6	411,144	328,083	20,947	85,846	34,241	1	11	2 1/2
13	411,396	328,271	17,048	85,846	33,567	251	11	2 1/2

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.		Reserve & "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1932.							
June 4	308,099	63,088	132,462	74,280	12,613	25,623	50,223 34 1/2
15	310,518	60,668	132,230	68,775	12,690	25,711	52,794 37 1/2
22	315,480	58,506	136,476	66,645	14,142	25,565	52,928 37 1/2
29	320,547	50,639	138,964	67,170	14,889	26,352	54,870 33 1/2
July 6	322,542	18,648	136,985	67,627	14,991	26,247	56,282 33 1/2
13	322,387	18,801	137,205	65,786	14,771	24,948	45,934 34 1/2

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to June 29	13,291,663	809,823	1,346,867	15,448,353
Week ended July 6	798,381	39,035	63,117	900,533
Week ended July 13	727,533	30,860	50,261	808,654
Total to date, 1932	14,817,577	879,718	1,460,245	17,157,540
Total to date, 1931	19,282,872	942,344	1,514,568	21,739,784
Increase or decrease in 1932 ...	-4,465,295	-62,626	-54,323	-4,582,244
	= 24.2%	= 6.6%	= 3.6%	= 21.1%
Total for year 1931	31,815,808	1,667,852	2,795,209	36,253,869
Total for year 1930	38,782,777	1,812,146	2,963,631	43,558,554
Increase or decrease in 1931 ...	-6,966,969	-144,294	-211,422	-7,322,485
	= 17.9%	= 7.9%	= 7.1%	= 17.8%

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

ASSETS.	July 7, 1931.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Gold	1,421,756	823,388	832,209	806,137
Of which deposited abroad	115,787	90,368	87,150	82,731
Notes in circulation	370,989	137,798	129,688	138,871
Balance of exchange and cheques	2,536,412	2,869,998	3,102,382	3,153,510
Discounts and advances	84,354	311,407	190,855	214,733
Other assets	8,788	11,727	2,528	6,385
Liabilities	224,477	102,481	261,318	109,111
Advances	102,264	364,431	364,431	365,213
Investments	661,431	765,523	844,492	767,929
Other assets	150,000	150,000	150,000	150,000
Share capital	337,331	417,426	417,426	417,426
Reserve	4,110,418	3,716,917	3,984,207	3,876,601
Notes in circulation	342,762	400,341	472,682	401,713
Other daily maturing obligations	691,960	711,889	705,588	710,869
Other liabilities	45.6%	25.9%	24.1%	24.4%

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

ASSETS.	Position, May 28, 1931.	July 9, 1931.	June 16, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Gold	183,092	183,092	183,092	183,092	183,092	183,092
Foreign bills and balances abroad	232,650	918,084	2,661,708	2,565,665	2,566,224	2,565,976
Other assets	697,600	738,451	896,239	886,611	894,446	886,347
Liabilities	934,150	5,316,401	5,998,895	5,582,166	5,660,020	5,695,901
Notes in circulation	112,125	129,971	252,720	286,622	219,435	141,194
Current accounts						

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

ASSETS.	Position, May 30, 1931.	July 13, 1931.	June 20, 1932.	June 27, 1932.	July 4, 1932.	July 11, 1932.
Gold	183,092	183,092	183,092	183,092	183,092	183,092
Foreign bills and balances abroad	232,650	918,084	2,661,708	2,565,665	2,566,224	2,565,976
Other assets	697,600	738,451	896,239	886,611	894,446	886,347
Liabilities	934,150	5,316,401	5,998,895	5,582,166	5,660,020	5,695,901
Notes in circulation	112,125	129,971	252,720	286,622	219,435	141,194
Current accounts						

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

ASSETS.	Position, May 30, 1931.	July 13, 1931.	June 20, 1932.	June 27, 1932.	July 4, 1932.	July 11, 1932.
Gold	183,092	183,092	183,092	183,092	183,092	183,092
Foreign bills and balances abroad	232,650	918,084	2,661,708	2,565,665	2,566,224	2,565,976
Other assets	697,600	738,451	896,239	886,611	894,446	886,347
Liabilities	934,150	5,316,401	5,998,895	5,582,166	5,660,020	5,695,901
Notes in circulation	112,125	129,971	252,720	286,622	219,435	141,194
Current accounts						

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

ASSETS.	Position, May 31, 1931.	July 7, 1931.	June 15, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Gold	171,175	839,538	2,606,008	2,606,167	2,606,633	2,606,786
Foreign bills and balances abroad	416,944	54,842	55,144	56,093	56,093	56,093
Discounts and advances	103,000	26,706	19,237	19,467	16,911	16,410
Other assets	77,867	106,702	103,800	99,800	100,500	97,500
Liabilities	275,925	1,047,792	1,467,789	1,468,135	1,474,217	1,450,134
Notes in circulation	33,750	346,698	1,240,170	1,242,999	1,158,498	1,188,257
Current accounts						

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

ASSETS.	July 11, 1931.	June 18, 1932.	June 25, 1932.	July 2, 1932.	July 9, 1932.
Gold reserve	238,094	205,987	205,989	205,990	205,990
Government securities—Swedish foreign	54,607	...	...	...	...
Other Swedish bonds quoted on foreign bourses	842	94	94	94	94
Bills payable in Sweden	186,665	231,257	232,624	257,450	232,253
Balance abroad	127,430	125,529	125,771	125,883	128,512
Advances	27,116	37,201	77,912	84,242	61,455
Liabilities	519,425	533,396	528,556	587,101	531,160
Notes in circulation	164,136	171,892	170,535	166,871	171,770
Government deposits	25,238	74,055	81,198	63,056	122,158
Private deposits	...	...	...	...	...

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

ASSETS.	July 7, 1931.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Cash Reserve	214,327	149,476	149,476	149,476
Gold coin and bullion	214,327	149,476	149,476	149,476
Foreign exchange	214,327	149,476	149,476	149,476
Other foreign exchange	214,327	149,476	149,476	149,476
Bills discounted	511,320	849,751	842,692	890,934
Govt. debt	96,059	93,978	93,978	92,990
Liabilities	43,200	43,200	43,200	43,200
Share capital	10,803	10,803	10,803	10,803
Reserve fund	1,034,977	918,198	873,896	961,758
Notes in circulation	217,539	162,703	183,494	149,213
Deposits	...	...	...	...

† In dollar and sterling only.

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

ASSETS.	July 7, 1931.	June 15, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Gold bullion and coins	111,803	96,527	96,527	96,527	96,527
Foreign bills and balances abroad	13,714	11,825	12,308	11,799	10,998
Discounts and advances	280,164	393,736	387,163	431,603	413,541
Other assets	96,560	54,137	54,137	53,287	52,521
Liabilities	43,200	43,200	43,200	43,200	43,200
Share capital	34,766	34,766	34,766	34,766	34,766
Reserve fund	373,072	348,067	336,142	348,586	372,504
Notes in circulation	60,283	77,731	81,951	71,611	65,804
Current accounts, deposits, etc.	...	...	...	...	...

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	July 7, 1931.	June 15, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Gold	1,539,852	1,640,913	1,640,739	1,640,675	1,640,644
Balance abroad and foreign currency	1,868,913	1,075,288	1,055,363	1,046,887	1,054,126
Discounts and advances	613,482	962,004	890,167	1,642,639	1,562,494
State notes debt balance	3,302,333	3,005,810	3,005,136	2,733,331	2,730,904
Other assets	1,010,970	636,948	620,487	336,635	365,799
Liabilities	6,618,841	6,057,296	6,009,589	6,409,918	6,081,445
Bank notes in circulation	673,042	608,043	631,577	348,486	594,478
Other liabilities	532,756	219,089	232,155	235,152	241,373

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

ASSETS.	June 8, 1932.	June 15, 1932.	June 22, 1932.	June 29, 1932.
Cash reserve	1,763,764	1,763,736	1,763,818	1,776,074
Gold at home and abroad	2,173,177	2,173,177	2,173,177	2,173,177
Foreign exchange	83,631	80,540	80,540	80,540
Other foreign exchange	2,343,468	2,327,873	2,317,319	2,292,102
Bills and advances against security	1,805,051	1,805,951	1,805,951	1,806,328
Government advances	5,008,862	4,920,533	4,828,960	4,933,366
Notes in circulation	544,794	606,634	672,809	542,808
Sight deposits	...	...	...	...

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

ASSETS.	June 30, 1931.	June 7, 1932.	June 15, 1932.	June 22, 1932.	June 29, 1932.
Gold and silver holdings	1,500,644	1,613,948	1,514,120	1,514,333	1,514,803
Balance abroad and foreign currencies	661,078	342,191	333,613	349,264	338,196
Discounts and advances	691,668	718,928	717,484	717,619	718,545
Advances to the Treasury	3,064,426	2,965,483	2,965,483	2,965,483	2,965,483
Liabilities	500,000	800,000	500,000	500,000	500,000
Capital paid up	1,184,443	1,192,713	1,192,713	1,192,713	1,192,713
Reserve	3,383,389	2,693,502	2,693,502	2,693,502	2,693,502
Bank notes in circulation	1,439,060	1,643,153	1,643,153	1,643,153	1,643,153
Sight liabilities	147,521	229,999	229,567	229,567	229,567
Deposits	...	...	...	...	...

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	June 30, 1931.	June 7, 1932.	June 15, 1932.	June 22, 1932.	June 29, 1932.
Gold	486,927	1,050,323	1,167,393	1,348,188	1,353,756
Balance abroad and foreign currencies	2,866,498	607,930	607,930	607,930	607,930
Discounts and advances	1,769	2,140	2,147	2,143	2,143
Other foreign exchange	151,236	327,440	325,628	325,205	325,913
Advances	202,484	1,125,440	1,044,764	1,032,923	1,030,366
Debt to the State	3,288,763	2,703,386	2,703,386	2,703,386	2,703,386
Liabilities	400,000	400,000	400,000	400,000	400,000
Capital paid up	4,254,889	4,133,458	4,124,823	4,124,823	4,124,823
Notes in circulation	1,448,481	1,138,301	1,177,430	1,238,714	1,289,815
Deposits and current accounts	893,475	773,057	673,329	853,329	853,329
Foreign exchange liabilities	...	...	...	...	...

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted).

ASSETS.	June 9, 1932.	June 16, 1932.	June 23, 1932.	June 30, 1932.
Gold and bullion	12,692	17,326	17,392	17,475
Other coin and notes	10,737	11,176	11,335	10,806
Cover to Supplementary Note Issue	1,057	1,057	1,057	1,057
(a) Gold	1,670	841	395	602
(b) Foreign exchange	956	1,108	1,163	1,138
Free foreign exchange	156,430	156,405	156,405	156,405
Treasury bonds	27,126	27,126	27,126	27,126
Securities	4,689	4,658	4,640	4,628
Liabilities	15,000	15,000	15,000	15,000
Capital	156,930	156,405	156,405	156,405
Note issue	11,416	10,586	10,141	10,347
Supplementary	5,516	5,823	6,744	5,893
Sight liabilities	...	...	...	...

BANK OF POLAND.—In zloty (000's omitted).

ASSETS.	June 30, 1931.	May 20, 1932.	May 31, 1932.	June 20, 1932.	June 30, 1932.
Gold	567,751	554,857	554,902	504,420	484,325
Of which held abroad	81,716	146,105	146,105	125,542	186,370
Foreign currencies	349,626	174,039	155,649	155,442	158,489
Bills discounted	553,928	614,971	637,530	629,290	670,986
Loans against securities	96,520	128,289	117,385	114,237	124,121
Reserve fund securities	93,534	92,544	92,544	92,544	92,427
Liabilities	150,000	150,000	150,000	150,000	150,000
Share capital	114,000	114,000	114,000	114,000	114,000
Reserve funds	1,230,044	1,050,314	1,020,908	1,046,901	1,108,384
Notes in circulation	269,955	198,823	161,066	157,207	150,210
Current accounts	...	...	...	...	...

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

	July 9, 1931.	June 6, 1932.	June 13, 1932.	June 20, 1932.	June 27, 1932.	July 4, 1932.
ASSETS.						
Gold bullion and coins	24,094	35,578	35,582	35,584	35,585	35,588
Silver coin	7,342	13,536	13,797	13,787	13,810	13,842
Balance abroad	21,688	12,387	12,817	12,361	12,344	12,358
Treas. notes and sm. change	12,232	16,499	16,958	16,624	19,001	19,000
Short term bills	78,785	73,247	72,711	72,727	72,737	72,635
Loans against securities	65,630	60,320	49,651	49,264	49,178	49,078
Other assets	15,169	16,308	14,587	14,563	14,762	15,107
LIABILITIES.						
Notes in circulation	37,273	37,016	36,285	36,659	36,497	36,500
Capital paid up	19,676	19,676	19,676	19,676	19,676	19,676
Reserve	4,729	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500					
Deposits	20,397	18,245	18,303	18,375	18,398	18,555
Current accounts	63,048	64,611	63,421	62,780	62,782	62,687
Government accounts	69,729	72,089	71,797	70,921	70,894	70,894
Other liabilities	383	3,680	3,336			

INDIA COUNCIL REMITTANCES.

India: Remittances to the Home Treasury.—There were no remittances from the Government of India to the Secretary of State for India during the week ending July 9, 1932.—India Office, S.W. 1. July 12, 1932.

INDIAN GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on June 30, 1932:—

	£	£
In India:		23,031,000
Gold		
In England:		
Cash at the Bank of England	4,259	
Gold	2,152,334	
British Treasury Bills—Value as on June 30, 1932	4,002,444	
Other British and Dominion Government Securities—At or below market value on June 30, 1932	10,809,963	
		16,969,000
		£40,000,000

India Office,
July 11, 1932.

SIDNEY TURNER,
Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended July 14, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Germany 400	Germany 7,560
Netherlands 76,074	Netherlands 416,947
France 29,244	Belgium 16,000
Egypt 80,465	France 892,300
India 16,197	Switzerland 2,000
British West Africa 51,487	Czechoslovakia 6,850
British South Africa 1,207,510	Other Countries 950
Kanva 16,788	
British India 764,529	
Straits Settlements and Dependencies 388,499	
Other countries 2,421	
Total declared value of imports 2,633,614	Total declared value of exports 1,342,609

GOLD MOVEMENTS.

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

1932.	ARRIVALS.	1932.	WITHDRAWALS.
July 8	Bars bought 1,599	July 8	NI
9	NI	9	NI
11	NI	11	NI
12	Bars bought 249,811	12	NI
13	NI	13	NI
14	NI	14	NI
Total	251,410	Total	NI

Net arrivals, July 8, 1932, to July 14, 1932, inclusive, £251,410.

Messrs. Samuel Montagu and Company write on July 13, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £136,144,152 on the 6th instant, as compared with £136,142,754 on the previous Wednesday. Offerings of gold in the open market have been mostly secured for the Continent, but of the £325,000 available yesterday the main proportion was taken by an undisclosed buyer. Yesterday, also, the Bank of England announced the purchase of £249,811 in bar gold.

Quotations during the week:—

	Per fine ounce.	Equivalent Value of £ sterling.
July 7	115s. 8d.	14s. 8.3d.
" 8	115s. 7d.	14s. 8.4d.
" 9	115s. 0d.	14s. 9.3d.
" 11	115s. 7d.	14s. 8.4d.
" 12	115s. 11d.	14s. 7.9d.
" 13	116s. 1d.	14s. 7.6d.
Average	115s. 7.7d.	14s. 8.3d.

SILVER.

The market has shown a firmer tendency during the past week, and prices advanced steadily until the 11th instant, when 17½d. and 17½d. were reached for cash and two months' delivery, respectively. The Indian Basars were the principal source of support, but a contributory factor to the rise in prices was hesitation on the part of sellers. At the higher level, however, China was inclined to sell, besides which speculators seemed disposed to take profits; prices eased in consequence, but the undertone remains steady, although it is possible there might be further slight reaction. The Continent has sold moderately, but American reaction have not been active. The imminence of the Ottawa Conference, and the hope in some quarters that proposals made there might have a beneficial effect on silver, possibly influenced in part the bullish feeling apparent during most of the week.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 4th instant to mid-day on the 11th instant:—

IMPORTS.	£	EXPORTS.	£
British India	24,545	Hongkong	15,236
Germany	16,656	France	2,185
Soviet Union (Russia)	14,855	Australia	1,500
Japan	6,301	Other countries	2,605
British South Africa	2,774		
Other countries	5,945		
	71,076		21,526

Quotations during the week:—

IN LONDON.				IN NEW YORK.	
Bar silver per oz. std.				Cents per	
Cash		Two Months'		Ounce	
delivery.		delivery.		-999 fine.	
July 7	16½d.	16½d.	July 6	26½	
" 8	16½d.	16½d.	" 7	26½	
" 9	16½d.	16½d.	" 8	26½	
" 11	17½d.	17½d.	" 9	26½	
" 12	17d.	17½d.	" 11	27½	
" 13	16½d.	16½d.	" 12	26½	
Average	16.885d.	16.927d.			

The highest rate of exchange on New York recorded during the period from the 7th instant to the 13th instant was \$3.58½, and the lowest \$3.54½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	July 7.	June 30.	June 22.
Notes in circulation	17,166	17,085	17,003
Silver coin and bullion in India	11,268	11,188	11,152
Gold coin and bullion in India	1,078	1,078	1,078
Securities (Indian Government)	4,820	4,819	4,773

The stocks in Shanghai on the 9th instant consisted of about 83,000,000 ounces in sycee, 237,500,000 dollars and 4,560 silver bars, as compared with about 80,600,000 ounces in sycee, 237,500,000 dollars and 4,700 silver bars on the 4th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash	Forward	Cash.
1932.	a. d.	d.	d.	d.
July 8	115 7	16½	16½	29½
" 9	115 0	16½	16½	29½
" 11	115 7	17½	17½	29½
" 12	115 11	17½	17½	29½
" 13	116 1	16½	16½	16
" 14	116 2	17½	17½	13½

Company News.

OIL OUTPUTS.

ANGLO-EQUADORIAN OILFIELDS, LTD.—The production for May is cabled as 17,113 tons.

ATTOCK OIL COMPANY, LTD.—Production for April, 10,423 barrels. Production for June, 14,394 barrels.

BRITISH BURMAH PETROLEUM COMPANY, LTD.—Production of crude oil by this company for the month of May was 25,834 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended June 1st: Venezuela, 36,527 barrels; Trinidad, 29,756 barrels; total, 66,283 barrels. Production for May: Venezuela, 165,760 barrels; Trinidad, 144,264 barrels; total, 310,024 barrels. Deliveries for May: Venezuela, 148,605 barrels; Trinidad, 191,248 barrels; total, 339,853 barrels. Production for the week ended June 8th: Venezuela, 36,355 barrels; Trinidad, 29,346 barrels; total, 65,701 barrels. Production for the week ended June 15th: Venezuela, 36,588 barrels; Trinidad, 30,069 barrels; total, 66,657 barrels. Production for the week ended June 22: Venezuela, 34,425 barrels; Trinidad, 31,693 barrels; total, 66,118 barrels. Production for the week ended June 29th: Venezuela, 35,184 barrels; Trinidad, 30,338 barrels; total, 65,522 barrels.

HAMILTON'S OIL CONCESSIONS (ROMANIA), LTD.—Cabled advice has been received from Bucarest as follows: Production for the month of May, 1932, 11,726 tons = 82,082 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of May amounted to 74,768 barrels, or approximately 10,680 tons.

LOBITOS OILFIELDS, LTD.—The production of the Peruvian Company for May is cabled as 24,809 tons.

MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended May 28, 1932, was 263,000 barrels; June 4, 1932, 262,000 barrels; June 11, 1932, 266,000 barrels; June 18, 1932, 263,000 barrels; June 25, 1932, was 265,000 barrels.

TUCUYO OILFIELDS OF VENEZUELA LTD.—Oil produced during May, 1932: 1,283 tons. Oil produced during June 1932: 1,084 tons.

SUMMARY OF BALANCE SHEETS.

DISTRICT BANK, LIMITED.
The following table shows the chief items in the statement of accounts at June, 1932, and, for purposes of comparison, the figures at June, 1931, and June, 1930, are given:—

	June, 1932.	June, 1931.	June, 1930.
Deposits	50,187,172	50,033,276	48,740,412
Acceptances, confirmed credits, endorsements, &c.	958,537	821,291	1,856,698
Cash and money at call and short notice	11,016,959	10,377,005	10,425,527
Bills of exchange (including Treasury bills)	5,415,486	3,411,840	3,384,344
Investments	14,928,876	18,910,336	18,898,945
Advances	22,291,354	20,785,797	19,434,006

BARCLAYS BANK LIMITED.

LIABILITIES.	Amount.	Compared with June 30, 1931.	ASSETS.	Amount.	Compared with June 30, 1931.
Current, deposit and other accounts (including reserve for income tax and contingencies and balance of profit and loss)	341,894,137	— 556,246	Cash	44,300,080	— 2,853,031
Acceptances and endorsements, &c., for account of customers	4,910,379	— 6,764,396	Balances with other British banks and cheques in course of collection	8,417,463	— 726,454
Reserve fund	10,250,000	—	Money at call, &c.	20,432,070	— 2,276,880
			Bills discounted	41,245,600	— 2,589,206
			Investments	71,821,386	+13,175,900
			British Linen Bank	3,714,357	— 300
			Union Bank of Manchester, Ltd.	750,000	— 150,000
			Other banks	2,224,902	— 4,071
			Advances	167,831,192	— 5,904,453
			Acceptances	4,910,379	— 6,764,396
			Bank premises	7,265,304	— 763,507
Total	372,912,733	— 7,320,642	Total	372,912,733	— 7,320,642

LLOYDS BANK LIMITED.

LIABILITIES.	June 30, 1931.	June 30, 1932.	ASSETS.	June 30, 1931.	June 30, 1932.
Paid-up capital	15,810,252	15,810,252	Cash	37,744,978	36,308,598
Reserve fund	10,000,000	7,500,000	Balances with other British banks and cheques in course of collection	10,871,687	10,439,395
Current, deposit and other accounts (including reserve for income tax and contingencies and balance of profit and loss)	348,849,331	336,685,354	Money at call and notice	31,905,847	22,589,270
Acceptances and endorsements	4,980,927	4,971,230	Balances with banks abroad	1,215,074	2,119,711
	42,084,429	30,647,010	Treasury bills	36,055,000	56,220,000
			Exchange	4,374,535	3,828,046
			Colonial and foreign bills	4,230,705	3,982,864
			Treasury bonds, &c.	25,584,910	16,052,383
			Other British Govt. Stocks	18,273,619	23,210,309
			Indian and Colonial Govt. Stocks, &c.	7,917,458	7,443,945
			Other investments	2,328,784	1,917,670
			Natl. Bank of Scotland	2,665,463	2,665,078
			Bank of London & S. America	2,416,020	906,008
			Indian premises	54,502	54,502
			Lloyds & Natl. Prov. Foreign Bank and Ad- vances	600,000	600,000
			Items in transit	172,367,368	154,509,330
			Other assets	3,281,324	3,701,515
			Bank premises	5,033,701	5,523,308
			Acceptances	7,743,569	7,328,645
			Endorsements	4,980,927	2,380,990
				42,084,429	30,647,010
Total	421,729,900	393,028,577	Total	421,729,900	393,028,577

MARTIN'S BANK, LIMITED.

LIABILITIES.	Amount.	Compared with June 30, 1931.	ASSETS.	Amount.	Compared with June 30, 1931.
£20 shares, £2½ paid	2,348,890	—	Cash in hand & with Bank of England	8,025,170	+ 285,892
£1 shares, fully paid	1,811,152	—	Balances, &c., with other British banks	2,314,010	+ 169,617
Reserve fund	2,900,000	— 607,872	Money at call, &c.	6,600,000	— 1,030,000
Current, deposit and other accounts	76,293,611	+ 1,371,281	Balances with banks abroad	131,638	— 113,578
Notes in circulation (Sale of Man)	15,668	— 1,014	Treasury bills	5,415,000	+ 1,605,000
Acceptances	964,538	— 647,404	Investments	23,680,204	+ 4,203,501
Endorsements	2,422,696	— 12,808	British bills of exchange	1,375,541	+ 208,593
			Colonial and foreign bills	135,328	+ 3,255
			Loans and advances	31,367,708	— 4,960,697
			Items in transit	1,182,765	+ 403,486
			Other assets	225,340	— 240,550
			Acceptances	964,538	— 647,404
			Bank premises	2,917,516	+ 230,904
			Endorsements	2,422,696	— 12,808
Total	86,756,458	+ 104,211	Total	86,756,455	+ 104,211

WILLIAMS DEACON'S BANK, LIMITED.

LIABILITIES.	Amount.	Compared with June 30, 1931.	ASSETS.	Amount.	Compared with June 30, 1931.
Capital issued	1,875,000	—	Coin, &c.	3,109,354	— 81,776
Reserve fund	800,000	— 200,000	Balances with other banks	1,103,965	— 62,829
Current, deposit and other accounts	29,008,990	— 969,321	Money at call	4,279,381	+ 1,024,421
Acceptances	367,690	+ 459,334	Bills discounted	1,589,585	+ 320,208
Endorsements	1,234,387	+ 979,967	British Government securities	6,820,412	+ 778,820
			Other investments	798,855	— 737,944
			Advances	12,932,801	— 2,458,349
			Premises	1,049,637	+ 48,128
			Acceptances	367,690	+ 49,934
			Endorsements	1,234,387	+ 979,967
Total	33,286,067	— 139,420	Total	33,286,067	— 139,420

THE STANTON IRONWORKS COMPANY, LIMITED.

LIABILITIES.	Amount.	Compared with Mar. 31, 1931.	ASSETS.	Amount.	Compared with Mar. 31, 1931.
6% cum. pref. shs.	447,668	—	Blast furnaces, &c.	1,834,543	— 4,357
Ord. shs., £1 fully paid	789,832	—	Bilthorpe Colliery and Village	991,005	— 3,122
Ord. shs., £1 with 15% paid	346,875	—	Cash—Bilthorpe Colliery	Nil	— 15,878
4½% deb. stks.	896,700	— 52,100	Investments in subsidiary cos.	993,747	— 13,491
Accrued interest	5,044	— 471	Amount due by Holwell Iron Co.	105,944	+ 105,944
Balances outstanding on capital purchases	189,849	— 42,845	Royalties paid in advance	95,176	— 3,216
Accrued interest	2,043	— 421	Minerals purchased outright	21,550	— 2,634
Deposits	113,350	+ 113,350	Stocks of pig iron	336,358	— 2,674
Accrued interest	548	— 548	Debtors	551,936	— 15,717
Bank overdraft	114,849	+ 114,849	Trade investments at cost	29,182	— 13,329
Creditors, including reserve for taxation	841,243	— 184,399	Cash	2,168	— 115,228
Owing to subsidiary cos.	13,766	— 122,536			
Reserves for contingencies	230,796	+ 14,085			
Capital reserve	440,448	—			
General reserve	109,552	—			
Profit and loss	379,046	+ 76,238			
Total	4,921,609	— 83,702	Total	4,921,609	— 83,702

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. • Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Associated Equipment	5%*	Aug. 8	Tax free	...	...
Central London	14%*	Aug. 8	Less tax	...	...
City and South London	14%*	Aug. 8	Less tax	...	...
London Electric	14%*	Aug. 8	Less tax	...	...
London General Omnibus Ord.	14%*	Aug. 8	Tax free	...	...
Metropolitan District	14%*	Aug. 8	Less tax	...	...
Underground Electric	2%*	Aug. 8	Less tax	...	...
BANKS.					
Barclays Bank "A"	10%*	Aug. 2	Less tax	...	...
Barclays Bank "B" and "C"	14%*	Aug. 2	Less tax	...	...
Bank of Ireland	6½%*	Aug. ...	Less tax	...	...
Commercial Bank of Australia ..	...	...	Less tax	5	11½
Lloyds Bank "A"	1¼ p.s.*	July 30	Less tax, 4/9½ in f.	...	...
Lloyds Bank "B"	6d. p.s.*	July 30	Less tax, 4/9½ in f.	...	...
Martin's Bank	14%*	July 23	Less tax	...	...
Munster and Limerick Bank	12%*	...	Tax free	...	...
Northern Bank "A"	12½*	...	Less tax	...	...
Northern Bank "B"	6½*	...	Less tax	...	...
North of Scotland Bank	16%*	...	Less tax	...	...
Provincial Bank of Ireland	12½*	Aug. 2	Less tax	...	...
Royal Bank of Ireland	8%*	...	Less tax	...	...
MINING.					
Johannesburg Consolidated Investment	...	Sept. 22	Less U.K. tax.	7½	7½
OTHER COMPANIES.					
Bassett (Geo.) and Company	12½%†	...	Less tax	20	20
British Assets Trust	4½d.	Aug. 1	Less tax	...	...
British Investment Trust (Def.) ..	6½%*	Aug. 1	Less tax	...	...
City of London Brewery Pref. Ord.	10%*	...	Less tax	...	...
Consolidated African Selection Trust	10%*	Aug. 4	Less tax 4/-	in f.	...
Eadie (James)	...	...	Less tax	10	13
Kia-Ora	3%*	July 22	Less tax	...	...
Manchester Park of Varieties	15½%†	...	Less tax	20	25
Metropolitan Trust	6%*	July 29	Less tax	...	...
Patent Victoria Stone	...	Aug. 1	Less tax	...	15
Sammuger Lute	5%*	Aug. 2	Less tax 3/-	in f.	...
Second British Assets Trust	...	Sept. 1	Less tax	...	...
Sparrow, Hardwick and Co.	21%*	...	Less tax	7½	24
Stone (J.) and Company	...	...	Less tax	...	...
Telegraph Lute	5%*	Aug. 2	Less tax 3/-	in f.	...
Victoria Lute	5%*	Aug. 2	Less tax 3/-	in f.	...
Weber (L. and G.) and Phillips ..	3%*	July 18	Less tax	...	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefer.	Ordinary.	Rate.				
		£	£	£	Amount	Amount	%	£	£	£	%
Banks.											
The National Bank	June 30*	29,485	116,659	146,144	...	90,000	12	25,000	31,144	135,102	14
Union Bank of Australia ...	Feb. 29	90,010	160,954	250,964	...	160,000	4†	...	90,964	283,018	7†
Breweries.											
Eadie (James), Ltd.	Mar. 31	85,211	46,281	131,492	12,500	18,750	10†	5,000	95,242	65,473	13†
Hoare & Co.	Apr. 18	1,007	448,551	449,558	...	331,340	17	117,405	813	541,709	21
Parker's Burslem Brewery ..	June 2	38,048	67,451	105,499	12,300	49,200	12†	7,946	36,053	92,562	17†
South African Breweries ...	Mar. 31	169,272	321,617	490,889	50,000	259,665	15†	...	181,224	332,807	17†
Financial Land, &c.											
Allsopp Brewery Investmts. ..	Mar. 31	7,971	100,266	108,237	...	87,500	25	...	20,737	99,375	25
Automotor Finance	June 30	1,797	22,123	23,920	4,794	11,250	10	3,000	4,876	26,722	10
Murrayfield Real Estate ...	May 31	2,830	...	3,149	...	900	4	...	2,249	1,099	5
Oregon Mortgage	May 31	18,760	14,568	33,328	9,956	...	...	...	23,372	24,828	5
Selected Land and Property ..	Mar. 31	4,563	5,198	9,761	...	2,777	{Ord. 2 Def. 6†}	1,662	5,322	6,204	Nil
Iron, Coal and Steel.											
Armstrong Whitworth Secs. ..	Dec. 31	68,674	11,478	80,152	...	...	...	173,583	Dr 93,431	56,959	...
Davy Brothers	Mar. 31	Dr. 88,282	Dr. 22,771	Dr 111,033	...	...	...	...	Dr 110,033	Dr 42,439	...
Rickett, Cockerell & Co. ...	Mar. 31	37,602	48,917	86,519	20,250	29,681	4	...	36,588	72,673	5
Stone (J.) and Co.	Dec. 31	146,241	83,478	229,719	39,000	45,030	7‡	...	145,689	207,749	25
Motor and Cycle.											
T. S. Motors	Dec. 31	14,988	Dr. 19,569	Dr. 4,581	...	...	...	54,209	Dr 58,790	25,706	...
Oil.											
U. Brit. Oilfields of Trinidad	Dec. 31	Dr. 11,764	2,903	Dr. 8,861	...	...	...	...	Dr. 8,861	Dr 36,516	...
Rubber, &c.											
Alluta Rubber and Produce ..	Mar. 31	1,370	Dr. 1,848	Dr. 478	...	...	...	Dr. 500	22	Dr. 3,616	...
Banir Rubber Estates	Mar. 31	285	Dr. 1,449	Dr. 1,164	...	...	...	...	Dr. 1,164	Dr. 2,082	...
Bidor Rubber Estate	Mar. 31	10,425	Dr. 856	9,569	...	...	...	...	9,569	508	...
Burnas Rubber Estates	Mar. 31	396	Dr. 4,278	Dr. 3,882	...	...	...	Dr. 4,000	118	Dr. 6,462	...
Caledonian (Selangor) Rub. ..	Mar. 31	8,099	390	8,489	...	...	...	...	8,489	Dr. 2,933	...
Cicely Rubber Estates	Mar. 31	11,320	Dr. 3,273	8,047	...	...	...	Dr. 6,382	13,429	1,946	...
Jeram Rubber Estates	Mar. 31	3,226	Dr. 4,868	Dr. 1,642	...	...	...	Dr. 2,004	362	Dr. 6,412	...
Jitra Rubber Plantations ...	Mar. 31	5,176	Dr. 81	5,095	167	...	...	...	334	4,594	...
Kali Glagah (Java) Rubber ..	Mar. 31	976	Dr. 1,574	Dr. 598	...	...	...	...	Dr. 698	Dr. 9,676	...
Kepitigalla Rubber	Mar. 31	358	Dr. 3,737	Dr. 3,379	...	...	...	Dr. 4,000	621	Dr. 7,380	...
Lok Kawi Rubber	Dec. 31	Dr. 6,296	1,809	Dr. 4,487	...	...	...	...	Dr. 4,487	Dr. 7,363	...
Parana Plantations	Dec. 31	2,649	Dr. 2,599	50	...	...	...	Dr. 1,617	1,667	Dr. 6,967	...
Rini (Java) Rubber	Dec. 31	4,862	Dr. 1,697	3,165	...	...	...	Dr. 493	3,658	Dr. 1,880	...
Sarawak Rubber Estates ...	Mar. 31	4,362	Dr. 3,143	1,219	...	...	...	...	1,219	Dr. 5,672	...
Selama (Malaya) Rubber ...	Mar. 31	3,686	Dr. 1,711	1,975	...	...	...	Dr. 1,200	3,175	Dr. 504	...
Telorejo United Plants.	Dec. 31	7,527	Dr. 27,426	Dr. 19,899	...	...	...	Dr. 8,509	Dr 19,899	Dr 48,526	...
Timbang-Deli (Sumatra) R. ..	Mar. 31	25,404	Dr. 8,509	16,895	...	...	...	...	25,404	Dr. 8,841	...
Travancore Rubber Co.	Dec. 31	32,163	Dr. 4,218	27,945	...	...	...	...	27,945	Dr. 3,673	...
Shipping.											
Furness, Withy and Co.	Apr. 30	198,237	388,421	586,658	55,312	198,750	6	175,823	156,773	402,691	7‡
Globe Shipping Co.	Dec. 31	Dr. 3,876	Dr. 2,931	Dr. 6,807	...	...	...	...	Dr. 6,807	Dr. 4,578	...
Tea.											
Baduliper Tea	Dec. 31	16,389	Dr. 3,044	13,345	2,590	...	...	Dr. 4,000	14,755	16,022	10
Bangsan Tea	Dec. 31	6,885	Dr. 3,709	3,176	...	...	...	...	3,176	...	...
Belsari-Chardwar Tea	Dec. 31	Dr. 6,472	Dr. 5,950	Dr. 12,422	...	...	...	Dr. 68	Dr 12,354	...	...
Bordubi Tea	Dec. 31	9,814	22,773	32,587	...	22,500	35	2,600	7,487	...	...
Boribheel Tea	Dec. 31	2,752	5,960	8,712	...	2,775	12‡	100	5,837	2,874	12‡
Ceylon Upcountry Tea	Mar. 31	1,574	5,632	7,206	...	4,400	20	1,500	1,306	...	...
Kacharigosa Tea	Dec. 31	4,721	Dr. 4,431	290	192	...	...	...	98	Dr. 1,331	...
Kuomsong Tea	Dec. 31	3,788	Dr. 1,143	2,645	...	...	...	2,549	96	9,521	12‡
Longai Valley Tea	Dec. 31	Dr. 15,400	Dr. 6,028	Dr. 21,428	...	...	...	...	Dr 21,428	Dr. 9,993	...
Lungia (Sylhet) Tea	Dec. 31	Dr. 32,175	Dr. 17,548	Dr. 49,723	...	...	...	...	Dr 49,723	Dr 33,334	...
Romai Tea	Dec. 31	8,263	1,488	9,751	...	2,000	12‡	...	7,751	534	5
Southern India Tea	Feb. 29	673	55	728	438	...	...	...	290	2,884	2‡
Telegraphs, &c.											
Marconi's Wireless Electr. ..	Dec. 31	31,788	60,007	91,795	17,500	40,403	2	12,371	21,521	212,336	10
Textiles.											
Harben's, Ltd.	Apr. 30	31,839	29,896	61,735	...	...	...	10,000	51,735	22,743	...
Hollin's Mill Co.	May 31	Dr. 10,324	Dr. 16,550	Dr. 26,874	...	...	...	...	Dr. 26,874	...	...
Trust.											
United Dominions Trust ...	June 30	20,388	62,784	83,172	...	37,500	{15A 5B}	25,000	20,672	74,101	{15A 5B}
Other Companies.											
Avon Electricity Meter ...	Mar. 31	286	Dr. 848	Dr. 562	...	...	...	Dr. 1,000	438	Dr. 696	...
Assoc. London Flour Millers ..	Apr. 2	21,463	118,106	139,569	88,281 (t)	...	...	20,000	31,288	84,677	...
Brazilian Warrant Agency ..	Dec. 31	71,048	55,854	126,902	35,000	...	...	42,120	49,782	44,424	...
Cork Improved Dwellings ...	June 30*	1,616	1,341	2,957	...	1,125	7‡	182	1,650	1,408	7‡
Coronet Brick Co.	Feb. 29	1,565	4,683	6,248	...	4,500	4‡	...	1,748	11,220	10
Gloucester Railway Carriage ..	May 31	34,486	16,926	51,412	...	...	...	...	51,412	Dr. 5,727	...
Tat Company	Feb. 29	9,774	588	10,362	...	...	...	...	10,362	496	...
Walsley Sheep Shearing Co. ..	Dec. 31	8,509	Dr. 10,844	Dr. 2,336	...	...	...	Dr. 5,000	2,665	3,746	5

* For half-year.

† Free of income tax.

(t) Including arrears.

REPORTS AND NOTICES

The directors of the Royal Insurance Company and the Liverpool and London and Globe Insurance Company announce with regret that Mr Walter Carter, after forty-one years' service, retired on May 31st from the position of London manager of the two companies, and they desire to place on record their appreciation of the valuable work he has done on behalf of the companies during this long period. To succeed Mr Carter the directors have appointed Mr F. R. Bellamy, hitherto assistant secretary of the Royal in London. Mr A. E. Marsden, assistant London manager of the Liverpool and London and Globe, has been appointed deputy of the Liverpool and London and Globe, and Mr F. J. Cheminais and London manager of both companies, and Mr C. F. Trustam, assistant secretary of the companies, together with Mr T. G. Brown, hitherto agency manager of the Liverpool and London and Globe.

BANKS.

GUARANTY TRUST COMPANY OF NEW YORK.—Deposits on June 30, 1932, including outstanding cheques, amounted to \$928,343,300, which figure compares with total deposits of \$892,931,647 at the time of the last published statement of March 28, 1932. The company's capital account totals \$270,495,732, comprising capital \$90,000,000, surplus funds \$170,000,000, and undivided profits \$10,495,732. The last figure shows a decrease of \$14,487,651 from the last published statement of March, in accordance with the announcement of the board of directors on June 1st that a sum had been appropriated from undivided profits to strengthen the reserves of the company for possible doubtful items. The company's total resources are \$1,240,705,948. Its assets on hand, in Federal Reserve Bank and due from banks and bankers and its United States Government obligations total \$537,258,847, as compared with \$457,505,782 on March 28, 1932.

THE NATIONAL CITY BANK OF NEW YORK.—The condensed statement of condition of The National City Bank of New York, dated June 30, 1932, including domestic and foreign offices, shows total assets amounting to \$1,567,673,668-38, comprising cash in vault and in Federal Reserve Bank, \$180,581,711-67; due from banks and bankers, \$121,737,827-46; loans, discounts and bankers' acceptances, \$696,620,610-13; United States Government bonds and certificates, \$253,201,185-70; State and municipal bonds, \$21,701,593-02; stock in Federal Reserve Bank, \$6,600,000-00; other bonds and securities, \$105,340,840-38; ownership of Inter-national Banking Corporation, \$8,000,000-00; bank buildings, \$61,122,307-90; items in transit with branches, \$6,473,867-45; customers' liability account of acceptances, \$99,186,454-02; and other assets, \$7,107,270-65. On the liabilities side there appears the following items: Capital, \$124,000,000-00; surplus, \$76,000,000-00; undivided profits, \$5,444,512-77; reserves for contingencies, \$31,253,258-98; unearned discount and other unearned income, \$2,455,115-61; interest, taxes, other accrued expenses, &c., \$6,913,168-47; dividend payable July 1, 1932, \$3,100,000-00; liability as acceptor, endorser or maker on acceptances and bills, \$104,241,020-25; Deposits, \$1,214,266,592-30; total, \$1,567,673,668-38.

RAILWAYS.

CORDOBA CENTRAL RAILWAY COMPANY, LTD.—The result of the voting at the stockholders' meetings held on Friday, July 8, 1932, to consider the scheme of arrangement, has been certified by the company's auditors to be as follows:—

	For the Scheme.	Against.	Majority for the Scheme.
4% first debenture stock...	3,029,875	15,170	3,014,705
5% debenture stock	2,390,991	15,462	2,375,529
First preference income stock	478,646	1,876	476,770
Second preference income stock	542,012	322	541,690
Ordinary income stock ...	716,288	1,257	715,031

MISCELLANEOUS.

A/B SEPARATOR, STOCKHOLM.—The net profit for 1931 was Kr. 3,019,362-64; brought over on profit and loss account from 1930, Kr. 3,790,638-32; total amount at the disposal of the general shareholders' meeting, Kr. 6,810,000-96. The board of directors will recommend to the general meeting that 2 crowns per share be distributed on the ordinary shares, 1,634,000; reserve for payment of 1932 dividend on preferred shares, Kr. 1,050,000; reserve for taxes, Kr. 300,000; to be carried forward on profit and loss account, Kr. 3,826,000-96; total, Kr. 6,810,000-96.

Commercial Reports.

MARKET SUMMARY.

The movement of prices at the principal international commodity markets has been somewhat irregular during the past week. Among cereals, there was a slight decline in the quotation of wheat and rye in Chicago (U.S.A.), but maize and oats were a shade steadier. Cocoa and coffee were a little firmer, and raw sugar continued to

advance. Rubber was dearer, following a slight improvement in demand. Last week's advance in raw cotton was followed by a reaction. Sterling prices of commodities, which lend themselves to grading and therefore to international arbitrage, moved in sympathy with gold prices. According to reports from various industrial centres, business in the coal trade appears to be shrinking. Transactions in iron and steel are on a small scale. Inquiries for cotton goods are increasing, but so far there has been little expansion in actual business. The rayon trade experiences a good demand for light-weight fabrics. An outstanding feature has been the advance in wool prices at the auctions in London.

THE COAL TRADE.

SHEFFIELD.—Business in all classes of coal continues to shrink and this month will probably be the worst experienced for some considerable time. The chief demand is for best steam hards, which are fairly steady, but nuts and smalls and household fuel are greatly in excess of demand. Production has been curtailed further and unemployment in the industry is increasing. Stocks are going up. Excessive production of furnace coke is an outstanding feature of the trade. The anticipated expansion of pig iron production has not taken place and surpluses at the ovens can be bought on exceedingly favourable terms. Prices accepted at as low as 9s. per ton are mentioned. Best hards are quoted at 16s. f.o.b., and best house coal at 20s. and 21s. at pits are being quoted. These figures, however, are nominal.

GLASGOW.—The Lothian collieries have been on holiday this week, and those in Lanarkshire and Fife close down at the end of the period for a ten days' suspension. There has been no special pre-holiday rush of business on this occasion. Apart from first Fife steam round coal is plentiful despite the reduction in output, but the latter circumstance, of course, affects the supply of washed nuts, available quantities of the larger sizes of which are readily taken up. Pearls are, however, weak. Shipment prices (f.o.b. district ports): LANARKSHIRE: Ell best, 14s. 3d.; splint best, 14s. 9d.; splint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 14s. 9d.; steam, 13s.; trebles, 12s. 6d.; doubles, 10s.; singles, 9s. 3d.; pearls, 8s. 6d.; dross, 8s. 9d. FIFE: Screened navigation, 16s. 6d.; first-class steam, 13s.; third-class steam, 10s. 6d.; tre

	Imports.		Deliveries.		Stocks.	
	1932. Tons.	1931. Tons.	1932. Tons.	1931. Tons.	1932. Tons.	1931. Tons.
London	694	451	1,867	1,323	13,078	28,008
Liverpool ...	14,198	11,308	14,085	3,348	84,687	74,171
Total	14,892	11,759	15,952	4,671	97,765	102,179
Last week ...	8,000	13,451	17,325	16,387	98,825	95,091

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended June 30.		Six Months ended June 30.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	3,940,557	5,026,514	25,358,270	28,548,347
B. Feeding stuffs for animals	362,978	461,417	2,381,266	3,278,935
C. Meat	6,954,935	7,387,588	46,678,932	41,043,235
D. Animals, living, for food	740,008	920,046	6,674,130	6,025,428
E. & F. Other food and drink	20,859,509	17,257,352	113,402,765	102,242,828
G. Tobacco	462,314	372,019	3,141,724	3,346,145
Total, Class I.	33,320,301	31,424,936	197,615,087	184,484,914
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,917	2,863	15,815	15,065
B. Other non-metallic mining and quarry products and the like	319,876	253,325	1,998,512	1,765,578
C. Iron ore and scrap	221,291	174,530	1,309,427	1,078,243
D. Non-ferrous metalliferous ores and scrap	620,234	548,185	3,924,989	3,492,348
E. Wood and timber	2,688,834	3,396,048	9,819,027	10,120,213
F. Raw cotton and cotton waste	1,978,790	2,083,439	13,324,696	15,767,013
G. Wool, raw and waste, and woollen rags	3,158,522	2,693,944	24,238,224	22,540,689
H. Silk, raw, knubs and noils	112,036	129,112	637,985	781,593
I. Other textile materials	427,735	345,349	3,639,770	4,271,040
J. Oil seeds, nuts, oils, fats, resins, and gums	2,154,159	1,675,986	13,982,132	12,348,750
K. Hides and skins, undressed	747,637	829,115	5,339,824	7,399,530
L. Paper-making materials	783,796	784,021	4,320,224	4,821,106
M. Rubber	317,908	192,217	2,932,039	1,416,937
N. Miscellaneous raw materials and articles mainly unmanufactured	564,051	409,560	4,292,830	3,747,523
Total, Class II.	14,097,583	13,517,692	90,375,196	89,458,628
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	1,891	1,045	9,853	10,358
B. Earthenware, glass, abrasives, &c.	784,616	417,650	4,400,776	2,358,728
C. Iron and steel and manufactures thereof	1,607,594	580,753	9,093,155	5,504,776
D. Non-ferrous metals and manufactures thereof	1,669,145	900,329	10,644,034	7,422,804
E. Outfery, hardware, implements, and instruments	672,793	364,737	3,338,407	1,942,162
F. Electrical goods and apparatus	399,640	169,670	2,382,621	1,141,047
G. Machinery	1,212,454	840,580	7,297,061	5,905,802
H. Manufactures of wood and timber	827,875	417,924	3,482,590	3,175,720
I. Cotton yarns and manufactures	627,217	162,349	4,135,831	690,770
J. Woollen and worsted yarns and manufactures	817,782	177,566	6,304,413	988,905
K. Silk and silk manufactures	625,398	306,089	4,425,766	2,811,265
L. Manufactures of other textile materials	1,121,981	626,065	7,214,084	4,597,248
M. Apparel	1,541,934	975,945	10,012,716	3,623,932
N. Chemicals, drugs, dyes, and colours	925,374	589,825	6,153,255	4,858,439
O. Oils, fats, and resins, manufactured	2,409,431	2,733,203	15,485,723	15,935,057
P. Leather and manufactures thereof	1,012,516	462,334	6,074,307	4,285,955
Q. Paper and cardboard	1,462,463	1,123,963	7,146,883	6,310,005
R. Vehicles (including locomotives, ships and aircraft)	258,109	209,893	1,963,705	1,674,552
S. Rubber manufactures	234,428	130,293	1,664,875	859,406
T. Miscellaneous articles mainly or wholly manufactured	2,183,178	1,023,374	13,125,808	8,206,910
Total, Class III.	20,195,819	11,813,477	124,353,863	81,701,841
IV.—Animals, not for food	447,720	405,368	1,740,229	1,478,033
V.—Parcel Post	534,387	356,028	3,738,237	2,848,733
Total	68,595,810	57,517,501	417,822,612	359,972,149

COFFEE.—There was a slight improvement in the demand for coffee in New York. On Tuesday, 4,500 packages were offered at auction in London. The results were, however, disappointing, as only a small proportion was sold. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 122 bags; exported, 27 bags; stocks, 6,817 bags, against 2,582 bags last year. Central American, landed, 2,602 packages; delivered for home consumption, 1,910 packages; exported, 2,256 packages; stocks, 119,601 packages, against 111,185 a year ago. Other kinds, landed, 1,405 packages; delivered for home consumption, 2,037 packages; exported, 1,180 packages; stocks, 83,430 packages, against 86,715 a year ago.

COCOA.—The market in cocoa has been firm, both in London and New York, and there was a further advance in prices. "July" futures were quoted at 4.14 cents per lb. in New York on Wednesday, against 3.91 cents per lb. a week ago and 3.98 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 27s. 6d. per cwt., f.o.b., London contract, shows an advance of 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 6,014 bags; delivered for home consumption, 4,186 bags; exported, 25 bags; stocks, 159,411 bags, as against 227,044 last year.

TEA.—The quantities catalogued for this week's auction comprise 42,966 packages of Indian, and 29,729 packages of Ceylon tea. At Monday's "Indian" sales, there was a good demand for all descriptions. Common and medium had advanced ½d. to ¾d. per lb. The "Ceylon" teas on offer on Tuesday found ready buyers at higher prices. On Wednesday the Indian varieties on offer passed quickly into buyers' hands at prices slightly higher than those of Monday. The following table shows the average prices (compiled

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended June 30.		Six Months ended June 30.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	264,332	249,498	1,655,116	1,934,611
B. Feeding stuffs for animals	147,328	101,728	1,145,011	960,450
C. Meat	79,731	76,936	605,851	539,577
D. Animals, living, for food	15,583	9,485	102,860	69,897
E. & F. Other food and drink	1,689,497	1,469,391	11,293,089	10,201,858
G. Tobacco	366,113	327,855	3,025,704	2,285,474
Total, Class I.	2,560,584	2,254,253	17,727,631	15,991,807
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,062,826	2,805,879	17,164,283	15,930,127
B. Other non-metallic mining and quarry products and the like	97,703	64,466	558,905	427,971
C. Iron ore and scrap	47,962	20,601	230,967	94,582
D. Non-ferrous metalliferous ores and scrap	42,669	55,529	229,515	225,342
E. Wood and timber	19,819	12,134	115,632	82,463
F. Raw cotton and cotton waste	20,933	32,842	154,073	245,580
G. Wool, raw and waste, and woollen rags	234,932	197,019	1,530,048	1,560,698
H. Silk, raw, knubs and noils	447	209	4,252	7,133
I. Other textile materials	19,595	24,729	81,329	147,608
J. Oil seeds, nuts, oils, fats, resins, and gums	191,282	141,154	1,342,406	962,077
K. Hides and skins, undressed	47,404	23,907	458,813	287,462
L. Paper-making materials	55,040	60,131	353,931	343,002
M. Rubber	7,362	6,261	50,765	65,610
N. Miscellaneous raw materials and articles mainly unmanufactured	130,819	156,922	1,464,132	1,416,334
Total, Class II.	3,978,793	3,603,783	23,739,061	21,755,969
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	170,900	173,449	1,309,224	1,203,799
B. Earthenware, glass, abrasives, &c.	663,753	668,317	4,200,658	3,787,321
C. Iron and steel and manufactures thereof	2,357,431	2,251,703	15,789,870	14,257,678
D. Non-ferrous metals and manufactures thereof	511,906	493,332	3,648,570	3,272,434
E. Outfery, hardware, implements, and instruments	445,576	467,399	2,683,798	2,753,088
F. Electrical goods and apparatus	560,815	476,877	4,151,003	2,850,461
G. Machinery	2,442,086	2,496,870	16,991,848	16,078,735
H. Manufactures of wood and timber	114,090	94,081	735,750	650,127
I. Cotton yarns and manufactures	4,255,379	5,179,185	28,629,167	33,254,117
J. Woollen and worsted yarns and manufactures	1,702,929	1,770,455	12,448,478	11,910,729
K. Silk and silk manufactures	87,391	97,386	553,823	533,990
L. Manufactures of other textile materials	960,716	1,104,151	6,552,357	6,718,261
M. Apparel	849,188	829,559	6,833,014	6,156,738
N. Chemicals, drugs, dyes, and colours	1,282,048	1,546,586	8,916,331	9,117,409
O. Oils, fats, and resins, manufactured	421,840	397,064	2,770,706	2,480,612
P. Leather and manufactures thereof	245,653	207,087	1,630,932	1,439,309
Q. Paper and cardboard	478,329	548,232	3,077,997	3,319,360
R. Vehicles (including locomotives, ships and aircraft)	2,152,732	2,272,102	17,291,749	11,484,586
S. Rubber manufactures	196,588	169,511	1,158,506	1,005,727
T. Miscellaneous articles mainly or wholly manufactured	1,752,030	1,627,165	11,026,789	10,749,768
Total, Class III.	21,651,580	22,870,411	150,370,565	142,982,219
IV.—Animals, not for food	80,012	79,868	484,840	398,397
V.—Parcel Post	1,160,892	915,402	6,863,892	5,977,944
Total	29,431,861	29,723,517	199,155,979	187,033,336

by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.
July 9, 1931	s. d. 0 7-58	s. d. 0 7-99	s. d. 0 10-28	s. d. 0 6-20	s. d. 0 6-26	s. d. 0 4-87
June 16, "	0 7-19	0 7-59	0 8-83	0 4-92	0 4-75	0 5-86
June 23, "	0 7-04	0 7-00	0 7-55	0 4-32	0 4-29	0 5-64
June 30, "	0 6-82	0 6-80	0 7-35	0 4-56	0 4-27	0 5-82
July 7, "	0 7-16	0 6-48	0 7-50	0 4-65	0 4-38	0 6-85

RICE.—The market in rice has been steady, and there was a further advance in forward quotations. Wednesday's "spot" price, at 8s. 3d. per cwt., shows no change on last week, while forward positions, at 8s. 3d. per cwt., show a rise of 3d. per cwt. Movements in London during the past week were as follows: Landed, 146 tons; delivered, 106 tons; stocks, 3,004 tons, as against 530 tons last year.

POTATOES.—The principal markets were well supplied with new potatoes, and prices declined further. English kidney could be obtained at from 8s. to 9s. per cwt. at the London Borough Market, against 10s. to 12s. per cwt. a week ago.

SPICES.—The market in spices has been quiet. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 2 tons; stocks, 359 tons, against 631 tons last year. White, landed, nil delivered, 13 tons; stocks, 547 tons, against 575 tons a year ago.



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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				POTATOES—				Sole Bands 8/14 lb.—				Best heavy ox and beef			
Wheat—	a.	d.	s. d.	Irish bladders—	a.	d.	s. d.	per lb.	a.	d.	s. d.	Best cow	a.	d.	s. d.
No. 2, N. Man. 496 lb.	25	9		American, boxes, 56 lbs.	46	0	8 6	per lb.	0	3	0 4	Best calf	0	4	
Eng. Gas. av. per cwt.	6	6		Good English, per cwt.	8	0	9 0								
Barley, Eng. Gas. av.	6	8		SPICES—											
Oats, " "	8	0		Pepper, per lb.—											
Maize, La Plata, landed	20	3		Muntok, fair White	0	7									
480 lb. stan. ex mill.				Black Lampung	0	6 1/2									
280 lb.	21	9		Cinnamon—lat sort, per lb.	0	7									
Rice, No. 2 Burma, per cwt.	8	3		Cloves—Zanzibar per lb.	0	7 1/2									
Tapiooa, per cwt.	8	3		Ginger—per cwt.	22	0									
Fair Plate, Singapore.	11	0		African	22	0									
MEAT—				Jamaica, ord. to good	55	0	85 0								
Beef, per 8 lbs.—				Mace	0	8	1 8								
English long sides	4	8	5 4	Nutmegs 65s	1	4									
Argentine chilled hinds	3	2	3 8	SUGAR—											
Mutton, per 8 lbs.—				(Duty, 11s. 8d. per cwt.)	17	0	18 6								
English wethers	3	0	4 8	B.W.I., crystallised	17	0	18 6								
N.Z. frozen	2	4	3 2	Java, white, c. & f. India	7	10 1/2									
Pork, English, per 8 lbs.	3	6	3 10	June-July	7	10 1/2									
				REFINED—London—											
				Yellow Crystals	18	10 1/2									
				Cubes	21	3	21 9								
				Crushed	21	3	21 9								
				Granulated	19	3	20 1 1/2								
				Home Grown	18	9	19 0								
				TRA—											
				Indian, per lb.—											
				Pekoe	0	5 1/2	0 7 1/2								
				Broken Pekoe	0	5 1/2	0 11 1/2								
				Orange Pekoe	0	5 1/2	0 11 1/2								
				Broken Orange Pekoe	0	5 1/2	0 11 1/2								
				Ceylon, per lb.—											
				Pekoe	0	5 1/2	1 3 1/2								
				Broken Pekoe	0	5 1/2	1 7								
				Orange Pekoe	0	5 1/2	1 5 1/2								
				Broken Orange	0	5 1/2	1 8								
				TOBACCO—											
				(Duty 9/6-10/6 per lb.)											
				Empire growths, 7/5-8/4 per lb.											
				Virginia leaf—											
				Common to fine	0	8	2 6								
				Rhodesian leaf	0	9	2 6								
				Nyasaland leaf	0	6	1 8								
				strips	0	8	2 0								
				East Indian leaf	0	5	0 10								
				strips	0	5 1/2	1 6								
				COTTON—											
				Mid-American, per lb.	4	6 1/2									
				Sakalawia, f.g.f.	6	6 0									
				Yarns, 32's twist	8	1 1/2									
				60's twist	13										
				FLAX—											
				Livonian ZK	per ton	41	0								
				Pernau HD	per ton	40	0								
				Slavets Medium 1st sort	per ton	44	0								
				HEMP—											
				Italian P.O.	per ton	43	0								
				Manila, July-Sept. "J 2"	per ton	18	10								
				Manila, July-Sept. "J 2"	per ton	13	15	14 10							
				JUTE—											
				Native 1st mks.	per ton	43	0								
				o.f.f. H.A.R.B.	per ton	43	0								
				September-October	per ton	43	0								
				October-November	per ton	43	0								
				SILK—											
				Canton	per lb.	6	0	8 6							
				Tamsh	per lb.	6	0	8 6							
				Japan	per lb.	6	0	8 6							
				Italian—raw, fr	per lb.	6	0	8 6							

MEAT.—There was a substantial decline in the price of both foreign and English beef at the Smithfield Market during the past week. English mutton was also cheaper, but New Zealand mutton was maintained. On Wednesday, Argentine beef (chilled hind-quarters) was sold at 3s. 2d. to 3s. 8d. per 8 lbs., against 3s. 8d. to 4s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 4d. to 3s. 2d., as against 2s. 2d. to 3s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,824 tons, as compared with 8,782 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.7 per cent. of the supplies, as against 85.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 83.7 per cent. of the total supply, as against 87.1 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—After a period of activity and advancing prices, markets have again turned quieter, and an easier tendency has developed. Owing to an improved demand for the oilcake product arising out of the scorched pastures principally in Central Europe, there was more activity in linseed, but requirements having been satisfied for the time being prices are now 6s. below the highest, Plate afloat and for July shipment quoting around £7 15s., and forward to October £7 17s. 6d. to £8. The quantity of linseed on passage to Europe has again increased and is now 186,400 tons, or 6,600 tons more than last week. Of this, only 4,900 tons is from India. In sympathy with Alexandria, cottonseed is firm and dearer, current value of old crop Egyptian, afloat to August, being £8 10s. to £8 12s. 6d.; while for new seed, October loading, £8 17s. 6d. is asked. Vegetable oils are steady. A good consumptive demand for linseed oil has been experienced with a marked advance in value. Raw oil is steady at rather lower figures, and for July and August delivery £12 15s. is quoted, and for September-December £13. Cotton oil is firm, and crude Egyptian, ex Hull, is held for £21, and technical refined for £23 6s. prompt. Oilcakes and meals are in better demand, and prices are fully steady.

RUBBER.—The market in rubber has again been a little more active, and, as a consequence, prices advanced a few points. In

New York, Wednesday's spot price for rubber, at 2½ cents per lb., shows a rise of ½ cent on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 1½d. per lb., against 1½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. for April-June, 1932, as against 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,242 tons; delivered, 1,944 tons; stocks at the end of last week, at 108,523 tons, show a decrease of 702 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	June 15.	July 6.	July 13.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	49	49	47 1/2
Maize, nearest future, Chicago, per bushel	29 1/2	29 1/2	31 1/2
Oats, nearest future, Chicago, per bushel	20	19 1/2	19 1/2
Rye, nearest future, Chicago, per bushel	30 1/2	29 1/2	29 1/2
Coffee, Rio No. 7, cash, per lb.	8-8 1/2	7 1/2	7 1/2
" Santos No. 4, cash, per lb.	10-10 1/2	9 1/2-10	10 1/2
Cocoa, Acra, nearest future, per lb.	3-96	3-91	4-14
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	2-75	2-95	3-05
Cotton, middling, spot, per lb.	5-35	6-20	5-90
Rubber, smoked sheet, spot, per lb.	2 1/2	2 1/2	2 1/2
Petroleum, Pennsylvania crude, standard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic, spot, per lb.	5 1/2	5 1/2	5 1/2
Copper, "Electrolytic," Cooper Ex. porters, Inc., spot, per lb.	5 1/2	5	4-877
Spelter, East St. Louis, spot, per lb.	3-80	2-625	2-58
Lead, spot, per lb.	3-00	2-80	2-70
Tin, "Straita," spot, per lb.	19-25	20-75	21-00

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Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXV.

SATURDAY, JULY 23, 1932.

No. 4,639.

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THE MONEY MARKET.

QUIET conditions prevailed throughout the week, and until Wednesday the market retained its easy tone. On Thursday the trend was inclined to be a shade firmer, but there was hardly any quotable difference in the rates. The outstanding event of the week was the new low

record in Treasury bill rates. The average rate at which the bills were allotted on Friday last was 10s. 6.84d., as compared with 17s. 2.88d. a week ago. This easily beats the low record of the 'nineties, which was 13s. 8d. for twelve months' Treasury bills. The big drop from last week did not take the market by surprise, and only few houses missed their Treasury bills. There was thus no particular inducement for the market to buy during the next day or two.

While before the tenders Treasury bills changed hands at a shadow above $\frac{1}{2}$ per cent., during the following days they declined below that figure. On various occasions the banks were buyers of August and September bills at $\frac{1}{2}$; and, even though such deals were exceptional, the current rates were only a shade higher. Fine bank bills were quoted at the beginning of the period under review at $\frac{1}{2}$ to $\frac{1}{8}$, but later they declined to $\frac{1}{8}$ to $\frac{1}{4}$. There were no noteworthy changes in the rates for standstill bills, which were unaffected by the disturbing political events in Germany. Money remained easy, and the rate for day-to-day loans moved between $\frac{1}{2}$ and $\frac{3}{4}$ per cent.; on Saturday it declined to $\frac{1}{2}$ per cent. towards closing.

There was no apparent reason for the slightly firmer tone on Thursday. In some quarters it was explained as a result of the absence of a reduction in the Bank rate, though few people, if any, expected a change this week. Opinions are not quite as unanimous as to the prospects next Thursday, though most people think it unlikely that, from the point of view of the conversion scheme, the authorities would reduce the Bank rate at a time when, owing to holiday influences the effects of a reduction would be negligible.

	June 30, 1932.	July 7, 1932.	July 14, 1932.	July 21, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Discount / Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Houses ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...

The Bank return on Thursday was uninteresting, and changes in the Banking Department were on a moderate scale. The only noteworthy point is that, notwithstanding the approach of the holiday season, the active note circulation showed a further decline. It is possible that, after all, the August demand for currency will not be as pronounced as was anticipated.

The Bank of England has bought on Wednesday another £188,084 of gold in the market. Since it began to buy gold at a premium on May 14 its total purchases have amounted to £15,591,082, but apart from £438,000, which was bought in the market, all of this was acquired abroad. The market remains in ignorance as to the object of the policy of buying in London; while purchases abroad may be explained by a desire to reduce the risk on foreign balances, in local purchases, the increase of the gold reserve is not a means to an end, but the end itself.

The June averages of the clearing banks show an accentuation of the tendency, noticeable already in May, towards the decline of advances. Deposits registered a further considerable rise, while acceptances were somewhat lower. Taking the banks as a whole, advances have been replaced by discounts and investments. As com-

pared with the figures for June, 1931, investments increased by £50.4 millions, while the rise of the bill portfolio was £11.9 millions. Loans and advances were down nearly £70 millions for the year.

	June, 1931.	March, 1932.	April, 1932.	May, 1932.	June, 1932.
Capital and reserves.....	132.1	122.8	122.8	122.8	122.8
Acceptances	115.9	98.7	98.1	99.5	95.2
Deposits (including undivided profits, &c.).....	1,744.6	1,639.3	1,643.4	1,661.3	1,726.8
Total Liabilities	1,992.6	1,860.8	1,864.3	1,883.6	1,942.8
Coin, notes, balance at bank, and cheques in course of collection	236.2	218.0	214.2	222.3	235.9
Money at call	129.9	109.2	108.9	108.7	108.9
Investments	298.1	290.9	296.6	309.3	348.5
Discounts	263.9	214.7	238.2	244.6	275.8
Loans and advances.....	906.6	886.0	864.8	855.7	836.8
Cover for accept., premises, &c.	157.9	142.0	141.6	143.0	136.9
Total assets	1,992.6	1,860.8	1,864.3	1,883.6	1,942.8

The firm tendency of the dollar continued during the past week, and some special gold shipments reached New York from Canada and other countries. The dollar rose to a slight premium in relation to the French franc. Call money ruled at 2 per cent., while open market rates of discount were unchanged at $\frac{1}{2}$ to $\frac{3}{4}$ per cent. for 90 day bills and to $\frac{1}{2}$ to $\frac{1}{4}$ per cent. for six months' bills.

The foreign exchange market was not very active this week, and fluctuations were infrequent. Sterling appreciated against nearly all the principal Continental currencies, whilst the dollar was weaker against both sterling and the franc. The New York rate rose from 8.55 to 8.56 $\frac{1}{2}$, and Montreal from 4.08 to 4.10 $\frac{1}{2}$. Paris, after holding its own in the early stages, fell away from 90 $\frac{1}{2}$ to 91 $\frac{1}{2}$. Brussels lost 17 points at 25.75 and Milan $\frac{1}{2}$ at 70 $\frac{1}{2}$. Madrid was only fractionally weaker at 44 $\frac{1}{2}$. Lisbon was unchanged at 109 $\frac{1}{2}$. Amsterdam was 5 points higher at 8.86, and Berlin 9 at 15.05. Switzerland fell away from 18.20 to 18.33. The Scandinavian currencies were variable; Stockholm being unchanged on balance at 19.48, whilst Oslo improved by 9 points at 20.08, and Copenhagen weakened by 9 at 18.56. The South American currencies are still nominal, and remained at last week's levels, Rio at 5 $\frac{1}{2}$ d. (sellers), Buenos Aires at 34 $\frac{1}{2}$ d., and Monte Video at 29 $\frac{1}{2}$ d. In the Far East the rupee was very firm, and gained $\frac{1}{4}$ d. to 1s. 6 $\frac{1}{2}$ d. The yen, after touching 1s. 7d., weakened to 1s. 6 $\frac{1}{2}$ d., a loss on balance of $\frac{1}{4}$ d. Batavia was 5 points higher at 8.95. In the forward market one month's dollars were more offered at $\frac{1}{2}$ cent discount, but three months' delivery firmed up to $\frac{1}{2}$ cent discount, against 1 cent discount last week. Paris was unchanged at 1 and 2 centimes premium. Brussels fell away sharply from $\frac{1}{2}$ centime discount for both deliveries to $\frac{1}{2}$ centimes discount for one month, and 4 centimes discount for three. One month's Madrid was weaker at $\frac{1}{2}$ peseta discount, three months' delivery being unchanged at $\frac{1}{2}$ peseta discount. Amsterdam was quoted at $\frac{1}{2}$ cent discount for both one and three months' delivery, as against par for both periods last week. Switzerland was unchanged at $\frac{1}{2}$ centime and 1 centime premium. The silver market was quiet, and prices moved up to 17 $\frac{1}{2}$ d. for both cash and forward at one time as a result of Indian and Chinese buying, but they fell away later, as a result of realisation, to 16 $\frac{1}{2}$ d. for cash and 16 $\frac{1}{2}$ d. for forward, a loss in each case of $\frac{1}{2}$ d. on balance. The China silver exchanges were, however, unaffected, and remained at last week's quotations, Hong Kong at 1s. 8 $\frac{1}{2}$ d. and Shanghai at 1s. 8d.

ECONOMIST INTELLIGENCE BRANCH.

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GENERAL SCHLEICHER'S RUBICON.

PLAYING augur to the political omens in Germany to-day is somewhat like attempting to interpret a Sphinx whose inscrutable exterior is known to mask a whole series of psychological complexes, in which nervous hysteria is perhaps the dominant element. Given the present compound of apathetic defeatism, frayed tempers and political emotionalism, almost any development in German politics might lead to consequences quite unpredictable. But in attempting to assess the bearing of the past week's events there is the further complication that we cannot say with any degree of certainty what is the real objective of those to whom the initiative has passed. So far as the visible evidence is concerned, all we know is that General von Schleicher—if we may so designate for short the real forces actuating the Government of which Herr von Papen is the titular head—has abrogated Parliamentary Government in Prussia by the appointment of a Reich Commissioner, and has backed up this step, in the face of the Social-Democratic Prussian Government's refusal to relinquish office, by the proclamation of a "state of emergency," virtually tantamount to martial law, in Berlin and the Province of Brandenburg. Defended by the Government's apologists as a measure necessary to cope with the menace of Communism, hailed by the Nazis as a surrender to their demands, denounced by the Southern Länder, by the Social-Democrats and even by the Centre as a breach of the Constitution of Weimar, and viewed suspiciously in France as a move towards the re-establishment of a dangerously aggressive military regime in Germany—this dramatic step bears many interpretations.

In which direction does truth lie? It is clear that General von Schleicher's act, for all Herr von Papen's pious reference to Article 48 of the Constitution, was in effect a *coup d'état*; and the plea that the Communist menace was compelling hardly carries conviction. Yet we are by no means satisfied that the superficially easy interpretation, which would represent Schleicherism and Hitlerism as more or less synonymous and would point to these events as foreshadowing a permanent fascist dictatorship in Germany, adequately fits the probabilities. We cannot quite picture such a hysterical smash "the system" of to-day, co-opting into its leadership elements who are of the very type of the "system" of the day before yesterday; nor do we readily see General von Schleicher (this "soldier of ideas" who has become the protégé of President von Hindenburg) comfortably bedded with a demagogue alien to himself as much in temperament as in race. General von Schleicher has beyond doubt crossed the constitutional rubicon; but we are far from being sure what he expects to find or intends to do on the other side.

On the supposition that there is logic in the policy of the small Junker group into whose hands the Government of the Reich has so surprisingly passed, let us go back for a moment to the causes which led to Dr. Brüning's fall at the end of May. If there is one thing of which we are reasonably sure it is that President von Hindenburg did not dismiss Dr. Brüning with the idea of facilitating Hitler's rise to power. Between the President and Herr Hitler enmity is known to be personal and bitter. In so far as Dr. Brüning, as a statesman of the Centre with unrivalled courage and conviction, had succeeded in upholding law and order in Germany during the economic crisis, his achievement had doubtless seemed satisfactory in the eyes of the landed interests with which the President and General von Schleicher are identified. They dismissed Dr. Brüning only when they came to feel that the late Chancellor's reliance on the passive support of the Social-Democrats was leading him, perhaps insensibly, too far towards the Left. Anger at the Brüning Government's proposal to acquire, by compulsory State purchase, estates hopelessly over-borrowed under *Osthilfe* credits, may have been the last straw; but there is little doubt that, long before May,

the circle surrounding the President had become increasingly uneasy at Dr. Brüning's general Leftward orientation of policy—not perhaps because they cared greatly how far the Government interfered with financial or industrial "capitalism," but because they foresaw the danger of a situation arising in which there would be a clean cleavage in Germany between (1) a Government relying mainly on a Left whose forces were weakened by intransigent Communism on its extreme flank, and (2) a rising tide of National Socialism. If they decided to forestall this situation—with all its risks, either way, to establish order—the decision does not necessarily mean that it was Dr. Brüning whom they feared; there is every indication that they saw in Hitlerism their greatest enemy.

Accordingly, we suggest, General von Schleicher and his associates proceeded to an attempt which was certainly at first and, we are inclined to think, may still be, an attempt to capitalise in their favour the desire of the great bulk of Germany to hold on to such solidity as is left; and in support of this policy they sought to mobilise the traditional national respect for law and order. Initially the attempt was made on constitutional lines. Herr von Papen, a Catholic and politically moderate-minded nonentity, was put at the head of the Ministry in the hope that his presence would attract the support—or at least the benevolent neutrality—of the Centre, led by Dr. Brüning. The hope was disappointed: the Centre declined to co-operate; the von Papen administration was revealed as a Government with no party to support it in the Reichstag; and meanwhile the Nazis had temporarily been bought off by the repeal of the ban upon the wearing of uniforms. There followed, as a result, the growing sequence of armed party strife and disorder which reached its culmination in the bloodshed at Altona last week-end. It matters little to what degree Nazis or Communists were the principal aggressors; the salient fact for General von Schleicher was that the "law and order" which had been the chief asset in his prospectus was rapidly depreciating; and though he held the Reichswehr in his hand, he may not have felt himself adequately armed to deal with the possibility of a *putsch*, whether from extreme Left or extreme Right, until he also had control of the Prussian police. This control he could not acquire so long as the Prussian Administration was in the hands of a Social-Democrat Government which was now left, as a result of the Spring election, without a working majority in the Landtag, and was, moreover, a standing provocation to Hitlerite violence. Accordingly, the stumbling block of the Prussian Government must be removed, even at the cost of some violence to the Constitution.

If we have read aright the meaning of General von Schleicher's strategy, it follows that he will presumably be anxious to limit as far as possible the provocative aspects of his tactics. It may not be without significance that Herr Bracht, the Deputy Commissioner under Herr von Papen in Prussia, is a man of the Centre, and that Centre officials in the Prussian administration have been left at their posts. Although the military jacket may replace more openly the civilian frac as official wear in the seats of Government, it would be illogical to suppose that a Government, which is seeking at any price to preserve in its own interests something of the "system of old Germany"—a system menaced more dangerously by Hitler than by any other visible force—will proceed to "trail its coat" by appointing Reich Commissioners for the Southern Länder, a step which would invite civil war. Nor should we expect to find the Government suppressing the Reichsbanner formations in Prussia so long as Herr Hitler's Storm Detachments are in being under their present leaders. General von Schleicher, with Prussia's army and police now in his hand, must still be conscious of the numerical limits of his forces. Even if he is satisfied that there has been no Nazi "permeation" of the Reichswehr, he can hardly afford to dispense with the

neutrality, at least, of the Moderate Left. He will continue, we suspect, to act on the assumption that a vast stratum of the German population is prepared to pay a long price in technical breaches of the Constitution for the assurance that the streets will be policed, the morning milk delivered, and the payment of wages and relief, however meagre, be maintained.

Nevertheless, we cannot but feel, on this interpretation of events, that General von Schleicher is running an enormous risk. It is true that, so far, the *coup d'état* has been accepted quietly. Guns have not gone off; the Social-Democrats have decided to concentrate on constitutional efforts at the election; and the trade unions have decided, at least until July 31st, to hold their hands and not declare a general strike. Yet, though the Left—with the exception of the Communist fringe, whose fighting capacity we do not rate very high—is clearly in no mood to embark on an armed counter-revolution, there can be little doubt that General von Schleicher's *coup* has irrevocably alienated both the Social-Democrats and the Centre, who see in it the destruction of the Republic. The prestige of the President, impaired by his somewhat indecent dismissal of Dr. Brüning, has now utterly collapsed; the legend of Hindenburg as the defender of the Constitution has been exploded for good and all. Whether from Brüning or Breitscheid, the Directorate can count on nothing but uncompromising opposition.

This being so, even if General von Schleicher is not faced with the danger of such a mass "down tools" movement as greeted the Kapp *putsch*, he is still faced with the problem of dealing alone, unsupported save by the Reichswehr and (more doubtfully) the police, with the forces surrounding Hitler. How will these forces behave? They are unlikely to secure a clear majority in the Reich elections on Sunday week, but that they will return as the largest single party in the Reichstag there can be little doubt; and there can be equally little doubt that, vague though the political programme of Hitlerism may be, its leaders, in order to maintain the drive of the movement, will have to force the pace. If General von Schleicher is dragged in the wake of Hitlerism towards not merely wild schemes of economic autarchy but the active suppression of anti-Hitler elements in Prussia and Bavaria, the end can only be a violent explosion. If he refuses Hitler's demands and challenges a "show-down," the prospects are less disquieting. For even though nearly all the long-service troops of the Reichswehr would probably stand fast for the Government, it must not be forgotten that the Hitler forces are by no means homogeneous. A part consists of political nondescripts, attracted to the movement mainly by the free board and lodging provided; a part comprises young men of the middle classes, little distinguishable from Nationalists except in age and lack of monarchist ideals; but a large part, led by the best brains of the movement, has a definite Bolshevik tinge. If it came to an open struggle with State forces, now openly revealed as defending a "system" against "systems" sworn destroyers, it would not be wholly surprising to find Herr Strasser's wing of the Nazi forces making common cause with the Communists on one and the same side of the barricades. Such a development might be a severe test for General von Schleicher, lacking, as he now does, the support of the still considerable moderate forces of Republicanism.

Here, as we see it, is the picture of Germany in the throes of making history, a process which invariably throws up clouds of dust bewildering to the observer, especially from a distance. With the obscurity of the future hardly less than that of the present, those of us who have cherished the hope of seeing a politically stable Germany once more co-operating on equal terms within the comity of nations can do no more than look on with anxiety and concern while she works out her destiny through this phase of *sturm und drang*. General von Schleicher has thrown the dice with a gambler's hand. He may win or lose. In any case, it is too late now to lament the fact that, had a clean settlement of reparations been reached a year ago, when Dr. Brüning's hands were still firmly on the helm, many things ill-done and many fears for the future might have been spared.

THE PROBLEM OF THE DEBTS.

AFTER reparations, war debts. Whatever may be said of the tactics of the European Powers in making their ratification of the Lausanne Agreement with Germany dependent upon a satisfactory settlement of their own debts, the fact remains that these two great problems were linked together by the President of the United States with the consent of the leaders of Congress in June, 1931, under the shadow of impending financial catastrophe. Apart, however, from this consideration, the Hoover Moratorium has now expired and the European debtors are under obligation to pay to the United States in the current twelve months a sum of about \$280 millions, of which the first instalment falls due on December 15th. With international trade reduced to a fraction of its normal amount and—in Britain's case—with the pound sterling divorced from gold, the resumption of payments on this scale would not only be extremely difficult in itself, but would make it impossible to lay satisfactory plans for the revival of normal economic activity. True, it is a bad time for opening discussions of this kind with the United States, for the wise direction of the world's affairs is fated to be blocked in this year of crisis by yet one more election. But no country can afford to prolong the present state of affairs for one day more than is absolutely necessary, and as the possibility of having to make these war debt payments is patently an obstacle to constructive measures for the revival of trade, it is inevitable that the European Powers should shortly invite the United States to consider a revision of the war debts.

With this great question we shall have future occasion to deal in some detail, from various angles. To-day we are concerned primarily with the broad lines of approach; but before we examine the possible grounds of appeal to the United States, let us set down a few plain figures. The lion's share of the \$280 millions is due from Great Britain, whose scheduled payment for the year is \$184 millions; \$60 millions are due from France, \$15 millions from Italy, \$8 millions from Belgium, \$7 millions from Poland and \$6 millions from other countries. Britain, however, is due to receive considerable contributions towards her payments from her former Allies. The amount due this year under the various debt agreements with Great Britain is about £18½ millions. Unfortunately this sum is payable in sterling and not in gold, and at present exchange rates it represents barely \$65 millions. If this sum were received in full it would reduce Britain's net payment to \$120 millions, while France would have to find about \$105 millions, Italy some \$80 millions, and the other European debtors some \$25 millions in all. As it is certain that in the current year nothing will be contributed by Germany towards these payments, the figures represent the amount each country must find from its own resources in order to meet its obligations.

It should, however, be noted in passing that the great predominance of the payment due from Great Britain will not persist indefinitely under the existing agreements. For whereas the British payment is this year practically at its maximum, the sums due to the United States from France will within ten years from now be more than double their present figure, while those due from Italy will increase by 50 per cent. in the same period, and will, in fact, increase on paper by more than five-fold before the payments come to an end. We are, in fact, considering a schedule of payments which—apart from sums due in 1933-48 to make good the Hoover postponement—is due to increase from its present figure of \$280 millions to a maximum of more than \$420 millions—a figure which is approximately equal to the whole of the current year's annuity due from Germany under the Young Plan.

We have said that it is inevitable that discussions should take place with the United States regarding the revision of these payments. Indeed, an approach to the United States on this subject would be justified not only by the terms of President Hoover's declaration of June of last year, in which he stated that suspension was necessary in order to enable the debtor Governments to

recover national prosperity—a condition which has most certainly not yet been fulfilled—but more specifically by the terms of the *communiqué* issued after the Hoover-Laval conversations in which it was recognised that some further prolongation of the Moratorium would be necessary, but that the European Powers should first take steps to straighten out the European situation by reaching a suitable agreement on reparations. This preliminary step has now been taken—albeit conditionally and at the last possible hour. But, when all is said, it is the pressure of circumstances which most compels early debt negotiations; for everything that has happened during the last twelve months has made it clear that if the world is to emerge from its parlous situation it must be prepared for much more drastic remedies than it was ready to consider twelve months ago.

But while discussions must inevitably be resumed within a comparatively short space of time, it is highly important that they should take place as far as possible on ground where there is the greatest likelihood of agreement, and should eschew arguments which are likely to emphasise differences in point of view or arouse resentment. It may therefore be worth while, before attempting to consider on what ground the problem can most usefully be discussed, to note and set aside the sort of considerations which, though bulking large in the minds of one party or another, are unlikely to lead to agreement.

In the first place there is little to be gained, in our opinion, by discussing the question which nation can best afford to carry the burden. As between the United States and the European debtors a strong case can be made, on the basis of standard budgetary and economic tests, to show that America's burden of taxation and debt per head is much the lighter. But this sort of argument will not carry us very far. The American taxpayer in the Middle West, faced with an economic crisis at his own door and the prospect of having to pay heavier taxation from greatly diminished resources, is not likely to be very much moved by statistical comparisons of the burden that is being carried by European nations. The Great War meant much less to the people of the United States than to the people of Europe. Before it was over they made an invaluable contribution in men, money and material. For that contribution only gratitude is appropriate; it would be both futile and churlish to attempt to reopen that page of history and to suggest that because of her great wealth the United States might reconsider her decision and make a greater contribution to the cost of the war. Nor, in our view, shall we make any greater headway if we attempt to base the discussions on capacity to pay. This, as experience has proved, is a most illusory conception, and conclusions reached on what seems the very best possible basis have, by a turn of the wheel, been utterly confounded.

The truth of the matter is that events have forced us all to consider the questions of reparations and war debts in the light of the whole economic situation. As we pointed out last week, these payments do not correspond with any investment which has increased the productive capacity of the debtor or enlarged the trade of the world. On the contrary, they have emerged from conditions which have reduced the ability to pay—and in ability to pay we most emphatically include the economic effect on the payer as well as on the receiver. It is only by viewing this problem as part of the task of re-establishing on normal lines the financial relations between the nations that we can hope to find common ground.

The world, after the war, confronted with great industrial changes and shifts in the balance of economic power, was faced with a problem of readjustment of international trade which, in the most favourable circumstances, would have involved internal difficulties for many nations and a strain on any international financial system. The superimposing of political payments on the normal payments between nations produced a situation with which the world was utterly unable to cope. No one would suggest that the reparation or debt payments are entirely responsible for our difficulties, but that they have played a considerable rôle no one can doubt. And, as we pointed out last week, the effect of the breakdown of the world's

financial system has produced results which are so far out of proportion to the actual amount of these debts that, if their radical revision can play even a small rôle in promoting recovery, revision will be highly profitable for all concerned.

Not long ago we gave some figures of the decline in international trade, which amounts for four nations alone to something like ten times the annual total of the whole reparation payments. Still more striking results emerge when we consider the shrinkage in the national income of the great nations. In the case of Great Britain, for example, the diminution of our national income in 1931, compared with our income of 1929, must be something in the neighbourhood of £800 millions, a figure which is larger than all the payments made by Germany since the Dawes Plan came into operation eight years ago. The case of the United States is even more illuminating. On any estimate the national income of that country must have shrunk in two years by considerably more than 20 billion dollars—a figure which is equal to twice the full capital value of all the war debts added together. If American opinion can be persuaded to recognise that the attempt to transfer payments of political debts has played some part in throwing the financial machinery of the world out of gear, is it too much to hope for agreement that the game is not worth the candle? A modest revival in the level of prices and in the volume of trade would so increase the taxable capacity of the United States that that would be far more helpful to its budget situation than an attempt to revive these debt payments. If the case for revision is presented in this way, even the Western farmer, we are confident, will come to appreciate that the long-delayed recovery for which he is looking will come more quickly if European nations buy something from him in exchange for the goods which they send than if they have to send those goods for nothing in payment of their debt.

AMERICA'S BALANCE OF PAYMENTS.

THE annual reports prepared by the U.S. Department of Commerce giving the estimated balance of international payments of the United States are always of considerable interest, since the methods of compilation and analysis, inaugurated originally by Dr. Ray Hall, furnish a much greater wealth of detail in relation to this important aspect of America's economic activities than is the case with any other country. The tenth annual report now published merits particularly close study; for it illustrates, to an extent much more dramatic than did its predecessor a year ago, the reactions not only of protracted economic depression, but of the world financial crisis.

In the following table we summarise the chief debit and credit items in America's account with foreign countries last year, in comparison with the data for 1929 and the (revised) figures for 1930:—

	Million \$.				Million \$.		
	1929.	1930.	1931.		1929.	1930.	1931.
Debits.				Credits.			
Freight payments (net)...	66	96	72	Surplus of merchandise exports	648	801	369
Tourist expenditure (net)...	638	605	458	Interest on private investments (net)	565	616	548
Immigrants' remittances	223	166	163	War debt receipts	207	241	113
Net imports of gold*	120	256	...	Net exports of gold*	...	...	166
Other items	674	...	...	Other items	...	...	244
Balance, representing net export of capital	306	780	547				
	1,420	1,903	1,240		1,420	1,903	1,240

* Adjusted for "earnings" and export of paper \$.

† Allowing for net discrepancy on account of inaccuracies a figure of \$49 millions, which affects equally the item "Balance."

‡ Allowing for net discrepancy on account of inaccuracies a figure of \$323 millions, which affects equally the contra-item "Balance."

• Allowing for net discrepancy on account of inaccuracies a figure of \$124 millions, which affects equally the contra-item "Balance."

With regard to 1931, the first feature which emerges from the foregoing table is the marked contraction in the surplus of merchandise exports, the figure being arrived at after various adjustments for bunkers, shipping repairs, parcel post, and a margin by way of "adjustments for difference in year-end lags." Gross merchandise exports, at \$2,424 millions, were 37 per cent. less in value than in 1930, while total imports, at \$2,090 millions,

showed a fall in value of nearly 32 per cent. The earnings of long-term American investments abroad fell heavily from \$838 millions to \$563 millions, while payments to foreign investors on account of long-term investments in the United States declined from \$227 millions to \$100 millions. The net credit on account of short-term interest and commissions rose from \$5 millions to \$85 millions, as a result of the high short money rates in Europe during the second half of the year. The fall in war debt receipts reflects the consequences of the Hoover Moratorium. On the other side of the account, tourist expenditure by Americans showed, as was to be expected, a considerable decline, but the most remarkable feature is the disappearance of the entry "Net imports of gold" and its replacement by a substantial credit item of net gold exports. With regard to "other items," it will be seen that the revised figures for 1930 still include a very large margin of error which affects the balance representing "net export of capital"—a balance which requires further examination in the light of the estimated transactions on capital account, since at first sight it might appear anomalous that a country whose visible and invisible credits exceeded her debits on account of freights, tourist expenditure and immigrants' remittances, should be losing gold.

In the next table we show details of the long-term capital operations of the United States during the past three years:—

	\$ Mn.				\$ Mn.		
	1929.	1930.	1931.		1929.	1930.	1931.
New American investments abroad—				New foreign investments in U.S.A.—	1,616	960	599
Public issues*	635	839	213	Bond - redemption and resale to foreigners of foreign securities	783	1,107	921
Other purchases	913	613	543	Net long-term foreign investment by America	319	295	...
Reduction, through redemption and repurchases, of foreign holdings in U.S.A.	1,170	910	546				
Net inflow of long-term capital	...	...	218		2,718	2,362	1,520
	2,718	2,362	1,520				

* After deduction of refunding operations, underwriting commissions, &c.

It will be observed that on the one side of the account, though new foreign investments in the United States showed a progressive decline, repurchases by foreigners of foreign securities previously held in America were maintained at a level considerably above that for 1929. The opportunity to repay obligations at, in many cases, a heavy discount, was evidently still attractive. On the other side of the account the most prominent feature is the fall of 75 per cent. in new American investments abroad through the medium of public issues. As a result of this radical diminution in America's long-term foreign lending, and also the lessened rate of repurchases from foreigners of American securities, the year resulted in a net inflow of long-term capital amounting to \$218 millions, as compared with a net outflow of \$295 millions in 1930, \$319 millions in 1929 and no less than \$708 millions in 1928.

In the light of this figure of \$218 millions net inflow of long-term capital, the explanation of the figure of \$547 millions "net export of capital"—and therewith the associated net export of gold—must obviously be sought in the movement of short-term funds. We give below in summary form the figures relating to the end-year position:—

SHORT TERM CAPITAL ACCOUNT.

	(Million \$.)		
	End 1929.	End 1930.	End 1931.
Due to foreigners	3,037	2,737	1,462
Due from foreigners	1,617	1,802	1,292
Net indebtedness	1,420	935	170
Net change on year...	...	— 485	— 765

During 1931 demand liabilities of United States banks to foreigners and short-term investments carried by foreigners in the American markets fell by \$1,275 millions, or more than double the amount of the reduction of obligations of foreign banks and markets to America. During the second half of 1931 America was repaying at an unprecedented rate her net short-term indebtedness abroad, and her short-term creditors were satisfying their

claims in part by withdrawals of gold. In 1930 the net export of capital from the United States was made up as to \$295 millions by net long-term lending abroad and as to \$485 millions by reduction of short-term balances held by foreigners. In 1931 the course of the stream of long-term capital was completely reversed, and resulted in a net inflow of \$218 millions, which enabled the United States, partly by exports of gold, but mainly by her surplus on account of current items, visible and invisible, to reduce practically to zero her net indebtedness to foreigners on short-term account. In studying these figures, Americans, it is hoped, will not lose sight of the marked correlation between the decline in United States foreign lending and the downward course of merchandise exports.

MERCHANT FLEETS IN THE DEPRESSION.

THE present phase of ruinously low freights and acute depression in the shipping industry may be said to have begun at least a year in advance of the collapse of world trade whose first symptoms were discernible in the autumn of 1929. After four years of comparative stability in 1924-27, during which time the *Economist* freight index number yielded, with relatively narrow fluctuations, a mean figure some 25 per cent. above the level of the average for 1898-1913, there occurred in 1928 a sharp fall in the freight market, which brought the annual mean of our index number down to 14.9 per cent. above the pre-war base. In 1929 a further decline of some 2 per cent. was recorded; and in the thirty months which have elapsed since January, 1930, the average figure is more than 8 per cent. below the pre-war level.

Against this background of falling gross revenue from cargo traffic, accompanied during the last two years by a severe contraction in passenger business, it is interesting to examine the changes in the size and position of the world's merchant fleet as recorded in *Lloyd's Register*, whose 1932 volume has been published this week. Looking first at the gross figure of tonnage of all classes, other than the internationally unimportant fraction representing sailing vessels and barges, we find that by the summer of 1923 the great post-war reconstruction of merchant fleets was complete, leaving the world's total ownership at 62.3 million tons, as compared with 45.4 million tons in 1914. Between 1923 and 1926—a period, it will be observed, which coincides with the phase of freight stability noted above—no appreciable change took place in the volume of world tonnage; but between 1926 and 1929 nearly 4 million tons were added to the world's fleet. In fact, it is clear that even before the onset of the world financial crisis, shipping had been somewhat "overbuilt," though up to 1928 the surplus was not perhaps of very serious dimensions.

The influences—partly optimistic forecasts of expanding world trade, partly policies of economic nationalism expressed in subsidies for new construction—which had led, from 1926 onwards, to a striking increase in the volume of shipbuilding contracts placed, made themselves felt in the shape of large launching figures up to and including 1930, when the volume of new shipping placed in commission, at 2.9 million tons, reached the highest level since 1921. Last midsummer the aggregate steam and motor tonnage in the world had risen to the record height of 68.7 million tons; and though in 1931 launchings fell to 1.6 million tons, the present total of the world's steam and motor tonnage at 68.4 million tons is still 2 million tons greater than it was in the summer of 1929, immediately before the crisis.

This apparent evidence, however, of continued growth in the world's marine carrying capacity requires certain qualifications, since, in particular, the gross figures take no account of the development of tanker tonnage not available for general cargo purposes. A clearer impression of the position of the world's merchant fleet on the eve of the crisis and at the present time may be gathered perhaps from the following figures, which we have compiled from the statistical tables accompanying *Lloyd's*

Register Book. The figures are approximations, since the form in which the material is published does not enable deductions on account of different categories of tonnage to be made with precision. With this reservation, however, the following table gives a broadly correct picture of the world's sea-going fleet available for all purposes, other than the carriage of bulk oil, in 1929 and 1932:—

	(Million Gross Tons.)		1932.	
	United Kingdom.	World.	United Kingdom.	World.
Total steel vessels*	19.9	61.9	19.5	64.1
Deduct—				
Tankers	2.2	7.0	2.3	8.8
Coasting vessels†	2.3	10.6	2.2	10.5
International trading fleet	15.4	44.3	15.0	44.8

* Excluding lake tonnage, all sailing vessels and all iron and wood and composite steamers and motor-ships.
† Vessels other than tankers of less than 2,000 tons.

The category of coasting vessels defined above is obviously not precise, since many vessels of less than 2,000 tons participate in international commerce; but, broadly, the foregoing figures show with reasonable accuracy the comparative amounts of internationally competitive tonnage. Thus analysed, the changes between 1929 and 1932 are relatively slight. The British sea-going fleet available for general purposes other than the carriage of bulk oil has diminished slightly, and the world total has slightly increased; but the expansion in the latter figure is not important, and the British percentage of the total remains round about the satisfactory ratio of 33 per cent.

In last week's issue of the *Economist* we noted the present condition of almost complete paralysis in the world's shipbuilding yards. So long as the present terribly high percentage of unemployed tonnage persists, and so long as there is no recovery in the freight market, even to the degree of activity represented by its average launchings of 1.9 million gross tons annually in the four years 1923-26, i.e., before the artificial and, as events have proved, unwarrantable pre-crisis boom. Indeed, until it is possible to detect sure signs that the present trend towards annihilation of international commerce is arrested and reversed, no attempt can safely be made to forecast the future of shipbuilding production; for, even though, as we have seen, the world's available carrying capacity for passengers and general cargo has not, in fact, increased appreciably since the beginning of the slump, it does not therefore follow that the carrying capacity of 1929 will not be in excess of the world's requirements for an indefinite time to come. If the world is destined to work out conceptions of autarchy to their bitter conclusion, there may have to be a great contraction of the world's internationally competitive merchant fleet below its present figure of 45 million gross tons.

Should, however, the next few years bring some revival of international trade, so that the volume of cargoes again approaches the dimensions of 1929, then there is one factor which of recent years has become, on a long view, increasingly favourable to shipbuilders. The volume of tonnage in the world aged twenty-five years and over has been steadily increasing: from 8.8 million tons in 1926 it had reached 10.3 million tons in 1929, and now amounts to the abnormal figure of 12.3 millions. The process of attrition on these more or less obsolete vessels is slow, and their continuance afloat is being rendered possible during the depression by reason of (a) cheap labour costs in some countries, and (b) the readiness of charterers to accept slower delivery of cargoes in return for "cut" freights. Nevertheless, the year 1931 saw the volume of tonnage broken up rise to over 1 million tons, as compared with an average of less than 850,000 tons in the three preceding years, while losses accounted for another 300,000 tons. If, as seems probable, total wastage by losses and scrapping is now well on the way towards 2 million tons a year, while launchings in 1932 are unlikely to exceed greatly some 500,000 tons, equilibrium between supply of and demand for carrying space at sea may be regained, unless world conditions further deteriorate, well within the limits of the next quinquennium.

NON-FERROUS METALS: LEAD.

THE structure and recent history of the lead-producing industry is in many respects similar to that of zinc production, which we surveyed in our issue of last week. Sulphide of lead ("galena"), which is the principal lead-bearing ore, usually contains a varying quantity of silver, so that the value of a "galena" deposit depends on its relative richness in lead and silver, as well as on the market price of the two metals. Although lead, zinc and silver are generally associated and mined together in the exploitation of sulphide ores, one of them usually predominates, the others being recovered as by-products. As in the case of zinc, the United States is at once the principal single producer and consumer of lead. Similarly, the United States lead-producing industry has long been isolated from the rest of the world by a tariff, which is now at the rate of 2½ cents per lb. on pig-lead, with correspondingly higher rates on manufactures.

The demand for lead, like that for other non-ferrous metals, increased rapidly during post-war years. Expressed as a percentage of the average of 1909-13, the world's smelter production of this metal in 1929 showed an increase of 51 per cent., while the output of copper, zinc and tin recorded advances of 100 per cent., 63 per cent. and 61 per cent. respectively. Between 1929 and 1931 the world's smelter production of lead declined by 20 per cent., and copper, zinc and tin showed reductions of 29 per cent., 31 per cent. and 19 per cent. respectively. The following table shows the trend of world production and consumption of lead since 1913, together with similar figures for the United States:—

(In thousands of metric tons.)

	Smelter Production.			Consumption.		
	World.	United States.	Proportion of World Production.	World.	United States.	Proportion of World Consumption.
1913.....	1,186	408	34.4	1,182	401	34.0
1925.....	1,515	601	39.7	1,480	624	42.1
1926.....	1,606	631	39.4	1,551	685	44.1
1927.....	1,685	611	36.3	1,585	630	39.8
1928.....	1,669	589	35.3	1,621	637	39.3
1929.....	1,753	624	35.6	1,688	660	39.1
1930.....	1,616	538	32.1	1,540	522	33.9
1931.....	1,401	373	26.6	1,271	362	28.5

Source: 1913, Metallgesellschaft.
1925-1931, American Bureau of Metal Statistics.

It will be seen that while world production and consumption increased steadily between 1925 and 1929, the output and demand for "virgin" metal remained almost stationary in the United States. Both production and absorption in the United States in 1931 were substantially below the level of 1913. The relative importance of lead-producing countries outside the United States has undergone considerable changes between 1921 and 1931. Thus, Canada increased its output from 31,190 metric tons to 129,371 metric tons; Australia from 57,213 metric tons to 158,128 metric tons; Burma from 34,235 metric tons to 75,937 metric tons; and Mexico from 60,647 metric tons to 211,396 metric tons. On the other hand, the output of Spain decreased from 135,861 metric tons to 109,719 metric tons. The development of the deposits in Australia, Canada and Burma has been more rapid than Empire consumption, with the result that the British Empire is now a net exporter of lead. Of the world's mine production in 1930, the United States accounted for 32 per cent., Mexico for 16 per cent., Australia for 12 per cent., Canada for 10 per cent. and Spain for 7 per cent. Of the total smelter production in 1930, the United States contributed 32 per cent., Mexico 14 per cent., Australia 10 per cent., Canada 9 per cent., Spain 7 per cent. and Germany 7 per cent. While the ore is generally smelted in the country in which it is mined, the United States acts in the capacity of refiner for a considerable proportion of Canadian and Mexican lead. Recently, however, Canada and Mexico have installed additional refining capacity, which will render these countries independent of United

States refiners. A point of importance is the large return of secondary metal, particularly in the United States. The proportion of secondary lead production to primary production in that country rose from 12 per cent. in 1914 to 46 per cent. in 1930. In contrast, secondary production of zinc is negligible.

The present difficulties of the lead-producing industry are due in a large measure to the rapid progress in metallurgy since the war. By 1925 the potential output of the metal began to outpace the steady increase in demand at the current price. Equilibrium between supply and demand was only maintained through a rapid downward movement in prices, which, with a brief interruption in 1920, has proceeded almost continuously ever since. The movement of lead prices in London and New York and of silver prices during recent years is illustrated by the subjoined table:—

	Pig Lead.		Silver.
	London. "Soft Foreign." £ s. per long ton.	New York. "Desilverised" Cents per lb.	New York. Cents per fine ounce.
Average, 1913	£ s. d. 18 6 2	4.370	59.8
" 1925	35 17 4	9.020	69.1
" 1926	31 2 3	8.417	62.1
" 1927	21 3 4	6.755	56.4
" 1928	21 3 4	6.305	58.2
" 1929	23 4 11	6.833	53.0
" 1930	18 1 5	5.517	38.1
" 1931	13 0 4	4.240	28.7
July 19, 1932.	9 11 3	2.650	26.9

Until 1929 the fall in prices tended to follow closely the decline in costs of production. As the reduction in output since 1930 did not keep pace with the shrinkage in demand, stocks began to accumulate, and the decline in prices overtook the reduction in the production costs of most producers. In April, 1931, the London quotation for foreign pig lead stood at about £12 per ton, a fall of nearly 50 per cent. as compared with the average of 1929.

In 1930, negotiation took place between the members of the Lead Producers' Reporting Association in order to counteract the downward movement in prices by the restriction of supplies. Opposition to an all-round curtailment of output was, however, not overcome until the spring of 1931, when the situation had become acute. In April it was announced that the cartel (whose membership excludes the U.S.A.) had decided to curtail production by 15 per cent. for six months beginning on May 1st, and to hold existing stocks off the market until the price reached a figure which was not disclosed. As this programme did not bring about an improvement, production was reduced by a further 5 per cent. from July 1, 1931. Even so, the scheme failed to achieve its aim, and prices continued to sag, reaching £10 10s. per ton in September. The suspension of the gold standard by Great Britain tended to accelerate the decline in prices, as this country is the largest single consumer of the metal outside the United States. The imposition of a tariff on lead in Great Britain on March 1st led to the disruption of the lead pool, just as the new duty on copper in the United States resulted in the withdrawal of the principal foreign producers from Copper Exporters, Inc. At the end of May attempts were made to reconstitute the lead pool and to bring about a further curtailment of output. So far, however, no agreement has been reached between the members of the cartel, and, in the absence of a revival in demand, the immediate prospects for recovery in the price of this metal are not favourable.

THE MACMILLAN REPORT: RETROSPECT.

(BY A CORRESPONDENT.)

SINCE the report of the Macmillan Committee on Finance and Industry was published, just a year has passed, during which a great deal has happened to encourage us to forget its recommendations. Its general conclusions, indeed, were based on the assumption that this country would continue to subscribe to the international gold standard, an assumption which was falsified within a very short space, partly because the Macmillan Report itself

helped to expose the difficulties of the international financial position of London. Yet, while those general conclusions would necessarily have to be reviewed in the light of what has happened since, they were not, perhaps, the most important part of the report from the point of view of practical and immediate action; most of the Committee's recommendations, including all those relating to the internal banking system and to the improvement of statistics, could be carried out, whatever be the international system with which sterling is linked. Moreover, one general conclusion remains as valuable to-day as when it was written, namely, the warning that the first measure towards the restoration of the international price level must necessarily be taken on the initiative of the creditor countries, and that it must consist partly in a greater willingness to buy and partly in a greater willingness to lend. Last year that statement was justly regarded as implying a reflection on the financial and economic policy of the United States, and so indeed it remains; but in these times we tend to forget that we are as great a creditor country as she, and that without recovering our ability or willingness to lend we have forsaken our former readiness to buy. If we had the money available there would be little prospect of our lending it abroad, since sound borrowers are so hard to come by, but we could certainly buy more freely and there would be no surer method of improving the economic soundness of potential borrowers. "It is the simultaneous reluctance of creditor countries," wrote the Committee, "either to lend or to buy which is the cause of the crisis." These wise words are worth recalling.

The first of the Committee's recommendations relating to domestic monetary policy was to the effect that the Issue and Banking Departments of the Bank of England should be amalgamated and that the Treasury share of the profits on the note issue should vary with the excess of the Bank's notes and deposits over its stock of gold and of silver coin. This proposal was designed to relieve the Bank of some of the restrictions, psychological as well as practical, upon its freedom to vary the volume of the note issue, an aim which is perhaps even more desirable to-day than when the maintenance of the gold standard demanded greater conservatism. The Committee further recommended that the Bank should keep reserves of notes at key centres about the country in order to enable the joint-stock banks to reduce their reserves of actual cash. This suggestion is now possibly of less importance than before; but in any case neither the one proposal nor the other has been carried out since the Committee reported, nor, as far as the public is aware, even been considered by the authorities. On the other hand, the recommendation that the Bank of England's liquid assets ought to be increased to a substantially higher figure may be regarded as having been met by the establishment of the Gold Exchange Reserve—though it is not difficult to surmise what the Macmillan Committee, with their sound insistence on the need for publicity, would have thought of the mystery and obscurantism with which the operation of that Reserve has been wrapped.

Next came a series of recommendations dealing with the relations between the Bank of England and the great clearing banks, which the Committee thought might with advantage be much closer. They urged that the banks should publish their monthly statements in a much fuller form, showing among other things the proportions between current and deposit accounts; that in these monthly statements the returns made of cash in hand and of balances with the Bank of England should be true daily averages, which the banks should aim at maintaining at a level of not less than 10 per cent. of their deposits, while accepting the advice of the Bank of England from time to time as to the advisability of making a change in the ratio. The Committee considered that the rates allowed by the clearing banks on fixed deposits should not always be determined as at present, but sometimes with a view to influencing the public to be more or less willing, as the varying circumstances might require, to employ their savings in less liquid forms. Above all, they thought, it was desirable that the clearing banks should be made aware in the plainest possible manner whether the general tendency of the Bank of England at any time was towards a relaxa-

tion or towards a contraction of the conditions of domestic credit. These were vital proposals, the implementing of which would greatly improve our internal banking system from the point of view of its adjustment to the needs of industry and trade.

The recommendations concerning the capital market for home investment may be passed over on the score that the new capital market is still comatose and cannot be revived by artificial respiration. But the mere fact of depression and of the suspension of the gold standard has no bearing on the proposals for the publication of more ample information and statistics. "As completely and as promptly as circumstances permit," wrote the Committee, the following sets of statistics should be collected: the monthly returns of the clearing banks in a much more ample form than at present; a classification of their loans and overdrafts according to their purpose (for industry, commerce, finance, agriculture, house-building, etc.); similar returns from the other joint-stock banks to be collected by the Bank of England and published as aggregates; statistics of foreign balances and of foreign liquid assets held in sterling, of the volume of acceptances outstanding on home and foreign account, and of the total volume of internal cheque transactions; more complete estimates of the balance of payments, "on a more secure basis of ascertained fact"; a biennial census of production; statistics of the volume of wages paid, of retail sales, of profits, of the value of capital construction. It is early to say that these recommendations have been ignored—indeed in some respects they have already been carried out—but there is absolutely no sign that the authorities attach, as did the Macmillan Committee, "very great importance" to this part of their recommendations being carried into effect. "For the complete information," they wrote, "which would thus be put at the disposal of those responsible for deciding policy, may prove to be an indispensable preliminary to their being able to work out practical methods of management for attaining the objectives of the monetary system." Let us hope that in the Chancellor's baggage as he voyaged to Ottawa was a copy of the Macmillan Report.

Notes of the Week.

The Disarmament Conference.—We go to press before the curtain finally falls on Act I. of the Disarmament Conference; until next week, when the closing speeches will have been delivered and the final text of the "record of progress" adopted, we must defer full appreciation of the accomplishment and its shortcomings. Though the progress made is not so completely negative as at one time seemed likely, the meagreness of the harvest so far gathered is evident from the terms of the resolution framed by Sir John Simon and presented by M. Benes, in the rôle of *rapporteur*, to the Conference on Wednesday. The specific points of agreement reached, with many reservations, may be briefly summarised:—

- (1) The Geneva Convention of 1925 denouncing chemical and bacteriological warfare is reaffirmed.
- (2) The size of tanks is to be limited, though the maximum figure is not yet agreed.
- (3) There is to be a limit imposed on the quantity of heavy artillery above a calibre to be agreed. Coastal land guns are not to be larger than the largest naval gun, and fixed frontier guns are to have a maximum limit (not defined) of calibre, if an effective method can be discovered of preventing their transformation into mobile guns.
- (4) Bombardment from the air is to be abolished, if agreement can be reached how to (a) limit numbers and "characteristics" of military aircraft, (b) regulate civil aircraft construction, and (c) prevent by international regulation (except in "permitted areas") misuse of civil aircraft not conforming to rule laid down under (b). In any case all forms of air attack upon civilian population are prohibited.

- (5) A Permanent Disarmament Commission is to be constituted to supervise the carrying out of agreed measures of disarmament.

So far as items 1-4 of the "recorded agreement" are concerned, the natural comment is that the Permanent Commission is unlikely to be overworked. The resolution, however—and herein lies its only potential importance—proceeds to lay down principles which are to govern Act II. of the Conference. While the General Committee adjourns—until a date not later than January 20, 1933—the Bureau will tackle the following programme:—

- (1) It is to draft texts covering items 1-4 above.
- (2) It is to examine the Hoover proposals relating to military "effectives"; the resolution declares that "strict limitation and real reduction" are to be achieved, having regard to the circumstances and forces of each State.
- (3) It is to draw up a scheme of budgetary limitation, again having regard to the special conditions of the various States.
- (4) It is to submit proposals for regulating private trade in and manufacture of armaments.

For the rest, the Conference invites the Powers parties to the Washington and London naval treaties to confer on naval disarmament and report in due course to the General Committee. Hopeful lines of future progress? Undoubtedly. Sir John Simon and M. Benes have drawn up an excellent agenda for the Bureau and the Naval Powers. Can we still hope—with the meagre mouse born of six months' painful gestation before our eyes—that the will to act on that agenda will be forthcoming? The answer depends on the pressure of public opinion. There is at least ground for satisfaction that the Conference is still in being; the statesmen members of it will have another chance before next January to transform this bare and uncertain outline into a treaty of disarmament worthy of a community of civilised nations.

Opening Day at Ottawa.—The Ottawa Conference opened on Thursday in a scene of great enthusiasm and cordiality—based on an optimistic belief that definite results may be achieved. Naturally, the introductory speeches did not give any clue as to the specific form which any proposals are likely to take, but they did seem to crystallise the attitude from which the chief delegations approach the problem. Mr Baldwin, for example, once more made it clear that, though it is possible to increase preferences merely by raising duties against the rest of the world, Great Britain would put before the Conference as its general objective the alternative policy of expanding Empire trade by reducing the barriers between its members. This, in his view, was the only way in which the Conference might contribute to the recovery of the world at large. Sir Atul Chatterji, speaking for India, made it clear that India's fiscal policy must be dictated by her revenue needs, and that in view of the coming of a new Constitution the present system of carefully-controlled protection must be preserved intact, while Mr Havenga, speaking for South Africa, emphasised that both in regard to trade and the monetary problem the Empire could only act within the limits of a world policy. But Mr Bennett announced Canada's intention to offer to Great Britain an extension of the free list and larger preferences on goods of special interest to Great Britain in cases where Canadian enterprises would not be injured—asking in return that the existing preferences should be made permanent and extended to "those other natural products of which Great Britain is an importer." This is, of course, the crux of the situation, for it means that our present duties cannot be lowered to other countries and that some new duties must be imposed. Whether the reductions proposed will be of substantial value to Britain cannot be estimated until all the cards are on the table. But it is already clear that the problem for Mr Baldwin will be to reconcile Mr Bennett's proposals with his declared intention of using our present tariffs as a bargaining weapon to lower tariffs generally and to restore the volume of the world's trade.

Cabinet Changes in Italy.—The sudden announcement of sweeping changes in the Italian Cabinet—including the retirement of the Ministers of Foreign Affairs, Finance, Education, Justice and Corporations—has been received very quietly in Rome, where it seems to have been not unexpected. But it came as an undoubted surprise abroad. It is natural that all who are interested in European affairs should ask themselves what is the political significance of this step on the part of Mussolini; for Signor Grandi's name has come to be associated abroad with the liberal policy in foreign affairs which Italy has adopted. Only a few years ago the foreign policy of Fascism was a source of anxiety and uneasiness; but to-day the policy of Mussolini, expounded with very great ability and charm by his youthful Foreign Minister, has immensely strengthened the prestige of Italy and made her a steady influence in this bedlam-like world of 1932. Why, then, Signor Grandi's *congé*? We may recall that the stand of Italy for drastic disarmament at Geneva, for the "clean slate" in the matter of reparations and war debts, and for radical action in regard to the trade obstacles that are strangling trade, has encountered all kinds of delays and opposition; that the protocol regarding the Austrian loan is not to Italy's liking and that the gloss put by the French upon the political declaration of England and France after the Lausanne Conference seemed to give the impression that England and France were getting together and elbowing Italy out in the cold. Fascism is a hard taskmaster, and *il duce* does not lightly permit the interests and desires of Italy to be brushed aside, or condone lack of success in his lieutenants. There is also the more pressing consideration that, though Italy has stood up to the depression remarkably well, she cannot afford to wait indefinitely for the economic situation to improve. The change may, therefore, indicate Mussolini's intention to pursue the policies on which his mind is set with renewed vigour. If this happens, Great Britain will have every reason for satisfaction, for the policies which Italy is pursuing are very closely in accordance with the interests of this country. At the same time, the resignation of Signor Grandi, whose personal qualities have greatly facilitated many difficult negotiations, will be received with regret. London will welcome Signor Grandi as Italy's Ambassador. We do not doubt that he has yet an important rôle to play in the public affairs of Europe.

The Irish Impasse.—We cannot congratulate Mr MacDonald on the results of his attempt to repair the damage wrought in Anglo-Irish relations by the irresistibly compelling personality of Mr Thomas. On Thursday of last week the Prime Minister authorised Mr Norton, Ireland's Labour leader, to convey to Mr de Valera a message expressing willingness to continue discussions on the question of the land annuities, regarding which Mr Norton was understood to have brought to London a compromise formula providing for arbitration on lines acceptable to the Irish Free State. Mr de Valera duly arrived in London on Friday, but his conversations with Mr MacDonald led nowhere. Next day an official *communiqué* was issued from Whitehall explaining the reasons for the breakdown. "At the last minute," it stated, "a proposal was put to the British Government that the facts should be inquired into by a body of four, two appointed by the Irish Free State Government and two by the British Government. . . . It was proposed that the decision of this body should have no binding effect. When the four had drafted their report or reports, then the Governments were to negotiate. . . . The proposal therefore involved weeks, if not months, of talk with no certainty of agreement at the end. In the meantime the relations between the Governments would have been deteriorating." The British Government accordingly rejected this proposal; and, though they adhered to their offer of arbitration by an Imperial tribunal and also expressed their readiness for "further discussion," they proposed that the annuity payments should be continued pending a settlement of the issue. It is incomprehensible to us why the British Government should be willing to continue negotiations, but unwilling that these negotiations should be carried out in the first instance through the medium of a tribunal

of four assessors, or investigators, two appointed by each side. To contend that this procedure would involve no certainty of eventual agreement, and the deterioration meanwhile of Anglo-Irish relations, is the height of disingenuousness. With a tariff war being waged across the Irish Channel, we can see no "certainty" as matters stand, except the certain "deterioration" which Mr MacDonald professes to desire to avoid. If, however, we misread the situation, and the real stumbling block was simply the inability of the parties to agree whether the land annuities should be held in a suspense account in Dublin or in a suspense account in London, all we can say is that it is deplorable that the chance of economic peace with Ireland should be wrecked on such an unsubstantial puntilio. We are far from exculpating Mr de Valera in this sorry business; he has been throughout stiff-necked, rigid and intransigent. Yet, even if it were possible to ignore the compelling need in the common interests of both countries not to play into the hands of the dark forces in the background awaiting their opportunity to turn Southern Ireland once more into a gunman's hell, there was the greater need for Mr MacDonald, in these negotiations with a difficult adversary, to rise to a fuller height of statesmanship.

Deadlock in Manchuria.—The Japanese Government has not yet taken the formal step of giving its official recognition to its own puppet-government of Manchukuo; but such consequences as this act will have, when it is eventually taken, have been virtually anticipated at the final interview between the Foreign Minister, Count Uchida, and the Lytton Commission. This interview took place on July 14th, just before the Commission left Japan; and Count Uchida seems to have taken occasion to make it clear that Japan would take the step in question at her own good time. Hitherto, there had seemed to be some significance in the Japanese Government's persistent policy of keeping up the hollow pretence that Manchukuo was a free and independent agent. The natural inference was that Japan still hesitated to close the door upon some solution of the Manchurian question which would secure Japan's essential rights in Manchuria without trampling upon China's. Now we know that this hesitation, if it ever existed, is over, and that the die will infallibly be cast—even though it is not yet quite out of the dice-box. The settled policy of Japan is to sever all links between Manchuria and China and to turn Manchuria (including, one suspects from this week's fighting, Jehol) into a second Korea, without regard to China's juridical rights or to the formidable fact that Manchuria has some thirty million Chinese inhabitants who will not reconcile themselves to Japanese rule in any form. This indefensible—and ultimately, we believe, unworkable—policy has been decided upon by the Japanese Government at a moment when Japan could be more certain than ever of seeing her just rights in Manchuria secured. For the Lytton Commission, in its studies and consultations on the Chinese side, seems to have ascertained that the Chinese would accept a settlement in which "the Young Marshal," Chang Hsueh-liang, would be eliminated and Japanese treaty rights would be safeguarded by effective guarantees on condition that Manchuria continued to be governed as a Chinese country under the Chinese flag. We fear that, as a price for their vacillations last autumn, the Western Powers are going to be faced with an ugly dilemma. For the Powers cannot possibly give their assent to a Japanese act which will be a formal repudiation of all Japan's obligations under the Covenant of the League and the Kellogg Pact. This is what Japanese recognition of Manchukuo implies. What is the Assembly going to do about it?

The Rumanian Elections.—The result of the elections to the Rumanian Chamber has been that the National Peasant Party, led by Dr. Vaida Voevod, has secured 45 per cent. of the poll. Since the Election Act of 1926 gives the Party which heads the poll, provided it obtains a minimum of 40 per cent. of the votes, a premium of

half the seats in the House, the National Peasants, with the racial minorities who make common cause with them, will have an assured control of the new Chamber, in which the Opposition consist of 28 Old Liberals, 13 Young Liberals (Professor Bratianu's Party) and a medley of small groups, including various brands of Fascists and the Peasant Party of Dr. Lupu, who stands for a policy of inflation plus forcible debt conversion. It is reported that Dr. Vaida Voevod will resign as soon as the Chamber meets in order to facilitate the formation of a reconstituted and stronger National Peasant Government. Whoever assumes control of the Rumanian administration at this juncture is undertaking an unenviable task.

The Austrian Loan.—On present indications, the League's plan for extending, on terms, financial assistance to Austria is still-born. A Bill to ratify the Loan Protocol was introduced in the Austrian Chamber on Wednesday, but the debate had to be adjourned until next week in view of patent signs that a majority for ratification could not be secured. Since the Social Democrats and the Pan-German Party have announced uncompromising opposition to the Bill, the Government can carry it—by a majority, on paper, of one vote—only if all the groups aligned normally behind Dr. Dollfuss vote in its favour; but since the Government bloc includes the fascist Heimata Party, who are most unlikely to swallow the political conditions in the Protocol, it is difficult to see how ratification by the Chamber is to be achieved, even if the Government's Christian Socialist supporters, whose attitude is doubtful, do not vote against it. We should not greatly regret Austria's refusal to ratify; very much more would still have been "lost on Mohač field." For the plan, whose main points are described by our League correspondent on a later page, had the great weakness that, while Austria's enforced renunciation of her sovereign rights in respect to the *Anschluss* question augured ill for future German (or even Italian) co-operation in dealing with the whole Danubian problem, the loan itself was calculated to do no more than give Austria another brief breathing-space. The appointment of two League representatives—one as adviser to the National Bank, the other charged with the duty of supervising the budget—was sound enough; and the 200 million schillings new money available after repaying the Bank of England credit would perhaps suffice to maintain for the better part of a year Austria's foreign debt service; but the promise in the Protocol that this temporary gain of liquidity would enable Austria, by "eliminating" the differential between the official and the "black" exchange rates for the schilling, to proceed to the removal of exchange restrictions, was surely over-optimistic. That desirable objective can hardly be regarded as practically attainable until the root problems of Austria's burden of foreign indebtedness and, still more, her economically hopeless position in the Danubian system, as that system now stands, have been solved. It was tempting, doubtless, for the Powers on the League Council to decide that it was worth while paying a moderate price to keep the Austrian problem in cold storage for a few months; but, if this stop-gap falls to the ground, it may well be a gain that the Powers will thereby be forced to face realities on the Danube the more quickly.

Lord Irwin Joins the Cabinet.—We welcome the appointment of Lord Irwin to fill the post of Minister of Education. Partisans who think more of party than of the public concern may complain that the careful balance in the Cabinet between the heterogeneous parties and sections of parties that support the National Government has been disturbed by the replacement of a Liberal Minister by a Conservative. But Lord Irwin, whose previous tenure of the Ministry of Education showed him to be a keen educationalist, really stands above party. He is precisely the type of public servant to add strength to the Government in dealing with the many great questions of the day which are far outside the sphere of ordinary party politics. In particular, his appointment,

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we hope, is an assurance to India that, in spite of all setbacks and difficulties, there will be no faltering in carrying out the policy approved by all three British parties at the Round Table Conference. Whatever the other services which Lord Irwin may yet render to the country as a member of the Government—and they should be notable—the giving of this assurance would alone fully justify this very interesting appointment.

International Lending.—The League of Nations volume on Balances of Payments in 1930 contains an analysis of capital movements, so far as figures are available, in 1931. For long-term capital movements, only the figures of new issues are available, and these are summarised, for four of the principal lending countries, in the following table:—

	(In millions of dollars.)				
	1927.	1928.	1929.	1930.	1931.
United States—					
For domestic account (including U.S. Possessions)	6,230	6,795	9,425	6,014	2,855
For foreign account	1,561	1,320	759	1,009	254
Foreign as per cent. of total ...	20.0	16.3	7.4	14.4	8.2
United Kingdom—					
For domestic account	857	1,066	776	620	207
For foreign account	675	698	459	534	224
Foreign as per cent. of total ...	44.1	39.5	37.2	46.1	52.0
Netherlands—					
For domestic and colonial account	61	131	96	123	77
For foreign account	145	107	45	103	16
Foreign as per cent. of total ...	70.4	45.0	32.1	45.6	16.9
Switzerland—					
For domestic account	79	57	131	61	125.3
For foreign account	38	18	21	60	18.5
Foreign as per cent. of total ...	32.7	23.5	13.9	49.6	12.9

The effect of the boom of 1928 and 1929 was to concentrate new issues, which were at a very high level, to a greater degree than usual on domestic investment, while issues for foreign account declined. In 1930 total issues were lower, except in the Netherlands, but issues for foreign account rose. In 1931 there was a sharp all-round reduction, which, except in the United Kingdom, affected issues on foreign account very much more than domestic issues. Now, the creditor countries cannot hope to find markets for their exports unless they either buy goods from or lend money to their potential customers. We draw attention in a leading article to the clear parallel between the decline in the foreign lending of the United States and the decline in her exports, a lesson which is all the more important to us in this country now that we have definitely rejected the alternative means of increasing our customers' purchasing power by buying from them. Sir Josiah Stamp recently warned holders of War Loan that if, after conversion, they sold their holdings and invested abroad, they might give rise to a dangerous strain upon sterling. If, however, this warning is taken too much to heart, another danger will arise. While too sudden and extensive a revival of foreign lending might endanger the foreign exchanges, a gradual resumption of lending abroad is an indispensable condition of the restoration of our export trade.

Banking Half-Year.—With the publication of the accounts of the Midland Bank last Friday, it is possible to construct a composite statement of the position of the Big Five banks at the end of June, as compared with that at the corresponding date of the last two years. The aggregate figures, it should be appreciated, obscure considerable differences in the experience of the various members of the quintet, but the picture presented by the composite balance sheet is not without interest:—

COMPOSITE BALANCE SHEET OF "BIG FIVE" BANKS.
(Million £'s.)

	June 30, 1932.	June 30, 1931.	June 30, 1930.
Paid-up capital	63.7	— 1.0	— 0.9
Reserves	44.7	— 8.6	— 8.4
Acceptances	77.9	— 31.4	— 35.9
Deposits (including undivided profits)	1,594.8	— 22.3	— 51.3
Coins, notes, balances at Bank of England and with other banks and cheques in course of collection	228.6	— 9.8	— 15.8
Ratio to deposits	14.3	— 0.5	— 0.5
Money at call and short notice	99.8	— 12.2	— 23.7
Investments	286.2	+ 23.8	+ 62.0
Discounts	255.3	+ 4.1	+ 4.5
Loans and advances	761.5	— 67.0	— 113.3

On the liabilities side, deposits have regained much of the heavy fall which took place in the second half of 1931, but they still stand at a level considerably below that of a year ago. The employment of the banks' resources shows marked changes: loans and advances, reflecting the stagnation of industry, are heavily down, while investments, which fell substantially between June 30th and December 31st last year, as a result of realisations to meet withdrawals of foreign deposits, have recovered to a level now considerably above that of June 30, 1931. The slight increase in discounts presumably reflects a large expansion in the holding of Treasury bills, offsetting a contraction in the volume of commercial paper in portfolios.

Coal Mining Results.—The statistical summary, issued by the Mines Department, shows that the October-December seasonal improvement in the situation of the British coal-mining industry was, on the whole, maintained during the first quarter of the current year:—

Period.	Tonnage Disposable (Mill.).	Costs per Ton.		Proceeds per Ton.	Profit per Ton.	Output per Man-shift.	Earnings per Man-shift.
		Wages.	Total net.				
1930.		s. d.	s. d.	s. d.	s. d.	cwts.	s. d.
1st quarter	60.0	9 2	13 4	14 5	1 1	21.94	9 3
2nd "	51.6	9 5	14 1	13 11	— 0 2	21.32	9 3
3rd "	50.1	9 5	13 11½	13 9	— 0 2½	21.34	9 4
4th "	52.6	9 3	13 7½	14 1½	0 6	21.84	9 4
1931.		s. d.	s. d.	s. d.	s. d.	cwts.	s. d.
1st quarter	52.2	9 2	13 6	14 3	0 9	21.78	9 2
2nd "	47.5	9 3½	13 11	13 10	— 0 1	21.44	9 2
3rd "	45.3	9 4½	13 11	13 10	— 0 2	21.35	9 2½
4th "	50.9	9 1½	13 6	14 1	0 7	21.86	9 2
1932.		s. d.	s. d.	s. d.	s. d.	cwts.	s. d.
1st quarter	49.6	9 1	13 6½	14 0½	0 6½	21.98	9 2

As compared with the last quarter of 1931, there was only a slight decline in the tonnage disposable commercially. The output per man-shift was higher than in any quarter since 1930. Wages, at 9s. 1d. per ton, show a slight reduction, but there was a fractional increase in other costs. The average selling price declined from 14s. 1d. per ton to 14s. 0½d. per ton, thus leaving profits at 6½d. per ton, as compared with 7d. in the last quarter of 1931. The only districts which recorded a loss are Scotland and Durham. Both districts showed a small profit in the preceding period. The situation in the coal trade has deteriorated considerably since March, and it is improbable that the relatively favourable results of the first quarter have been repeated in the April-June period.

Cotton Trade Wages.—Further developments, writes our Manchester correspondent, have taken place regarding the wage reduction movement in the cotton industry. The Central Board of the Northern Counties Textile Trades Federation, which represents the nine trade unions

involved in the weaving section, requested a joint meeting with the employers to discuss wages and conditions. A communication to this effect was sent to the Cotton Spinners' and Manufacturers' Association, who in turn replied that they would not arrange a meeting unless the operatives receded from their position taken up in April last, when they said they would not enter a joint conference committed to a further reduction in wages. The operatives' leaders considered the position afresh; a further letter was despatched to the employers on Wednesday; and the matter is again being discussed, as we go to press, by the Cotton Spinners' and Manufacturers' Association at a meeting in Manchester. These continued parleys indicate that a joint meeting will be arranged probably next week.

Unemployment and the Cost of Living in June.—Employment during June showed a further slight deterioration as compared with May. According to the current number of the *Ministry of Labour Gazette*, among the insured workpeople in Great Britain and Northern Ireland the percentage unemployed at June 27th was 22.8, as compared with 22.1 per cent. at May 23rd, and 21.2 per cent. a year ago. It is estimated that the approximate number of insured persons in employment on June 27th was 9,394,000, or 8,000 less than at May 23rd, and 92,000 less than in June, 1931. The total number of persons registered as wholly unemployed on June 27th was 1,961,769, as compared with 2,001,127 a month ago, and 1,851,421 a year ago. Those temporarily without work numbered 688,378 on June 27th, as compared with 680,664 on May 23rd and 662,141 a year ago, while the unemployed among those normally in casual employment amounted to 63,087 on June 27th, and was 12,319 less than a month earlier. As regards the cost of living in June, the index number of the Ministry of Labour on July 1st stood at approximately 43 per cent. above the level of July, 1914, as compared with 42 per cent. on June 1st, and 47 per cent. a year ago. For food alone the corresponding percentages were 25, 23 and 30 respectively.

France and Women's Suffrage.—On July 7th the Senate in Paris postponed the question of women's suffrage in France until after the recess—if not for an indefinite time to come—by referring back to Committee a Suffrage Bill which had been under debate, off and on, for about a fortnight. This is not the first time since the war that votes have been refused to women in France by the Senate's action; and to-day France is one of a curiously composed minority of five European States in which women are not yet enfranchised. Two of the other States in question are France's Latin neighbour, Italy, and semi-Latin neighbour Switzerland (Belgium, who so long kept them company, has now joined the majority). The remaining two are Yugoslavia and Bulgaria. In these last two cases the hesitation to enfranchise women for the present is not only comprehensible but manifestly prudent. In Balkan countries where parliamentary government itself is an exotic, and a very tender plant, any sweeping extension of the franchise at this stage might prove altogether too great a strain upon the whole institution's vitality. In the three West-European countries the persistence of the conservative attitude on this subject is less easy to understand, and in France least easy of all. France is in general one of the most progressive countries in the world. French women have already been admitted, with great liberality, into the professions, and have justified this liberality by the distinction which some of them have attained as doctors and lawyers and artists and scientists. And if this is true of the *élite*, it is equally true—and at least as widely recognised—that the rank and file of the womanhood of France did yeoman service during the war in field and factory; and that, without this hard work and endurance and efficiency on the women's part, the heroism of French manhood at the front would not have been enough, in itself, to carry the country through its ordeal. Why, then, this repeated refusal, by the Senate, of a political power and responsibility which, outside France, has become, in our generation, one of the

ordinary rights and duties of adult women and has long ceased to be a freakish privilege? It is obvious that sheer political conservatism here counts for much, and that in France, as elsewhere, the Upper Chamber of the Legislature is a conservative citadel. Yet in other matters the French Senate sometimes shows itself more liberal than the Chamber; and the significant point about the Senate's dislike of votes for women is that it is as strong among the Radical Senators as it is among the groups of the Right. The French Radicals dread the enfranchisement of women because they fear that, like the enfranchisement of the peasantry a century ago, it might so strengthen the Catholic vote as to put France back once again under clerical domination. Thus the female suffrage movement in France is in the unfortunate position of being in disfavour with Left and Right alike for different reasons.

Italian Trade Policy.—Our Turin correspondent writes: "The critical foreign trade situation is the most discussed economic topic of the day. Almost at the same moment that Great Britain and France agreed to abstain from every action detrimental to their reciprocal commercial interests, the French *Official Gazette* published a Decree fixing Italian exports of fresh fruits, which in July, 1931, amounted to upwards of 2,500 tons, at little more than 1,000 tons per month. Fresh vegetables, of which we exported 500 tons in July, 1931, are reduced to a maximum of 315 tons a month. When the maximum is reached, a *communiqué* at the doors of the Custom house will suspend imports. The Decree has provoked an outburst of indignation in the Press and in the economic representative bodies. The programme of the Italian Government, states the General Confederation of Industry, has been freedom of trade and abolition of obstacles to commercial intercourse; but as the foreign practice has been very different, drastic retaliations are becoming more and more imperative. The presidents of the seven em-ployees' confederations echo this statement, adding that in the next economic conference Italy should keep her hands free, unless Governments see their way to agree on immediate reductions and progressive abolition of all hindrances to foreign trade. After the outspoken free-trade speech of Signor Mussolini, at the Centenary of the Trieste and Venice Insurance Company, Free Trade is a popular slogan, but there is reason to fear that the representatives of protected industries are paying only lip-service to it, while aiming, under the cloak of retaliation, at higher and higher protection. Facts, however, point unmistakably to the urgent necessity of international agreements towards restoring the commercial comity of nations. Italy's foreign trade was at a low ebb in 1931; but the level reached in 1932 is lower still. In the first five months of the year imports totalled 3,747.1 million lire, against 5,284.9 million lire in 1931; exports, 2,763.9 million lire, against 4,020.2 million lire. The excess of imports over exports has decreased from 1,214.7 million lire to 983.2 million lire, but at a great cost." As a post-script to this despatch, we have to chronicle the fact that, last Tuesday, Italy proceeded to enact the "imperative restrictions," of which our correspondent writes. Quotas have been imposed on a long list of French and Algerian products, including wool, machinery, glass, paper, furniture, laces, pianos, artificial flowers and toys. Thus one more tariff war, aimed at the achievement of "compensated" trade, which balances most easily at zero, has been opened.

The Co-operative Outlook.—The delegate meetings of the Co-operative Wholesale Society (writes a correspondent) are being held this month. For the three months ended April 9th the sales of the C.W.S. were £20,008,917, of which £6,018,822 represented productions in its own works. While the turnover increased by £631,948, the output of the factories increased by only £186,640. Sir Henry Wilkins and his twenty-seven colleagues on the directorate see no signs of any change for the better in the general trade of the country. This is emphasised in the deposits and withdrawals from the C.W.S. Bank, which amounted to £167,579,913 in the first three months of the year—a drop of over ten millions. The bank has decided

to convert its holding of £2,000,000 in 5 per cent. War Loan to the new 3½ per cent., and is advising the distributive societies, which took up over one and a half millions of the first issue, to do the same. Export business has slowed down to £289,778—a decrease of 17 per cent. In the societies' own productive enterprises the flour mills lead with an output of £1,797,480—an increase of £253,833. But the production of margarine, influenced by the lower prices of butter, dropped by 25 per cent. to £301,947. The preserve works' output increased by 10 per cent. to £324,522, and the output of soap rose to £670,344, representing 14,759 tons. Although the boot and shoe production represented 1,042,892 pairs, of a value of £418,922, the decreases were 26,238 pairs and £67,890 in value respectively. Despite this, however, the increase of the turnover for the first three months of the year by over £600,000 justifies the optimism of the directors as to the strong position of the society in the ebbs and flows of commerce. The C.W.S. is helping the development of the co-operative milk business, which now amounts to 100,000,000 gallons a year in England and Wales. Last year thirty-two distributive societies opened new dairies; the C.W.S. will open centres for the collection and distribution of milk in Cumberland and South Wales this year. Permission is sought to open another in Berkshire, and a privately-owned glassworks at Worktop is being acquired to supply the millions of glass bottles now required for the trade.

The 1930 Census of Production.—Volume XIV of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, deals with musical instruments, sports requisites, games and toys, hats, gloves, elastic webbing and bacon curing. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
	Thous. £.	Thous. £.	Thous. £.	Thous. £.	£	£
Musical instruments ...	7,930	11,253	4,236	6,704	225	297
Sports requisites	3,054	3,019	1,592	1,620	243	197
Games and toys	1,468	1,928	705	1,104	141	175
Hats and caps	13,294	11,242	5,174	4,641	173	163
Gloves	2,219	2,934	1,008	1,243	182	172
Elastic webbing	1,923	1,659	858	842	156	153
Bacon curing	20,662	24,571	3,921	3,369	342	272

The results of the Census of 1930 in this group of miscellaneous industries compare favourably with 1924, with the exception of the bacon curing and the hat and cap trades. The substantial advance in the value of the output of musical instruments in 1930 is due almost entirely to the expansion in the output of gramophones and parts. The production of gramophones increased from 276,092 in 1924 to 774,681 in 1930, and the output of gramophone records was more than three times the number made in the earlier year. The increase in the demand for gramophones may perhaps be associated with the decline in the output of non-automatic pianos from 92,810 to 50,120. The value of requisites for sports and athletics other than rubber goods was appreciably greater in 1930 than in the previous census year, while the output of golf, tennis and other rubber balls showed a substantial decline. The output of leather gloves increased from 6,276,000 pairs to 10,320,000 pairs, and the number of fabric gloves, at 2,472,000 pairs, showed an increase of 840,000 pairs on the earlier census year. Again, the total number of hats and caps made in 1930, at 5,026,000 dozen pairs, showed an advance of 476,000 dozen pairs. The advance of 17 per cent. recorded in the gross value of the bacon curing and sausage trades is due mainly to the increase from 656,000 cwt. to 1,595,000 cwt. in the production of smoked bacon and hams. The decline in the total net selling value is a result of foreign competition at lower prices with no corresponding reduction in the price of the raw materials of the bacon curing trade.

The Zinc Cartel.—In view of the gradual decline in stocks, the executive committee of the International Zinc Cartel decided, at a meeting at Brussels on May 12th, that production should be continued at 50 per cent. of capacity. Despite the improvement in the statistical position of the metal, prices continued to sag in the absence of a revival in demand. Stocks of the associated producers, which stood at 189,300 metric tons at the beginning of the year, had been reduced to 173,840 metric tons at the end of May, and to 167,780 metric tons at the end of the past month. In the United States, on the other hand, production once more has been tending to exceed consumption. Representatives of the Cartel, therefore, met again at Ostend on July 14th. In order to arrest the downward movement in prices it was decided to curtail output from 50 per cent. of capacity to 40 per cent. of capacity, beginning on August 1st. Past experience suggests that this limitation scheme will go the way of others.

Transvaal Output in June.—The Transvaal gold output during June showed a slight falling off as compared with May. The output in June amounted to 959,011 ounces of fine gold, as compared with 965,644 ounces in May. Compared with June a year ago, there is a large increase in output, as in that month it amounted to 897,750 ounces of fine gold. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.
January	796,270	839,782	843,857	875,452	882,801	914,576	956,784
February	785,924	779,339	816,133	815,284	818,188	839,937	914,012
March	834,340	860,511	877,380	866,523	889,370	910,998	960,035
April	803,303	824,014	825,907	872,123	868,606	882,337	949,796
May	849,214	859,479	886,186	897,598	916,213	910,279	965,644
June	852,146	855,154	862,363	856,029	867,867	897,750	959,011
July	862,134	851,861	867,211	889,480	912,652	916,843	...
August	843,854	863,345	891,863	889,601	921,081	916,425	...
September	839,939	842,118	857,731	849,553	903,176	816,024	...
October	853,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,059	872,464	861,593	884,753	900,510	...
December	836,187	851,235	858,761	851,134	908,492	923,353	...
Total.	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,146	...

A notable feature of the above table is the expansion of output each month since last September. The following table shows the number of natives employed at the mines during the past nine months:—

	Oct., 1931.	Nov., 1931.	Dec., 1931.	Jan., 1932.	Feb., 1932.	March, 1932.	April, 1932.	May, 1932.	June, 1932.
Gold mines	208,987	209,270	211,582	215,752	216,171	214,024	214,334	215,926	217,077
Coal mines	13,061	12,882	12,260	12,394	12,177	12,009	11,943	11,972	11,633
Diamond mines	1,517	1,429	1,402	1,598	1,363	NU	NU	NU	NU
	223,565	223,581	225,244	229,744	229,711	226,033	226,277	227,898	228,910

The number of natives employed at the gold mines shows a further expansion on the month.

North British and Mercantile Insurance—A Correction.—We regret that owing to a typographical error on page 17 of our Insurance Supplement, published last week, the trading result of the above company for 1930 was given as a loss of £262,436. The figure should have been a profit of that amount.

Overseas Correspondence.

LEAGUE OF NATIONS.

Franco-British Agreement — Austrian Loan — Economic Conference.

(FROM OUR CORRESPONDENT.)

GENEVA, July 19.

WITH one general but important reservation, the feeling here about the post-Lausanne announcements in London and Paris, especially the Franco-British agreement, has considerably modified after the first reaction of suspicion and irritation amongst various delegations. At

first the astonishment was great. With the variety of subsequent *dementis* and explanations, and with Sir John Simon's statement to the Council that it was merely an affirmation of the preamble of the Covenant, and that it is open to the adhesion of any European States besides those specially invited, misunderstandings have been diminished, but it is idle to pretend that the agreement is yet accepted frankly at its face value, or that the States excluded from the specific invitation are contented. What was not understood was why an agreement to fulfil the simple obligations of the Covenant (which has been in force for twelve years) and to co-operate in disarmament and economic questions, should have been deemed a matter for separate Franco-British agreement, and why a few other selected Powers only should have been subsequently invited to adhere. The French interpretations added to the suspicions, which were developed to a wild degree, and one authoritative Frenchman's comment was that in a few weeks' time the result would be a serious deterioration in Franco-British relations on account of the different interpretations put upon it. That, fortunately, seems less likely now. The agreement is apparently of as little significance as its text indicates. No one understands, therefore, what M. Herriot has obtained or what he has conceded, or, in fact, where the triumph lies.

The one general reservation referred to at the beginning of this letter is in regard to the tendency, noted both in this agreement and again in the resolution submitted by Sir John Simon to the Council on the monetary and economic conference, for the Great Powers to direct the League in their own way. Mr MacDonald and Sir John Simon are credited with having unduly developed what might be called the Great Power complex, in a manner not calculated to promote general good feeling. The original form of the British Council resolution was slightly improved to underline more satisfactorily what the Spanish representative called "the sovereignty" of the League. Nevertheless, both Señor Madariaga and the Irish Free State representative remarked upon the unusual procedure which Sir John Simon has adopted. The League is to summon the Conference, and is to pay for it. If the British Government continues in its desire to hold the Conference in London, presumably under Mr MacDonald's presidency, the Assembly will doubtless remind it of the standing rule that, in such circumstances, the Power making the request is expected to pay the very considerable difference in the cost to the League. It would be much more convenient to hold the Conference in Geneva, which is properly and centrally equipped.

The resolution sets up a committee of the Great Powers on the Council, plus the Norwegian *rapporteur* on financial questions, which is to sit under the presidency of Sir John Simon and to decide the place and date of the Conference, after the preparatory work has been concluded. This committee also will itself decide if and what other States are to be invited to sit with it, and it will select the three financial and three economic experts which the Lausanne Conference asked the League to add to the expert commission already established at Lausanne to prepare the programme. It was only after some insistence that a vague undertaking was given by Sir John Simon that the International Labour Organisation should be given a share in the preparatory work. Possibly one advantage of holding the Conference in London would be to give a proper sense of responsibility to the British Government as a League member whose prestige would obviously be involved. It frequently seems to act and speak as though that were not always the case. What States put into effect the recommendations of the League's Economic Conference of 1927, which gave clear warning of the consequences of failure to act upon them—consequences too painfully come true? Great Britain certainly did not. Where lies the responsibility for the failure of the League's effort in 1930 to organise a Customs truce while new trade and economic arrangements were negotiated? The Conservative Opposition in England angrily criticised the Labour Government at that time for its efforts to obtain success, and was elated at the failure, to which their criticism largely contributed. The work of

the League's Economic and Financial Organisation, which has been going on persistently for years, must be the basis of the forthcoming Conference; the ground has been largely prepared. What is needed is that the States should at last take action. It will be a vast and difficult undertaking, but should take place in more favourable conditions than hitherto.

A strange "first fruit" of Lausanne in the realm of political appeasement is the acceptance of French political conditions in order to secure her share of aid to Austria. The result is that there is considerable doubt whether the Austrian Parliament, which considers this matter to-morrow, will accept the plan, and that Germany has dissociated herself from it. The Government experts, appointed on the insistence of the Great Powers to collaborate with the delegation of the Financial Committee on the subject, have, after months of delay, agreed to the action in the form of a loan of 300 million schillings, the participating Governments either guaranteeing the loan or putting the money in some other way at the disposal of the Austrian Government. The loan will be concluded for twenty years, and, for the most part, will be devoted to consolidating the existing short-term obligations. The Austrian Government agrees to take the necessary measures to re-establish and maintain budget equilibrium and to carry out a programme of budget and financial reforms. The proceeds of the loan will be utilised in agreement with a League Commissioner and an adviser to the National Bank. The British Government is guaranteeing 100 million schillings, which is not new money, but represents the transfer of short-term to long-term credit, covering the advance of the Bank of England a year ago. France is contributing 100 millions, Italy 30 millions, Belgium 5 millions and the rest is being covered by several countries, including Holland, Czechoslovakia and Switzerland.

The protocol, which is based on that of 1922, provides, through the Commissioner, for a return to League control, prematurely suppressed in 1926, and involves a new engagement on the part of Austria not to alienate her independence—in other words, no talk of *Anschluss* for twenty years. This is the political condition which disturbs Austrian and German opinion, and the German Government has abstained from participation in the plan on that account. It promises to make its own individual contribution, which is reported to be in the form of a 7 million schilling credit. Germany's representative on the Council declared that assistance to Austria should not be bound up with political conditions. In the report to the Council, the hope was expressed that this collective effort might facilitate the first step towards the abolition of existing hindrances to trade in Central Europe, and that, as the previous effort to stabilise Austrian currency ten years ago was followed by a general stabilisation of currency elsewhere, this action to-day might be followed by a recovery of trade throughout Europe. It is clear, in all reports and discussions on the difficulties of particular States, that everything depends upon the larger measures for dealing with the European situation as a whole; no tinkering will save it, and the doubt in most people's minds is whether the particular assistance to Austria has come soon enough, and whether the political conditions attached will contribute to improved relations. There is even some questioning in Austria about the financial advisability of accepting.

FRANCE.

Finance — Foreign Trade — Revenue.

(FROM OUR CORRESPONDENT.)

PARIS, July 19.

THE Senate on Friday voted the Emergency Finance Bill without a division, and on Saturday, after hastily disposing of a number of fairly important measures, both Houses adjourned for the summer recess, which would normally last until the middle of October. M. Caillaux, who is now Chairman of the Senate Finance Commission,

and several other experts belonging to the Upper House, made no secret of their dissatisfaction with many aspects of the Bill, but made it clear that the only thing to do was to make the best of a bad job, in the hope that more adequate steps will be taken at the earliest opportunity. As a matter of fact, nobody regards the emasculated Finance Act as satisfactory. It has ensured neither real reduction of immediate or future expenditure, nor increased revenue. An appreciable amount of fresh taxation has been imposed, but will not come into operation to any appreciable extent until next year. Internecine party political warfare has dominated urgent national financial needs, with the result that so far the new Chamber (as one non-party writer puts it) has "done nothing to meet the unsatisfactory Budget situation, except to impose additional taxes which will yield nothing for immediate needs."

In view of the dangerous shortage of available money at the Treasury, the Chambers on Saturday passed a short Bill authorising the issue of 2,000,000,000 francs of additional Treasury Bonds, which will ease the situation until the current year's inflow of direct taxation begins to make itself felt in the middle of July. The Chamber Budget *rapporteur*, M. Lamoureux, stated that the Treasury's available funds were reduced to 700,000,000 francs. There were still 600,000,000 francs of Treasury Bonds unissued under the law of 1926, which gave the Treasury power to issue up to a maximum of 5,000,000,000 francs to meet its necessities during periods of low water, and the Government had in sight a further 350,000,000 francs coming from economies effected in respect of the present financial year. This made a total of 1,650,000,000 francs to meet uncovered requirements of 3,400,000,000 francs between now and January 1st. In view of the fact that any large-scale conversion scheme would disturb the market, if applied at present, the only practicable source of the money required was an issue of a further 2,000,000,000 francs of Treasury Bonds. The Finance Minister, M. Germain-Martin, warned the House that when the moment came to put the Rente conversion plan into operation it would be necessary to raise again the maximum limit of issue of Treasury Bonds. He added that it was necessary only to read Bourse quotations of Rentes, and especially of the 6 per cent. issues (which closed last night at 100½ and 104½ respectively) to realise that, in public opinion, conversion was already an accomplished fact. The Bill was approved by 381 votes against 30, the Cartel groups furnishing 322 votes of the majority, while 181 deputies (who last week formed a large section of M. Herriot's "reserve majority," on the occasion of the Socialist revolt against the Ministry) abstained.

The belief that a large Rente conversion plan will be applied within the next three months has had a remarkably stimulating effect on the quotations of the ten issues dealt with in the official market. It was stated before the Chamber Commission last Saturday that the Government will in all probability convoke an extraordinary session of the Chambers towards the end of September or early in October, before the elections for the renewal of one-third of the membership of the Senate, for "the purpose of obtaining authority for 'very large conversions of Rentes.'" The project, it was asserted, will include a proposal to authorise a further issue of 3,000,000,000 francs of Treasury Bonds for the purpose of facilitating the operation. It may be recalled that under a recent Finance Act it is assured that, in the event of any conversion plan being applied, small holders of issues affected shall be given some kind of compensation for any hardship they may be called on to suffer through a lowering of yield. It is expected that the French Rente issues made in London during the war will be included in the plan, in which case it is possible that holders of these will also benefit from the relief just mentioned. The total amount of Rentes involved is expected to be in the neighbourhood of 80,000,000,000 francs.

The foreign trade returns for June indicate a slight improvement in the value of both exports and imports on the month, but resulted in the largest adverse balance since July last year, with the exception of that recorded last April. Imports totalled 2,602,000,000 francs, against

2,482,000,000 francs in the previous month and 3,917,000,000 francs in June, 1931. Exports were 1,576,000,000 francs, against 1,471,000,000 francs in the previous month and 2,520,000,000 francs a year ago. This brought the total adverse balance for the first half of the year to 5,195,000,000 francs, as compared with 6,976,000,000 francs in the corresponding period of 1931. Exports for the six months show a drop of 6,140,000,000 francs, or 38 per cent., as compared with the corresponding period of last year, while imports fell off 7,920,000,000 francs, or 34 per cent. Import tonnage was rather more than 20 per cent. smaller and export tonnage 23 per cent. down. The detailed six months' figures are:—

	First Six Months of		Differences in
	1931.	1932.	1932.
IMPORTS.	Frs.	Frs.	Frs.
Foodstuffs	7,065,933,000	5,359,903,000	- 1,706,030,000
Raw materials ...	11,239,107,000	6,839,694,000	- 4,399,413,000
Manufactured goods	4,893,716,000	3,078,938,000	- 1,814,778,000
Totals	23,198,756,000	15,278,535,000	- 7,920,221,000
EXPORTS.	Frs.	Frs.	Frs.
Foodstuffs	2,171,126,000	1,474,960,000	- 696,166,000
Raw materials ...	3,895,388,000	2,404,920,000	- 1,490,468,000
Manufactured goods	10,156,793,000	6,204,069,000	- 3,952,724,000
Totals	16,223,307,000	10,083,949,000	- 6,139,358,000

A great deal of emphasis is being laid on an alleged falling off in yield from taxation, which it is claimed is one of the great causes for the present shortage of funds at the Treasury. The revenue returns for June, however, suggest that this has been greatly exaggerated. Total yield last month from "normal and permanent" resources was 3,076,000,000 francs, or only 2.6 per cent. below that in June, 1931, and about one-fifth per cent. less than in June, 1930. On the other hand, the month's recoveries were, so far as indirect taxation was concerned, 219,700,000 francs (or 6.6 per cent.) below Budget estimates; but this would seem to be due to some departure from the normal rule of basing forward estimates on the actual results of the penultimate year, seeing that the yield for the month was within a fraction of that registered in June, 1930, and that there was certainly no ground last Christmas for assuming any appreciable improvement in the country's economic situation during the current twelve months. The worst decline was in yield from taxes on securities, which revealed a drop of over 32 per cent. on the year. The month's return from income tax and other direct imposts, on the other hand, was nearly 40 per cent. more than in June, 1931. This was due to various minor and apparently unimportant "readjustments" of assessments scales authorised by the 1932 Finance Act. Recoveries from indirect taxation for the first three months of the current financial year show a drop of 615,627,000 francs, or 6.6 per cent., as compared with the corresponding period of 1931, and were 670,441,000 francs below Budget estimates.

GERMANY.

Political Crisis — Labour Service — Commercial Policy.

(FROM OUR CORRESPONDENT.)

BERLIN, July 19.

RUMOURS are current that the Government has yielded* to the demands of the parties of the Right for the appointment of a Reichskommissar for Prussia, or for the transference of the executive into military hands. The Government's resistance to these demands hitherto has been strengthened by the knowledge that such an act of violence against the acting Government of Prussia, which is composed of the Social Democrats and of the Centre, might have unpredictable consequences, since the Prussian Government in such an event would command

* The coup d'état which took place the day after this letter was written is dealt with in our first leading article.—*Ed. Economist.*

the unconditional support of the whole of Southern Germany.

The Government's desire to avoid such an attack was subjected to a severe test early in the week. In Altona, the Prussian sister-city of Hamburg, a National Socialist procession which passed through the working class districts with provocative intent, was attacked by Communists with firearms. The Prussian police took energetic measures against the Communists, but were themselves fired upon and had to force barricades. Twelve persons were killed and a very large number injured. Sunday was a day of great unrest in other places also, as for example in Greifswald, and in many instances the National Socialists were the aggressors. The National Socialists immediately demanded, in imperative terms, comprehensive measures against Prussia, and threatened armed resistance. The Government, however, decided upon a measure which must have been far from pleasing to the National Socialists. They issued a prohibition throughout the Reich of all open-air demonstrations and assemblies, a prohibition which had already existed in Prussia before the interference of the von Papen Government. This prohibition was not altogether welcome even to the organisations of the Left, as the "Iron Front" had also prepared large open-air meetings, but it hits the National Socialists much harder, as their uniformed troops are only effective if they can hold demonstration marches. This Government decree did, however, cut off one of the principal sources of danger, as it removed the possibility of mutual organised attacks by the National Socialists and the Communists.

Nor was this the only matter in which the von Papen Government acted last week in opposition to the wishes of the National Socialists. The Government did indeed issue a new decree on "labour service," which extended the scope of this emergency work for the unemployed, but they did not do as the National Socialists wished, and introduce compulsory service; participation was still left to the free choice of the unemployed. They appointed a Reichskommissar for voluntary labour service and commissioned him to prepare a report on the necessary conditions and the appropriate form of a compulsory labour service, but they appointed to the post Dr. Syrup, the President of the Unemployment Insurance Institute, who is an energetic opponent of compulsory labour service. The so-called voluntary labour service, as it exists at present in Germany, is intended primarily to give the young unemployed a chance of using their powers in work of public usefulness which could not otherwise be undertaken, owing to lack of means.

The participants can, therefore, not be paid ordinary wages, and have to be content with their unemployment benefit and a small supplementary allowance, but the companionship and the occupation after an often prolonged period of enforced idleness are so attractive to the young unemployed that far more volunteer than can be accepted. The numbers that can be accepted are very strictly limited by the fact that the equipment and materials cost on the average four times as much per head as the relief allowance. The extension of this labour service, and especially the making of it compulsory, is a plank in their programme upon which the National Socialists lay great stress, for they see in it a solution of the unemployment problem, and, what is still more important from their point of view, a possibility of influencing with their ideas, as soon as they come into power, even those young people who are least sympathetic to them. So far they have not gone very far into the financial aspects of the problem. At first the unions and the Socialists looked upon labour service with mistrust, but they have gradually become convinced of its psychological advantages, and only ask, very emphatically, that the work carried out under this scheme shall, whatever happens, be "supplementary," that is to say, shall not be allowed to come into competition with work done for ordinary wages.

The opposition to the systematic exclusion of German imports has greatly increased, especially in business circles. The movement is due to the clear recognition of the fact that exclusion of imports necessarily leads to a

complete cessation of exports. The managing committee of the Deutsche Industrie- und Handelstag has presented a memorial to the Government in which this great organisation declares, "Germany needs a substantial import of food and raw materials, and therefore is not free to choose whether she will maintain her connections with world economy or not. On the other hand, she exports mainly finished goods upon which most of the exporting countries are by no means dependent." The Industrie- und Handelstag gives a warning against the introduction of a policy of general exclusion before it is known whether the World Economic Conference and the other international negotiations will not open the way to co-operation. The Dusseldorf Chamber of Commerce has passed a similar resolution. The Kiel Institute for Ocean Transport and World Economy has concluded its work in connection with the Commission of Enquiry into German Economy by the publication of a comprehensive volume, in which it declares that Germany cannot live without exports, and, therefore, must not on any account adopt a policy of autarchy.

AUSTRIA.

League Loan — Credit Anstalt — Tariff War.

(FROM OUR CORRESPONDENT.)

VIENNA, July 18.

WITHIN the next few days the currency and budget problems of Austria will have to be handled decisively. The Council of the League of Nations in Geneva has approved the agreement concerning an international loan of 300 million schillings, but it seems unlikely that the loan agreement will meet with the approval of the Austrian Parliament. There is very strong opposition, particularly from the national parties, on account of the fact that the inhibition of union between Austria and Germany, as laid down in the Geneva Protocol of the year 1922, is prolonged for a further twenty years. Other foreign rights of control are also criticised. Even from the purely economic point of view the loan has certain defects, though the Austrian crisis is so acute that most of the objections might have to be waived.

It has been impossible to avoid a prohibition of remittances abroad, but this is only the legal confirmation of the state of things created by a decree of the National Bank on June 23rd. The prohibition of remittances to cover foreign debts applies to all loan debts contracted either by public bodies or by private enterprises, but it does not extend to debts for merchandise, estimated at at least 300 million schillings; these obligations are affected by the foreign exchange regulations, which in practice restrict payment to the channels of the clearing and compensation agreements. The interest service of the loan debts is also estimated at about 300 million schillings, of which about 200 millions come under the heading of public debts. The decree prohibiting remittances abroad provides that Austrian debtors must pay their current commitments, converted at the official rate of exchange, into a special fund at the Austrian National Bank. The Bank keeps the amounts thus paid in a blocked account, but will use them for the benefit of the creditors, who, however, have no right to take any proceedings against the debtor.

These regulations are much better than the regulations governing the transfer moratorium now prevailing, for instance, in Hungary and Bulgaria. In those countries the creditor has practically no possibility of disposing of his blocked credits, while in Austria he will in general be free to purchase merchandise, and the blocked money can also be used for purposes of travelling in Austria. For the League of Nations Loan and the Federal Loan, 1930, the requisite amounts in foreign exchange are in hand, otherwise only schillings can be remitted. The short-term commitments of the banks, which now amount to 18 million dollars, do not come under the exchange prohibition; the standstill agreement, which was concluded in this respect, lapses within a few days.

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In the course of this week negotiations are to take place between the Austrian Government and Sir Robert Kindersley, the representative of the English creditors of the Credit-Anstalt. The negotiations are, however, impeded by the uncertainty of the position in Austrian domestic politics. It is worthy of note that the Minister of Education, Dr. Rintelen, is to have charge of the negotiations. Dr. Rintelen is regarded as the coming great man in Austria, and he is known to be a strong opponent of State liability for the Credit-Anstalt, basing his opposition both on juridical and on economic arguments. The Government has recently offered to pay off the debt to the foreign creditors within thirty years at the rate of five million schillings per year for the next ten years and 20 millions per year in the following twenty years. At the same time, it demands a very considerable reduction of the interest.

Within the last week a tariff war with Hungary has broken out. The Austrian Government felt obliged to take energetic action, because Hungary delivers to Austria such articles as flour, fruit and vegetables, in which the bulk of the business is done in the summer months, so that a decision is imperative at the present time. The balance of trade between Austria and Hungary involves payment to Hungary of a difference of about 100 million schillings per year, in spite of the fact that the exchange of goods between the two countries has been greatly curtailed, and this state of affairs has become intolerable. Also, Austrian farmers wish to have the Hungarian importation of foodstuffs into Austria further limited. The Austrian Government has therefore issued a fresh importation prohibition upon flour, fresh vegetables, most kinds of fruit, preserves, etc., so that these articles can now be imported only under permit. It is hoped that, in view of the very old relations between the two countries, the conflict will shortly be settled, but in any case higher duties and further limitation of importation on the part of Austria must be reckoned with.

HUNGARY.

Customs War — Exchange Control.

(FROM OUR CORRESPONDENT.)

BUDAPEST, July 19.

SINCE July 15th there has been virtually a Customs war between Austria and Hungary owing to the failure to prolong the most-favoured-nation treaty, which has been in operation for six years. As there has been no commercial treaty with Czechoslovakia since December 15, 1930, Hungary is at present in a state of Customs war with the two industrial Succession States of the Hapsburg monarchy, which are the natural markets for her agricultural surplus. The result of the tariff war with Czechoslovakia

was that Hungarian exports to that country declined from 153.2 million pengő in 1930 to 24.2 million pengő in 1931, and imports have fallen from 172.9 million pengő to 50.1 million pengő. Whereas in 1930 exports to Czechoslovakia amounted to 16.8 per cent. of the total exports, in 1931 the ratio fell to 4.2 per cent. Negotiations for a new commercial treaty for the past eighteen months have been unsuccessful in spite of almost continuous parleys held simultaneously in Prague and Budapest. By 1932 the trade was reduced to a barter of Hungarian pigs against Czechoslovak timber. Great indignation is felt in Hungary that for some years past Austria has always denounced the commercial treaty at harvest time and thus made the marketing of Hungarian products exceedingly difficult. The Austrian delegation insisted this year that, in view of the precarious foreign exchange situation of their country, Hungary's merchandise exports should be entirely counterbalanced by merchandise imports from Austria. Considering that the value of the merchandise exports of Hungary to Austria have been for years more than double her imports from that country, the Hungarian delegation could not comply with the Austrian proposals. Merchandise trade figures with Austria for the past three years were as follows, in million pengő:—

	Exports to Austria.	Imports from Austria.
1929	315.6	140.1
1930	256	94.8
1931	170.9	69.5

It must be added, however, that there are several items in the balance of payments between the two countries which are largely in favour of Austria, such as tourist traffic, transit freight, investments, banking and insurance commissions, which make good a considerable part of the deficit of the merchandise trade. Therefore the Hungarian delegation offered a compensation treaty on the most-favoured-nation basis, suggesting that the ratio of merchandise trade in the future should be 100 to 150 in favour of Hungary, pointing out that the invisible items would compensate Austria for the deficit in the merchandise trade. Unfortunately the Austrians have rejected the Hungarian proposals, and it is feared that the conclusion of a new treaty will not be easy. In the absence of Parliament, the Press and various organisations are loudly demanding that Hungarians should boycott Austrian summer resorts, and the Government is urged to turn to the Council of the League of Nations, which has just reprimanded Hungary for her default on the service of the League Loan and expressed the hope that there will be a seasonal improvement in trade after the harvest which may enable Hungary to increase her transfer capacity. In view of the trade difficulties with Austria and the disappointing crop reports—wheat was greatly damaged by rust—the prospects for an improvement of Hungary's transfer capacity are very gloomy.

The National Bank has issued a detailed statement regarding the surrendered and allotted foreign exchanges for the eleven months August 1, 1931, to June 30, 1932, during which exchange operations have been subject to the control of the Bank. The surrendered export bills totalled 148.1 million pengő, and another 51 million pengő was notified to the National Bank and was allotted directly to the exporters for the import of foreign raw material. The total exports recorded by the Statistical Department in the same period amounted to 420 million pengő, or more than double the sum controlled by the National Bank. The discrepancy is due to the facts that a great deal of export is done against pengő balances of foreign creditors, that merchandise credits are accorded, and that some exporters evade the compulsory surrender of exchange and sell it in the black market. It should be borne in mind also that the Statistical Department has somewhat overstated the value of exports. The total amount allotted for merchandise imports aggregated 165 million pengő, about half of the 850 million pengő imports value as recorded by the Statistical Department. The discrepancy is due to the fact that certain foreign importers continue to trade against long-term credits and against pengő deposits, and some importation is financed by foreign exchange acquired in the black market.

SWITZERLAND.

Foreign Trade — Prices — Banking.

(FROM OUR CORRESPONDENT.)

GENEVA, July 8.

THE economic situation has further deteriorated: exports have continued to dwindle, unemployment has increased, and business is generally very slack. Imports, which aggregated 157,000,000 francs a month during the first quarter, were reduced by import restrictions and import quotas to 145,746,000 francs in April and 144,061,000 francs in May. An agreement was recently concluded with France governing the application of the quota system in the two countries. Switzerland will not reduce industrial imports from France listed in the annexe of the Franco-Swiss Convention of July 8, 1929, below the amount imported in 1931. On the other hand, France undertakes not to apply the quota to imports from Switzerland on the condition that their amount does not exceed 10 per cent. of total imports, and provided that the quantity imported in 1931 is not exceeded. At the same time, the two countries have agreed to remove certain products from the consolidated list.

German imports, especially coal, coke and malt, having reached in May the level of 1931, Switzerland prohibited further entries. The consequence was that Germany at once opened negotiations and made a concession regarding foreign exchange control. Anybody may now send or take from Germany to Switzerland up to Rm. 700 a month. This will probably encourage German tourists to come and spend their holidays in Switzerland and help to some extent the Swiss hotel industry, which is very seriously hit by the crisis.

Exports, which aggregated 73,000,000 francs a month during the first quarter, dropped to 66,482,000 francs in April and to 60,714,000 francs in May, as against 120,000,000 francs and 116,000,000 francs respectively in the corresponding months of 1931. The Government is trying to help the exporting industries, but the methods so far employed have not in the least improved the situation. State subsidies and the raising of Customs duties may for some time ease the position of the exporting industries, but by themselves they are not remedies. These industries will only be able to sell again when the tariff barriers set up in all countries have been lowered, and when Swiss production costs reach a level that will permit Swiss industrialists to compete with some advantage on foreign markets. That is why some people here are strongly advocating the adoption of an inflation policy, which might greatly help home industries by reducing the exchange value of the Swiss franc. But the Government, the National Bank and bankers as a whole are opposed to inflation, and are resolved to maintain the gold standard. Prices have already fallen, but the drop is not sufficient to lower the cost of living. It is felt that a general effort should be made with a view to bringing down production costs as well as sale prices, but the difficulty is that in Switzerland many products and articles are in the hands of big combines, which dictate their prices to retail dealers. The cost of living, which has already dropped to 140 (1914 = 100) might be several points lower, but it seems almost impossible to bring about a substantial reduction so long as Customs duties and salaries are so high.

The other day the Swiss Parliament approved a Government proposal to create a special Federal Loan Fund, the capital of which is to be, at first, 275 million francs. The object of that fund is to provide the Swiss banks with the necessary money in case there should be a run on them or foreign investors withdraw suddenly the sums they deposited in Switzerland. That decision had an immediate effect on the Bourses, where, during the past week, the value of bank shares and securities rose by several points. There is more activity on the Bourses than there has been for the past eight months. The situation of the Swiss banks remains good on the whole, though many of them suffered losses through the Kreuger and Toll failure.

POLAND.

Port Rivalry — Budget — Bank of Poland — Trade.

(FROM OUR CORRESPONDENT.)

WARSAW, July 6.

RELATIONS between the Free City and Poland are growing from bad to worse. The Polish Government not only give their importers every encouragement to use Gdynia in preference to Danzig or any of the German ports, but Gdynia is being increasingly used for overseas transit traffic to Central and Southern Europe. Its full development only awaits the completion of the new railway from Upper Silesia direct to Gdynia, the building of which is being financed by France. The following table shows the volume of goods traffic through the ports of Danzig and Gdynia during the past three years:—

Year.	DANZIG.		GDYNIA.	
	Incoming.	Outgoing.	Incoming.	Outgoing.
	(Metric tons.)			
1929	1,792,950	6,766,699	324,298	2,497,893
1930	1,090,631	7,122,461	506,037	3,122,294
1931	754,300	7,576,205	558,348	4,741,563

Despite the most rigid economy (save as to military expenditure) the Government have not yet succeeded in contracting expenditure to the level of revenue. Budget income during the financial year ended March 31, 1932, averaged close to 190 million zlotys per month. Revenue collected in the first two months of the present year amounted to 370 million zlotys. The monthly average of budget expenditure last year was over 200 million zlotys (there was an apparent deficit for the year of 204 million zlotys, but the books are not yet closed), while for April zlotys, but the books are not yet closed), it was 388 million zlotys, and May this year, combined, it was 388 million zlotys. No the Ministry of War spending 125 million zlotys. No specific provision has been made in the present year's budget for war and war relief debt charges, but there is not expected to be any serious difficulty in meeting external commercial debt services, whether for the State or subordinate authorities. These are quite small on a *per capita* basis, but onerous enough considering the very low prices which Poland is now getting for her exports. Purely in their own interest, creditor countries are short-sighted in not forthwith revising debt contracts which are working out with such extreme disadvantage to the debtors.

Poland still has a certain mark of distinction in being one of the few debtor countries which has not yet found it necessary to impose restrictions on the transfer of foreign exchange. The position, however, is steadily growing more uncomfortable, and, despite the commendable determination of the authorities to withhold the imposition of artificial restrictions as long as they can possibly do so, they cannot much longer defer more drastic action for checking the loss of gold.

The Bank of Poland at the end of May reported a gold bullion holding of 555 million zlotys, foreign *devisen* serving as cover 38 million zlotys, and foreign *devisen* not serving as cover 117 million zlotys—a total of 710 million zlotys. The comparative figures at the close of 1931 were 600, 88, 125 and 813 million zlotys; and, one year previously, 562, 288, 124 and 974 million zlotys. The loss of more than 100 million zlotys during the first five months of 1932 has occurred notwithstanding the very severe import restrictions which were imposed in January last. Concurrently with the loss, the Bank of Poland has further contracted currency circulation by 115 million zlotys (to 1,103 million zlotys on May 31st), and decreased its bill portfolio by 83 million zlotys (to 637 million zlotys on May 31st). On the other hand, its non-interest bearing advance to the Ministry of Finance has been increased from 20 million zlotys to 50 million zlotys—no doubt to cover a portion of the Budget deficit. Despite the continuous gold drain which has been going on for close on three years, there is still a legal "cover" of 46.94 per cent., so that no immediate concern is felt over the Government's ability to continue to maintain the present gold parity of the zloty.

During the first five months of 1932 Poland had an excess of exports over imports valued at 99 million zlotys (exports 461 million zlotys, imports 362 million zlotys), as against an "active" foreign trade balance of 113 million zlotys for the same months of 1931, when exports amounted to 789 million zlotys and imports to 676 million zlotys. With the monthly import figure now down to a value of 73 million zlotys (for May), it is realised that further reduction is almost impossible. Imports have now been restricted to absolute necessities for the economic survival of the State, but the present surplus of exports over imports is inadequate to meet capital withdrawals, merchandise credits previously contracted and now maturing, and foreign debt services. It is abundantly clear, therefore, that Poland must secure a new external loan, or compel the countries with which she has an adverse trade balance to take more exports from Poland, or impose restrictions on the transfer of balances abroad. A vigorous rise in grain and raw material prices would, of course, be of great help, but such relief is far from imminent. It is the general belief that Poland has asked France for a loan of 600 million francs, and there are rumours that the Herriot Government have given assurances that every possible aid will be given to Poland in this connection.

JUGOSLAVIA.

Budget — Foreign Loans — Industry — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BELGRADE, July 15.

Two important statements have been issued by the Ministry of Finance: one on the preliminary accounts for the budgetary year 1931-32, and the other on Yugoslav State debts. According to the first, 10,925,549,000 dinars (£40,000,000 at par), or 82.5 per cent. of the budgetary estimate of 13,288,102,000 dinars was realised. Against this sum is to be placed expenditure of 10,801,235,000 dinars, which gave by March 31st a temporary surplus in favour of the State of 624,000,000 dinars. This surplus has already been earmarked for the payment of arrears and of the floating debt accumulated during the budgetary year which, together, amount to 757,500,000 dinars. The actual deficit, therefore, is 133,500,000 dinars, but part of this may still be made up, as the financial year ends on August 31st, and by that date some arrears of revenue may be collected. Of the individual items, customs have yielded the poorest receipts; monopolies have given a profit of 1,609,000,000 instead of 1,839,000,000 dinars; railways had a deficit of 135,000,000 dinars; while direct taxation yielded 1,771,000,000, against the 2,006,000,000 expected in the budget.

The statement on debts, which is the first complete public statement issued since the war, gives the amount owed by the State on July 1, 1932, as 38,783,557,636 dinars (£141,000,000 at par). Of this sum 9,195,718,852 dinars, or 25 per cent., is due on pre-war debts; 3,586,966,230 dinars on the debts of the former Kingdoms of Serbia and Montenegro as well as on the debt taken over from the Austro-Hungarian Monarchy; 3,016,871,651 dinars on various provincial debts; 2,450,119,557 dinars

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for the purchase of the Southern railways, and 99,656,115 dinars for the purchase of the Oriental railways. Post-war debts abroad amount to 8,684,679,602 dinars (£81,590,000 at par) and come under five heads: the 8 per cent. and 7 per cent. gold dollar loans concluded with the U.S.A. house of Blair and Company for the building of the Adriatic railway, 2,507,363,000 dinars; the 5 per cent. loan from France for armaments, 593,998,634 dinars; the 6½ per cent. monopoly loan given by Kreuger's concern, 1,236,400,000 dinars; and the 7 per cent. stabilisation loan of 1931 of 2,248,577,185 dinars. Under this head should be reckoned also a surplus received from Germany over and above the Dawes plan of 2,098,350,000 dinars. The third group, that of post-war internal loans, is the smallest, and amounts to only 6,020,315,000 dinars. Most of this is due to nationals as compensation for damage sustained during the war, viz., 4,516,900,000 dinars. The 7 per cent. railway construction loan of 489,860,000 dinars and the two debts on 4 per cent. and 6 per cent. bonds issued to large landowners for the expropriation of feudal estates, make up the remaining sum. The largest share of debts comes under the heading of war debts, and amounts to 12,882,834,181 dinars, or 35.5 per cent. of the grand total. Most of this sum is owed to Great Britain, whose claim amounts to 7,191,455,040 dinars; 3,463,325,000 dinars are owed to the United States, and 2,228,954,141 dinars to France. The total debt of 38,783,500,000 dinars, if reckoned on a population of 14 millions, gives a burden of 2,770 dinars per head, with an annual debt service of 112 dinars, a sum which would be very light in normal circumstances. Subtracting the sum due on war debts of 12,880,000,000 dinars, the remainder of the debt would be only 26,000,000,000 dinars, or 1,850 dinars per head, with a service of about 80 to 85 dinars.

Economic conditions have changed little in the past two months; business and trade are still poor; bankruptcies are more numerous than in 1931; the tourist season is slack, and whatever improvement there may be is more or less of a seasonal character. A clearing agreement with Czechoslovakia, following the recent arrangements with Switzerland and Italy, has helped to ease the "black bourse," and foreign currencies, although still tight, are not so unobtainable as two or three months ago. Unemployment, too, is on the down grade, partly because many peasants who came to the towns in search of seasonal work have returned or are returning home for the harvest season. Much labour is also being absorbed by the building trade, where quite a boom has developed. This, although not due to flourishing conditions, but rather to a feeling of general uncertainty, has brought considerable work to subsidiary industries, and the number of buildings to be erected this year already exceeds that of last year. Money is also slowly returning to banks, and cautiously finding its way into Government securities. No large movement has developed, it is true, in either of these two directions, but the trend on the whole is favourable, although the Lausanne agreement has failed to make any marked impression on the popular mind. The harvest is still uncertain, as blight has affected some of the northern districts, reducing the yield by 40 to 50 per cent. On the other hand, copious rains have had a good influence on maize. The gloomiest picture is naturally that of foreign trade. The total volume, which for the first five months of 1931 was 4,162,000,000 dinars, has shrunk to 2,812,000,000. Of this sum 1,187,400,000 dinars were spent on exports, and 1,125,400,000 received from imports, the deficit in the trade balance being 62 million dinars, as against a deficit of 231 million dinars in 1931.

TURKEY.

Budget — Shipping Monopoly.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, July 4.

THE ratification of the Turkish Budget for the financial year beginning in June has now been completed. The usual habit of basing the estimates on the average of the past three or five years was abandoned, and the very low

revenue returns of last year were taken as the normal, though this meant a compression of expenditure in every department. The year 1932-33 has opened with a deficit from the previous year of £T.10 millions, and this would have been much greater but for special taxation pushed through in the later months. As the total revenue collected last year only amounted to £T.161 millions, and the last seven months showed a progressive diminution of returns, the estimates for the present Budget have been kept down to £T.169 millions. These estimates take into account the probable returns of the new taxes, called the crisis and budget-balancing taxes, which are put down at £T.24 millions. It is evident that the Government expects a still further diminution in the normal earnings and taxable capacity of the population. Certain calculations state that the agricultural class has undergone a loss of £T.100 millions in the past year owing to the low price of wheat. This has induced the Government to bring in a law obliging the Agricultural Bank to purchase a million and a half bushels from the peasantry this year and undertaking the general task of controlling the wheat market, with the object of assuring the cultivator due returns, and thus keeping up his taxable capacity.

The most important item on the expenditure side of the new Budget is the public debt service. This amounts to 49 millions, as compared with 30½ millions last year. The increase is caused by the falling due of engagements previously contracted by the Defence and Public Works Ministries. Though negotiations for prolonging some of these debts have been entered into, they have not yet been carried through successfully. It is noteworthy that of the State's debts to individuals all those dating from the old regime have now been paid off, except a million Turkish pounds. The next largest item of expenditure will be the defence forces, which will absorb just over £T.40 millions, a diminution of £T.19 millions in comparison with previous years. The Angora administration has always maintained its defence expenditure at about one-third of the Budget, and the fact that this year it has brought it down to a quarter is a notable change. Apart from the economic pressure which has forced it to do this, it is probable that the intention of the Government to accept the invitation to Turkey to join the League of Nations has had some influence. Nothing, however, has been admitted which in any way diminishes the efficiency of the defence forces. The number of army conscripts is now, for instance, 175,000, as compared with 140,000 five years ago, but the rationing system has been cheapened and now costs only about fourpence per soldier.

Despite the representations of Turkish shipowners, the Government has decided to constitute a State shipping monopoly. The new merchant fleet thus constituted will consist of 141 units, of which 45 belong to the Government-owned company the "Seiri Sefain" and the rest to private shipowners. The tonnage of the former amounts to 46,000 out of the total of 94,408 tons. The Bill brought in by the Government arranges for the purchase of the privately-owned ships and their amalgamation under a State administration. A commission of experts will carry out the valuation, two for the State and two for the private shipowners, assisted by an expert from Lloyd's. When the monopoly is created it will cover all transport of passengers, cattle and goods between Turkish ports. The Government took this decision on account of the considerable disorganisation in the carrying trade which now occurs owing to the competition of many small private owners—a disorganisation which extends to times of sailing, fares, comfort, and so on. The new administration will unify shipping in these directions. Some of the private shipowners at present only possess one or two units of small tonnage. It is thought that it may be necessary later to create a Ministry of Transport to deal jointly with shipping, railways, and posts and telegraphs, or, at any rate, to form an under-secretariat for the new State merchant marine.

Letters to the Editor.

AMERICA AND WAR DEBTS.

TO THE EDITOR OF THE ECONOMIST

SIR,—In your leading article of June 11th, under the title of "Lausanne," you take cognisance of what is apparently a growing view in Europe, that the easiest way out of the *impasse* of reparations and war debts is for Germany and the ex-Allies to declare unilaterally their defaults *en série*. You regard such a policy as neither "helpful nor hopeful," without disputing the economic logic. Your objection is contained in the following sentence: "From such a situation the confidence of transatlantic investors, to say nothing of good international relationships, could scarcely be expected to revive."

So far as "good international relationships" are concerned, it is fair to suggest that in dealing even with a people of primitive political instincts your expectation is too simple. When the American taxpayers acquire a burden from European taxpayers, the tactics of the operation are likely to be felt to be quite immaterial. The hocus-pocus is too transparent; realising that America in effect had been compelled to forgive the debts, Americans might feel a more lasting resentment than if the debts had been repudiated. With respect to the "confidence of transatlantic investors," the view that intergovernmental debt must be determinative therein implied is that Europeans could not borrow subsequently from Americans if European Governments repudiated their debts to the American Government. If Germany repudiates reparations payments, she does so in order to conserve a minimum standard of living and ensure the validity of Government debt to foreign nationals and of debts of

German nationals to foreign nationals. If, failing to receive reparations payments from Germany, Germany's war creditors repudiate their debts to the United States, this will be done for the same reasons. These are the valid reasons for repudiation of the intergovernmental debts, and the validity depends upon strict concordance of the economic facts. To urge that the "confidence of transatlantic investors" (meaning nationals contemplating commercial investments abroad) must be more injured by frank repudiation than by cancellations secured through a transparent political manoeuvre, is to cast reflection on intelligence on both sides of the Atlantic. As Sir A. Salter has put it without evasion, the war debt due the United States must be paid by European taxpayers who owe it or by American taxpayers who do not owe it. The resistance in the United States is due to the failure of Europeans to convince Americans, cognisant of the ways in which the gross income of Europe is disbursed, that incapacity to pay is factual. The Americans who visit Europe and those who follow European periodicals find it difficult to escape the inference that Europe finds it hard to pay for the last war because it costs so much to prepare for the next. When Americans are convinced that reparations and war debts cannot be paid in equity to the masses in the debtor countries, unilateral repudiation will give less offence than a staged cancellation.

The *impasse* is essentially due to distance and differences of experience and outlook. If Europeans will recall how little has been accomplished in the solution of the political differences between the various European countries since the war, the failure to reach an accord with America in respect of war debts is hardly surprising. Also, it need not occasion surprise if Americans reach the view that were war debts once formally repudiated, war loans would not be granted in the future.—

I remain, yours very truly,

Stanford University, California.
June 29, 1932.

A. E. TAYLOR.

Books and Publications.

BOOKS OF THE WEEK.

Business and Science.

"TRADE must not be entered into as a thing of light concern, it is called business very properly, for it is a business for life, and ought to be followed as one of the great businesses of life; I do not say the chief, but one of the great businesses of life it certainly is: trade must, I say, be work'd at, not play'd with; he that trades in jest, will certainly break in earnest; and this is one reason indeed why so many tradesmen come to so hasty a conclusion of their affairs."

So wrote Daniel Defoe in "The Compleat English Tradesman," more than two hundred years ago; and, surveying the present condition of the world, one is bound to reflect that it shows little signs of having digested Defoe's advice. All around, in every country, one sees tradesmen "coming to a hasty conclusion of their affairs"; tariffs, quotas and protections of one kind and another suggest a very promiscuous "playing with trade"; while across the Atlantic, at least, many who "entered into trade as a thing of light concern" now certainly "breaking in earnest." And why? Can it, perhaps, be connected with simple lack of study? Or, to put it more correctly, with that absence of realisation that there is anything in business, in trade and production, which can possibly be the subject of study, which has for so long been the cardinal belief of the bulk of British business men? Many have observed that the subject of economics, which deals with "one of the great businesses of life," is a subject so entirely undiscussed in school curricula that the average child commonly proceeds to university or factory without having any idea of how, or through what channels or organisation, his daily wants are in fact supplied. Others, more cynically, have remarked that if it were thought desirable that such information should be given in schools it would in practice prove impossible, since the authorities on economics would never agree upon the contents, scope or method of presentation of their subject. Others, again, like Mr. H. G. Wells, have complained that whereas the writer

on science or history can find in libraries and museums tabulated and catalogued information on many, if not all, of the points he desires to cover, the sort of information required by a would-be encyclopaedist of economics is for the most part non-existent, at any rate uncollected; and where collected, collected in so many different ways and upon such differing principles as to make it of far less use than it might be. Perhaps it may serve as a summing-up of all these reflections if we note that, in the words of the most interesting contributor to the first of these volumes,* to-day, *for the first time* (italics his), the British Association includes in its programme of sectional meetings, concerned with progress in this or that specialised branch of scientific work, a more general section devoted to industrial co-operation."

One would not expect the first venture of the British Association to cover the field in at all a complete, or even a very scientific, way; none the less, there is material of value, and much that is interesting in this collected report of papers and discussion. It is divided into five sections, dealing respectively with the study of management, with training for management, with "body and mind at work," including incentives and physiological factors, with "some higher management problems," meaning rationalisation of distribution and utility of trade barometers,

* *Business and Science*. Papers delivered at the Centenary Meeting of the British Association for the Advancement of Science, 1931. Ed. B. S. Rowntree. The Sylvan Press, Sylvan Grove, London, S.E. 15. 308 pp. 5s. *Muscular Work, Fatigue and Recovery*. By G. P. Crowden. (London) Pitman. 71 pp. 3s. 6d.

WANTED TO PURCHASE

"THE ECONOMIST"

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and with development of invention. Of these, the last section, being devoted mainly to the technical problems of patent law and practice, is the least interesting to the general public. In the others, the criticisms already mentioned find full play. Even those who are disposed to attach most weight to trade barometers complain bitterly of the inadequacy of the statistical material on which they are based, and the advocates of rationalisation seem to feel strongly the lack of proper information about the costings and results of advertisement, for example; while in discussing methods of university training for managerial posts the Birmingham Professor of Commerce sardonically quotes the report of a Cambridge University Syndicate, actually issued in 1931, to the effect that "Any degree course necessarily has one of two primary objects: it is designed either to train the candidate to think, or to impart useful knowledge. The Honours Tripos is designed to meet the former alternative; it is the aim of the Syndicate to urge the latter as the object of the Pass Degree" (italics ours). The utterly destructive view of the older universities that useful knowledge is a hindrance to higher thought, and, conversely, that those lower beings who have to learn facts will learn them better if they are discouraged from thinking about them, could not be more aptly expressed. Nevertheless, this book describes interesting experiments at home and abroad in the training both of candidates for management and of the higher class of managerial workers, such as drivers of buses.

Both the section on rationalisation and that on incentive may strike the student as somewhat lacking in profundity. The rationalisers, in their anxiety to show that by rationalised expenditure on advertising and salesmanship more goods can be sold at a less cost, appear to be ignoring the question of competition on the wide scale, in fact, where and by what means firms are to dispose of the goods whose distribution has been thus rationalised; though Major Urwick (whose two contributions to the book are admirably stimulating) has contributed an acute analysis of the underlying causes of the present-day "consumption deficiencies." Similarly, the discussions upon incentives hover between the immediate stimulus which may make a group of small girls thread more needles, and the very wide and almost philosophic question of what induces, or can induce, the wage-earning part of industry, under present conditions, to work—obviously too large a question to be briefly answered. As a sign of changing opinion, and as much almost for what it does not say as for what it does, the book is a valuable five shillings' worth.

Mr Crowden's three reprinted lectures are valuable chiefly for the very full bibliographies appended to each chapter. Otherwise they are, though interesting, rather slight for reprinting at this price.

SHORTER NOTICES.

"Red Russia." By Theodor Seibert. Translated by Eden and Cedar Paul. (London) George Allen and Unwin. 425 pp. 7/15s.

This latest addition to the now formidable array of books and reports on Soviet Russia is the work of a German journalist who was resident in Russia from 1925 to 1929 and travelled widely in various parts of the country. It was first published, in German, in February of last year, and the third edition, from which the English version is translated, appeared in October; so that the book must have enjoyed a wide circulation in Germany. It possesses most of the characteristics usually attributed to journalists, including a vivid picturesque style and an impressionistic mind, as well as a distinct inability to keep that mind clear and to sort its impressions into an intelligible whole. This is especially clear in his general conclusions. He is, on the whole, definitely anti-communist; but he is so convinced (and rightly convinced) that many opponents of Russian Communism oppose it on false and impossible grounds that it is not always easy to understand on what grounds he is basing his own opposition, whether on the admission of Russian Communists to ideals with which he does not agree or to failure to live up to their own. The latter seems to be the most prominent ground of indictment; but if so, it is idle to attack the Soviet authorities for their repudia-

tion of Western theories of jurisprudence, which is part of their own basic theory. Certain inconsistencies are also visible in his book; e.g., his account of the absence of any real discussion in the Communist Party (as well as in the Central Soviet system) seems hardly to square with the even longer account of the fierce controversy at the Fifteenth Congress which resulted in the downfall of Trotsky and his friends. Nevertheless, such discrepancies are as much a tribute to the honesty of Herr Seibert's observation as a criticism of his powers of synthesis; and he has certainly made a real attempt to give what credit he thinks is due to a regime which he dislikes. The main theme of his book is political; the economic section is short and scrappy, which is unfortunate; and he omits altogether, except for a few references to maternity care, the very important aspect of public health and child welfare. Taken as a whole, the book is less comprehensive and less informative than Mr Calvin Hoover's work; but it is more up to date, and contains interesting and suggestive passages. The translation is, as usual with these translators, of high quality.

"Austria of To-day." By V. W. Germain. 294 pp. (London) Macmillan. 12s. 6d.

The author is well qualified for writing this book, for he has been in intimate personal contact with his subject. He was a prisoner in Austria during the war; he has revisited the country since, and is apparently living there to-day; and he has Austrian family connections. At the same time, Mr. Germain does not fall into the error—not uncommon among experts—of seeing nothing but the limited field of his expertise. He is interested in Austria as "an economic sore toe" of Europe—a European country which is often the first to feel the rubs and aches which afterwards come to afflict the whole continent more or less. The book is comprehensive. It begins with a sketch of the old Hapsburg Monarchy, gives a good account of the débâcle of 1918, and carries the story down to the world crisis, with one or two interesting "cross-section" chapters (e.g., a chapter on the Austrian Police), interspersed in the narrative, and with some useful financial and economic appendices. Many of Mr Germain's chapters, of course, re-traverse ground which has already been covered in more elaborate and more authoritative works; but Mr Germain has given us something valuable of his own in putting the whole story together; and he draws really interesting character-sketches of leading personalities in Austrian post-war politics: the Social-Democrats at the moment of the débâcle; and the Social-Democrats' more effective successors, the police-official Schober and the Roman Catholic ecclesiastic Seipel. The author also gives an interesting glimpse of the attitude of the younger generation in Austria. The furnace of affliction appears to be producing a new Austrian temper in the young which is something very different from the easy-going fecklessness of the Viennese bourgeoisie in the days when the Dynasty did everything for them. According to Mr Germain, Austria is not likely to resign herself to her post-war fate, or to allow the rest of Europe to take her plight for granted. No doubt, there will be more chapters to be added in the second edition—and these may prove not the least interesting part of the post-war record.

OTHER BOOKS RECEIVED.

Grundrissbuch des Wessens und zur Entstehung der Wirtschaft. By Friedrich Höhne. (Jena) Thüringen Verlaganstalt und Druckerei. 69 pp.

Studi di Storia delle Dottrine Economiche. By Prof. Filippo Cailli. (Padova) Casa Editrice Dott. a Milani. 147 pp. 17 lire.

A study in Italian of economic theory.

La Crisi Riscicola e L'Entre Nazionale Risi. By Maria Boggeri. (Padova) Casa Editrice Dott. a Milani. 136 pp. 17 lire.

A study of the rice industry.

OFFICIAL PUBLICATIONS.

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

Final Act of the Lausanne Conference, Lausanne, July 9, 1932. Cmd. 4126. 3d. net.

Import Duties: Recommendations of the Import Duties Advisory Committee and Import Duties (Exceptions) (No. 2) Order, 1932. Cmd. 4127. 2d. net.

Further Documents Relating to the Settlement Reached at the Lausanne Conference. Cmd. 4129. 1d. net.

Declaration Issued by H.M. Government in the United Kingdom and the French Government Regarding Future European Co-operation. July 13, 1932. Cmd. 4131. 1d. net.

Locust Control: Survey of Locust Investigations in 1931 and programme of work for 1932-33. Cmd. 4124. 1s. net.

Customs Tariffs of the Non-Self-Governing Colonies, Protectorates, Mandated Territories, etc. Colonial No. 72. 5s. 6d. net.

Department of Overseas Trade: Economic Conditions in Bulgaria (April, 1932). 3s. 6d. net.

The Stock Exchange.

GREATER LONDON AND COUNTIES TRUST.

A good deal of attention was aroused a few years ago, when the Greater London and Counties Trust began to acquire properties of electricity supply companies in Great Britain. The reason was that the Trust was controlled by Utilities Power and Light Corporation (Canada), which in turn was controlled by Utilities Power and Light Corporation of America. Thus, each new development of the Trust was represented as an invasion by American interests of a British public utility industry. The acquisitions went on from 1927 to 1931, the most important being the control of Edmundson's Electricity Corporation in February, 1928, which was purchased for 70s. in cash per £1 ordinary share. Edmundson's has now become the organisation through which the Trust holds or directs control of its many operating companies. In May this year the Greater London and Counties Trust sold the remainder of its directly owned British interests to Edmundson's for the purpose of improving its own finances and those of its parent organisation. The price paid by Edmundson's was £3,355,000 and the financing consisted of the sale of £1,000,000 5 per cent. debentures at 95½ and sale of £1,250,000 6 per cent. cumulative preference shares at 21s. of Edmundson's. The Greater London and Counties Trust also received, as part purchase consideration, 980,000 £1 ordinary shares of Edmundson's. The proceeds of the Edmundson's issues were used to pay off bank loans and an indebtedness of £2,000,000 to the Greater London and Counties Trust. It must not, therefore, be assumed that, in asking the British public, through Edmundson's, to pay cash for their British acquisitions, the American interests have in any shape or form parted with control, for they still hold the ordinary shares of Edmundson's.

Territorially, the area covered by the Greater London and Counties Trust and Edmundson's Electricity is probably the largest of any electrical undertaking in Great Britain, but with an output in 1930 of approximately 295 million units it ranks in importance after the London Supply Company (819 million units), Newcastle Electric Power Company (819 million units), County of London Supply Company (779 million units), the Manchester Electric Supply Company (447 million units), the Manchester Corporation (378 million units) and Birmingham Corporation (358 million units). The area of supply of the Greater London and Counties Trust runs, roughly, east and west through East Anglia, Cambridgeshire, Huntingdonshire and a small part of Bedfordshire. There is a gap of about 30 miles representing the area served by other distributors, and then come the counties of Worcester, Hereford, Radnorshire, Brecknockshire, Glamorgan and part of Monmouth, Oxfordshire, part of Hampshire, including the Isle of Wight, and the northern half of Dorset. It has distributing rights over the whole of Cornwall, with isolated undertakings, principally, in North Devon. Its most valuable properties are undoubtedly the Shropshire, Worcestershire and Staffordshire Company and the South Wales Power Distribution Company.

The areas covered fall, roughly, into three sections—a small section in the east, another small section in the west, and a very large section in the centre. This does not suggest that the Greater London and Counties Trust cannot carry out an effective system of rationalisation, for rationalisation of distribution depends upon good management and co-ordination in each definitive area. It will be appreciated, however, that, with the exception of the Shropshire, Worcestershire and Staffordshire Company with its subsidiaries, the group does not supply important industrial areas. The density of population in its territory is low and it has been compelled to expend a large amount of capital on distribution systems in rural areas. None of its subsidiaries, for example, in East Anglia, Bedfordshire and Cambridgeshire, with the excep-

tion of the company operating in Cambridge, has made very substantial profits. In the west section, the lack of hinterland for the Cornish tin mining industry naturally affects the earning capacity of the Cornwall group of companies. Thus, the most profitable parts of the whole group are to be found in Shropshire, West Stafford, and Cambridge, and the small isolated undertakings under the control of the Urban Electricity Supply Company. The names and capital of controlled companies are given in the table on the next page, accompanied by a map and chart which, we hope, will enable our readers the better to understand the lay-out of the group.

A close examination of the Greater London and Counties Trust may be made from two points of view—operating efficiency and finance. As regards the former, it has developed normally—not counting an abnormal year such as 1931—in the matter of output, which has increased as follows:—

1929	240 million units
1930	295 million units
1931	308 million units

In the matter of operating efficiency it is unfair to compare one group which is predominantly rural with another which is predominantly industrial, but a comparison may be made with electricity supply undertakings as a whole. The following table shows the units sold in 1929-30, the average price per unit, and the percentages of gross revenue and net profits to capital expenditure for Edmundson's and for all undertakings in Great Britain:—

Year 1929-30.	Edmundson's (excluding Inter- Company Sales).	Public Authorities (including Sales between Undertakings).	All Companies (including Sales between Undertakings).	All Undertakings (excluding Sales between Undertakings).
Units sold	294,613,000	6,169,300,000	4,897,000,000	8,666,000,000
Average price (pence per unit)	1.645	1.395	1.174	1.495
Gross revenue from sale of current	£1,991,226	£35,856,261	£23,854,969	£53,934,922
Per cent. of capital ex- penditure	15.7	17.4	18.8	16.5
Surplus from working ... Per cent. of capital ex- penditure	£950,631	£15,538,862	£12,158,128	£27,696,990
.....	7.5	7.8	8.6	8.5
Capital expenditure	£12,654,030	£200,291,250	£126,778,903	£327,070,153
Do., per 1,000 units sold	£42.95	£32.47	£25.89	£37.74

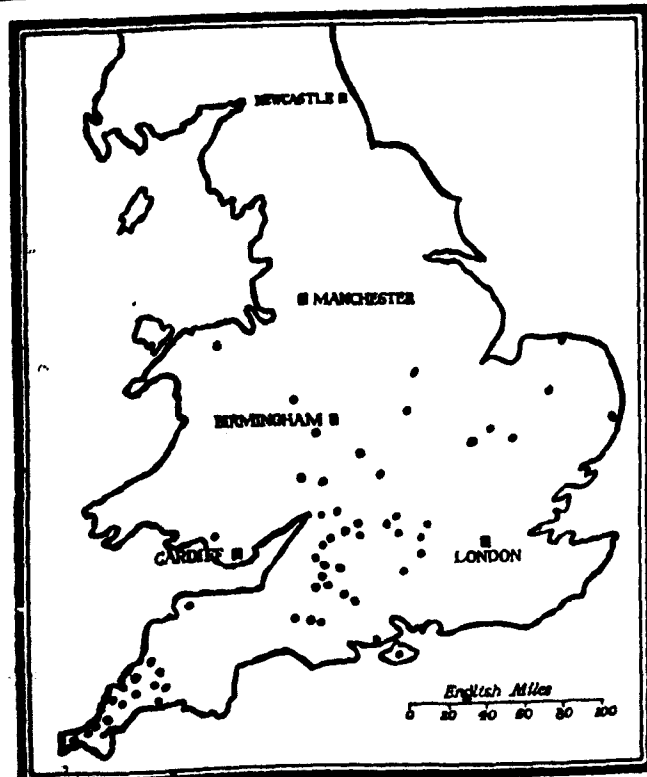
It will be seen that, in the case of Edmundson's, the percentages of gross revenue and net profits to capital expenditure are below the normal for the country as a whole.

As regards capitalisation, the gross capitalisation of the group in 1929, excluding the Greater London and Counties Trust, was about £14 millions, at the end of 1930 about £16 millions, and in 1932 over £22 millions. Eliminating duplications, the net capitalisation is now about £14 millions. The surplus available for the payment of interest, depreciation, reserves and dividends amounted in 1929, as far as can be ascertained, to little more than 8 per cent. on the net capitalisation. For all companies operating in Great Britain, the surplus in 1929, the last year for which figures are available, amounted to over 11 per cent. on all capital raised. Measured by another test, the capitalisation per unit sold of the Greater London and Counties Trust group in 1929 amounted to 0.91 shillings, as compared with an average for all companies of 0.69 shillings in the same year. Finally, as regards capitalisation per kilowatt of maximum load, the Trust again compares unfavourably with other companies, the figure being £117 as compared with £87 for all companies in Great Britain.

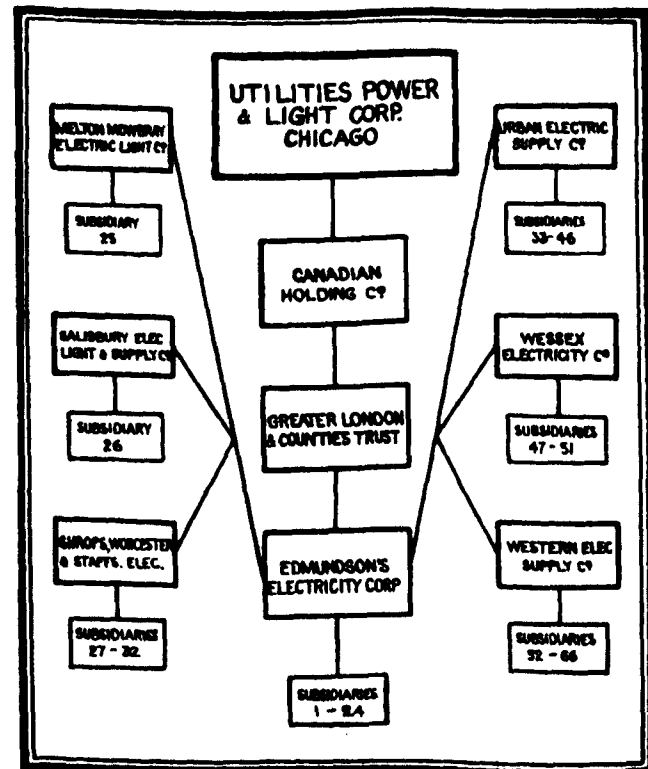
The British investor is, however, concerned not so much with the capitalisation of the group as a whole as with the position of Edmundson's Electricity Corporation.

GREATER LONDON AND COUNTIES TRUST INTERESTS.

ISSUED CAPITAL (000's omitted).				ISSUED CAPITAL (000's omitted).			
	Debs.	£	Ord.		Debs.	£	Ord.
Greater London and Counties Trust.....	...	...	1,200	31. Stratford-on-Avon Electricity Co.	14	6	7
Edmundson's Electricity Corporation ...	2,365	1,650	3,340	32. Tewkesbury Electric Light Co.	...	2	13
<i>Companies controlled directly through Edmundson's Electricity Corporation.</i>				<i>Controlled through Urban Electricity Supply Co.</i>			
1. Bedford, Cambridge & Huntingdon Electric	558	...	250	33. Bodmin Electric Light and Supply Co....	...	...	6
2. Cambridge Electricity Supply Co.	30	...	600	34. Callington and District Electricity Supply Co.	...	...	7
3. East Anglian Electricity Supply Co.	...	3	310	35. Camborne Electricity Supply Co.	...	...	20
4. Guernsey Electric Light and Power 62	35	125	35	36. Cornwall Power Co. & Electric Power Co.	150	250	...
5. Ilfracombe Electric Light and Power Co.	...	...	35	37. East Cornwall Electricity Supply Co.	6	6	6
6. Isle of Wight Electric Light & Power Co. 64	50	360	6	38. Launceston & Dist. Electricity Supply Co.	4	3	6
7. Lymington Electric Light & Power Co.	...	6	36	39. Liskeard Gas and Electricity Co., Ltd. ...	12	6	8
8. Melton Mowbray Electric Light Co.	19	...	48	40. Looe Electric Light Co.	...	...	6
9. Newmarket Electric Light Co.	14	...	27	41. Newquay Electric Light and Power Co....	...	...	45
10. Oxford Electric Co.	...	150	200	42. North Cornwall Ice and Cold Storage Co.	...	...	...
11. Power Producers	...	...	13	43. Penzance and District Electricity Supply Co.	...	...	20
12. Ramsgate and District Electricity Supply Co.	...	20	117	44. Truro Electricity Supply Co.	14	...	0.4
13. Reading Electricity Supply Co.	147	...	200	45. Wadebridge and District Electricity Supply Co.	0.2	1	2
14. Sheringham & District Electricity Supply Co.	...	...	0.4	46. West Cornwall Electricity Supply Co. ...	51	...	13
15. Shropshire, Worcester and Staffs. Electric Power Co.	3,088	1,950	1,925	<i>Controlled through Wessex Electricity Co.</i>			
16. Southwold Electricity Supply Co.	...	...	20	47. Faringdon Electricity Supply Co., Ltd....	...	...	4
17. Salisbury Electric Light and Supply Co....	16	...	125	48. Sherborne Electricity Supply Co.	...	...	15
18. Thames Valley Electricity Supply Co.	...	...	50	49. Sturminster Newton Electricity Supply Co.	...	...	...
19. Tisbury Electricity Supply Co.	...	...	6	50. Wallingford & District Electricity Supply Co.	...	...	13
20. Urban Electricity Supply Co.	...	350	700	51. Whitechurch and Pangbourne Electricity Supply Co.	...	...	9
21. Wessex Electricity Co.	...	...	530	<i>Controlled through Western Electricity Supply Co.</i>			
22. Western Electricity Supply Co.	...	...	450	52. Abingdon Electricity Supply Co.	...	4	15
23. Wycombe (Borough) Electric Light and Power Co.	40	15	150	53. Andover Electricity Supply Co.	...	2	6
24. Yeovil Electric Light and Power Co.	...	...	65	54. Chippenham Electricity Supply Co.	...	...	...
<i>Controlled through Melton Mowbray Electric Light Co.</i>				55. Cirencester Electricity Supply Co.	...	5	16
25. Somerby Electric Light Co.	...	...	...	56. Cookham and District Electricity Supply Co.	...	11	29
<i>Controlled through Salisbury Elec. Light and Supply Co.</i>				57. Devizes Electricity Supply Co.	...	...	...
26. Wilton Electricity Supply Co.	...	...	5	58. Malmesbury Electricity Supply Co.	...	2	3
<i>Controlled through Shropshire, Worcester and Staffs. Electric Power Co.</i>				59. Melkham Electricity Supply Co.	...	...	...
27. Banbury and District Electricity Supply Co.	...	...	50	60. Ruthin Electricity Supply Co.	...	12	8
28. Kidderminster and District Electricity Supply	...	50	47	61. Stroud Electricity Supply Co.	...	5	51
29. Ledbury Electricity Supply Co.	...	2	13	62. Trowbridge Electricity Supply Co.	...	...	...
30. South Wales Electric Power Distribution Co.	1,281	125	153	63. West Wilts Electricity Supply Co.	...	27	160
				64. Tetbury Electricity Supply Co.	...	2	2
				65. Warminster Electricity Supply Co.	...	1	4
				66. Wantage Electricity Supply Co.	...	1	2



Controlled Companies shown thus:—



whose 6 per cent. preference shares were sold to the public at 21s. in May of this year. The accounts for the year to March 31, 1932, of Edmundson's do not, of course, include any results of the properties which were acquired from the Greater London and Counties Trust in May this year:—

	ANALYSIS OF PROFITS.		
	Years to March 31,		
	1930.	1931.	1932.
	£	£	£
Trading profits	47,617	60,278	63,507
Divs. and int. received	169,292	217,931	258,431
Other	16,037	17,063	7,145
Total	232,946	295,272	329,083
Expenses	32,969	32,232	36,145
Debtenture int. and redemption	Nil	45,759	82,800
Earned for divs.	199,977	217,281	210,138
Gross pref. div.	28,000	28,000	28,000
Earned for ord. div.	171,977	189,281	182,138
Ord. shares:—			
Earned %	8.1	8.3	8.0
Paid %	7.0	7.0	7.0
Issue expenses written off, &c.	12,909	5,000	Nil
Reserve	20,000	20,000	15,000
Carry forward.....	20,664	19,745	21,683

In its last three complete financial years, the company has earned 8 per cent. or over, and paid 7 per cent. on its ordinary shares. The capital of Edmundson's is now £4,990,000, divided into £400,000 7 per cent. cumulative preferred shares of £1 each, 1,250,000 6 per cent. cumulative preferred shares of £1 each, and 3,340,000 ordinary shares of £1 each. In addition, the company has a loan capital of £2,365,000. The balance sheet at March 31, 1932, showed a satisfactory liquid position, with investments in subsidiaries valued at £3,931,000. The new 6 per cent. preference shares of the company are quoted at 24s., to yield 5 per cent.

We have already indicated that a flat comparison between the capitalisation of the Greater London and Counties Trust and other groups of similar size is unfair to the former, as the Trust's area is predominantly rural, with the exception of the area supplied by the Shropshire, Worcestershire and Staffordshire company, while other groups are predominantly industrial. There is no reason to suppose that the Trust will not be able to develop the sale of electricity in its area to earn an adequate return on the whole of the capital employed. At present, however, Edmundson's has £4,015,000 of debentures and preferred capital (plus subsidiary prior charges), ranking ahead of £3,840,000 ordinary capital, the latter carrying complete control. The American interests who own the ordinary shares would enhance the cover of public holders of prior stocks in a somewhat "high-gear" capitalisation if, when the group's natural expansion called for fresh capital requirements, they were to take the opportunity to issue further ordinary rather than preferred shares.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. August 9. ACCOUNT. August 11.

The tone of all markets was subdued at the opening of the three weeks' account. Business was more restricted and prices tended to sag. The news of the appointment of a Reich Commissioner in Prussia on Wednesday was received with a certain apprehension, though German bonds rallied after being initially marked down. Political developments in Italy created some concern, but their effect on prices was negligible.

After a firm opening, sellers began to predominate in gilt-edged stocks, "second-line" issues, in particular,

losing ground on the diminution of buying by non-converting War Loan holders seeking maintenance of income. Old and New "Consols" came on offer and small recessions occurred in Three-and-a-Half per Cent. Conversion Loan, though Four-and-a-Half per Cent. Conversion Loan, exceptionally, was better on Wednesday? India "long-dated" stocks were less firm and Dominion issues out of favour. Commonwealth Fives receded below par.

Among foreign stocks, a feature was a sharp relapse in German bonds, by no means wholly recovered on Thursday. German provincial and municipal issues were also adversely affected. Austrian stocks declined, on the lukewarm reception accorded to the new loan proposals. Roumanian stocks weakened on the internal political crisis. Italian twenty-year bonds were lower on the resignation of several of the Duce's Ministers. Japanese stocks were unaffected by the news of further fighting in Manchuria.

A slightly oversold position in the Home Rail market brought a moderate improvement in prices, unconnected with the week's traffic returns, which were the worst this year. Doubts regarding the payment of the Southern preference dividend were allayed by Thursday's announcement. There was very little new business among foreign rails, Argentine traffic returns being as unsatisfactory as ever.

Industrial shares were dull. The announcement of an agreement between British and Canadian iron and steel interests, on the eve of Ottawa, caused a rise of a few pence in some "heavy" shares. Cables and Wireless were easier before the meeting. Tobacco shares were reactionary and breweries lost further ground. Textile shares, however, were mainly firm. Electricity issues were steady on the County of London interim dividend. Home bank shares were easier.

Firm conditions prevailed in the Oil share market at the beginning of the week, but quotations fell away when it was found that Paris was inclined to sell. America gave little support, and Shell and Royal Dutch declined, with a fair recovery on Thursday. The shares of the Eagle companies, whose accounts are dealt with on page 187, were little changed. A slight increase occurred in rubber share activity, but Anglo-Dutch and Allied suffered moderate setbacks. Dealing in tea shares continued difficult, the amount of floating stock being negligible. In the mining share market Western Australian issues were unable to hold the whole of their recent gains, but Kafirs returned to prominence. Johannesburg was in bullish mood, and Randfontein, Durban Deep and Union Corporation were in demand. De Beers reacted, and among Rhodesians "Chartered" fell away. Copper and tin both declined, and the weakness of the former was reflected in the quotations of Tinto and Tharsis.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	July 14, 1932.	July 15, 1932.	July 16, 1932.	July 18, 1932.	July 19, 1932.	July 20, 1932.	July 21, 1932.
Government and Municipal Loans	2,602	2,504	1,178	2,278	2,349	2,310	2,256
Transport, Communications, and Public Utilities...	1,326	1,326	708	1,170	1,366	1,221	1,241
Commercial and Industrial*	2,272	2,313	1,069	1,966	1,922	2,184	1,820
Banks, Insurance and Financial ...	752	677	351	606	559	589	651
Mines (including Nitrate)	563	675	309	685	564	594	573
Oil.....	117	126	48	129	105	122	112
Rubber, Tea and Coffee	74	162	44	90	93	126	135
Total.....	7,706	7,729	3,707	6,924	6,958	7,146	6,788

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	July 14, 1932.	July 15, 1932.	July 16, 1932.	July 18, 1932.	July 19, 1932.	July 20, 1932.	July 21, 1932.
63.7	51.3	59.1	58.6	58.8	58.7	58.6	58.7	58.7

* Stock Exchange closed.

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

† Free of Income Tax.

Free of Income Tax

AMSTERDAM



SECURITY FIRST

FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices,

LIVERPOOL
 North John St.

LONDON
 Lombard St.

It is fortunate that British holdings of Kreuger and Toll "B," though representing nearly one-third of the total "B" shares outstanding, are only one-tenth of the total British interest (at par) in the Kreuger companies, since the Committee's investigations have made it clear that the prospect of holders receiving anything out of the estate of Kreuger and Toll is remote. Holders of secured gold debentures are in little better case, since a sale of the "deposited property" (consisting largely of bonds of acutely depressed European countries) would not at present produce anything like sufficient to satisfy debenture holders' claims. Whether any "nursing" of these securities would produce an enhancement of their value in a reasonable time is doubtful, and, in any case, as British holders are a small minority, they will have little say in the decision. The International Match Company is in liquidation in America, and the Protective Committee offers no remark on the probable value of its assets. The most hopeful feature of the Committee's statement is its insistence that the protection of the business and goodwill of the Swedish Match Company, in which 64 per cent. of British "Kreuger" holdings are invested, is "worth a struggle." Shareholders will support the Committee's intention to send out a representative to Stockholm to assist a local committee (which also includes three Swedish gentlemen and representatives of British Match, the liquidator of International Match and certain banking creditors) in working out a plan for continuing the company's operations. Much depends upon the disclosures of a "fact-finding report," in which Messrs. Price, Waterhouse and Company are now engaged. The British Committee is clearly right in its decision to support any reasonable policy which will maintain the company in being and prevent the dissipation of its energies and resources in complex litigation between interested parties. Seeing that British holdings are chiefly in "B" shares, it might be to the advantage of the investors concerned to agree to any arrangements between prior creditors which ensured provisional continuation of trading under sound management, even if this involved deferment of consideration of the ultimate position of the equity shareholders. It is a break-up of the business which British holders have most to fear.

Furness Withy Holdings and Earnings.—It is Lord Essendon's custom to supplement uninformative annual reports of Furness Withy by lucid reviews from the chair, and his speech, at last Wednesday's meeting, answered most questions which have lately perplexed shareholders. The "transfer from reserve," included in last year's profit figure, was £100,000 (from taxation reserve) plus non-recurring items (about £10,000) which, in a diversified business tend, in fact, to recur. Thus it would appear that earnings, on the old capital, were about 2 per cent., against a 6 per cent. dividend. More of the recent issue of ordinary capital has gone into new tonnage construction, apparently, than the board originally intended, owing to the necessity of building the "Queen of Bermuda" to replace the lost "Bermuda." The company last year made an offer to acquire an important business, but its terms were refused. More recent "very tentative discussions in another direction" may yet materialise. The issue, meanwhile, has lubricated the company's financial position; but, from the revenue point of view, as Lord Essendon frankly admitted, it has not yet been of considerable benefit. The auditors' qualifications to the balance sheets of the British and Argentine S.N. Company and Furness-Houlder Argentine Line are not regarded as significant by the parent company, in whose books the shares already stand below par. The losses made by two other subsidiaries were sufficiently small to be dealt with out of those companies' undistributed profits. Shareholders will greatly appreciate Lord Essendon's disclosure of the position as regards Furness Withy's main subsidiaries. Our readers may care to supplement the analysis of the company's interests, which we gave on page 25 of our issue of July 2nd last, by the following facts based on Lord Essendon's survey:—

Company.	Capital.	Remarks.
Economic Insurance Co.	1,000,000 £1 shares 5s. paid.	Total assets worth \$2,150,000, including over £1,000,000 British Government securities. Furness Withy owns 750,000 shares carried at par. Last profit (including carry forward), £101,825. Dividend 15 per cent. tax free.
British Maritime Trust.	£1,000,000 in £5 shares £200,000 5% debentures.	Gross assets nearly £2,000,000, "fully worth" par. F.W. owns 178,337 £5 shares carried at approximately £4. Last profits £105,446, dividend 6 per cent.
Houlder Bros.	£100,000 5% pref. £800,000 ord.	F.W. owns 50 per cent. ordinary capital, carried at half nominal value. Last dividend 8 per cent. tax free.
Bellamy's Wharf & Dock.	•	Owns freehold premises on Thames. F.W. holds whole ordinary, practically whole preference. Last dividend 12½ per cent.
British & Argentine Steam.	£375,001 ord. shares, £85,050 4½% debentures.	Last dividend 5 per cent. F.W. holds whole ordinary shares, carried at approximately 50 per cent. of par.
Furness-Houlder Argentine Lines.	£800,000 ord. shares.	Last dividend 8 per cent. F.W. holds 66 per cent. and Houlder Bros. 34 per cent. Carried in F.W. books at 12½ per £1 share.
Johnston Line	•	No present dividends. Profits retained in business. F.W. holds 25,000 5 per cent. £10 preference carried at £7 and £75,000 £10 ordinary carried at £6 13s. 4d.
Neptune Steam Navigation.	•	Last dividend 5 per cent., tax free. F.W. holds 60,018 5 per cent. £1 preference carried at 5s. 6d. and 189,764 £1 ordinary carried at 10s.
Norfolk and North American S.S.	•	Loss 1931, £7,213. F.W. holds 492,600 £1 ordinary carried at 5s. Balance held by subsidiaries. Trade Facilities loan £480,000.
Warren Line (Liverpool).	£434,260 in £10 ord.	Loss 1931, £12,282. F.W. holds £17,130 carried at £2 per £10 share. T.F.A. 5 per cent. loan of £122,430 outstanding, repayable over 4 years.
Prince Line	£1,202,990 ord.	Trade depression will probably entail further drain on general and taxation reserves for year ended June 30, 1932. F.W. holding £935,356, carried at value unaltered, but probably higher than its value to-day, excluding goodwill. T.F.A. loan £793,500.
Manchester Lines ..	•	F.W. holding (carried below par) does not give control.

* For capital see our previous table, mentioned in text above.

Lord Essendon's speech included further details of the company's far-flung interests, a realistic but cautiously hopeful estimate of the shipping outlook, and a plea for a "gentleman's agreement" for voluntary laying up of world tonnage. Altogether, as a frank exposition of the interests and viewpoint of a great organisation, the address has had no parallel in the annals of the shipping trade.

Cables and Wireless Outlook.—Mr J. C. Denison-Pender's speech secured a deservedly favourable reception from shareholders at last Thursday's Cables and Wireless meeting. He was able to show that although the group's most formidable overseas competitors had fared better in the early stages of world depression, their business had shown a much more severe decline than that of Cables and Wireless in 1931. The decision to pay a small preference dividend had been based, not on any optimism on the directors' part regarding an early and significant increase of business, but in order to cheer the stockholders, the majority of whom were small holders. The affairs of the organisation were being progressively rationalised. The recommendations of the Greene Committee of Inquiry were far-reaching, but (so far as could be gathered from Mr Denison-Pender's summary) did not question the company's basic position. The Committee had found that the fall in the company's revenue had been due primarily to commercial influences, in which trade depression and competition were material factors. They had formulated recommendations covering, *inter alia*, (1) Government approval of directors; (2) adoption of a single category of reduced rate message; (3) cost of maintenance of strategic cables; (4) rationalisation of external services in the United Kingdom, both telegraphic and telephonic; and (5) transfer to the Post Office of the whole business of collection and delivery of messages. It is clear that some of these recommendations involve delicate matters for negotiation with more than one Government. Any action taken will obviously have an important potential effect on future earnings, but as the whole matter remains *sub judice*, no statement can be made as yet. It is all to the good, however, that better relations have already been established between the company, the Advisory Committee and the Governments concerned, and

that many members of the staffs who were protected by agreement, taken over at the company's formation, have recently agreed to concessions, in the company's favour, in wages and hours. Shareholders, obviously, will be called to exercise the virtue of patience a little longer, with the assurance that the possibility of helpful action in semi-political matters, outside the board's direct control, has been brought much nearer during the last twelve months. The company, meanwhile, is free from financial embarrassment, and the question of an eventual capital reconstruction scheme may be postponed until the dimensions of "normal" earning power can be ascertained.

Distillers and the Spirit Duty.—At the annual meeting of the Distillers Company, in Edinburgh last week, Mr W. H. Ross reviewed at length the development of the industry from its effects on the industry. From taxation on spirits and its effects on the industry. From the year 1860 the duty was 10s. per proof gallon, with minor alterations, until 1909, when Mr Lloyd George increased the rate to 14s. 9d. In 1918 it was advanced to 20s. per proof gallon, in the following year to 50s., and 90s. per proof gallon, at which it had since been maintained. The rate applied to whisky, which was compulsorily bonded for a period of three years. Spirits cleared under that age paid a duty of 74s. per proof gallon. Such spirits, costing the rectifier 2s. 6d. per proof gallon, paid a duty equal to about thirty times the value of the basic material. Of the retail price of a bottle of whisky selling at 12s. 6d., duty accounted for 8s. 5½d., leaving 4s. 0½d. to cover manufacture, etc., all intermediary operations, and profits. The effect on consumption had been extremely remarkable. The quantity of spirits cleared for consumption during the year immediately preceding the war was 26,794,000 proof gallons. For the year to March 31, 1920, consumption had fallen to 17,825,000 proof gallons, while for the year to March 31, 1932, the figure was under 9,000,000 proof gallons. These figures throw into clearer relief the strength of the tactical position and policy of the Distillers Company, which has earned net profits aggregating £16,800,000 in the last eight years, and paid ordinary dividends averaging nearly 20 per cent. per annum. The development of new activities, especially as regards industrial alcohol, has been shown to be well advised.

Mexican Eagle.—The 1931 report of the Mexican Eagle Oil Company makes disappointing reading for shareholders, but there is something to be read between the lines. Net profits before depreciation amounted to \$10,057,224, a decline of about 33½ per cent., due almost entirely to the low prices of the company's products, and after allowing for depreciation of \$11,858,845 the net result was a trading loss of \$1,801,121. Until the result of a lawsuit concerning the company's titles to oil land at Amatlan is settled, payment of the first preference dividends has been postponed. However, thanks to the large balance brought forward from last year of \$8,802,651, appropriation has been made for the preference share dividend accrued, without encroaching on reserve, leaving a balance to be carried forward of \$912,313. The trading results for the past three years compare as follows:—

	(Mexican pesos.)		
	1929.	1930.	1931.
Oil sales (in barrels)	14,854,739	18,883,361	16,325,134
Trading profit	16,868,609	15,249,905*	9,705,027
Other income	391,266	642,758	352,197
Total income	17,255,875	15,892,663	10,057,224
Depreciation	10,166,555	10,074,549	11,358,345
Available for distribution	7,093,320	5,818,114	Dr. 1,301,121
Statutory reserve	354,666	290,906	Nil
Preference dividend	1,224,180	1,153,206	1,089,216†
Participating preference div.	272,000	272,000	...
Ordinary dividend	2,899,863	3,379,863	...
Ordinary dividend %	6	6	...
Carry forward	2,580,511	3,302,651	912,313

* Includes \$1,000,000 transferred from exploration reserve.

† Including \$728,328 accrued but unpaid.

The balance sheet shows a highly satisfactory cash position, British Treasury securities, cash and debtors amounting to over \$28 millions, against creditors of about \$13 millions. The directors in their report refer to confiscatory tendencies in some Mexican States in the matter of local expropriation laws, but add that the Federal Government has announced its intention to revise such laws in conformity with the Constitution. The directors have therefore every confidence that the Mexican courts will deliver a satisfactory judgment in the lawsuit regarding the company's titles in Amatlan, of which they have been in peaceful possession for over thirty years. The most satisfactory feature of the report is the statement that south of the Tuxpam River a new well has demonstrated the existence of an oil-bearing limestone at the depth of 7,000 feet, with every probability of a broad structure, most of which is controlled by the company. Since the exhaustion of the old, prolific fields in Mexico, the oil companies have made ceaseless endeavour to find a new oil-bearing territory, so that this discovery may be of the highest importance to Mexican Eagle shareholders. Mexican Eagle 7 per cent. cumulative preference shares (8s. 4d.) are now quoted at 7s., with dividends accrued from April 30, 1931. The ordinary shares (8s. 4d.) were dealt in at 5s. 1½d. on the report.

Canadian Eagle.—As the Canadian and Mexican Eagle companies mutually guarantee each other's preference and participating preference share dividends, the postponement of payment by the Mexican Eagle of its first preference dividends has compelled the directors of Canadian Eagle to do likewise until the matter in dispute in Mexico has been determined. The profit of the Canadian Eagle for 1931, after providing for losses on oil trading, amounted to \$1,228,594 (Canadian dollars), as compared with \$6,929,906 in the previous year. After making provision for the preference share dividend account and for a transfer to general reserve of \$3,000,000, the carry-forward was reduced from \$2,884,128 to \$180,787. The results for the past three years are compared in the following statement:—

"BP"

PLUS

Plus what?

Plus a little
something
some others
haven't got

(Canadian Dollars.)

	Years to December 31,		
	1929.	1930.	1931.
Oil shipments (in barrels)	7,194,720	8,130,074	7,339,696
Trading profit.....	5,436,416	6,929,906*	1,228,594
Preferred dividend.....	1,229,646	1,094,953	931,936†
Dividends paid (cents per share)—			
Participating preference	23-88	23-88	...
Ordinary	12	12	...
Written off.....	...	1,946,640	...
Reserve	1,000,000	1,000,000	3,000,000
Carry forward.....	1,665,327	2,884,129	180,787

* Includes interest and dividends from investments, after making provision for depreciation and reserve against fluctuations in value of stocks.

† \$578,508 accrued but unpaid.

The directors explain that the greater amount of the company's assets are sterling assets, and that practically all its revenue is obtained in sterling. The decline of over 80 per cent. in net profits is attributable to the loss on oil trading and to the fact that no dividend has been declared by the Eagle Oil and Shipping Company on its preferred and deferred ordinary shares, the whole of which the company holds. Moreover, the company has had difficulties in collecting exchange from certain South American companies in which it operates through various subsidiary companies. The balance sheet, like that of Mexican Eagle, shows a highly liquid position, British Treasury securities and cash amounting to \$6,184,440, against creditors of \$984,661. The 7 per cent. preference shares (12s. 7d.) are quoted at 10s. 4½d. and the ordinary shares at 5s.

Rhodesian Selection Trust.—Our mining correspondent writes:—Rather unexpectedly a scheme has been put forward for modifying the finances of this enterprise. At present there are in issue \$6,612,000 out of \$12,500,000 authorised 6 per cent. tax-free debentures. It is proposed to reduce the authorised amount to \$5,000,000, and to replace \$3,207,000 of the issued debentures by shares; to modify the rights of \$3,375,000, and to cancel the balance (\$30,000). From March 1st last to March, 1937, interest on the outstanding bonds is to be paid only out of profits, and is to be non-cumulative until September, 1934. The conversion rights are to be modified and extended. The debenture holders undertake to subscribe forthwith for 154,000 (5s.) shares at par and for a further 250,000 shares within three months of the ratification of the agreement. These proposals are largely the outcome of the output restriction plan which came into force at the beginning of the current year. By their adoption the company will be provided with additional funds, and will secure a marked lightening of its first-charge burdens. The Trust is chiefly interested in Mufulira Copper, whose quota is to be produced by the Roan Antelope and Rhokana undertakings jointly.

New Zealand Mining.—The effects of the exchange-plus-gold premium, writes our mining correspondent, are strikingly illustrated in the report on the Blackwater Mines for 1931. A slightly increased tonnage of ore was crushed for a substantially higher average yield at a somewhat reduced cost ratio. This, together with the "external" factors mentioned above, was duly reflected in a rise in profit to £37,300, against £10,400. After providing for income tax, and a dividend of 1s. 6d. per share tax free, the enhanced balance of £10,000 goes forward. The last preceding distribution was 6d. in respect of 1925. It is announced that the estimated working profit for the first half of the current year exceeds £25,000. No material change is shown in the ore reserve position, the tonnage representing approximately two years' supply for the mill, but the manager reports encouraging discoveries at depth on the main property. In view of these developments—funds being available—an extensive programme of work is to be carried out. Thanks to the return of prosperity to the Blackwater, the parent company, the Crusa Gold Fields of New Zealand, is making a distribution of 9d., tax free, upon its written-down shares.

Company Meetings of the Week.—On later pages of this issue will be found reports of the following companies:—Armstrong Whitworth Securities, Furness Withy and Company, Distillers Company, United Dominions Trust, Cables and Wireless, Victoria Falls and Transvaal Power, South African Breweries, Associated Tin Smelters, and Covent Garden Properties. At the annual meeting of Armstrong Whitworth Securities, Major-General Dawnay referred to the company's interest in the manufacture of road vehicles using heavy oil instead of petrol. A half interest had been acquired in a company known as Armstrong-Saurer Commercial Vehicles, which was already in production. The Armstrong-Saurer heavy-oil lorry had been successfully launched on the market, and the volume of sales was encouraging. At the annual meeting of United Dominions Trust, Mr J. Gibson Jarvie said the mortality of businesses selling on an instalment system and of banks financing them, in America, had been negligible as compared with mortality in other directions. One large company, whose volume of business for 1929 had totalled \$500 millions by September of that year, had liquidated 95 per cent. of the transactions on its books by the following September. The annual meetings of Cables and Wireless, Furness Withy and Distillers are referred to on earlier pages.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to July 16, 1932, excluding conversions, £163,717,393.†
Total recorded, January 1 to July 16, 1932, including conversions, £292,452,058.†

National Savings Certificates.
Net receipts, week ended July 16, 1932, Dr. £700,000.

	Nominal Capital.	Conversion or Redemption.	New Money Cash Subscriptions.	First Payment.	Further Liability.
£ Nil	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To the Public.					
Lake Coplas Co., £30,000 7% Deb. 8½% at 90%	30,000	...	27,000	3,000	24,000
National Canning Co., 22,744 Ord. £1 at 25s.	22,744	...	28,432	5,688	22,744
Total offered to Shareholders only, week ended July 23, 1932.	52,744	...	55,432	8,688	46,744
Total Offered for Subscription—					
Including Conversions.					
Excluding Conversions.					
Jan. 1 to date—					
1932	291,807,490†	163,062,825	1931	114,290,686	102,044,291
1931	106,471,099	95,594,114	1930	156,888,784	267,800,700
1929	279,648,763	189,545,482	1929	488,764,940	285,239,400
1928	219,650,138	188,324,538	1928	693,100,056	369,058,073
1927	...	273,803,556	1927	...	355,185,970
1926	...	236,002,187	1926	...	230,782,600
1925	...	140,882,853	1925	...	232,214,500
1924	...	126,441,103	1924	...	209,326,101

† Includes £107,569,166, the whole amount of accepted tenders for 3% Treasury Bonds.

Nature of Borrowing.

	Debtures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
£	£	£	£	£
January 1 to date—				
1932	151,452,581	8,025,682	3,584,562	163,062,825
1931	73,962,774	6,140,559	15,490,781	95,594,114
1930	155,368,659	14,730,138	19,446,685	189,545,482
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,082,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	96,381,400	355,185,000
1926	146,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount previously recorded.	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
£	£	£	£	£
January 1 to date—				
1932	9,011,750	...	...	9,756,887
1931	...	...	...	...
1930	...	...	...	...
1929	...	...	...	...
1928	...	...	...	...
1927	...	...	...	...
1926	...	...	...	...
Total to date, 1931	8,057,183	...	...	8,432,058

Great Marlow Water Co.—Offer for sale by tender of £8,050 5 per cent. Debenture Bonds to be redeemed at par on January 1, 1932, minimum price £106 per £100 stock, yielding at that price £4 11s. 11d. per cent. Net profit for the year to December 31, 1931, totalled £4,036, covering interest on loan capital, including the present issue, over four times.

Crowborough District Water.—Sale by tender of 1,450 new ordinary shares of £10 each, ranking for a maximum dividend of 7 per cent. Minimum price £7 per share.

COMPANY MEETINGS, &c.

ARMSTRONG WHITWORTH SECURITIES COMPANY, LIMITED.

ACTIVITIES OF THE GROUP.

CONDITIONS IN SHIPBUILDING AND ENGINEERING INDUSTRIES.

DIESEL ENGINE PROGRESS.

MAJOR-GENERAL DAWNAY'S REVIEW OF THE SITUATION.

The annual general meeting of Armstrong Whitworth Securities Company, Limited, was held on the 20th instant, at Winchester House, Old Broad Street, London, E.C., Major-General Guy P. Dawnay, the Chairman of the company, presiding. The secretary (Mr. W. T. C. Cochrane) having read the notice convening the meeting and the report of the auditors, the chairman said:—

Ladies and gentlemen: The report and accounts of your company for the year 1931 are in your hands, and I assume that, as is customary, you will allow me to take them as read.

In addressing you last year, I opened my remarks by saying that the acute depression in trade from which we were already suffering at that time was bound to cause the operations for the year 1931 to be contrast most unfavourably with those for the year 1930. I also told you that in my view the prospects for the immediate future were far from encouraging, and that I found myself unable to detect indications of an early revival. It is evident that I was not unduly pessimistic at that time. The event shows me to have erred rather in under-statement than in over-statement. The year 1931 proved to be one of the most difficult years through which industry in general has ever passed; and our own particular branch of industry is among those upon which the difficulties have pressed most severely. I shall have something to say presently about the industrial activities of our operating and subsidiary companies in amplification of that remark.

BALANCE SHEET CHANGES

First, however, I would invite you to turn to the Securities Company's balance sheet so that I may explain the principal changes which have taken place since December, 1930. On the assets side of the balance sheet, the figure under "shares in and amounts owing from other subsidiary companies" represents an increase of about £130,000, as compared with the preceding balance sheet. This is accounted for to some extent by advances in connection with the Armstrong-Saurer Commercial Vehicles Company, but mainly by our additional investment in Craven Brothers (Manchester) in connection with, and consequent upon, the reconstruction of that company, reference to which you will have noticed in the directors' report.

Trade and other investments show a reduction of £65,000, partly owing to the fact that a holding of our own debenture stock, purchased for redemption in accordance with the trust deed, which was previously included under this heading, now appears under the heading of redeemed and cancelled debentures on the other side of the balance sheet; and partly owing to the redemption of a debenture which previously formed one of our trade investments.

Work in progress and stocks remain at practically the same figure as in the previous balance sheet. Sundry debtors are lower by £160,000, for which reduction payments received in respect of shipbuilding debts are almost entirely responsible. Investments in British and other Government securities and cash are lower by £317,000. We have explained the reason for this reduction in our directors' report. The development of the Diesel-Electric department at Scotswood, the reorganisation of Craven Brothers and our interest in Armstrong-Saurer Commercial Vehicles, Limited, account for more than the whole of this reduction.

REDEMPTION OF NOTES.

As regards the liabilities side of the balance sheet, the only change of importance to which I need draw your attention is that under the heading of "5½ per Cent. Secured Notes." In the balance sheet at December 31, 1930, £140,000 of these notes, due on July 1, 1931, were included. These notes were redeemed on the due date. I may add that the £105,500 of 5½ per Cent. Notes, due on July 1, 1932, which are included in the balance sheet before you, have also been redeemed on the due date. The payments

due under the ship mortgages upon which these notes were secured have been punctually made, so that the notes have been self-liquidating.

With regard to the notes on the balance sheet, you will see that all the main subsidiary operating companies incurred trading losses during the year 1931, which have been fully provided for in the accounts. The question of the value of the deferred debts under shipbuilding contracts having been raised by our auditors, we considered it proper to add note No. 2. I would ask you to observe, however, that we have made reserves to cover losses if such should arise in the collection of these debts.

Turning to the profit and loss account, you will see that the net income for the year stands at £67,752. We have drawn your attention in our report to the fact that interest and dividends received on investments during the year 1931 amounted to just over £81,000, as against £100,700 for the year 1930. The final result is a profit for the year of £11,477, as against a profit for the year 1930 of £56,959.

THE CONSOLIDATED STATEMENT.

We have, as usual, appended a consolidated statement so that you may see the situation of our group of companies as a whole. Will you turn to the assets side of that consolidated statement.

Properties: The net expenditure during the year on new plant and machinery was £65,000, principally on account of the Diesel traction development and new furnaces at Close Works. Provision for depreciation has been provided in all operating companies' accounts.

Expenditure on reorganisation of works, plant and machinery: The amount of £23,700 under this heading represents the cost to December 31, 1931, of reorganising Scotswood Works to allow of the manufacture of the Armstrong-Saurer commercial vehicles.

Shares in and amounts owing from other subsidiary companies: The increase in shares held represents principally the Securities Company's further investment in Craven Brothers.

Shares in and amounts owing by associated companies—£185,000. Practically the whole of this sum represents our investment in the Armstrong-Saurer Company.

Floating assets: The figure standing against work in progress and stocks shows a reduction since the previous account of £265,700, which is due, of course, to the stagnation of trade. The reduction in the aggregate of investments and cash, under this heading, is entirely accounted for by the reasons which I have already given you in dealing with the corresponding reduction in the Securities Company's balance sheet.

Turning to the liabilities side of the consolidated statement, in November last the provisions of the sinking fund on our debentures became operative, and at that date debenture stock of the nominal value of £55,145 was delivered to the trustees and cancelled. Owing to the price at which this stock was acquired, this transaction showed a large saving which has been allocated to reserves.

I have already dealt with the 5½ per Cent. Secured Notes in my remarks on the Securities Company's balance sheet; and I think that there are no further items in the consolidated statement to which I need draw your attention.

THE OPERATING COMPANIES: DEVELOPING NEW LINES

As regards the operating companies, as I told you last year, the profit made by the Engineers company in the year 1930 was mainly attributable to the marine engine department. As we have said in our report, business in marine engines practically ceased to exist during the year 1931, so that this source of profit was no longer available. The locomotive and locomotive boiler business which had, in any case, been barely profitable in recent years, fell into a similar condition of stagnation. During the year under review, the total orders placed among all the British locomotive

to move in the matter. My reply is that no Chancellor has a right to consider a question of this sort from any other viewpoint than that of his own finances and the maintenance of the trade affected. It is unfortunately too true that the distilling industry has very few advocates in the House of Commons to plead its cause, but as I wish to show, there are various interests in the country which are vitally affected by the maintenance of such an industry as ours. I wish to deal with the more important of these. In the first place the whole of the distilling trade with its various ramifications for distribution and sale is vitally affected. When I speak of the distilling trade I refer not only to the corporate bodies but to the individual shareholders of all companies connected with the trade. In our company alone we have an army of about 22,000 shareholders, who, if they would exercise the influence they possess, might do much to bring pressure to bear upon their Members of Parliament, who would give voice to their opinions in the House of Commons.

HEAVY LOSS TO FARMERS.

Secondly, the farming interests are probably more concerned than any other in the prosperity of our industry, as we are one of their largest customers. It is gratifying to see that some of the farming associations are becoming alive to the position and are suggesting various remedies for dealing with the question. It may be interesting for the farmers to know that during the season 1930-31 this company carried over no less than 80,000 qrs. of Scotch barley to be converted into whisky in the distilling year just closed. It was found after going into the figures of production and consumption that the quantity of barley referred to was amply sufficient to cover our whole requirements, thus rendering it unnecessary to make further purchases during the past season. Unless some relief can be obtained shortly, by whatever means it comes about, I see no prospect of more than a mere handful of distilleries being in operation during the forthcoming season, and in that case the quantity of barley required to be bought from the farmers will be negligible. If we take it that the average production of malt whisky, after the heavy duties were imposed but before the heavy slump in production took place, required a total of at least 400,000 qrs. of barley, one gets an idea of the loss which will accrue to the farmer if this production has to cease, even for a year or two, in order to rectify the heavy stocks of whisky already in existence.

My other appeal for support in urging a reduction of the duty is to the auxiliary trades which derive their custom largely from the distillers, namely, maltsters, coopers, case and bottle manufacturers, &c., while railway and other carriers are affected in a slightly smaller degree.

I next come to a different class, namely, the consumer, who, since the high duties have been imposed, has been largely deprived of a beverage which satisfied his wants without injury but rather benefit to his health. In this connection I of course exclude those consumers who, no matter in what article of food or drink, partake to excess. I particularly appeal on behalf of a large section of our population, including the aged, sick, and infirm, who have been deprived in these later years of the nourishment and stimulation to be derived from good Scotch whisky. I can speak from personal experience during the last year and a half, when my health has been under normal. What I would like to see is a more open acknowledgment from the medical faculty itself of the benefits to be derived from such stimulants as we provide.

APPEAL TO TEMPERANCE PARTY.

My last appeal is to the Temperance Party to stop their persecution of a trade which is both honourable and legal in this country. I understand that this year is the centenary of the birth of the Temperance Movement. One can visualise what was the condition and views of many of the people of this country a hundred years ago, when even the educated classes considered there was no shame in imbibing the various alcoholic liquors more freely than was desirable. The Temperance Movement had a fruitful field in front of them to correct the views which then obtained, while education has helped them greatly to bring about an improved state of feeling. Unfortunately, the Temperance Party has not adhered to the terms of their original charter, namely, to aim at temperance, but has overstepped the bounds and attempted to force on the public what is known as total abstinence. Since that policy was adopted I think the party's influence has been on the decline. One has only to look round the world to judge of the views on prohibition at the present day. The United States, Canada (excluding Quebec Province), Norway, Sweden and Finland, all essayed to introduce prohibition into these countries during the aftermath of the war, but with the exception of America, every one of the countries has now, in greater or smaller measure, retraced its steps. It is well known that America is at present trembling in the balance. It is a proud nation, and doubtless will not like to acknowledge failure in

this matter, but the change is bound to come, even if it is retarded by the shackles with which the original legislation bound the future policy of the country.

SCOTTISH TEMPERANCE ACT.

What of our own country, Scotland? In the year 1913 a Bill was introduced, and finally passed under the title of the Temperance (Scotland) Act. As a sop to the Trade to get over certain opposition, it was provided that the Act should not come into force for seven years after it was passed, so that the Trade might have time to make the necessary provisions for the change which the Temperance Party seemed to think would be brought about. This concession had been thrown at the Trade more than once by the Temperance Party as a reason why further compensation should not be allowed to dispossessed licence holders. They apparently give no consideration to the fact that during the seven years' interval the country was engaged in the Great War with the resultant upheaval in Trade conditions, and that, therefore, the opportunity which was given to the Trade to provide in advance for any change was really lost to them. Be that as it may, the first election which took place in 1920 under the Scottish Temperance Act, instead of effecting, as the Temperance Party predicted, a sweeping of licences from the country, only produced a reduction of about 5 per cent. in the number of licences. The elections which have taken place at regular intervals since have only emphasised the objection of the people of this country to be coerced in their manner of living, and the results have receded to a reduction of less than 4 per cent. of the licences which formerly existed. It is worthy of note that if the Temperance Party had supported the Bill introduced into the House of Commons in 1922 by the late Mr. James Kidd, M.P., and thereby have made it a non-contentious measure, it would have effected a reduction of licences up to the present date of 10 per cent. in districts where such cancellation of licences was not desired, and with provision for compensation to the licence holders at the expense of the Trade itself. I sometimes think that if the Temperance Party would cease employing the telescope with its limited vision and singleness of purpose, and were to use their naked eyes with their wider, although nearer range, they might discern other evils far greater than now attach to houses provided for public refreshment.

TRADE'S UNDULY LARGE SACRIFICE.

I would again refer to my appeal to the Chancellor of the Exchequer for an early remission of the high duty on spirits, and would support this appeal on the ground that the distilling industry has been asked to bear a larger share of the increased taxation than was reasonable; that this was imposed largely as a war measure, and that owing to the peculiar conditions under which the Trade is carried on, it has involved a larger sacrifice on the part of this trade than other trades were asked to bear by reason of the fact that their product has to be produced many years in advance of the time when it goes into consumption.

Before closing, I would like to express the appreciation of the directors and shareholders of the faithful services during the past year of the various staffs of the companies both at home and abroad. Without their loyalty and co-operation, it would be impossible for the directors to present year by year such satisfactory results.

And now I have much pleasure in moving the adoption of the report which recommends the payment of the usual dividend on the preference shares and of a final dividend on the ordinary shares of 10 per cent. less tax, which with the interim already paid, makes a total dividend for the year of 17½ per cent., less tax, and leaves a sum of £291,481 19s. 9d. to carry forward to the current year.

Mr Thomas Herd seconded, and the report was unanimously adopted.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.,"

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

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FURNESS, WITHY AND COMPANY, LIMITED.

SHIPPING POSITION AND PROSPECTS.

VOLUNTARY LAYING-UP SCHEME SUGGESTED.

The forty-first annual general meeting of Furness, Withy and Company, Limited, was held, on the 20th instant, at Furness House, London.

The Right Hon. Lord Essendon, who presided, in the course of his speech said:—Naturally it is a matter of regret to your directors that the results of the past year's working are not more satisfactory, but, on the other hand, having regard to the conditions which have prevailed, particularly in the past few months, there is, I think, ground for satisfaction that we are not only able to present to you a strong balance sheet, but also to distribute a total dividend of 6 per cent. on the ordinary shares. We have again included in the profit and loss account an amount transferred from reserve account, namely, £100,000, and there are also included some items which, strictly speaking, are non-recurring profits, but none the less it is a fact that in a diversified business such as ours these do repeatedly occur.

The purpose of the new issue of ordinary shares was to strengthen the liquid resources of the company, which had been absorbed by the numerous acquisitions which the company has made during the past 20 years without any increase of capital. The balance sheet reflects the manner in which the new capital has been utilised. In particular, our shipping property has increased by approximately £1,200,000, and in parenthesis I might remark that at the time we were preparing for the new issue we did not anticipate having to build the "Queen of Bermuda" to replace the M.V. "Bermuda," which was lost. In addition, our liabilities have been reduced, and, as already mentioned, our holding of Government securities is considerably greater than it was a year ago, on which, incidentally, there is a substantial appreciation. While on the subject of Government securities I feel sure the shareholders will endorse the decision of the board to accept the Government's offer to convert the 5 per cent. War Loan into the new 3½ per cent. stock.

BERMUDA INTERESTS.

Having dealt with the position of the company's various subsidiaries, the Chairman referred to the Bermuda interests, and proceeded:—The new quadruple turbo-electric vessel "Monarch of Bermuda" has proved an unqualified success, as, notwithstanding the depression, she has been well patronised in the New York-Bermuda service. Her modern equipment, including bath in every cabin, and every possible comfort and convenience, have made her a delight to the travelling public. The unfortunate mishap to the "Bermuda" while undergoing repairs at this side necessitated the building, at Messrs Vickers Yard, Barrow-in-Furness, of the "Queen of Bermuda." This vessel should take her place in the Bermuda trade in January next, and we trust that these two magnificent vessels will modify the unwelcome competitive attentions to which we have been subjected since we undertook to provide the steamship service required by this old and important colony at a time when no one else would undertake the duty. Our hotel interests in the island have not done badly considering the times.

OUTLOOK FOR SHIPPING.

Dealing with the outlook for shipping, the Chairman said:—This is a problem which is very much in the minds of all those who are associated with an industry upon which the country's trade has been so much dependent in the past and will no doubt be equally dependent in the future. Quite frankly, the improvement which was hoped for when I addressed you at our extraordinary general meeting in December last has been delayed.

Memory is remarkably short in some respects, but I think you will recall that at that time there were definite indications of an improvement. The abandonment of the gold standard had reflected itself in an increase of exports; unemployment figures were improving, and further benefits were expected from the bargaining power of tariffs. There was, in fact, a well-defined movement in favour of equity stocks as distinct from fixed interest stocks which were temporarily under a cloud. From January onwards, however, the shipping trade has steadily deteriorated, and the psychological effect of the continual depression is aggravating a position that was already bad. However, I still prefer to think that the improvement is only delayed.

NEED FOR INTERNATIONAL CO-OPERATION.

In the meantime, this continued depression which has lain for so long upon the weary heart of the world emphasises, as nothing else can do, the need for international co-operation in business

affairs. To borrow a phrase recently coined by Dr. Nicholas Murray Butler, what is wanted by the whole world is a declaration of interdependence. We are enjoying a very large measure of co-operation in political affairs in this country (in fact, I believe this is the only country in the world at the present time where a National Government is in being), and the result of the Lausanne Conference has revealed a very considerable measure of international co-operation in political and financial affairs.

As regards business, however, instead of co-operation, many nations seem to be indulging in measures which are the reverse of international co-operation. British shipowners have to compete with the subsidised ships of a great number of foreign countries, and trade barriers—which I agree are in some cases more in the nature of self-defence than anything else—are increasing rather than decreasing. There are no doubt a variety of reasons for these trade barriers, exchange regulations, quotas, subsidies, prohibitions and restrictions, but in any case their effect is most harmful to shipping, which is essentially international in character.

The principle seems to be to save himself who can, irrespective of the fact that this so-called salvation is apt to degenerate into a policy of mutual destruction. However, the inspiring influence of the Lausanne agreement, to be followed, we hope, by a successful outcome of the Ottawa Conference, will go a long way towards restoring confidence, and towards setting the wheels of commerce into motion, and it may be that these important developments will mark the turning point in our trade situation.

Shipowners, however, cannot afford to sit by and wait for things to improve without doing everything they possibly can to improve their own situation. Various methods have been proposed, the most pernicious of which, viz., the scrapping of old vessels and replacement by new, was referred to at our last annual meeting. Since then some foreign owners have suggested an international scrapping scheme, based upon financial contributions from the Governments of the world. I am afraid Governments cannot be expected to favour a scheme for the shipping industry alone, and which, if applied generally to necessitous industries, would mean the inevitable bankruptcy of all national exchequers. Any contributory scheme on the part of shipowners themselves would, in my opinion, be equally doomed to failure, and, in fact, any scrapping scheme is prejudiced by the limited market for scrap.

AN INTERNATIONAL LAYING-UP SCHEME.

My own view is that the only solution having any prospect of success would be a voluntary international laying-up scheme under which the shipowners of the world would enter into a gentleman's agreement to lay up a certain percentage of their vessels for an agreed period. Difficulties there would be, such as would exist in any scheme that could be imagined. But I think these difficulties could be surmounted provided there is the will to do so. Obviously, specialised types of tonnage such as passenger, mail and refrigerated ships, and tankers, would have to be left to make their own arrangements. So long as there is a large surplus of tonnage it is obvious that, as soon as a freight can be obtained that will cover expenses, vessels will come out, if only to save the expense of laying-up, the difficulty of the problem being enhanced by the fact that operating expenses vary widely under different flags, i.e., cheaply-operated foreign vessels come out first.

Furthermore, it would be very undesirable that anything should be done to encourage the building of more ships whilst a surplus of tonnage still exists. As the demand for tonnage increased a proportion of the laid-up tonnage could be released from time to time until the arrival of the happy day when the scheme could be abandoned because its usefulness had been fulfilled. Provision would also have to be made by which the scheme did not discourage scrapping as and when opportunities occur.

Plenty of old vessels are awaiting the opportunity of being scrapped, and an improvement in the iron and steel industry would cause a demand for scrap.

This whole problem is being considered by the Chamber of Shipping in conjunction with representatives of the International Shipping Conference.

The present position in regard to surplus tonnage, according to the latest statistics available, is that there is about 13,500,000 gross tons of merchant shipping laid up, of which the British proportion is about 3,500,000 tons. In other words, about 19 per cent. of the world's tonnage is idle, the laid-up percentages of the tonnage owned by the various countries ranging from about 8 per cent. in the case of Japan up to about 30 per cent. in the case of Germany.

The report was unanimously adopted.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on July 15, 1932, and the total amount applied for was £65,475,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 17s. 2d., about 12 per cent. and above in full, and Saturday at £99 17s. 3d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			J. S. d.
June 24	45,000,000	65,410,000	0 15 0-19
July 1	45,000,000	59,945,000	0 16 11-82
July 8	45,000,000	69,485,000	0 17 2-38
July 15	45,000,000	65,475,000	0 10 6-84

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 20, 1932.

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	365,758,894	Other Government Securities	11,015,100
In Banking Department	45,824,759	Other Securities	241,260,368
		Silver Coin	18,908,852
			£3,515,680
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	136,583,653
			£411,583,653

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Bank	14,553,000	Other Securities	66,230,765
Public Deposits	3,523,264	Discounts and Advances	£14,307,079
Other Deposits	13,379,064	Securities	£26,008,216
Bankers' Deposits	£88,023,928	Notes	40,315,295
Other Accounts	£33,727,343	Gold and Silver Coin	45,824,759
7-Day and other Bills	121,751,271		838,694
	£153,209,513		£153,209,513

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

Both Departments.	Amount, July 20, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	365,758,894	+ 512,314	+ 9,660,645
Public deposits	13,379,064	+ 3,668,453	+ 2,994,234
Bankers' deposits	88,023,928	+ 5,264,725	+ 27,844,678
Other deposits	33,727,343	+ 160,706	+ 962,965
Seven-day bills	2,914	+ 250	+ 1,460
Total outside liabilities	500,892,143	+ 1,244,914	+ 35,475,514
Capital and reserves	18,076,264	+ 14,082	+ 3,043
Government debt and securities	318,506,233	+ 333,885	+ 39,847,681
Discounts and advances	14,307,079	+ 463,997	+ 7,208,309
Other securities	44,917,068	+ 1,167,913	+ 1,314,654
Silver coin in issue department	3,815,680	+ 3,585	+ 275,936
Gold and bullion (bank's reserve)	137,422,347	+ 217,610	+ 12,622,237
Reserve of notes and coin in banking department	46,663,453	+ 729,924	+ 7,282,882
Proportion of reserve to outside liabilities:			
(a) Banking department only ("proportion")	34½%	+ ½%	+ 14½%
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%	+ ½%	+ 5%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to July 6	14,090,044	848,858	1,409,984	16,348,886
Week ended July 13	727,533	50,261	808,654	1,536,448
Week ended July 20	671,923	32,471	52,480	756,874
Total to date, 1932	15,489,500	912,189	1,512,725	17,914,414
Total to date, 1931	19,942,254	975,571	1,569,508	22,487,333
Increase or decrease in 1932	-4,452,754	-63,382	-56,783	-4,572,919
Percentage	-22.3%	-6.5%	-3.6%	-20.3%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	34,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
Percentage	-17.9%	-7.9%	-7.1%	-17.8%

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
June 15	409,480	357,426	20,568	87,546	33,987	2,611 in	2½
June 22	410,721	358,548	35,577	73,145	33,145	1,212 in	2½
June 29	411,143	363,083	17,982	86,565	34,736	403 in	2½
July 6	411,144	366,679	20,947	80,923	34,241	1 in	2
July 13	411,396	366,271	17,048	82,759	33,567	251 in	2
July 20	411,584	365,759	13,379	88,024	33,727	188 in	2

Date.	Issue Department.		Both Depts.		Banking Department.		Reserve & "Proportion."
	Govt. Securities.	Other Securities.	Gold Coin and Bullion.	Ratio.	Govt. Securities.	Other Securities.	
1932.							
June 15	210,518	60,668	135,220	27½	68,775	12,690	52,794 37½
June 22	215,680	55,506	136,476	26½	66,645	14,142	52,928 37½
June 29	220,547	60,639	136,954	27½	67,170	14,889	48,870 35
July 6	222,542	18,465	136,965	27½	67,627	14,991	45,286 33½
July 13	222,387	18,801	137,205	27½	65,785	14,711	45,934 34½
July 20	222,275	18,909	137,422	27½	66,231	14,307	46,663 34½

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended July 16.		Month of June.		Inc. or Dec.	Aggregate Totals January 1 to July 16.	
	1931.	1932.	1931.	1932.		1931.	1932.
BIRMINGHAM	1,896	2,372	9,508	9,770	+ 2.7	63,665	62,365
BRISTOL	528	567	3,063	3,042	- 0.6	20,971	22,142
DUBLIN	1,288	1,077	4,699	4,763	+ 1.3	31,870	31,845
LIVERPOOL	4,585	4,563	2,897	2,881	- 0.5	143,577	152,714
LONDON	788	933	3,135	3,135	- 3.9	20,819	20,591
LEICESTER	657	725	2,669	2,407	- 9.8	24,811	24,283
MANCHESTER	6,245	6,512	23,515	23,220	- 1.2	18,216	18,759
NEWCASTLE	9,062	10,699	37,462	38,509	+ 2.7	157,605	158,726
NOTTINGHAM	1,374	1,256	5,052	4,968	- 1.6	36,708	35,228
Sheffield	498	444	1,757	1,789	+ 1.8	12,878	12,731
Total	28,435	30,517	96,631	97,185	+ 0.5	815,080	830,037

OVERSEAS BANK RETURNS.

Note.—The latest return of the Canadian Banks appeared in the *Economist* of June 25; National Bank of Egypt in July 2; Bank for International Settlements in Denmark, Russia, Estonia, Chile and Japan in July 9; Czechoslovakia, Bulgaria, Lithuania and Latvia in July 18.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted.)						
Resources.	July 23, 1931.	June 30, 1932.	July 7, 1932.	July 14, 1932.	July 21, 1932.	July 28, 1932.
Total gold reserve	3,424,350	2,579,370	2,578,450	2,588,100	2,608,860	2,608,860
Total bills discounted	181,600	469,830	499,830	515,570	537,560	537,560
Bills bought in open market	67,030	63,520	77,350	61,620	51,900	51,900
Total U.S. Govt. securities	678,000	1,800,970	1,801,060	1,821,130	1,836,170	1,836,170
Total bills and securities	835,810	2,340,260	2,384,240	2,404,260	2,431,430	2,431,430
Total resources	5,161,140	5,642,440	5,751,940	5,768,790	5,793,310	5,793,310
LIABILITIES.						
Federal Reserve notes in circulation	1,730,750	2,755,860	2,868,160	2,835,750	2,861,950	2,861,950
Deposits—Memberbank—reserve account	2,431,800	2,033,700	1,962,990	2,014,600	2,035,520	2,035,520
Total deposits	2,431,800	2,033,700	1,962,990	2,014,600	2,035,520	2,035,520
Capital paid in and surplus	2,535,000	2,107,360	2,044,990	2,116,850	2,135,430	2,135,430
Total liabilities	5,161,140	4,142,440	4,142,440	4,142,440	4,142,440	4,142,440
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	84.3%	57.2%	56.3%	56.3%	56.2%	56.2%

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

	July 23, 1931.	June 30, 1932.	July 7, 1932.	July 14, 1932.	July 21, 1932.	July 28, 1932.
Total gold reserves	1,228,690	705,410	708,400	736,420	761,070	761,070
Total bills discounted	23,140	108,680	102,880	103,050	102,540	102,540
Bills bought in open market	16,920	11,590	29,940	26,650	19,280	19,280
Total U.S. Govt. securities	169,530	694,540	692,380	695,780	702,480	702,480
Total bills and securities	212,580	819,100	825,620	825,480	825,410	825,410
Deposits—Memberbank—reserve account	1,087,800	871,740	858,280	902,730	921,180	921,180
Ratio of total res. to dep. and Fed. Res. note liabilities combined	91.1%	50.7%	50.0%	51.1%	51.9%	51.9%

FEDERAL RESERVE MEMBER BANKS.

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

	July 1, 1931.	June 1, 1932.	June 8, 1932.	June 15, 1932.	June 22, 1932.	June 29, 1932.
Loans	14,691	11,631	11,397	11,515	11,297	11,263
Investments	7,795	7,395	7,315	7,572	7,522	7,491
Demand deposits	13,688	11,102	10,591	11,119	10,926	10,925
Time deposits	7,172	5,654	5,624	5,601	5,568	5,542
Due from banks	1,719	1,203	1,203	1,246	1,225	1,167
Due to banks	3,780	2,740	2,727	2,747	2,660	2,581
Federal reserve borrowings	22	197	207	198	189	167

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

	June 26, 1931.	May 27, 1932.	June 3, 1932.	June 10, 1932.	June 17, 1932.	June 24, 1932.
Gold coin and bullion	6,303	7,290	6,835	7,294	7,650	7,681
Subsidiary coin	545	492	487	494	501	506
Bills discounted: Domestic	1,876	1,380	1,613	1,606	1,488	1,441
and Union Govt. Treas. Bills						
Bills discounted: Foreign	830	1,354	795	798	797	797
Investments	6,814	48	41	34	22	15
LIABILITIES.						
Reserve	1,000	1,000	1,000	1,000	1,000	1,000
Notes in circulation	802	802	802	802	802	802
Government deposits	7,383	7,850	6,973	6,973	6,558	6,541
Bankers' deposits	2,752	1,282	861	1,035	1,511	1,511
Ratio of cash reserves to liabilities to public	43.5%	55.1%	55.3%	60.1%	65.0%	65.2%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss, namely, £792,916, has been written off Reserve.

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

	June 26, 1931.	May 27, 1932.	June 3, 1932.	June 10, 1932.	June 17, 1932.	June 24, 1932.
Total securities	30,79,55	25,13,78	25,31,46	29,07,04	29,63,43	29,71,03
Cash	8,88,93	8,25,69	8,30,26	8,24,08	8,10,64	8,19,84
Inland bills	29,20,41	24,69,44	25,31,11	25,16,34	26,00,36	26,15,29
Foreign bills	3,18,61	3,91,99	3,04,60	2,78,47	2,80,84	2,49,07
Dead stock	35,15	21,79	17,98	24,24	25,58	18,20
Bal. with other banks	2,75,47	2,70,14	2,70,21	2,70,23	2,69,62	2,68,85
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,40,00	5,00,00	5,00,00	5,00,00	5,00,00	5,00,00
Total deposits	80,91,14	68,24,05	66,51,92	70,88,14	73,69,95	76,78,81
The above includes—						
Deposits in London	868	940	858	1,000	997	985
Advances in London	791	793	793	809	1,106	1,106
Cash, &c., at other Banks in London	137	357	296	350	178	131

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. JUNE, 1932.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England	38,289	1,489	3,417	39,486	7,643	41,198	3,051	26,218	27,609	2,920	191,320
Balances with and cheques in course of collection on other banks in the United Kingdom	7,586	538	775	7,547	1,929	9,477	230	8,360	7,187	857	44,486
Items in transit	20,185	1,867	4,920	21,026	6,153	17,057	4,529	14,282	19,634	3,747	113,400
Money at call and short notice ...	45,711	2,495	472	61,174	8,193	63,360	1,844	45,536	47,147	1,726	277,658
Bills discounted	71,258	4,152	10,999	46,261	22,313	69,103	15,743	38,616	53,664	7,619	339,728
Investments	168,063	7,973	11,515	163,197	32,039	190,433	15,405	131,910	118,606	13,069	852,210
Advances to customers and other accounts	5,644	559	1,858	35,908	3,636	13,087	40	6,205	24,711	1,573	93,221
Liabilities of customers for accept- ances, endorsements, &c.	6,864	380	695	7,929	2,909	10,841	771	7,174	5,856	1,051	44,470
Bank premises account	6,688	...	...	5,001	...	7,294	...	2,514	2,992	...	24,489
Investments in affiliated banks ...	370,288	19,453	34,651	390,117	85,664	421,850	41,613	280,815	307,406	32,562	1,984,419
Ratio of cash to current, deposit and other accounts	11·31	8·81	11·03	11·93	10·19	10·75	8·07	10·19	10·38	10·31	10·84
LIABILITIES.	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Capital paid up	10,250	1,000	530	7,500	2,900	11,500	1,015	8,000	7,500	800	50,995
Reserve fund	338,536	16,894	30,969	330,893	74,951	383,015	37,801	257,131	265,861	28,314	1,764,365
Current, deposit and other ac- counts	5,644	559	1,858	35,908	3,636	13,087	40	6,205	24,711	1,573	93,221
Acceptances, endorsements, &c. Notes in circulation	...	...	...	6	17	...	1,257	...	14	...	1,294
Reduction of bank premises ac- count	...	...	234	...	...	...	...	...	...	...	234
	370,288	19,453	34,651	390,117	85,664	421,850	41,613	280,815	307,406	32,562	1,984,419

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

ASSETS.	Position, May 31, 1931.	July 15, 1931.	June 30, 1932.	July 7, 1932.	July 15, 1932.
Gold and bullion—Gold	44,224	146,366	149,842	149,842	149,842
Balance abroad and foreign bills	28,533	20,412	6,563	4,712	11,506
Notes in circulation	8,816	53,320	27,589	27,485	27,435
Deposits at sight	76,911	168,272	278,258	279,728	276,232
Notes in circulation	113,484	290,120	317,874	315,004	316,192
Deposits at sight	7,188	49,075	80,606	82,029	76,030

* Includes an amount of Kr. 24,156,000, which the Bank has at its free disposal abroad.

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

	Position, May 31, 1914	July 11, 1931.	June 18, 1932.	June 25, 1932.	July 2, 1932.	July 9, 1932.
ASSETS.						
Gold	521,775	2,274,841	2,255,311	2,255,499	2,255,692	2,255,832
Silver	728,500	670,088	568,388	574,572	570,286	570,286
Loans & Discounts	800,725	3,192,878	3,132,922	3,103,425	3,186,108	3,198,780
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Adv. to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Notes in circulation	901,550	5,396,827	4,808,477	4,752,720	4,788,218	4,857,920
Deposits	477,500	953,351	920,597	1,037,970	916,979	966,785

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

ASSETS.	June 1, 1932.	June 8, 1932.	June 15, 1932.	June 22, 1932.	June 29, 1932.
Gold	385,701	386,200	386,622	387,504	387,898
Balance abroad	534,684	527,842	523,642	522,606	521,736
Discounts	310,956	310,806	308,092	309,083	309,904
Government loans	1,058,039	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.					
Notes in circulation	1,905,305	1,892,494	1,881,806	1,869,200	1,908,341
Government deposits	40,612	44,992	44,173	50,032	14,021
Bankers' deposits	265,433	270,098	270,626	282,930	279,501
Other deposits	25,952	23,528	29,156	25,403	29,470

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

ASSETS.	July 15, 1931.	June 30, 1932.	June 30, 1932.	July 7, 1932.	July 15, 1932.
Cash Reserve.....	214,327	149,478	149,478	149,478	149,478
Gold coin and bullion	130,184	43,035	42,627	43,104	41,011
Foreign exchange	277,879	115	115	115	115
Other foreign exchange	533,922	842,692	880,934	876,703	866,921
Bills discounted.....	96,059	93,978	92,990	91,577	91,577
Govt. debt.....					
LIABILITIES.					
Share capital.....	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,803	10,803	10,803
Notes in circulation	1,068,817	873,256	961,758	914,813	907,703
Deposits	190,872	193,494	194,213	184,870	179,128

† In dollar and sterling only.

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

ASSETS.	July 15, 1931.	June 25, 1932.	July 7, 1932.	July 15, 1932.
Gold	111,804	96,527	96,527	96,525
Gold coin and bullion	12,190	12,116	10,603	12,085
Drifts and notes	14,309	12,308	11,759	10,998
Silver coin and bullion	267,182	387,163	431,603	413,541
Inland bills, warrants and securities	58,560	54,137	53,827	52,521
Advances to Treasury	34,756	34,756	34,756	34,756
Share capital (gold crowns 30,000,000)	344,817	339,342	339,386	372,504
Notes in circulation	65,114	81,951	71,511	65,804
Current accounts, deposits, etc.				68,836

* Calculated at pre-war parity of exchange.

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

ASSETS.		June 18, 1932.	June 22, 1932.	June 30, 1932.	July 7, 1932.
Cash reserve :					
Gold at home and abroad		1,763,736	1,763,818	1,776,047	1,782,805
Foreign exchange		232,454	223,081	213,518	216,694
Other foreign exchange		80,540	84,305	84,687	86,858
Other foreign currency		2,327,873	2,317,319	2,292,102	2,312,080
Bills and advances against security		1,805,339	1,805,951	1,806,328	1,806,484
Government advances					
LIABILITIES.					
Notes in circulation		4,920,533	4,828,960	4,933,366	4,916,088
Right deposits		605,638	672,809	642,808	588,152

NATIONAL BANK OF ROMANIA.—In lei (000's omitted).

	May 28, 1932.	June 4, 1932.	June 11, 1932.	June 18, 1932.	June 25, 1932.
ASSETS.					
Gold & gold exchange	9,567,709	9,561,701	9,510,974	9,524,835	9,526,839
Commercial bills	12,498,182	12,494,829	12,507,135	12,463,654	12,441,309
State debt, advances to State, etc.	5,767,101	5,767,101	5,767,101	5,767,101	5,767,101
LIABILITIES.					
Notes in circulation	21,982,248	21,851,912	21,772,634	20,881,640	20,894,592
Other sight liabilities	4,728,934	4,783,560	4,866,763	5,638,078	5,699,085

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	July 7, 1931.	June 15, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Gold	487,452	1,050,323	1,348,188	1,453,756	1,458,776
Gold exchange	2,763,638	...	...	...	...
State Gold Bonds	...	607,930	607,930	607,930	607,930
Other foreign exchange	1,741	2,147	2,143	2,147	2,141
Advances, discounted	150,118	325,628	325,205	325,913	272,095
Advances	201,401	1,044,764	1,032,923	1,000,366	1,127,474
Debt to the State	3,388,763	2,703,386	2,703,386	2,708,888	2,708,888
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,321,221	4,124,823	4,162,838	4,208,487	4,308,762
Deposits and current accounts	1,350,889	1,177,430	1,238,714	1,289,915	1,416,038
Foreign exchange liabilities	746,177	873,329	853,329	853,329	731,699

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted).

ASSETS.				
	June 16, 1932.	June 23, 1932.	June 30, 1932.	July 7, 1932.
Gold coin and bullion.....	17,326	17,392	17,475	17,551
Other coin and notes.....	11,176	11,335	10,806	9,992
Over to Supplementary Note Issue:—				
(a) Gold.....	1,057	1,057	1,057	1,057
(b) Foreign exchange.....	841	395	602	345
True foreign exchange.....	1,108	1,163	1,135	577
Treasury bonds.....	186,405	186,405	186,405	186,388
Bills.....	27,128	27,128	27,128	29,126
Securities.....	4,658	4,640	4,626	4,624
LIABILITIES.				
Capital.....	15,000	15,000	15,000	15,000
Notes in Issue:—				
Ordinary.....	186,405	186,405	186,405	186,388
Supplementary.....	10,584	10,141	10,347	10,091
Other sight liabilities.....	8,523	8,744	8,893	6,434

BANK OF POLAND.—In zloty (000's omitted).

	July 10, 1931.	May 31, 1932.	June 20, 1932.	June 30, 1932.	July 10, 1932.
ASSETS.					
Gold	567,760	554,902	504,420	484,325	479,371
Of which held abroad.....	81,716	146,105	125,542	126,370	121,457
Foreign currencies.....	325,227	155,649	165,442	158,489	211,629
Bills discounted.....	570,863	637,530	629,239	670,986	663,948
Loans against securities ..	91,760	117,385	114,327	124,121	124,202
Reserve fund securities	93,407	92,544	92,544	92,427	92,340
LIABILITIES.					
Share capital	150,000	150,000	180,000	150,000	150,000
Reserve funds	114,000	114,000	114,000	114,000	114,000
Notes in circulation	1,187,400	1,024,908	1,046,901	1,105,384	1,083,912
Current accounts	293,657	161,066	157,207	130,210	169,079

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.		Position, May 30, 1914.	July 8, 1931.	June 23, 1932.	June 30, 1932.	July 8, 1932.
Gold		35,091	302,057	304,349	304,352	304,352
Balance abroad and foreign bills		90,379	884,096	733,106	691,316	679,021
Finland and Foreign Government securities		21,826	390,411	348,480	348,480	347,419
Discounts and loans		105,151	771,817	966,977	950,461	1,039,983
LIABILITIES.						
Notes in circulation		123,941	1,205,201	1,100,383	1,136,180	1,099,261
Deposits at notice		21,223	148,844	117,874	40,089	142,068

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	July 15, 1931.	Apr. 30, 1932.	May 13, 1932.	May 31, 1932.	June 15, 1932.	June 30, 1932.	July 15, 1932.
Gold coin and bul- lion	3,705	21,816	37,222	37,222	38,251	38,251	38,233
Danzig subsidiary coin	3,575	4,272	4,203	4,007	4,101	3,637	3,918
Bal., Bk. of Eng. Inc. notes	14,194	29,316	12,098	11,232	9,112	9,472	11,918
Bills of exchange...	23,185		304	250	200	378	378
Advances	1,540		6,744	8,381	7,189	6,931	6,207
Discounts	6,973	8,116	34		39	47	52
Other bills	33	44					
LIABILITIES.							
Capital paid up ...	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation ..	37,221	41,244	37,282	39,593	35,555	39,081	35,174
Deposits on demand ..	2,761	14,166	16,037	13,257	15,304	11,219	14,726

LONDON RATES.

	July 14, 1932.	July 15, 1932.	July 16, 1932.	July 18, 1932.	July 19, 1932.	July 20, 1932.	July 21, 1932.
Bank rate (changed from 2½% June 30, 1932)	2%	2%	2%	2%	2%	2%	2%
Market rates of discount:—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills:—							
3 months'	1½	1½	1½	1½	1½	1½	1½
4 months'	1½	1½	1½	1½	1½	1½	1½
6 months'	1½	1½	1½	1½	1½	1½	1½
Loans:—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances:—Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

Previous week									
		Short Loans.	Bank Bills.			Trade Bills.			
			3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.	
1932.	%		1%	1%	1%	2%	2%	3%	
June 30	1-1½		1-1½	1-1½	1-1½	2	2½	3	
July 7	1-1½		1-1½	1-1½	1-1½	2	2½	3	
" 14	1-1		1-1	1-1½	1-1½	2-2½	2½	3-3½	
" 21	1		1	1	1½	2	2½	3	

RATES OF EXCHANGE.

London on	Usance.	Par.	July 23, 1932.	July 14, 1932.	July 21, 1932.
New York	dollars to £1	Cable	4.866	4.844-844	3.554-3.554
Montreal	dollars to £1	Cable	4.866	4.844-844	3.554-3.554
Paris	francs to £1	T.T.	124.21	123.55-55	4.08-4.10
Berlin	marks to £1	T.T.	20.43	20.4-20.4	90.91
Amsterdam	florins to £1	T.T.	12.107	12.03-03.3	14.95-15.08
Brussels	belgs to £1	T.T.	35.00	34.76-76	8.53-8.85
Zurich	lire to £1	T.T.	92.46	92.63-68	69.69
Cairo	francs to £1	T.T.	25.22	24.88-90	18.25-18.35
Stockholm	kronor to £1	T.T.	18.159	18.164-164	20.2-20.4
Copenhagen	kronor to £1	T.T.	18.159	18.164-164	19.2-19.4
Madrid	pesetas to £1	T.T.	25.22	25.03-03	18.1-18.1
London	secondo to £1	T.T.	110	109.110	44-44.4
Belgrade	schilgins to £1	T.T.	34.54	34.50-60	30-34
Bombay	rupees to £1	T.T.	164	163.164	119

INDIAN CURRENCY RETURNS (in lacs of rupees).

	July 15.	July 7.	June 30.
Notes in circulation.....	17,244	17,166	17,085
Silver coin and bullion in India ...	11,305	11,268	11,188
Gold coin and bullion in India.....	1,078	1,078	1,078
Securities (Indian Government)...	4,861	4,820	4,819

The stocks in Shanghai on the 16th instant consisted of about 87,000,000 ounces in sycee, 240,000,000 dollars and 3,960 silver bars, as compared with about 83,000,000 ounces in sycee, 237,500,000 dollars and 4,560 silver bars on the 9th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1932.	s. d.	d.	d.	July 23, 1932	d.
July 15.....	116 3	17½	17½	" 22, 1926	29½
" 16.....	116 1	17½	17½	" 22, 1927	26½
" 18.....	116 0	17½	17½	" 26, 1928	27½
" 19.....	115 8	16½	16½	" 25, 1929	24½
" 20.....	115 7	16½	16½	" 24, 1930	16
" 21.....	115 5	17	17½	" 23, 1931	12½

NOTICES.

The directors of the Chartered Bank of India, Australia and China have appointed Mr Arthur d'Anyers Willis, of Messrs. Ogilvy, Gillanders and Company, at present a director of the bank, to be deputy-chairman.

Company News.

REPORTS AND NOTICES.

Lord Cullen of Ashbourne has been elected a director of the Rio de Janeiro City Improvements Company, Ltd.
Southern Railway is paying full interest on its preference stocks, but nothing on the junior issues. Expenses have been reduced by over £500,000.

A. W. Gamage reports a net trading profit of £5,570, against a loss of £9,304.

Ebbw Vale Steel directors hope to submit reorganisation scheme in September.

Prices Tailors announces profit of £145,000, against £135,289.

BANKS.

STANDARD BANK OF SOUTH AFRICA, LTD.—Net profits of the Standard Bank of South Africa for the year to March 31, 1932, amounted to £457,442, compared with £567,620 for preceding year. With the £142,622 brought in, the total was £600,064, or £92,558 less than for year ended March 31, 1931. The dividend has been reduced to 11 per cent. from 15 per cent., the latter including a bonus of 1 per cent. The amount absorbed is £275,000. Officers' pension fund again receives £100,000, and £75,000 as before goes to premises account. The balance forward is increased by £7,442 to £150,064. Investments appear as usual at less than market values, and show an expansion of £1,723,424 to £7,142,674. A sum of £664,170 has been transferred from the reserve fund to an exchange reserve account to provide for any contingencies. The meeting will be held at Southern House, Cannon Street, E.C., on July 27, at 12.30 p.m.

MINES.

ASSOCIATED TIN MINES OF NIGERIA, LTD.—Profits for 1931 amounted to £28,082, against £29,426. After adding £93,845 brought in, £27,337 is set aside for depreciation and £11,671 for development expenses, leaving £82,920 to go forward. The output of tin concentrates was 2,643 tons, compared with 1,990 tons, and was produced at an average cost of £56 13s. 2d. per ton, f.o.r. Bukuru. This represents a further reduction of £4 6s. 5d. per ton. The average price realised per ton of concentrates was £88 10s., against £99 8s. 2d. After allowing for the year's output, the ore reserves at the end of 1931 stood at 35,048 tons, a net increase of 1,467 tons. Property account stands at £642,803, which, in relation to the ore reserves, is considered a very conservative figure. The reserve of £150,000 has been used to write off investments, debtors, loans to subsidiary and other companies.

MISCELLANEOUS.

MANCHESTER SHIP CANAL COMPANY.—The traffic receipts for the month of June, 1932, amounted to £101,085, against £100,485 in June last year, an increase of £610. The traffic receipts for the half-year ended June 30, 1932, amounted to £596,079, as compared with £592,886 for the corresponding period of last year, an increase of £3,193. The net revenue of the whole of the undertaking for the half-year (after providing for interest and fixed charges) was £20,388 more than the corresponding half-year in 1931.

SMITHFIELD MARKETS ELECTRIC SUPPLY COMPANY, LTD.—The Corporation of London have decided to exercise their option to terminate the company's contract for lighting the Central Markets on December 25th next. Shareholders will be further advised when certain matters under negotiation are completed.

SUMMARY OF BALANCE SHEETS.

MIDLAND BANK LIMITED.

The Statement of Accounts of the Midland Bank Limited made up on June 30, 1932, compares as follows with the position shown by the Bank on June 30, 1931 and 1930:

	June 30, 1930.	June 30, 1931.	June 30, 1932.
LIABILITIES.			
Capital paid up	14,091,201	14,248,012	14,248,012
Reserve fund	14,091,201	14,248,012	11,500,000
Current, deposit and other accounts (including balance of profit and loss account)	381,997,591	379,055,050	383,179,078
Acceptances and confirmed credits on account of customers	17,236,143	12,398,135	6,748,759
Engagements on account of customers	9,476,597	8,956,302	5,437,909
	436,892,733	428,905,511	421,113,758
ASSETS.			
Coin, bank notes and balances with the Bank of England	37,078,737	39,125,829	40,407,197
Balances with, and cheques in course of collection on other banks in Great Britain and Ireland	18,267,101	15,855,706	11,485,976
Money at call and short notice	22,589,395	19,340,199	17,892,453
Investments	33,920,316	32,909,368	72,477,328
Bills discounted	64,408,573	80,040,840	60,717,042
Advances to customers and other accounts	216,546,778	202,183,143	187,124,929
Liabilities of customers for acceptances, confirmed credits and engagements	26,712,740	21,354,437	12,186,668
Bank premises	8,971,097	9,047,775	9,631,634
Other properties and work in progress for extension of the business	1,276,331	1,767,583	1,146,470
Shares in Yorkshire Penny Bank Ltd.	...	...	750,000
Capital, reserve, and undivided profits of: Belfast Banking Co., Ltd.; The Clydesdale Bank, Ltd.; North of Scotland Bank, Ltd.; Midland Bank Executor and Trustee Co., Ltd.	7,121,665	7,280,631	7,294,061
	436,892,733	428,905,511	421,113,758

CABLES AND WIRELESS, LIMITED.

December 31, 1931.

	Amount.	Compared with Dec. 31, 1930.		Amount.	Compared with Dec. 31, 1930.
LIABILITIES.			ASSETS.		
5½% cum. pref. stks. "A" ord.	23,214,058	+ 53,317	Shareholdings in subsidiary cos.: 44,987,913 Eastern Telegraph Co. ord. stock at cost	14,965,048	+ 25,871
7½% "B" ord. stks.	20,758,659	+ 71,805	Eastern Extension, &c., 23,994,000 ord. stks. at cost	11,981,642	+ 18,023
Other deb., 1902	8,697,593	+ 41,616	Western Telegraphs, 3,114,110 ord. stock at cost	9,341,702	+ 17,154
Creditors	602,419	+ 2,567	Marconi's Wireless 232,313 7% pref. £1, fully paid at cost	1,132,341	+ 1,047
Div. 5½% cum. pref. stks.	478,790	- 14,823	3,202,666 ord. shares 10s. fully paid at cost	15,307,737	+ 105,127
Revenue account	64,688	- 2,219	Debtors	555,522	- 6,932
	53,816,207	+ 152,263	Cash	7,215	- 8,026
			Stamp duty	825,000	...
			Total	53,816,207	+ 152,263

DISTILLERS COMPANY, LIMITED.

May 14, 1932.

	Amount.	Compared with May 15, 1931.		Amount.	Compared with May 15, 1931.
LIABILITIES.			ASSETS.		
Ord. shares, £1	10,690,962	...	Land & buildings	794,000	- 91,000
6% pref. shs., £1	2,200,000	...	Plant	375,364	- 89,638
4½% deb.	450,000	...	Sundry invests.	403,176	+ 122,819
4½% deb., 1902	150,000	...	Subsidiary co.'s investments	15,181,737	- 63,306
6% deb., 1907	120,000	...	Loans to	4,749,503	- 787,957
Reserve fund	2,750,000	+ 250,000	Associated co.'s current accs.	37,825	- 12,204
Dividend reserve	250,000	...	Stocks	858,846	- 9,447
Insurance fund	200,000	...	Debtors	66,717	+ 10,996
Superannuation fund	300,000	...	Bills receivable	...	- 9,355
Subsidiary loans	5,014,472	+ 966,538	Cash	2,947,673	+ 2,301,128
Associated cos.	495,500	+ 34,492			
Creditors	1,522,026	+ 268,779			
Carriage on spirits	129,077	- 20,590			
Profit and loss	1,142,804	- 227,184			
Total	25,414,841	+ 1,272,035	Total	25,414,841	+ 1,272,035

FURNESS WITBY AND CO., LIMITED.

April 30, 1932.

	Amount.	Compared with Apr. 30, 1931.		Amount.	Compared with Apr. 30, 1931.
LIABILITIES.			ASSETS.		
Ord. shares (£1)	5,999,925	+ 1,999,925	Shipping property at cost	2,430,822	+ 1,133,475
Prof. shares (£10)	1,500,000	...	Investments in subv. cos. at cost	5,352,928	+ 65,764
Reserves	2,000,000	...	General investments	2,523,996	- 67,625
Due to subsidiary cos.	311,877	- 575,691	Due from subv. cos.	255,718	+ 184,885
Creditors	2,192,406	- 208,462	Other properties	181,049	+ 11,159
Profit and loss	166,773	- 41,463	Sundry debtors	1,034,323	- 31,801
			Bankers' balances, &c.	382,145	- 121,538
Total	12,160,981	+ 1,174,309	Total	12,160,981	+ 1,174,309

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Banks.											
Bank of New Zealand.....	Mar. 31	626,002	537,804	1,163,806	231,250	537,500	14½	...	395,056	796,595	14½
Hibernian Bank	June 30*	33,888	39,085	72,973	...	27,500	11	15,000	30,473	53,853	12½
Munster and Leinster Bank	June 30*	44,626	81,001	125,627	...	45,000	12½	35,000	45,627	93,552	14½
Provincial Bank of Ireland	June 30*	37,690	40,075	77,765	...	25,312	12½	16,000	36,452	55,136	14½
Queensland National Bank	June 30	17,057	71,588	88,645	...	70,000	4½	...	18,645	132,292	7½
Standard Bank of S. Africa	Mar. 31	142,622	457,442	600,064	...	275,000	11	175,000	150,064	567,620	15
Breweries.											
Threlfall's Brewery	June 30	346,231	257,923	604,154	26,520	233,748	17	...	343,886	318,680	20
Wells' Watford Brewery ...	Apr. 30	5,550	8,517	14,067	5,592	2,800	4	...	5,675	14,721	8
Electric Lighting, &c.											
Nigerian Electric Supply ...	Feb. 29	16,626	19,190	35,816	...	...	...	34,000	1,816	16,626	...
Financial Land, &c.											
Australian Estates, &c.	Dec. 31	7,429	Dr. 622	6,807	...	...	...	...	6,807	Dr. 5,4176	...
British North Borneo Co....	Dec. 31	65,012	Dr. 54,672	10,340	...	...	...	...	10,340	16,566	...
Holloway's Properties	Mar. 31	18,151	48,792	66,943	6,671	37,781	13	5,000	17,491	55,259	13
Port Madryn (Argentine) ...	June 30	2,113	4,005	6,118	...	6,125	5	Dr. 5,719	5,712	6,210	5
Iron, Coal and Steel.											
Henderson (David & Wm.)	Apr. 30	2,420	Dr. 28,549	Dr. 26,129	...	...	...	Dr. 28,910	2,781	19,777	...
Rubber, &c.											
Bertam Consolidated Rubber	Mar. 31	20,748	5,038	25,786	...	...	...	1,000	24,786	4,697	...
Eaglehurst Rubber	Mar. 31	1,586	1,191	2,777	...	...	...	...	2,777	Dr. 2,921	...
Harewood Rubber	Mar. 31	Dr. 836	2,195	1,359	...	...	...	810	549	Dr. 2,833	...
Kuala Romban Rubber ...	Mar. 31	12,374	Dr. 12,158	216	...	...	...	...	216	...	...
Lambak Rubber	Mar. 31	16,029	1,846	17,875	...	...	...	...	17,875	4,137	...
Langkon North Borneo Rub.	Mar. 31	Dr. 3,825	Dr. 4,340	Dr. 8,165	...	...	...	Dr. 8,165	Dr. 5,384	...	...
Malay United Rubber	Mar. 31	3,832	Dr. 4,172	Dr. 340	...	...	...	Dr. 340	Dr. 2,546	...	...
Malayan Rubber	June 30	3,610	Dr. 344	3,266	...	...	...	...	3,266	Dr. 1,404	...
Sungei Gettah Rubber	Mar. 31	3,866	1,322	5,188	...	...	...	...	5,188	Dr. 1,368	...
Sungei Tiram Rubber	Mar. 31	695	1,589	Dr. 2,284	...	...	...	Dr. 74	Dr. 2,210	Dr. 5,058	...
Selangor United Rubber ...	Mar. 31	9,193	Dr. 437	8,756	...	...	...	...	8,756	Dr. 655	...
Vallambrosa Rubber	Mar. 31	12,538	Dr. 2,739	9,799	...	...	...	...	9,799	Dr. 5,516	...
Way-Halim (Sumatra) Est.	Mar. 31	585	Dr. 3,989	Dr. 3,404	...	...	...	Dr. 500	Dr. 2,904	...	...
Shops and Stores.											
Barratt (W.) and Company	June 30	17,272	111,091	128,363	...	63,000	15½	45,804	19,559	88,541	8
Hancock (William) and Co.	May 31	35,484	8,572	44,056	10,350	...	...	...	33,706	31,051	...
Millet's Stores (1928)	Apr. 30	1,278	10,531	11,809	11,349	...	...	...	460	13,092	6
Montague Burton	Mar. 31	274,965	292,764	567,729	105,000	...	...	190,387	272,342	273,134	...
Tea.											
Pathini Tea	Dec. 31	2,008	Dr. 989	1,019	...	...	...	...	1,019	Dr. 9,673	...
Telegraphs, &c.											
Cables and Wireless	Dec. 31	66,907	636,168	703,075	638,386	...	...	...	64,689	1,302,385	...
Direct Spanish Telegraph ...	Dec. 31	2,456	12,414	14,870	3,000	3,879	6	6,000	1,990	9,159	6
Imperial and International Communications	Dec. 31	20,130	75,535	95,665	...	75,000	4	...	20,665	326,249	1½
Textiles.											
Cellulose Acetate Silk	Mar. 26	Dr. 119,221	50,015	Dr. 69,206	...	...	...	...	Dr. 69,206	Dr. 53,474	...
English Sewing Cotton	Mar. 31	81,430	254,663	336,093	50,000	200,000	10	5,000	81,093	226,522	10
Melso, Ltd.	June 30	51	12,535	12,586	9,375	1,500	4	...	1,711	8,802	Nil
Tramways.											
Mansfield & District Trams.	Dec. 31	...	2,223	2,223	...	...	...	2,205	18	229	...
Trusts.											
British Industries & General	June 30	4,063	4,413	8,476	...	...	...	...	8,476	7,890	...
British Steamship Invest- ment Trust	June 30	292,568	107,021	399,589	13,275	94,500	7	...	291,814	153,785	10
Hampstead Garden Suburb Trust	Mar. 31	1,083	2,814	3,897	...	...	...	1,000	2,897	3,097	...
Independent Investment Co.	Mar. 31	25,048	15,461	40,509	9,450	...	...	...	31,059	21,855	5
Palmerston Investmt. Trust	June 30	...	1,083	1,083	...	...	...	367	716	Dr. 49,763	...
Scottish American Mortgage	May 31	106,690	56,142	162,832	32,120	19,125	8½	...	111,587	93,382	12
Sterling Securities Investmt.	May 31	523	271	794	...	...	...	250	544	535	...
Waterworks.											
Cleveland Water Co.	June 30*	5,180	2,329	7,509	...	3,400	10A 7B	...	4,109	3,843	10A 7B
Other Companies.											
Asquith (William)	Mar. 31	20,206	18,466	38,672	24,941	...	...	...	13,731	13,810	...
British Electric Transformer	Dec. 31	...	Dr. 25,945	Dr. 25,945	...	...	...	63,567	Dr. 89,512	Dr. 32,535	...
De La Rue (Thomas) & Co.	Apr. 2	...	2,660	2,660	...	...	...	1,204	1,456	Dr. 35,263	...
Fodens, Ltd.	June 30	Dr. 11,021	Dr. 49,405	Dr. 60,426	...	...	...	Dr. 75,942	15,516	Dr. 15,272	...
Dubilier Condenser Co.	Mar. 31	Dr. 44,652	Dr. 12,193	Dr. 56,845	...	...	...	25,000	Dr. 81,345	...	...
Hoffnung (S.) and Co.	Mar. 31	8,566	Dr. 15,426	6,860	33,750	...	...	Dr. 49,125	8,515	Dr. 47,249	...
London & National Property	Dec. 31	...	104,411	104,411	...	55,233	6	34,981	14,197	...	...
Lovering China Clays	Mar. 31	Dr. 7,719	Dr. 7,689	Dr. 15,408	...	...	...	3,561	Dr. 18,969	Dr. 10,656	...
Millars' Timber, &c.	Dec. 31	60,641	Dr. 62,437	Dr. 1,796	...	...	...	111,327	Dr. 113,123	Dr. 57,295	...
Salter and Salter	June 30	Dr. 33,198	Dr. 2,308	Dr. 35,506	...	5,244	5	...	Dr. 35,506	Dr. 4,486	...
Tebbutt Brothers	June 30	7,756	6,524	14,280	...	60,000	15	...	9,036	1,063	Nil
Tilbury Contracting, &c. ...	Mar. 31	26,933	105,152	132,085	...	...	...	54,361	17,724	114,936	15
Vitamins, Ltd.	Mar. 31	Dr. 3,860	4,136	276	...	...	...	276	...	Dr. 3,860	...

DIVIDEND ANNOUNCEMENTS.

		Miles Open.	Gross Receipts, week ended July 17, 1932. (000's omitted.)						Aggregate Gross Receipts, 28 weeks. (000's omitted.)					
			Passen- ger &c.	Merchan- dise &c.	Coal and Oak.	Coke.	Total Goods.	Total for Week.	Passen- ger &c.	Merchan- dise &c.	Coal and Coke.	Total Goods.	Total Receipts.	
														£
Great Western	1932	3,761	252	161	94	255	507	5,278	4,721	2,868	7,589	12,866		
	1931	3,761	270	193	100	293	563	5,807	5,341	3,001	8,342	14,156		
(e) L. & N.	1932	3,653	390	274	185	459	849	7,994	8,122	6,162	14,376	24,799		
Eastern	1931	3,365	424	329	213	542	966	6,784	6,492	6,633	16,125	24,799		
L. M. & S.	1932	3,962	609	389	193	582	1,191	12,283	11,868	6,495	15,383	30,661		
Scottish	1931	3,956	652	445	215	660	1,350	12,313	13,125	7,020	20,451	33,221		
	1932	2,181	351	260	28	88	416	7,407	7,571	864	2,621	10,002		
Southern	1931	2,180	364	76	30	106	470	8,128	2,042	887	2,929	11,505		
Total.	1932	19,259	1,579	884	500	1,384	2,963	32,962	26,578	16,389	42,967	75,952		
	1931	19,250	1,710	1,051	558	1,639	3,319	35,679	30,000	17,541	47,541	83,222		
(c) Metro- politan	1932	59	29	1	...	3	32	828	2	...	96	1		
	1931	59	30	...	...	5	34	877	...	...	104	92		
(e) Under- ground E.R.	1932	...	307	...	...	...	292	3	824	...	...	8214		
	1931	...	302	...	...	...	300	7	850	...	...	8502		
(c) Great Eastern &c.	1932	...	34	5	...	...	34	848	6	...	...	848		
	1931	...	...	...	...	...	...	...	...	...	...	...		
(c) L. & S. Group	1932	...	44	8	...	...	44	1218	3	...	...	1218		
	1931	...	45	4	...	...	45	1250	5	...	...	1250		
(b) Belfast	1932	80	7	...	...	0	7	68	1	...	...	68		
	1931	80	7	...	...	0	7	91	1	...	...	91		
& Co. East	1932	...	562	17	...	...	56	268	300	...	...	345		
	1931	...	562	21	...	...	56	212	307	...	...	407		
(b) Great Northern	1932	...	11	...	...	...	11	614	699	...	...	976		
	1931	...	12	...	...	...	12	614	699	...	...	976		
(b) Great Southern	1932	...	32	8	...	...	35	68	0	...	...	1147		
	1931	...	32	8	...	...	35	68	0	...	...	1147		

(The receipts of these Companies were extended during 1931.)

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -

INDIAN.

			Ra.	Ra.	Ra.	Ra.
Assam Bengal	11	June 18	1,330	96,945	33,31,900	10,80,766
Bahar & B.	12	25	202	17,500	4,07,800	1,08,200
Bengal N. Western	18	18	2,114	19,9707	84,21,923	30,109
Bengal-Nagpur	18	18	3,274	13,87,000	1,54,98,000	13,55,000
Bombay Bar & C.I.	11	July 16	3,038	88,342	1,75,75,000	2,03,600
Madras & S. Mahr.	12	June 23	2,530	551,628	1,75,51,021	2,16,000
Madras & Kumaon	12	25	272	1,14,249	16,95,303	49,930
North Indian	12	25	2,528	113,884	1,42,152	3,27,735

† Including Lucknow-Bareilly State Railway.

CANADIAN.

		1932.	\$	\$	\$	\$
Canadian National	28	July 14	20538	2,661,638	- 714,542	75,414,293
Canadian Pacific...	28	14	16903	2,160,000	- 618,000	62,425,000

SOUTH AMERICAN.

		1932.	£	£	£	£
Antofagasta (Chili and Bolivia).....	29	July 17	804	7,100	13,890	209,560
Argentina N.E.....	2	17	753	13,100	100	6,200
B.A. and Pacific.....	2	16	2,806	94,000	27,000	223,000
B.A. Central.....	2	16	..	12,135	279	30,783
B.A. Gt. Southern.....	2	16	5,076	141,000	35,000	316,000
B.A. Western.....	2	16	1,926	60,000	5,000	138,000
Central Argentine.....	2	16	3,505	200,000	25,000	487,000
Central Uruguay.....	2	16	273	11,340	1,065	26,904
C. Urg. (East Ext.).....	2	16	185	1,688	430	463
C. Urg. (N. Ext.).....	2	16	2115	2,599	535	3,313
C. Urg. (W. Ext.).....	2	16	1,218	1,014	177	2,301
Cordoba Central.....	2	16	810	55,000	12,000	113,000
Entre Rios.....	2	16	1,052	17,200	4,000	37,100
G. Westn. of Brazil.....	29	16	1,918	7,500	3,100	257,900
Leopoldina.....	29	16	..	2,801	1,489	713,211
Leopoldina Termi.....	29	16	..	Ms.25,500	13,000	7,745,000
Nitrate.....	161	11	..	2,539	..	20,900
Paraguay Central.....	2	16	274	2,850	1,160	7,410
Salvador.....	2	9	..	1,372	1,350	3,527
San Paulo.....	27	3	1534	35,983	9,264	879,192
United of Havana.....	2	16	1,367	15,507	7,551	36,694

† Months

OTHER OVERSEAS.

		1932.	£	£	£	£
Egyptian Delta Light Railways	13 June 30	620	5,690	- 1,040	48,996	- 8,614
Egyptian Markets	26 30	...	1,395	+ 25	41,050	+ 436
G.R.South of Spain	27 July 9	104 Pa.	28,143	- 59,349	1,381,543	- 778,744
Mexican Railway...	2 14	483	167,000	- 35,200	322,900	- 54,000

TRAMWAYS WEEKLY GROSS RECEIPTS.

	1932.			£	£	£	£	
	July	15	329	69,877	+	3,085	1,857,671	203,033
A.O. Argentine...	28	16	...	9,254	+	152	28,285	50
B. Aires Lacroze...	2	16	...	3,495	+	212	70,579	3,785
Isla of Thanet Elec.	27	16	...	7,993	+	582	427,610	14,825
Liverpool Corp.	15	15	124	Ra. 56,622	+	429	6,824,402	24,627
Madras Electric	168	15	...	78,626	+	2,339	1,166,704	43,607
L.O.O. Tramways	15	13	166					

† Months.

MONTHLY TRAFFICS.

Company.	Months	Ending 1932.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
British Columbia Power.	12	June 30	Gross Net	\$1,033,313	- 62,042	13,693,486	- 851,008
				\$285,119	- 36,547	4,507,845	- 612,375
Manitoba and Ry.	1	May 31	Gross	\$66,053	- 19,967		
Para Elec. Ry., &c.	7	June 30	Gross Net	\$13,140	+ 3,398	62,322	+ 13,191
				\$4,612	+ 1,710	26,647	+ 8,397
Rhodesia Railways	1	May 31	Gross	\$108,809	- 53,290	...	...

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre- vious Year.
RAILWAYS.					
Barsl Light Railway	3%*	July 29	Less tax	...	...
BANKS.					
Bank of Montreal	2½%	Sept. 1	Less tax	...	...
Royal Bank of Canada	2½%	Sept. 1	Less tax	...	...
INSURANCE.					
Indemnity Mutual Marine Assu- rance	14/- p.a.*	Aug. 19	Tax free	...	...
Pearl Assurance	25%*	Aug. 1	Less tax	...	...
Scottish Automobile and General MINING.	8½%*	Aug. 1	Less tax	...	...
Wankie Colliery	5%*	Aug. 3	Less tax	...	...
OTHER COMPANIES.					
Burgons "A" and "B"	...	...	Less tax	8	8½
City Property Investment (Def.) Commercial Gas	5%* 2½%*	Aug. 15	Less tax Less tax	...	...
Consolidated Gas of Baltimore ..	90 cts. p.a.	Oct. 1	...	...	...
County of London Electric	3%*	Sept. 29	Less tax	...	...
Courtaulds	1½%*	Aug. 13	Tax free	...	...
Fore Street Warehouse	2½%*	Sept. 2	Less tax	...	...
General Hydraulic Power	2½%*	Aug. 1	Less tax	...	...
Great Northern Telegraph Co.'s Holding Co. (Denmark)	...	...	...	19½	20
Guard-Bridge Paper	5%†	...	Less tax	9	10
London Electric Supply	3%*	...	Less tax	...	...
Manchester Dock and Warehouse Manchester Ship Canal Ware- housing	3%† 3½%†	...	Less tax Less tax	5½	5½
Mather and Platt	3½%†	...	Less tax	6	6
McIntyre, Hogg, Marsh and Co. Mercantile Investment and Gen. Trust	3½%* 4%*	Aug. 2	Less tax	...	...
Milnes Safe	Nil†	...	...	Nil	5
Mortgage Trust of River Plate ..	6%*	Aug. 2	Less tax	...	...
Olympia, Ltd.	4%*	July 22	Less tax	...	...
Openshaw Brewery	4%*	...	Less tax	...	...
Railway Debenture & Genl. Trust	2½%*	Aug. 2	Less tax	...	...
Railway Share Trust, &c.	21%*	Aug. 2	Less tax	...	...
River Plate and General Invest- ment (Def.)	6%*	Aug. 2	Less tax	...	...
Romney Trust	1½%*	...	Less tax	...	...
South British Investment Trust ..	3½%†	...	Less tax	3	5½
South London Electric	4%*	Sept. 29	Less tax	...	...
South Metropolitan Gas	2½%*	...	Less tax	...	...
Steaurs Romana (British)	2%*	...	Less tax	...	...
T. Seymour Mead	...	...	...	8	10
Threlfall's Brewery	8%†	...	Less tax	17	20
Westminster Chambers	6%*	...	Less tax	...	...
William Timpson	5%*	July 29	Less tax	...	...

SALISBURY (SOUTHERN RHODERIA) FOUR-AND-A-HALF PER CENT. MUNICIPAL LOAN, £100,000.—Numbers are announced of certain bonds drawn for redemption at par on June 30th next.

WILLIAMS DEACON'S BANK, LTD.—The directors have declared an interim dividend for the half-year ended June 30th at the rate of 12½ per cent. per annum, less income tax, upon the "A" shares and upon the "B" shares.

Commercial Reports.

MARKET SUMMARY.

The fairly general advance in the price of primary products at the principal commodity markets noticeable a fortnight ago, has given way to a reaction. In the United States many commodities suffered a setback this week. Among non-ferrous metals, tin has been maintained, while lead, spelter and copper have been easier. Rubber shows a slight rise in price, but cotton was cheaper. Among cereals, wheat, maize, oats and rye were all easier. Coffee has been a little steadier, and sugar has gained a few points, but cocoa did not maintain last week's advance. Sterling prices of commodities, which lend themselves to grading, and therefore to international arbitrage, moved in sympathy with gold prices. According to reports from various industrial centres, the coal trade is inactive. The volume of business in iron and steel is small, and tends to fall off, owing to the holiday period. There has been more inquiry for Manchester goods, but actual business shows little improvement.

THE COAL TRADE.

SHEFFIELD.—There has been a further shrinkage of business in South Yorkshire coal, the volume of which is the lowest recorded for many years. Best hard are steady, but prices of other qualities tend to weaken. Stocks have become heavy at collieries and tempting price offers fail to relieve the situation. Industrial consumption fails to expand. There is a comparative slump in slacks and furnace coke. Domestic demand is at the usual summer level, and users appear to be economising their fuel consumption. Best steams for export are quoted at 16s. f.o.b., best house at 20s. at pits, and furnace coke up to 10s. at ovens.

GLASGOW.—Apart from Ayrshire, all the Scottish coal-producing areas are now in the middle of the annual summer holidays, which, owing to the heavy accumulations of large coal, are likely to extend into August. Indications are not lacking that some relaxations in import restrictions now operating in the chief European consuming countries may be expected towards the autumn. The Irish situation naturally creates some concern in Ayrshire, which hitherto maintained a steady export trade with

the Free State. Washed nuts remain the strong feature of the market, particularly Fishfire trebles. Shipment prices (f.o.b. district ports):—**LANARKSHIRE**.—Ell best, 14s. 3d.; spint best 14s. 9d.; spint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 14s. 9d.; steam, 13s.; trebles, 12s. 6d.; doubles, 10s.; singles, 9s. 3d.; pearls, 8s. 6d.; dross, 8s. 9d. **FIFE**.—Screened navigation, 16s. 6d.; first-class steam, 13s.; third-class steam, 10s. 6d.; trebles, 13s. 6d. to 15s. 6d.; doubles, 10s. 6d. to 11s. 6d.; singles, 9s. 3d.; pearls, 8s. 6d. **LOTHIANS**.—Prime steam, 11s. to 11s. 6d.; secondary steam, 10s. 6d.; trebles, 13s. 6d.; doubles, 10s. 3d. to 10s. 9d.; singles, 8s. 9d. to 9s.; pearls, 8s. 6d. **AYRSHIRE**.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 11s. 9d.; trebles, 12s. 6d.; doubles, 10s. 6d.; singles, 9s. 9d.; pearls, 9s.; dross, 9s.

CARDIFF.—There has been no apparent expansion in the demand for steam coals during the past week on the Cardiff coal market, which for the most part continues to present a dull and lifeless appearance. The quantity of coal shipped at the South Wales ports as cargo and bunkers in the foreign and coastwise trades last week was the largest since that ended January 23rd last, totalling was 466,955 tons compared with 404,780 tons the previous week, and 333,241 tons in the corresponding week last year. The improvement, however, was due mainly to a more favourable tonnage position. The demand for washed coals and for anthracite grades continues fairly active. The Western ports of Swansea and Port Talbot monopolise the benefits of the activity in anthracite coal shipments, and the eastern ports are not working at more than two-thirds of their capacity. There is a slightly better inquiry for Monmouthshire large, but prices, except in the case of dry sized grades, are ruling generally on the basis of the minimum price of small coals, when cession has been made in the minimum price of small coals, when supplied for the purposes of briquette manufacture. The reason for this concession is the high cost of pitch, which to day is quoted at nearly double the price ruling at the corresponding period last year. Only two patent fuel works are working, but that at Cardiff is engaged up to the maximum of its productive capacity. Coke is easy with gas grades ruling between 20s. and 20s. 3d. per ton, ordinary foundry brands down to 19s., and furnace grades at 15s. 6d. The demand for pitwood is quiet, but prices are steady. Approximate current quotations are as follows: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 15s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 30s. to 38s. 6d.; Red Vein large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 45s.; French nuts, 40s. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 11s. to 11s. 6d.; special foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 18s. 9d. to 21s.

NEWCASTLE-ON-TYNE.—Export trade in both counties remains at a low ebb, and the small amount of tonnage loading at the Staiths will make another quiet week. Coal exporters contend that fixed minimum prices, which are so well known to foreign competitors, are losing us trade, but on the other hand certain of the collieries are of the opinion that any elasticity in prices will not increase trade owing to the import restrictions abroad. The only bright feature on the North-East Coast is the bunker trade, which is being maintained notwithstanding the lesser tonnage trading, and is undoubted doubly due to the devalued pound. For the six months ending June 30th, bunker shipments in the River Tyne totalled 921,283 tons compared with 921,783 tons for the same period last year. To-day's f.o.b. prices for export are as follows:—*Northumberland*: D.C.B.: screened steam, 13s. 6d.; smalls, 8s. 6d. Howards, Bontinck, Newbigin, screened, 13s.; smalls, 8s.; Tyne Prime: large, 12s. 6d.; smalls, 9s. Hartley Main: large, 12s. 6d.; smalls, 9s. *Durham*: Lambton, South Hetton: screened steam, 15s.; smalls, 11s. Wear Special: unscreened gas, 15s. Holmside, Ryhope, Boldon: unscreened gas, 14s. 6d.; second-class gas, 13s.; cooking smalls, 12s. 6d. Prime, unscreened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.

IRON AND STEEL.

MIDDLESBROUGH.—The Cleveland pig iron market continues extremely dull with little prospect of early improvement. The local demand is still curtailed through slackness in the foundries, and requirements for Scotland will be very light for some time, as and the Glasgow fair holidays have now commenced, and all consuming works in that area will be closed down until the beginning of August. The demand for shipment is also at a very low ebb, so that altogether there was a thin attendance at the weekly market on Tuesday, and only a moderate business was reported for early delivery, forward purchases being almost entirely neglected. Official prices for Cleveland iron were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. These apply for all business except Scotland, where substantial concessions are offered direct by makers. There is still little change in regard to hematite. A fair number of orders are coming along on home account, but they are mostly for early delivery. The export demand has fallen off considerably, which is rather a serious matter, with the prospect of two extra furnaces being in blast at Ayresome Works by the beginning of August. This has had rather a weakening effect on the market, and ordinary mixed numbers can now be had for early delivery at 61s. 6d., and at 3d. to 6d. more over a few months. Shipments of pig iron are very disappointing this month, the total clearances to 19th inst. being only 3,927 tons, compared with 8,318 tons to same date in 1896. In the finished trades there are no new contracts of importance to report this week, and home prices for steel materials are unchanged, viz.:—Plates, £8 15s.; under the rebate scheme are unchanged, viz.:—Angles, £8 15s.; and 7b. 6d.; joists, £8 15s.; other products are iron crown

bars, £9 15s.; heavy steel rails, £8 10s.; 24-gauge galvanised corrugated sheets, £7 7s. 6d.; 24-gauge black sheets, £8; also for home use. Further quantities of steel plates are on order in this district against the Russian contract. 1,800 tons have been shipped this week, and another steamer is due next week to load 3,750 tons. The ore market is almost idle. Best rubio is purely nominal at 15s. c.i.f., and the freight Bilbao/Middlesbrough for early tonnage is 4s. 6d. Coke is slow of sale, and with a surplus on the market the price is weak at 15s. delivered works. This figure could be shaded for some brands. The number of furnaces in blast in the district is unchanged at seventeen.

SHEFFIELD.—Local industry is feeling the effects of preparations for the August stoppage, although demand and inquiries in the quality steel section show some signs of expansion. Output of the best alloy steels, particularly stainless steels, is larger to-day than for some time past. Foreign competition in this expensive material has been nearly wiped out by differences of exchanges and tariffs, as the cost of the imported steels now approximates that of Sheffield material. The advantage arising from these two factors will be more marked, however, when general trade emerges from the depression. Slackness is acute in partly-manufactured, open-hearth steel and heavy steel forgings and castings. There is little doing in supplies for railways and shipyards, and overseas trade drags. Some of the tool makers are fairly well booked, but bad weather has spoiled the season for garden tools. Trade in safety razors is booming. Other classes of cutlery and silver and electro-plate are extremely quiet.

GLASGOW.—All works in this district are now closed for the holidays, and while a re-start will be made at a number of plants on Tuesday of next week, in many cases operations will not be resumed until a week later. In several trades the works have been closed down for a considerably longer period than is customary, owing to the continued scarcity of orders.

CARDIFF.—The South Wales timplate industry continues quiet, but prices are steady at from 14s. 9d. to 15s. 3d. per basis box. Welsh steel bars are also stationary at 95s. per ton net, but foreign bars are easier at from 78s. to 80s. per ton delivered, and Belgian consignments have latterly again been on the increase. All imports of foreign iron and steel goods at the South Wales ports last week totalled 12,552 tons, compared with 11,017 tons the previous week, and 27,306 tons in the corresponding week last year. The question of the reorganisation of the South Wales iron and steel industry is under the consideration of a regional sub-committee of the National Committee appointed a few weeks ago, and a questionnaire has been addressed to the local manufacturers.

OTHER METALS.

TIN.—The price of tin has been subject to violent fluctuations recently. There has been no improvement in demand. The metal changed hands at about £127 per ton on Monday, but owing to lack of support, its quotation declined on Tuesday and Wednesday. Sales on the London Metal Exchange totalled 525 tons on Monday, against 600 tons last week, 375 tons on Tuesday, against 300 tons, and 275 tons on Wednesday, against 500 tons. In New York the metal was quoted at 21·00 cents per lb. on Wednesday, against 21·00 cents per lb. a week ago and 19·70 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £123 10s. to £123 15s. per ton, compares with £126 12s. 6d. to £126 17s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,189 tons, show a decrease of 93 tons on the week.

COPPER.—The international copper situation has deteriorated further. The United States unofficial export price has been lowered again, but foreign buyers show little response. The market in copper in London opened dull on Monday and quotations declined. Sales totalled 600 tons. There was no improvement on Tuesday, when sales amounted to 300 tons. On Wednesday there was a slight increase in turnover (900 tons) at the lower price. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5¼ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £25 7s. 6d. to £25 8s. 9d., compares with £26 7s. 6d. to £26 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 15,946 tons, show a decrease of 1,014 tons, while stocks of rough copper, at 969 tons, were unchanged.

LEAD.—In contrast to last week, the London market in lead opened dull on Monday, but there was an increase in business at the lower level of prices. Sales totalled 700 tons. On Tuesday and Wednesday the quotation of this metal declined further without stimulating buying. Sales amounted to 450 tons on Tuesday and to 400 tons on Wednesday. In New York the metal was quoted at 2.65 cents per lb. on Wednesday, against 2.70 cents a week ago, and 3.00 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £9 5s. per ton for shipment during the current month, compares with £9 16s. 3d. on the corresponding day last week.

SPELTER.—At a meeting at Ostend on July 14th, the executive committee of the International Zinc Cartel decided to reduce production further, from 50 per cent. of capacity to 40 per cent. of capacity, beginning on August 1st. The demand for spelter in London was quiet, but in view of the reserve of sellers prices were maintained. Sales totalled 450 tons on Monday, 300 tons on Tuesday, and 350 tons on Wednesday. Wednesday's quotation in New York, at 2.50 cents per lb., compares with 2.55 cents a week ago and 2.80 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling, for "good ordinary brands," was £11 8s. 9d. for shipment during the current month, against £11 7s. 6d. a week ago.

POTATOES.—There was a good demand for new potatoes, but supplies at the principal markets were sufficient to bring about a further decline in prices. English kidney could be obtained at from 6s. 6d. to 7s. 6d. per cwt. at the London Borough Market, against 8s. to 9s. per cwt. a week ago, and 10s. to 12s. per cwt. a fortnight ago.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—				
GRAIN AND MEAT.				Irish bladders.....				English Southdown, washed per lb. 9½				Best heavy ox and calves				
Wheat, No. 2, N. Man. 496 lb.	26	0	0	American, boxes, 56 lbs.	44	6	47	Queensland, sud. super cmbg.	8	1	0	Best cow	0	24	0	
Barley, Eng. Gas. 496 lb.	6	11	0	POTATOES—				N.S.W. greasy, super	11	0	0	Best calf	0	4	0	
Oats, 496 lb.	7	11	0	Good English, per cwt.	6	6	7	N.Z., grey, half-bred 50-56	10	0	0	INDIGO—				
Maize, La Plata, landed	20	3	0	SPICES—				Topo, Crossbred 40-44	11	0	0	Bengal gd. red-vio. to				
480 lb.	20	3	0	Pepper, per lb.	0	7½		Merinos 70's	23	0	0	fine—per lb.	5	6		
Flour, Lon. stan. ex mill.	21	9	0	Muntok, fair White	0	7½		64's	22	0	0	LEATHER—				
280 lb.	21	9	0	Black Lampong	0	7½		Crossbred 48's	11	0	0	Sole Bends 8/14 lb.—				
Rice, No. 2 Burma, per cwt.	8	1½	0	Cinnamon—1st sort, per lb.	0	7½		Wash, best Ad'ly, ton 19	6	0	0	per lb.	0	10½	1	
Thon, per cwt.	11	0	0	Cloves—Zanzibar per lb.	0	7½		Durham, best gas, f.o.b.	14	6	0	Bar Tanned Sole	1	9	2	
Fair Plate, Singapore.	11	0	0	Ginger—per cwt.	22	6		Tyne	14	6	0	Do. Eng. or W8 do.	0	8	1	
MEAT—				African	55	6		Sheffield, best house, at	20	0	0	Bellies from D8 do.	0	4	0	
Beef, per 8 lbs.	5	0	5	Jamaica, ord. to good.	55	6		Do. Eng. or W8 do.	20	0	0	Dressing tides.	0	11	1	
English long sides	5	0	5	Mace, per lb.	0	8	1	Ro. Eng. Calf, 20/30 lb.	2	6	3	Aust. Bends	0	11½	1	
Argentine chilled hinds	3	2	4	Nutmegs 6's	1	5		SUGAR—								
Mutton, per 8 lbs.	4	0	5	SUGAR—				(Duty, 11s. 8d. per cwt.)	17	0	18	6				
N.Z. frozen	2	4	3	B.W.I., crystallised	17	0	18	Java, white, c. & f. India	7	10½		VERGETABLE OILS—				
Pork, English, per 8 lbs.	3	8	4	June-July	7	10½		Java, white, c. & f. India	7	10½		Linseed, naked, p. ton net	13/2/6			
OTHER FOODS.				REVISED—London—	18	10½		June-July	7	10½		Rape, refined	21/0/0			
BACON—				Cuba Crystals	23	3	23	REVISED—London—	18	10½		Cotton-seed, crude	20/10/0			
Irish	86	0	0	Crushed	21	3	21	Cuba Crystals	23	3	23	Coconut, crude	24/0/0			
Danish	46	0	53	Granulated	19	3	20	Home Grown	18	9	19	Oil Cakes, Linseed, Eng.	14/17/6			
Dutch	50	0	51	Home Grown	18	9	19	TEA—				per ton	9/0/0			
RAMS—				Indian—per lb.	0	58	0	Indian—per lb.	0	58	0	La Plata, p. ton	7/16/3			
Canadian	72	0	0	Pekoe	0	6	0	Pekoe	0	6	0	July-August	9/12/6			
American	78	0	83	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Calcutta—per ton—	59	9		
BUTTER—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	PETROLEUM PRODUCTS—				
Australian	102	0	104	Ceylon—per lb.	0	6	1	Ceylon—per lb.	0	6	1	Motor spirit, No. 1, Lon-	1	3	4	
New Zealand	106	0	108	Pekoe	0	6	1	Pekoe	0	6	1	don	1	3	4	
Danish	113	0	116	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Petroleum, Amer. ref.	1	3	4	
CHOCOLATE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	bri. London per gal.	0	9½		
Canadian	58	0	59	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Fuel oil, in bulk, for				
New Zealand	57	0	57	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	contract, ex instal.				
English Cheddars	94	0	110	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Thames				
Dutch	50	0	57	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Diesel	60	0		
COCOA—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Lubricating oil ex store,	67	6		
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	London—per ton—				
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Palea	9/10/0	24/7/6		
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Reds	10/0/0	16/15/0		
Trinidad	40	0	48	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Cylinder	10/0/0	16/15/0		
Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	ROBIN—				
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	American	13/10/0	24/7/6		
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per ton	13/10/0	24/7/6		
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	RUBBER—				
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	St. ribbed smoked sheet				
Trinidad	40	0	48	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per lb.	0	1½		
Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Fine Hard Para per lb.	0	1½		
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	SEMI-LA—				
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	66	0	67	
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	SHALLS—				
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	W. Aust. M. o. P.	5	0	14	
Trinidad	40	0	48	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	TALLOW—				
Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	London Town per cwt.	30	0		
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	TIMBER—				
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	Swedish 2 1/2 x 3 x 8	per cwt.	17	0	0
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Trinidad	40	0	48	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Trinidad	40	0	48	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Trinidad	40	0	48	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Trinidad	40	0	48	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
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Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
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(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
Acres, f.f. per cwt.	24	0	29	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
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(Duty, British grown,				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
11s. 8d. foreign, 14s. cwt.)				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
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Grenada	38	0	39	Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
COFFEE—				Orange Pekoe	0	6	1	Orange Pekoe	0	6	1	per cwt.	17	0	0	
(Duty, British grown,				Orange Pekoe	0	6										

completion of the War Loan Conversion scheme, and that a different state of affairs may obtain in the autumn. The prevalent ease, however, is readily explained by general and well-known causes, and there is no reason to suppose that there has been any change in policy since a few months ago. If, as is not impossible, money becomes firmer in the autumn, it will again be in all probability due to natural causes.

In the meantime discount rates also remain very low. Somewhat to the disappointment of the market, which had hoped for a more remunerative rate, last week's Treasury bill issue went at 10s. 10.92d. per cent., or only 4.08d. per cent. above the record low rate of the previous week. Since then hot Treasury bills have changed hands at $\frac{1}{2}$ per cent. and at $\frac{3}{4}$ under. Prime three months' bank bills are generally quoted at $\frac{1}{2}$ per cent., but as a rule business would be missed at this rate, and some parcels have changed hands as low as $\frac{1}{8}$ per cent. Even standstill bills can be dealt in at $\frac{1}{2}$ per cent. if they carry a London clearing bank name. Rates on other standstill bills range up to 2 per cent.

Inquiries show that very little "dissented" War Loan is coming into the discount market. Some of the banks are prepared to accept it to a limited amount as a 4-5 months' bill as security against short loans, but there is practically no demand for this facility. Even in cases where War Loan was lately acquired as a "short," its new owners are now applying for its conversion, and the impression in the money market is that large quantities are being turned in for conversion during the last few days of the month by holders who waited deliberately until the last moment in order to see how matters developed. For various reasons it is not expected that much "dissented" War Loan will ever come into the money market.

	July 7, 1932.	July 14, 1932.	July 21, 1932.	July 28, 1932.	Previous Rate and Date Changed
Bank Rate	2%	2%	2%	2%	2½ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses' Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1½ (May 12, '32)
Market rate ("hot" Treasury bills).....	1-1½	1	1	1-1½	...
Market rate (3 months' bank bills)	1-1½	1-1	1-1	1	...
Market rate (standstill bills)	1½-2½	1½-2½	1-2½	1-2	...

One view taken by bill brokers is that as the unconverted War Loan is due to be repaid on the same day as the payment of the dividend, it will be a particularly useless maturity; for it will put its holder in funds just when there is a temporary glut of money. This view rather tends to overlook the fact that the Government will probably issue in the autumn a short-dated bond in order to cover the repayment of unconverted War Loan; and it is not impossible that December 1st will be chosen as the day for one of the calls on such an issue. As matters stand, the Government could readily place a five-year 3 per cent. bond, perhaps at a shade over par, or a two-year bond issue at an even lower rate.

Considerable interest is taken in the recent improvement in the dollar. It is reported from Paris that this week the Banque de France has been selling francs for sterling, and without this support it is thought that the New York-London rate might have fallen below \$3.50. To some extent the appreciation of the dollar is a seasonal movement, which this year is occurring earlier than usual. Large transactions have been put through in London to cover impending movements of tobacco, while cotton bills drawn in Liverpool are also beginning to come forward. Now that the gold standard is suspended, wide seasonal movements in the exchange must be expected.

There is, however, another factor at work, namely a steady flow of investment money from Europe to the

United States. In part it is being attracted by the low prices to which even many relatively sound American securities have fallen, but the reduction in British long-term interest rates set in motion by War Loan Conversion is an obvious factor, and it is possible that a certain number of Continental holders of War Loan have been selling in London and re-investing in America. This, again, is a perfectly natural movement, and one that need cause no anxiety.

The only change of importance in the Bank return is a pre-holiday increase of £3.5 millions in the note circulation. The Bank added a further £1.1 millions to its gold stocks, which now stand at £137.7 millions, an increase of about £17 millions since the spring. As compared with the situation a year ago, allowing for the day's difference in the date of the return, there is an increase of £10-£15 millions in the circulation. This, however, has to be discounted in part by the consideration that gold ornaments sold during the "gold rush" may have been sometimes replaced by small-scale hoarding of notes.

On Monday the American Government announced their new financing arrangements. These include an issue of \$325.0 millions in two-year 2½ per cent. bonds, and one of \$325.0 millions of four-year 3½ per cent. stock. These amounts will cover the \$227.0 millions of Treasury certificates, maturing on August 1st, and will provide the new funds needed by the Reconstruction Finance Corporation. The news created a good impression upon Wall Street, especially the intimation that part of the proceeds would be allocated to the Reconstruction Finance Corporation. Call money was quoted this week at 2 per cent. and open market discount rates at $\frac{3}{4}$ -1 per cent. for 90-day bankers' acceptances.

Quietness characterised the foreign exchange market throughout the week, but the general tendency was adverse to sterling. New York went from 8.56½ to 8.52, and Montreal from 4.10½ to 4.04. Paris also improved, but less sharply, from 91½ to 90. Brussels gained 32 points at 25.48, Milan 7 at 69½, and Madrid 1 at 44. Amsterdam was 10 points better at 8.76, and Berlin appreciated rather sharply to 14.84, as did Switzerland to 18.11. The Scandinavian currencies again reacted differently, Stockholm being unchanged at 19.48, whilst Oslo improved by 13 points to 19.95, and Copenhagen by 1 point to 18.55. The South American currencies are still largely nominal, and remained unchanged; Rio at 5½d. (sellers), Buenos Aires at 34½d. (nominal), and Montevideo at 29½. In the Far East there was a weakening tendency in the yen, which fell away by ½d. to 1s. 8½d., whilst the rupee was unchanged at 1s. 6½d. Batavia improved by 10 points at 8.85. In the forward market fluctuations were fewer and not so wide, dollars being quoted at ½ cent discount for one month and at 1 cent discount for three. Paris one month was unchanged at 1 centime premium, but three months' delivery was dearer than last week at a premium of 3 centimes. Brussels weakened rather sharply to 5 and 12 centimes discount. Milan was firmer at narrower discounts of 1 lira and 1 lira. One month's Madrid at 1½ peseta discount was 1½ better than last week, but three months' delivery was weaker by 1 at 1 peseta discount. Amsterdam was unchanged at 1 cent discount for both deliveries. Switzerland was rather weaker at 1 centime and 1 centime premium. The silver market was quiet, and prices improved on a little China and speculative buying, by 1½d. for cash at 17½d., forward being unchanged at the same level. The China silver exchanges advanced with the cash quotations, Hongkong being dearer by ½d. at 1s. 3½d. and Shanghai by ½d. at 1s. 8½d.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

THE REAL ARMAMENTS PROBLEM.

THE closing days of debate in the General Committee of the Disarmament Conference, described by our League correspondent in his letter on a later page, added little which is material to the text of the resolution, whose terms we summarised in our last week's issue, recording the progress made towards agreement and laying down the lines of procedure for the next stage of the Conference. Mr Hugh Gibson, for the United States, tactfully acquiesced in the inevitable, and, in announcing that he would vote for the resolution, admitted that it was the maximum of agreement that could now be achieved. Sir John Simon gave the offspring of his draftsmanship a doubtful benison by observing that it "contained no commitment that was contrary to the essential convictions of anyone." M. Herriot intimated France's wholehearted adherence, though he made in advance some awkward reservations in respect of future treatment of effectives. The Italian and Russian representatives both roundly declared that to pretend that any substantial measure of agreement had been reached was farcical. Herr Nadolny, for Germany, announced bluntly that his Government was not satisfied with the Conference's progress so far, and could not undertake to continue its collaboration failing a clear and definite recognition of the equality of rights between nations. Spokesmen of the minor Powers were mostly critical; and in the end, though the resolution was passed by 41 votes in favour, against the two adverse votes of Germany and the U.S.S.R., eight nations, including Italy, Austria, Hungary, Bulgaria and Turkey, significantly abstained from voting.

We have no wish to scoff at the efforts of the statesmen assembled at Geneva during these five unfruitful months, nor to belittle their difficulties; yet we should have been happier had the spokesmen of the leading Powers who voted for this resolution refrained from claiming quite so unctuously that they had achieved progress in any way commensurate with the fine phrases with which the Conference began. There is little need to rehearse in detail the points of agreement conditionally reached. So far as agreed steps towards reduction of armaments are concerned, the Conference has adjourned with no single firm decision taken; and as for its programme for the future, it did not need the concerted efforts of the world's leading statesmen to draw up a promising agenda. Though we welcome the fact that the Conference is still in being, that the Armaments Truce is prolonged for a further four months, and that next January will afford one more chance of realising better results, there is substance in the Italian criticism that if the statesmen endeavour to persuade their countries that worth-while steps have now been taken towards solving the armaments problem, so that public opinion may rest content with what is being done, they will be enacting a dangerous farce. There is more need than ever that, in the light of the limitations which the Disarmament Conference has hitherto displayed, pressure of public opinion should be more than ever intensive.

But if the general will of the peoples of the world to be rid of fear of imminent war and to be relieved of the staggering burden of armaments is to become effective, then there is need for clear thinking as to the various possible objectives which the second stage of the Disarmament Conference can pursue. Already it is being suggested in some quarters that the first stage of the Conference ended in something barely distinguishable from failure, for the simple reason that it endeavoured, under the pressure of peace enthusiasts, to do too much. Clearly it is idle for peace-lovers to cry for the moon; and, short of complete universal disarmament, the maximum success conceivably attainable must partake to some extent of the nature of a compromise. If we hold, as we do, that any agreement which falls appreciably short of the sort of reduction of armaments contemplated in the Hoover proposals must be regarded as a failure, we must be prepared to show cause why lesser alternatives would be an inadequate solution.

As we see it, there are five possible objectives which, after the adjournment and following next autumn's preparatory work by the Bureau, the Conference in its second stage might pursue. Firstly, it might abandon as hopeless under existing conditions any attempt to achieve an actual reduction of present forces. It might concentrate, as some advocates of a "realist view" are now suggesting, on an endeavour to secure an effective, scientific limitation of armed forces at their present level. Such a result, it is argued, would remove the dangers which have arisen in the past from competitive arming and would lessen the risk of an explosion occurring from accumulation of inflammable material. The argument is plausible; but it breaks down hopelessly on one fatal obstacle. An agreement on these lines would mean, in fact, the stereotyping of the existing balance of military power in Europe, and that is a situation in which the Central Powers defeated in the Great War will ultimately—perhaps inconveniently soon—refuse to acquiesce.

Secondly, the Conference might confine itself to attempting to make further progress with agreements to "humanise" war by eliminating armaments which have been criticised as peculiarly repugnant in their effects to the civilised conscience, such as bombing aircraft, submarines, or long-range chemical or explosive shells. Given the exigencies of war, it would be difficult to feel much confidence that any agreement on these lines would be worth the paper on which it was written; for, in the last resort, a nation which resorts to hostilities will always—and with logic—apply unrestricted force against its adversary. Nor would it be easy to derive much satisfaction from the attainment by the Conference of a third possible objective, namely, the elimination of weapons, e.g., large mobile guns and tanks, which are considered to facilitate the offensive. If the desideratum be so limited, the corollary is that we should approve the strengthening of "defensive" armaments. But is a solution of the problem really to be sought in dotting every frontier in Europe with a chain of impregnable fortifications?

We come then to the fourth possibility, which is that the Conference should take refuge in an endeavour to lighten the cost of armaments. In so far as this represented quantitative reduction, it would be a step in the right direction; and any relief from the financial burden of fighting forces would naturally be popular with the taxpayer in all countries. Though, as between the naval Powers, it should not be unduly optimistic to hope for agreement to reduce all round the numbers of existing capital ships as well as the future size of unit tonnage, the difficulties of securing all-round reduction of land armaments on these lines are much greater. Moreover, even were it possible to reach universal agreement on methods for cheapening the cost of preparing for war, could we be satisfied that we should thereby have rendered the chance of war much more unlikely?

Thus we arrive at the conclusion that there is no satisfactory course for the Conference to pursue but to endeavour to attain the only remaining possible objective, which is the progressive reduction of armaments towards the conception of "police" components offering no threat to the security of neighbouring countries. But to hope for much better progress in this direction next winter than has been achieved in the Conference's first stage is clearly idle, unless by their declarations and their policies the statesmen of the leading Powers can satisfy each other that they do not in fact intend war upon each other. If there is really no danger of war between civilised peoples in this generation, the maintenance of the present level of armaments in an economically impoverished world is lunacy. If there is a real danger of war, then not only the Disarmament Conference, but the civilisation of the world is under sentence of death. We cannot hope to resume the forward march of material prosperity; we cannot exploit the progress of scientific knowledge or take the necessary steps to revitalise the international trade which is the condition of our mutual advancement; our conferences for

the purpose of re-establishing the economic and financial system of the world can only lead to disappointment; in short, we can have no confidence between the nations so long as we are preparing to smash the foundations of international life by reverting to the use of force.

The proceedings at Geneva during the past five months have shown that no substantial progress towards disarmament can be made on lines of technical *expertise*. The problem is now revealed nakedly as one of re-establishing simply the sense of political security. Is it too much to hope that between now and next January the statesmen of Europe and, not least, those of Germany, will weigh the awful responsibility that will rest upon them if, in defiance of the will of the great masses of the peoples, they so fail to satisfy their *confrères* of their sincerity in abjuring aggression that no single nation is willing to abate what it conceives to be its essential present preparations for hostilities?

OTTAWA.

It is much too soon to attempt to estimate the progress of the Ottawa Conference. The issues involved are of such magnitude that it would indeed be foolish to expect that the basis for any far-reaching agreement could be hammered out in a week. Since the opening day committees have been busily at work; and though none of the Dominions would wish to give such an impression, the fact that the Dominion delegates have been discussing informally among themselves what advantages in the British market they would like to have accorded to them, has resulted in the Conference tending to take on the appearance of an argument between Britain, on one side of the table, and Canada, South Africa, Australia and New Zealand on the other, with India and the Irish Free State looking on. Mr Bennett's famous offer of concessions to Great Britain, mentioned on the first day, has not yet seen the light, so that it is impossible to tell yet whether any serious advantages are to be offered to British trade; but it is at least clear that, on the other side of the account, Great Britain is to be invited to put a tax on meat and dairy produce, in order to be in a position to give preferences to the Dominions, and is being asked to prohibit or, if that is impossible, to control and restrict imports from Russia—a move which would have very far-reaching political effects, would prejudice the results of our export credits policy, and would create fresh difficulties in world markets by forcing Russia's exports into new channels.

Until more authoritative news is forthcoming, it is useless to discuss the details of schemes which may prove to be no more than idle rumour. Meanwhile, it is evident that at the end of this first week there is creeping into the reports from Canada and into the comments of the Press a note of disillusion, represented by the Canadian newspaper which regretfully observed that the change of Government in Britain has produced less change in the fiscal outlook of the country than the Dominions had expected. Perhaps it would be truer to say that the experience of the last ten months has had the effect of considerably modifying the outlook of the Protectionist section of the Cabinet, and has brought home the paramount necessity of doing something to restore international trade. But, whatever the correct diagnosis in this respect may be, it may be convenient, while waiting for more specific news from Ottawa, to consider wherein lies this divergence of outlook between the Dominions and Great Britain.

In the first place, there stands out the contrast in viewpoint revealed in the speeches at the opening meeting. On the one hand, there is the opinion voiced by Mr Baldwin which regards existing tariffs as one of the chief obstacles to trade and looks to a reduction of tariffs as an essential step towards restoring both Empire and world prosperity. Many of the Dominion speakers followed Mr Baldwin in paying lip-service to this view, but in fact what they are all demanding of Great Britain is that we should increase our tariff against other countries in order

to give the Dominions preferential advantages. Meanwhile, none of them have so far shown any considerable willingness to make reductions in their own duties. It is true that Mr Bennett has suggested in very general terms that he is ready to make some reductions in favour of British goods; but in the same breath he makes his concession valueless by trotting out the old Protectionist folly that the duty must continue to balance the higher cost of production in Canada. This "compensatory principle," which was laughed out of court at the World Conference of 1927 when brought forward as a possible "scientific" basis for settling the world's tariffs, is of course the doctrine enshrined in American tariff legislation, and, if systematically applied, inevitably leads to higher and higher tariffs. It is really amazing that, in this year of grace, a doctrine which deliberately proposes to cancel out the whole economic advantage of international exchange should be seriously put forward at a conference whose main business is to get trade going again. If this is all Canada has to offer, her proposition is worthless.

So long as the Dominions can hope to improve their own position by capturing some of the trade which at present is done in Great Britain by foreign countries without at the same time having to face the odium of reducing the tariffs which protect their own interested industries, they will naturally follow the line of least resistance. Yet it cannot be too clearly stated that fresh taxes imposed to give preference to the Dominions cannot possibly result in an improvement in the world's position. On the contrary, it is bound to make things worse. Take, for example, the vexed question of meat. If the preferential duty is to be of any good whatever to the Dominions, it must raise prices in Great Britain; but, if it raises prices, there will be less meat consumed. It is true that more may be obtained from one or other of the Dominions, but the total volume of trade must suffer. There is no possible escape from this dilemma; the process of diverting trade out of its natural channels must inevitably be costly and reduce the total amount of business. Mr Baldwin is perfectly right in suggesting that the only way in which the Conference can help matters is by bringing about a reduction of duties, which will have the effect of increasing trade. We sincerely trust that he will have the courage to stick to his guns.

Another aspect of the difference in attitude between Britain and the Dominions is the extraordinary idea which seems to prevail in certain circles that the Dominions have behaved much better to the Mother Country than the Mother Country has behaved to them. Fanciful figures are quoted of the benefits which the Dominions have conferred on the Mother Country by their preferences, while the unfortunate Dominions have had to compete on equal terms with foreign countries in the British market. This is a travesty of the case, for the facts prove that the boot is entirely on the other leg. It is true that the Dominions have given preferences to the Mother Country, but it is notorious that most of them have put high duties against British goods. If our own products have been kept out, it is little comfort to know that the duties against foreigners are higher still. Some six or seven years ago the Balfour Committee reported that British trade was being impeded at least as much by Imperial tariffs as by foreign tariffs. Since that time the Dominions have taken the lead in pushing their tariff walls higher still. The Dominions, on the other hand, have had free entry into the greatest market in the world; their agricultural and industrial enterprises have been fed in abundance—possibly even in too great abundance—by British capital on very favourable terms; and under this regime they have waxed prosperous and been able for many decades to maintain an exceptionally high standard of living. Dominion statesmen who complain of the treatment which they have received in the British market should reflect upon the fact that in the case of every single one of the self-governing Dominions the proportion of their exports which they sell to the Mother Country is much higher than the proportion of their imports which they buy from her. It is the parent, not the offspring, who has cause for complaint.

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The disillusion, however, which is now spreading at Ottawa springs not merely from differences in point of view, but from practical considerations. The discussion of the wheat problem, for example, has provided a very illuminating lesson in elementary economics. In recent articles we have pointed out how little the Empire has to gain by a preference arrangement or a quota system for wheat in view of the fact that the Empire is a net exporter to other countries, and that it would be cutting off its nose to spite its face if it did anything which would tend to lower the general world price. The competent authorities in Western Canada came to this conclusion some time ago after careful consideration. But apparently Mr Bennett was not advised of this, and, having endeavoured to make the wheat question one of the issues of the Conference, he invited these wheat authorities last week-end to meet and reconsider the situation. On reflection they reaffirmed their previous view, and Mr Bennett is now in the position of putting forward proposals regarding wheat without the moral support of his own wheat provinces. His programme, indeed, offers little attraction to the Western farmers, who obstinately stick to the view that their interests can only be served by lower industrial tariffs.

Nor are the exponents of the doctrine of diverting trade into the Empire faring very much better in regard to other products. In the case of meat, for example, the truth of the matter seems to be that nothing short of an almost prohibitive duty would, in fact, divert the Argentine meat trade to the Dominions. They, indeed, have not the means of taking over this trade, and could not do so for many years to come. In the circumstances the only effect of a duty would be that our consumers would pay more.

Clearly, this bargaining business must be very carefully handled if we are to escape the heartburnings and suspicions which are so liable to arise the moment an attempt is made to substitute a commercial bond for the sentiment which has hitherto held the Empire together. If the former were really the better way, we should at least have expected some grateful recognition of the fact that Great Britain, which has recently imposed duties varying from 10 to 38½ per cent. on trade amounting in 1930 to some £500 millions, has left entirely free that portion of it—amounting to over £100 millions—which comes from the Empire. But we have seen no reference to this very substantial advantage in any of the speeches of Dominion statesmen—except the request that in certain cases, e.g., butter, the margin should be increased by the imposition of a heavier foreign duty. The Dominions also seek to ensure that these privileges should be maintained for a period of years. But this no Government can guarantee; for it is a matter on which the last word rests with the electorate.

The blunt truth is that at Ottawa Great Britain is meeting countries in which protectionist sentiment and protectionist modes of thought are as deeply entrenched

as in any part of the world; in which the level of protection—following the lead of the United States—has steadily risen; and whose exporting industries have not been able to overcome the influence of the protected trades. In the circumstances it will be an uphill fight to obtain results from the Conference which will really contribute to the expansion of international trade.

COAL IRRATIONALISATION.

HAVING been assured of the continuance of the statutory output quota and price-fixing machinery for five more years, British colliery owners are now understood to be considering how the defects which have been revealed in the working of the scheme can be remedied. There is substance in the claim that in the chaotic situation into which the industry has been allowed to drift some system of regulation was necessary, and that the quota and minimum prices have arrested a fall in prices which was threatening disaster to the producers; but experience has justified the criticism of those who in 1930 insisted that to apply the quota and price-fixing system to hundreds of separately-owned small or medium-size mines, without any guarantee of other reorganisation measures, was a cumbersome and ineffective method of attacking the whole problem.

There has been little advance during recent years towards greater aggregate efficiency in the industry as distinct from the efficiency of individual progressively administered mines. In the still deeply depressed state of the industry the closing of collieries, whether intermittent or permanent, has been dictated as before by financial pressure and not by the technical considerations which would contribute to the well-being of the industry as a whole. The unification movement, called for by all technical and scientific advance in the sphere of fuel and power, has not been accelerated, despite the efforts of the Commission set up to promote amalgamations; there is some evidence, indeed, that it has been retarded, as witness the recent statement of the chairman of Manchester Collieries, Limited, Mr Joseph Ramsden, that negotiations initiated by that company for the complete unification of the Lancashire coalfield had broken down, mainly on the question of finance. The implication of a carefully guarded statement seemed to be that some concerns, assured at least of a precarious existence by the quota, were holding out, as the price of absorption, for better financial terms than their true value as part of a larger organisation would warrant.

Price-fixing within the rigid limits prescribed by the Act of 1930, which permits only one price for each class of coal without regard to the market for which it may be intended, has not abolished price cutting by one district at the expense of another. It has simply induced a district which intended to invade another district's territory to adopt a lower schedule of prices. This has evoked many protests.

Methods and costs of distribution have, so far, been virtually untouched by the operation of the scheme, and there is no evidence that progress has been made towards the establishment of central selling organisations. Nor is there any indication that the position is now being surveyed from the wide viewpoint necessary if all these matters are to be considered with the care which their importance warrants. In the speech to which reference has been made above, Mr Ramsden suggested that complete unification would go a long way towards solving the difficulties of the industry in the Lancashire coalfield, especially on the selling side. It would, of course, bring about centralised selling automatically, and the same thing would happen wherever a coalfield is suitable for the constitution of one ownership group, as in Northumberland and the smaller districts. In South Wales, Durham and the Midland areas, where considerations of the "economic unit" would probably lead to the formation of several amalgamated groups in each area, the spirit of co-operation necessary for central selling organisation has still to be fostered, and a national lead would clearly be helpful. There is no evidence that such a lead is being given, either by the Mining Association or by the Central Council which administers the national side of the quota and price-fixing scheme. Lord Aberconway has stated that in certain districts there is a "strong feeling" in favour of organised selling, and that this matter is being thoroughly investigated, but there is also much opposition to the idea. Mr Ramsden considers that "drastic reform" in distribution is necessary to reduce a margin between producer's and consumer's prices which is much too wide, but little has been heard lately of a movement inaugurated a year or two ago with the object of achieving a thorough-going rationalisation of distribution.

Under present circumstances, it is perhaps significant that the only suggestions that can be described as official, and as being put forward by a fully representative body in the industry, seem to be limited to a further attempt to adapt the quota and price-fixing scheme to the existing organisation of the industry. The suggestions are contained in a memorandum recently issued to the colliery owners by the Central Council, and it is said that they are the fruit of some months of consideration of the working of the scheme. The Council appears to be concerned almost entirely with the failure of the present arrangements to prevent district price competition; and if its proposals were accepted the remedy would be the institution of five area quotas in place of the existing two. There would still be the national quota, but instead of the allocation of this in the form of one district quota in each area there would be a separate quota for the inland market and the export market. Then in each district there would be a separation of the inland quota into deliveries within the production district and deliveries in other parts of Great Britain. How this could be extended to the individual colliery quota is not explained.

The counterpart of this tangle of complications in relation to prices would be the amendment of the 1930 Act to give power to fix different minimum prices for a particular class of coal according to the market in which it would be sold; and conferment of authority on the Central Council to co-ordinate minimum prices when districts failed to agree, and to impose penalties on district executive boards for default in fixing or enforcing minimum price schedules. Finally, as a recompense to the exporting districts for acquiescence in this limitation of their freedom to dump into adjoining districts the coal they cannot now sell abroad, the inland districts are urged to agree to a general levy for the support of the export trade.

The Westphalian system of regulated production and sale, which has been evolved by the contrary process of adapting the organisation of the industry to the system, is simplicity itself compared with the intricate machinery now recommended for Great Britain. With about ten groups controlling production in an industry highly organised for the scientific utilisation of coal, selling in Westphalia is directed by a single co-operative body which can allocate orders to secure the minimum cost of transport. While single pithead prices are fixed for each class of coal for accounting purposes, the Syndicate's selling price policy outside the "uncontested" or non-competitive in-

land areas is extremely flexible, and the aggregate difference between prices realised and the pithead prices is made up by a general levy on all coal produced, with a modification for the tonnage used by the "mixed" concerns in their own works. The large groups find no difficulty in balancing their total production within the quota, and if a surplus of any particular kind of coal accumulates (one is writing of normal trade conditions, not of the present abnormal depression) it can be disposed of at special prices instead of remaining unsaleable at rigid minimum prices. The position in Great Britain, with its separate coalfields, must be much more difficult in any case, even if a large measure of unification were attained, and central selling established in each district; but it would not be impossible, given good will and an "industry outlook," to work up from this to full co-ordination of selling policy through a national committee on relatively simple lines similar to those just described. There is scarcely room for doubt that, if compulsory control of output and prices is to be permanently imposed on the industry by law, efforts will have to be concentrated on radical reorganisation to simplify the control, instead of on measures to complicate it. Above all, there must be sustained effort to make production more remunerative by eliminating waste and unnecessary costs, rather than by the facile expedient of raising prices to consumers. From all these points of view the proposals of the Central Council—if they constitute the sole contribution of that body to the solution of the problem—can only be regarded as ineffective, lacking in courage, and barren of promise for a better era for the industry.

THE POSITION OF LANCASHIRE.—I.

(BY A CORRESPONDENT.)

EVEN to-day, with all the experience accumulated since the war, a clear view of the present position of the British cotton industry can only be obtained against a background given by the position of the industry as it used to be. In 1913, when the productive capacity of the industry was fully employed, production comprised about 1,950 million lbs. of yarn, and about 8,000 million linear yards of cloth. At that time exports absorbed, directly, about 11.18 per cent. of the annual production of yarn, and about 85.87 per cent. of the annual production of cloth was sold abroad; the exports from the United Kingdom represented between 60 and 70 per cent. of the total of international trade in cotton goods. Thus the activity of the industry was supremely dependent upon the maintenance of its export trade. During the war, and in the years immediately succeeding, international trade in cotton goods was at a lower level than before, but, in 1924, when world cotton trade had recovered to within measurable distance of the pre-war amount, the estimated production of cotton yarn in the United Kingdom had declined to about 1,350 million lbs., and that of cloth to about 5,590 million linear yards, the estimated proportions exported being 13 per cent. and 83 per cent. respectively. This meant that in 1924, as compared with 1913, yarn exports from the United Kingdom were less by about 22 per cent., and piece-goods exports by about 35 per cent. The relative position of the United Kingdom between 1924 and 1931 in yarn production and in the export of piece-goods is indicated in the following table*—

Year.	Production of Yarn.†		Export of Piece-Goods.**	
	World.	U.K.	World.	U.K.
1925	117	113	106	100
1926	120	96	98	87
1927	126	106	106	93
1928	122	96	103	89
1929	124	94	105	84
1930	107	68	79	56
1931	108	69	63	42

Among the striking features of this table are the large increase in world yarn production between 1924 and 1929

* For a large proportion of the figures given in this article, the writer is indebted to the Cotton Trade Statistical Bureau. The Bureau has, of course, no responsibility for the views expressed.

† Estimated from returns of mill cotton consumption, excluding waste yarn.

** Value of exports re-valued at 1924 prices.

and the failure of the United Kingdom to share in the increase. Britain also failed to retain her 1924 proportion of the volume of international trade in piece-goods, which in the meantime had not greatly increased. The effect of the world slump is revealed in the figures for 1930-31. In 1930 the estimated production of cotton yarn in the United Kingdom declined to 920 million lbs., and the production of cloth to 3,100 million linear yards, the yarn exports amounting to 65 per cent. and the piece-goods exports to 35 per cent. of the 1913 quantities. Between 1924 and 1929 there is no good reason to think that the home market declined, or that it was smaller in 1924 than before the war. In 1930, however, there was a considerable shrinkage in this market estimated at some 20 per cent.

Thus, when the present position of the cotton industry of the United Kingdom is seen against a background given by the pre-war position, the central feature is that the industry has lost a large proportion of its export trade in piece-goods. Exports of yarn, as yarn, have been fairly well maintained, but these exports were but a comparatively small proportion of the industry's production of yarn. The second feature is that this loss continued during a period when there is every reason to believe that the world's consumption of cotton goods was largely increasing, and when international trade in these goods was not declining. On the one hand, the trade has been lost to national industries which have come to provide a larger proportion of the supply in their home markets and, on the other, there has been loss to outside foreign competitors.

The markets in which loss has been experienced and the position as regards foreign competitors are shown in the next two tables:—

EXPORTS OF COTTON PIECE-GOODS FROM THE UNITED KINGDOM.

	Average 1909-13 Million Yards.	INDICES. 1909-13 = 100.				
		1924.	1928.	1929.	1930.	1931.
India (including Burmah)	2,508	62	58	51	29	16
China and Hong Kong...	587	55	35	36	12	14
Rest of Far East	574	58	62	56	28	17
Central & South America	798	63	59	58	40	27
Europe	362	122	92	83	76	70
Near East	824	74	48	42	32	30
Africa	316	88	114	94	101	57
Australia and New Zealand	214	86	81	92	75	70
United States & Canada	146	145	57	49	35	27
Total (all countries)	6,482	71	61	58	38	28

PERCENTAGE SHARES OF WORLD EXPORTS OF COTTON PIECE-GOODS. (Based on Value.)

Countries.	1924.	1928.	1929.	1930.	1931.
United Kingdom	54.6	46.9	44.2	40.0	35.3
Japan	10.8	14.7	17.5	18.0	23.4
France	7.4	7.2	7.2	8.6	7.7
United States	6.3	6.9	7.0	6.8	6.9
Italy	5.9	6.2	6.2	6.2	7.0
Czechoslovakia	4.0	5.0	4.7	5.3	4.4
Belgium	1.3	2.7	2.8	3.8	3.5

These tables require little comment. The first shows that the larger percentage loss of piece-goods trade has been in the large markets of the Far East, Near East and Central and South America, and the smaller percentage loss in the comparatively small markets of Europe, Africa, Australia and New Zealand. Up to the end of the post-war slump the loss was mainly due to reduced consumption in these markets and to competition from home industries; between 1924 and 1929 it was mainly due to external foreign competition on which the second of the above tables throws some light. Evidently all the countries mentioned except the United Kingdom have made some headway in recent years; but the outstanding competitor has been Japan. Before the war Japanese competition in the world markets had not become serious, but, when the war concluded, a secure footing had been gained in the markets of the Far East, where Japanese trade has continued to expand, and, at the same time, to extend to the markets of the Middle and Near East, Africa, and to America. The change in the pre-war position of the cotton industry of the

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United Kingdom is, therefore, that while the industry is still, with some qualifications, equipped to carry on its pre-war amount of international trade, there are now many competitors in the field, each striving for a share of the trade which, in the meantime, owing to the growth of cotton industries supplying their home markets, has but little, if at all, increased.

The obvious reaction of the change is seen in the internal problems of the cotton industry of the United Kingdom, which, as the years have passed and trade has declined, have become increasingly difficult. The desirable solution, of course, would be such an expansion of the industry's trade as would again fully employ the existing equipment, but probably no one now expects that this will be realised in the near future. Its realisation would require either that trade should be regained from national industries in their home markets, and in face of external foreign competition, or that there should be a large general expansion in which all might share. Failing this expansion, which at present seems far remote, the first possibility would probably be countered by the use of protective tariffs; and, in view of the trend in recent years, and of the fact that during this period the large majority of the concerns of the cotton industry of the United Kingdom have been working on an unprofitable basis, it is impossible to feel optimistic concerning our competitive capacity internationally. The tremendous immediate problem is how to reverse this trend and restore the industry to a stable profitable basis.

HOOVER v. ROOSEVELT.

(BY A CORRESPONDENT.)

THE four-yearly bout for the Presidential belt has opened. The seconds are out of the ring, and Herbert Hoover, the Republican holder, faces Franklin D. Roosevelt, the Democratic challenger. The referee is the electorate of the United States. The verdict will not be given until November; and it is largely because of the long-drawn-out nature of the contest that few Americans, outside the ranks of blind partisans, venture with any confidence to forecast the result. In Wall Street, where the desire for a Roosevelt defeat is stronger than the enthusiasm for a Hoover victory, the betting odds a week or two ago were "evens." For the next three months the fortunes of the contestants will sway this way and that; and fundamental forces may be lost sight of in the frenzy of combat. But to-day the atmosphere is not yet too misty to discern some of the main factors upon which the issue will depend. Let us glance, then, at the prospect as the respective party "fans" see it to-day.

The Democratic partisans of Mr Roosevelt base their confidence in his triumph on two main arguments. They argue, firstly, that Mr Hoover, elected on the prosperity cry, has been in power during three years of deepening and unprecedented depression, for which much of the blame will be imputed to him personally by the electorate; secondly, that, although it may be true that normally there are more Republicans than Democrats in the United States, there are certainly more "wets" than "drys," and the "wet" plank in the Democratic platform will sweep many luke-warm Republicans, for this once anyhow, into the Roosevelt camp. There are other argu-

ments, of course, in vogue—but these two transcend others in importance. What is their substance? Of the two, the argument based on the drink question is undoubtedly the stronger. No one can visit America in these days without realising the tremendous sweep of opinion that has taken place, especially in the East, in favour of the repeal of the Eighteenth Amendment. It is held, therefore, by some to be inevitable that with the South presumably solidly Democratic in the circumstances of the present campaign, and with anti-Prohibition feeling the predominant influence in the East, Mr Roosevelt's challenge constitutes one that all the Republican forces cannot resist. It would be rash, however, to accept that conclusion offhand. It is open to Mr Hoover between now and election day to make any number of cautious advances on the question of Prohibition, and it is thought by some shrewd observers not to be impossible for him to make such advances in a way that an adequate body of "wet" Republicans will be sufficiently placated to prevent them from actively supporting the Democratic platform. If that happens, liquor may lose its present place as the dominating factor in the campaign.

If that is so, then the election would appear to turn mainly on the question how far the country will blame the President for the depression which has occurred during his term of office. Americans are no less prone than other nations to impute against their rulers the misfortunes brought about by natural causes; and if the Presidential elections had taken place a few months ago there can be little doubt that the electorate would have decided by a large majority to change the colour of their Administration. But the American people, like other nations, have now had time to learn that the depression is common to all countries and that no Government in the world has been able to resist it. Therefore the insistent effort designed to prove that the depression is in no way Mr Hoover's fault is rapidly gaining ground, and has now reached a point at which the Republican campaigners hope successfully to follow it up by maintaining that, so far from being guilty of inaction in the face of the crisis, Mr Hoover and his colleagues have taken bold, adequate and successful steps at every fresh turn of the emergency. Three months of intensive campaigning is a long time, and though no great upturn in the economic situation is expected before November, it is not impossible that Mr Hoover will gain as much as he would have gained from economic improvement by the broadcast argument that it is dangerous to change horses in the middle of a flood. Again, the Republicans point hopefully to the fact that, although depression breeds discontent, after depression has lasted for a certain period there tends in many countries to be a definite swing not to the Left, but to the Right. If the election were held to-morrow a gambler would probably be justified in risking all he could afford upon backing the chances of Mr Roosevelt; but to make that wager with polling on November 8th is a very different matter. And, indeed, as so often in American elections, it may be that minor issues will tilt the balance one way or the other.

At the outset of his candidacy Mr Roosevelt is faced with an extremely awkward decision, which may react substantially on his Presidential chances. To him as Governor of New York falls the duty of studying the charges made against Mayor Walker and of deciding whether to dismiss him from office or not. It is held by some that, by dismissing Mayor Walker, Mr Roosevelt would give an exhibition of strength that would win him greatly increased prestige, and do much to counter the charges of "political flabbiness" which are so freely levelled at him in the East. Equally, it is held by others that the taking of this decision would mean that the powerful forces of Tammany would no longer give him really active support, and that he would therefore lose the vital key State of the East.

Controversy over the Reconstruction Finance Corporation is another factor which may exert substantial influence on the course of the campaign. In well-informed American financial circles the salvage work achieved already in a few months by the R.F.C. is acclaimed as vital and successful. In such circles the feeling is that,

had it not been for this organisation, the worst fears entertained earlier in the year might have been realised. If there is now a growing confidence that the banking situation has been held up and hoarding checked, this is attributable mainly to the work of the R.F.C. But to the man in the street the operations of this corporation are suspect. By mass opinion it tends to be looked upon as an organisation whose function is to salvage "big business" with the taxpayers' money—and "big business" since the coming of depression is badly out of favour. It is likely, therefore, that the Democrats might successfully play upon the alleged shortcomings of the R.F.C. to discredit the Hoover administration. This danger has been fully realised at the White House, and the President, after a diligent search, has secured a well-known Democrat to succeed Eugene Meyer as the corporation's chief. By this means some at least of the popular odium attaching to the R.F.C. may be shifted off Mr Hoover's shoulders.

More important still, perhaps, is the personal equation. Were the battle to be decided, as in olden time, upon the hustings, then the commanding personality and platform qualities of Mr Roosevelt might have decided the day in his favour. But to-day the radio is the chief instrument of the personal appeal of the two men; and Mr Roosevelt's forensic abilities will be matched by Mr Hoover's colder but forceful logic. Again, if Mr Roosevelt has an asset in his name—albeit his blood relationship to the beloved "Teddy" is somewhat distant—Mr Hoover can still rely upon the great legend of magical organising power which grew up around him during the war, and which is not yet dead. Finally, incredible though it may seem to Englishmen, it is freely avowed that Mr Roosevelt's physical infirmity—or so much of it as remains after his plucky and successful victory over an attack of paralysis—may stand seriously in his way. Much will be heard in the Republican campaign of Mr Roosevelt's "crippledness," of the fear that the burden of work and responsibility attached to the office of President would break him down, and, most of all, that such an event would land the United States with the distrusted and unpopular Mr Garner (now Democratic candidate for the Vice-Presidency) as the Chief Executive. The Democrats, on the other hand, will acclaim (and truthfully) Mr Roosevelt's physical fitness and unbounded energy, to say nothing of the magnificent courage and determination—comparable with that of Lord Snowden—with which he has triumphed over physical disability.

Perhaps we must not quite forget that there will be a third candidate, who, though his chances of entering the White House are entirely non-existent, might conceivably spring a surprise in the volume of votes which he is able to detach from the two main parties. Up to date, however, this factor, though imponderable, does not look important.

To sum up: Mr Roosevelt is to-day in a stronger position than any recent Democratic candidate, and to-day his chances are bright. But it is almost generally assumed—whether rightly or not—that the present Democratic advantage will decline to some extent. Whether that decline will be steep enough to send Mr Hoover back to the White House is the great enigma. Does it really matter very greatly to the world in general, to Europe, or to Britain which man is selected? Both understand world problems. Both realise fully that unless the United States is prepared to adopt the "ring-fence" isolation policy, both equally will be compelled, in the interests of the United States, to study American interests in the light of world economic problems. And neither—in the absence of fresh European cataclysms—is ready to try the "ring-fence" isolation policy. So let us Europeans stand aside, keep our would-be "seconds" well away from the ring, try to understand the points of the fight, but leave the referee's job strictly to the American people, in the firm belief that they know best about their own affairs, and that, whatever leader they may choose, he will be the best man to take that big position and to assume those great world-wide responsibilities which inevitably await the victor of next November.

DIARY OF THE CRISIS.

- April 1st. League Financial Committee issues report on South-Eastern Europe, emphasising crisis and recommending, *inter alia*, a loan for Austria and temporary relief in respect of foreign debt service for Bulgaria and Greece.
- April 6th. Four-Power Danubian Conference meets in London.
- April 7th. Powers fail to reach agreement on methods for dealing with the problem of the Danubian States.
- April 10th. President von Hindenburg re-elected by majority of 5,942,182.
- April 12th. League Council meets in Geneva to consider Financial Committee's report on South-Eastern Europe.
- April 13th. Dissolution of Nazi "Storm Troops" enacted by Presidential Decree.
- April 15th. M. Venizelos informs League Council that, failing a loan, Greece must default on foreign debt.
- April 18th. Deutscher Credit-verein A.G. and First Croatian Savings Bank at Agram suspend payments.
- April 19th. British Budget introduced; tax revenue £723 millions; Exchange Equalisation Account established.
- April 21st. Bank of England rate reduced from 3½ to 3 per cent. Treasury Order issued imposing, as from midnight on April 25th, additional duties varying between 5 and 23½ per cent. on a wide range of imports.
- April 23rd. Reported fighting between Japanese and Manchurian irregulars between Harbin and Vladivostok.
- April 24th. Prussian Diet election results in party distribution: Nazis, 162; Social Democrats, 93; Centre, 67; Nationalists, 31; Communists, 57. Similar Nazi gains in other Länder.
- April 25th. Bill introduced into Greek Chamber providing for abandonment of the gold standard and control of the exchange by the Bank of Greece. Sterling weak: —\$3.68.
- April 27th. Banque Française Algérienne of Algiers suspends payment.
- April 29th. Second reading of Irish Free State Government's Bill to abolish Oath carried in Dail by majority of six.
- May 1st. French election polling day. Preliminary returns show swing to the Left.
- May 4th. German Presidential Decrees issued providing for State control of all semi-military party organisations.
- May 5th. Sino-Japanese Armistice Agreement signed at Shanghai.
- May 6th. French President assassinated by Russian lunatic. Austrian Cabinet resigns.
- May 8th. Second ballot of French election gives Left parties 356 seats out of 615.
- May 9th. Reichstag reassembles. Austrian Government appeals to League for immediate financial assistance. Tardieu Government resigns.
- May 10th. M. Lebrun elected President of the French Republic. British Chancellor of the Exchequer announces immediate imposition of additional duties on silk and rayon imports.
- May 11th. Announced from Tokyo that all Japanese troops (with the exception of a small naval force) now in Shanghai will be withdrawn.
- May 12th. Reichstag rejects by 287 votes to 257 a motion of no confidence in the Brüning Cabinet. Bank of England rate reduced from 3 to 2½ per cent.
- May 15th. Japanese Premier assassinated in Tokyo.
- May 18th. Greek debt scheme announced whereby portion of amount required for service of foreign loans is to be utilised for public works, the balance being deposited in a special blocked account. The question of transfer to be examined at the end of 1932.
- May 19th. Irish Free State Oath Bill passed by Dail by 77 votes to 69. Anglo-South American Bank announces scheme under which a group of banks, headed by the Bank of England, will take over certain of its assets connected with the nitrate industry.
- May 20th. Austrian Coalition Cabinet formed under Dr. Dollfuss.
- May 21st. Greek Cabinet resigns. Prussian Cabinet formally resigns but continues to act in absence of clear majority for any party. League Council considers financial position of South-Eastern European States and decides that it shall be studied further by a mixed expert committee.
- May 22nd. Admiral Saito asked to form a new Japanese Cabinet.

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- May 23rd. Announced that Austrian Cabinet will proclaim a transfer moratorium on May 28th.
- May 24th. Prussian Diet assembles; Nazi member elected as President.
- May 25th. Prussian Diet adjourns following disturbances between Nazis and Communists. M. Papanastasiou forms new Greek Cabinet.
- May 29th. President von Hindenburg and Dr. Brüning confer on political situation.
- May 30th. Brüning Cabinet resigns after failure by the Chancellor to secure an assurance of the President's support.
- May 31st. Herr von Papen appointed Chancellor of the Reich. President Hoover appeals for passage of adequate Tax Bill without further delay. Roumanian Cabinet resigns.
- June 1st. French Chamber meets. Socialists' proposals for participation in a Government under M. Herriot rejected by the Social-Radicals.
- June 3rd. Greek Cabinet resigns.
- June 4th. M. Herriot forms Cabinet without Socialist participation. German Reichstag dissolved. Chilean Government overthrown and a Junta installed. Tax Bill passed by U.S. House of Representatives.
- June 5th. M. Venizelos forms new Greek Cabinet.
- June 6th. Large London metal market firm fails. Chilean banks closed. U.S. Tax Bill passed by the U.S. Senate. Reich elections fixed for July 31st. New Roumanian Government formed by Dr. Voevod.
- June 7th. Mr Thomas and Lord Hailsham in Dublin discuss the Land Annuity payments. French Government receive vote of confidence by a majority of 269 votes.
- June 8th. Free State Senate rejects Section 2 of the Oath Bill.
- June 9th. Chilean Junta takes possession of the Central Bank.
- June 10th. Mr de Valera confers with members of the British Government in London, but fails to reach agreement. Foreign creditors of the Credit Anstalt reject proposals from Austrian Government for partial settlement of their claims. British import duties on pig iron increased to 33½ per cent.
- June 13th. Committee set up by the Bank of England to protect the interests of British bondholders of League loans.
- June 14th. German Presidential decree imposes cuts in unemployment pay and pensions, and a new levy on salaries. Liquidation of Lee, Higginson and Company, of New York, and their Paris branch, announced.
- June 15th. German Presidential decree raises ban on Nazi "troops."
- June 16th. Lausanne Conference opens; Mr MacDonald chairman. U.S. Republican Convention nominates President Hoover as Presidential candidate.
- June 17th. Declaration signed at Lausanne by Great Britain, France, Italy, Belgium and Japan suspending during the period of the Conference the payment of reparations and interest on European war debts. Bavaria, Baden and Württemberg ban all party uniforms. Chilean Junta deposed by counter-revolution and new Junta set up under Señor Davila. Manchukuo Government proposes to China that all customs collected in Manchuria shall be placed under its control, China receiving a quota for service of foreign loans.
- June 19th. Manchukuo prohibits banks receiving customs revenue (except those at Dairen) from transmitting such revenue to Shanghai.
- June 20th. Conclusion of agreement between Holland, Belgium and Luxembourg for progressive annual reduction of tariffs by 10 per cent. announced at Lausanne.
- June 21st. Officially announced that Reich has purchased a controlling interest in the German Steel Trust. Rioting and street fighting reported from Santiago and Valparaíso. Manchukuo seizes customs revenue at Dairen. Sterling: \$3.61½.

June 22nd American disarmament proposals, involving the reduction of world armaments by one-third, announced.
Austrian partial moratorium on foreign transfers operates.

June 23rd Dr. Dollfuss discusses Austria's financial position with League and Experts' Committee at Lausanne. Reported that Great Britain, Italy and Switzerland are willing to participate in a 300 million schilling loan to Austria; French participation dependent on political stipulations.
Renewed political violence reported from Germany.
China appeals to League Committee of Nineteen to call upon Japan to refrain from actions likely to aggravate position in the Far East.
New York Bank rate reduced from 3 to 2½ per cent.

June 24th Japanese Customs Commissioner at Dairen dismissed by the Inspector-General for Chinese Maritime Customs, following the former's refusal to transmit revenue to Shanghai.
Heavy withdrawals reported from Chicago Continental Illinois Bank and First National Bank. Many small banks in Chicago fail.

June 25th Bavaria and Württemberg refuse Reich's request to raise ban on political uniforms. Nazis attack Vorwärts.
Japanese customs staff at Dairen resign. Harbin customs seized by Manchurian police.

June 29th German presidential decree issued restoring freedom of political demonstration and the right to wear political uniforms throughout the country, but allowing the States to forbid the first in "specifically limited areas and in individual cases" and the second when "public security is immediately endangered."

June 30th Irish Land Annuities in default.
Bank of England rate reduced from 2½ to 2 per cent.
Jugoslav Cabinet resigns.
Sterling: \$3.59½.

July 1st British War Loan Conversion scheme announced.
U.S. Federal budget deficit for 1931-32 of \$2,885 millions.

July 2nd U.S. Democratic Convention nominates Mr Franklin Roosevelt as presidential candidate.

July 3rd Dr. Serskhitch forms new Jugoslav Cabinet.

July 4th Mr Thomas introduces into the House of Commons a resolution authorising the levying of special duties on Irish Free State imports in the event of the non-payment of Land Annuities or other Irish obligations. Announced that annuities will be paid into a suspense account by I.F.S. pending arbitration.
Sterling: \$3.55½.

July 7th British counter-proposals to American disarmament scheme announced.

July 8th Agreement reached at Lausanne whereby reparations are cancelled apart from a final issue by Germany of 3,000 million marks of bonds. "Gentlemen's Agreement" makes scheme conditional on satisfactory debt settlements with America.

July 11th Lausanne Agreement endorsed by German Cabinet; unfavourably received by Nazis and Centre.
Sterling: \$3.55½.

July 12th French Chamber passes Budget by 385 votes to 201. Announced by British Government that duties of 20 per cent. *ad valorem* will be imposed on certain Irish Free State imports as from July 15th.

July 13th Announced that a declaration has been drawn up between Great Britain and France on the means for facilitating political appeasement in Europe; text communicated to Germany, Italy and Belgium inviting their co-operation.
Announced that a Bill will be introduced into Dail providing for the imposition of retaliatory duties on certain British imports.

July 14th Italy adheres to Franco-British declaration.
Mr Norton, leader of Irish Labour Party, and leaders of British labour discuss Irish dispute with Mr MacDonald in London.

July 15th Mr de Valera confers with British Prime Minister in London; no agreement reached.
Continued political violence reported from Germany.
League Council adopts protocol providing for issue of 300 million schilling loan to Austria.

July 16th French Chamber authorises Treasury borrowing of 2,000 million francs for urgent needs.

July 18th Reich Government reimposes ban on open-air demonstrations and processions.
Roumanian National Peasants' Party successful in general election.

July 19th Fighting between Chinese and Japanese in Jehol.

July 20th Prussia placed by presidential decree under Reich Commissioner (Herr von Papen); Prime Minister and Minister of the Interior deposed; "state of emergency" declared in Berlin and the Province of Brandenburg.
Five Italian Cabinet Ministers resign; Signor Mussolini assumes Ministries of Foreign Affairs and Corporations.

July 21st Ottawa Conference opens.

July 23rd General Committee of Disarmament Conference adopts resolution recording progress, Germany and Russia recording adverse votes and eight other States abstaining.

July 25th Germany adheres to Franco-British declaration.
Russo-Polish pact of military and economic non-aggression signed.

July 26th Irish Free State retaliatory duties operate.
"State of emergency" in Berlin and Brandenburg terminated.

Notes of the Week.

The Irish Dispute.—Mr de Valera has made his counter-move in the economic war between Britain and the Irish Free State more cautiously than was generally expected. His first schedule of retaliatory import duties, which became effective last Tuesday, includes a tax of 5s. a ton on coal and coke and a duty of 20 per cent. *ad valorem* on iron and steel, cement, and electrical apparatus, while duties ranging from 42s. to 84s. a hundred-weight are imposed on various sorts of pig's meat. In the latter case an Imperial preference is given and imports from Northern Ireland are to be duty free. It would appear that the Free State Government are disinclined to risk complete exclusion of imports from Britain until they are sure that Ireland can finance adequately alternative imports from the Continent without a serious rise in prices. The fact that the duties paid on coal imports from Britain this week have provisionally been remitted lends colour to this view; and, seeing that, however ready the Free State may be to pursue a policy of greater self-sufficiency, the electorate would certainly not welcome any serious increase in the cost of living in what is already a fairly "dear" country, Mr de Valera is probably wise to move circumspectly. In any case, unhappily, sufficient damage is being done both by his duties and those imposed on this side of the St. George's Channel. In a situation in which, as matters now stand, everything is to be lost and nothing gained—for continuance of tariff war would mean the end of any hope of recovery of payments due from Ireland—we once more appeal to Mr MacDonald to reconsider his attitude. It would be deplorable if considerations of "saving face" were to stand in the way of a resumption of negotiations. *Ricchezse oblige*; Britain is not yet so little or so poor a country that she cannot afford to take a wise and magnanimous line in this deplorable dispute. If Mr MacDonald can arrange a Customs armistice on both sides, while the question at issue is referred either to a tribunal with a chairman appointed by the Hague Court, or, alternatively, to a fact-finding commission of two assessors from each side, we are confident that his initiative would be welcomed in all responsible circles both in England and the Irish Free State.

Senator Borah's Broadcast.—Senator Borah's speeches are usually a significant index of the trend of opinion of the American "man in the street"; and his advocacy, in a broadcast address last week-end, of debt revision as between Europe and the United States has naturally been welcomed on this side of the Atlantic as an encouraging development. For our part we would observe that in stating that he was now prepared to recommend a revision of the debts, not because they were themselves "unjust," but because revision, especially if accompanied by disarmament, would redound to the interest of the American people themselves, Senator Borah was emphasising the same considerations as we put forward in these columns last week. His speech confirms our view that the only basis on which debt negotiations can be initiated with any assurance of success is if the case for revision is put forward, not on the ground of equity nor of the debtors' capacity to pay, but with the argument that the final reduction of these payments to a manageable scale, incapable of again disturbing economically international relations, is an essential condition for the re-establishment of the prosperity which America has lost and which she can only regain as a member of a rehabilitated world. As for Senator Borah's suggestion that war debts should form part of the agenda for the World Economic Conference, we are here disposed to differ from him. The objection is that, as events at Lausanne showed, if a contentious major issue forms the first item on the agenda of a conference, the conference's capacities are apt to be exhausted by the achievement of agreement on this single point. It would be much better if the debt question could be dealt with separately during the coming autumn, while the necessary preparatory work for the Economic Con-

ference is in hand, so that the Conference itself—and we can suggest no better venue for it than Washington—might meet, with all the financial legacies of the war finally settled, to approach the vital task of laying down in the fields of tariffs, currencies and normal international finance, the foundations of a new and better era.

Prospects in Germany.—The course of events, so far, in Germany tends to confirm the opinion, which we expressed last week, that General von Schleicher, in the sphere of domestic politics, means to tread as circumspectly as he can, keeping a firm grasp on the key position of his "*l'état c'est moi*" regime and preparing to resist any movements, from whatever quarter, subversive of "law and order." Herr von Papen has spoken the Länder fair at the Stuttgart Conference: there are to be no further experiments at present in the way of Reich Commissioners. Martial law has been lifted from Berlin and Brandenburg, and most of the arrested Prussian officials have been released. No move has been made to suppress the Republican organisations. Thus the new ruler of Germany seems inclined, astutely enough, to wait and see what result will emerge from Sunday's elections. Here the prospects point to a stale-mate; the Nazis will doubtless be the leading party in the new Reichstag, but even a Nazi-Nationalist coalition seems unlikely to command a majority, and the Centre may thus become the balancing factor. This, however, presupposes the continuance of constitutional parliamentary government. Will this suit the book of the Hitlerites? We are not disposed to attach too much credence to the rumours of a *putsch* to be led by Hitler on Sunday night. Herr Hitler had little stomach for rifle fire years ago at Munich, even with General Ludendorff, complete in frock coat and top hat, to hold his hand. In a "march on Berlin" he would be up against a stiffer proposition, and we do not see the Austrian demagogue carrying his swastika-emblazoned flag to victory over the Reichswehr. Whether or not General von Schleicher is prepared to take a few of the "safer" Nazis into the Administration, the omens point to a situation in which, if Hitler reluctantly tries a *putsch*, his forces will be destroyed, and, if he does not, they will disintegrate; for the Strasser wing—absorbing possibly what is left of the Communists—would almost certainly hive off from a movement which admitted that it had abandoned its revolutionary conception. Unless he commits the folly of driving the moderate Left into a counter-revolution, General von Schleicher seems to have a fair chance of maintaining the fruits of his *coup d'état*. His real difficulties lie less in the political opposition against him than in the formidable financial and economic problems which any administration in Germany has got to face.

German "Security."—If the future Government of the Reich is to continue in the hands of the group who have now seized it, the foreign policy of Germany, as well as her domestic problems, must of necessity be a matter of international concern; for, making due allowance for electoral considerations and the fact that speeches designed primarily for domestic consumption should not be taken at their full face value abroad, it remains true that Germany's neighbours are now confronted with a regime representing to a great extent the elements who effectively controlled the policies of Germany before the war. Under these circumstances General von Schleicher cannot be surprised if his broadcast address on Tuesday had a somewhat unwelcome sound when picked up by receivers on the other side of Germany's western frontier. Speaking as a soldier who disavowed love of military dictatorship, he stated roundly that Germany's armed forces, as dictated by the Versailles Treaty, were inadequate to guarantee German "security." The present situation could be rectified in one of two ways. Either the other Powers could disarm to Germany's level, as they were legally and morally bound to do; or, failing that, Germany must so "re-organise" ("*umbauen, nicht ausbauen*") her armed forces that they would give at least some measure of

security. General von Schleicher did not expand his definition of desirable "reorganisation," but it has since been suggested from German sources that what he has in mind is the substitution of a two-year service system for the Reichswehr, in place of the more expensive twelve-year system imposed by the Peace Treaty, thus enabling Germany to maintain a larger of effectives without additional cost. If this is what is meant, the proposal need not perhaps be taken too tragically abroad; for the real crux of the problem of modern armies lies in equipment, and here General von Schleicher did not put forward any specific demands.

U.S.S.R. and Poland.—Last January, when a Russo-Polish pact of military and economic non-aggression was initiated at Moscow, but negotiations on similar lines between the U.S.S.R. and Rumania broke down over the vexed question of the status of Bessarabia, the question naturally arose whether Poland would finally sign the agreement with her eastern neighbour in the absence of a *rapprochement* between Moscow and Bucarest. The news now comes that the pact between Poland and the Soviet Union was formally signed in Moscow last Monday. Since the agreement has still to be ratified by the Sejm, it would probably be premature to conclude that Poland has now decided on firm friendship with the U.S.S.R. without regard to her fellow-member of the Little Entente; and, in any case, it is provided in the pact that all Poland's engagements with Rumania shall hold good. It may, however, perhaps be significant of a change in the influence of French policy if Poland has been encouraged by Paris to sign the pact without waiting further for an adjustment of Russo-Rumanian relations. In any case, any step such as this which diminishes tension on any of Europe's vexed frontiers is very welcome.

The By-Elections.—The results of the North Cornwall and Wednesbury by-elections suggest that the electors are on the whole returning to the old party allegiances that existed before the formation of the National Government and the General Election of last year. In North Cornwall, where the vacancy arose from the death of Sir Donald Maclean, Sir Francis Acland, who stood as a Liberal, prepared to give general but not unconditional support to the Government, polled 16,933 votes, while the Conservative polled 15,387 votes. The corresponding figures in 1931, when the Conservatives opposed Sir Donald Maclean, were: Liberal 16,867, Conservative 15,526, and Labour 1,907. Allowing for the disappearance of the Labour vote, the figures show very little change, but North Cornwall is certainly not prepared to abandon its old free-trade Liberal allegiance. At Wednesbury, a typical "Black Country" industrial constituency, where unemployment is very heavy, the seat was recovered by Labour, who polled 21,977 votes against the Conservative's 18,198 votes. Last year the figures were: Conservative 25,000 and Labour 20,842, but the seat is traditionally Labour, and the result need cause little surprise. The campaign largely centred round the means test, which affects directly a substantial proportion of the electorate, but there is no doubt that the huge special accession of strength which the Government candidates benefited from last year is now disappearing.

The Potato Growers' "Victory."—Not content, apparently, with the Government's fiscal achievement in rendering supplies of fresh summer fruit somewhat scanty and prices dear, the Import Duties Advisory Committee have now announced that they propose in the near future to recommend the imposition of additional duties on certain forms of horticultural produce. In anticipation, however, of their general findings they have come to the conclusion that imports of potatoes, which amounted in June to 2,851,294 cwt., as compared with 2,835,043 cwt. a year ago, are becoming "abnormal" and are seriously affecting the British grower, whose supplies are available and sufficient to meet requirements. Accordingly they recommend that potatoes should bear

an import duty of £1 per ton throughout the year on "old" potatoes, and of £4 8s. per ton on "new" potatoes between November 1st and June 30th. This recommendation has been adopted by the Government, and an Order under the Additional Import Duties Act takes effect accordingly from July 28th. The decision has been hailed in the Protectionist Press as a victory for log-rolling efforts on the part of British potato growers. Potatoes are a crop whose yield and consequent price are subject to extreme variations, and it remains to be seen how far the British grower will benefit at the expense of the consumer. Since the duties are high (Dutch potatoes were previously selling round £5 a ton in the London market) it is clear that at any rate the Advisory Committee has succeeded in dealing one more blow at our trade with Continental customers.

Colour Users and the Tariff.—Sir Henry Sutcliffe Smith made a vigorous appeal, at the annual meeting of the Colour Users' Association last Tuesday, for the removal of the 10 per cent. tariff on imported dyestuffs. He adduced two main grounds for this request: the existence of the Dyestuffs (Import Regulation) Act, and the formation, a few months ago, of a cartel, including the principal Swiss, German, French and British dyestuffs manufacturers. Protection to the dyestuffs industry is afforded by the Import Regulation Act, and the revenue duty of 10 per cent. is an additional burden, which, in Sir Henry Sutcliffe Smith's view, is both intolerable, in view of the depressed state of the textile industries, and unfair, considering that British colour users have patiently endured the handicap imposed upon them since 1920 in the hope of seeing an efficient British industry built up. Already, said the President of the Association, the effect of the international cartel, the precise terms of which were not known, has been an increase in prices of 20-40 per cent., and the increase during recent months in the import of intermediate products suggests that it is also cramping the development of the industry. Whether the cartel is or is not having the mischievous effects ascribed to it by Sir Henry Sutcliffe Smith, it is patently absurd that, when the trade in dyestuffs is controlled as it has been since 1920, and only those foreign products which are admittedly indispensable to British users are allowed in at all, their users should be penalised for availing themselves of them. It is difficult to imagine a more unsuitable object of revenue taxation than an industrial material which has passed the most severe test of indispensability, and British colour users have, perhaps, as Sir Henry Sutcliffe Smith claims, a special right to consideration in that they have submitted for twelve years to hardships imposed in the interests of the dyestuffs industry, without, so far, reaping much of the promised reward.

Sterling and Gold Prices.—The faint signs noted a fortnight ago that the downward course of prices in terms both of sterling and gold currencies was temporarily reversed have become stronger during the past fortnight. As will be seen from the following table, although the foreign index numbers, with the exception of the Irving Fisher index for the United States, continued to fall up to July 13th, between that date and July 27th the three *Economist* indices all moved appreciably upwards:—

SEPTEMBER 18TH, 1931 = 100.

Date.	<i>Economist</i> Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	98.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.8	96.3	97.0	91.4
Apr. 26th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.3
May 18th ...	102.6	105.9	81.9	88.6	95.1	93.4	89.4
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 18th ...	97.8	99.7	80.2	86.0	92.7	90.4	88.2
June 29th ...	97.4	99.3	80.8	86.4	91.8	89.8	88.1
July 13th ...	97.6	101.3	82.8	87.3	91.5	89.2	88.0
July 27th ...	99.6	103.5	84.1	...	...	...	...

Sectional movements of the complete *Economist* index are shown below. In the cereals and meat group the rise was due partly to an upward fluctuation in meat and bacon prices, possibly not of great significance, but partly also to a firmer tendency in the cereal markets. Among "other foods" butter was prominent with a substantial rise in the price per hundredweight, textile and metal prices were irregular, but in the miscellaneous group rubber, linseed oil and hides recovered a little:—

"ECONOMIST" INDEX.

(1927 = 100).

	Sept. 18, 1931.	July 13, 1932.	July 27, 1932.
Cereals and meat	64.5	66.1	69.3
Other foods	62.2	58.9	59.2
Textiles	43.7	45.7	45.8
Minerals	67.4	68.3	67.9
Miscellaneous	65.8	58.7	59.7
Complete index	60.4	58.9	60.1
1913 = 100	83.1	81.1	82.7
1924 = 100	52.2	50.9	51.9

It would be premature as yet to conclude that a definite upward trend of wholesale prices has set in. Nevertheless, the movement since the end of June affords a little encouragement.

Cotton Trade Wages.—At the end of last week, writes our Manchester correspondent, arrangements were made for a resumption of negotiations on wages between the cotton weaving employers and the representatives of the operatives; and a joint conference took place in Manchester on Monday morning. The position was somewhat complicated by the strike at Burnley; but the joint conference, nevertheless, began its work. It is understood that at the outset the employers made a claim for a reduction in wages of all operatives in the weaving branch of the industry amounting to 30 per cent. off list rates, which meant a reduction off current earnings of nearly 18½ per cent. The trade union officials opposed such a reduction very strongly, and after further discussions the employers agreed to modify their claim; it is believed that the demand was brought down to 22½ per cent. off list rates, which means a reduction of about 12½ per cent. off current earnings. The joint conference was resumed on Tuesday afternoon when the operatives made a counter proposal, which, it is reported, was for a reduction off current wages of 5 per cent. The employers announced that they could not accept this offer and the conference was then adjourned until Friday in order that the representatives of the workpeople might consult their organisations. Although no official announcement has been made, it is understood that in addition to a general reduction in wages the employers have applied for a revision of the rates of pay in certain districts which, if accepted, would mean still greater concessions from the trade unions. The strike at Burnley has been more successful from the operatives' point of view than was generally expected, as the weavers' union has not only brought about a strike at the mills where a wages reduction was threatened, but has also brought out the workpeople at sheds where no notices had been given of a reduction. The union has also been able to close the mills that have been working on a six-loom basis for several months. At the time of writing the outlook for an early settlement of this labour trouble is certainly not bright. The employers are determined to secure a reduction off list rates of 22½ per cent., as a decrease of this kind has already been obtained at many mills, but in view of the solidarity of the workers in Burnley it is doubtful whether the trade union leaders can go back to their members for ratification of an agreement which means such a big reduction.

Idle Shipping.—The latest quarterly return published by the Chamber of Shipping shows that tonnage laid up out of commission in United Kingdom ports on July 1st amounted to no less than 2,196,140 tons net, an increase of 22 per cent. as compared with April 1st and of over 7 per cent. in comparison with the position a year ago.

We show in the following table the figures of unemployed tonnage in this country at quarterly intervals from the beginning of 1931:—

	Thousand Net Tons.	
	1931.	1932.
January 1st	1,593	1,965
April 1st	1,890	1,800
July 1st	2,044	2,196
October 1st	2,089	...

During the first half of 1932 the deterioration in the state of the shipping industry, as recorded by these figures of tonnage unemployed, has been relatively much less marked than in the corresponding period of 1931. A year ago the position underwent a serious change for the worse between the beginning of January and the beginning of April. This year, the first quarter witnessed a slight improvement, but the addition made to the volume of tonnage out of commission during the second quarter was greater even than was the case between April and July a year ago. Of the total tonnage now unemployed in United Kingdom ports—a figure which represents nearly 3¼ million gross tons, or about 5½ million tons deadweight, carrying capacity—all but 27,508 net tons consists of British-owned vessels. Included in the aggregate are 307 vessels of 855,739 net tons which have been laid up for a year or longer. The eventual re-employment of such tonnage is becoming in many cases a matter of considerable uncertainty; and there is little doubt that the majority of them would be consigned to the scrap heap were it not for the fact that they are mortgaged to banking creditors.

The Volume of Overseas Trade.—Last week's *Board of Trade Journal* contained the usual quarterly article, revealing the trend in the volume of our overseas trade by the elimination of changes in prices. The table below shows the volume and value figures for retained imports and domestic exports in 1924 and since 1930:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS.

Period.	Retained Imports.				Exports of Domestic Produce.			
	Declared Values.	Index of Average Values.	Value in terms of 1930.	Index of Volume.	Declared Values.	Index of Average Values.	Value in terms of 1930.	Index of Volume.
	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.
	Million £.	Million £.	Million £.	Million £.	Million £.	Million £.	Million £.	Million £.
1924	1,137	135.0	842	88.0	801	120.8	663	116.2
1930	957	100.0	957	100.0	571	100.0	571	100.0
1931.								
1st quarter ..	192.5	84.5	227.7	95.2	103.3	93.2	110.9	77.7
2nd " ..	189.7	82.0	231.2	96.6	95.8	90.8	105.6	74.0
3rd " ..	191.0	79.1	241.5	100.9	95.2	87.8	106.2	74.4
4th " ..	225.0	79.0	284.8	119.0	96.8	86.0	112.5	78.8
1932.								
1st quarter ..	177.3	78.4	226.1	94.5	92.3	84.4	109.4	75.7
2nd " ..	153.3	75.3	203.7	85.1	94.7	84.3	112.3	78.7

As compared with the first quarter of the current year, the volume of retained imports during the April-June period shows a decline of 10 per cent. This shrinkage is the result of a reaction after previous "forestalling," and of the influence of the new tariff and the depreciation in the gold value of sterling. Retained imports of food, drink and tobacco declined by 4.7 per cent., and the figures for raw materials and manufactures show a decrease of 15.8 per cent. and 15.6 per cent. respectively. There was a further decline of 4 per cent. in the average value of imports. As was to be expected, the fall was most pronounced in the case of manufactures, whose average value was nearly 10 per cent lower than in the previous quarter. On the other hand, the volume of domestic exports was higher than in any quarter since the beginning of 1931, with the exception of the October-December period of last year. The rise on the previous quarter amounted to 2.6 per cent. There was an advance of 5 per cent. in the volume of exports of raw materials and partly manufactured articles, and one of 3.8 per cent. in foreign purchases of manufactures. In contrast to the downward tendency in the average value of imports, the value of exports in terms of sterling did not decline further during the second quarter.

Austria's Default.—A fortnight ago, when a formal transfer moratorium was declared in Austria, the Austrian Government gave it to be understood—as our Vienna correspondent reported at the time—that requisite funds to maintain the service of the 1923 League Loan were in hand for some time ahead. It now appears that this is not the case. The trustees of the loan have officially announced that the monthly instalment due on July 1st has not been received, "nor have the trustees received any information which would lead them to suppose that the monthly instalment due on August 1st will be met." The trustees have in hand the necessary funds to provide on December 1st for the redemption of the bonds due to be made in respect of the year ended May 31, 1932; but the funds received for the payment of interest are insufficient to meet in full the interest due next December. Moreover, the Austrian Government has failed since the middle of June to pay into the trustees' account at the National Bank of Austria the whole of the pledged revenue collected by it. In these circumstances the trustees will make good the default by recourse to the guarantor Governments. The position of the 1930 loan, in respect of whose service the requisite amounts of foreign exchange were also stated by the Austrian Government to be in hand, has not yet been made clear. Doubtless the B.I.S., who are trustees for that loan, will shortly issue a statement. The position, however, now disclosed is that one more default has definitely to be faced in respect of the series of League loans, to whose unfortunate history those issued on behalf of Danzig and Estonia alone are signal exceptions.

Another Reorganisation in Germany.—The Hirsch Kupfer und Messingwerke, which holds a leading place in the German metal trade and is one of the most important copper rolling mills, has now had to be reorganised after very heavy losses, writes our Berlin correspondent. Among its large shareholders, who will bear the chief burden of the losses, have been numbered, since the end of 1929, Imperial Chemicals, Limited, with Rm. 3 millions shares out of a capital of 12 millions, and since the beginning of 1930 the Belgian copper company, Haut Katanga, with 2½ million shares. Both these foreign groups acquired their holdings at well over 100, but are now agreeing to a reduction of their capital in the ratio of 12 : 1. If, as is anticipated, the other shareholders agree to this severe writing down, the continued existence of the company is assured. The Hirsch copper works have lost about Rm. 16 millions, in spite of the fact that no loss arose out of the fall in copper prices, as their stocks were always protected by long-term contracts. Moreover, the large copper rolling mill near Berlin, the largest in Europe, worked at a profit until the last few months and is even now working to two-thirds of capacity, so that the loss is due entirely to unsuccessful commitments in ancillary lines, such as copper manufacturing and subsidiaries engaged in metal trading. The bank debts of the company at one time reached Rm. 40 millions and are still 28 millions. With some small exceptions they are all foreign debts which come under the standstill agreement, and the creditors have undertaken, if the reorganisation is carried out, to prolong their credits at very low rates of interest. Part of their claims will, however, be repaid in cash in the course of this year, as the principal asset of the company, the large copper rolling mill, is being separately organised as a new company. It has already been possible to sell 6½ million shares of the new company, representing half its future capital, at par for cash, for it is a sound company with not much debt. When the standstill creditors will be paid, and what they will receive over and above the selling price of the shares is not yet settled, but the management hopes that it will be possible after a few years to repay all the bank debts in full, without loss. In this event, the shareholders would, in the main, be the only persons to suffer loss in connection with the vast and many-sided activities of this firm, which once ranked among the most famous German firms of international reputation.

Standard Bank of South Africa.—Lord Balfour of Burleigh, the chairman of the Standard Bank, had a difficult year to review in his annual address to the shareholders last Wednesday, but the general impression left by his speech is that while the profits and resources of the bank have been inevitably affected by the past year's vicissitudes, its strength remains unimpaired. In discussing the balance sheet he was careful to explain that, as it is expressed in sterling, both sides of the accounts are inflated this year by one-fourth owing to the depreciation of sterling against the South African pound. After allowing for this, there has been in reality a contraction of £7,000,000 in deposits, offset mainly by a reduction in the item bills of exchange, this last decline being directly due to the contraction in South Africa's external trade. The depreciation of sterling and the South African exchange position have involved the bank in a further difficulty, for the bank felt bound to accept the invitation of the Union Government to co-operate in the formation of the South African exchange pool. Its participation amounts to £2,750,000, which represents an uncovered position, and to insure against any risk of loss the bank has felt bound to create a special reserve fund of £664,170 by means of an allocation from general reserves. Even so, the main reserve fund still stands at £2,500,000, an amount equivalent to the paid-up capital. On the other hand, the recent big appreciation in the bank's investments has brought their market value well in excess of their book value, and last year's need for provision for depreciation has been replaced by a substantial increase in inner reserves. Lord Balfour concluded his address with the usual review of South African conditions. This is naturally a somewhat discouraging account, but the position does not compare unfavourably with that of other countries, and South Africa is very fortunate in that her principal export—gold—commands a certain market at a remunerative price.

Bank of New Zealand.—This year's profit and loss account of the Bank of New Zealand illustrates well the difficulties with which banks are faced at the present time, for while interest rates have fallen to abnormally low levels, the bank's expenses remain largely unchanged. This is shown by the following table, giving the bank's gross earnings and expenses during the past three years:—

	1929-30.	1930-31.	1931-32.
	£'000.	£'000.	£'000.
Gross profits	2,014	2,009	1,771
Salaries	492	509	505
General expenses	180	175	142
Rates and taxes	359	446	503
Directors' fees	10	10	10
Audit expenses	3	3	3
Interest on guaranteed stock	21	21	21
Total expenditure	1,065	1,164	1,184
Net profits	949	845	581

While gross earnings have fallen since 1929-30 by £243,000, expenses have risen by £119,000, and it is noticeable that this increase is solely due to the item rates and taxes, which is entirely beyond the bank's control. The result is a contraction of £362,000, or 38 per cent., in net profits. So far the directors have maintained dividends at their previous rates, and have offset the decline in profits by reductions in the annual allocation to published reserves. The reserve fund, however, only stands at just over half the issued capital, and obviously dividends will have to suffer if the contraction in the bank's earnings continues. Compared with two years ago, deposits at £31.6 millions show a contraction of £2.3 millions only, but bad trade and falling prices have brought with them heavy contractions in the bank's bill holdings, while advances have fallen from £27.4 to £24.9 millions. There have been the customary increases in cash and in Government securities, this being the common experience of banks in times of bad trade. The general impression left by the accounts is that the decline in earnings is due not so much to a shrinkage in resources as to the fall in interest rates and to the need for increased provision for doubtful debts and other contingencies. It is to be noted that the dividends now declared are to be paid in New Zealand currency, so that the stockholder has to stand any loss on exchange.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament Conference — Progress and Prospects.

(FROM OUR CORRESPONDENT.)

GENEVA, July 23.

THE most appropriate words uttered about the resolution with which the Disarmament Conference adjourned the first phase of its work and laid down the lines of the second phase were those of the President, Mr Arthur Henderson. Within the limitations necessarily attached to the chair, Mr Henderson said and insinuated a good deal. Speaking of the thousands of telegrams and letters he had received from all parts of the world, he analysed their three particular tendencies as being in favour of (1) complete abolition of aggressive weapons; (2) President Hoover's proposals ("nothing short of a flood of communications" in their favour); and (3) the equal rights of States. He confessed that, bearing these facts in mind, he found the resolution very far short of what he would have liked it to be, but he would find it impossible to vote against a resolution which in several places decided in principle on a "substantial reduction" of world armaments on land, sea and in the air. His main deduction was that he was entitled to conclude that all who participated in the resolution—and especially the Great Powers—were so determined, and that if he thought the "great gathering-in" would not come in the second phase of the Conference, he would ask to be excused from spending another six months as President.

That is the point: how far the decision to negotiate substantial reductions will be honoured? For of actual steps towards this end the resolution contains but little, and there is no shadow of doubt that it is a great disappointment to the majority of delegations, who were left quite unconvinced by Sir John Simon's special pleading. Yet it is not altogether reasonable to assume that realised results are the only criteria of a conference not yet ended. During these six months there has been an accumulation of pressure, and it has become more and more difficult for delegations to escape finally from the Conference without reasonable results, if discredit or disaster is to be avoided. This has become increasingly manifest, and it is this which should prevent the decision recorded in the resolution to "proceed to substantial reductions" from being an expression of meaningless piety.

But rocks are ahead. Germany has become stiffer. She has threatened not to collaborate further if, by the time the Conference resumes, her claim to equal rights has not been accepted. Italy, irritated by the methods of Lausanne and by the way the Franco-British Agreement was negotiated, has become more aggressive, has turned rather sharply away from co-operation with Britain and France, and is again aligning herself more definitely with Germany and the other Powers with claims. Both Germany and Italy represent a "forward" disarmament policy, which strengthens them in what might otherwise be not the wisest or most helpful political attitude if real results are to be obtained. It is as well not to be blind to the rather complicated political play behind all this, or to assume that virtue is all on one side. There is not a great deal to choose between the principal Powers in this Conference when real politics are understood.

To what, in effect, does the resolution amount? As its summary in last week's *Economist* showed, it is not a negligible, though also not a very substantial, document, advocated by Sir John Simon as containing no provisions contrary to the essential convictions of anyone, and accepted by many delegations under protest only with an interpretation that it means at least what it implies. It would otherwise dangerously resemble Hague amiabilities. Nothing is completed on reduction of naval armaments; nothing on the figures for guns or tanks; there

is no abolition of military aircraft, and a conditional abolition only of bombardment, but not of bombing machines; little of substance is decided on effectives; there are no quantitative indications, and all political questions are postponed. But, at any rate, the ground has been prepared for the Conference at last to begin. That is something, for this stage of the past six months had to be gone through, and, whatever the disappointments or expectations, it must be realised that the Conference is a colossal undertaking dealing with fundamental matters of international life and outlook. The road will be a very rough one, as the discussion on the resolution showed.

There is nothing new to be said on the naval side; nothing was, in fact, said. Budgetary limitation shows progress, and M. Herriot wanted more in this direction, but Sir Herbert Samuel said we had cut our expenditure by 20 per cent. in the last seven years, and such factors must be considered. That is all right if it does not mean a derogation from the principle. There were also certain reservations from Mr Gibson. On effectives M. Herriot criticised the American plan, and on this, as well as on Germany's equal rights claim, he advanced once more France's security views; indeed, he said France would have to satisfy herself that security had been obtained before she could fully and unconditionally adhere to a general convention. But he was ready to uphold a reduction in the unit tonnage of capital ships, and reductions of heavy land artillery to the lowest level permitted for heavy naval artillery. France and Great Britain remain sticky on air bombardment, mainly because of their overseas needs; hence the compromise in the resolution. It is difficult to understand Sir John Simon's repeated assurances, therefore, that Great Britain is prepared to go to the most drastic limits, and to any lengths. The only straight attempt to get precise support for the Hoover principle of reduction was the Russian amendment to reduce armaments by one-third, but this was defeated with the help of the American delegation itself—on grounds of tactics, of course. But the American delegation accepted only the inevitable, and left it to Germany and Italy to express emphatic dissatisfaction. The next few months will be extremely critical, and will require the concentrated efforts of all the leading statesmen, especially those of the Great Powers. It is immeasurably the greatest political task before them, and whether the Conference re-assembles this autumn or early next year, time is relatively short for the settlement of the problems and principles in the minds of all who will have to accept the responsibilities of decision when they meet again at Geneva.

IRISH FREE STATE.

Tariff War — Emergency Powers — Shannon Scheme — Banks — Census.

(FROM OUR CORRESPONDENT.)

DUBLIN, July 27.

THE "economic war" between Great Britain and the Free State is in full swing. Nothing is to be gained by attempting to allocate responsibility or apportion blame for the rupture of negotiations between the two Governments. It is only fair, however, to suggest that the British Government has mishandled the situation and has made settlement more difficult by its hostile tariffs and its insistence on the payment of the current instalment of the annuities pending further negotiation. Nor is there any gain to be derived from a discussion of the probable outcome of the hostilities. Whether the tax on Irish cattle will be shifted to the British consumer, whether the Free State can find alternative outlets for its exports, whether it is possible to replace English by German coal—these and similar problems will, it is devoutly to be hoped, not be settled by experience, but will remain among the unsettled questions of political economy. All men of goodwill in both countries must strive to bring this unnatural conflict to an end, and to

substitute in its place some more civilised method of settling matters of international dispute.

Meanwhile the Government has been invested with complete powers of control over the economic life of the country. The imposition of direct and indirect taxes, the granting of licences, and the regulation of all commercial activity are in the hands of the Executive Council until the end of October. Doubtless these extensive powers will be exercised primarily with the object of injuring English trade as part of the "economic war," but it is not unlikely that they will also be utilised to advance the Government's internal economic policy. The details of this policy have not been made clear, but it certainly involves a considerable measure of State interference with the individual citizen. A number of measures of public control of industry and trade have already been passed, and the new emergency powers enable further measures of the same kind to be put in operation without the delay and inconvenience of parliamentary criticism. Obviously, such an extreme degree of discretion by the Executive can be justified only in an exceptional situation, and must be brought to an end at the earliest moment that the public safety permits.

Additional capital expenditure has been incurred on the Shannon Scheme, the total cost of which now exceeds ten million pounds. The generating plant on the river is to be extended, but the provision of further storage accumulation for water in the Shannon lakes has been postponed. This change of plan suggests that reliance will be placed in an increasing degree on the coal generating station at Dublin, on which additional expenditure is also about to be incurred. The Government will not be criticised for concentrating production on the most efficient plant, but regard must be had to the possible effect of the "economic war" on the cost of coal in the immediate future. The financial position of the Electricity Supply Board has been described by the responsible Minister as "by no means satisfactory," and it is estimated that the accounts for 1931-2 will show a deficit of nearly £200,000. It is expected, however, that the present year's working will result in a small surplus. Meanwhile, the consumer need not expect any reduction in the price of current.

The preliminary results of the Census of Production taken in 1929 have now been published and show the following results for all the non-agricultural industries and services in the Free State:—

Year.	Net Output.	Numbers Engaged.		Salaries. £'000.	Wages. £'000.	Net Output per Person.
		Administrative and Clerical.	Wage-earners.			
1929	£24,932,043	13,422	93,486	2,835	11,412	£233
1926	£23,062,361	12,772	89,408	2,659	10,992	£226

The half-yearly statements of the banks show decreased profits, and, except in the case of one bank, the interim dividends have been reduced. Needless to say, the conditions of the early part of the year were not favourable to banking prosperity, as agricultural prices continued to fall and profitable opportunities for employing money in farming advances tended to be restricted. Moreover, the banks were adversely affected by the Budget. The corporation profits tax, which has never been abandoned in the Free State, was for the first time extended to the profits of all the joint-stock banks, while it was raised from 5 to 10 per cent., and the limit of exemption reduced from £10,000 to £5,000. This new impost, on top of an increased rate of income tax, presses with great harshness on the banks. The tax on the consolidated bank-note issue was doubled at the same time, and now stands at 3 per cent. of the amount authorised to be issued, whether in actual circulation or not. This tax practically transfers the profit of the consolidated bank-note issue from the banks to the State, and increases the cost of keeping supplies of till money.

UNITED STATES.

Congress — Finance — Trade — Prices — Debts.
(FROM OUR CORRESPONDENT.)

NEW YORK, July 19.

ADJOURNMENT of Congress until December (a month after the autumn elections) relieves Wall Street of some anxiety, but at best the effect is negative. The presence of the legislators in Washington has all along been a potential threat to sound finance, but actually the recent Congress passed only constructive measures, excepting certain sections of the Relief Bill calling for a possible outlay of \$2,100,000,000, most of which, if made, will be in the form of repayable loans for self-liquidating schemes. With a democratic complexion to the House of Representatives and a Republican majority in the Senate, the country is fortunate in having at least the form of a balanced budget and in avoiding currency inflationary measures.

The Home Loan Bill passed at the final session of Congress is expected to receive the Presidential signature. It carries with it the so-called Glass currency inflation amendment, but in reality no inflation will result. The Glass amendment provides for currency circulation privileges for national banks, with additional Government bonds as security. At present the privilege is confined largely to old Panama Canal issues of limited amounts outstanding; and, if the national banks should take advantage of the new provisions to the full extent of their capital, an expansion of \$1,000 millions in currency might result. Nevertheless, an inflation is improbable. A greater volume of national bank notes would merely replace Federal Reserve currency now in use. To provide real expansion there would have to be an increased demand for currency; no such increase is in sight, and, should it come, it would be met in any case by the Federal Reserve Banks. It is believed unlikely that many banks will make much use of the new privilege, though on its face it offers profit-making opportunities for them.

Another section of the relief measure which is generally disliked, but which is not destined to do much harm, is the provision widening the powers now held, but never exercised, by the Federal Reserve Banks to make loans directly to individuals and corporations. Member banks would not relish competition from the Federal Reserve, but the new law has the safeguard that all such loans must have the approval of the Federal Reserve Board and that the field of member banks must first be exhausted. In practice it is likely that the services of Federal Reserve Banks will be asked occasionally to find a bank willing to make a loan which some prospective borrower is unable himself to secure.

Now that Congress has adjourned and the threat of inflationary legislation is removed, some suggestion is heard that the Federal Reserve system may prosecute less vigorously its cheap-money policy. Those who hold this view have maintained that the heavy buying of Government bonds, at the rate of \$100 millions a week, began at the time when pressure at Washington for a measure to require the Reserve Banks to use their resources to lift commodity prices was heaviest. Anyhow, no expansion in member bank credit has yet followed the sharp increase in Federal Reserve Bank credit.

After a week of inactivity in the Government bond market, the Reserve last week bought \$20 millions, which it has explained was all that was required to maintain member bank excess reserves at \$200 millions. Incidentally, the excess reserves have apparently been allowed to run down by more than one-third since the "peak" total of several weeks ago. Excess reserves were increased somewhat last week by a drop of \$61 millions in currency circulation and an increase of \$10 millions in the monetary gold stock. Member banks this week show sales of Government bonds, but their other investments are unchanged, and they have reinstated commercial loans paid off at mid-year. Bank failures are no longer attracting attention.

While the financial position has strengthened, business in general is still dragging. No great hope for increased employment is entertained as a result of the new relief appropriations, since such public works as may be started

will necessarily be slow in getting under way and at best cannot make much impression on the total of unemployment. The considerable rise in livestock prices and the firmer tone in cotton and wheat are doing much to improve sentiment. Hope is springing up that the autumn may at least bring a seasonal upturn, and if conditions improve on the farms, this may well prove to be the low point of the depression. At the same time, trade statistics are not encouraging. Foreign trade figures for June were poor. Exports fell to \$115 millions, the smallest since 1914, and the smallest for June since 1904. While exports declined, imports were increased slightly by shipments to anticipate the new tariffs, principally oil imports, and the total dollar value rose to \$210 millions.

Domestic trade is rather stagnant. The steel industry has recovered to about 16 per cent. of capacity, following the holiday shutdown, but new orders are scarce. Railroad traffic men predict some improvement in freight movement for the last half-year. Their estimates are for a drop of 21 per cent. for the last six months compared with 1931. In the first six months traffic was about 27 per cent. lower than in the same period of 1931. Railroad executives are planning co-operative action in several directions. The western lines are considering the appointment of a general commissioner to represent them all in efforts to secure favourable legislation, rates and regulations designed to meet motor and water-borne competition, to abandon useless mileage, discontinue unnecessary and duplicated train service and in many ways to reduce operating expenses. Something of the same thing is being undertaken in the East, and already the railroad share market has turned firmer.

Most people in responsible Wall Street circles now think that this country will be willing to go a long way toward European debt reduction. Sentiment throughout the country in favour of it is considerable, and it is highly unlikely that politicians will find much sympathy among their constituents if they persist in their apparent design to force default abroad in order to excuse them from seeming to increase the home taxpayer's burden. At the same time, against the argument that the country will be the gainer in the long run through reviving trade if foreign debts be reduced, there is the contention that any sacrifice on the part of this country should be accompanied by something more on Europe's part than German reparations reduction. Pressure for disarmament may be expected to be considerable.

FRANCE.

Conversion — Postal Results.

(FROM OUR CORRESPONDENT.)

PARIS, July 27.

PREPARATIONS for the application of the Government's plan for large-scale conversion of Rentes are understood to be proceeding steadily, and the market is now speculating with deep interest as to the probable details of the scheme. It was informally notified to the Chamber Finance Commission recently that the total amount of stock involved would probably be in the neighbourhood of 80,000,000,000 francs, but exactly what issues will be dealt with remains undecided. M. Abel Gardey, Senate Budget Rapporteur in March last (now Minister for Agriculture), set forth in his report on the current Budget proposals that the issues convertible are as follows:—

(1) Convertible during 1931.				
Issue.	Capital Value, Mar. 31, 1931.	Present Charge on Budget.	Date of Convertibility.	
5% 1915-1916	16,737,000,000	836,000,000	Jan. 1, 1931.	
6% 1920	26,193,000,000	1,571,000,000	Jan. 1, 1931.	
4% 1925	5,926,000,000	308,000,000	"	
6% 1927	17,850,000,000	1,070,000,000	May 1, 1931†	
6% 1927 obligations	4,593,000,000	275,000,000	July 10, 1931†	
(2) Convertible during 1932.				
7% 1927 15-yr. bonds	3,966,000,000	430,000,000	Feb. 1, 1932.	
5% 1928	21,499,000,000	1,109,000,000	May 10, 1932.	
5% 1928 P.T.T. obligations.....	2,100,000,000	145,000,000	June 25, 1932.	

(3) Convertible in 1933.			
1923 6% Credit National.....	2,965,000,000	192,000,000	Feb. 1, 1933.
1929 4½% P.T.T. Obligations	558,000,000	37,000,000	May 11, 1933.
(4) Convertible in 1934.			
1924 6% Credit National	1,542,000,000	112,000,000	Jan. 1, 1934.
1929 4½% Caisse Autonome	7,747,000,000	407,000,000	April 1, 1934.
1926 6% Credit National	920,000,000	55,000,000	July 1, 1934.

* "Caillaux Rentes" (with guarantee against exchange) reimbursable at any date at 130 frs. per 100 frs. nominal.
† Redeemable at 150 frs. per 100 frs. nominal.
‡ Redeemable in 1942 at 550 frs. per 500 frs. nominal.

The issues which became convertible during 1931, and the 1928 5 per cent. P.T.T. Obligations, all require the passing of a special law authorising their conversion. The situation of the rest of the issues is quite different; they constitute, under the law of August 6, 1926, part of the "dette intérieure du Trésor et du Crédit National," and as such may be converted by decree, subject to observance of the contract terms of the issues concerned.

It has been generally recognised here for the past two years that it is impossible to expect to carry out the operation on as low a basis as the 3½ per cent. applied in Great Britain. In his Budget report of March 31, 1931, when the situation, speaking generally, was more favourable for such an operation than it now is, M. Abel Gardey set forth the amount of saving that would result by conversion respectively on the bases of 5 per cent., 4½ per cent. and 4 per cent. only. In his report dated March 18th last, the Budget Rapporteur, it is to be noted, limits his estimates to conversion at either 4½ per cent. or 5 per cent. He bases his calculations on a presumed operation during the current year, involving the list of issues (as set forth above) which matured for conversion in 1931, plus the 1927 7 per cent. Treasury bond issue, making together (in March last) a potential total of 72,869,000,000 francs. (Since then the 21,499,000,000 francs of 1928 Fives and the 145,000,000 francs of 5 per cent. 1928 P.T.T. bonds have also become convertible.) From this it may be assumed that it is contemplated to "regularise" the "Caillaux Rentes" quite special 4 per cent. issue, one 5 per cent. issue (or possibly three), three at 6 per cent. and the 1927 7 per cent. Treasury bond issue; and that either 5 per cent. or 4½ per cent. (and more probably the latter) is the contemplated conversion rate. Meanwhile, the rate of interest paid on Defence bonds has been twice brought down since the beginning of the year (from 3 per cent. to 2½ per cent.); the issue has just begun of a 567,573,000 franc 4½ per cent. colonial loan for Indo-China (in 1,000-franc bonds, issued at 915); five other colonial loans at 4½ per cent. (issue price not yet made known) are imminent, to a total of 536,660,000 francs; a Belgian 5½ per cent. loan of 800,000,000 francs (French) has just been subscribed here in twenty-four hours; and there have been recently two 2,000,000,000 franc issues of 4½ per cent. Treasury bonds. To-day's *Journal Officiel* publishes a decree authorising the issue on August 1st of a Credit National loan of 150,000,000 francs at 4½ per cent. in 1,000-franc bonds, issued at 990 and redeemable at 1,050 francs in twelve years.

The operations for the French Postal Department for the year ending March 31, 1931, resulted in a net loss on working of 23,786,000 francs. Total working expenditure (posts, telegraphs and telephones) was 3,594,809,000 francs, and total revenue was 3,571,023,000 francs. For some years the Department, it will be recalled, has been endowed with its own autonomous Budget, and none of its figures are included in the General Budget, except some of those concerning loans on capital account. From 1923 to 1928 inclusive the "P.T.T." Budgets resulted in surpluses on working (ranging from 10,000,000 to 25,000,000 francs in the first three years, 355,000,000 francs in 1926, 232,000,000 francs in 1927, and 65,000,000 francs in 1928). These surpluses, totalling 647,000,000 francs, were utilised as to 469,000,000 francs in paying off capital invested down to the end of 1922, the balance being devoted to meeting existing capital

charges. The 15-months year ending March 31, 1929, resulted in a deficit, and a further shortage of 230,000,000 francs was foreshadowed for 1930. To meet this the Government proposed to obtain 180,000,000 francs by increasing tariff rates. This was cut down to 80,000,000 francs by Parliament, and the end of the year registered a further deficit, and forecast (in view of increases of pay to the personnel) shortages during the following four years ranging from 190,000,000 francs to 262,000,000 francs. Further increases of tariffs, under the Finance Bill for 1930-31, proved insufficient to balance revenue and working expenditure, but reduced the expected deficit to 23½ millions, as shown above. Increased expenditure during the year was 242,000,000 francs, as compared with 1929, of which 165,000,000 francs represented increased pay to the staff, and 25,000,000 francs additional personnel. Large 5 per cent. and 4½ per cent. loans were issued in 1928 and 1929 respectively to finance important P.T.T. developments, including the installation in Paris of the automatic telephone system, now well on the way towards completion. The total permanent staff of the Department numbers 165,000, plus a large number of auxiliary or non-covenanted workers. Wages represent 62 per cent. of the total expenditure on working.

GERMANY.

Coup d'Etat — Unemployment — Linden Failure.

(FROM OUR CORRESPONDENT.)

BERLIN, July 26.

IN spite of every deterrent consideration, the Government carried out last week the sequestration of the Prussian State. They removed the Ministers, discharged those of the principal officials who were not known to be conservative and entrusted the conduct of the respective Prussian Ministries to Commissars. Martial law was proclaimed at the same time in Berlin and its environs, and a number of arrests, intended as examples, though most of the arrested persons had to be released soon afterwards, were aimed at showing the populace that Herren Schleicher and von Papen and their agents were in earnest about the fulfilment of their tasks.

The public has given little outward sign of unrest. At first, indeed, there were a few demonstrations from the Prussian police, in protest against the deposition of the President of Police, Herr Grzesinski, the vice-president, Dr. Weiss, and the commander, Herr Heimannsberg, but on the whole the Prussian police submitted quietly to its subordination to the Reichswehr. The Social-Democrats and the Free Trade unions immediately decided not to reply to the attack of the Reich upon the Prussian Government with a general strike or other measures of open resistance, but to make use of this act of violence as election propaganda and afford no pretext for any postponement of the elections on the ground of general unrest. An attempt by the Communists at a general strike came to nothing. The Chancellor attempted, not altogether without success, to calm the extraordinarily lively uneasiness in South Germany by calling all the State Prime Ministers together in Stuttgart and pledging his honour that the Reich Government would abide by federal principles and that the present Government would not in any circumstances set up a Reich Commissar in any other State besides Prussia. The stock exchange and economic conditions generally showed practically no sign of unrest.

To these practical consequences was added an important legal outcome. Proceedings were taken against the Reich Government before the Leipzig Court by the deposed Prussian Government and by the Social-Democratic and Centre Parties. The function of this Court is to decide disputed constitutional questions. It consists of members of the German Supreme Court and high judicial officials of the larger German States. The Prussian Government and the other opponents of the Reich Cabinet had, in addition to the main charge, upon which judgment will not be given until long after the elections, also laid before the Court an application for an injunction "of temporary application" to restrain the Reich Government from removing the Prussian Ministers and dismissing Prussian

officials. The Court refused this request, giving as the reason that a division of functions within the Prussian Government between the Reichscommissar and the Prussian Ministers—such as was proposed by the Prussian application—would lead to greater confusion than the present system of Government by the Reichscommissar alone. The applicants must therefore wait for the main decision, which alone could provide a clear solution.

This decision of the Court has compromised, and perhaps reduced to an absurdity, the real object of German constitutional law, the removal of the most difficult political decisions from the sphere of might to that of law. If the law is to exercise an ultimate supervision over political forces, it must also be in a position to act quickly, since every delay strengthens the *de facto* situation, possibly brought about in defiance of the law, and makes it impossible to wipe out the consequences. If the Court really does reach a decision in a few weeks, its significance will probably be overshadowed by the political decisions which must take place in the meantime. That is why the interim decision constitutes such a great success for the Papen-Schleicher Cabinet, which gains a free hand during an interval of unprecedented political importance, and the unrestrained disposal of the Governmental apparatus of the largest member of the German Federation of States.

Is Herr von Papen entitled, then, to consider himself victorious? He has fought successfully, but he has not fought any decisive battle. However the elections turn out, the Cabinet will not be able to secure a majority for its economic emergency decrees, and it cannot govern without such a majority. It may even find it impossible to obtain a majority to approve its attack on Prussia, which must be submitted to the Reichstag for approval, because it took the form of an emergency decree. There is no doubt that President von Hindenburg only signed that decree because he believed it to be constitutional. If the Government tries, when the Reichstag refuses to ratify the decree to get rid of the Reichstag and carry on government by "extraparlimentary" methods, it is almost bound to come into conflict with the President. The National Socialists at first showed decided approval of the Government's action against Prussia, but since then there have begun to arise here and there suggestions that this is not enough, and demands for the appointment of Reichscommissars in other States. The vigorous campaign which is being conducted by the Nationalists, especially in Bavaria, against the State Governments is almost certain to intensify these demands. The Chancellor's assurances at Stuttgart, as a recent speech of Herr Held, the Prime Minister of Bavaria, shows, have not allayed mistrust in South Germany, but have merely forced it to express itself more politely. The Cabinet, which has destroyed its links with the Centre and the Left by that act of violence, will have to be prepared for a severe struggle with the National Socialists after the elections, and will at the same time have to solve economic problems of extraordinary difficulty.

Some time ago the Reich made provision for a sum of 135 millions to be used for road and canal construction as a means of providing work for the unemployed. This sum will be raised in the first place by discounting bills at the Reichsbank, with a promise of prolongation. A further 40 million marks are to be contributed by the unemployment insurance fund. In addition, the idea has recently occurred to the Government of procuring a further 200-250 millions through the Reichsbank. Several ministers are known to be in favour of this scheme, but the consent of the Reichsbank has not yet been obtained, nor is it likely to be. In this connection it is of interest that there has been further discussion recently of the "Wagemann Plan" for reform of the bank law.

The Mechanische Weberei at Linden, a concern some decades old and known throughout the world as the only producer of "Linden velvet," stopped payments on July 28th. An effort will be made to reach a composition with the creditors and secure the continued operation of the business. Fashion developments have been unfavourable to velvet, but this would not by itself have brought

about the firm's failure. To it was added the effect of an extensive expansion policy begun in the good years: the acquisition of competitors and of associated concerns was financed, as, unfortunately, is the case with so many other German companies, with the aid of short-term credits. By the end of 1931 the company was already in a difficult position with Rm. 16 millions of short-term debt. It took measures to meet the situation by reducing its capital from 13½ to 1.35 millions and inducing its creditors to accept new shares of the company in place of 40 per cent. of their demands, but this rectification has now proved a complete failure. The entire capital has since been lost, and with a debt of Rm. 13 millions it was impossible to secure funds to continue operations. Concealed insolvency has therefore given place to open insolvency. The heaviest losses in respect of the cessation of payments will fall on German banking houses, but the Swiss Credit-Anstalt is also affected.

AUSTRIA.

Trade — Finance — Industry — Stock Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, July 25.

FOREIGN trade is again declining. In the first half of 1932 imports sank by 358.5 million schillings and exports by 280.5 million schillings, as compared with the corresponding period of last year. The unfavourable balance, at 868.6 millions, has therefore not altered much, and there is no prospect of improvement, if success is not shortly achieved in removing the check upon trade with Hungary imposed by the commercial treaty difficulties. The invisible export, consisting of purchases by foreign tourists, is also poor. The political situation in Germany has prevented many people from coming into Austria on holiday, and the hotels and the summer catering industries, in which considerable capital is sunk, are confronted with increased difficulty.

The recession in savings deposits is having unfavourable effects. Since May, 1931, when the crisis at the Credit Anstalt became known, they have dropped by one-third. Money is again being hoarded, though savings are also being entrenched upon owing to the reductions in salaries and wages. The savings banks are therefore not disposed to accommodate mortgage seekers. Until a little while ago the Vienna savings banks freely accorded mortgages up to 10,000 schillings. Then followed a period in which they would not exceed an aggregate of 150,000 schillings per week. Now they are refusing applications for mortgage credits and proposing that application be made again in the autumn. A similar course is also being taken by the mortgage institutes, who do not want to put any more bonds on the market for fear of depressing their value. The banks are also exercising marked reserve. They are trying hard to collect money from their debtors, and strong debtors, who were previously treated with special respect, are now often obliged to make repayments because the banks can get nothing out of their weaker debtors. Some private lenders, however, are taking advantage of the situation and placing money favourably both in mortgage business and elsewhere.

Discussion of the loan in Parliament still continues. As regards the negotiations at the Credit Anstalt, an understanding has already been reached between the Financial Administration and the National Bank in relation to the bills of exchange held by the Bank. A portion of these bills of the Credit Anstalt is to be added to the National Debt, which now amounts to 91.5 million schillings. Another portion is to be redeemed in the course of a term, which is not to be too long, and another portion is to be repaid out of the proceeds of the proposed foreign loan. The banks, after that loan, are to receive back the credits they have accorded to the Federal State or to the Federal Railways, and are to use the money to reduce their bill obligations to the National Bank. The National Bank will, however, be unable to pursue a policy of deflation without running the risk of weakening a

number of firms, who are already finding great difficulty in getting credits.

The industrial situation remains unfavourable. The stocks of iron and steel are still very large, in spite of the complete stoppage of production. The timber market is very depressed, and the sawmills are working at a mere fraction of capacity. The position in the textile industry has become considerably worse, as the important purchases in winter are now gradually effecting a serious diminution of demand. Spinning mills in particular show a big falling-off in orders on hand. The index of wholesale prices shows a slight rise, and is now at 115.5, against 109.5 at this time last year. The retail price index has gone up from 142.6 last month to 143.6. Unemployment is still causing great anxiety. The extra revenue to be derived from the doubling of the merchandise turnover tax is to be used for this and other social purposes. But, as the number of unemployed is increasing, while consumption is decreasing, no improvement in the State finances need be looked for from the increase in the merchandise turnover tax. The fact that automatic tariff increases constitute a serious danger has led to differences of opinion between the General Post Office and the Administration of Finance. The latter insists upon such increases, while the General Post Office objects in view of the diminution in the use made of its services on account of the last increases.

HUNGARY.

Mr Tyler's Report — Finances — Crops — Trade.

(FROM OUR CORRESPONDENT.)

BUDAPEST, July 26.

The third quarterly report of Mr Royall Tyler, the League representative in Budapest, covering the period April-June, contains very valuable and hitherto unpublished data regarding the financial situation of the country. It states that the deficit of the State Budget of the Administration for 1931-32 (ending June 30th) amounted to 81.9 million pengő. According to provisional returns, administrative expenditure was 862.7 million pengő. Actual budgetary receipts amounted to 780.8 million pengő, as against 800 million pengő estimated by the Government. In addition to the deficit of the State Budget, advances made necessary by losses incurred chiefly by the State railways and ironworks and by the Boletta Fund (grain bounty) amount to a further sum of 59.2 million pengő, making a real total deficit of 141.1 million pengő. The current deficit of the financial year 1931-32 thus entirely exhausted the proceeds of the Treasury bonds issued last August, amounting to 131.6 million pengő, and additional cash was provided by the issue of further internal Treasury bonds of 42.8 million pengő, making a total of non-revenue receipts of 174.4 million pengő. The deficit would have been about 20 million pengő more if the amortisation of certain State debts had not been suspended on account of the depleted cash reserves. This is demonstrated by the fact that though 95.3 million pengő were earmarked for the service of the State debts, only 73.5 million pengő was actually spent. Another deficit which does not directly decrease the Treasury balance is the deficit of the Social Insurance Fund, amounting to approximately 10 million pengő. In such circumstances Mr Tyler arrives at the conclusion that Hungary cannot hope to achieve financial stability unless the State undertakings cease to be a drain on the Treasury and there is a definite break with the practice of setting up funds, losses on which have to be met out of public moneys, for the relief of this or that section of the community.

Mr Tyler is greatly concerned about the continuance of the wheat and rye bounty (Boletta Fund) and points out that the effect of it on the general financial situation is bound to be detrimental, as it aggravates price disparities and obscures the budgetary and fiscal position. The League representative, pointing out that the price level, instead of falling in sympathy with gold prices in the last two years, has actually slightly risen, reminds the Gov-

ernment that there is a danger of inflation, and that the disparity of prices between Hungary and other countries causes great difficulties in the operation of the clearing agreements.

The total wheat harvest is estimated by the Ministry of Agriculture at 1,580,000 tons, instead of 1,970,000 tons harvested last year. Accordingly, the exportable wheat surplus will be reduced to about 200,000 tons, less than half of that of 1931, which was a bad year, too. The rye and barley crops promise better than last year, and maize and beet sugar are developing fairly well. The export prices for cereals are very unsatisfactory, and markets are difficult to find. Negotiations with Austria for the conclusion of a new treaty, or, at least, a *modus vivendi*, are in progress, but the existing Customs war has already inflicted heavy losses on farmers who cannot export their perishable fruits and vegetables to Vienna. The commercial treaties with Germany and Italy did not come up to expectation, and there is no likelihood of resumption of normal trade relations with Czechoslovakia either for some time.

Foreign trade returns reflect Mr Tyler's observations "that no decided and lasting turn for the better in Hungary and in other countries in this part of the world can be expected as long as import prohibitions, exchange restrictions and price disparities continue to multiply and to make war on such international trade as had survived the building of the post-war Customs barriers." Comparative figures for the first six months of the last three years, in million pengő, are as follows:—

First half of	Imports.	Exports.	Balance.
1930	404.2	452.3	+ 48.1
1931	305.9	256.9	+ 49.0
1932	169.0	151.4	— 17.6

In view of the bad harvest and the Customs war with Austria and Czechoslovakia, it is certain that total exports in 1932 will not amount to more than 350-400 million pengő, as against 911 million pengő in 1930 and 1,038 million pengő in 1929. In such circumstances it is idle to hope that Hungary will be able to resume any transfer on her foreign debt, even the service of the League Loan, since the position of the National Bank has deteriorated so much that the stock of exchange utilisable for foreign debt payments has seldom been above 2 million pengő (£100,000), and has at times been lower.

CANADA.

Crops — Ottawa Business — St. Lawrence Waterway.

(FROM OUR CORRESPONDENT.)

OTTAWA, July 12.

CROP prospects are excellent throughout Alberta, except in the Peace River country, which has been suffering from drought. In Saskatchewan they are less favourable; while in Manitoba conditions are midway between those of Alberta and Saskatchewan, and the general prediction of the crop experts is that, unless serious drought intervenes, a better than average crop is now assured. Grain prices remain low as the result of poor export demand; during June only 15,857,427 bushels of wheat were exported from Canada, as compared with 20,783,219 bushels in June, 1931, and the total wheat exports for the first eleven months of the crop year have been 163 millions, as compared with 216½ million bushels. Consequently the stocks of wheat remain high; on July 1 the Bureau placed them at 139,663,534 bushels, which is 26 million bushels above the figure for the corresponding date of 1931. It is plain, therefore, that the carry-over at the end of the crop year on July 31st will be at least 120 million bushels, a figure ominously high for any early

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improvement in prices. The Canadian flour mills, which are still working far below their capacity, have been cutting prices to keep their export markets, and in June exports of flour, at 570,861 barrels, showed a gain of 79,433 barrels over June, 1931.

There is virtually no change to record in business conditions, and all hopes of an early improvement are pinned on the results of the Economic Conference and a good crop in the prairie provinces. The latest business survey of the Bureau of Statistics, giving weighted indices of the physical volume of business in Canada during May, corrected where necessary for seasonal variation, shows a small gain:—

(1919-24 = 100.)

	May, 1931.	April, 1932.	May, 1932.
Forestry	165.8	134.8	130.6
Mining	149.7	153.0	141.5
Construction	120.1	42.3	47.8
Manufacturing	163.6	118.0	144.2
Employment in trade ..	136.7	128.3	128.3
Imports	143.5	75.9	89.8
Exports	124.5	85.6	82.0
Car loadings	103.5	91.2	84.0
Shares traded	336.1	74.0	80.8
Bank debits	145.0	109.8	102.1
General physical volume of business	149.1	124.5	128.7

The gain under the head of manufacturing was largely seasonal, and the textile mills alone can claim to be reasonably busy. The American tourist traffic is producing a brisk demand for supplies of all kinds from the summer resorts, but the purchasing power of the rural community and of the public in general remains low, and merchants continue to cut prices and put on special sales to get rid of their stocks. The index of wholesale prices fell to 66.6 in June from 67.7 in May. The most serious fall was in "Vegetable Products," which declined from 56.7 to 54.3 owing to lower prices for grain, flour and vegetable oils. Retail prices did not show a parallel fall, and the index number for June was 81.5, as compared with 81.8 for May.

Public opinion in Canada has been keyed up to high expectations about the Ottawa Conference as an instrument for the revival of prosperity, and obviously the Bennett Ministry, filling as they do the dual rôle of originators of the Conference and its hosts, cannot afford to take the political risks involved in a complete failure. There is some nervousness in manufacturing circles about the Government's attitude, and a note of anxious vigilance is discernible in the columns of the more extreme protectionist Press. Though not much encouragement was to be derived from the conference of the British and Canadian cotton interests, a similar conference between the two sets of leather interests had a very satisfactory result, and after a prolonged conference between steel interests it is now announced in a joint

statement that "a measure of agreement on common policy for submission to the Imperial Economic Conference has been reached," and that it promises "a fuller measure of co-operation than has ever existed between the two industries." Undoubtedly the Bennett Ministry has exerted its influence to induce the local manufacturers to take a conciliatory attitude, and, if it is decided to make a serious departure from the high protectionist programme of the "Canada First" policy, it can rely upon the support of practically all the elements engaged in the basic primary industries. This week, for example, a massed delegation of farmers is descending upon Ottawa to urge that no stone be left unturned to promote trade exchanges between the countries of the Commonwealth by lowering tariffs, and the flour millers are also throwing their weight on the same side. The latter are strongly opposed to the wheat quota project, and the more closely its possibilities are examined the less favour does it find with the grain trade and Western agrarian leaders.

The Canadian Government intends to raise sharply at the Conference the question of Russian competition. It is being subjected to persistent pressure by the lumber interests of British Columbia, who, having lost most of their valuable American market as the result of the recent increase of the American duties on lumber, insist that their industry can only be saved from ruin by being guaranteed an assured and substantial share of the British market for timber; and the lumbermen of Quebec are backing their demand. The Canadian Government has at present in force an embargo upon all imports from Russia, and it is expected that it will urge that the whole Commonwealth adopt the same policy, or that, failing that, the British Government should grant substantial preferences to Dominion timber. The monetary system is also looming large in the pre-Conference discussion, and support seems to be accumulating for the idea of some sort of Imperial "superbank" which would confine itself to handling commercial paper and keep exchanges between the different units of the Commonwealth at a stable level.

Mr Bennett has formally announced that the terms of a treaty about the St. Lawrence waterway project have been finally settled with the United States, that a formal pact is now in process of being drafted, and that it will be made public in the near future. It is understood that the bargain is peculiarly favourable to Canada from a financial viewpoint, that the United States has made very generous allowances for Canada's past expenditures in constructing the new Welland Canal and other improvements in the St. Lawrence system, and that it will bear practically all the cost of building what is known as the international section of the waterway. But public opinion in Montreal and the Province of Quebec generally remains unconvinced about the merits of the project, and Premier Taschereau of Quebec has issued a statement complaining that his Government has been completely ignored in the negotiations.

Books and Publications.

BOOKS OF THE WEEK.

The Economics of the Man in the Street.

It is a symptom of the present crisis that the amateurs as well as the professionals are very busy writing books about it. The world is now used to the production of two or three new infallible currency schemes a week; and the flow of volumes designed to make the causes of the world slump plain to the man in the street is unending. Business men and politicians add their voices to the general clamour, and do not hesitate to write of the inmost mysteries of banking and credit. The result is, doubtless, a gradual diffusion of knowledge, though it is

* *Banking, Credit and the Crisis.* By J. W. Kempster. London. General Press. 12s. 6d. *The G.H.Q. of £. s. d.* By Sir John Wardlaw-Milne, M.P. Cassell. 3s. 6d.

apt to seem to bankers and economists that, in this realm above all, a little knowledge has its dangers.

Mr Kempster, fortunately, is not a crank. He is a leading figure in the world of shipbuilding; and his book* is interesting especially as a representative expression of a body of opinions widely held among reasonable business men. About tariffs he is highly sceptical, but not wholly opposed. A Free Trader by conviction, he is prepared, with many misgivings, to believe that a tariff may have been forced on this country by the crisis, and may conceivably be justifiable provided it is used to get other countries to lower their tariffs, and we are always ready to remit duties on goods from any country that will admit our goods on easy terms. As an employer, he stresses the "inelasticity" of wage costs, and thinks wages ought to come down; but he recognises that deliberately lowering the standard of life would be an odd way of meeting a

crisis in which goods seems to be too plentiful. He would like wages to fluctuate in each industry on the basis of some sort of prosperity index, not unlike the old-fashioned "sliding scale." He discusses currency and credit problems at considerable length, without coming to any very definite conclusions. Indeed, the entire tone of his book is hesitant and tentative, and it is most valuable for its description of the present working of the credit and industrial system, and as the mirror of a very common condition of mental puzzlement. In his views on the crisis Mr Kempster largely follows Mr Keynes; and it is interesting to see that Mr Keynes's fundamental "equation" and his distinction between saving and investment seem to be passing so rapidly into popular economic thought.

Sir John Wardlaw-Milne has few of Mr Kempster's hesitations. He is a thoroughgoing tariffist, a believer in close Empire economic unity, and an apostle of economic nationalism. A reduction in our imports fills him with joy, unqualified by misgivings about the effects on our export trade. He wants an Empire currency group, open to other countries, which can be drawn within the "sterling area"; he disbelieves in the gold standard as a basis for our internal note issue, and dabbles with the re-monetisation of silver; but he also insists on the importance of exchange stability. He wants internal prices to rise, and then to be held stable by banking policy, and hopes for international agreement of a sort that will reconcile this policy with stability in the external value of sterling. In short, his book represents a very common amalgam of opinions fashionable on the back benches in the present Parliament. It is, at any rate, encouraging that, apart from the question of tariffs, opinion of this sort appears to be growing better informed and more sensible. There is at least something like agreement to-day about the desirability of international action to raise prices; and the distinction between uncontrolled inflation and reflation is coming to be better understood.

SHORTER NOTICES.

"An Industrial Survey of Merseyside." Made for the Board of Trade by the University of Liverpool. H.M.S.O. 51-193 (1932). 174 pp. 2s. 6d.

The third of the economic surveys of depressed areas which the Board of Trade is issuing presents some features which differentiate it considerably from its two predecessors (reviewed in these columns on July 9th). This is due principally to the small area and specialised character of the region covered. The report, in effect, deals only with the "conurbation" of Liverpool and Birkenhead and the urban areas adjacent to them; for though a few pages are devoted to Ormskirk, Ellesmere Port and (rather surprisingly) Barrow-in-Furness, the hinterland of Liverpool is, in effect, not mentioned. We have thus a study, not of a region or even an area, but of a single great port in depression, and the depression is thus even more marked than in the case of South Wales. Furthermore, more marked than in the case of South Wales. Furthermore, the fact that so many factories are placed in or near Liverpool for reasons purely of transport convenience and not with any view of supplying a local market (some of the largest drapery stores in Liverpool were actually ignorant of the existence of any clothing factories in the city) makes it even less typical of the country as a whole.

The picture given is gloomy enough. A district in which two out of every seven insured persons are unemployed, in which 50 per cent. in its chief industry (shipping and shipbuilding) are out of work, and 30 per cent. in the building trades, in which no real recovery can be expected until export trade has not merely improved, but been improving for some time, and in which uneven and unwise stimulation in trade during the good years is exemplified by such facts as the increase by 50 per cent. in six years of the numbers engaged in distribution, wholesale and retail, cannot be said to be in a good way. It is depressing to realise that, with all the talk about rationalising dock labour, the quantity of surplus workers allied to the industry has practically diminished not at all since pre-war days; and even more depressing to learn that the authors of the report expect the total surplus of workers in the area to have reached 90,000 by 1936. In this, however, they seem over-pessimistic; for they arrive at their figure by adding to the present surplus the estimated number of new entrants into industry and deducting therefrom those who will reach pensionable age during the period, thus assuming, which is surely unwarranted, that all insured persons

in the Liverpool district reach unscathed the age of 65, and that no insured women leave industry upon marriage! The only hope this very interesting report holds out is that export trade may improve, and that the working population of Liverpool is remarkably adaptable for learning new trades which do not require a high degree of skill.

"Changes in Family Life." By Sir William Beveridge and Others. (London) George Allen and Unwin. 155 pp. 3s. 6d.

This little book, which arises out of the investigation into the family recently undertaken by the B.B.C., contains an introduction by Sir William Beveridge, followed by reprints of the same author's wireless talks on the subject and some dialogues on various aspects on it which were also given originally over the wireless. There is then a chapter on "First Impressions of the Returns" and a reprint in full of the form of inquiry, from which we gather that, though it is no longer being sent out broadcast, those who wish to take part in the inquiry may still do so by applying for a form at the London School of Economics. Most readers, naturally, will turn first to the last chapter; but they will not learn much at the present stage. There are about 8,000 forms returned, and more are expected. They are fairly evenly distributed over the country as a whole; the great bulk of them come from families whose income ranges between £300 and £800 a year; and in general they indicate "no revolutionary changes" in family life. For fuller conclusions we must wait until the reports have been completed and analysed.

OTHER BOOKS RECEIVED.

The Victims of Fraud. By Eustace J. Harvey. (London) Oxford University Press. 301 pp. 24s. net.

A plea for a new law based on an examination of the principal frauds committed with goods and negotiable securities.

The Problem of Incentives in Industry. By G. H. Miles. (London) Pitman and Sons. 56 pp. 3s. 6d. net.

Three lectures, delivered under the auspices of the National Institute of Industrial Psychology, dealing, respectively, with fear and financial, non-financial and managerial incentives.

Les Efforts de Restauration Financière de la Bulgarie. (1922-1931.) (Paris) Librairie Félix Alcan. 462 pp. 80 fr.

An exhaustive account, with statistical appendices, of Bulgaria's financial position during the last decade.

The Cost of the War to Russia. By Stanislas Kohn and Baron Meyendorff. (London) Oxford University Press. 215 pp. 19s. net.

The book falls into two parts, the first dealing with the vital statistics of European Russia during the war, and the second with the social cost of the war.

Albert Thomas, 1878-1932. (Annemasse) Albert Granchamp.

A collection of appreciations of his life and work.

National Reform Union Year Book, 1931-1932. (Manchester) National Reform Union. 52 pp. 1s.

A handy volume containing detailed statistics of national revenue and expenditure and overseas trade in Great Britain.

Pension, Provident and Benevolent Funds. (Birmingham) Publication Department, Bournville Works. 48 pp. 6d.

An account of the schemes operating at Messrs Cadbury Bros., Limited.

OFFICIAL PUBLICATIONS.

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

Guide to Current Official Statistics of the United Kingdom. Vol. X. 1931. 1s. net.

Statistical Abstract for British India, 1920-21—1929-30. Cmd. 4109. 7s. net.

Financial and Economic Situation in Swaziland. Cmd. 4114. 2s. 6d. net.

Report from the Select Committee on Police Forces (Amalgamation). 3d. net.

League of Nations: International Labour Conference, April 12-April 30, 1932: Draft Conventions and Recommendations. Cmd. 4115. 1s. net.

Department of Overseas Trade: Economic Conditions in Cuba. April, 1932. 1s. net.

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The Stock Exchange.

INDUSTRIAL "CONVERSION" OPPORTUNITIES.

THERE is general agreement in the City of London that, whenever the Treasury raises its ban, a boom in new issues is possible, and a rush of "re-financing" operations probable. The first violin having dropped its pitch a tone-and-a-half, a period of energetic (if not harmonious) retuning may be expected in the rest of the orchestra. It has generally been assumed that the amount of funded obligations of British industry, which, given lower long-term interest rates, could be converted to a cheaper basis within the next few years, is considerable, and that the results would exercise a sensible effect on future profits available for junior shareholders.

How far are these assumptions true? Until the trade outlook becomes much more settled, it is obviously impracticable to estimate the extent to which industry may raise new fixed-interest capital in the near future. It is possible, however, by a scrutiny of the Stock Exchange Official List, to discover which companies have outstanding prior stocks eligible for conversion, if the three following criteria of "eligibility" be applied:—

First, such stocks must carry a rate of interest, per £100 nominal, higher than that at which sound concerns in the same industry could borrow to-day, on long-term account, supposing that 3½ per cent., or better, is the true interest basis for British Government stocks. This "minimum basic level" may vary with different industries, being, on a generous assumption, at least, 4 per cent. for the best concerns in a popular utility group like electric supply, and certainly not less than 4½ per cent. in groups with a sizeable industrial risk, such as steel, brewing and shipping.

Secondly, within these limits only those stocks are convertible over which there is an option of repayment in the near future, say, in the next ten years.

Thirdly, stocks quoted below redemption price may be excluded. This may shut out a few border-line cases which may conceivably come within the charmed circle in the next few years, but it will admit, on the other hand, many stocks whose conversion is unlikely for some time to yield a sufficient saving to make the operation worth while.

On a superficial glance, the scope for "industrial conversions" may appear wide. The following accounts

have been raised by way of industrial, bonds, debentures, etc., in London during the last eleven years, at average interest rates well above 6 per cent.:—

Year.	Total Issues of Industrial and Commercial Bonds, Debentures, &c. (£'000).	Average Rate of Interest.	Year.	Total Issues of Industrial and Commercial Bonds, Debentures, &c. (£'000).	Average Rate of Interest.
1921 ...	39,896	8.09	1927...	37,988	6.18
1922 ...	43,846	6.72	1928...	43,163	6.08
1923 ...	40,504	6.40	1929...	25,849	6.05
1924 ...	25,053	6.61	1930...	24,400	5.97
1925 ...	24,992	6.43	1931...	21,007	6.33
1926 ...	28,037	6.48			

Unfortunately, the greater part of this post-war financing falls outside the "conversion zone." Most companies have now funded the high-yielding short-term notes they issued just after the war. Industrial difficulties have marred the credit of some companies, and prevented their debentures from rising above redemption price. Other companies, whose standing is better, must continue, nevertheless, to carry a heavy interest burden, like an Old Man of the Sea, because their earlier issues were by way of stock with a moderate interest rate, offered at a discount, or of relatively high yielding stock uncalled for thirty to fifty years or for ever.

The following table summarises the results of our analysis of the "Stock Exchange Official List":—

Group (S.E. List Classification).	Minimum Interest Rate taken as falling within "Conversion Zone."	Debentures, Bonds, etc., not eligible for repayment or conversion in ten years.	Debentures, Bonds, etc., eligible for conversion in next ten years.	Ratio of convertible to non-convertible.
British railways	4½	342.8	1.5	0.4
Breweries and distilleries ..	4½	53.5	14.0	26.3
Commercial, industrial, etc.	4½	121.0	51.3	41.9
Electric lighting and power..	4½	103.2	20.0	19.4
Investment trusts	4½	117.8	0.9	0.8
Iron, coal and steel	4½	36.6	6.4	17.5
Shipping	4½	29.3	10.9	37.3
Tramway and omnibus	4½	34.6	0.2	0.6
Total		840.8	105.2	12.5

Note.—The figures in this table exclude issues under the Trade Facilities Acts, which will be discussed in a later article.

It will be seen from the table that, taking all existing industrial debentures, etc., together (including those of pre-

A LIST OF INDUSTRIAL DEBENTURES, &c., WITHIN "CONVERSION ZONE."

Stock.	Amt. (£'000)	Stock.	Amt. (£'000)	Stock.	Amt. (£'000)	Stock.	Amt. (£'000)
Railway Debs.		Bovril 5½% Notes	387	Provincial Cin. 6%	1,206	Tata Power 7½% 1st Mort.	714
Met. Dist. 5%, 1933-43	1,500	Bowater's Mersey 6½%...	120	A. E. Reed 6%	282	Toronto Power 4½% ...	2,429
Breweries and Distilleries.		Bowater's Paper 6%	650	J. Sears and Co. 6%	1,750	Victoria Falls 5%	600
Barclay Perkins 5%	487	British Insul. 5%	750	Snia Viscoia 7½%	1,278	Do. 5½%	448
Do., 5½%	484	Bryant and May 5%	750	Spillers 5½% Notes	183	West Gloucester 5½% ...	510
Beas Ratoliff 5½%	2,405	Cape Explosives 5½% ...	1,062	United Glass Bottles 6% ..	552	Whitehall Electric 6% ...	3,003
Booth's Distilleries 6% ..	397	Chivers 6%	400			Yorkshire Electric 5% ...	550
Calgary Brewing 5%	135	Comm. Properties 5%	1,250	Electric Light and Power.			
Courage 5½%	800	Dickins and Jones 6% ...	979	Andhra Valley 7½%	1,000	Investment Trusts.	
Holt Brewery 6½%	387	Dunlop Rubber 6%	1,470	Charing Cross 4½%	641	Allsopp Br. Inv. 6%	915
Ind. Coops 5% Cons.	1,969	Fairey Aviation 8%	254	City of London 4½%	45		
Manchester Brew. 5½% ..	650	Gaumont British 6½% ..	966	Edmundson's 5%	1,365	Iron, Coal and Steel.	
Meux 6%	400	General Electric 5%	3,456	Electrical Finance 5½%...	193	Bolsover Colliery 6% ...	400
Portsmouth and Brighton		Goodyear Tyre 6½%	703	Folkestone 4½%	99	Carlton Main 6½%	500
6%	419	Hulett's S.A. Ref. 6½%...	473	Hendon 5%	250	Union Iron 7%	1,944
Do. (Steyning)	297	Johnson and Phillips 6%	197	Isle of Wight 4½%	63	Tate Steel 7%	267
Taylor Walker 5½%	1,643	Kelly's Directories 6½%	1,000	Madras Electric 7%	161	Vickers 5%	1,250
Usher's 6%	333	Lever 5% 1st	3,380	Metropolitan 7½% Ext.	336	Do. 5½%	2,000
John Walker 6%	1,019	Lever 5% Cons.	3,440	Midland Counties 5% ...	282		
Watney 5½%	2,209	John Lewis 6%	1,000	Newcastle & District 4½%	150	Shipping.	
		Lewis's 5%	1,838	Do. 6%	78	British & Arg. Steam 4½%	60
Commercial and Industrial.		Lipton 6%	600	Newcastle 4½%	2,111	British Tanker 5½%	2,399
Allied North. News 6½%	2,585	Manchester Guardian 6%	300	Do. 5%	2,300	Nelson Steam 5%	1,447
Amal. Press 5½%	3,266	Mond Nickel 5½%	977	North Met. 5½%	317	P. and O. 5½%	3,496
Army and Navy 5%	490	Niger 5½%	3,719	North Met. 5½%	739	P. and O. 5%	3,485
Asso. Portland Cem. 5%	2,359	Niger 5%	1,459	Northampton 5%	400		
Austin Motor 6½%	1,262	Patons and Baldwins 5%	260	Reading 6%	145	Tramways and Omnibus.	
Anglo-Can. Pulp 6½% ...	3,000	Pirelli General 5½%	594	"Three Counties" 5½%	629	Lancashire United 6% ...	233

war as well as post-war origin), the amount which cannot be converted in the next ten years, because it fails to satisfy the tests laid down above, is many times greater than the convertible total. A widespread effort to convert some of the stocks shown in the penultimate column would doubtless involve substantial "refunding" activity in the issue market, but it would not materially lighten the burden of existing funded indebtedness. Of the £946 millions of debentures shown in the table, for every £100 convertible there would remain £800 inconvertible, under present conditions. Railway debenture stocks, for example, are either irredeemable or represent (after "grouping") investment trusts, both before and after the war, have issued irredeemable or long-term debentures almost exclusively, probably because these alone were readily marketable. How far, indeed, British industry's limited opportunity to take advantage of lower long-term rates is due to the fact that part of its funded indebtedness is a survival of easier pre-war conditions, how far to a somewhat pessimistic post-war diagnosis of interest probabilities, and how far to the refusal of many investors to subscribe for stocks without being assured of their interest in war borrowers, naturally, covered their requirements at low nominal interest rates, and the majority of such borrowings as have not already been redeemed are long-dated or perpetual.

For the convenience of readers who may be affected, we show in a table at the foot of the preceding page individual stocks which come within the "Conversion Zone." It will be appreciated that, although many of these fall within the arbitrary limits we have chosen, their actual conversion may not be practical politics unless interest rates decline further.

The conclusion suggested by our analysis is, broadly, that British industrial concerns who have issued fixed-interest obligations since the war, have, in many cases, lacked the British Government's wisdom (or good fortune) in retaining an early call option on a considerable part of their indebtedness, or have been less happy than the Government as regards the maintenance of their credit status. Their ability to exploit the economic consequences of a successful War Loan conversion, therefore, is much less than has commonly been imagined. If interest rates remain low, their beneficial effects will reach industry rather by way of cheaper short-term accommodation or of entirely new borrowing in the market. In a subsequent article, we propose to review the position as regards the obligations of public borrowers, including the British and Indian Governments, Home Corporations, Public Boards, and Government-guaranteed issues under the Trade Facilities Acts.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TRICKET. August 9. ACCOUNT. August 11.

Markets remained generally firm, with price changes mainly in favour of holders. Government stocks were helped by the particularly good results achieved in the last bonus week of the War Loan Scheme. Senator Borah's speech was regarded as a milestone on the road to recovery by way of debt revision. The Ottawa Conference was a neutral factor, but the strong tone of Wall Street had a favourable effect on sentiment on most of the Continental bourses.

An outstanding feature in the gilt-edged market was the rise of Conversion 8½'s above par to a high point of 100½. The 4½ per cent. Loan was also in good demand. The market became a little quieter in mid-week, but the undertone remained firm. Unassented War Loan, becoming scarcer, rose above the redemption level.

Continental support was forthcoming for India loans, particularly the 8½ per cent., the gap between India and British Government issues being regarded as unduly

wide. Dominion stocks made an easy start. Commonwealth Fives, however, rallied subsequently and several State loans recovered.

Foreign bonds were mainly firm in the earlier part of the week, German issues being helped by the decision of the Leipzig Supreme Court. Later, the "Young" and "Dawes" loans were sold on uncertainty regarding the outcome of Sunday's elections. Austrian Sixes declined, the prospects of ratification of the international loan plan being not regarded as promising. Hungarian 7½'s were marked down, but some support was found for Greek 7's. Siamese stocks showed fresh recovery. South American issues were flat, dealings being practically suspended on Thursday, on rumours of adverse political developments in several countries.

Home rail stocks were dull, the week's traffic figures showing no appreciable improvement. The Metropolitan interim dividend of ½ per cent., against 1 per cent., was deemed disappointing, and the North-Eastern and Great Western statements were awaited without enthusiasm. Southern stocks, however, continued to derive help from the satisfactory dividend payment. Underground shares also found buyers, Metropolitan District being particularly strong. Little business was done in foreign rails, though moderate gains were recorded by several of the Argentine issues. Antofagastas improved, but San Paulos came on offer.

In the Industrial share market business was not of large proportions, though the trend was satisfactory. Transatlantic issues enjoyed a sudden popularity. Imperial Tobacco and B.A.T. were in some demand on second thoughts regarding the former's dividend announcement. Breweries found support, Guinness rising sharply on the dividend, which exceeded expectations. Textile shares were depressed by the labour dispute at Burnley, but English Sewing Cotton improved on Tuesday. Imperial Airways, Spillers, Turner and Newall, and United Dairies also showed improvement. Bank shares had a better tendency and Insurance shares gained ground.

The Oil share market enjoyed a spell of professional activity at the beginning of the week, despite a further increase in the American crude oil output. The market anticipated an early rise in prices following the oil agreement. Paris absorbed such floating stock as appeared, but prices became easier on balance. The rubber share market was more cheerful, though the rise in the commodity proved temporary. Bargain hunters endeavoured to pick up cheap lines of shares, but little was found to be on offer. The tea share market was idle, with few changes. Jokai were in demand.

Less interest than usual was taken in the mining share market, and prices were irregular. Paris sold Kafirs on Wednesday, but Randfontein found support. Rhodesian shares enjoyed some attention, for reasons discussed on page 237. West Australian issues were dull, Australian operators failing to support the market. De Beers reacted, but Ashanti Goldfield advanced and Burma Corporation were stronger.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	July 21, 1932.	July 22, 1932.	July 23, 1932.	July 25, 1932.	July 26, 1932.	July 27, 1932.	July 28, 1932.
Government and Municipal Loans	2,256	2,190	1,139	1,872	2,086	2,186	1,941
Transport, Communications, and Public Utilities...	1,241	1,270	582	1,154	1,242	1,316	1,258
Commercial and Industrial	1,820	1,866	961	1,781	1,934	2,034	2,072
Banks, Insurance and Financial	651	607	365	624	664	638	633
Mines (including Nitrates)	573	524	232	554	576	486	569
Oil	112	135	88	337	243	217	191
Rubber, Tea and Coffee	135	64	53	80	132	113	188
Total	6,788	6,656	3,420	6,402	6,877	6,990	6,852

* Including iron and steel and breweries.

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

Highest of 1932. (Mar. 5.)	Lowest of 1932. (June 1.)	July 21, 1932.	July 22, 1932.	July 23, 1932.	July 25, 1932.	July 26, 1932.	July 27, 1932.	July 28, 1932.
63.7	51.3	58.7	59.1	59.4	59.7	59.7	59.8	60.2

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

[illegible][illegible]

† Free of Income Tax.

CANADA.

	July 22, 1932.	July 23, 1932.	July 25, 1932.	July 26, 1932.	July 27, 1932.	July 28, 1932.
Stock Exchange-- Shares (Thous.)						
Bonds (Value Thous. \$)-----	1,400	400	1,500	1,500	1,700	2,700
Curb-- Shares (Thous.)	10,426	5,594	11,686	11,219	12,320	14,272
	110	50	150	150	260	260

NEW YORK.

PARIS.

A cheerful tone obtained at the opening, news of the oil agreement having a stimulating effect. "Young" bonds were not appreciably affected by the decision of the Leipzig Supreme Court. International issues were strong on Tuesday, Tinto improving on the reported arrangements arrived at between Anaconda and Union Minière. In mid-week, though few price changes were recorded, the tone became heavy. The "Young" and "Dawes" loans were particularly weak, and activity in Rentes subsided.

PARIS.

	July 21, 1932.	July 25, 1932.	July 29, 1932.		July 21, 1932.	July 25, 1932.	July 29, 1932.
Banque de France	13,000	13,000	13,200	Wagons Lits	74	76	85
Crédit Lyonnais.....	13,000	11,145	11,200	Maritime Eagle ...	30	32	33
Suez Canal	1,933	1,967	2,040	Chartered	76	7	81
Compagnie Générale	13,850	13,750	13,880	Ford	102	106	117
Chargers Réunis	197	227	227	De Beers	105	108	117
Rio Tinto	1,292	1,215	1,310	" Johannes "	111	114	115
Royal Dutch	13,200	13,795	13,850				

BERLIN.

Increased confidence in the domestic political situation was reflected in the stronger tendency of the Berlin bourse. Senator Borah's pronouncement on war debts had a favourable effect. Industrial issues were in demand, and mining shares firm. Fixed-interest stocks, however, were less favoured. The restitution of civil rights in Berlin was welcomed, but later in the week the proximity of the forthcoming elections restrained activity.

	July 21, 1932	July 25, 1932	July 26, 1932		July 21, 1932	July 25, 1932	July 26, 1932
Reichsbank.....	123	125	124	A. E. G.	321	322	321
Disconto.....	73	75	75	Siemens & Halske	121	121	120
Preussner.....	18 1/2	18 1/2	18 1/2	A. K. U.	32 1/2	32 1/2	34
Norddeutscher				Hamburg-Amer			
Lloyd.....	12 1/2	12 1/2	13	("Hapag").....	11 1/2	11 1/2	11 1/2

AMSTERDAM.

The oil agreement and Senator Borah's speech on war debts combined to bring about a buoyant tone at Amsterdam. Royal Dutch rose, and rubber shares were better, Amsterdam Trading being popular. Philip's continued firm, and Unilever advanced. The general upward trend, however, was arrested in mid-week, when industrials took on a listless appearance, though plantation shares continued to find buyers.

	July	July	July		July	July	July
	21,	25,	28,		21,	25,	28,
	1932.	1933.	1932.		1932.	1933.	1932.
24% Dutch Loan	858	661	662	Steel Common ...	24	26	28
24% German	858	661	662	Steel O.	24	26	28
Unlever H.V.	98	102	106	Ford Motor	94	97	97
Phillip's Lamps	74	84	92	Dell Batavia	118	118	130
Netherlands Ship	447	618	618	Royal Dutch	126	134	138
Union	141	134	133	Hendels Ams.	164	169	177
Java Cultuur	141	134	133				

	July	July	July		July	July	July
	21,	25,	28,		21,	25,	28,
	1932.	1933.	1932.		1932.	1933.	1932.
24% Dutch Loan	858	661	662	Steel Common ...	24	26	28
24% German	858	661	662	Steel O.	24	26	28
Unlever H.V.	98	102	106	Ford Motor	94	97	97
Phillip's Lamps	74	84	92	Dell Batavia	118	118	130
Netherlands Ship	447	618	618	Royal Dutch	126	134	138
Union	141	134	133	Hendels Ams.	164	169	177
Java Cultuur	141	134	133				

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

The Canadian stock markets were virtually dead at the beginning of this month, but the announcement of the definite conclusion of a Waterway treaty between the United States and Canada on July 13th brought the market to life. There was a sharp upward movement in the stocks of companies thought likely to derive benefit from the construction work on the waterway, among those profiting being Canada Cement (whose preferred issue jumped from 20 to 36 on July 14th), Dominion Bridge, Steel of Canada, Canadian Dredge and Dock and Building Products. On June 14th the volume of trading on the Montreal Exchange was double that of the previous day and the highest recorded for some months. In the mining market a brisk demand for the better copper was created by a belief that some new tariff arrangements which would benefit Canadian copper mines would be forthcoming from the Ottawa Conference. Apart from these classes of stocks, however, there is no sign of real life in the market, and most brokers feel justified in taking prolonged holidays this summer. The Bureau of Statistics' " Investors " Index for all common stocks, after falling to 40.3 on June 30th, had recovered to 41.6 by July 7th.

	May 25, 1932.	June 27, 1932.	July 27, 1932.		May 25, 1932.	June 27, 1932.	July 27, 1932.
Abitibi Power and Paper	1	1	1	Cockshutt Plow	4	4	132
Bank of Montreal	—	—	183	Dominion Bank	—	—	135
Bank of Nova Scotia	—	—	245	Dominion Steel & Coal	—	—	40
Bell Telephone of Canada	82	85	85	Dominion Textile	—	40	50
British Columbia Power	—	164	198	Hollinger Gold Mining	4	4	5
Do. do. B.	—	—	—	International Nickel	4	4	6
Brazilian Traction	8	9	10	Massey Harris	2	2	2
Canadian Bank of Com.	—	—	149	Montreal Light, &c.	—	25	34
Canadian Car	3	2	5	Royal Bank of Canada	—	—	9
Canada Cement	3	2	54	Shimmin, Water, &c.	—	—	12
Canada Power and Paper	—	—	—	Steel of Canada	13	12	19
Canada Steamship	—	—	—	Winnipeg Electric	2	2	2
Canadian Pacific Rly.	—	—	14				

OTHER CENTRES.

Irregular conditions prevailed at most of the minor European centres. Frankfurt opened firm, but fell away in mid-week. Milan was steady at first, but later suffered from profit-taking. Brussels was undecided, a feature, however, being activity in rubber shares. Stockholm became reactionary after a firm opening.

INVESTMENT NOTES.

Progress of Conversion.—Applications for War Loan conversion, as expected, have been heavy during the last week of the bonus period, the Bank of England alone having been called upon to deal with a total of over 70,000 documents each day. By Wednesday evening some 1,869,480 applications had been received, recording the decision of approximately 72 per cent. of the 2,600,000 holders of War Loan. Some 1,085,900 applications had been made through the Bank of England, 666,500 through the Post Office, 86,000 through the Trustee Savings Bank, and 31,080 through the Bank of Ireland. Early in the week it was revealed by Major Elliott, Financial Secretary to the Treasury, that out of 1,702,000 applications received to July 25th redemption applications accounted for only 2 per cent. of the total War Loan stock outstanding, i.e., for approximately £41,500,000. In the middle of this week, Unassented War Loan was selling in the market at 102½ and Assented stock at 100½, so that holders requiring redemption had the prospect of receiving less in cash on December 1st than they could obtain by selling their War Loan in the market. Some confusion was caused by a statement in an influential quarter on Wednesday that applicants for redemption, having intimated their decision before September 30th, might change their minds and convert at any time up to December 1st. It was at once pointed out that this, in effect, gave waverers an extra two months' gratuitous option. Those responsible for the statement, however, in reading the relevant passage in the Finance (No. 2) Act, 1931, Section 11, subsection 2, failed to allow for the discretionary powers conferred

upon the Treasury, which the latter, by a Parliamentary answer on July 12th, had already declared its intention to exercise. It has now been made clear that unless good reason can be shown for the delay, a continuance application from a holder who has previously lodged a repayment application will be refused after September 30th. It will however, be granted at any time up to that date. It is impossible as yet closely to estimate the final results of the operation, though its emphatic success is assured. It is believed in well-informed quarters, however, that by July 31st well over 2,000,000 holders will have lodged their applications. Repayment claims will not, it is thought, account at the outside for more than 4 per cent. of the total of the stock. It is probable that the proportion of the total stock covered by applications will be slightly larger than that of the number of applicants, and may, in fact, leave only about 15 per cent. of the whole amount unaccounted for. At least one-third of this may be "converted by default," past experience suggesting that in every operation the number of holders taking no action is appreciable. If the amount of stock held in quarters desirous of retaining their option until September 30th is thus of the order of only about 10 per cent., the Treasury's task will be comparatively light. If three-fourths of these holders eventually decided to convert, the amount of cash to be found on December 1st (allowing for earlier repayment claims uncanceled before September 30th) would not be more than £135 millions at the outside. If only one-fourth of the outstanding minority were to convert, about £240 millions of cash would be required.

New National Savings Certificates.—As from August 2nd next the Treasury will put on offer a new (Fourth) Series of National Savings Certificates, on the following terms:—

(Cost 16s.)					
End of year	Value.	Interest per cent. per annum.	End of year.	Value.	Interest per cent. per annum.
	s. d.	£ s. d.		s. d.	£ s. d.
1	16 4	2 1 8	6	19 4	3 4 1
2	16 8	2 1 2	7	20 0	3 4 9
3	17 4	2 14 1	8	20 8	3 5 0
4	18 0	2 19 9	9	21 4	3 4 11
5	18 8	3 2 7	10	22 0	3 4 8
			11	23 0	3 7 1

The latest Certificate is slightly more complicated than its forbears, and, of course, earns lower interest, the Treasury having rightly insisted on a maximum overall rate appreciably below $3\frac{1}{2}$ per cent. The Treasury has not seen its way to meet those who asked for a longer-life Certificate, the extension of one year, over the ten of all earlier series, being without significance. The authorities, who are undesirous of attracting "in-and-out" business, pay no interest on a Certificate until the end of the first year, when 4d. is added. The same amount accrues during the second year, but in instalments of 1d. at the end of every three months. During these two years the average interest rate is well below the $2\frac{1}{2}$ per cent. obtainable on Savings Bank deposits. Thereafter, interest accrues at the normal rate of 2d. at the end of every three months until, on the maturity of the Certificate, the holder receives a modest bonus of 4d. The new Certificate will probably be popular once the public has accustomed itself to thinking in terms of lower interest rates. The Treasury, however, must regret that an unlucky time sequence compelled it to effect conversion of £250 millions of First Series Savings Certificates last March on much more costly terms than it would have been impelled to offer three or four months

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later. The manner in which interest rates on Savings Certificates have reflected major improvements in the price of Government credit is shown by the following table:—

	Series I.	Series II.	Series III.	Series IV.
When first issued.....	1916	April 1, 1922	Oct. 1, 1923	Aug. 2, 1932.
Life (years).....	10*	10	10	11
Purchase price.....	15s. 6d.	16s.	16s.	16s.
Maturity price.....	26s.	26s.	24s.	23s.
Overall rate of interest				
(% p.a. compound, tax free)	£5 6s. 2d.	£4 19s. 6d.	£4 2s. 9d.	£3 7s. 1d.
Yield on 2½% Consols at date of original issue (%)	£4 4s. 0d.	£4 8s. 0d.	£4 5s. 6d.	£3 8s. 0d.

* Originally five.

The limitation of the maximum individual holding to 500 Certificates is maintained unchanged, the total including Certificates of all series.

B.B.C. and the Stock Exchange.—The decision of the British Broadcasting Corporation to resume, in a modified form, its nightly reports on the course of Stock Exchange markets and prices will doubtless give satisfaction to many country listeners. The original decision to suspend these bulletins was interpreted as a sign of the Corporation's dissatisfaction with their quality, which was shared in City quarters. Disappointment was expressed, however, over the subsequent intimation that the service was to be withdrawn indefinitely, those responsible for radio programmes holding the view that the reports interested an extremely small proportion of listeners, and that, in general, Stock Exchange news was not adapted to radio dissemination. It has been suggested that the decision, which came most unfortunately on the eve of the Government's conversion announcement, was due less to inherent unsuitability of medium than to lack of appreciation, on the part of the controllers of programme policy, of the possibilities of a complex but important branch of national activity. The B.B.C. appears to have sounded a number of people, in a period of Stock Exchange depression, on their attitude towards a series of dull and uninspiring bulletins, and, receiving the inevitable answer, to have relinquished responsibility for a subject in which it had never been seriously interested. The number of investors, in fact, is legion, and each has a strong motive for maintaining interest in investment matters. A mere recital of prices of the most active stocks may offer an investor in remote places the opportunity of learning of changes, affecting his own position, within a couple of hours of the closing of the "House," and of posting or wiring instructions to his broker in time for the following morning's opening of business. Such an investor may wait twelve to eighteen hours for the arrival of a morning paper containing the same news. On a broader view, it is undesirable that the B.B.C., which is one of the most powerful educative forces in the State, should regard investment as a narrowly specialised technical "mystery," unsuitable for broadcasting. The Corporation's past programmes have included admirable talks by well-known economists on the many aspects of their subject, and there is a vast virgin field awaiting similar development in the domain of general investment. It may be hoped that, if the permanent staff of the B.B.C. includes no expert qualified to deal with this branch of life and thought, steps will be taken to remedy the deficiency.

Railway Dividends.—After the disappointing interim statement of the London Midland and Scottish Railway (which omitted any dividend on its 1923 preference stock and declared only 1 per cent. on its first preference), the half-yearly announcement of the Southern Railway came as a pleasing surprise to the market. No payment was recommended on the preferred ordinary stock, but a full half-year's dividend was declared on the preference stock—whose dividend prospects had been dubiously regarded. During the first six months of this year, as compared

with last, the company's receipts fell by £800,000 (gross) from passengers and goods trains, by £150,000 (net) from steamers, and by £40,000 (net) from docks, hotels, etc. Railway expenditure, however, was reduced by over £500,000, so that the decline in net revenue for the half-year was of the order of £500,000. The market was impressed less by the disclosed expenditure economies (which were of much the same proportions as those already announced by the L.M.S.) than by the board's "gesture." Part of the last half-year's saving will be non-recurrent, since it represents wage differences in the first three months, the "cuts" under the National Board's award having come into force only at the end of March, 1931. The fall in gross receipts, on the other hand, was heaviest in the latter part of the period, though this was partly due to seasonal causes. The dividend announcements of the London and North-Eastern and Great Western companies, whose gross railway receipts declined by £2,188,000 and £1,175,000 respectively in the last half-year, will have been announced by the time this issue is in the hands of readers. If economies are of the approximate proportions of those of the other two lines, earnings should be sufficient to cover all L.N.E.R. guaranteed stocks, with a small margin for first preference, and nearly to cover all Great Western preference requirements.

Crosse and Blackwell.—The latest accounts of these preserved provision manufacturers are disappointing. Profits are 40 per cent. below those of 1930 (which, in turn, were 30 per cent. below those of 1929), and net earnings after debenture interest are negligible. No dividend is paid on the £2,250,000 of preference capital. Non-recurrent charges are of onerous dimensions:—

Year to December 31st.	1929.	1930.	1931.
	£	£	£
Profit	287,510	200,757	119,601
Expenses	29,511	32,413	32,820
Directors' fees	3,500	2,083	1,542
Deb. interest, &c.	43,295	84,127	72,870
Deb. redemption	...	452	...
Net profit	211,204	81,682	12,369
Brought forward	60,070	52,525	3,426
Preference dividend.....	168,750	130,781	Nil
No. of times covered	1.3	0.6	...
Ordinary dividend:			
Amount	Nil	Nil	Nil
Earnings %	16.4	Nil	Nil
Paid %	Nil	Nil	Nil
Other allocations	...	...	122,781*
Reserve	50,000	Nil	Dr. 28,108
Carried forward	52,525	3,426	Dr. 78,878

* Of which £37,151 is guaranteed preference dividend and interest to Crosse and Blackwell, Inc., U.S.A.; £83,327 losses of overseas companies; and £2,303 exchange amount.

Difficulties in connection with overseas connections have been intensified, but efforts are being made to eliminate them. Since the date of the balance sheet an arrangement has been negotiated with the preference shareholders of the American company by which Crosse and Blackwell is released from its preference guarantee in consideration of the payment of £54,388. The assets of the Canadian company have been bought from the American company and disposed of on terms which provide both companies with fresh working capital. The board has disposed of the South African and South American companies subject to a royalty on sales and an option to re-purchase. Negotiations are in progress for the reorganisation of the French business. The company's position in the home trade has apparently been "satisfactorily maintained," and the directors look for a "substantial improvement" in trading results during the current year. The consolidated balance-sheet position is not impressive. Investments at £247,549 "cannot now be regarded as worth their full book value." The £1 7½ per cent. preference shares, 15s. paid, are quoted at 8s. 3d.; the 1s. ordinary shares at 6d.

Mitchells and Butlers.—The directors of this Birmingham brewery company attribute the drop of some 18 per cent. in earnings for the year ended June 30, 1932, to the addition of 31s. per standard barrel to the beer duty last September, which aggravated the decline in consumption. The ordinary dividend is reduced from 15 per cent. to 11 per cent., both tax free.

Year to June 30.	1930.	1931.	1932.
	£	£	£
Profit	725,023	654,778	540,736
Directors' fees	2,500	2,500	2,000
Debenture interest	25,652	25,284	25,277
Net profit	696,871	626,994	513,459
Brought forward	380,191	431,097	438,347
Preference dividends	47,250	46,500	44,250
No. of times covered	14.3	13.5	11.7
7% max. ord. dividend	29,670	29,199	28,257
Ordinary dividend:			
Amount	444,045	444,045	325,633
Earnings %	20.9	18.6	14.9
Paid %	15*	15*	11*
Reserve	125,000	100,000	75,000
Carried forward	431,097	438,347	478,666

* Free of tax.

The reserve fund is now £1,325,000, in addition to a reserve for contingencies of £800,000. The balance sheet shows cash and debtors at £670,346, against creditors and loans of £670,329. The £1 ordinary shares are quoted at 44s., which, allowing for the final dividend of 6 per cent., gives a yield of about £5 3s. 6d. per cent. tax free.

Independent Investment Company.—The report for the year to March 31, 1932, of the Independent Investment Company, of which Messrs J. M. Keynes, O. T. Falk and Ian MacPherson are directors, was interesting for several reasons. In the first place, the depreciation shown on the company's investments at March 31, 1932, was approximately 50 per cent., which, though not unique for a post-war investment trust—the Ailsa Investment Trust also had a depreciation of 50 per cent.—is large enough to demand exceptional action. This appears to have been taken, for no dividend is recommended on the ordinary stock, and two new directors have joined the board, the Hon. W. B. L. Barrington, of Messrs Helbert Wagg, and Mr C. R. V. Coutts, of the Provident Mutual Assurance. Their appointment was confirmed at the general meeting on Wednesday last, at which the chair-man stated that, in future, Messrs Helbert Wagg would act as managers and secretaries of the company. In the second place, the directors have been involved in a dispute with their auditors regarding the treatment of an exchange loss arising out of the fact that when Great Britain went off the gold standard last September the company was carrying a dollar loan against dollar securities. The accounts, as drawn up, were adopted at the meeting. The gross revenue of the Trust amounted to £31,199 against £87,917 in the previous year and the net revenue to £15,461 against £21,855. The preference dividend absorbed £9,450, leaving a balance to be carried forward of £81,059. The directors have evidently good cause for withholding payment of an ordinary dividend. The 5 per cent. preference stock is quoted at 60 and the ordinary stock at 86½. On the market valuation of the securities at £249,620 the preference capital, after allowing for loans, is covered only as to 50 per cent. Some 63½ per cent. of the total holdings are in American securities. Since there have recently been important differences of opinion between certain directors on matters of policy, the new arrangement should make for progress in the rehabilitation of the company's position—presumably on "orthodox" investment trust lines.

Copper Shares and Tariff Prospects.—The quotations of Rhodesian copper mining shares have recently moved against the trend of the market for copper, which has been sagging, the metal having sold down to 4.60 cents c.i.f. European ports, while sterling quotations in London have set up new low records. Costs of production in Northern Rhodesia are possibly lower (writes a trade correspondent) than in any copper-producing area in the

world. That shareholders, nevertheless, can hope for any return while copper sells below 5 cents is more than doubtful. Recent buying, however, has been based on the assumption that the Ottawa Conference will agree upon a tax on foreign copper with free entry for Empire brands. This is, of course, a possibility, and would no doubt benefit Canada as well as the other Empire copper-producing centres. The 4 cent duty imposed by the United States has closed an important market for the sale of Canada's refined copper. The Canadian producers are, however, outside the copper cartel. At present they are obtaining a share of the business in electrolytic grades, which suggests that when demand really improves they may carry off the greater part of whatever is going. On the other hand, both Chile and Katanga are low-cost producers, capable of putting up a stout fight on the English market unless they are shut out by a duty. Rhodesia's main trouble at present is lack of refining capacity and dependence upon American assistance. Within a few months, however, the projected plant at Prescott will be in operation. It may be taken as certain that further provision will be made in due course for converting Bessemer into refined, either in this country or at the mine.

Oil Developments.—The International Oil Conference, which met in Paris this month after adjourning at New York, has reached an agreement which will come up for ratification, it is understood, at a final conference in New York. The Russian delegates, being absent from the Conference, were not a party to its findings. Details of the agreement have been jealously guarded, but it is known that the arrangements, which are designed to "improve the situation in import markets," include an

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
RESERVE FOR EXCHANGE CON- TINGENCIES	£664,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

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

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

Head Office: 10 CLEMENTS LANE, LOMBARD STREET,
and 77, KING WILLIAM STREET, LONDON, E.C. 4.
London Wall Branch: 63, LONDON WALL, E.C. 2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C. 2.
NEW YORK AGENCY: 67, WALL STREET.
HAMBURG AGENCY.

Bank of British West Africa, Ltd., 49-53, SCHAUENBURGER-STRASSE
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST
and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

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

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

undertaking between the Roumanian groups and the "international" producers to respect each other's relative position in particular markets. All intention is disclaimed of attempting to raise crude oil prices to levels which will tempt independent producers to break away. The weak point, of course, is the non-inclusion of the Russians, but the spokesmen of the Conference profess to discount this factor on the ground that Russia is now producing and exporting practically to capacity, and has no reserve for a further increase. Whether this is so remains to be seen. The oil share market was firm on the announcement, speculative buying of the leading shares being recorded from London, New York and the Continent. The movement, however, tended to lose impetus by mid-week, the market desiring fuller details as to the crucial figures contained in the agreement, and reassurance as to the willingness of the Roumanian Government to ratify in the absence of a Russian *modus vivendi*.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: The Standard Bank of South Africa, Union Bank of Australia, Provincial Bank of Ireland, Bank of Roumania, British Steamship Investment Trust, Threlfall's Brewery, Millars' Timber and Trading, and Tanganyika Concessions. Presiding at the annual meeting of Threlfall's Brewery, Major C. M. Threlfall said that one of their difficulties had been the unfair competition suffered from clubs of a certain class. In many instances they were being opened in direct opposition to licensed hotels, and were neither subject to the strict supervision of the authorities, nor required to pay the high taxation of the trade. At the annual meeting of the Union Bank of Australia the Hon. Edmund W. Parker said that their liquid assets amounted to about 8s. 6d. in the £ of the total liabilities of the bank to the public, which represented a strong position.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to July 23, 1932, excluding conversions, £163,062,825.
Total recorded, January 1 to July 23, 1932, including conversions, £291,807,490.*

National Savings Certificates.

* Net receipts, week ended July 23, 1932, Dr. £650,000.

	Nominal Capital.	Conversions.	New Money.	Cash Subscriptions.	First Payment.	Further Liability.
	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To the Public.						
To Shareholders only.						
Bent Light Railway, £60,000	60,000	...	60,000	6,000	54,000	
4½% Deb. Stk. at par	60,000	...	60,000	6,000	54,000	
Total offered to Shareholders only, week ended July 30, 1932	60,000	...	60,000	6,000	54,000	

	Jan. 1 to date	Whole year—
1932	291,217,490†	162,472,825
1931	106,871,099	95,994,114
1930	279,848,763	189,745,482
1929	224,081,161	192,755,561
1928	...	279,750,156
1927	...	235,959,887
1926	...	141,009,582
1925	...	126,959,892
† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.		

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	150,862,581	8,025,682	3,584,562	162,472,825
1931	74,362,774	6,140,559	15,490,781	95,994,114
1930	155,468,659	14,730,138	19,146,685	189,745,482
Whole year—				
1931	74,835,899	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	46,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,156,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Amount previously recorded	Amount Prices at which Capital Introduced.	Deals Began.	Total Cash Involved.
...	£ 9,011,750	...	...	£ 9,756,857
Total, week ended July 30, 1932.	Nil	...	...	Nil
Total to date, 1932	9,011,750	...	...	9,756,857
Total to date, 1931	8,087,183	...	...	8,432,058

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended July 22, 1932. (c) Week ended July 23, 1932.		Miles Open.	Gross Receipts, week ended July 24, 1932. (000's omitted.)						Aggregate Gross Receipts, 29 weeks. (000's omitted.)							
			Passen- ger &c.	Merch- andise &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger &c.	Merch- andise &c.	Coal and Coke.	Total Goods.	Total Receipts.				
Great Western	1932	3,761	£	269	163	91	£	254	523	£	5,547	4,884	2,959	£	7,843	13,390
(c) L. & N.	1932	3,761	293	190	97	287	580	6,100	5,531	3,098	8,629	14,729				
Eastern	1932	6,353	395	272	181	453	849	8,390	8,484	6,343	14,827	23,217				
L. M. & S.	1932	6,963	434	322	189	511	945	9,108	9,814	6,822	16,536	25,744				
Scottish	1932	6,958	620	369	186	555	1,175	12,903	12,257	6,681	18,938	31,841				
Southern ...	1932	2,181	337	61	30	91	1,301	13,732	13,569	7,215	20,784	34,584				
	1931	2,180	392	74	30	104	496	8,520	2,119	917	2,712	10,458				
											3,033	11,553				
Total...	1932	19,259	1,622	865	488	1,353	2,975	34,584	27,444	16,876	44,320	78,904				
	1931	19,250	1,781	1,029	512	1,541	3,322	37,460	31,030	18,052	49,082	86,542				
(c) Metro- politan	1932	59	29	3	...	3	32	857	5	...	99	3	956	8	...	
(c) Under- ground & R.R.	1932	59	30	...	...	3	7	34	907	7	...	208	4	1016	1	
(c) Green	1932	...	292	...	...	...	...	285	8497	...	...	...	8497	8	...	
Buses, &c.	1932	...	33	5	...	...	...	293	8795	1	...	...	8795	1	...	
(c) L. & S.b.	1932	...	...	...	...	...	...	35	882	1	...	...	882	1	...	
(c) Group	1932	...	43	2	...	...	...	43	1261	5	...	...	1261	5	...	
(c) Belfast	1932	...	44	3	...	...	...	44	1294	8	...	...	1294	8	...	
& Co. Down	1932	80	4	...	...	...	...	0	72	5	...	...	72	5	...	
(c) Great	1932	80	4	...	...	...	...	0	5	75	7	...	75	7	...	
Northern	1932	562	14	3	...	...	...	10	24	315	1	...	356	2	671	
(b) Great	1932	562	15	3	...	...	...	13	29	322	3	...	421	8	744	
Southern	1932	2,182	33	8	...	...	...	27	1	733	7	...	1003	7	1737	
	1931	2,182	33	...	...	...	...	35	6	709	1	...	1182	7	1891	

The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Allotment.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	12	June 25	1,330	Rs. 3,20,100	Rs. 66,376	Rs. 36,50,465	Rs. 11,48,677
Barel L. Ry.	13	July 2	202	27,600	10,900	4,35,400	1,19,100
Bengal & N. Western Bengal-Nagpur	13	July 2	2,114	5,90,783	19,248	90,12,706 +	10,861
Bombay Bar. & C.I.	12	June 25	5,074	13,54,000	58,332	1,68,52,000	11,40,628
Madras & S. Mahr.	15	July 16	5,084	16,58,000	+ 42,000	3,10,75,000	2,04,000
† Rohilk. & Dumauon	13	July 2	5,230	14,38,000	1,04,613	1,89,89,021	24,24,308
South Indian	12	June 25	2,528	1,07,954	15,531	18,01,257	33,859
	12	June 25	2,528	11,38,864	14,152	1,32,96,640	5,27,735

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	29	July 21	20,540	2,784,068	—	514,029	78,198,361	—	19,946,457
Canadian Pacific	29	July 21	16,903	2,277,000	—	471,000	64,702,000	—	15,865,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia)	30	July 24	804	8,910	—	4,590	324,430	—	214,150
Argentine N.E.	3	July 23	753	13,800	—	500	41,300	—	5,700
B.A. and Pacific	3	July 23	2,806	90,000	—	21,000	313,000	—	10,000
B.A. Central	3	July 24	24	10,535	—	723	41,318	—	3,407
B.A. Gt. Southern	3	July 23	5,076	140,000	—	10,000	456,000	—	162,000
B.A. Western	3	July 23	5,114	15,000	—	10,000	193,000	—	47,000
Central Argentine	3	July 23	5,505	194,000	—	36,000	651,000	—	141,000
Central Uruguay	3	July 23	273	11,579	—	1,380	36,483	—	648
O. Urug. (East Ext.)	3	July 23	185	2,424	—	162	8,538	—	325
O. Urug. (W. Ext.)	3	July 23	211	1,340	—	312	4,653	—	1,009
O. Urug. Central	3	July 23	1,218	1,071	—	166	3,372	—	398
Entre Rios	3	July 23	810	83,000	—	10,000	168,000	—	64,000
G. Westn. of Brazil	30	July 23	1,052	6,700	—	1,900	56,000	—	17,400
Leopoldina	30	July 23	1,218	6,700	—	1,900	284,600	—	82,700
Leopoldina Termal.	30	July 23	...	30,273	—	3,747	743,484	—	85,338
Nitrate	30	July 23	...	Ma. 240,000	—	23,000	7,985,000	—	24,000
Paraguay Central	15	July 11	411	317	—	2,539	28,190	—	67,824
Salvador	3	July 23	274	3,630	—	110	11,040	—	2,820
San Paulo	3	July 23	...	1,342	—	874	4,869	—	3,813
United of Havana	27	July 23	1,534	35,383	—	9,268	879,192	—	141,463
	3	July 23	1,367	17,853	—	4,977	54,547	—	23,627

OTHER OVERSEAS.

Egyptian Delta	14	July 10	620	6,137	—	739	55,133	—	9,363
Light Railways	28	July 14	...	1,113	—	163	43,850	—	737
Egyptian Markets	28	July 14	...	35,376	—	30,671	1,416,919	—	809,415
Gr. South of Spain	28	July 16	...	104	—	...	476,600	—	86,000
Medion Railway	3	July 21	483	815,700	—	32,000	...	—	...

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine	29	July 23	329	65,706	—	3,190	1,923,377	—	206,223
B. Aires Lacrosse	29	July 23	...	9,577	—	205	37,862	—	255
Isle of Thanet Elec.	28	July 23	...	3,869	—	274	74,448	—	3,448
Liverpool Corp.	16	July 20	134	28,433	—	1,618	456,043	—	16,507
Madras Electric	16	July 15	...	56,622	—	429	6,624,024	—	24,827
L.O.C. Tramways	16	July 20	166	76,670	—	1,774	1,244,771	—	45,058

MONTHLY TRAFFICS.

Company.	Months.	Ending 1932.	Description.	Receipts for Month.		Receipts to Date.			
				1932.	+ or -	1932.	+ or -		
Brazilian Traction, &c. ...	6	June 30	Gross	2,719,797	—	530,406	15,423,758	—	3,343,115
Canadian Natl. Railways	6	June 30	Net	1,648,486	—	381,740	8,925,646	—	2,385,668
Hydro-Electric Securities	12	May 31	Gross	12,437,076	—	2,798,154	70,187,818	—	18,087,808
Winnipeg Electric	6	May 31	Gross	1,227,856	—	1,332,861	4,408,674	—	1,079,539
			Net	10,925,978	—	1,304,939	14,524,447	—	11,321,796
			Gross	4,995,206	—	827,721	68,472,883	—	4,688,843
			Net	484,066	—	6,006	2,482,450	—	36,443
			Net	346,048	—	17,136	946,828	—	88,883

COMPANY MEETINGS, &c.

THE STANDARD BANK OF SOUTH AFRICA LIMITED.

CONTINUED DIFFICULT CONDITIONS.

POSITION AND PROSPECTS IN THE UNION.

INTERESTING REVIEW BY LORD BALFOUR OF BURLEIGH.

The one hundred and nineteenth ordinary meeting of shareholders of the Standard Bank of South Africa Limited was held at Southern House (formerly Cannon Street Hotel), London, E.C., on July 27, 1932. The Right Hon. Lord Balfour of Burleigh in the chair.

The Secretary (Mr T. D. Williams) having read the notice convening the meeting, the Chairman authenticated the correctness of the register of transfers by impressing thereupon the seal of the company.

The directors' report and accounts were taken as read, and the Secretary read the report of the auditors.

The Chairman then addressed the meeting as follows:—Ladies and Gentlemen, you would notice that the certificate which has just been read by the Secretary has been signed by two auditors only, and you would, I feel sure, share the regret of the directors at the recent death of Sir Gilbert Garnsey, who had been one of our auditors since 1921.

In terms of the bank's Articles of Association the directors propose to fill the vacancy thus created by appointing Sir Nicholas Waterhouse, and this appointment you will be asked to confirm at the next meeting.

The year which has passed since our last meeting has been one of great economic difficulty. In addition to the continued fall in the price of primary products we have had to encounter the abandonment of the gold standard on September 21st last. It has been a year of world-wide crisis, and the shareholders will be awaiting with special interest an account of the manner in which the events of so difficult a period have been reflected in the affairs of our bank. I venture to say that the account of their stewardship which the board have to render on this occasion is one with which you will have no cause to feel disappointed.

You have in your hands a copy of the report and Balance Sheet of the balance sheet as at March 31st last, and I would like in the first place to offer you some detailed comment on the figures.

Let me begin by explaining that as our balance sheet is expressed in sterling it has been necessary to convert the items of South African currency into sterling at the rate of exchange ruling on March 31st last; the effect is, of course, to increase the relative figures on both sides of the balance sheet by about one-fourth. The only South African item not so treated is that of bank property and premises; as these are in the nature of a fixed asset, property and premises figure remains, therefore, on the same basis as last year.

It will be observed that the total of assets and of liabilities is a little over £69,000,000, as compared with £70,400,000 last year. That the figure should actually show a net reduction of more than £1,000,000, in spite of the increase by one-fourth of some of the largest individual items, is an indication of the extent to which business has contracted during the year under review.

Taking one or two of the more important items—deposits and current accounts stand at slightly over £52,000,000, whereas last year they were just under that figure. The apparent small increase of £217,000 represents in reality a drop of over £7,000,000. The actual decrease in deposits in the Union alone is over £8,000,000.

Bills discounted and advances to customers stand at approximately £38,000,000 compared with £37,500,000 last year. Making the necessary allowance for exchange and other factors, the actual decrease of advances to the general public within the Union is £923,000 only. This figure must be borne in mind in comparison with the decrease in our deposits within the Union of £8,000,000, to which I have just referred.

As invariably happens in times of difficulty, the bank has been subject to some criticism in South Africa on the ground that we have not been more liberal in making advances. I can only say that we have done our utmost to meet the legitimate requirements of our customers, and if our critics will examine these figures, I think they must admit that it has been no mean achievement to meet the heavy withdrawal of deposits within the Union without any comparable reduction in advance facilities.

Bills of exchange are £2,870,000, against £5,240,000, an actual reduction of £2,370,000. This follows a decline last year of £1,500,000 in the same item, and is directly due to the contraction in the external trade of South Africa, which is further reflected in drafts outstanding and acceptances under credits wherein a decrease of more than £600,000 is shown.

Our investments stand at just over £7,000,000, an increase of £1,723,000 over last year's figure. You may recollect that on the occasion of our last meeting the chairman informed you that we were at that time adding to our investments, and the purchases we have made are reflected in the accounts before you. In our half-yearly statement as at September 30th we mentioned that it had been necessary to transfer a certain amount from contingencies account to provide for depreciation in investments. I am glad to be able to say that the market value of our investments is now much in excess of the book value. I take the opportunity to mention that we have converted the whole of our substantial holding of 5 per cent. War Loan.

Our cash in hand and at call is £9,400,000; allowing for the exchange variation on the South African Rand at Call, this represents a figure higher than last year by £91,000.

to obtain the release of the amount of sterling which we have placed at the disposal of the exchange pool.

As far as the general public are concerned, there are no restrictions on exchange transactions with South Africa, and it will be very gratifying to us if we can be permitted to adjust our own uncovered exchange position.

May I point out that, even after the sum of £664,170 has been set aside, we have still in the reserve fund £2,500,000, an amount equivalent to our paid-up capital?

One other matter in connection with the balance sheet requires a reference. You will perhaps remember that in our statement of September 30th last the liabilities and assets in South Africa were included at par of exchange, and it was stated that provision for the difference in exchange had been met out of contingencies account. It is satisfactory to be able to report that the position having been dealt with in the present accounts in the manner which I have explained, the amount set aside in September last has been re-transferred to contingencies account.

Turning to the profit and loss account, the balance of profits for the year is £457,442, a decrease on last year's figures of some 19 per cent.

Loss Account. Having regard to the difficulties of the period in which this profit has been earned, I need not refer to the matter in any spirit of apology. You will observe that provision for bad and doubtful debts has been made out of the profits for the year.

With the amount of £142,622 brought forward, the balance for disposal is £300,064. The interim dividend paid in January absorbed £150,000; after placing £75,000 to bank premises account, there is available £375,064, out of which the board recommend appropriating £100,000 to the pension fund, the same amount as last year, and the payment of a final dividend at the rate of 10 per cent. per annum, making a total distribution of 11 per cent. for the year.

Dividend and Carry Forward. This will leave an increased amount of £150,064 to be carried forward to the next account.

Your chairman last year, Mr E. Clifton-Brown, said:—"It is never wise to indulge in prophecy, and it is unusually dangerous to do so at this time, but it must be clear to every one of us that the problems of the current year are not less serious—they may be even more serious—than those of last year. I am speaking in general terms and not with special reference to our own business, but unless there is some material improvement in the prices of primary products and other raw materials which South Africa produces the earning capacity of most businesses must be adversely affected."

That forecast has been fulfilled to the letter, and the uncertainty of conditions prevailing during the past year, in addition to the continued fall in prices, has created the greatest possible difficulties for those engaged in trade, industry and finance in South Africa.

The value of the overseas trade of the Union for 1931 showed a decrease of £22,616,000 as compared with the figures for 1930, exports falling by £11,053,000 and imports by £11,563,000. The chief shrinkage in exports occurred in wool, maize and maize products, and diamonds, which dropped by £2,943,000, £2,232,000 and £1,907,000 respectively.

The principal decreases in imports were in the items of metal manufactures and machinery, £2,526,000; textiles, £1,984,000; and Government stores, £1,719,000.

Turning to individual industries, fortunately the gold-mining industry again showed a record output and proved a bulwark of the country's economic structure. An increased supply of native labour was obtained, and it is to be hoped that everything possible will be done to encourage the industry with a view to extending operations further in the future. There are untouched areas that could be opened up provided the necessary capital is made available.

The diamond industry has felt the full effects of the world depression, and the two principal producers in the Union closed down their mines on March 31st last. Every one of us must regret the temporary eclipse of this great South African industry. In the main a luxury trade, the diamond industry cannot hope for any early revival, but no one can doubt that when normal times return diamonds will once again make their wonted contribution to the prosperity of South Africa.

As regards agriculture, costs of production in the Union have steadily increased for some years past and, with a fall in agricultural prices during the last two years which has been out of all proportion to the decline in wholesale and retail prices generally, the farming community are experiencing the greatest difficulty in adjusting costs to the lower level of external prices.

Climatic conditions were not on the whole unfavourable, although a severe drought was experienced in Northern Natal and Zululand and a considerable amount of damage was caused by heavy rains and floods in the Eastern and Midland Cape districts at the close of the year.

While business generally in the Union has shown steady contraction during the past two years it can safely be said that conditions do not compare unfavourably with those in most countries of the world. South Africa is extremely fortunate in that her principal export—gold—commands a certain market at a remunerative price, and her export trade—great as has been its decrease—has consequently not fallen to such an extent as in countries whose exports consist more largely of agricultural produce.

In Southern Rhodesia there was a decrease of 23 per cent. in the total volume of foreign trade, but the balance of trade was favourable for the first time for some years.

Cattle raising suffered a severe setback owing to the outbreak of "foot-and-mouth" disease. Maize growers were severely affected by the continued fall in world prices, and a Maize Control Act was passed to stabilise internal prices and equalise the burden of export. This season's tobacco crop is expected to exceed that of last year. There is no doubt that tobacco of the best quality can be produced in the Territory and, provided the position is handled with care, the future of the industry appears to be assured.

Southern Rhodesia abandoned the gold standard and linked up with sterling on October 12, 1931, simultaneously with Northern Rhodesia and Nyasaland.

In Northern Rhodesia imports at £5,102,000 exceeded exports by nearly £4,000,000. The large adverse balance of trade, which has been a feature in recent years, is largely attributable to the development of the copper mining industry, necessitating the importation of large quantities of railway material, plant and machinery.

In Nyasaland trading conditions were very unfavourable. The continued fall in prices of produce curtailed purchasing power considerably, but the potential resources of the Protectorate remain unimpaired and a healthy condition would be quickly restored with an increase in the market prices of produce to an economic level.

Exports of tobacco—which is the most important crop—decreased in quantity by about 17 per cent., but this season's crop is likely to show a larger yield and an improvement in quality.

In South-West Africa the year 1931 proved to be another difficult one in every direction. The country's purchasing power has diminished rapidly during the past two years owing largely to the curtailment of diamond and copper mining operations and to the continued fall in prices of farming produce.

The East African Territories have been severely affected by the depression; their wealth being derived chiefly from agricultural industries they have felt the full force of the abnormal drop in prices of all primary products.

Further detailed statistics of commerce and industry in South and East Africa, with which I will not weary you, will be included, as is our usual practice, in the printed report of the meeting.

My colleague, Sir Roy Wilson, accompanied by our Secretary, Mr Williams, recently carried out a comprehensive tour of the Union of South Africa, visiting all the principal centres and many of the country districts.

Sir Roy's visit has been of great value to the Bank and we are glad he has returned in time to be with us to-day.

Ladies and gentlemen, such is a brief review of the conditions under which we have laboured during the past year. It is in the light of these that our results must be considered. Monetary conditions have been unusually difficult. The heavy decrease in our South African resources had to be met, while at the same time we had to do our utmost to continue advance facilities to those who are accustomed to rely upon us.

Such conditions have thrown a heavy strain upon our senior officials both in South Africa and London, and indeed have provided a very real test of the efficiency and strength of our whole banking machine.

The soundness and liquidity of the financial position revealed by the accounts in your hands entitle us, I think, to feel proud of the way in which our bank has emerged from a year of quite exceptional difficulty.

As to the future, I shall be no less cautious than your chairman last year in indulging in prophecy. Nevertheless, I think we have now more solid grounds on which to base our hopes of ultimate world recovery than have been visible for some time past. First and foremost there is the great improvement in British credit which has been

steadily taking place ever since the General Election and the formation of the National Government last autumn; the final seal has been set on this recovery by the now assured success of the great War Loan Conversion Scheme, which, moreover, by an all-round cheapening of borrowing will materially facilitate an industrial revival. Then there is the Lausanne agreement. Provisional indeed it is, but in the nature of things it could hardly have been otherwise. We may fairly hope that it will prove to be the first step towards an international settlement which will at last be based on reality and not on fantasy, and which will rid us by degrees of those barbed wire entanglements in which the trade of the world is being strangled to death, i.e., exchange restrictions and tariff barriers. Finally, there is to-day proceeding at Ottawa a Conference of which we are justified in cherishing the brightest hopes, more especially if it is being carried on, as we may feel sure it is, with the object, in the striking phrase of Mr Havenga, the Union Finance Minister, not merely of putting a ring fence round the Empire, but of revivifying the trade of the whole world.

A few months, and even weeks ago, the prospect before the world, owing to the apparent irreconcilability of the views and claims of the different nations, was that of drifting ever more swiftly into a collapse of credit which would mean nothing less than the relapse to barbarism and starvation of large and important areas. To-day we may at all events feel that under the very shadow of impending catastrophe steps are at last being taken to avert disaster, and in difficult as the future is sure to be—as well in South Africa as in the rest of the world—nevertheless a way does seem to be opening up to the ultimate restoration of confidence and a return to more normal business conditions.

I will now conclude by moving the first resolution, viz.:—"That the report and balance sheet to March 31, 1932, now presented, be adopted," and I will ask my colleague, Sir Roy Wilson, to second it. (Applause.)

Sir Roderick Roy Wilson: Ladies and Gentlemen,—Before formally seconding the adoption of the report and balance sheet, I should like for a very few moments to refer to the visit to South Africa which I have just concluded. I shall not attempt in the short time at my disposal to tell you of the impressions which I formed during this my first visit to the Union, but I do want to refer very briefly to one object of my visit which engaged my constant and close attention during the eight weeks which I spent in visiting fifty-four of our branches, namely, the all-important question of our staff. I was anxious to ascertain whether the Standard Bank, which, during its long and honourable history in South Africa, has done so much for the development of the country, had among the rank and file of its staff men capable some day of carrying on, in the higher posts of our service, the responsible duties so ably performed by our managers and general managers, past and present.

Ladies and Gentlemen, I can at once and without hesitation assure you upon that question. It was, of course, impossible for me to examine closely the qualifications of every man in the service at all the branches I visited. But I did interview and examine nearly 300 of our officers in all grades, and I am satisfied beyond doubt that we have an unusually high percentage of men who are possessed of more than average ability, and who some day will worthily succeed those who are now in retirement or who are approaching the retiring age, and who have done so much in the past to bring this bank to its present high state of strength and efficiency.

I know I am speaking for all my colleagues when I say that we intend to make the best use of this promising material, and to give every man in our service, whether he be British, South African or Dutch, the opportunity to rise to the higher posts if he has the indispensable prerequisites—character, capability and confidence.

This bank has a loyal, capable and devoted staff in South Africa, and, as a member of the board, it is to me a very pleasant duty to be able to assure the shareholders that they are well served by the staff in our main field of operations 6,000 miles from these shores, and that on this score they need have no anxiety at all for the future.

In conclusion, may I add that I had the privilege of meeting during my stay in Cape Town the Prime Minister, several members of the Government, and the Governor of the Reserve Bank. I was received by them all with the greatest kindness and courtesy, and am happy to say that the bank's relations with the South African Government and the Reserve Bank are both cordial and friendly. I beg to second the adoption of the report and balance sheet. (Applause.)

The Chairman: Before I put the resolution to the meeting I have to ask whether any shareholder has any remarks to make on

the report or accounts. (A pause.) If no one wishes to ask any questions I will put the resolution to the meeting.

The resolution was carried unanimously.

The Chairman: I have now to make a formal declaration of dividend by reading the following to the meeting:—

Declaration of Dividend. "As empowered by the Articles of Association, on behalf of the board, I now declare a dividend for the six months ended 31st March, 1932, of 5s. per share payable in British currency on 500,000 shares, as a final dividend for the 12 months ended on that date (making, with the interim dividend, a total distribution at the rate of 11 per cent. per annum), subject to income tax, to be paid to those shareholders whose names appeared on the register on the 6th day of July, and to become payable on the 30th instant."

I now have to ask Mr Arbuthnot to propose the second resolution.

Mr W. Reiersen Arbuthnot: Ladies and Gentlemen, I have much pleasure in proposing:—"That Robert Edmund Dickinson, Esq., Horace Peel, Esq., and William Smart, Esq., be re-elected directors of the company."

The Rt. Hon. Lord Sydenham, G.C.S.I., F.R.S.: I have great pleasure in seconding that resolution.

The resolution was unanimously adopted.

I now have to ask Mr Nissim to move the third resolution.

Mr Joseph Nissim: Mr Chairman, I have the honour to move the following resolution:—

Re-election of Auditors. "That A. T. Turquand-Young, Esq., F.C.A., and Roderick M. Peat, Esq., F.C.A., be re-appointed auditors of the company for the ensuing year at a remuneration of 400 guineas each."

Mr Chairman, we shareholders desire to associate ourselves with the board in our sense of the great loss to the bank by the premature death of our friend, Sir Gilbert Garnsey. (Hear, hear.) He was an auditor of the very highest standing in the City of London, with a high sense of duty, whose advice was sought for the solution of questions of the greatest complexity, and he never spared himself. The shareholders will remember that he came to us about eleven or twelve years ago, having been the auditor of the African Banking Corporation—a bank which has since been amalgamated with this bank. Now, considering how vast is the territory covered by this bank, how many its branches, how complicated the questions of accountancy that arise from the eight or nine currencies, we do think it essential to retain the services of three auditors representing three of the best firms in the City, and so we were glad to hear that a successor to Sir Gilbert Garnsey from his own firm has been nominated by you.

Speaking to the resolution, I would only remind shareholders that Mr Turquand-Young has been our auditor for a quarter of a century. (Hear, hear.) Mr Roderick Peat became our auditor more than twelve years ago in succession to his distinguished father—whom I am glad to see here to-day—who was our auditor for more than a quarter of a century, so I think that we shall have no hesitation whatever in passing the resolution. (Hear, hear.)

The Chairman: I will ask Mr Seyd to second the resolution.

Mr R. E. N. J. Seyd: I have much pleasure in seconding the resolution, and should like to associate myself with the remarks made by Mr Nissim in respect to Sir Gilbert Garnsey.

The resolution was unanimously agreed to.

The Chairman: Ladies and gentlemen,—I have now the agreeable duty to perform of moving a vote of thanks to our staff. I have already referred to the special circumstances of the past year which have rendered the work of the staff more than usually arduous. We are thereby placed under an obligation to them which is even greater than usual. During the past year Mr le Sueur, one of our joint general managers in South Africa, has reached the retiring age after forty-three years spent in the bank's service. I am using the words in their most literal sense when I speak of forty-three years spent in the service of the bank by Mr le Sueur. The bank's interests have ever been the prime object of his life, and the bank has had no more faithful servant. We shall all join in wishing him many years of enjoyment of the leisure he has so well earned. (Hear, hear.)

To fill the vacancy created by the retirement of Mr le Sueur we have appointed Mr King, formerly deputy general manager at Pretoria, to be joint general manager with Mr Shiel and Mr Robertson. To these gentlemen and to all those serving under them and to Mr Lowndes and the staff—senior and junior alike—in London and elsewhere, we owe our warmest thanks for the services they have rendered to the bank during the past year. (Applause.)

I have now pleasure in moving: "That the thanks of the meeting be given to the general managers, the London manager and other officers for their valuable services," and I will call upon Mr John Rae to second the resolution.

Mr John Rae: I have much pleasure in seconding the resolution. The vote was unanimously accorded.
The Chairman: That concludes the business of our meeting.

Mr T. L. Gilmour: Mr Chairman, ladies and gentlemen, in the long and honourable history of the Standard Bank we have gone through many vicissitudes. We have at all our annual meetings passed a resolution similar to that which I now have the honour to submit to you, but I think I shall carry all

those present with me when I say there has never been an occasion when we ought with greater heartiness to pass a resolution thanking the board of directors for their conduct of the business of this great company during the past year and thanking the chairman for his conduct in the chair. It has been said that this year has proved a testing time for the staff of this bank. It has proved also, ladies and gentlemen, a testing time for those who are in supreme control of our affairs, and I venture to say, without fear of contradiction, that they have come out of that test with the same credit which has been attributed to the bank's staff.

Ladies and gentlemen, it is unnecessary for me to detain you in proposing this resolution, but I should like to say this: we all of us on both sides of the table have been going through, during the past twelve months, a period of the most intense anxiety. We have gone through that period of anxiety as a nation; we have gone through it as a bank. I am glad to say that, by the universal testimony of other nations, we have borne ourselves under the stress and strain of this great anxiety with a calmness and a dignity which I think it is difficult to surpass. I venture to say that the bank has equally displayed the same qualities. To-day there has not been a question raised on this side of the table, and that in itself is probably the most striking testimony which could be given to the view which we shareholders take of those who are in control. I therefore have the greatest pleasure in moving:—"That the cordial thanks of the meeting be accorded to the directors for their attention to the affairs of the bank, and to the chairman for his conduct in the chair." (Applause.)

Sir William B. Peat, C.V.O.: Mr Chairman, my Lords, ladies and gentlemen, it falls to my pleasure to second what I consider to be one of the most important resolutions that could be placed before a body of shareholders—that is, an expression of thanks to the mainspring of the whole enterprise of this bank, namely, the board of directors. It is they who initiate, it is they who control, all that happens in this bank, with the aid of the excellent officers they have to advise them. We have to thank our board, and particularly our chairman, not only because we have been in the habit of doing so—a very good habit, I admit—but because we feel, one and all of us, that they have performed their duties in our interests absolutely to perfection.

The chairman has referred to the balance sheet of the bank. I am sure of this, that anyone who understands a balance sheet—and I assume that all the shareholders in this bank understand a balance sheet—will look upon the one before us to-day with pride and pleasure. Its liquidity is remarkable, and you must judge of a bank not alone by the amount of profits it shows; that is a very important thing, but it is still more important to recognise that the liquidity of a bank means safety, and the safety of our bank means safety for us as well as for those who deposit their moneys with the bank. I am speaking from some little knowledge. I was for many years one of the auditors of this bank, and I saw during my experience in that time the consistent energy, the consistent attention, which the directors of those days—and I am happy to see some of them here now—gave to the affairs of the bank, and I feel certain, from the experience they possessed, the energy they showed, and the attention they gave to the affairs of the bank, that we have every reason to thank our board most sincerely. I second the proposition. (Applause.)

The resolution was cordially approved.

The Chairman: Mr Gilmour, Sir William Peat, ladies and gentlemen, on behalf of my colleagues and myself I should like to offer you our warmest thanks for the resolution you have just passed, which is very much appreciated by all of us. Thank you very much indeed.

The proceedings then terminated.

PARTICULARS IN REGARD TO THE CHIEF INDUSTRIES OF SOUTH AND EAST AFRICA FOR THE PERIOD UNDER REVIEW.

The total mineral output of the Union for 1931 was valued at £54,729,763, as compared with £59,036,255 for 1930. Diamonds were mainly responsible for the reduction in the figures.

In Southern Rhodesia the value of the mineral output declined from £4,518,197 to £3,218,022, but in Northern Rhodesia the figures increased from £806,415 to £1,258,673.

Gold. Further steady progress was made in the Transvaal gold mining industry, and, for the ninth successive year, record figures were established. The value of the output for 1931 was £46,205,860, an increase of £685,697 on the total for the previous year. This outstanding result was largely due to the ample supply of native labour available, to improved efficiency underground resulting from the more complete mechanisation of the mines, and to the continued international demand for gold.

In Southern Rhodesia the output was valued at £2,273,875, as against £2,316,649 in 1930.

Diamonds. Production in the Union showed a decline in value from £8,340,719 to £4,182,523. Exports fell from £5,481,212 to £3,573,484. A revival in the industry can only come with improvement in general conditions throughout the world.

Coal. The Union output dropped from 15,721,592 to 11,994,578 tons. The fall in export and bunker sales was accentuated during the latter part of the year owing to the high cost of exchange, while consumption by the railways and most industries has also declined considerably.

Copper. The export of copper from the Union was the highest for many years, but as a result of the continued fall in price the value showed a decrease of £77,145 on the previous year's figures.

Further progress has been made in the development of the various mines in Northern Rhodesia, and it is estimated that about £20,000,000 has been expended on development and construction during the past three years.

The value of copper ore and concentrates exported from South-West Africa declined from £425,086 to £169,957.

Platinum. The platinum industry in the Union was unable to maintain the record output of 1930. Exports dropped in value from £311,816 to £222,656. In common with most industries, platinum mining has been seriously affected by the depression, the average price per ounce realised having fallen from £10 5s. 2d. in 1929 to £5 19s. 2d. in 1931.

Asbestos. As a result of the considerable falling off in demand, asbestos mining operations in Rhodesia and the Union have been substantially curtailed. In Southern Rhodesia production fell from 37,766 to 24,042 tons, and the value from £1,070,847 to £386,494.

In the Union the value of the output declined from £340,795 to £246,583.

Chrome Ore. Production in Southern Rhodesia dropped in value from £519,581 to £224,186, and in the Union from £44,129 to £35,710.

Farming Industries. As in the case of other products, prices have fallen steadily. A preliminary official estimate of the Union crop is 16,726,000 bags.

Maize. As a result of the control exercised under the Mealie Control Act of 1931 internal prices have been maintained at a level considerably above world prices and export business has been difficult. Efforts are being continued to induce farmers to utilise maize more freely for stock-feeding purposes, and the Department of Agriculture has been carrying out investigations with a view to ascertaining whether maize can profitably be manufactured into other products in the Union.

The export of maize and maize products from the Union declined by £2,232,000.

Exports from Southern Rhodesia were valued at £170,140, as against £253,542 in the previous year.

Exports from Kenya fell from £565,645 to £419,684.

Wheat. Wheat farmers are at present relatively the most prosperous in the Union. As a result of excellent winter rains and the protection afforded to growers by the Government a record area was sown. The crop generally was of good quality, and outstanding yields were obtained in some areas.

Livestock. The condition of livestock remained fairly good throughout the greater part of the Union. The tendency to overstock farms is confirmed by the census figures for August, 1930. The total number of sheep at that date was 48,358,000, as compared with 45,010,000 in the previous year, and it is probable that there has since been a further marked increase.

The census reveals little change in the number of cattle in the Union. The market for good quality slaughter cattle kept fairly steady at a low level.

Exports of fresh and frozen meat from the Union were valued at £234,249, as against £330,336 in 1930.

Dairy Produce. The continued fall in prices of wool and agricultural produce resulted in an increase in dairying in districts suitable for this class of farming. Internal prices of butter and cheese were fairly

well maintained with the assistance of the Government and under the control of the Dairy Industry Control Board. Production and export figures showed a further increase for the year.

Exports of eggs did not reach the record of the previous year, but were well above those of preceding seasons.

Wool. Wool growers were faced with a difficult situation owing to the fall in prices and the uncertainty created by the exchange position. For a time business was practically at a standstill, South African producers being placed in an unfavourable position in comparison with Australian growers, and stocks accumulated rapidly. A fair amount of business took place upon the announcement of a subsidy of 10 per cent. on exports, but owing to poor competition—particularly for superior long wools—prices remained unremunerative. At the end of 1931 there were 211,421 bales of unsold wool at the coast.

After the subsidy had been increased to 25 per cent. in January holders were more ready to meet the market, and there was a danger that the increased quantities of offerings would have depressing effect on values. Fortunately demand became more general, and by means of careful rationing of supplies and judicious offering of suitable wools large quantities were disposed of in February and March of this year and stocks were reduced considerably. Trade statistics just to hand reveal that the unsold stocks at the end of last month amounted to about 50,000 bales, which is little above normal and should not detrimentally affect the marketing of the next clip.

Shipments during 1931 totalled 236,648,924 lbs., a decrease of 38,375,497 lbs. and of £2,943,817 in value on the 1930 figures.

Mohair. Exports from the Union were valued at £229,061, as compared with £295,300 in 1930. Stocks on hand are very large, and with no apparent sign of early improvement in demand the position is unfavourable for growers.

Hides and Skins. The value of exports of hides from the Union declined from £759,226 to £393,436, and sheep and goat skins from £1,354,989 to £736,955. There has been a fairly good demand for all classes at the ruling low level of values, and stocks on hand are not considered to be above normal.

Cotton. The rapid expansion of this industry in Uganda has been checked by the fall in price. Exports were valued at £1,503,307, and it is expected that the output for 1932 will approximate to that for 1931.

The value of the export from Nyasaland was £38,986, as compared with £72,881 in 1930.

Sugar. Production of sugar in the Union totalled 325,899 tons, as against 393,205 tons for the 1930-31 season, the decrease being largely due to adverse weather conditions.

In addition to supplying their own markets Kenya and Uganda exported sugar to the value of £71,223, principally to Tanganyika.

Fruit. Exports of deciduous fruit from the Union for the 1930-31 season were below those of the previous year, the value falling from £431,994 to £297,555.

The present season has been a favourable one from the point of view of production, and exports are likely to approximate the record figures of the 1929-30 season.

Exports of citrus fruit were valued at £851,613, as compared with £937,200 in 1930. Prospects for this season are regarded as promising.

The value of grapes exported rose from £165,309 to £200,485, while that of dried and preserved fruits fell from £309,286 to £225,682.

Wine. The prosperity enjoyed by the wine industry during recent years has led to a steady extension of the planting of vines and this has resulted in over-production.

Exports from the Union were valued at £110,010, as against £83,667 in 1930.

Tobacco. The estimated production in the Union for 1930-31 of Virginia tobacco was 12,100,000 lbs., an increase of 1,204,000 lbs. on the figures for 1929-30.

The Turkish tobacco industry of the Western Province is experiencing difficulties on account of over-production and growers are reported to have planted considerably less this season.

Southern Rhodesia produced 8,268,926 lbs. of Virginia leaf and 375,464 lbs. Turkish leaf, as against 5,494,063 lbs. and 350,140 lbs. respectively in the previous year. Exports were valued at £374,544, as against £305,781 in 1930.

Nyasaland exported 10,690,581 lbs., as compared with 12,939,914 lbs. in 1930. The decrease was due principally to unfavourable weather conditions and a big fall in the tonnage of up-country native grown leaf.

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Exports of wattle bark from the Union were valued at £399,887, as against £554,095 in the previous year, and the relative figures for wattle extract were £264,132 and £307,799. While it has not been possible to maintain prices overseas the market has expanded and exports have been continued at the 1930 level.

Tea. There was little change in the Natal tea industry and the quality was maintained at a high standard. In Nyasaland production is receiving increasing attention, but while exports for 1931 were slightly higher the value showed a small decrease. With more favourable market conditions the tea industry would become of considerable importance in Nyasaland.

Coffee. Coffee growing is an important industry in the East Africa Protectorates. The value of the exports from Kenya and Uganda in 1931 was £1,147,818 and from Tanganyika £247,037.

Prices have been better maintained than in the cases of other primary products and crop prospects are favourable.

Sisal. In 1931 Tanganyika exported 55,939 tons of sisal, valued at £707,177, and Kenya 15,482 tons, valued £226,144. As indicating the decline in value it may be noted that the export figures for 1930 were:—

Tanganyika ... 49,962 tons, valued at £1,172,315.
Kenya ... 14,939 tons, valued at £418,894.

Owing to the fall in prices production has almost entirely ceased in Nyasaland.

Cloves. It is estimated that 90 per cent. of the world's supply of cloves is produced in the Islands of Zanzibar and Pemba. The value of the export is about £750,000 per annum.

The last census returns reveal that on the whole the improvement previously recorded in manufacturing industries has continued.

A noteworthy feature is the erection now in progress of iron and steel works at Pretoria. The plant will be of the most modern type and prospects of working on a profitable basis are stated to be of an encouraging nature.

Secondary industries have on the whole borne the depression better than commerce and agriculture. While most manufacturers were fairly well employed during the first six months of the year they had later to face a steadily decreasing turnover.

Whaling and Fishing Industry. As a result of the large accumulation of whale oil on the world's markets and the fall in price, whaling operations were largely curtailed and the value of the export of whale oil fell from £385,360 to £32,240.

Exports of tinned crayfish were fairly well maintained and the figures relating to dried and cured fish showed a satisfactory increase, but exports of fresh and frozen fish again declined.

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BANK OF ROUMANIA, LIMITED.**HIGH LEVEL OF LIQUIDITY.**

The ordinary annual general meeting of the Bank of Roumania, Limited, was held, on the 27th instant, at 26, Throgmorton Street, London.

General the Hon. Sir H. A. Lawrence, G.C.B., who presided, said that the world economic and financial crisis had its influence particularly on primary producers, and Roumania suffered accordingly. This was reflected in the results shown by the bank for last year. The balance of £1,792 was arrived at after payment of general expenses, income tax, directors' fees, etc., and after providing for depreciation of investments and doubtful debts in London. Due to a subsequent recovery in market prices, the depreciation of investments had been largely reduced.

Further provision was necessary not only for doubtful accounts in the books of their branch, but also to augment reserves held in sterling for lei accounts, owing to the Roumanian currency continuing on a gold basis, and a transfer of £20,000 had therefore been made from reserve account. The high level of liquidity revealed by the balance sheet had been maintained, and they were in a position to meet, without delay, their deposits and other trading liabilities.

Since the banking troubles in Roumania became acute during the latter part of 1931, culminating in the closing of three important banks, their deposits had increased, being 60,000,000 lei higher at December 31st as compared with the previous year. Earning power, however, had been greatly limited, due to stagnation of business.

He had to report that they were not involved under any of the European standstill agreements.

Owing to the restrictive laws in Roumania bearing upon exchange transactions, payment of debts, realisation of security, etc., it was impossible while this state of affairs continued to know precisely the value of certain of their assets.

As was obvious, the future of their institution was bound up in the future of the country in which they operated. Until the present obstacles to international trade were removed and concrete measures taken to assist the Danubian countries, which would enable Roumania to resume the development of its indigenous resources, it was not possible to expect an improvement in the existing conditions.

The report was unanimously adopted.

THRELFALL'S BREWERY COMPANY, LIMITED.**INEQUITABLE TAXATION.**

The forty-fifth annual general meeting of Threlfall's Brewery Company, Limited, was held, on the 27th instant, at the Cannon Street Hotel, London, E.C.

Major Charles Morris Threlfall, J.P. (the chairman), said: You will appreciate that the year under review has been a particularly anxious and exceptional one, and I regret to say that your board to-day have to report a considerable decrease in profits.

At this time last year your company was bearing the additional taxation of 3s. per barrel levied in the Budget of 1930, and we then had every reason to hope that the limit of taxation upon our trade had been reached. These expectations, however, were quickly dispelled on the introduction of the Supplementary Budget in September last, when the beer duty was increased by no less a sum than 31s. per standard barrel. The result of such increase is that beer is now subject to a duty exceeding fourteen times its pre-war figure of 7s. 9d. per barrel. Whilst the seriousness and gravity of the national situation which arose last autumn are fully appreciated, it cannot be questioned but that this trade was singled out to bear an undue and inequitable proportion of the new taxation which was then imposed. It was anticipated that the consequent increase in price would have results far-reaching and injurious, and unfortunately these fears have been amply fulfilled.

The difficult conditions against which your board have had to contend in recent years have been intensified, and the imposition of this excessive taxation, in conjunction with other factors which had been steadily exercising their influence upon the sales of the company, has accelerated the decrease in our profits very considerably.

Another great difficulty I should like to mention is the unfair competition we are obliged to suffer from clubs of a certain class. In many instances they have been and are being opened in direct opposition to licensed hotels, and are not subject to the strict supervision of the authorities, nor do they require to pay the high taxation of the trade.

Your directors have continued their policy of maintaining and modernising the company's licensed premises, and I am glad to say that during the past year we have been successful in obtaining the approval of the licensing justices to erect three new hotels.

The report and accounts were unanimously adopted, and a dividend at the rate of 17 per cent. for the year on the ordinary shares was approved.

PROVINCIAL BANK OF IRELAND, LIMITED.**SERIOUS BURDENS OF TAXATION.**

The half-yearly general meeting of the Provincial Bank of Ireland, Limited, was held, on the 27th instant, at the Bank Offices, College Street, Dublin.

Mr R. D. Trotter (the Chairman) presided.

The Chairman, in moving the adoption of the directors' report, said:—In regard to the reduction of the half-yearly dividend from 14½ to 12½ per cent., you will recollect that when I had the pleasure of addressing you in January last I indicated that with the increasing charges falling on the bank, it might not be possible to continue to distribute the larger amount. We have done so since 1924, and it is a matter of regret, and only after due consideration, that your board decided to ask your confirmation of the lower figure.

In reaching this decision the directors had to bear in mind that the Free State Budget introduced in May last placed serious burdens on the banks by way of additional taxation. The duty on consolidated notes has been increased 100 per cent.—from £1 10s. per cent. to £3 per cent. Corporation profits tax is now rated at £7 10s. per cent., increased from £5 per cent., with the allowance reduced to £5,000, and made retrospective from January 1, 1931. In addition to these a further heavy charge must be met in future by the banks in the increase of the Free State income tax to 5s. in the £, and payable in respect of the salaries of all the officials located in the Free State, who, of course, form the major portion of the staff.

With all this in mind, your directors had really no option but to reduce the distribution, and as I have said, they did so with regret, realising that it involves a loss of income not only to private holders of our shares, but also to the religious and charitable institutions whom we number amongst our shareholders. One feature of the half-year we deal with has been the exceptionally low rate for short-term money ruling in the money market, thus considerably restricting our profit-earning capacity. We can only hope that better times will soon come, so that a remission of at least portion, if not the whole, of this additional taxation may be practicable.

BANK'S STRONG POSITION.

Meanwhile, I feel confident that you will regard, with us, the bank's position as a strong one. We believe all bad and doubtful debts have been fully provided for, and the proportion of liquid assets to our liability to the public stands at the high level of over 62 per cent. In regard to our investments, their value stands to-day at a much higher figure than the book cost as written down at December last.

In regard to home affairs, we are led to believe that the crops, generally speaking, are the best and most plentiful for many years, and that, given good harvesting weather, there should be an abundant supply. Unfortunately, the prices available for pigs, sheep and lambs have fallen considerably on those ruling last year.

From the North we learn that the feeling in the linen trade is one of confidence, for although orders have fallen off during the last three months, it is generally believed that there will be a revival of demand from abroad during the early part of the coming autumn and we hope this may prove to be the case.

During the last few months we have commenced building new premises at Stormont, at the entrance to the new Parliament building, which, we hope, will be completed before the end of the year. We have also opened branches in Shaftesbury Square and Mountpottinger. These three offices should strengthen and consolidate our business in Belfast.

The great and outstanding success of the 31st Eucharistic Congress held last month in Dublin has been a matter of world-wide favourable comment, and the organisers of the huge undertaking deserve the highest meed of congratulation in carrying it through to such a successful and happy conclusion.

I again wish to record the board's appreciation of the debt which we owe to our staff. Their loyalty and devotion to the bank are, in no small degree, responsible for the protection of its interests, in face of the present difficult times. We are grateful to them, and they are deserving of your best thanks.

Capt. Poe seconded, and the report was adopted.

Alderman Hubbard Clark, proposing a vote of thanks to the directors and staff, said that in certain quarters the banks were charged with every disaster, financial and otherwise, during the past twelve months. One of the principal complaints was that the banks did not advance loans as freely as they ought to.

Yet during 1931 they advanced £80,000,000, and when it was remembered that this was other people's money one realised the anxiety and responsibility of bank directors.

The banks had proved to be the sheet-anchor of the traders and local authorities.

Mr Thomas A. McCullagh seconded the vote, which was carried with acclamation.

UNION BANK OF AUSTRALIA, LIMITED.**CONDITIONS GENERALLY IMPROVING.**

The annual general meeting of the Union Bank of Australia, Limited, was held, on the 25th instant, at 71, Cornhill, London.

The Hon. Edmund W. Parker (the chairman) said that the year covered by the accounts was a period of exceptional difficulty and anxiety, in which it was impossible to carry on banking operations in a normal manner, or, in view of the political situation, to form any sound appreciation of the course of events. Moreover, the alteration in exchange rates, coming about the middle of the exporting season, and the enforced reduction of interest charges without an immediate corresponding reduction of interest allowances, also affected unfavourably the profits of the bank. After making provision for all bad and doubtful debts, the profit amounted to £160,953, and with £90,010 brought forward there was a total of £250,963, or £119,046 less than last year. The directors were declaring a dividend of 4 per cent. per annum for the half-year, making 4 per cent. for the year, free of United Kingdom income tax, and £90,963 was being carried forward.

The liquid assets amounted to about 8s. 6d. in the £ of the total liabilities of the bank to the public. The position as regarded liquid assets was therefore a strong one, which was a matter for satisfaction in these uncertain times; but the movements of deposits and advances had, of course, been adverse from the profit-earning standpoint.

With regard to seasonal conditions at the present time, the acting general manager cabled as follows:—"Season generally satisfactory throughout Commonwealth, except as to portion of pastoral area West Australia, where rains generally later and less than usual. Wheat crop promising well, while favourable pastoral conditions should produce large and well-grown wool clip. In New Zealand the season is favourable, stock generally good condition." During the last few months there had been an appreciable improvement in the political situation in the Commonwealth, which had reacted favourably upon the economic and financial position in Australia and upon her general credit, and they had all observed with satisfaction the slightly better tendency which had recently manifested itself in international affairs. It was too early yet to make any confident prediction as to the effect which these recent developments might have upon banking operations in the current year, but there was reason to hope that, in the absence of any disturbing events, local or international, the effect should be beneficial.

The report was unanimously adopted.

BRITISH STEAMSHIP INVESTMENT TRUST, LIMITED.**VALUATION OF THE INVESTMENTS.**

The forty-fifth annual general meeting of the British Steamship Investment Trust, Limited, was held, on the 28th instant, at Southern House, London.

Sir Austin E. Harris, K.B.E. (the Chairman), said that there had been little change in the denomination of the investments, bonds and debentures being 37.96 per cent. against 37½ per cent. last year; preference shares and stocks 22.75 per cent. against 24 per cent.; and ordinary shares and stocks 39.29 per cent. against 38½ per cent.

The year under review had been the most difficult and the most depressing in the memory of man. In all spheres of investment income and revenue had been largely reduced. The low price of commodities, heavy taxation, diminished railway traffics, exchange difficulties and defaults, had all combined in this direction, while such episodes as the Kreuger and Toll débâcle and the Chilean upheaval struck a further severe blow to the confidence of investors, with the further result that the quoted prices of investments were to-day on a level which in many instances must be out of all proportion to intrinsic value, and could be largely disregarded. The valuation of the Trust's investments on June 30th showed a depreciation of about 37 per cent. as compared with the figure in the balance sheet. After allowing for the reserve fund and carry-forward, this was reduced to less than 26 per cent., and it might be reassuring to the stockholders to hear that, within seven days of that date, there was a recovery of approximately £200,000 in this valuation.

He felt that they had seen the worst, and that, although the recovery might be slow and an occasional setback experienced, they could look forward to a greater stability and to a gradual return of confidence. It was to be hoped that some constructive policy, leading to this end might evolve from the Conference at Ottawa, and that the wheels of commerce and industry might once again be set in motion. The country had been through crises before, and had emerged to greater strength than ever, and he fervently believed that in this respect history would repeat itself. It must be a source of gratification to all of us to see how England had held up her head and to observe the strength of our credit and the soundness of our great institutions.

In the opinion of the directors, the generally unsettled outlook at the end of the financial year did not justify them in drawing upon the carry-forward to increase the dividend which was now recommended.

The report and accounts were unanimously adopted.

TANGANYIKA CONCESSIONS, LIMITED.**A DIFFICULT YEAR.**

The ordinary general meeting of Tanganyika Concessions, Limited, was held on July 28 at River Plate House, London, General Sir Reginald Wingate, Bt., G.C.B. (the Chairman), presiding.

Sir Robert Williams, Bt. (managing director), said that the profit for the year amounted to £294,102, as against £232,865 for the previous year. It was proposed to recommend the payment of the usual preference dividend, but it was quite impossible to recommend a dividend on the ordinary shares. The company was passing through very difficult and anxious times, and, although the outlook appeared more promising, recovery might well be a slow and arduous process.

Union Minière copper output was restricted to a fifth of its actual capacity, and they had paid no dividend for 1931. General trade had dwindled to an alarming extent, and the Benguela Railway, which was designed to deal with a large export and import traffic, was transporting only a fraction of the tonnage which it should eventually obtain. Such conditions, while they lasted, must of necessity put a severe strain on the liquid resources of the business.

The board, therefore, had had to make arrangements for current finance, and, in view of the present financial conditions, had pursued the policy of providing for temporary requirements only, in the expectation that the arrival of the long-delayed improvement in trade would bring about less stringent conditions. Accordingly, an agreement had been made with the Zambesia Exploring Company to advance the company for a period of two years, up to £150,000, against the deposit of Union Minière dividend shares, which, unless the loan was paid off meantime, would be sold or taken over by the Zambesia Exploring Company at the end of the period in settlement of the loan. In the latter event, however, the company had an option for a period to repurchase any shares taken over, of course at a somewhat higher price.

The operations of the Union Minière were, naturally, affected severely by the disastrous fall in world prices. Under the exceptional difficulties prevailing, it would be well understood that the profits of that company for last year showed a considerable decrease from those of previous years. The gross profits fell from the equivalent of £2,027,000 in 1930 to £1,398,000 in 1931, and this was the first time for many years that the company had received no dividend from their Union Minière shares. With regard to the prospects, he could only say that the Union Minière, with their low cost production, were in the best possible position to take the earliest advantage of any revival in prices.

With regard to the Benguela Railway, the working receipts and expenditure for 1931 amounted respectively to the equivalent of £246,000 and £225,000, both representing decreases compared with the previous year. Railway earnings showed an improvement for the current year, but were very much less than estimated, owing to the further restriction of the copper output and the lack of imported goods generally. But although the earnings of the line could not reach the estimated figures on which their calculations were based until the price and output of copper had become normal and general trade prosperity had returned, the Benguela Railway had made its influence felt and brought about substantial reductions in the rates paid by the Union Minière for the carriage of copper, fuel and general goods, thereby considerably lowering the costs of production.

As to the future, there were encouraging signs that the worst was over. He hoped that the Ottawa Conference, apart from inter-Imperial benefits, would give a practical lead to the international co-operation which was necessary to restore the markets of the world. Union Minière, being one of the lowest cost producers and also possessing the advantage of having ores containing other valuable metals, could confidently expect to be one of the world's largest producers, and, to enable their copper to be produced at the lowest possible cost, the bulk of the traffic would no doubt have to be sent over the Benguela Railway. That Railway enjoyed advantages which must in due course make it one of the most important railways in Africa, and he looked on the company's holding in it as their most valuable asset. In Kansanshi and Kilemba the company possessed an interest in two promising properties, which contained valuable metals besides copper, and would one day become important producers and help to continue the great work which had already been done in the development of Africa and its railways and the assistance of British trade.

The report and accounts were adopted.

MILLARS' TIMBER AND TRADING COMPANY, LIMITED.

THE OUTLOOK FOR 1932.

The annual general meeting of Millars' Timber and Trading Company, Limited, was held, on the 28th instant, at Winchester House, London.

Dr. James White (the chairman) said that although the company was in what might be called a difficult position it was not, as many companies were at the present time, in any difficulty whatever with regard to creditors or outside liabilities. Its difficulties were simply that, at the moment, it was carrying on business at a loss—a loss which fell to be met out of the company's capital. The company's creditors were fully secured, and, on a computation which had been made by officers of the company, they had at the present moment in the parent company and in the subsidiaries a surplus of working capital over current liabilities of some £591,000. (Hear, hear.) If any reconstruction scheme in the company were needed it would not be needed because they had got to make an arrangement with creditors, but because they might have to re-value their assets in order to avoid setting aside very large sums for depreciation, which would retard their return to the dividend-paying stage.

At the present time their preference capital was valued on the Stock Exchange at about one-fifth of its nominal value, and their ordinary share capital was valued on the Stock Exchange at about one-tenth of their ordinary capital. He was going to be bold enough to express his own opinion that if and when the time came for reconstruction no writing down to those figures would be necessary.

Their main business has always been in production of Jarra timber in Western Australia. The great bulk of their fixed assets were in Western Australia, and also the great bulk of their circulating capital, if they regarded stock as circulating capital—which it was in normal times, but which in these days might perhaps be a misnomer. Their overseas business was mainly concerned with the sale of Jarra, and that was done through the London office, which also controlled the finance of the company.

So far as the future was concerned, in Australia there seemed a reasonable prospect of a trade revival upon which their trade depended, and that view was corroborated by the advices they had received from their own local board. Speaking of facts as they knew them to-day, they had reason to hope that at any rate they would show a better result than they had shown for 1931.

The report was unanimously adopted.

OFFER TO NEW READERS.

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

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Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended July 23, 1932, amounted to £15,272,000 against ordinary expenditure of £9,677,900. After allocating £290,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £441,123 the operations for the week, as shown below, reduced the National Debt by £4,863,000 to £7,661,322,000:—

(000's omitted.)

Treasury Bills	+ 774	Public Department Advances	— 650
By 3% Treasury Bonds	+ 200	National Savings Certificate	— 650
		Issues to National Debt Commission	— 205
		Issues under Finance Act, 1931	— 4,332
	+ 974		— 5,837

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to July 23, 1932.	April 1, 1931, to July 25, 1931.	Week ended July 23, 1932.	Week ended July 25, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	260,000,000	27,768,000	29,546,000	1,524,000	1,100,000
Sur-tax, including Arrears of Super-Tax	66,000,000	8,140,000	12,950,000	340,000	380,000
Estate, &c., Duties	76,000,000	27,870,000	24,500,000	2,020,000	1,570,000
Stamps	23,000,000	2,740,000	3,230,000	60,000	100,000
Excise—					
Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	150,000	...	...
Total Inland Revenue	427,000,000	66,658,000	70,376,000	3,944,000	3,150,000
Customs and Excise—					
Customs	174,570,000	50,855,000	38,618,000	3,676,000	3,785,000
Excise	125,430,000	38,924,000	36,140,000	6,867,000	836,000
Total Customs and Excise	300,000,000	89,779,000	74,758,000	10,543,000	4,621,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,556,000	1,108,000	Dr 315,000	Dr 600,000
Post Office (Net Receipt)	11,700,000	4,900,000	5,800,000	900,000	1,400,000
Crown Lands	460,000	1,250,000	480,000	200,000	210,000
Receipts from Sundry Loans	4,350,000	2,710,700	11,100,441	...	...
Miscellaneous Receipts	17,500,000	3,309,029	6,292,754	16	7
Total Ordinary Revenue	766,800,000	169,372,729	169,915,195	15,272,016	8,776,007
SELF-BALANCING REVENUE.					
Post Office	59,188,000	16,100,000	16,000,000	750,000	600,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	4,135,000	4,546,000	315,000	713,000
Total Self-Balancing Revenue	82,098,000	20,235,000	20,546,000	1,065,000	1,313,000
Total	...	189,607,729	190,461,195	16,337,016	10,089,007

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to July 23, 1932.	April 1, 1931, to July 25, 1931.	Week ended July 23, 1932.	Week ended July 25, 1931.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt	276,000,000	112,120,751	120,555,804	532,893	715,866
Payments to Northern Ireland Exchequer	6,800,000	1,407,964	1,692,375	...	222,493
Other Consolidated Fund Services	3,500,000	833,399	656,706	...	...
Total	286,300,000	114,362,114	122,904,885	532,893	938,359
Total Supply Services (excluding Post Office)	447,210,000	130,583,000	133,254,650	9,145,000	9,950,000
Total Ordinary Expenditure	733,510,000	244,945,114	256,159,535	9,677,893	10,888,359
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	16,100,000	16,000,000	750,000	600,000
Road Fund	22,910,000	4,135,000	4,546,000	315,000	713,000
Total Self-Balancing Expenditure	82,098,000	20,235,000	20,546,000	1,065,000	1,313,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	265,180,114	276,705,535	10,742,893	12,201,359
New Sinking Fund (1928)	32,500,000	8,137,378	12,345,846	290,000	912,000
Total (including New Sinking Fund)	...	273,317,492	289,051,381	11,032,893	13,113,359

The aggregate revenue and expenditure to July 23, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to JULY 23rd, 1932. (000's omitted.)

Expenditure	244,945	Revenue	169,373
New Sinking Fund	8,137	Decreases in balances	2,938
		Net amount borrowed	80,771
	253,082		253,082

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	July 25, '31.	Mar. 31, '32.	July 23, '32.	July 23, '31.
Advances by Bank of England	500,000	1,500,000	18,900,000	— 650,000
Advances by Public Departments	44,200,000	604,485,000	748,435,000*	+ 760,000
Treasury Bills outstanding	643,425,000	...	...	...
Total Floating Debt	688,125,000	611,985,000	767,335,000	+ 110,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on July 22, 1932, and the total amount applied for was £71,450,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £99 17s. 3d., and above in full. The amount allotted was £44,300,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
July 1	45,000,000	59,945,000	£ 15 11-1/2
July 8	45,000,000	69,445,000	£ 17 8-1/2
July 15	45,000,000	65,475,000	£ 10 6-1/2
July 22	45,000,000	71,450,000	£ 10 10-1/2

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 27, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£
In Circulation	369,285,637	Other Government Securities	11,015,100
In Banking Department	43,440,279	Other Securities	241,378,727
		Silver Coin	18,799,079
			3,807,094
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	137,725,916
	£412,725,916		£412,725,916

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	Other Securities	68,770,765
Public Deposits	3,563,131	Discounts and Advances	£15,280,114
Other Deposits	11,242,945	Securities	£23,767,508
Bankers'	£88,186,076	Notes	39,047,622
Other Accounts	£34,561,207	Gold and Silver Coin	850,542
7-Day and other Bills	122,747,283		£152,109,208
	£152,109,208		£152,109,208

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

Both Departments.	Amount, July 27, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	369,285,637	+ 3,526,743	+ 9,923,768
Public deposits	11,242,945	+ 2,136,121	+ 3,976,472
Bankers' deposits	88,186,076	+ 162,148	+ 32,387,746
Other deposits	34,561,207	+ 833,864	+ 874,605
Seven-day bills	2,849	— 65	+ 1,391
Total, outside liabilities	603,278,714	+ 2,386,571	+ 39,211,038
Capital and rest	18,116,131	+ 39,967	+ 12,605
Government debt and securities	321,164,592	+ 2,658,359	+ 18,344,134
Discounts and advances	15,280,114	+ 973,035	+ 5,583,630
Other securities	42,566,587	+ 2,350,481	+ 10,314,980
Silver coin in issue department	3,807,094	— 8,586	+ 285,896
Coin and bullion (bank's reserve)	138,576,458	+ 1,154,111	+ 5,256,795
Reserve of notes and coin in banking department	44,290,821	— 2,372,632	+ 10,343,027
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	33%	— 1½%	+ ½%
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%	+ ½%	— 1½%

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
June 22	410,721	358,548	35,577	73,145	33,145	1,212 in	2½
June 29	411,143	363,083	17,982	86,565	34,736	403 in	2½
July 6	411,144	366,679	20,947	80,923	34,241	1 in	2
July 13	411,396	366,271	17,048	82,759	33,567	251 in	2
July 20	411,584	365,759	13,379	88,024	33,727	188 in	2
27	412,726	369,286	11,243	88,186	34,561	1,142 in	2

Date.	Issue Department.		Banking Department.			Reserve to the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	
1932.						
June 22	215,680	55,506	136,476	66,645	14,142	52,928 37½
June 29	220,547	60,639	136,954	67,170	14,689	48,870 35
July 6	222,542	18,645	136,955	67,627	14,991	45,286 34½
July 13	222,387	18,801	137,205	65,786	14,771	45,334 34½
July 20	222,215	18,909	137,422	66,231	14,307	45,663 34
July 27	232,394	18,799	138,576	68,771	15,280	44,291 33

BANKERS' CLEARING RETURNS (000's omitted.)

Date.	Issue Department.		Banking Department.			Total.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	
1932.						
January 1 to July 13	14,817,577	879,718	1,460,245	17,157,540		
Week ended July 20	671,923	32,471	52,480	756,874		
Week ended July 27	649,448	31,217	46,428	727,093		
Total to date, 1932	16,138,948	943,406	1,559,153	18,641,507		
Total to date, 1931	20,610,131	1,006,598	1,616,235	23,232,964		
Increase or decrease in 1932	— 4,471,183	— 63,192	— 57,082	— 4,591,457		
	— 21-7%	— 6-3%	— 3-5%	— 19-7%		
Total for year 1931	31,615,808	1,667,852	2,752,209	36,235,869		
Total for year 1932	38,782,577	1,812,146	2,963,631	43,558,354		
Increase or decrease in 1932	— 6,966,769	— 144,294	— 211,422	— 7,324,485		
	— 17-9%	— 7-9%	— 7-7%	— 17-9%		

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended July 23.		Month of June.				Aggregate Totals, January 1 to July 23.	
	1931.	1932.	1931.	1932.	Inc. of Dec.	1931.	1932.	
	£	£	2s	2s	%	£	£	
BIRMINGHAM	2,148	2,656	9,508	9,770	+ 2-7	65,813	65,021	
BRADFORD	718	1,039	3,063	3,042	— 0-6	21,689	23,181	
BRISTOL	1,020	1,211	4,699	4,763	+ 1-3	32,890	33,056	
DUBLIN	4,014	4,865				147,691	157,579	
HULL	637	730	2,897	2,784	— 3-9	21,565	21,321	
LEEDS	537	972	3,135	3,135	Nil	25,449	25,255	
LIVERPOOL	637	651	2,669	2,407	— 9-8	18,748	19,410	
MANCHESTER	5,510	6,482	23,515	23,220	— 1-2	163,115	165,608	
NEWCASTLE	8,044	9,792	37,462	38,509	+ 2-7	269,942	279,644	
NOTTINGHAM	1,310	1,185	5,052	4,968	— 1-6	38,019	36,414	
SHEFFIELD	350	422	1,757	1,789	+ 1-8	13,238	15,153	
	539	747	2,874	2,798	— 2-6	22,500	21,547	
Total	25,489	30,752	95,631	97,185	+ 0-5	840,660	860,789	

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

ASSETS.	July 3, 1931.	June 3, 1932.	July 3, 1932.	June 3, 1932.	July 3, 1932.
Total assets.....	30,82,58	25,31,46	29,07,04	29,63,43	29,48,72
Loans.....	9,31,18	8,30,26	8,24,08	8,10,64	8,19,84
Overseas credits.....	29,66,14	25,31,11	25,16,34	26,00,36	26,15,29
Island bills.....	3,66,87	3,06,63	2,74,47	2,80,84	2,49,07
Foreign bills.....	40,98	17,98	2,70,23	2,69,52	18,20
Dead stock.....	2,71,84	2,70,21	2,70,23	2,69,52	2,68,85
Balance with other banks.....	27,74	39,20	46,18	23,42	17,10
Other assets.....	15,52,47	12,87,69	13,84,74	16,13,89	19,26,13
LIABILITIES.					
Capital paid up.....	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve.....	5,40,00	5,00,00	5,00,00	5,00,00	5,00,00
Total deposits.....	80,61,75	66,51,92	70,88,14	73,69,95	76,72,81
The above include.....					
Deposits in London.....	1,004	898	1,000	997	983
Advances in London.....	881	759	809	1,106	1,105
Other assets, &c., at other banks in London.....	210	296	350	178	131

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

ASSETS.	July 24, 1931.	July 1, 1932.	July 8, 1932.	July 15, 1932.	July 22, 1932.
Gold.....	57,893,065	82,316,794	82,471,584	82,407,813	82,310,024
Foreign assets.....					
Sight deposits.....	9,475,626	4,528,521	4,524,620	4,458,052	1,843,097
Bills, &c.....	16,068,258	1,781,855	1,780,011	1,843,583	3,179,664
Home bills.....	5,446,856	2,868,740	3,142,656	2,830,471	3,179,664
Advances against sec. to the State.....	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances.....	2,757,339	2,815,363	2,790,653	2,794,447	2,753,322
Negotiable bonds.....					
Sinking Fund Dept. bonds.....	5,082,397	6,625,696	6,625,696	6,625,696	6,625,696
Other assets (excluding forward exch.).....	4,486,800	6,038,728	5,855,507	5,861,200	5,361,210
LIABILITIES.					
Notes in circulation.....	77,766,227	82,709,570	81,531,993	81,546,995	80,801,912
Public deposits.....	9,838,194	2,884,487	3,320,809	3,458,421	4,162,029
Private deposits.....	14,251,962	22,093,881	22,548,825	22,712,074	22,966,194
Other liabilities.....	2,453,959	2,487,759	2,389,501	2,303,880	2,319,365

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

ASSETS.	July 23, 1931.	July 1, 1932.	July 8, 1932.	July 15, 1932.	July 22, 1932.
Gold.....	1,352,803	806,137	754,109	754,137	754,137
Of which deposited abroad.....	65,548	82,731	47,069	66,915	66,915
Reserve in foreign currencies.....	159,533	138,871	137,549	137,786	137,786
Bills of exchange and cheques.....	3,066,554	3,153,510	2,986,854	2,927,239	2,927,239
Silver and other coins.....	73,518	214,733	252,653	295,416	295,416
Notes of other German banks.....	12,274	5,385	8,638	11,274	11,274
Advances.....	316,419	103,831	145,706	101,964	101,964
Investments.....	102,263	365,213	365,220	365,217	365,217
Other assets.....	920,491	767,929	764,561	758,647	758,647
LIABILITIES.					
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserve.....	337,331	417,428	417,428	417,428	417,428
Notes in circulation.....	4,194,607	3,876,601	3,796,336	3,796,332	3,796,332
Other daily maturing obligations.....	585,017	401,713	338,621	358,773	358,773
Other liabilities.....	737,000	710,869	712,993	703,549	703,549
Cover of note circulation.....	36-2%	24-4%	23-5%	24-0%	24-0%

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

ASSETS.	Position, May 28, 1931.	July 23, 1931.	June 30, 1932.	July 7, 1932.	July 14, 1932.	July 19, 1932.
Gold.....	232,650	1,492,715	2,566,224	2,565,976	2,598,560	2,599,403
Foreign bills and balances abroad.....	894,134	...	...	...	...	...
Silver and other coins.....	697,600	796,106	894,446	896,347	856,326	814,657
LIABILITIES.						
Notes in circulation.....	934,150	3,317,417	3,660,020	3,695,901	3,699,520	3,695,140
Current accounts.....	112,125	171,882	219,435	141,194	168,279	121,616

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

ASSETS.	Position, May 30, 1931.	July 25, 1931.	July 2, 1932.	July 9, 1932.	July 16, 1932.	July 22, 1932.
Gold.....	22,971	110,114	150,200	150,400	149,700	150,100
Silver.....	89,785	43,834	...	...	...	...
Discounts, advances, and other investments.....	77,561	97,276	100,500	97,500	95,500	92,000
LIABILITIES.						
Notes in circulation.....	109,499	241,220	221,100	226,400	223,500	218,100
Deposits and bills payable.....	11,250	22,118	35,700	32,400	32,700	35,700

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

ASSETS.	Position, May 31, 1931.	July 23, 1931.	June 30, 1932.	July 7, 1932.	July 15, 1932.	July 23, 1932.
Gold.....	171,175	1,091,758	2,606,633	2,606,786	2,606,787	2,637,277
Foreign bills and balances abroad.....	...	487,245	56,093	71,269	73,071	55,655
Discounts.....	...	35,676	16,911	16,410	15,048	14,872
Advances.....	103,000	51,420	49,291	46,067	44,649	43,376
LIABILITIES.						
Notes in circulation.....	275,925	1,153,210	1,574,217	1,580,134	1,528,582	1,518,894
Deposits.....	35,750	573,924	1,158,498	1,188,257	1,215,294	1,234,081

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

ASSETS.	Position, May 31, 1931.	July 22, 1931.	July 7, 1932.	July 15, 1932.	July 22, 1932.
Gold and bullion—Gold.....	44,224	146,364	149,422	149,398	142,398*
Balance abroad and foreign bills.....	28,533	21,768	4,712	11,606	12,904
Norwegian and Foreign Government securities.....	8,816	53,329	27,485	27,435	27,262
Discounts and loans.....	76,911	170,251	279,728	276,232	277,812
LIABILITIES.					
Notes in circulation.....	113,484	289,916	315,004	316,192	313,688
Deposits at sight.....	7,188	52,688	82,029	76,030	81,592

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

ASSETS.	Position, May 30, 1931.	July 18, 1931.	June 25, 1932.	July 9, 1932.	July 16, 1932.
Gold.....	881,975	2,575,098	2,855,499	2,855,832	2,855,931
Silver.....	738,600	252,806	274,872	270,286	271,963
Loans & Discounts.....	800,725	3,283,598	3,103,425	3,198,780	3,151,812
Spanish 4% stock.....	344,475	344,475	344,475	344,475	344,475
Advances to Treasury.....	150,000	150,000	150,000	150,000	150,000
LIABILITIES.					
Circulation.....	901,690	5,470,318	4,782,720	4,788,216	4,839,899
Deposits.....	477,500	979,908	1,037,370	916,979	966,785

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

ASSETS.	July 25, 1931.	July 2, 1932.	July 9, 1932.	July 16, 1932.	July 23, 1932.
Gold reserve.....	237,850	205,990	205,990	205,991	205,992
Government securities—Swedish.....	3,019	218,420	218,420	218,420	218,420
Other Swedish bonds quoted on foreign bourses.....	32,037	...	...	...	...
Notes in circulation.....	208,177	257,850	232,253	203,144	181,322
Balance abroad.....	67,666	9,821	9,576	9,555	9,381
Advances.....	134,835	123,883	128,512	135,090	143,942
LIABILITIES.					
Notes in circulation.....	32,015	84,242	61,455	60,585	59,580
Government deposits.....	498,795	587,101	531,160	522,027	502,409
Private deposits.....	159,529	166,871	117,770	103,960	104,761
Other deposits.....	20,636	63,056	122,158	120,332	125,054

* The sum of the items "Bills payable in Sweden" and "Advances" exclude advances and cash credits which are not available as cover for the note issue.

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

ASSETS.	June 8, 1932.	June 15, 1932.	June 22, 1932.	July 6, 1932.
Gold.....	386,200	386,222	387,504	391,690
Balance abroad.....	527,842	523,642	522,606	521,736
Discounts.....	310,806	308,092	309,083	309,904
Government loans.....	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.				
Notes in circulation.....	1,892,494	1,881,806	1,869,200	1,908,341
Government deposits.....	44,992	44,173	50,032	14,021
Bankers' deposits.....	270,098	270,826	282,930	279,501
Other deposits.....	23,528	29,156	25,403	29,470

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	July 15, 1931.	June 23, 1932.	June 30, 1932.	July 7, 1932.	July 15, 1932.
Gold.....	1,539,206	1,640,739	1,640,675	1,640,644	1,640,462
Balance abroad and foreign currency.....	1,802,136	1,055,363	1,046,887	1,054,126	1,059,691
Discounts and advances.....	1,890,164	1,890,164	1,890,164	1,890,164	1,890,164
State notes debt balance.....	3,297,545	3,003,136	2,733,331	2,730,904	2,724,362
Other assets.....	1,009,184	620,487	336,535	365,799	383,353
LIABILITIES.					
Bank notes in circulation.....	6,237,411	6,909,589	6,409,918	6,081,445	5,711,330
Check account balances.....	920,862	631,577	348,426	594,578	741,891
Other liabilities.....	541,029	232,155	235,152	241,373	239,860

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

ASSETS.	June 22, 1932.	June 30, 1932.	July 8, 1932.	July 15, 1932.
Gold and silver holdings.....	1,763,818	1,776,047	1,762,605	1,762,605
Foreign exchange.....	223,081	213,518	216,694	209,059
Other foreign exchange.....	84,305	84,687	86,858	86,727
Bills and advances against security.....	2,517,319	2,292,102	2,310,080	2,312,883
Government advances.....	1,805,951	1,806,328	1,806,484	1,806,701
LIABILITIES.				
Notes in circulation.....	4,828,960	4,933,366	4,916,088	4,855,508
Sight deposits.....	672,809	542,808	568,153	603,503

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

ASSETS.	July 15, 1931.	June 23, 1932.	June 30, 1932.	July 7, 1932.	July 15, 1932.
Gold and silver holdings.....	1,505,515	1,514,333	1,514,803	1,515,072	1,515,583
Balance abroad and foreign currencies.....	539,910	349,264	338,196	313,730	273,107
Discounts and advances.....	718,960	717,819	718,545	709,295	704,806
Advances to the Treasury.....	3,064,426	2,965,483	2,965,483	2,965,483	2,965,483
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserve.....	1,184,540	1,192,836	1,192,836	1,192,706	1,192,778
Notes in circulation.....	3,251,235	2,645,973	2,627,839	2,712,003	2,706,080
Sight liabilities.....	1,373,616	1,653,836	1,650,311	1,649,195	1,607,245
Deposits.....	255,580	229,323	228,976	228,355	228,049

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	July 15, 1931.	June 23, 1932.	June 30, 1932.	July 7, 1932.	July 15, 1932.
Gold	487,979	1,348,188	1,453,786	1,458,776	1,494,052
Gold exchange	2,645,896				
State Gold Bonds		607,930	607,930	607,930	607,830
Other foreign exchange	1,659	2,143	2,147	2,141	2,151
Bills discounted	151,218	325,205	325,913	325,913	267,850
Advances	204,699	1,032,923	1,000,366	1,127,474	1,122,777
Debt to the State	3,288,763	2,703,386	2,706,886	2,705,886	2,712,886
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,252,946	4,162,838	4,208,487	4,308,762	4,339,966
Deposits and current accounts					
Foreign exchange	1,354,073	1,238,714	1,259,915	1,416,038	1,397,173

BULLION.

The following statistics of imports and exports of gold for week ended July 28, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Germany	20,904	Poland	1,500
Netherlands	28,802	Germany	8,279
Egypt	175,120	Netherlands	786,660
Iraq	32,215	Belgium	153,700
British West Africa	65,881	France	706,368
British South Africa	1,320,236	Switzerland	8,000
Kenya	2,219	U.S.A.	53,600
Anglo-Egyptian Sudan	26,185		
British India	1,194,565		
Straits Settlements	27,428		
Australia	1,173,561		
New Zealand	66,284		
Other countries	2,689		
Total declared value of imports	4,136,089	Total declared value of exports	1,718,107

GOLD MOVEMENTS.

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

1932. ARRIVALS.	£	1932. WITHDRAWALS.	£
July 21 Bars bought 1,521		July 21 Nil	
" 22 " Nil		" 22 " Nil	
" 23 " Nil		" 23 " Nil	
" 25 Bars bought 958,330		" 25 " Nil	
" 26 Bars bought 179,763		" 26 " Nil	
" 27 Bars bought 2,622		" 27 " Nil	
" 28 " Nil		" 28 " Nil	
Total 1,142,236		Total Nil	

Net arrivals, July 21, 1932, to July 28, 1932, inclusive, £1,142,236.

Messrs. Samuel Montagu and Company write on July 27, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £136,583,653 on the 20th instant as compared with £136,395,565 on the previous Wednesday. Further purchases of gold have been announced by the Bank of England, the chief items being £958,330 bought on the 25th instant, and £179,763 yesterday. The total amount acquired during the week was £1,142,236. In the open market, amounts of gold offered during the week have been very large; on the 25th instant about £3,000,000 was disposed of, £750,000 of this being for delivery next week. There has been some demand from the Continent, but most of the supplies have again been taken for a destination not disclosed.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
July 21 115s. 5d.	14s. 8-6d.	
" 22 115s. 11d.	14s. 7-9d.	
" 23 115s. 11d.	14s. 7-9d.	
" 25 115s. 9d.	14s. 8-1d.	
" 26 115s. 10d.	14s. 8-0d.	
" 27 115s. 4d.	14s. 7-3d.	
Average 115s. 10-3d.	14s. 8-0d.	

The a.s. "Mooltan," which sailed from Bombay on the 23rd instant, carries gold to the value of £539,000, of which £502,000 is consigned to London and £37,000 to Holland.

SILVER.

Price movements during the week have been small and the market continued quietly steady. Support has been given by China, but buying orders in many cases were limited to prices which were not attractive to sellers; the upward movements in prices were therefore due more to the absence of supplies than the pressure to buy. America has been disposed to buy in the afternoon, but the Continent has been less active, sales from this quarter during the week having been unimportant.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 18th instant to mid-day on the 25th instant:—

IMPORTS.	£	EXPORTS.	£
Canada 14,390		Roumania 90,388	
Australia 7,749		Czechoslovakia 49,900	
Germany 16,100		Yugoslavia 66,124	
Belgium 5,795		Poland 55,415	
		Southern Rhodesia 30,000	
		France 4,865	
		Other countries 7,658	
	44,034		304,350

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.		Cents per	
Cash Two months' delivery.		Ounce	
July 21 17d. 17½d.	July 20 27½		
" 22 16½d. 17d.	" 21 27½		
" 23 17½d. 17½d.	" 22 27½		
" 25 17d. 17½d.	" 23 27½		
" 26 17½d. 17½d.	" 25 27½		
" 27 17½d. 17½d.	" 26 27½		
Average 17-03½d. 17-08½d.			

The highest rate of exchange on New York recorded during the period from the 21st instant to the 27th instant was \$3.57 and the lowest \$3.53½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	July 22.	July 15.	July 7.
Notes in circulation 17,320	17,244	17,166	
Silver coin and bullion in India 11,380	11,305	11,268	
Gold coin and bullion in India 1,078	1,078	1,078	
Securities (Indian Government) 4,862	4,861	4,820	

The stocks in Shanghai on the 23rd instant consisted of about 87,500,000 ounces in sycee, 242,500,000 dollars and 3,900 silver bars, as compared with about 87,000,000 ounces in sycee, 240,000,000 dollars and 3,960 silver bars on the 16th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash Forward		Cash.
1932.	s. d.	d. d.		d.
July 22.....	115 11	16 ½ 17	July 29, 1926	29 ½
" 23.....	115 11	17 ½ 17 ½	" 22, 1927	26 ½
" 25.....	115 9	17 ½ 17 ½	" 31, 1928	31 ½
" 26.....	115 10	17 ½ 17 ½	Aug. 1, 1929	24 ½
" 27.....	116 4	17 ½ 17 ½	July 31, 1930	16
" 28.....	116 7	17 ½ 17 ½	" 30, 1931	13 ½

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim div.	Final div.	Dividend for Whole Years.
		Interim or Final.	Date of Payment.	Method of Payment.
BANKS.				
Canadian Bank of Commerce ...	2½%	Sept. 1	Less tax	%
INSURANCE.				
Employers' Liability Assurance	1/6 p.a.*	Sept. 28	Less tax	...
MINING.				
Patalin Tin 4%	Aug. 6	Less tax	...	...
OTHER COMPANIES.				
Bent's Brewery 5%	...	Less tax	...	...
Bovril (Deferred) 4%	...	Less tax	...	...
Brillington Gas 7½%	...	Less tax	...	...
British Wagon (£20 with £3 pd.)	4/- p.a.*	Aug. 1	Less tax	...
Do. do. (£20 with £1 pd.)	1/4 p.a.*	Aug. 1	Less tax	...
Charing Cross Electricity 3½%	Aug. 10	Less tax	...	...
City of Buenos Aires Tramways	1½%	Aug. 10	Less tax	...
Compass Investment 3½%	...	Less tax	...	...
Consolidated Spanish Ore 5%	...	Less tax	...	...
Cooper (L. J. and G.) 5%	Aug. 4	Less tax	...	...
Darnell (J.) and Son 1½%	Aug. 26	Less tax	...	...
Dublin United Trams 1½%	Aug. 19	Less tax	...	...
English Velvet and Cord Dyers	Nil	Aug. 1	Less tax	...
E.N.V. Engineering 3½%	Aug. 1	Less tax	...	...
Gaskell and Chambers 3½%	Aug. 1	Less tax	...	...
Heritage Securities 3½%	Aug. 1	Less tax	...	...
Imperial Tobacco (Great Britain and Ireland) 6½%	Sept. 1	Tax free	...	...
Jones Sewing Machine 4½%	Aug. 15	Less tax	...	...
Liverpool Daily Post and Echo ...	2½ p.a.*	Sept. 1	Less tax	...
Maple and Co. 2½%	Sept. 1	Less tax	...	...
Mayfair & General Property Trust	1½%	July 30	Less tax	...
Metropolitan Electric Supply ...	3½%	Aug. 11	Less tax	...
Midland Trust 2½%	Aug. 22	Less tax	...	...
Morris (B.) and Sons 2½%	Aug. 11	Less tax	...	...
Outram (George) and Co. 7½%	Aug. 11	Less tax	...	...
Redfern's Rubber Works Nil	Sept. 1	Less tax	...	...
Sackville Estates 3½%	Aug. 4	Less tax	...	...
Sandown Park 5%	Aug. 4	Less tax	...	...
Spratt's Patent 5%	Aug. 6	Less tax	...	...
Tottenham and District Gas ...	3½%	Aug. 8	Less tax	...
U.S. and General Trust (Def.) ...	3½%	Aug. 15	Less tax	...
Wandsworth and District Gas ...	1½%	Sept. 1	Less tax	...
West Surrey Water, Ord.	3½%	Sept. 1	Less tax	...
Do. do. Ord.	5%	Sept. 1	Less tax	...

REPORTS AND NOTICES.

Sir William McIntock has found it necessary, owing to pressure of other duties, to resign his directorship of the National Mutual Life Assurance Society. His resignation has been accepted by his colleagues with great regret.

BANKS.

Messrs. B. W. Blydenstein and Company.—As from September 30th next, Messrs B. W. Blydenstein and Company intend to restrict their activities in the London discount and bill markets. This will render superfluous a considerable portion of their partnership capital which will in due course be placed at the disposal of their predominant partners, the Twentache Bank (London), Ltd., for transfer to De Twentache Bank N. V., Amsterdam, who hold its share capital. Notwithstanding this arrangement, however, the nominal, fully subscribed capital of the Twentache Bank (London), Ltd., will remain £1,000,000 as heretofore, always available to be called up for the requirements of Messrs B. W. Blydenstein and Company, the other departments of whose banking business will continue to be carried on in the usual way.

MISCELLANEOUS.

COMBINED PULP AND PAPER APPEAL.—In the Court of Appeal on Wednesday, Lords Justices Scrutton, Lawrence and Greer gave a considered judgment in the Combined Pulp and Paper case. The defendants appealed against the judgment for £92,000 entered against them at the suit of the company. The appeal was dismissed, but the judgment against Mr Thomas Froude, the auditor, was reduced by £738.

O-CEDAR COMPANIES' SCHEMES.—Capital reduction schemes are announced by O-Cedar Consolidated Trust, Ltd., and its subsidiary O-Cedar, Ltd. The capital of the Trust is to be cut from £801,000 to £53,100, by cancelling 18s. on each issued £1 preference share, 10s. 6d. on each issued £1 ordinary share, and by extinguishing the 66,000 unissued £1 ordinary shares. All special rights attaching to the present preference shares are to be cancelled, and the 450,000 preference shares of 2s. each in the reduced capital are to become "A" ordinary shares, while the reduced ordinary shares of 6d. each are to be known as "B" ordinary shares. On Court sanction, the capital is to be increased to its former amount of £801,000, by the creation of 747,900 new shares of £1 each. The plan submitted by the subsidiary, O-Cedar, Ltd., is that the capital be reduced from £200,000 to £15,000, by cancelling the 100,000 preference shares, £200,000 to £15,000, by cancelling the 100,000 preference shares, and reducing the £1 ordinary shares to 3s. each. Each of the 100,000 ordinary shares of 3s. each will be sub-divided into one share of 2s. 6d., and one share of 6d., the former to be known as "A" ordinary and the latter as "B" ordinary. The capital is then to be increased to its present amount of £200,000 by the creation of 185,000 new shares of £1 each. The "A" ordinary shares will be re-issued by the directors as fully-paid "A" ordinary shares to present preference shareholders.

SUMMARY OF BALANCE SHEETS.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
Ord. shares fully paid £1 30,000,000	...	Freehold and leasehold properties 24,815,786	+ 28,347
6% debentures 500,000	...	Shares in subsidiaries at cost 3,261,270	- 300,932
National Debt Commissioners (Pacific Cable Board, balance to be repaid by annuity) ... 1,066,602	- 44,409	Advances to subsidiaries 164,222	- 25,688
Payable to allied co. 431,507	+ 431,507	Investments in traffic and other co.'s at cost 2,082,429	- 1,323,967
Creditors 1,272,047	- 1,420,868	Joint purse guarantee 450,000	+ 450,000
Proposed dividend (less income tax) ... 56,250	- 350,625	Stocks and stores 708,277	- 119,766
Reserve for renewals 315,659	+ 114,102	Traffic and other debtors 1,163,922	+ 17,180
Revenue account 20,666	+ 536	Due from subsidiaries 140,156	- 8,977
		Due from associated co.'s ... 93,819	+ 20,572
		British Government securities at cost 235,348	+ 136,257
		Cash 547,502	- 142,783
Total 33,662,731	- 1,269,757	Total 33,662,731	- 1,269,757

† Market value.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Banks.											
Nat. Bank of New Zealand	Mar. 31	168,458	187,836	356,294	...	140,000	7½	74,000	142,294	208,286	10½
Breweries.											
Mitchells and Butlers	June 30	438,347	513,459	951,806	44,250	{ 325,633 28,257 }	{ 11½ 7 }	75,000	478,666	626,994	{ 15½ 7 }
Financial Land, &c.											
City of Aberdeen Land	June 30	1,444	8,975	10,419	...	7,875	15	1,000	1,544	7,495	15
North of Scotland Canadian Mortgage	May 16	29,415	Dr. 525	28,890	...	5,922	2½	...	22,968	46,131	10
Iron, Coal and Steel.											
Old Silkestone Collieries	Mar. 31	84,065	2,482	86,547	...	...	...	...	86,547	2,934	...
Rubber, &c.											
East Asiatic Rubber.....	Mar. 31	33,290	Dr. 2,879	30,411	...	...	...	...	30,411	Dr. 3,564	...
Kuala Muda Rubber	Mar. 31	7,838	Dr. 2,249	5,589	...	...	...	5,470	119	Dr. 5,976	...
Lendu Rubber.....	Mar. 31	2,716	Dr. 4,593	Dr. 1,877	...	...	...	...	Dr. 1,877	Dr. 4,775	...
Shops and Stores.											
Gamage (A. W.)	Jan. 31	Dr. 15,146	Dr. 96,994	Dr 112,140	...	...	...	Dr. 25,626	Dr 86,514	20,987	...
Tea.											
Empire of India and Ceylon	Dec. 31	11,350	Dr. 24,171	Dr. 12,821	...	...	...	Dr. 13,500	679	1,701	2½
Tramways and Omnibuses											
Anglo-Argentine Tramways	Dec. 31	7,286	Dr 378,510	Dr 371,224	...	...	...	...	Dr 371,224	144,521	...
Trust.											
O-Cedar Consolidated Trust	Mar. 31	Dr 264,966	6,795	Dr 258,171	...	...	...	...	Dr 258,171	2,074	...
Second Clydesdale Invest. ..	July 1	3,296	21,971	25,267	11,125	7,542	5	...	6,600	12,982	5
Second Scottish Western	July 1	30,128	50,869	80,997	22,125	21,000	7	...	37,872	67,633	11
Other Companies.											
Asso. London Properties ...	June 24	21,959	9,704	31,663	17,734	...	...	...	13,929	43,653	6
Cropper and Co.	June 30	4,755	22,305	27,060	11,003	10,238	7½	1,000	4,819	30,313	7½
Crosse and Blackwell.....	Dec. 31	3,426	Dr 110,412	Dr 106,986	...	...	...	Dr. 28,108	Dr 78,878	82,135	...
Glamorgan Wagon Co.	Nov. 30	6,604	1,054	7,658	...	...	...	...	7,658	3,426	2½
North Glamorgan Wagon	Mar. 31	91	3,421	3,512	...	...	...	...	3,512	Dr 4,176	2½
O-Cedar Limited	Mar. 31	Dr. 65,363	1,696	Dr. 63,667	...	...	...	...	Dr 63,667	Dr 13,933	...
Wood (Edward) and Co.	May 31	20,832	Dr. 13,154	7,678	2,000	...	...	...	5,678	Dr. 7,158	...

† Free of income tax.

Commercial Reports.

MARKET SUMMARY.

Last week's reaction in the price of primary products at the principal international commodity markets was followed by a fairly general advance this week. This upward movement can best be illustrated by the course of quotations in the United States. Among non-ferrous metals, lead and tin were slightly firmer, but copper weakened further. Rubber advanced on American buying, and raw cotton was slightly firmer. Among cereals, the sharp rise in wheat prices is noteworthy, but maize and rye were also dearer. In the office continued to advance, and sugar was maintained at the higher level. Sterling prices of commodities which lead them-

selves to grading and therefore to international arbitrage, showed an upward tendency. According to reports from various industrial centres, the volume of activity in the iron and steel industries is experiencing a seasonal decline. Transactions are generally small and few in number. Activity in the coal trade has been declining, and the West Coast has been adversely affected by the new import duty of 5s. per ton imposed by the Irish Free State. The situation in the cotton trade has deteriorated because of labour difficulties, which causes buyers to hold aloof until the outlook is clearer. The demand for woollen and rayon fabrics has tended to decline.

THE COAL TRADE.

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square.
 London: 5, Walbrook, E.C.4. and 4, St. James's Street, S.W.1

is negligible. Prices of steams, however, keep steady at 16s. f.o.b. Supplies of industrial fuel exceed demand, consumption being interfered with by holidays. The demand for house coal is at the low summer level and the trade is lifeless. In some cases prices are being eased to induce stocking by the public. Best South Yorkshire house is quoted at 20s. at pits. The acute depression of furnace coke is unrelieved.

WORKINGTON.—The Free State duties hit hard the coal trade. Three of the largest producing collieries sold a not inconsiderable part of their coal to the South of Ireland. This export trade was brought to an end on Tuesday, and the North of Ireland market is also seriously affected, since a fair proportion of the coal shipped to Ulster ports was sent to Free State communities on the Border. Industrial fuel is in limited demand, and local landsale is easy. Prices are purely nominal, with best round 22s. 6d., washed doubles 21s., washed singles 19s., all f.o.b. Small 16s. 6d. per ton. Best house coal 31s. 9d.; and house nuts 30s. at station. Gas coal 28s. per ton. West Coast coke is from 16s. 6d. to 17s. 6d. per ton.

NEWCASTLE-ON-TYNE.—The market in all sections is inactive with little tonnage at the coaling stations, so another quiet week for shipments is inevitable. Almost every day reports of further closing of mines in the county of Durham come to hand, and until the additional winter demand comes along there is little hope of any improvement. The executive of the Durham owners met this week to consider the question of minimum prices, but they decided not to make any change, their contention being that as the demand does not exist lower prices will not bring trade. The coal exports from the North-East Coast for the six months ending June were 6,635,581 tons, compared with 7,364,727 tons for the same period last year. To-day's f.o.b. prices for export are as follows: **NORTHUMBERLAND:** D.C.B. screened steam, 13s. 6d.; smalls, 8s. 6d.; Howards, Bentinck, Newbiggin screened, 13s.; smalls, 8s.; Tyne prime large, 12s. 9d.; smalls, 9s.; Hartley Main large, 12s. 6d.; smalls, 8s. **DURHAM:** Lambton, South Hetton screened steam, 16s.; smalls, 11s.; Wear special unscreened gas, 16s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s.; coking smalls, 12s. 6d.; prime unscreened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.

GLASGOW.—The crisis which has arisen between this country and the Irish Free State continues to cause concern in Ayrshire, and, in a lesser degree, Lanarkshire, both of which counties hitherto enjoyed a steady business in that area. The outlook remains very obscure, and Irish importers are acting with extreme caution, only a few cargoes being arranged. Several cargoes of German coal are believed to have already been purchased for shipment to the Free State. Meantime, washed nuts, particularly trebles and doubles, remain the strong feature of the Scottish coal trade. This is due not to any unusual weight of demand, but rather to the scarcity of available supplies, which, of course, arises directly from the restricted output of large coal. Current prices for shipment are as follows: **LANARKSHIRE**—Ell best, 14s. 3d.; splint best, 14s. 9d.; splint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 14s. 9d., all per ton f.o.b. Glasgow; steam, 13s.; trebles, 12s. 6d.; doubles, 10s. to 10s. 6d.; singles, 9s. 3d.; pearls, 8s. 6d.; dross, 8s. 9d., all per ton f.o.b. Grange-mouth. **FIFE**—Screened navigation, 16s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 3d.; trebles, 14s. to 16s. 6d.; doubles, 11s. 6d.; singles, 9s. 6d.; pearls, 8s. 6d., all per ton f.o.b. Burntisland or Methil. **LOTHIANS**—Prime steam, 11s. to 11s. 6d.; secondary steam, 10s. 6d.; trebles, 13s. 9d.; doubles, 11s. to 11s. 6d.; singles, 9s. to 9s. 6d.; pearls, 8s. 6d., all per ton f.o.b. **LEITH.** **AYRSHIRE**—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 11s. 9d.; trebles, 13s.; doubles, 11s.; singles, 9s. 9d.; pearls, 9s.; dross, 9s., all per ton f.o.b. Ayr or Troon.

CARDIFF.—On the Cardiff coal market this week business has continued very quiet, and there has been little, if any, expansion in the volume of shipments notwithstanding the approach of the holidays. A new disturbing factor has been introduced by the imposition by the Irish Free State Government of a Customs duty of 6s. per ton on British coals, but only within narrow limits, as the annual quantity of coal exported from South Wales to the Irish Free State is only about 450,000 tons, or less than 3 per cent. of the aggregate volume of local shipments to overseas countries. At Swansea the demand for anthracite and bunker coals continues active, and it has been agreed to limit the August holidays at that port to Monday next. Nearly all classes of washed dry and bituminous coals are also firm, and in many cases are quoted at prices slightly above the minimum scheduled figures, but all grades of large coal are weak and stocks exceptionally heavy. It is hoped, however, that these will be materially reduced next week when the collieries will be idle till Thursday morning. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 4d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 26s. to 28s. 6d.; Red Vein large, 22s. to 23s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 40s. to 42s. 6d.; stove nuts, 36s. 6d. to 45s.; rubby culm, 11s. to 11s. 6d.; special foundry coals, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 20s. 9d. to 22s.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron does not show any improvement, and prospects for the immediate future are distinctly discouraging. The Glasgow fair holidays do not terminate until the end of the month, and at some establishments the stoppage of operations may be continued still further. This will mean that Scotland cannot be looked to as a customer for much Cleveland iron for some time, and our own local consumption is on a reduced scale at present. With export demand now at a minimum it cannot be seen where any immediate relief is to come from, and stocks are likely to increase for some weeks ahead, particularly as the Tees-side holidays take place next month. The weekly market on Tuesday was only thinly attended, and the only business reported was a few small lots for early delivery. Official prices were unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. Substantial concessions are still offered to Scotch consumers, and our local consumers argue that similar reductions should be made to them, but this has had no effect so far, and makers do not hold out any prospects of lower prices being possible. The hematite market is weak. Sales recently have been so small that weakness has developed, and it is now possible to buy mixed numbers from makers for early delivery at 61s., and a parcel of 2,000 tons for export over August and September is reported to have been sold last week, and at considerably below this figure. As a result of the loss entailed in producing hematite at prices now ruling, Messrs Pease and Partners have decided to blow out their two furnaces at Normanby Iron Works, and this is now being done, but the number will be made up by the two that are to go in at the Ayresome Iron Works of Gjeris Mills and Company next month. In the steel trade no new business of importance is reported this week, but several orders of moderate size have been booked, and others are expected. Prices are generally unchanged. A further cargo of 3,800 tons steel plates for Russia has been shipped from Middlesbrough this week, and there are more to follow immediately. The ore market shows no improvement. Best rubio is now nominally 14s. 9d. c.i.f. for odd prompt cargoes, and the freight Bilbao/Middlesbrough for early loading is 4s. 6d. Coke is weak, and good blast-furnace qualities can now be obtained at 15s. 3d. delivered works, but there is a poor demand. With the change at Normanby Works the number of furnaces in blast in the district is temporarily reduced to fifteen.

SHEFFIELD.—There is little to report this week regarding local industry, as deliveries of materials and buying are largely suspended in view of the holiday stoppage, which will be of longer duration than usual. Most of the large works intend to cease operations for a week. Bookings lately have tended to dwindle, except in a few special lines, and there is no improvement in inquiries. The substantial reduction of the prices of tungsten announced last week have not tempted users to abandon their hand-to-mouth buying policy. One of the worst handicaps to foreign trade at the moment is the policy of controlling the export of money in payment of goods received [which is being carried out by more than twenty countries abroad, including British Dominions. British traders are taking steps jointly to obtain some mitigation of this handicap and have made representations to the British Government on the subject. Unemployment in most branches continues to increase. Favourable reports are to hand regarding such lines as safety razors, scissors, certain classes of tools and steel strip.

WORKINGTON.—No headway has been made in the North-West Coast hematite pig-iron trade during the month, and as the steel-works at Workington and at Barrow are to close for repairs during the holiday season the local demand ceases temporarily, and two furnaces are to go out of active blast. What the position of affairs is may be judged by the fact that the make of three furnaces, one of these, however, with an output of 3,500 tons per week, is sufficient to satisfy the needs of Midland, Continental, South Wales and Scottish consumers. Prospects are, nevertheless, viewed hopefully, makers being confident that the autumn will yield such an expansion of demand as will justify an increase in production. In token of this, they continue to resist the pressure exerted on them for lower prices, and Bessemer mixed numbers are quoted firmly at £3 12s. 6d. per ton at Glasgow; £4 1s. 0d. at Manchester; £4 3s. 6d. at Sheffield; and £4 4s. 6d. at Birmingham, with an additional 2s. 6d. to 5s. per ton for special and semi-special grades of iron. Malleable iron is a fair Midland trade at £5 17s. 6d. per ton delivered at Birmingham, but the market for manganese alloys is quiet, and the sales of ferro, at from £10 15s. to £11 5s. per ton, are wholly from stock. The steel market is dull, but overseas orders are expected in the course of a month or two, and the rolling mills will certainly be employed two if not three weeks in four. Native ore, at from 16s. to 18s. per ton, is in quieter local request, and in hardly any at all by East Coast and Scottish smelters.

GLASGOW.—A fair start has been made at many of the works in the West of Scotland, but there has not been a complete resumption, especially in the Lanarkshire area, where many plants are still inoperative. During the holiday period there has been a quite considerable amount of ship repair work carried through at Clyde yards, and it is reported that Clyde shipbuilders have a very large number of inquiries on hand and tenders out at the moment, and the impression seems to be general that work will become more plentiful during the autumn. At the steel making plants the restart has been only partial, and there has been no important accumulation of orders during the past week or two. Sheet makers have a somewhat better export demand, but the tonnage booked is not large. Tube makers are still quiet, and there is no improvement in the wrought iron trade. It is announced this week that the Albion Motors, Ltd., of Scotstoun, Glasgow, have secured an order for twenty platform vehicles for the L.N.E. Railway, fourteen being 1½-ton and six 2-ton. Steel prices are unchanged.

CARDIFF.—In the South Wales iron and steel trade conditions are inactive, and on the Swansea Metal Exchange on Tuesday it was reported that the tinplate mills were operating at only about 55 per cent. of their normal capacity. Tinplate prices are unchanged, at from 14s. 9d. to 15s. 3d. per basis box. Welsh steel bars are also stationary at 95s., but foreign bars are easier, and their supply is increasing, the total imports in the week ended July 17th last being 4,656 tons. Galvanised sheets are a featureless market, with quotations ruling at £9 5s. per ton f.o.b. Shipments of tinplates at Swansea last week totalled 86,789 boxes, compared with 81,334 boxes the previous week, and 79,719 boxes in the corresponding week last year, and stocks are returned at 150,734 boxes, compared with 225,651 boxes a year ago.

OTHER METALS.

TIN.—The market in tin opened dull on Monday. The metal closed a little higher on Tuesday, and advanced sharply on Wednesday on American buying. Sales on the London Metal Exchange totalled 275 tons on Tuesday, against 525 tons last week, 230 tons on Tuesday, against 375 tons, and 250 tons on Wednesday, against 275 tons. In New York the metal was quoted at 21.05 cents per lb. on Wednesday, against 21.00 cents per lb. a week ago and 19.50 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £127 to £127 5s. per ton, compares with £123 10s. to £123 15s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,022 tons, show a decrease of 167 tons on the week.

COPPER.—In view of the large supplies of copper available, prices at the London Metal Exchange fell sharply last week. There was no improvement on Monday and Tuesday, but on Wednesday the metal closed a little firmer in the absence of selling pressure. Sales at the London Metal Exchange totalled 800 tons on Monday, against 600 tons last week; 700 tons on Tuesday, against 300 tons; and 500 tons on Wednesday, against 900 tons. On Wednesday, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £25 2s. 6d. to £25 3s. 9d., compares with £25 7s. 6d. to £25 8s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 15,754 tons, show a decrease of 192 tons, while stocks of rough copper, at 969 tons, were unchanged.

LEAD.—On Monday and Tuesday the demand for lead was quiet at the London Metal Exchange and elsewhere, but prices remained unchanged owing to the reserve of holders. Sales totalled 350 tons on Monday and 300 tons on Tuesday. A more active demand on Wednesday, when the turnover amounted to 500 tons, caused a slight rise in quotations. In New York the metal was quoted at 2.80 cents per lb. on Wednesday, against 2.65 cents a week ago and 2.95 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £9 13s. 9d. per ton for shipment during the current month, compares with £9 5s. on the corresponding day last week.

SPELTER.—The market in spelter was firm and prices advanced steadily from Monday to Wednesday, as holders were increasingly disinclined to sell in view of the improved outlook of the spelter situation. The steady decline in stocks and the recent decision of the International Zinc Cartel to make a further cut in output are chiefly responsible for the firmer tendency. Sales totalled 250 tons on Monday (against 450 tons last week), 200 tons on Tuesday (against 300 tons), and 350 tons on Wednesday (against 350 tons). Wednesday's quotation in New York, at 2.50 cents per lb., compares with 2.50 cents a week ago and 2.75 cents a month earlier. Wednesday's official closing quotation in London, in terms of sterling, for "good ordinary brands," was £11 17s. 6d. for shipment during the current month, against £11 8s. 9d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and platinum have been maintained at £95 per ton and £9 15s. per ounce respectively. Nickel was again sold at £230-£235 per ton. Foreign antimony remained unchanged at £22-£22 10s. per ton. Quicksilver declined from £10 10s. to £10 15s. per flask to £9 15s. to £10 per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week July 21st to 27th (inclusive) are 34,137 bales, of which 9,009 are American, 6,485 Peruvian, 12,869 Argentine, 4,725 Egyptian, 416 African, 597 East Indian, and 36 sundries.

Manchester.—Quiet conditions have prevailed in the market throughout the week. There has been an absence of enterprise on the part of buyers and spinners and manufacturers have experienced difficulty in preventing loss of ground. The wages negotiations and the strike at Burnley have resulted in most of our customers holding aloof until the outlook is clearer. A very fair inquiry has again come through in piece-goods for India, but practically all the contracts have been for retail lots, most of the buying being in light bleaching materials for Karachi and Calcutta. Operations for China have again been restricted. The competition from Japan in India and China tends to become more acute. Very few practicable offers have been received from Egypt and the Near East, but some producers for South America and West Africa, with rather more demand for home trade circles. A rather slower feeling has prevailed in home trade circles. Numerous buyers are afraid of lower prices in the near future and are therefore acting with caution. Only a limited business has been done in American yarns for home use and the stoppage at

Burnley is having an adverse effect upon consumption. Moderate sales have taken place in the coarser numbers of Egyptian yarns. Export trade continues restricted.

Cotton Prices.

	1932.				Corresponding Date.	
	July 6.	July 13.	July 20.	July 27.	1930.	1931.
Raw Cotton—Mid. American	d. 4.76	d. 4.62	d. 4.73	d. 4.57	d. 7.45	d. 4.72
" Sakalardis Fully Good Fair	6.65	6.60	6.95	6.95	12.35	7.10
Yarns—32's twist	8½	8½	8½	8½	11½	8½
" 40's twist	8½	8½	8½	8½	11½	9½
" 60's twist (Egyptian)	13½	13½	13½	13½	20	14½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 15 4½	s. d. 15 9	s. d. 15 9	s. d. 15 9	s. d. 20 9	s. d. 17 1½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	18 6	18 10½	18 10½	18 9	23 0	19 0
36-in. ditto, 38 yds., 18 by 16, 10 lb.	9 11	10 0	10 0	10 0	12 7½	10 9
39 in. ditto, 37½ yds., 16 by 15, 8½ lb.	8 9	8 10	8 10	8 10	11 4½	9 7

THE WOOL TRADE.—Bradford.—Last week-end Dalgety and Company, Ltd., cabled from Melbourne some most instructive figures showing the exports of wool from Australia and New Zealand. Detailed information would have been very welcome, but this will come by mail. The figures cover the period July 1, 1931, to June 30, 1932, and are as follow:—

	Bales.	+ Increase
Australia	2,743,000	+ 69,000
New Zealand	634,000	+ 9,000
	3,397,000	+ 78,000

The above figures, writes our correspondent, show that last year both countries exported more wool than for many years, the Australian returns being a record, while if the New Zealand figures for 1926-27 and 1927-28 are eliminated, those for 1931-32 rank as the largest for many years. The point to stress is that both countries are producing and exporting the maximum quantity of wool. Australia is expected to produce more wool during the current season than ever before in her history. The reader must not conclude that exports represent the whole production of Australia and New Zealand. Dalgety's final figures will be very interesting. The production of Australia will easily be a record, and the figures for New Zealand will not be far from being the best ever known. It would be very interesting to know what is the actual quantity of wool still remaining in the hands of growers as well as in the various warehouses in New Zealand. A bigger weight of N.Z. crossbreds is being sold in Coleman Street this year than for a long time, and stocks are fairly heavy in London to-day awaiting the September series. The market has turned quiet, as can only be expected. London finishing on the easy side has directly affected top prices, and we should say that every quality can be bought a good ¼d. cheaper than a fortnight ago. Holidays are just beginning, the mills in the Keighley, Bingley and Skipton areas are standing this week, and on Saturday many important districts will follow. The majority believe that we are going to have a quiet August.

THE GRAIN MARKETS.

WHEAT.—The recent downward tendency in wheat prices was followed by a steady rise. On Wednesday, "July" futures were quoted at 50 cents per bushel in New York. The principal factors which brought about this advance in prices are the deterioration of the North American spring crops owing to lack of rain, the expectation of short crops in Danubian countries, and the absence of substantial exports from Russia. The course of wheat prices in the United States and elsewhere has also been influenced by the advance of security prices at the New York Stock Exchange. Although the harvests of France and Germany are expected to show a high yield, the International Institute of Agriculture in Rome has estimated the probable crop of Europe (exclusive of Russia) at 5 to 6 million quarters below the harvest of last year. The British crop appears to have suffered some damage in certain districts owing to heavy rain. On Wednesday, "July" futures were quoted at 50 cents per bushel in Chicago, against 45½ cents on the corresponding day last week and 48½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 29s. 6d. per 496 lbs., as compared with 27s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 28s., against 26s.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 25s. 9d.; Australian, ex ship, 27s. 6d., against 25s. 3d. a week ago.

WHEAT FLOUR.—The market in flour has been a little more active and quotations advanced in sympathy with the rise in wheat prices. North American shipments, at 135,000 sacks, showed an increase of 12,000 sacks, as compared with the previous week. Of this total, 44,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 24s. per sack of 280 lbs., as compared with 24s. last week; delivered London, 23s., against 23s. Manitoba patents, ex store, 25s. to 27s., against 23s. to 26s.; and Australian, ex store, 19s. to 19s. 6d., against 18s. 6d. a week ago.

BARLEY.—There has been an increase in the turnover of feeding barley, particularly on the Continent where Danubian varieties have been offered freely. On Wednesday, "October" futures were quoted at 35½ cents per bushel in Winnipeg, against 32½ cents last week and 33½ cents a month ago. Quotations in London,

Wednesday: "English feeding," f.o.r., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; River Plate, landed, 24s. 3d. to 25s., against 24s. to 25s. a week ago.

OATS.—Trading in oats has again been on a small scale, but in the absence of selling pressure, quotations recorded a slight advance. "July" futures, which last week stood at 17½ cents per bushel in Chicago, sold at 17½ cents per bushel on Wednesday this week, against 19½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 9d. per 320 lbs., as compared with 17s. last week; "River Plate," ex ship, 16s. 9d., against 15s. 10½d.; "Chilean White," landed, 24s. to 25s. 6d., against 24s. to 25s. a week ago.

MAIZE.—The demand for maize in European countries continues strong, and the heavy shipments from Argentina are being absorbed at rising prices. Wednesday's quotation in Chicago for "July" futures, at 32½ cents, shows a rise of 1½ cents per lb. on last week, and one of 3½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 3d. per 480 lbs., compared with 20s. 3d. last week; "Plate," ex ship, 20s. 3d., as against 19s. 3d.; "Plate," July-August, 20s. 3d., as against 19s. 3d. Yellow maize meal, ex wharf, was quoted at £5 15s. per ton, against £5 12s. 6d. a week ago.

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

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat:				
1 week to July 23	Owts. 28,451	Owts. 31,618	Owts. 64,620	Owts. 33,950
47 weeks to July 23	3,726,810	4,856,258	9,420,082	9,657,299
Average price of English wheat per cwt.	s. d. 6 6	s. d. 6 5	s. d. 8 3	s. d. 11 3

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
July 16, 1932	Owts. 27,452	1,344	4,312	s. d. 6 5	s. d. 6 11	s. d. 7 11
July 23, 1932	28,451	2,031	4,487	6 6	8 8	7 10
July 21, 1928	82,311	4,703	3,630	11 0	10 5	12 1
July 20, 1929	45,947	5,778	6,342	10 6	9 10	9 6
July 26, 1930	84,620	3,524	10,055	8 3	8 5	6 0
July 25, 1931	31,618	2,333	8,438	6 5	6 4	6 8

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	July 29, 1931.	Jan. 4, 1932.	July 20, 1932.	July 27, 1932.
Winnipeg (No. 1 Manitoba) Cents per 60 lb.	148½	56½	54½	62½	54½	59½
Chicago (No. 2 Winter) Cents per 60 lb.	130½	79½	51½	55½	45½	50

The visible supply of wheat in Canada, at 71,171,000 bushels, shows a decrease on the week of 426,000 bushels. Supplies a year ago stood at 60,814,000 bushels.

OTHER FOODS.

SUGAR.—The improvement in the international sugar situation was maintained during the past week. Both raw and refined sugar changed hands in large quantities in the United States. Demand in this country was quite active. "September" futures in New York were quoted at 1.01 cents per lb. on Wednesday, against 1.05 cents per lb. a week ago, and 0.04 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 6s. 3½d. to 6s. 3½d. per cwt., against 6s. 3d. to 6s. 3½d., and "March, 1933," at 6s. 6d. to 6s. 6½d., against 6s. 6d. to 6s. 6½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932. 1931.	1932. 1931.	1932. 1931.	1932. 1931.	1932. 1931.	1932. 1931.
London	Tons. 1,559	Tons. 282	Tons. 1,380	Tons. 948	Tons. 13,049	Tons. 26,233
Liverpool	3,602	4,660	14,933	13,205	75,591	64,161
Total	5,161	4,932	16,313	14,153	88,640	90,394
Last week ...	15,274	12,651	13,247	15,215	99,792	99,525

COFFEE.—The New York coffee market was again firm and quotations advanced further. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 7½-8 cents a week ago. Tuesday's London closing sale, prior to the August holiday, was characterised by a poor demand. Although the quantity on offer was small, a large proportion remained unsold. Last week's movements of coffee in London were as follows: Brazilian, landed, 3,127 bags; delivered for home consumption, 1,064 bags; exported, 2,063 bags; stocks, 17,687 bags, against 2,523 bags last year. Central American, landed, 293 packages; delivered for home consumption,

3,371 packages; exported, 1,735 packages; stocks, 110,490 packages, against 103,910 a year ago. Other kinds, landed, 110 packages; delivered for home consumption, 1,501 packages; exported, 703 packages; stocks, 70,674 packages against 83,390 a year ago.

COCOA.—Following an improvement in the demand for cocoa, a slight hardening of prices became noticeable in New York and in London. "September" futures were quoted at 4-23 cents per lb. in New York on Wednesday, against 4-10 cents per lb. a week ago and 3-97 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 26s. 6d. per cwt., f.o.b., London contract, shows a rise of 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 2,499 bags; delivered for home consumption, 3,440 bags; exported, 77 bags; stocks, 150,539 bags, against 222,260 last year.

TEA.—The quantities catalogued for this week's auction comprise 23,995 packages of Indian, and 40,073 packages of Ceylon tea. Monday's Indian auctions experienced a good demand at firm prices. At Tuesday's Ceylon sales there was keen competition between buyers, which had a hardening influence on prices. This was followed by a slight reaction on Wednesday when Ceylon teas were again on offer. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mining Lane on Garden Account:—

AVERAGE PRICE PER LB.							
Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
July 23, 1931	s. d. 0 8-34	s. d. 0 7-81	s. d. 0 11-99	s. d. 0 6-68	s. d. 0 6-57	s. d. 0 5-03	s. d. 0 9-79
June 30, ..	0 6-82	0 6-80	0 7-35	0 4-56	0 4-27	0 5-62	0 6-61
July 7, ..	0 7-16	0 6-48	0 7-50	0 4-65	0 4-38	0 6-86	0 6-85
July 14, ..	0 7-39	0 6-77	0 7-98	0 4-95	0 4-71	0 5-93	0 7-22
July 21, ..	0 7-53	0 6-72	0 8-32	0 5-05	0 4-72	0 6-06	0 7-51

RICE.—The market in rice has again been quiet. Spot prices remained unchanged while forward quotations were easier. Wednesday's "spot" price, at 9s. 3d. per cwt., shows no change on last week, while forward positions, at 7s. 10½d. per cwt., show a fall of 3d. per cwt. Movements in London during the past week were as follows: Landed, 151 tons; delivered, 66 tons; stocks, 3,082 tons, as against 579 tons last year.

POTATOES.—The supply of new potatoes was ample for a good demand and prices recorded a further decline. English kidney could be obtained at from 6s. to 7s. per cwt. at the London Borough Market, against 6s. 6d. to 7s. 6d. per cwt. a week ago, and 8s. to 9s. per cwt. a fortnight ago.

SPICES.—Business in pepper was quiet but prices remained steady. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 4 tons; delivered, 3 tons; stocks, 347 tons, against 607 tons last year. White, landed, nil; delivered, 26 tons; stocks, 510 tons, against 520 tons a year ago.

MEAT.—There was a further rise in beef prices at the Smithfield market, but mutton and lamb was cheaper. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 6d. to 4s. 2d. per 8 lbs., against 3s. 2d. to 4s. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 2s. 10d., as against 2s. 4d. to 3s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,488 tons, as compared with 8,491 tons in the corresponding week last year. Imported beef, principally Argentine, formed 87-8 per cent. of the supplies, as against 87-1 per cent. a year ago; and imported mutton, mainly New Zealand, formed 82-4 per cent. of the total supply, as against 83-7 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Conditions are about unchanged and the outlook is still uncertain and depends almost entirely on a revival of demand. In view of the generally poor sale of oilcakes and oils, crushers both here and on the Continent are carrying small stocks and are making new purchases on a very restricted scale. Moreover, the market for linseed is affected by the unusually large quantities on passage to Europe, near positions continuing at a discount. Shipments from the River Plate continue to be substantial and the quantity afloat to the United Kingdom and Continent has increased to 238,400 tons, or 5,200 tons more than last week, and comparing with 166,900 tons a year ago. Plate afloat and July shipment to Hull is now quoted £7 17s. 6d., forward positions rising to £8. Calcutta to London September has been done at £9 12s. 6d. Cottonseed is steadier but trade is slow. Old crop Egyptian is worth £6 12s. 6d., and now crop £6 15s. November-January loading. Trade in vegetable oils is on modest lines. Indications point to a better demand for linseed oil, for which £12 10s. is asked for August delivery ex Hull mill and £13 September-December. Cotton oil is in meagre supply and steady, crude Egyptian being held for £21 10s. and refined (technical and edible) for £23 10s. ex Hull. Demand for oilcakes and meals is not so good and values are inclined to ease.

HIDE, LEATHER AND ALLIED TRADES.—Although there has been a slight falling-off in trade in imported hides demand for those from home-slaughtered cattle remains very good and the tendency of values continues upward. At the auctions at Manchester this week advances of from ½d. to ½d. per lb. were realised for all weights and classes of ox and heifers with the

Bank of New Zealand

BANKERS TO THE GOVERNMENT OF NEW ZEALAND.

REPORT OF THE DIRECTORS

Presented at the Ordinary General Meeting of the Proprietors, held at the Head Office of the Bank, Lambton Quay, Wellington, on FRIDAY, 17th June, 1932, at 11 o'clock a.m.

The Directors submit herewith the Balance-sheet and Profit and Loss Statement of the Bank for the year ended March 31st last.

The profits, after providing for expenses of management, and for all bad and doubtful debts, and after making provision for the annual donation to the Provident Fund, are—

From this has to be deducted:—	
Interest on Guaranteed Stock	21,199 8 11
Leaving Balance of Profit for the year	587,023 7 8
To which has to be added:—	
Balance brought forward from last year	626,001 13 1
	1,213,025 0 9

From which has been paid:—	
Dividend on Preference A Shares	£50,000 0 0
Interim Dividend on C Long-Term Mortgage Shares	7,031 5 0
Interim Dividend on D Long-Term Mortgage Shares	17,578 2 6
Interim Dividend on Preference B Shares	41,666 13 4
Interim Dividend on Ordinary Shares	250,000 0 0
	366,276 0 10
Leaving available for distribution	846,748 19 11

BALANCE SHEET AT 31ST MARCH, 1932.

LIABILITIES.		ASSETS.	
	£ s. d.		£ s. d.
CAPITAL—		Coin, Cash Balances, and Deposits with Bankers	7,697,240 8 4
4 per cent. Guaranteed Stock	529,988 10 6	Government Notes—Commonwealth, Fijian, and Samoan Administration	106,139 5 0
Preference A fully-paid £1 Shares issued to the New Zealand Government	500,000 0 0	Notes of Other Banks (Legal Tender)	20,863 0 0
C Long-Term Mortgage fully paid £1 Shares issued to the New Zealand Government	234,375 0 0	Balances Due by Other Banks	32,075 1 5
D Long-Term Mortgage fully-paid £1 Shares issued to the New Zealand Government	468,750 0 0	Bullion on Hand and in transit	4,822 10 2
Preference B fully-paid £1 Shares issued to the New Zealand Government	1,375,000 0 0	Money at Call and Short Notice, Government Securities and other Securities in London	4,314,317 11 1
Ordinary fully paid £1 Shares	3,750,000 0 0	Bills Receivable in London and in transit	1,514,716 13 10
	6,858,113 10 6	New Zealand Government Securities (not including £86,581 9s. 4d. held in London)	4,682,686 4 3
Reserve Fund	3,575,000 0 0	Australian Government Securities	3,647,752 2 0
Long-Term Mortgage Debenture Stock	4,062,762 10 0	Municipal and Other Local Bodies' Securities	562,379 0 7
Notes in Circulation	31,565,843 0 1	Remittances in transit between Branches	1,496,777 19 5
Deposits	77,242 15 10		
Balances Due to Other Banks	3,642,948 2 11	Bills Discounted	24,199,749 16 1
Bills Payable and other Liabilities (including provision for contingencies)	426,000 0 0	Other Advances and Securities and Debts due to the Bank, after deducting provision for Bad and Doubtful Debts	792,384 0 7
Reserve for Taxes	22,397 18 4	Landed Property, Premises, &c.	24,860,936 19 5
London Office Acceptances under Credits	124,361 19 9	Liabilities of Customers for Acceptances, per contra	622,825 2 11
Transfers from Long-Term Mortgage Department	846,748 19 11	Long-Term Mortgage Department	1,310,175 0 0
Balance of Profit and Loss	£51,808,468 17 4		£51,808,468 17 4

LONG-TERM MORTGAGE DEPARTMENT.

	£ s. d.		£ s. d.
LONG-TERM MORTGAGE FUND—		Loans	1,185,813 0 3
Capital	703,125 0 0	Transfers to Bank	124,361 19 9
Debenture Stock	607,050 0 0		
	£1,310,175 0 0		£1,310,175 0 0

PROFIT AND LOSS.

	£ s. d.		£ s. d.
Dividend on C Long-Term Mortgage Shares	7,031 5 0	Balance at 31st March, 1931	1,102,694 7 3
Dividend on D Long-Term Mortgage Shares	17,578 2 6		
Dividend on Preference B Shares	120,833 6 8	PROFITS for year ended 31st March, 1932, including recoveries, and after payment of and provision for, all interest due and accrued on deposits, provision for bad and doubtful debts and for the annual donation to the Provident Fund	1,770,686 7 9
Bonus on Preference B Shares	18,750 0 0		
Dividend on Ordinary Share Capital	250,000 0 0	Less—Salaries and allowances at Head Office and 235 Branches and Agencies	504,800 10 11
Bonus on Ordinary Shares	37,500 0 0	Directors' remuneration, including London Board and Local Directors in Australia	9,696 2
Amount Transferred to Reserve Fund	25,000 0 0	General expenses, including rent, stationery, telegrams, postage, travelling, repairs to premises, &c.	142,236 1 2
	476,692 14 2	Audit Expenses Account	2,896 5 2
Balance carried down	626,001 13 1	Rates and Taxes	502,834 11 4
	£1,102,694 7 3		1,162,463 11 2
			608,222 16 7
			£1,234,224 9 8

RESERVE FUND.

	£ s. d.		£ s. d.
Twelve Months' Interest on Guaranteed Stock	21,199 8 11	Balance per last Statement	3,575,000 0 0
Dividend paid 5th December, 1931:—			
On Preference A Shares	50,000 0 0		
On C Long-Term Mortgage Shares	7,031 5 0		
On D Long-Term Mortgage Shares	17,578 2 6		
On Preference B Shares	41,666 13 4		
On Ordinary Shares	250,000 0 0		
	366,276 0 10		
Balance, being Profit for the year	587,023 7 8		
To which has to be added:—			
Amount brought forward from last year	626,001 13 1		
	1,213,025 0 9		
	£1,234,224 9 8		

A. HEMPTON, Chief Auditor.

H. BUCKLETON, General Manager.

A. W. HALL, Accountant.

LONDON OFFICE: 1 Queen Victoria Street, E.C.4.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed per lb. 10				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes, 56 lbs. 46				Queensland, red, super combg. 5 1/2				Best cow			
Wheat—				Good English, per cwt. 6				N.S.W. greasy, super 11				Best calf			
No. 2, N. Man. 496 lb. 28				SPICES—				N.Z., grey, half-bred 50-56 18				INDIGO—			
Brg. Gas. av., per cwt. 6				Pepper, per lb.—				Tops—				Bengal gd. red-vio. to			
Barley, Brg. Gas. av..... 7 10				Muntok, fair White..... 0 7 1/2				Crombied 40-44 23				Sole Bends 8/14 lb.—			
Maize, La Plata, landed				Black Lampong..... 0 7 1/2				Merinos 70's..... 5 1/2				Bark Tanned Sole.....			
480 lb., 21 3				Cinnamon—lat sort, per lb. 0 7 1/2				Crombied 48's..... 22				Shoulders fm DS Hides			
Flour, Lon. stan. ex mill, 21 9				Cloves—Zanzibar per lb. 0 7 1/2				46's..... 10				Do. Brg. or WS do.			
280 lb., 21 9				Ginger—per cwt.—				44's..... 11				Do. Brg. or WS do.			
Rice, No. 2 Burma, per cwt. 7 10 1/2				African..... 22 6				Wash, best Ad'ly...ton 19 6				Do. Brg. or WS do.			
Tapoon, per cwt.—				Jamaica, ord. to good... 55 0 85 0				Durban, best gas, f.o.b. 19 6				Do. Brg. or WS do.			
Fair Flats, Singapore.. 11 0				Maize.....per lb. 1 5				Tye..... 14 6				Do. Brg. or WS do.			
MEAT—				Nutmegs 65s..... 1 5				Sheffield, best house at plate..... 20 6				Drawing Hides..... 0 11 1/2			
Beef, per 8 lbs.—				SUGAR—				IRON AND STEEL—				Ro. Rng. Calf, 20/30 lb. 2 6 3 6			
English long sides..... 5 4 6 0				(Duty, 11s. 8d. per cwt.)				Wash, Cleveland No. 3, ton 58 6				Aust. Bends..... 0 11 1/2 1 4			
Argentine chilled hinds 3 6 4 2				B.W.I., crystallised..... 17 0 18 6				Bass, Ad' through..... 195 0				VEGETABLE OILS—			
Mutton, per 8 lbs.—				Java, white, c. & f. India 7 10 1/2				Steel Rails, best 7 170 0				Raisin, naked, p. ton net 13/7/6			
English wethers..... 4 0 5 0				June-July.....				Tin Plates, per box 14 9 15 3				Cotton-seed, crude..... 20/10/0			
N.Z. frozen..... 2 4 2 10				REFINED—London—				METALS—				Coconut, crude..... 24/10/0			
Pork, English, per 8 lbs. 4 0 4 6				Yellow Crystals..... 19 14 1/2				Copper, Electrolytic, ton 27/10/0				Oil Oakes, Linned, Eng., per ton 7/10/0			
OTHER FOODS.				Cubes..... 23 6 24 0				Sheets (strong), 27/0/0				Oil Seeds—Linned—			
Irish..... per cwt. 86 0				Crushed..... 21 6 22 0				Standard..... 25/2/6 25/3/9				La Plata..... 13/10/0			
Danish..... 58 0				Granulated..... 19 6 20 1/2				Lead Eng. Pig..... per ton 10/15/0				July-August..... 7/15/0			
Dutch..... 50 0 51 0				Home Grown..... 19 0 19 1/2				Soft Foreign..... 9/13/9				Calcutta—per ton— 9/13/9			
HAMS				TEA—				Spelter G.O.B..... 11/7/6				Turpentine, per cwt..... 60 3			
Canadian..... 72 0				Indian—per lb.—				Tin—English ingots..... 139/10/0				PETROLEUM PRODUCTS—			
American..... 76 0 78 0				Pekoe..... 0 5 1/2 0 7 1/2				Standard cash..... 127/0/0 127/5/0				Motor spirit, No. 1, London..... 1 3 1/2			
BUTTER—				Broken Pekoe..... 0 6 1 6 1/2				CHEMICALS—				Petroleum, Amer. std. bri. London per gal. 0 9 1/2			
Australian..... 101 0 103 0				Orange Pekoe..... 0 6 1 6 1/2				Add. citric, per lb. less 5% 1 0 1 1/2				Fuel oil, in bulk, for contracts, ex instal., Thames..... 60 0			
New Zealand..... 105 0 106 0				Broken Orange Pekoe..... 0 6 1 6 1/2				Nitric..... 0 24 0 4				Furnace oil per ton 67 6			
English Cheddars..... 120 0				Orange Pekoe..... 0 6 1 6 1/2				Oxalic, net..... 0 24 0 4				Diesel..... 57 6			
Dutch..... 50 0 57 0				Broken Orange..... 0 6 1 6 1/2				Tartaric, English less 5% 12 0				Lubricating oil ex store, London—per ton— 9/10/0 24/7/6			
COCOA—				TOBACCO—				Alcohol, Plain Ethyl..... 12 0				Reds..... 10/0/0 18/15/0			
Duty, British grown, 11s. 4d. foreign, 14s. cwt.)				(Duty 9/6-10/6 per lb.)				Ammonia, carb., per ton 9 0 9 10				Cylinder..... 10/10/0 38/10/0			
Accra, f.f., per cwt. 24 0 29 0				Empire growths, 7/5½ 8/3 per lb.)				Sulphate..... 38 0 38 0				ROBIN..... s.d. s.d.			
Trinidad..... 40 0 48 0				Virginia leaf.....				Arsenic, lump..... per ton 35 0 40 0				per ton 13/10/0 22/5/0			
Grenada..... 33 0 39 0				Common to fine..... 0 9 3 0				Bleaching powder, per cwt. 8/0/0 8/10/0				RUBBER—			
COFFEE—				Rhodesian leaf..... 0 9 2 6				Bomax, gran..... per cwt. 13 0				St. ribbed smoked sheet			
(Duty 9/6-10/6 per lb.)				Nyasaland leaf..... 0 6 1 6 1/2				Do. gr..... per cwt. 13 0				per lb. 0 2 1/2			
British grown, 11s. 4d. foreign, 14s. cwt.)				Emple growths, 7/5½ 8/3 per lb.)				Nitrate of Soda..... per cwt. 9 6				Fine Hard Para per lb. 0 3 1/2			
Accra, f.f., per cwt. 24 0 29 0				Duty.....				Potash-Chlorate, net..... 0 34 0 3 1/2				SHNILLAO.....			
Trinidad..... 40 0 48 0				British grown, 11s. 4d. foreign, 14s. cwt.)				Sulphate..... per cwt. 13 13 1/2				TN Orange..... per cwt. 86 0 57 6			
Grenada..... 33 0 39 0				Accra, f.f., per cwt. 24 0 29 0				Sal-Ammoniac..... per cwt. 42 0				SHELLS—			
COFFEE—				Trinidad..... 40 0 48 0				Soda Chlorat..... per cwt. 9 10 6				W. Aust. M. o. P. " 5 10 14 6			
(Duty 9/6-10/6 per lb.)				Grenada..... 33 0 39 0				Crystals..... per cwt. 5 0 5 3				TALLOW.....			
British grown, 11s. 4d. foreign, 14s. cwt.)				Duty.....				Sulphate of Copper, per ton 15 15 16 0				London Town per cwt. 20 6			
Accra, f.f., per cwt. 24 0 29 0				British grown, 11s. 4d. foreign, 14s. cwt.)				CREMANT, London—				Swedish u/s 3 x 8 per std. 17 0 s.d.			
Trinidad..... 40 0 48 0				Accra, f.f., per cwt. 24 0 29 0				Portland, best Eng. pr. ton				2 1/2 x 4..... 15 0 0			
Grenada..... 33 0 39 0				Trinidad..... 40 0 48 0				In jute sacks (11 to ton) 44 9 46 9				Pitchpine..... per load 9 0 0			
COFFEE—				Grenada..... 33 0 39 0				In free paper bags (20 to ton) 46 0 48 0				Ro Deals..... per std. 28 0			
(Duty 9/6-10/6 per lb.)				Duty.....				COPRA—				Teesa..... per load 30 0			
British grown, 11s. 4d. foreign, 14s. cwt.)				Accra, f.f., per cwt. 24 0 29 0				S.M. Straits c.i.f., per ton 14/5/0				London Town per cwt. 20 6			
Accra, f.f., per cwt. 24 0 29 0				Trinidad..... 40 0 48 0				BROCKED South Sea 13/0/0				Can'dn Spruce, Dia..... 24 0 0			
Trinidad..... 40 0 48 0				Grenada..... 33 0 39 0				RUGS—				Pitchpine..... per load 9 0 0			
Grenada..... 33 0 39 0				Duty.....				Cotton—				Ro Deals..... per std. 28 0			
COFFEE—				British grown, 11s. 4d. foreign, 14s. cwt.)				Japan, refined... per lb. 2 6 2 7				Teesa..... per load 30 0			
(Duty 9/6-10/6 per lb.)				Accra, f.f., per cwt. 24 0 29 0				Castor oil..... per lb. 85 0 95 0				Hondura Mang. logs c. 10 10 6			
British grown, 11s. 4d. foreign, 14s. cwt.)				Trinidad..... 40 0 48 0				Ipecacuanha..... per lb. 4 9				African..... 0 6 0			
Accra, f.f., per cwt. 24 0 29 0				Grenada..... 33 0 39 0				Peppermint, Wayne Co. HIDES— per lb. 9 3 9 6				Amer. Oak Boards..... 0 6 0			
Trinidad..... 40 0 48 0				Duty.....				West Indian—Australian per lb. 0 3 1/2 0 4 1/2				Ash..... 0 7 0			
Grenada..... 33 0 39 0				British grown, 11s. 4d. foreign, 14s. cwt.)				Cape..... 0 2 1/2 0 3 1/2				English Oak Planks..... 0 8 0			
COFFEE—				Accra, f.f., per cwt. 24 0 29 0				Dry and Dressed..... 0 2 0 3 1/2							
(Duty 9/6-10/6 per lb.)				Trinidad..... 40 0 48 0											
British grown, 11s. 4d. foreign, 14s. cwt.)				Grenada..... 33 0 39 0											
Accra, f.f., per cwt. 24 0 29 0				Duty.....											
Trinidad..... 40 0 48 0				British grown, 11s. 4d. foreign, 14s. cwt.)											
Grenada..... 33 0 39 0				Accra, f.f., per cwt. 24 0 29 0											
COFFEE—				Trinidad..... 40 0 48 0											
(Duty 9/6-10/6 per lb.)				Grenada..... 33 0 39 0											
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Grenada..... 33 0 39 0				Duty.....											
COFFEE—				British grown, 11s. 4d. foreign, 14s. cwt.)											
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British grown, 11s. 4d. foreign, 14s. cwt.)				Trinidad..... 40 0 48 0											
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COFFEE—				Accra, f.f., per cwt. 24 0 29 0											
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COFFEE—				Accra, f.f., per cwt. 24 0 29 0											
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COFFEE—				Trinidad..... 40 0 48 0											
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COFFEE—				British grown, 11s. 4d. foreign, 14s. cwt.)											
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COFFEE—				British grown, 11s. 4d. foreign, 14s. cwt.)											
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British grown, 11s. 4d. foreign, 14s. cwt.)				Trinidad..... 40 0 48 0											
Accra, f.f., per cwt. 24 0 29 0				Grenada..... 33 0 39 0											
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COFFEE—				Accra, f.f., per cwt. 24 0 29 0											
(Duty 9/6-10/6 per lb.)				Trinidad..... 40 0 48 0											
British grown, 11s. 4d. foreign, 14s. cwt.)				Grenada..... 33 0 39 0											
Accra, f.f., per cwt. 24 0 29 0				Duty.....											
Trinidad..... 40 0 48 0				British grown, 11s. 4d. foreign, 14s. cwt.)											
Grenada..... 33 0 39 0				Accra, f.f., per cwt. 24 0 29 0											
COFFEE—				Trinidad..... 40 0 48 0											
(Duty 9/6-10/6 per lb.)				Grenada..... 33 0 39 0											
British grown, 11s. 4d. foreign, 14s. cwt.)				Duty.....											
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British grown, 11s. 4d. foreign, 14s. cwt.)				Trinidad..... 40 0 48 0											
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COFFEE—				Accra, f.f., per cwt. 24 0 29 0											
(Duty 9/6-10/6 per lb.)				Trinidad..... 40 0 48 0											
British grown, 11s. 4d. foreign, 14s. cwt.)				Grenada..... 33 0 39 0											
Accra, f.f., per cwt. 24 0 29 0				Duty.....											

Since then "hot" Treasury bills have changed hands at $\frac{1}{2}$ per cent. August and September Treasuries have been quoted at $\frac{1}{8}$ and $\frac{1}{2}$ per cent., while this week one of the banks was a heavy buyer of Octobers at $\frac{1}{2}$ per cent. Three months' bank bills were nominally $\frac{1}{2}$ per cent., but the effective rate was nearer to $\frac{1}{8}$ per cent. Standstill bills are quoted at $\frac{1}{2}$ up to 2 per cent.

	July 14, 1932.	July 21, 1932.	July 28, 1932.	AUG. 4 1932.	Previous Rate and Date Changed
Bank Rate	2	2	2	2	2 (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount { Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses { Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate ("hot" Treasury bills)....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	1-2	1-2	1-2	1-2	...

The reduction in Bank rate to 2 per cent., followed by the fall in the yield on Government stocks to $\frac{3}{4}$ per cent., has given rise to certain apparent anomalies and misconceptions regarding interest rates generally. In particular, the banks have lately been criticised for the wide margin alleged to exist between their advance and deposit rates. Without entering deeply into the merits of this controversy, it may be as well to set out some of the salient facts. As regards advance rates, the clearing banks' traditional minimum of 5 per cent. has for the moment been abandoned, and in approved cases even loans of moderate size are obtainable at lower rates such as $\frac{1}{2}$ per cent. Again, if the banks' gross earnings on all their assets, including their cash which earns nothing and Treasury bills which now earn only $\frac{1}{2}$ per cent., be averaged, the mean rate is more of the order of 3 to $\frac{3}{4}$ per cent.

The position as regards deposit rates also needs clarifying. In London the banks only pay $\frac{1}{2}$ per cent., for this rate varies with Bank rate. On deposits outside London the banks have until quite recently paid a constant rate of $\frac{1}{2}$ per cent., which was not dependent upon Bank rate. Thus in times of a high Bank rate, a better deposit rate was obtainable in London, but to-day the contrary is the case. In practice, however, the clearing banks are to-day making tentative efforts to reduce their country deposit rates, and while existing deposits still earn $\frac{1}{2}$ and 2 per cent., the rate on new country deposits is subject to arrangement in each particular case when the new account is opened. On their savings banks accounts the clearing banks still pay $\frac{1}{2}$ per cent., or the same rate as the Post Office, and the banks no longer enforce their former limit of £500 to each savings account. On the other hand, the clearing banks still let it be known that they will not accept large sums for savings accounts, while the Post Office does not permit a net annual increase of more than £500 in any individual account.

The fact is that such anomalies as exist are more apparent than real. On an overdraft of £10,000 the difference between $\frac{3}{4}$ and $\frac{1}{2}$ per cent. is only £100 per annum, whereas the customer in question may have an annual turnover of a million. Looked at in this way, bank interest would be a negligible item in his total costs. Again, while inquiries show that there is now in process a steady trickle of money into the Post Office Savings Bank, the limit imposed upon the annual increment in each account means that it can never be anything more than a trickle. Finally, if the country customers of the clearing banks can now earn more on their deposits than Londoners, it is only fair to recall that on many occasions since the war it is the London deposits that have earned more. There may be a case for equating London and country deposit rates, and for making both move with Bank rate, but in the long run no substantial injustice arises out of the present system, and before any alteration is made the banks must take account both of the misunderstanding that any change might create in the minds of their

country customers and also of the limited competition that they meet with from the Post Office, and, until recently, from building societies.

The London Chamber of Commerce has recently suggested to the Board of Trade that power be taken to create exchange clearing houses, to apply to Austria and Hungary, and subsequently to other countries. The Board of Trade in reply states that experience has shown that the clearing-house system is of doubtful value to creditor countries, mainly because the clearing houses tend to become filled with the weaker currencies, while supplies of the stronger currency are dissipated through irregular channels. The net result of such a system is that, while its institution may result in an immediate flow of orders from the weaker countries, there is in practice no guarantee of payment within any reasonable time, and if part of the money paid into the clearing houses has to be devoted to the settlement of outstanding debts on past transactions, the date of payment on current transactions becomes even more remote. The plain truth of the matter is that the clearing system is only a palliative, and the revival of business depends upon the restoration of the normal channels of trade and means of payment.

Reports from New York confirm the view expressed in last week's *Economist* that foreign buying of stocks for investment is taking place. It is thought, however, that foreigners are so far only replacing their holdings of American securities sold earlier in the year when confidence was lacking and the dollar was declining. Even so, reductions of \$7,500,000 in gold earmarked on foreign account were reported early this week. The Government deficit for July amounted to \$263 millions. This was \$62 millions worse than the deficit of July last year, and created an unfavourable impression on Wall Street. Call money remains at 2 per cent., and open-market discount rates at $\frac{1}{2}$ to $\frac{3}{4}$ per cent. on 90-day bank bills.

The foreign exchange market was very quiet this week, and fluctuations were narrower and less frequent. Sterling, after holding its own fairly well, declined rather sharply at the close against most of the principal currencies. The New York rate, after touching 3.49 $\frac{1}{2}$ and 3.52, went to 3.50 $\frac{1}{2}$. Montreal gained a point at 4.08. Paris was half a point better at 89 $\frac{1}{2}$. Brussels appreciated sharply to 25.27. Milan again went against sterling, and fell to 68 $\frac{1}{2}$. Madrid was firmer by $\frac{1}{2}$ at 43 $\frac{1}{2}$. Amsterdam moved from 8.76 to 8.70 $\frac{1}{2}$, and Berlin from 14.84 to 14.73. Switzerland gained ten points at 18.01. The Scandinavian currencies again proved the exception to the general rule, and declined, Stockholm from 19.48 to 19.50, Oslo from 19.95 to 20.00, and Copenhagen from 18.55 to 18.61. Helsingfors, however, gained three points at 233. The South American currencies are still largely nominal, Rio being unchanged at 5 $\frac{1}{2}$ d. (sellers), as was Buenos Aires at 34 $\frac{1}{2}$ d. (nominal), but Montevideo lost $\frac{1}{2}$ d. at 29d. In the Far East the rupee was very firm, and gained $\frac{1}{2}$ d. at 1s. 6 $\frac{1}{2}$ d., but the yen was weaker, and fell away by $\frac{1}{2}$ d. to 1s. 6 $\frac{1}{2}$ d. Batavia was better by seven points at 8.78. In the forward market dollars were in rather more request at narrower discounts of $\frac{1}{8}$ cent and $\frac{1}{16}$ cent for one and three months respectively; as were francs also at higher premiums of 2 and 4 centimes, against 1 and 3 centimes last week. Belgas were in poor demand and fell away from 5 centimes to 7 centimes discount for one month, and from 12 centimes to 27 centimes discount for three months. Milan was unchanged at $\frac{1}{2}$ lire and $\frac{1}{4}$ lira discount, but Madrid was firmer at narrower discounts of $\frac{1}{2}$ peseta for one month and $\frac{1}{4}$ peseta for three. Amsterdam was more wanted at $\frac{1}{2}$ cent discount for both deliveries, just half of last week's quotation. Switzerland fell away by $\frac{1}{2}$ centime for both quotations to par for one month and $\frac{1}{2}$ centime premium for three. The silver market was quiet, and sellers were inclined to hold off, with the result that prices rose by $\frac{1}{8}$ d. for both deliveries to 17 $\frac{1}{2}$ d. for cash and 17 $\frac{1}{2}$ d. for forward. The China silver currencies reacted differently, Hong Kong being unchanged at 1s. 3 $\frac{1}{2}$ d., while Shanghai improved by $\frac{1}{2}$ d. to 1s. 8 $\frac{1}{2}$ d.

THE LONG LANE.

To tens of millions of the world's inhabitants the word holiday is no more than a mockery, for they have, alas! no employment from which to seek respite. But to many more millions still the daily task in these stern times is so absorbing and stressful that the leisure for quiet thought which holidays bring, and the opportunities they afford for reasoned retrospect, are even more salutary than in ordinary days. We are all trudging together down a long, long lane; we are getting used to trudging, though we barely look to right or to left; hardly dare to glance at the road behind, and distrust the tricks that oft-deluded vision might play us when we attempt to scan the horizon. But let those, who can, take their opportunity to rest awhile upon the holiday milestone, and, freed for the moment from the weariness of trudging, look forward to see if the turning is in sight, and backwards to judge whether the last mile is such as to make it more likely that the turning is close at hand.

Surely those who paused awhile on the last milestone a year ago may feel to-day that their halting place is more restful and secure. For it was just at this holiday season a year ago when the clouds of the world storm gathered over Britain and burst with a fury that shook the national life to its foundations. Early in the summer a cloud had formed over Austria and had spread over Eastern and Central Europe—a gathering cloud that roused the President of the United States to make his dramatic intervention to save Germany from insolvency; but few foresaw that the storm-power latent in those clouds would so quickly concentrate over the United Kingdom. The Labour Government, dilatory in taking steps to establish confidence and readjust its policy to a growing emergency, was swept from power, and, in spite of the efforts to recreate confidence made by an inter-party Junta of elder statesmen, and by the co-operation of the bankers of New York and Paris, fears of England's ability to maintain the value of the £ grew around the world and swept sterling from its gold moorings, carrying with it the currencies of more than half the world. The mile of road which we have covered since then may have been painful, but it has brought Britain at least out of the slough of insecurity and into the region of hope. Our Budget has been balanced; our balance of payments is no longer a danger; our exports have maintained, and even increased, their proportion of the volume of world trade, albeit that volume has steadily dwindled. We carry still a vast army of unemployed, and have no certainty that their ranks will not be further swollen during the coming winter; but at least we may claim to have checked the downward swing of economic activity in this country.

A year ago observers of the growing paralysis creeping over Europe were inclined to prophesy the wholesale break-up of institutions, a reversion to social disorder, and the end of the economic and financial system under which the countries of the world, save Russia, are conducted. These panic prophecies have not come true. Even in South-Eastern Europe and in Germany political institutions have not collapsed, and the financial crisis, not yet solved, has not been allowed to reach the bounds of extremity. Indeed, as the year ended, the Lausanne Conference, by setting, once and for all, finality to the reparations question, and thereby giving to Germany a chance of restoring her credit-worthiness, of which only political quarrels can rob her, marks one of the notable advances in international co-operation of the past few years. In another way also Lausanne permits us to look out hopefully along the next stage of the road. Europe has finally composed that part of the problem of international obligations left by the war which affects her alone. She has done it in a way and in an atmosphere which leave hopes that a way will be found to compose with equal success that part of the problem which affects the United States of America as chief creditor; for, since the Lausanne Agreement was known, signs have not been wanting that, though political circles in America are sensi-

tive as regards the method of approach and concerned as to the mode of presenting a case which leaves an added burden on the shoulders of the American taxpayer, opinion in the United States is becoming reconciled to a radical revision of the debt agreements as an essential part of the world problem of reconstruction, and believes that such a policy will serve America's interests at least as well as those of Europe.

And this brings us to America, where the past year has brought her statesmen and her people to face the deepest depression and the biggest economic ordeal of her history. It would be rash to predict that America is yet within sight of general economic recovery, for it has seemed that the forces that are bearing her down in depression are almost as ineluctable as those which three or four years ago forced her up to the peak of an insecure prosperity. Nevertheless, there is reason to think that the Giant of the West has passed the crisis of his sickness. In the spring and summer grave symptoms such as the growth of unemployment, the widespread failure of banks, the drain of gold to Europe and a big growth of hoarding by a distrustful public were justifiably regarded with serious apprehension. But the period of panic seems to have passed, the process of hoarding to have been checked, the banking position to have been salvaged, the psychology of the people to have been steadied. Elsewhere, the economic strength of France has declined, but not to the point of acute depression; political instability, seriously reduced trade and financial default mark the passage of the crisis through South America, while, on the other hand, stern internal measures have pulled Australia on to firmer ground.

Many, of course, have been the disappointments of this difficult year; worst of them all, the meagre results achieved by the Disarmament Conference—a failure which may yet be retrieved. Failure, too, has attended all efforts to restore the real foundations of peace in Europe for the relations between France and Germany, and between France and Italy, are still an obstacle to any smooth passage towards European pacification. Almost equally deplorable is the shrewd blow delivered to the authority of the League of Nations by Japan's defiance of international opinion and international engagements in Manchuria and China. Disappointing, if petty and temporary, is the revival of a deadlock in Anglo-Irish relations. But fortunately the quarrel between Mr de Valera and the British Government has failed to revive the intensity of the age-old controversy, and the world at large regards it merely as a domestic affair between two members of the Commonwealth, handled with clumsiness on both sides.

Can we, then, claim that on balance a year's trudging has carried us a real stage forward? It is, of course, true that as time passes without economic recuperation and without the solution of major problems, capital is progressively destroyed, readjustments of international and commercial debts made more difficult and illiquidity intensified. On the other hand, the past year has seen grave dangers averted, strong and successful efforts by individual countries to adjust their affairs to the necessities of the crisis, and at least a real beginning in removing the incubus of international indebtedness which has been so powerful a factor in distorting the face of the economic world. In the world generally the evidence of stock and produce markets confirms the impression of statistics of production and activity generally that the steepest phases of the depression are past. Persistence in the policy of expanding credit in America, and still more the boldly conceived plan of conversion in this country, go far to assure the world of the cheap money conditions that are necessary to foster recovery. In Britain we have perhaps passed to a later stage in fighting the crisis than have some other countries, and for the return of our own prosperity we must await their progress. And, above all, as we look upon the next mile of road there loom up three remaining obstructions which separate us from the approach of better times. The supreme task of the next

twelve months is for the nations in co-operation to remove the overhanging menace of armaments, to achieve some measure of monetary stability, to cut away the thicket of tariffs and trade restrictions, and to allow the commerce of the world to flow once again into more natural channels. As we leave our milestone and step out again upon the road we may take good heart from the news, not only of a check to the fall in commodity prices, which may or may not be temporary, but also of an early summoning of a conference of world statesmen to discuss what contributions each nation can make towards making progress easier for all.

GERMANY'S ORDEAL.

THE German general elections for which the Hitlerites have been clamouring so long and so stridently, and conceded by the present Government when they were called to office by the President in May last, have come and gone. The verdict of the polls, as was expected, has resulted in producing a parliamentary deadlock, for it has given no party, or natural group of parties, a working majority. It is a strange commentary on the state of confusion into which politics have fallen in Germany, that, while the Government in power arouses little sympathy anywhere and in some quarters provokes active distrust, this result should be generally hailed—except of course by the Hitlerites themselves—with something like relief. Indeed, the stock markets, thankful that the result has not been worse, have marked up German securities; and there is a general feeling that at least for the time being Germany has been spared the danger of a major disturbance. It is true that serious political outbreaks took place on Monday night at Königsberg, but, generally speaking, the Government's decree of a political holiday has been quietly accepted, and the country has welcomed the opportunity of a breathing space to recover from the excitements of Sunday.

The final figures show that an enormous poll of nearly 97 million votes was cast. Out of this total the National Socialists secured approximately a third; their votes amounting to 13,782,779, which is approximately the same as the total polled by Herr Hitler himself in the second ballot of the Presidential election. This immense poll makes the Hitler party considerably the largest party in the Reichstag. But the movement, which has hitherto leapt from strength to strength, has evidently reached the top of the tide, and this is by general consent reckoned to be by far the most important conclusion of the poll. It is significant that wherever the Hitlerites have been entrusted with administration the Hitler poll has dwindled, and as there is little hope of further gain in Germany as a whole it means that the Hitler movement has definitely failed in its attempt to capture the control of the Reich through the ballot box. It has failed, moreover, even if it were counting on the Nationalist Party as its ally, for that section of the Right has suffered a marked and definite setback, its total poll having fallen by nearly half a million. Even if the minor parties of the Right are included it is definitely impossible for a Right coalition to secure control of the Reichstag. It is, moreover, significant that the most definitely monarchist section of the Right is the one which has lost most. It certainly cannot be said after last Sunday's ballot that the German people have shown any enthusiasm for the return of a monarchist regime.

At the other end of the scale the Communists have gained some six or seven hundred thousand votes, almost entirely at the expense of the Socialists, and though they are still very much the smaller party of the two, they come out with the very considerable record of 5½ million votes. The Socialists and Communists together have a poll which is only a little less than that of the Nationalist Socialists. Socialist commentators attribute the growth of the Communist poll to revolt against the repressive action taken against the Communists by the present Government. But the apologists for the latter reply that the increase in the Communist vote is proof of their claim that there is a real Communist

menace, and that, if stern measures had not been taken, the increase would have been much greater and would have constituted a much more serious danger to German political life. An outside observer would be more disposed to comment that the increase in the Communist poll is, after all, not at a very much greater rate than the increase of the total poll, and that, considering the enormous volume of unemployment and the prolonged anxiety regarding their economic future of large masses of the population, the swing to the Left is, if anything, less marked than might have been expected. The remaining third of the votes polled are distributed chiefly among parties belonging neither to the Left nor to the Right. Nearly all of them have suffered a very great reduction in their poll, and some of them have almost been obliterated. But the exception to this rule is, significantly enough, the Centre Party itself, whose poll has increased by more than half a million. Indeed, the net result of the election is that Dr. Brüning holds the balance of power in the Reichstag, though he can no longer make an effective coalition with his former allies.

In the absence, therefore, of an effective alternative, the election leaves the present Government in power, but presents it with the problem of governing with a divided incoherent Parliament. Until the Reichstag meets at the end of the month the present lull in political activity is likely to continue and to give Freiherr von Papen and General von Schleicher a breathing space in which to prepare their plans. The task, however, is a very difficult one. The composition of the Reichstag, elected by so huge a popular vote, is a fundamental fact which cannot be brushed aside, for it at least shows beyond any doubt the present grouping of the German nation. It should not be overlooked, moreover, that every Government in Germany in the last ten years has derived its authority from a coalition of parties, and, unless there is to be a violent disturbance of the constitution, this must be done again. But the pieces of the jig-saw puzzle will be more difficult than ever before to fit together. The Government as well as the parties of the Centre and Left are agreed that since the National Socialists are the largest party of the State they must assume some of the responsibility of government and that some of the posts in the Ministry should be assigned to them. The Nazis are, however, not very willing to accept any responsibility without complete control, and, in any case, the vagueness of their programme, the demagogic character of their agitation, and their internal differences have made them a very unsuitable instrument of government. If an understanding is not reached in the meantime, the clash between the parties must come as soon as the Reichstag assembles and is asked by the Government—as it must be asked—to approve the ordinances which it has issued since it came into office. The superseding of the Prussian Government by a Reichscommissar will be bitterly opposed by the Socialists, and it is not yet known what view the Centre will take on this question. On the other hand, it will be very hard for the National Socialists to swallow the decrees which have been reducing the social services in view of their blunt repudiation of any responsibility for them during the election. How this problem will be resolved it is impossible to foresee; but there seems little doubt that Germany as a whole is reconciled to the Government carrying on provided it can assure the safety of the ordinary German citizen in his comings and goings.

But even a Government which conceives its main task to be the maintenance of law and order cannot carry on very long without a policy. So far as concerns international affairs, which so vitally affect Germany's future, the present rulers of Germany have in their dealings with foreign countries put forward, though sometimes perhaps in less tactful terms, the policy pursued by Dr. Brüning. With Reparations out of the way, Germany's great pre-occupation is that of equality of status in armaments, a demand which has been the underlying issue of the various conversations which have taken place in the last six months at Geneva. As Lord Cecil reminded us in his speech at Oxford on Tuesday, this is a conception to which the chief countries who signed the Treaty of Versailles are committed. But we equally agree with Lord Cecil's further comment that if impatience at the

long delay of the Disarmament Conference leads Germany to respond to what she considers a breach of faith on the part of the Allies by herself re-arming, the result could be nothing but disastrous. It is well that the statesmen of the world should realise that, while the form may vary, in substance this is a matter on which the German nation is at one.

But internal policy is a different matter. What the internal economic policy of the Government is, has not been disclosed. Almost at once Germany will be brought up once again against the Budget problem. Economies which the nation accepted from a Centre and Socialist coalition may not be endured so readily from a Government of the Right, especially if further cuts are believed to be the price paid for the support of the industrialists. There is, however, no reason to suppose that the Government will lend any countenance to the foolish aspiration for "autarchy"; on the contrary, it has declared its intention of seeking to mitigate the stranglehold of tariffs and trade restrictions. The world believes that Germany contains the seeds of recovery—indeed, many fear that when the tide really turns she will rapidly outstrip her competitors. But she can only realise such possibilities if her Government can mobilise behind it the overwhelming masses of the national will in dealing firmly and boldly with the critical problems of the immediate present and can stir public opinion from its prevailing mood of despondency. This is the task which confronts not merely the Government, but the leaders of all parties in Germany to-day. Will they succeed in achieving it? For this is perhaps the greatest of the unanswered questions on which world recovery depends.

THE MONETARY PROBLEM AT OTTAWA.

(BY A CORRESPONDENT.)

THE Imperial Economic Conference has shown that protection has its inhibitions as well as free trade. Under the system which Great Britain found it advisable to maintain for so many years, an extensive plan of mutual preferences within the Empire was out of the question. Now it certainly seems as though the experiment with protection were going to handicap any general plan of monetary co-operation within the Empire. Australia and New Zealand at least have come to the Conference determined that a rise in commodity prices, to be brought about primarily by the action of Great Britain, should be in the forefront of achievement at Ottawa, whereas Mr. Baldwin's opening speech, as well as the absence from the British delegation of any monetary expert of the first rank in the public eye (however competent their actual monetary assistants may be) indicates that the United Kingdom Government hoped and expected that something fairly non-committal would suffice. One of the strongest reasons for this want of decision has been the fear of the political consequences of a rise in prices in Great Britain, a concern for the interests of the consumer which is undoubtedly prompted by the realisation that a rise in the cost of living, even though actually brought about by quite general forces, would be laid at the door of protection, and especially of imperial preference if the rise of prices were Empire rather than world-wide.

There are, of course, more substantial and more specifically monetary reasons for the British Government's hesitation. Mr. Havenga's reasoned and moderate defence of the gold standard in his introductory speech contained much that was as applicable to Great Britain as to South Africa. Indeed more so; for Great Britain, with her large proportion of trade with foreign countries and her great financial interests outside what has come to be known, rather inaccurately, as the "sterling area," can of all countries least afford to insert a new element of instability into the already shaking world economic structure. On the other hand, the Dominions, as great primary producers, know even better than ourselves that the present deflationary drift of the world cannot continue without bringing still further disasters.

But there is another difficulty. The price of stability in our monetary relations with gold standard countries might well prove to be new forms of instability and trade

restraint among countries off gold, a point which can be illustrated by the attitudes of New Zealand and India at the Ottawa Conference. The motive of Mr. Coates' demand for an expression of "reflationary" policy by the British Government and the Bank of England emerged from that other part of his speech in which he pressed for the adoption of quotas on foreign imports of certain commodities. New Zealand justifiably fears that her foreign competitors—who after all have also to find markets for their products—would cut their losses on a British preferential duty and undersell her anyway. She wants a larger market, but she wants still more urgently a higher price for her products, many of which she is now selling under artificial conditions at a loss on every unit. Under present circumstances, New Zealand paradoxically cannot afford to sell more butter to Great Britain, and her Government hopes that a foreign quota might give her a sufficient grip of the market to enable her to ask a higher price. Now, apart from the general disadvantages of the quota method and of this rather extortionate means of securing a better return to a limited section of the world's producers, in this particular instance Denmark, New Zealand's chief foreign competitor in the British butter market, is in such a desperate economic condition that any such violent limitation of her trade might drive her over the brink into individual and public destitution, which could bring nothing but harm to Great Britain and through her to the whole Commonwealth. But there is a more significant objection even than that. Since the great slump began Australia has enormously increased her exports of butter, and is as much responsible as any foreign country for breaking the price. Now Australia has a 25 per cent. premium on her exchange with sterling, compared with New Zealand's 10 per cent., to which the latter has adhered in spite of strong expert recommendations that she should depreciate further. If New Zealand cannot obtain a better price, in her own currency, for her products by any other means (and Australian and Canadian competition would be sufficient to hold the price down despite a quota on foreign butter) she may well be forced to raise the premium on sterling, which would handicap British as well as other sellers in her market. But then perhaps Australia would feel the pinch and would have to follow a similar course. The prospect of competitive depreciation among the several countries of the sterling area is not pleasant to contemplate.

India's position is in many respects similar, though her first preoccupation is public finance. A poor country relying on agriculture for the greater part of her national income, she has an inelastic public revenue, which her cultivators find it extremely hard to provide when prices are low. There is one of the chief clues to the success of the Congress agitation (which in more than one district takes agrarian forms) in the past few years. The height of the ratio between the rupee and the pound has been the subject of bitter political controversy ever since its stabilisation. India's experts (and at Ottawa she is outstandingly well provided with them in the persons of Sir Henry Strakosch and Sir George Schuster) have made it plain that unless a substantial rise of commodity prices is somehow induced in the outside world she cannot continue to maintain that ratio at 1s. 6d. The handicap of a depreciated rupee upon our trade with one of our greatest oversea markets, in which we sell much more than we buy, would be almost as disastrous to Great Britain as the example that it would provide for other British countries.

For them depreciation against sterling may bring at least a temporary alleviation of their difficulties, though an aggravation of ours; but a similar process by itself cannot prove a solution of the price problem for Great Britain. Our recent experience has shown that the anticipated rise in British prices resulting from a fall of the exchange against gold has been counterbalanced by a fall in gold prices—largely in order to meet the new conditions in the greatest of international markets. But the reverse process, a fall in the exchange level of the pound following a rise of British prices which was brought about through local conditions, need not have this effect. That a rise of prices, within the sterling area if not over the whole world, must be brought about is certain; it is the

means that are obscure. For short-term money, interest rates are already abnormally low, and the War Loan conversion is doing a great deal to bring down bond interest generally. Something might be done to ease credit conditions by the commercial banks, who are not exactly lenient regarding overdrafts and advances. But it is the demand for as well as the supply of credit that is deficient. Reduce Bank rate to 1 per cent., convert the whole of the national debt, raise the fiduciary circulation by another £20 millions, and in the absence of public confidence the volume of purchasing power through credit may not expand at all. Political settlement and economic liberation are both essential for that revival of confidence, and in their absence even the best intentions cannot achieve the monetary success of the Ottawa Conference.

Monetary policy itself, however, can do something to restore the kind of confidence that is needed. Confidence, after all, is only a relation between expectation and known facts—between, in this case, the assumed prospects of making a profit with borrowed money and the terms on which it can be borrowed. If traders, and still more if governments and public institutions, could feel assured that for some period ahead money would remain cheap and plentiful they might forget some of their political and even their economic apprehensions. In any case, whatever specific measures may follow, the first step towards reflation must be a declaration of policy, to the effect that the authorities will do all in their power, subject to necessary safeguards of a general kind, to secure a rise of commodity prices through an expansion of purchasing power. This is what Mr Coates, at the opening meeting, explicitly challenged the Chancellor to declare, and unless Mr Chamberlain does so the Ottawa Conference will be counted by two at least of the Dominions a definite failure on the monetary side.

THE POSITION OF LANCASHIRE.—II.

(BY A CORRESPONDENT.)

THE previous article in last week's *Economist* examined the contraction of Lancashire's output and exports which has occurred since the war, and whose reversal cannot safely be relied on, at least in the early future. Under these circumstances, the familiar remedy advocated for Lancashire's difficulties is to reduce the equipment of the industry so as more nearly to correspond with the demand that can be reasonably anticipated. For years it has been contended that a large proportion of the existing demand is distributed among competing concerns, trade being accepted at any price in the neighbourhood of prime costs; and yet few of these concerns are working to full capacity. If the number of concerns were reduced, and the existing demand left to the remainder, it is argued that fuller capacity working would be achieved, costs per unit of output would fall, and, even at present prices, a more stable basis would be attained, and opportunity given for a reconstruction of the industry tending to greater efficiency and still lower costs. Again, as is well known, scheme after scheme has failed to secure the required amount of approval from those engaged in the industry, the latest failure being that of the scheme for a reduction of spindles in the American spinning section, followed by the abandonment of the proposed production quota scheme for the Egyptian spinning section.

The causes of these failures cannot be summarised in a brief statement; but, even if they were stated at length, unreasoning perversity, which is apt to appeal to outsiders as the prime cause, would not figure prominently among them. Merely to mention that in the American spinning section alone there are more than 600 concerns, usually controlled by men long noted and, until recent years, widely commended for their practical belief in the virtues of individual enterprise, is sufficient to indicate the difficulty of inducing a requisite majority of them to approve of any scheme which would limit their freedom to act, even in present circumstances, as individuals, or as small groups of individuals. They are men who have always looked with suspicion on large-scale enterprise, in the forms of amalgamations and combinations, as means

to greater efficiency in the cotton industry. Rather, they have been inclined to contend that, in a specialised spinning mill of, say, 100,000 spindles, set in the organisation of the cotton industry as a whole, all the real economies available can be attained. In the past, when bad times have appeared, they have been accustomed to hold out until times have improved, or until they have adapted themselves, or succumbed, to the situation; and it is still widely held that any required reduction of the equipment of the industry will be best achieved by the same process. Indeed, there are many who believe that had not outside financial interests become involved in the industry—interests now reluctant to abandon their venture as a loss—equipment would by now have been permanently reduced by quite as much as has been contemplated in the most ambitious scheme for reduction. To these Lancashire critics the "contraction" schemes, at best, appear only to seek the same end as the well-tried process of attrition, and to have the demerit of limiting the freedom, and imposing a burden on the backs, of those who remain in the industry.

Such views are naturally regarded by the advocates of the regulation schemes as absurdly narrow; for, to them, the schemes are but a first step towards a reconstructed industry better suited to meet the altered conditions of the post-war world. Nevertheless, if the internal problems of the cotton industry are to be understood, the persistence of the traditionally individualist view must be recognised and given due respect. Admittedly, it belongs to a conception of industry and trade in a world different from that which has existed since 1914; but there are still many who are not too sure of the long-run vitality of war, and post-war, conceptions. At the moment, the one thing which is certain is that, apart from some extraordinary development, the existing equipment of the cotton industry will ultimately be reduced. In the absence of some organised method, the process, presumably, will be that of an uncontrolled working of economic forces. Whether this will mean a slow process of attrition or something more chaotic and spectacular remains to be seen.

Space does not permit of more than a brief mention of the extent to which, in order to attain stability, with full-time working, the equipment of the industry might have to be reduced. In the first place, it will be remembered that the pre-war equipment was, in effect, reduced in 1919, when the working week was shortened from fifty-five-and-a-half to forty-eight hours. Allowing for this and other reductions, there is, then, the difficult question of the extent of the demand which the industry can anticipate for its products. Is it, for example, as large as the demand in 1924, or as small as the demand in 1930? If the demand were as large as in 1924, tentative estimates would suggest a reduction of the present number of spindles by about 10 millions, and of looms by about 50,000. If the demand were as small as in 1930, the required reduction might be about 25 million spindles and about 280,000 looms. If a demand is assumed somewhere between that of 1924 and that of 1930, as seems reasonable, tentative estimates might be a reduction of spindles by about 15 millions and of looms by about 180,000. No precision is claimed for these estimates; they are only intended to give some idea of the order of magnitude of the problem of reduction with which the cotton industry is faced in its spinning and weaving branches.

A very slight consideration of the data summarised in this brief review is sufficient to suggest that even the suspension of the gold standard in this country could have no large effect in improving the position of the cotton industry. After last September there was, of course, a spurt, due partly to the depreciation of sterling, partly to the anti-Japanese boycott in China, and partly to seasonal influences; but each factor was temporary in character, and any advantages which British exporters gained from the depreciation of the pound was quickly diminished as other countries largely producing or consuming cotton goods also left gold. At the time of writing, indeed, complaints are frequent that, owing to the present depreciation of the yen, the possibility of successful competition with Japan is more remote than ever. Probably few people, in a cool hour, ever expected that, added to other

obstacles, a dislocation of the currency systems of the world could have a beneficial effect in enlarging the volume of world-trade. Rather, what was expected was a shrinkage consequent upon tariff increases, restrictions on imports and exchanges, and such similar devices as have been imposed. Not until some of these obstacles are removed, and the tide of world-trade turns, does there appear to be any substantial hope of the cotton industry of the United Kingdom reverting towards even its 1929 amount of trade.

THE SALE OF RAILWAY SERVICE

(BY A CORRESPONDENT.)

THE publication of a little book entitled "Modern Developments on the L.M.S.R."* has all but coincided with the news of an internal reorganisation of considerable importance in the country's largest railway. The booklet consists of three contributions by the vice-presidents of the company, Sir Harold Hartley, Mr E. J. H. Lemon and Mr W. V. Wood, who deal respectively with the aspects of "Scientific Research," "Rationalisation, Principles of Management and Control" and the "Development of Costing Methods"; the first two consist of papers delivered at the recent annual Congress of the Institute of Transport held at Buxton, while the last is a reprint of an article which appeared in "Modern Transport" at the time of the above-mentioned meeting. To those who believe that the railways lag behind other British industries in adapting their organisation, methods and policy to present-day conditions, the three articles in this booklet may be recommended as a corrective to undue pessimism. The articles are really best studied as complementary to the speech made by Sir Josiah Stamp at the last annual meeting of the company, but their importance lies not so much in the information they set forth as in the evidence of a new spirit in railway management.

Similarly, the new internal reorganisation of the L.M.S., providing for a commercial manager who shall be responsible for all dealings with the public, both in regard to passenger and goods transport, is evidence that the L.M.S. is not afraid to launch out into new channels to meet a situation which in the last twelve months has grown increasingly critical. During the early months of the year there was considerable criticism, both outside and, more especially, inside railway circles, of the combination of the control of operation and commercial working under one vice-president whose railway experience had been gained primarily on the engineering side. Such critics had apparently forgotten that the Southern Railway a year before had adopted a closely similar type of organisation, albeit with a variation in title. Titles by themselves, however, make but little difference in the scope of functions, and it is unwise to judge an organisation critically in its evolutionary stages; now that the scheme is more fully developed, it is a more appropriate moment to assess its power to add to the strength of the organism.

The problems of railway organisation are excessively complex, and no two railway systems in the world are exactly similar, because due allowances have to be made for varying personalities available to the system and for the differing size of the territorial scope of the undertakings. Even those well versed in British railway working have failed in many cases as yet to realise that in the present L.M.S. organisation the three vice-presidents correspond to three general managers, whose sphere of authority is roughly departmental in scope. Equally, the latest development, consisting of the complete division of the commercial and operating sides of the undertaking, has been hailed as something unique in British railway history, implying the subordination of the operating department to the commercial. In turn, this has been characterised as being one of the successful features of

modern American management. This, however, is an erroneous view, and such misrepresentations are doubly unfortunate in that, if there is one feature of American railway organisation principles which is outstanding, it lies certainly in the general subordination of traffic-getting to the efficiency, measured by low cost, of operation. Just as American railways have been criticised for placing too much stress on low-operating costs—as witness the campaigns to increase carloads and trainloads even at the expense of quick transit for freight consignments—so British railways, until a few years ago, undoubtedly had stressed throughout their longer history the major importance of the commercial or receipts side, with comparatively little regard for the adequate control of operating costs. One has only to examine the careers of the pre-war lists of railway general managers to realise how by far the greater number reached the top of the ladder after mounting steps on the commercial side. In these more enlightened days the balance is held much more evenly, and under the new L.M.S. organisation the chief operating manager and the chief commercial manager are allocated equal power, and each reports to the same vice-president.

Perhaps the most noteworthy feature of the scheme is the separation of the commercial side of the passenger service from the operating department, and its grouping with the commercial side of the goods service. The traditional British form of organisation is exemplified by the Great Western Railway with a superintendent of the line, controlling both the passenger traffic and the operation of goods and passenger trains, and a chief goods manager, controlling the commercial side of the goods service. The Southern Railway recently appointed a traffic manager, under whose control lie all questions affecting the operating and commercial departments, and he is assisted by a superintendent of operation and a commercial assistant. There is a certain resemblance between the new L.M.S. organisation and the Southern Railway's organisation in this respect, though the former, doubtless having regard to the much larger area it covers, has decentralised to a far greater extent. It is, however, the L.N.E.R. which has, from its formation in 1923, adopted decentralisation as a principle, and its Southern, North-Eastern and Scottish areas, each controlled by an area general manager, have their respective passenger managers, goods managers and superintendents of operation.

Each of these types of organisation has its advantages and its disadvantages, and those who advocate complete amalgamation or nationalisation may well ponder whether such a policy would not prevent the evolution of new types of organisation which can only be regarded as healthy signs. The L.M.S. has admittedly been longer than the others in evolving what appears to be finality in organisation, but it is likely to reap the benefit in the immediate years to come through the fact that those now appointed are comparatively young, and there should be fewer changes than elsewhere in the next decade.

FINANCES OF THE MIDDLE EAST.

(BY A CORRESPONDENT.)

THE Palestine Economic Society has published a very informative brochure on the Government finances of the mandated territories in the Middle East. After twelve years of the mandatory regime, and at the moment when one of the three territories is about to be emancipated, it is interesting to survey the different economic and fiscal developments of Iraq, Palestine and Syria. The common feature of their economic structure at the time of their detachment from Turkey was a peasant agriculture together with a simple grade of early capitalism. They were all poor countries, little developed by the Ottoman sovereign. Their progress since they were placed under the Mandate has been extraordinarily diverse.

Iraq, surprisingly, has been the least affected, although Great Britain has spent many millions upon her railways and waterways. Her agriculture remains primitive; and she has not yet attracted the capital required to inaugurate any large scheme of irrigation which might make

* Copies may be obtained from the Secretary, L.M.S.R., Euston Station, or the Publisher, "Modern Transport," Norman House, 105-109 Strand, W.C.2.

the plain between the rivers again one of the greatest granaries and gardens in the world, and provide for many times her present sparse population of three millions. The immediate progress of the young kingdom seems bound up with the exploitation of its oil-wealth, which is soon to begin in earnest. The Anglo-Iraq Petroleum Company is already paying £400,000 annually to the Government on account of royalties, and has started with the work of laying the pipe-line from the Mosul oil-field to Haifa in Palestine and to Tripoli in the French mandated area. It will spend altogether many millions on that enterprise.

In Syria the agricultural progress has been more marked. The cultivable area has more than doubled, rising from 700,000 to 1,600,000 hectares, and the yield is multiplied manifold. The development of silk and cotton spinning and of the cigarette industry has broadened the basis of the economic life; and the emigration to America which was a constant feature before the war has been greatly diminished. Beirut has become a modern commercial and industrial city, like a small Marseilles, with over 200,000 inhabitants and two flourishing universities; and if Damascus has not yet recovered from the events of 1925 and 1926, she is about to become the capital of the Republic of Syria and her economic life is bound to expand.

The most remarkable progress, however, is to be seen in Palestine, west of the Jordan, for the country east of the Jordan, which is also under the British mandate, has retained its simple life in marked contrast to its neighbour. To western Palestine there has come an immigration of about 100,000 Jews and a capital estimated at £40 millions, provided mostly by Jewish bodies and individuals. The effects of the new population and the new resources are seen in every aspect of life. The cultivation of orange and citrus fruits has been quadrupled, and the export of oranges, which amounted to 300,000 cases in 1920, has risen this year to more than ten times that quantity, and will be doubled again by 1936. On the industrial side there are over four thousand undertakings with an annual production of about £5,000,000. Relatively cheap electricity is now derived from the hydro-electric works of the corporation that has harnessed the waters of the Jordan and the Yarmuk; and the extraction of the mineral salts from the inexhaustible reservoir of the Dead Sea has reached a commercial stage. The Haifa Harbour, constructed by the Government at a cost of £1½ millions, is rapidly nearing completion, and will not only revolutionise the conditions for import and export trade of the country, but will make Palestine one of the outlets of a vast hinterland stretching from Persia and Central Asia, and one of the meeting-places of East and West. Palestine alone of the three mandated territories has raised a public loan, amounting to £4½ millions. The cost of the Harbour is included in the loan. The rest of the money was required for railway and telegraphic and telephone development, and the reimbursement to Great Britain of the value of the railway and public works of the Military Administration.

The comparison of the fiscal systems of the three countries is also illuminating. The tithe and the "Werko," or capital land-tax, which were the basis of the Ottoman revenue, have remained, though they have been reformed in the rate and method of collection; and the latter tax has been replaced in Palestine towns by an urban property rate levied on the income of the land. The Customs duties, which in the Ottoman regime were based on "the sweet simplicity" of an eleven per cent. charge *ad valorem*, have been more or less scientifically amended, in Palestine and Iraq by the introduction of a number of specific duties and the exemption of certain raw materials, and in Syria by a graded system of *ad valorem* charges. The Customs and Excise duties in Palestine produce over one million pounds a year, which is over 40 per cent. of the total revenue. Their proportion of the revenue in Iraq is about the same; and in that country the basis of taxation has been broadened by the introduction of an income tax. The Palestine Government is about to examine the introduction of that modern engine of state-finance, with a view to relieving the agri-

cultural population of part of its burden of direct taxation. The increase in the revenue of the countries between 1924 and 1931 was in Palestine 75 per cent., in Syria 44 per cent., and in Iraq 11 per cent.

A similar indication is given by the comparative Government income per head of the people. In Palestine it is nearly £2½; in Syria and Iraq about £1½. That does not mean that the Arab of Palestine is much more severely taxed than his fellows in the neighbouring countries. For it is calculated that the Jewish population, which is about 20 per cent. of the whole, contributes not less than 40 per cent. of the revenue, mainly because of its far higher employment of imported goods; and it is also the principal contributor to the revenues of Government railways and postal services.

While Palestine has the highest standard of Government expenditure, she has received a much smaller direct contribution from the mandatory power. From 1923, when the considerable military forces which had been kept in the three countries were reduced, down to 1931, the grant-in-aid amounted to about £3,500,000, of which a considerable proportion was for the autonomous, but not self-supporting territory of Transjordan. On the other hand, in Syria the French expenditure for the same period has averaged about 800 million francs (roughly £2,500,000 gold) annually, largely for military expenditure. And in Iraq during that period Great Britain spent three hundred lakhs of rupees, or over £22 millions, also largely for defence. In addition, the Mandatory gave the emancipated kingdom a railway and port system on which during the war she spent millions without return. The idea therefore, which is still widespread, that Palestine is a burden on the British taxpayer is a myth. In relation to the Holy Land Great Britain has been far less generous than she has been to Iraq; and the capital for the development of the country has come in the main from other than Government sources.

The three countries have adopted new currencies under the Mandate Administration. Palestine used the Egyptian pound till 1927, but has now its own pound, equivalent to the pound sterling and issued by a Currency Board in London. The currency in circulation has risen steadily from £1,762,664 in 1928 to £2,344,664 in 1931; and the Government now enjoys a substantial contribution to revenue from the profits of the currency. In Syria the Banque de Syrie received as far back as 1919 the right of issuing notes; the amount in circulation averages 10,000,000 Syrian pounds, which, at the present rate of exchange for sterling, is equal to over £2,000,000. Iraq has used the rupee as a unit since the first occupation by the Indian Army. A law for the introduction of a currency on the basis of sterling was passed in 1931; but owing to the fluctuations of the English pound has not yet been brought into force. The unit of currency will be a gold dinar; and till the establishment of an Iraqi national bank the currency will be supervised by a Currency Board of five members, on which there will be representatives of the Ottoman, Eastern, and Imperial Persian Banks.

The three territories have moved steadily towards financial autonomy; although the burden of defence is still borne largely by the Mandatories—or, as Great Britain will now be in Iraq—by the Ally. Palestine, however, while the smallest of the three, and therefore most affected by the expenditure of an elaborate central administration, has shown a power of economic expansion greater than her neighbours, and has been able to support almost unaided a progressive policy of public services that continually adds to the constructive expenditure of Government. She has weathered the present world-crisis with surprising buoyancy, and has been spared the cutting down of services which elsewhere has been necessary. The three mandated territories are to be economically linked by the oil pipe-line from the Mosul oilfields to Haifa and to Tripoli; and a further economic link may be forged between Palestine, Transjordan and Iraq by the railway from Haifa to Bagdad, of which the line has been surveyed by the British Government, though its construction may have to wait for more prosperous days.

Notes of the Week.

The Week at Ottawa.—Following the publication at the end of last week of the British delegation's statement, to which we refer below, the Ottawa Conference has this week reached the stage of definite offers and bargaining. The official Canadian offer has been delayed, but Australia has opened the ball by laying proposals on Wednesday before Mr Baldwin and his colleagues. Although the text of these proposals is not yet available, it appears that Australia's offer, conditional upon a British tax on foreign meat, was no more than a promise to revert to the 1928 level of tariffs with the British preference widened by an increase in rates on foreign competing imports. Such an offer falls very far indeed below the minimum which could be considered even as a basis of discussion, and it is not surprising that Mr Bruce appears to have been told bluntly and immediately that his offer must involve a far greater reduction of tariffs if Britain on her side is to concede Australian requests for raising her own tariffs against certain foreign imports. Wednesday's straight talk has cleared the air to some extent, and not only is Mr Bruce reported to have become more amenable to the British argument, but Mr Bennett is said also to be realising that the only road to any tangible agreement lies in substantial tariff reduction. It is not without significance that the *Manitoba Free Press* denounces the protectionist demands of the textile industry as the obstacle in the way of obtaining benefits for Canadian farmers. The past week, therefore, may be regarded as having brought the Ottawa discussions at least one stage nearer to fiscal realism. So far, tariffs and preferences have so completely absorbed attention that negotiations on other subjects have received little attention. It is, nevertheless, believed that satisfactory progress is being made in the technical discussions on such subjects as standardisation and industrial co-operation. It does not, however, appear that the plan for the establishment of a permanent economic secretariat has advanced beyond the embryonic stage. If well-informed Ottawa reports may be credited, the British delegation will shortly make a declaration on the question of credit and exchange policy, but there is as yet no evidence that such a statement will travel beyond the Chancellor's declarations already made in the House of Commons.

British Trade and the Dominions.—We warmly welcome the statement issued at the end of last week by the British delegation at Ottawa containing facts and figures which illustrate a point made in our article last week on the Ottawa Conference, namely, that the Dominions have benefited economically much more from association with the Mother Country than *vice versa*. The statement did not attempt to estimate the incidence of Dominion tariffs upon British trade, but gave conclusive evidence for this point of view by comparing the modest proportion of British exports which enter free into the Dominions with the very large proportion of Dominion exports which enter into Britain free of tax. The statement went on to show what an immense advantage has been conferred on the Dominions by the preferences granted under the Import Act of this year. The statement made by us last week in this connection was based, as our readers will recall, on an estimate made in the *Economist* in April last as to the amount of trade covered by the new British tariff. When we made that estimate we urged the importance of publishing an official computation of the scope of our new duties. The British statement supplies this official estimate, which substantially confirms our own. The document does not give an analysis under different rates of duty, but the following shows a comparison of the totals arrived at in the two estimates of the amount of our imports in 1930 coming under categories that are now subject to duty under our present tariff:—

Official Estimate. *Economist* Estimate.
(Retained Imports.) (Total Imports.)
British Foreign British Foreign
Countries. Countries. Countries. Countries.

	(In million £.)		
Dutiable before Dec., 1931	48*	117*	56½
Dutiable under Import Duties Act and Horticultural Imports Act.....	101	371	107½
Free	110	210	137
			409
			198

* These figures include some categories subject to duty under the Abnormal Importations Act of November, 1931.

The chief reason for the difference between the two estimates is, of course, the fact that our figures are based on total imports, whereas the official figures are net imports only after deducting re-exports. The complete exemption of imports from British countries falling in the second category gives at least a 10 per cent. preference to more than half the imports coming from Canada and New Zealand, to 40 per cent. of the imports from India and South Africa, and to one-third of the imports from Australia and one-quarter of the imports from the Irish Free State. The statement also contains the following useful table showing the balance of trade between Britain and various Dominions:—

(Millions of £.).

Countries.	Imports into United Kingdom (inclusive of bullion and coin).	Exports from United Kingdom (inclusive of bullion and coin).	Visible Balance favourable to Dominions (plus); Unfavourable to Dominions (minus).
Canada	38.7	31.3	+ 7.4
Australia	70.5	33.0	+37.5
New Zealand	44.9	18.7	+26.2
Union of South Africa	62.1	27.7	+34.4
Irish Free State	43.1	44.3	- 1.2
Newfoundland	2.2	0.9	+ 1.3
British India	52.0	61.6	- 9.6
Southern Rhodesia	2.3	2.6	- 0.3
Total	315.8	220.1	+95.7

In view of interest payments due, however, and other charges which enter into the balance of international payments, the imports of a creditor country will normally exceed its exports. The case for asserting that the Dominions get better treatment in the home market than the Mother Country obtains in the Dominions may therefore be more strongly emphasised by the following figures which show the proportion of imports which the Dominions buy from Great Britain as compared with the proportion of their exports which they sell to the Mother Country:—

Country.	Ratio of Exports to Total Exports.	Ratio of Imports from Great Britain to Total Imports.
Canada	37*	18.9
Australia	49.8	39.4
New Zealand	87.7	49.4
India	27.9	35.4
South Africa	43.4	43.3
Irish Free State	92.2	80.0

* This figure would be larger if Canadian exports via the United States could be included.

The South African figures would show a much larger percentage under the heading of exports if coin and bullion had been included. Of the larger British countries, India alone shows a ratio of British imports to total imports which is greater than the ratio which her exports to Britain bear to her total export trade; and paradoxically enough India is a British country which has not a general system of preference for British goods. Such figures give no ground for Dominion complaints that we have dealt harshly with their products.

The World Conference.—It is good news that the United States has accepted the invitation of the League of Nations to participate in the World Economic Conference. It is also important that she has agreed to appoint representatives to serve not only on the committee concerned with general arrangements, but also on the two committees on economic and monetary questions respectively. Some misgiving has been caused by the fact that in the

correspondence it has been revealed that while the Conference will deal with the question of silver, which is of special interest to the United States, the questions of reparations, war debts and tariff rates will be excluded. This, as Senator Borah has properly observed, certainly seems like Hamlet without the Prince of Denmark, for there are very few who imagine that the sinking commerce of the world can be rescued in a silver-bottomed lifeboat, or, indeed, that anything important can be done unless trade barriers are reduced and international payments relieved from the burden of the debts. But on closer inspection the limitations are not as serious as they appear on the surface. The solution of the reparations problem has already been found; the debt question is one to be settled between the parties concerned and not at a public gathering of fifty States, while as regards tariffs there is a clear distinction to be drawn between tariff policy and actual detailed rates of duty. The former is specifically included in the agenda of the Conference as drawn up at Lausanne. The present correspondence implies that while it will be possible to discuss the general trend of future policy and the basis on which reciprocal or general agreements regarding tariff policy may reasonably be concluded, the question of specific rates will not, and indeed cannot, be handled at a conference of this kind. There is almost no general convention regarding tariff rates on which the whole world could agree, but it is essential that the way should be cleared to permit those countries which are ready and willing to do so to start making agreements with one another for reduction. The fitting of such understandings as the recent Dutch-Belgian agreement, or the relation of the decisions, if any, which may be reached at Ottawa, into the general tariff arrangements of the world are matters which clearly must be promptly discussed and settled if any headway in removing trade barriers is to be made. The date on which the Conference is to assemble has not yet been disclosed, for the meeting requires careful preparation; but the world is anxious that the curtain should rise on this act of the drama as soon as possible.

Mr de Valera's Troubles.—While, at Ottawa, British and Irish Free State delegates are sitting together round the family council table, the Dail and the Senate are busy with questions arising out of the deplorable "war" between Dublin and Downing Street. Some indication of the damage done to Irish exporters by Britain's latest tariff step is given by the summoning of the Dail from holiday, for a special session, in which the chief business is to discuss a Government Bill which proposes to provide £2 millions for the purpose of "finding new markets" for agricultural exports and for establishing new industries in the Free State. How and where a substitute for the British market can be provided or bought is not clear, nor have any plans been published for the fruitful expenditure of £2 millions. Meanwhile, the Senate, reflecting without doubt the feelings of men of goodwill in both countries, is sick and tired of the futile impasse, and on Wednesday, by a vote of 17 to 12 called upon Mr de Valera to reopen negotiations on the question of the annuities. In the Senate debate the farmers' leader, Mr Counihan, predicted that "if the present policy of the Government is continued, the whole social and economic structure of this State will be shaken to its foundations, and it may lead to revolution." A strong Ministerial reply, defending Mr de Valera's policy, failed to avert the Senate's vote of reproof. How long will it be before common-sense opinion in both countries insists upon an end being put to the present intolerable situation? Is it not possible that the delegations of the two countries at Ottawa, separated from the hurly-burly of home politics, may find it possible to pave the way to peace?

The I.L.P. Secedes.—For a long time past the Independent Labour Party has been threatening to part company from the Parliamentary Labour Party, and it has now taken this definite step. The decision was made on Sunday last at the I.L.P.'s Conference at Bradford, a disaffiliation resolution being supported by 241 delegates and opposed by 142. The news will probably be received by

official Labour leaders with mixed feelings. The Labour Party will suffer some, though not a very great, loss in numerical strength. But it will also be rid of the serious embarrassment of nurturing within its own fold the disciples of an advanced Socialism to which the official platform does not subscribe. Remembering the saying that "He who is not with us is against us," the Labour leaders may easily prefer the open hostility of the I.L.P. to its dubious support. As for the future of the I.L.P., Mr Maxton has more courage than discretion when he promises to win for it a parliamentary majority in the near future. The size of the minority in the Bradford voting suggests that Mr Maxton will carry by no means all the members of his party into the new battle which he is to wage. This impression is confirmed by the news from Glasgow, from which stronghold of revolutionary Socialism the Bradford disaffiliation decision is being vigorously questioned. Apparently before Mr Maxton can make war on the Labour Party, he must first engage in a war between two sections of the I.L.P., and it is by no means certain that his triumph will be complete in this first engagement.

Mr Roosevelt on War Debts.—The war debt question is very much "in the air" in America. For, following Senator Borah's radio talk (which we discussed last week and to which our New York correspondent makes reference on a later page of this issue) Mr. Franklin D. Roosevelt, the Democratic candidate for the Presidency, broadcast a speech upon the same subject on Monday. Mr Roosevelt's main points, so far as they have been cabled over, were as follows:—(a) the debt problem was complex, but has been brought measurably nearer to solution by the Lausanne agreement; (b) that the Republicans, at the same time as demanding payment, had, by their high tariff policy, made payment impossible and rendered the moratorium inevitable; (c) that the Democratic programme stood for lowered tariffs which would make some payment possible. In these American election debates it is not for us to take any part. But as interested, if detached, listeners we cannot fail to follow with growing satisfaction the steady approach towards realism, which marks the successive contributions of America's leading statesmen; and the fact that they are all of necessity constrained to think at the moment in terms of American votes, and the assumption that they are pretty shrewd judges of American public opinion, leave us still more inclined to draw hopeful conclusions as to the reasonably near possibility of a settlement, which will accord with the present emergency requirements of the world in general and America in particular.

War Loan Conversion Result.—We understand that official figures of the amount of 5 per cent. War Loan actually converted up to July 31st will not be published until next week. The delay is a reminder of the vast volume of work which has been so successfully handled by the staff of the Bank of England and their emergency assistants. Meanwhile, we do not propose to enter for the guessing competition which has been so popular a pastime in the City this week; but are content to await the official announcement with full confidence that the result is a resounding success, and that the amount left to be redeemed will prove to be of definitely manageable proportions. A warning is perhaps needed by those who attempt to base their guesses of the result upon the latest revenue and expenditure returns which are made up to Saturday, July 31st. For this return it may be deduced that War Loan conversion expenses had totalled about £12½ millions. It might appear that, since the cash bonus to converters was £1 per cent., a simple calculation would give £1,250,000,000 as the amount converted up to Saturday. This, however, is fallacious. On the one hand, the figure of £12½ millions presumably includes brokerage and other expenses; while on the other hand, it has to be remembered that the £1 per cent. bonus was not payable until two weeks after assent to conversion had been handed in. In any case it is probable that actual conversions have been far in excess of any surmise based upon this Treasury return.

Mr Wells on Democracy.—Mr Wells' paper to the Liberal Summer School, in common with several of the other brilliant addresses given at Oxford last week-end, dealt with the new issues raised by the stupendous increase in the scale of political and economic problems—a change which has been slowly developing for a long while, but has suddenly been thrust on an unprepared world by the Great War. Mr Wells' imaginative mind conceives that, if the new World State is to be permeated with liberal ideas and to be the setting of a great era of human liberation, there must be progressive and scientific world planning and the inauguration of a gigantic movement in the general mind leading to irresistible political action. This calls for the reorientation of the objectives, and indeed of the whole lives, of those calling themselves Liberals to a world plan and to the discipline and education needed to carry it out. Whether this ideal is helped by saying that it requires the formation of a Liberal Fascist or a greater Communist Party—a Western reply to Russia—is of no great importance. But Mr Wells is getting down to a real problem of the modern world when he suggests that democracy in the sense of mere political freedom is not enough, and that "there must be a systematic organisation of the will and ideas of public-minded masterful people to handle the problems of the modern State"—a view that is even greater in relation to world problems than to those of a single country. The idea has emerged in many forms in recent years—one of them is the conception that has attracted a good deal of attention in recent years of an economic general staff, but watered down in practice under the influence of our Cabinet and Parliamentary traditions to the present Economic Advisory Council. The bureaucratic character of the present German Government is an example of a different way of trying to make good the shortcomings of the democratic machine as an instrument of governing the modern State and other examples could be given. Mr Wells' paper is interesting not for his solution—for he did not propound one—but for the way in which he propounded a vital problem.

The Gran Chaco.—After a pause of two years, the dispute between Bolivia and Paraguay as to the ownership of the Gran Chaco has broken out again, and already the sporadic frontier hostilities have begun. The origin of the dispute runs back to the days before much of the interior of South America had been properly mapped and surveyed, and before the delimitation of the frontier between the two countries, for this is the reason why the ownership of this territory has never been definitely determined. In itself, the Gran Chaco is hardly worth claiming, for it is a swampy plain, flooded in winter, and infested with all the minor insect pests. The real cause of the trouble lies in Bolivia's lack of access to the sea, for at present she is dependent either on the Chilean port of Arica or upon the Paraguay River. On this river Bolivia already possesses a small port, but this is not accessible to large boats, whereas if she established her claim to ownership of the Gran Chaco, she would be able to acquire a port of a reasonable size. The threat of war has already evoked a joint appeal for peace from the United States, Mexico, Cuba, Colombia and Uruguay, and also a telegram from Señor Matos, President in Office of the Council of the League of Nations. Señor Matos recalls the terms of the 1928 settlement, in which both nations promised to have recourse to pacific means in future, and also urges the two Governments to lend themselves to the moderating action of friendly nations. Paraguay has invoked Articles 10 and 11 of the Covenant, but Bolivia claims that the facts have already placed Paraguay outside the law and she has obliged Bolivia to defend herself energetically. It seems a thousand pities that matters should be proceeding to this extremity, and we are glad to note that the British Government has joined in the appeal for peace. It should surely not be impossible to satisfy Bolivia's natural claims to access to the sea, whether by the system of "free zones" or otherwise, and thereby avert a conflict, which, in the present unstable state of South American politics, might lead to serious developments.

The Hungarian Reconstruction Loan.—Two statements were issued yesterday in relation to the Kingdom of Hungary 7½ per cent. Reconstruction Loan, which was, of course, issued under the auspices of the League of Nations. The first takes the form of a *communiqué* by the Hungarian Government to the recently constituted League Loans Committee, of which Sir Austen Chamberlain is chairman. The main points in the statement are that it is now necessary to suspend the monthly transfer of foreign exchange for the service of this loan; but that the interest service can be maintained if the trustees exercise their powers to apply the reserve fund to meeting the coupons before providing for redemption. In this connection it is mentioned that the amortisation already effected is ahead of schedule. The Government, therefore, hopes that the loan interest may be assured up to August, 1933, and promises to resume monthly transfers as soon as circumstances permit. The second statement comes from the League Loans Committee, and recommends the proposal of the Government for the acceptance of the bondholders. In doing so the Committee emphasises that Hungary recognises its obligations in connection with this loan in their entirety, and has shown its goodwill. Bondholders can hardly do otherwise than acquiesce.

Cotton Trade Wages.—Our Manchester correspondent writes:—The net result of the happenings regarding the wages situation in the Lancashire cotton industry during the past week is that the representatives of the employers and the operatives are still at grips attempting to reach a settlement to be applied to the whole of the county. Joint negotiations between the Cotton Spinners' and Manufacturers' Association and the Northern Counties Textile Trades' Federation were held on Friday last and resumed on Tuesday, when they were again adjourned until August 5th. During the week it was officially announced that both sides had made definite proposals. The employers had suggested a wage cut of 25 per cent. off the list rates, equal to approximately 2s. 9d. in the £, and the operatives had tabled a counter proposal of 12½ per cent. off the lists, or roughly 1s. 4d. in the £. The employers, however, had made it known that they would amend their suggestion in favour of the operatives if the trade union leaders would give a guarantee that there was a possibility of a definite settlement being reached. This they could not do, and at that stage the discussions were adjourned. In the meantime six district associations of the Operative Weavers' Amalgamation, which is the largest trade union affected by any wage change, requisitioned a meeting of the Operatives' General Council to consider a resolution calling a strike of all operatives throughout the county against the termination of agreements and the imposition of wage reductions. This meeting was held on Wednesday, when the resolution was discussed, and also a recommendation by the Central Committee that the rank and file should leave the whole matter in its hands. It was eventually decided that the Council meeting should stand adjourned and that the whole question should be left in the hands of the Central Committee. If the strike resolution had been carried it would have jeopardised the continuation of the joint negotiations.

French Cost of Living.—A sharp controversy, writes our Paris correspondent, is in progress in the Paris Press as the result of an official declaration by M. Henri Roy, the *rapporteur* of the Senate Finance Commission, questioning the accuracy of the French official index figures representing wholesale and retail prices. The official returns issued by the Government statistical department suggest that the cost of living has fallen in this country during the last eighteen months by 14 per cent. (non-weighted), and that wholesale prices (weighted figures) have dropped

10.8 per cent. and retail prices 10½ per cent. M. Roy insists, on the contrary, that not only have French prices not come down, but that they are actually higher than they were in 1929, and particularly meat prices. The *rapporteur* asserts that since 1929 the wholesale prices of rice, cheese, mutton and veal have declined respectively by 42 per cent., 15 per cent., 22 per cent. and 7 per cent., while the retail prices have simultaneously increased 5 per cent., 3 per cent., 5 per cent. and 27 per cent. Tradesmen who have been questioned by the newspapers assert that the confusion is largely due to the fact that the working classes now refuse to buy the poorer qualities of foodstuffs they consumed before the war, and that this has falsified certain statistics at the base. Non-commercial critics suggest that another explanation may be that poorer qualities of provisions are now, for profiteering reasons, being sold at the same rates as the better ones, and urge that the Frauds Department of the Prefecture should investigate the facts.

The Deep Sea Fisheries.—The second quarter of the year was anything but a satisfactory period for the deep sea fishing industry, for despite smaller landings there was a marked falling off in the average values when ordinarily, with demand normal, the opposite is the case. Nevertheless the wet fish (British and foreign-caught and imports) had a first-hand value exceeding four millions sterling. The following summary is abstracted from the official returns of the Ministry of Agriculture and Fisheries, and relates to wet fish only:—

April-June	Weight (in cwt.).		Value.	
	1931	1932	1931	1932
British caught:—				
England and Wales...	3,381,251	3,358,784	2,777,522	2,419,540
Scotland	1,289,417	1,211,216	841,222	722,293
Shell fish	...	...	103,674	89,933
Total	4,670,668	4,570,000	3,722,418	3,231,766
Foreign landings	511,840	378,553	263,445	179,198
Imports	357,018	479,080	834,325	687,415

Although the quantity of British-caught wet fish landed in Great Britain during the quarter was only slightly less as compared with 1931, the aggregate value (including shellfish) was nearly £500,000 down, equal to 13.1 per cent. Consequently, the average values realised were much less. In the case of England and Wales the average was 14s. 1d. per cwt. and in that of Scotland 11s. 11d. per cwt., as against 16s. 5d. and 13s. per cwt. respectively in the April-June period last year. The landings by foreign-owned fishing vessels also showed substantial declines both in weight and value. On the other hand, the quantity of wet fish imported from abroad was much larger than a year ago and the aggregate realised considerably smaller. This latter feature may in some measure be due to the fact that where fish is liable to the 10 per cent. import duty landing charges, commission, etc., are deducted to ascertain the value on which the duty is to be paid. Our exports of British-caught wet fish during the quarter were heavier and the value slightly less than a year ago, the quantity being 150,681 cwt. and the f.o.b. value £195,670, as against 118,511 cwt. and £200,794. We also exported fish, cured or salted, chiefly herrings, to the value of £342,862, as against £493,047 in the second quarter of last year. At the same time, imports of cured or salted had a value of £39,624, as compared with £285,333, and canned fish £621,027, against £992,635—in each case a decline of more than one-third. The re-exports of all kinds were valued at £131,256, against £261,702, a decrease of just upon 50 per cent. The effectiveness or otherwise of the new import duty may be gathered from a study of the foregoing. The British Trawler Owners' Federation, however, regard it as inadequate and are pressing for a substantial increase.

The 1930 Census of Production.—Volume XV. of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers the woollen and worsted, fellmongery, leather and

saddlery trades. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee	
	1924.	1930.	1924.	1930.	1924.	1930.
Woollen and worsted	Thous. £ 193,924	Thous. £ 111,572	Thous. £ 55,064	Thous. £ 36,473	£ 194	£ 164
Fellmongery	4,718	3,186	873	516	363	219
Leather	32,215	27,295	8,444	7,215	278	258
Saddlery, travelling bags and other leather goods	5,112	4,795	2,302	2,201	149	151

The returns for the woollen and worsted industries reveal a substantial decline in the volume of production between the two census years. The output of tops decreased from 285,529,000 lbs. in 1924 to 244,457,000 lbs. in 1930; and the weight of yarn, at 371,546,000 lbs., show a reduction of 181,033,000 lbs. Similarly, the quantity of woollen and worsted tissues made declined from 249,400,000 square yards to 178,781,000 square yards and from 149,004,000 square yards to 105,990,000 square yards, respectively. Taking the square yardage of tissues of all kinds manufactured for sale and on commission, there was a fall of 29 per cent. In a quantitative comparison between the output in the two census years, allowance should be made for the stoppage of work of two months in 1930. The heavy fall in the gross value of the total output is due chiefly to the reduction in the cost of materials used from £134,220,000 to £71,548,000. The leather industry, too, has experienced a considerable setback. The total weight of hides for sole leather returned for 1930 was nearly 10 per cent. less than the total for 1924.

Shipping Freight Index.—The general level of whole-cargo shipping freights, as measured by our index number, fell by 3.8 per cent. in July, following a decline of 5.3 per cent. in the previous month. The current figure, 80.1, is 8.2 per cent. lower than that recorded for July of last year. Details of the index number are given below:—

AVERAGE 1898-1913=100.					
	Average, 1913.	July, 1931.	May, 1932.	June, 1932.	July, 1932.
European Waters	110.0	81.2	86.3	83.3	82.6
North America	113.1	85.5	89.6	87.4	80.9
South America	123.4	86.3	81.6	77.1	75.7
India	106.3	87.6	93.5	93.1	90.8
Far East and Pacific	117.4	87.8	88.8	82.3	79.5
Australia	127.9	95.2	88.1	76.6	71.2
Total	116.3	87.3	88.0	83.3	80.1

The freight market generally remained in a depressed state, business being restricted and tonnage in over-supply, notwithstanding heavy layings up. Rates for coal to Bay and Mediterranean ports suffered a setback, ore chartering homewards was negligible, and a comparatively small amount of grain business from the Black Sea was put through at exceptionally low figures. The North American market was again extremely disappointing, while chartering from the Plate was less active, with rates showing a weaker tendency. Enquiry from the Far East was slightly better, but the grain trade from Australia to Europe was virtually a dead letter. Movements of the various sections of our index number are shown in detail below:—

AVERAGE 1898-1913=100					
	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	74.7	+ 3.4	South America—		
Ray—outwards	93.6	— 5.5	outwards	66.1	— 1.2
Ray—homewards	82.3	...	South America—		
Mediterranean—			homewards	85.2	— 1.6
outwards	85.7	— 3.8	India—outwards	86.3	— 2.1
Mediterranean—			India—homewards	95.2	— 2.8
homewards	84.9	— 1.7	Far East, &c.	79.5	— 2.8
North America	80.9	— 6.5	Australia	71.2	— 5.4

Expressed as a percentage of the average for 1913, the total figure of our index number for July works out at 68.9, compared with 71.6 in June and 75.0 a year ago.

Overseas Correspondence.

UNITED STATES.

Chicago Board of Trade — Prices — Railways — R.F.C.
— Banking Position.

(FROM OUR CORRESPONDENT.)

NEW YORK, July 27.

HOPEFULNESS over trade improvement for the autumn finds reflection in rising bond, share and commodity markets, but it is virtually without support in the current business news. Bond prices are at their best for the year, and the rise in shares has lifted them above the peaks reached on the short-lived June recovery. The percentage gain from the lowest levels of early July amounts to about 23 per cent. for the leading shares. In commodities the principal strength has been in livestock, chiefly hogs and cattle, sugar, oil and foods. The rise in wheat and cotton has been of recent origin.

Wall Street much regrets that at this stage anything should be done to hamper the markets, and the Government is held to have made a *faux pas* in allowing the Federal Trade Commission to order the closing for sixty days of the Chicago Board of Trade. However, the order merely means that the case will go into the courts, where it is likely to remain for two or three years. No one, including Government officials, expects actual closing of the great wheat trading exchange. The root of the trouble largely in personal animosities, growing out of reliance on the part of Federal Farm Board officials at sentiment on the part of Chicago and other grain exchanges at the whole idea of Governmental interference with free marketing of grain. Certainly the Administration has no wish to stop hedging operations in the Chicago market in the midst of the wheat marketing season.

As will be seen from the following table, the weekly index of wholesale prices compiled by the Bureau of Labour Statistics continues to rise:—

	Week ending				
	June 18	June 25	July 2	July 9	July 16
All commodities	63.7	64.0	64.4	64.8	65.0
Farm products	45.4	46.4	46.9	48.1	48.7
Foods	58.5	59.5	60.1	60.7	61.2
Hides and leather products	71.2	70.1	70.0	69.2	68.5
Textile products	53.6	53.5	53.3	52.9	52.4
Fuel and lighting	71.6	71.8	72.6	73.3	72.8
Metals and metal products	79.9	79.8	79.8	80.1	80.3
Building materials	70.9	70.7	70.3	70.7	69.7
Chemicals and drugs	73.0	72.9	72.7	73.0	73.0
Housefurnishing goods	75.7	75.7	75.7	75.6	75.6
Miscellaneous	64.0	64.2	64.5	64.2	64.3

Some fillip to interest in the share market has been given by the decision of the Interstate Commerce Commission to permit the merger of Eastern railway lineage (outside New England States) into four systems. The permission was granted on applications from the four systems—the New York Central, the Pennsylvania, the Baltimore and Ohio and the Chesapeake and Ohio-Nickel Plate-Erie (Van Sweringen Lines)—but with regard to the Pennsylvania an order has been given to dispose of holdings in the New Haven and the Boston and Maine, the two principal roads serving New England territory.

While the Pennsylvania Railroad officials have not yet accepted the terms, Wall Street expects them to do so. In any event, consummation of the mergers will take a great deal of time, as security holders of the smaller lines will have to consent to sell or exchange their stock for an interest in the enlarged systems, and opposition among some classes of shippers and ocean port rivalries will have to be contended with. Moreover, the trainmen's unions are showing signs of hostility, on the fear that consolidation will mean fewer jobs. Doubtless personnel will be reduced in the event of mergers, for the necessity for elimination of duplications in facilities and personnel is one reason for the merger movement.

Railroad-earning statements published for June show no improvement over the May reports. The first fifty

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roads to report reveal a drop in net railway operating income of around 70 per cent., as compared with a year ago, which means that only a few roads are earning enough to cover interest charges. The July showing will be no better, in spite of the wheat harvest, since further appropriations for farm relief by Congress and the rise in prices of some farm products is stiffening farmers in their desire to hold wheat on the farms, much to the loss of the railroads. Industrial company reports for the second quarter are also, on the whole, discouraging, but some are furnishing pleasant surprises.

Both General Motors and United States Steel Corporation have published their statements. The former was able to earn a few cents a share on its common stock, but the Steel Corporation in the second quarter had the largest loss in its history. The deficit before preferred dividends was over \$20,000,000. Excluding depreciation charges and special charges to ore properties, the out-of-pocket loss was a little more than \$3,000,000, to which must be added over \$1,000,000 for subsidiary company bond interest and the \$6,304,000 for the quarterly preferred stock dividend.

Although the Steel Corporation voted the regular quarterly dividend of \$1.75 a share on the preferred shares, the Chairman, Myron C. Taylor, called attention to the fact that nothing had been earned for the preferred shares since the third quarter of 1931, and that total deduction from surplus for preferred and common dividends and operating losses had amounted to \$73,063,000. He concluded with the observation that "it is apparent that improvement in the business and earnings must in future determine dividend action on the preferred stock."

Weekly reviews of the steel industry indicate no change from an operating rate of 16 per cent. of capacity, but sentiment seems to have improved on the greater stability of prices. Railroad traffic fails to rise, and following a meeting in New York this week of the association of railway executives a public statement was made. It called the public's attention to the seriousness of the situation, pledged utmost efforts to secure operating efficiency, and asked for consideration in the way of legislation to abate the encroachments of competition from motors, airplanes and waterways.

With the selection of Atlee Pomerene to head the Reconstruction Finance Corporation, it is expected that loans will increase. Mr Pomerene's appointment brings the representation of the Democratic Party equal to that of the Republicans. He is known as an able man, but Wall Street, nevertheless, regrets the withdrawal of Eugene Meyer as chairman *ex officio* of the R.F.C. States and municipalities have been particularly clamorous for aid from the R.F.C., and this week the Treasury announced its first financing to supply funds to the Corporation, following the new appropriations. Two-thirds of a two- and four-year note issue for a total of \$650 millions was devoted to that purpose. The issue was largely over-subscribed.

The Press is full of rumours of Communist threats to wreck banks through the spreading of tales of their instability, but no serious heed is given to them in the financial district. Bank failures in June mounted to 144, but there have been few this month, and rising agricultural prices are encouraging for the maintenance of solvency. Member banks of the Federal Reserve system continue to

deflate their loans and investments, but not at a rapid pace, and the stiffer tone in commodities may be attributed to the first effects of the long-conducted drive of the central banking system for credit expansion.

National banks are applying in large numbers for the privilege of issuing their currency under the new law granting the currency circulation privilege to national banks on the security of United States Government 3½ per cent. bonds, a privilege heretofore confined to Consols and Panama Canal bonds. National banknote currency is bound to expand somewhat, but with the present state of demand for currency it will merely mean corresponding reduction of Federal Reserve notes. The credit position will improve slightly on the fact that National banknotes require less reserves than the Federal Reserve banknotes used by the banks.

In well-informed quarters the declarations of Senator Borah on an international conference looking to reduction in debts are well liked. Senator Borah is often a half-year or so ahead of public opinion, and his stand is regarded by some observers to forecast the public's attitude.

FRANCE.

Budget — Caisse d'Amortissement — Trade and Production.

(FROM OUR CORRESPONDENT.)

PARIS, August 3.

It is understood that at the Cabinet and Ministerial Council to be held to-day and to-morrow (before Ministers are released for a brief holiday) decisions will be taken for further large reductions of expenditure to be imposed on the various Government Departments for the period covered by the pending 1933 Budget. According to the demands for credits already received by the Ministry of Finance, the initial deficit to be faced will be in excess of 7,000 million francs so far as the Budget estimates for the coming financial year are concerned. A substantial part of this will be got rid of during the usual preliminary cutting down of departmental estimates before the actual drafting of the Finance Bill for the year. It is anticipated that this will still leave something like 5,000 million francs to be found to meet existing requirements. Judging from the fiasco which attended the new Government's first attempt to tackle the financial problem, and in view of the fact that the new Chamber, like its predecessors, possesses nothing in the way of a stable majority, the task will not be an easy one.

France, like every other European country, is not only living beyond her means, but her income—at least for the time being—is diminishing instead of increasing, so that any serious amount of additional taxation is recognised as unthinkable. Drastic retrenchment of public expenditure is therefore imperative. In theory, this is admitted freely by all shades of opinion; but no political party or group reveals the least intention of translating the idea into practical accomplishment. The world economic crisis, it is evident, has been only partially responsible for the curious deadlock which the French national finances seem to have reached. The dominating cause is to be found in the fact that every one of the series of post-war Ministries has been compelled, in order to continue its existence, to subordinate its financial conceptions to the need for securing Socialist and (which is much more important) semi-Socialist support. Owing to the time and energy wasted in compromising or other placating an ever-active Opposition, the real business of statesmanship has been neglected and replaced by a haphazard policy of "muddling through." The result is now obvious.

The Caisse d'Amortissement, in its fifth annual report, covering its operations in 1931, sharply reproaches the country's responsible leaders for having neglected to carry out, during the past year, at least part of their Renten conversion programme. "The directors," the report says, "cannot omit remarking that the excellent standing of the State issues, particularly during the first months of 1931, coinciding with the abundance of available funds

in the hands of the Caisse, capable of meeting all demands for reimbursement, and even anticipating them, would have ensured from that period the success of the conversion of the 5 per cent. and 6 per cent. issues. The Board keenly regrets that the pressing efforts made *vis-à-vis* the Government, in opportune time, by the directors of the Caisse, proved fruitless, and that the conversions, to which the Caisse had constantly directed its action, were adjourned. It desires to declare that the conversions in question should be carried out without delay as soon as the indispensable technical conditions shall again exist."

The report states that the total debt extinction since the Caisse has been in existence, down to December 31st last, amounted to "nearly 20,000 million francs, taking into account stock which matured and was not effectively reimbursed on December 31st last, but of which the Caisse has undertaken reimbursement." Renten bought in on the Bourse during 1931 totalled only 734 million francs, "owing to quotations during the year having almost continually exceeded normal limits of buying in by the Caisse." (Total extinctions during 1929 and 1930 represented a nominal capital of 9,564 million francs, and resulted in an annual economy to the Budget of 490 million francs.) Total reduction of debt carried out by the Caisse during the year, however, was 4,907 million francs, the bulk of this representing Treasury Bonds, Six-Year Defence Bonds, certain Crédit National Bonds and other descriptions formerly covered by the Budget but handed over to the Caisse d'Amortissement some time ago in connection with steps which it will be recalled were taken with a view to balancing a recent Budget. During the year the Caisse also redeemed 1,201 million francs of its own funded debt.

Iron and steel production figures for June, which were issued on Monday by the Comité des Forges de France, show practically the same totals as for the previous four months. Total output of pig iron is returned as 452,000 tons, against 459,000 tons in May, 691,000 tons in June last year, and monthly averages of 864,000 tons in 1929 and 832,000 tons in 1928. Crude steel output was 468,000 tons, against 445,000 tons in May, 650,000 tons in June last year, and monthly averages of 898,000 tons in 1929 and 792,000 tons in 1928. Blast furnaces in activity numbered 79 (unchanged), against 121 in June last year.

Coal output in June is returned as 3,838,000 tons from the French mines during the 26 working days, as against 3,770,000 tons in May (24 days), 4,191,000 tons in June last year, and monthly averages of 4,586,000 tons in 1930 and 4,577,000 tons in 1929. Average daily output, which was 157,102 tons in May, dropped to 147,619 tons in June, against 161,210 tons in June last year. Total labour engaged was 259,493 units, against 261,624 in the previous month and 284,060 in June last year. June output of the French mines was supplemented by 881,000 tons from the Saar district, against 846,000 tons in the previous month, and monthly averages of 1,103,000 tons in 1930 and 1,182,000 tons in 1929. Output of metallurgical coke by the colliery plants was 258,849 tons, against 269,740 tons in the previous month and 368,711 tons in June, 1931.

The foreign trade returns for the first half of the year indicate that, in comparison with the corresponding period of 1931, French imports from Great Britain dropped from 2,098 million francs to 1,254 million francs, while exports to the United Kingdom declined from 2,630 million francs to 1,108 million francs. Imports from Germany were 2,001 million francs, against 3,321 million francs, and exports to that country 858 million francs, against 1,568 million francs. Exceptionally, French exports to the United States showed a marked improvement, and are returned as 486,238,000 francs, against 288,619,000 francs. During recent years an appreciable percentage of the French adverse balance on foreign trade has been cancelled out, as a rule, by a surplus of exports on exchanges with the colonies and protectorates. During the first six months of last year these resulted in a surplus of 824 million francs. During the corresponding period of this year exports to the

colonies were 2,989 million francs (against 3,772 million francs), and imports into France 2,703 million francs (against 2,948 million francs), thus bringing the favourable balance down to 286 million francs, to offset an adverse balance of 5,482 million francs on French trade with the rest of the world.

Imports from Soviet Russia during the six months were 264,098,000 francs, against 249,697,000 francs during the first half of 1931, exports of French goods totalling only 28,044,000 francs, against 11,047,000 francs. This shrinkage has been due entirely to the lack of obtaining cheap credit facilities in France. The Soviets demand from 18 to 24 months' credit. This, French exporters insist, forces them, owing to the high money rates demanded here, to increase their prices by from 30 to 40 per cent., and thus makes it impossible for them to compete with British, German and Italian manufacturers. Russian orders to a total of \$2,000,000, which were destined to this country during the first three months of the current year, had to be refused for this reason, and went to Germany and other countries instead. The Soviets have shown their desire to increase commercial relations with France by offering to place orders here on 16 to 18 months' credit. Some sixty French firms have accepted this condition, and during the past three months have secured Soviet orders for 30 million francs. It is understood that, if credit conditions improve, the Soviets will place largely increased orders in France, including 150,000 to 200,000 tons of steam hammers, lifting tackle, presses, locomotives, shipping, etc., and 150 million francs of aluminium, copper and lead.

GERMANY.

Political Situation — Foreign Indebtedness — Karstadt A.G.

(FROM OUR CORRESPONDENT.)

THE Reichstag elections have demonstrated that Herr Hitler has reached the apex of his parliamentary power. As will be seen from the following table his gains over the figures of the Prussian Diet elections are so small that they may be described as a "standstill":—

	DISTRIBUTION OF VOTE BY PERCENTAGES.		
	Reichstag election of Sept. 14, '30.	Prussian Diet election of April 24, '32.	Reichstag election of July 31, '32.
National Socialists	18.3	36.29	37.3
Social Democrats	24.5	21.18	21.6
Communists	13.1	12.78	14.3
Catholic parties*	14.9	15.3	15.6
German Nationals	7.0	6.9	5.0
German People's Party ...	4.5	1.51	1.0
State Party	3.8	0.87	0.4
Economic Party	3.9	1.84	1.4
Moderate Conservatives†	5.7		

* Centre and Bavarian People's Party.

† Christian-Social, Landvolk and Landbund.

The National Socialists thus scored in the Reichstag election only a slightly higher percentage than they obtained in the election for the Prussian Diet. The slight increase which they secured over the Prussian Diet vote reflects the further disintegration of the middle parties, but they are unlikely to gain further support from this quarter in the future. The National Socialists polled 13.7 million votes, the Social Democrats 7.9 millions and the Communists 5.3 millions. Hence the Communists and Social Democrats together received almost as many votes as the National Socialists, whose attempt to make inroads on the "Marxist front," that is, on the electoral following of the two Socialist parties, again completely failed. Those Communists who strayed to the National Socialists at the elections for the National President and for the Prussian Diet have obviously returned to the Communist fold. Herr von Papen gave the Communist Party an excellent election slogan when he designated the battle against Communism as his most important aim, and when he also appeared at times inclined to inject this fight into foreign politics. This alone seems to explain why the very active battle of the Social Democrats against the Government and against the National

Socialists brought them only a modest increase as compared with the Prussian elections, in their share of the total votes. Herr Hitler's political position has grown much worse, since a party such as his constantly requires new successes in order to maintain its influence on the masses. A further disadvantage for him lies in the fact that the election campaign disclosed the essential antagonism between National Socialists and German Nationals, so that the gulf between Herr Hugenberg and Herr Hitler is steadily widening.

The question of the day is what form the political situation will assume as a result of the election. The Government announced that the composition of the Reichstag must conform to the shift in public opinion which has taken place since 1930. The Government did not commit itself in favour of any particular party, and hence could not be defeated in the election, and it still regards its position as unaffected. But in the four weeks within which the Constitution prescribes that the Reichstag must be convoked after an election, the von Papen Cabinet will have to do some very intensive political work. For if events take their own course, an untenable situation will emerge very soon after the convening of the Reichstag. When that body comes together the Emergency Decrees issued on the basis of exceptional constitutional provisions will have to be submitted to it, and if the Reichstag demands that they be rescinded, they become ineffective. It will thus rest with the Reichstag to make a decision regarding the continuance of the Emergency Decrees directed against Prussia, which sequestered the independence of the largest German State, and also on the continuance of the economy Emergency Decrees which sharply reduced all expenditures for pensions, poor relief, etc. The Socialists will certainly put forward resolutions aimed against these decrees, and the Communists will vote for their rescission. The question is whether the Centre also will not vote at least against the political Emergency Decrees. And, on the other hand, will the National Socialists consent to leave the economy decrees in existence, after having defended themselves during the election campaign against the accusation that they had been in favour of them?

It is obvious that the Government will have to try to bring about an understanding between the Centre and the National Socialists. But that understanding will be very difficult. It is true that the Centre insists that the National Socialists shall accept their share of responsibility, but it is not willing to leave to them the Ministries controlling the Police and the Army. But the National Socialists demand on principle the sole domination of the country, and above all of the armed forces. All negotiations aiming at a compromise between the Centre and the National Socialists have so far been wrecked on this opposing standpoint, and there is little indication that the situation has altered.

But even if all negotiations regarding a joint participation of these two parties in the Government of the Reich or of Prussia should fail, it is still possible that they would be willing at first to tolerate the existing Government and to help it avoid the first parliamentary reefs. This would be equally hard for each party, but it might result from the fact that the Centre desires to avoid the employment of unconstitutional methods, and that the National Socialists are perhaps less eager to assume power in the face of the coming winter than they pretend to be. If all these efforts should fail, the von Papen Government would have no other recourse than to dissolve the Reichstag again and thus gain at least another breathing space.

According to the most recent calculations, the amount of German short-term obligations to foreign countries prolonged by the standstill agreement appears to be smaller than was supposed a short time ago. All former estimates of Germany's indebtedness abroad were based on reports from German debtors, who believed for various reasons that it was to their interest to show heavy debts. Under the standstill agreement of last January, however, the foreign creditors were obliged to file with the Gold Discount Bank a list of their claims. As *Der Deutsche*

Volkswirt is able to report in its latest issue, these claims amount to somewhat less than four milliard marks. In this estimate the foreign currencies have been calculated at the quotations of February 29, 1932. If the English pound and the Swedish crown had not abandoned the gold standard Germany's short-term obligations to foreign countries would be almost 500 million marks higher. Naturally, however, this sum will be saved by Germany only if the pound and crown remain at their present levels when the debts are paid. The total sums repaid by Germany since July, 1931, probably reach 1½ milliard marks, so that the rate at which these repayments have been made in the first year of the standstill period must be described as very fast. The outlook for the near future, however, is unfavourable. Creditors and debtors agree that the greatly reduced reserves of gold and foreign currencies in the Reichsbank do not at present permit any further repayments. The contemplated conversion of debts covered by the standstill agreement into long-term investments in Germany has heretofore been carried out only to a very small extent—less than 100 million marks, exclusive of Swiss and English creditors. In these circumstances it will again be necessary to enter into negotiations during the coming winter in order to arrange a new agreement for the period following the present agreement (*i.e.*, after February 28, 1933). The co-operation of all creditors and debtors on magnanimous lines will doubtless be required for the final abandoning of the decrees restricting dealings in *devisen*, of which the standstill agreement forms a part.

The Rudolf Karstadt A.G., the largest German department store, has only just issued its report for January 31, 1932. It shows a total loss of no less than 34 million marks as a result of liquidating unfortunate old investments and of losses on stock. There are no reserves in hand to offset these losses. In the opinion of the company's directors a reorganisation cannot be effected only by a drastic reduction of the capital stock of 60 million marks since, in addition to meeting the present losses, the plant must be estimated at a lower figure in order to place the concern on a profit-earning basis. To this end the holders of the 15 million dollars of bonds must also make sacrifices to the company, and negotiations will be opened in the near future. This will be the first time that a German loan listed on the New York Stock Exchange has become unhealthy. There is no fear of a complete loss to the holders of the loan, but the Karstadt directors will probably endeavour to secure their consent to reducing the present interest rate of 6 per cent. to 3 per cent. for a number of years.

HOLLAND.

Public Finance — Trade — Stock Exchange — Gold.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, July 19.

An important occurrence in the Netherlands last week was the publication of the report of the Welter retrenchment commission. This commission was set up to investigate the possibilities of effecting drastic economies in the expenditure of the Government and public authorities. In consequence of the distressed situation of industry and commerce in the Netherlands, incomes all round have dropped enormously, and the yield of local and State taxes has undergone a severe setback. A great decline in State revenue is feared for the coming year, whereas State expenditure has increased enormously in consequence of unemployment pay and other expenditure incidental to the crisis. A grave deficit is accordingly inevitable unless drastic economies are effected all round. The Welter commission has come to the conclusion that 102 million guilders can be economised on a budget totalling over 600 million guilders. The report, however, has provoked indignation in certain quarters, as its recommendations include a further reduction in the salaries of employees of the Government and public authorities, as well as a decrease of 15 per cent. in unemployment pay and a reduction of Government staffs. The commission

foresees, however, that additional economies to the extent of 100 million guilders must be effected.

The extent to which State revenue is declining is already evident from the figures for the month of June. During that month, State revenue totalled 30.8 million guilders, against 34.8 millions in June, 1931. In view of the situation of the exchequer, the Minister of Finance has once more opened subscriptions for an issue of exchequer bonds to a value of 85 million guilders. In consequence of the very great liquidity of the Amsterdam money market it was possible on this occasion to issue 3 per cent. one-year exchequer bonds, whereas, since the middle of last April, the rate had been 3½ per cent. The new 5 per cent. conversion loan has proved a success, and is already quoted well above par.

The trade returns of the Netherlands for the first half year 1932 continue to reflect the depression:—

	Imports.		Exports.		Import Balance.
	Mill.	Mill.	Mill.	Mill.	Mill.
	kg.	gld.	kg.	gld.	gld.
First quarter, 1931	6,842	494	4,038	344	150
Second q., 1931	7,423	492	4,235	334	158
Third q., 1931	8,120	466	4,527	342	124
Fourth q., 1931	7,514	441	4,019	293	148
Total	29,899	1,893	16,819	1,313	580
First q., 1932	5,840	356	3,428	218	138
Second q., 1932	5,897	321	3,430	200	121

In our trade with England, there has been a decline in imports in the past half-year from 83 million to 65 million guilders. The principal declines were in imports of coal, yarns, tools, tin-plates, and tea. A steep drop is also recorded in our exports to England, *viz.*, from 159 million guilders in the first half of 1931 to 80 million guilders in the first half of 1932. Examples of the decline are:—Bacon (18.5 and 6.5 million guilders respectively), margarine (10.8 and 1.0 millions), butter (8.1 and 0.8 millions), eggs (8.9 and 2.5 millions), bulbs, etc. (6.9 and 2.1 millions), and paper (10.4 and 5.6 million guilders). In the first half of 1931 our trade with England showed a balance of exports over imports of 76 million guilders. This has shrunk to 15 million guilders in the first half of this year.

The bond market here, both for State and municipal loans, has had a very firm tendency lately. A slight reaction manifested itself on the Stock Exchange, but the leading securities are still quoted considerably above their lowest levels. Plantation securities, and sugar shares in particular, continue firm, under the influence of the improvement in the prices of the produce. Such a drop in the prices of our colonial produce as has been witnessed during the last two years has never been recorded before in the annals of our colonial trade. The following are striking figures in this connection. The yield of the sugar crop dropped from 419 million guilders to 175 million guilders between 1928 and 1931, that of coffee from 79 to 19 millions, and tobacco from 82 to 36 millions. The export of rubber from our colonies, which in 1925 still represented a value of 586 million guilders, hardly attained a total of 52 million guilders in 1931.

The stock of gold at the Netherlands Bank is still on the increase, and now amounts to 1,009 million guilders, or 10 millions more than the entire circulation of bank notes. It is not improbable that the continual flow of gold to the Netherlands Bank is largely due to the gradual transference of gold from the private banks to the Netherlands Bank.

SWEDEN.

Trade — Banking — Stock Exchange.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, July 19.

ALTHOUGH exports of pulp have shrunk to next to nothing owing to the continuance of the strike in this major industry, the balance of trade has developed in a favourable direction during the last two months, the reduction of imports is both absolutely and relatively consider-

SPAIN.

Catalonia — Banking — Finance — Trade.

(FROM OUR CORRESPONDENT.)

MADRID, July 16.

THE Statute of Catalonia continues to be the main subject of discussion within and without the Congress. Many violent debates have taken place, but the different clauses of the Statute are slowly but surely being voted, in opposition to public opinion in the greater part of Spain, but with a considerable majority within Congress. Meanwhile the parliamentary vacation has been indefinitely postponed, and sessions are to continue until both the Catalonian Statute and the Agrarian Reform Bill have been voted.

In the discussion of the Catalonian Statute, the Finance Minister, Señor Alba, put a question to the Government as to the future status of the potash mines of Cardona, which would come under the jurisdiction of Catalonia should the Statute be voted in its present form. The mines in question, which are exploited by the Union Española de Explosivos, are extremely rich, and may prove a stumbling block in the way of an amicable settlement of regional differences. In the meantime, the company is preparing to split itself up into two separate entities, one of which will be domiciled in Barcelona and will look after the Catalonian interests, including the Cardona Potash Mines, while the other, with its headquarters in Madrid, will take charge of interests in the rest of Spain. It is probable that after the Statute has been voted there will be a considerable displacement of industry to meet the new conditions, and a number of cloth manufacturers in Barcelona and district are preparing to put up factories in other parts of Spain to counteract any boycotting movement that may be started against Catalan piece-goods. It is also possible that Valencia, as a port, may benefit by the feeling which runs high against Barcelona, although vested interests have so far prevented the realisation of the direct railway from the capital to Valencia.

The increase of railway tariffs has been voted by Congress, and for a short time the shares of the principal companies improved, but when it was realised that the proceeds of the increase will be pooled to provide for wage increases for all railway employees, quotations declined again. The Stock Exchange considers that this arrangement benefits the smaller companies at the expense of the larger ones.

The Bank of Spain declared a dividend for the last financial year five pesetas higher than in the previous year, in spite of which the shares of this institution declined. The market expected a more generous distribution in view of the fact that profits reached 78 million pesetas for the last half-year, as against 52 millions for the corresponding period of the previous year.

The figures of the gross Treasury receipts for the first quarter of this year are given at 1,859,949,874 pesetas, as against 1,806,848,480 pesetas in the same period of 1931, an increase of 53,101,394 pesetas over last year. These figures do not, however, reflect the true state of the country's financial condition, as the receipts from the tax on profits, the industrial taxes and transmission duties continue to decline, and these are a truer barometer of economic activity than, for instance, the Customs duties collected, which have increased by 8,000,000 pesetas. An explanation of this latter fact is that social troubles have caused many manufacturers to close down their factories, and increased imports have been necessary to supply the deficiency of production. The gross receipts for the half-year are 165,174,220 pesetas below the budget estimates, but the Minister of Finance expresses the hope that this difference will be wiped out in the second half of this year, when the new taxation will have had time to take full effect.

The Customs returns for the month of May indicate that the balance of trade was, for the first time for a number of years, favourable to this country, the imports having been reduced to 75,700,000 pesetas gold, while exports were higher at 89,800,000 pesetas gold. While this result is influenced by seasonal factors and may not be main-

ably greater than that of exports. The check in imports created by the depreciation of our currency is becoming more marked since forced imports have been prevented by the new duties. On the other hand, the stimulus to exports which should arise from the depreciation has been completely neutralised by the barriers to imports which most countries have created in the form of tariffs and quotas. Fortunately, Sweden's principal exports consist of raw materials and semi-manufactured goods derived from natural resources which are lacking in the importing countries, and are therefore less affected by such measures. On the other hand, Russian dumping hits our export industries hard. Imports in May were Kr. 90.8 millions, which is a reduction compared with a year ago of Kr. 34.3 millions, whilst exports fell in the same period from Kr. 99.5 millions to Kr. 80.6 millions.

Now that May has passed, and with it the most stringent period as regards the balance of payment and the reserves of foreign exchanges, the holdings of the latter by the banks have slightly increased to Kr. 301.3 millions, after having been as low as Kr. 298.9 millions. A year earlier they amounted to Kr. 337.2 millions. As against foreign deposits in the commercial banks of Kr. 33 millions at the turn of the half-year the short-dated foreign claims are Kr. 70 millions. Thus the most serious period for the exchanges has been satisfactorily passed.

The anxiety of the commercial banks to maintain their liquidity, visible in their greatly increased current accounts without interest at the Riksbank, still continues. The last published report shows the highest figures of this kind which have ever been shown, at Kr. 122 millions. Instead of, as usual, diminishing their rediscounts after the pressure at the turn of the half-year had been overcome, the commercial banks prefer to increase still further their current account holdings. Owing to the reduction of the market demand for credit which has arisen from the general depression there resulted in the month of June a reduction in the volume of credit by Kr. 4 millions, whereas for example in 1930 (a more normal year than last year) there was an increase in the volume of credit by Kr. 60 millions. The fear of a rush of depositors, which was the fundamental reason for the liquidity measures of the banks during the past month, seems now to have been overcome. Deposits in the commercial banks during the past month have only sunk by Kr. 17 millions. It is therefore probable that the next step of the banks will be the reduction of their current account holdings with the Riksbank and a simultaneous reduction of rediscounting. At the turn of the half-year the latter was increased by only Kr. 7 millions and the current account means were employed instead. Since the turn of the half-year the Riksbank has also continued cautiously to buy foreign exchanges, and in the two weeks immediately succeeding the exchange reserve was increased by Kr. 8 millions. These purchases were made at the same time as the Swedish crown was falling, and this movement in the exchange was thus intensified by the Riksbank's action. Since at the same time our wholesale price-level shows a tendency to fall (*Svensk Finanstidning's* index number, which had been steady for five months, fell in June to 100), it seems probable that the Riksbank, in accordance with its interpretation of the Riksdag's instructions, will seek to counteract this falling tendency of the price-level.

The general optimism which the Lausanne Conference and the plans for a War Loan conversion in England created in the larger financial centres could not fail to have an influence on the Stockholm Stock Exchange. More particularly the rise in German bonds had the effect that bank shares rose sharply, since a relatively large number of Swedish banks held frozen credits with securities in such bonds. Broadly speaking, almost all shares improved. More marked was the rise in the shares of the engineering industry and the Grängesberg Company. Timber shares did not quite keep pace with the general tendency, owing to the fact that the recent attempted solution of the labour conflict had broken down. A certain relative, though weak, improvement was also to be seen in domestic bonds in consequence of the same general optimism.

tained in subsequent months, it remains patent that the adverse balance of trade in Spain is gradually being reduced. Invisible exports in the form of emigrants' remittances from South and Central America have, however, also diminished considerably in the last few years, owing, principally, to economic crises overseas.

In view of the fact that the Constitution of the Spanish Republic calls for budget figures to be submitted to Parliament during the first fortnight of October of each year, the Minister of Finance has circularised the different Government departments requesting them to prepare their estimates for 1933 not later than the end of this month, and pointing out the necessity for drastic reductions of expenses.

AUSTRIA.

Parliamentary Bills — National Bank — Brewing Industry — Economic Activity.

(FROM OUR CORRESPONDENT.)

VIENNA, August 1.

THE parliamentary struggle over the Lausanne Loan agreements is still in progress, but may be concluded by the end of the week and may leave the Government with a small majority. Among other matters awaiting attention are the Supplementary Budget; the Bill to permit the banks, and especially the Wiener Bankverein, to reduce their capital; and the Bill to enforce greater responsibility on the part of the heads of enterprises and to reduce their emoluments. The amount of excitement caused by banking events and by the difficulties of numerous industrial enterprises is illustrated by the fact that in the National Council the passage of Bills to reduce the emoluments of leading personalities will meet with little opposition. The explanation is that the income of the man-in-the-street is declining day by day, so that endeavours to reduce high salaries are meeting with a great deal of support.

One of the most important agreements made in the past week was that between the Government and the National Bank. It provides for the withdrawal of the greater part of the bills of exchange taken by the National Bank from the Credit Anstalt. The bill debt of the Credit Anstalt to the National Bank amounts to 683 million schillings, of which 571 million schillings is covered by the State guarantee. This sum of 571 million schillings is to be removed from the portfolio, which at present aggregates 844 million schillings, so that the total will be reduced to 273 million schillings. The bills, which the Federal State has guaranteed for the National Bank to an extent of 571 million schillings, are to be divided into three lots—into Federal Debts A, B and C. The first lot will be added to the old loan debt of the Federal State to the National Bank, so that this debt will be increased from 92 million schillings to about 268 million schillings. Federal Debt B and Federal Debt C will each consist of 200 million schillings. The former is to be liquidated as soon as possible, in the sense of the Lausanne agreements, out of the proceeds of one or more domestic loans. Federal Debt C is to be liquidated out of the share of the State in the 6 per cent. dividend distributed by the National Bank, which share is to be considerably increased for the purpose. Further, as from the year 1936, the Federal State will undertake the repayment out of its own resources, and in the third year these are to increase to 6 million schillings per year. Finally, a fresh basis of cover for bank notes is to be introduced. This is to amount to 20 per cent. and must be increased to 25 per cent. within fifteen years. In consequence of the new calculation, according to which the bill portfolio is reduced by the amount of Credit Anstalt acceptances converted into Federal State debt, the cover would amount to about 28 per cent., so that the National Bank would at once be relieved of the obligation to pay the impost on the excess of bank notes issued. Under these circumstances, and particularly if it receives funds through the new loan, the National Bank might be more accommodating in regard to discount bills and also ease matters in respect to allotments of foreign exchange.

The unemployment question seems likely to lead to serious disturbances in the autumn if no alleviation is forthcoming. For some time past one of the most prosperous industries was that of brewing, but it has lately fallen off on account of over-taxation. Since August, 1926, the taxes have been increased by 200 per cent., while the consumption of beer has declined by 50 per cent. The Federal countries, which participate in the beer tax, are getting less money, in spite of the increased rate of the tax. Their share has sunk from 52 million schillings to 30 million schillings, and that of the State itself from 90 million schillings to 50 million schillings. Of the 200,000 persons formerly engaged directly or indirectly in the production and sale of beer in Austria, a quarter are now in receipt of the dole. As all other possibilities of export business have vanished, attempts are again being made to increase business with Russia. The founding of a company which should take over a portion of the guarantee given by the State is contemplated, but the plan is meeting with difficulties from scruples which the National Bank entertains in regard to it.

The July report of the Federal Department for Statistics showed a decline in the economic position in practically all directions. Savings deposits at the Vienna savings banks sank in June from 791 million schillings to 788 million schillings, and at the savings banks in the capital towns of the Federal countries from 212 million schillings to 210 million schillings. Foreign tourist traffic is weak. During the first half of this year there were 177,753 hotel guests, against 237,904 during the corresponding period of last year. The price index of wholesale trade shows a drop from 115 to 112, and that of retail trade from 144 to 143.

HUNGARY.

Standstill Agreement — Moratorium Extension — Foreign Creditors' Fund.

(FROM OUR CORRESPONDENT.)

BUDAPEST, August 2.

PENDING the negotiations for a new Standstill Agreement with the British and American short-term creditors, the British consented that the stipulations of the old Standstill Agreement, which expired on August 1st, remain in force *sine die*. It is expected that the new Agreement, which is to run for six or twelve months, will be concluded with the British creditors next week. There are difficulties with the Americans, who object to the priority of the League Loan service and demand that transfers for the League Loan service be made in the future only *pari passu* with transfers on acceptance credit interest due. It should be remembered that the Americans did not sign the old Standstill Agreement (which was in *de facto* running from February to August) until the end of June, when Hungary defaulted on the League Loan service. Considering that there is very little chance of the resumption of the transfer on the League Loan service—though its priority is admitted and will be maintained by the Hungarian Government—there is good reason to believe that after the British signatures the Americans will also sign the Agreement. In view of the complete moratorium on foreign debts, the new Standstill Agreement will not be more than the *de jure* recognition of the existing situation, as neither capital nor interest payment can be collected or freely disposed of by the foreign creditors.

In order to comply with the principle of equal treatment for all foreign creditors, the Government issued last week a Decree supplementing the provisions of the Transfer Moratorium Decree issued last December, which prohibits Hungarians or foreigners residing in Hungary acquiring the claims of foreign creditors against their Hungarian debtors without the permission of the National Bank. Considering that there are more than 1,500 million pengő short-term and merchandise debts, etc., owed to foreign creditors, the mobilisation of which would drive the country into wholesale bankruptcy, the extension of the transfer moratorium was inevitable, and in spite of its obvious disadvantages in carrying the country a step further towards a general moratorium, its effects on the

whole might be beneficial to creditors and debtors alike, provided that a general debt settlement with the foreign creditors shortly follows. The scaling down of the high interest rate both on long- and short-term loans cannot be long postponed without risking wholesale defaults, not only in foreign exchange, but also in pengő. Mr Tyler, the League representative, in his last report, stated that the arrears of the Foreign Creditors' Fund on June 30th amounted to 8.26 million pengő, as against 58.3 million pengő actually paid into the National Bank on account of the untransferred service of the bonded long-term foreign debt for a period of six months. The fact that arrears in debt for a quarter of the year amounted to 3 million pengő only, and then increased by more than 5 million pengő in the second quarter, shows that defaults in pengő are steadily growing. As some banks have met their obligations towards the Foreign Creditors' Fund even if their clients did not meet their maturities, it is by no means an exaggeration to say that more than a third of the original debtors are actually in default.

Mr Tyler's report stated that the Foreign Creditors' Fund has not been invested, and that the National Bank, in agreement with its adviser, had decided to regard the fund as a deposit and to pay interest on it, which is at present 4 per cent.—1 per cent. less than the official discount rate of the bank. On June 30th the amount actually held by the Foreign Creditors' Fund was 47.6 million pengő, 10.7 million pengő having been paid out for matured coupons and drawn bonds redeemed in pengő, out of the total of 58.3 million pengő paid into the fund. The wisdom of redeeming coupons and drawn bonds at their full value in pengő is very questionable, when it is taken into consideration that a great many of the original debtors fail to meet their obligations, and, apart from the increasing arrears, it is known that the bond-issuing banks are compelled to borrow from the National Bank in order to satisfy their duties towards the Foreign Creditors' Fund, which is thus made up to a great extent of moneys created by bills having no real value behind them. In such circumstances it need not occasion any surprise that the transfer moratorium did not cause any deflationary effect, although that would have been the case had the service of the foreign debts—amounting to nearly 300 million pengő per annum—been actually met in the national currency, without a slight disguised inflation in the form of discounting bills at the National Bank for making up the deficit of the State and the defaulting debtors. Mr Tyler has rightly pointed to the danger of inflation, which is manifest in the end-of-July return of the National Bank and is due to the new borrowing of the State up to the amount of 20 million pengő in the form of internal Treasury Bonds, a considerable part of which is rediscounted with the bank.

ARGENTINA.

Trade — Exchange Control — Finance.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, July 15.

REGRETTABLE as is the severance of diplomatic relations between Argentina and Uruguay, its bearing upon commercial and financial affairs is not unduly important, as the whole matter is merely a somewhat exaggerated instance of the lengths to which party politics too readily go in this part of the world. The fact that diplomatic representatives were mutually withdrawn, and the prominence given to the whole affair by foreign correspondents, whose sensational headlines were in this instance justified by the manner in which the subject was treated in the Argentine Press, may have affected the opinion of those who do not know the two countries concerned; but this is the only serious result of what may be politely described as a diplomatic "indiscretion."

Argentina's general situation now shows small but distinct signs of improvement. Export figures for the first six months of the current year amounted to 9,656,221 tons, valued at \$333,010,269 gold. Compared with the corresponding period of 1931, these figures mean an increase of 471,000 tons in quantity and \$1,611,000 gold in

value. The depreciation in the sterling quotation of the Argentine peso must not, however, be regarded as being due exclusively to this improved trade position. For, pegged as the local rate is to the United States dollar quotation, sterling has fluctuated with the fall of the pound in New York, and a truer indication of the international value of the peso is given by the quotation of French francs or German marks. The latter has not varied for close upon a fortnight.

There is a better all-round inquiry to-day for most articles of general produce, though demand is entirely confined to Europe, the United States buying little or nothing, despite the enormous advantage that exchange conditions would seem to give them. Even linseed, which in normal conditions would be assured of a market there at its current quotations at \$8.70 paper per 100 kilos, is entirely neglected by American buyers, who are also out of the hide market, notwithstanding that there is firm inquiry from Germany and that local prices have risen by fully 25 per cent. during the past fortnight. Prices for wheat are maintained, while maize shows a pronounced upward tendency, so that, all things considered, Argentina may be considered to be marketing her produce fairly well for this time of year.

The excessive precautions taken by the Exchange Control Committee are the subject of protest in a memorial laid before the Minister of Finance and signed by a large number of trade associations. Emphasis is laid upon the fact that trade interests in general suffer considerably owing to the manner in which existing restrictions are enforced. In a recently published circular the Committee give figures covering the amount of exchange dealt in during the first half of 1932. Drafts and transfers have been sold to the equivalent of \$784,514,000 paper. Of this sum payment for imported merchandise absorbed \$397,527,000. Financial services took \$108,850,000; private remittances and travellers' charges \$109,413,000; and remittances on behalf of public utility companies \$111,554,000. It is felt that undue insistence by the Government on the absorption of the lion's share of exchange in order to meet commitments abroad does not agree with the best interests of the country as a whole.

Closely related to the possibility of Cabinet changes and a modified financial policy is the matter of the Customs import dues. Here, it is generally recognised, a mistake has been made. Even local industrialists cannot justify the existing tariff, except on the grounds that in the course of time it might bring about increased local production. The possibility that Ottawa may result in measures directly affecting the sales of Argentine produce is not for the moment in question. For, whether preference is or is not given to British goods, the fact remains that Argentina must be able to buy cheaply if she is to lower her cost of production in order that she may go on selling freely at the prices now ruling for her principal wares. Cattle breeders and the meat trade are, it is true, seriously alarmed at the possibility of a quota, or a duty, being imposed upon chilled beef, but there does not yet appear to be any disposition to enter into preferential agreements with Great Britain on the matter of imports.

The monetary situation here is comparatively satisfactory, though much will depend upon the maintenance of a conservative policy by the Ministry of Finance. It is generally known that at least \$350,000,000 paper is necessary to bring the Treasury payments up to date; hence the general feeling that rediscount of the balance of the Patriotic Loan ought by this time to have been carried out, even if payment of debts were spread over the next three months. For, as the bonds that have not been taken up by the public must eventually go into the Conversion Office, it is somewhat childish to retain a cover percentage of 44.15 on the books, well knowing that it must perforce be brought down in the near future. Meanwhile, the situation is complicated by the fact that there is actually a plethora of loanable capital available to meet a greatly diminished commercial demand for facilities; a position which results in falling rates for time deposits and keen competition among the banks for all first-class private and commercial loan business.

INDIA.

Trade — Budget — Gold and Silver Exports.

(FROM OUR CORRESPONDENT.)

CALCUTTA, July 6.

THE Report of the Controller of Currency in India for the year 1931-32, which has been published with commendable promptitude, supplements the facts and figures, and reinforces the conclusions, embodied in the Budget statement of the Finance Member, submitted to the Indian Legislature early in March. Indian produce, as the Controller reiterates, shared in the fall in world commodity prices, and this was reflected in a fall in the balance of trade. The figures for the months April to October, 1931, are particularly striking. Exports for this period, with the exception of gold bullion, fell from 140 crores in the corresponding period of the previous year to 88 crores, a fall of 37 per cent., and imports from 99 to 76 crores, thus reducing the balance of trade in merchandise for the period from 41 to 12 crores. In October, however, the stimulus to exports due to the fall in the gold value of the rupee began to take effect. Fortunately, the monsoon was good, though a little late, and the consequent cheapness of foodstuffs materially mitigated the loss caused to the poorer classes by the slackness of trade and fall in commodity prices.

The visible balance for the fiscal year 1931-32 was 90,50 lakhs, as compared with 37,60 in 1930-31. This large increase was entirely due to the heavy exports of the precious metals, principally gold, the balance of transactions in treasure amounting to a net export of 55,64, as against a net import of 24,43 lakhs in the previous year. The trade balance itself fell heavily, exports of Indian merchandise on private account falling from 220 crores in 1930-31 to 156 crores—that is, to less than half of the average of the ten post-war years. Imports also fell heavily, but not to so large an extent, the total imports being 126 crores, as against 164 in 1930-31. The amount remitted by Government increased from 7,26 to 53,04 lakhs. Against this, sterling transfers on London were sold at the statutory rate to the amount of 18,98 lakhs in the first half of the year. The net balance of remittance of funds thus came to 34,32 lakhs. Taking into account also certain other items, the total visible balance of accounts was 54,73 lakhs, an increase of nearly 50 per cent. over the visible balance in 1930-31.

The reasons for the abnormal shipments of gold, net export of which the Controller places at the record figure of 57,97 lakhs, were twofold. In the preceding year gold was already returning to the Mint at the Government of India's purchase price on account of the falling off in local consumption. This movement continued to grow in strength throughout the summer. When the gold standard was abandoned in September there was an immediate appreciation in the price of gold. This not only stimulated the movement for the return of gold which was already in existence, but induced many who had stored the metal to take advantage of the high price to sell. The movement reached its maximum in December, when the price of gold was highest. In that month nearly 17½ crores were exported. In the following months the improvement in the London-New York exchange led to a rapid lowering of the gold price, which made such exports less attractive.

Apart from arbitrage operations, the silver market was dull throughout the year, and real activity began only when the gold standard was abandoned in September. The rupee price then rose rapidly by Rs. 11 to Rs. 54 owing to a rush by bears to cover their position. A further

rise in November, when the highest level of the year was attained, "was partly due to the hopes of speculators that, following the abandonment of the gold standard by Great Britain, international steps might be taken to rehabilitate silver as a currency metal as a support to gold." Following the dissipation of this hope, prices reacted. It may be noted, in view of the contention that official sales are largely responsible for the present low prices of silver, that the total amount of silver sold by the Government of India from the commencement of their operations in 1927 up to the end of 1931-32 amounted to 127,581,564 ounces. Last year there was a net export of silver from India of 42 lakhs, or excluding Government shipments, there was a net import of 2,60 lakhs, as compared with 11,65 lakhs in 1931-32. As in the case of gold, the export of silver was stimulated by the abandonment of the gold standard and the consequent increase in the rupee and sterling price of the metal. The increase in the import duty made it profitable to melt scrap silver into bars for local re-sale in preference to importation.

Letters to the Editor.

TARIFFS IN CENTRAL EUROPE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—There have appeared recently in your journal certain articles concerning the situation in Austria, and latterly in connection with the Austrian Loan, which tend to give the impression that your correspondent is labouring under a misconception of fundamental economic principles.

In our issue of July 23rd, on page 173, the so-called "tariff war" between Austria and Hungary is commented upon at some length, and the statement is made that "Austria felt obliged to take energetic action." The secret of the prohibition of the articles in question—flour, fruit, vegetables, etc.—is not hard to find. As in the case of most restrictive measures, the reason is a political one, and this prohibition of imports has been introduced in order further to protect the sectional interests of the Agrarian party.

The ever-rising tariffs and reciprocal measures are responsible for the paralysis of industry and commerce in Central Europe, as elsewhere. The article continues on the subject of the "balance of trade" between Austria and Hungary. One would have thought that the "Balance of Trade" argument had by this time been exploded. Every economist knows, though apparently your correspondent has still yet to learn, that the interchange of goods between two countries never strikes a perfect balance, though what may appear to be an adverse balance often proves eventually to be the opposite. For instance, if (A) restricts imports from (B), the latter will be able to buy so much less from (C), and such a state of things may continue until (Z). This latter country, however, may turn out to be the country which previously used to buy from (A). With its purchasing power diminished, such purchases will no longer be possible.

One thing is certain—import prohibitions, quotas, etc., are not going to improve the situation. What is necessary is exactly the opposite—namely, the free interchange of goods and the breaking down of all restrictive measures which only result in reciprocal tariffs and further aggravation. This will undoubtedly be the case with regard to Austria and Hungary. The tourist traffic, for instance, which results in a great influx of Hungarian visitors to Styria and Carinthia, will be one of the first to suffer. Hungary is already contemplating a boycott of Austrian summer resorts, and so the chain is forged, link by link.

What is badly needed in Central Europe at the present time is a truce between the various countries with regard to tariff barriers. The main objects of such a truce should be, firstly, a decision that on no account should tariffs be raised further; secondly, the fixation of a maximum tariff—say, 25 per cent. of the value of all articles. In the latter case, it should be clearly understood that countries would be left free to fix tariffs as low as possible under this maximum figure, and where necessary to eliminate them altogether, but never to exceed the fixed rate.—Yours, etc.,

Postamt 107,
Vienna.
July 27, 1932.

JULIUS MEINL.

The Stock Exchange.

PUBLIC BORROWERS' "CONVERSION" OPPORTUNITIES.

LAST week we discussed the possibility of a substantial lightening of the burden of funded indebtedness of British industry by way of conversion of existing charges to lower interest rates. We showed, by an analysis of the Stock Exchange Official List, that the number of companies with securities within the "Conversion Zone" was smaller than had been assumed in some quarters. Our figures revealed that, out of £946 millions of debentures, notes, etc., in the leading groups in the Stock Exchange classification (including railways, "capitalist" public utilities and investment trusts), some £841 millions was unlikely, by present indications, to rank for conversion within the next ten years. Of this total a substantial part represented pre-war capital issues at relatively low interest rates, while the remainder was composed of post-war stocks having no early option of redemption or issued by companies whose credit was not sufficiently well regarded to raise the market price of their debentures, even under present conditions, above the redemption price.

We propose to complete our survey by examining the "conversion" position of the chief public borrowers domiciled in the United Kingdom, including the British Government, Home Corporations and Public Boards, together with the securities of certain British companies guaranteed by the State under the Trade Facilities Acts. Our criteria of eligibility for inclusion within the "conversion zone" are, as before: (1) an existing rate of interest, £100 nominal, higher than that at which sound borrowers in each group could raise long-term resources to-day, presuming that 3½ per cent., or better, is the basic rate for British Government stock; (2) an option for repayment within the next ten years; and (3) a current price above the minimum redemption level.

The beneficial results of a successful War Loan conversion operation, from the British Government's point of view, are clearly not exhausted by the prospective net saving of £23,000,000 per annum in interest payments on the new stock. An appreciable slice of the remainder of the National Debt is represented by securities maturing, or callable, within a few years, and costing the State 4 per cent. or more, as shown in the next column.

BRITISH GOVERNMENT'S CONVERSION OPPORTUNITIES.

Stock.	Redemption Date.	Amount (Thous. £)	Stock.	Redemption Date.	Amount (Thous. £)
Treasury Bonds:			Total Other "Internal" Debt, over 4%.....	...	704,325
5%.....	1933-35	114,608	"External" Debt (at par of exchange)		
4%.....	1932-34	140,418	Foreign credits, U.S.A. (\$20 millions).....	1932-33	4,116
4%.....	Feb., 1933	14,076	Ditto, France (Fr. 2,500 mill.)	1932-33	20,165
4%.....	Feb., 1934	50,757	5% 20-year Bonds (\$135,333,500)	1936-37	28,014
4%.....	1931-33	64,585			
4%.....	1934-36	105,000	Total "External"	...	52,295
Total Treasury Bonds, 4% or over.....	...	489,444			
Other "Internal" Debt:					
4% War Loan	1925-45	12,804			
4% Conversion Loan.....	1940-43	368,473*			
5% Conversion Loan.....	1944-64	323,048			

* This figure, given in "Financial Statement" accompanying last Budget, does not include conversions out of first series National Savings Certificates into 4½ per cent. Conversion Loan, completed since March 31, 1932.

On this showing, the Government may convert an additional £1,193,769,000 of high-yielding internal funded indebtedness over the next twelve years, of which £502,248,000 (mainly Treasury Bonds) can be tackled, if need be, within the next two years, while a further £688,473,000 of 4½ per cent. Conversion Loan (plus conversions from Savings Certificates) is untouchable before 1940, and £323,048,000 of 5 per cent. Conversion Loan before 1944. In addition, National Savings Certificates (all bearing interest over 4 per cent., if held to a ten-year maturity) were outstanding to a total of £371,679,000, exclusive of accrued interest, at the end of last March, and will all be eligible for "conversion" to cheaper levels before 1942. Altogether, omitting Floating Debt (£782,250,000 on July 31st), the British Government, at the beginning of the current financial year, had £1,560,000,000, in round figures, of additional debt within a twelve-year "conversion zone." Outside this zone were:—(1) £983,400,000, net, of Victory Bonds, Funding Loan and "New Consols," all on a 4 per cent. interest basis and subject to drawings or sinking fund operations, but not finally callable until various dates between 1957

A LIST OF "PUBLIC" ISSUES (OTHER THAN BRITISH GOVERNMENT) WITHIN "CONVERSION ZONE."

Stock.	Amt. (£'000)	Stock.	Amt. (£'000)	Stock.	Amt. (£'000)
Trade Facilities Act Stocks.		L.C.C. 5%, 1936.....	1,036	Edinburgh 4½%, 1940-60	2,000
African Ry. Finance 5%, 1932-51.....	1,114	Do., 5%, 1932.....	300	Essex 6%, 1940-60.....	1,468
Bank Line 5%, 1928-44	1,467	Do., 5%, 1937.....	1,033	Gateshead 6%, 1940-60	650
I.C.I. (F. & S.P.) 5% Gtd. Debs., 1930-45...	1,829	Do., 5%, 1940.....	779	Glasgow 5½%, 1935-50...	2,500
Newfoundland Power 4½% Debs., 1933-48...	2,000	Do., 4½%, 1936.....	249	Hastings 4½%, 1940-50	500
North British Alum. 4½% Debs., 1931-55.....	2,380	Do., 4½%, 1941 (Mar.)	141	Herts 6%, 1940-60.....	1,944
North Wales Power 4½% Debs., 1930-53.....	1,567	Do., 4½%, 1941 (Sept.)	52	Hull 5%, 1941-61.....	3,000
Pearson & Dornan Long 5% Debs., 1932-56...	1,958	Corp. of London 4½% Debs., 1940-85.....	2,000	Ipswich 6%, 1938-50...	300
Silver Line 5% Debs., 1930-45.....	1,011	Belfast 5½%, 1937-47...	1,000	Kent 6%, 1940-60.....	1,470
T. & A. Over 4½% Gtd. Debs., 1929-48.....	968	Birkenhead 6%, 1936-51	993	Lanarkshire 5½%, 1935-55	2,500
Corporation and County.		Bootle 6%, 1938-50.....	494	Lincoln 5½%, 1938-48...	750
L.C.C. 5%, 1940-60.....	13,776	Bournemouth 6%, 1938-50	650	Liverpool 5½%, 1941-61	3,500
Do., 6% Local Bonds, 1935-36.....	1,321	50.....	2,000	Do., 5%, 1941-61.....	3,000
Do., 5%, 1935.....	1,105	Bradford 6%, 1936-46...	2,000	Middlesborough 6%, 1938-48	1,247
		Do., 4½%, 1940-60...	2,000	Middlesex 6%, 1940-60...	1,190
		Do., 5%, 1942-52.....	1,500	Newcastle 6%, 1936-51	995
		Brighton 6%, 1940-50...	500	Newport 6%, 1940-60...	600
		Do., 4½%, 1940-60...	450	Northampton 6%, 1938-50	400
		Bristol 6%, 1940-50.....	1,500	Nottingham 6%, 1936-51	1,000
		Cardiff 6%, 1936-46.....	1,439	P.L.A. 4½%, 1940-60...	3,000
		Coventry 6%, 1938-48...	881	Do., 4%, 1940-60.....	2,000
		Croydon 6%, 1936-46...	1,000	Mid-Glam. 6%, 1937-47	180
		Do., 6%, 1937-47.....	500	Staffs. Water 5%, 1940-65	900
		Derby 6%, 1940-60.....	750	Taf. Fechan 5½%, 1937-47	270

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Bankers Magazine, 1944 to 1930

High prices paid for all the above

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and 1976; (2) £1,063,700,000 of 3½ per cent. Conversion Loan, "Old Consols," and Annuities, already on a 3½ per cent. basis, or better; (3) £2,085,000,000 of 5 per cent. War Loan embraced in the present conversion to 3½ per cent.; and (4) capital sums of £1,038,586,000 owed externally (including \$4,398 millions of American War Debt, at par of exchange), but not maturing in the next few years.

The Government, however, has a contingent liability in respect of numerous other stocks whose service it has guaranteed. Of those appearing in the Stock Exchange List under "British Funds, etc.," Palestine Five per Cents. have an option for repayment from 1942, but nearly £525,000,000 of Local Loans Stock, carrying 3 per cent. interest, is outside the conversion area. Incidentally, the Indian Government (whose sterling issues are included by the Stock Exchange, somewhat illogically, under "British Funds") has £35,000,000 of 6 per cent. bonds and £17,000,000 of 5½ per cent. stock callable within the next four years.

An element of uncertainty surrounds the position of industrial borrowers who have raised money in recent years on a 4½ per cent. or 5 per cent. nominal basis under the shelter of a Government guarantee. Some £38,000,000 of "Trade Facilities" stocks are quoted in the Official List, and all, naturally, stand at a premium to-day. Only £14,300,000, however, completely satisfy the tests of eligibility for conversion, suggested earlier in this article. The names of the individual securities are given in the table on the previous page, but in every case Treasury sanction would appear to be a condition precedent to any change of terms or status. Presumably, the Treasury would not object to a reduction of interest, as such; but it might well take exception to a postponement of final repayment dates, without which conversion operations might be impracticable. An early ruling on this point would appear advisable.

We summarise the position as regards Home Corporation and County and Public Board stocks in the following table:—

CORPORATION, COUNTY, AND PUBLIC BOARD STOCKS.

Group (S.E. List Classification)	Minimum Interest Rate taken as falling within "Conversion Zone."	Not eligible for repay- ment or conversion in ten years.	Eligible for con- version in next ten years.	Ratio of convertible to non- convertible.
Corporation & county stocks (Gt. Britain & N. Ireland)	%	Million £	Million £	%
Public boards.....	4	284.3	81.4	28.7
		128.0	6.7	5.2

The ratio of convertible to non-convertible stocks is more than twice as high among home corporation and county authorities as among British industrial concerns as a whole, for which we gave an average figure of 12.5 per cent. last week. This advantage, however, is partially offset by the fact that an appreciable amount of pre-war stock, costing 2½ to 3½ per cent., will mature in the next few years. Public boards, with few exceptions, have borrowed since the war without taking powers to repay, except at long dates. The Agricultural Mortgage Corporation, for example, has raised £10,500,000 at 4½ and 5 per cent., none of which is callable before 1959. The Central Electricity Board, similarly, has £26,000,000 of 4, 4½ and 5 per cent. stocks outstanding, all of long-term character.

The impression left by our survey is that public and private borrowers alike have a smaller proportion of their funded debt in a "callable" state than the British Government. So far as post-war operations were concerned, the probability that the Treasury would succeed in converting its great mass of War Loan by the nineteen-forties, at the latest, and that interest rates would thereupon tend to decline, should have suggested the advisability of an optional repayment clause in many prospectuses. Borrowers, in practice, may have had little choice in the matter, for the requirements of investors, as regards certainty of income over considerable periods of years, have been, in the last resort, the deciding factor.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
August 9. August 11.

Though the end of the "bonus period" of War Loan conversion and the incidence of holidays combined to reduce the volume of Stock Exchange business, the tone remained firm, outside the gilt-edged market. The two leading influences were the considerable profits made in American securities by British speculators since the beginning of the New York upward movement, and the rise in commodity prices. The latter induced a considerable Continental inquiry for oil, mining and to a less extent, rubber shares, London being content, for the most part, to follow rather than to lead. The heaviness of gilt-edged stocks, which on occasion necessitated inside intervention, was attributed in part to the weakness of the sterling exchange, which, in turn, was influenced by a considerable transfer of speculative funds to New York, as well as a seasonal commercial strain.

The passing of the "bonus period" left the price of unassented War Loan unchanged, the stock continuing to offer a satisfactory return as a "short bill." The assented stock, however, came on offer, and at one time fell below par, though a recovery followed the giving of support. India loans failed to hold their ground. Home corporation stocks suffered from profit-taking.

Though German bonds improved on bear covering after the election, the rest of the foreign market remained comatose. Austrian Sevens were weak on the pessimistic statement of the Bank for International Settlements. South American prices remained nominal, the threat of a Bolivian-Paraguayan war and a prolonged period of unsettlement in Brazil and the failure of official disclaimers to allay fears of partial suspension of interest payments from Argentina all combining to make dealers ultra-conservative.

Home railway stocks were under the influence, at the outset, of the unexpectedly good Great Western results, but further consideration of the uncertainties of the railway outlook (discussed in a Note on page 283), caused scattered selling later, especially of prior charges whose earnings' position, on the half-year's figures, was insecure. There was a slight increase of business, and a disposition to search for "bargains," in the foreign rail market, but a lack of confidence continued to be displayed as regards the general outlook.

For a holiday week, business in industrials was not unsatisfactory, and prices generally were well maintained. Speculative interest, however, was entirely concentrated on international and particularly Transatlantic issues, the market showing every desire to share in the benefits of the New York revival. Among domestic shares, breweries remained out of favour, the Guinness and Watney results (set out on page 284) suggesting that brewery directors generally were not over-sanguine regarding an early check to the downward tendency of consumption. "Heavy" steel and engineering shares attracted little interest, and electrical issues remained irregular. Motor shares were subject to scattered provincial selling, apart from Ford, which hardened with New York, where the shares are almost entirely held. Investors continued to take a hopeful view of the outcome of the Lancashire weaving negotiations, but rayon shares remained dull. Bank shares showed little change, apart from a rise in Canadian Bank of Commerce. Insurance shares were slightly easier on a fairly large turnover.

Last week's stirrings in the rubber share market developed into a sizable upward movement this week, but the market was decidedly sensitive to daily fluctuations in the commodity. A more hopeful feeling was reflected in numerous rises in tea shares, Indian rather than Ceylon companies attracting chief attention. The "world agreement" was a waning factor in the oil market, but Continental operators were buyers through the greater part of the week.

Continental influence was similarly noticeable in the mining share market. London interests, generally, were not eager to undertake substantial commitments in the

holiday period, but the effect of firm commodity prices was perceptible before the end of the week. The appetite of Paris for Kaffirs, though intermittent, was strong, in view of the "record" profits reported in July by a number of companies, like Randfontein, Springs, Geduld and East Geduld. The tin statistics for last month were disappointing, but the price of the metal continued to trend upwards, without causing more than a moderate increase of activity in the shares. Tinto reflected the vicissitudes of French opinion and a fair business was done in Rhodesians following the firm tendency of copper in the metal market.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	July 28, 1932.	July 29, 1932.	July 30, 1932.	Aug. 1, 1932.	Aug. 2, 1932.	Aug. 3, 1932.	Aug. 4, 1932.
Government and Municipal Loans	1,941	1,948	976		1,544	1,755	1,656
Transport, Communications, and Public Utilities	1,258	1,220	578		854	964	1,187
Commercial and Industrial	2,072	2,123	848		1,368	1,685	1,813
Banks, Insurance and Finance	633	722	309		457	560	553
Mines (including Nitrate)	569	605	249		335	579	658
Oil	191	132	63		123	149	273
Rubber, Tea and Coffee	188	290	100		187	164	197
Total	6,852	7,040	3,123		4,868	5,856	6,337

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1929 = 100.)

Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	July 28, 1932.	July 29, 1932.	July 30, 1932.	Aug. 1, 1932.	Aug. 2, 1932.	Aug. 3, 1932.	Aug. 4, 1932.
63.7	61.3	60.2	60.1	60.0	*	60.0	59.9	60.2

* Bank Holiday.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The recovery in sentiment and prices, which by last week-end had outstripped the expectations of seasoned observers, made further spectacular progress this week. Despite the openly-expressed view that the pace had been too hot to last, severe bouts of profit-taking failed to upset the main movement. On Wednesday, in particular, after the most dangerous-looking reaction since the movement began, strong buying sent up the price of leading stocks by several points. The tendency of speculators, professional and private, was to concentrate partly on the regular market leaders, like General Motors, and partly on stocks regarded as undervalued on even a modest trade recovery, like Drug Incorporated, Steel Preferred and American Telephone. The firmness of commodity prices helped to provide a favourable background for sentiment, but was not regarded as a major causative factor. The bond market continued strong, with occasional spells of irregularity. Whether the recovery will eventually be brought to a

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standstill by the absence of any signs of general trade recovery, remains to be seen. Steel operations last week were no more than 14 per cent. of capacity, as compared with 15 per cent. in the previous week. Freight car loadings for the week to July 28rd were 501,130, compared with 504,094 in the preceding seven days. The railroad executives are not enamoured of the official plans for advances for maintenance and equipment work, but may yield to pressure based on a desire to stimulate business, if possible, over the next three months.

	July 21, 1932.	July 28, 1932.	Aug. 4, 1932.		July 21, 1932.	July 28, 1932.	Aug. 4, 1932.
U.S. 3½% T. Bds.	100.7	102.4	102.4	Natl. Biscuit	26.5	26.5	26.5
Lib. L. 3½% '32-47	101.1	101.1	101.1	Phelps Dodge	4.8	5.1	5.1
Do. 4½% '32-47	101.1	101.1	101.1	Pullman	14.8	16.8	17.2
Do. 4½% '33-38	102.1	102.1	102.1	Sears-Robinson	13.1	15.1	15.1
Atchafalpa	26.1	32.1	34.1	Studebaker	3.4	4.4	5.4
Chas. & Ohio	12.1	13.1	15.1	Un. Fruit	17.1	25.1	23.1
Erie	3.1	4.1	5.1	U.S. Leather	3.1	3.1	3.1
Illinois Central	7.1	8.1	8.1	U.S. Rubber	3.1	3.1	3.1
N.Y. Central	12.1	15.1	16.1	Radio Corp.	23.1	27.1	32.1
Pennsylvania	8.1	10.1	12.1	Westinghouse	18.1	22.1	27.1
Southern Pacific	9.1	11.1	12.1	Woolworth	27.1	30.1	32.1
Southern Ry.	3.1	4.1	5.1				
Union Pacific	36.1	45.1	50.1	Am. Tel. & Tlg.	74.1	86.1	97.1
Am. Can.	33.1	38.1	43.1	Interboro B.T.	6.1	6.1	6.1
Amer. Smelting	7.1	10.1	14.1	Int. Tel. Teleg.	5.1	6.1	7.1
Anacostia	1.1	1.1	1.1	Radio Corp.	4.1	5.1	6.1
Beckman Steel	10.1	13.1	14.1	Utilities P. & L.	2.1	3.1	3.1
Chrysler Motor	6.1	8.1	9.1	W. Union Tlg.	16.1	20.1	27.1
Corn Prods. Ref.	31.1	34.1	37.1	Associated Gas "A"	1.1	1.1	1.1
Eastman Kodak	37.1	43.1	50.1	Pan. Amer. B. (New)	8.1	10.1	11.1
Gen. Electric (New)	10.1	13.1	15.1	Shell	10.1	10.1	10.1
Gen. Motors	10.1	10.1	12.1	Shell Union	4.1	5.1	5.1
Int. Harvester	13.1	16.1	20.1	Sud. California	22.1	25.1	26.1
Mont. Ward	5.1	7.1	8.1	Do. N.Y.	26.1	29.1	32.1

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	July 27.	Aug. 3.
33 Industrials	98.2	174.1	51.4	114.7	52.2	40.1	44.4
33 Rails	89.1	145.6	31.7	105.7	32.2	18.4	21.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	61.3	69.4
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	40.2	44.9
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	7.60%	6.71%

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

Highest of 1932. (Mar. 8.)	Lowest of 1932. (June 27.)	July 27, 1932.	July 28, 1932.	July 29, 1932.	July 31, 1932.	Aug. 1, 1932.	Aug. 2, 1932.	Aug. 3, 1932.	Aug. 4, 1932.
68.9	35.2	45.0	46.5	47.4	48.2	48.5	46.8	51.0	

TOTAL DEALINGS IN NEW YORK.

	July 29, 1932.	July 30, 1932.	Aug. 1, 1932.	Aug. 2, 1932.	Aug. 3, 1932.	Aug. 4, 1932.
Stock Exchange—Shares (Thous.)	2,100	900	2,100	1,400	2,400	3,500
Bonds (Value Thous. \$)	12,062	4,925	11,476	9,865	11,633	11,611
Over-the-counter—Shares (Thous.)	240	100	170	130	240	330

* 2-hour session.

PARIS.

The Paris Bourse opened with considerable strength following the failure of the Nazis to secure a majority in the German Reichstag. Dealings, however, were mainly confined to professional operators. Profit-taking sales brought irregularity on Tuesday, but floating supplies of stock were quickly absorbed. Oil shares continued to rise. On Wednesday the general tone was easier, but on Thursday the continued strength of commodity prices caused a further revival in demand for favourite speculative counters, particularly in the oil and mining share markets.

	July 28, 1932.	Aug. 1, 1932.	Aug. 4, 1932.		July 28, 1932.	Aug. 1, 1932.	Aug. 4, 1932.
Banque de France	11,200	11,610	11,640	Wagons Lits	85	90	95
Crédit Lyonnais	2,040	2,070	2,065	Mexican Eagle	33	35	37
Suez Canal	13,880	14,000	14,125	"Chartered"	81	84	85
Chargers Réunis	222	222	221	Ford	117	116	119
Rio Tinto	1,310	1,360	1,405	De Beers	321	340	340
Royal Dutch	13,850	14,500	15,000	"Johnnies"	115	117	122

(Continued on page 282.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Aug. 3) Inclusive.		Name of Security.	Price July 27, 1932.	Price Aug. 3, 1932.	Rise or Fall.	Present Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Aug. 3) Inclusive.		Name of Security.	Price July 27, 1932.	Price Aug. 3, 1932.	Rise or Fall.	Present Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
British Funds.																	
60	499	731	54	Consols 2½%	73½	72½	-1	3 9 0	21	8	70	6	Foreign Ry.—cont.	7	7	...	NU
85	77	111	81	Consols 4%	107	105½	-1½	3 15 10	70	70	70	70	Paraguay Cent. D. B.	70	70	...	NU
85	67	100	73	Consols 4½%	100½	99½	-1	3 11 5	150	94½	117	92	San Paulo Ord. Stk. ...	99	100	+	7 0 0†
104	88	109	93	Do. 4½% 1940-44	109	108½	-½	3 8 6	65	20	25	10/6	Talut Ry. Ord. £5	15	15	...	14 6 9†
108	93	115	99	Do. 5% 1944-64	115	114½	-½	3 11 0	9½	2½	4½	1	Unl. Havana Ord. Stk. ...	3	3	...	NU
97	78	109	83	Funding 4% 1920-30	108½	107½	-1	3 12 0									
102	95	101	88	Treasury 4½% 1932-34	101½	101½	-	3 8 6									
103	95	101	88	Treasury 5% 1933-35	102	102	-	3 12 9	16/9	5/9	6/6	2/3	Anglo-French (£1)	5/6	5/6	...	NU
103	95	101	88	War Loan 5% 1929-47	102	101½	-½	3 16 6	11/6	8/9	3/1	3/1	Anglo Internat. (£1)	9/10	9/10	...	NU
104	97	103	90	Local Loans 3%	86	84½	-1½	4 19 0	6½	37/6	6½	4½	Anglo S. F. £10 (£5) pd.	51	51	...	5 14 0
46	29	59	36	India 2½%	59	58	-1	4 6 2	25/6	12/6	15	2½	American B. £1 fy pd.	7/6	7/6	...	3 16 0
55	34	71	42	Do. 3%	71	70	-1	4 6 2	55/9	31/3	50	34/3	Bank of N. Zealand £1	50/1	50/1	...	4 7 0
64	41	83	49	Do. 4%	83	81	-2	4 8 0	27½	23	65/7½	235	Bank of Eng. Stk.	314	314	...	3 13 0
86	55	102	67	Do. 4½%	104	103	-1	4 5 6	28½	19/9	26/3	21	Barclay B. (£1)	63/6½	64	+6d	4 7 0
106	94	114	97	Do. 5%	112½	114	+1½	3 10 0	96	6½	94	7½	Burd. (Dom. &c.) A. £1	26½	26½	...	3 13 0
110	90	116	103	Do. 5½%	115	115	-	4 16 6	63	47	53	34	Bk. of Australia (£5)	64½	64½	...	5 7 0
99	87	107	87	Sudan 5½% Bonds	107½	107½	-	3 15 0	26	18½	24	20	Bk. of Montreal (£100)	£45	£49½	+4½	6 0 0
				Ulster 4½% 45-75	107½	107½	-	3 15 0					Bk. of N.S.W. (£20)	23½	24	+	6 13 0
Dom. & Colonial Govts.																	
85	58	108	77	Australia 5% 1945-75	99½	100½	+1	5 0 9	15½	3½	5½	3	British Overseas A. £5.	5	5	+	5 14 3
96	75	103	82	Canada 4% 1940-60	102½	102½	-	3 15 0	14/9	9/1	14	9½	Obd. of India (£5)	13	13	...	5 9 0
105	75	103	82	Ceylon 5% 1935-55	108	108	-	3 16 0	66/6½	43/3	65/3½	10/3	Comel. Bk. of Aus. 10/1	12/6	12/6	...	4 0 0
105	75	103	82	Gold Coast 4½% 1956	106	106	-	4 10	42	36	47/6	36/6½	District A. £5, £1 pd.	65½	65½	...	5 4 0
106	90	111	94	Kenya 5% 1948-58	110	110	-	4 2 6	4½	2½	87/6	57/6	Do. B. £1 fully paid	45½	47½	+2½	5 10 0
104	92	112	93	Nigeria 5% 1950-60	111	111	-	4 2 6	8½	6	6	6	Eng. Stk. & £5, £5 pd.	41	41	...	5 10 0†
80	46	102	58	N.S. Wales 5% 35-55	98½	97½	-1	5 4 0	11½	93	114	92	Hambro £10, £2½ pd.	51	51	...	7 10 0
102	85	111	84	N. Zealand 5% 1946	106½	106½	-	5 2 0	63½	58½	58½	41/9	Hong. and S. (£125)	£1¼	£1¼	+	5 3 0
81	48	102	70	Queensland 5% 40-60	106	106	-	5 2 0	31	19	29½	21	Lloyds £5, with £1 pd.	54½	55	+	4 17 0
108	82	111	80	S. Africa 5% 1945-75	106½	106½	-	4 13 0	80/6	60/6	60/6	62/7½	Martins £20, £2½ pd.	75	75	...	5 9 0
100	85	103	88	Stras. Sett. 4½% 35-45	103½	103½	-	3 8 6	31½	19	29½	21	Midland £1, fully pd. ...	77½	77½	...	4 4 0
Foreign Governments.																	
85	58	108	77	Argentina 4% Recies.	60	57½	-2½	9 12 0	14½	9	14½	9½	Nat. of Egypt £10	£13	£13	...	4 15 0
105	77	100	76	Austrian 6% 1923-43	99	95	-4	6 16 0	357	295	400	310	Royal Bk. of Scotland	£390	£390	...	4 7 8
98	33	60	25	Do. 7% Int. red. by 1957	45	40	-5	11 7 0	14½	9	10½	7	St. of S. A. £20, £5 pd.	10½	10½	...	5 7 0
66	29	41	28	Belgian 7% red. by 1956	108½	108	-½	6 7 0	80/10	47/6	80/3	56/7½	Westminster £4, £1 pd.	76½	76½	+1½	4 13 0
112	89	112	94	Bulgaria 7½% Loan	30	30	-	25 0 0									
75	43	69	50	Brazil 5% Fund. 1914	63	60½	-2½	8 6 9	21	16	24	16½					
19	28	46	28	Do. 6½% (1927)	34	32	-2	...	13½	9	12½	9½	Alliance £1, fully pd.	23½	23½	...	4 0 3
94	20	30	3	Chili 6% (1929)	15	15	-	...	24	16½	21	17	Atlas £2½, fully pd.	20	20	...	5 2 0
52	33	43	31	China 5% (1912)	40	40	-	12 13 0	15½	11	15	11	Comm. Accidents £5, £1 pd.	14½	14½	...	4 19 0
70	55	64	43	Do. 6% (1912)	63	63	-	2 7 6	28½	19½	28½	20	Gen. & Lanc. £5, £2 pd.	28	28	...	3 11 5
113	78	103	63	Czechoslovakia 5%	100	99½	-½	4 6 3	16½	12½	17½	12½	N. Brit. Mer. £5, £1 pd.	33	33	+	3 8 0
86	70	83	62	Danish 3%	69½	69½	-	10 9 9	13½	9½	14	12½	Northern £10, £1 pd.	17½	17½	+	4 17 0
85	66	86	66	Danish 6%	63	63	-	10 9 9	13½	9½	14	12½	Penal. £1, fully pd.	13½	13½	...	3 10 0†
85	66	86	66	Egypt United 4%	95	95	-	4 4 3	34½	9	16½	10	Phoenix £1, fully pd.	16	16	...	3 10 0†
76	35	59	40	Estonia 7% 1927	47½	55	+7½	12 14 6	24½	17½	25½	18	Prudential £1 A.	25	25	...	3 9 0†
92	70	87	57	Finland 6% 1923	65	65	-	9 4 0	40½	28½	46½	30½	Do. £1, with 4s. paid.	42/6	43/9	+1/3	2 17 0
51	20	28	23	France 4% (British)	26½	26½	-	4 4 0	6½	6½	6½	6½	Royal Exchange (£1) ..	6½	6½	...	4 7 6
30	20	28	23	Do. 5%	27½	28	+	5 2 0	4½	6½	7½	6½	Royal £1, 10s. paid ..	7½	7½	...	4 6 0
106	53	90	52	German 7%	81½	82	+	9 8 0	3½	3½	3½	3½	Sea Insur. £1, fully pd.	3½	3½	...	4 12 0
93	57	75	42	Do. 5½% Stg. Bds. 1930	65½	66½	+1½	8 10 0	3½	3½	3½	3½	Sun Insur. £1, with 5/- pd.	5½	5½	+	3 12 0
104	73	81	28	Greek 6% Stab. Ln.	35	35	-	...	5½	4½	5½	4½	Yorkshire £1, fully pd.	16	16	...	2 19 0†
103	72	80	30	Do. 7% Ref.	45	40	-5	...	14½	11½	16	11½					
111	83	100	64	Hungary 7%	47½	47½	-	15 15 9	293	229	240	215					
105	77	100	64	Japanese 5% 1935-55	79	79	-	8 12 6	149	109	149	96	Anglo-American Deb.	217½	217½	...	5 9 1
14	10	14	10	Do. 6% (1924)	73	73	-	...	21/6	10/1	24	35½	Anglo-Celtic Ord.	70	70	...	2 8 0
93	57	75	42	Mexican 5% (1899)	54	54	-	...	21/6	10/1	24	35½	Atlas Electric, &c. £1.	81½	81½	...	6 13 3
78	93	78	78	Norwegian 4% 1911	91½	92½	+1	4 7 0	28½	17/9	22½	17/9	Brit. Amers. Trust 5/-	15½	15½	+1/3	6 13 3
54	28	46	28	Peru 7½% 1922	30	28	-2	25 0 0	185	156	172	10/1	Debenture Corp. £1 ..	170	170	...	7 0 9
86	54	78	52	Poland 7%	68	70	+2	12 14 0	171	125½	125	97	For. Amers. &c. Def.	99½	99½	...	3 17 0
104	92	103	79	Romania 7%	94½	96½	+2	6 7 0	110½	70½	73	65	Grange Trust	65½	65½	...	6 15 3
89	75	87	60	Siam 6% 1908	80	77	-3	4 4 0	186	155	158½	125	Guarant. Investment ..	145x	145x	...	6 18 0
76	39	60	49	S. Paulo 6½%	55	55	-	13 16 3	327	330	341	257	Indus. & Gen. Ord. ...	195x	203	+8	6 18 0
10	4	50	36	Turkish 4% United	7	7	-	...	42	33	341	257	Invest. Trust Ord.	331	331	...	6 0 9
80	45	50	36	Uruguay 5% 1919	40	40	-	12 10 0	22½	15½	17½	10/3	Lake View Invest. 10/-	210	210	...	7 3 7
				Corporation Stocks.									Mercantile Investment	155	155	...	6 8 0
84	24	62	25	Berlin 6% 1932-57	46½	45	-1½	13 6 9	318	236	245½	170	Metropolitan Trust	292x	292x	...	6 17 0
107	94	114	98	Birmingham 5% 1946-56	113	113	-	3 17 5	380	313	316	280	Metropolitan Trust Ord.	354	354	...	7 10 0
107	96	115	91	British 5% 1948-58	113	115	+2	3 18 0	92	50	50	35½	Nineteen Twenty-eight	354	354	...	8 9 0

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, July 27, 1932.	Price, Aug. 3, 1932.
Alberta 5% 1922-27	98	18	4½-5½ pm	3-5 pm
Allied Newspapers 6½% Cum. 1st Pref. £1	£1	fy. pd.	19/10½-20/4½	19/6-20/-
British Columbia 5% Stock 1927-32	99	fy. pd.	104-107	104-107
British Power & Light 6% Cum. Pref. £1	£1	£1	22/5-22/9	23/3-23/9
Burnley 4½% Stk. 1922-27	100½	55½	8½-8½ pm	7½-7½ pm
Central Electricity Board 4½% Deb.	96	21	7½-8 pm	6½-7½ pm
1927-32	38/6	10/6	7/3-7/9 pm	7/3-7/9 pm
County of London Electric New Ord.	95	35	7-8 pm	7-8 pm
Cyprus 4% Ins. Stk. 1925-26	21/-	fy. pd.	23/9-24/9	23/9-24/3
Edmondson's Electricity 6% Pref.	96	fy. pd.	103-104	102½-103½
Metal Box 5½% Debs.	21/-	fy. pd.	22/9-23/9	22/6-23/6
Do. 7% Cum. Pref. £1	23/-	fy. pd.	26/9-27/3	26/-27/-
Scottish Power 6% Cum. Pref. £1	101	fy. pd.	108½-109½	108½-109½
South Shields 4½% Stk. 1922-27	par.	fy. pd.	2/4½-2/7½	2/4½-2/7½
South Shields Greyhound Stadium Ord.	98	fy. pd.	105-107	105½-107½
Tanganyika 4% Stk. 1922-27				

(Continued from page 279.)

BERLIN.

Business was brisk in the early sessions, the general opinion being that the election results were as satisfactory as could have been expected. Interest gradually fell away, however, and prices weakened all round, though some mining shares were firm on Tuesday, and Siemens were active. Fixed-interest stock had a declining tendency. The market again hardened on Thursday.

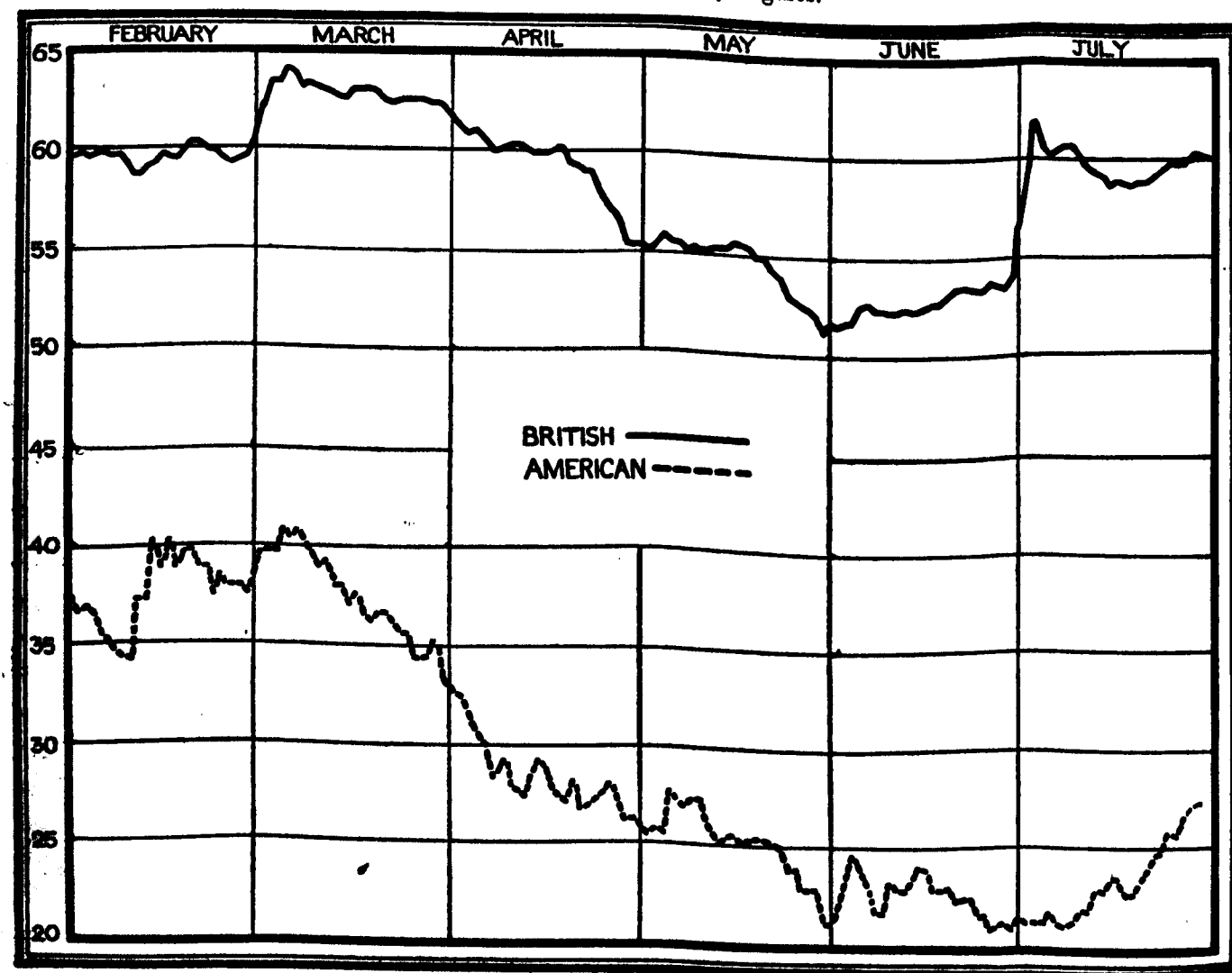
	July 28, 1932.	Aug. 1, 1932.	Aug. 4, 1932.		July 28, 1932.	Aug. 1, 1932.	Aug. 4, 1932.
Reichsbank	124½	126½	126	A. R. G.	27½	28½	28½
Disconto	75	75	75	Siemens & Halske	120½	124½	122½
Dresdner (New)	...	...	61½	A. K. U.	34	37	39
Norddeutscher	...	...	...	Hamburg-Amer	...	...	...
Lloyd	13	14½	11½	("Hapag")	11½	12½	13

AMSTERDAM.

Buoyant conditions prevailed at the outset, marked by all-round buying of the leading shares. Royal Dutch, Unilever, Philip's Lamps and A.K.U. all rose substan-

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, February 1932 to July 1932. (1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



tially. Rubber shares were strong, and tin, tobacco and shipping shares firm. The tone in mid-week was, for time, less satisfactory. Conditions again became active however, in sympathy with London, Paris and New York before the week-end.

	July 28, 1932.	Aug. 1, 1932.	Aug. 4, 1932.		July 28, 1932.	Aug. 1, 1932.	Aug. 4, 1932.
2½% Dutch Loan	66½	67½	66½	Steel Common ...	28½	30½	33
5½% German	43½	47½	45½	A. K. U.	27½	30½	33
Unilever N.V.	106½	108½	109	Fort Motor	99	99	102
Philip's Lamps	92½	98½	108½	Dell Bateria	130	130	133
Netherlands Ship	...	...	...	Royal Dutch	135	141	148
Union	51½	54	59½	Handels Am.	177	184	190
Java Cultour	133	138½	134				

OTHER CENTRES.

Irregular, but slightly more active, conditions prevailed on most of the minor European bourses. Frankfurt, like Berlin, opened with considerable strength, but lost ground subsequently. Brussels had a firm appearance copper shares being in special request, but all gains were not held. Milan became easier after initial strength and Stockholm turned dull after opening erratic.

INVESTMENT NOTES.

Course of Equity Share Values.—Our monthly share chart shows that, after a minor recovery in June, the prices of British equity shares rose within a few days of the announcement of the Government's War Loan conversion plans to the highest point touched since the beginning of April. The reasons were simple and unconvincing, the movement representing little more than a "boiling over" of the activity of the market for fixed-interest stocks, at a time when dealers and investors were

endeavouring to re-orientate their ideas to new and unlooked for conditions. Industrial news, however, was unfavourable, or at best neutral, and prices slowly sagged, after an over-steep rise, until the latter part of July, when a gradual but perceptible upward trend was renewed. The movement, probably, had its origin not in this country but in America where, after an uncomfortable period of "bumping along the bottom," equity shares became firmer than for some months past. The rise in New York may be deemed partly a reaction to firmer commodity prices, and partly the result of psychological and technical factors in a market where some recovery was overdue. It remains to be seen whether the American movement will continue, even over the next week or two, without interruption—both presidential candidates, naturally, would welcome a "good market" for their campaign—and, concurrently, whether British shares will do more than hold their present position in the quiet days of the holiday month, with a less active gilt-edged market.

Home Railway Uncertainties.—The Great Western and London and Northern Eastern statements complete the railways' dismal story for the first half of 1932, which is epitomised below:—

	Gross Receipts, Jan.-June, 1932.		Expenses, Compared 1931. (Approx.)	Net receipts compared 1931. (Approx.)	Int. Divs. paid, 1932.	
	Compared 1929.	Compared 1931.*			Stock.	% (Actual)
L.M.S.R.	-6,556	-2,309	-1,200†	-1,000	4% 1st Pref. } 5% red. pref. }	{ 1½ 2 2½
L.N.E.R.	-5,660	-2,188	-1,496	-924	4% 2nd guar.	
G.W.R.	-3,018	-1,175	-900†	-275	Ord.	
S.R.	-1,382	-916	-500	-500	All pref.	

* These figures relate to railway receipts only, for 26 weeks to July 3rd. According to railways' statements, the figures for the calendar half-year, after bringing in receipts from ancillary services, show the following declines as compared with 1931: L.M.S.R., £2,200,000; L.N.E.R., £2,420,000; G.W.R., £1,163,000; S.R., £990,000 approx. † Of which £420,000 due to reduced wages and salaries.

† Of which about £180,000 represents wage saving during the first three months under National Board Award.

The railways continue to make gratifying reductions in expenditure, but, except on the Great Western, whose savings have been on a larger scale than those of any other line, these economies have not, on the average, offset much more than half the decline in gross takings. Only the Great Western is paying a dividend (not fully earned) on its equity stock. The London and North Eastern has earned nothing on any of its preference stocks, and the half-year's dividend on its second guaranteed preference has involved a transfer from reserves. The Southern may eventually be able to retain "Chancery" status for its prior stocks by drawing on reserves for a nominal preferred ordinary dividend at the year-end; but the London Midland and Scottish, failing a sharp rebuttal in trade, appears doomed to join the London and North Eastern in the wilderness. That the showing for the second half of the year will be as good as for the first half is doubtful, for two reasons. First, the expenditure savings for the six months included certain non-recurrent items, since the National Wages Board Award did not come into force until the end of March, 1931. Secondly, receipts on all lines have been running in recent weeks appreciably below the average for the last six months:—

WEEKLY AVERAGE GROSS RAILWAY RECEIPTS, 1932, COMPARED 1931.

	Jan.-June.		Jan.-March.		April-June.		July 4-31.	
	£	£	£	£	£	£	£	£
L.M.S.R.	-89	-82	-75	-95	-116			
L.N.E.R.	-84	-75	-94	-104				
G.W.R.	-45	-34	-56	-53				
S.R.	-35	-25	-45	-59				

The comparison is partially affected by seasonal factors, passenger receipts, for example, being normally heaviest during the summer months. If, as is generally understood, the forthcoming recommendations of the committee on the relations of road and rail transport are unlikely to lead to really decisive changes, from the railways'

point of view, the prospects of junior railway stockholders must needs be bound up with developments such as the L.M.S. and L.N.E.R. "pooling" schemes and, above all, with a revival in general trade. In the meantime, railways in other countries are in an even worse plight; many of the strongest American companies showing declines of 30 to 60 per cent. in net earnings this year, while others are operating at a loss. The achievement of grouping, indeed, under the Railways' Act, 1921, has been of inestimable value to the British systems under conditions of unprecedented depression. In its absence, some of the weaker pre-war lines might by this time have been in receivers' hands.

Sugar Beet Company Results.—The reports for 1930-31 of the Anglo-Dutch group of sugar-beet manufacturing companies and of the Lincolnshire Sugar Company show that in three cases dividend payments have been reduced to a figure more suitable to a heavily subsidised industry, while in the other two cases no distribution has been made. Smaller net profits are returned by three of the companies, while the other two have recorded a net loss:—

Name of Company	Net Profit, 1930.	Ordinary		Net Profit, 1931.	Ordinary	
		Earned	Paid.		Earned	Paid.
Ely Beet Sugar Factory	£ 61,241	13.6	12½*	£ 14,422	3.2	6*
English Beet Sugar Corp.	124,090	24.8	20*	16,851	3.4	10*
Ipswich Beet Sugar Factory	62,047	15.5	12½*	Dr. 2,242	Nil	5*
King's Lynn Beet Sugar	45,487	10.1	10*	Dr. 16,483	Nil	Nil
Lincolnshire Sugar Co.	21,293	Nil	Nil	11,592	Nil	Nil

* Tax free.

It would be a mistake to judge the prosperity of the industry by the latest figures, since by agreement the entire net proceeds of the sale of sugar pulp and molasses produced by the Anglo-Dutch factories, after deducting the usual charges, were devoted to the payment for the beets delivered, nothing whatever being reserved for dividends,

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reserves or depreciation. Actually, the net proceeds of manufacture paid over to the growers amounted to £346,538 in the case of Ely Beet Sugar, £370,743 in the case of English Beet Sugar, and £140,781 and £138,106 respectively in the case of the factories at Ipswich and King's Lynn. It remains to be seen if any modification of this arrangement can be introduced in order to ensure a steady return on the capital of the manufacturing companies without, as in the past, financing high dividends through the subsidy.

Arthur Guinness.—The trading profits of this famous Dublin brewery company for 1931-2 show a fall of 35 per cent., in comparison with the previous year, at £1,505,822. Income from investments, on the other hand, has risen from £226,090 to £246,129. After deduction of the usual charges, net profit amounts to £1,605,980, compared with £2,380,356 last year. In view of the downward trend of all brewery earnings, and the uncertainties surrounding present and future Anglo-Irish relations, the directors' decision to pay an ordinary dividend (including bonus) of 29 per cent., of which some 2 per cent. is not covered by earnings, may be regarded as an indication of confidence.

	Year to June 30,		
	1930.	1931.	1932.
Profit	£ 2,447,826	£ 2,317,483	£ 1,505,822
Other receipts	252,055	241,908	278,224
Maintenance	125,767	126,510	125,299
Depreciation	35,000	35,000	35,000
Other expenses	12,034	12,525	12,767
Directors' fees	5,000	5,000	5,000
Net profit	2,522,080	2,380,356	1,605,980
Brought forward	642,356	807,436	960,417
Preference dividend	94,500	93,000	89,906
No. of times covered	26.7	25.6	17.8
Ordinary dividend:—			
Amount	2,062,500	2,034,375	1,629,844
Earned %	41.2	39.4	27.0
Paid %	35	35	29
Reserve	200,000	100,000	...
Carried forward	807,436	960,417	846,647

No addition is made to reserve account this year and the carry-forward is reduced by £118,770. The balance sheet position remains impregnable strong, however, investments at £4,959,705 being valued below market price (before the July rise in gilt-edged values), while cash totals £1,341,769. The reserve fund stands at £2½ millions. At 75s. per £1 unit the ordinary stock yields £8 2s. per cent., less tax. A few weeks ago the units touched 62s.

Watney, Combe, Reid.—The decline in trading profit is less than that of Arthur Guinness, being a little over 14 per cent. Net profit is reduced by 23 per cent. Earnings, nevertheless, are sufficient more than to cover a repetition of the previous year's 19 per cent. deferred dividend. The directors, however, by contrast with the board of Arthur Guinness, have chosen, conservatively, to maintain a considerable margin between earnings and dividends, and the deferred stock receives only 15 per cent., against 19 per cent.

	Year to June 30.		
	1930.	1931.	1932.
Trading profit	£ 2,373,476	£ 2,241,068	£ 1,918,043
Other income	590,870	575,473	600,641
Expenditure	1,305,369	1,299,257	1,284,555
Interest	313,046	309,880	306,154
Net profit	1,345,931	1,207,404	927,975
Brought forward	291,161	353,366	343,879
Preference dividends	211,663	211,663	211,663
No. of times covered	6.8	6.1	4.6
Deferred dividend:—			
Amount	668,936	605,228	477,811
Earned %	38.5	34.0	24.4
Paid %	21	19	15
Expenses written off	3,127	...	...
Reserve	400,000	400,000	300,000
Carried forward	353,366	343,879	282,380

Some £250,000 from property improvement and contingency reserve has been appropriated for improvement, leaving the reserve of £673,455. General reserve totals £1,000,000, and reserve against subsidiaries £1,002,144. The balance-sheet position remains liquid. The deferred stock is quoted at £2 1s. 6d. per £1 unit, to yield about £7 12s. per cent.

Tootal, Broadhurst, Lee.—Thanks, mainly, to the non-recurrence of large writings-down of finished stocks, this pioneer of rationalised methods in the piece-goods trade made a satisfactory recovery in profits last year. Gross income rose nearly threefold, and net profit was more than doubled. The directors, presumably, are budgeting for the maintenance of this improvement, since they are paying out the whole of the year's earnings, after over-dividing in the previous year:—

	Year to June 30.		
	1930.	1931.	1932.
Profit	£ 100,426	£ 36,616	£ 95,089
Tax reserve	22,000	Nil	25,000
Interest	11,808	11,746	10,723
Net profit	66,618	24,870	59,366
Brought forward	41,298	42,783	19,231
Preference dividend	15,750	15,500	14,750
No. of times covered	4.2	1.6	4.0
Ordinary and Emp. div.—			
Amount	49,383	32,922	47,790
Earned %	7.7	1.4	7.0
Paid %	7½	5	7½
Carried forward	42,783	19,231	16,057

Stocks are slightly higher this year at £603,956. Liquid assets largely exceed current liabilities, cash and trustee securities alone amounting to £531,792. Reserve fund stands at £300,000.

A. W. Gamage.—The profit and loss account of this famous London store is less informative and only a little more encouraging than that for last year. A net profit was recorded of £5,870, against a net loss for the previous year of £9,304. Against this total there has to be set £15,145, being the debit balance from 1931, £1,930 to cover liabilities formerly omitted, £65,828 to meet a Gamage (West End) bad debt, £1,685 for special expenses, £10,963, being the loss on sale of the company's Gough Street property, and £22,757 to cover the difference on the revaluation of the fixed assets. After transfer of the whole of the general reserve, amounting to £25,626, there remains a debit balance of £86,514 to go forward.

	Year to January 31st.		
	1930.	1931.	1932.
Trading profit	£ 262,330	£ 206,480	£ 25,826
Other income	17,977	18,104	...
Expenses	238,840	216,459	5,059
Taxes	...	...	3,281
Other charges	5,400	7,301	844
Depreciation	...	...	5,948
Directors' fees	5,557	5,628	524
Debit interest	4,500	4,500	4,500
Net profit	26,010	Dr. 9,304	5,670
Brought forward	11,148	3,783	Dr. 15,145
Preference dividend	9,625	9,625	Nil
Ordinary dividend:—			
Amount	23,750	Nil	Nil
Earned %	3.4	Nil	Nil
Paid %	5	Nil	Nil
General reserve	Nil	Dr. 37,374	Dr. 25,626
Carried forward	3,783	Dr. 15,145	Dr. 86,514†

† See text.

Accompanying the accounts is a report from the shareholders' committee of five appointed in June last to investigate the position of the company. The report states that a substantial increase in sales took place during the year, and a number of re-arrangements and economies were brought into operation, the full effect of which should be felt in the current year. The directors have written off all known losses apart from the liability in connection with Gamage (West End) which is still expected to take some time to resolve itself. The report emphasises that

when this liability is settled, it will be necessary to write down the share capital of the company, and probably also to arrange for additional cash capital to be introduced. The committee is seeking its discharge, leaving its chairman, Mr J. T. Greenwood, to consult with the board, of which he is a member, on all further matters.

Anglo-Argentine Tramways.—Stockholders will find scant cheer in the latest accounts. Economic depression and omnibus competition have combined further to reduce traffic receipts by 11.3 per cent. Interest and sinking fund have been met on the three classes of debenture stock, but no distribution has been made to preference shareholders, whose dividend is already six months in arrear on account of 1930:—

	Year to December 31.		
	1929.	1930.	1931.
Traffic receipts	£ 4,602,117	£ 4,324,836	£ 3,840,368
Net receipts	962,751	640,737	210,024
Debit interest	501,724	496,576	491,645
Sinking funds	96,479	102,042	96,889
Net profit	364,548	42,119	Dr. 378,510
Brought forward	85,928	91,476	7,287
1st preference dividend ...	176,000	88,000*	Nil
2nd preference dividend ...	183,000	91,500*	Nil
Ordinary dividend	Nil	Nil	Nil
Carried forward	91,476	7,287†	Dr. 371,223

* Half-year.

† After crediting £53,192 non-recurring income.

After crediting £7,287 brought in, a debit balance of £371,233 goes forward. Further economies have been made during the year, but the board is not sanguine that these can be appreciably extended. Since the advent of the new Government, negotiations have been reopened on the subject of operating conditions, and a scheme is under discussion for the formation of a combine to take over the whole of the transportation business in the city, in which both the municipality and the present owners would be represented.

Property-Owning Companies and the Slump.—As economic depression has grown increasingly severe, investors have tended more and more to regard real property as a species of financial haven, despite the large number of offices and flats which have been left vacant by the receding economic tide. The table which we print below, showing comparative results of sixteen property companies, tends in the main to bear out that view. Aggregate net profits have fallen in twelve months by less than 10 per cent., from £1,460,292 to £1,323,749:—

Name of Company.	Net Profit, 1930.	Ord. Div.	Net Profit, 1931.	Ord. Div.	Present Price.	Yield per cent.
Artizans', Labourers', &c., Stk.	£ 163,045	6	£ 159,819	6	107½	5 11 7
Assoc. London Properties (£1)	43,563	5	9,704	5	5/-	Nil
City of Lond. Real Prop. (£1)	429,030	5½	371,197	5	15/6	6 9 0
Consol. London Properties (£1)	61,675	8	54,307	8	25/-	6 8 0
Covent Garden Property (10/-)	124,927	7½	119,036	7½	11/3	6 13 3
House Property & Invest. Stk.	32,781	10	31,136	10	92½	10 16 3
Improved Ind. Dwellings Stk.	84,366	6*	81,723	6*	135	4 9 0*
Law Land Company (£1)	79,224	10	78,614	9	2	4 10 0
Lennard's Real Property	30,044	7½	29,733	7½	...	7 2 3
London County Freehold (£1)	188,511	11	183,218	11*	1½	7 2 3
Metropolitan Industrial (£5)	20,913	6*	18,947	6*	58	5 17 0
Metropolitan Industrial (£5)	20,913	6*	20,432	6*	...	7 0 0
Rockville Estates (£1)	21,058	6½	4,088	6½	...	...
Selected Land and Property	6,204	Nil	65,929	10	1½	5 10 3
Slough Estates (£1)	71,269	10	138,703	24	2½	9 2 0
Town Investments (£1)	48,027	20	57,103	4½	...	...
Warner Estate	55,655	4½	...	...	...	...

* Tax free.

† Deferred.

The decline has been general, fourteen companies out of the group showing reduced earnings. Warner Estate registers a small improvement, and the profit for 1931 of Town Investments must be regarded as exceptional. Only one company failed to pay an ordinary dividend for 1930, and only one (a different company) in 1931. Three companies reduced their dividend last year, and two increased it.

New Company Registrations.—The statistical analysis of new company registrations during the half-year ended June 30, 1932, compiled by Jordan and Sons, Limited, of Chancery Lane, has a less discouraging appearance than might have been anticipated. The number of public companies registered was 108, with a capital of £5,254,458, compared with 135, having a capital of £6,380,672, in the corresponding period of 1931. Some 4,985 private companies were registered with a capital of £28,803,098, against 4,202 companies with a capital of £21,348,880. There was a marked increase in private company registrations during March and April, while public companies also displayed a certain liveliness, though in neither case was the promise of greater activity maintained. Only four companies were formed with capital exceeding £1,000,000, and three of these, Robert Fleming and Company, Philip Hill and Partners, and I.C.I. (Explosives), were private companies. The only "millionaire" public company was the British Tin Investment Corporation, with a capital of £1,250,000. A number of concerns which were incorporated with very small nominal capitals increased their capital during the half-year. Unlimited liability continued to enjoy a certain popularity for the purpose of property owning.

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

	(000's omitted.)			Total.
Monthly Average.	United Kingdom.	British Possessions.	Foreign Countries.	£
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
1931	4,542	3,209	761	8,512
Monthly Total.	Govt.	Other.		
February, 1931	2,450	4,368	13,705	50
February, 1932	Dr. 600	7,660	2,470	Nil
March, 1931	1,750	10,341	1,513	5,490
March, 1932	Dr. 3,250	9,508	380	Nil
April, 1931	800	714	5,226	304
April, 1932	Dr. 900	5,609	8,441	Nil
May, 1931	1,450	381	10,045	11
May, 1932	107,689	7,847	1,918	Nil
June, 1931	1,100	12,107	4,983	2,850
June, 1932	1,400	12,291	2,077	Nil
July, 1931	1,600	2,265	2,856	Nil
July, 1932	Dr. 1,700	407	60	27

The new capital market was virtually suspended in July, during the crucial first phase of the War Loan Con-

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32)
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

Both Departments.	Amount, August 3, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
	£	£	£
Note circulation.....	374,727,992	+ 5,442,355	+ 9,476,426
Public deposits.....	11,491,339	+ 248,394	+ 53,327
Bankers' deposits.....	84,951,648	- 3,234,228	+ 21,514,965
Other deposits.....	36,300,170	+ 1,738,963	+ 3,124,813
Seven-day bills.....	3,499	+ 650	+ 2,084
Total, outside liabilities.....	507,474,848	+ 4,196,134	+ 34,171,615
Capital and rest.....	18,135,388	+ 19,257	- 1,792
Government debt and securities.....	325,207,370	+ 4,042,778	+ 7,566,343
Discounts and advances.....	14,314,101	- 966,013	+ 5,295,246
Other securities.....	42,862,918	+ 296,331	+ 17,002,597
Silver coin in issue department.....	3,826,173	+ 19,079	- 266,282
Gold and bullion (bank's reserve).....	139,399,674	+ 823,216	+ 4,571,919
Reserve of notes and coin in banking department.....	39,671,682	- 4,619,139	- 4,904,507
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	29½ %	- 3½ %	- 11½ %
(b) Gold stocks to deposits and notes ("reserve ratio") ..	27½ %	- ½ %	- ¾ %

(000's omitted.)

Date.	Issue Department.		Banking Department.				Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.			
1932.								
June 29	411,143	363,083	17,982	86,565	34,736	403 in	2	
July 6	411,144	366,879	20,947	80,923	34,241	1 in	2	
13	411,396	366,271	17,048	82,759	33,567	251 in	2	
20	411,584	365,579	15,379	80,024	33,772	183 in	2	
27	412,726	369,286	11,243	88,186	34,551	1,142 in	2	
Aug. 3	413,563	374,728	11,491	84,952	36,300	838 in	2	

(000's omitted.)

Date.	Issue Department.		Banking Department.				Gold in or out of Bank.	Bank Rate.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.		
1932.								
June 29	220,547	50,639	136,954	27	67,170	14,889	48,870	35
July 6	220,542	18,645	136,965	27	67,627	14,991	45,286	35
13	252,387	18,801	137,205	27	65,786	14,771	24,948	34
20	252,275	18,909	137,422	27	66,231	14,307	26,008	34
27	252,394	18,799	138,572	27	68,771	15,280	23,768	34
Aug. 3	249,228	21,946	139,400	27	75,979	14,314	20,917	29

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to July 20	15,489,500	912,189	1,512,725	17,914,414
Week ended July 27	649,448	31,217	46,428	727,093
Week ended August 3	573,654	28,726	40,924	643,304
Total to date, 1932	16,712,602	972,132	1,600,077	19,284,811
Total to date, 1931	21,216,572	1,034,334	1,566,780	23,817,686
Increase or decrease in 1932	-4,503,770	-62,202	-56,703	-4,622,675
	-21.2%	-6.0%	-3.4%	-19.3%
Total for year 1931	31,815,308	1,667,852	2,752,209	36,235,369
Total for year 1930	38,782,577	1,412,146	2,963,631	43,158,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended July 30.		Month of July.		Inc. or Dec.	Aggregate Totals, January 1 to July 30.	
	1931.	1932.	1931.	1932.		1931.	1932.
BIRMINGHAM	2,444	3,046	10,478	12,370	+ 18.0	68,257	68,067
BRAZIL	928	1,040	3,107	3,804	+ 22.4	22,616	24,221
BRISTOL	1,134	1,254	5,436	5,716	+ 5.1	34,024	34,310
DUBLIN	3,850	5,103	...	...	...	151,541	162,682
LIVERPOOL	618	665	3,230	3,105	- 3.8	22,127	21,986
LONDON	1,113	881	4,379	4,318	- 1.3	26,582	26,144
MANCHESTER	620	661	2,779	2,926	+ 5.2	19,368	20,071
NEWCASTLE	5,725	7,158	27,279	29,723	+ 8.9	168,840	172,406
NOTTINGHAM	8,721	9,955	40,674	44,221	+ 8.7	278,663	289,399
Sheffield	1,281	1,208	5,750	5,618	- 2.2	39,299	37,621
Sheffield	432	431	2,003	1,982	- 1.0	13,669	13,584
Sheffield	692	703	3,299	3,417	+ 3.5	23,191	22,250
Total	27,578	31,953	108,414	117,200	+ 8.1	868,177	892,741

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Bank of Egypt appeared in the *Economist* for July 2; Bank for International Settlements, Bank of Denmark, and Japan in July 8; Danzig and Roumania, in July 23; Lithuania, Poland, Bulgaria, Norway and Canadian Banks in July 30.

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

	Aug. 6, 1931.	July 14, 1932.	July 21, 1932.	July 28, 1932.	Aug. 4, 1932.
RESOURCES.					
Total gold reserve	3,429,040	2,588,100	2,608,860	2,621,140	2,643,850
Total bills discounted	188,570	515,570	537,560	525,380	487,180
Bills bought in open market	66,070	61,620	51,900	39,700	40,690
Total U.S. Govt. securities	680,630	1,821,130	1,836,170	1,841,190	1,846,130
Total bills and securities	941,580	2,404,260	2,431,430	2,412,230	2,380,400
Total resources	5,150,670	5,768,790	5,793,310	5,768,580	5,746,400
LIABILITIES.					
Federal Reserve notes in actual circulation	1,772,670	2,835,750	2,861,990	2,834,160	2,857,800
Deposits—Member bank—re-serve account	2,339,130	2,014,600	2,035,520	2,072,160	2,012,130
Total deposits	2,610,450	2,115,850	2,135,430	2,165,350	2,115,330
Capital paid in and surplus	441,480	414,180	413,530	413,520	413,520
Total liabilities	5,150,670	5,768,790	5,793,310	5,768,580	5,746,400
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	83.9%	56.3%	56.2%	56.5%	57.2%

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

	Aug. 6, 1931.	July 14, 1932.	July 21, 1932.	July 28, 1932.	Aug. 4, 1932.
RESOURCES.					
Total gold reserves	1,149,240	736,420	761,070	789,270	744,170
Total bills discounted	36,130	103,050	102,540	103,650	98,630
Bills bought in open market	25,970	103,650	102,540	103,650	103,650
Total U.S. Govt. securities	169,530	698,780	702,480	704,990	706,290
Total bills and securities	234,150	829,830	828,410	826,550	826,550
Deposits—Member bank—re-serve account	979,960	902,730	921,180	949,620	892,060
Ratio of total res. to dep. and Federal Res. note liabilities combined	88.3%	51.1%	51.9%	52.9%	51.5%

FEDERAL RESERVE MEMBER BANKS.

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

	July 22, 1931.	June 22, 1932.	June 29, 1932.	July 6, 1932.	July 13, 1932.	July 20, 1932.
Loans	14,527	11,297	11,263	11,116	11,149	11,028
Investments	7,757	7,522	7,491	7,416	7,329	7,305
Time deposits	13,492	10,925	10,925	10,799	10,879	10,735
Due from banks	7,121	5,568	5,542	5,542	5,525	5,537
Due to banks	1,606	1,225	1,167	1,175	1,190	1,166
Federal reserve bor-rows	3,438	2,660	2,581	2,636	2,632	2,601
Rowings	60	189	167	197	207	229

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

	July 10, 1931.	June 10, 1932.	June 17, 1932.	June 24, 1932.	July 1, 1932.	July 8, 1932.
ASSETS.						
Gold coin and bullion	6,636	7,294	7,650	7,851	7,779	7,742
Subsidiary coin	344	494	501	506	499	505
Bills discounted: Domestic and Union Gov. Treas.	319	798	797	797	1,543	1,532
Bills discounted: Foreign	6,632	34	22	15	12	9
Investments	1,969	1,606	1,488	1,441	1,601	1,594
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	802	9	9	9	9	9
Notes in circulation	7,210	6,973	6,558	6,541	8,146	7,205
Government deposits	2,300	1,034	1,511	1,432	1,298	1,143
Bankers' deposits	5,023	4,108	4,298	4,314	4,380	4,371
Ratio of cash reserve to liabilities to public	44.9%	60.1%	65.0%	65.2%	58.4%	61.7%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Low, namely, £792,916, has been written off Reserve.

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

	July 10, 1931.	June 10, 1932.	June 17, 1932.	June 24, 1932.	July 1, 1932.	July 8, 1932.
ASSETS.						
Total securities	31,713	29,074	29,653	29,710	29,482	28,844
Loans	9,781	8,248	8,104	8,194	8,350	8,331
Cash credits	29,585	25,163	26,006	26,159	26,628	25,582
Indian bills	3,599	2,784	2,804	2,497	1,807	1,773
Foreign bills	40,21	24,24	25,58	18,20	14,76	13,73
Dead stock	2,725	2,703	2,692	2,685	2,643	2,647
Bal. with other banks	29,04	46,18	23,42	17,10	57,80	44,72
Cash	16,557	13,874	16,139	19,263	21,671	21,184
LIABILITIES.						
Capital paid up	5,625	5,625	5,625	5,625	5,625	5,625
Reserve	5,400	5,000	5,000	5,000	5,000	5,000
Total deposits	82,642	70,814	73,695	76,721	79,927	77,462
The above include—						
Deposits in London	1,003	1,000	997	983	1,085	1,105
Advances in London	917	809	1,106	1,105	1,007	1,009
Cash, etc., at other Banks in London	219	350	178	131	437	338

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

	July 31, 1931.	July 8, 1932.	July 15, 1932.	July 22, 1932.	July 29, 1932.
ASSETS.					
Gold	58,407,489	82,471,684	82,407,813	82,310,024	82,167,515
Foreign assets—					
Sight deposits	11,217,826	4,524,620	4,458,052	4,472,858	3,384,489
Bills, etc.	15,024,224	1,780,011	1,843,583	1,843,097	2,097,323
Home bills	4,564,083	3,142,656	2,830,471	3,179,664	3,904,828
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,659,780	2,790,653	2,794,447	2,753,322	2,747,067
Negotiable Bonds, Sinking Fund Dep.	5,064,818	6,625,696	6,625,696	6,625,695	6,620,893
Other assets (exclud- ing forward exch.)	5,677,572	5,855,507	5,861,200	5,361,210	5,794,056
LIABILITIES.					
Notes in circulation	79,861,538	81,931,993	81,546,995	80,801,912	81,117,772
Public deposits	9,303,103	3,320,809	3,458,421	4,162,029	5,740,311
Private deposits	14,327,980	22,548,825	22,712,074	22,966,194	21,707,194
Other liabilities	2,603,250	2,389,501	2,303,880	2,319,365	2,350,896

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

	July 31, 1931.	July 15, 1932.	July 22, 1932.	July 30, 1932.
ASSETS.				
Gold	1,363,298	784,109	754,137	768,218
Of which deposited abroad	99,553	47,069	69,124	69,728
Reserve in foreign currencies	246,322	137,549	137,786	127,870
Bills of exchange and cheques	3,521,605	2,986,854	2,927,239	3,155,143
Silver and other coin	45,034	252,653	295,416	180,040
Notes of other German banks	3,757	8,698	11,274	2,430
Advances	347,044	145,706	101,964	224,032
Investments	102,874	365,220	365,217	365,218
Other assets	908,794	764,561	758,647	792,661
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserve	337,331	417,426	417,426	417,426
Notes in circulation	4,453,732	3,796,300	3,721,932	3,966,868
Other daily maturing obligations	833,788	338,621	358,775	379,591
Other liabilities	763,877	712,993	703,549	699,725
Govt. note circulation	36.1%	23.5%	24.0%	22.5%

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

	Position, May 28, 1914.	July 30, 1931.	July 7, 1932.	July 14, 1932.	July 19, 1932.	July 28, 1932.
ASSETS.						
Gold		(b) 1,538,118	2,565,976	2,598,560	2,599,403	2,628,237
Foreign bills and balances abroad	} 232,650	874,366	***	***	***	58,398
Silver and other coin		21,399	(a)	(a)	814,687	762,991
Securities		697,600	831,150	856,347	858,326	
LIABILITIES.						
Notes in circulation	934,150	3,358,158	3,695,901	3,699,520	3,695,140	3,698,101
Current accounts	112,125	171,452	141,194	168,279	121,616	140,972

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

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	June 30, 1931.	June 3, 1932.	June 10, 1932.	June 17, 1932.	June 24, 1932.
Gold at home	63,246	68,972	68,877	68,945	69,040
Gold abroad	179,049	90,432	90,243	89,236	89,961
Discounts and advances	119,963	20,750	27,792	27,875	26,093
LIABILITIES.					
Notes of the bank in circulation	272,366	364,267	450,446	453,345	453,406
Deposits	34,446	136,599	88,104	92,237	95,092
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	July 28, 1932.	July 29, 1932.	July 30, 1932.	Aug. 1, 1932.	Aug. 2, 1932.	Aug. 3, 1932.	Aug. 4, 1932.
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1	1	1	1	1	1	1
Deposit allowances: Bank							
Discount houses at call	1	1	1	1	1	1	1
At notice	1	1	1	1	1	1	1

Comparison with previous week—

		Bank Bills.			Trade Bills.		
Short Loans.							
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
July 14	1	1	1 1/2	1 1/2	2-2 1/2	2 1/2-2 1/2	2 1/2-3
" 21	1	1	1	1 1/2	2	2 1/2	3
" 28	2	1	1	1 1/2	2	2 1/2	3
Aug. 4	1	1	1	1 1/2	2	2 1/2	3

RATES OF EXCHANGE.

London on	Usance.	Par.	Aug. 6, 1932.	July 28, 1932.	Aug. 4, 1932.
New York	dollars to £1	Cable	4-85½	4-85½	4-85½
Montreal	dollars to £1	Cable	124-21	123-87	123-87
Paris	marks to £1	T.T.	20-43	20-43	20-43
Berlin	marks to £1	T.T.	12-107	12-04	12-04
Amsterdam	florins to £1	T.T.	35-00	34-81	34-81
Brussels	belgs to £1	T.T.	25-24	24-81	24-81
Milan	lire to £1	T.T.	18-159	18-164	18-164
Zurich	francs to £1	T.T.	18-159	18-164	18-164
Oporto	escudos to £1	T.T.	205-224	205-224	205-224
Stockholm	kronor to £1	T.T.	18-159	18-164	18-164
Copenhagen	kronor to £1	T.T.	18-159	18-164	18-164
Madrid	pesetas to £1	T.T.	168-1	168-1	168-1
Vienna	schillings to £1	T.T.	110-1	110-1	110-1
Prague	crowns to £1	T.T.	34-58	34-58	34-58
Belgrade	dynars to £1	T.T.	276-316	276-316	276-316
Bucharest	lei to £1	T.T.	27-82	27-90	27-90
Sofia	leva to £1	T.T.	813-6	816-818	816-818
Athens	drachmas to £1	T.T.	673-659	665-675	665-675
Constantinople	piastres to £1	T.T.	375	374½	374½
Moscow	roubles to £1	T.T.	110	110	110
Warsaw	zlotys to £1	T.T.	43-38	43-1	43-1
Hankow	taels to £1	T.T.	193-23	192-153	192-153
Kobe	yen to £1	T.T.	48-66	48-49	48-49
Yokohama	yen to £1	T.T.	18-159	18-19-24	18-19-24
Riga	latas to £1	T.T.	25-224	25-10-40	25-10-40
Alexandria	piastres to £1	T.T.	97-4	97-4	97-4
Buenos Aires	pesos to £1	T.T.	5-899	5-899	5-899
Rio de Janeiro	pesos to £1	T.T.	51	19-20-4	19-20-4
Montevideo	pesos to £1	T.T.	40	40-05	40-05
Valparaiso	pesos to £1	T.T.	17-3	17-07	17-07
Lima	soles to £1	T.T.	18	1/8-1/8	1/8-1/8
Calcutta	rupees to £1	T.T.	1/8	1/8-1/8	1/8-1/8
Bombay	rupees to £1	T.T.	1/8	1/8-1/8	1/8-1/8
Madras	rupees to £1	T.T.	1/8	1/8-1/8	1/8-1/8
Hong Kong	ster. to dollar	T.T.	11½-10-4	1/3-1/4	1/3-1/4
Shanghai	ster. to dollar	T.T.	1/2-1/3-1/4	1/8-1/8	1/8-1/8
Singapore	ster. to dollar	T.T.	2-4d.	2/3-2/3	2/3-2/3
London	ster. to yen	T.T.	24-582d.	2/4-1/4	1/8-1/8
Manila	ster. to peso	T.T.	24-066d.	2/4-1/4	2/9-2/10
Mexico	pesos to £1	T.T.	9-76	nominal	12-20-12-70
San Francisco	ster. to baht	T.T.	21-82d.	1/9	1/9-1/10

OVERSEAS BANK RATES.

Changed	From To	Changed	From To
Albania	July 1, 1931	Madrid	July 8, 1931
Amsterdam	Apr. 18, 1932	Oporto	May 20, 1932
Athens	Feb. 20, 1932	Paris	Oct. 9, 1931
Batavia	Mar. 10, 1930	Prague	Apr. 11, 1932
Belgrade	July 20, 1931	Pretooria	Nov. 13, 1931
Berlin	Apr. 27, 1932	Reval	Jan. 28, 1932
Buenos Aires	Jan. 13, 1932	Riga	Oct. 1, 1930
Brussels	Mar. 3, 1932	Rome	May 2, 1932
Bucharest	July 1, 1932	Stockholm	May 16, 1932
Canton	May 30, 1932	Swiss Bank	June 3, 1932
Copenhagen	July 12, 1932	places	Jan. 22, 1931
Danish	Apr. 19, 1932	Tokyo	June 7, 1932
Hankow	May 4, 1932	Vienna	Mar. 17, 1932
Kobe	Apr. 4, 1932	Warsaw	Oct. 3, 1930
London	Apr. 4, 1932	Irish	June 30, 1932
New York	June 23, 1932		

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.
The Irving Trust Company cable the following money and exchange rates in New York:—

	Aug. 5, 1932.	July 15, 1932.	July 20, 1932.	July 27, 1932.	Aug. 3, 1932.
Call money	1½	1½	1½	1½	1½
Time money (90 days' mixed coll.)	1½	1½	1½	1½	1½
Bank acceptances:—					
Members—eligible, 90 days	1½	1½	1½	1½	1½
Non-mem.—eligible, 90 days	1½	1½	1½	1½	1½
Ineligible, 90 days	1½	1½	1½	1½	1½
Commercial accept., 90 days	2	2	2	2	2

Rates of Exchange, New York on—	Par Level.	Aug. 5, 1932.	July 20, 1932.	July 27, 1932.	Aug. 3, 1932.
London—					
60 days	Dollars for £1	4-8666	4-81	3-53	3-51
Cable		4-85	4-85	3-56	3-53
Cheques		4-85	4-85	3-56	3-53
Paris	Cents for 1 franc	3-918	3-92	3-91	3-91
Brussels	Cents for 1 franc	13-94	13-86	13-86	13-86
Amsterdam	Cents for 1 guilder	19-53	19-46	19-46	19-47
Stockholm	Cents for 1 krona	23-82	23-74	23-73	23-80
Oslo	Cents for 1 krona	23-82	23-74	23-73	23-80
Vienna	Cents for 1 schilling	14-07	14-05	14-05	14-09
Madrid	Cents for 1 peseta	19-30	19-25	19-25	19-25
Amsterdam	Cents for 1 guilder	40-195	40-26	40-26	40-25
Copenhagen	Cents for 1 krona	26-69	26-70	26-70	26-70
Stockholm	Cents for 1 krona	26-80	26-72	26-72	26-72
Oslo	Cents for 1 krona	26-80	26-72	26-72	26-72
Athens	Cents for 1 drachma	1-297	1-294	1-294	1-294
Montreal	Can. cents for \$1	100	99½	99½	99½
Yokohama	Cents for 1 yen	49-85	49-35	49-35	49-35
Hong Kong	Cents for 1 Hong Kong dollar	24-62	24-62	24-62	24-62
Shanghai	Cents for 1 Shanghai tael	36-50	36-50	36-50	36-50
Calcutta	Cents for 1 rupee	103-65	103-65	103-65	103-65
Buenos Aires	Cents for 1 milreis	11-96	6-55	6-55	6-55
Rio de Janeiro	Cents for 1 milreis	12-125	12-05	12-05	12-05
Valparaiso	Cents for 1 peso	12-125	12-05	12-05	12-05

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	1½% dis.	1½% dis.	1½% dis.	2½% dis.	3½% dis.
South Africa	1½% dis.	1½% dis.	1½% dis.	2½% dis.	3½% dis.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.
The Anglo-South American Bank, Limited, quotes the following rates of Exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Escudos to £	24-3325	Sight London	23-61½
Valparaiso	Pesos to £	25-2215	"	24-20
Colombia (Bogota)	Pesos to £	4-8665	"	4-98
Nicaragua	Colonos to £	9-73	"	8-94
Salvador	Colonos to £	13-33	"	13-33
Bolivia	Bolivianos to £	13-33	"	13-33

OVERSEAS DOMINION RATES.
COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	Buying.	Selling.	Buying.	Selling.
London on Australia and New Zealand				
Australia	125	125	125	125
New Zealand	125	125	125	125

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

INDIA COUNCIL REMITTANCES.
India: Remittances to the Home Treasury.—There were no remittances from the Government of India to the Secretary of State for India during the week ending July 30, 1932.—India Office, S.W. 1. August 3, 1932.BULLION.
The following statistics of imports and exports of gold for week ended August 4, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
France	Poland
Switzerland	Germany
Belgium	Netherlands
Italy	Belgium
U.S.A.	U.S.A.
Other countries	Other countries
Total declared value of imports	Total declared value of exports

GOLD MOVEMENTS.

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

	1932.	1931.	1930.
ARRIVALS.			
July 29	Nil	Nil	Nil
July 30	Nil	Nil	Nil
August 2	Nil	Nil	Nil
August 3	837,561	837,561	837,561
August 4	Nil	Nil	Nil
Total	837,561	837,561	837,561

Net arrivals, July 29, 1932, to August 4, 1932, inclusive, £837,561.
Messrs Samuel Montagu and Company write on August 3, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £137,725,916 on the 27th ultimo, as compared with £136,583,653 on the previous Wednesday. In the open market about £1,300,000 of bar gold has been sold for delivery this and next week. Some of the supplies were absorbed by the Continent, but the bulk has again been taken by an undisclosed buyer. Announcement is made to-day of the purchase by the Bank of England of £837,561 bar gold. Quotations during the week:—

	Per fine ounce.	of £ sterling.
July 28	116s. 7d.	14s. 6-9d.
" 29	117s. 8d.	14s. 5-3d.
" 30	117s. 5d.	14s. 5-6d.
Aug. 2	117s. 2d.	14s. 6-3d.
Aug. 3	117s. 2d.	14s. 6-0d.
Average	117s. 2-0d.	14s. 6-02d.

Shipments of gold from Bombay last week comprised £877,000 consigned to London and £25,000 consigned to Holland by the s.s. "Rajputana," £119,000 consigned to London by the s.s. "City of Eastbourne," and £70,000 consigned to New York by the s.s. "President Adams."

SILVER.

The influence of weaker sterling, together with stronger advices from America and the East, has led to the quotation of slightly higher prices during the past week. The peak was reached yesterday at 17½d. and 17½d. for cash and forward respectively, and today a fall of ½d. has been registered in each quotation. China has both bought and sold, whilst sales were effected on Continental account and some purchases have been a frequent feature. From America in the afternoons has been a frequent feature. The following were the United Kingdom imports and exports of silver registered from mid-day on the 25th ultimo to mid-day on the 30th ult.:—

	Imports.	Exports.
Soviet Union (Russia)	76,842	30,750
Belgium	20,682	8,500
Japan	7,603	6,130
France	15,000	7,000
Australia	8,568	4,846
Other countries	6,827	57,226

Quotations during the week:—

	IN LONDON.	IN NEW YORK.
Bar silver per oz. std.		
Cash	17½d.	17½d.
Two Months' delivery	17½d.	17½d.
July 28	17½d.	17½d.
" 29	17½d.	17½d.
" 30	17½d.	17½d.
Aug. 2	17½d.	17½d.
Aug. 3	17½d.	17½d.
Average	17-18½d.	17-250d.

The highest rate of exchange on New York recorded during the period from the 28th ultimo to the 3rd instant was \$3-53½, and the lowest \$3-49.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	July 30.	July 22.	July 15.
Notes in circulation	17,423	17,320	17,244
Silver coin and bullion in India	11,439	11,380	11,305
Gold coin and bullion in India	1,086	1,078	1,078
Securities (Indian Government)	4,898	4,862	4,861

The stocks in Shanghai on the 30th ultimo consisted of about 92,400,000 ounces in sycee, 240,000,000 ounces in sycee, bars, as compared with about 87,500,000 ounces in sycee, 242,500,000 ounces, and 3,900 silver bars on the 23rd ultimo.

	Bar Silver.	Bar Gold.
Statistics for the month of July last are appended:—		
Cash	17½d.	17½d.
Two Months' delivery	17½d.	17½d.
July 28	17½d.	17½d.
" 29	17½d.	17½d.
" 30	17½d.	17½d.
Aug. 2	17½d.	17½d.
Aug. 3	17½d.	17½d.
Average	16-930d.	1

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Guinness (Arthur), Son & Co.	June 30	960,417	1,605,980	2,566,397	90,000	1,629,750	29	...	846,647	2,380,356	35
Key's Atlas Brewery	June 30	38,203	12,896	51,099	2,920	9,375	10	...	38,804	15,974	10
Nuttall's Breweries	June 30	2,035	39,965	(m) 42,000	42,000	...	...	...	...	26,887	4
Watney, Combe, Reid & Co.	June 30	343,879	927,977	1,271,856	211,663	477,813	15	300,000	282,380	1,207,243	19
Canals and Docks.											
Humber Graving Dock ...	June 30	...	6,000	6,000	...	6,000	4	...	...	6,000	4
Financial Land, &c.											
Great Northern Telegraph Co.'s Holding Company...	June 30	640	86,060	86,700	...	86,029	19½	...	671	87,787	20
Gas.											
Malton Gas Co.	June 30*	4,729	2,332	7,061	...	1,440	6†	...	5,621	1,987	6½†
Iron, Coal and Steel.											
Bengal Iron Co.	Mar. 31	Dr. 30,775	Dr. 28,589	Dr. 59,364	...	...	...	53,521	Dr 112,885	Dr 68,538	...
Rubber, &c.											
Juru Estates, Ltd.	Mar. 31	4,119	Dr. 238	3,881	...	...	...	...	3,881	Dr. 243	...
Perak Rubber Plantations	Mar. 31	10,410	462	10,872	...	...	...	...	10,872	481	...
Textiles.											
Holden (Isaac) and Sons ...	June 30	8,711	24,556	33,267	8,020	10,195	6½	10,000	5,052	6,032	5
Tootal, Broadhurst, Lee Co.	June 30	19,231	84,366	103,597	14,750	47,790	7½	25,000	16,057	24,870	5
Trust.											
Compass Investment Trust	June 30	5,201	30,954	36,155	18,408	6,750	3	...	10,997	32,313	5
Eastern Internatl. Rubber and Produce Trust.....	June 30	28,957	2,529	31,486	...	...	...	29,883	1,603	3,108	...
Other Companies.											
Asprey and Co.	Mar. 31	12,436	11,513	23,949	11,500	4,000	4	...	8,449	21,745	10†
Benn Brothers	June 30	15,612	44,311	59,923	4,805	{ 21,320 2,250	{ 15 (a) 300 (b) }	13,500	18,048	49,394	{ 20a 400b }
Dublin (South) City Market	June 30*	7,104	3,937	11,041	...	4,000	4	500	6,541	4,570	4
Fowler (D. and J.), Ltd. ...	Mar. 31	19,215	17,580	36,795	8,250	9,233	4	...	19,312	10,927	5
Goulding (W. and H. M.) ...	June 30	4,425	30,396	34,821	6,875	18,900	6	6,000	3,046	27,740	6
Jones' Sewing Machine	May 31	5,550	4,506	10,056	2,876	5,400	8†	...	1,780	11,117	8
Mason (Frank) and Co.	Mar. 31	6,906	24,452	31,358	15,679	11,250	5	...	4,429	36,393	7½
North Central Wagon Co....	June 30	7,644	40,445	48,089	9,589	16,875	15	13,000	8,625	40,231	15

* For half-year. † Free of income tax. (a) Ordinary. (b) Deferred. (m) Includes £12,122 received from Messrs. Matthew Brown and Co. under terms of guarantee.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay-ment.	Method of Payment.	Latest Year.	Pre-vious Year.
RAILWAYS.					
Great Western Railway	1½%*	Aug. 17	Less tax	...	...
London and North-Eastern 1st and 2nd guar. stks.	2%*	...	Less tax	...	...
Metropolitan Railway	1½%*	...	Less tax	...	...
Oldham, Ashton and Guide Bridge Junction Railway	2½%*	...	Less tax	...	...
OTHER COMPANIES.					
Aplin and Barnett	5%*	Sept. 3	Less tax	...	...
Braby (Frederick)	2%*	Sept. 18	Less tax	2½	7½
Bristol Tramways	2%*	Aug. 3	Less tax	...	...
Bristol Waterworks	3½%*	...	Less tax	...	...
Brooks, Thomas and Co.	2½%*	...	Less tax	...	...
Caledonian Trust	4%*	Sept. 1	Less tax	...	...
City of London Electric	1½ p.s.*	...	Less tax	...	...
Enfield Cable Works	10%*	...	Less tax	...	...
Fleming, Reid and Co.	1½ p.s.*	...	Less tax	...	...
Fulton (William) and Sons	...	...	Less tax	4	Nil
Gas Light and Coke Co.	5%*	...	Less tax	...	...
Guinness (Arthur), Son and Co.	17%*	...	Less tax	29	35
Holborn and Frascati	2%*	Sept. 1	Less tax	6½	5
Holden (Isaac) and Sons	3½%*	...	Less tax	12½	13½
Hunters the Teamen	1/9 p.s.*	...	Tax free	...	...
Improved Wood Pavement	5%*	Aug. 17	Less tax	10	10
Kay's Atlas Brewery	5%*	...	Less tax	4	5
Kirkstall Brewery (Leeds)	2%*	...	Less tax	...	...
Lancashire Electric Light	2½%*	...	Less tax	...	...
Merchants' Warehousing	8%*	...	Less tax	11	11
Newcastle-on-Tyne Gas	2½%*	Aug. 6	Less tax	...	...
Northampton Electric	4%*	Aug. 23	Less tax	...	...
North of Ireland Paper	3d. p.s.*	...	Less tax	...	...
Scottish Western Investment	7%*	Sept. 1	Less tax	...	...
Southampton Gas Light	5%*	...	Less tax	...	...
South Staffordshire Water	3%*	Sept. 1	Less tax	...	...
South Suburban Gas	3%*	...	Less tax	...	...
Spratt Patent (America)	5%*	Aug. 13	Less tax	7½	5
Tootal Broadhurst Lee	1½%*	...	Less tax	...	...
United States Investment	10%*	Aug. 15	Less tax	15	19
Watney, Combe, Reid and Co.	10%*	...	Less tax	...	...
Western Wagon, &c.	5%*	...	Less tax	...	...

OIL OUTPUTS.

HAMILTON'S OIL CONCESSIONS (ROUMANIA), LTD.—Production for the month of June, 1932: 12,661 tons = 88,627 barrels.

PHENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix group of companies for

February was 44,572 tons. Gross production of crude oil of the Phoenix group of companies for March was 58,501 tons. The gross production of crude oil of the Phoenix group of companies for April was 68,787 tons. Production for May, 1932: The gross production of crude oil of the Phoenix Group of Companies for May was 68,380 tons; June, 65,286 tons.

SERVICE PETROLEUM COMPANY, LTD.—Returns from Romano-Africana, S.A.R., show the production from the company's oil wells for the week ended May 22, 1932, totalling 1,535 tons (10,745 barrels). Production for the week ended May 29, 1932, totalling 1,407 tons (9,849 barrels). Returns from Romano-Africana S.A.R. show the production from the company's oil wells for the week ended June 5, 1932, totalling 1,267 tons (8,869 barrels).

Commercial Reports.

MARKET SUMMARY.

The outstanding feature of the principal international commodity markets has been the almost general upward tendency in prices. The advance was in many cases accompanied by a heavy turnover. A review of the course of prices in the United States reveals advances in many primary products. Among non-ferrous metals, copper, lead, spelter and tin have all been firmer. Rubber advanced further on American buying, and, among textile raw materials, cotton shows also a slight rise. Cereals are scarcely changed on last week. On the other hand, coffee and cocoa were dearer. Sugar was maintained at the higher level. Sterling prices of commodities, which lend themselves to grading and therefore to international arbitrage, continue to move in sympathy with gold prices. According to reports from various industrial centres, there has been a seasonal decline in the activity of many industries. Among those chiefly affected are the coal trade and the iron and steel industries.

THE COAL TRADE.

SHEFFIELD.—Heavy accumulations of stocks at South Yorkshire pits have necessitated a further curtailment of production, and large numbers of men were paid off at the week-end. So far as house coal is concerned this is due to the reluctance of the London merchants to stock for the winter trade. Holidays and the dispute in the textile industries have lessened the demand for industrial fuels, notably smalls. Best house is quoted at 20s. at pits. Best steams continue fairly steady at 16s. f.o.b., but this quotation is largely nominal. Export trade fails to expand. Rather more furnace coke is being exported, but the home demand is as poor as ever, and can be bought at 9s. and 9s. 6d. at ovens.

GLASGOW.—Lack of business is the main characteristic of the Scottish trade at the moment, and on the whole values have an easier trend. Despite the curtailment of output large coal remains plentiful, but the former factor to some extent affects the supply of washed nuts, singles being in relatively better demand. Irish business has not so far been influenced to the extent feared, but the outlook is, of course, none too bright. Shipment prices (f.o.b. district ports): LANARKSHIRE—Ell best, 14s.; splint best, 14s. 9d.; splint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 14s. 9d.; steam, 13s.; trebles, 12s. 6d.; doubles, 10s. 6d.; singles, 9s. 6d.; pearls, 8s. 6d.; dross, 8s. 9d. Fire 10s. 10s. 6d.; screened navigation, 16s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 3d.; trebles, 13s. 15s. 6d.; doubles, 10s. 3d. class steam, 10s. 3d.; singles, 9s. 9d.; pearls, 8s. 8d. LOTHIANS—Prime steam, 11s. 11s. 6d.; secondary steam, 10s. 6d.; trebles, 13s. 6d.; doubles, 11s. 11s. 3d.; singles, 9s. 9s. 6d.; pearls, 8s. 6d. Ayrshire—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 11s. 6d.; trebles, 13s.; doubles, 11s. 6d.; singles, 9s. 9d. 10s.; pearls, 9s.; dross, 9s.

CARDIFF.—Owing to the stoppage of work at the collieries till Thursday morning very little business has been transacted on the Cardiff coal market this week. To cope with the exceptional pressure of contract commitments in the anthracite branch of the trade, coal loading operations were resumed at Swansea on Tuesday, but at the other ports they were suspended till Wednesday morning, and in these circumstances both the production of coal and the volume of the export trade have been considerably below the weekly average. The effect of any improvement in the negligible, and there is no indication of any improvement in the demand for bituminous grades. Contracts with Ireland are being carried out notwithstanding the 5s. import duty, the burden of which is falling entirely on the Irish importer and consumer. In some cases Irish merchants have asked the collieries to share the cost of the duties, but the requests have been refused. It is stated that the question of the centralisation of the sales of the principal groups of collieries in the coalfield has been under consideration, and that an announcement on the subject may be made in the course of the next few days. Quotations are nominally unchanged.

NEWCASTLE-ON-TYNE.—There are no signs of any improvement in the North-East coal trade. Shipments continue to show a decrease every week, and inquiry for both prompt and ahead is meagre. The Northumberland screened steam position is quiet, with ample supplies offering at minimum prices, whilst in Durham conditions are deplorable with production being curtailed every week. Import restrictions on the Continent are held responsible for the lack of export trade, as is proved by the fact that exports to Germany for the first six months of the year were 794,050 tons, compared with 1,119,491 tons for the same period of last year. A similar position exists with France and Belgium. To-day's f.o.b. prices for export are as follows: NORTHUMBERLAND—D.C.B. screened steam, 13s. 6d.; smalls, 8s. 6d.; Howards Bentinck screened steam, 13s. 6d.; smalls, 8s.; Tyne Prime large, 12s. 9d., Newbiggin screened, 13s., smalls, 8s.; Durham—smalls, 9s.; Hartley Main large, 12s. 6d., smalls, 11s.; Wear Lambton, South Hetton screened steam, 15s., smalls, 11s.; Wear Unspecial unscreened gas, 15s.; Holmside, Ryhope, Boldon unspecial unscreened gas, 14s. 6d.; second-class gas, 13s.; coking smalls, 12s. 6d.; prime unscreened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.

IRON AND STEEL.

MIDDLESBROUGH.—The demand for Cleveland pig iron does not show any improvement, and with the holiday month of August now commenced requirements are expected to be further curtailed. As far as this immediate district is concerned, the holidays occupy the week commencing 15th instant, when practically all the consuming works close down, but the blast-furnaces are usually kept in operation till the 6th instant, and as the plant includes four blast-furnaces producing Cleveland and basic, the output will be reduced to this extent and accumulation of stocks avoided. There will, however, be additions in other cases, as Scotland is not likely to take much iron just now and export demand is extremely light. Tuesday's market, though coming immediately after Bank Holiday, was not cancelled, but there was only a very poor attendance, and business was practically neglected. Official prices for Cleveland pig were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 pig were unchanged, viz.: No. 1, 61s. f.o.b. or f.o.t. Important foundry, 57s. 6d., and No. 4 forge, 57s. f.o.b. or f.o.t. Important concessions to Scotch consumers are still offered, and although the holidays in that area are now over, very little buying of pig iron has yet taken place, as the foundry trades there are still only indifferently employed. The hematite market at Pease and Partners, Normanby blowing out of the two furnaces in the district producing this class of iron, Works, only three remain in the district producing this class of iron. Two but substantial stocks are held at some producers' works. The two furnaces that are to go in at Ayresome works will probably not get into operation until after the holidays, towards the end of the month. The price for mixed numbers for early delivery is weak at 61s., and this price might be shaded only 6,388 tons, the lowest shipments of pig iron for July were only 6,388 tons, the lowest since the coal strike in 1926, and manufactured iron and steel showed a net loss of 903 tons on the previous month. The details are:—

	July, 1932.	June, 1932.
Pig iron	6,388	11,920
Manufactured iron	1,932	2,937
Manufactured steel	27,671	27,569
	35,991	42,426

The ore market shows no improvement, and it is extremely difficult to make sales. Best rubio is nominally 14s. 9d. c.i.f. for prompt, and freight Bilbao-Middlesbrough for early loading is 4s. 6d. Imports of all kinds of ore into Middlesbrough for July totalled only 40,795 tons, compared with 77,849 tons for the previous month. Coke continues to be freely offered, but there is a very poor demand. Good blast-furnace qualities are obtainable at 15s. 3d. delivered works, and possibly a shade less. The number of furnaces in operation in the district is at present 15, and this number will be reduced to 11 at the end of the week when the four at Skinningrove are damped down. There will then be three producing Cleveland, three hematite, and five other kinds.

SHEFFIELD.—Productive work has been almost at a standstill in the local steel trade this week. Works closed with few orders on hand or inquiries for bulk quantities. The number of workpeople temporarily suspended is larger than a year ago. Prospects at the moment are for resumption on the same basis as before the holiday. No substantial improvement is likely before the late autumn or winter. A feature of the situation is the cheapness of scrap, which now constitutes more than 60 per cent. of a steel furnace charge. The margin between the prices of scrap and of new material is in an abnormally wide one. Further economies are being carried out at some of the big works, mostly at the expense of staff personnel. Many clerks, chemists, draughtsmen and heads of departments have been dismissed during the last few weeks. These companies have been overstaffed for a long period. A number of working arrangements or amalgamations of steel business may be announced shortly. Leading steel firms in the country are said to have under consideration the adoption of the Bessemer basic process, as carried on in Belgium and Lorraine, for making the lower qualities of steel. Business continues acutely depressed in fine steels, tools, cutlery, and electro-plate, and unemployment is still going up.

GLASGOW.—While most of the works in the West of Scotland have now reopened after the holidays, there are still a number not in operation. The accumulation of orders is somewhat disappointing in practically every department, being mostly for small lots calling for early delivery. There is still a considerable amount of ship repair work on hand in Clyde yards, local makers supplying the material for this work. There is a slight falling off in the export demand for both black and galvanised sheets, and although the home demand is just about normal it has not been possible to keep all the local mills in employment this week. A number of small orders have been booked by structural engineers since resumption after the holidays which involve, in the aggregate, a not unimportant tonnage as things are at present. Things remain quiet at the tube works, and there is a good deal of unemployment in this industry.

CARDIFF.—The weekly meeting of the Swansea Metal Exchange was not held on Tuesday owing to the holidays, and the majority of the works were idle. Prices of tinplates have been firm at from 15s. to 15s. 6d. f.o.b. per basis box, and for steel bars quotations are unaltered at 95s. per ton net. The supplies of tinplates received from the works last week at Swansea were 106,120 boxes against shipments of 63,476 boxes, and stocks were increased to 193,378 boxes.

OTHER METALS.

TIN.—The market in metals has been buoyant and prices were driven up by a sharp increase in demand. The advance in tin prices is therefore due to a general upward movement in commodity prices rather than to the influence of factors peculiar to tin. The volume of business has been heavy, and Wednesday's turnover was the largest for several months. Sales on the London Metal Exchange totalled 625 tons on Tuesday, against 230 tons last week, and 1,350 tons on Wednesday, against 250 tons. In New York the metal was quoted at 21.90 cents per lb. on Wednesday, against 21.05 cents per lb. a week ago and 20.75 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £133 to £133 5s. per ton, compares with £127 to £127 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 33,179 tons, show a decrease of 43 tons on the week.

BARCLAYS BANK

LIMITED

HEAD OFFICE: 54, Lombard St., London, E.C.3
and over 2,050 Branches in England and Wales.

TRUSTEE DEPARTMENT

CHIEF OFFICE: 37, King William St., London, E.C.4

The Bank has power to act as EXECUTOR and TRUSTEE under Wills and Settlements, and as Trustee for Debenture Holders. A Pamphlet stating terms and conditions for transacting business may be obtained from the Manager of the Trustee Department, or from the Manager of any Branch of the Bank.

AGENTS IN CANADA:

BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

COPPER.—There was a burst of activity in the market for copper. Turnover was large and quotations advanced. Sales at the London Metal Exchange totalled 2,250 tons on Tuesday, against 700 tons last week, and 1,000 tons on Wednesday, against 500 tons. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £27 7s. 6d. to £27 10s., compares with £25 2s. 6d. to £25 3s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 16,317 tons, show an increase of 563 tons, while stocks of rough copper, at 919 tons, were 50 tons smaller.

LEAD.—Lead, too, was in active demand on Tuesday, but on Wednesday there was a slight reaction. Sales at the London Metal Exchange totalled 700 tons on Tuesday, as compared with 300 tons on the corresponding day last week, and 600 tons on Wednesday, against 500 tons. In New York the metal was quoted at 2.95 cents per lb. on Wednesday, against 2.80 cents a week ago and 2.80 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £10 1s. 3d. per ton for shipment during the current month, compares with £9 13s. 9d. on the corresponding day last week.

SPELTER.—The market in spelter opened strong on Tuesday in sympathy with other metals, and although quotations were easier on Wednesday, the metal recorded a substantial advance on the corresponding day last week. Sales totalled 700 tons on Tuesday (against 300 tons last week), and 400 tons on Wednesday (against 350 tons). Wednesday's quotation in New York, at 2.70 cents per lb., compares with 2.50 cents a week ago and 2.625 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling, for "good ordinary brands," was £12 6s. 3d. for shipment during the current month, against £11 17s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and platinum have been maintained at £95 per ton and £9 15s. per ounce respectively. Nickel was sold at £235-£240 per ton, against £230-£235 per ton last week. Foreign antimony advanced from £22-£22 10s. per ton to £22-£23 per ton. Quicksilver remained unchanged at £10 10s. to £10 15s. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, July 28th to August 3rd (inclusive), are 42,506 bales, of which 25,208 bales are American, 5,109 Peru, 4,220 Argentine, 3,471 Egyptian, 1,430 African, 3,088 East Indian.

Manchester.—Although a fair miscellaneous business has been done in the market during the past week there has not been any real activity and to some extent trade has been interfered with by the holidays. Much uncertainty still exists with regard to the wages dispute and numerous manufacturers have been compelled to require a strike clause in contracts. In piece-goods for India the recently improved inquiry has been maintained and although operations have been somewhat irregular useful lines have been booked, especially in light bleaching descriptions, prints and fancies for Karachi and Calcutta. Rather more bids have been met with in dhooties for the latter outlet. Some reports from China have been rather better and more demand has been about in poplins, but very little has been done in standard makes. The offtake for Egypt and the Near East remains disappointing, but printing and finishing styles have been sold in moderate quantities for South America and West Africa. Home trade buyers have not been in the mood to purchase with any freedom. American yarns have moved off slowly at irregular rates. Owing to the stoppage at Burnley curtailment of production tends to increase. Most of the demand in Egyptian counts have been for specialities, and not more than odd lots have been put through in export numbers.

Cotton Prices.

	1932.				Corresponding Date.	
	July 13.	July 20.	July 27.	Aug. 3.	1930.	1931.
Raw Cotton—Mid. American	d. 4-62	d. 4-73	d. 4-57	d. 4-61	d. 7-79	d. 4-35
" Sakellaridis Fully Good Fair						
" Egyptian	6-60	6-95	6-95	7-00	12-15	6-85
Yarns—32's twist	8½	8½	8½	8½	11½	8½
" 40's twist	8½	8½	8½	8½	11½	8½
" 60's twist (Egyptian)	13½	13½	13½	13½	20	14½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	15 9	15 9	15 9	16 0	20 6	16 10½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	18 10½	18 10½	18 9	18 10½	23 0	18 9
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 0	10 0	10 0	10 0	12 7½	10 7
39 in. ditto, 37½ yds., 16 by 15, 8½ lb.	8 10	8 10	8 10	8 10	11 4½	9 5

THE WOOL TRADE.—Bradford.—Nothing exceptional has developed in the wool trade during the past week, writes our correspondent, but the principals of all the leading firms are in a fairly optimistic mood. They are not perturbed by the ease in values at the last London sales or the subsequent ease in merino and fine crossbred tops. There has been some improvement in the position of dress goods manufacturers, and whilst other sections of the industry have admittedly nothing encouraging to report, it has to be acknowledged that, broadly speaking, the situation is sound. There is still some standing and partly-occupied machinery, and the outstanding problem is how to find sufficient new business to get it all running full time. Whilst it may not be possible to accomplish this, there are possibilities in the way of the development

of new business in partly and fully manufactured goods on both home and export account. Improvement in crossbreds is largely dependent upon larger sales of tops and yarns to Germany. No very big support to the wool market can be expected from Canada or the United States. The Bradford market is unchanged. Here and there a little business is being done in tops, and some rather pressing calls have been made for delivery, but this seems to be chiefly due to preparations being made for the forthcoming holiday. Quotations for all qualities of tops are quite steady. Here and there they are obviously protective, and whilst 21½d. is wanted for average 64's, 21d. is around the selling price.

THE JUTE TRADE.—Dundee.—Rather more interest has been displayed by buyers of jute cloth during the past fortnight. This was brought about by a rise in prices of the raw material. Rivers in India have been falling and there has been a consequent lack of steeping water, while the Indian mills have purchased fair quantities, which added to the firmness of values. The position has been so sensitive that very little would affect prices, which have ruled at a very low and uneconomical level. The raw fibre has advanced 20s. to 25s. per ton during the past week and the position is still firm, though a little irregular. Best First Marks are quoted at from £18 to £19 and good Lightnings at £17 for Triangle Jajodia to £17 10s. for Green Circle Ram, while Heart Ram tops are offered at £16 15s., August/September. Grade jute is offered at £17 5s. for First Marks, £16 10s. for Lightnings, and £15 12s. 6d. for Hearts, August/September. Daisee assortment rose to £16 5s. for full group, but £16 would have been accepted yesterday, while Tossa assortment was quoted at £16 15s., after being up to £17 5s. for full group, October/November. Calcutta hessians have advanced in sympathy with raw jute and values are about 9d. dearer for hessians and 2s. for heavy goods. The stocks of hessians at the end of July were down by 10 million yards to 151,500,000 yards, compared with the figures at the end of June, while stocks of sackings were increased from 111,610,000 yards to 122,638,000 yards during July. For 10 oz. 40 in. hessians sellers are now naming 18s. 1d. and for 8 oz., 14s. 6d., with Liverpool twills at 52s. 6d. and "B" twills at 46s., August to December. As from August 1st, the mills outside of the Indian Jute Mills Association are working 54 hours per week, compared with 80 hours per week formerly. A little business has been done in jute yarns, prices of which are very firmly held by spinners. On account of the advance of the loss already being made. Common 8 lb. cops are quoted at not less than 1s. 10d. and 8 lb. spools 1s. 11d., which have been paid, while twist is firm at 3½d. lowest for 3-ply 8 lb. Rove is not in much request and only small business has been done at the unchanged rates of £18 for 48 lb. and £15 15s. for 200 lb. Sacking yarns are very firm at 2½d. now lowest for 24 lb. west and 3½d. for 8 lb. chains. Fine yarns are quiet but firm at 2s. 6d. for second quality 8 lb. Rio warp, 2s. 2½d. for third and 2s. 0½d. for fourth. Carpet yarns have been bought to some extent at 3½d. for 14 lb. warp. Buyers of jute cloth appear to be slow in awakening to the fact that prices may be dearer, and so far there has not been much business done. It has been difficult for manufacturers to establish any increase on the rates of 2½d. for 10½ oz. 40 in. hessians and 1½d. for 8 oz., but there is not the same disposition to discount these terms. Linoleum hessians and heavy goods remain quiet.

THE GRAIN MARKETS.

WHEAT.—Nothing has happened during the past week to change the international wheat situation. At the beginning of the week, prices receded slightly under the influence of more favourable crop reports, but on Wednesday quotations hardened again, closing at the level of the corresponding day last week. On Wednesday, "September" futures were quoted at 50½ cents per bushel in Chicago, against 50 cents on the corresponding day last week and 49 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 29s. per 498 lbs., as compared with 29s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 9d., against 28s.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 3d., against 27s. 6d.; Australian, ex ship, 28s., against 27s. 6d. a week ago.

WHEAT FLOUR.—Business in flour has been active and the advance in quotations was maintained. North American shipments, at 173,000 sacks, showed an increase of 38,000 sacks, as compared with the previous week. Of this total, 72,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. per sack of 280 lbs., as compared with 24s. last week; delivered London, 24s., against 23s. as compared with 23s. 6d. a week ago; 25s. to 27s., against 25s. to 27s.; Manitoba ex store, 20s. to 21s., against 19s. to 19s. 6d. a week ago.

BARLEY.—The increase in the turnover on the Continent has been maintained. The chief source of supply was Russia. On Wednesday, "October" futures were quoted at 32½ cents per bushel in Winnipeg, against 35½ cents last week and 32½ cents a month ago. Quotations in London, Wednesday: "English feed-ling," f.o.r., per 448 lbs., 27s. to 28s., as compared with 27s. to 28s.; "River Plate," landed, 24s. against 24s. 3d. to 25s. a week ago.

OATS.—After a period of inactivity a slight improvement has become noticeable in the demand for oats, and Argentine sellers stood at 17½ cents per bushel in Chicago, sold at 17½ cents per bushel on Wednesday this week, against 19½ cents per bushel. Quotations in London, Wednesday: "River Plate," landed, 17s. 9d. per 320 lbs., as compared with 17s. 9d. last week; "Plate," ex ship, 17s., against 16s. 9d.; "Chilean White," "River 23s. 6d. to 25s., against 24s. to 25s. 6d. a week ago.

MAIZE.—Maize has again been in good demand, and heavy shipments from Argentina have been readily absorbed at firm prices. Wednesday's quotation in Chicago for "September"

futures, at 31½ cents, shows a fall of ½ cent per lb. on last week, and a rise of 2½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 3d. per 480 lbs., compared with 21s. 3d. last week; "Plate," ex ship, 20s., as against 20s. 3d.; "Plate," July-August, 20s., as against 20s. 3d. Yellow maize, ex wharf, was quoted at £5 17s. 6d. per ton, against £5 15s. a week ago.

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

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to July 30	Cwts. 29,662	Cwts. 25,067	Cwts. 68,712	Cwts. 33,950
48 weeks to July 30	3,756,472	4,881,325	9,488,794	9,657,299
Average price of English wheat per cwt.	s. d. 6 5	s. d. 6 5	s. d. 8 3	s. d. 11 3

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
July 23, 1932	Cwts. 28,451	Cwts. 2,031	Cwts. 4,487	s. d. 6 5	s. d. 8 8	s. d. 7 10
July 30, 1932	29,662	3,017	3,560	6 5	8 8	7 6
July 28, 1928	86,987	3,564	5,113	10 11	10 5	11 9
July 27, 1929	33,950	4,434	13,354	11 3	10 1	9 7
Aug. 2, 1930	68,712	5,238	10,800	8 3	6 6	6 0
Aug. 1, 1931	25,067	1,499	7,136	6 5	6 4	6 8

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Aug. 5, 1931.	Jan. 4, 1932.	July 27, 1932.	Aug. 3, 1932.
Winnipeg (No. 1 Manitoba)	148½	164½	52½	62½	59½	58½
Chicago (No. 2 Winter)	130½	79½	48½	55½	50	50½

The visible supply of wheat in Canada, at 69,391,000 bushels, shows a decrease on the week of 1,780,000 bushels. Supplies a year ago stood at 62,640,000 bushels.

OTHER FOODS.

SUGAR.—Raw sugar was an active market, both in London and in New York. Quotations fluctuated within narrow limits, and large quantities changed hands at firm prices. "September" futures in New York were quoted at 1.02 cents per lb. on Wednesday, against 1.01 cents per lb. a week ago, and 0.96 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 6s. 3½d. to 6s. 4d. per cwt., against 6s. 3½d. to 6s. 3½d., and "March, 1933," at 6s. 6½d. to 6s. 7d., against 6s. 6d. to 6s. 6½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	833	2,204	640	943	13,242	27,494
Liverpool	5,696	18,619	7,935	14,157	73,352	68,623
Total	6,529	20,823	8,575	15,100	86,594	96,117
Last week ...	5,161	4,932	16,313	14,153	88,640	90,394

COFFEE.—The New York coffee market was characterised by a good demand at firm prices. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8½ cents a week ago. Last week's movements of coffee in London were as follows: Brazilian, landed, 3,040 bags; delivered for home consumption, 923 bags; exported, nil; stocks, 19,804 bags, against 2,451 bags last year. Central American, landed, 276 packages; delivered for home consumption, 3,065 packages; exported, 1,668 packages; stocks, 106,033 packages, against 101,648 a year ago. Other kinds, landed, 26 packages; delivered for home consumption, 2,430 packages; exported, 768 packages; stocks, 76,502 packages, against 78,787 a year ago.

COCOA.—The advance in the price of cocoa was continued during the past week. The turnover was heavy, both in London and New York. "September" futures were quoted at 4.33 cents per lb. in New York on Wednesday, against 4.23 cents per lb. a week ago and 3.91 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 27s. 6d. per cwt., f.o.b. London contract, shows a rise of 1s. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 1,704 bags; delivered for home consumption, 5,786 bags; exported, 68 bags; stocks, 162,389 bags, against 222,450 last year.

TEA.—There have been no public auctions this week. The following table shows the average prices (compiled by the Tea

Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	AVERAGE PRICE PER LB.						
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
July 30, 1932	d. 8-69	d. 7-44	d. 12-64	d. 7-09	d. 6-67	d. 4-23	d. 10-49
July 7, "	7-16	6-48	7-50	4-65	4-38	5-86	6-85
July 14, "	7-39	6-77	7-98	4-95	4-71	5-93	7-22
July 21, "	7-53	6-72	8-32	5-05	4-72	6-06	7-51
July 28, "	7-58	6-75	8-39	5-04	5-00	6-53	7-49

RICE.—The market in rice was quiet, but there was no further decline in prices. Wednesday's "spot" price, at 9s. 3d. per cwt., shows no change on last week, while forward positions, at 7s. 10½d. per cwt., remained also unchanged. Movements in London during the past week were as follows: Landed, 26 tons; delivered, 87 tons; stocks, 3,021 tons, against 741 tons last year.

POTATOES.—Although there was a steady demand for potatoes, prices declined further under the pressure of supplies. English kidney could be obtained at from 5s. to 6s. per cwt. at the London Borough Market, against 6s. to 7s. per cwt. a week ago, and 6s. 6d. to 7s. 7d. per cwt. a fortnight ago.

SPICES.—The market in pepper was steady. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 15 tons; delivered, 9 tons; stocks, 353 tons, against 583 tons last year. White, landed, 35 tons; delivered, 55 tons; stocks, 490 tons, against 536 tons a year ago.

MEAT.—There was a substantial rise in the price of both home-grown and foreign beef at the Smithfield Market. On the other hand, mutton is scarcely changed on the week. On Wednesday Argentine beef (chilled hindquarters) was sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 3s. 6d. to 4s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 2s. 10d. as against 2s. 2d. to 2s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,620 tons, as compared with 9,071 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.3 per cent. of the supplies, as against 85.8 per cent. a year ago; and imported mutton, mainly New Zealand, formed 77.9 per cent. of the total supply, as against 86.6 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets opened quietly after the holiday, but the tone is steady. The Ministry of Agriculture in Argentina estimates the unsold surplus of Plate linseed on July 31st at 782,000 tons. This is rather larger than the quantity actually shipped during the remainder of 1931. In addition, the quantity afloat for Europe is heavier and, including 6,500 tons from India, at 242,500 tons, is 4,000 tons higher than last week and compares with 166,200 tons a year ago. With what may come from Uruguay and India, the total is over a million tons, or a quarter of a million more than last year. Business in Plate for September shipment has been done at £8 5s. Current values for afloat and August is £8 to £8 5s. and for shipment to October, £8 2s. 6d. Cottonseed is firmer, and old crop Egyptian for August loading has been done up to £6 18s. 9d., and this, or slightly less, is about present value. New crop, November-January, is quoted 27. Trade in vegetable oils is slow, but here and there there is a firmer tendency. Linseed oil offers freely, and for August delivery is quoted £12 10s. per ton naked ex Hull mill, and for September-December £13. Cotton oil is firm, in sympathy with seed, crude Egyptian ex Hull being held for £22 and refined for £24. Soya oil is steadier. Oil cakes are in lessened demand and prices are barely maintained.



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so, there was no chance of outside money becoming dearer, for borrowers can always sell short bills at the prevailing rates and so obtain money. Renewals were carried out at $\frac{1}{4}$ per cent. during the whole of the week.

Applications for Treasury bills rose from £47.8 millions to £60.2 millions, and with only £40.0 millions on offer, the average tender rate fell from 10s. 1.93d. to a new low record of 9s. 11.05d. per cent. Subsequently "hot" Treasury bills were quoted at $\frac{1}{16}$ per cent., and some business was done at $\frac{1}{8}$ per cent. by houses who only held few bills and who were not anxious to sell. The banks bought September and October Treasuries at $\frac{1}{16}$ per cent., while three months' bank bills were quoted at $\frac{1}{8}$ per cent., though sales to special quarters could be effected at $\frac{1}{16}$ per cent. Standstill bills were quoted at $\frac{1}{4}$ -2 per cent.

	July 21, 1932.	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.	Previous Rate and Date Changed
Bank Rate	2	2	2	2	2 $\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1 (May 12, '32)
Discount (Call	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1 (May 12, '32)
Houses' Notice	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot" Treasury bills).....	$\frac{1}{16}$	$\frac{1}{16}$	$\frac{1}{16}$	$\frac{1}{16}$	...
Market rate (3 months' bank bills)	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	...
Market rate (standstill bills)	1-2 $\frac{1}{2}$	1-2	1-2	1-2	...

The Bank return shows that the holiday notes are beginning to return from circulation, for the note circulation has contracted during the week by £3.9 millions. Even so it still stands at £370.8 millions, against £366 millions in the early part of July, so that all that has happened is that the currency spent during Bank Holiday as distinguished from the August holiday season has returned. No changes in the Bank's gold holdings are reported, and so the reserve has risen by £3.9 millions. This has been more than offset by a contraction of £5.4 millions in Government securities held in the Banking Department, and so after allowing for minor fluctuations elsewhere, Bankers' Deposits are virtually unchanged at £85.3 millions.

The decrease of £5.7 millions in the Bank's Government Securities held in both departments combined contrasts with the appearance of £6.7 millions of Ways and Means Advances from the Bank shown in last Saturday's Floating Debt statement. Obviously this represented a purely temporary loan, which was in all probability repaid early this week before the Bank return was compiled. According to the revenue returns, £15.7 millions has so far been issued to meet the cost of the bonus payable under the War Loan Conversion scheme, and this in part accounts for an increase of £27.3 millions in the Floating Debt during the three weeks ended August 6th. Little importance need be attached to fluctuations of this limited size, especially as the money market could absorb many more Treasury bills if required. They certainly do not mean that the execution of the War Loan Conversion scheme is having any marked inflationary effect.

The July averages of the nine English clearing banks show a further increase of £38.7 millions in deposits. This is largely a seasonal movement, as deposits usually expand after March, when the collection of revenue has been completed. This year the July increase may have been accentuated slightly by the disbursement of the War Loan Conversion bonus.

Cash at £283.6 millions is slightly below the June average, which, however, may have been affected in a small degree by balance-sheet preparations at the end of the half-year. The extreme monetary ease is reflected in the increase of nine millions in call-money. Advances have recorded another heavy fall, and now stand at only 46.5 per cent. of deposits, compared with 51.3 per cent. a year ago.

	July, 1931.	April, 1932.	May, 1932.	June, 1932.	July, 1932.
Capital and reserves.....	132.1	122.8	122.8	122.8	122.8
Acceptances	113.0	98.1	99.5	95.2	84.5
Deposits (including undivided profits, &c.)	1,750.5	1,643.4	1,661.3	1,726.8	1,765.5
Total liabilities	1,995.6	1,864.3	1,883.6	1,942.8	1,972.8
Gold, notes, balance at bank, and cheques in course of collection	228.9	214.2	222.3	235.9	233.6
Money at call	126.9	108.9	108.7	108.9	117.9
Investments.....	308.7	296.6	309.3	348.5	356.6
Discounts	279.2	238.2	244.6	275.8	315.6
Loans and advances.....	899.7	864.8	855.7	836.8	820.5
Cover for accept., premises, &c.	155.2	141.6	143.0	136.9	126.6
Total assets	1,998.6	1,864.3	1,883.6	1,942.8	1,972.8

Clearly there is ample bank credit available out of which to finance any revival in trade. In the absence of such a revival the banks have once more had to add heavily to their bill portfolios, which to-day are a most unremunerative way of employing their resources.

Notwithstanding the revival in activity on Wall Street, money remains very cheap in New York. Call money is still quoted at 2 per cent., a fact which alone shows that not much borrowing of funds for stock market purposes is yet taking place. Moreover, bank loans to members of the Stock Exchange against stock market collateral declined by \$2.0 millions during July to a new low record of \$241 millions, against the 1929 high record of \$8,549 millions. This suggests that buying has mainly been for cash. The only gold shipment of note was one of \$5,995,000 to France, earmarked stocks being reduced by the same amount. Since then further contractions of \$8,000,000 in earmarkings have been reported, and these were unaccompanied by any shipments. Gold imports of \$1.5 million from Canada and \$1.0 million from Belgium are also reported, so that America's gold stocks have been definitely strengthened during the current month.

The Foreign Exchange market during the past week was more active than recently, and turnover was on a somewhat larger scale, with some improvement in sterling during the current week. Dollars were in demand under the pressure of European purchases in the New York stock markets and were dealt in as low as 3.44 $\frac{1}{2}$. Since the week-end, however, the rate has advanced steadily and closed at 3.49 $\frac{1}{2}$. Canada, after touching 3.95, closed at 4.08. Paris closed at 89 $\frac{1}{2}$, against 89 $\frac{1}{2}$ a week ago, and the week's lowest quotation of 88 $\frac{1}{2}$. Brussels fell away to 24.87, but closed at 25.16, against 25.27 a week ago. Milan touched 67 $\frac{1}{2}$, but was better at 68 $\frac{1}{2}$ later. Madrid moved sympathetically with the other currencies, until Wednesday, when the news of the attempted monarchist revolution caused pesetas to be sold up to 43 $\frac{1}{2}$. They were 43 $\frac{1}{2}$ at the close, the market being nervous and erratic. Amsterdam closed at 8.67, after being 8.57, against last week's closing rate of 8.76. Dealings in German marks were recorded at 14.50, followed by 14.65. Switzerland gained 7 points on the week at 17.94, after being at 17.70. Among the Scandinavian currencies Stockholm was 19.48, against 19.50 last week, Oslo 19.97, against 20.00, and Copenhagen 18.72, against 18.61. The South American currencies remained nominal, Buenos Aires being 34 $\frac{1}{2}$ d. and Rio sellers at 5 $\frac{1}{2}$ d. Monte Video was unchanged at 29d. Among the Eastern exchanges rupees were 1s. 6 $\frac{3}{4}$ d. and yen 1s. 6d. Forward dollars were in better demand at $\frac{1}{4}$ cent discount for one and $\frac{1}{2}$ cent discount for three months. Paris forwards were also wanted at higher premiums of 2 cents and 5 cents. Forward belgas improved to discounts of 4 and 12 cents. Milan was at discounts of $\frac{1}{4}$ and $\frac{1}{2}$ lira. Amsterdam forwards were in good demand, closing at premiums of $\frac{1}{4}$ and $\frac{1}{2}$ cents. Madrid forwards were nominal and business very difficult, discounts of $\frac{1}{4}$ for one month and of $\frac{1}{2}$ for three months being quoted. Silver was steadily firm during the week, closing $\frac{1}{4}$ d. higher for both spot and forward positions at 17 $\frac{1}{2}$ d. and 17 $\frac{1}{4}$ d. respectively. Chinese silver currencies were dearer, Hong Kong being 1s. 4d. and Shanghai 1s. 9 $\frac{1}{2}$ d.

THE OTTAWA DILEMMA.

THE climax of the Ottawa Conference is near at hand. The British delegation have booked return passages for the end of next week. Only a few days remain, and there is no definite sign of inter-Imperial agreement on anything or even of bilateral agreements between the Mother Country and any one Dominion. The next week, it would therefore appear, will see one of two things. Either nothing—a result which, though always likely, will in many parts of the Empire stultify an intensive campaign of optimism and, consequently, bring a severe shock of disappointment. Or, agreements will hastily be patched up, which on maturer consideration may present serious disadvantages; for any trade agreement is so tricky an affair, that even prolonged scrutiny often fails to reveal more distant results. The position, clearly, is one of anxiety.

Towards the end of last week Mr Bennett presented to the British delegation the Canadian Government's proposals. They have not been published. All that we know for certain is that they were regarded as entirely unsatisfactory by Mr Baldwin and his colleagues and that the Canadian and British experts have occupied the week in statistical disputation over the alleged volume of trade advantage involved for British exporters, the Canadian estimate being some five-fold that of the British. There was no indication whatever that the wider preferences offered to certain classes of imports from Britain connoted any general reduction of tariff schedules, or, indeed, that Mr Bennett had moved one inch towards freer trade all round. Britain's plea for an advance towards freer trade all round. Towards the end of the week, if Ottawa despatches may be trusted, Mr Bennett made some substantial concessions, particularly in the matter of iron and steel, while, on the other hand, remaining adamant as regards textiles. Frankly, nothing has as yet emerged to suggest that Canada has offered anything which is worthy of consideration as a *quid pro quo* for the adoption of food taxes and food quotas by the Home Country.

We cannot doubt that the British Ministers will be as acutely unwilling as those of the various Dominions to return home empty-handed; for even here large expectations of Ottawa possibilities have been assiduously propagated. In particular, Mr Chamberlain and his Conservative colleagues would presumably go a long way to prevent the recognition, which failure at Ottawa would bring, that the conception of a grand Imperial Zollverein is, always has been, and always will be, no more than an illusive dream, which fades away with the dawn of realism. The danger of this natural unwillingness to admit failure is, of course, that it might induce the British delegation to agree to a bad bargain.

There are, we think, three or four main considerations which must guide the counsels of the British representatives in the coming week. If on the part of Canada and other Dominions concessions of a really far-reaching nature are offered to basic British exports, and above all, if a real all-round lowering of tariffs is proposed, giving the promise of a big stimulus to the volume of trade, then, although all hypothetical statistics of advantage must be discounted by the remembrance that trade diversion or transfer is not the same thing as the trade increase which we all seek, it would be necessary for Britain to weigh up very carefully the price which it is worth while paying for the possibility of a real step forward in fiscal freedom. We can conceive of circumstances in which it would be justifiable for Britain to offer certain market advantages to the produce of any Dominion which would agree so to lower its imposts upon basic manufactures as to leave the preferential rate charged on British imports at a very moderate level. On the other hand, it is altogether essential to the interest of this country and

its workers that adherence to three major principles should be stubbornly maintained:—

1. The essence of any bargain must be a drastic lowering of tariff schedules. A widening of British preferences unaccompanied by substantial reductions in general tariff rates is unacceptable.
2. No agreement must be signed which would so far tie Britain's hands as to ruin her chance of successful bargaining in forthcoming negotiations for lower tariffs in the European zone. Any forward fiscal move at Ottawa must be complementary to, and not exclusive of, future agreements between Britain and her chief foreign customers.
3. Britain cannot afford to make any concessions which would have the effect of raising substantially the cost of living and the costs of production in this country.

British interests demand that no jot or tittle of these main requirements should be abated. Whether any major agreements are possible in the face of full insistence upon them, the coming week will decide. Predominantly, the responsibility for the answer rests with Mr Bennett and the Canadian Government.

From one aspect it is unfortunate that, as in previous Imperial Conferences, the major efforts of the delegates, and all the publicity, have been concentrated upon the tariff problem. For quite outside the scope of that problem much good Imperial work is waiting to be done, in such directions as the establishment of machinery for closer and more continuous contact and the better diffusion of trade information. From another point of view the concentration upon the fiscal issue has been salutary. The Empire has at least had certain unreal and dangerous visions shattered. An object lesson has been given in the inherent difficulties of grandiose schemes of wholesale trade diversion. It has been demonstrated that the recent Dominion policy of establishing secondary industries, while it has not changed the fact that any real scheme of Imperial Preference demands food duties in Britain, has complicated the problem of Dominion concessions on large ranges of industrial imports. The old myth, that the Mother Country has done little in response to the Preferential favours accorded to her by the Dominions, has been exploded once for all; as has also the British platform slogan that, when once Britain had adopted Protection, the path to Imperial trade co-operation would be smooth and easy. At least some classes of primary producers in the Dominions have awakened to the fact that differential fiscal schemes have their dangers as well as their attractions. Whatever may happen next week, Ottawa will not have been quite in vain if it has served to shine the limelight upon these awkward facts, and so to permit the Empire and the world to gain a more realistic perspective of their trade problems.

If it should prove that the members of the British Commonwealth of nations, after a much-heralded session round the family council table, have been unable to agree upon any important means of approach towards the advancement of their mutual interests, the result will be deplorable from many points of view. It will be freely and loudly argued by the cynic that, if Mother and Sons cannot reach any accommodation on the fiscal issue, there is little hope of lower-tariff achievement in Europe. Against such cynicism would, however, be set the definite gain that Britain retains her freedom to lead the world, if she can, back to the paths of fiscal sanity. We still hope that Ottawa may produce some constructive move. But it is better that nothing should be done than that the cardinal conditions, which we have set out, should be abandoned.

THE U.S. AND WORLD SECURITY.

THE address which Mr Stimson delivered in New York last Monday before the Council on Foreign Relations was a pronouncement whose importance may be far-reaching. Bearing evidence of careful preparation and couched in terms which suggest the expression of deliberately considered American policy, this speech of the Secretary of State was clearly intended to serve two purposes—firstly, to prepare world opinion for the attitude which America will adopt in the likely event of the Lytton Commission reporting adversely to Japan's claim to continue her occupation of Manchuria; and, secondly, to counter the arguments of those who contend that there can be no confidence in "security" unless it be guaranteed by specific "sanctions" provided in advance by international agreement against any and every aggressor.

With regard to Manchuria, Mr Stimson reminded his hearers that in the summer of 1929, when hostilities threatened in that territory between Soviet Russia and China, the attention of those Governments was formally directed by the Powers, on the initiative of the United States, to their obligations under the Kellogg Pact, with the result that war was averted. Last year, when hostilities broke out between the armed forces of Japan and China in the same quarter of the world, the United States co-operated with the Council of the League of Nations in endeavouring to bring about a peaceful solution of the controversy. In spite of these efforts Japan had occupied the whole of Manchuria, but, Mr Stimson significantly added, the United States on January 7, 1932, formally notified Japan that it would not recognise "any situation, treaty or agreement which might be brought about by means contrary to the Convention and obligations of the Pact of Paris." This action on the part of the United States had been endorsed by assent of the League of Nations.

Why had America so acted? The explanation, according to Mr Stimson, was to be sought in the character of the Briand-Kellogg Pact, signed at Paris in 1928. In that treaty substantially all the nations of the world had renounced war as an instrument of national policy and had agreed that the settlement of all disputes or conflicts should never be sought except by pacific means. The Pact, however, did more than this; it entirely and permanently changed the pre-existing conception of the rights of belligerents and the obligations of neutrals. Henceforth war was no longer to be the source and subject of rights, but was declared to be an illegal thing. Under these new conditions the old doctrines of neutrality went by the board. In the event of an armed conflict occurring—a conflict in which one or both of the participants must be violators of the new treaty law—the matter became of moment to everybody concerned with the Pact. "All of the steps taken to enforce the treaty must be judged by this new situation."

This brought Mr Stimson to the question of how enforcement of the Pact could be secured. It provided for no "sanctions" of force, but rested upon the "sanction" of public opinion. "Any other course, through the possibility of entangling the signatories in international politics, would have confused the broad simple aim of the treaty and prevented the development of that public opinion on which it most surely relies." Effective invocation of the power of world opinion postulated discussion and consultation, as exemplified by the case of Manchuria in 1929 and 1931. From the American point of view the Pact was not a mere pious affirmation of purpose made unilaterally by each of the signatories; it carried with it the definite implication of obligation to secure by concerted effort the great peaceful purposes which the signatories of the Pact had multilaterally endorsed. Mr Stimson ended by expressing the hope that this "positive" interpretation of the Pact should go far to set at rest the misgivings of some of its well-wishers, for such a view of the Pact's meaning would become one of the great permanent policies of the United States. "It is a policy which combines the readiness to co-operate for peace and justice in the world, which Americans have always manifested, while at the same

time it preserves the independence of judgment and the flexibility of action upon which our people have always insisted."

It is easy, no doubt, to belittle this statement of American policy on the score of vagueness. The well-known opposition of influential sections of American opinion to the whole conception of "foreign entanglements"—an opposition which Mr Stimson's speech did not leave out of account—has created since the Great War an impression in many countries that the United States could not be relied upon in awkward circumstances not to wash its hands of the troubles of the outer world. It is an impression which Mr Stimson's address should do much to efface; but it is clear from French reactions to the Secretary of State's words that the advocates of specific "sanctions" for security will fasten on Mr Stimson's insistence on the need for "independence of judgment" and "flexibility of action" as a vital weakness in the promised security. The French Press, indeed, are already putting the case in the form of a dilemma. If, they say, the pressure of public opinion, on which Mr Stimson relies, is really going to be effective as a preventive of war, what objection can there be to undertakings to bring forcible "sanctions" to bear against aggression, since *ex hypothesi* the commitment would never require to be implemented? Objections to "sanctions" can only arise from fear of having reluctantly to employ them. In other words, the proponents of moral suasion have no real faith in their vaunted guarantee of security.

To chop logic in these terms is, we suggest, to mistake the real nature of the whole problem. Short of the creation of an irresistibly armed super-State, accompanied by unilateral national disarmament—and this is to postulate a condition outside the field of present practical politics—there can be no absolute, 100 per cent. guarantee against war-like aggression; human nature being what it is, any nation may turn mad-dog and attack its neighbour by armed force. What nations can do, however, is so to align their policies that the chances of successful aggression are reduced to a minimum and the deterrents against aggression maximised. The realisation of this desideratum depends on one single factor—common world determination to prevent aggression by any and every means. If this determination be present it matters not whether the means be specified categorically in advance; indeed, it may be an advantage not to have too much rigidity in the programme of action, but to give full play for the exercise in turn of diplomatic suasion, economic pressure and, only in the last resort, armed blockade, as the needs of the situation require. If, however, the determination to prevent or suppress aggression, even though a stiff price may have to be paid—as in all police work—for the ultimate enforcement of peace, be not present, then no treaty containing provisions for "sanctions," however specific, will be worth the paper on which it is written.

This, as we see it, is the realism of the problem of security; and we would suggest to France that in regarding Mr Stimson's declaration of America's determination to "support" the Kellogg Pact as a promise too unsubstantial to be of great value, she is making a mistake uncondemned to her own interests. Equally, we hope that the British Government will lose no time in aligning itself unequivocally with this declaration of American policy in regard to the preservation of peace. In doing so, however, let the British Government be under no delusion in respect to one issue which is likely to present itself forcibly and with no great delay. If Mr Stimson's speech means anything, it means that America is prepared to insist on the League's verdict on the Manchurian question being carried out, cost what it may. If we are not prepared to stand side by side with the United States in the leadership of world opinion and the mobilisation of world pressure in this test issue, we had better say so now. But if we thus decide that we are prepared in the last resort to let a case of proved aggression go by default or, equally, if the United States, when the time comes, pleads her right to "independence of judgment" and acquiesces in a breach of the Pact which she has now promised to make effective, then let us at least recognise the consequences. It will mean final forfeiture of any hope that those countries

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whose position makes them nervous of external aggression may yet be persuaded to put their trust in the "collective will" to guarantee security unconditionally but without any specific undertaking to back the guarantee with specific pledges of so many armed units to be plunged into the scale against the aggressor.

THE RISE IN COMMODITY PRICES.

THROUGH months and years of economic depression the public have been incessantly taught that a rise in the world level of commodity prices would be the herald of approaching revival; and that so long as commodity prices continued to fall or remain stagnant, it was premature to scan the horizon for signs of real improvement. It is not surprising, therefore, that every upward swing in the price level is watched with eager attention, and when a movement attains the dimensions of that which we have witnessed in the past few weeks it is inevitable that large hopes should be based upon it. We do not propose to assume the rôle of prophet as to the continuance or durability of the present movement. It must, however, be admitted to have reached such proportions as to deserve careful examination, and we therefore present statistical data relating to the general trend and to the behaviour of individual commodities.

Let us begin with a study of the trend revealed by the first three columns of the following table:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistik Reichamt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th ...	110.9	120.9	89.6	91.5	96.3	97.0	91.4
Mar. 22nd ...	108.1	111.9	86.5	89.6	97.0	95.3	90.3
Apr. 20th ...	105.8	105.4	81.9	88.6	95.1	93.4	89.4
May 18th ...	102.6	105.9	81.9	87.3	94.0	91.7	88.5
June 1st ...	100.2	101.0	79.8	86.0	92.7	90.4	88.2
June 15th ...	97.8	99.7	80.2	86.4	91.5	89.5	88.1
June 29th ...	97.4	99.3	80.5	87.3	91.3	89.2	88.0
July 13th ...	97.5	101.3	82.6	88.3	91.3	88.5	88.1
July 27th ...	99.5	105.5	84.1	...	...	...	...
Aug. 10th ...	101.0	108.6	88.5	...	...	...	...

The rise in gold prices of primary products between June 29th and August 10th was of the order of 9.9 per cent., while, despite the fact that this period saw a substantial depreciation in the gold value of the pound sterling, the advance in the sterling price level of primary products was slightly less—namely 9.4 per cent. The movement thus measured has certainly been both rapid and substantial in recent weeks; and in the case of gold prices has practically wiped out the fall that took place between the end of February and the end of June.

The movements in the *Economist* index number group since the abandonment of the gold standard, and in the last fortnight, as shown in the next table:—

"ECONOMIST" INDEX.

(1927 = 100).

	Sept. 18, 1931.	July 27, 1932.	Aug. 10, 1932.
Cereals and meat	64.5	69.3	67.9
Other foods	62.2	59.2	59.2
Textiles	43.7	45.8	48.1
Minerals	67.4	67.9	70.5
Miscellaneous	65.8	59.7	60.6
Complete index	60.4	60.1	61.0
1913 = 100	83.1	82.7	83.9
1924 = 100	52.2	51.9	52.7

The last fortnight's decline in the cereals and meat group is the net result of advances in foreign wheat and flour and bacon, seasonal declines in barley and potatoes, and some weakening in the quotations for beef and mutton. Among other foods, a fall in butter balances a rise in cheese. In the next two groups, textiles and minerals, the rise is general throughout cotton and other textile materials and in the minor metals. Changes in individual commodities since the end of June and since September 18, 1931, are shown below:—

	Inc. (+) or Dec. (-) per cent. compared with		Inc. (+) or Dec. (-) per cent. compared with	
	Sept. 18, 1931.	End June, 1932.	Sept. 18, 1931.	End June, 1932.
Wheat—For.	+28.6	+12.5	Flax	+26.2
Wheat—Eng.	+40.9	+2.5	Hemp	+18.7
Flour	+25.7	+6.9	Jute	+10.4
Barley	-31.6	-5.8	Textiles	+10.1
Oats	+40.3	-3.1	Pig Iron	...
Malze	+47.5	+10.1	Steel rails	...
Rice	...	+1.7	Iron bars	-2.5
Potatoes	-8.3	-47.6	Coal, Welsh exp.	+17.3
Beef—Eng.	+15.5	-6.2	Coal, Dur. gas	-1.3
Beef—Arg.	+15.8	+34.1	Coal, household	-4.8
Mutton—Eng.	-30.4	-11.5	Lead	-4.2
Mutton—N.Z.	-32.6	...	Tin	+26.5
Bacon, Danish	+6.5	+13.8	Copper	+4.8
Cereals and meat	+5.3	-1.5	Spelter	+20.1
Tea	-45.9	+7.7	Minerals	+4.6
Coffee	-5.3	-1.1	Timber, Eng.	...
Cocoa	+8.6	...	Timber, Swed.	-8.5
Sugar, cane	-9.6	-0.7	Cement	-18.2
Sugar, ref.	+4.4	+5.2	Hides	-20.7
Cheese, Can.	-4.8	-14.5	Leather	...
Butter, Dan.	-11.8	+13.8	Petrol No. 1	...
Coco. oil	+29.7	+18.4	Petroleum oil	...
Tobacco	+12.0	...	Fuel oil	...
Other foods	-4.8	+2.8	Linseed oil	+1.7
Cotton A	+39.6	+17.8	Tallow	+11.1
Cotton E	+27.5	+25.4	Rubber	-3.8
Cotton yarn	+15.6	+10.2	Soda crystals	...
Cotton cloth	+3.8	+4.7	Sulph. ammon.	-50.0
Wool, Eng.	-13.0	+5.3	Cresote	+7.1
Wool, Aust.	+2.8	+8.8	Miscellaneous	-7.9
Wool tops	+3.6	+3.6		+3.8
Silk	-12.5	+2.9		

Since the turn of the half-year conspicuous among the proportional advances in individual commodities have been rubber, hides, tin, copper and spelter, cotton, jute and hemp.

It is worthy of notice that a very important part in the recent price advance has been played by commodities which are commonly the counters of international speculation. It cannot be said that the movement is related to any visible increase in the volume of world trade, for latest available economic indices give no indication that any such movement is as yet in progress. This fact by itself, however, does not conclusively prove that there is no foundation for the price rise, and it is open to optimists to argue that just as a sharp fall in the commodity price level preceded and heralded the world slump some months before the wane of industrial activity became visible, so, in turn, a sharp upspring in the price level may be the harbinger of a revival in trade.

The course of several important markets will in the near future be influenced, perhaps decisively, by the publication of crop estimates, which represent another factor baffling the prophet even of the near future. But if the present upward movement continues, a point will be reached, and might be reached before the curve has gone very much higher, when a new factor would come into play. All over the world consumers' stocks of a wide range of commodities (rubber being a prominent exception) stand at an exceptionally low level, traders having long waited to replenish their inventories until they felt some definite assurance that the bottom of the price curve had definitely been touched. Should the conviction spread widely enough, whether rightly or wrongly, that such assurance is now definitely available, a big, genuine buying movement might begin, and it is possible to imagine a rush to replenish which would carry the price curve up steeply for a time.

It must be remembered, however, that production in many primary industries has been reduced to levels, consonant with depressed world demand, at which few concerns are able to operate at a profit. A sharp upward twist in commodity prices might act as an inducement to producers to increase their output. The extent to which this factor might tend to check a recovery in prices might vary with different commodities. Almost all primary industries have a large "reserve" of productive power, but the rate at which this may be drawn upon, at relatively short notice, is not identical in all cases. The rubber industry offers an example of elastic conditions. Individual producers are bound by no agreements, gentlemanly or otherwise, to refrain from increasing their output as and when they think fit. Tin mining, on the other hand, is closely controlled by international legislation and collective undertaking, and production could be raised only in accordance with a prearranged schedule.

THE WOOL TEXTILE POSITION.

(BY A CORRESPONDENT.)

AN increased consumption of wool during the worst years of a world-wide depression in trade is the riddle presented by the wool textile industry. Recent reports on Australian conditions have called attention to the heavy clip last season and the estimated production of more than 3,000,000 bales in the season 1932-33, compared with 2,860,000 bales in the season 1928-29. This increase has occurred in years in which prices have proved so unprofitable for the growers that one might reasonably have anticipated a curtailment of production or a restriction of supplies to the market in an attempt to force up prices. Yet one of the largest clips ever produced has passed into consumption, and an advance in prices of 10 per cent. or more on June closing rates at the July sales in London indicates that there are no large stocks about in home and Continental manufacturing centres to check an appreciation in values which has been anticipated for the last six months.

The increased demand for wool noted by the Australians finds its counterpart in the increase of retained imports of wool in this country. In 1928 the total weight was 440

million pounds; by 1931 the figure had risen to 591 million pounds. An increased use of cheap wool in the heavy woollen areas in place of rags and shoddy has, undoubtedly, occurred, but the advance in imports is too great to be explained entirely by this substitution. And as the output of woven fabrics has not increased, the conclusion must be that a part of the extra supply of wool has found an outlet in the hosiery yarn trade. This conjecture is confirmed by the rising percentage of unemployment in the wool textile industry itself, for had the additional wool been going into woven cloths alone the rise between 1928 and 1931 would hardly have occurred. At the close of 1928, 13 per cent. of the insured operatives were unemployed. After a drop to just under 11 per cent. in the first quarter of 1929, there was an almost continuous rise until September, 1931, when the figure reached 35 per cent. Between October, 1931, and March, 1932, there was a sharp fall in recorded unemployment (to which the suspension of the gold standard and the revised conditions of national insurance benefits contributed), and in March the figure was 17 per cent. Since then a marked reaction has set in, and the latest available returns (for June) register 26 per cent. of unemployment. A closer examination of events during the nine months October-June throws considerable light on the problems and prospects of the industry.

The suspension of the gold standard in September raised hopes that the steady contraction of export trade would be checked, and once more business would be possible with foreign markets for which our goods had become too expensive. This optimism was strengthened by the fact that in Bradford and other wool textile circles the view had gained ground that the return to the gold standard in 1925 had proved the main factor in the loss of export trade. When the Abnormal Importations Duties were imposed in November-December, the prospect of filling a heavily protected home market with yarns and fabrics increased the optimism inspired in September, and, for the moment, the outlook seemed bright for both domestic and foreign trade. Speculative buying forced the pace, and mills suddenly became busy in anticipation of a strengthened demand for wool textile products.

It was soon realised, however, that optimism had over-rated the position. In October and November exports of yarns and fabrics showed little change; the move off gold had not brought a boom. The principal form of activity was the production of yarns for the hosiery trade to replace the imports which had been shut out by the Abnormal Importations Duties. Here, too, there was speculative production, for many topmakers and spinners relied on the maintenance of the duties until May 1st. When the duties were suddenly lowered about five weeks before that date there was great agitation, because it was feared that supplies of yarn and cloth from the Continent would flood the English market. Those fears have been falsified by the trade returns for May and June. Imports of woollen and worsted yarns in June were 105,000 lbs., compared with nearly two and a half million pounds in the month before the protective duties were imposed; imports of woollen and worsted fabrics in June were less than half a million square yards, compared with seven million square yards in November. These facts suggest that a 10 per cent. duty on yarns and a 20 per cent. duty on cloth are adequately protective, and they also bring out the marked restrictive effect on imports of the depreciation of sterling.

Preoccupation with the fillip in trade in the home market occasioned by emergency tariff action has not blinded wool textile producers to the urgency of the recovery of export business. The censuses of production have shown that the industry must sell about half its finished products overseas to maintain the full employment of its machinery and labour. Yet in post-war years export trade has fallen off very seriously. During the last slump (1920-1931) exports of woollen cloths fell from 108 million square yards to 56 million square yards, and exports of worsted cloths from 47 million square yards to less than 30 million square yards. In 1918 the exports of woollens and worsteds were 141 million square yards and 78 million square yards respectively. When sterling depreciated after the suspension of the gold standard the possi-

bility of making good this loss of trade was closely canvassed.

For seven years the whole emphasis had been on the recovery of export trade by cutting costs of production. Wages were the chief issue, and after much strife wages were reduced in 1930 and again in 1931, in all by from 15 to 20 per cent. An export bounty conferred by a depreciation of sterling seemed to offer the solution that attempts to adjust costs of production had failed to secure. And in a few instances good business has resulted, more particularly in trade with China. But the rapid multiplication of currency restrictions and quotas has nullified the benefits anticipated from the depreciation of sterling. Traders willing and able to sell are deterred from engaging in business because of the difficulty of securing payment for the goods they send abroad. The Greek declaration of a five years' moratorium, Danish banking restrictions and similar impediments to business forebode the cessation of trade with countries pursuing these policies, and a marked decrease in the volume of international trade.

In view of the burdens placed on overseas trade by quotas, currency "pools," surtaxes and the like, the question of competitive costs of production has, for the moment, become a secondary issue, for the obvious reason that a competitive price is of no value if remittances are not forthcoming for the goods sold. It is no surprise, therefore, to find that exports of wool textile products during the first six months of 1932 have not exceeded the monthly average for the year 1931. This means that the competition for business in the home market, already increased by the slump in exports since 1929, is being intensified. The trade in yarns with Leicester is closely contested, and in the piece-goods trade there are disturbing recurrences of price-cutting in the attempt to get business and liquidate stocks. It is clear that any replacement of the imports of fabrics by home-manufactured goods will not be sufficient to compensate for the loss of exports. The question arises, therefore, whether the scale of manufacturing (i.e., weaving) will not require to be reduced in keeping with the reduced outlet for fully manufactured goods. It would appear that the industry is undergoing a change in structure. More wool is being used in the country at the same time as less woven cloth is being produced. The preparatory processes, as far as spinning, are common to both cloth-making and hosiery. May not the future of wool-working lie in a closer alliance with the hosiery manufacturer? The idea has attracted attention, and in a field where the closest competition with the Continent is in fine counts and mixture yarns technical and scientific research may be invoked to give aid to the English producer.

Formal schemes of reconstruction or rationalisation of the wool textile industry are disliked, and there is little prospect of success along these lines. A strong traditional individualism and a deep-seated fear of the difficulties of financing combines and large-scale mergers account for this antipathy. Reorganisation is most likely to come piecemeal as the success of certain firms induces the copying of their methods. These firms have won success copying, to fashion study, and by close attention to joint-selling, to the introduction of the spreading of overhead costs by the introduction of shift working and automatic looms. The path of those who follow suit will not be smooth, for they will encounter trade-union opposition. But the choice seems to lie between planned reorganisation, including methods of operation, and adherence to the system of letting the most fortunate survive.

The best description of the position in the industry at the moment is that of perplexity born of the consciousness of handicaps arising from events beyond the control of the individual manufacturer and merchant. When an important manufacturer, dependent for 70 per cent. of his business on foreign trade, said: "Let the Government get the reparations and currency questions out of the way, then we can look after ourselves," he expressed a widespread feeling of dismay that the industry's pride in its ability to manage its own affairs should be so severely curbed by problems which, essentially, governments must handle. This explains the most insistent call of the day, that the Government must back up

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traders to enable them to handle such situations as have arisen in Greece, Denmark, and elsewhere. But as governments move slowly at best, no speedy or substantial abatement of restrictions on overseas trade can be expected. The prospect, therefore, is that of limited and difficult export trade with still keener competition in the home market. In the struggle it seems inevitable that more firms must succumb, unless co-operation tempers the individualism by which the industry has gained its successes in the past.

URAL INDUSTRIALISATION.

(BY OUR MOSCOW CORRESPONDENT.)

A TRIP to the main centres of new industrial construction in the Ural Territory which lies on the frontier between European Russia and Siberia brings home most vividly the reality and the scope of the large-scale industrial development which has been carried out under the Five-Year Plan. At Magnitogorsk, near the headwaters of the Ural River, where three years ago there was only a desolate steppe, over 75,000 workers are now toiling on the construction and operation of a steel plant that may some day become the largest in the world.

A huge mountain of rich iron ore, with total deposits estimated at over 300,000,000 tons, is the basis for the working of the Magnitogorsk plant, and the ore which is extracted from this mountain is to satisfy the needs, not only of the Magnitogorsk works, but also of the new steel plant at Kuznetzk, in Central Siberia. Although Magnitogorsk and Kuznetzk are separated by a distance of some 1,500 miles they have been inseparably linked by Soviet economic plans. Magnitogorsk has the richest iron resources in the Soviet Union and Kuznetzk is located in the heart of the largest-known Russian coalfield, although the development of the Kuznetzk coal is of comparatively recent origin and the yield of this field is still far behind that of the southern Donetsk coal basin. The exchange of Magnitogorsk iron and Kuznetzk coal is the backbone of the so-called Ural-Kuznetzk Combination, which is the official name for a large area, including the Ural Territory, Western Siberia, part of Kazakhstan and Bashkiria, that has been marked out for especially rapid development because of its rich mineral resources.

The ultimate capacity of the Magnitogorsk plant is estimated at 2,500,000 or 4,000,000 tons of pig iron a year, the range of production depending upon whether the capacity of its blast-furnaces is enlarged or not. Should it reach the figure of 4,000,000 tons, it will exceed in output the steel plant at Gary, Indiana, which now has the largest capacity in the world. Much, however, remains to be done before Magnitogorsk will be turning out even 2,500,000 tons of pig iron a year. At the present time the operating parts of the plant include a mine, an ore-crushing factory, two coke batteries, two blast-furnaces, the first part of the electrical power station and some subsidiary works. The finished plant will have eight coke batteries, eight blast-furnaces (each with a daily capacity of at least a thousand tone), and 28 Martens furnaces.

A few hundred miles north-east of Magnitogorsk, in Cheliabinsk, the largest heavy tractor plant in the world,

with an annual capacity of 40,000 10-ton 60-horse power caterpillar tractors, is approaching completion. The schedule calls for the opening of this plant on January 1, 1938. One finds a good deal of English equipment in this plant, and also in the new chemical works at Berezniki, in the Northern Ural, far up the River Kama. This plant, which began operation last spring, is equipped to produce 200,000 tons of chemical fertilisers every year, its main products being ammonium nitrate, ammonium sulphate, chlorine and nitric acid.

In the Ural capital, Sverdlovsk (the former Ekaterinburg), a whole new town with 60,000 inhabitants has grown up round the large new Ural machine-building works, comparable in scope and equipment with Krupp's famous factory at Essen. Not far north of Sverdlovsk, at Tagil, a steel plant and a goods-van works, with a capacity of 65,000 goods-vans a year, are under construction, while at Krasno-Uralsk, in a different direction from Sverdlovsk, a huge copper-smelting plant has been built. It is intended to yield 25,000 tons of copper during its first year of operation and to reach a figure of 100,000 tons after several years of functioning.

It should not be imagined that these big new plants are springing up in smooth and complete working order, as if at the wave of a magician's wand. Every one of them is an arena of struggle between the stubborn creative will of the Soviet leaders on one side and a great variety of obstacles, some human and some natural, on the other. The size, the complexity, the novelty of the new factories make the problem of effective operation formidable. All the new works have had their full share of what are commonly called here "children's diseases." The Magnitogorsk blast-furnaces stop much more often than they should; Berezniki blew out many of the tubes in its big boilers during the first weeks of operation; the Nizhni Novgorod automobile works, like the Stalingrad tractor plant before it, is rolling up a big bill in the shape of waste and breakage.

It is not only a question of finding capable executives, of training engineers and technicians, of teaching a young labour force, largely recruited from the peasantry, to fit into a conveyor system of production. There are further complications because the food situation, for reasons which are too complicated to be dealt with here, is distinctly unsatisfactory, and housing at the new construction sites is very inadequate, with the result that labour turnover is abnormally high. An article in a recent issue of the economic newspaper, *For Industrialisation*, gives a figure of 275 as the percentage of turnover in the enterprises of the Eastern Mining Industry in 1931. This extreme fluidity of labour makes it very difficult to train workers at a single definite task.

But, when one has made all reasonable allowance for the defects of the new gigantic Ural industrial plants, their contribution to the national industrial capital and potential military strength remains impressive. It is impossible to judge them by the standards of private capitalism, because behind each plant are the credit and resources of the State. This means that a year or two of losses and breakage that would bankrupt a private concern can be written off as part of the price of the rapid industrialisation of Russia, the price, of course, ultimately coming out of the popular living standard.

Most all the large Ural establishments have obvious military possibilities. The significance of steel and copper works in modern warfare scarcely requires emphasis. The Cheliabinsk tractor plant could easily be set to making tanks; the Berezniki chemical factory is already turning out one of the world's most powerful explosives, ammonium nitrate; the military value of the Ural machine-building works, closely modelled on Krupp's, is evident. Economically the Ural Territory, with its rich stores of iron, copper, timber, platinum, asbestos and potash, was predestined for expansion. Recent prospecting in the neighbourhood of Sterlitamak, in the Southern Urals, has aroused the hope that oil may be included among these riches. Strategically the Ural Territory possesses an admirable location. Two thousand miles away from the Soviet western frontier, it is almost impregnable, even against air attack.

Notes of the Week.

Germany at the Cross-Roads.—The situation in Germany is developing according to expectation, and the lull following on the inconclusive general election has been broken only by minor disorders. Nevertheless, events are clearly moving, and rapidly, towards a critical *dénouement*. The von Papen Government has taken two steps which illustrate its policy, first of vindicating its power to maintain law and order, and secondly not to make any high bid for Nazi support. The first step was the issue of an emergency decree aimed at suppressing terrorism, and, in particular, extending drastically the scope of offence for which the death sentence may be given; the second, the definite refusal to offer the Chancellorship to Hitler, who has apparently been given to understand that nothing better than lesser posts would be awarded to the Nazis in return for parliamentary support. Clearly the time is near at hand when a trial of strength will take place between Hitler's constitutionalist predilections and the revolutionary ideas of the radical section of his supporters, led by the ambitious and uncompromising Herr Goebels. It would cause little surprise if a definite split in the Hitler ranks occurs in the near future, with the result that Nazi extremists, flouting Hitler's authority, proceed to the attempt to seize by force what they have so far been unable to obtain by constitutional means. If that happens, then a second, and more vital, trial of strength will be staged, this time between the Government and Herr Goebels. In this case, severe disorder would be inevitable, but there is reason to suppose that von Papen and General Schleicher are in a position eventually to stamp out revolutionary attempts and restore order to the Reich. Germany, then, is approaching critical days. It is another very unfortunate and disappointing chapter in German history. In the view of the outside world Lausanne has just given Germany a final release from reparations, and has afforded her the chance to restore her credit-worthiness in the sight of all men. If this desirable development is to be frustrated by internal quarrels it is not the least of the many tragedies of the post-war period.

Japan and Manchuria.—The past week has been fruitful in new developments relating to the Japanese occupation of Manchuria. Mr Stimson's significant warning to Japan is discussed in a leading article on a previous page of this issue, and calls for no further reference. But from other quarters, also come reflections upon Japanese actions and policy. Sir Frederick Maze, Inspector-General of Chinese Maritime Customs, has issued a statement on the Japanese seizures of customs, which, to judge from cabled extracts, makes sensational reading. Not only have the internationally-controlled revenues at five ports been held up and funds accumulated in the banks seized, but the Commissioners, among whom were British and American representatives, were forcibly ejected from their posts. The report appears to be elaborated with details of forceful and indefensible actions, for which direct responsibility rests upon the Japanese authorities. Then from China comes the news that the crisis which has long been brewing in the Chinese Cabinet has come to a head. Following on the recent resignation of Dr. Wang Ching-wei, the Prime Minister, the entire Cabinet has resigned. The resignations are a protest against the action of Marshal Chang Hsueh-liang in abandoning Manchuria to the Japanese without any serious attempt at resistance. The sequel to the Cabinet's action has been the resignation of the Marshal himself. The result is likely to be the replacement of the Marshal by a general more acceptable to the Nanking Government and a revitalising of Northern opposition to Japan in Manchuria. Meanwhile, Mr T. V. Soong, the Chinese Finance Minister, has given an interview to the Press in which a violent denunciation of Japan is coupled with a fresh appeal to the Powers to act up to their responsibilities.

British Food Imports.—In view of reports which, it is fair to say, so far lack confirmation, that negotiations at Ottawa have tentatively approached agreements on a basis involving British import duties on beef, mutton, bacon, butter and eggs, we show in the following table the main sources of our imports of these commodities last year:—

Main Sources.	GROSS IMPORTS, 1931.				
	Beef.	Mutton and Lamb.	Bacon.	Butter.	Eggs in Shell.
Denmark.....	...	...	22.4	15.6	4.4
Poland.....	...	...	...	...	1.0
Belgium.....	...	...	...	...	1.2
Sweden.....	...	...	1.7	1.3	0.2
Holland.....	...	...	2.9	0.6	2.3
Finland.....	...	...	...	1.5	...
Irish Free State.....	...	...	1.2	2.1	2.3
South America.....	22.3	4.5	...	2.1	...
Australia.....	1.8	3.6	...	8.4	0.6
New Zealand ...	0.6	9.6	...	10.8	...
Canada.....	...	...	0.2	...	...
Total imports	25.6	18.4	33.1	46.4	13.8

The figures reveal strikingly the extent of our dependence on the foreign imports which, according to the reports aforementioned, are to be taxed. In the case of beef, substitution of Dominion for South American supplies is largely precluded by geographical considerations, having regard to the impossibility, so far, of transporting beef from the Antipodes in the superior "chilled" form. The market in imported mutton and lamb is already dominated by Australia and New Zealand. In the case of bacon and eggs, duties on foreign imports would mean penalising the British consumer to a wholly disproportionate extent unless there were an almost inconceivable diversion of trade from its natural channels. As for butter, it is by no means certain that a mere preferential duty would enable Dominion producers to obtain higher prices in view of the competition between Australia and New Zealand. Canada, it will be observed, hardly figures at all as a supplier of these five vital commodities which enter greatly into the British cost of living. Parenthetically, we would add that any appreciable exclusion of European, and particularly Danish, imports of bacon, butter and eggs would be a crowning blow to the solvency of Denmark, and would aggravate generally the Continent's agricultural crisis.

Horticulture's Permanent Protection.—Horticultural products, which during the winter were accorded the shelter of a wide range of emergency import duties, are now to enjoy a permanent tariff, which is to come into operation on September 1st. That is the important point revealed by the Orders issued this week under the Horticultural Products (Emergency Customs Duties Act), 1931, and the Import Duties Act, 1932. The Advisory Committee in the Report* give an undertaking that the tariff schedules now laid down will remain in force until 1934. So emergency duties, introduced on the plea that the "import balance" had to be reduced, pass into a permanent tariff (much of it on food) without even the formality of a Parliamentary debate and almost without public notice. This is precisely what we expected; that is the way Protection works. But is it what the public expected when temporary fruit duties were pressed forward as a crisis measure a few months ago? May it not seem strange to many that the new Orders, constituting a permanent tariff, are issued, not only during the Parliamentary recess, but even during the absence of the Minister for Agriculture at Ottawa? Perhaps, however, the apparent permanence of this new tariff may be less solid than it appears. For we venture, with due deference, to suggest to Sir George May and his colleagues that not even they can tie the hands of the Cabinet or prevent Mr Humeiman from entering upon the policy of tariff bargaining with other countries. A mushroom duty, even if decreed for a set period by the Advisory Committee, can hardly be regarded as inviolate if it stands in the way of major fiscal negotiations.

* Cmd. 4145. Price 4d. net.

A Short-lived Spanish Rebellion.—We are as yet too near to the date of the Spanish change from Monarchism to Republicanism to expect that that country has become permanently free from the danger of Monarchist disturbances. It is a cause, therefore, of little surprise that a rebellion broke out this week. The movement was heralded by the suspension of a prominent Monarchist newspaper and a number of Nationalist clubs, accompanied by a campaign of political arrests. This seems to have been the signal for outbreaks of fighting in Madrid and in Seville, which for the time being appeared to threaten grave consequences. In fact, the rebellion has been quelled with unexpected celerity, and on Thursday morning the end of the revolt was marked by the arrest of General Sanjurjo, the leader of the insurrection at Seville. It can hardly be expected that the volcanic potentialities of Monarchist resentment have as yet finally expended their latent force, but the success of the present regime in quelling what appeared at one time to be a major ebullition of dissatisfaction suggests that subsequent risings will have progressively less chance of creating a *coup d'état* as time goes on.

Seven Months' Overseas Trade.—The July trade returns, of which preliminary figures appear in this week's *Board of Trade Journal*, show that the downward trend of imports is continuing, for the figures show a decrease of £5.6 millions since June (when admittedly imports were relatively high) and are also the lowest for the year. Exports were relatively better maintained.

MONTH OF JULY.					
(000's omitted.)					
	1932.	Increase or Decrease as compared with			
		July, 1931.		July, 1930.	
	£	£	%	£	%
Imports	51,921	- 18,225	- 25·8	- 33,245	- 39·1
British exports	29,294	- 4,958	- 14·5	- 21,452	- 42·3
Re-exports	3,305	- 1,631	- 33·1	- 3,358	- 50·4
Total exports	32,599	- 6,589	- 16·8	- 24,810	- 43·2
Excess of imports over total exports	19,322	- 11,636	- 37·6	- 8,435	- 30·4

FIRST SEVEN MONTHS OF YEAR.					
(000's omitted.)					
	1932.	Increase or Decrease as compared with			
		1931.		1930.	
	£	£	%	£	%
Imports	411,833	- 76,102	- 15.6	- 214,933	- 34.1
British exports	216,327	- 17,081	- 7.3	- 139,250	- 39.4
Re-exports	32,635	- 8,009	- 19.7	- 23,307	- 41.1
Total exports	248,962	- 25,090	- 9.1	- 162,557	- 39.2
Excess of imports over total exports.....	162,871	- 51,012	- 23.9	- 52,376	- 24.8

The most disquieting feature of the returns is a sharp contraction of £2.7 millions between June and July imports of raw materials, and this is accentuated by the fact that the June figures were not abnormally large. This may be due to the approach of the holidays, but it is significant that no such decrease occurred a year ago. There was also a slight decrease of about £500,000 in exports of manufactured goods. The adverse trade balance is definitely better than in previous years, but this result has only ensued as a result of a disastrous shrinkage since two years ago upon both sides of the account.

Unemployment in July.—According to the latest figures issued by the Ministry of Labour, the number of insured persons in employment on July 25th was 9,317,000. This showed a decline of 77,000 as compared with June and was 16,000 less than in July, 1931. The total number of insured persons registered as wholly unemployed on July 25th was 1,995,453, as compared with 1,961,769 on June 27th and 1,877,543 a year ago. Those temporarily without employment numbered 721,552 on

July 25th, against 688,878 last month and 724,690 in July, 1931. The unemployed among persons usually in casual employment amounted to 94,777, and was 2,419 less than a month ago and 16,840 less than a year ago. The total registered unemployed on July 25th therefore amounted to 2,811,782, as compared with 2,747,943 in June and 2,713,350 in July, 1931. The Ministry of Labour states that the decline during the month was partly accounted for by the trade dispute in the cotton industry and by extended holiday stoppages in the Dundee jute industry. Other industries contributing to the decline were building, public works contracting, coal-mining, general engineering, iron and steel manufacture, shipbuilding and repairing, and the tailoring trade. It should be borne in mind that there is normally a slight seasonal falling off in employment between June and July, and the present decrease of 64,439 compares not unfavourably with reductions of 147,388 and 105,964 respectively, recorded between June and July, 1930 and 1931.

Cotton Trade Wages.—The wages negotiations between the employers and the operatives in the weaving section of the Lancashire cotton industry broke down after a joint conference—one of a series—which was held in Manchester on Tuesday. In the official statement to the Press made by Mr John Grey, the chairman of the Manufacturers' Association, it was shown that the employers had lowered their demands and had proposed a wage reduction equal to 10 per cent. off current wages. This compares with a first demand made when the negotiations started of approximately 16 per cent. off current rates. The negotiations, however, did not break down on the question of wages, which the employers considered to be the major issue. The deadlock was actually created on the question of a reinstatement of discharged operatives. In explanation, writes our Manchester correspondent, it must be stated that in many towns where the operatives had refused to work the more looms system or had come out on strike where employers had posted notices of a reduction in wages, the employers discharged the weavers after giving them due notice that their positions would be filled if they did not accept the terms and conditions. During the negotiations in Manchester, which were held for six hours on Friday last and were continued on Tuesday for five hours, the operatives had insisted on the employers reinstating all discharged weavers, but the employers very plainly stated that they could not accede to this proposal. The employers held the view that it was a roundabout attempt to destroy the "more looms to a weaver" system by stipulating that it should be one of the conditions of settlement on the general wages question. The operatives, in their official statement, replied that the reinstatement question was a vital one to them, and they could not discuss a wage reduction settlement unless the employers agreed to their suggestion. One of the trade union leaders, however, added that they had not promised to accept the proposed 10 per cent. wages cut even should the employers agree to reinstate all operatives. Important developments on the wages question are likely to take place during the week-end. There is a possibility of the Weavers' Amalgamation deciding to support a general strike policy and attempt to shut down all manufacturing firms.

American Cotton Crop.—At the beginning of this week, writes our Manchester correspondent, there was a good deal of nervousness in cotton trade circles as to the probable effect upon prices of the crop statistics published by the Government at Washington. Late on Monday afternoon it was reported that the growth had been estimated at 11,306,000 bales, or about 1,000,000 bales below market expectations. Owing to the bullish character of the forecast, prices in Liverpool and New York advanced smartly, there being a rise on the day of over ½d. per lb. Since then rather wider fluctuations have occurred, with some reaction. The Department of Agriculture has given the condition of the crop as 65.6 per cent., compared with 74.9 per cent. a year ago, while the yield per acre is given as 149.6 lb., against 185.8 lb. this time last year. A year ago the crop was estimated at 15,584,000 bales, and the

final yield was 17,095,000 bales, the yield per acre for the season being 201.2 lb. The Government, in a supplemental report, states that the prospects for the crop are more uncertain than usual owing to weevils being in greater numbers than in any year since 1928. The infestation is general practically throughout the belt, but is worst in the delta lands along the Mississippi River. The plants, however, are generally blooming and fruiting well, and a period of hot, dry weather would materially improve prospects. It is pointed out that the amount of fertiliser applied this season is much less than for several years, and the plants in many places are smaller than usual. In Lancashire trade circles there has been an inclination to discredit the low crop estimate of the Government; clearly, everything depends upon the weather in the belt during the next couple of months. It is realised that owing to the carryover from last season being 13,000,000 bales, there is no possibility of any real scarcity of supplies even should the new crop be comparatively small, and it is all a question of fixing a price for the article under the conditions existing. Many traders would accept the rise in prices with more enthusiasm if there were indications of any definite increase in world consumption.

United States Deficit.—A detailed statement of the realised revenue and expenditure of the Federal Government of the United States for the fiscal year ended June 30, 1932, is now available. The chief items in the accounts during the past two years are shown in the following table:—

REVENUE.			
(In millions of £.)			
Item.	1930-31.	1931-32.	
Income tax	1,860	1,057	
Indirect taxation	947	831	
Miscellaneous revenue	510	233	
Total revenue	3,317	2,121	
EXPENDITURE.			
General expenditure	2,293	2,496	
Public debt: Interest	512	599	
Sinking fund*	440	413	
Miscellaneous expenditure	875	1,499	
Total expenditure	4,220	5,007	
Deficit	903	2,885	
Deficit after deducting sinking fund payments	463	2,473	

* Including debt retirements.

The deficit for 1931-32 exceeded by \$762,000,000 the estimate of \$2,123,000,000 presented in the annual report of the Secretary of the Treasury at the end of last year. Expenditure exceeded the estimate of \$4,482,000,000 by \$524,000,000, while revenue failed by \$288,000,000 to reach the anticipated figure of \$2,859,000,000. As compared with the previous financial year, total revenue, at \$2,121,000,000, showed a decrease of 36 per cent. Expenditure, on the other hand, rose by 17 per cent., from \$4,220,000 to \$5,007,000,000. Total revenue from income tax, at \$1,057,000,000, was \$83,000,000 lower than estimated, and showed a decrease of 48 per cent. as compared with the year ended June 30, 1931. The heavy decline in miscellaneous revenue was due chiefly to the suspension of the debt service of foreign Governments as a result of the Hoover moratorium. The increase in expenditure was due mainly to the authorisation by Congress of the purchase of \$500,000,000 of the capital stock of the Reconstruction Finance Corporation, and of the subscription of \$125,000,000 to the stock of the Federal Land Banks. The salient feature emerging from these figures is that no less than 58 per cent. of the total expenditure was financed by borrowing. As a result, the Federal public debt (gross debt less net balance in general fund), at \$19,070,000,000 on June 30, 1932, shows an increase of \$2,741,000,000 during the past fiscal year.

The 1930 Census of Production.—Volume XVI of the preliminary reports of the Census of Production of 1930, published in a recent issue of *The Board of Trade Journal*, covers the shipbuilding, hardware, brass, paint and fancy

articles trades. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee	
	1924.	1930.	1924.	1930.	1924.	1930.
Shipbuilding	Thous. £ 51,001	Thous. £ 57,103	Thous. £ 22,758	Thous. £ 25,807	£ 169	£ 210
Hardware, hollow-ware, and metallic furniture	23,275	27,371	12,576	14,038	189	178
Finished brass	9,979	10,636	5,654	5,601	179	177
Paint, colours and varnishes	16,948	18,773	7,350	8,266	397	401
Ivory, horn and fancy articles	5,066	3,301	2,568	1,843	183	170

The value of ships and boats wholly constructed in 1930 was £13,799,000, against £6,212,000 in 1924, while the estimated value of the work of new construction on vessels not wholly completed was £26,804,000, as compared with £27,789,000. The total value of the repair work done on ships and boats, at £15,328,000, showed a decrease of £881,000 on the previous census year. The returns reveal a substantial expansion in the hardware and paint and colour trades. The average number of persons employed in the hardware, hollow-ware and sheet metal trades rose from 66,606 in 1924 to 78,978 in 1930. Similarly, the average number of employees in the paint, colour, and varnish trades increased from 18,502 to 20,616. As far as can be seen from the returns, the finished brass industry appears to have held its own, but the ivory, horn and fancy articles trade suffered a substantial setback between 1924 and 1930.

London Bread Prices.—The report of the Committee appointed by the Food Council to inquire into London bread prices has now been issued. The terms of reference to the Committee were to determine whether the sliding scale of bread and flour prices laid down by the Food Council in 1925, or the scale modified by 2s. per sack of flour in the bakers' favour, should be followed in the future. Both scales provide that the retail price of bread should be increased by ½d. per quarter loaf for each 4s. increase in the price of flour per sack, but in the bakers' scale the price of flour was consistently 2s. lower than in the Food Council's scale. The bakers' case was that since 1925 their costs had been increased because of a decline in consumption, increases in the proportion of bread delivered to customers, and in the proportion of paper-wrapped bread, and, finally, because of an alleged deterioration in the quality of standard straight run flour. The Committee found that decline in consumption had been overstressed by the bakers, and they rejected the allegation of the deterioration in quality. On the other hand, they found that there had been a definite increase in the cost of distribution, including paper-wrapping, which they estimated at ½d. per 4 lb. loaf. This led the Committee to recommend that the Food Council's scale should be modified in the bakers' favour by 1s. per sack of flour. The result is a new scale which comes exactly halfway between the two scales referred to the Committee—apparently a reasonable compromise.

Overseas Correspondence.

UNITED STATES.

Share Markets — Treasury Deficit — Railways —
Commodity Prices.

(FROM OUR CORRESPONDENT.)

NEW YORK, August 3.

FIRMER tendencies in commodity prices and the persistent strength of bonds have made possible a three weeks' rally in shares sufficient to show a gain of 35 per cent. In percentage the recovery in share markets dur-

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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ing July was the sharpest seen in recent years, and prices have recovered almost to the levels of last April. Numerous shares have doubled and tripled in price, especially in the railroad and oil groups, as compared with the lowest levels of a month or so ago. More recently the copper group has been prominent. Naturally, Wall Street is sceptical of the permanence of the improvement, since the statistics of business fail to reveal any basis for lasting recovery. However, much of the trouble is paralysis of enterprise and a reluctance to spend money by those who have plenty of it, and rising markets always act as a tonic in such cases. As usual, the rise in wheat and in securities in the midst of presidential election campaigning has started rumours of artificial support, but the markets undoubtedly are in a better position to advance than they have been at any time since the depression began.

Hope for a revival of company financing is entertained because of the strength in bonds. Recent new offerings of public utility issues have gone well, and the best grade bonds of utilities and railroads are difficult to secure in quantity. Public utility issues in July totalled \$90 millions, and brought the month's financing to the largest in over a year. Oversubscription to the Treasury's August 1st issues of two- and four-year notes for \$650 millions was eight and a-half times, and the allotment was put at \$710 millions. The Treasury has stepped up its maturities from two to four years in the past nine months, which it is believed explores the way for a long-term issue.

The needs of the Treasury in the coming year will be heavy. The July deficit amounted to \$263 millions and the public debt amounted to \$19,611 millions, against \$19,487 millions at the end of June and \$16,801 millions a year ago. Total new financing in the first six months was \$650 millions, exclusive of Government borrowing and refunding. The new capital issues were less than a third of those of the same period last year and one-sixth the volume of the first half of 1930 and 1929. Loans by the reorganised Reconstruction Finance Corporation probably will increase considerably in the next few months, and they will make the largest addition to the public debt.

Business casualties have been less numerous of late, particularly in the banking field, and the banks are fairly certain to receive more prompt aid from the R.F.C. in future. Another small railroad, Norfolk Southern, has gone into receivership, bringing the depression total to half a dozen, all but one being in southern territory. The outlook for some others seems hopeless, but their reorganisation will do more good than harm, since under changed conditions of competitive transportation some railroads can never expect to carry enough traffic to cover

fixed charges. The railroads are making further salary cuts, and most of them appear cool to the proposal that they secure large loans from the R.F.C. for expenditure on new equipment, new trackage and repair of old facilities. On the whole the railroads have sufficient equipment in good order to take care of all traffic in sight, and they do not care further to add to their financial burdens, merely to give a few industries stimulation.

The Federal Reserve system, while diminishing its purchases of U.S. Government bonds, nevertheless, finds excess member bank reserves again on the increase, thanks to rising gold stocks and the return of currency from circulation. These excess reserves for the country are estimated by the New York Reserve Bank at \$250 millions, and for the New York district at \$100 millions. However, the fact that member bank borrowings are still around \$500 millions indicates to the authorities that many smaller banks have not yet felt the money ease of the large centres. The country's gold stock gained \$55 millions net in July, principally due to release of metal from earmark, following the slump in European currencies against the dollar and the need for payments here in dollars. Some gold also has come in on purely exchange transactions, and this market has proved at times to be a more profitable one than London for gold sales.

The new money market influence, i.e., issuance of national bank notes under the new law granting circulation privilege to Treasury bonds bearing 3½ per cent. coupons or less, is bringing some increase in the national bank note circulation (limited in any case to about \$900 millions as unused capital of national banks), but is unlikely to bring any rise in total circulation. The new notes simply mean that the banks lift their reserves by repaying the Federal Reserve system its own currency notes. Demand for currency is not rising.

So far the principal use of inflationary credit operations has been to reduce debts. Some commodity prices have risen, but the cause does not seem to have been inflation. Last week, for the first time since the end of March, there was a slight rise in member bank credit, coming mostly from larger Government bond investments by New York banks. The Federal Reserve system, for the first time since the June tax date, failed to increase its total credit in use.

The bases for the better feeling are the passage of the Tax Bill, followed by removal of the soldiers' bonus threat; the stoppage of the gold drain and the curb to currency hoarding with the credit aid of the R.F.C.; the adjournment of Congress, the rise in commodity prices, and, finally, the Lausanne agreement. It looks to most Wall Street observers that however the case may be with politicians, the trend of public opinion is in the direction of facing realities. That gives rise to strong hopes that European debt reduction as a means of furthering the interests of this country will be acceptable when Congress again convenes.

Commodity prices have joined the bond market as a sustaining influence on speculative sentiment. The Dun's and Bradstreet indices for July show gains of 1 to 2 per cent. in wholesale prices, the rise taking place largely in farm products, where it was most needed. In its current bulletin the National City Bank offers this comment on the rise in commodity prices: "The only explanation seems to be that the combination of decreasing stocks, reduced production and low prices has at last induced an increase of buying by dealers. It shows that prices are still responsive to changing relations between supply and demand, and producers are cheered to have a demonstration of this kind. Now, while there is no prospect of scarcity in anything, there is a new-born feeling that at last constructive influences may be getting the upper hand." Copper interests are talking 7 cent copper, on the idea that it will be just as easy to sell at the higher price as it has been at the low prices, but actual conditions in the industry are little changed.

FRANCE.

National Defence — Population — Budget — Franco-Irish Trade.

(FROM OUR CORRESPONDENT.)

PARIS, August 10.

WITH reductions in national defence expenditure totalling 1,440 million francs as provided by the recent Emergency Finance Act, and due to come into force during the financial year beginning on January 1st, Nationalist opinion is beginning to show some nervousness as to what the effect may be of a further all-round cut of 5 per cent. in military estimates, which is to be made under the Budget for 1933. There are already signs that strong opposition will be offered to any further substantial reductions, either under the Budget or as a result of the pending discussions of the Disarmament Conference, and it is evident that the task of M. Paul-Boncour, who fills the double rôle of French War Minister and of one of the principal French delegates at Geneva, will be an unusually difficult one. The Geneva disarmament discussions will reveal whether M. Paul-Boncour has been able successfully to accomplish, like MM. Millerand and Briand before him, his evolution from an extreme Socialist into an orthodox French political leader of the normal moderate type.

An interesting article by M. Emile Borel (a former Minister for the Navy), which is published this week, calls attention to facts which suggest that, merely by the inevitable decrease of population, a substantial reduction of French military strength may be automatically brought about. Next year France will enter on a five-year period during which the direct effects of the comparative sterility of the war years will make themselves evident. During 1933 the potential mothers born in 1915 will attain marriageable age at eighteen, and their diminished numbers will be reflected in fewer births during the coming twelve months. In 1935 the pre-destined soldiers born in the same year will reach conscriptable age, but in such diminished numbers that the year is expected to reveal a drop of something like 100,000 in new effectives. M. Borel estimates that the decrease in population directly due to "war-time sterility," during the next five years will total 1,200,000 units, giving an annual shortage of about 120,000 of each sex. French nervousness in this connection has been somewhat allayed by a declaration by the German savant Burgdoerfer, to the effect that Germany has no longer an increasing population, and that, if the present drop in their birth rate continues, the nation will in a very few years begin to decline in population to an unpredictable extent. M. Sauvey, the French statistician, estimates that, even if the French birth rate continues at its present level and the death rate decreases appreciably, the population, which in 1930 totalled 40,700,000, will by 1980 have dropped to 38,900,000 and that unless the death rate is improved, it may have dwindled to 29,000,000.

The Budget, which is now under elaboration, is expected to furnish several disagreeable surprises for the taxpayer, but so far strict reticence is being observed as to the nature of the proposals to be put forward. The deficit is estimated at between 7,000 million francs and 7,500 million francs. Providing the economies and adjustments stipulated under the recent Emergency Finance Act prove effective, reductions and upward revisions which have already come into effect, or will do so in October or January, should provide for 2,300 millions francs of the shortage, and a further saving of 1,200 million francs is expected as a result of the proposed Rentes conversion plan. This will still leave between 3,500 million francs and 4,000 million francs to be secured to obtain a balance. Unfortunately, this figure can be regarded only as a minimum. Yield from income tax during the last quarter was only 5,000 million francs, or 23 per cent. below the corresponding period of last year, whereas Budget estimates forecast a yield of about 10 per cent. smaller. It is also to be feared that income tax declarations next February will show a still greater drop than those for 1931 earnings. Part of these shortages have already been recognised, as has also the disappearance of between 1,700 million

francs and 2,000 million francs of foreign debt payments which would have been due in 1933 but for the general moratorium.

It is officially announced by the Finance Ministry that the loans of 354 million francs to Hungary and 250 million francs to Yugoslavia, issued by the Treasury since June 30, 1931, are guaranteed in the case of Hungary (to the subscription of which the Treasury contributed), by the surplus revenue (*pari passu* with the similar bonds issued in 1924) allocated to safeguard the 7½ per cent. loan of 1924, by gross Customs receipts, and by the sugar tax and the net revenue from the tobacco and salt monopolies, and in the case of Yugoslavia (subscribed by the Treasury) by the surplus revenue of the national monopolies. The money required for Hungary was drawn from the Treasury balances in New York, and that for Yugoslavia from the Treasury account at the Bank of France. The money was advanced in francs, in the form of credits, in an account opened at the Banque de l'Union Parisienne in the name of the Hungarian National Bank and on the books of the Bank of France in the name of the Yugoslavian National Bank. No help was asked in either case from the Caisse des Dépôts et Consignations, or from the Caisse d'Amortissement.

Inquiries made here indicate that France is one of the countries in which Mr de Valera is hoping to find a fresh outlet for Irish products, to replace the British market. Unfortunately for the Sinn Féin leader, France is interested only in the possibility of furnishing Ireland with a proportion of the cotton piece-goods, woollen yarns, boots and shoes, hats, gloves and other manufactured goods which Ireland has hitherto obtained almost entirely from Great Britain. Entries of agricultural products, which constitute Ireland's entire exports, are already held strictly in check here under a quota system in the interest of French agriculture. There appears to be some agitation among French manufacturers in an attempt to bring pressure on the Government to open the doors to Irish cattle and other farm products, in exchange for imports of French industrial products into Ireland, but so far without the least prospect of success. Negotiations between the French Minister in Dublin and the Free State Minister for Commerce, however, are reported to be still in progress.

GERMANY.

Political Situation — Economic Trend — Butter Imports — Deutsche Bank Bonds.

(FROM OUR CORRESPONDENT.)

BERLIN, August 9.

PRELIMINARY informal negotiations for building a Parliamentary platform for the Papen Cabinet began immediately after the Reichstag elections. With the return of the Chancellor from his vacation they are now being carried on intensively. The situation is extraordinarily complicated. The Centre desires that the National Socialists should take over responsibility, but it is not willing to give them such a powerful position as to leave the entire guidance of the State in their hands. But, since it would mean a great sacrifice for the National Socialists if they were compelled, by the entrance of members of their party into the Cabinet, to ratify the Papen Government's Emergency Decrees, and even still more unpopular measures, they will not content themselves with a shadow of power. Hence it cannot to-day be foreseen whether an agreement can be reached between them and the Centre. But it is just as impossible to see how the Government can be carried on if National Socialists and the Centre do not come to an understanding, and if one or both of the two parties, by remaining in opposition, make any Government majority impossible.

Germany is watching with the greatest attention every happening in the world which could be regarded as the forerunner of coming economic improvement. Hence the bull movement on the American Exchange and the relatively favourable situation of the world market for com-

modities have been followed with keen interest. In Germany, also, many symptoms seem to indicate that the lowest point in the economic depression has nearly been reached. The "Institut für Konjunkturforschung," however, issued only a few days ago a very unsatisfactory prognosis. Isolated signs of improvement, it declared, were due to causes which have nothing to do with general economic development, as, for instance, Soviet Russian orders to German industry. That the downward movement in commodity prices had come to a standstill meant for Germany that she could not count on any further reduction in the cost of raw materials which she must buy in the world market. The outlook for German exports, it was declared, was very unfavourable, for even if an economic improvement takes place elsewhere, the first to profit by it would probably be the districts overseas which produce raw materials, and, in the second place, England, who is the chief exporter of industrial commodities to those districts. However, this view of the Konjunkturinstitut has met with sharp disagreement in Germany. There is a large body of opinion which believes that the fall of prices had throttled all desire to make investments or to buy goods as everyone calculated that they would be able to buy materials and other commodities for less money by waiting a few months. Hence, it is declared, the present arrest of the downward course creates the first condition precedent for considerable orders.

The tariff on butter and the question of the butter quota have in the last few months been the cause of great anxiety in German trade policies. At present every country exporting to Germany is restricted to 5,000 tons a year, irrespective of whether the country in question formerly sent much or little butter to Germany. The butter imported into Germany under this quota pays a duty of 50 marks per double hundredweight (metric). Every 100 kilogrammes in excess of this amount must pay 100 marks. But since the duties are calculated on a gold basis, countries with a debased currency, such as Denmark and Finland, pay 86 marks for butter falling within the quota, and the duties for imports in excess of this reach the prohibitive figures of 136 marks for Denmark and 170 marks for Australia and Canada. This regulation has evoked sharp retaliatory measures against German exports in the butter-exporting countries. The warnings issued by the chambers of commerce against the continuance of this policy have increased, and now even the Rhenish mining industry, which in general is strongly in favour of a high protective tariff, has come out in favour of an understanding with foreign Governments in order to ease the pressure on German exports. The German Government has entered into discussions with the foreign Governments concerned, and has declared its willingness to substitute for the rigid quota proportionate amounts based on the butter exports formerly sent to Germany by each country in question. Heretofore Germany has regarded herself as bound by the most-favoured-nation clause, but it is not a satisfactory application of that clause when Denmark, which exported 30,000 tons of butter to Germany in 1931, receives only the same quota as that given to Estonia, with an export of 6,000 tons. The adoption of the principle of proportional quotas has, therefore, resulted in a more favourable basis for negotiations between Germany and the larger exporting countries. This has been particularly noticeable in the case of Denmark, who obviously desires to reach an understanding with Germany, since she fears that the Ottawa Conference will give special preferences to New Zealand, Australian and Canadian butter on the English market. Denmark even appears to have offered to make satisfactory compensation to the smaller exporting countries—in particular to Finland, to whom the 5,000-ton quota is assured by commercial treaty—if the new agreement with Germany can be reached in this way. The German Government is ready not only to introduce proportional quotas but also to abandon the extra charges to meet currency depreciation and to introduce a uniform rate of duty for all countries. But here difficulties with Holland arise. This country, as the second largest supplier of butter to Germany, was handicapped by the uniform quota, but benefited by the lower duties, for, since its currency is stable, Holland's butter was not required

to pay any valuta supplement, and thus enjoyed an advantage over Danish, Lettish and other competitors. Holland would agree to a uniform rate of duty if that rate were made low enough. But here there is strong opposition from German agriculturists. It is questionable whether an understanding can be reached with Holland—the negotiations have for the time been broken off—and whether in these circumstances an entirely new regulation of butter imports into Germany can become effective. German butter duties and quotas have to-day acquired the same importance for the country's whole trade policies as the duties on grain in pre-war days.

The offer by the Deutsche Bank to the holders of its dollar bonds due on September 1, 1932, either to make repayment in a blocked mark account, or to prolong them for three years and give a bonus of 2 per cent in dollars, seems to have been unfavourably received abroad, although the offer, in German opinion, represents a just compromise between the interests of the bondholders and German difficulties. Various foreign newspapers do not appear to realise that the offer is in line with the interests of all foreign creditors of Germany. The reserves of gold and *devisen* of the Reichsbank have shrunk to 894 million marks, and of these 567 millions are offset against short-term credits and are not disposable. The experiences of the last few months have shown that the German export surplus is at most adequate only for the transferring of interest payments on debts abroad, and that every single repayment of capital falls in full on the gold reserves. (This was the case with the instalment payment on the Lee Higginson and the Gold Discount Bank credits). If Germany should continue to make such repayments, the cessation of interest payments would within a short time be unavoidable. As a result of this situation the Reichsbank refused to meet the wish of the Deutsche Bank to repay the bonds in foreign currencies.

The directors of the Reichsbank are above all striving to maintain the transfers of interest. Moreover, a repayment of the Deutsche Bank bonds would have been against the interests of the "standstill" creditors, since these cannot count on any repayment of capital in the near future and must, despite the short-term nature of their claims, content themselves with prolongation. The prolongation of the Deutsche Bank bonds affects only a relatively small sum, since, roundly, half of the original loan of \$25,000,000 is now in the possession of the bank or of other German holders who will be repaid in marks. The prolongation of the remaining sum is not a profitable transaction for the bank. Taking into account the 2 per cent. bonus and the further three years that the bonds run, the 6 per cent. loan costs the bank 6½ per cent. a year, which is a high interest rate for bank money in present circumstances. For this reason a higher conversion premium was out of the question. Germany expects that the foreign holders of loans will understand these considerations, and that the credit of the largest German private bank, which is able to meet all claims in marks, will not suffer as a result of the prolongation.

AUSTRIA.

Coal Bill — Financial Position — Hungarian Trade Treaty

(FROM OUR CORRESPONDENT.)

VIENNA, August 8.

THE management of coal in Austria is being placed upon an entirely fresh basis by an Act imposing permits upon the importation of hard coal, hard coal briquets and coke. Future experience will determine whether the matter will be taken a step farther and a coal monopoly created. The strongest advocates of this are the Federal Railways, for they believe that a coal monopoly would increase their revenues. It has also been decreed that consumers of coke and anthracite for household purposes in Vienna and seven other towns must accept 50 per cent. of Austrian gas coke in their deliveries. In order still further to promote the consumption of Austrian coal, a mixture of

lignite with coal for household purposes has been prescribed. In Vienna the admixture amounts to 20 per cent., but it rises in the Federal areas, in which lignite is produced, up to as much as 90 per cent. It is expected that these measures will lead to an increase in the annual consumption of Austrian coal for household purposes of about 250,000 tons. Traders in foreign coal, however, are beginning to combat these regulations, and there have already been personal attacks upon various responsible Government officials, calling for the intervention of the Public Prosecutor and the police. As the new law means the loss of the greater part of the Austrian market to them, the excitement of the vendors of Polish, Czechoslovakian and German coal is understandable. In some cases the consumer, too, has no reason to be pleased, for Austrian coal is not first-class, and will necessitate the alteration of fireplaces and furnaces. But, owing to the admixture of inferior coal in deliveries, prices to the consumer have been lowered.

The fight over Lausanne and the loan continues, and, as is only to be expected from such a prolonged summer session, the House is nervous, so that a Government crisis may easily occur. The National Bank still continues to allot only 1 per cent. of the amounts of the invoices for which foreign means of payment are demanded. In the matter of foreign-exchange management the position at the moment is highly unsatisfactory. In official clearing low exchange rates prevail. The National Bank apparently wants to have private clearing extended, whereby much higher rates are given for the foreign means of payment than are permitted in official exchange. On the other hand, if in buying or selling foreign values anybody demands the exchange rates which are used in private clearing he is promptly arrested. The National Bank is still keeping to the high Bank rate, and it takes the view that only when important Bills of an economic character have been passed by Parliament and the Lausanne Bill has been accepted can it set about reducing its rate. In regard to the service of the Federal Loan of 1930, which is not covered abroad, the Financial Administration has now decided to remit the corresponding value in schillings to the National Bank. The sums in schillings will be entered in a "blocked" account in favour of the trustees.

During July there were 338 compositions with creditors and 108 bankruptcies, or about the same number as a year ago. The disposition of the banks to grant further credits is checked because there is again a political movement in favour of reducing the margin between loan rates and deposit rates. The banks themselves admit that the margin is large, but they point out that their other business prospects are slight. There is but little change in the position of unemployment. The Alpine Montangesellschaft has used up some of its stocks, and therefore intends very shortly to start a furnace again. It is of importance to the iron industry that a provisional trade treaty has been arranged with Hungary, so that trade between the two countries, which had come to a standstill, will begin again. Hungary was accorded the right to send to Austria a certain quota of flour, fruit, vegetables, poultry, eggs and cattle. In exchange for this right Hungary has declared herself prepared to accept from Austria certain quantities of timber, cellulose, paper pulp, paper, fine steel, tools and machines, and to make good the difference in turnover to Austria by putting the necessary foreign money at the disposal of people intending to travel in Austria. The farmers have won another victory in preventing the importation of rather large quantities of provender barley.

Great excitement in economic circles has been aroused by a Government Bill, which has probably been elaborated by the National Bank. It is called a Bill for the protection of the currency, and aims at punishing publishers not only of false reports, but, under certain circumstances, of true reports calculated to cause disquiet. It is hardly to be expected that such a Bill will be passed by Parliament.

ITALY.

New Finance and Corporation Ministers — Regulation of Cartels — Sicilian Sulphur Consortium.

(FROM OUR CORRESPONDENT.)

TURIN, August 1.

THE appointment of Signor Jung as Minister of Finance in the place of Signor Mosconi passed without comment in the daily Press. The Budget situation, owing to the last issue of Treasury bonds, is strong from the point of view of cash in the Exchequer; but from the liability point of view, Signor Jung must solve a difficult problem. The current deficit for the fiscal year closed on June 30th amounted to 4,274 million lire. Other losses will have to be incurred by the State, before a final settlement of the frozen assets of the Banca Commerciale is reached. These assets have been passed on to the Società Finanziaria Industriale (SOFINDIT), which in its turn ought to pay their price by pledging them to the Istituto Mobiliare Italiano (IMI), presided over by Senator Mayer. Very reasonably, Senator Mayer intends to advance money only to sound industrial concerns, because he can obtain the necessary money only by selling bonds to the market, and to this end savers must be persuaded that bonds are guaranteed on conservatively valued and profitably run industrial concerns. The first experiment on how the market will absorb the IMI bonds will be made by a 150 million lire loan to the Società Italiana Gaz, the great holding company reconstructed by Senator Frassati. After scaling down the capital from 260 to 26 million lire, the IMI should complete the reconstruction by converting the overdrawn banking account into a 150 million lire funded loan. Electrical, shipping and chemical industries also need long-term loans to ease their banking accounts and, therefore, the task of the IMI, to be completed, requires appeals to the market to the tune of billions of lire. The task of the new Finance Minister should be to eliminate competition between the needs of the Exchequer and of the IMI, with a view to the country's limited saving capacity. Signor Jung, who was by profession a banker and, until yesterday, President of the Export Institute and of the SOFINDIT, was probably selected for his qualifications as a man capable of finding a solution to the problem.

Speculations as to the causes of the resumption by Signor Mussolini of the Corporations Department are more uncertain. The names of the new Under Secretaries, Signori Asquini, a professor of commercial law, and Biagi, a labour organiser, are not so conspicuous as to afford a clue to the motives which led to the resignation of Signor Bottai. On the employers' side, there was a certain discontent against Bottai, due to utterances which could be interpreted as too collectivist.

The Government's powers to create compulsory cartels in the iron and steel industries were extended to February 28, 1933, and a committee was appointed to advise before the end of the year as to the best methods of organising the industry. On the other hand, two old compulsory cartels were subjected to severe criticisms. The old "Camera Agrumaria," created at Messina to unify the sale of calcium citrate, had accumulated a stock of 8,500 tons, valued, at current prices, at 20 million lire. The board of directors was accused of maintaining a policy of too high prices and thus stimulating the imports of foreign synthetic citric acid. The board was therefore dissolved, and a new board charged with the invidious task of finding remedies. More complex was the problem of the Consorzio Solifero Siciliano, a thirty-year-old compulsory cartel for the sale of Sicilian sulphur. The 1923 agreement between Sicilian and American producers for the division of the world's markets did not prevent the gradual decrease of Sicilian sales and the increase of unsold stocks from 5,000 tons in 1928 to 200,000 tons at the present time. The Consorzio, which had advanced the price to producers, was thus saddled with a debt of about 60 million lire, and the industry with a threat of ruinous prices in the event of big stocks being put on the market. The situation could be solved either by the extension of the cartel to those non-Sicilian producers who

had in the meantime entered the field, or by a return to free competition. Contrary to the new cartellisation policy, the latter was the preferred solution. The Consorzio was dissolved, producers being free to sell at market prices as from August 1, 1932. To prevent a slump in prices, the present stock will be purchased by the Liquidating Consortium, with the financial aid of the Bank of Sicily and of the Palermo Saving Bank, at the average price of 300 lire per ton. As the sale price cannot possibly cover the purchase price with interest and other costs, the loss will be borne by the State Exchequer, and for this purpose a yearly sum of six million lire has been inscribed in the Corporation Budget. This is the end of the most important experiment made in compulsory cartellisation of industry.

The reorganisation, by a decree of June 30th, of the stock exchanges puts brokers under a stricter Government supervision, and presidents and members of the boards are in future to be appointed by the Finance Minister. Their activity will be rigidly limited to brokerage, to the exclusion of all jobbing transactions. The right of buyers to claim immediate delivery of securities purchased for end of the month settlement is abolished. The Finance Minister, however, can, in exceptional circumstances and for given securities, grant such a right (the so-called *diritto di sconto*).

ROUMANIA.

General Election — Economic Reorganisation Harvest Prospects.

(FROM OUR CORRESPONDENT.)

BUCHAREST, July 24.

IN the general elections which followed the resignation of the Jorga-Argetoianu Cabinet the National Peasant Party obtained a fraction over 40 per cent. of the votes, the remaining 60 per cent. being divided among the numerous groups and factions into which the ambition and private aims of the political leaders are splitting up Roumania. The Liberals, the principal opponents of the National Peasants, and the only party besides these worthy of the name, have polled about 13½ per cent. of the votes. It should be mentioned, however, that they obtained an important majority in Bucharest. The curious Roumanian election law secures for the party which obtains a minimum of 40 per cent. of the total votes an important allotment of seats in the Chamber, and the National Peasant Party will, therefore, have 272 seats against an opposition of 114, in which the Liberals, under Mr Duca, are represented by 28, and the Liberal section under Mr G. Bratianu by 14. The result of the election for the Senate is not yet available, but it is expected here also that the National Peasant Party will have a substantial majority. The present Government, having completed its task of presiding over the elections, will now resign, and a new Cabinet will be appointed, which, in all probability, will consist of members of the National Peasant Party. The King is credited with the intention of forming a Cabinet of concentration, composed of members of all groups; but it is unlikely that he will succeed in view of the uncompromising attitude of the Liberal Party. There is a considerable amount of speculation as to who will be Prime Minister. Mr Maniu, who withdrew a few years ago from official political activity, still remains the dominant factor in the National Peasant Party, but it is said that he refuses to re-enter the arena. On the other hand, there is a striking lack of unity among the other principal members of the National Peasant Party. In business circles the Party does not inspire too much confidence. It is remembered that it was they, when previously in power, who began ill-advised measures which aimed at the protection of bankrupt debtors, interfered with private contracts, and resulted in the destruction of credit. The more level-headed section of public opinion is anxious to see how the burning questions of the day will be tackled.

There are three main problems which confront the authorities and which are more or less intimately connected: the revision of the year's budget; the payment of

interest on the public debt, and of salaries and pensions; and the maintenance of the value of the currency. Hopes of obtaining a foreign loan have dwindled to zero, and this is not to be regretted, for although it would give temporary relief to the Treasury, the loan would imply an additional burden which could not possibly be met. Roumania will have to rely on her own resources, and in this respect the outlook is very dark. It is true that Treasury receipts have been rising lately, but they are not yet up to the budget estimates—not to mention the substantial deficit in the receipts for the first half-year. The only hope for this country lies in the revival of its economic activity. There is talk of receiving funds by means of concessions; in this connection the spirit monopoly is mentioned. The payment of State salaries and pensions for May, June and July has been made possible by the manipulation of funds at the disposal of the Treasury for other purposes. There remain the debts to local industries, for which there is no prospect of settlement in sight. The rate of exchange is protected by the National Bank with draconic severity, and this causes considerable disorganisation in commerce. As is natural, there is a great deal of clandestine dealing in foreign exchange, and in this market "devisen" command a premium of about 5 to 10 per cent. over the official rates of the National Bank. There is a great deal of talk about economic reorganisation under the auspices of the League of Nations. Two representatives of this body, Messrs. Avenil and Loveday, have paid a short visit to the country, and it is reported that experts of the League will arrive here in August to study the situation and work out a reorganisation plan. It is, however, improbable that any suggestions made can be put into application before the autumn session of Parliament.

Reports concerning the harvest are conflicting. The long winter, the subsequent floods and now rust are said to have caused much damage to the wheat crop. The total production of wheat is provisionally estimated at 200,000 wagons, against 358,000 wagons in 1931 and an average of 280,000 wagons during the last five years. As a result of the reports, the price of wheat is rising. There is hardly any of last year's crop to be found. The official price for old wheat is 33,750 lei per wagon, but market reports show that as much as 35,000 to 36,000 lei have been paid. These prices compare with 30,000 lei for wheat of this year's harvest, and show a substantial increase over those ruling a few months ago. Figures regarding barley, oats and rye are not yet available, but it is feared that they will, on the whole, be disappointing. The area under maize is larger than last year, and reports as to the condition of the fields vary according to districts.

NORWAY.

Effects of Lausanne — Banking — Unemployment.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, July 30.

It is a long time since the outcome of any political world conference had such an effect in Norway as that of the Lausanne Conference. There was no immediate or marked increase in the turnover or the influx of fresh orders in trade, commerce and industry, but there was a decidedly brighter tone in business circles and a touch of what would appear to be a more well-founded optimism than previous political or economic events have engendered. The Bourse, otherwise quiet and dull during the two previous months, has been quite active all through July. Industrials have been items of special interest, some of them registering a rise of about 50 per cent. on June rates. Banking, insurance and shipping also improved, while whaling failed to attract attention. Bonds have been very firm, especially those payable in foreign currency, and, in particular, dollar bonds. Compared with the rates now obtainable in foreign centres, Norwegian gilt-edged stock seem to offer favourable features for investment purposes, and there is certainly a growing demand for these particular bonds among Norwegian investors.

According to official figures deposits with private banks showed a decline during June of about 4 million kroner,

while loans and discounts increased by about 11 million kroner. During the half-year deposits declined by nearly 75 million kroner and loans by about 1 million kroner. Deposits with savings banks decreased during the half-year by 20.5 million kroner. It has been stated that this rather heavy decline is probably accounted for by the fact that depositors have been forced by the present untoward economic conditions to use their bank deposits to provide for their daily requirements, and also that the State and Municipalities have been drawing rather heavily on their bank balances.

Unemployment figures for July 15th show a decrease of 2,000 since June 15th, the number now being 25,750, as compared with 20,869 on July 15, 1931. A further 60 per cent. should be added to the above figures to account for those districts where there are no labour exchanges.

A strike of road workers has just been brought to a conclusion through the intervention of the Public Mediator. The strike has lasted for about three months, and the roads have consequently been in a terrible state, since no repairs were made when the frost was thawing and the roads were in the most urgent need of constant attention.

Weather conditions have hitherto been very favourable, especially in the middle and northern parts of the country, and large crops of hay of very good quality have been housed. Crop prospects as regards cereals and roots are also very favourable, and are estimated to equal those of an average year.

As regards political developments, public attention is chiefly focussed on the dispute between Denmark and Norway concerning East Greenland. The matter has been brought before the International Tribunal at The Hague, and Norway's request for preliminary precautions while the case is before the Tribunal is now awaiting judgment. Whatever the final outcome of this dispute may be, the two nations will, of course, accept the findings of the Tribunal as absolutely binding.

JAPAN.

Banking — Capital Issues — Trade.

(FROM OUR CORRESPONDENT.)

Tokyo, July 11.

SEVERAL important Government measures, which had been introduced in the May-June session of the Diet, were passed in their original forms; the new tariffs took effect in the middle of June, and the exchange restrictions and the Bank Charter came into force on July 1st. To the advisory board to the court of the Bank of Japan, created under the new Charter, were appointed the President of the National Chamber of Commerce, representatives of the three big joint-stock banks, and a former deputy-governor of the Bank of Japan. The maximum fiduciary issue was raised abruptly from 120 million yen to 1,000 million yen, but no actual expansion occurred under the new currency regulation. The Bank return for the end of last week shows that the note circulation was 981.9 million yen, and gold holdings stood at 429 million yen. This means that the total circulation fell nearly 450 million yen short of the statutory maximum. Despite the demand for Bon Festival settlement, monetary conditions have become easier since the turn of the month. The Tokyo clearing banks' committee agreed upon a reduction in the minimum short loan rate from 4½ per cent. to 4 per cent., and the new rate took effect on Monday.

The new capital raised during the first half of the year, including issues for refunding purposes, was 628.9 million yen, as compared with 485 million yen in the corresponding period of last year. The increase is mainly accounted for by the Government borrowings, which rose by 217.6 million yen. But, apart from Government issues, the other capital-raisers were unprecedentedly inactive, and the total new money invested in industry amounted to only 40 million yen, or a decrease of over 100 million yen upon a year ago. This is the lowest ever recorded in the annals of the new capital market, and shows the reluctance of industrialists to launch into new capital expenditure and to bring out new capital issues.

Commodity prices moved downward with undiminished severity. The Bank of Japan's wholesale index number for June registered a further sharp drop of more than 2½ per cent. on the month, reducing the total to 146.4, which is the lowest since January, 1930. The gain made during less than three months after the departure from the gold standard has been more than offset by the continuous fall since March.

The trade returns for last month show that, as compared with June, 1931, imports rose in value by 6,366,000 yen, and exports increased by only 1,364,000 yen. The increase in imports in June, when the heavy import season would otherwise come to a close, was to a great extent due to the speeding up of entries before the coming into force of the new duties in the middle of the month, and increases occurred markedly in wheat, iron and steel, and oils. On the export side increases in cotton manufactures, rayon products, and wheat flour were largely offset by the heavy decline in raw silk. The total value figures for the first six months of the year reveal that, in comparison with the corresponding period of last year, imports increased by 125,801,000 yen, or 18.6 per cent., while exports fell by 27,729,000 yen, or 4.8 per cent., the excess of imports over exports amounting to 266,874,000 yen, as against 113,344,000 yen.

Business has been affected by a series of fresh adverse factors. The recent violent fluctuation in the yen exchange has greatly interfered with trade as a whole, though a certain section of the export industry has benefited by the depreciation of the currency. Increased shipments of Fushun coal are underselling the home coal, and the colliery-owners' association is lodging a strong protest with the South Manchuria Railway. Raw materials from Manchuria have thus proved, if only temporarily, a menace to the Japanese industry. The agitation for the relief of the distressed farmers is gathering influence. A special session of the Diet, to be convened in early autumn for remedial legislation, may, it is feared, result to some extent in deviation from sound financial policy and "a modification of the capitalist system," and this apprehension is doing much harm to the return of confidence. In consequence there is a fresh slump in the stock market and business is limited, despite the ease of money.

CANADA.

Wheat Crop — Business — Foreign Trade — St. Lawrence Waterway.

OTTAWA, July 27.

THE all-important western wheat crop has been passing through its most critical stage, and it has survived it so successfully that authoritative grain experts who have toured most of the prairie country now estimate its volume at 430 million bushels, which is only 20 million bushels less than the ten-year average. The export movement of wheat in June, placed by the Bureau of Statistics at 18,428,802 bushels, was the largest since December, 1931, but it was 4½ million bushels below the figure for July, 1931, and unless there is an abnormal gain in the shipments for the last week of July the carry-over of Canadian wheat will be in excess of 130 million bushels.

Business conditions remain more or less stationary, but if anything there has been a slight improvement in July, attributed largely to hopes raised by the reasonable crop prospects in the West. Wholesale trade remains quiet and substantially below last year's level, but in retail trade there is a fair demand for seasonal goods. In the industrial world silk production is being well maintained, but activity in other textile factories has fallen off, and both footwear and furniture factories are short of orders. The new programme of building construction is still very small, and operations in iron, steel and railway equipment plants remain at low level. There has been a slight improvement in the export sales of newsprint, but the general state of the industry is still unsatisfactory, and there is a very serious depression in the lumber industry as the result of the new American duties. The production of

motor cars has been disappointing, and only for the lower-priced models has there been any demand.

The trade returns remain unsatisfactory, and for June imports were valued at \$40,743,105, as compared with \$52,508,534 in June, 1931; domestic exports were valued at \$41,701,000, as compared with \$54,348,421 in June, 1931. In the twelve months ending June 30th total exports exceeded imports by \$31,000,000, as compared with an excess of imports of about \$64,000,000 in the previous twelve months.

On July 18th the Canadian Government signed a treaty with the Government of the United States for the co-operative construction of the international section of the St. Lawrence Deep Waterway, and, except in Quebec, the terms of the treaty are considered very satisfactory to Canada. Indeed, the Americans seem to have conceded most of the points insisted upon by Canada; they have agreed to the two-stage development on the international section suggested by the Canadian engineers instead of the one-stage development favoured by the American engineers. They have made Canada a most generous allowance of \$128 millions for her expenditure on the construction of the New Welland Canal, they have consented to the regulation of the diversion of water from Lake Michigan for sanitary purposes by Chicago, and they have accepted provisions which adequately safeguard all Canada's existing rights on the St. Lawrence waterway. The works which are to be constructed on the international section for power and navigation purposes will be carried out by a Commission on which both countries will be equally represented. There will be two navigation canals, one of which, on the Canadian side at Crysler Island, will be built and financed by Canada, as will be the allied rehabilitation works. Upon their completion Canada will own and operate this canal free from any control or supervision by United States. Upon the same terms the United States will build the canal locks and rehabilitation works on the American side at Barnhart Island. All the cost of the river works will be met by the United States, but for those on the Canadian side Canadian engineers, workmen and material will be employed, and they will upon completion be owned, maintained and controlled by Canada. The national or Quebec section of the waterway, part of whose development has already been undertaken in the construction of the Beauharnois Canal, will be developed by Canada with Canadian labour and material and no control or supervision, direct or indirect, will be exercised by the United States over this undertaking. In the Upper Lake section between Lake Superior and the River St. Clair the United States will complete the work of deepening the navigation channels and improving facilities. The development of all three sections will proceed simultaneously.

The net capital cost to Canada, according to estimates of a joint board of engineers, will be \$38,071,500 and to the United States \$243,661,000. The discrepancy in the share of expenditure which each country is to bear is accounted for by the fact that the United States has made to Canada a very generous allowance for the cost of the Welland Canal. The bill of the Canadian Federal Government is further cut down by the fact that it will receive a sum of roughly \$67,000,000 from the Province of Ontario for the one million horse power which will be developed on the Canadian side of the international section and which will be turned over to the Hydro-Electric Commission of Ontario. When the waterway is completed it will offer a 27-foot channel through which ocean-going ships can carry cargo without interruption through to the Great Lakes. On the whole the Treaty has had a very favourable Press, and the only serious hostility comes from the Province of Quebec, where the Liberal Provincial Government has denounced the pact and threatened to take legal action to thwart the scheme. The *Gazette*, the great Conservative paper of Montreal, is also hostile; but the Treaty is strongly supported by Liberal papers like the *Toronto Globe* and the *Manitoba Free Press*.

It is announced that Lord Beaverbrook's plan for the reorganisation of the financial structure of the embarrassed newsprint corporation, Price Bros. and Company, has been rejected by a powerful group of security holders and

creditors and that he has now withdrawn it. The scheme was also very unpalatable to other newsprint interests, as, if carried out, it would have formed an obstacle to the ambitious merger of newsprint companies for which negotiations have been carried on for months past.

Letters to the Editor.

TARIFFS IN CENTRAL EUROPE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In the *Economist* of August 6th Herr Julius Meinl combats the argument that Austria is obliged to defend herself and that the balance of her trade with Hungary shows such a serious deficit. Herr Meinl is repeating a theory, which he has often preached in Austria, namely, that our only salvation lies in free trade and that a balance of commodity trade between two States cannot be arrived at by means of figures. It is his practice to beat on open doors with this theory, for everybody in Austria knows that a real improvement for Austria is only possible if the frontiers are thrown open and free trade with the States of Central Europe is practised. Austria is, however, the economically weakest State in Central

Europe, and it is dependent upon its neighbours and their trade policy. It is therefore useless for Austria to go to an extreme liberality in its commercial policy. This has been clearly shown in recent years, for the liberal customs policy observed by Austria until quite recently did not put a stop to the deterioration in the economic position; on the contrary, it tended to hasten the process. Austrian economy cannot be saved with theories which have no practical applicability. In a country, in which—as was the case in the first half of 1932—in spite of a decline in foreign trade by 35 per cent., the deficit for the year on the balance of trade amounted to no less than about two-thirds of the total fiduciary circulation, there is surely no justification for the statement that “the ‘Balance of Trade’ argument had by this time been exploded.” The attitude of Austria towards Hungary, even though it is chiefly dictated by agrarian interest, has nevertheless led to a more accommodating attitude on the part of Hungary, while the public discussion has shown clearly that the Hungarian Government had to face much more severe criticism in its own country on account of the tariff conflict than had the Austrian attitude in Hungary or even in Austria. The extent to which Herr Meinl is wrong in his pessimism and his theoretic attitude is apparent from the fact that the Hungarian Government, contrary to the fears he expresses in his letter in regard to the foreign tourist traffic in Austria, is now offering more means of payment for this purpose than it was doing before the conflict.

Yours, etc.,
Vienna.
August 9.

YOUR VIENNA CORRESPONDENT.

Books and Publications.

BOOKS OF THE WEEK.

An Economic History of Modern Britain.

PROFESSOR CLAPHAM is the most industrious of historians. Here is the second volume* of his monumental economic history of Great Britain from the time of the Industrial Revolution; and, like the first volume, it is compact with immense learning based on an extraordinary amount of material carefully arranged and documented. In certain respects, indeed, this second volume is an improvement on the first. It gives a clearer position of the conditions which it sets out to describe, and shows a greater sense of the relative values of different sources of information. Professor Clapham is still sometimes inclined to make his readers bore their way through a mass of detail to the real significance of the major tendencies and events; but, despite the greater abundance of material for the period with which he is now dealing, he does this less than in his earlier volume. It is most noticeable in his treatment of the development of joint stock organisation; for from the wealth of information which he gives it is impossible to piece together any clear explanation of the nature of the new joint stock system based on limited liability, or of the effects of the successive Acts passed by Parliament for its regulation.

Like Mr Lipson in his recent history of the Age of Mercantilism, Professor Clapham, instead of dividing his period chronologically, breaks it up into a number of separate subjects—Industry, Trade, Communications, Commerce, Agriculture, Money, State action, Labour and so on. This method, as far removed as possible from that of the annalist, simplifies the handling of the immense mass of material with which he sets out to deal, and makes greatly for the value of his book as a work of reference. But it also serves to obscure the course of economic development within the period as a whole. The differences between conditions in the 'fifties, 'sixties, 'seventies and 'eighties are never clearly brought out: there is no generalised presentation of the successive ebbing and flowing of economic activity, and no broad comparison between conditions before and after, say, the middle 'seventies. Doubtless the materials are there in his book for a judgment on the reality of the so-called “Great Depression” of the 'seventies and 'eighties; but the reader has to collect them for himself from many different chapters.

* *An Economic History of Modern Britain. Free Trade and Steel, 1850-1880.* By J. H. Clapham. London. Cambridge University Press. 25s.

Almost as much as in his first volume, Professor Clapham appears to abhor a generalisation.

The greatest weaknesses of his book, apart from this broad criticism of his method, are in the chapters dealing with “The Economic Activities of the State” and with the Trade Union movement. The account of the growth of social legislation is singularly jejune, and fails to bring out the significant contrast between the period between 1850 and 1867, the crowded decade following the Reform Act of 1867, and the years of the “Great Depression.” Nor has Professor Clapham clearly presented the essential differences in the Trade Union movement between the craft unions of skilled artisans in the building and engineering trades, with their insistence on apprenticeship and their reliance on industrial action and negotiation, and the miners and cotton operatives, with their continuous agitation for State action to remedy industrial grievances. Nor again does he do justice to the Trade Union developments of the 'sixties and early 'seventies, or point the contrast between Trade Unionism before and after the great fall in prices set in during the middle 'seventies.

But, despite these faults, his book as a whole is a most impressive piece of work. He is surveying in it the decades during which the pre-eminence which Great Britain had won for herself in the Industrial Revolution was most triumphantly displayed and least open to challenge over the whole world. He stops short just as the challenge to that pre-eminence is effectively beginning, with the rise of competitive production abroad and the spread of anti-capitalist doctrines and movements at home. He takes the story to the threshold of modern Socialism and modern Imperialism; and there he rightly breaks off, leaving us to wait and see how he will tackle the far more formidable tasks of presentation and selection which will confront him in his third volume.

SHORTER NOTICES.

“The Recording Angel: A Report from Earth.” By J. A. Hobson. (London) George Allen and Unwin. 12s. 6d.

Mr. Hobson, unlike some of his fellow-economists, wields a pretty pen, and this short satire, in which a Celestial Messenger makes his centennial report to the Recording Angel upon the economic, political and social conditions of the planet Earth, makes agreeable and vigorous reading, even if one reflects

occasionally that the present state of the aforesaid planet needs no satirising. Here, however, is a specimen of the satire.

“What you say is very interesting,” says the Recording Angel. “If a man sells more than he buys, he receives less than he gives. Yet I understand you to say that Christian ethics are disregarded by the workaday practice of business men. But this eagerness to sell and this reluctance to take payment surely betokens a philanthropy that seems incompatible with your earlier statement. Am I to understand that the business men of some nations are in the habit of giving away their goods?”

“There,” says the Messenger, “Your Honour touches upon an interesting point in current controversy. It is charged against certain nations that they indulge in a practice called Dumping, which means that they sell to other nations goods that cost them more to make than the price which they receive for them. In part, at any rate, these goods are given away. But this, it is maintained, is far from being an act of Christian benevolence; it is held to be an act of malice designed to injure the recipient nation.”

This is a neat and caustic comment upon human folly; and the description of man's social life—from polis to megalopolis, from megalopolis to necropolis—such has been the story of countless civilisations—is, alas, only too true. Mr. Hobson, in spite of an indictment which comes nearer in spirit to extreme Socialism than any of his previous writings, does not, like many Socialists, despair of humanity. His dialogue ends on a note of hope, though it is not a very defined hope, but on a faith that some latent horse-sense in humanity will stop it just in time from committing the final folly of world suicide. Let us hope so.

“Contributions to the History of Statistics.” By Harold Westergaard. P. S. King. 12s. 6d.

There is only one history of statistics in English besides this volume—the monumental “History of Statistics” published by the American Statistical Association in 1918. Professor Westergaard's work is much slighter than the American compilation, and less comprehensive in scope. It stops at the end of the nineteenth century, and it does not deal at all fully with the official statistics published by governments. It is, indeed, more concerned with the progress of statistics as a branch of science than with the content of the available statistical information. Even so there is a formidable amount of ground to be covered; and at times Professor Westergaard's work reads too much like a catalogue of names. He also devotes a disproportionate space to the history of the international statistical congress held during the middle of the nineteenth century, and far too little to the evolution of trade statistics and the development of the use of index numbers. His book is indeed more adequate in the dealing with vital than with economic statistics; and he has much more to say of the applications of the theory of probability than to the development of the technique of measuring complex phenomena.

One penalty of trying to mention too many names is that the major events in the growth of statistical method fail to stand out with sufficient clarity. Professor Westergaard gives an adequate though brief account of “Staatenkunde,” and of the change in the meaning of the term “statistics” from information useful to the student of public affairs to information possessing a numerical character. He also deals more fully with the growth of “political arithmetic” in England, from Graunt and Petty to Gregory King, Davenant and Price. But the effect of this book is greatly to underrate the amount of statistical information available in the eighteenth century about trade and prices. For example, he makes no mention of the various parliamentary returns of English and Scottish trade, or of the figures used by Anderson and Macpherson in their trade annals. Again, in the early nineteenth century it is astonishing to find no reference at all to Tooke's “History of Prices”; and Porter's work, though mentioned several times, does not seem to have been adequately studied, while John Marshall and Colquhoun are not mentioned at all. Nor, at a later date, is Mulhall. Tooke is obviously the most serious of these omissions; for the effect of leaving him out is to make it look as if the technique of price-measurement had hardly been developed at all till the latter part of the nineteenth century.

Nevertheless, we must be grateful to Professor Westergaard for a book which is useful, even though it is lopsided and incomplete. Statistics have come to play so large a part in the technique of the social services in our day that a brief history of its development is badly needed; and it is clearly desirable to look at it from the international, rather than the purely national, point of view. The English can lay good claim to have been the founders of political arithmetic, and to have been

ever since well to the fore in the development of statistical technique. Nor need they be ashamed of having been far more cautious than the Americans in trusting to the use of such methods as correlation and other applications of the theory of probability to the handling of sociological facts. In statistics above all the simplest methods of presentation and analysis are apt to be the best.

OTHER BOOKS RECEIVED.

Die Industrie Österreichs Während des Krieges. By Richard Riedl. (London) Oxford University Press. 374 pp. 17s. 6d. net.

Die Einwirkung des Krieges auf Bevölkerungs-Bewegung, Einkommen und Lebenshaltung in Deutschland. By Rudolf Meerwarth, Adolf Gunther & Waldemar Zimmermann. (London) Oxford University Press. 474 pp. 25s. net.

Two of the series of books on the war published by the Carnegie Endowment for International Peace. The former deals with trade and industry in Austria during the war. The second is an analysis of the effect of the war on the German population and its standard of living.

Business Forecasting. By William Wallace. With an Introduction by Sir Walter Layton. Third Edition. (London) Pitman and Sons, Limited. 125 pp. 7s. 6d. net.

This edition brings up to date the author's previous clear statements on the best methods of forecasting the trend of business activity.

National and World Planning. Edited by Ernest Minor Patterson. (Philadelphia) American Academy of Political and Social Science. 298 pp. \$2.50.

A collection of papers read at the thirty-sixth annual meeting of the Academy.

Statistical Year Book of the League of Nations, 1931-32. (London) George Allen and Unwin. 7s. 6d. paper, 10s. cloth.

Introduction à la Théorie du Mouvement des Affaires. By E. Wagemann. (Paris) Librairie Félix Alcan. 124 pp. 25 fr.

A study of business and trade cycles.

The Development of International Reciprocity for the Prevention of Double Income Taxation. By John Goodwin Herndon. (Philadelphia) Callaghan and Company. 280 pp.

A technical account by an American of the existing treaties and conventions.

OFFICIAL PUBLICATIONS.

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

Empire Marketing Board: Canned and Dried Fruit Supplies in 1931. July, 1932. 1s. net; *Dairy Produce: Figures of Production and Trade.* June, 1932. 6d. net.

Return of the Budget of the Governor-General of India in Council for 1932-33. 4s. 6d. net.

Trade Facilities Acts, 1921-1926: Account up to March 31, 1932. 1d. net.

Return Showing Number of Offences Relating to Motor Vehicles in England and Wales during year ended December 31, 1931. 6d. net.

Colonial Report: No. 1571, Bahamas, 1931.

Return Showing the Number of Persons in Receipt of Poor Relief in England and Wales, January 1, 1932. 9d. net.

Ministry of Transport: Accidents which Occurred on the Railways of Great Britain during the year 1931. Cmd. 4132. 1s. net.

Empire Marketing Board: The Demand for Canned Vegetables. July, 1932. 1s. net.

Report of the Commissioner of Police of the Metropolis for the year 1931. Cmd. 4137. 9d. net.

Employers' Liability Insurance: Limitation of Charges in 1931. Cmd. 4140. 1d. net.

Ministry of Health: Final Report of Departmental Committee on Maternal Mortality and Morbidity. 2s. 6d. net.

Report of the Indian States Enquiry Committee (Financial), 1932. Cmd. 4103. 5s. net.

Board of Trade: An Industrial Survey of the Lancashire Area (excluding Merseyside), 1932. 6s. net.

Colonial Reports: No. 71, Tanganyika Territory, 1931. 4s. 6d. net.

Department of Overseas Trade: Economic and Trade Conditions in Latvia, May, 1932. 1s. net; *Economic Conditions in Turkey, 1932.* 1s. 6d. net.

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The Stock Exchange.

THE WALL STREET REVIVAL.

THE recovery in Wall Street markets has proceeded far enough to show its serious intent. It has been sharp and spectacular and has provoked a great deal of discussion. The conservative investor can see nothing to support it: the bull party can see nothing to stop its further advance. Such slight checks as the market has sustained have represented only consolidation before a further advance. Before reviewing the causes of this surprising movement and its probable future course, let us first examine the extent of the gains which have been secured.

Measured in percentages from the abnormally low levels ruling on July 8th—the low points for the year—the rises in individual stocks may appear fantastically exaggerated. How is it possible, it may be asked, to justify rises of from 50 per cent. to 100 per cent. in three weeks, during which there has been no absolute change in business conditions? But measurement by percentages is misleading. It must be remembered that, in the middle of July, 21 out of 30 leading railroad stocks and 55 out of 120 leading industrial common stocks were quoted under \$10. Naturally, under such conditions, any appreciable buying will bring about sensational percentage advances. It would, therefore, be wiser to measure the advance in terms of the number of points gained by a reliable index. The following table gives the indices of the Standard Statistics for the present recovery and for the four previous recoveries which have taken place since the crash in the autumn of 1929:—

WALL STREET RECOVERIES IN LAST THREE YEARS.
(Standard statistics: 418 common stocks. 1926=100.)

Date.	Duration.	No. of Points Rise in Index.
November, 1929–April, 1930.....	21 weeks	44
June–July, 1930.....	4 weeks	14
December, 1930–February, 1931..	10 weeks	20
May–July, 1931.....	5 weeks	12
July, 1932, to date.....	5 weeks	20

It will be seen from this table that, ignoring the first recovery in 1929–30, when Wall Street believed that the depression could be eliminated in twelve months, the present recovery is entirely normal. It is certainly no greater than would be expected at the end of a financial crisis. It is from this point of view that the movement should be regarded.

There is no doubt that, with the rising of Congress and the return of confidence in the dollar, Wall Street had come to the conclusion that the financial or banking crisis had been overcome. The Reconstruction Finance Corporation, in spite of much political criticism, had succeeded in its most urgent task, which was to preserve the banking structure and put an end to hoarding. A recrudescence of banking trouble in Chicago at the end of June significantly failed to have extensive repercussions. Congress rose with the passing of two important Bills—the Home Loan Bank Bill, allowing a potential currency expansion of \$995 millions and designed to alleviate the real estate and mortgage situation, and the Relief Bill, providing for an increase in the resources of the Reconstruction Finance Corporation by \$1,800 millions. The success of the Treasury Note issue of \$600 millions showed that the Government had no difficulty in obtaining funds to finance the Federal unemployment relief programme. It was apparent by this time—the end of July—that the Government's measures to end the financial crisis would not be barren of result. Moreover, by the end of June it was already clear that the dollar was safe. The export of gold, which had amounted to \$900 millions since September, 1931, had reached insignificant proportions, and yet there were still \$942 millions of gold in excess of legal requirements. By the middle of July, in fact, money began to return to New York for investment, including not only American, but foreign and, in particular, British

resources. The movement of funds to New York came at an appropriate moment. At the beginning of June a company had been formed, under the name of American Securities Investment Corporation, with an initial capital of \$100 millions, with the object of supporting the bond market. This was a banking concern with the house of Morgan and Kuhn, Loeb as manager. The so-called "bankers' pool" started the recovery in the bond market. There is little doubt that the British buying of both dollar bonds and preferred shares, which came on top of the bankers' operations, prepared the way for the recovery in common shares.

As is usual with Wall Street recoveries, an outside political event intervened to give a final impetus to the bull movement. The Lausanne Agreement impressed America as the first constructive move which Europe had taken to end the slump. Senator Borah completed the good work by declaring that, given an agreement on currency and armaments, he would be prepared to recommend the cancellation or revision of war debts as a business proposition for America. The acceptance by the Washington Government of the invitation of Great Britain to attend the world economic conference confirmed the optimists in their opinion that genuine steps were at last being taken to end the world trade depression. Thus, with the conviction that the financial crisis had passed, and that the trade crisis would be taken in hand by international action, the bulls began to buy the heavily depressed equity stocks of America. The results were sweeping.

As regards the future course of the market, it is clear that sentiment alone, however justified some optimism may now be, will not sustain a bull movement indefinitely. Some business recovery must materialise if a reaction is to be avoided. So far there has only been the word of the Department of Commerce that business has improved. Statistics do not show any evidence of such a movement. Steel operations remain at the low level of about 14 per cent. of capacity. Freight car loadings have been falling persistently until the end of July, when a small increase was due to larger coal and coke shipments. Motor car production has declined abruptly and is now showing much less than the normal seasonal movement. The optimists, however, are prepared to ignore business statistics for a time and to concentrate on commodity prices. On an earlier page we discuss the recent check to the downward tendency in prices. The sharpest movement has been seen in cotton, following upon the first crop report of the U.S. Department of Agriculture, which was 1,000,000 bales below expectations. It was reported last week that a syndicate was being formed by the principal cotton mill interests to take over from the Federal Farm Board three million bales of cotton. More significant is the report that the Reconstruction Finance Corporation is to be empowered to make loans up to \$500 millions to trading interests to replenish their stocks of commodities. A Commodities Finance Corporation is being organised, with funds of \$100,000,000. Meanwhile stocks of commodities in consumers' hands are low, in numerous cases. Here is undoubtedly the possible makings of a substantial rise in commodity prices which would give a further fillip to the equity share markets. But we must emphasise the essentially speculative character of such a movement.

If the rise in commodity prices makes no further headway, Wall Street will again be dependent upon the genuine investor for its support. This should not imply any serious reaction, for on a dividend-yield basis American bonds, preferred and common shares, even after the recovery, are still comparatively attractive to the international investor. The following table shows the rises

which have occurred in representative bonds and preferred shares and equity shares and the yields obtainable on the basis of existing dividends:—

BONDS AND PREFERRED SHARES.					
	Lowest Price, 1932.	Price, July 25.	Present Price.	Yields.	
American Gas and Electric 5% Debs., 2028.....	62½	80	81	4-18	
National Dairy, 5½% Debs., 1946	71½	81	89	5-90	
Shell Union 5% Debs., 1943.....	47	70	83	6-02	
Colgate Palmolive 6% cum. pfd.	65	75	84	7-15	
Consolidated Gas \$5 cum. pfd.	55	86½	90½	5-52	
National Power and Light \$6 pfd.	35	50	68	8-82	
Public Service of N.J. 5% cum pfd.	62	78	98	5-10	

EQUITY SHARES.						
	1932, Low.	Price, July 25.	Present Price (Aug. 10).	1931 Earn- ings.	Present Div. Rate.	Div. Yield.
Drug	23	27½	41½	5-55	4-0	9-61
National Dairy Prods.	15½	16½	22½	3-47	2-60	11-62
Woolworth	23½	25½	39	3-19	2-40	6-86
National Biscuit	27½	28½	39	2-86	2-80	7-28
Cons. Gas of N.Y.	33½	36½	56½	4-94	4-0	7-09
American Tobacco B.	45	50½	78½	9-07	6-0	7-64
General Foods	20	20½	28½	3-44	3-0	10-45

For the British participant the recent recovery in Wall Street has coincided with a depreciation in the sterling exchange, which has given him additional profits. Further, the result of the War Loan Conversion operation "safety-having" reduced the yield obtainable on British "safety-having" stocks has given an additional attraction to American investments. Moreover, there are still numerous American industrial bonds and deferred shares which are standing at comparatively low levels which should attract the investment buying. On the whole, one may expect the recovery in American fixed-interest securities to be maintained or even advanced, while the future course of equity shares, which have attracted speculative rather than investment buying, remains a gamble upon the next movement in commodity prices.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
August 23.

ACCOUNT.
August 25.

A WEEK of unseasonable activity saw the Ottawa Conference and European developments displaced, as leading market factors, by influences arising out of the continued activity of Wall Street. As we show in a Note on page 321, a significant reaction in gilt-edged values was associated with the transfer of funds from Europe to America, but with the movement was checked in mid-week after threatening to become dangerous. British buying of American securities remained considerable, but tended to be concentrated less on bonds and preferred stocks than on equities. The market in home industrials was "freer" than for some time, but prices showed only a slight advance. Speculation in mining and oil shares, in which both New York and the Continent played a part, became more widespread and less discriminating with the further advance of commodity prices.

All the long-term British funds shared in the early weakness and subsequent recovery of the gilt-edged market, with the exception of Unassented War Loan, which was treated purely as a short bill. India loans trended downwards in sympathy with British stocks. Dominion issues were weak, Australians, in particular, losing ground despite the substantial export surplus shown by the twelve months' trade figures to June 30th last.

Though uncertainty continued to surround the progress of the Brazilian insurrection and the prospects of a peaceful Bolivian-Paraguayan settlement, South American stocks showed, on the whole, a tendency to recover. Chinese bonds were uninfluenced by the resignation of the Government, but Japanese remained on offer. Fears regarding the maintenance of order and the possible inclu-

sion of Nazi members in the German Cabinet were reflected in the downward course of "Dawes" and "Young" bonds.

An incipient revival of activity in home rails, on the approval of the L.M.S. and L.N.E.R. pooling schemes (which are discussed on page 321), was checked by a further batch of depressing traffic figures. The majority of ordinary and "depressed preference" stocks tended, in fact, to be regarded mainly as speculative counters whose possibilities of appreciation were bound up with a recovery in general trade. Higher wheat prices and an improved peso exchange encouraged speculative purchases of South American railways, but the hazardous condition of the weaker lines, somewhat unduly magnified in unofficial reports, prevented the movement from going far. Canadian Pacific were active, but became reactionary on the postponement of the dividend (discussed on page 322).

Interest in the industrial market was mainly centred upon international counters, which fluctuated sharply in sympathy with New York sentiment. Among home shares, textiles were strong on the spectacular improvement in raw cotton prices at the beginning of the week, but lost ground on the breakdown of negotiations between the Lancashire weaving employers and operatives. Steel shares were steady on rumours of pending Canadian concessions at the Ottawa Conference. Electrical issues were well maintained. Little interest was taken in motor shares, except Ford, which further improved on American buying. Breweries remained a dull market, on the issue of further reports showing a general reduction in profits. Tobacco shares, however, were relatively firm, though prices moved within narrow limits. Hopes of improved world trade found expression in any increased demand for shipping shares, which was somewhat damped by the July overseas trade figures. Bank shares attracted little interest, and insurance shares were lower in sympathy with gilt-edged stocks.

The rubber share market continued moderately active under the influence of a rising commodity price, but a substantial volume of selling was brought out by higher quotations. Tea shares opened active, Ceylon as well as Indian descriptions being in demand, but a setback occurred later. Oil shares remained under the influence of American and Continental speculation, the market being strong enough to withstand more than one bout of profit-taking.

The mining share market opened active, became quieter on fears of a check to the rise in metal prices, and recovered when the upward movement was resumed. South Africa supported Kaffirs and joined in a substantial market movement in Rhodesian copper shares, which was further assisted by support from Paris. Other copper shares were irregular. Only a moderate interest was taken in tin shares, despite the consistent firmness of the price of the metal. Burma Corporation failed to hold an early rise, although the dividend announcement exceeded market anticipations.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Aug. 4, 1932.	Aug. 5, 1932.	Aug. 6, 1932.	Aug. 8, 1932.	Aug. 9, 1932.	Aug. 10, 1932.	Aug. 11, 1932.
Government and Municipal Loans	1,656	1,812	Closed	2,162	1,754	1,676	1,656
Transport, Com- munications, and Public Utilities...	1,187	1,046		1,408	1,246	1,115	1,096
Commercial and Industrial	1,813	1,813		2,240	1,910	1,784	1,733
Banks, Insurance and Financial...	553	643		700	593	519	557
Mines (including Nitrates)	658	663	Closed	1,031	896	727	765
Oil	273	201		252	189	201	326
Rubber, Tea and Coffee	197	207	Closed	212	208	207	134
Total	6,337	6,385		8,005	6,796	6,229	6,267

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.
(1929 = 100.)

Highest of 1932. (Mar. 3.)	Lowest of 1932. (June 1.)	Aug. 4, 1932.	Aug. 5, 1932.	Aug. 6, 1932.	Aug. 8, 1932.	Aug. 9, 1932.	Aug. 10, 1932.	Aug. 11, 1932.
63.7	51.3	60.2	60.4	*	61.1	61.6	61.4	62.0

* Stock Exchange closed.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Aug. 3, 1932.	Price, Aug. 10, 1932.
Alberta 5% 1922-27	98	18	3-5 pm	4-1½ pm
Allied Newspapers 6½% Cum. Int. Pref.	21	fy. pd.	19/6-20/-	19/9-20/3
£1	21	fy. pd.	22/6-23/-	23/-
Bowater's Paper 6½% Cum. Pref.	99	fy. pd.	104-107	103-106
British Columbia 5% Stock 1927-27	21	fy. pd.	23/3-23/9	23/-23/6
British Power & Light 6% Cum. Pref. £1	100½	55½	7½-7½ pm	106-108
Burnley 4½% Stk. 1922-22	96	21	6½-7½ pm	5-5½ pm
Central Electricity Board 4½% Deb.	36/6	10/6	7/5-7/9 pm	6/6-7/- pm
1927-22	95	35	7-8 pm	5-6 pm
County of London Electric New Ord.	21/-	fy. pd.	23/9-24/3	23/6-24/-
Cyprus 4% Ins. Stk. 1926-26	96	fy. pd.	102½-103½	102-103
Edmundson's Electricity 6% Pref.	21/-	fy. pd.	22/6-23/6	22/6-23/6
£1	21/-	fy. pd.	26/-27/-	25/6-26/6
Scottish Power 6% Cum. Pref. £1	101	fy. pd.	108½-109½	107-108
South Shields 4½% Stk. 1922-22	par.	fy. pd.	2/4½-2/7½	2/4½-2/7½
South Shields Greyhound Stadium Ord.				
2/-				

FOREIGN STOCK EXCHANGES.

NEW YORK.

The whole market remained strong and active, with growing public participation and consistent activity by large speculative operators. The pace slackened from time to time, but profit-taking was never sufficient to permit of more than temporary consolidation of the ground won in an advance reminiscent of 1928-29. Bonds again enjoyed a sweeping rise advance, headed by railroad issues, while speculative purchases of equities became less discriminating qualitatively as they increased quantitatively. The basis of the movement remained chiefly psychological, the market sharply responding to developments like the jump in cotton prices after an unexpectedly low Bureau crop estimate, and the publicity given, in not altogether disinterested quarters, to the decision to organise a Commodities Finance Corporation with initial funds of \$100,000,000. Speculative activity, seeking new fields, spread to utilities and, particularly, to oil shares. The market was in no mood to stress news of an unfavourable nature, such as the reduction of 68,466 in the Steel Corporation's unfilled orders, at the end of last month, to a new low record level of 1,966,302 tons, and a further decline in the national output of electricity. Steel operations were reported at 14 per cent. of capacity, but the industry continued to profess confidence in an autumnal recovery. Automobile output in July was estimated at 112,600 units (including Canadian production), the total showing an unexpectedly sharp reduction of 41 per cent. as compared with the June figure. For the present, trade conditions are not a market factor, but, in the opinion of the more conservative sections of the market (who fear that the present movement will become topheavy if this week's pace is long maintained), their influence may eventually be decisive in putting a brake on speculative exuberance.

	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.		July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	Nat. Biscuit	31	33½	39
U.S. 4½% T. Bds.	101½	101½	101½	Phelps Dodge	5½	7	7½
Do. 4½% T. Bds.	101½	101½	101½	Pullman	16½	17½	20
Do. 4½% T. Bds.	101½	101½	101½	Sears-Robinson	15	17½	22½
Am. Can.	32	34½	48½	Studebaker	4½	5½	6½
Am. Oil & Gas	13½	15½	21½	U.S. Fruit	25	23	24½
Am. Steel	4	5½	7½	U.S. Leather	3	3½	4
Illinois Central	8½	12½	18½	U.S. Rubber	3½	4½	5½
N.Y. Central	15½	16½	24½	U.S. Steel	27½	32½	42
Pennsylvania	10	12½	15½	Westinghouse	22½	27½	34½
Southern Pacific	11	12½	15½	Woolworth	30½	32½	36½
Southern Ry.	4½	5½	10				
Union Pacific	45½	50	67½	Am. Tel. & Tel.	88½	97½	113½
				Interboro R.T.	5½	5½	7½
Am. Can.	38½	43½	56½	Int. Tel. Tel.	6½	7½	10½
Am. Smelting	10½	14½	19½	Radio Corp.	5	6½	8½
Am. Steel	8½	11½	15½	Utilities P. & L.	3½	3½	6½
Am. Steel	13½	14½	19½	W. Union Tel.	20½	27	34½
Chrysler Motor	8½	9½	14				
Gen. Electric	34½	37½	42½	Associated Gas "A"	1	1½	...
Gen. Electric (New)	43½	50½	53	Pan. Amer. R. (New)	10	10	11
Gen. Motors	10	12½	15½	Shell	10½	11	11
Gen. Motors	10	12½	15½	Shell Union	5	5½	6½
Gen. Motors	10	12½	15½	Std. California	25	26½	27½
Gen. Motors	10	12½	15½	Do. N.J.	29½	32½	34½

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.			
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Aug. 3.	Aug. 10.	
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	44.4	52.1	
33 Rails	89.1	145.6	31.7	105.7	32.2	21.2	27.5	
34 Utilities.....	183.2	267.4	90.6	187.6	91.8	69.4	84.2	
Total, 404 stocks...	108.5	184.2	54.7	124.6	55.5	44.9	53.5	
Average yield of 80 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	6.71%	5.64%	
DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).								
Highest of 1932 (Mar. 8).	Lowest of 1932 (June 27)	Aug. 3, 1932.	Aug. 4, 1932.	Aug. 5, 1932.	Aug. 7, 1932.	Aug. 8, 1932.	Aug. 9, 1932.	Aug. 10, 1932.
58.9	35.2	51.0	52.5	55.0	58.4	59.6	58.9	60.7
TOTAL DEALINGS IN NEW YORK.								
	Aug. 5, 1932.	Aug. 6, 1932. *	Aug. 8, 1932.	Aug. 9, 1932.	Aug. 10, 1932.	Aug. 11, 1932.		
Stock Exchange— Shares (Thous.)	2,700	2,700	5,550	3,800	4,400	4,400		
Bonds (Value Thous. \$).....	11,279	6,960	14,554	12,598	14,700	18,370		
Over— Shares (Thous.)	300	238	460	560	490	600		
* 2-hour session.								

PARIS.

Prices moved upwards in sympathy with Wall Street, but many dealers were inclined to take a cautious view. Renten were quiet, but there was a substantial demand for the leading arbitrage issues. Egyptian Foncier were favourably affected by the rise in cotton. In mid-week an appreciable reaction occurred. German bonds in particular showed sensitivity to wholly unsubstantiated reports of the possible appointment of Herr Hitler to the Chancellorship. On Thursday, however, the market renewed its earlier firmness.

	Aug. 4, 1932.	Aug. 8, 1932.	Aug. 11, 1932.	Aug. 4, 1932.	Aug. 8, 1932.	Aug. 11, 1932.
Banque de France	11,640	11,675	11,575	Wagons Lits	95	96
Crédit Lyonnais	2,065	2,100	2,085	Mexican Eagle	37	37
Suez Canal	14,125	14,235	14,080	"Chartered"	85	90
Chargers Réunis	221	216	222	Ford	119	114
Rio Tinto	1,405	1,471	1,459	De Beers	340	342
Royal Dutch	15,000	15,825	15,750	"Johnnies"	122	124

BERLIN.

Transactions at the beginning of August were fewer than for months past. This lethargy was explainable, not by seasonal conditions, but by the fact that German holders, regarding their stocks as a species of guarantee against any currency inflation, were unwilling to sell. The formation of domestic capital is too small to make considerable buying orders possible. Only loose contacts still exist with foreign exchanges, but small purchases with "standstill" money have helped decisively to improve the level of quotations. Political events have tended to cause complete public abstention from security dealings, which was particularly obvious after the taking over of the Prussian Government by Herr von Papen on July 20th and after the Reichstag elections. The bull movement in New York has caused a slight rise of quotations. The best showing among German stocks has been made by electrical and artificial silk stocks (AEG, Berliner Kraft und Licht, Aka, etc.), while shipping securities and Stahlverein have become considerably weaker. The bond market had a more confident tone in July on hopes of a reduction in the rate of discount. Later weakness was due, not only to the unsatisfactory monetary situation, but also to rumours regarding Government plans for a compulsory reduction of all interest rates and additional granting of credit by the Reichsbank. Quotations improved slightly after an energetic denial of these rumours by the Government.

	July 11, 1932.	Aug. 8, 1932.	July 11, 1932.	Aug. 8, 1932.
Banks—Reichsbank	128	126½	Deutscher Gas	89
DD-Bank	75½	75	I.G. Farben	87½
Dresdner	61½	61	Gesamtkirchen	33½
Berliner Handels	89	89½	Gesamtkirchen	33½
Transport—Reichsbahn pref.	77½	78	Harpener	50½
Hapag	17½	12½	Mannesmann	40½
Nordde. Lloyd	17½	14½	Metallgesellschaft	25
Industrials—AEG	35	40½	Polyphon	37
ALG	26½	28½	Rhein. Braunkohle	173½
Conti-Commi	86	84½	R.W.B.	59½
Daimler	12½	14½	Salsdorf	167
			Schultheiss	58
			Siemens	122½
			Ver. Stahl	17½
			Zellstoff-Waldhof	31

* New shares.

† Ex-dividend.

AMSTERDAM.

The Bourse was buoyant in the early sessions, leading industrials like Royal Dutch, Philip's Lamps and Unilever being in strong demand. Rubber shares were active, and Amsterdam Trading advanced. Iron and shipping shares were firm. In mid-week public profit-taking produced a fairly general reaction, but the firmness of London and New York prevented the movement from going far. Considerable activity was displayed by oil shares on Thursday.

	Aug. 11, 1932.	Aug. 8, 1932.	Aug. 4, 1932.
2½% Dutch Loan	66½	65½	65½
2½% German	45½	45½	42½
Unilever N.V.	109	110½	107½
Philip's Lamps	108½	113½	108
Netherlands Ship	59½	61½	60½
Union	134	142½	147
Java Outcrop			

OTHER CENTRES.

Conditions were firm on most of the minor European Bourses, despite spells of profit-taking. Brussels was particularly active, with a large turnover and wide price fluctuations. Stockholm shared in the general improvement, but Frankfurt was unsettled and, on the whole, weaker.

INVESTMENT NOTES.

Gilt-edged Reaction.—The reaction in the gilt-edged market early this week proceeded far enough to cause a certain disquietude to holders of British Government stocks. Assented War Loan, which had risen above par last month, fell to 97½, or 8½ points below the non-assented stock, before recovery to 99 on Thursday. The setback may be attributed to technical rather than to fundamental causes, and, in particular, to the Wall Street recovery, which was the signal for the return of American money which had taken temporary refuge in London during "the attack on the dollar." The return of American money followed upon a flow of British funds for investment in New York, attracted by the comparatively high yields obtainable on dollar bonds and preferred shares. The gilt-edged market, reacting in sympathy with sterling, was further affected by the withdrawal of speculative funds, which had previously been attracted by the boom in Government stocks and now sought a fresh hunting ground. The market was also influenced by adverse rumours regarding the extent of the response to the Conversion offer and the "holiday" increase in the note circulation. These, however, were partially allayed by an Exchequer return which suggested that something like three-fourths of the total War Loan had been converted before the last days of the bonus period, and by more complete understanding of the non-inflationary factors behind the increased note issue. Thursday's Bank return, indeed, showed that the latter had been reduced. A recovery in gilt-edged prices began on Wednesday and made headway on Thursday:—

	July 21st.	August 9th.	August 11th.
Consols 2½%	72½	68½	71
Consols 4%	105½	103	105
Conversion 3½%	99	97½	98½
Funding 4%	107½	106	107
Local Loans 3%	85½	82	83½
Victory 4%	106½	105	106
War Loan 5%	101½	101½	101½
Assented War Loan	100½	97½	99
Australian 5%, 1946-75	100	99	100
India 3½%	80	75	79½

There would seem to be no reason why holders of long-dated stocks should become alarmed. If the Treasury were to disclose the amount of War Loan converted up to July 31st, and to announce the terms of its short-term bond issue to take care of the redeemable stock, the market would quickly recover confidence. A successful issue of Treasury bonds would probably lead to a further rise in the gilt-edged market, provided interest rates had shown in the meantime no signs of hardening. The long-

term outlook, however, is more difficult to forecast. Much may depend upon the extent and direction of the activity in Wall Street and the behaviour of commodity prices. The Government, at least, was soundly advised to launch its conversion scheme at the beginning of last month. As events have turned out a month's delay might have been fatal.

Railway Pooling.—The announcement of Ministry of Transport sanction of the London Midland and Scottish and London and North-Eastern Railways' scheme for the pooling of receipts from traffic between competitive points emphasises the change in public opinion since the days when a Midland and London and North-Western amalgamation agreement was vetoed on the ground that a diminution in inter-railway competition would be harmful to the public interest. A pooling agreement has for some years been a *fait accompli* as between the Great Western and the Southern Railways, and the heads have been mutually agreed of a similar London Midland and Scottish and Great Western scheme. Agreement between these doughty historical rivals will mark the virtual disappearance of internal competition from the British railway system. Each line will have considerable "exclusive" sections of territory, unaffected by the latest schemes, but between all overlapping points receipts will be pooled and redistributed on an agreed formula. Co-operation, however, has every incentive, under present conditions, for going farther, and covering the joint use of locomotives and stocks, joint organisation of services, and joint efforts to secure traffic. These arrangements cannot be regarded as implicit in the "grouping" policy of the Railways Act of 1921—the draughtsmen of that measure, indeed, were at pains to rebut the impression that competition had received its death-blow. The Act, nevertheless, has greatly facilitated a process whose indispensability has been emphasised by the depressed conditions of recent years. Presumably, the inability of consumers to play off one company against another will tighten the railways' attitude as regards the future granting of exceptional rates. It would be interesting to know how far Sir Josiah Stamp's estimate of savings under the L.M.S.-L.N.E.R. schemes, running possibly into seven figures and affecting about half the L.M.S. gross receipts, was based on consideration of the scheme's possibilities on the "supply" and how far on those of the "demand" side. The "protection" afforded to the trader by competitive road facilities will obviously vary according to distance and nature of traffic. The chief objection to the L.M.S.-L.N.E.R. scheme at the Committee hearings came, significantly, from bodies like the National Federation of Iron and Steel Manufacturers and the Mining Association. The greater interest attaches to the new definition of the legislative and economic relations between road and rail transport, recommended, presumably, by the Salter Committee, whose findings were laid before the Cabinet by the Minister of Transport last week.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.," 8, Bouverie Street, E.C.4

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

Name.....

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South American Bonds.—A review of the price movements of South American bonds shows that, under the present "nominal" market conditions the internal troubles of that unquiet sub-continent have had comparatively little effect upon values. It might well have been expected that the threat of war between Paraguay and Bolivia would have considerably reduced the already low quotations for South American stocks, and that insurrectionary troubles in Brazil might also have had an adverse influence. The following table of representative stocks, however, shows that although falls have taken place these have been less severe than might have been expected:—

	June 29.	July 27.	Aug. 10.
Argentine 4% resc.	62½	60	57½
B.A. Prov. 3½%	32	30	29
Brazil 5% ind., 1914	57½	63	60
Brazil 6½%, 1927	31½	34	32
Chile 6%, 1929	10	15	15
Peru 7½%, 1922	30	30	28
San Paulo, 7½%	60	55	57½
Antofagasta ord.	6½	7½	14
B.A. Great Southern ord.	19½	19½	25
Central Uruguay ord.	9½	9	9

Conflicting reports on the possibility of an Argentine moratorium still persist, although early this week the Finance Minister gave an emphatic assurance that no alteration, even of the smallest extent, would be made in the interest or amortisation services of either the foreign or internal debt. This declaration has by no means allayed market doubts as to Argentina's ability, with the best will in the world, to continue to remit the service of her foreign debts. Unofficial reports have been current of voluntary offers of assistance by foreign bankers, to which United States interests are described as being strongly opposed, though British interests are said to be more favourable.

Trend of Brewery Profits.—Investors have not far to seek for the causes of the sharp reduction in brewery earnings during the last few months. The "historic" decline in beer consumption has been intensified by the effects of reduced purchasing power among beer consumers, accentuated since September, 1931, by increased beer taxation. We show, in the following table, the last two years' results of fifteen companies, covering many different areas:—

Name of Company.	Date of Balance Sheet.	Net profit, 1930-31.	Ord. Div.	Net profit, 1931-32.	Ord. Div.	Present Price.	Yield per cent.
Barclay Perkins £1	Mar. 31	275,616	11	230,019	8	21½	7 12 6
Clarkson's Old Brewery	June 30	15,711	10	11,256	10	22½	8 3 6
Friary Holroyd £1	June 30	127,404	11	95,448	9	22½	8 3 6
Greene, King and Sons £1	May 31	87,522	18	78,668	16	47/6	6 15 0
Arthur Guinness £1	June 30	2,380,356	35	1,605,979	29	75/-	7 14 6
Hoare and Co. £1	Apr. 18	541,709	21	448,551	17	45/-	7 11 0
Marston Thompson £1	Mar. 31	114,211	15	107,578	15	45/-	6 13 6
Mitchells and Butlers £1	June 30	626,994	15*	513,459	11*	44/-	5 0 0*
Nuttall's Breweries	June 30	65,809	4	29,877	Nil	...	...
Parker's Burnside £10	June 2	84,781	17½	59,505	12	14½	8 5 6
Style and Winch Tamplin & Sons £1	Dec. 31	140,741	20	162,691	22½	...	...
Threlfall's Brewery £1	Apr. 30	68,125	15	46,690	8	24/-	6 13 6
Threlfall's Brewery £1	June 30	318,680	20	257,923	17	41/3	8 4 0
Watney Combe £1	June 30	1,207,404	19	927,976	15	41/-	7 6 0
Wells' Watford £1	Apr. 30	14,720	8	8,517	4	8/9	9 3 0

* Tax free.

† Three per cent. tax free.

The aggregate decline in earnings has been severe, the total profits of the fifteen companies having fallen from £8,069,783 in 1930-31 to £4,584,137 in 1931-32, or by nearly 25 per cent. Arthur Guinness (whose earnings show a more than average decline) has possibly been affected by special considerations, though at the company's annual meeting Lord Iveagh particularly stressed the part played by the beer tax. Twelve of the fifteen companies have reduced their ordinary dividend, though profits in numerous cases would have covered a repetition of the previous rate. The industry—wisely in our opinion—has apparently decided to persevere with the policy of financing important structural improvements out of revenue.

Drapery Trust.—This company, which is controlled by Debenhams and holds ordinary share interests in numerous drapery and departmental stores, reports decline of 38 per cent. in gross receipts for the year to May 31st last. Net profit has declined from £241,237 to £102,767. The ordinary dividend is passed, and the preference dividend due on August 31st postponed:—

	Year to March 31, 1930.	1931.	1932.
Income	381,414	310,916	193,381
Expenses	37,589	35,699	32,834
Interest	56,269	32,847	56,680*
Directors' fees	1,683	1,133	1,100
Net profit	285,873	241,237	102,767
Brought forward	134,392	147,265	145,502
7% pref. div.	168,000	168,000	168,000
No. of times covered	1.7	1.4	0.6
Ordinary dividend:			
Amount	105,000	75,000	Nil
Earned %	7.4	4.9	Nil
Paid %	7	5	Nil
Carried forward	147,265	145,502	80,269

* Including £6,443 Lloyds Bank, settlement suspense account.

Of the total fall in profits, £117,472 is due to the decrease in dividends received from subsidiaries, £17,390 to increase in interest payable, and £6,443 in respect of the redemption of 5½ per cent. Notes. The company, in a period of declining profits, is experiencing all the disadvantages of a "high-g geared" capital structure, accentuated by the fact that depression came before its programme of extensive structural alterations and improvements had been anything like completed. The business continues to absorb substantial amounts of new money. The company's loan from an associate (presumably Debenhams) has increased from £380,817 to £520,634, and its own loans to subsidiaries have risen from £190,841 to £272,408. The accounts as they stand are largely uninformative, and 7 per cent. preference shareholders (whose shares are now quoted at 8s. 9d.) are entitled to a clear statement of the position from the chairman at next week's meeting.

Canadian Pacific Railway.—For the first time for over 35 years the Canadian Pacific Railway has postponed the payment of a dividend on its common shares, after last year reducing its rate from the "traditional" 10 to 5 per cent. The decision should not have come as a surprise to the market, which was aware that gross receipts for the first seven months of this year had fallen 20 per cent. below an already depressed 1931 level, and that net earnings for the half-year were only \$5,252,000, against \$6,807,000 in the corresponding period of 1931. The company has continued to make Herculean reductions in expenditure (the 10 per cent. cut in salaries and wages, for example, has now been extended throughout the system) which have taken up about nearly 90 per cent. of this year's decline in gross receipts. Last year, however, the company earned only 2½ per cent. on its common shares. This came entirely from "Special Income," from investments and ancillary services, which has been further reduced this year. In view of the uncertain immediate outlook, the directors have chosen to conserve resources by paying no dividend on a common capital which has earned nothing. That contemporary conditions have thus afflicted a railway whose stocks a few years ago appeared to be in an impregnable position is eloquent testimony to the severity of Canadian depression. Despite Mr Bennett's preoccupation at Ottawa with the tariff apprehensions of Canadian manufacturers, it is the plight of the farming community which has most prejudicially affected C.P.R. results. During the past twelve months Canada has marketed the lowest wheat crop for years at starvation prices. Happily, a firmer tendency in the wheat market has coincided with an estimate of a crop of 400 million to 450 million bushels this season, against a final figure of 304 million bushels last year. Whenever Canada's

staple industries revive, the C.P.R. will be well placed. Some of the reductions in expenditure, achieved since 1929, are more appropriate to depressed than to normal times, but many could be maintained without lowering the efficiency of the system.

Nitrate Position.—The obscurity which has overhung the affairs of Cosach ever since its pre-natal quickening has been partially deepened by the coincident, but uncorrelated, progress of two sets of confidential negotiations. The more general, which have been conducted in Paris, Berlin, London, Amsterdam and Scheveningen, are, in fact, the latest of the cartel meetings which have been held every summer since 1929. As the cartel broke down last year, however, with serious effect on nitrate prices, this year's meeting is of more than usual interest. At the moment it seems that an agreement may be reached under which prices will be fixed slightly above the low levels touched this year and Chile will be given an export quota (to be reconsidered next year) of perhaps as much as 1,000,000 tons. The precise amount of the quota, however, appears to be the chief outstanding bone of contention. The second series of negotiations has so far been carried on only in London and New York, but seems likely soon to be transferred to Chile. The negotiators are concerned with the financial breakdown of Cosach itself, which we forecast in an article appearing on May 14th. Five separate interests are attempting to share whatever can be salvaged from the wreck of the Chilean nitrate industry—the English bankers, the bondholders, the Guggenheim group, the pre-Cosach companies, and the Chilean Government. The conversations are strictly private. The Guggenheim group, however, appears to have encountered more resistance from the British bankers than was expected, and is now inclined to seek the support of the Chilean Government for its own solution. Agreement between London and New York has been nearly, but never quite achieved. There does not yet appear much hope of an early solution. It would seem to be incumbent on all concerned to use every endeavour to put an early end to this last and most regrettable phase of the Cosach imbroglio.

Recovery in Metal Prices.—The firmer tendency of mining share quotations on buying both from London and the Continent has reflected the onset, since the end of July, of a strong upward movement in the values of copper, tin, lead and spelter. In spite of a marked absence of support by consumers, the movement has reached considerable proportions. Perhaps the most spectacular improvement, writes a trade correspondent, has been seen in copper, where the gain has amounted to about 25 per cent. Part of the rise is attributable to the weakness of sterling. The movement appears largely speculative, but users on the Continent are showing an enhanced interest, Germany in particular having bought freely. In this country the trade seems to have been caught napping. By the time works reopened after the August holiday the quotation had shot up by £4 from the bottom. Buyers, however, held off in the firm conviction that a reaction would occur. This came in the early part of this week, but proved of short duration. The trade is now wondering if copper has really taken a turn for the better at last. Behind this change of outlook is an American movement towards the easier purchasing of commodities, and a presumption that as far as sales in Europe are concerned the competing copper producers have buried the hatchet. Values in the United States are appreciating under the spur of the 4 cent duty, while the London market is showing some apprehension lest a tax be levied on foreign copper coming into this country. Undoubtedly buyers in Europe are still rather bare of copper. Whenever consumers can bring themselves sincerely to believe that the bottom has been passed, the way may be cleared for the establishment of a higher ruling level of prices, not only of copper but of other metals.

Industrial Profits.—During July we received 152 company reports, aggregate profits showing a decline of 34.31 per cent., compared with 21.80 per cent. in June:—

Reports.	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
Published in 1931—		
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59
December	157	— 68.54
1932—		(1932 compared with 1931).
January	127	— 19.65
February	211	— 6.81
March	210	— 13.37
April	244	— 13.66
May	196	— 33.30
June	235	— 21.80
July	152	— 34.31

We set out below the figures for various industrial groups, according to reports received during the past month:—

INDUSTRIAL PROFITS—JULY 1932.

Group.	No. of Com- panies.	Net Profit (after Payment of Debenture Interest). Reports received during Month of July, 1932.		Increase or Decrease.
		1930-1931.	1931-1932.	
		£	£	
Breweries	10	4,365,037	3,474,161	- 20.43
Electric Lighting and Power ..	1	16,826	19,190	+ 15.44
Financial, Land and Investment ..	12	292,980	198,782	- 32.15
Hotels and Restaurants	1	89,617	42,850	- 52.19
Iron, Coal and Steel	8	352,365	94,245	- 73.24
Motor and Cycle	1	25,706	Dr. 19,569	- 88.85
Oil	2	211,943	23,649	- 88.85
Rubber	35	Dr. 123,188	Dr. 231,119	- 27.77
Shipping	4	529,000	382,127	- 27.77
Shops and Stores	6	490,056	463,589	- 5.40
Tea	15	1,181	Dr. 59,190	- 57.62
Telegraphs and Telephones	4	1,850,129	784,124	- 57.62
Textiles	5	215,032	345,433	+ 60.65
Tramways and Omnibus	2	144,750	Dr. 376,287	- 14.92
Trusts	11	387,571	329,624	- 14.92
Waterworks	1	8,843	2,329	- 21.05
Other Companies	34	2,576,472	2,034,111	- 34.31
Total	152	11,429,120	7,508,049	- 34.31

The largest contributor to the total decline was Cables and Wireless, whose profits fell from £1,302,385 to £636,168. Other large companies reporting reduced profits included Associated Newspapers, Anglo-Argentine Tramways and Distillers' Company. The Union Cold Storage Company, on the other hand, virtually maintained its earnings, and Lovell and Christmas showed an encouraging recovery in earning power.

Shell Union.—The greatly improved results of the Shell Union Oil Corporation for the second quarter of the year suggest that the American oil companies may, after all, be able to operate on a profitable basis this year. Allowance must, of course, be made for the fact that the second quarter of the year always compares favourably with the first, which is the worst quarter of an oil company's trading year. Nevertheless, a loss of only \$193,126 for the second quarter of 1932, as compared with a loss of \$2,742,301 for the first, augurs well.

	1931. Total, Six Months	1932. Total, Six Months	1st Quarter	2nd Quarter
Gross Operating Income	\$ 86,781,973	\$ 78,324,620	\$ 37,152,255	\$ 41,172,365
Operating and general expenses	81,942,724	60,613,286	29,315,268	31,298,018
Gross income	4,839,249	17,711,334	7,836,987	9,874,347
Depreciation and depletion, &c.	22,710,369	17,885,626	9,156,664	8,728,962
Interest and discount	3,115,380	2,742,656	1,414,717	1,327,939
Minority interest	27,485	18,479	7,906	10,573
Net loss	20,959,512	2,935,427	2,742,301	193,126

A few comments on this table are necessary. The item of depreciation, depletion and drilling expenses includes book depreciation as well as actual drilling expenses—in what proportions it is impossible to say. Any saving on actual

greatly suffer, and the provision of better service for the public be retarded.

This unbearable taxation of beer has caused acute irritation and sullenness among consumers which, in such times as the present, ought to have been avoided.

EFFECTS ON AGRICULTURE.

Beyond the discontent of the beer consumer, surely in these days of languishing industries we cannot afford to add to their embarrassments. Above all, should we avoid anything detrimental to the great industry of agriculture, which is the key to the future relief of our over-urbanised population, so many of whom are now walking the streets waiting for jobs in manufacturing industries which cannot possibly offer them work. It is vital that those who are already engaged in agriculture should be assisted to gain such prosperity as will attract to them unemployed workers from our towns.

How utterly foolish was it then to impose such repressive taxation on the brewing industry as to rapidly diminish the demand for what have been, and what should be, the most profitable productions of agriculture. Barley has been looked upon as the most profitable crop a farmer could grow, and hop growing requires the greatest volume of labour. It has been stated by a representative of the Farmers' Union that between 1921 and 1930 there has been a decrease in the acreage of barley of over 600,000 acres. When I tell you it is estimated that beer production since the imposition of this higher duty has decreased approximately 22 per cent., you will realise how much greater this decrease in the acreage of barley will become. The Agricultural Return for 1932 states it is already the lowest on record.

REPORT OF ROYAL COMMISSION ON LICENSING.

On January 8th of this year the Report was issued of the Royal Commission on Licensing (England and Wales), which was appointed towards the end of 1929, and after affording the fullest facilities for all taking an interest in the temperance question to appear before it and express their views, the majority of the Commissioners report that "no witness suggested prohibition of the sale and manufacture of alcoholic liquors as a practical proposition for present application to this country."

They also came to these very important conclusions:—

With regard to Local Option "many of the arguments are not peculiar to the liquor question but find root in a general faith in the merits of decision by local referendum. It is, however, contended that questions relating to the sale of intoxicants are specially suited for local decision by popular vote. We do not accept this contention."

As to Sunday Closing they state: "We have been urged to consider the question of the abolition of facilities for obtaining intoxicating liquor on Sundays in England. Alternatively, it has been suggested that some measure of local option in this matter is desirable. In our view, however, no sufficient case has been made out for any such step. We recognise that Sunday closing might be a boon to those employed in the licensed trade. We do not, however, think it would be acceptable to the general public."

In this connection I would say that it is the convenience of the public which has first to be considered, and the licensee must render to the public that service which he has been licensed to provide.

I attained 50 years as a brewer last month, and I am deeply sorry that I have had to present you this morning a balance sheet which, although it still exhibits the operations of a sound concern, yet records a year's trading results badly mutilated through causes beyond your board's control. We can only hope our trade will be granted such redress during the current year as will permit your board to present a more pleasing report at our next annual meeting.

I hope I have manifested the gravity of the position, and I earnestly appeal to every shareholder to approach their Member of Parliament and to endeavour by all the means in their power to bring about the relief so urgently necessary.

With these remarks I beg to move the adoption of the report and balance sheet, and will ask Mr Herbert W. Bainbridge to second the resolution.

Mr Herbert W. Bainbridge seconded the resolution, which was carried unanimously.

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

WATNEY, COMBE, REID AND COMPANY, LIMITED.

THE BURDEN OF TAXATION.

The ordinary general meeting of Watney, Combe, Reid and Company, Limited, was held, on the 11th instant, at the Windsor Castle Restaurant, Victoria, London.

Colonel O. P. Serocold, C.M.G. (the chairman), said that the past year had been fraught with difficulties for the brewing trade. They had had to contend with the adverse circumstances consequential to the universal commercial depression, with unemployment still rife and rates of wages tending to fall. Those factors alone would have adversely affected the prosperity of their business, but they were plunged into a first-class crisis in September last when the Emergency Budget imposed a further increase on the beer duty, which had thrown the wholesale and retail trades into confusion.

In not opposing the original imposition of the excess tax and in not resorting to extremes in connection with the Budget of 1932, he might compare the trade's patriotism with that displayed by the holders of War Loan who had so readily assented to the conversion of their holdings when requested by the Government. The trade had felt that a tax which was not only unjust but was also unsound from the point of view of the Exchequer could not stand. They had relied on its being rectified in the Budget of April, 1932.

LOSS TO THE EXCHEQUER.

During the year under review, which included nine months of the increased beer duty, the Chancellor had collected from the company £13,287 more duty. On the other hand, the higher rate of duty was the main factor in the reduction of their profits by some £280,000. The Exchequer would lose in income tax on the company's profits alone a sum far in excess of the amount of the extra beer duty collected in the past year. Taking that argument a stage further, the reduction in their dividends must mean a further loss to the Chancellor in sur-tax, while the drop in the market valuation of brewery stocks carried with it a still further loss to the Chancellor in death duties.

Surely those simple facts showed how unsound it was to keep that heavy additional burden on the trade. The Press had prophesied a reduction of the duty to the level of the year before; therefore the disappointment to all of them, wholesaler, retailer, and consumer, had been all the deeper when the new Chancellor announced in the April Budget that the tax would be re-imposed. They were therefore obliged to recognise that that unfair burden on their business would remain until the next Budget.

They must trust that the financial situation would have improved by next April to a point where the paramount necessity no longer existed and where the remission of the extra duty could be granted. Although the tax had been in existence for only nine months out of their financial year ended June 30th, its effects on the company's profits was apparent in the accounts, while the injury inflicted on the retail trade could not be any less grave. Even if the tax was removed next April, they thought that the damage would not be easily repaired. A great brewery served all classes, but particularly the working man. It was wrong that a wholesome beverage should be denied by its almost prohibitive price to those who most wanted it but who could least afford to pay for it.

IMPROVING THE PUBLIC HOUSES

They had faithfully carried out their policy of improving their public houses and their service, and it was the unanimous opinion of the board that that policy should be continued. They were intent upon providing the best service to the public, and in that respect they would give place to none of their competitors. The improvement of public houses was recommended by the Licensing Commission, and the recommendation had received the almost unanimous and widespread praise of the Press and at Brewster Sessions throughout the country. It had been publicly approved by many leading men of the day, including prominent leaders of the Church.

With regard to the company's accounts, after mentioning that they had converted their War Loan, although their holding was not a very large one, he went on to say that the trading profit was down by £300,000, for the reasons already explained, but on the other hand interest on investment was £24,000 up, which was accounted for by the transfer from cash to gilt-edged securities. Rents were slightly up, which, in view of the difficult times through which they were passing, was very satisfactory. Although they were paying 15 per cent. dividend on the deferred ordinary stock for the year, it might interest stockholders to know the percentage return on the whole of the money engaged in the business, including the free use of the sums held in the various reserve funds on which no interest was payable. It worked out at less than 7 per cent., which was not an unreasonable figure for a commercial business which was subject to the fluctuations inseparable from the brewing trade.

The report and accounts were adopted.

BENGAL IRON COMPANY, LIMITED.

IMPROVEMENT IN CURRENT YEAR'S TRADING.

The fourteenth ordinary general meeting of the Bengal Iron Company, Limited, was held, on the 5th instant, at the Hotel Victoria, Northumberland Avenue, London.

Mr Wm. Turner MacLellan, C.B.E. (chairman and managing director), who presided, said:—Ladies and gentlemen,—I regret to have again to put before you a poor report, but, in view of the state of matters in the iron trade, of which you are well aware, one can hardly expect otherwise.

There are no very great changes in the balance sheet. The reduction in stocks and sundry debtors is reflected by the increase in liquid assets.

The shortage of demand for pig iron throughout the world has not enabled us to consider further the restarting of our blast furnace plant, but it could be started at very short notice with any revival of trade.

So far this year the trading results indicate an improvement on last year and our foundries are still kept fairly busy, but absence of orders from the railways, who are doing all they can to economise, still continues to be a severe handicap.

Our staff has been considerably reduced, and those remaining with us have worked most loyally in trying to help us through the trying time.

REVERSION TO BIMETALLISM URGED.

Our interests lie in the East, and I agree with Lord Desborough and Sir Robert Horne that the most hopeful method of improving trade and increasing credit throughout the world, and particularly in the East, is a reversion to bimetalism.

During the first three-quarters of the last century, when bimetalism was in vogue, silver varied very slightly round 5s. an oz., but in 1873 Germany, by collaring two hundred millions of French gold for reparations, disorganised the financial world, and bimetalism went by the board.

Since then the fluctuations in silver have been very severe. "Empty mangers make biting horses," and the countries to suffer most were Mexico and China, and much of the trouble in these countries, I think, has been really due to the silver fluctuations.

If the principal countries of the world restored silver on a basis of, say 2s. 6d. an oz., it would stabilise finance among about half the world's population, and the reflex action on the rest of the world would be enormous, owing to their increased purchasing power on a fixed basis, and hoarding would be reduced.

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

Mr C. A. Bendix (deputy-chairman) seconded the motion, and it was carried unanimously.

The Chairman proposed the re-election as a director of Mr F. G. Roberts, who had been appointed since the previous meeting. In doing so he said that Mr Roberts was resident in Calcutta, and they would therefore have the advantage of having a director constantly on the spot.

The resolution was unanimously approved; the directors retiring by rotation were re-elected, and the auditors were reappointed. The proceedings then terminated.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 6, 1932, amounted to £13,514,000 against ordinary expenditure of £23,135,479. After allocating £230,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £164,901 the operations for the week, as shown below, increased the National Debt by £10,076,000 to £7,678,291,000—

(000's omitted.)		(000's omitted.)	
Bank of England Advances.....	+ 6,780	National Savings Certificates...	200
Public Department Advances ...	+ 1,650	Issues under Finance Act, 1931 ..	3,201
Treasury Bills	+ 3,367		
By 3% Treasury Bonds	+ 1,200		
Land Settlement Acts Repayments	+ 10		
	+13,477		— 3,401

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer			
		April 1, 1932, to August 6, 1932.	April 1, 1931, to August 8, 1931.	Week ended August 6, 1932.	Week ended August 8, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	260,000,000	34,751,000	37,125,000	4,885,000	3,327,000
Sur-tax, including Arrears of Super-Tax	66,000,000	8,800,000	13,790,000	350,000	420,000
Estate, &c., Duties	76,000,000	29,700,000	26,470,000	700,000	820,000
Stamps	23,000,000	3,380,000	3,800,000	200,000	150,000
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	160,000	...	10,000
Total Inland Revenue ...	427,000,000	76,771,000	81,345,000	6,135,000	4,727,000
Customs and Excise—					
Customs	174,570,000	56,234,000	43,008,000	2,379,000	2,135,000
Excise	125,430,000	40,546,000	37,608,000	765,000	859,000
Total Customs and Excise	300,000,000	96,780,000	80,616,000	3,144,000	2,994,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,474,000	2,369,000	1,099,000	883,000
Post Office (Net Receipts)	11,700,000	6,150,000	6,800,000	1,150,000	1,100,000
Crown Lands	1,250,000	460,000	480,000	...	...
Receipts from Sundry Loans	4,350,000	3,062,143	11,827,598	351,443	70,977
Miscellaneous Receipts	17,500,000	4,943,591	6,501,400	1,654,562	175,000
Appropriation from Rating Relief Suspense Account ...	...	...	3,900,000	...	3,900,000
Total Ordinary Revenue	766,800,000	190,640,734	193,838,998	13,514,005	13,849,977
SELF-BALANCING REVENUE.					
Post Office	59,188,000	18,350,000	18,200,000	600,000	700,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	5,189,000	5,026,000	376,000	390,000
Total Self-Balancing Revenue	82,098,000	23,539,000	23,226,000	976,000	1,090,000
Total	...	214,179,734	217,064,998	14,490,005	14,939,977

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to August 6, 1932.	April 1, 1931, to August 8, 1931.	Week ended August 6, 1932.	Week ended August 8, 1931.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt	276,000,000	128,207,262	135,454,976	15,817,204	2,523,139
Payments to Northern Ireland Exchequer	6,800,000	2,188,851	1,894,161	232,679	201,786
Other Consolidated Fund Services	3,500,000	900,745	706,427	35,596	33,244
Total	286,300,000	131,296,858	138,055,564	16,085,479	2,758,169
Total Supply Services (excluding Post Office) ...	447,210,000	151,086,786	146,703,100	7,050,000	6,870,000
Total Ordinary Expenditure	733,510,000	282,383,644	284,758,664	23,135,479	9,628,169
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	18,350,000	18,200,000	600,000	700,000
Road Fund	22,910,000	5,189,000	5,026,000	376,000	390,000
Total Self-Balancing Expenditure	82,098,000	23,539,000	23,226,000	976,000	1,090,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	305,922,644	307,984,664	24,111,479	10,718,169
New Sinking Fund (1928) ...	32,600,000	8,852,378	13,440,894	290,000	465,000
Total (including New Sinking Fund)	...	314,775,022	321,425,558	24,401,479	11,183,169

The aggregate revenue and expenditure to August 6, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to AUGUST 6th, 1932.

(000's omitted.)

Expenditure	282,384	Revenue	190,641
New Sinking Fund	8,852	Decreases in balances	2,854
		Net amount borrowed	97,741
	291,236		291,236

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Aug. 8, '31.	Mar. 31, '32.	Aug. 6, '32.	Aug. 6, '32.
Advances by Bank of England....	£	£	£	£
Advances by Public Departments	36,000,000	7,500,000	6,750,000	+ 6,750,000
Treasury Bills outstanding	657,990,000	604,455,000	764,915,000*	+ 1,550,000
Total Floating Debt	693,990,000	611,955,000	771,665,000	+ 12,265,000
* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.				

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on August 5, 1932, and the total amount applied for was £60,215,000. Tenders were accepted for bills at three months, dated Monday

to Friday at £99 17s. 5d., about 32 per cent., and Saturday at £99 17s. 6d. and above in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
July 15	45,000,000	65,475,000	0 10 6-84
July 22	45,000,000	71,450,000	0 10 10-92
July 29	45,000,000	47,790,000	0 10 1-93
Aug. 5	40,000,000	60,215,000	0 9 11-05

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, August 10, 1932.

ISSUE DEPARTMENT.

Notes Issued :-	£	Government Debt	£
In Circulation	370,819,429	11,015,100	
In Banking Department	42,744,054	237,938,272	
		22,227,587	
		3,819,041	
		275,000,000	
		138,563,483	
		£413,563,483	

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
14,553,000		70,553,993	
Reserve	3,604,769	Other Securities	
Public Deposits	10,667,587	Discounts and Advances	£15,236,346
Other Deposits		Securities	£19,537,532
Bankers' £85,322,561			
Other Accounts £34,578,768			
		Notes	34,573,878
7-Day and other Bills	119,901,329	Gold and Silver Coin	42,744,054
	1,054		855,814
	£148,727,739		£148,727,739

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

Both Departments.	Amount, August 10, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	370,819,429	- 3,908,563	+ 10,768,428
Public deposits	10,667,587	- 823,752	- 5,766,104
Bankers' deposits	85,322,561	+ 370,713	+ 27,159,862
Other deposits	34,578,768	- 1,721,402	- 300,566
Seven-day bills	1,054	- 2,445	306
Total outside liabilities	501,389,399	- 6,085,449	+ 28,861,314
Capital and reserves	18,157,769	+ 22,381	+ 6,971
Government debt and securities	319,507,365	- 5,700,000	- 3,028,662
Discounts and advances	15,236,346	+ 2,927,245	+ 8,184,979
Other securities	41,555,119	- 1,297,799	+ 17,874,589
Other accounts	3,819,041	+ 7,132	+ 277,630
Gold and silver (bank's reserve)	139,419,297	+ 19,633	+ 6,115,069
Reserve of notes and coin in banking department	43,599,868	+ 3,928,186	- 4,653,359
Proportion of reserve to outside liabilities			
(a) Banking department only	33.4%	+ 3 1/2%	- 9 1/2%
(b) Gold stocks to deposits and notes ("reserve ratio")	27.7%	+ 4%	- 1 1/2%

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.	Ratio.
1932.				
July 6	411,144	366,679	20,947	80.923
13	411,396	366,271	17,048	82.759
20	411,584	365,759	13,779	88.024
27	412,726	369,286	11,243	88.186
Aug. 3	413,563	374,728	11,491	84.952
10	413,563	370,819	10,668	85.323

(000's omitted.)

Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	Reserve & the "Pro- portion."
1932.							
July 6	282,542	18,645	136,965	27%	67,827	14,991	26,247
13	282,387	18,801	137,205	27%	68,786	14,771	24,948
20	282,275	18,909	137,422	27%	66,231	14,307	26,008
27	282,394	18,799	138,578	27%	68,771	15,280	24,291
Aug. 3	249,228	21,946	139,400	27%	75,979	14,514	20,917
10	248,953	22,228	139,419	27%	70,554	15,236	19,538

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to July 27	16,138,948	943,406	1,559,153	18,641,507
Week ended August 5	575,654	28,726	40,924	645,304
Week ended August 10	536,569	33,119	59,996	629,684
Total to date, 1932	17,249,171	1,004,251	1,660,073	19,913,495
Total to date, 1931	21,804,062	1,067,226	24,590,658	
Increase or decrease in 1932	- 4,554,891	- 62,975	- 59,297	- 4,677,163
	- 20.9%	- 5.9%	- 2.4%	- 19.1%
Total for year 1931	31,814,808	1,867,828	2,792,209	36,474,845
Total for year 1932	34,782,677	1,812,146	2,833,831	39,428,654
Increase or decrease in 1932	- 6,992,131	- 55,682	- 45,972	- 7,093,785
	- 21.7%	- 3.0%	- 1.6%	- 19.2%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended Aug. 6.	Month of July.	Aggregate Totals January 1 to Aug. 6.
	1931.	1932.	1931.
No. of working days	27	26	
BIRMINGHAM	1,986	2,337	10,478
BRADFORD	808	832	3,107
BREITOL	905	860	3,107
DUBLIN	3,818	4,717	5,436
HULL	668	646	3,230
LEEDS	602	644	4,379
LIVERPOOL	400	380	2,779
MANCHESTER	4,866	5,191	27,279
NEWCASTLE	8,827	9,950	40,674
NOTTINGHAM	1,143	1,313	5,750
Sheffield	952	857	3,299
Total	25,360	28,170	108,414

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Bank of Egypt appeared in the *Economist* for July 8; Japan in July 9; Danzig in July 28; Lithuania, Poland and Canadian Banks in July 30; Greece, Chili, Russia, Java, Turkey, Finland, Estonia and Latvia in August 6.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

	July 31, 1931.	July 31, 1932.	Apr. 30, 1932.	June 30, 1932.	July 31, 1932.
ASSETS.					
Cash	192.8	71.4	68.3	51.6	65.8
Time funds	192.8	71.4	68.3	51.6	65.8
Bills and acceptances:					
Commercial bills	389.9	453.7	469.1	453.7	436.9
Treasury bills	254.6	156.2	182.6	177.4	148.6
Time funds:					
Not exceeding 3 months	630.2	253.6	269.0	248.2	247.6
Between 3 and 6 months	24.6				
Sundry investments	219.5	177.3	178.3	153.5	153.5
Other assets	10.1	10.0	11.2	7.6	7.1
LIABILITIES.					
Capital paid up	108.5	108.5	125.0	125.0	125.0
Reserves	3.8	3.8	9.4	9.4	9.4
Special deposits:					
Annuity trust account	154.0	153.8	153.8	153.8	153.8
German Government deposit	77.0	76.9	76.9	76.9	76.9
French Government guarantee fund	68.8	68.6	68.6	68.6	68.6
Time deposits of Central Banks:					
Not exceeding 3 months:					
For their own account	436.8	300.6	351.7	210.3	84.3
For account of others	192.8	6.8			
Other deposits	1.5				
Sight deposits of Central Banks:					
For their own account	382.2	319.9	314.4	396.3	490.6
For account of others	156.4	61.4	53.4	30.4	24.2
Bills	0.9	4.0	8.1	6.0	6.5
Other deposits	13.8	34.4	20.7	23.6	27.7
Miscellaneous items					

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

	Aug. 13, 1931.	July 21, 1932.	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.
RESOURCES.					
Total gold reserve	3,449,180	2,608,860	2,621,140	2,643,850	2,680,430
Total bills discounted	194,980	837,560	628,380	487,180	461,940
Bills bought in open market	135,740	81,900	39,700	40,680	36,720
Total U.S. Govt. securities	2,627,960	1,836,170	1,841,190	1,846,130	1,861,010
Total bills and securities	1,064,280	2,431,430	2,412,330	2,380,040	2,347,680
Total resources	5,346,760	5,793,310	5,768,580	5,746,400	5,723,670
LIABILITIES.					
Federal Reserve notes in actual circulation	1,829,300	2,861,950	2,834,160	2,857,800	2,843,610
Deposits—Memberbank—re-					
serve account	2,392,840	2,035,620	2,072,160	2,012,130	2,062,460
Total deposits	2,617,070	2,135,430	2,168,350	2,115,330	2,134,690
Capital paid in and surplus	441,910	413,530	413,210	413,120	
Total liabilities	5,346,760	5,793,310	5,768,580	5,746,400	5,723,670
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	81.4%	56.2%	56.5%	57.2%	57.9%

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

	Aug. 13, 1931.	July 21, 1932.	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.
RESOURCES.					
Total gold reserves	1,154,230	761,070	789,270	744,170	777,500
Total bills discounted	49,890	102,540	103,650	98,630	94,490
Bills bought in open market	99,960	19,280	13,570	16,480	13,910
Total U.S. Govt. securities	219,550	702,480	704,990	708,290	711,290
Total bills and securities	341,740	824,410	828,450	826,750	824,010
Deposits—Memberbank—re-					
serve account	1,041,450	921,180	949,620	892,060	949,730
Ratio of total res. to dep. and Federal Res. note liabilities combined	81.3%	51.9%	52.9%	51.5%	52.7%

FEDERAL RESERVE MEMBER BANKS.

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

	July 29, 1931.	June 29, 1932.	July 13, 1932.	July 26, 1932.	July 27, 1932.
Loans	14,486	11,283	11,118	11,149	11,028
Investments	14,486	11,283	11,118	11,149	11,028
Demand deposits	13,473	10,868	10,799	7,329	7,306
Time deposits	7,144	6,542	6,542	10,679	10,735
Due from banks	1,587	1,187	1,178	1,186	1,187
Due to banks	3,364	2,561	2,436	2,433	2,401
Federal reserve bor-					
rowings	58	187	197	207	214

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. JULY, 1932.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of Eng- land	36,366	1,539	3,017	38,293	7,641	42,469	3,028	27,119	27,960	3,241	190,673
Balances with and cheques in course of collection on other banks in the United Kingdom ..	8,515	576	1,040	7,884 2,779	1,952 734	7,602	182	7,308	6,749	801	42,609 3,513
Items in transit	25,119	2,349	3,634	22,512	6,252	17,592	5,065	14,347	21,347	4,782	122,999
Money at call and short notice.....	52,566	2,808	590	70,500	7,339	72,522	1,828	51,433	56,167	1,679	317,432
Bills discounted	72,460	4,312	9,169	48,544	24,306	71,019	15,859	40,908	54,116	8,083	348,776
Investments	165,868	7,996	11,766	159,516	31,608	183,726	15,684	132,699	114,662	12,703	836,228
Advances to customers and other accounts.....	5,121	567	1,799	31,445	3,242	12,209	49	6,095	22,373	1,645	84,545
Liabilities of customers for accept- ances, endorsements, &c.	7,255	412	695	7,932	2,922	10,785	772	7,173	5,823	1,046	44,825
Bank premises account	6,689	...	...	4,171	...	7,294	...	2,514	2,992	...	23,660
Investments in affiliated banks...	379,969	20,559	31,710	393,576	85,996	425,218	42,467	289,596	312,189	33,980	2,015,260
Ratio of cash to current, deposit other accounts	10.42	8.55	10.74	11.30	10.09	10.96	7.83	10.19	10.24	10.92	10.57
LIABILITIES.											
Capital paid up.....	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund.....	10,250	1,000	530	7,500	2,900	11,500	1,015	8,000	7,500	800	50,995
Current, deposit and other ac- counts.....	348,740	17,992	28,085	338,815	75,678	387,261	38,650	266,022	272,983	29,660	1,803,886
Acceptances, endorsements, &c....	5,121	567	1,799	31,445	3,242	12,209	49	6,095	22,373	1,645	84,545
Notes in circulation	...	...	...	6	16	...	1,253	...	13	...	1,288
Reduction of bank premises ac- count	...	...	236	...	...	...	...	...	...	...	236
	379,969	20,559	31,710	393,576	85,996	425,218	42,467	289,596	312,189	33,980	2,015,260

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

ASSETS.	July 31, 1931.	July 31, 1932.	July 31, 1932.	July 31, 1932.	July 31, 1932.
Gold, coin and bullion	5,372,000	5,663,700	5,678,300	5,689,900	5,700,400
Foreign bills and balances abroad	3,542,300	1,419,700	1,398,400	1,389,800	1,390,100
Other cash	287,000	346,200	341,300	338,900	334,300
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,265,900	4,866,100	4,908,200	4,855,700	4,817,800
Advances	1,124,300	1,531,700	1,140,100	604,000	818,900
Credit with "Istituto di Liquidazione"	1,127,600	1,769,500	1,769,500	1,789,500	1,789,500
Government securities	1,347,800	1,365,500	1,367,200	1,367,500	1,366,900
Notes in circulation	14,678,300	13,034,200	13,255,600	13,082,800	13,492,300
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,949,000	1,386,500	1,459,800	1,543,600	1,394,500
Ratio of reserve to note and sight liabilities combined	52.8%	48.18%	47.12%	47.43%	46.69%

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

ASSETS.	Aug. 6, 1931.	July 16, 1932.	July 23, 1932.	July 30, 1932.	Aug. 6, 1932.
Gold reserve	237,746	205,991	205,992	205,999	205,985
Government securities—Swedish	3,019	218,420	218,420	218,420	218,420
Other Swedish bonds quoted on foreign bourses	32,037	—	—	—	—
Foreign exchange	533	94	94	94	94
Bills payable in Sweden	201,130	203,144	181,322	167,249	157,199
Other foreign exchange	61,358	9,555	9,381	9,399	26,903
Balance abroad	114,804	135,090	143,942	163,119	138,081
Advances	29,647	60,585	59,580	59,824	59,875
Notes in circulation	529,583	523,027	502,409	556,219	531,170
Government deposits	150,131	103,960	104,761	88,307	81,321
Private deposits	9,919	120,332	125,054	92,759	110,653

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

ASSETS.	Position, May 31, 1931.	July 31, 1932.	July 15, 1932.	July 22, 1932.	July 30, 1932.
Coin and bullion—Gold	44,224	146,348	142,398	142,398	142,398
Balance abroad and foreign bills	28,533	20,907	11,606	12,904	13,729
Norwegian and Foreign Government securities	8,816	53,389	27,435	27,262	27,213
Discounts and loans	76,911	178,325	276,232	277,812	279,371
Notes in circulation	113,484	295,725	316,192	313,688	317,456
Deposits at sight	7,188	56,467	76,030	81,592	79,531

* Includes an amount of Kr. 24,156,000, which the Bank has at its free disposal abroad.

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

ASSETS.	Position, May 31, 1931.	July 31, 1932.	July 15, 1932.	July 22, 1932.	July 30, 1932.
Coin and bullion	76,844	171,797	144,579	133,914	133,209
Loans & discounts	88,470	118,962	171,318	180,505	166,793
Debitors abroad	24,102	55,703	23,446	15,597	20,238
Securities	11,988	40,602	63,222	67,381	61,266
LIABILITIES.					
Circulation	187,266	335,810	334,919	318,459	325,096
Deposits	6,698	37,353	46,183	49,352	80,143

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

ASSETS.	Position, May 30, 1931.	Aug. 1, 1932.	July 9, 1932.	July 16, 1932.	July 23, 1932.	July 30, 1932.
Gold	521,775	2,275,385	2,255,832	2,265,831	2,266,059	2,266,107
Silver	728,600	253,755	570,286	571,963	575,992	579,719
Loans & discounts	800,725	3,282,578	3,198,780	3,151,812	3,078,287	3,020,697
Debitors abroad	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,556	5,469,187	4,857,920	4,829,899	4,777,008	4,782,325
Deposits	477,500	970,611	966,785	988,296	967,005	952,466

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

ASSETS.	June 22, 1932.	June 29, 1932.	July 6, 1932.	July 13, 1932.	July 20, 1932.
Gold	387,504	387,898	391,690	392,911	393,285
Balance abroad	522,606	521,736	523,069	523,069	523,069
Discounts	309,083	309,904	310,012	314,392	313,284
Government loans	1,068,029	1,068,029	1,068,029	1,068,029	1,068,029
LIABILITIES.					
Notes in circulation	1,869,200	1,908,341	1,929,849	1,909,373	1,888,164
Government deposits	50,032	14,021	11,246	87,747	96,980
Bankers' deposits	282,930	278,501	206,560	213,022	228,380
Other deposits	25,403	29,470	31,195	35,448	25,260

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

ASSETS.	July 31, 1931.	July 15, 1932.	July 23, 1932.	July 31, 1932.
Cash Reserve	133,131	193,212	193,212	193,212
Gold coin and bullion	214,327	149,476	149,476	149,476
Foreign exchange	127,642	43,104	41,011	40,843
Other foreign exchange	224,733	115	115	115
Bills discounted	632,090	876,703	868,921	843,931
Govt. debt	95,647	91,577	91,577	91,577
LIABILITIES.				
Share capital	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,803	10,803
Notes in circulation	1,205,307	914,813	907,703	860,147
Deposits	94,354	184,870	179,128	204,629

† In dollar and sterling only.

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

ASSETS.	July 31, 1931.	July 15, 1932.	July 23, 1932.	July 31, 1932.
Gold coin and bullion	111,799	96,527	96,525	96,526
Drifts and notes	9,952	12,085	11,090	11,777
Silver coin and bullion	13,092	10,998	11,342	11,691
Interest bills, warrants and securities	389,223	413,541	401,706	392,470
Advances to Treasury	58,560	52,521	52,521	52,521
LIABILITIES.				
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756
Notes in circulation	500,781	372,804	353,429	338,360
Current accounts, deposits, &c.	39,464	65,804	68,836	75,268

* Calculated at par or parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	July 31, 1931.	July 15, 1932.	July 23, 1932.	July 31, 1932.
Gold	1,536,580	1,640,644	1,640,462	1,640,243
Balance abroad and foreign currency	1,628,350	1,054,126	1,059,691	1,063,364
Discounts and advances	843,950	1,562,494	1,521,784	1,320,874
State notes debt balance	3,290,991	2,730,904	2,724,362	2,724,096
Other assets	1,017,198	365,799	383,353	347,827
LIABILITIES.				
Bank notes in circulation	7,016,697	6,081,445	5,711,330	5,445,501
Check account balances	292,800	594,578	741,891	999,480
Other liabilities	496,651	241,373	239,860	244,141

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

ASSETS.	July 31, 1931.	July 15, 1932.	July 23, 1932.	July 31, 1932.
Cash reserve	1,543,616	1,762,827	1,762,828	1,762,837
Gold at home and abroad	594,515	209,059	201,605	219,061
Other foreign exchange	116,010	86,774	87,684	84,511
Bills and advances against security	1,639,523	2,312,172	2,316,152	2,316,152
Government advances	1,824,318	1,806,701	1,807,207	1,807,207
LIABILITIES.				
Notes in circulation	4,970,133	4,855,308	4,756,245	4,855,081
Sight deposits	733,392	603,503	679,341	628,536

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

ASSETS.	July 31, 1931.	June 30, 1932.	July 15, 1932.	July 23, 1932.
Gold and silver holdings	1,605,683	1,514,803	1,515,072	1,515,583
Balance abroad and foreign currency	507,261	338,196	313,730	273,107
Discounts and advances	823,070	718,545	709,295	704,806
Advances to the Treasury	3,064,426	2,965,483	2,965,483	2,965,483
LIABILITIES.				
Capital paid up	500,000	500,000	500,000	500,000
Reserves	1,184,763	1,192,623	1,192,706	1,192,776
Bank notes in circulation	3,259,971	2,627,839	2,712,003	2,706,080
Sight liabilities	1,458,172	1,650,311	1,649,195	1,607,245
Deposits	283,522	228,976	228,355	227,941

LONDON RATES.

	Aug. 4, 1932.	Aug. 5, 1932.	Aug. 6, 1932.	Aug. 8, 1932.	Aug. 9, 1932.	Aug. 10, 1932.	Aug. 11, 1932.
Bank rate (changed from 2% June 30, 1932)	2%	2%	2%	2%	2%	2%	2%
Market rates of discount—							
3 months' bank's drafts	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
6 months' do.	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
9 months' do.	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
12 months' do.	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
Discount Treasury Bills—							
3 months'	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
6 months'	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
9 months'	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
12 months'	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
Loans—Day-to-day	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
Short	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
Deposit allowances—Bank	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
Discount houses at call	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%
At notice	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%	1 1/2%

Comparison with previous week—

Comparison with previous week—									
		Short Loans.	Bank Bills.			Trade Bills.			
			3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.	
1932.		%	%	%	%	%	%	%	%
July 28		1 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2	2 1/2	5 1/2
Aug. 4		1 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2	2 1/2	5 1/2
" 11		1 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2	2 1/2	5 1/2

RATES OF EXCHANGE.

London on		Usance.	Par.	Aug. 13, 1932. 3.45 p.m.	Aug. 4, 1932. 3.45 p.m.	Aug. 11, 1932. 3.45 p.m.
New York ...	dollars to £1	Obble	4.86 1/2	4.85 1/2-1/4	3.49 1/2-3.50	3.48 1/2-1/4
Montreal ...	dollars to £1	Obble	4.86 1/2	4.87 1/2-1/4	4.01 1/2-1/4	4.01 1/2-1/4
Paris ...	francs to £1	T.T.	124.21	123.94-96	89.89-94	88.89-94
Berlin ...	marks to £1	T.T.	20.43	20.4-1/2	14.65-14.75	14.60-14.70
Amsterdam ...	florins to £1	T.T.	12.107	13.04-1/2	8.68-8.71	8.65-8.67
Brussels ...	belgas to £1	T.T.	35.00	34.85-88 1/2	25.15-25.25	25.10-20
Milan ...	lire to £1	T.T.	92.46	92.45-97	68.68-71	68.65-70
Zurich ...	francs to £1	T.T.	25.22	24.90-92	17.90-18.00	17.8-95
Cole ...	kronor to £1	T.T.	18.159	18.16 1/2-1/4	19.95-20.05	19.9-20
Stockholm ...	kronor to £1	T.T.	18.159	18.15 1/2-16 1/2	19.45-19.55	19.45-55
Copenhagen ...	kronor to £1	T.T.	18.159	18.16 1/2-17 1/2	18.55-18.65	18.5-18
London ...	pound to £1	T.T.	25.22 1/2	25.50-60	43.33	43 1/2
Vienna ...	secudo to £1	T.T.	110	109.9-110.4	109.4-110.4	109.1-110.4
Prague ...	schillings to £1	T.T.	34.58 1/2	34.58	28.32	28.30 1/2
Belgrade ...	mine to £1	T.T.	164	163.16	117.118 1/2	117.118 1/2
Budapest ...	dinars to £1	T.T.	276.516	274-275	210.225	210.225
Bucharest ...	pengi to £1	T.T.	27.82	27.90	20.21(0)	20.21(0)
Sofia ...	leva to £1	T.T.	613.6	616-819 1/2	580-600	575-595
Constantinople ...	drachmas to £1	T.T.	673.659	668-673	480-610	480-610
Moscow ...	plaster to £1	T.T.	375	374 1/2-378 1/2	535-555	530-580
Warsaw ...	zoubles to £1	T.T.	110	110	720-770	720 770 1/2
Helsingfors ...	mark to £1	T.T.	9.46	9.45-38	6.82-6.84 1/2	6.87-8 1/2
Kovno ...	litas to £1	T.T.	133.23	132.133 1/2	30.31-33 1/2	30.8 1/2-5
Reval ...	kron to £1	T.T.	48.66	48.2-49	34.38	34-38
Alb-Sandria ...	lata to £1	T.T.	18.159	18.18-23	12-14	12-14
Buenos Aires ...	pesos to £1	T.T.	25.22 1/2	25.15-25	17-19	17-19
Rio de Janeiro ...	pesos to £1	Sight	87 1/2	87 1/2-88	97.8-97.8	97.8-8
Montevideo ...	pesos to £1	T.T.	47.62 1/2	3.52 1/2	97.8	97.8
Valparaiso ...	pesos to £1	T.T.	6.89	6.89	5-5 1/2	5-5 1/2
Lima ...	pesos to £1	T.T.	51	23 1/2	28-31 1/2	28-31 1/2
Calcutta ...	soies to £1	90 days	40	40.05	58 1/2	58 1/2
Bombay ...	pence to £1	90 days	17.3	17.27 1/2	17.55 1/2	17.15 1/2
Madras ...	pence to £1	T.T.	18	1/5 1/2-1/4	1/6 1/4-1/6 1/2	1/6 1/4-1/6 1/2
Hong Kong ...	ster. to dollar	T.T.	...	1/12-1/10	1/14-1/14	1/14-1/14
Shanghai ...	ster. to tal	T.T.	...	1/12-1/10	1/14-1/14	1/14-1/14
Singapore ...	ster. to dollar	T.T.	2d. 4d.	2/12-1/10	1/14-1/14	1/14-1/14
Manila ...	ster. to yen	T.T.	24.562 1/2	24/10-1/4	2/12-2/12	2/12-1/4
Mexico ...	pence to peso	T.T.	24.066 1/2	24/10	2/12-2/12	2/12-2/12
San Francisco ...	peso to \$	T.T.	9.76	15-16	17.12-12.35	17.12-12.35
Siam ...	ster. to baht	T.T.	21.82 1/2	21.82	1/12-1/12	1/12-1/12

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1932.	s. d.	d.	d.		d.
Aug. 5	118 6	17 1/2	17 1/2	Aug. 8, 1926	34 1/2
" 6	119 3	17 1/2	17 1/2	" 7, 1927	31 1/2
" 8	119 1	17 1/2	17 1/2	" 6, 1928	29 1/2
" 9	118 7	17 1/2	17 1/2	" 5, 1929	25 1/2
" 10	118 2	17 1/2	17 1/2	" 9, 1930	27 1/2
" 11	118 0	18 1/2	19	" 6, 1931	13 1/2

NOTICES.

Williams Deacon's Bank Limited give notice that in order to prepare the Interest Warrants on the Wolverhampton Corporation 3 per cent. Stock, 1924-54, the books will be closed from August 18 to August 31, 1932, inclusive.

Company News.

REPORTS AND NOTICES.

We are informed that the scheme for reduction and reorganisation of capital of Hollins Mill Company, Ltd., was accepted at a meeting held on July 25th.

GOVERNMENT, &c.

GREEK DEBT.—The Council of Foreign Bondholders issues the following information, compiled from figures published by the International Financial Commission at Athens, with regard to the revenues assigned under the Law of Control for the service of the Greek debt from January 1, to June 30, 1932, compared with those for the same period of 1931:—

	*Monopolies, Tobacco, Stamps, and Piræus Customs.	Piræus Customs.
	Drachms.	Drachms.
Gross receipts, June, 1932.....	15,714,485.00	39,247,585.80
Gross receipts, June, 1931.....	19,992,470.75	76,709,937.90
Estimated receipts for 6 months (Law of Control)	14,450,000.00	5,350,000.00
Actual receipts for 6 months, 1932	100,160,808.75	461,107,439.00
Actual receipts for 6 months, 1931	111,113,764.65	476,880,103.00
Difference between estimated and actual receipts for 6 months:		
1932	+85,710,808.75	+455,757,439.00
1931	+96,663,764.65	+471,530,103.00

* Exclusive of increases in duties and selling prices not subject to the system of plus-values.

NOTE.—Of the surplus over the estimated receipts from the monopolies, tobacco, stamps and stamped paper, 49½ per cent. is applied towards increasing the minimum rates of interest and sinking fund on the external gold loans of 1891 to 1893.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.						
Industrial Bank of Japan.....	6%†	...	...	...	%	%
MINING.						
Blackwell Colliery	2%*	...	...	...	...	...
Limmer and Trinidad	12%*	...	...	Tax free	...	...
T. Lyons and Co.	1½%*	...	...	...	...	...
OTHER COMPANIES.						
Aberdeen University Press	5%*	Sept. 1	...	...	5	2½
Blyth, Greene, Jourdain	7½%*	Aug. 30	...	...	...	...
Brighton, Hove & Worthing (6%)	...	...	...	...	...	...
Bristol and South Wales Ry.	...	...	...	...	...	...
Waggon	2½%*	...	...	...	...	...
Aberdeen and Kensington	3½%*	...	...	...	...	...
Cardiff Exchange	...	...	...	...	...	...
Charles Sharpe and Co.	5%†	Aug. 23	...	Tax free	3	3½
Clarkson's Brewery	10%†	...	...	Subject to tax	...	...
Cowans Sheldon	...	...	...	...	...	...
Derby Gas Light	3½%*	Sept. 1	...	...	10	10
Dublin Granaries	1½%*	...	...	...	...	...
Edwards Dunlop	5%*	...	...	...	...	...
Equitable Loan of Scotland	6d. p.s.†	...	...	...	5½	5½
Friary Holroyd	...	...	...	...	4½	4½
Gandy Belt Manu.	2%*	Sept. 30	...	...	9	11
Harrods	5%*	...	...	...	...	...
Hartlepool Gas and Water	5%*	Aug. 31	...	...	...	...
Herrn Bay Gas	10%*	Aug. 21	...	...	...	...
Kirkcaldy Brewery	2%†	...	...	...	4	5
Law Ltd.	4%*	Sept. 1	...	...	...	...
Liburn Electricity	5%*	...	...	...	...	...
North Middlesex	7½%*	Sept. 1	...	...	...	...
Northern Corporation	6%*	...	...	...	...	...
Oxford and District Gas	10%*	Sept. 1	...	...	...	...
Planters Stores	5%†	...	...	...	...	...
Portsmouth Gas	8%*	Sept. 1	...	...	...	...
Romford Gas	6½%*	Sept. 1	...	...	...	...
Rowton House	2½%*	Sept. 30	...	Tax free	...	...
Scottish Northern Investment	2½%*	...	...	...	...	...
Southgate and Dis. (cons. stock)	7%*	Sept. 1	...	...	...	...
St. Neots Gas	...	...	...	...	11	11
Swansea Gas Light	5%*	Aug. 31	...	...	...	...
Swindon Gas	5%*	Sept. 1	...	...	...	...
Third Guardian Trust	1%*	...	...	...	...	...
Vyse, Sons and Co.	2½%*	Aug. 15	...	...	...	...
Wakefield Gas	5%*	Sept. 1	...	...	...	...
Watford and St. Albans	6½%*	Aug. 26	...	...	...	...
Wm. McLaren and Sons	8%*	Aug. 21	...	...	...	...
Wilson Bros. Bobbin	...	...	...	...	2½	NU

ENGLISH CHINA CLAYS, LTD.—In view of the fact that there is no apparent improvement in the depressed conditions of world trade, as reported at the last annual meeting, the directors are unable to recommend any payment of dividend in respect of the preference shares of the company. The total china clay trade returns for the half-year to June 30, 1932, show a further decline, but the directors are pleased to again report that the finances of the company remain unimpaired, and that its share of existing trade is being more than maintained.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Years	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee. Amount	Ordinary.					
						Amount.	Rate.				
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Clarkson's Old Brewery ...	June 30	4,115	11,256	15,371	3,900	6,500	10	...	4,971	15,711	10
Friary Holroyd	June 30	25,379	95,449	120,828	20,936	53,320	9	20,000	26,572	127,404	11
John Power and Son	June 30	20,031	25,744	45,775	25,600	...	...	...	20,175	26,340	Nil
Iron, Coal and Steel.											
Henry Briggs, Son and Co. Rubber, &c.	June 30	48,873	48,082	96,955	...	49,181	7½	...	47,774	52,369	7½
Prye Rubber	Mar. 31	463	<i>Dr. 1,237</i>	<i>Dr. 774</i>	...	...	...	...	<i>Dr. 774</i>	940	Nil
Sumatra Consolidated	Apr. 30	337	<i>Dr. 2,374</i>	<i>Dr. 2,037</i>	...	...	...	<i>Dr. 1,167</i>	<i>Dr. 870</i>	<i>Dr. 3,793</i>	Nil
Sumatra Proprietary Rubber	Apr. 30	725	<i>Dr. 2,781</i>	<i>Dr. 2,056</i>	...	...	...	<i>Dr. 357</i>	<i>Dr. 1,699</i>	<i>Dr. 3,402</i>	Nil
Shops and Stores.											
London Shoe Company ...	Feb. 29	1,798	<i>Dr. 1,496</i>	302	3,900	...	...	<i>Dr. 3,598</i>	Nil	4,252	Nil
Tea.											
Burlana Tea Estates	Mar. 31	631	<i>Dr. 1,390</i>	<i>Dr. 759</i>	Nil	Nil	Nil	<i>Dr. 1,000</i>	241	260	Nil
Textiles.											
Fulton (William) and Sons	June 30	783	17,303	18,086	3,171	2,580	4	8,000	4,335	6,455	5
Waterworks.											
East Worcestershire Wtrks	June 30	4,890	4,386	9,277	545	3,296	4½*	...	5,436	4,040	4½
Other Companies.											
Aberdeen University Press	June 30	70	2,159	2,229	1,033	513	5	175	507	1,339	2½
Drapery Trust	May 31	145,502	102,767	248,269	168,000	...	...	...	80,269	241,237	5
Merchants' Warehousing Co.	June 30	18,597	10,574	29,171	...	4,370	11	4,500	20,301	9,400	11
Parkinson and Cowan	Mar. 31	7,974	1,122	9,096	16,937	...	...	<i>Dr. 15,000</i>	7,159	25,319	2½
Wilson Bros. Bobbin Co. ...	July 15	...	11,701	11,701	...	7,125	2½	3,665	911	<i>Dr. 21,047</i>	Nil

* Half year.

SUMMARY OF BALANCE SHEETS.

MITCHELLS AND BUTLERS, LIMITED.			
June 30, 1932.			
LIABILITIES.	Compared with June 30, 1931.	ASSETS.	Compared with June 30, 1931.
Amount.	£	Amount.	£
6% "A" pref. £1 500,000	...	Land properties, &c.	7,112,459 + 251,119
6% "B" pref. £1 500,000	...	Rolling stock, &c.	138,367 - 10,284
Ord. shares £1 2,960,298	...	Stocks	661,384 + 53,332
7% max. ord. £1 538,236	...	Debtors	85,107 + 2,754
4% "A" deb.	613,400	Investments at cost	23,753 + 135
Int. accrued	6,134	Cash	585,239 - 389,851
Loans and deposits	12,424 - 1,032		
Creditors	657,905 - 87,448		
Reserve for contingencies	800,000		
General reserve	1,250,000 + 100,000		
Profit and loss	767,912 - 104,315		
Total	8,606,309 - 92,795	Total	8,606,309 - 92,795

OIL OUTPUTS.

STEAUA ROMANA (BRITISH) LIMITED.—Production of the Steauna Romana Company, Bucharest, for the month of February was 80,394 tons. Production for the month of March was 88,677 tons. Production for the month of April was 89,930 tons. Production for the month of May was 91,182 tons.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during March, 27,050 tons; oil purchased during March from other companies, 49,100 tons. Oil produced during April, 25,600 tons; oil purchased during April from other companies, 50,800 tons. Oil produced during May, 31,050 tons; oil purchased during May from other companies, 49,000 tons. Oil produced during June, 28,950 tons; oil purchased during June from other companies, 48,400 tons.

Commercial Reports.

MARKET SUMMARY.

The remarkable advance in the price of the leading primary products has proceeded further during the past week. Turnover was again on a large scale. In the United States, non-ferrous metals, including copper, lead, spelter and tin, have all been firmer. Cotton jumped ahead following the publication of a bullish crop report. Rubber was bought heavily at rising prices. Among cereals, wheat gained about 10 per cent., but other cereals, too, recorded advances. Coffee was slightly dearer, sugar rose on substantial buying, and cocoa advanced by about 4 per cent. Sterling prices of commodities, which lend themselves to grading and therefore to international arbitrage, were in sympathy with and therefore to international centres show a gold prices. Reports from various industrial centres show a seasonal decline in the activity of most industries. The coal trade is slack, and transactions in the iron and steel industry are few in number. The advance in the price of raw cotton has stimulated activity in Manchester, but wool and rayon manufacturers are less active.

THE COAL TRADE.

SHEFFIELD.—The customary holiday quietude is this year being accentuated by the prevailing depression. Production remains still at an abnormally low level. Export trade as a whole does not improve although there have lately been increased shipments to several Continental markets. Industrial demand is adversely affected by holiday stoppages in numerous trades and there are large stocks of small fuels on hand. The house coal market is dead. The export demand for furnace coke is a little better and prices are rather firmer at 9s. and 9s. 6d. at ovens. Best steams for export command 16s. f.o.b., and best house 20s. at pits.

GLASGOW.—A decline in weekly shipments reflects the quieter market conditions, and, despite the steady reduction of output, large coal is in plentiful supply. As a result of its slow movement, however, washed smalls are scarce, and although demand is only moderate, are commanding firmer prices. So far, business with Ireland has not been greatly affected by the 5s. tariff imposed on imports to the Irish Free State. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s.; splint best, 14s. 9d.; splint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 14s. 9d.; steam, 13s.; trebles, 13s.; doubles, 11s. 6d.; singles, 10s.; pearls, 8s.; dross, 8s. 9d. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 3d.; trebles, 14s. 6d. to 15s. 6d.; doubles, 12s.; singles, 10s.; pearls, 7s. 9d. to 8s. LOTHIAN.—Prime steam, 11s. to 11s. 6d.; secondary steam, 10s. 6d.; trebles, 14s.; doubles, 11s. 6d.; singles, 9s. 6d.; pearls, 8s. 3d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 11s. 6d.; trebles, 13s. to 13s. 3d.; doubles, 11s. 6d.; singles, 9s. 9d. to 10s.; pearls, 9s. 6d.; dross, 9s.

CARDIFF.—The most important development in the South Wales coalfield during the past week has been the formation of an association of all the principal groups of steam and bituminous colliery companies with a view to co-operative selling. Under Part 1 of the Coal Mines Act the sale of coal at prices lower than those specified in the minimum schedules is statutorily prohibited, but in spite of this condition there has been considerable competition, particularly in connection with c.i.f. contracts, and it is generally agreed that this internal under-bidding has resulted in the disposal of coal at prices lower than would have been the case under a centralised or co-ordinated sales system. The new association

does not create for South Wales a centralised sales agency for the steam and bituminous districts; the agreement reached does not interfere with the mining, financial or selling arrangements of the constituent companies, but it does aim definitely at the prevention of underselling as well as at combined efforts in the future marketing. The market otherwise has been featureless. The exports in July were the largest for any single month during the current year, but they were 13,500 tons less than those in the corresponding month last year. The depressed condition of the market for locomotive coals has been accentuated by the virtual embargo on shipments to the Irish Free State, and on Tuesday only two tips were working at the Newport docks. Anthracite coals continue very firm, but among steam qualities the only grades showing any strength are washed nuts, beans, peas and cobbles, and even in this case the firmness of the market is due mainly to the reduction in the outputs of the collieries under the quota scheme. Patent fuel is firm, and the volume of trade is better than it was at this period last year; pitwood prices are also a shade higher, but coke is featureless. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; French nuts, 40s. to 48s. 6d.; rubbly culm, 11s. to 11s. 6d.; foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 22s. 6d. to 24s.

NEWCASTLE-ON-TYNE.—For some time there has been a certain amount of evasion in the regulation of minimum prices in the Durham coking section, so this week the local committee agreed to bring unscreened down to the same minima as smalls. This is sixpence per ton less, which makes the price of prime coking unscreened or smalls 13s., ordinary classes 12s. 9d., and seconds 12s. 6d. f.o.b. The dispute in the mining industry of Belgium, where work has ceased at a number of mines, is having little effect upon the Durham and Northumberland position. There are ample supplies of all classes, and inquiry continues to be very limited. With the lack of homeward trade in the freight market, bunkering is quiet, and all classes of unscreened are offering at minimum values. To-day's f.o.b. prices for export are as follows: NORTHUMBERLAND.—D.C.B. screened steam, 13s. 6d.; smalls, 8s. 6d.; Howards Bentinck Newbiggin screened, 13s.; smalls, 8s.; Tyne prime large, 12s. 9d.; smalls, 9s.; Hartley Main, large, 12s. 6d.; smalls, 8s. DURHAM.—Lambton South Hetton screened steam, 15s.; smalls, 11s.; Wear special unscreened gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s.; coking unscreened or smalls, 12s. 6d.; prime unscreened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland pig iron remains very quiet, and there is not likely to be any change for the better until the holidays terminate at the end of the month. Next week all the consuming works in this district will be closed down, but it is expected that the few furnaces that are now in operation will be kept in blast, which will mean iron being put into stock while the stoppage of consumption lasts. The four furnaces at Skinningrove Works that have for some considerable time been producing Cleveland and basic iron were damped down last week-end, but they are expected to get into blast again at the end of a fortnight, when certain works alterations and additions are completed. There was only a small attendance at Tuesday's weekly market, and little business was transacted. Official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.o.t., except in the case of Scotland, where substantial concessions are made on these figures. The demand for hematite does not expand, and purchases are confined to early requirements, which makers offer quite freely in mixed numbers at 61s., and have accepted slightly less in some cases. There are only three furnaces producing hematite in the district at the present time, but the two at Ayresome Works are expected to get into operation after the holidays. Whether the market will be able to absorb this extra production is doubtful, as trade does not show much prospect of expansion and there are large stocks at different works. Shipments of pig iron this month are only moderate. The quantity cleared to 9th instant is 2,762 tons, compared with 2,139 tons to same date in July. In the finished trades new orders of importance are scarce. Practically all the works will be closed down next week, and it is hoped that there will be a good accumulation of work for the restart. Steel prices for home under the rebate scheme are unchanged, viz.: Plates, 28 15s.; angles, 28 7s. 6d.; joists, 28 15s. per ton. Other manufactures are iron crown bars, 29 15s.; heavy steel rails, 28 10s.; 24-gauge galvanised corrugated sheets, 29 5s., and 24-gauge black sheets, 28, all for home consumption. The ore market continues almost idle. Best rubio is nominally 14s. 9d. c.i.f. for prompt, and the freight Bilbao-Middlesbrough is 4s. 6d. Coke is weak. Good blast-furnace qualities are now offered at 15s. delivered consumers' works, but there is a very limited demand. The number of furnaces in blast in the district is now 11.

SHEFFIELD.—The resumption after the holidays on Monday was only partial at the heavy steelworks and the stoppage is of longer duration than last year. The absence of numerous managers and proprietors on vacation is an adverse factor. The present position affords no clue to future developments, but owing to the exhaustion of stocks in every part of the world a substantial revival of buying in September is anticipated. Orders for tools are coming in more freely than for a long period. Several of these

have been captured from foreign sources owing to exchange advantages. The outlook for some classes of tools is more hopeful. Prices of iron and steel material, although easier, are not quotably lower. There is no life in the scrap market. Extreme stagnation obtains in plate and cutlery. Australia has extended its prohibition of the import of silver and electro-plated goods, with the exceptions of spoons, forks and cutlery.

GLASGOW.—In the West of Scotland there is little change in the situation this week. There is still much idle plant and an accumulation of stocks. There is a certain amount of steel required for the ship repair work which is being carried out in Clyde yards, and the requirements of structural engineers are being filled largely by supplies from local makers, but the market for heavy material is very limited. Users of semi have in most cases large stocks, and there is little demand for either home or foreign material. In the sheet trade, while local mills are not fully employed, bookings for export show some improvement, and inquiries for thin gauges are more numerous than they have been for some little time.

CARDIFF.—Owing to an increase in the volume of shipments, the stocks of tinplates at Swansea have been reduced to 130,235 boxes, compared with 193,378 boxes the previous week and 198,549 boxes in the corresponding week last year. Last week production was very considerably restricted by the holidays. Tinplate prices are ruling at between 15s. and 15s. 3d. per basis box, but the market has lacked animation. Welsh steel bars are quoted at 95s. per ton net, while foreign bars are ruling at delivered prices ranging from 80s. to 82s. per ton. Over 13,000 tons of foreign bars were imported into South Wales during July, and during the past week the rate of importation has been slightly higher.

OTHER METALS.

TIN.—The market in non-ferrous metals has again been active. Tin advanced further on speculative buying, and a large quantity of the metal changed hands. Sales on the London Metal Exchange totalled 1,000 tons on Monday, 875 tons on Tuesday, against 625 tons last week; and 1,750 tons on Wednesday, against 1,350 tons. In New York the metal was quoted at 22.85 cents per lb. on Wednesday, against 21.90 cents per lb. a week ago and 21.00 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £140 5s. to £140 10s. per ton, compares with £133 to £133 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 32,872 tons, show a decrease of 107 tons on the week.

COPPER.—The speculative demand for copper drove up prices in New York and in London during the past week. At the beginning of this week profit-taking was in evidence, but the advance in quotations was maintained. Sales at the London Metal Exchange totalled 1,600 tons on Monday, 2,350 tons on Tuesday, against 2,250 tons last week, and 1,400 tons on Wednesday, against 1,000 tons. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £29 1s. 3d. to £29 2s. 6d., compares with £27 7s. 6d. to £27 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 16,317 tons, show an increase of 563 tons, while stocks of rough copper, at 919 tons, remained unchanged.

LEAD.—After a substantial rise last week, lead opened easier on Monday under selling pressure. On Tuesday and Wednesday, however, the price rose again on a good demand met with reserve by sellers. Sales at the London Metal Exchange totalled 600 tons on Monday, 800 tons on Tuesday, as compared with 700 tons on the corresponding day last week, and 1,050 tons on Wednesday, against 600 tons. In New York the metal was quoted at 3.10 cents per lb. on Wednesday, against 2.95 cents a week ago and 2.70 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £10 12s. 6d. per ton for shipment during the current month, compares with £10 1s. 3d. on the corresponding day last week.

SPELTER.—The market in spelter was quieter on Monday, but on Tuesday and Wednesday substantial quantities changed hands at higher prices. Sales totalled 700 tons on Monday; 1,100 tons on Tuesday (against 700 tons last week), and 1,300 tons on Wednesday (against 400 tons). Wednesday's quotation in New York, at 2.80 cents per lb., compares with 2.70 cents a week ago and 2.55 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling, for "good ordinary brands," was £13 3s. 9d. for shipment during the current month, against £12 6s. 3d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and platinum have been maintained at £95 per ton and £9 15s. per ounce respectively. Nickel was sold at £240-£245 per ton, against £235-£240 per ton last week. Foreign antimony advanced from £22-£23 per ton to £22 10s.-£23 10s. per ton. Quicksilver declined from £10 10s. to £10 15s. per flask to £9 10s.-£9 15s. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week 4th to 10th (inclusive) are 35,223 bales, of which 16,789 bales are American, 8,949 Peru, 104 Argentine, 3,743 Egyptian, 131 African, 4,758 East Indian, and 749 sundries.

Manchester.—The event of the week has been the rise in prices due to the bullish American crop estimate. All spinners and manufacturers have had to revise their quotations in an upward direction. Business has been very difficult, as the majority of buyers have not been willing to pay advances, but in certain quarters the hardening movement has stimulated activity. There

has been a considerable inquiry in piece goods for India, and some fair lines have been booked in dhooties for Calcutta and in light whites and prints for Karachi and Bombay. Demand for China has tended to improve, especially in fancy, and more contracts have been arranged in poplins for Shanghai and Hong Kong. In miscellaneous fabrics, increased support has been met with from several minor outlets, buyers being on the lookout for stock lots. Towards the close of the week, home trade buyers have displayed more interest in prices. Quotations in American and Egyptian yarns have been put up to meet the higher cost of the raw material, and although most buyers have not been prepared to pay the full advance, a rather better turnover has taken place, and spinners welcome the appreciation in the value of stocks.

Cotton Prices.

	1932.				Corresponding Date.	
	July 26.	July 27.	Aug. 3.	Aug. 10.	1930.	1931.
Raw Cotton—Mid. American per lb.	4.73	4.57	4.61	5.22	7.15	3.68
" Sakelara Full Good Fair						
Yarns—32's twist per lb.	6.95	6.95	7.00	7.65	31.95	5.75
" 40's twist per lb.	8.8	8.8	8.8	8.8	11.4	7.9
" 60's twist (Egyptian) per lb.	13.2	13.2	13.2	14.2	20	13.1
12-in. Printers, 116 yds., 16 by 16, 32's and 50's	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
40-in. Shirts, 75 yds., 19 by 19, 32's and 40's	15 9	15 9	16 0	16 6	20 6	15 10 1/2
14-in. ditto, 36 yds., 18 by 18, 32's and 40's	18 10 1/2	18 9	18 10 1/2	19 4 1/2	23 0	17 9
16-in. ditto, 36 yds., 18 by 18, 32's and 40's	20 0	20 0	20 0	20 3 1/2	23 12	17 10 1/2
18-in. ditto, 36 yds., 16 by 16, 32's and 40's	8 10	8 10	8 10	9 1	11 4 1/2	8 10

THE WOOL TRADE.—Bradford.—Though the wool market presents a quiet appearance, writes our correspondent, the prospects for the maintenance of values are good. The prospective big supplies are not beyond the capacity of manufacturing machinery to absorb in a reasonable length of time. There is no big surplus of merino wool, either Australian or Cape, and inquiries forthcoming suggest that buyers in London will be quite ready for the offerings when the next series commences towards the end of this month. Shortly afterwards the first sale of the Australian season will be held, and a good demand is likely to arise. Cape merinos offered here have recently shown a definite improvement in value, and it looks as if all fine wool will be wanted. The figures published by Dalgety and Company, Ltd., relative to production and sales in Australia and New Zealand during the last season have shown what progress has been made since the early days of the industry. The average price of Australian wool during the past season was 8½d. per lb., and that of New Zealand wool 8½d. per lb. The position among topmakers and spinners shows no change, but prices for tops and yarns are quite firm. There has been some pressure on machinery in anticipation of holidays, and when these are over it is expected that the activity will be fully maintained.

AUSTRALIAN WOOL.—The National Council of Wool Selling Brokers of Australia, in a telegram to their London committee, give the following particulars of disposals and stocks of wool for the 1932-33 season for the month of July last. The figures for July, 1931, are shown for purposes of comparison:—

	July 1-31, 1932.	July 1-31, 1931.	Increase.
Bales.	Bales.	Bales.	Bales.
Received into store	104,522	76,301	+ 28,221
Sold	2,111	927	+ 1,184
Shipped from brokers' stores (un-offered and withdrawn)	5,632	565	+ 5,067
On hand	96,779	74,809	+ 21,970

In addition, 15,756 bales of wool carried over from the 1931-32 season have been disposed of in the period under review.

THE GRAIN MARKETS.

WHEAT.—Wheat prices have been driven up sharply by speculative buying, particularly in the United States. The advance forms part of the general upward movement of commodity values and security quotations, and is not due to any substantial improvement in the wheat situation. The August crop estimate of the Crop Reporting Board of the Bureau of Statistics of the United States Department of Agriculture was somewhat larger than expected. At 723,000,000 bushels, the estimate shows a decline of 14,000,000 bushels on the July estimate, and one of 169,000,000 bushels as compared with the actual yield of last year. The Canadian crop, too, has suffered deterioration, and private estimates, which vary between 400,000,000 bushels and 450,000,000 bushels, are considerably smaller than a month ago. The British crop has improved under the influence of favourable weather. On Wednesday, "September" futures were quoted at 55½ cents per bushel in Chicago, against 50½ cents on the corresponding day last week and 47½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 30s. 3d. per 496 lbs., as compared with 29s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 29s. 3d., against 27s. 9d.; No. 3 Northern Manitoba, Vancouver, ex ship, 28s. 9d., against 27s. 3d.; Australian, ex ship, 28s. 9d., against 28s. a week ago.

WHEAT FLOUR.—Although the demand for wheat, both in this country and on the Continent, has been on a small scale, quotations for flour were raised in sympathy with the advance in wheat prices. North American shipments, at 117,000 sacks, showed a decrease of 56,000 sacks, as compared with the previous week. Of this total, 24,000 sacks have been consigned to Europe. Quotations

in London, Wednesday: Straight run, delivered country, 25s. 6d. per sack of 280 lbs., as compared with 25s. last week; delivered London, 24s. 6d., against 24s. Manitoba patents, ex store, 25s. 6d. to 28s., against 25s. to 27s.; and Australian, ex store, 20s. to 21s., against 20s. to 21s. a week ago.

BARLEY.—Trading in barley has been quiet. Russia was the chief but reserved seller, while Danubian countries offered freely. On Wednesday, "October" futures were quoted at 35 cents per bushel in Winnipeg, against 32½ cents last week and 32½ cents a month ago. Quotations in London, Wednesday: "English feeding," i.o.r., per 448 lbs., 26s. to 27s., as compared with 27s. to 28s.; "River Plate," landed, 24s. 6d., against 24s. a week ago.

OATS.—Oats have been in better demand and quotations show a slight advance. "September" futures, which last week stood at 17½ cents per bushel in Chicago, sold at 17½ cents per bushel on Wednesday this week, against 19½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 3d. per 320 lbs., as compared with 17s. 9d. last week; "River Plate," ex ship, 17s. 3d., against 17s.; "Chilean White," landed, 24s. 6d. to 25s. 6d., against 23s. 6d. to 25s. a week ago.

MAIZE.—Maize continues to find willing buyers in Europe despite the slight advance in quotations. Wednesday's quotation in Chicago for "September" futures, at 31½ cents, shows a rise of ½ cent per lb. on last week, and one of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 9d. per 480 lbs., compared with 21s. 3d. last week; "Plate," ex ship, 20s. 6d., as against 20s.; "Plate," September-October, 20s. 9d., as against 20s. 3d. Yellow maize, ex wharf, was quoted at £6 per ton, against £5 17s. 6d. a week ago.

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

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—	Owts.	Owts.	Owts.	Owts.
1 week to August 6	26,830	21,284	75,560	39,062
49 weeks to August 6	3,783,302	4,902,609	9,564,354	9,737,194
Average price of English wheat per cwt.	s. d. 6 7	s. d. 6 6	s. d. 8 4	s. d. 12 0

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
July 30, 1932	Owts. 29,662	Owts. 3,017	Owts. 3,560	s. d. 6 5	s. d. 6 8	s. d. 7 6
Aug. 6, 1932	26,830	1,786	4,088	6 7	6 8	7 10
Aug. 4, 1928	86,086	5,364	5,659	10 11	10 9	11 4
Aug. 3, 1929	40,833	4,743	10,109	12 0	9 11	9 5
Aug. 9, 1930	75,560	3,906	11,495	8 4	6 4	5 11
Aug. 8, 1931	21,284	1,156	4,314	6 6	6 9	6 9

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Aug. 12, 1931.	Jan. 4, 1932.	Aug. 3, 1932.	Aug. 10, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	56½	62½	58½	61½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	50½	55½	50½	55½

The visible supply of wheat in Canada, at 69,356,000 bushels, shows an increase on the week of 5,965,000 bushels. Supplies a year ago stood at 61,648,000 bushels.

OTHER FOODS.

SUGAR.—The market in raw sugar has been active and firm owing to substantial buying by trade interests. The turnover, both in New York and in London, was large. "September" futures in New York were quoted at 1.10 cents per lb. on Wednesday, against 1.02 cents per lb. a week ago, and 1.03 cents per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 6s. 7d. to 6s. 7½d. per cwt., against 6s. 3½d. to 6s. 4d., and "March, 1933," at 6s. 8½d. to 6s. 9½d., against 6s. 6½d. to 6s. 7d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	20	1,127	609	763	12,653	27,858
Liverpool ...	*	21,417	*	12,530	*	77,510
Total	20	22,544	609	13,293	12,653	105,368
Last week ...	6,529	20,823	8,575	15,100	86,594	96,117

* Last week's figures not available.

COFFEE.—The demand for coffee in New York has been steady and prices remained firm. On Wednesday, Rio No. 7 (cash) was

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quoted at 8½ cents per lb., against 8½ cents a week ago. A little more interest was shown by buyers at the public auctions in London, which were resumed on Tuesday. Last week's movements of coffee in London were as follows: Brazilian, landed, 384 bags; delivered for home consumption, 632 bags; exported, 137 bags; stocks, 19,419 bags, against 2,101 bags last year. Central American, landed, 1,658 packages; delivered for home consumption, 2,184 packages; exported, 1,649 packages; stocks, 103,858 packages, against 99,844 a year ago. Other kinds, landed, 954 packages; delivered for home consumption, 1,950 packages; exported, 1,205 packages; stocks, 74,301 packages, against 79,175 a year ago.

COCOA.—There was a further advance in the price of cocoa, both in London and New York, where sales reached substantial proportions. "September" futures were quoted at 4.51 cents per lb. in New York on Wednesday, against 4.33 cents per lb. a week ago and 4.14 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 28s. 6d. per cwt., c.i.f. Continent, shows a rise of 1s. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 1,376 bags; delivered for home consumption, 2,267 bags; exported, 67 bags; stocks, 151,431 bags, against 225,127 last year.

TEA.—Public auctions were resumed in London this week. The quantities catalogued for this week's auction comprised 45,049 packages of Indian, and 29,435 packages of Ceylon tea. The cheaper grades of the new season's Indian tea offered on Monday met with a good demand, but finer sorts were irregular. The Ceylon sales passed quietly on Tuesday. At Wednesday's Indian sales, demand was slow except for outstanding qualities, and substantial quantities were withdrawn.

RICE.—The market in rice was quiet, but forward quotations were slightly higher. Wednesday's "spot" price, at 9s. 3d. per cwt., shows no change on last week, while forward positions, at 8s. per cwt., show a rise of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 87 tons; delivered, 126 tons; stocks, 3,054 tons, as against 1,031 tons last year.

POTATOES.—Under the pressure of increasing supplies, prices gave way further at the principal markets. At the London Borough Market, "King Edward" was sold at 5s. 6d. to 6s. per cwt., against 7s. to 8s. per cwt. a week ago.

SPICES.—The pepper market was dull, and prices were easier. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a fall of ½d. per lb. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 2 tons; stocks, 356 tons, against 566 tons last year. White, landed, 11 tons; delivered, 19 tons; stocks, 482 tons, against 517 tons a year ago.

MEAT.—The tendency of prices at the Smithfield market was irregular. British-grown beef and mutton were cheaper, but there was a sharp rise in the quotation for Argentine beef. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. 8d. to 5s. 2d. per 8 lbs., against 3s. 10d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 2s. 10d. as against 2s. 2d. to 2s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,970 tons, as compared with 6,560 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.6 per cent. of the supplies, as against 86.2 per cent. a year ago; and imported mutton, mainly New Zealand, formed 84.8 per cent. of the total supply, as against 81.4 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—The market has a much better tone and prices have shown a tendency to rise. Linseed is firm in sympathy with wheat, but demand here is small, although business to the Continent is reported. Substantial arrivals have reduced the quantity afloat to Europe to 210,300 tons, or 32,000 tons less than a week ago. Actual business in Plate, September loading, to Hull, has been done at £8 6s. 3d. Current values afloat and August shipment are £8 2s. 6d. and later positions up to £8 7s. 6d. Calcutta to London is quoted around £10 10s. Cottonseed remains firm and has further advanced. Old crop Egyptian for August loading has been done at £7 5s., but sellers are now asking £7 7s. 6d.; while for new crop £7 7s. 6d. is also quoted. Vegetable oils have a firmer feeling. Raw linseed oil is in good request and for August delivery ex Hull mill has advanced to £13 5s. and September-December to £13 10s. Cotton oil is firm and dearer in sympathy with seed, and crude Egyptian ex Hull is held for £23 and common edible for £25. Oilcakes and meals are firm and dearer, but demand continues disappointing.

HIDE, LEATHER AND ALLIED TRADES.—Sales of hides and skins from home-slaughtered cattle were resumed this week after an interval of a fortnight, and from the trend of prices it was realised that the market was firm to a slight upward tendency. The only alteration that occurred at the Manchester sales was an advance of ½d. per lb. in the price of second clear and first warbled

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.			
CEREALS AND MEAT.			
GRAIN, &c.—			
Wheat, No. 2, N. Man. 496 lb.	29 3	a. d.	
King, Galt. av., per cwt.	6 7		
Barley, King, Galt. av.	6 8		
Oats, 480 lb. La Plata, landed	21 9		
Flour, Lon. stan. ex mill,	22 9		
280 lb. No. 2 Burma, per cwt.	8 0		
Tapoca, per cwt.	11 0		
MEAT—			
Beef, per 8 lbs.—			
English long sides	4 8 5 4		
Argentine chilled hinds	4 8 5 2		
Mutton, per 8 lbs.—			
English wethers	3 0 4 8		
N.Z. frozen	2 4 2 10		
Pork, English, per 8 lbs.	3 8 4 0		
OTHER FOODS.			
BACON—			
Irish	88 0		
Danish	6 0		
Dutch	56 0 58 0		
EAMS—			
Canadian	78 0		
American	66 0 70 0		
BUTTER—			
Australian	101 0 102 0		
New Zealand	107 0 109 0		
Danish	115 0 116 0		
CHERRIES—			
Canadian	59 0		
New Zealand	55 0 56 0		
English Cheddars	94 0 110 0		
Dutch	53 0 61 0		
COCOA—			
British grown,			
1 lb. 2½; foreign, 1 lb. 4½.			
Accra, f.f., per cwt.	24 0 29 0		
Trinidad	40 0 48 0		
Grenada	32 0 39 0		
COFFEES—			
British grown,			
1 lb. 2½; foreign, 1 lb. 4½.			
Santos sup., c. & f. cwt.	66 0 Nom.		
Colombian, good	66 0 82 0		
Osta Rica, med. to good	70 0 110 0		
East Indian	80 0 110 0		
Kenya, medium	80 0 90 0		
EGGS—			
English, per 120	12 6 13 0		
Danish	11 6 12 6		
FRUIT—			
Oranges—			
South African boxes	16 0 22 6		
Brazilian	14 0 16 6		
Lemons, Sicilian boxes	27 0 33 0		
Malaga cases 420 No. 1	30 0 36 0		
Apples: Amer. (var.) bris.			
(var.) boxes	11 9 12 0		
Onions: Valencia, case, 4s.	7 0 8 0		
Argentine Bag.			
Grapes, Lisbon boxes			
Almeria bris.			
LARD—			
Irish bladders	54 0 68 0		
American, boxes, 56 lb.	48 0 49 3		
POTATOES—			
Good English, per cwt.	5 0 6 0		
SPICES—			
Pepper, per lb.—			
Black Lampong	0 7½		
Cinnamon—1st sort, per lb.	0 7		
Cloves—Zanzibar per lb.	0 7½		
Ginger—per cwt.—			
African	22 6		
Jamaica, ord. to good	55 0 85 0		
Mace	0 8 1 8		
Nutmegs 6½	1 5		
SUGAR—			
(Duty, 1 lb. 8d. per cwt.)			
B.W.I., crystallised	16 6 18 9		
Java, white, c. & f. India			
Aug.-Oct.	8 0		
REFINED—London—			
Yellow Crystals	19 4½		
Cubes	23 9 24 3		
Crushed	21 9 22 3		
Granulated	19 9 20 7½		
Home Grown	19 1½ 19 6		
TEA—			
Indian—per lb.—			
Pekoe	0 5½ 0 10		
Orange Pekoe	0 5½ 1 5		
Broken Orange Pekoe	0 5½ 2 2		
Broken Orange Pekoe	0 5½ 4 5		
Ceylon—per lb.—			
Pekoe	0 6 1 6½		
Broken Pekoe	0 6 0 9½		
Orange Pekoe	0 6½ 1 6		
Broken Orange	0 6½ 1 9½		
TOBACCO—			
(Duty 9/6-10/6 per lb.,			
Empire growths, 7/5-8/5 per lb.)			
Virginia leaf—			
Common to fine	0 9 3 0		
Rhodesian leaf	0 9 2 6		
Nyasaland leaf	0 6 1 6		
“strips”	0 8 2 0		
East Indian leaf	0 5½ 0 10		
“strips”	0 5½ 1 8		
TEXTILES—			
Mid-American	5-22		
Sakellaridis, f.g.f.	7-65		
Yarns, 32's twist	8½		
“60's twist	14½		
FLAX—			
Lyonsian ZK	5 5 5 5		
Perman ID	41 0		
Slacks Medium 1st sort	44 0 45 0		
HEMP—			
Italian P.O.	per ton 42 0		
Manila, Aug.-Oct. “J 2”	19 0		
Steel, African, Aug.-Oct.	14 10 15 10		
NATIVE LBS.—			
Native 1st mks. per ton			
c.i.f. E.A.R.B.			
Dalco 2/3 c.i.f. Dundee	118/10/0		
September-October	118/0/0		
SILK—			
Canton	per lb. 7 0 9 6		
Tussah	3 6 4 0		
Japan	7 6 10 0		
Italian—raw, fr	7 6 10 0		
WOOL—			
English Southdown, washed per lb.	10 6		
Lincoln hog, washed	11 6		
Queensland, sud. super comb.	11 6		
N.S.W. greasy, super	11 6		
N.Z., grey, half-bred 50-56	10 6		
Topas	Crossbred 40-44		
Marinos 70's	23 6		
“64's	23 6		
Crossbred 48's	23 6		
“46's	23 6		
COAL—			
Welsh, best Ad'ty	19 6		
Durham, best gas, f.o.b.	14 6		
Sheffield, best house, at	20 0		
“pits	20 0		
IRON AND STEEL—			
Pig, Cleveland No. 3, ton	58 6		
Steel, heavy	170 0		
“Tin Plates, per box	15 0		
“15 6			
Copper, electrolytic, ton	34/0/0		
Sheets (strong)	59/0/0		
Standard	29/1/3		
Lead, Eng. Pig, per ton	11/10/0		
Soft Foreign	12/15/0		
Spelter G.O.B.	143/0/0		
Tin—English ingots	140/5/0		
Standard cash	140/10/0		
MISCELLANEOUS—			
Alum, lump	per ton 9 0 9 10		
Ammonia, carb.	per ton 36 0 38 0		
Sulphate	5 5 5 15		
Alum, lump	per ton 35 0 40 0		
Bleaching powder, per cwt.	8/10/0		
Borax, gran.	per cwt. 13 0		
Do. powder	14 6		
Nitrate of Soda	per cwt. 9 0 9 6		
“Chlorate, net	0 3½ 0 3½		
Sulphate	per cwt. 11 9 12 0		
Sal-Ammoniac	per cwt. 42 6 45 0		
Soda Biondo	per cwt. 9 0 10 6		
Crystals	per cwt. 5 0 5 6		
Sulphate of Copper, per ton	15 15 16 0		
CHERRY—			
Portland, best Eng. pr. ton			
In jute bags (11 to ton)	44 9		
In free paper bags (20			
to ton)	46 0 48 0		
COPPER—			
S.D. Straits c.i.f., per ton	14/10/0		
Smelted South Sea	13/10/0		
DRUGS—			
Campor	per lb. 2 6 2 7		
Japan, refined	per lb. 2 6 2 7		
Custor-off	per lb. 85 0 95 0		
Ipecacuanha	per lb. 4 9		
Peppermint, Wayne Co.	per lb. 9 3 9 6		
KIDNEY—			
Wet salted—Australian	per lb. 0 3½ 0 4½		
West Indian	per lb. 0 3½ 0 4½		
Cape	per lb. 0 3½ 0 4½		
Dry and Drysalted Cape	0 5 0 6½		

ox and heifers 50/59 lbs., and first clear heavy cows. Calfskins also were a slightly better market, the two top weights in both firsts and seconds making ½d. per lb. more money. Advances recorded at the Leeds sales held on the same day as those at Manchester were rather more numerous, several weights in ox and heifers and cows changing hands for more money, while here again two weights in calfskins sold for better prices. Quotations for sheepskins on average are unchanged. Since the resumption of business an improved tone has been noticeable in the foreign hide market, and although sales are not for large quantities regular business has been transacted of sufficient size to have a slight upward influence on values. South American wet-salted hides are now firmer in price, business having been done in Argentine ox at 3½d., while 4½d. has been paid for cows and 4½d. for Montevideo ox. Dry hides from the same origin are also quoted fractionally higher, 5½d. being asked for B. A. Americanos, 3½d. for B. A. Inservibles, and 6d. for M. V. Americanos. Most descriptions of African hides are firm in price, with dry Capes selling at 5½d. and 4½d. for firsts and seconds, and 5d. and 4d. for the same selections in dry salted. Mombasas are still quoted at 4½d. for heavies, but ½d. per lb. above this figure is being asked for unbathed Adis Abebas. Australian hides are steady with rather more inquiry about. Although sales of leather have not yet returned to pre-holiday dimensions there has been a fair demand this week for several lines, and from the amount of interest being taken in the market it appears that consumers are watching the trend very carefully. A fairly satisfactory trade has come to hand for English and wet-salted blends, but so far manufacturers of footwear have not resumed any extensive buying of dry hide stock. Offal also has inclined to drag with the exception of pinned shoulders, sales of which have been moderate. Small parcels of upper stock have changed hands, principally glacé kid and willow calf. Inquiry, however, is coming along for box calf and patent, and it is hoped that better business in regard to these latter will mature soon. Kip leathers are a limited sale and are generally confined to one or two particular lines.

RUBBER.—The market in rubber has again been active and prices rose further on substantial American buying. In New York, Wednesday's spot price for rubber, at 3½ cents per lb., shows a rise of ½ cent on the week. Wednesday's official closing price for

standard ribbed smoked sheet in London was 2½d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for April-June, 1933, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,471 tons; delivered, 671 tons; stocks at the end of last week, at 106,999 tons, show an increase of 800 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	July 13.	August 3.	August 10.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	47½	50½	55½
Maize, nearest future, Chicago, per			
bushel	31½	31½	31½
Oats, nearest future, Chicago, per			
bushel	19½	17½	17½
Rye, nearest future, Chicago, per			
bushel	29½	32½	34½
Coffee, Rio No. 7, cash, per lb.	7½	8½	8½
Santos No. 4, cash, per lb.	10½	11½	11½-11½
Cocoa, Acra, nearest future, per lb.	4.14	4.33	4.61
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3.05	3.09	3.15
Cotton, middling, spot, per lb.	5.90	6.00	7.15
Rubber, smoked sheet, spot, per lb.	2½	3½	3½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic,			
spot, per lb.	5½	5½	5½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	4.877	5.00	5.38½
Spelter, East St. Louis, spot, per lb.	2.55	2.70	2.80
Lead, spot, per lb.	2.70	2.95	3.10
Tin, "Strait," spot, per lb.	21.00	21.90	22.85

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THE MONEY MARKET.

SUBSTANTIAL movements of funds occurred early this week. On Monday the final call, amounting to £93.0 millions, fell due upon the 3 per cent. Treasury bonds issued last May, but it is believed that in actual fact only just over £10.0 millions had to be paid up, the balance having been prepaid under discount. The same day the outstanding £64.6 millions of 4 per cent. 1931-33 Treasury bonds were redeemed, and this operation supplied the market with fresh funds, though probably the full amount did not

become available, as a portion of the bonds would have been held internally. Any increase in the supply of funds, however, was largely offset by the absence of Treasury bill maturities on Monday and Tuesday, owing to the fact that Whitsun fell three months before.

In the aggregate these movements made practically no impression upon the market. Renewals have remained at a steady $\frac{1}{2}$ per cent. during the whole week, while up to Wednesday afternoon new money commanded rates which were generally $\frac{1}{2}$ per cent., though at times lower. On Thursday the calling by the clearing bank of the day made money a little more usable, and $\frac{1}{2}$ per cent. became the commonest rate, though money was still obtainable in places at $\frac{1}{2}$ per cent. A rather less keen demand for Treasury bills was in evidence at last week's tender, and as the amount of bills offered was increased from £40.0 to £45.0 millions, the average rate rose from 9s. 11.05d. to 10s. 6.75d. per cent. September and October Treasury bills have been quoted at $\frac{7}{8}$ per cent. all the week, but while "hot" Treasuries were quoted at $\frac{1}{2}$ early in the week, by Thursday the rate had risen to $\frac{1}{2}$ per cent. in sympathy with the firmer tendency of money. Three months' bank bills are quoted at $\frac{1}{2}$ per cent., and the general rate on standstill bills is given as $\frac{1}{2}$ -2 per cent., though in one case standstills are reported to have been missed at $\frac{3}{4}$ per cent.

The only changes of note in the Bank return are a further contraction in the note circulation balanced by an almost equivalent increase in Bankers' Deposits. The note circulation has fallen by £4.8 millions to £366.0 millions, and is now back at its level of last July. This effectually disposes of the rumour that the payment of the War Loan Conversion bonus was causing mild inflation, especially as the latest floating debt statement shows that the Bank's Advance on Ways and Means has been repaid. Bankers' Deposits have increased by £4.4 millions to £89.8 millions. It is obvious that the operations that occurred at the beginning of the week cancelled each other out, and that all that has happened is that the banks have replenished their balances which were depleted by the withdrawal of currency by the public for use during the holidays.

	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.	Aug. 18, 1932.	Previous Rate and Date Changed
Bank Rate	2	2	2	2	2 $\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses' Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	$\frac{1}{2}$ -2	$\frac{1}{2}$ -2	$\frac{1}{2}$ -2	$\frac{1}{2}$ -2	...

Inquiries in the market show that cotton bills are now coming forward in greater number. When these bills were first drawn some time ago, it proved most profitable for them to be drawn in dollars and discounted in New York, the exchange being covered forward at the same time. This was because of the heavy discount then ruling upon forward dollars, for dollars could then be bought forward against the maturity of the bills at rates which were so cheap as to materialise the cost of discounting the bill. The discount upon forward dollars has now almost completely disappeared, while London discount rates are now just below those of New York. In consequence, renewals of these bills are now being drawn in sterling and discounted in London, in accordance with the usual practice. The significance of this change is that it means that the seasonal pressure upon sterling is now making itself felt.

The somewhat greater resistance displayed by sterling has given rise to suggestions that the pound is being

officially supported. Neither in London nor in Paris is there any direct evidence of substantial intervention on the part of the authorities. The balance of the Treasury's franc credit which matures next month must have been covered long ago, and so there is no need for special action in connection with its repayment. Again, it is probable that less European money is now going into Wall Street, and indeed a certain amount of profit-taking and repatriation of funds may already have taken place. So there is no reason to believe that sterling is in need of support.

Heavy gold movements are reported from New York this week. Imports include \$1.5 millions from China into San Francisco and \$1.5 millions from England. On Wednesday the shipment of \$6.0 millions to France was announced. It is in earmarkings upon foreign account, however, that the biggest changes have occurred, for on Monday a decrease of \$28.5 millions was reported, it is thought as part of the operations covering the maturity of P.L.M. Railway dollar bonds. Wednesday's gold shipment to France was more than offset by a release from earmark of \$9.0 millions, and altogether it is estimated that since the middle of June net imports of gold have amounted to \$32.0 millions and releases from earmark to \$72.0 millions, or a total net gain of \$106.0 millions. Money rates are unchanged. Call money is still 2 per cent. and 90-day bankers' acceptances $\frac{1}{2}$ - $\frac{1}{2}$ per cent.

The Foreign Exchange market was quiet, and turnover on the small side. Monday last was a general holiday on the Continent, and this contributed towards the general inactivity. Sterling was slightly easier on balance, but displayed considerable resistance to Continental and American profit-taking sales, and its psychological improvement on the published conversion results was quickly overcome in the face of somewhat heavy Continental selling. New York, after touching 3.49, closed at 3.47 $\frac{1}{2}$, compared with 3.40 $\frac{1}{2}$ last week. Canada eased off to 4.00. Paris was $\frac{1}{2}$ franc better than a week ago at 88 $\frac{1}{2}$, and Brussels improved to 25.03, as against 25.27. Milan was a quiet market, closing at 67 $\frac{1}{2}$. Amsterdam fluctuated in sympathy with other gold exchanges and closed 4 cents better at 8.63. Spanish pesetas were less erratic than during last week, but the depreciation consequent upon the attempted Monarchist revolution has not yet been recovered. The close was steady at 48 $\frac{1}{2}$. German reichsmarks were quiet at 14.60. Switzerland gained 11 cents on the week at 17.83, after being quoted at 17.90. Among the Scandinavian currencies, Stockholm and Oslo were steady, closing at 19.48 and 19.96 respectively, but Copenhagen further depreciated to 18.77. South American exchanges were nominal, Buenos Aires at 34 $\frac{1}{2}$ d., Rio at 5 $\frac{1}{2}$ d. Montevideo was unchanged at 29d. In the Far Eastern exchanges, rupees were steady at last week's level of 1s. 6 $\frac{1}{2}$ d., but Japanese yen were very weak, falling away to 1s. 4 $\frac{1}{2}$ d., with buyers scarce. In the forward market dollars were again slightly on offer, being $\frac{3}{4}$ cents discount for one month and $\frac{1}{2}$ cent for three. Paris forwards were slightly more offered at premiums of 1 and 3 centimes. Forward Belgas fluctuated without much business, and closed at 6 cents and 16 cents discount for the two periods. Forward guilders were less in demand, being quoted on a par with spot. Forward pesetas were more on offer at discounts of $\frac{1}{2}$ peseta and $\frac{3}{4}$ peseta. Silver reacted from last week's sudden rise in price, but closed above the lowest at 18 $\frac{1}{2}$ d. for spot, and 18 $\frac{1}{2}$ d. for forward positions. Chinese silver currencies were again dearer, Shanghai being 1s. 9 $\frac{1}{2}$ d. and Hong Kong 1s. 4 $\frac{1}{2}$ d.

ECONOMIST INTELLIGENCE BRANCH.

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

A FINANCIAL TRIUMPH.

THE result of the Conversion operation which the Treasury announced on Monday night is more than a success—it is a triumph for the Government and the nation. It affords justification for boldness in leadership, and gives yet one more proof of the willingness of large sections of the British people to make a big effort, when the interest of the nation as a whole gravely requires it. From the public point of view the result is a new chapter in the story of patriotic co-operation, which began with the overwhelming return of the National Government and continued with the cheerful acquiescence in sacrifices and the conscientiously punctual discharge of increased tax liabilities. To the Chancellor of the Exchequer and his advisers—among whom must not be forgotten Lord Snowden, whose plans Mr Chamberlain inherited—goes full credit both for courage and for strategy. Confounded are the wiseacres who feared that by choosing a 3 $\frac{1}{2}$ per cent. basis—a yield level lower than that achieved by Government stocks at the time of the Conversion announcement—the Treasury was courting an almost certain failure. Nor is the merit of having chosen the psychological moment lessened by the criticisms of cynics who believe the Government to have been "very nearly too late." It is surely now a work of supererogation to shake dubious heads over the "might have beens." The triumph is there, staring us in the face.

The actual statistics announced by the Treasury are given on a later page. They reveal that of the £2,080 millions of 5 per cent. War Loan nearly 89 per cent. has actually been converted. Moreover, even that huge proportion will be increased substantially out of the holdings of those who have chosen not to apply for conversion but to let Conversion come automatically, and there will be smaller additions to the converted total from other directions. Clearly the amount remaining to be paid off will be so comparatively small that the Treasury can easily meet it by cheap re-financing, and the fear, prevalent in some foreign quarters, that the operation would drive the Treasury into inflationary courses has been definitely allayed. The prestige of British credit has been enhanced, and an inspiration has been given to other countries with debt-laden budgets to "go and do likewise."

Even this does not exhaust the significance of this gigantic financial operation. The voluntary acceptance of a substantial income sacrifice on so vast a sum of capital may well be the beginning of a world-wide recognition that a general lowering of interest rates, connoting an important alleviation of the burden of fixed charges, is an essential part of the financial and economic evolution necessary to recreate the conditions of returning prosperity. A successful chapter has been closed. But equally we are witnessing the opening of a new chapter of re-adjustment.

It is certainly as true of a nation, as of an individual, that the moment of triumph is always a suitable time for sober reflection, and usually also a time of danger. It is a human failing to take success, once achieved, for granted, and to rest on one's oars after a big effort. We trust, therefore, that those who rule our financial destinies will eschew the complacency of the successful and will give careful thought both to the conditions which have rendered success possible and to the further measures which it behoves them to take if the full future fruits of the Conversion operation are to be allowed to ripen for the benefit of the nation in general. To put it bluntly, a successful Conversion on this scale was only possible because times are bad, business at an exceptionally low ebb, and the demand for money stagnant. One might almost say that the Conversion result is explained by the existence of nearly three million unemployed. In the eternal working of the law of compensation, the times of distress make possible those re-adjustments which are essential precedents to the return of pros-

perity. The War Loan Conversion is an example of this truth. But even this gigantic re-adjustment, although a grand step in the right direction, will not of itself go very far towards curing the underlying conditions which rendered it feasible. But with this step taken, further steps become possible. It is something to have lightened the Budget directly by £23 millions and indirectly by further savings on short-term debt facilitated by the lowering of money rates, but this in itself is not sufficient to promise any substantial alleviation of the present tax burden. This saving must not be regarded as a substitute for wise economy, but as wise economy's complement. We are not, and have never been, advocates of indiscriminate and unselective root-and-branch economy. Nevertheless, we believe that over and above the question of disarmament, on the pursuit of which the efforts of the Cabinet must be redoubled, the national expenditure still affords a wide field for practical and constructive economy, and unless this field is relentlessly explored there will be little hope of the adequate tax relief which business requires or of the lightening of the burden which the individual has richly earned this year by his stupendous income-tax effort and his no less notable War Loan sacrifice.

Again, it is highly desirable that there should be as little delay as possible in allowing the benefits of the Conversion operation to be extended to British industry. During the progress of Conversion a ban on new issues was accepted as necessary, but it was generally hoped that as soon as Conversion had proved itself successful the ban would be lifted and the British borrower with current needs for refinancing or for new capital would be allowed at once to reap the benefit of the sound financial policy of the Government and the patriotic effort of the nation. Considerable misgiving has arisen in the City this week over rumours that the ban is to be maintained, or rather that the new capital market is to be opened only to prospective borrowers selected and favoured by the authorities. We hope that these rumours are untrue. A ban for a special period of emergency is one thing; a discriminating dictatorship of the capital market by the Treasury a very different and a very dangerous one. If the process of investment is to be consciously guided in the interests of the community (a hypothesis which itself raises far-reaching issues, a decision on which could be taken only after anxious and exhaustive consideration), then such guidance should come from a public Investment Board whose judgment would be based on economic merit and not upon political influence. It is difficult to believe that the Treasury really contemplates a selective dictatorship of the capital market. If it does not, then, in our view, it would be well advised to set at rest the rumours to which we have referred; for, if they are allowed to go unanswered, they will be commonly accepted as true. On the other hand, it is only fair to remember that the Chancellor of the Exchequer is abroad and that there may be reason to await his return before making any definite announcement.

In a few weeks we shall be commemorating the first anniversary of the great financial storm which swept upon this country in August and September, 1931. It may well seem to the historian to be incredible that one short year should have seen such giant strides towards the re-establishment of British credit and stability. With the success of the Conversion scheme, British credit is raised to the point of highest prestige which it has held since the outbreak of war. For this let us be duly grateful, but let us think of this striking turn of events not so much as an achievement as an opportunity. We have passed a definite and important stage upon our journey, but the point which we have reached should be regarded not as a goal, but as a hard-won jumping-off ground from which, under wise policy, Britain may move further along the road of progress.

THE INDIAN COMMUNAL AWARD.

ADDRESSING the Minorities Committee of the Round Table Conference last autumn, the Prime Minister expressed the fear that if the British Government, in the absence of agreement between the communities, had to arbitrate on the communal problem in India any award which it might make would probably fail to satisfy the desires of all the communities. It was with an understandable reluctance that the Government eventually agreed to undertake the rôle of arbitrator in an issue wherein nothing save agreement between the parties concerned could result in a generally acceptable solution; but since the Minorities Committee reached a complete deadlock the Prime Minister was constrained at the close of the second session of the Round Table Conference to announce that in the last resort, if disagreement on the communal problem should prove to be a stumbling block to constitutional advance, His Majesty's Government would themselves devise and apply a provisional scheme. By the middle of March last the Government was advised that the continued failure of the communities to reach any sort of accord was proving, as had been feared, an insurmountable obstacle to progress in constitution building; and a thankless but unavoidable task had accordingly to be faced. The award, which has been issued this week in the form of a White Paper,* has already had a hostile reception not only from the Hindus, but, to a less extent, from the Moslem communities. In a question so controversial and so confused an ideal solution embodying the unchallengeable principle of absolute justice was scarcely distinguishable by human vision. The Government are to be congratulated on finding a solution which, in our opinion, should not only provide a workable basis for the provincial legislatures, but should also appeal to all moderate-minded men as a sane and judicial settlement.

One major issue of principle—the question of the necessity for separate electorates—has been taken for granted by the Government; by common consent their continuance for the time being, however much they may conflict with conceptions of pure democracy, was essential. Thus, with the North-West Frontier Province already raised, as the Moslems desired, to the status of a Governor's Province, and with the separation of Sind from the Bombay Presidency already approved in principle, the problem which the Government had to decide was simply the question of the mathematical distribution of seats in the provincial legislatures among Hindus, Moslems, Sikhs, the Depressed Classes and other minority interests. In provinces where one community was obviously entitled to a clear majority of seats on a population basis the problem was comparatively simple. Thus, in the North-West Frontier Province the Moslems are to have 36 seats out of 50 and in Sind 34 seats out of 60, while in Madras, the United Provinces, Bihar and Orissa, the Central Provinces and Bombay (excluding Sind) the Hindus, who are to vote in so-called "general" constituencies, will have an assured predominance of seats. In these five Hindu provinces the Depressed Classes are to vote in a "general" constituency, but they will also have for the next twenty years a supplementary vote in special constituencies designed to give them effective representation in the legislature. For example, in Madras they are to have 18 and in the United Provinces 12 reserved seats.

The crux of the communal difficulties has always lain in the Punjab and Bengal. In the Punjab, where the Moslems represent just over half the population, their demand has been for an absolute majority in the legislature, while the situation has been complicated by the special position of the Sikhs, who are everywhere in a minority in the province but yet, in the words of the Government of India, are "a distinct and important people." Indeed, the Sikhs have gone so far as to claim one-third of the seats. The award provides that out of a total of 175 seats in the new legislature the Moslems are to have 86 seats, the Hindus 48, the Sikhs 32, and other minority interests 14. The last-named category

includes five reserved seats for land holders, four of which are to be filled from special constituencies with joint electorates. Thus the results in these four constituencies would in fact determine whether or not the Moslems have a clear majority in the Punjab, otherwise they could only carry legislation if they secured the co-operation of the nine members representing variously European, Anglo-Indians, Indian Christians, the Universities and Labour.

In Bengal, where the Moslems have also claimed an absolute majority on a population basis, the Moslems are to have 119 seats out of a total of 250, while the Hindus are to have 80 seats, from which a number still to be agreed will be reserved for the Depressed Classes. This would seem to place the Moslems in a strong position, but in this province the minority seats are to amount to no less than 51, of which 11 are to be European seats and 19 reserved for representatives of commerce, industry mining and planting, of whom 14 will probably be Europeans. Thus, unless the Moslem majority can attract the support of the Anglo-Indians (4), the Indian Christians (2), and the representatives of Labour (8), the Europeans will tend to hold the balance of power. Finally, in Assam, out of 108 seats, 48 are to go to the Hindus (including four reserved for the Depressed Classes) and 34 to the Moslems, while the balance of power will lie with nine representatives from backward areas and 11 representatives of commerce, industry, etc., of whom eight are likely to be Europeans. In short, the tale of ten provinces is to be made up by two predominantly Moslem, five predominantly Hindu, and five mixed provinces where the majority of the legislature will be dependent on the goodwill and co-operation of miscellaneous minority seats. In all provinces a number of special women's seats, divided proportionately between the various main communities, are provided.

Thus, with considerable ingenuity, the British Government has produced a scheme which provides India provisionally with an electoral system, open perhaps to criticism on the score of its complexity, but one which in all the circumstances is probably the best that can at present be devised. In any case, the Government has made it clear that, while they are not prepared to negotiate modifications of their scheme with individual communities, they are ready in the case of any province to substitute for their plan any alternative scheme that is generally agreed upon and put forward by all the communities concerned. In fact, the question whether the present settlement proves workable or not will depend less upon its intrinsic merits than on the capacity of India to develop a real will to make a constructive experiment in constitutional government within the limits of what is to-day practically realisable. Given reasonable tolerance and goodwill on the part of the leaders of the Hindu and Moslem communities, the Government's award gives a fair opportunity for the work of constitution making in India to go forward unobstructed in future by the bitter controversy of provincial electorates. It must, however, not be forgotten that the infinitely more difficult question of the distribution of seats in the Central Legislature still remains to be faced.

ROAD v. RAIL.

THE report of the Conference of representatives of railways and of commercial road interests, invited last April by the Minister of Transport to examine the rights and wrongs of the battle then raging between their respective services, represents, in its unanimity, a remarkable lying down of the lion with the lamb. If, after perusal of its findings, we are left with a certain doubt as to how the consumer will fare as a result of this truce, so admirably stage-managed by Sir Arthur Salter, this is not to say that, within certain limits, the Conference has not performed a commendable and useful piece of work.

The Conference, under its terms of reference, proceeded first to consider the principles which should govern the determination of the charges on commercial motor transport, and obtained complete agreement between the rail-

way representatives and their road competitors. The former asked no more than that road transport should pay its fair share of the cost of the roads used by it as "permanent way"—a contention accepted by the road representatives. On this basis the Conference proceeded to ascertain what proportion of the total expenditure of the road system should be regarded as chargeable to mechanically-propelled vehicles. It concluded that the factor represented by "community use"—i.e., by uses other than those of motor transport—might fairly be set off against the consideration that contemporary road users enjoyed a very substantial "legacy from the past," in respect both of the highway system existing before the motor era, and of subsequent heavy capital expenditure on the roads. The report suggests, therefore, that the total contribution payable by all classes of mechanically-propelled vehicles (whether in the form of licence duty or of petrol duty) should be equal to current expenditure on the roads, including future loan expenditure but excluding the service of past loans. An examination of figures for the last five years, after allowing for expenditure contributed directly to unemployment relief works, suggests that annual current road expenditure, including the cost of traffic police, may be put at a round figure of £60 millions.

In order to allocate this sum between the different classes of mechanically-propelled vehicles, the Conference devised a criterion based broadly on estimated ton-mileage, corrected by the factor of petrol consumption, coupled with an annual franchise charge for use of roads. The result was the conclusion that £23½ millions of annual taxation should be borne by commercial goods vehicles and £36½ millions by all other mechanically-propelled vehicles (private cars, motor-cycles, passenger coaches, buses, taxis, etc.). The charge of £23½ millions to be placed on mechanically-propelled commercial goods vehicles is about £2½ millions more than the present yield of licences and petrol duties from this class of road transport. The application of the Conference's "wear and tear" criterion, however, results in a recommendation that the licence duty on petrol-driven goods vehicles up to two tons unladen weight should remain substantially unaltered, but that there should be a large progressive increase in the duty on the heavier types of vehicles. Thus, a petrol-driven lorry of between 9 and 10 tons unladen weight, fitted with pneumatic tyres, is to pay a licence duty of £226 per annum as compared with the present duty of £48. Though the increase appears drastic, at first sight, the situation now existing is anomalous. When the present scale of duties was introduced it was not, apparently, contemplated that there would be any road vehicles weighing more than five tons unladen, and the maximum duty was reached at that point in the tonnage scale. As for goods vehicles using other forms of fuel than petrol and so escaping the petrol duties, considerably higher licence duties are recommended from beginning to end of the tonnage scale. Thus a Diesel-engined lorry of one ton with pneumatic tyres is to pay £27 against £15 and one of nine tons £332 against £48.

Having thus laid down what is believed to be a fair competitive basis, the report next deals with the question of regulation. It is proposed that road transport concerns should in future be divided into two categories—(a) public hauliers, who convey the goods of others, and (b) "ancillary users," who own motor goods vehicles for the conveyance of their raw materials or the distribution of their products, but carry only their own goods. The report recommends that both hauliers and "ancillary users" shall in future hold an operating licence, whose issue shall be conditional upon payment of reasonable wages and observance of proper conditions of service in respect of the driver, and upon an undertaking by the owner that the vehicles shall be maintained in a proper condition of fitness. It is suggested that the duty of ascertaining and publishing information regarding local standards of wages, etc., should fall on local licensing authorities. It is recommended that there shall be no restriction on the granting of a licence to an "ancillary user" subject to the fulfilment of the above conditions. In the case of a haulier, however, a licence shall be granted subject to the satisfaction of the licensing

authority that the grant will not be against the public interest, on a consideration of the following factors:—

- (1) Any excess in the existing transport facilities suitable to meet the public requirements to be served by the applicant; and
- (2) Any actual or prospective congestion or overloading of the roads.

There is to be a right of appeal from the decisions of the local licensing authorities, who are to act, generally, subject to directions from the Minister of Transport, advised by a permanent Central Advisory Committee of "appropriate composition." The licensing authority is to have the right of access to information as to rates charged by an applicant for a licence, while the Minister of Transport is to examine the question of the publicity and control of rates, in consultation with the Central Advisory Committee. The further recommendation is made that the Minister of Transport shall obtain powers to prohibit by regulation the transfer to the road of classes of traffic which are borne by rail, "and which, having regard to the character of the commodity and the distance together, are unsuitable for road haulage." There is no suggestion, however, that the road hauliers shall become "common carriers" in the legal sense. Though the report loosely refers in one place to "road and rail common carrier services," it is clear that the road hauliers, unlike the railways, are to remain free to pick and choose between traffics offered to them, outside the prohibited categories.

Having carried agreement thus far, the Conference turned its eyes to the more general problem of the ultimate relationship of road and rail goods transport—but only for a brief glance. The real long-range issues it stoutly refused to face. The report observes, very properly, that negative action by way of prohibition and exclusion should not determine division of function, except to a relatively limited extent, and that transport should divide itself, as between road and rail, according to the demand of those who require it, and the facilities offered. It assumes, in fact, a "deliberate effort of those engaged in road and rail transport to co-ordinate their services and give the public the full advantages of complementary service." In short, the Conference ended its work with an invitation to the parties concerned to get together for the common good on the fair competitive bases now proposed.

Here, as we see it, lies the weakness in what is in many ways an admirable report. The Conference's proposals with regard to the new scale of licence duties seem severe but sound. Though the Road Haulage Association's initial reactions to the report have been, not unnaturally, critical, the interests concerned will doubtless appreciate the force of the veiled threat, in paragraph 133 of the report, that if one part of the recommendations is rejected, the signatories will not necessarily remain agreed upon the remainder. Experience in the sphere of commercial passenger transport suggests, again, that the licensing system may, in certain circumstances, be used with unduly restrictive effect, and the Conference leaves the question of what would constitute "excess transport facilities," "prospective congestion" and traffic "unsuitable for road haulage" in a dangerously vague condition. There will, however, be general approval of the principle that some sort of order, particularly with regard to working hours, should be introduced into the present unregulated mass of predominantly "tramp" goods transport by road. What we look for in vain is any indication of policy such as to ensure that the development of the two branches of goods traffic continues in a way most conducive to the national interest. In what shape, in fact, did the Conference envisage the future? The report throws little or no light on the question. It deprecates the belief that the proposals would have the effect of greatly throwing traffic back from the road to the rail, but makes no positive proposals for greater road and rail collaboration.

If we may hazard a guess as to the probable course of development, we are inclined to think that this "burying of the hatchet" precludes extensions into the sphere of goods of the railway's invasion of the roads. The problem of acquiring financial control of services is, owing to the

* Cmd. 4147. H.M. Stationery Office. 2d.

multiplicity of ownership, much more complicated in the case of road goods transport than it was in the case of road passenger transport. We have little doubt, however, that, whether by acquisition of existing vehicles or by development of competitive services, the railways during the next few years will become an increasingly large factor on the roads, so far as certain categories of goods traffic are concerned. If their position became dominating, in regard to the great majority of their unorganised and, for the most part, poorly capitalised competitors, a far-reaching question might arise. Should co-ordination and development of goods transport by road, having regard to the interests of the community, be left predominantly to the railway companies, whose managements are bound to be largely influenced in their judgment by consideration of the great sums of capital invested in their permanent way, or should the State, acting through some form of public utility, undertake the task of co-ordination? We cannot share the complacent belief of the Conference that the freedom of the "ancillary user" to employ as many vehicles as he desires will remove all fear "that any form of semi-monopoly which may develop... will be against the public interest."

The question is one on which it would be premature to attempt, at this stage, to reach a final conclusion. At the moment we would merely suggest that though Sir Arthur Salter's Conference has laid down very fairly the lines on which the State should tax road goods vehicles and negatively regulate their operation, the public is still in need of guidance from an expert commission on the vital question of the most economic distribution of goods traffic as between road and rail. It is a question to which no *ex parte* answer can be satisfactory.

THE DIRECTION OF OVERSEAS TRADE.

THE Board of Trade figures showing the distribution of our overseas trade during the first half of this year show a further development of the tendencies to which we called attention in commenting on the corresponding figures for the March quarter, that is, a reduction in imports from Europe greatly in excess of the average reduction in all imports, coupled with a fairly evenly distributed decrease in exports. Total imports for the half-year, at £359,972,149, were 13.8 per cent. lower than in the first half of 1931; imports from European countries were 29 per cent. lower, those from foreign countries outside Europe 9 per cent. lower, and Empire imports increased by 3 per cent. Exports of British produce and manufactures amounted to £187,033,336, a reduction of 6 per cent. on the 1931 level, and the percentage declines in exports from Europe, foreign non-European countries and the Empire respectively were 7½, 8½ and 4.

Trade with European countries and their dependencies is shown in the table below:—

TRADE WITH EUROPEAN COUNTRIES.
First Half Year.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.
Russia	14,992	9,940	11,386	7,723	7,162	2,578	3,241	4,721
Finland	...	5,094	4,062	4,878	...	1,090	724	878
Estonia	...	1,022	844	621	...	147	98	118
Latvia	...	3,012	1,386	1,362	...	416	258	163
Sweden	5,913	10,860	7,188	6,452	3,901	5,294	3,707	3,527
Norway	3,865	6,883	4,231	4,752	3,268	5,017	3,515	2,961
Denmark	11,326	26,540	22,747	19,970	2,966	5,245	4,251	4,729
Poland	...	3,966	3,937	3,102	...	1,197	920	769
Germany	39,410	31,854	28,642	14,931	19,825	13,644	9,210	7,213
Netherlands	13,510	26,781	21,932	16,299	12,188	13,738	8,642	8,548
Belgium	11,654	20,586	15,232	9,167	8,994	8,601	5,439	4,647
France	25,838	29,698	22,299	11,300	16,628	18,405	14,153	11,369
Switzerland	5,741	6,162	5,314	2,595	2,093	2,925	2,152	1,965
Portugal	1,684	2,259	1,676	1,558	3,260	3,974	2,952	2,628
Spain	8,200	11,862	9,815	8,061	5,515	6,011	3,621	3,578
Italy	4,210	7,845	6,993	5,373	7,691	7,445	4,910	4,444
Austria	...	1,587	1,253	524	...	1,199	275	223
Czechoslovakia	...	389	298	...	...	1,377	675	584
Greece and Crete	...	591	572	499	647	1,133	1,660	1,329
Roumania	611	2,177	1,496	1,596	886	1,174	683	926
Turkey-in-Europe	558	328	299	129	895	949	758	585
Other European countries	86	1,127	1,103	1,527	181	1,384	1,213	1,730
Total	152,283	213,357	175,625	124,296	96,308	103,837	73,746	68,209

* Including dependencies.

The very heavy decline in imports from Europe, which was even more marked in the second quarter than during the first three months of the year, was very largely a reflection of the heavy import duties on manufactured goods, and, as will be seen from the table, if Russia and Denmark be excepted, the decline was most marked in the trade with the industrial countries; imports from France, Germany, Switzerland and Czechoslovakia, for example, were practically halved. The only countries from which we imported more than in the first half of 1931 were Finland, Norway, Greece and Roumania. Whereas during the first quarter exports to European countries showed less than the average decline, during the half-year as a whole they declined slightly more than the average, though less than exports to other foreign countries. Considering the steady tightening of the network of restrictions on imports into European countries, however, the European market is showing a degree of resistance which substantiates its claim to exceptional significance for this country. Among individual countries there were a few unimportant increases—Russia, Finland, Denmark and Roumania—and the declines were not spectacular, though reductions of £2 millions in our exports to France and £3 millions in those to Germany cannot be regarded with equanimity.

The next table shows our trade with non-European foreign countries:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE.
First Half Year.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.
Turkey-in-Asia	1,507	2,208	3,327	4,354	2,479	1,148	1,566	2,177
Egypt	11,547	8,936	4,976	6,104	4,721	5,282	3,265	3,322
Iraq	...	413	295	207	...	970	562	951
Persia	238	4,993	3,041	3,381	350	1,508	441	416
China	2,149	4,669	3,568	2,929	7,102	4,780	3,980	4,544
Japan	2,139	4,069	3,471	3,589	6,183	4,762	2,886	3,352
United States	70,579	82,167	52,504	43,752	14,529	16,638	8,656	8,785
Cuba	1,828	2,747	1,928	2,262	1,123	790	418	400
Mexico	1,239	1,454	1,182	1,367	1,263	1,207	588	534
Colombia	493	680	548	206	872	736	763	670
Peru	1,246	1,364	1,112	1,640	730	791	336	436
Chile	3,164	4,716	3,128	2,503	3,255	3,522	1,356	368
Brazil	6,288	5,751	3,075	2,113	6,711	4,635	2,175	2,364
Uruguay	1,667	1,857	3,344	1,781	1,545	1,805	1,228	774
Argentina	23,554	31,293	26,115	27,178	11,267	12,510	6,595	5,131
Other foreign countries (non-European)	3,988	8,840	6,998	5,805	3,374	4,936	2,727	2,728
Total	131,617	167,257	115,612	105,251	65,504	65,040	38,132	34,990

* Including dependencies.

Increases and decreases in imports seem to have been distributed impartially over the various parts of the world, though the decreases far outweighed the increases. Turkey, Egypt, Persia, Japan and Cuba sent us more goods than in the first half of 1931, China and the United States far less, while among Latin-American countries Mexico, Peru and Argentina increased their sales to us, and imports from Chile, Brazil and Uruguay were lower. Exports showed many small increases, including exports to the United States, Japan, China and Brazil, but these were far outweighed by the very heavy declines in our exports to Chile, Uruguay and the Argentine.

Trade with British countries, in consequence largely of political conditions, manifested definite changes, as the following table shows:—

TRADE WITH BRITISH COUNTRIES.
First Half Year.
(000's omitted.)

	Imports from				Exports to			
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.
Irish Free State	...	19,492	16,679	14,491	...	17,745	15,027	15,469
West Africa	2,478	5,741	3,176	3,302	2,906	5,612	3,162	3,726
South Africa	6,836	10,859	7,524	8,065	10,754	13,498	10,925	8,684
India and Ceylon	24,604	30,629	22,868	20,848	36,167	34,880	18,681	18,926
Straits Settlements	8,539	5,651	3,115	2,269	2,914	4,291	2,491	2,799
Australia	19,913	25,976	24,194	26,716	17,137	19,121	7,060	8,234
New Zealand	14,475	28,989	23,034	24,123	5,451	9,010	5,260	4,820
Canada	10,938	17,352	13,200	17,319	12,007	14,880	11,374	7,887
West Indies	1,293	2,589	2,375	2,507	957	2,285	1,863	2,346
Other possessions	5,784	13,856	10,472	10,785	6,955	14,652	11,435	10,342
Total	94,860	161,134	126,637	130,425	95,248	135,974	87,278	83,833

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Imports from British countries were 3 per cent. greater than in the corresponding period of 1931, but it is noteworthy that the first quarter of the year accounted for practically all this increase. During April-June, Empire imports were only fractionally higher than in 1931. The increase on the half-year is the net result of a number of increases and decreases, which reflect the political situation somewhat closely: declines of about £2 millions each in imports from the Irish Free State and from India and Ceylon were more than offset by increases of £2½, £1 and £4 millions respectively in imports from Australia, New Zealand and Canada. Exports to British countries were better maintained, relatively to other groups of exports, than in the past; small increases in sales to the Irish Free State, West Africa, India, the Straits Settlements, Australia and the West Indies partly offset the decline in exports to South Africa, New Zealand and Canada.

Our last table shows re-exports to the principal countries:—

EXPORTS OF IMPORTED PRODUCE.
First Half Year.
(000's omitted.)

	1913.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
Russia	£ 5,142	£ 4,280	£ 5,511	£ 1,061	£ 1,064	£ 1,488	£ 971	£ 783
Sweden	602	788	511	628	540	502	385	359
Denmark	279	410	376	374	418	392	285	262
Germany	11,396	9,782	15,656	16,610	14,258	10,083	8,014	5,546
Netherlands	2,785	2,363	2,416	2,412	2,424	2,407	1,677	1,464
Belgium	3,667	4,304	4,788	6,072	5,462	3,931	2,814	2,472
France	6,417	12,640	9,831	11,216	11,207	8,923	5,835	4,969
Italy	497	1,423	1,081	1,233	242	229	146	496
United States	16,535	14,719	10,623	12,206	9,111	6,787	4,344	3,089
Other foreign countries	4,693	4,345	4,548	4,346	4,750	4,033	2,897	2,563
Irish Free State	...	5,362	4,762	4,776	4,941	5,046	4,462	3,503
South Africa	940	758	751	757	660	743	509	365
India and Ceylon	841	746	1,180	1,180	1,001	818	329	287
Australia	1,747	1,087	1,278	1,379	391	404	291	150
New Zealand	472	359	403	379	1,193	992	867	499
Other British Possessions	1,851	1,265	1,045	1,288	1,133	992	867	499
Total	1,186	1,967	1,943	2,140	2,124	1,899	1,347	1,248
Total	59,051	66,599	66,220	67,486	60,562	49,280	35,708	29,330

* Including dependencies.

These have diminished all round, and their distribution shows no changes of particular significance.

The foregoing statistics make it very evident that the distribution of our overseas trade is still in a state of flux. The disturbing influences of tariff changes (our own and other people's), monetary conditions and uncertainties as to the future trend of international policy have for the time being brought about certain changes in the rate of flow along the various channels of our external commerce. To what extent these changes are likely to be permanent it is at present impossible to say.

THIS WORLD OF OURS.

STATISTICS are not every man's meat; but there are few who will not find an absorbing interest in some of the figures contained in the Statistical Year-book of the League of Nations.* The volume covers so wide a range of facts in various economic, social and demographic fields that it is impossible even to mention them all; but it will suffice to illustrate the fascinations of a world study by examining Table 2, which surveys the area and population of the world.

The figures there given, which are estimated as nearly as possible as at the last day of 1930, show that at last the world's population has exceeded the 2,000 million mark. Some ten years ago, the first attempt by the League Secretariat showed a figure of about 1,500 millions. But it must not be assumed that the difference between these figures represents the rate of growth in a decade, for in a number of cases the totals have been

* "Statistical Year-book of the League of Nations, 1931-32." Geneva, 1932. Authorised Agents in Great Britain: George Allen and Unwin, Ltd.

increased by closer estimation. Indeed, in a number of countries the censuses are still a matter of guesswork and the present totals are, therefore, only approximately true; but they give in outline an interesting figure picture of the world in which we live. If the men of old thought it a sin to number the people, a world census at least tells us who and what we humans are and how many mouths there are to be filled.

These two thousand millions of humanity divide into approximately equal quarters, viz.:—

The British Empire, with 496 millions;

Europe—excluding Great Britain, but including all Russia—with 490 millions, of whom one-third, i.e., 162 millions are Russians;

China and Japan, with 545 millions, including Korea and other Japanese dependencies;

Other countries, with 481 millions, of whom 124 millions are Americans, 120 millions live in Central and South America, 160 millions in Asiatic countries other than Russia, India and China and Japan, and 70 millions in African countries outside the British Empire.

These four quarters of the human race differ enormously in material wealth, and the year-book gives a great many statistics which could be used to illustrate this. But let us confine ourselves to Table 2. Taking these groups in order, the first outstanding feature is that India, with its 352 millions, accounts for nearly three-fourths of the population of the Empire; and, if the remainder of the countries predominantly inhabited by coloured people are grouped together and the census figures analysed a little more closely, the amazing fact emerges that only one-seventh (say, 72 millions) of the Empire population consists of white men, the bulk of whom (50 millions) live in the British Isles. This leaves 22 million white men to 424 million coloured folk in the rest of the Empire or one in twenty. But twenty millions of these are in Australasia and Canada—the white men's dominions—leaving two millions to govern, trade with, educate or attend to the spiritual or physical wants of 424 millions—a proportion of a half of one per cent.

Excluding Russia—of whose 161 millions 34 millions live in Asiatic Russia—the remaining 329 millions who inhabit Continental Europe are, roughly, divided as follows:—Latin races of Western Europe, 112 millions; Germany and Austria, 71 millions; nations of Central and South-Eastern Europe, 70 millions; Poland, Finland and the Baltic States, 41 millions; Scandinavia, Holland and Belgium, 28½ millions. Of the Sino-Japanese group 453 millions are in China and its dependencies, and 92 millions in Japan, Korea, etc. Finally, the last "Quarter" includes the most miscellaneous collection of peoples and races from the Dives among the nations in the United States to the Lazaruses in Africa and the Caribbean Sea.

But now let us turn to another and novel analysis suggested by the classification in Table 2. It certainly cannot be said that every nation that is not classed as a dependency or a mandated territory is politically "free"; but it is interesting to see to what extent the people of the world are "dependent" and in what continents. For the purposes of the following classification we return to geographical boundaries—that is to say Great Britain

reverts to Europe and Siberia to Asia. The Dominions—including India—are here shown in a separate column:—

POPULATION IN MILLIONS.

	Independent Countries.	British Dominions.	Dependencies, Protectorates, and Colonies.	Mandated Territories.
Europe...	501.6	3.0	0.3	0.8*
Asia.....	605.6	352.4	137.8	7.5
Africa ...	22.7	8.1	99.0	12.6
America..	236.1	10.6	4.8	...
Oceania	...	8.0	1.2	0.6
	1,366.0	382.1	243.1	21.5

* Sear territory administered by the League of Nations.

Thus, while the Mandate system devised after the war of tutelage of backward peoples by more advanced nations as "a trust for civilisation" is a mere frill affecting one per cent. of the world's population, some 12 per cent. of the world's population are in a condition of "dependency." Of these, Britain, France and Holland are responsible for about 60 millions each, Japan for 27½ millions, the United States for 14½ millions, Belgium 10 millions, Portugal 8½ millions, Italy 2½ millions and Spain—which once claimed to divide the dominion of the world with Portugal—one million. The picture, however, would look very different if India is included in the "dependent" group. The vastness of this political problem is evident from the fact that the population involved is nearly half as large again as that of all the other "dependent" peoples added together and raises the proportion of "dependency" to nearly one-third of the world's population. The transfer, moreover, reduces the population of the British Dominions to a paltry 80 millions and even this includes some eight millions or so of coloured folk.

Finally, let us look at the way the 132 million square kilometres of the world's land area are divided among these peoples. Taking the figures first in continental groups, we find that the density of population in the five continents varies as follows:—

	Area in million kilometres.	Population in millions.	Inhabitants per square kilometre.
Europe.....	11.4	505.7	44.3
Asia.....	41.9	1,103.3	26.3
Africa.....	30.0	142.4	4.7
America.....	40.7	251.5	6.2
Oceania.....	8.5	9.9	1.2
The World	132.5	2,012.8	15.2

Except in the case of Oceania, however (Australia has less than one person per square kilometre) the continental figures conceal big variations. Even in the case of America, density of population varies from one per square kilometre in Canada, two in Bolivia, and between four and five in the Argentine and Brazil to over eight in Mexico and 16½ in the United States. Similar differences exist in Africa, where density varies from less than one and a half in French Equatorial Africa and two in Angola and the Sudan to nearly 15 in Egypt and 28 in Nigeria. But it is in Europe and Asia that the high densities are to be found. In Asia the figures vary from a little more than two in Asiatic Russia to 41 in China, 74 in India and 169 in Japan; while in Europe the figures run from nine in Finland and Norway to 22 in European Russia, 76 in France, 138 in Italy, 137 in Germany, 185 in Great Britain, 288 in Holland and 270 in Belgium. Outside of Russia, the average density in Europe works out at about 70 per square kilometre. This is an area two-thirds as great as that of the United States but carrying three times the population.

Finally, reverting to the British Empire, the quarter of the world's population comprised within it occupies rather less than a quarter of the earth's surface (80 million square kilometres). But if India and Great Britain are excluded, its 90 million people occupy between them one-fifth of the world's land surface, while the 20 millions in the Dominions possess some 19 million square kilometres—or one-seventh of the territory of the globe. Here is indeed a grave responsibility to use for the general good so large a proportion of the natural resources of the earth.

How long the balance here shown will continue no one can foretell; but one simple fact concealed in a footnote serves to remind us that the problem of organising the world's future is not one of statistics but of dynamics; and that is that the population of Russia, which also occupies one-seventh of the world's surface has increased by 14 millions in four years—i.e., at a rate equal to the whole white population of the British Dominions every six years. There is still ample room in the immense territories of Asiatic Russia, but the British Dominions still remain the great empty spaces of the world.

Notes of the Week.

Last Days at Ottawa.—It is hard to find many "comfortable words" which may be spoken with truth of the closing stage of the Imperial Conference. Though the proceedings have continued in the same curious semi-secrecy—an absence of official *communiqués* compensated by many thousand cabled words of Press reports—it has been obvious that all idea of constructive Empire co-operation for the greater freedom and enlargement of trade has been submerged in bitter bargaining over formulæ designed to save the face of one Imperial statesman or another. Mr Bennett, it appears, was forced, last week-end, reluctantly to make some further concessions (their precise nature was not disclosed) by way of lower tariffs on certain British goods; and it was reported that he had agreed provisionally that the Canadian preferential tariff should be placed on a "compensatory" basis—in itself a highly questionable principle. In return, the British delegation was understood to have promised preferences on wheat, lumber and copper, with talk of quotas for meat. Up to Tuesday it was expected that an agreement on this basis might be reached in time to permit the final plenary session of the Conference to be held on Thursday; but difficulties were yet to emerge. The Australians, offered quotas on mutton, lamb and frozen beef, began at the last moment, it would seem, to demand restriction of British imports of "chilled" Argentine beef. Mr Bennett, assailed by his high tariffists for having given away too much, promptly raised the question of Russian "dumping," and pressed for an undertaking that Britain would prohibit, or curtail, imports of wheat and timber from the U.S.S.R. in the interests of the Canadian producers. We go to press before the final outcome of this trafficking in tariffs and quotas is known (indeed, it appears uncertain whether complete details are to be vouchsafed, lest "forestalling" ensue, even when the Conference ends). Whatever comes of Ottawa, it should be judged by the test whether the restrictions on the world's trade will have been increased or lessened. The essential objective of the Conference was to begin in the Empire the task of levelling the down tariffs all round to a reasonable maximum. The realisation of that principle would have been the only justification for an extension, for preferential purposes, of the scope of the British general tariff. For final judgment we must await such elucidation as comes from to-day's plenary session; but it is difficult to retain the hope that the Conference can end in anything but "failure" in the only intelligible sense of the word in this application.

Deadlock in Germany.—President von Hindenburg's uncompromising rejection of the Nazi leader's claim to the Chancellorship and absolute control of the Reich Government has, for the moment, settled one question in Germany: General von Schleicher and his associates are clearly in no mind to surrender tamely to Herr Hitler, or rather to the turbulent forces behind that demagogue's back. But, save for this one point, the obscurity of the German political situation, which our Berlin correspondent analyses on a later page, remains unrelieved. What is to happen when the Reichstag meets at the end of this month? The von Papen Government can count on a mere handful of votes. Will it adjourn or dissolve the Reichstag, and endeavour to rule as long as possible by emergency decree? Such a course, involving the further

straining of the Constitution by the President, would be beset with dangers. Alternatively, is there a possibility of a Nazi-Centre Coalition—a union between a Fascist party ready to make bonfires of a dozen constitutions, and a minority in whose eyes the Constitution is an absolutely essential safeguard? We cannot readily picture such a development. With the prospect of stale-mate in all directions, will the Nazis in the Reichstag tolerate, after all, the continuance of the von Papen Government? Possibly; but hardly unconditionally. And the desire to retain such conditional support might easily lead the Government economically in strange directions whither the President of the Reichsbank, to say nothing of the Finance Minister, might well decline to march. Rarely in history can a great country have been placed in such political confusion or so near to a "steep place."

President Hoover's Platform.—It is abundantly clear that in the coming contest for the Presidency of the United States, the major issue, barring unforeseen developments, will be, not war debts nor any other aspect of foreign policy, but the burning question whether American citizens are again to be permitted to consume liquor, and, if so, under what conditions. The Democratic Party Convention went "soaking wet"; the Republican Convention was less definite. Mr Hoover, in his address announcing his acceptance of the Republican nomination and declaring his general policy, has trimmed his sails with what we suspect to be good judgment of the wind. The Eighteenth Amendment had resulted in degeneration and crime in areas where majority sentiment was unfavourable to Prohibition; on the other hand, the old notorious "saloon," with its political and social corruption must never be brought back to life. Subject to the continuance of a Federal veto on "saloons," each State should have the right to handle the liquor problem in its own way. Whether Local Option is suitable for application to the United States we do not presume to say; but Mr Hoover has made an ingenious attempt to suit the book of as many interests as possible. In the predominantly "wet" States the thirsty will have their liquor somewhat cheaper than hitherto. In the "dry" States there will still be a terrain for the bootlegging and hi-jacking industries. In both, the Prohibitionists are still left scope for plenty of fun with their propaganda. Everybody should therefore be pleased; and this, after all, is the main thing in an election address. Its other, and more sonorous sections, in the light of their context need not, we hope, be taken too seriously. Otherwise they would be a poor augury for the world's economic future; for Mr Hoover declares that he is "squarely for a protective tariff," and that the war debts "must not be cancelled or the burdens transferred to our people." The President's suggestion that the European debtors could dispose of the debt problem by economising on armaments is a little naïve, and would appear to betray a disquieting inability to appreciate the effects of the process of transfer; but it is something at any rate that he should have left himself a convenient loophole. If, he said, for any particular annual payment there were offered some other tangible forms of compensation, such as an expansion of markets for American products and the restoration of American prosperity, then such a proposition would be considered. The proviso could doubtless be stretched to cover a good deal of writing off; but in any event Mr Hoover is talking with an eye not to Europe but to the American voters. Outsiders would probably be well advised not to intrude on that political *tête-à-tête*, or pay undue attention to the observations on the world at large which are primarily intended for home consumption.

Reds and Whites in the Free State.—Vague rumours of the reopening, via Ottawa, of Anglo-Irish peace *pour-parlers* has so far, unhappily, lacked confirmation. On the other hand, there appears to be little room for doubt that, in the Irish Free State itself, developments economic and political are taking an increasingly ugly turn. Mr De Valera is probably content to have a good excuse in the British retaliatory tariff for pursuing his

dream of a self-sufficient Ireland; but whether fate will permit him to walk peacefully along the Sinn Féin economic path is another matter. While the I.R.A. seem to be drilling with less and less concealment, the arena of potential conflict has now seen the incursion of a new organisation, the Army Comrades' Association, under the leadership of Mr O'Higgins. This White Guard, drawn from the ranks of property owners "with a stake in the country," is doubtless intended to make good the Government's weakness in dealing with the Republican Irregulars, but it remains to be seen whether its emergence (it is reported to be attracting strong support) may not precipitate, rather than restrain, armed violence. There are disquieting accounts, too, of the subterranean activities of the would-be architects of a Workers' Republic; in short, Southern Ireland seems to be well on the way towards becoming a battlefield for Red, White and Green forces manœuvring round a small regular force whose allegiance to the present Government is probably not unconditional. We wish Ireland well, and we have held throughout that the British Government has assumed a terrible responsibility in provoking these troubles by its attitude over the annuity arbitration; but, the facts being as they are, Mr De Valera bears an ominous resemblance historically to M. Kerensky.

Baltic Relations.—Two developments fall to be recorded of some possible importance in their future bearing on relationships in the more troubled Baltic centres. The Permanent Court of International Justice has given its decision in the Memel v. Lithuania dispute. It has ruled that Herr Böttcher, the late President of the Directory, did, in fact, violate the Statute of Memel by negotiating in Berlin about the foreign relations of Memelland (are pigs a "foreign relation," or did Herr Böttcher talk of more than pigs?), and that his dismissal and the appointment of a new President by the Lithuanian Governor was in order. Where the Governor erred was in dissolving the Diet on the advice of the new President before his Directorate had received a vote of confidence from the Diet. We should require to have much fuller details of the judgment and, still more, of the evidence before being satisfied that this award is unassailable in the eyes of abstract justice, but it should perhaps serve to keep some sort of tolerable *modus vivendi* going in Memelland. Much more important, and of clearer good augury, is the news that the increasingly strained relations between Poland and Danzig have been relieved by a settlement on two, at least, of the many points of dispute between them. A protocol signed on Friday of last week regulates, in a manner favourable to Poland, the entry of Polish warships into Danzig harbour; while in a second protocol it is agreed that the Polish Government will try to influence the Poles to discontinue the economic boycott of Danzig, if the Free City on its part discountenances attacks on Polish citizens within its confines. How sincerely meant all this may be remains to be seen; but it looks like a glimmer of returning sanity and human decency in an embittered quarter.

Empire Monetary Policy.—The Committee of the Ottawa Conference set up to consider Monetary and Financial Questions had the distinction, last week-end, of being the first committee to issue its report, but it has not carried things much further. The report is, in general, a vague and innocuous document, and the absence of any signs of inclination to champion bi-metallism or other popular currency *nostra* need cause no regrets; but there are a number of big questions left unanswered. The Committee consider a rise in the world level of wholesale prices to be desirable and to demand international action, in which the various Empire Governments are ready to co-operate. Failing, however, a rise in gold prices, there are "limitations on what can be done for sterling." Cheap short-term money can be continued? Certainly; and its influence should be valuable. All members of the Commonwealth should follow the recent policy of the London authorities so far as lies in their power. At the same time (this, presumably, with an eye to the Anti-

podes), "favourable monetary conditions must be achieved, not by the inflationary creation of additional means of payment to finance public expenditure, but by an orderly monetary policy"—not excluding deflationary contraction of any violent speculative up-swing. Nor should it be forgotten that some of the obstacles to trade expansion are non-monetary in character (was it impossible, at Ottawa, to say "high tariffs"?), while another difficulty is instability of exchange rates. As a remedy for the last-named evil a satisfactory international monetary standard would be very welcome, but the task of defining "satisfactory" is remitted to the World Economic Conference. In any case, the Committee consider that conditions precedent to the re-establishment of any international standard are:—

(i) A rise of prices to a level "more in keeping" with the level of costs, including fixed charges.

(ii) The adjustment of the factors, political, economic and financial, which "crashed" the gold-standard.

Meanwhile, the Report observes that the British Exchange Equalisation Account is designed to minimise fluctuations of sterling against gold. As for fluctuations between various Empire currencies and sterling (or each other)—and this surely was the primary business of the Committee—all that the Committee can put forward is the suggestion that the task of preserving stability (e.g., in the London-Australia-New Zealand triangle) would be easier if prices were higher. Exactly; but while we are glad that the British delegation in advance of the World Conference, is not committed to any inconvenient or patently unsound pledges, we cannot feel that this string of platitudes was particularly worth while putting together. The Report, in fact, as published, is at once harmless, unhelpful and unimportant. We wish we could say the same of Mr. Chamberlain's opening speech before the Committee, a summary of which appears to have been published in the Canadian Press. According to cabled extracts received in London, the Chancellor seems to have advocated, as a durable method of ensuring price stability, a system not merely of import quotas, but of output quotas to be applied to the production of the world's staple goods. We cannot imagine any conception better calculated both to injure Great Britain, by riveting upon her ring upon ring of uneconomic prices, and to arrest entirely, in one vast, complicated rigidity, the world's whole future economic development. If this really be the considered policy of the Government, it is a very serious matter.

A Lancashire Crisis.—Our Manchester correspondent writes:—The move to reduce wages of the operatives in the Lancashire cotton industry has now spread from the manufacturing section to the spinning branch. Both sides, however, are acting separately, but this does not necessarily mean that the employers will not join hands before the dispute is finally settled. With regard to the manufacturing section, the Northern Counties Textile Trades Federation, which represents the trade unions involved, decided at a meeting on Monday that if there was no change in the situation notices would be posted on Saturday, August 20th, withdrawing all labour from the mills on the following Saturday, August 27th. This move permitted eleven days' grace and hope is not entirely lost that the employers and the operatives will eventually be drawn together again in joint negotiations. The situation in Lancashire, however, is daily becoming more grave. The strike at Burnley continues, and strikes are also taking place in Preston, Bolton, Haslingden and Fails-worth. These stoppages are actually against the advice of the trade union leaders, for the Textile Federation by its decision on Monday will not withdraw labour until August 27th. Statements made during the present week by responsible leaders of the Cotton Spinners' and Manufacturers' Association do not increase hopes of an early resumption of negotiations. The joint conferences broke down not on the wages issue—this point was practically agreed upon—but on the question of the reinstatement of discharged operatives, and Mr John Grey, the chairman of the Cotton Spinners' and Manufacturers' Association, stated only on Wednesday that the employers would not consider the question of reinstatement nor would they

accept outside intervention. On this point it was reported in Manchester that Mr Ramsay MacDonald, the Prime Minister, contemplated making an appeal to both sides to "get together." At the time of writing, however, no official communication to this effect had been received at the headquarters of the employers' organisation. The general position is becoming more chaotic, but the real crisis will not arise until a few days before the strike notices lapse. With regard to the spinning section, the General Committee of the Federation of Master Cotton Spinners' Associations at a meeting in Manchester on Tuesday decided to give one month's notice to all operatives reducing wages by 25 per cent. off the lists, equal to a cut of 2s. 9d. in the £. At the same time, the representatives of the trade unions were invited to attend a joint meeting to discuss the claim. This meeting will probably be held next week. When the present wages issue is settled the Master Spinners' Federation will then seek to revise the present agreements in force with the operatives to alter certain anomalies regarding working conditions and wage reductions. Altogether roughly 850,000 workpeople are affected by the present wages move.

New Brooms in Roumania.—The absence of Dr. Iuliu Maniu from a National Peasant Party administration in office at Bucharest is a remarkable omission; but so matters have been arranged. The new Cabinet in Roumania includes such National Peasant leaders as M. Madgearu and M. Mihalache, who both stood out of the recent provisional Government, pending the elections; but it is headed by Dr. Vaida Volvod once more. Dr Maniu, as in 1919, remains in the background, though he is understood to have assured Dr. Volvod of his unconditional support. The motives behind Dr. Maniu's tactics are obscure; but we are inclined to suspect that of two possible reasons—desire to be in a position to act as independent *liaison* between Throne and Parliament, and unwillingness to assume, save in the last resort, the responsibility for getting Roumania out of a horrible mess—the latter is probably the more cogent. Roumania is likely to need all the good advice which the League's experts can give it.

Imperial Standardisation.—A correspondent writes:—Among the less spectacular but none the less important matters which have been discussed by the Imperial Economic Conference is the advancement of industrial standardisation within the British Empire. It may be recalled that during the 1930 Imperial Conference an expert conference on standardisation was held simultaneously, its resolutions being accepted by the main Conference, and that since then the scope of the former British Engineering Standards Association has been enlarged to include chemicals, textiles and building materials, and its title changed to the British Standards Institution, while contact has been established with similar organisations in the Dominions and directly with overseas purchasers. At Ottawa a sub-committee on industrial standardisation was appointed under the committee on methods of economic co-operation, and held a number of meetings at which representatives from every participating country were present. The sub-committee had conferences with trade representatives regarding commercial standards and practices in the steel, chemical and lumber industries, and also discussed with interested parties the question of agricultural standards in the matter of wood and other containers, as well as interchangeability of wearing parts or components of agricultural machinery. Apart from these direct contacts, progress was made towards the foundation of institutes of standards in those parts of the Empire where none already exists, including Canada, and it is legitimate to hope that before long the British Institution will have sister organisations in every Dominion. The sub-committee urged the Governments concerned to take an active and possibly a financial interest in the work of these institutions while leaving them to conduct their affairs under the initiative and control of industry itself. The report also recommended the establishment of a

central committee in London to link up and supervise the work of the different national organisations throughout the Empire. Evidence was forthcoming that Dominion interests were anxious to buy British material in preference to foreign, despite a disadvantage of price, on account of its better quality, but have been deflected from that intention by their inability to rely on standard specifications, especially as concerns repeat orders, while on the other hand instances have been cited of the loss of orders by British tenderers through arbitrary and un-notified variation of specifications in the requirements of Dominion importers. If the result of the efforts of the sub-committee at Ottawa is to mitigate these troubles it may prove to have done as much as any other part of the Conference to further trade within the Empire and to improve the efficiency of British manufacturers everywhere.

The Rayon Position.—A correspondent writes:—After the brisk buying movement in the closing months of 1931 and the early months of the current year, when following the change-over from the gold standard rayon production and consumption reached record levels, the industry is passing through a quiet period. Actually consumption is still at a high level compared with previous years, and good progress is expected for the autumn. Stocks have tended to increase during the past few months and there has been a certain amount of "weak selling." The position is not, however, regarded as serious, and if the producing companies can give consumers grounds for expecting price stability, considerable forward buying may be expected in the immediate future. Perhaps the most interesting feature of the past twelve months has been the way in which yarn producers, great and small, have tackled the problem of reducing costs of production to bring them into line with the low level of selling prices. Speeds in the spinning department have been increased, the number of workers reduced; and new processes introduced which enable more direct processing to be adopted. On the viscose side much more "continuous working" is taking place than formerly. Some of the small producers, while still finding the price level very low, have done considerably better owing to more efficient working and a larger turnover. The leading company has doubtless done relatively well in the home market and has probably a larger share of the total business than at any time since the flood of new companies poured their production on to the market. The American plant, however, has had a very difficult time during the current year and there has been large-scale curtailment of production to meet the difficulty of heavy stocks. As far as British consumption is concerned the outlook is giving rise to considerable optimism. The rapidly improving quality of British rayon fabrics and garments is leading to a much more general use of the fibre. Since the change-over from the gold standard many types of rayon goods, which were previously obtained on the Continent, are now manufactured in this country. The new additional duties on rayon products have little effect except in the case of stockings and knitted goods. In the case of cheap Continental hose and underwear, the new duties based on weight work out very formidable. Rayon is becoming more and more of a utility fibre, and parallel with this its intrinsic charm, which has always been a strong selling factor, continues to improve. The new process for rendering rayon fabrics uncreasable is likely to prove important for the dress goods and lingerie trade. It is, however, only applicable to viscose and cuprammonium rayon, and cloths derived from cellulose acetate cannot be treated with the new process.

The 1930 Census of Production.—Volume XVII of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers the textile finishing, canvas goods, coir fibre, asbestos and packing trades. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms),

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and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Textile finishing	Thous. £ 41,357	Thous. £ 28,633	Thous. £ 27,058	Thous. £ 18,133	£ 250	£ 185
Canvas goods and sacks	6,906	4,428	1,757	1,186	202	167
Coir fibre, horse hair and feathers	2,225	1,643	874	655	193	186
Engine and boiler packings and asbestos	3,681	3,787	2,044	1,869	322	262
Packing	3,008	1,458	1,605	819	215	160

The returns for 1930 reveal a setback in the net value of the output in each of this miscellaneous group of industries. In the textile finishing trade, the quantity of cotton yarns bleached and dyed declined from 178,563,000 lbs. in 1924 to 128,829,000 lbs. in 1930. Similarly, woollen and worsted yarns, bleached and dyed, decreased from 27,426,000 lbs. to 18,957,000 lbs., and linen yarns, at 20,089,000 lbs., show a decline of 6,259,000 lbs. The quantity of woollen and worsted piece-goods, including flannels and delaines treated in 1930, shows a decrease of 17 per cent., and the square yardage of cotton piece-goods declined by 35 per cent. On the other hand, the square yardage of rayon piece-goods treated increased from 48,960,000 to 178,231,000 between the two census years. The results for the canvas goods and sack trade show an increase in the number of sacks made from 7,052,000 dozen to 8,617,000 dozen. The decline in the total value of the output of this industry is due mainly to a fall of 55 per cent. in the value of repaired second-hand sacks and bags. The output of asbestos manufacturers advanced from 68,760 tons to 93,140 tons, but the net value of the engine boiler packings and asbestos trade fell from £2,044,000 to £1,869,000. The heavy decline in the value of the output of the packing trade may be ascribed to the falling-off in the export of cotton piece-goods.

Iron and Steel Production.—Holiday influences, accentuating the general depression, are reflected in the figures of production of pig iron and steel for July recently issued by the National Federation of Iron and Steel manufacturers. The number of blast furnaces in operation at the end of the month (56) is 13 less than at the end of the previous month and fewer than at any time since the coal stoppage of 1926; it is understood, however, that eight of these are only temporarily "damped down." Production of pig iron amounted to 292,600 tons, compared with 311,400 tons for the previous month, and 317,000 tons a year ago, while steel production amounted to 430,300 tons, compared with 459,300 tons in June and 428,700 tons a year ago. Imports of iron and steel, which in June were lower than in any month since 1923, still further declined in July to 118,700 tons. The item chiefly responsible for the decline of 7,400 tons was sheet and tinplate bars, which declined from 34,700 tons to 24,300 tons; imports of pig iron declined from 11,500 tons to 7,700 tons. Exports of iron and steel increased slightly to 158,200 tons, and for the fifth month in succession were in excess of the imports. The increase was almost wholly due to increased exports to Russia, for the returns show an increase in the exports of plates from 3,900 tons to 19,600 tons and of hoops and strips from 4,600 tons to 9,200 tons, the bulk of which were for Russia. On the

other hand exports of pig iron declined from 12,700 tons in June to 5,000 tons in July, which is the lowest figure since the coal stoppage of 1926. Iron and steel prices remained steady throughout the month, the Board of Trade price index standing at 102.8 for July (1913=100), compared with 102.9 for June and 108.0 a year earlier. It was expected that the strike in the Belgian coal mines, caused by the continued wage reductions, would have led to an increase in Belgian prices, but the Belgian manufacturers realised that, with iron and steel in such low demand, any attempt to raise prices would only lead to business being lost to France and Luxemburg. Continental prices therefore fluctuated slightly during the month, and any depreciation in sterling is promptly discounted by a further decline in gold prices f.o.b. Antwerp. In the Belgian coal industry wage reductions took place on six occasions between July 6, 1930, and March 20, 1932, inclusive, five of which were of five per cent. each and one of four per cent. In iron and steel wages were reduced on seven occasions commencing with December 1, 1930, the cumulative effect being that wages are now eighteen per cent. less than in October, 1929.

The Growth of Middlesex.—In view of the construction of new tube railways, the extended use of the motor car, and the general desire of many Londoners to move out of the centre of town into the outer ring, where better living conditions are available, it is not surprising that the population of Middlesex should have greatly increased between the census of 1921 and 1931. Even so, the actual increase in the county's population by 385,726, or 30.8 per cent., during these ten years is so great that it will come as a surprise to many. The truth is that for all practical purposes Middlesex is now a part of London; to-day only two rural districts are left in the county, and the remainder in fact as well as in name is now definitely urban. Naturally the increase is most marked in those parts of the county where the new tubes have been built. Following the extension of the Hampstead tube from Golders Green to Edgware, the population of Hendon has doubled, while that of the adjacent district of Kingsbury has increased from 1,856 to 16,636; but increases of over 10,000 were registered by most of the dormitory areas such as Ealing, Edmonton, Finchley, Southgate, Tottenham, Wembley and Willesden, and also by the more remote district of Uxbridge. The growth in the population of Middlesex is by no means at an end, for the extension of the Piccadilly tube to Cockfosters in the north and its linking up with the District Railway in the west will undoubtedly bring a fresh influx of population into those parts of the county. Some may feel that it is now anomalous for Middlesex to exist as a separate county and that the time is becoming ripe for London to extend its boundaries so as to embrace all those whose business interests lie in town, and also so as to merge together the different boundaries that now exist for administrative, postal and police purposes. Force is also added to this argument by the fact that considerations of space have driven the London County Council to carry out its housing schemes beyond its boundaries, with the result that certain administrative complications, with the need for delicate negotiation, have from time to time arisen. There are, however, other important considerations. One is the obvious danger that the London County Council might become too unwieldy a body, entrusted with duties exceeding its capacity. Another is that, notwithstanding the attractions of London, Middlesex and its constituent towns still possess a certain local patriotism which it would be a pity to impair. Finally, any attempt at the extension of London would raise such thorny questions regarding rates and the burden of local expenditure that there is much to be said for leaving well alone, at least for the present.

A Canadian Banking Centenary.—Last week the Bank of Nova Scotia celebrated its centenary, for on August 10, 1832, the Halifax Banking Company was founded by a group of business men as a protest against the banking monopoly then existing in Halifax. For a time the new

bank made but slow progress, but in 1876 Thomas Fyshe became cashier (i.e., the chief executive officer), and under his control, which lasted for twenty-five years, the bank extended until it owned 37 branches in Canada. In 1901 it moved its head office from Halifax to Toronto. The next great period of expansion came in 1910-25 under the ægis of Mr Richardson, for during these years it absorbed successively the Bank of New Brunswick, the Metropolitan Bank, and the Bank of Ottawa. Meanwhile it had extended its activities beyond Canada. In 1894, following the Newfoundland banking crisis, it established itself in that Dominion, and it also operates many branches in the West Indies, and is one of the note-issuing banks of Jamaica. To-day it is one of the chief Canadian banks, with an office in London and several offices in the United States. Its deposits exceed \$200,000,000, and alone among the Canadian banks it has a reserve fund of twice its paid-up capital. The Canadian banking world has fittingly marked the bank's centenary by electing its general manager, Mr J. A. M'Leod, to the Presidency for the year of the Canadian Bankers' Association.

The Cost of Living in July.—According to the latest figure issued by the Ministry of Labour, there was a fall in the cost of living during July. On August 2nd the Ministry's index number stood at 41 per cent. above the level of July, 1914, as compared with 43 per cent. on July 1st and 45 per cent. a year ago. For food alone the corresponding indices were 28, 25 and 28 per cent. respectively. The decline during July is mainly accounted for by a seasonal reduction in the price of potatoes.

Overseas Correspondence.

FRANCE.

International Politics — Prices — Production — Money.
(FROM OUR CORRESPONDENT.)

PARIS, August 17.

FRENCH opinion now appears to be less disturbed by possible untoward developments in Germany than by the line of policy to which Mr Hoover appears to be binding himself under Presidential election pressure. So far as Germany is concerned, the advent to power of the war party leaders, and the apparent partial suppression of Hitler and his somewhat incomprehensible programme, has been received almost with relief, as having to some extent clarified the outlook by leaving henceforward no doubt as to Germany's real intentions, and thus to have largely settled the present Radical Cabinet's future attitude towards disarmament. Mr Hoover's opening speech in his electoral campaign, however, has been received with serious annoyance and indignation. What possible practical value can there be, it is asked, in Mr Hoover's declaration that he will accept a certain reduction of war debts, but only on condition that the United States be given an extension of its foreign markets as compensation. In the same breath, it is pointed out, the retiring American President repeats his unswerving adhesion to a policy of rigid and absolute protection—which will render the entry of European exports into America impossible. Moreover, while demanding a "draconian reduction of world armaments," Mr Hoover insists on maintaining United States' military power at a level which will make it impossible for any foreign soldier to land in America. Does Mr Hoover, it is asked, believe we are still living in the time of Columbus, and that a European armada might lay siege to New York, or that Canada or South America will cast covetous eyes on United States territory? Finally, it is pointed out, Mr Hoover "will refuse to recognise any title to the possession of territory conquered in violation of the peace pacts, a doctrine which was accepted by all nations during a recent crisis and which gave tangible proof of the authority and influence of public opinion."

"Does anybody imagine," one French commentator asks, "that Japan cared a button about public indignation when she was on the way to Mukden or Shanghai?"

As usual at this season, speculative interests have once more been alarming the agricultural industry by pessimistic forecasts of the effect the expected bumper harvest may have on wheat prices. Unfounded reports that the Government proposes to abandon the protective policy hitherto applied to agriculture, and to force down selling prices systematically, have already caused many growers to dispose of their crops at sacrificial prices and have brought down wheat quotations with a rush. This has undone much of the careful work of the present and previous Governments to assure to agriculturists a reasonable return for their labour. The policy of the Government so far has been to stimulate absorption of existing stocks before the new crop is harvested. To this end the proportion of foreign wheat allowed for bread-making purposes has been reduced since June from 50 per cent. to 30 per cent., largely because of the fact that, in view of increased import duties on corn, growers have been encouraged to put under wheat this year some 300,000 hectares more than in 1931. The Minister for Agriculture stated last Sunday that, in order to enable growers to avoid having to throw their wheat too hurriedly on the market, the Government has worked out, in conjunction with the Bank of France, the agricultural credit banks, the Ministry of Finance, and representatives of the growers, a plan for financing the harvest, to enable growers to stock their wheat and market it by instalments in ratio with normal consumption requirements. A reduction of the officially fixed retail price of bread is also to be applied.

The unweighted index of French wholesale prices at the end of July is 404 (1914 = 100), against 408 in the previous month, 466 in July, 1931, and means of 543 in 1930 and 623 in 1929. The weighted index for retail prices in Paris (34 common household articles) declined 7 points at the end of July (547, against 554 the previous month, 617 in July, 1931, and means of 618 in 1930 and 621 in 1929). The index representing the cost of living for a Paris working-class family of four persons, at the end of the March-May quarter, is returned as 535 (1914 = 100), against 584 at the end of February, and means of 569 in 1931, 581 in 1930 and 556 in 1929.

Industrial production indices for June show further small fractional declines in all the nine leading industries except engineering, which remains unchanged on the month at 93 (1913 = 100), as against 140 in June, 1931, and textiles and leather, which have each improved a point. The general index is returned at 93, or a single point lower on the month, as against 126 in June last year and means of 140 in 1930 (high record level) and 139 throughout 1929. Motor car construction is returned at 394, against 400 in the previous month, 565 in June, 1931, and means of 640 in 1930 and 657 in 1929. The textile figure's improvement of a point on the month, following one of three points in May, is due to increased demand for home manufactured goods, under the stimulus of import restrictions. Cotton yarn output in June rose from 1,290 kilos per spindle to 1,450 kilos (against 1,230 kilos in June, 1931, and 2,113 kilos in 1929). Cotton piece-goods production was equivalent to 4.02 kilos per loom, against 4.25 kilos in May, 4.48 kilos in June, 1931, and 5.89 kilos in 1929.

Railway receipts increased in June, with an average of 235,000,000 francs per week (against 225 millions in May, 226 millions in April, and 230 millions in March), and have since still further improved to 245½ millions (last week in July), but are still substantially behind the average of 260 millions registered in June, 1931. The fact, however, that the mean level of weekly receipts recorded in 1929 was not larger than 299 million francs indicates that the general economic condition of the country still remains less critical than certain other partial data would imply. The daily average of trucks loaded in June was 47,200, against 45,900 in May, 54,900 in June, 1931, and 65,100 and 65,400 in 1929 and 1930 respectively. Inward shipping tonnage in June

was 4,541,000 tons, against 4,686,000 in May and a mean of 4,806,000 tons throughout 1931. Outward tonnage was 3,914,000 tons, against 4,205,000 tons in May, and a mean of 4,022,000 in 1931.

Business failures in June touched a new high record total of 914, as compared with 635 in May, 782 in April, 528 in June last year, and means of from 598 in 1929 to 602 throughout 1931. Provisional figures for July indicate a total of only 757, or an improvement of over 17 per cent. on the month. Unemployment figures for July indicate that the total number in receipt of relief was 262,600, or 30,000 more than the June average, and 123,273 more than in the corresponding week of 1931, but still 12 per cent. fewer than the total of 303,000 registered in March last.

Money rates continue contradictory. Following the recent further lowering of interest rates on Defence Bonds to 2½ per cent., the rate payable on Treasury Bonds has been lowered (as from August 13th) by one-quarter per cent. all round, as compared with the 1½ per cent. to 2½ per cent. fixed on May 14th, in accordance with terms of the bonds (which vary from three months to eight months or over). On the other hand the average rate of interest offered on new bond issues during July moved up to 6.10 per cent., as compared with 5.35 per cent. in June, 4.90 per cent. in May, 4.25 per cent. in April, 5.22 per cent. in March last, and 4.60 per cent. in July, 1931. Mean rates in 1929, 1930 and 1931 respectively were 5.36 per cent., 4.69 per cent., and 4.68 per cent. The average rate for carrying over money, which has been either ½ per cent. or even ⅙ per cent. for some months past, was raised to ¼ per cent. for the end of July and mid-August settlements in the official market. There is again some talk of the Bank of France rate being brought down to 2½, or possibly 2 per cent., from the 2½ per cent. level at which it has stood since the beginning of the year. Exactly what effect these widely differing factors may have on the Government plans for Rente conversion is now a subject of much speculation. Bourse quotations are again steadily improving. The index representing prices of 300 French issues at the end of July (1913 = 100) is returned at 233 against 220 in May, 274 in March, 309 in July, 1931, and averages of 437 in 1930 and 507 in 1929.

GERMANY.

Politics — Government's Prospects — Centre — Stock Exchange.

(FROM OUR CORRESPONDENT.)

BERLIN, August 16.

In the course of last week two possible means were explored of arriving at a solution of the political crisis. First of all the Centre tried to come to some understanding with the National Socialists, or rather to develop the understanding, for which the way had been paved in earlier conversations, to some concrete end. They encountered, however, a complete refusal. Immediately afterwards began the negotiations between the Chancellor and Hitler, for which also a way had been opened by conversations between General von Schleicher and the National Socialist leaders. They ended with Hitler's refusal to enter the von Papen Government or any "Presidential Government" of similar construction, or to allow leading members of his party to enter it. Instead, Hitler demanded that the formation of a new Cabinet, in which he would hold the office of Chancellor, be handed over to him. For a moment it almost looked as though the Chancellor would consider this proposal, but the President rapidly put an end to all doubts. In his address to the National Socialist leaders on Saturday President von Hindenburg declined to "hand over the entire Government exclusively to the National Socialist movement, which intends to make one-sided use of it." The fact that Hitler had meanwhile actually increased his demands, and was now asking for the same measure of power as Mussolini received from the King of Italy after the march on Rome, and therefore far more than the constitution allows a German Chancellor, may have given Herr von Hindenburg a further ground for the decision he had already

taken, for nothing could have emphasised more unmistakably the fact that the National Socialists would abuse the "leadership" for which they were asking to establish a Fascist dictatorship.

The greatest political result of this discussion is the establishment beyond doubt of the fact that the National Socialist Party cannot be "tamed" by being given a share of power. They are aiming at exclusive control of the reins of Government, which cannot, according to constitutional principles, be given them, for 60 per cent. of the German electorate has declared against them. They offer no guarantee of a loyal exercise of power, so that even a National Socialist minority Government would be intolerable.

These negative conclusions, important though they are, do not, of course, resolve the German political tangle. The von Papen Government has no support in Parliament beyond the 37 German Nationalists, who may perhaps be supplemented by a dozen deputies from the remnants of the moderate Conservative parties. They will not, therefore, unless the political situation changes, be able to command even a tenth of the votes in the Reichstag when the votes of no confidence and the motion for the suppression of emergency decrees are brought forward. Thus they cannot possibly avoid a parliamentary defeat on an unprecedented scale unless they once more dissolve the Reichstag, and even this would only postpone this issue, since there is no prospect of a decisive change in the balance of the parties.

As the political prospects of the Government seem at the moment almost hopeless, they intend to try to extend their foundation in public opinion. As they have little to gain from the Left, they propose to compete with the National Socialists in appealing to the imagination of the despairing masses. This course is very dangerous, for the slogans which are popular in Germany to-day cannot commend themselves to any Government which does not wish entirely to abandon the path of reason. The demands which make the widest appeal are self-sufficiency, compulsory reduction of interest, debt conversion, and the provision of employment on a grand scale by means of supplementary credits. It is hardly possible to imagine that the von Papen Government will allow itself to be forced into such a course, especially as it would first have to fight a hard battle with Dr. Luther, and would probably also lose their own Finance Minister at the same time, for such a policy would inevitably endanger the mark and violate the rights of creditors, and Dr. Luther and Count von Schwerin-Krosigk would take no part in that. The President of the Reichsbank is at present the most important guarantee that the Government, in the popularity campaign to which it feels itself driven, will not leave the narrow path of economic reason.

In forming a complete picture of the political possibilities of the immediate future, the position of the Centre Party must be considered with particular care. The Centre is opposed to Hitler, but it is at least an equally sharp opponent of Herr von Papen. The greatest desire of the Centre Party, however, is to avoid any breach of constitutional form. This Catholic party, which represents a religious minority among the German people, is acutely conscious of the fact that minorities can only be protected if the law, and especially the laws of the constitution, is regarded as inviolable. Now it is feared in Catholic circles that the present Government, if the parliamentary situation becomes evidently hopeless, may perhaps allow themselves to be forced into unconstitutional action—for that reason the Centre is prepared to make the sacrifice of entering into a coalition with the National Socialists if they make it in any way possible. It intends by this means to oppose to the von Papen Government a parliamentary majority which can not only reject the plans of the Cabinet but will be able itself to assume the Government. The Centre Party therefore endeavoured to prepare the ground for negotiation with the National Socialists even before the consultation between the President and Hitler, and it is not certain that they regard the first refusal of the National Socialists as sufficient reason for completely giving up these attempts. The Centre are, however, in this respect in the same difficulty as the Presi-

dent: because they desire an absolutely constitutional Government they can make no real concessions to Hitler's aspirations after a dictatorship. The representatives of the Centre in party negotiations are indeed much more experienced and versatile than Herr von Papen, but all their attempts at compromise are foredoomed to failure by the very nature of the National Socialist Party, which is not even a parliamentary opposition party, but only wishes to make use of parliamentary forms in order to destroy democracy.

The German security markets have shown a firm tendency in recent weeks, owing primarily to the effect of the New York rise, which provoked purchases on the share markets in Germany, especially after the collapse of the attempt to include Hitler in the Government. The latest rise in German shares, however, cannot unfortunately be wholly attributed to the effects of more optimistic views as to the economic situation, for it was partly due to purchases made for quite different reasons. Uncertainty as to the economic plans of the Government caused a tendency to convert ready cash into investments of more stable value—that is to say, into shares of leading German industrial undertakings. In consequence of fears of a further compulsory reduction of interest, fixed interest securities also were exchanged for shares, so that German loans had no share in the rise. Building and engineering shares were especially in demand, as an improvement in these industries was expected from the Government's plans for providing employment. Public utilities were also popular, as foreign stand-still creditors are showing interest in them. All the same, only a few million marks of stand-still credits have so far been invested in shares. By far the greater number of the stand-still creditors have made no use of their right to acquire long-term investments in place of the credits.

AUSTRIA.

Credit-Anstalt — Timber — Banking.

(FROM OUR CORRESPONDENT.)

VIENNA, August 15.

NEGOTIATIONS with the foreign creditors of the Credit-Anstalt have been interrupted, and it is not definitely settled when they will be resumed, but it is possible that they will be continued in Paris or London. The foreign creditors will have to recognise that they must be much more accommodating in regard to Austria than they have been up to the present, for the ability of the State and of the individual citizen to carry on is about exhausted. If the creditors believe that apart from obligations, amounting to over 100 million schillings, which are to be delivered to them by a holding company representing the foreign engagements of the Credit-Anstalt, they may demand a considerable portion of the shares of this holding company, and also an important part of the new share capital of the Credit-Anstalt itself, they must exercise a certain modesty in regard to their further demands. In addition to the annuity, which the Austrian State is to pay and which increases in the course of twenty-five years, the creditors want a further special guarantee. They desire the National Bank to assume a guarantee through the bills of exchange of the Credit-Anstalt, which are gradually being redeemed by the State. Such exorbitant demands cannot possibly be put through the Austrian Parliament, and it will therefore favour the development of the whole affair if the creditors take a very accommodating attitude towards Austria, as otherwise they are sure to augment anti-capitalistic tendencies in Austria. When the National Council has ratified the agreements between the National Bank and the State, the extraordinary general meeting of the bank of issue will probably be convoked. The question of possible distribution of a dividend, which was postponed at the last general meeting of the bank, will then be settled. In any case, if a dividend is to be distributed, it will not be paid in gold schillings. In parliamentarian and economic circles the demand for a reduction of the bank rate is growing. The management of the bank is, however, making this step dependent upon

the ratification of the Lausanne agreement and upon the approval of the supplementary budget and of the agreement between the State and the National Bank in regard to the bills of exchange of the Credit-Anstalt. The fund, consisting of payments in schillings by Austrian debtors in favour of foreign creditors, is to be managed in such a way that the National Bank will credit equally to proper claimants any profit which may accrue when the money is used.

The difficulties with which the Austrian timber industry has to contend in export trade still obtain; nevertheless, it appears that the strenuous efforts to force exports have met with some success. For the second half-year France has allotted to Austria a quota of 9,216 wagons for importation, though it is unlikely that the whole of this quota will be used on account of the difficulty of finding partners in clearing business and of the very poor prices paid in France. Exportation to Italy has not shown the anticipated increase, but sales to Switzerland, on the other hand, have become brisker in view of the check placed upon Swiss importation from Germany. In June, Austria was again the most important vendor of timber to Switzerland. Endeavours are also being made to have the foreign currency debt of Austria to Switzerland transferred to a new Swiss mortgage bank, which might issue mortgage credits against Austrian forest holdings. Exports of wood to Germany leave much to be desired. In sawn timber they amount to about 6 per cent. of the quantity which was exported in 1928. It is surprising that the Donawitz Works of the Alpine Montangesellschaft has practically closed down on account of the present lack of orders. The works has been closed for fourteen days, and in consequence it will be very difficult to avoid a big increase of unemployment in Styria during this period. On the other hand, it is a pleasant surprise that tourist traffic this summer is proving much better than was anticipated. In the first place, Austrians themselves are not going abroad, and are spending their holidays in the Alpine areas. Further, price reductions at all the health resorts are proving a great attraction.

There have again been rumours about fusion plans among the Austrian banks, but, so long as the Credit-Anstalt affair is not clear up in detail, such plans cannot be executed, for the other banks, which come into consideration in such a transaction, would in their own interests oppose amalgamation. The commercial activity of the Vienna banks this year continues to be very slight. The emission business on the stock exchange is non-existent, the public is neither buying nor selling shares, and is keeping its money for minor trade speculation. The investment market will deserve more attention in the autumn if flotation of a domestic loan in Austria is really intended. For the time being the preliminary condition is that extensive modifications should be made in the matters of taxation and foreign-value regulation, if it is to have the character of a premium loan. In any case, the Ministry of Finance, which is already engaged upon preliminary work for the coming budget, will not have an easy task. The steady decline in consumption in all businesses, including those which up to the present have been unaffected by the crisis, is certain to cause a drop in State revenue, in spite of insufferable taxes and heavy duties.

HUNGARY.

Politics — Finance — Agriculture — League Loan.

(FROM OUR CORRESPONDENT.)

BUDAPEST, August 9.

THE findings of Mr Tyler's last quarterly report, especially his strong plea for sound finances, made an unusually profound impression on public opinion. So bitter were the attacks of the Opposition that the Prime Minister deemed it necessary to state publicly that there are no differences between the views expressed in the League representative's report and the aims of the Government's fiscal policy. Count Karolyi's unreserved endorsement

of Mr Tyler's recommendations is very welcome indeed, provided that it will not remain merely verbal, but will be translated into action. It is obvious that the present level of public expenditure cannot be maintained; there is no hope whatsoever that either the State or the local budgets could be covered from current revenues in the present financial year. Competent observers estimate the probable deficit at at least 100 million pengő for the current financial year, of which only 40-45 million pengő have been provided for by the issue of Treasury bills. Considering the Treasury has borrowed more than 100 million pengő from the banks since July, 1931—apart from the 95 million pengő obtained from abroad a year ago—which directly or indirectly found their way to the National Bank, and increased the bills portfolio to more than 600 million pengő, it is clear that this practice cannot be continued without the gravest consequences to the currency. The price level is already somewhat inflated, and the failure of immediate cuts in public expenditure—both State and local—will soon jeopardise the financial structure of the country.

In view of the fact that more than 30 per cent. of the national income is paid in public contributions, no more taxes, except a small capital levy, can be imposed in the hope of increasing the yield. On the other hand, expenditure can be further curtailed, because 273.7 million pengő are still earmarked for personnel services, against 234.1 million pengő in 1926-27, although the number of the recipients has somewhat decreased in the past six months. In view of the plight of the farmers and small tradesmen, their discontent against the public salaried classes is steadily growing, and has found expression in two recent by-elections which went against the Government, returning candidates of the rising Independent Farmers Party. This new party, which emerged from economic distress, has in less than a year trebled its membership in the present Parliament, and with its 25 adherents it is becoming the second largest party in the House of Deputies. Though Parliament has been adjourned until the end of October, the Independent Farmers, in collaboration with the Social Democrats and the other Opposition members, have been able to collect 50 members' signatures necessary to convoke the House of Deputies to an extraordinary meeting at the end of this week, the agenda of which will include the Austrian commercial treaty difficulties and the plight of agriculture. The Farmers will demand from the Government the extension of the recently decreed agricultural moratorium and also relief for the districts damaged by rust. At a time when Central Europe is so much infected with the extreme political doctrines of Hitlerism, the democratic programme of the Independent Farmers and their Puritan Conservative leader, M. Gaston Gaál, has much to commend itself, save for their dangerous slogan for a general moratorium, which is becoming so popular in the land that peasants often refuse to pay taxes and interest on their debts.

Crops are better than expected. The latest estimates of the Ministry of Agriculture, compared with last year's results, are as follows:—

(In million quintals).

	1932.	1931.
Wheat	15.83	19.75
Rye	7.80	5.50
Barley	6.42	4.76
Maize	23.03	15.17
Potato	22.80	14.47

The damage which has reduced the yield of wheat by 4 million quintals is more than counter-balanced by the abundant returns of rye, maize and potato. It is true that the wheat exports will scarcely amount to more than 2.5 million quintals, markets for which are already secured in Italy, Germany and Switzerland; but what is more important, Hungary need not import maize and potatoes, as she was compelled to do in recent years. At the present time, when agricultural exports are hindered by ever-increasing barriers, it is fortunate that crops are evenly distributed according to the domestic needs. There is little hope of a satisfactory commercial treaty with Austria. A *modus vivendi* is in operation for two weeks until August 19th on a compensation basis, and will in all probability be prolonged, although it does not meet

Hungary's interests. Other compensation and clearing treaties are constantly being negotiated.

The Government's communiqué emphasising the priority of the 7½ per cent. State Loan service and the accompanying statement of the League Loan Committee in London were favourably received here. Every dispassionate observer admits not only the juridical but also the moral priority of the League Loan, which was contracted at a critical time in 1924 and paved the way for Hungary to obtain other loans from abroad. However, the feeling is expressed that, as a *quid pro quo*, the League bondholders would act both in their own and in other foreign creditors' interests if they would lose no time in initiating a general scaling down of the intolerably high interest burden of the country before she is driven into a general moratorium and wholesale defaults. In order to avoid open default, the Treasury will in all probability suspend the 30 million pengő earmarked for the service of the State Debt, which is a much needed saving, and would make it easier for the Government to maintain at least the interest payments on its debts, amounting to about 70 million pengő in the 1932-3 budget.

POLAND.

Pact with Russia — Gold Losses — Coal Exports — Crop Outlook.

(FROM OUR CORRESPONDENT.)

WARSAW, August 4.

M. PATEK, on behalf of the Polish Government, signed in Moscow on July 25th the Non-Aggression Pact with Soviet Russia, the terms of which were provisionally accepted by both Governments in the latter part of 1931. Some misapprehension seems to have arisen because it had been assumed that Poland would not sign this Pact until her ally, Roumania, was ready to conclude a similar treaty. Assurance has been given Roumania, however, that the Polish Parliament will not be asked to ratify the Pact until the Roumanians have negotiated their treaty, and it is assumed, in the meantime, that the good offices of Poland are being used to smooth out the difficulties still standing in the way of a Soviet-Roumanian Pact. With the German situation so full of uncertainties, the desire of the Polish Government to have the Non-Aggression Pact with Soviet Russia made legally binding as soon as possible can be well understood.

The Budget deficit in June amounted to 39.2 million zlotys, with expenditure only slightly reduced at 187.0 millions and income considerably lower at 147.8 millions. The deficits reported for April and May were 4 and 15 million zlotys respectively, so that for the first quarter of the present financial year expenditure exceeded revenue by 58 million zlotys. The deficit has been met partly by borrowing from the Bank of Poland; and the Exchequer's non-interest-bearing overdraft now stands at 50 million zlotys. It is very evident that there will have to be a further considerable contraction in expenditure unless financial aid can be obtained from France. Renewed representations, since the termination of the Lausanne Conference, are reported to have been made to the French Government to expedite the issue of the second instalment of the loan for work on the new railway from Upper Silesia to the port of Gdynia. As further Budget economies would have to be mainly at the expense of military efficiency, confidence is felt that France will come forward with support as soon as her own situation permits.

From June 1st to July 20th the Bank of Poland parted with a further 76 million zlotys in gold bullion and 9 millions in foreign *devisen*, the respective holdings on the latter date being 479 and 147 millions. This continued loss of gold and *devisen* is causing much more concern in financial circles than the Budget deficit. Government officials, however, have given renewed assurance during recent weeks that no artificial restrictions on the transfer of money abroad are contemplated, and it is certain that the Government will hold out to the very last moment before imposing such restrictions.

Coal is Poland's principal source of foreign valuta, having brought in more than 1,000 million zlotys during the past three years. Concern is accordingly felt at the great contraction in revenue from this source which has taken place during recent months. Coal exports during the first six months of 1931 were valued at 158 million zlotys, while this year the value is only 103 millions. This is in part due to the decreased external value of sterling compared with a year ago, Poland's largest coal customers (the Baltic and Scandinavian countries) still purchasing in depreciated pounds. The decline is mainly due, however, to an actual decrease in the amount exported. During the period January-May, 1932, Poland shipped in the aggregate 1,091,000 metric tons of coal to Norway, Sweden, Denmark and Finland, as against 2,289,000 tons in the same period of 1931. So far this year exports to Esthonia are only about 20 per cent. of last year's figure, and to Latvia less than 25 per cent. There has also been an appreciable decline (but much smaller comparatively than in the case of the Northern countries) in shipments to Austria, Czechoslovakia and Hungary, which are relatively high-price markets and easily reached from the Upper Silesian mines.

Neither the Government nor the colliery owners have the remotest intention of abandoning the Northern markets to British coal exporters, and it is certain that strenuous efforts will be made to regain the ground lost in the first half of this year. The Government are now being strongly urged by the mineowners to permit further wage reductions and a lowering of the social burdens—such as unemployment insurance, etc.—imposed by law on industry. Administrative expenses and overhead costs are being continually lowered, and, when the industry has completed its deflation, the Government will no doubt give any further necessary assistance by cutting railway rates. In a relentless competition based on a lowering of standards of living the British can never wear out the Poles. What is obviously wanted is an agreement between the British and Polish industry (Germany, of course, would have to be included to make it completely effective) for the division of the Northern markets on a profitable price basis. That would not only benefit British coal exporters, but also British shipbuilding and shipping, since their Scandinavian rivals now get their coal virtually for nothing, current prices barely covering the carrying charges.

With five representing excellent, four good and three medium, the crop condition indices at July 5th are given as 3.3 for winter wheat, 3.4 for winter rye, 3.6 for barley, 3.4 for oats and 3.5 for potatoes. Except for wheat, the crop condition of all cereals is slightly better at this time than in either 1931 or 1930. The crops are now being harvested under normal conditions, and the final results are expected to be favourable—that is, with a small surplus available for export. Cereal prices are also better than they were a year ago, but not so much so as materially to improve the situation of the farmers.

BULGARIA.

Budget — Trade Balance — Foreign Loans.

(FROM OUR CORRESPONDENT.)

SOFIA, August 15.

The ordinary Budget of the State for the fiscal year 1932-1933 has been voted by the House of Parliament as follows:—

Expenditure	5,998 million leva.
Revenue	6,000 " "

Compared with the Budget of the past fiscal year, both expenditure and revenue have been cut by 400 million leva. Bearing in mind that the revenue of the past fiscal year actually totalled 5,200 million leva, the probable deficit for the current fiscal year is estimated at about 800 million leva. An important reform has been made in the revenue Budget. The land tax on agricultural holdings of less than 100 dekaras (constituting four-fifths of the holdings in the country) has been temporarily cancelled. This reform will tend to increase the deficit, although the

returns from the land taxes have dropped to 150-200 million leva. The Government hope to solve the problem of the deficit chiefly by economies and curtailment of expenditure in the Direction of Public Debts. The expenditure of the Direction—Service Foreign Debts—amounts to about 1 milliard leva. The relief Bulgaria has received and will receive in the payments of reparations and annuities of the State loans has not been included in the State Budget. The total for the Direction of Public Debts in comparison with the past year has been passed without great changes. The question of abolishing the wheat trade monopoly enjoyed by the Direction of Grain Exportation has been brought to the fore with the new Budget. In future the Direction will not pay premiums to the producers, but will make purchases at fixed prices, with a view to supplying food to the population in large cities and non-productive regions. In order to make good the losses the State has sustained through the Direction, the Government is introducing the taxation of bread offered for sale. In general, it may be said that the Budget is a workable one, and, should the Government hold strictly to it—which it hesitates to do because of social considerations—it would bring about good results.

The balance of trade for the first six months of the year shows a 150 million leva deficit, against the 688 million leva surplus received for the same period last year. A characteristic of the balance of trade is the great drop in exports—from 3,108 million leva for the months of January-June last year to 1,683 million leva for the same period this year. The change is due mainly to the drop in tobacco exports, which alone amount to 1 milliard leva. Luckily, the tobacco market revived at the end of June, and the 1931 crop has been practically bought up; about 10 million kilogrammes have been sold abroad, leaving some 10-15 million kilogrammes with the local purchasers to be exported later. The new crops are expected to yield about 22 million kilogrammes. Though a large part of the exported tobacco has been sold in compensation for past and future imports, the revival of the tobacco market will have a favourable influence upon general business conditions. This will, unfortunately, be neutralised by the damages the wheat crops have sustained in Northern Bulgaria, which will frustrate further exportation of wheat (amounting to 300 million leva during the first six months of the current year). The unfavourable development of the exports has had bad effects upon foreign currencies at the National Bank of Bulgaria, which reached during the month of July the lowest point since the beginning of the depression, namely, 163 million leva. The fact that, in spite of all this, the National Bank of Bulgaria has lost during the entire period of the first six months only 34 million leva of foreign exchange shows how strictly the bank distributes the currencies at its disposal.

The Government has succeeded in coming to terms with the holders of foreign loans. In accordance with the agreement, the holders are to accept the recommendations of the League of Nations, and the whole question is to be reconsidered in September, when the holders of the pre-war loans will ask the League for an interpretation of certain conditions concerning the use of the blocked holdings of leva, and the holders of post-war loans will insist that preference be given them before all other creditors.

GREECE.

Foreign Draft Conversion — Public Finances — State Railways.

(FROM OUR CORRESPONDENT.)

ATHENS, August 1.

By a law promulgated on July 30th all debts in foreign currencies contracted before April 26th last, when the stabilisation of the Greek currency was legally abandoned, are converted (and payable as they fall due) in drachmas at the rate of 100 drachmas per 1 dollar or at equivalent rates for the other foreign currencies. Bank deposits are included among such debts, but the following debts and

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Capital paid up and Reserves Drs. 1,205,000,000.

deposits in foreign currencies and *devisen* are excluded from this forced conversion:—(a) debts due abroad and arising from commercial transactions; (b) debts due from abroad to persons residing in Greece; (c) debts arising from the financing of import trade; (d) debts under insurance contracts; (e) deposits by foreigners residing permanently abroad, as well as deposits of members of the diplomatic body in Greece and of foreign missions; (f) debts due abroad and arising from bonded or other sinking fund loans of Greek corporations, and similar debts due in Greece, but raised abroad by Greek banks or other corporations or guaranteed by the State or the National Bank of Greece. Exceptionally, debts due to mortgage banks in Greece and emanating from mortgage loans granted by them (almost entirely in foreign currencies) are converted at the rate of 425 drachmas per pound sterling, or at equivalent rates for other foreign currencies. The State guarantees to the Greek mortgage banks the difference needed to make up the amount required in foreign currencies for the payment of interest and sinking fund on their mortgage loans issued abroad (principally in London). Any exchange left in the hands of the banks from this forced conversion of their assets and liabilities in foreign currencies accrues to the State and will be credited to the fund supplying the mortgage banks with the above-mentioned sums.

The Minister of Finance has stated that, by so arranging the question of internal debts in foreign money, the debtors are relieved without unjustly damaging the creditors; for while the external value of the drachma at present rates has fallen by as much as 46 per cent., the purchasing power of the drachma within the country shows a diminution of only 10 per cent. On the other hand, the position of all the banks working in Greece is adjusted by this measure, and future risks are obviated. "Without overlooking the fact," the Minister added, "that it is an entirely extraordinary measure that we have taken under the force of circumstances, we are convinced that it will contribute to blunting the inequalities entailed by the depreciation of the currency and to smoothing the course of national economy, especially in the present acute crisis." The measure is, however, severely condemned by some people as ruining the credit of the country.

In consequence of Press publications regarding the circulation of bank notes, the Bank of Greece issued a *communiqué* stating that from May 23rd to July 23rd the note circulation has increased by Drs. 300 million, the balance outstanding at the latter date amounting to Drs. 4,319,787,237. This increase is due to purchases of foreign exchange and gold (presumably at the current high rates). The Bank finds this increase "physiological" and "sound," and declares itself ready to continue supporting the market in this way, and, in addition, to grant help to foreign trade in the coming months. The International Financial Commission has deposited with the Bank a sum of Drs. 1,100 million, and the trading banks Drs. 463

million, and should these deposits be withdrawn, the circulation would automatically increase to Drs. 5,882 million.

The Budget deficit for the year 1931-32 is now estimated at Drs. 210 million. Treasury receipts from recurring and non-recurring revenue for the first three months of the current financial year amounted to Drs. 1,739 million, against Drs. 2,044 million for the corresponding period last year, a decline for the three months of Drs. 305 million. On the other hand, receipts from revenues assigned for the service of the foreign debt amounted in the first six months of the year to Drs. 1,697 million, against Drs. 1,948 million for the corresponding period last year. It is reported that the International Financial Commission, with a view to securing the service of the loans, and, in addition, a margin for a possible further depreciation of the drachma, is withholding substantial amounts which otherwise would have been paid over to the Greek Treasury. As this action of the Commission embarrasses the latter, negotiations are being conducted between the Commission and the Government for a solution of this question.

The railway expert who came to Greece at the suggestion of the Council of the League of Nations has submitted his report for the reorganisation of the Greek State Railways. It is understood that he recommends the handing over of their management to a private corporation on the lines adopted in 1926 by the Belgian railways.

ARGENTINA.

Public Debt — Santa Fé Loan.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, July 29.

THE Argentine Corporation of Bond and Shareholders has published its eighth annual report. Attention is again drawn to the excessive disparity between administrative expenditure and the amount of the national revenue. Allusion is also made to the cost of meeting internal and external indebtedness. Officially, this calls for an expenditure of \$251,200,000 paper; at the present rate of exchange this sum is manifestly insufficient and must be increased to something like \$800,000,000 paper, whereof 50 per cent. corresponds to the service of the external debt. Most outspoken are the comments on the debts themselves. It is pointed out that not only must the policy of borrowing for the purpose of liquidating prior obligations be abandoned once and for all, but it must also be realised that the whole question of foreign loans calls for reconsideration. Emphasis is also laid on the fact that the floating debt has been largely built up through successive budgetary deficits, and the 1932 Estimates, which call for an expenditure of \$839,263,375 paper, are condemned as giving evidence of a complete want of comprehension in official circles of the gravity of the present position. There is, indeed, a very real danger already evident as regards the 1932 Budget. A deficit cannot well be avoided; and although the Minister of Finance has declared that further economies will be effected, if necessary, it is plain that they cannot be carried out to a sufficient extent at short notice. Compared with three years ago, Argentina's indebtedness, reduced to paper pesos at par, reads as follows:—

	1929.	1932.
Nation	2,708,361,144	3,871,572,000
Provinces	954,268,177	1,154,710,765
Municipalities	226,946,935	371,593,570
	3,889,576,256	5,397,876,335

As these figures are taken as from June 30th in both years, a certain amount of the increased indebtedness corresponds to the Irigoyen regime. Unfortunately, the figures for 1930 are not available, but if comparison is made with those of 1931 it is found that the grand total last year amounted to only \$4,701,637,761 paper. The floating debt of the nation, as on May 31, 1932, is also given in detail, its total amounting to \$1,474,000,000 paper.

Internal consolidation is suggested as the best means of getting this latter item under control, but, unfortunately, the general financial position of the country makes this difficult at the present time. The widely advertised "Patriotic Loan" closes with \$500,000,000 paper asked for, but barely \$150,000,000 paper actually subscribed. Hence rediscount of the remaining bonds in the Conversion Office is almost a certainty. Moreover, as the above-mentioned report is careful to point out, the country is now paying almost usurious interest for external debts which it ought never to have contracted, and, furthermore, owing to exchange difficulties, repayment and interest charges are being exacted at a rate almost equivalent to two dollars for every dollar that Argentina originally received. On August 5th there falls due a short-term loan amounting to \$5,000,000 U.S. taken from the Chemical National Bank of New York by the Province of Santa Fé. It will perforce be renewed, but it is of interest to note that the Government of that Province has asked the legislature to sanction a partial moratorium of three years where the service of external indebtedness is concerned. Presumably this would mean that local deposits of the par equivalent of amounts due would be made here by the Province in question, and no less a person than Dr. Lisandro de la Torre has openly advocated the adoption of this course and its extension to national obligations. In a pithy letter published on the front page of *La Nacion* this gentleman openly states what is more or less being generally said *sotto voce* in all commercial circles, namely, that by its present policy the Government is absorbing all the export paper, rendering it almost impossible for commercial and private financial engagements abroad to be remitted at all. He even goes so far as to say that, while the official quotation for \$100 U.S. is \$388 Argentine paper, anyone having a good draft or other document of value in United States dollars can readily dispose of it privately at a rate of \$450 Argentine paper per \$100 U.S. From all of which it will be realised that the present financial position in Argentina is fraught with considerable anxiety, and, at the time of writing, great curiosity exists as to what course the promised Government deliberations will take.

SOUTH AFRICA.

National Accounts — Reserve Bank — Provincial Councils.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, July 19.

WHEN the Minister of Finance introduced his Budget immediately before the Easter recess he estimated that the proposals which he placed before the House would increase the previous year's revenue by £3,500,000. Approximate figures covering the period from April 1st to June 30th have just been published, and show that so far this estimate, only four months old, was so optimistic as to bear no relation at all to facts as they have since materialised. The total revenue for April-June, 1931, was £5,547,427, whereas the revenue for the corresponding period of the present year was £4,959,884. The position appears, moreover, to be developing unfavourably, as the total revenue for the month of June was over £2,000,000 in 1931 and £1,600,000 in 1932. The heaviest shortfall is in Inland Revenue, but the income tax figures in the early part of the year do not, of course, reflect the position as it will appear later. During the three months Customs and Excise show a shortfall of £36,000, whilst Posts, Telegraphs and Telephones are down by £116,000. The final position is that, instead of an increase in revenue, there has been an actual shortfall of £586,000 as compared with the corresponding period of last year. On the expenditure side of the account the figures are not quite so depressing as there has been a material saving, amounting to some £300,000 in the three months. The great risk to the expenditure side of the country's finances is the increase in unemployment, and the very serious difficulties in which even people hitherto moderately prosperous are finding themselves in increasing numbers.

The twelfth annual meeting of the stockholders in the South African Reserve Bank possessed even more than its usual interest this year. The Governor stated that the decision of the Government to remain on the gold standard accorded with the views of the board of the bank. After reviewing the course of events since September last, he dealt with the relationship between the bank and the Government. The Minister of Finance has agreed to the dividend of 6 per cent. being cumulative, and has allowed the bank to transfer holdings of Union Stock from the London to the local registers. The Bank's Act has been altered so that it may become a shareholder in the Bank for International Settlement, should it be invited to do so.

As regards the figures in the accounts, the capital is now restored to its original figure of £1,000,000, while the reserve fund stood at £8,818 on March 31, 1932, and will be built up in due course. Notes in circulation on March 31st last amounted to £8,422,038, the figures in previous years being:—

March 31,	Notes. £
1929	9,604,807
1930	8,980,567
1931	8,366,821

Deposits amounted to £5,760,000, a drop of £2,500,000 compared with last year's figures. Bankers' balances are £1,000,000 lower and Government balances £1,500,000. On the assets side, gold coin and bullion amounted to £6,521,000, a ratio to liabilities of 48.1 per cent. Bills discounted amounted to £4,469,000—a heavy drop of £3,800,000. Foreign bills are down by £7,700,000, while domestic and Union Treasury bills are greater by £3,900,000. Union Government stocks amounted to £1,845,000, loans to the Government £2,650,000 and balances with other central banks £107,000. The fixed property is undervalued at £222,000, and will be written down to a nominal amount in time.

The Governor defended the bank's exchange rate policy of some months ago, stating that the bank had to guard against fresh losses, and that its policy "had the further advantage of discouraging imports." He also made some interesting remarks on the general banking position during the year. The liabilities of the banks decreased by £13 millions, and advances increased by £3.9 millions, so that about £17 millions of banking credit was utilised. During the years 1927-1930 the Union had an average debit balance of payments of £8 millions. In 1931, for which no figures are yet available, it may be assumed that the balance, met from deposits and not from overseas borrowing, was perhaps £7 millions. This leaves £10 millions as an estimate of the efflux of capital. (The Governor's figure is lower than some others which have been given.) The Governor expressed the opinion that the impression of tight money is partly based on psychological reasons, and he attributed the troubles of the country entirely to our participation in those of the world at large.

The Government recently appointed a Commission "to investigate and report upon the question as to what system of administration and local government should be substituted for the existing system of provincial legislation, should Parliament pass an Act abolishing such system in any province." The system of Provincial Councils (who are responsible for primary and secondary education, roads, hospitals, control of municipalities, and some minor matters) lies almost at the root of the constitution of the Union. The weakness of the system has been the arrangement for Union Government subsidies and the limited taxing powers of the Councils—the result being the spending by the Councils of money which they do not have to raise. The Councils have been out of favour for some time past, but provincial feeling has prevented the Central Government from taking action until the bankruptcy of the Free State Council. Now the remaining councils have boycotted the Commission, forbidding their members and servants from business with it as members or as witnesses. The reasons appear to be based partly on disapproval of the membership and partly on disapproval of the whole attitude of the Government. The matter cannot be left where it is, but developments are difficult to foresee.

AUSTRALIA.

National Finances.

(FROM OUR CORRESPONDENT.)

MELBOURNE, July 15.

THE financial year ended June 30th closed with a net deficit of £18,509,526 for the seven Australian Governments, the Commonwealth showing a surplus of £1,320,896, but every State a deficit—New South Wales £13,253,347, Victoria £1,610,000, Queensland £2,075,180, South Australia £1,074,000, Western Australia, £1,557,895 and Tasmania £260,000. The large deficit of £13,253,347 in New South Wales, as against last year's estimate of £5,910,000, is the outcome of the policy of the late Labour Government in that State to resist financial reform. As regards all States, one of the chief causes of the actual deficits has been the shrinkage in railway revenue, although the States and Commonwealth have alike been affected by the exchange premium on interest payable abroad. The Commonwealth surplus of £1,320,896 is due to adventitious causes, including the suspension of interest and sinking fund payments on the debt to the British Government in accordance with the Hoover moratorium and the arrangement made with the British Government. These payments had absorbed £5,548,810 in the 1930-31 financial year. The Commonwealth Government has also been helped by large income tax receipts, which amounted to £13,482,000, or £3,662,000 more than the estimate for 1931-32, and by larger receipts from land tax and from the profit on note issue than were expected. Customs and Excise revenue amounted to £28,405,758, including Customs at approximately £17½ millions. The last-mentioned figure compares with £18,224,227 received in 1930-31 and £30,157,040 in 1929-30. Against the increases in the tariff are to be set the reduced purchasing power of the country owing to low prices and the check to external borrowing, which have resulted in a drastic decline in imports. The foregoing figures are subject to slight revision when the final results are presented in the budget speeches.

The estimates for the 1932-33 financial year as first presented to the late Premiers' Conference by the seven Governments showed deficits aggregating £21,000,000, but the Conference decided on modifications which reduce the aggregate to £9,000,000, the carrying out of this arrangement being dependent upon the various Governments and Parliaments. The total of £9,000,000, as explained by the Commonwealth Prime Minister, Mr. Lyons, includes £6,450,000 as provision for sinking funds.

The borrowing requirements of the Governments for 1932-33 consist of £9,000,000 to balance revenue deficits, £6,000,000 for expenditure on public works and £7,000,000 as a special loan for unemployed relief to be devoted to works for that object. The total borrowing programme of £22,000,000 for 1932-33 follows the increase of £25½ millions which took place in the aggregate public debt during the nine months ended March 31, 1932 (complete figures for the twelve months are not yet available), and the steady increase in debt which is thus in progress means a fresh increase in the annual interest payable as an offset against the saving effected by the forced conversion of internal debt last year.

The announcement of the British Conversion Loan, the Lausanne agreement and the improvement in the wool market as shown by the London sales have combined to produce a more buoyant feeling, and the Stock Exchanges have been more active with a pronounced advance in Commonwealth Government securities and some improvement in shares. The latter, however, are influenced by anticipations of the results to be shown by balance sheets to be issued during the next few months, which are expected to show more or less lean results. The improvement in Government securities is taken as foreshadowing an attempt to issue a loan on the Australian market.

Letters to the Editor.

CANADA'S TEXTILE TARIFF.

TO THE EDITOR OF THE ECONOMIST.

SIR,—My attention was recently drawn to a paragraph entitled "Canada's Textile Tariff" in your issue of July 2nd, in which a Canadian correspondent, after citing particulars of the duty paid by him on a consignment of English cloth, goes on to speak of the attitude of Canadian industrialists—"an attitude which has recently led to the refusal by the Federal Government of a grant to a co-operative fruit-growing settlement in British Columbia because it was proposed to install a British cold-storage plant."

Knowing Canada as I do, and feeling sure that no such animus against British goods, as suggested by your correspondent, existed in the Dominion, I immediately cabled to Ottawa for a full story of the facts. I have now received from the Hon. H. H. Stevens, Federal Minister of Trade and Commerce, the following reply, and having regard to the widespread quotation and comment which your paragraph has received I shall be glad if you will extend to me the courtesy of your columns, even though the length of the explanation may trespass somewhat unduly on your space.

The Minister writes as follows:—

"Cold Storage Warehouses receiving financial assistance from the Government under the provisions of the Cold Storage Act, 1907, are required to use as far as possible equipment of Canadian origin. This is Clause 12, which is signed by the Minister of Agriculture and by individuals or firms receiving assistance under the Act:—

"That all supplies, materials, machinery, fittings, etc., used in the construction and equipment of the said warehouse shall as far as possible be of Canadian origin and manufacture, and in case the contractor of the second part considers that any such supplies, materials, machinery, fittings, etc., of Canadian origin and manufacture cannot be procured, no purchase or purchases of such supplies, materials, machinery, fittings, etc., of other than Canadian origin shall be made without the consent of the Minister.

"Contracts for the payment of subsidies under the Cold Storage Act, which contracts contained the above Clause, have been signed with the Oliver Co-operative Growers Exchange of Oliver, B.C., and with the Berwick Fruit Company, Ltd., of Berwick, N.S. After the contracts were signed, these two companies asked that they be permitted to install equipment purchased in the United Kingdom, and it was alleged that the reason for wishing to install the equipment produced in the United Kingdom was that that equipment was cheaper than the equipment produced in Canada.

"The representative of the firm in the United Kingdom whose equipment these two Canadian firms expressed themselves as desiring to install called at the office of the Dairy and Cold Storage Branch and was asked to give confidential information as to prices of the equipment which would be supplied by his firm. This was desired so that a comparison could be made with the prices quoted by Canadian firms. The representative of the firm in the United Kingdom declined to give such information, but stated that he would take the matter under consideration and possibly in the course of a few days would supply it by letter. The information has never been received.

"In a further effort to secure information as to comparative prices, the two firms desiring to install this equipment from the United Kingdom and whose names are given above were written and asked to give the specifications on which each of the tendering firms quoted and the amount of the tender of each firm. One of the companies mentioned above failed to reply to the letter and the other firm replied stating that they did not consider the giving out of this information, even to the Department which was paying 30 per cent. of the cost of the warehouse and equipment, would be ethical.

"Had the information on which a comparison of costs could be made been forthcoming and had the information indicated that the Canadian equipment was higher in price than it should have been, there is no doubt that the Minister would have given consent to purchase other than Canadian-produced equipment.

"Yours very truly,
(Signed) H. H. STEVENS."

As you will see from the foregoing, the Government had no other option than to follow the provisions of the Act under which the subsidy was made.—Yours, etc.,

F. P. BURDEN,
Agent-General for British Columbia.

British Columbia House,
1 and 3, Regent Street, S.W. 1.

LONDON TRANSPORT "A" STOCK.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I do not think the terms of conversion into London Transport 4½ per cent. "A" stock of the debenture stocks of the Metropolitan and Metropolitan District Railway companies and the 3 per cent. rent charge of the latter company are generally known to or understood by the holders of these stocks, or the same protests would have been made against them, for to my mind they partake of confiscation.

The injustice seems to me so great that the Bill should not be allowed to pass unless these terms are altered.

I will offer two instances: £100 of 3½ per cent. debenture stock of the Metropolitan Railway will become £77 15s. 7d. London Transport 4½ per cent. "A" stock and £100 of Metropolitan District 3 per cent. rent charge will get £66 13s. 4d. of the same security; the dividend, of course, will be the same, but under the Bill the 4½ per cent. "A" stock is redeemable at par in 1985, which means that every £100 Metropolitan debenture will be paid £77 15s. 7d. and every 100 of the 3 per cent. rent charge of the Metropolitan District Company will get £66 13s. 4d. This is, to my mind, a most inequitable proposal, and I do not think it is yet realised by these stockholders what lies before them or their heirs. If left alone they might both return to the prices at which they were issued or at which they stood some thirty years ago, when I bought both for my marriage settlement.

With the conversion of the 5 per cent. War Loan we are facing a new standard of values, and I think the holders of Metropolitan and Metropolitan District debenture stocks and rent charge stock should be allowed to benefit by it instead of suffering confiscation.—I am, yours faithfully,

Lady Place, Sutton

CHAS. ROBERTSON.

Courtenay, Berks.

August 15th.

[We comment on this letter in an "Investment Note" on page 363—Ed., Econ.]

TARIFFS IN CENTRAL EUROPE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In a letter published in your issue of August 13th your Vienna correspondent writes that "the Austrian economy cannot be saved with theories which have no practical applicability." This sentence exposes with the greatest clearness the prevalent mentality in the Danubian countries towards economic questions. It was in the belief that for some reason or other [never clearly stated] economic laws and economic theories are not applicable in their special circumstances that the Danubian countries committed the greatest blunders in the field of economic policy.

If Danubian economic history of recent years has taught us anything, it is not that—as your correspondent seems to imply—economics ceased to be applicable on the Danube; but, on the contrary, that no success can be expected from measures which are theoretically unsound. If the adversity of the Austrian foreign trade balance has actually become greater while the volume of trade rapidly declined, surely this is a point in favour and not a point against a liberal and rational economic policy. It merely proves that in the absence of any measures acting upon prices the balance of trade cannot be adjusted with measures destined to restrict imports, as each restriction of imports leads to a still more formidable decline of exports. Nobody questions the necessity of adjusting the balance of trade in a country which, like Austria, has large foreign payments to make and no new loans to receive. But so long as the Danubian countries continue their "have-the-cake-and-eat-it" policy in matters of currency and credit, so long as they are loth to take the necessary steps, either by deflation or by currency depreciation, to adjust their prices to the point of equilibrium with world prices, their foreign trade, save, perhaps, on the point zero, will never balance; on account of artificial measures to adjust it, it will merely deteriorate.

The Austro-Hungarian Customs incident was regrettable, mainly because it has introduced a most dangerous principle in commercial treaty negotiations, which latter, if it finds general application, is apt to increase manifold the already existing evils of Protection. If countries will stir, from now onwards, to adjust their balance of trade with each of the foreign trading countries separately, the scope of international trade will again be tremendously restricted. If the claims of the Austrian Government—as your correspondent notes—have not aroused so much opposition in Hungary as could have been expected, this was not because these claims could be regarded in any sense as rational or just, but simply because Hungary is just as much afflicted with the prevalent Protectionist mentality as Austria, and it seemed quite natural that an unfavourable trade balance with Hungary should be resented.

—Yours faithfully,

Budapest V., Gèza ucca 7,

NICHOLAS KALDOR.

Hungary.

The Stock Exchange.

A RUBBER REVIVAL?

A RISE in the London spot price of rubber from 1½d. to 2½d. per pound, in the last six weeks, has produced a stirring in the dry bones of the share market. The recovery has not gone very far, buyers both of the commodity and the shares being oppressed by the fear that a moderate improvement will bring out substantial selling. An optimistic market minority, on the other hand, declares that rubber, like wheat, cotton and metals, has clared touched bottom and is due for a major revival. Where does the balance of probability lie?

The main landmarks in the situation have a melancholy clarity. Between 1929 and 1931, the world's absorption of crude rubber declined from 807,000 tons to 671,000 tons, while production (measured by net exports from the East and Brazil) fell only from 861,000 tons to 797,000 tons. World stocks between the end of 1927 and of 1931 rose from 317,000 tons to over 645,000 tons. The London price of ribbed smoke sheet averaged 10½d. per pound in 1929, and has been as low as 1½d. this year. The *Investors' Chronicle* index of rubber share prices (December 31, 1923 = 100) touched 250 in the 1925-26 boom, stood at 192 in 1929, and has now recovered to over 300. Rubber, under stress of world depression, has revealed a curious tendency. While the trend of production and consumption has suggested a temporary loss of equilibrium, capable of correction whenever demand resumes its pre-slump dimensions, the behaviour of prices and share values has argued a wide-spread belief that rubber has fallen like Lucifer, never to rise again. Such a "psychology" is characteristic of the advanced stage of depression in all industries. The an advanced stage of depression is facing a new set of conditions, peculiar to itself, and insufficiently appreciated three or four years ago, has sufficient substance to warrant closer inquiry.

On the demand side, recent economic troubles have accentuated a long-term tendency for the United States to yield to the rest of the world some of the "long start" to yield to the rest of the world some of the "long start" she obtained in rubber consumption before and during the war. Between 1920 and 1929, the world's annual absorption of crude rubber is estimated to have risen, on balance, by 496,000 tons, but whereas America took 69 per cent. of the rubber consumed in 1920, her share in 1929 had

fallen to 58 per cent. In the subsequent slump American consumption showed its customary elasticity, falling from 470,000 tons to 349,000 tons—i.e., by 121,000 tons—between 1929 and 1931. The consumption of the rest of the world, however, was remarkably stable, declining only from 337,000 tons to 322,000 tons—i.e., by 15,000 tons. Thus, America's proportion of total absorption, last year, was only 52 per cent.

The following table, based on data compiled by the Department of Commercial Research of the Rubber Growers' Association, throws an interesting light on the recent development of demand, inside and outside America:—

Country	Absorption of Crude Rubber, (000 tons.)			No. of Motor Vehicles in Use. (Thousands.)			Proportion of Total Rubber Used in Tyres, 1931.
	1926.	1929.	1931.	1926.	1929.	1931.	
United States	365	470	349	22,137	26,501	25,986	% 82
United Kingdom.....	40	72	77	1,083	1,460	1,581	71
Canada	20	35	25	837	1,168	1,188	68
France	36	62	55	891	1,296	1,695	76
Germany	23	49	39	309	659	688	64
Belgium	2	9	11	92	143	151	64
Italy	10	16	10	138	241	285	84
Japan	18	34	43	46	64	104	12
Russia	7	13	31	13	31	64	12

In the United Kingdom, Canada, France, Germany, Japan and Russia, a very rapid increase in rubber consumption has been associated with the growth of motor transport, but the proportion of the total rubber used in the tyre industry, nevertheless, is demonstrably lower in these countries than in the United States of America. The figures suggest, indeed, that the industry may be on the threshold of a far-reaching change—that the Old World may be coming in to redress the balance of the New. One country, and one product, may never again monopolise rubber consumption as they did ten years ago, when the United States absorbed nearly three-fourths of the world's rubber and used five-sixths of her takings for motor tyres.

Holders of cautious views admit that the world may have scarcely begun to realise the possibilities of a pro-

(I. = Last-but-one report; II. = Last report.)

Name of Company and Balance Sheet Date.	Earned per Ordinary Share.		Ordinary Dividend.		Surplus Liquid Assets. (£'000)†		Total Production. (Thou. lbs.).		Production per planted acre (lbs.).	Net Profit or Loss per lb. of Rubber produced II.‡	Ordinary Shares.			
	I.	II.	I.	II.	I.	II.	I.	II.			De-nomination.	Low, 1932.	Present Price.	Yield % on earnings
All. Sumatra (Dec. 31)	Dr. 1.63	Dr. 2.60	Nil	Nil	306	273	4,097	3,946	185	Dr. 2.22	£1	2/7½	6/-	Nil
Anglo Dutch (Dec. 31)	1.23	0.05	Nil	Nil	191	240	13,212	15,894	493	Dr. 2.16	£1	4/9	8/-	Nil
Anglo Java* (Mar. 31)	5.27	0.74	Nil	Nil	Dr. 26	Dr. 15	10,569	10,988	352	0.19	2/-	1½d.	4d.	4.44
Dunlop Plant. (Oct. 31)	Dr. 0.73	Dr. 0.77	Nil	Nil	74	9	22,664	23,311	274	Dr. 0.72	£1	...	...	Nil
E. Asiatic (Mar. 31)	Dr. 0.45	Dr. 0.77	Nil	Nil	92	99	3,394	3,343	301	Dr. 0.44	2/-	5d.	1/-	Nil
Grand Cent. (Dec. 31)	Dr. 2.34	Dr. 2.66	Nil	Nil	179	189	6,406	4,446	276	Dr. 1.77	£1	3/1½	6/-	Nil
Gula Kalumpung ... (Dec. 31)	3.39	Dr. 0.65	Nil	Nil	47	49	2,350	2,596	282	Dr. 0.39	£1	5/-	10/-	Nil
Jugra Land (Nov. 30)	0.06	Dr. 1.33	Nil	Nil	Dr. 8	6	3,859	4,181	417	Dr. 1.09	£1	3/1½	5/-	Nil
Langkon (North Borneo) (Mar. 31)	Dr. 4.91	Dr. 3.96	Nil	Nil	...	...	344	293	179	Dr. 3.55	2/-	1½d.	1½d.	Nil
Linget Plantations... (Dec. 31)	Dr. 2.69	Dr. 4.26	Nil	Nil	170	116	3,533	3,752	287	Dr. 0.28	£1	3/-	7/6	Nil
Merlimau Pegoh** (Mar. 31)	Dr. 2.69	Dr. 1.66	Nil	Nil	83	57	3,902	3,311	277	Dr. 0.73	2/-	1d.	9d.	Nil
Rubber Plantations Trust (Dec. 31)	1.72	0.08	Nil	Nil	131	86	...	...	...	...	£1	6/6	12/3	0.13
Tanjong Malim (a) (June 30)	5.09	2.03	5	Nil	122	93	2,509	2,860	381	0.86	£1	5/3	12/-	3.38
United Serdang..... (Aug. 31)	2.72	Dr. 2.63	4	Nil	190	127	6,821	5,979	198	Dr. 1.50	2/-	6d.	1/3	Nil

* Years ended Mar. 31, 1930, and 1931, respectively. † Quick assets less current liabilities. ‡ Approximate figures, receipts from minor subsidiary crops being included. ** 15 months in 1930-31. § 11 months' tapping. (a) Years ended June 30, 1930, and 1931, respectively.

duct for which Nature seems to have designed innumerable uses, but maintain that the industry itself has been equally slow in appreciating her extreme bounty in its provision. Supply, they declare, may well have achieved, at the moment, a painful balance with reduced demand. World stocks declined, on balance, by 12,000 in the first six months of 1932. The estate section of the industry, however, has shown greater readiness to lower its costs than its output. Last year's slight decrease in shipments came entirely from the "native" side. In the first five months of this year, as compared with the corresponding period of 1931, some 16,000 tons of a world reduction of 33,000 tons originated in the Dutch East Indies, and only 6,000 tons in Malaya. Of the D.E.I. "cut," "native" shipments accounted for 15,000 tons and estate shipments for only 1,000 tons. In Malaya, exports from small holdings of under 100 acres (mainly Asiatic-owned) showed a contraction of 11,000 tons, while shipments from the larger estates actually increased by 5,000 tons. If comparison is made with 1930, however, it will be found that while Malayan shipments have been relatively steady, those of the Dutch East Indies have appreciably increased.

These figures may be discounted by the consideration that only at the end of last March was the industry compelled squarely to face the implications of the final refusal of the Dutch and British Governments to intervene in its affairs. In May the mature area "out of tapping" in Malaya rose sharply from 284,000 acres to 316,000 acres, and extensive curtailment plans have since been announced from the Dutch East Indies. But however the industry may damp down its current capacity, its "reserve" of future production is far too considerable to be neglected on a long view. At the end of 1930, according to figures compiled by the Rubber Growers' Association, there were in the East, on an average, 54½ acres of immature rubber to every 100 mature.

Further in the background looms the problem of the permanent place of "capitalism" in rubber-growing generally. A number of important producers are to-day seriously considering the implications of a proposition set out in these columns a year ago—that the estate side of the industry (which in a few years' time will own not much more than half the total mature acreage) should aim at a maximum number of trees to the acre, minimum upkeep costs, and the lowest possible selling price.

We show, in a table on the preceding page, a number of figures relating to the financial position of a very mixed assortment of the larger companies. The rise in share values, from this year's nadir, has been based on a relatively small number of dealings, inspired by a rise in price which may well be maintained, seeing that only in America are manufacturers carrying more than a bare minimum of rubber stocks. The improvement in quotations has not come out of due time, since eleven of the fourteen companies, in their last financial year, produced their rubber at a loss, and many concerns are not well provided with working capital. An early resumption of dividends, in any case, is unlikely, since "costs" at present are frequently on a non-economic basis, and may rise appreciably as conditions return nearer to normal.

Buyers of rubber shares for a revival are, in effect, bulls of American trade recovery. On a longer view, they are subscribers to the thesis that more "balanced" world consumption, and new uses for rubber, will eventually overcome the obstinate fecundity of the rubber tree.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.	
TICKET.	ACCOUNT.
August 23.	August 25

THOUGH the volume of business remained large for a holiday month, the tone in all markets was quieter. The American movement lost its first impetus, the rise in commodity prices was checked, and conditions generally favoured an orderly and not unhealthy recession, without

any serious loss of basic confidence. The splendid War Loan Conversion figures, announced on Monday evening, paradoxically produced the impression that the Treasury had tapped the sources of gilt-edged improvement so effectively as to leave little scope for further immediate improvement. Assented stock was not maintained at par. No serious decline was looked for, however, since it was generally assumed that large institutions desirous of reducing the proportion of long-term to total stocks in their portfolios would liquidate gradually, to avoid the spoiling of their own market.

Strong reports that the new issue embargo would be maintained for some time in the interests of Dominion Conversion operations had no appreciable supporting effect on gilt-edged stocks, but encouraged a firm tendency in Commonwealth issues. A substantial decline in India Loans was not regarded as directly connected with the publication of the Government's findings on the Communal question.

The Foreign Bond market was irregular and inactive. Uneasiness over the Brazilian situation was somewhat accentuated by the announcement that the publication of San Paulo Coffee bulletins had been suspended. Japanese stocks showed further weakening, though Chinese remained steady. Uncertainty over Nazi policy induced a heavy tendency in Germans, but the market, prematurely, put Austrian Bonds better on the passing of the Loan Agreement by the Lower House by a single vote majority.

The report of the Salter Conference (discussed in a leading article on page 840) had scarcely a perceptible effect on home railway stocks. The market shared the Conference's view that no large retransfer of traffic from road to rail would follow its adoption. The Report's publication coincided, further, with a batch of traffic returns showing no trace of an improving tendency. A few buying orders for Argentine railways early in the week found the market rather bare of stock, but prices reacted on the issue of unfavourable traffic returns.

The industrial share market had a confident tone which was not adequately reflected in the course of prices. Dealings, though fairly active, were two-way. There was an increasing disposition to take profits in Trans-Atlantic issues. Textile shares were not responsive to increasing anxiety over the labour outlook in Lancashire, one or two leaders, like J. and P. Coats, even improving on balance. Electrical shares remained fair on moderate but steady investment buying. Steel shares were maintained on a limited provincial business. The shares of heavy motor vehicle manufacturers, however, were sharply written down in view of the stiff increases in taxation proposed by the Road-Rail Conference. In spite of pessimistic chairmen's speeches at the Watney, Combe and Mitchells and Butlers meetings, brewery shares found some support on the argument that the industry's spokesmen were not unaware of the possible effect of their pronouncements on Inland Revenue policy. Tobacco shares were steady after initial selling. A fair inquiry was received for newspaper shares. Bank shares were irregular, but Insurance shares slightly higher on a limited volume of dealings.

Business in the rubber share market was maintained, generally, at the increased level of recent weeks. After prices had risen appreciably, however, the movement's progress was checked by the easier tendency of the commodity. Conditions in the tea share market showed no improvement, both Indian and Ceylon shares suffering from liquidation. Oil shares, after opening active and strong, were subjected to profit-taking by professional operators in New York, while the Continent maintained a neutral attitude. Mining shares remained fairly active, but interest was concentrated on a limited number of issues. Paris gave intermittent support to Kaffirs, and Johannesburg was a brisk bidder for certain stocks, particularly West Rand, on private reports that good values had been encountered in the Southern portion of the property. Rhodesian shares were more subdued, dealings remaining almost entirely professional. Other copper shares made no marked headway. Tin shares remained quiet, despite a few investment inquiries. The market showed some anxiety regarding the commodity position, for the reasons discussed in a note on page 365. In the Western Australian market a large speculative business

was done in Wiluna, which was believed to emanate from a large Australian group, acting on inside information.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)							
	Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.	Aug. 15, 1932.	Aug. 16, 1932.	Aug. 17, 1932.	Aug. 18, 1932.
Government and Municipal Loans	1,656	1,655	Closed	1,918	1,624	1,534	1,395
Transport, Communications, and Public Utilities	1,096	1,103		1,229	1,004	1,221	1,041
Commercial and Industrial*	1,733	1,897		2,121	1,769	1,800	1,771
Banks, Insurance and Financial	557	589		606	510	591	451
Mines (including Nitrates)	765	843		843	816	867	800
Oil	326	286		257	307	259	206
Rubber, Tea and Coffee	134	146		147	136	141	145
Total	6,267	6,519		7,121	6,166	6,413	5,809

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)							
Highest of 1932. (Mar. 5.)	Lowest of 1932. (June 1.)	Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.	Aug. 15, 1932.	Aug. 16, 1932.	Aug. 17, 1932.
63.7	51.3	62.0	62.3	•	62.2	62.3	62.1

• Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The upward movement suffered a sharp reaction at the end of last week, when the gains of the previous few days were cancelled, except in the bond market, where prices remained fairly steady, though the volume of trading declined. Much of the lost ground was recovered in the declined. Dealings, however, failed to reach last week's proportions, and bouts of profit-taking became more frequent. The market showed little tangible evidence of over-buying, but the spontaneity of the earlier movement was lacking, and it was generally believed that a period of rest would do no harm. The commodity price rise was checked. Conflicting rumours were current regarding the course of negotiations for a Commodities Finance Corporation. The balance of credence inclined to the report that, after a division of opinion between participating banks, the project would probably be completed, but no aggressive action would be taken unless prices showed a definitely declining trend. Though steel operations were increased last week by ½ per cent. to 14½ per cent. of capacity, a substantial revival in the industry was held to be unlikely before various relief projects were well under way, at the beginning of October. Apart from some improvement in activity in the textile and shoe trades, basic industries continued to show "recovery-resistance." A meeting of railroad executives was called at Chicago on Thursday to consider the advisability of efforts for a further wage cut on the expiry, next February, of the present agreement.

	Aug. 4, 1932.	Aug. 11, 1932.	Aug. 18, 1932.
U.S. 3½% T. Rds.	102½	102½	102½
Lb. Ln. 3½% 32-47	101½	101½	101½
Do. 4½% 32-47	101½	101½	101½
Do. 4½% 33-38	102½	102½	102½
Atchafalca	34½	48½	49½
Ches. & Ohio	15½	21½	24½
Erie	5½	17½	7½
Illinois Central	8½	12½	14
N.Y. Central	16½	24½	26½
Pennsylvania	12½	15½	17
Southern Pacific	12½	20	22½
Southern Ry.	5½	10	10½
Union Pacific	50	67½	70½
Am. Can.	43½	56½	53½
Amer. Smelting	14	19½	17½
Anaconda	8½	9½	8½
Bethlehem Steel	14½	19½	13½
Chrysler Motor	37½	42½	44½
Corn Producers	50	53	52
Eastman Kodak	15½	18½	18½
Gen. Electric (New)	12½	14½	14½
Gen. Motors	20½	32½	29½
Int. Harvester	8½	11½	11½
Mont. Ward	8½	11½	11½
Natl. Biscuit	33½	39	38½
Phelps Dodge	7	7½	7½
Pullman	17½	20	21½
Sears-Robinson	17½	22½	22
Studebaker	51	64	64
Un. Fruit	23	24½	24½
U.S. Leather	34	4	5½
U.S. Rubber	42	48	41
U.S. Steel	32½	44	41½
Westinghouse	27½	34½	38½
Woolworth	32½	36½	36½
Am. Tel. & Tlg.	97½	113½	112½
Interboro R.T.	54	74	71
Int. Tel. Teleg.	74	104	111
Radio Corp.	61	84	94
Utilities P. & L.	34	64	64
W. Union Tlg.	27	34½	32½
Associated Gas "A"	14	11	11
Pan. Amer. B.(New)	10	11	11
Shell Union	54	64	64
Std. California	26½	27½	27½
Do. N.J.	32	34½	34½

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print

the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Aug. 10.	Aug. 17.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	52.1	50.4
33 Rails	89.1	145.6	31.7	105.7	32.2	27.5	27.8
34 Utilities.....	153.2	267.4	90.6	197.6	91.8	84.2	83.5
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	53.5	52.3
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.64%	5.81%

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

Highest of 1932. (Mar. 8.)	Lowest of 1932. (June 27.)	Aug. 10, 1932.	Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.	Aug. 15, 1932.	Aug. 16, 1932.	Aug. 17, 1932.
68.9	35.2	60.7	60.4	55.4	54.7	58.6	60.3	58.8

TOTAL DEALINGS IN NEW YORK.

	Aug. 12, 1932.	Aug. 13, 1932.	Aug. 15, 1932.	Aug. 16, 1932.	Aug. 17, 1932.	Aug. 18, 1932.
Stock Exchange—Shares (Thous.)	3,700	1,800	1,900	3,600	2,900	1,800
Bonds (Value Thous. \$) ...	15,797	7,473	9,521	14,619	10,672	10,847
Curb—Shares (Thous.)	490	240	230	450	420	260

* 2-hour session.

PARIS.

The Paris Bourse was scantily attended on Tuesday, following the most popular holiday of the year. Price changes were fractional. An excellent impression was caused by the success of the British Conversion scheme.
(Continued on page 362.)

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[August 20, 1932.]

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Aug. 16) Inclusive.		Name of Security.	Price Aug. 9, 1932.	Price Aug. 16, 1932.	Rise or Fall.	Present Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Aug. 16) Inclusive.		Name of Security.	Price Aug. 9, 1932.	Price Aug. 16, 1932.	Rise or Fall.	Present Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
60 1/2	49 1/2	73 1/2	54 1/2	Consols 2 1/2 %	69	72 1/2	+3 1/2	3 9 0	21	8	8	6	Foreign Res. - cont.	6 1/2	6 1/2	0	NU
97 1/2	77 1/2	111 1/2	81 1/2	Consols 4 %	103 1/2	106 1/2	+3 1/2	3 15 6	70 1/2	70 1/2	70 1/2	70 1/2	Paraguay B. D. D.	70 1/2	70 1/2	0	NU
85 1/2	67 1/2	100 1/2	73 1/2	Can. Loan 3 1/2 %	97	100	+3 1/2	3 10 0	150 1/2	94 1/2	117 1/2	92 1/2	Salvador Ord. (\$10.)	102 1/2	102 1/2	0	6 16 9
104 1/2	84 1/2	109 1/2	93 1/2	Do. 4 1/2 % 1940-44	106 1/2	109 1/2	+3 1/2	3 11 0	65 1/2	20 1/2	26 1/2	10 1/2	San Paulo Ord. (\$10.)	15 1/2	15 1/2	0	16 16 9
108 1/2	88 1/2	115 1/2	99 1/2	Do. 5 % 1944-54	112 1/2	114 1/2	+2 1/2	3 11 0	94 1/2	22 1/2	24 1/2	2 1/2	Talita Rly. Ord. \$5	3	3	0	16 16 9
97 1/2	78 1/2	109 1/2	83 1/2	Financing 4 1/2 % 1935-40	105 1/2	108 1/2	+3 1/2	3 11 0	16 9 0	9 9 0	9 9 0	9 9 0	Tel. Havana Ord. \$10.	5	5	0	16 16 9
102 1/2	83 1/2	101 1/2	97 1/2	Treasury 4 1/2 % 1935-34	101 1/2	101 1/2	0	3 12 9	16 9 0	9 9 0	9 9 0	9 9 0	Anglo-Brazil (\$10.)	5/6	4/6	-1/6	NU
103 1/2	83 1/2	102 1/2	98 1/2	Treasury 5 % 1935-35	101 1/2	101 1/2	0	3 12 9	16 9 0	9 9 0	9 9 0	9 9 0	Anglo Internat. (\$10.)	5/6	4/6	-1/6	NU
98 1/2	85 1/2	107 1/2	99 1/2	Victory Bonds 4 %	105 1/2	107 1/2	+2 1/2	3 12 9	16 9 0	9 9 0	9 9 0	9 9 0	Anglo S. A. \$10 \$5 pd.	5 1/2	5 1/2	0	NU
104 1/2	84 1/2	103 1/2	95 1/2	War Loan 5 % 1929-47	101 1/2	101 1/2	0	3 12 9	16 9 0	9 9 0	9 9 0	9 9 0	American B. B. \$10 1/2 pd.	7/6	7/6	0	5 14 0
70 1/2	57 1/2	86 1/2	60 1/2	Local Loans 3 %	81 1/2	85 1/2	+4 1/2	3 10 9	25 1/2	12 1/2	37 1/2	6 1/2	Bank of N. Zealand \$1	50 1/2	50 1/2	0	5 14 0
46 1/2	29 1/2	59 1/2	36 1/2	India 2 1/2 %	55 1/2	57 1/2	+2 1/2	4 7 6	55 9 0	31 3/4	50 1/2	2 1/2	Bank of Eng. \$10.	30 1/2	31 1/2	+1/2	3 17 0
55 1/2	34 1/2	71 1/2	49 1/2	Do. 3 %	64 1/2	69 1/2	+5 1/2	4 6 11	27 1/2	23 1/2	31 1/2	3 1/2	Barclay B. (\$10.)	63 1/2	63 1/2	0	4 7 6
64 1/2	41 1/2	83 1/2	58 1/2	Do. 4 1/2 % 1958-69	106 1/2	106 1/2	0	4 7 6	58 1/2	43 1/2	57 1/2	14 1/2	Barcl. (Dom. & Ex.) \$1	25 1/2	26 1/2	0	3 13 0
86 1/2	65 1/2	104 1/2	67 1/2	Palestine 5 % 42-67	112 1/2	112 1/2	0	3 11 0	26 1/2	19 1/2	26 1/2	7 1/2	Bk. of Australasia (\$5)	84 1/2	85 1/2	+1 1/2	5 7 0
106 1/2	94 1/2	114 1/2	97 1/2	Sudan 5 1/2 % Bonds	114 1/2	113 1/2	-1 1/2	4 17 4	63 1/2	47 1/2	63 1/2	47 1/2	Bk. of Montreal (\$100)	84 1/2	85 1/2	+1 1/2	5 7 0
110 1/2	90 1/2	116 1/2	103 1/2	Utah 4 1/2 % 45-75	105 1/2	105 1/2	0	4 0 6	26 1/2	18 1/2	26 1/2	8 1/2	Bk. of N.S.W. (\$20)	23 1/2	23 1/2	0	6 16 0
99 1/2	87 1/2	107 1/2	87 1/2	Dom. & Colonial Govts.	99 1/2	99 1/2	0	5 0 6	17 1/2	14 1/2	17 1/2	3 1/2	British Overseas A. \$5	5 1/2	5 1/2	0	5 11 6
85 1/2	58 1/2	105 1/2	77 1/2	Australia 5 % 1945-75.	99 1/2	99 1/2	0	5 0 6	17 1/2	14 1/2	17 1/2	3 1/2	Cent. Bk. of India (\$5)	13 1/2	13 1/2	0	5 0 0
96 1/2	75 1/2	103 1/2	82 1/2	Canada 4 1/2 % 1940-60.	101 1/2	101 1/2	0	3 15 6	14 9 0	9 9 0	14 1/2	10 1/2	Dist. of Eng. \$10.	12 1/2	12 1/2	0	5 0 0
105 1/2	87 1/2	108 1/2	90 1/2	Ceylon 6 % 1936-61	108 1/2	108 1/2	0	3 15 6	14 9 0	9 9 0	14 1/2	10 1/2	Dist. of Ind. \$10.	65 1/2	65 1/2	0	5 4 0
101 1/2	87 1/2	107 1/2	91 1/2	Gold Coast 4 1/2 % 1956.	106 1/2	106 1/2	0	4 2 6	42 1/2	38 1/2	47 1/2	36 1/2	Do. B. \$1 fully pd.	47 1/2	47 1/2	0	5 4 0
105 1/2	90 1/2	111 1/2	94 1/2	Kenya 5 % 1940-58	110 1/2	110 1/2	0	4 2 6	42 1/2	38 1/2	47 1/2	36 1/2	Eng. Stock & Aust. \$5 \$3 pd.	4 1/2	4 1/2	0	5 16 0
104 1/2	80 1/2	112 1/2	83 1/2	Nigeria 5 % 1950-50	111 1/2	111 1/2	0	4 2 6	42 1/2	38 1/2	47 1/2	36 1/2	Hambros \$10, \$2 pd	6 1/2	6 1/2	0	7 10 0
80 1/2	46 1/2	102 1/2	58 1/2	N. Zealand 5 % 35-58	95 1/2	95 1/2	0	5 4 6	113 1/2	93 1/2	114 1/2	21 1/2	Hong. and S. (\$12 1/2)	81 1/2	81 1/2	+1 1/2	4 18 0
102 1/2	85 1/2	111 1/2	84 1/2	N. Zealand 5 % 35-58	95 1/2	95 1/2	0	5 4 6	113 1/2	93 1/2	114 1/2	21 1/2	Lloyds \$5, with \$1 pd.	54 1/2	54 1/2	0	4 18 0
81 1/2	48 1/2	102 1/2	70 1/2	Queensland 5 % 40-60	104 1/2	104 1/2	0	4 13 0	63 1/2	38 1/2	63 1/2	25 1/2	Midland \$1, fully pd.	77 1/2	78 1/2	+1 1/2	5 8 0
105 1/2	82 1/2	111 1/2	90 1/2	S. Africa 5 % 1945-75	106 1/2	106 1/2	0	5 5 6	7 1/2	7 1/2	7 1/2	7 1/2	Nat. of Brazil \$10	27 1/2	27 1/2	0	5 11 0
100 1/2	85 1/2	103 1/2	88 1/2	Strat. Sett. 4 1/2 % 35-48	103 1/2	103 1/2	0	3 8 6	80 1/2	60 1/2	80 1/2	62 1/2	Nat. of India \$5, \$12 1/2 pd	83 1/2	83 1/2	0	6 8 0
88 1/2	53 1/2	77 1/2	57 1/2	Foreign Governments.	57 1/2	57 1/2	0	9 12 0	14 1/2	9 1/2	14 1/2	9 1/2	Nat. Prov. \$20, \$4 pd.	13 1/2	13 1/2	0	4 17 0
105 1/2	87 1/2	104 1/2	76 1/2	Argentina 4 1/2 % Bacia.	95 1/2	95 1/2	0	6 17 6	35 1/2	29 1/2	40 1/2	31 1/2	Royal Bk. of Scotland	33 1/2	33 1/2	0	4 9 3
94 1/2	63 1/2	80 1/2	25 1/2	Argentina 5 % 1924-43	95 1/2	95 1/2	0	6 17 6	35 1/2	29 1/2	40 1/2	31 1/2	S. of A. \$20, 25 pd	78 1/2	78 1/2	0	5 13 0
56 1/2	29 1/2	41 1/2	28 1/2	Do. 7 % Interd. by 1957	29 1/2	29 1/2	0	12 5 0	144 1/2	98 1/2	108 1/2	108 1/2	Westminster \$4, \$1 pd.	77 1/2	78 1/2	+6 1/2	4 12 0
112 1/2	89 1/2	112 1/2	94 1/2	B. Aires (Prov.) 5 1/2 %	99 1/2	99 1/2	0	12 5 0	144 1/2	98 1/2	108 1/2	108 1/2	Alliance \$1, fully pd.	21 1/2	21 1/2	0	4 3 6
83 1/2	36 1/2	58 1/2	38 1/2	Belgian 7 % red. by 1956	108 1/2	107 1/2	-1 1/2	26 8 0	80 1/2	47 1/2	80 1/2	47 1/2	Alliance \$5, \$12 pd.	12 1/2	12 1/2	0	3 5 0
75 1/2	43 1/2	69 1/2	50 1/2	Bulgaria 7 1/2 % Loan	30 1/2	28 1/2	-2 1/2	12 5 0	144 1/2	98 1/2	108 1/2	108 1/2	Anglo-Am. \$12, fully pd.	19 1/2	19 1/2	0	5 5 0
94 1/2	28 1/2	46 1/2	28 1/2	Brazil 5 % Fund, 1914	60 1/2	60 1/2	0	8 6 9	21 1/2	16 1/2	21 1/2	16 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
70 1/2	35 1/2	45 1/2	25 1/2	Chili 6 % (1939)	32 1/2	32 1/2	0	8 6 9	21 1/2	16 1/2	21 1/2	16 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
62 1/2	33 1/2	43 1/2	31 1/2	China 5 % (1912)	15 1/2	17 1/2	+2 1/2	12 4 0	15 1/2	11 1/2	15 1/2	11 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
70 1/2	35 1/2	45 1/2	25 1/2	Do. 5 % (1913)	40 1/2	41 1/2	+1 1/2	12 4 0	15 1/2	11 1/2	15 1/2	11 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
113 1/2	78 1/2	103 1/2	61 1/2	Czechoslovakia 8 %	99 1/2	99 1/2	0	7 14 0	28 1/2	19 1/2	28 1/2	9 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
78 1/2	50 1/2	82 1/2	67 1/2	Danish 3 %	69 1/2	69 1/2	0	8 3 0	13 1/2	12 1/2	13 1/2	12 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
86 1/2	65 1/2	95 1/2	79 1/2	Denmark 6 1/2 %	69 1/2	69 1/2	0	8 3 0	13 1/2	12 1/2	13 1/2	12 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
76 1/2	56 1/2	69 1/2	40 1/2	Egypt 5 % 1927	95 1/2	95 1/2	0	4 4 0	14 1/2	9 1/2	14 1/2	9 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
92 1/2	76 1/2	89 1/2	62 1/2	Belongs 7 % 1927	60 1/2	60 1/2	0	11 14 0	24 1/2	17 1/2	24 1/2	17 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
99 1/2	82 1/2	94 1/2	67 1/2	Finland 6 % 1923	65 1/2	65 1/2	0	8 11 6	40 1/2	28 1/2	40 1/2	28 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
31 1/2	20 1/2	28 1/2	25 1/2	French 4 % (British)	26 1/2	26 1/2	0	8 11 6	40 1/2	28 1/2	40 1/2	28 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
106 1/2	53 1/2	90 1/2	52 1/2	Do. 5 %	28 1/2	28 1/2	0	5 2 0	6 1/2	4 1/2	6 1/2	4 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
81 1/2	37 1/2	75 1/2	42 1/2	German 7 % Rda. 1930	83 1/2	84 1/2	+1 1/2	8 5 6	3 1/2	3 1/2	3 1/2	3 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
93 1/2	59 1/2	66 1/2	22 1/2	Do. 5 1/2 % Rda. 1930	65 1/2	67 1/2	+2 1/2	8 3 0	3 1/2	3 1/2	3 1/2	3 1/2	Anglo-Am. \$5, \$12 pd.	27 1/2	27 1/2	0	4 19 0
104 1/2	73 1/2	81 1/2	62 1/2	Greek 6 % Sub. Ld.	35 1/2	36 1/2	+1 1/2	8 3 0	3 1/2								

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, Aug. 10, 1932.	Price, Aug. 17, 1932.
Alberta 5% 1962-67	98	18	1-14 pm	24-34 pm
Allied Newspapers 6½% Cum. 1st Pref. £1	£1	fy. pd.	19/9-20/3	19/9-20/3
Bowater's Paper 6½% Cum. Pref.	£1	fy. pd.	22/6-23/-	23/11-23/74
British Columbia 5% Stock 1957-67 ..	£1	fy. pd.	103-106	103-106
British Power & Light 6% Cum. Pref. £1	£1	£1	23/-23/8	23/11-23/74
Burnley 4½% Stk. 1952-62	100	55½	106-108	106-108
Central Electricity Board 4½% Deb. 1957-62	96	21	5-5½ pm	5½-6 pm
County of London Electric New Ord.	38/6	10/6	6/6-7/- pm	6/9-7/3 pm
Oyprus 4% Lns. Stk. 1956-66	95	35	5-6 pm	7-8 pm
Edmondson's Electricity 6% Pref.	21/-	fy. pd.	23/6-24/-	23/44-23/104
Metal Box 5½% Deb.	96	fy. pd.	102-103	1024-1034
Do. 7% Cum. Pref. £1	21/-	fy. pd.	22/6-23/6	22/9-25/6
Scottish Power 6% Cum. Pref. £1	23/-	fy. pd.	25/6-26/6	25/6-26/6
South Shields 4½% Stk. 1952-62	101	fy. pd.	107-108	106-108
South Shields Greyhound Stadium Ord. 2/-	par.	fy. pd.	2/41-2/74	2/6-2/9

(Continued from page 359.)

Speculative support was given to Royal Dutch, selected South African mining shares and De Beers preferred. Rentes continued firm, but most other sections suffered a moderate setback on Thursday.

	Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.		Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.
Banque de France	11,575	11,520	11,495	Wagons Lits	91	92	91
Crédit Lyonnais	2,085	2,115	2,125	Mexican Eagle ...	36	37	36
Suez Canal	14,080	14,150	14,050	" Chartered	94	96	95
Chargours Réunis	222	223	238	Ford	114	116	113
Rio Tinto	1,459	1,500	1,523	De Beers	337	341	341
Royal Dutch	15,750	15,950	15,975	" Johnnies	123	121	123

BERLIN.

The Bourse, after Hitler's abortive Presidential interview, showed a reassuring confidence in the Government's ability to maintain order. The new unemployment proposals were also favourably received. Reichsbank shares were in demand from "standstill" creditors. A moderate amount of public buying for cash was recorded. A mild setback occurred, however, on the publication of unsatisfactory July foreign trade returns.

	Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.		Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.
Reichsbank	124.75	126.25	126.50	A. E. G.	28.60	31.10	34.30
Disconto	75.00	75.00	75.00	Siemens & Halske	122.25	128.75	131.75
Dresdner (New)	61.75	61.75	61.75	A. K. U.	39.25	40.75	42.50
Norddeutscher				Hamburg-Amer			
Lloyd	14.75	16.10	16.30	("Eapag")	13.70	15.25	16.00

AMSTERDAM.

The Bourse showed evidence of a technical reaction in the earlier sessions, though losses were small. Royal Dutch were sold, and Sugar shares were weak, Amsterdam Trading remaining out of favour. Brighter conditions obtained, however, in the middle of the week, when many leading shares were in steady demand. Rubber shares strengthened with the commodity. A further decline finally occurred on mild profit-taking.

	Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.		Aug. 11, 1932.	Aug. 12, 1932.	Aug. 13, 1932.
2½% Dutch Loan	65½	65	66½	Steel Common ...	33½	38½	41½
5½% German	42½	44½	44½	A. K. U.	137	132	141
Unilever N.V.	107½	106	107½	Ford Motor	113½	107	111½
Phillip's Lamps ...	108	101½	105½	Dell Batavia	137		135
Netherlands Ship				Royal Dutch	153	150	156
Union	60½	57½	60½	Handels Ama.	192	182	187
Java Cultuur	147	139	140				

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4

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

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OTHER CENTRES.

"Mixed" conditions prevailed on the minor European bourses. Stockholm quotations were marked down at first, but steadied later. Brussels was quiet, with few significant price changes. The trend at Copenhagen was downward. Frankfurt, however, like Berlin, was mainly firm, political developments being regarded as of good omen.

INVESTMENT NOTES.

Conversion Result.—The Treasury announced on Monday evening that the amount of 5 per cent. War Loan converted with the benefit of the cash bonus approximated to £1,850,000,000. This amount was exclusive of a number of delayed applications to be received from holders resident abroad. Applications for redemption in cash amounted to only £48,000,000. The national implications of this statement are discussed in a leading article on an earlier page. The total "Assents" so far represent over 88½ per cent. of the nominal value of the Loan and the "Dissents" less than 2½ per cent. Some £189,000,000 remains unaccounted for, of which part may be eventually "converted by default." If this represents, say, 5 per cent. of the loan, the maximum of cash the Treasury will require to find on December 1st will be about £138,000,000—a figure almost identical with the lower of our two estimates made three weeks ago. The result is a tribute to a remarkable national effort (in which the element of individual self-sacrifice may not have been negligible) and to the skill with which those responsible for the scheme's publicity have succeeded in making effective contact with over 2,000,000 War Loan holders. The market's reception of the figures, however, has given point to the arguments of those who maintain that the operation, by the magnitude of its success, has tended to discount an upward tendency in gilt-edged values which might normally have taken some weeks or months to achieve its full effect. The weaker tone of Assented stock after a recovery to par early in the week, may, possibly, be interpreted in this light. On the other hand, an important section of market opinion believes that gilt-edged prices, however they may fluctuate in the near future, will maintain an upward trend, on balance, for some little time to come. This school interprets the Report of the Monetary and Financial Committee at Ottawa as having committed the British delegates to the maintenance of cheap money until early trade recovery is firmly established. In any case, it is argued, in all earlier periods of depression abnormally low money rates have persisted even after industry has been well advanced in the primary stage of recovery. While such considerations as these may be relevant to the medium- or long-term outlook for gilt-edged stock, Assented War Loan holders should not be alarmed if the market in the next few weeks reflects the desire of some large buyers for conversion during the "bonus period" to restore a normal balance between the short- and long-term securities in their portfolios.

Building Society Interest Rates.—The reduction in general interest rates, on which the Government's War Loan triumph sets the seal, has created a pressing problem for building societies. The decision of four large London societies, taken soon after Mr Chamberlain's conversion announcement, to limit new investments to small individual proportions, was obviously an interim measure. The formulation of more permanent policy cannot be indefinitely postponed. Accordingly a meeting was held last Tuesday, in London, of representatives of certain leading societies, both provincial and metropolitan. The lines of possible policy were discussed, but no public announcement can be expected pending a further meeting, whose date has not as yet been fixed. The societies, naturally, are convinced that a lowering of rates to investors (which have generally been higher in London than outside) is inevitable, if they are not to be deluged with unwanted money, at a time when its continued employ-

ment on the scale and at the price of recent years is more than doubtful. The corollary would be a reduction in mortgage rates to new borrowers. Legally, the societies would have the right to maintain existing mortgages at their covenanted interest rates. In practice, however, this might cause serious discontent, and—if general interest rates remained low for a considerable period—a possible tendency towards the repayment of mortgages and their effective transfer to some of the building societies' competitors. One or two societies have already announced reductions, which, in one case at least, apply to existing mortgages. Among the larger organisations, the Leeds Permanent is stated to have reduced its interest rates to South of England borrowers from 6 per cent. to 5½ per cent. Apart from the views of individual but powerful leaders, it is unlikely that the movement will make any hasty decision on the point. The fact that in the last three years a "record" amount of new mortgage business has been done, on which the percentage of advances to the current market values of the properties is still relatively high, must tend to produce caution as regards the taking of any step which, directly or indirectly, may influence the future of housing values.

Insurance Against Drawn Bonds.—In the search for investments of an attractive yield (writes an insurance correspondent) investors have been turning towards a combination of stock buying and insurance by which they may secure themselves against loss by drawings at par. The device is not new. It has been tried in the past, for instance, in connection with certain Continental bonds which, having now fallen below par, no longer need the special protection given by a policy. The inquiries recently have mostly been connected with Victory Bonds, and the rate quoted has varied in accordance with the terms of the cover. In one form of policy the premium is charged on the full value of the bonds, and the policy pays the difference between redemption price and market price at time of redemption. On this policy the usual rate is 2s. 6d. per cent. In another form of policy the premium is charged, not on the full value of the bonds, but on the sum that the investor wishes to recover from the underwriter, who agrees to pay the issued value of whatever may be the price of the bonds at the time of drawing. The rate in this case is 1½-2 per cent. The market is narrow, and though a good deal of interest has been taken in the scheme, and a large order on Victory Bonds is in contemplation, it is believed that little firm business has been done so far. Other bonds, however—notably Belgian 7 per cents.—are the subject of current inquiry. Some theoretical discussion has taken place on the working of the law of assign in these notes, on the question whether very large lines can prudently be written, and whether large bonds are a worse risk than small bonds. On these matters, however, there is as yet no general agreement.

London Transport "A" Stock.—Although the London Passenger Transport Bill has still to complete its arduous journey to the Statute Book, its chances of arrival have been increased by the Metropolitan Railway stockholders' acceptance, last month, of terms for the withdrawal of opposition to the measure. Though those in charge of the Bill's fortunes may be correspondingly reluctant to consider significant changes at this hour, there is point in the contention of a correspondent (whose letter appears on page 356) that a basic rate of 4½ per cent. for London Transport "A" stock has been rendered somewhat anomalous by recent market developments. At the time of the Bill's drafting it was not foreseen that a speedy and successful Government Conversion operation would open up the prospect of a future long-term basis of around 3½ per cent. for trustee stocks. It is more than probable that, if the Bill were being drawn up *de novo*, a lower basic rate than 4½ per cent. would be taken for the "A" stock. The point is of more than academic interest to holders of stock such as 8½ per cent. Metropolitan Railway debenture and 8 per cent. Metropolitan District Railway Rent Charge. From the income point of view, the nominal interest rate on Transport "A" stock is immaterial to such holders, since, in any case, the amount of stock they receive will be

so adjusted as to give them precisely the same interest as they are receiving at present. But whereas their current stocks are perpetual, London Transport "A" stock is redeemable, at the option of the Transport Board, after 1985. Thus the heirs of a present holder of £100 Metropolitan 3½ per cent. debenture stock will eventually receive only £77 15s. 7d. in cash. But at the time of repayment, if present views as to the future of interest rates are sound, their stock would otherwise be standing at a considerable premium. If it were decided to issue London Transport stock carrying a lower rate of interest, the amount of cash to be found, after 1985, by the Transport Board would, of course, be increased on the same assumption. While our readers may not go so far as to regard the present arrangements, in our correspondent's words, as "partaking of confiscation," the responsible authorities may care to consider whether the recent change in the long-term interest outlook has provided an equitable basis for some modification of the Bill's terms, in the interests of all potential holders of Redeemable Transport stock.

Brewery Profits and the Beer Tax.—At the annual meeting of Watney, Combe, Reid, last week, Colonel O. P. Serocold attacked last year's increase in the beer duty in more reasoned fashion than the majority of brewery chairmen. He pointed out that whereas the Chancellor of the Exchequer had collected from his company £13,287 more duty during the past than the previous year, the Exchequer would lose in income tax on the company's profits alone a sum far in excess of the extra duty collected. In addition, there would be a further loss in surtax and death duties. Colonel Serocold's argument is sound, however, only if it can be proved that the fall in income tax receipts from brewery profits is due solely, or mainly, to the increased beer duty. Actually, the barrellage charged with duty for the nine months ended September 30, 1931 (before the imposition of the higher duty), was 12,830,000, compared with 14,229,000 for the corresponding period of the previous year, so that output was already seriously affected before the new duty was imposed. Additional evidence on the point is provided by the following table, showing the profits quarter by quarter of a representative number of breweries, before last year's emergency budget:—

NET PROFITS (AFTER DEBENTURE INTEREST).
(£'000's.)

Reports issued in Quarter ended March 31. (21 companies.)			Reports issued in Quarter ended June 30. (14 companies.)			Reports issued in Quarter ended September 30. (20 companies.)		
1930	1931	Change %	1930	1931	Change %	1930	1931	Change %
1,791	1,804	+ 0.7	3,815	3,455	- 9.4	8,603	8,003	- 7.0

In the light of these figures it would not appear legitimate to attach to the increased duty the entire responsibility for lower brewery profits. Earnings, it is clear, were already adversely affected by industrial depression before the increase took place. The latter, of course, may well have significantly accelerated a tendency which would probably have strengthened, in any case, with the deepening of depression.



SECURITY FIRST

FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

LIVERPOOL
North John St.

Head Offices,
LONDON
Lombard St.

Nature of Borrowing.

	Debt, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	150,262,581	8,045,882	3,607,062	161,915,525†
1931	75,215,274	6,133,059	16,065,781	97,414,114
1930	156,269,408	14,730,138	19,577,935	190,577,481
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,870,300	31,545,400	116,025,700	285,441,400
1928	218,517,900	45,062,600	111,177,600	374,758,100
1927	228,958,000	36,836,600	98,381,400	364,176,000
1926	145,180,000	39,393,200	46,209,500	230,782,600

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	9,011,756	...	9,756,857
Total, week ended August 20, 1932...	Nil	...	Nil
Total to date, 1932...	9,011,756	...	9,756,857
Total to date, 1931...	8,057,183	...	8,432,058

Further Stock Exchange information, including the latest dividend announcements and profit and loss accounts, will be found on page 371, under the heading "Company News."

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Month.	Ending.	Description.	Receipts for Month.	Aggregate to Date.
				1932.	1932.
				Compared with 1931 + or -	Compared with 1931 + or -
Alabama Gt. Ry.	6	June 30	Gross	\$ 333,203	\$ 2,112,451
			Net	212,344	1,116,944
Atlantic Coast Line	6	June 30	Gross	278,939	2,789,800
			Net	184,566	1,584,566
Atchafalaya	6	June 30	Gross	10,629,625	4,221,799
			Net	6,770,779	2,451,087
Baltimore and Ohio	6	June 30	Gross	10,144,686	4,805,354
			Net	2,132,394	1,129,958
Boston and Maine	5	May 31	Gross	3,823,034	2,135,847
			Net	2,135,847	1,014,072
Chicago & N. Western	6	June 30	Gross	5,853,137	3,569,111
			Net	3,569,111	1,440,639
Chicago & N. Western	5	May 31	Gross	6,175,493	3,074,828
			Net	3,074,828	1,370,757
Chicago Great Western	6	June 30	Gross	1,203,288	415,506
			Net	415,506	1,769,114
Chicago Mill & St. Paul	6	June 30	Gross	6,495,859	3,611,856
			Net	3,611,856	1,571,794
Colorado and Southern	4	Apr. 30	Gross	407,266	195,895
			Net	195,895	1,864,430
Delaware and Hudson	6	June 30	Gross	1,679,096	868,272
			Net	868,272	1,358,921
Detroit and St. Clair	6	June 30	Gross	2,299,977	625,239
			Net	625,239	1,567,615
Denver and Rio Grande	6	June 30	Gross	1,128,087	805,027
			Net	805,027	1,756,038
Erie Railroad	6	June 30	Gross	5,806,980	1,910,767
			Net	1,910,767	3,695,185
Great Northern	6	June 30	Gross	4,156,733	2,674,668
			Net	2,674,668	1,191,031
Gulf Coast Lines	6	June 30	Gross	612,676	394,444
			Net	394,444	1,012,326
Illinois Central	6	June 30	Gross	106,001	92,449
			Net	92,449	4,439,826
International Gt. Northern	6	June 30	Gross	260,495	461,317
			Net	461,317	1,440,639
Lehigh Valley	6	June 30	Gross	2,838,453	1,399,688
			Net	1,399,688	1,991,510
Louisville and Nashville	6	June 30	Gross	4,655,455	2,807,615
			Net	2,807,615	1,512,007
Minneapolis and St. Paul	6	June 30	Gross	1,819,337	781,442
			Net	781,442	10,456,248
Missouri Pacific	6	June 30	Gross	2,232,319	559,105
			Net	559,105	12,298,145
New York Central	6	June 30	Gross	5,552,868	2,844,226
			Net	2,844,226	34,730,761
N. York, N. Haven and Hartford	6	June 30	Gross	23,081,510	10,066,525
			Net	10,066,525	153,151,842
N. York, Onondaga and W. Mass.	6	June 30	Gross	192,215	5,585,641
			Net	5,585,641	7,485,409
Norfolk and Western	6	June 30	Gross	733,287	290,844
			Net	290,844	5,198,711
Northern Pacific	6	June 30	Gross	4,543,599	97,855
			Net	97,855	908,360
Pennsylvania	6	June 30	Gross	1,173,724	2,485,394
			Net	2,485,394	29,691,176
Reading Co.	5	May 31	Gross	5,865,423	1,781,634
			Net	1,781,634	21,951,461
Rock Island	6	June 30	Gross	25,780,555	132,558,010
			Net	132,558,010	169,845,940
Seaboard Air Line	6	June 30	Gross	3,179,978	1,458,555
			Net	1,458,555	19,783,528
Southern Railway	6	June 30	Gross	4,350,329	1,451,358
			Net	1,451,358	3,760,797
Texas and Pacific	6	June 30	Gross	5,847,133	3,107,192
			Net	3,107,192	36,026,789
Union Pacific	6	June 30	Gross	3,700,915	1,309,862
			Net	1,309,862	17,378,230
Wabash	6	June 30	Gross	12,727,548	6,711,615
			Net	6,711,615	72,749,792

† Net operating income.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Aug. 12, 1932.	(c) Week ended Aug. 13, 1932.	Miles Open.	Gross Receipts, week ended August 15, 1932.					Aggregate Gross Receipts, 32 weeks (000's omitted.)				
			Passenger.	Merchandise.	Coal and Coke.	Other Goods.	Total.	Passenger.	Merchandise.	Coal and Coke.	Other Goods.	Total.
Great Western	1932	3,761	281	155	95	250	531	6,529	5,311	3,200	8,511	15,040
(L. & N.)	1932	3,761	301	184	105	289	590	7,149	6,043	3,365	9,408	16,557
Eastern	1932	6,353	399	268	205	473	872	9,748	9,256	6,912	16,168	25,916
L. M. & S.	1932	6,962	417	321	225	546	963	10,566	10,739	7,404	18,143	28,709
Scottish	1932	6,958	613	383	219	602	1,215	13,081	13,304	7,253	20,557	35,638
Southern	1932	2,181	372	57	30	87	459	8,980	1,387	970	22,587	36,604
	1931	2,180	405	69	30	100	509	9,888	2,333	996	5,319	13,207
Total	1932	19,259	1,665	863	549	1,412	3,077	40,068	29,858	18,335	48,193	88,532
	1931	19,254	1,758	1,015	597	1,613	3,371	43,620	33,893	19,764	53,957	97,077

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Week.	Ending.	Receipts for Week.	Total Gross Receipts.
			1932.	1932.
			+ or -	+ or -
Assam Bengal	14	July 16	1,330	25,285
Baru L. Ry.	16	July 16	3,200	46,18,865
Bengal N. Western	16	July 16	2,202	58,000
Bombay-Nagpur	14	July 16	2,114	5,11,157
Bombay Bar & C.I.	19	Aug. 13	3,084	14,67,000
Madras & S. Mahr.	16	July 23	3,230	12,97,000
North India	16	July 23	572	83,643
South Indian	15	July 23	2,528	10,05,352

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Company.	Week.	Ending.	Receipts for Week.	Total Gross Receipts.
			1932.	1932.
			+ or -	+ or -
Canadian National	31	Aug. 7	2,054,941	786,191
Canadian Pacific	31	Aug. 7	1,993,000	711,000

SOUTH AMERICAN.

Company.	Week.	Ending.	Receipts for Week.	Total Gross Receipts.
			1932.	1932.
			+ or -	+ or -
Antofagasta (Chili and Bolivia)	33	Aug. 7	804	7,000
Argentine N. Ry.	6	July 30	753	13,100
B.A. and Pacific	6	July 30	2,806	102,800
B.A. Central	6	July 30	1,076	10,127
B.A. Gt. Southern	6	Aug. 13	5,076	155,000
B.A. Western	6	Aug. 13	1,926	55,000
Central Argentine	6	Aug. 13	3,505	212,000
C. Org. (N. E. Ry.)	6	Aug. 13	273	12,720
C. Org. (N. E. Ry.)	6	Aug. 13	211	2,568
C. Org. (W. Ry.)	6	Aug. 13	185	1,641
Cordoba Central	6	Aug. 13	121	1,280
C. W. Ry. of Brazil	6	Aug. 13	1,218	55,000
Leopoldina Terminal	33	Aug. 13	1,918	7,000
Nitrate	33	Aug. 13	34,983	8,326
Paraguay Central	17	Aug. 13	15	718
Salvador	5	Aug. 13	274	2,740
S. Paulo	5	Aug. 13	1,380	11
United of Havana	27	July 31	1,532	36,983
	6	Aug. 13	1,507	5,851

† Months.

OTHER OVERSEAS.

Company.	Week.	Ending.	Receipts for Week.	Total Gross Receipts.
			1932.	1932.
			+ or -	+ or -
Egyptian Delta	14	July 20	620	5,863
Light Railways	29	Aug. 21	21	1,070
Gr. Southern of Spain	31	Aug. 7	104	56,647
Mexican Railway	5	Aug. 7	483	143,000

TRAMWAYS WEEKLY GROSS RECEIPTS.

Company.	Week.	Ending.	Receipts for Week.	Total Gross Receipts.
			1932.	1932.
			+ or -	+ or -
Anglo-Argentine	32	Aug. 12	329	66,174
B. Aires Tramways	4	July 30	30	9,385
Isle of Thanet Elec.	31	Aug. 31	3	5,961
Liverpool Corp.	19	Aug. 10	124	28,966
Madras Electric	17	July 31	14	49,999
L.O.D. Tramways	19	Aug. 10	166	75,790

† Months.

MONTHLY TRAFFIC.

Company.	Month.	Ending.	Description.	Receipts for Month.	Receipts to Date.
				1932.	1932.
				+ or -	+ or -
Bollivar Railway	1	July 31	Gross	£ 6,250	£ 2,250
Cordoba Central	1	Aug. 6	Gross	47,000	18,000
Tulal Railway	1	July 31	Gross	£ 1,500	£ 267,000
Zafra and Huéla.	6	June 30	Gross	£ 250,466	£ 17,717

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 13, 1932, amounted to £10,396,100 against ordinary expenditure of £5,517,700. After allocating £425,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £17,468 the operations for the week, as shown below, reduced the National Debt by £3,436,000 to £7,674,855,000.—

(000's omitted.)

Treasury Bills	4,211
By 3% Treasury Bonds	1,900
National Savings Certificates	250
Bank of England Advances	6,750
Public Department Advances	600
Issues under Finance Act, 1931	2,047
P.O. and Telegraph Money	400

+ 9,797

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Aug. 13, 1932.	April 1, 1931, to Aug. 15, 1931.	Week ended Aug. 13, 1932.	Week ended Aug. 15, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	260,000,000	36,663,000	39,857,000	1,912,000	2,732,000
Sur-tax, including Arrears of Super-Tax	66,000,000	9,080,000	14,180,000	280,000	390,000
Estate, &c., Duties	76,000,000	30,820,000	27,480,000	1,120,000	1,010,000
Stamps	23,000,000	3,980,000	4,250,000	600,000	450,000
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	160,000	...	...
Total Inland Revenue ...	427,000,000	80,683,000	85,927,000	3,912,000	4,582,000
Customs and Excise—					
Customs	174,570,000	60,299,000	45,502,000	4,065,000	2,494,000
Excise	125,430,000	41,700,000	38,874,000	1,154,000	1,266,000
Total Customs and Excise	300,000,000	101,999,000	84,376,000	5,219,000	3,760,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,290,000	2,122,000	Dr184,000	Dr247,000
Post Office (Net Receipt)	11,700,000	7,850,000	7,800,000	1,400,000	1,000,000
Crown Lands	1,250,000	460,000	480,000	...	...
Receipts from Sundry Loans	4,350,000	3,063,143	11,996,357	...	168,755
Miscellaneous Receipts	17,500,000	4,992,727	6,521,879	49,136	20,479
Appropriation from Rating Relief Suspense Account ...	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	201,036,870	203,123,236	10,396,136	9,284,238
SELF-BALANCING REVENUE.					
Post Office	59,188,000	18,950,000	18,900,000	600,000	700,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	5,509,000	5,468,000	320,000	442,000
Total Self-Balancing Revenue	82,098,000	24,459,000	24,368,000	920,000	1,142,000
Total	...	225,495,870	227,491,236	11,316,136	10,426,238

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to August 3	16,712,602	972,132	1,600,077	19,284,811
West ended August 10	536,569	32,119	59,996	628,684
Week ended August 17	502,714	27,048	47,712	577,474
Total to date, 1932	17,751,885	1,031,299	1,707,785	20,490,969
Total to date, 1931	22,422,515	1,095,860	1,770,012	25,288,387
Increase or decrease in 1932	-4,670,630	-64,561	-62,227	-4,797,398
	-20.8%	-5.9%	-3.5%	-18.9%
Total for year 1931	31,815,808	1,667,882	2,752,209	36,235,899
Total for year 1930	34,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,264	-211,422	-7,322,455
	-20.0%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended Aug. 13.		Month of July.			Aggregate Total, January to Aug. 13.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days			27	26			
BIRMINGHAM	1,488	2,103	10,478	12,370	+18.0	71,731	72,507
BRISTOL	409	720	3,107	3,804	+22.4	23,834	25,773
BURTON	919	1,047	5,436	5,716	+5.1	35,848	36,217
DURHAM	5,640	7,301	...	...	...	160,998	174,700
LIVERPOOL	720	617	3,230	3,105	-3.8	23,545	23,248
MANCHESTER	710	466	4,379	4,318	-1.3	27,894	27,444
NEWCASTLE	524	466	3,779	2,926	+5.2	20,292	20,917
NOTTINGHAM	6,295	6,247	27,279	29,723	+8.9	180,000	183,844
SHREWSBURY	7,928	8,821	40,674	44,221	+8.7	295,418	308,170
STOCKPORT	1,120	1,289	5,750	5,618	-2.2	41,562	40,223
WOLVERHAMPTON	352	398	2,003	1,982	-1.0	14,406	14,425
WYTHAM	582	610	3,299	3,417	+3.6	24,725	25,717
Total	26,687	30,279	108,414	117,200	+8.1	920,253	951,189

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the National Bank of Egypt appeared in the Economist for July 2; Danzig in July 28; Lithuania and Canadian Banks in July 20; Chile and Russia in August 6; Bank for International Settlements, Italy and Denmark in August 13.

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

	Aug. 20, 1931.	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.	Aug. 18, 1932.
Total gold reserve	3,472,850	2,631,140	2,643,850	2,680,430	2,727,460
Total bills discounted	230,610	525,380	487,180	451,940	442,860
Bills bought in open market	154,630	39,700	40,690	38,720	35,890
Total U.S. Govt. securities	727,890	1,841,190	1,846,130	1,851,010	1,851,050
Total bills and securities	1,118,230	2,412,230	2,380,040	2,347,680	2,355,810
Total resources	5,416,390	5,768,580	5,746,400	5,723,670	5,802,990
Federal Reserve notes in actual circulation	1,901,840	2,834,160	2,857,800	2,843,610	2,838,770
Deposits—Memberbank—reserve account	2,382,300	2,072,160	2,012,130	2,069,460	2,079,660
Total deposits	2,605,240	2,169,350	2,115,330	2,134,690	2,173,820
Capital paid in and surplus	441,870	413,810	413,210	413,570	412,850
Total liabilities	5,416,390	5,768,580	5,746,400	5,723,670	5,802,990
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	80.8%	56.5%	57.2%	57.9%	58.4%

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

	Aug. 20, 1931.	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.	Aug. 18, 1932.
Total gold reserve	1,191,610	789,270	744,170	777,500	810,300
Total bills discounted	38,770	103,650	98,430	94,490	90,970
Bills bought in open market	63,170	13,570	15,450	13,910	11,450
Total U.S. Govt. securities	219,550	704,990	708,290	711,290	711,290
Total bills and securities	324,850	826,450	826,750	824,010	818,040
Deposits—Memberbank—reserve account	1,036,180	949,620	894,060	949,730	959,070
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	83.6%	52.9%	51.5%	52.7%	53.9%

FEDERAL RESERVE MEMBER BANKS.
In \$'s (000,000's omitted).

	Aug. 5, 1931.	July 6, 1932.	July 13, 1932.	July 20, 1932.	July 27, 1932.	Aug. 3, 1932.
Loans	14,506	11,116	11,149	11,028	10,992	10,996
Investments	7,758	7,416	7,329	7,305	7,342	7,700
Deposits	13,414	10,799	10,879	10,735	10,750	10,751
Time deposits	7,099	5,542	5,825	5,837	5,588	5,612
Due from banks	1,546	1,175	1,190	1,166	1,147	1,217
Due to banks	3,456	2,636	2,632	2,601	2,556	2,685
Federal reserve borrowings	58	197	207	229	214	188

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

	July 24, 1931.	June 24, 1932.	July 1, 1932.	July 8, 1932.	July 15, 1932.	July 22, 1932.
Gold coin and bullion	8,474	7,861	7,779	7,742	8,148	8,009
Subsidiary coin	364	506	499	505	515	520
Bills discounted: Domestic and Union Gov. Treas.	288	797	1,543	1,532	1,522	1,995
Bills discounted: Foreign	7,567	15	12	9	5	6
Investments	2,069	1,441	1,601	1,594	1,354	1,225
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	802	9	9	9	9	9
Notes in circulation	6,533	6,541	8,146	7,905	6,819	6,309
Government deposits	2,580	1,432	1,298	1,143	1,452	1,627
Bankers' deposits	5,198	4,314	4,380	4,371	4,507	4,242
Ratio of cash reserves to liabilities to public	44.6%	65.2%	58.4%	61.7%	66.6%	65.4%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loan, namely, £792,916, has been written off Reserve.

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

	July 24, 1931.	June 24, 1932.	July 1, 1932.	July 8, 1932.	July 15, 1932.	July 22, 1932.
Total assets	31,01.54	29,71.03	29,44.72	28,84.33	28,39.52	29,00.95
Loans	9,08.63	8,19.84	8,39.80	8,33.18	8,17.81	7,91.54
Cash credits	28,47.54	26,15.29	26,56.28	25,58.29	24,68.87	23,57.06
Interest bills	3,89.57	2,49.07	1,80.07	1,77.36	2,07.47	1,69.92
Interest bills	3,89.57	2,49.07	1,80.07	1,77.36	2,07.47	1,69.92
Debt stock	51.06	18.20	14.76	13.73	17.15	18.00
Balance with other banks	2,72.32	2,68.85	2,64.37	2,64.71	2,64.82	2,64.94
Cash	28.07	17.10	57.80	44.72	58.12	31.10
LIABILITIES	19,52.73	19,26.13	21,67.81	21,18.74	23,10.71	25,19.73
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,42.50	5,00.00	5,00.00	5,00.00	5,15.00	5,15.00
Total deposits	83,71.78	76,72.81	79,92.77	77,46.82	78,22.43	78,81.42
The above includes—						
Deposits in London	1,001	983	1,085	1,105	1,131	1,114
Advances in London	914	1,105	1,007	1,009	967	1,266
Cash, etc., at other Banks in London	212	131	437	338	439	236

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

	Aug. 14, 1931.	July 22, 1932.	July 29, 1932.	Aug. 5, 1932.	Aug. 12, 1932.
Assets					
Gold	58,558,271	82,310,024	82,167,515	82,178,945	82,226,054
Foreign assets					
Right deposits	14,095,854	4,472,858	3,384,489	3,365,190	3,328,412
Bills, etc.	14,583,767	1,843,097	2,097,323	2,098,267	2,098,267
Home bills	3,899,209	3,179,564	3,904,828	3,002,946	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,803,544	2,753,522	2,747,067	2,823,307	2,796,169
Negotiable Bonds	5,064,818	6,625,695	6,620,893	6,620,893	6,620,893
Sinking Fund Dept.	4,651,661	5,361,210	5,794,056	5,986,160	...
Other assets (excluding forward exch.)	78,393,676	80,801,912	82,117,772	81,597,551	80,769,619
LIABILITIES					
Notes in circulation	9,739,231	4,162,028	3,740,511	4,200,670	4,074,686
Public deposits	17,171,200	22,966,194	21,707,180	20,990,050	21,849,517
Private deposits	2,553,018	2,519,365	2,350,896	2,479,437	...
Other liabilities	...	...	...	...	...

THE REICHBANK.—In Reichsmarks (000's omitted).

	Aug. 15, 1931.	July 30, 1932.	Aug. 6, 1932.	Aug. 13, 1932.
Assets				
Gold	1,358,784	766,216	762,961	763,104
Of which deposited abroad	99,553	62,722	61,394	61,394
Reserve in foreign currencies	317,024	127,870	131,394	132,658
Reserve of exchange and cheques	3,104,000	3,155,143	3,071,066	2,938,161
Silver and other coin	88,494	180,040	208,592	248,831
Notes of other German banks	11,802	2,430	6,820	8,963
Advances	9,957	224,032	106,160	106,849
Investments	10,971	365,218	365,218	365,056
Other assets	911,993	792,681	792,681	800,748
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Notes in circulation	337,331	417,426	417,426	417,426
Reserve in circulation	4,237,315	3,965,868	3,965,868	3,743,124
Other daily maturing obligations	825,587	379,591	379,591	379,591
Other liabilities	699,728	699,728	699,728	719,317
Cover of note circulation	39.8%	22.5%	23.4%	24.0%

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

	Position, May 28, 1931.	Aug. 12, 1931.	July 19, 1932.	July 26, 1932.	Aug. 2, 1932.	Aug. 9, 1932.
Assets						
Gold	232,650	1,561,559	2,599,403	2,628,237	2,628,321	2,628,401
Foreign bills and balances abroad	232,650	823,095	823,095	823,095	823,095	823,095
Silver and other coin	697,600	24,165	6	58,398	58,754	59,130
Securities	697,600	834,702	814,897	769,921	710,442	679,206
LIABILITIES						
Notes in circulation	934,150	3,380,279	3,695,140	3,698,101	3,700,702	3,688,371
Current accounts	112,125	254,832	121,616	140,972	121,558	144,936

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

	Position, May 30, 1931.	Aug. 17, 1931.	July 25, 1932.	Aug. 1, 1932.	Aug. 8, 1932.	Aug. 15, 1932.
Assets						
Gold	163,092	640,360	1,015,800	1,020,649	1,022,403	1,023,878
Foreign bills and balances abroad	8,436	35,364	18,393	17,315	17,282	18,499
Foreign bills discounted	235,504	54,477	44,783	45,604	44,880	45,118
Home bills	229,986	69,023	71,336	71,336	71,336	71,336
Loans and advances in current acct.	87,985	92,971	97,048	85,228	86,380	...
LIABILITIES						
Notes in circulation	316,632	935,270	983,259	1,015,567	995,885	988,385
Deposits	8,016	170,497	200,680	259,257	270,888	277,750

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

	Position, May 30, 1931.	Aug. 15, 1931.	July 23, 1932.	July 30, 1932.	Aug. 6, 1932.	Aug. 13, 1932.
Assets						
Gold	22,971	109,853	150,100	150,500	149,360	148,880
Foreign bills and balances abroad	22,971	44,921	99,710	92,900	93,920	90,960
Discounts, advances, and other investments	77,867	99,710	92,900	93,600	93,920	90,960
LIABILITIES						
Notes in circulation	109,499	247,092	218,100	218,800	223,230	222,090
Deposits and bills payable	11,250	22,812	35,700	37,100	33,810	33,960

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

	Position, May 31, 1931.	Aug. 15, 1931.	July 23, 1932.	July 30, 1
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Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
July 28	11	11	11	11	11	11	11
Aug. 4	11	11	11	11	11	11	11
" 11	11	11	11	11	11	11	11
" 18	11	11	11	11	11	11	11

RATES OF EXCHANGE.

London on	Usance.	Par.	Aug. 20, 1932.	Aug. 11, 1932.	Aug. 18, 1932.
New York	dollars to £1	Cable	4.86 1/2	4.85 1/2	3.47 1/2
Montreal	dollars to £1	Cable	4.86 1/2	4.85 1/2	3.47 1/2
Paris	francs to £1	T.T.	124.21	123.93-97	88 1/2
Berlin	marks to £1	T.T.	20.43	20.43	14.56-55
Amsterdam	florins to £1	T.T.	12.107	12.04 1/2	8.62-64
Brussels	belgas to £1	T.T.	35.00	34.85-87	25.10-20
Madrid	liras to £1	T.T.	92.46	92.87-90	68 1/2
Zurich	francs to £1	T.T.	25.22 1/2	24.96 1/2-97 1/2	17.85-95
Oslo	kroner to £1	T.T.	18.159	18.17 1/2	19 1/2-20
Stockholm	kroner to £1	T.T.	18.159	18.15 1/2-16	19.45-55
Copenhagen	kroner to £1	T.T.	18.159	18.17 1/2-18	18 1/2-18
London	pounds to £1	T.T.	25.22 1/2	24.96 1/2-97 1/2	17.85-95
Vienna	schillings to £1	T.T.	34.56 1/2	34.50-60	28.30 1/2
Prague	krone to £1	T.T.	164 1/2	163 1/2-164 1/2	117 1/2-118 1/2
Belgrade	dinars to £1	T.T.	276.316	274 1/2-275	205-225
Budapest	pengo to £1	T.T.	27.82	27.90-28.00	20.21 (a)
Warsaw	zlotys to £1	T.T.	813.6	816-817 1/2	575-595
Constantinople	piastres to £1	T.T.	673.659	658-673	480-510
Manila	pesos to £1	T.T.	37.5	37.5-37 1/2	530-550
Colon	pesos to £1	T.T.	110	102 1/2-103	720-770 1/2
San Pedro de Macoris	pesos to £1	T.T.	9.46	9.430-438	6.87 1/2-9 1/2
Sanchez	pesos to £1	T.T.	43.38	43 1/2	30 1/2-31 1/2
King of the Netherlands	florins to £1	T.T.	193.23	193-193 1/2	230-5
Kyoto	yen to £1	T.T.	48.65	48 1/2-49	34-36
Seoul	won to £1	T.T.	18.159	18.15-18 1/2	12-14
Algeria	francs to £1	T.T.	25.22 1/2	25.17-27	17-19
Alexandria	piastres to £1	T.T.	97 1/2	97 1/2	97 1/2-97 1/2
Buenos Aires	pesos to £1	T.T.	47.62d.	31 1/2	5 1/2
Rio de Janeiro	pesos to £1	T.T.	5.899	5.899	5.899
Montevideo	pesos to £1	T.T.	51	21-22	28-32 1/2
Valparaiso	pesos to £1	T.T.	40	39-69	58 1/2
Santiago	pesos to £1	T.T.	17.3	17.28 1/2	17.50 1/2
Colon	pesos to £1	T.T.	110	102 1/2-103	720-770 1/2
San Pedro de Macoris	pesos to £1	T.T.	9.46	9.430-438	6.87 1/2-9 1/2
Sanchez	pesos to £1	T.T.	43.38	43 1/2	30 1/2-31 1/2
King of the Netherlands	florins to £1	T.T.	193.23	193-193 1/2	230-5
Kyoto	yen to £1	T.T.	48.65	48 1/2-49	34-36
Seoul	won to £1	T.T.	18.159	18.15-18 1/2	12-14
Algeria	francs to £1	T.T.	25.22 1/2	25.17-27	17-19
Alexandria	piastres to £1	T.T.	97 1/2	97 1/2	97 1/2-97 1/2
Buenos Aires	pesos to £1	T.T.	47.62d.	31 1/2	5 1/2
Rio de Janeiro	pesos to £1	T.T.	5.899	5.899	5.899
Montevideo	pesos to £1	T.T.	51	21-22	28-32 1/2
Valparaiso	pesos to £1	T.T.	40	39-69	58 1/2
Santiago	pesos to £1	T.T.	17.3	17.28 1/2	17.50 1/2
Colon	pesos to £1	T.T.	110	102 1/2-103	720-770 1/2
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Santiago	pesos to £1	T.T.	17.3	17.28 1/2	17.50 1/2
Colon	pesos to £1	T.T.	110	102 1/2-103	720-7

Manitoba, Vancouver, ex ship, 28s. 6d., against 28s. 9d.; Australian, ex ship, 28s., against 28s. 9d. a week ago.

WHEAT FLOUR.—International trade in flour has been on a small scale. North American shipments, at 109,000 sacks, showed a decrease of 8,000 sacks, as compared with the previous week. Of this total, 32,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. 6d. per sack of 280 lbs., as compared with 25s. 6d. last week; delivered London, 24s. 6d., against 24s. 6d. Manitoba patents, ex store, 25s. 6d. to 28s., against 25s. 6d. to 28s.; and Australian, ex store, 18s. 9d. to 20s., against 20s. to 21s. a week ago.

BARLEY.—Business in barley has been quiet, particularly on the Continent. The chief sources of supply were Russia and the Danubian countries. On Wednesday, "October" futures were quoted at 33½ cents per bushel in Winnipeg, against 35 cents last week and 31½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 26s. to 27s., as compared with 26s. to 27s.; "River Plate," landed, 23s. 6d., against 24s. 6d. a week ago.

OATS.—The market in oats has been less active, though Argentine varieties continued to find an outlet in Continental countries. The demand for Canadian has been on a smaller scale despite concessions in price. "September" futures, which last week stood at 17½ cents per bushel in Chicago, sold at 16½ cents per bushel on Wednesday this week, against 17½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 3d. per 320 lbs., as compared with 18s. 3d. last week; "River Plate," ex ship, 17s. 6d., against 17s. 3d.; "Chilean White," landed, 24s. to 25s. 6d., against 24s. 6d. to 25s. 6d. a week ago.

MAIZE.—Although the demand for maize, particularly on the Continent, was again active, prices suffered a slight setback owing to increased offerings from Argentina and elsewhere. Wednesday's quotation in Chicago for "September" futures, at 31½ cents, shows a fall of ½ cent per lb. on last week, and a rise of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 3d. per 480 lbs., compared with 21s. 9d. last week; "Plate," ex ship, 20s. 3d., as against 20s. 6d.; "Plate," September-October, 20s. 3d., as against 20s. 9d. Yellow maize, ex wharf, was quoted at £6 per ton, against £6 a week ago.

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

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to August 13	Owts. 28,217	Owts. 25,824	Owts. 62,816	Owts. 32,181
50 weeks to August 13	3,811,519	4,928,433	9,627,170	9,769,375
Average price of English wheat per cwt.	s. d. 6 7	s. d. 6 6	s. d. 8 5	s. d. 12 3

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Aug. 6, 1932	Owts. 26,830	Owts. 1,786	Owts. 4,088	s. d. 6 7	s. d. 6 8	s. d. 7 10
Aug. 13, 1932	28,217	1,752	4,466	6 7	6 9	7 7
Aug. 11, 1928	64,499	3,599	5,416	10 9	10 7	11 2
Aug. 10, 1929	39,062	2,900	7,415	12 0	9 10	9 7
Aug. 16, 1930	62,816	4,818	11,133	8 5	6 8	6 5
Aug. 15, 1931	25,824	1,866	6,427	6 6	7 6	6 5

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Aug. 19, 1931.	Jan. 4, 1932.	Aug. 10, 1932.	Aug. 17, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	48½	62½	61½	58
Chicago (No. 2 Winter)	130½	79½	55½	55½	55½	50½

The visible supply of wheat in Canada, at 64,117,000 bushels, shows a decrease on the week of 5,239,000 bushels. Supplies a year ago stood at 61,438,000 bushels.

OTHER FOODS.

SUGAR.—The New York market in sugar opened easier on Monday, but subsequently advanced again on bear covering, an increased demand for raw sugar and the news of an advance in the quotations for refined grades. The course of prices in London followed closely the development in New York. "September" futures in New York were quoted at 1-10 cents per lb. on Wednesday, against 1-10 cents per lb. a week ago, and 1-02 cents per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 6s. 7½d. to 6s. 7½d. per cwt., against 6s. 7d. to 6s. 7½d., and "March, 1933," at 6s. 11½d. to 7s. 0½d., against 6s. 8½d. to 6s. 9½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below.

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	394	196	1,227	877	11,820	27,177
Liverpool	*	12,331	*	13,319	*	76,522
Total	394	12,527	1,227	14,196	11,820	103,699
Last week	20†	22,544	600†	13,293	12,663†	105,368

* Not available.

† London only.

COFFEE.—The New York market in coffee was characterised by a steady demand at rising prices. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8½ cents a week ago. The improvement which became noticeable at the public auctions in London last week was maintained on Tuesday. Demand was good and some varieties advanced in price. Last week's movements of coffee in London were as follows: Brazilian, landed, 20 bags; delivered for home consumption, 537 bags; exported, 734 bags; stocks, 18,168 bags, against 1,927 bags last year. Central American, landed, 626 packages; delivered for home consumption, 1,902 packages; exported, 2,074 packages; stocks, 100,508 packages; against 98,381 a year ago. Other kinds, landed, 1,837 packages; delivered for home consumption, 2,012 packages; exported, 527 packages; stocks, 73,599 packages, against 79,569 a year ago.

COCOA.—Last week's sharp advance in the price of cocoa in London and New York gave way to a slightly easier tendency this week. "September" futures were quoted at 4-35 cents per lb. in New York on Wednesday, against 4-51 cents per lb. a week ago and 4-07 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 28s. 3d. per cwt., c.i.f. Continent, shows a fall of 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 4,662 bags; delivered for home consumption, 3,251 bags; exported, 94 bags; stocks, 152,748 bags, as against 224,003 last year.

TEA.—The quantities catalogued for this week's auction comprised 49,294 packages of Indian, and 28,864 packages of Ceylon tea. This week's tea auctions were characterised by a good demand at steady prices for common and superior teas, and a neglect of medium varieties. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended July 31.		Seven Months ended July 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	5,032,650	4,662,970	28,376,920	33,211,317
B. Feeding stuffs for animals	351,076	429,181	2,732,342	3,708,114
C. Meat	8,543,229	6,663,239	55,222,161	47,706,474
D. Animals, living, for food	954,326	692,618	7,626,456	6,718,046
E. & F. Other food and drink	19,643,939	16,121,026	132,962,864	118,302,911
G. Tobacco	562,147	688,752	5,703,871	4,034,746
Total, Class I.	35,087,367	29,257,786	232,618,614	213,681,608
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,328	1,910	19,143	16,975
B. Other non-metallic mining and quarry products and the like	360,048	284,193	2,358,560	2,049,771
C. Iron ore and scrap	185,758	135,903	1,495,185	1,214,146
D. Non-ferrous metalliferous ores and scrap	556,535	306,093	4,481,524	3,798,441
E. Wood and timber	4,369,884	3,367,015	14,188,911	13,487,228
F. Raw cotton and cotton waste	1,504,913	1,527,715	14,829,611	17,294,728
G. Wool, raw and waste, and woollen rags	1,768,765	1,404,520	26,006,989	23,945,209
H. Silk, raw, knubs and noils	75,530	82,779	713,515	864,372
I. Other textile materials	349,978	229,126	3,989,748	4,500,166
J. Oil seeds, nuts, oils, fats, resins, and gums	1,852,708	1,602,132	15,834,840	13,950,882
K. Hides and skins, undressed	736,248	670,785	6,675,772	7,963,315
L. Paper-making materials	970,802	881,711	5,291,026	5,502,817
M. Rubber	294,504	156,654	3,226,543	1,573,591
N. Miscellaneous raw materials and articles mainly unmanufactured	940,563	394,719	4,833,393	4,142,242
Total, Class II.	13,569,564	10,845,255	103,944,760	100,303,883
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	485	1,350	10,338	11,708
B. Earthenware, glass, abrasives, &c.	811,906	391,544	5,212,682	2,750,272
C. Iron and steel and manufactures thereof	1,557,035	548,982	10,650,190	6,053,758
D. Non-ferrous metals and manufactures thereof	1,780,448	770,337	12,424,482	8,193,441
E. Cutlery, hardware, implements, and instruments	579,959	392,479	3,918,366	2,334,641
F. Electrical goods and apparatus	459,347	198,348	2,842,058	1,339,395
G. Machinery	1,227,093	635,309	8,524,154	6,541,111
H. Manufactures of wood and timber	601,650	322,812	4,084,240	3,496,532
I. Cotton yarns and manufactures	686,331	171,781	4,822,162	862,551
J. Woollen and worsted yarns and manufactures	1,045,406	187,870	7,349,819	1,176,775
K. Silk and silk manufactures	607,544	240,305	5,031,310	2,451,570
L. Manufactures of other textile materials	1,229,072	608,344	8,443,156	5,205,592
M. Apparel	1,630,484	540,767	11,643,200	4,154,699
N. Chemicals, drugs, dyes, and colours	973,972	749,616	7,127,227	5,608,055
O. Oils, fats, and resins, manufactured	2,191,697	2,378,231	17,677,420	18,313,288
P. Leather and manufactures thereof	1,010,502	580,626	7,084,809	4,866,581
Q. Paper and cardboard	1,441,884	1,202,872	8,588,767	7,512,877
R. Vehicles (including locomotives, ships and aircraft)	266,136	235,951	2,229,841	1,910,503
S. Rubber manufactures	248,947	141,303	1,913,822	1,000,709
T. Miscellaneous articles, mainly or wholly manufactured	2,395,979	1,090,289	15,521,787	9,297,199
Total, Class III.	20,745,967	11,389,416	145,099,830	93,091,257
IV.—Animals, not for food	279,612	216,005	2,019,841	1,694,038
V.—Parcel Post	475,895	213,031	4,214,132	3,061,764
Total	70,158,405	51,921,493	487,897,177	411,832,550

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
August 13, 1931 ...	9-46	7-45	13-50	6-39	6-53	7-12	10-64
July 14, 1932	7-39	6-77	7-98	4-95	4-71	5-93	7-22
July 21, "	7-53	6-72	8-32	5-05	4-72	6-06	7-51
July 28, "	7-58	6-75	8-39	5-04	4-72	6-53	7-49
August 11, "	7-71	6-61	8-07	4-71	4-22	6-28	7-24

RICE.—The market in rice was a little more active. Spot prices remained unchanged, but forward prices showed a slight advance on last week. Wednesday's "spot" price, at 9s. 3d. per cwt., shows no change on last week, while forward positions, at 8s. 1½d. per cwt., show a rise of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 5 tons; delivered, 162 tons; stocks, 2,897 tons, as against 1,009 tons last year.

POTATOES.—The principal markets have been well supplied with potatoes, and prices declined further. At the London Borough Market, "King Edward" was sold at 5s. to 6s. per cwt., against 5s. 6d. last week and 7s. to 8s. per cwt. a fortnight ago.

PEPPERS.—The market in pepper was quiet, and prices failed to recover. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the corresponding day last week. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 11 tons; stocks, 350 tons, against 570 tons last year. White, landed, 43 tons; delivered, 46 tons; stocks, 479 tons, against 493 tons a year ago.

MEAT.—The outstanding feature of the course of prices at the Smithfield market this week was the sharp fall in the quotation for Argentine beef. British-grown beef and mutton and New Zealand mutton remained substantially unchanged. On Wednesday,

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended July 31.		Seven Months ended July 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	270,206	255,857	1,925,322	2,190,468
B. Feeding stuffs for animals	128,178	83,925	1,273,189	1,044,375
C. Meat	91,817	72,674	697,668	612,251
D. Animals, living, for food	5,057	7,933	107,917	77,770
E. & F. Other food and drink	1,860,268	1,588,943	13,053,357	11,790,801
G. Tobacco	368,843	333,047	3,394,547	2,618,521
Total, Class I.	2,724,369	2,342,379	20,452,000	18,334,186
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,876,606	2,762,968	20,040,889	18,693,095
B. Other non-metallic mining and quarry products and the like	102,085	79,802	660,990	507,773
C. Iron ore and scrap	44,239	13,418	275,206	108,000
D. Non-ferrous metalliferous ores and scrap	45,456	52,872	274,971	278,214
E. Wood and timber	16,184	10,497	131,816	72,960
F. Raw cotton and cotton waste	30,033	26,129	184,106	271,689
G. Wool, raw and waste, and woollen rags	256,621	173,738	1,786,669	1,734,436
H. Silk, raw, knubs and noils	788	451	5,040	7,584
I. Other textile materials	29,520	24,656	110,499	172,264
J. Oil seeds, nuts, oils, fats, resins, and gums	184,829	134,494	1,527,235	1,096,571
K. Hides and skins, undressed	47,403	25,244	506,216	292,706
L. Paper-making materials	70,315	57,289	424,246	400,291
M. Rubber	7,752	6,637	58,517	72,247
N. Miscellaneous raw materials and articles mainly unmanufactured	133,014	109,908	1,597,146	1,526,242
Total, Class II.	3,844,845	3,478,103	27,538,896	25,234,072
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	189,833	199,623	1,499,057	1,403,422
B. Earthenware, glass, abrasives, &c.	785,556	653,574	4,986,214	4,440,895
C. Iron and steel and manufactures thereof	2,599,030	2,413,052	18,388,990	16,670,730
D. Non-ferrous metals and manufactures thereof	674,764	463,130	4,323,334	3,735,564
E. Cutlery, hardware, implements, and instruments	501,389	472,635	3,155,185	3,225,723
F. Electrical goods and apparatus	691,324	429,904	4,842,327	3,260,355
G. Machinery	2,693,365	2,607,922	19,685,213	18,686,657
H. Manufactures of wood and timber	122,674	82,274	858,424	732,401
I. Cotton yarns and manufactures	5,368,353	5,389,062	36,997,520	38,643,179
J. Woollen and worsted yarns and manufactures	2,500,195	2,124,879	14,948,670	14,035,608
K. Silk and silk manufactures	96,477	82,250	650,300	616,240
L. Manufactures of other textile materials	1,188,510	1,022,612	7,740,867	7,738,873
M. Apparel	1,192,740	890,332	8,025,754	7,047,070
N. Chemicals, drugs, dyes, and colours	1,571,315	1,445,804	10,487,646	10,563,213
O. Oils, fats, and resins, manufactured	494,702	409,779	3,265,408	2,870,391
P. Leather and manufactures thereof	288,386	201,584	1,919,318	1,640,893
Q. Paper and cardboard	567,740	507,095	3,645,737	3,826,445

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.—				POTATOES—				English Southdown, washed per lb. 10				Best heavy ox and heifer			
Wheat—	a. d.	a. d.	a. d.	Irish bladders.....	54	0	58	0	10	10	10	Best cow, washed	0	34	0
No. 2, N. Man. 496 lb.	28	9		American, boxes, 56 lbs. 49	0	50	0	10	10	10	10	Best calf	0	34	0
Barley, Eng. 496 lb.	6	9		Good English, per cwt.	5	0	6	0	10	10	10		0	24	0
Oats—	7	7		SPICES—											
Maize, La Plata, landed	21	3		Pepper, per lb.—											
490 lb. Lon. stan. ex mill.	23	3		Munich, fair White	0	7 1/2									
280 lb. No. 2 Burma, per cwt.	8	1 1/2		Black Lampong	0	6 1/2									
Tapoca, per cwt.—				Cinnamon—1st sort, per lb.	0	7									
Fair Flax, Singapore..	11	0		Cloves—Zanzibar per lb.	0	7 1/2									
MEAT—				Ginger—per cwt.—											
Beef, per 8 lbs.—				African	22	6									
English long sides.....	4	6	5	Jamaica, ord. to good	55	0	85	0							
Argentine chilled hinds	4	0	4	Mace	0	8	1	8							
Mutton, per 8 lbs.—				Nutmegs 65s	1	5									
English wethers	3	4	4	SUGAR—											
N.Z. frozen	2	4	2	(Duty, 11s. 8d. per cwt.)											
Pork, English, per 8 lbs.	3	8	4	B.W.I., crystallised	16	6	18	9							
				Java, white, c. & f. India	8	0									
				Ang.-Oct											
				REFINED—											
				Yellow Crystals	19	4 1/2									
				Cubes	23	9	24	3							
				Crushed	21	9	22	3							
				Granulated	19	9	20	7 1/2							
				Home Grown	19	1 1/2	19	6							
				TRA—											
				Indian—per lb.—											
				Pekoe	0	5 1/2	1	6							
				Broken Pekoe	0	5	1	4 1/2							
				Orange Pekoe	0	5 1/2	1	4 1/2							
				Broken Orange Pekoe	0	5 1/2	1	4 1/2							
				Ceylon—per lb.—											
				Pekoe	0	5 1/2	1	4 1/2							
				Broken Pekoe	0	5 1/2	1	4 1/2							
				Orange Pekoe	0	5 1/2	1	4 1/2							
				Broken Orange	0	5 1/2	1	4 1/2							
				TOBACCO—											
				(Duty 9/6-10/6 per lb.)											
				Empire growths, 7/5-8/4 per lb.)											
				Virginia leaf—											
				Common to fine	0	9	3	0							
				Rhododend leaf	0	9	2	6							
				Nyssa leaf	0	8	1	6							
				strips	0	8	2	0							
				Best Indian leaf	0	5	0	10							
				strips	0	5 1/2	1	6							
				COTTON—											
				Mid-American	5	75									
				Bakelardite, i.g.f.	8	05									
				Yarns, 32's twist	14 1/2										
				60's twist	14 1/2										
				FLAX—											
				Livonian EK	40	0	42	0							
				Pernan HD	40	0	45	0							
				Slanets Medium 1st sort	40	0	45	0							
				HEMP—											
				Italian P.O.	42	0									
				Manila Aug.-Oct. "J" 2"	19	10									
				Shal, African, Aug.-Oct. 14 15 16 0											
				JUTE—											
				Native 1st mks. ... per ton											
				Aug.-Sept.	19	10									
				Deluxe 2/3 c.l.f. Dundee	18	15	0								
				September-October	18	15	0								
				SILK—											
				c.l.f. H.A.B.B.	7	0	9	6							
				Tussah	3	6	4	6							
				Japan	8	0	10	6							
				Italian—raw, fr. Milan	8	0	10	0							

HIDE, LEATHER AND ALLIED TRADES.—There has been a further upward movement in the price of hides this week, and although business for some sorts may not have been quite so large as has been the case lately a steady trade has been passing most of the time. At the Manchester sales of English hides, ox and heifers sold at last figures to an advance of 1/4d. per lb., as was also the case with cows. Calveskins were unchanged in value, and there is little in the present state of the sheepskin market to warrant higher prices being realised for these. Imported hides are distinctly firmer, and would seem to have arrived at a level where tanners are less disposed to pay the figures asked. In the South American market wet-salted Argentine ox are quoted at 4d., while 4 1/2d. has been paid for cows and 4 1/2d. for Montevideo ox. Dry hides from the same origin have gained in value, B. A. Americanos being offered at 5 1/2d., Inservibles at 3 1/2d., Cuyabanos at 4 1/2d., and M. V. Americanos at 6 1/2d. African hides have inclined to be on the quiet side with the exception of Capes, sales of which have been made at 5 1/2d. and 4 1/2d. for first and second dries, and 5d. and 4d. for dry-salted in the same selection. Small transactions have taken place in regard to Australians, values for which are slightly firmer. No large business has transpired in the leather market, but a very respectable amount of inquiry has come to hand for stock, in addition to which regular sales of small parcels have been made from day to day. Interest this week has been chiefly concerned with English and wet-salted bends in the light and medium weight, and in some directions sales have totalled up to quite a fair aggregate. Moderate transactions have also been negotiated in regard to bends made from dry hides in certain grades, but there has been no improvement in the inquiry for heavy weight bends in both sorts. Sales of offal have been fair for pinned stock, but rough bellies and shoulders continue a quiet market. Little alteration has taken place in the state of the market for upper leathers. Orders have usually been for parcels of glacé kid and willow calf, in addition to which inquiries have been made for box calf and patent leather. Semi-chrome upper leather and real and imitation reptiles are a slow sale.

RUBBER.—The market in rubber was firm under active support from the United States. Consumption in that country declined from 39,116 tons in June to 28,272 tons in July. In New York,

Wednesday's spot price for rubber, at 3 1/2 cents per lb., shows a fall of 1/4 cent on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2 1/4d. per lb., against 2 1/2d. per lb. on the corresponding day last week. In forward positions, business has been done at 2 1/4d. for April-June, 1932, as against 2 1/2d. to 2 3/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 951 tons; delivered, 2,475 tons; stocks at the end of last week, at 105,475 tons, show a decrease of 1,524 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES

(New York quotations, unless otherwise stated.)

July 20, August 10, August 17

	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	45 1/2	55 1/2	50 1/2
Maize, nearest future, Chicago, per			
bushel	30 1/2	31 1/2	31 1/2
Oats, nearest future, Chicago, per			
bushel	17 1/2	17 1/2	16 1/2
Rye, nearest future, Chicago, per			
bushel	28 1/2	34 1/2	31
Coffee, Rio No. 7, cash, per lb.	7 1/2-8	8 1/2	8 1/2
Santos No. 4, cash, per lb.	10 1/2	11 1/2-11 1/2	12-12 1/2
Cocoa, Acra, nearest future, per lb.	4.07	4.51	4.85
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3.10	3.15	3.18
Cotton, middling, spot, per lb.	5.80	7.15	7.45
Rubber, smoked sheet, spot, per lb.	2 1/2	3 1/2	3 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic,			
spot, per lb.	5 1/2	5 1/2	5 1/2
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	4.70	5.38 1/2	5.45
Spelter, East St. Louis, spot, per lb.	2.50	2.80	2.75
Lead, spot, per lb.	2.65	3.10	3.30
Tin, "Straita," spot, per lb.	21.00	22.85	23.95

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WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXV.

SATURDAY, AUGUST 27, 1932.

No. 4,644.

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THE MONEY MARKET.

This week money became distinctly more usable. It is true that little change occurred at the week-end, and new money was then quoted at 1/4 per cent. and renewals at 1/2 per cent. The absence of Treasury bill maturities on Monday, however, coupled with payments for new bills, brought the rate for new money up to 1/2 per cent., and also caused a firmer tendency in discounts. On Tuesday the excess of Treasury bill payments over maturities curtailed the supplies of funds still further, and raised

the rate for new money to $\frac{1}{2}$ per cent. This stringency persisted on the two following days, for although maturing Treasury bills were beginning to fall due, there was fairly heavy calling by one of the clearing banks. The result was that by Thursday afternoon a full $\frac{1}{2}$ per cent. had to be paid both for old money and new, while the market was having to borrow a fair amount from the clearing banks at their minimum rate of 1 per cent.

Discount rates have responded to the increased monetary stringency. Last week's offerings of Treasury bills were again £45.0 millions, and the average tender rate moved slightly more in favour of applicants at 11s. 3.2d. per cent., against 10s. 6.57d. per cent. the week before. "Hot" Treasury bills were quoted over the week-end at $\frac{1}{2}$ per cent. During the current week lack of buying by the banks and the harder tendency of money gradually drove the rate up until on Thursday afternoon hot "Treasury" bills were quoted at $\frac{1}{2}$ per cent. and over, while the following day's tender rate was expected to be $\frac{1}{2}$ or even $\frac{3}{4}$ per cent. Three months' bank bills were quoted at $\frac{1}{4}$ per cent. on Thursday and German standstill bills at $\frac{1}{2}$ per cent.

The Bank return records the return of a further £2.1 millions of notes from circulation, and in the absence of any gold movements the Reserve has increased by the same amount. There were small changes, amounting in the aggregate to a net increase of £6 millions, in the earning assets held by the Banking Department, but the main change was in deposits. The discrepancy between Treasury bill issues and maturities caused an increase of £12.4 millions in Public Deposits to the unusually large figure of £22.2 millions, while the same cause reduced Bankers' Deposits by £9.9 millions from £89.8 to £79.9 millions. This last change explains the increased stringency apparent in the market.

	Aug. 4, 1932.	Aug. 11, 1932.	Aug. 18, 1932.	Aug. 25, 1932.	Previous Rate and Date Changed
Bank Rate	% 2	% 2	% 2	% 2	2½ (June 30, '32)
Banks' Deposit Rate..	1	1	1	1	1 (May 12, '32)
Discount / Call	1	1	1	1	1 (May 12, '32)
Houses / Notice ...	1	1	1	1	1 (May 12, '32)
Market rate ("hot")	1	1	1	1	1 (May 12, '32)
Treasury bills).....	1	1	1	1	...
Market rate (3 months' bank bills)	1-1	1	1	1	...
Market rate (standstill bills)	1-2	1-2	1-2	1-2	...

The general market impression is that this sudden stringency is purely temporary, and may well be succeeded immediately by a further period of ease. It can safely be said that there has been no change in monetary policy, and while bill brokers naturally welcome the higher discount rates, they are largely powerless to maintain them. At the same time, it is pointed out that while money rates are abnormally low, money is not really plentiful. Under present conditions the withdrawal of £10,000,000 or so is sufficient to drive the market into the clearing banks, and the banks themselves do not appear to have over-much to lend. One market view is that the clearing banks are at the moment carrying an unusual quantity of gilt-edged stocks, and so tend to have a narrower margin of call and short money than usual.

Another cause of higher discount rates is that this week the clearing banks have been buying bills less freely than usual. The market argument is that the main function of the discount houses is to act as a "mixer"—that is, to collect bills from all quarters and to marshal them into parcels suitable for the clearing banks' needs. It follows that the discount houses can only function if the banks are prepared to buy, and any failure on the part of the banks to take up bills throws the whole market out of gear. On the other hand, to judge from the latest available clearing bank returns, the banks' bill portfolios

are considerably greater than they were a year ago, and, in any case, the banks are governed in their policy by the requirements of their customers. Thus the bank that called heavily this week may well have had to meet important drawings by a customer, who may even be some overseas Government or other public body. It does not follow that the banks will not resume buying next week, when the period of pressure may have passed.

This week's floating debt statement shows a rather mysterious increase of £53.5 millions in the Treasury bill issue. The cause of the increase is clear, for the week covered the redemption of the 4 per cent. 1931-33 Treasury bonds, for which £58.6 millions were required. There is, however, no trace of these additional Treasury bills having reached either the Bank or the market, and it is this that has caused some comment as to their holders. A probable explanation is that the bulk of the maturing Treasury bonds were held by Public Departments, which have taken Treasury bills in exchange.

On Saturday last New York reported a gold shipment of \$6.0 millions to France, but this was exactly balanced by an equal reduction in gold earmarked on foreign account. Since then there have been further reductions of \$10.4 millions in foreign earmarkings, together with imports of about \$1.0 millions. The Reconstruction Finance Corporation increased its loans by \$46.7 millions during the last ten days of July. This figure includes 437 new loans and increases on previous loans. The Secretary of the Treasury has been conferring this week with New York bankers and bond dealers, presumably in preparation for the new Government financing due September 15th. \$712 millions of maturing Treasury certificates must be dealt with, and it is believed that a further \$300 millions will be required by the Reconstruction Finance Corporation.

The Foreign Exchange market was extremely quiet this week, and the tendency of the principal currencies was unfavourable to sterling. The New York rate fell from 3.47½ to 3.46, and Montreal from 3.99½ to 3.92. Paris moved less sharply against us to 88½. Brussels improved from 25.08 to 24.90. Milan improved fractionally at 67½, as did Madrid at 48.00. Amsterdam was two points better at 8.60, and Berlin improved sharply from 14.60 to 14.53. Switzerland was firmer at 17.80. The Scandinavian currencies were less unfavourable, Stockholm gaining a point at 19.47 and Oslo being unchanged at 19.97; but Copenhagen lost a point at 18.78. The South American currencies are still largely nominal, Rio being quoted at 5½d. (sellers), Buenos Aires at 84½d. (nominal), and Montevideo unchanged at 29d. In the Far East the feature was the continued weakness of the yen, which fell away from 1s. 4½d. to 1s. 3½d. The rupee was very steady at 1s. 6½d., or no change from last week. Batavia was quoted at 8.70. In the forward market dollars were firmer at $\frac{1}{4}$ cent discount for one month and $\frac{1}{8}$ cent discount for three. Paris was unchanged at 1 and 3 centimes premium. Belgas were weaker at 9 and 22 centimes discount. Milan was quoted at discounts of 1½ lira and 1½ lira for one and three months respectively, and Madrid at discounts of $\frac{1}{4}$ peseta and $\frac{1}{2}$ peseta. Amsterdam was at par for both deliveries, or unchanged from last week. Switzerland was quoted at par for one month, but was at $\frac{1}{4}$ centime discount for three. Silver prices advanced on Indian and Chinese buying, by ½d. to 18½d. for cash, and by ½d. to 18½d. for forward, after being higher. The China silver exchanges were again dearer, Hongkong rising from 1s. 4½d. to 1s. 4½d., and Shanghai from 1s. 8½d. to 1s. 9½d.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

THE HARVEST OF OTTAWA.

It may, or may not, be unfair to accuse the statesmen lately assembled at Ottawa of the intention deliberately to mystify the public as to the fruits of their negotiations. Whether hasty drafting be pleaded in defence, or whether the British delegation, conscious of their initial optimistic declarations, felt uncomfortably aware, as they surveyed the concrete results of Imperial affection, that "there's the beggary in the love that can be reckoned," the fact remains that the Ottawa agreements, summarised on a later page of our present issue, yield a significantly "dusty answer" to those who seek for certainties in the shape of solid economic advantage. There is so much in the way of ambiguous phraseology, so much detail to be filled in where glaring gaps obtrude, that it is still impossible finally to appraise the harvest reaped at this lime-lit conference. Yet this may be said: the draft agreements, incomplete as they are, reveal sufficient indications of the trend of the concerted policy to warrant the conclusion that, from the standpoint of particular British interests and that of the world advantage alike, much more has been lost than has been gained.

Let us endeavour, without partiality or fiscal prejudice, to see what can be set down on the credit side of the Ottawa ledger. It is to the good, admittedly, that the educative experience of this Conference has exploded finally the futile delusions of the Empire Free Trade campaign; that, notwithstanding heated weeks of haggling and log-rolling, an accord of sorts has been patched up whereon the conception of Imperial economic unity may, however precariously, repose; and that, above all, Great Britain has not been forced completely to abandon her ability to maintain at least the position of being, potentially, a low-tariff country. For these mercies we are duly grateful; but, when all is said, there is little enough comfort to be derived from such negative blessings. Positively—and this is the real test—the Conference, as we see it, has failed utterly to realise its only worth-while objective—the expansion, as opposed to the mere diversion, of trade.

On the barren question, which side—Britain or the Dominions—has "won," we do not propose to dwell unduly. Until we know precisely what Dominion duties are to be altered in our favour, it is difficult to assess the value of even the limited "concessions" which we have apparently been promised. Given perpetuance of restrictive tariffs, it is something that our industrialists should have the right to a hearing before Dominion tariff boards. Indeed, if the tariff boards act impartially and their recommendations are adopted by Dominion parliaments, we may find that a check is to some extent imposed on the upward march of tariffs against British goods. At the same time, the agreed principle of compensatory tariffs (with "infant industry" reservations) is in itself a denial of the only sound conception of specialised international exchanges of goods; and we have still to be convinced that the proclaimed "opening" of the Dominion markets to British manufactures will have more than a trivial effect on employment in this country. Yet, as a price for these doubtful gains, we have assumed a fiscal burden, and surrendered our own negotiating power, for a lengthy period and to a far from negligible extent. We are pledged, over the wide range of our existing tariff, to maintain for five years a 10 per cent. preference in the Dominions' favour, with the single reservation that in the case of dairy produce our domestic agriculturists, after three years, may be granted fiscal shelter even against Empire producers. Our diminishing free list is further curtailed by the imposition of duties on foreign wheat, copper, linseed and one special type of maize. On a number of commodities our existing duties are to be raised in order to give greater Imperial preference. In the case of meat and (subject to the Pig Commission's findings) bacon, we are committed to the pernicious folly

of import quotas, combined with approval of producers' cartellisation at the exporting end.

Thus, irresistibly generous or naively "had for a mug," the British Government has gone some way to turn this country fatally into a high-price, high-cost island, in return for promises whose implementation is questionable and whose value, at best, is far from substantial. It has had, on any showing, the worst of the bargain. But this is not the gravamen of the real count against Ottawa. Weighty though the objections may be against the perpetuation and extension, to which we are committed, of our present sweeping tariff, the British Government can still plead successfully that, with certain exceptions, it is free to negotiate reciprocal arrangements with foreign countries on the basis, at any rate, of mutual 10 per cent. duties, thus establishing a minimum standard of fiscal decency. Equally, it can argue that, save for the almost prohibitive proposed copper duty and the tariff on linseed, its new excursions into preferences may not seriously affect British costs. For example, the wheat duty, unless Canada establishes a cast-iron selling pool (and the preference is conditional on sales at the "world price"), will probably hurt the British consumer as little as it benefits the Canadian producer; and the proportion of "flat white" maize in our total maize imports is inconsiderable. In these instances and, it may prove—when the "programme" is published—in the case of meat also, the practical results may turn out to be less harmful (and equally less profitable to any vested Dominion interest) than the essentially vicious principle set up. Where the real failure of Ottawa lies is in the total absence of any vindication of the truth that economic progress is to be sought in the general lowering of tariff barriers. Nowhere in the agreements—and our judgment is confirmed by Mr Bennett's loudly Protectionist exultation—do we detect any evidence that the Dominions have modified in essentials their adherence to the policy of high protective tariffs. Where "general" tariffs are to be altered, they are actually to be raised.

This said, there is little to be added. When silence falls on the nauseating symphony of Imperial wind-instruments braying "triumphal success," the Ottawa agreements stand as the limited achievement in £. s. d. bargains realisable by Great Britain in negotiation with an Empire resolutely determined to protect its own manufacturing industries. They involve, on the one hand, the likelihood of some damage both to our own interests as a food and raw material importing country and to those of our important foreign customers whose goods, to some extent, are to be excluded from this market. On the other hand, though the relatively restricted scope of the agreements may comfort those who feared that Ottawa might seek to create an Empire ringed universally by an impenetrable tariff wall against the outer world, the mere fact that Great Britain has refused, for the most part, to impose, for preferential purposes, inordinate duties, is scant solace to those who hoped that the Conference might justify Mr Baldwin's promise that it would give a lead to "freer trade" throughout a tariff-ridden world. Stripped of their equivocal verbiage—the British right to sales at "world prices," the Dominions' right to "reasonable" protection, the agreement to prohibit imports frustrating "by State action" the proposed preferences—all of which is likely to involve acrimonious controversy hereafter, the Ottawa agreements in substance are narrow and sterile. As a prelude to the World Economic Conference (at Ottawa the bond of sentiment was surely a factor not to be paralleled at Geneva) they are a bitter disappointment. For, if the verdict may be summarised in a sentence, the only visible result of Ottawa is that the Empire has, in part, been humbugged and, in part, so far as concerns Britain's power to pursue policies of fiscal sanity, ham-strung.

POST OFFICE REFORM.

COMPELLED to acknowledge that much of the recent criticism of Post Office administration does not lack substance, but rejecting the main contention put forward by the critics—that the Post Office should be, in whole or in part, “de-nationalised”—the Committee appointed under the chairmanship of Lord Bridgeman to “enquire whether any changes in the constitution, status or system of organisation of the Post Office would be in the public interest,” has presented this week a report* which is in the nature of a cautious compromise. Starting from the premise that the Post Office, as an integral whole, must remain a department of State, the Committee have endeavoured to make suggestions for reorganisation designed to imbue such a department with a spirit of commercial efficiency, and to provide incentives whereby a State-controlled Post Office should be induced to pursue the ideal of progressive development and optimum service to the public. Within their limits, the Committee’s recommendations appear to be on unquestionably sound lines; if adopted, as they deserve to be, by the Government, they should go far to remedy existing defects in many directions. If the report is open to criticism, it is because, in our opinion, its signatories, while indicating promising lines of reorganisation, have not fully faced the real problem, whose difficulty is patently considerable, of laying down the basic principles which should govern the operation of a “commercially-minded” department of State whose objective ex-hypothesi is to be maximum economic efficiency.

In rejecting the proposal that the Communication Services of the Post Office (i.e., excluding its functions in relation to Savings, Pensions, etc.) should be transferred, either in whole or in part, to an independent authority of the public utility company or statutory corporation type, the Committee make out a strong case for their conclusions. As they point out, there are obvious reasons why the Government should be in a position to control the Postal Services; and if the telephone and telegraph services were now to be divorced from the mails and conducted by an independent administration, there would either have to be a wasteful duplication of premises, or, if the existing buildings housed two separate administrations, serious internal friction and administrative difficulty would ensue. Moreover, though we do not attach great weight to the Committee’s view that existing Parliamentary control has much value as a protection to the public using the Post Office Services, there is substance in the Committee’s suggestion that independent management of the Communication Services would by no means infallibly result in the disappearance of the defects which have given rise to complaint. In short, a vast public utility with monopoly powers might not achieve a better organisation, or treat the public with greater consideration, than a Government department.

With regard to the existing shortcomings of the Post Office, the report pays a tribute to the work which the Post Office is performing, and it dismisses, as wholly unfounded, the idea that the personnel can fairly be charged as a whole with either inefficiency or lack of a spirit of willing service in its attitude towards the public. Nevertheless, though their criticisms are judicious and kindly, the Committee are constrained to acknowledge that there is a real need for improvement in many respects. It is admitted, for example, that the high cost of telephone installations, resulting in low telephone density, is working in a vicious circle, hampering development; there are hints in the report that standards of construction are sometimes needlessly expensive; and a significant reference is made to the superior results achieved by the American Telephone and Telegraph Company by methods of “systematic staff training” which the Committee would like to see paralleled in this country. The Committee, however, do not enter very deeply into details of possible improvements; their main finding is that in order to secure greater efficiency there should be

reforms in (a) the relationship of the Post Office to the Exchequer, and (b) the existing internal organisation.

So long as existing financial arrangements continue whereby the Post Office net surplus automatically accrues to the Exchequer, so long, in the Committee’s opinion, “will the tendency to regard the Post Office as a revenue-producing instrument obscure and impede its primary function, which is the service of the public.” It is therefore proposed that the Exchequer should receive from the Post Office a definite annual contribution, and that the residue should be made available for the improvement and development of Post Office facilities. The Post Office, it is suggested, should pay for services rendered to it by other departments (e.g., the Office of Works and the Stationery Office), and, similarly, Postal Services at present rendered free of charge to other departments should, in future, be paid for. On this basis, after an adjustment in respect of pension payments, and after providing that net receipts from wireless licences should be credited to the Exchequer, the Committee estimate that for 1932-33 the net surplus of the Post Office should be £12.3 millions. In the light of these figures, the Committee propose that the “fixed contribution” for the next three years should be £11.5 millions, plus 50 per cent. of any excess over that figure. This arrangement appears to us to be on sound lines; but, we would strongly suggest, the basic figure of £11.5 millions is put considerably too high. The resulting “free surplus” of the Post Office would be less than £500,000 a year; and though the Committee doubtless felt precluded from suggesting, in the present circumstances of the Budget, that the Treasury should forego any large proportion of the increment which it has come to draw from its Postal milch-cow, we see no reason why the fixed contribution should not be limited, even now, to £10 millions, with provision for its progressive reduction, in more propitious circumstances for the Treasury, to a considerably lower figure. If the Committee are really convinced that the Post Office must be given, financially, both incentive and opportunity to promote expansion of its services, they have scarcely displayed, in the financial basis which they recommend, the courage of their convictions.

It is in respect to organisation that the Committee’s proposals are most far-reaching. Analysing the present system, they put their finger emphatically on what is beyond doubt the essential weakness—the fact that in an over-centralised machine the three main functions of administration, finance and engineering run parallel throughout the structure, and are co-ordinated only at the top in a bureaucratic secretariat which has little practical experience of work “in the field,” and little contact with the public. The report observes that individual members of the secretariat possess considerable administrative ability, and it is not proposed to supersede the present methods of recruitment of administrative staff. The recommendation, however, is strongly made that, in place of the present control of the secretariat, there should be substituted a board of management representative of the various branches of the service, and presided over by the Postmaster-General as chairman, and, as deputy chairman, by a Director-General who would, in effect, be General Manager. The function of the new board of management would be to consider and determine broad issues of policy, while greatly extended powers should be delegated to Regional Directors presiding over similar local boards of management, and exercising jurisdiction over all the Services in the locality. Finally, there should be complete fluidity of interchange of staff between headquarters and the provinces; promotion to the higher grades should be by suitability rather than by seniority; and technical personnel should be eligible to rise to the highest administrative posts. Thus reorganised, with closer liaison between engineering and administration, and with the Accountant-General’s department no longer confined to *ex-post facto* criticism, but actively participating in the management, the Post Office, in the Committee’s view, should be set on the road towards greater commercial efficiency and better service to the public.

Such are the main conclusions of the report, though reference should perhaps be made to the not unimportant

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subsidiary proposal that the telegraph service should be completely amalgamated with the telephone service. We trust that the Government will lose no time in putting into effect the Committee’s recommendations as a minimum programme of not unpromising reforms. The question, however, remains to be answered—and the answer can only be given by the proof of experience—whether even on its projected basis the functions of the Post Office are clearly enough defined. The difficulty, as we see it, is this: the Post Office is still to be asked to perform two self-contradictory functions, namely, to develop its facilities on commercially efficient lines, and, at the same time, to provide certain social amenities for which purely commercial justification is lacking. In other words, the high cost of postal facilities, which in itself is a handicap on their economic expansion, is due in part to the necessity of financing out of postal revenues the loss on services (e.g., in thinly-populated areas) which cannot be made to pay their way. Under a purely commercial management such services, the Committee object, would tend to be restricted. The implication is that the national interest would thereby suffer. But, though this is doubtless so, does it follow that the burden of financing the “losing services” should fall solely upon users of postal facilities, with the resulting adverse reactions on the development of cheap services? Would it not be more desirable that a reformed Post Office (whose present tie, incidentally, with the Office of Works and the Stationery Office should, in our view, be completely severed) should separate from the rest its unremunerative accounts in detail, and that, if the Government should decide in the national interest that particular unremunerative installations and services should be preserved, then the cost should fall upon the Exchequer? It is only on this basis that we feel confident of the Post Office, however ably administered, being in a position to develop its functions on really sound commercial lines.

NON-FERROUS METALS: TIN.

THE post-war development of the tin-producing industry resembles that of the copper, lead and zinc industries (surveyed in our issues of July 9th, July 16th and July 23rd last). Demand reached its peak in 1929, but expansion in productive capacity, chiefly due to improvements in metallurgy, overtook it two years before the débacle in the United States, and prices were driven down. When industrial activity began to decline, producers vainly tried to stem the torrent by restriction of supply. The following table shows the course of prices in London and New York during recent years:—

	Average.	London. “Standard Cash” (per long ton).		New York. “Straits” (per lb.).
		£	s. d.	Cents.
1913		201	13 7	44.25*
1925		261	1 8	57.89
1926		291	3 0	65.28
1927		289	1 5	64.35
1928		227	4 8	50.43
1929		203	18 10	45.15
1930		142	12 10	31.70
1931		118	2 3	24.47
1932 (July)		125	8 1	20.95
1932 (August 24th)		142	16 3	23.00

* “Standard” tin.

The quantitative importance of the chief sources of supply, in 1929, expressed as a proportion of world output, was as follows: Malaya, 36 per cent.; Bolivia, 24 per cent.; the Dutch East Indies, 19 per cent.; Nigeria, 7 per cent.; and Siam, 5 per cent. Together these countries account for about 90 per cent. of the world’s mining output of tin. In the next table we give a picture of the mine production and of the smelter production of tin during recent years:—

(In thousands of metric tons.)

	Mine Production.				Smelter Production.		
	British Malaya.	Dutch East Indies.	Bolivia.	World.	Straits Settle- ments.	United Kingdom.	World.
1913	52.7	21.2	26.8	135.7	66.4*	22.7	132.5
1925	48.9	35.2	32.7	146.2	76.0	42.0	146.9
1926	48.6	33.5	30.5	144.9	77.1	40.4	147.9
1927	55.2	33.9	36.4	160.6	77.9	41.0	152.6
1928	65.5	35.5	42.1	180.4	96.3	50.0	180.3
1929	70.5	36.3	47.1	195.1	107.1	58.0	194.8
1930	65.0	34.9	38.8	178.1	97.0	49.0	178.5
1931	53.5	28.7	31.2	149.1	88.9	38.0	156.3

* Exports.

Source: Metallgesellschaft.

In the East Indies and Nigeria, where tin is found chiefly in alluvial deposits, mining costs have recently been halved by the installation of huge dredges with jigs, which, reaching depths of 80 ft. and more, have permitted the exploitation of deposits hitherto unworkable at the current price. In the Federated Malay States, tin mining is still carried on by a large number of independent units, the number of tin-ore mines operated at the end of December, 1931, being 1,118. Since 1928, however, the Anglo-Oriental Mining Corporation, Limited, has acquired control of a substantial proportion of capacity, both in Malaya and in Nigeria. Production in the Dutch East Indies and Bolivia is concentrated in the hands of a few large interests. The chief producing concerns in the Dutch East Indies are the Government enterprise in the

island of Banka, the Billiton Mij, and the Singkep Tin Mij. Bolivian production is largely controlled by the Patiño Mines and Enterprises Consolidated, and the Caracoles Tin Company (Guggenheim Group).

The industry's structure is not marked to any great extent by vertical combination. The smelters, who act as independent intermediaries between producer and consumer, are located chiefly in the Straits Settlements, Great Britain and the Dutch East Indies, these areas, in 1929, accounting for 55 per cent., 30 per cent. and 7 per cent. respectively of the world's smelter output. Straits Settlement production, largely controlled by the Straits Trading Company, Limited, and Consolidated Tin Smelters, Limited, draws supplies chiefly from Malaya and the Dutch East Indies. The smelting industry in this country, in which Consolidated Tin Smelters, Limited, have an important position, mainly uses Bolivian and Nigerian tin concentrates. Smelting costs have been substantially reduced by various technical improvements, the chief being the introduction of pulverised coal-firing.

Tin is used chiefly in the manufacture of tin plate andterne plate, solder, babbitt and bronze. Tin plate andterne plate represented 42 per cent. of the total tin consumption of the United States in 1930. The recent development of tin consumption is shown below:—

(In thousands of metric tons.)

	U.S.A.		United Kingdom.	Germany.	France.	World
	Consumption.	Proportion of World Consumption.				
1913	45.0	36.9	25.1	19.9	8.3	121.9
1925	77.2	50.0	25.3	11.1	11.1	154.6
1926	77.2	51.0	19.0	8.3	11.4	151.4
1927	70.3	44.9	21.9	15.3	8.7	156.9
1928	76.7	43.7	29.3	14.6	11.0	175.3
1929	86.1	46.5	25.2	16.4	12.1	185.5
1930	75.0	45.6	19.7	14.6	11.9	164.5
1931	63.8	45.0	19.0	12.0	11.0	141.9

Source: Metallgesellschaft.

Tin mining, like copper, lead and zinc, has endeavoured to counter excessive capacity by the deliberate output restriction. The existing state of affairs began with the formation of the Tin Producers' Association on July 11, 1929. In June, 1930, an international committee decided on voluntary restriction, involving a minimum two or three months' suspension, but the world's visible supplies increased during 1930 from 33,400 to 47,700 metric tons, and the average price per long ton decreased from £204 to £143.

A new scheme which came into operation on March 1, 1931, however, received the sanction of the Governments of Malaya, Nigeria, the Dutch East Indies and Bolivia, which in 1929 had produced 164,742 metric tons, or 86 per cent. of the world's total output. Siam became a member in September, with a quota of 10,159 metric tons. The International Tin Committee, set up to supervise the scheme, started with an initial output schedule of 128,098 metric tons per annum from March 1, 1931, subsequently reduced to 107,780 metric tons from June 1, 1931, and 92,542 metric tons from January 1, 1932. During 1931 however, cuts in production consistently lagged behind decreased consumption, and world stocks increased to 60,600 metric tons. On August 1, 1931, an International Tin Pool was formed "to work in close co-operation with the International Tin Committee," and to acquire a "substantial proportion of the world's existing stocks." Its holdings were over 21,000 metric tons at the beginning of 1932. The Pool is to release 5 per cent. of its metal when the price reaches £165 per long ton and remains at that level for one month, and a further 10 per cent. when the quotation reaches £176 per long ton.

After the annual rate of production had been reduced to 72,225 metric tons, as from June 1, 1932, a drastic programme of curtailment was put into operation on July 1st, under which production during July and August, 1932, was to cease, or to be held up under control, the ore or metal being released at the rate of 10 per cent. a month. A new quota was fixed of 54,914 metric tons per

annum (excluding Siam, which retained its original quota), or one-third of the output of 1929. It is understood that the market has received "inside" support during the sharp rise in prices this month. Since definite revival in world activity might see a rapid and not altogether healthy rise in tin prices under the strict output control exercised by the British, Dutch and Bolivian Governments, it may be hoped that the scheme will be administered with due regard to the consumers' interests.

PARAGUAY AND BOLIVIA.

(BY A CORRESPONDENT.)

THE name of Chaco, which has recently become familiar through the frontier dispute between the two inland Republics of South America, is primarily a geographical and not a political description of a little-known region about 700 miles long by 300 miles wide, lying between the right or west bank of the Paraguay river and the Andean foothills. The name is probably a corruption of "charco," meaning a stagnant pool, applied by early travellers to that portion of the ground overflowed by the river in annual floods, which seep through its sluggish water-courses and remain imprisoned in the flat, alluvial plains of the interior, covering at times thousands of square miles. The Chaco is actually an extension northward within the Paraguay basin of the Pampas which surround Buenos Aires. As the influence of the moist Atlantic winds is left, the climate takes on a continental character; a dry, sunny winter alternates with sub-tropical summer heat, relieved by heavy thunderstorms which, with Andean snows swelling the beds of the rivers, convert the plain into a maze of hardwood forest and thorny undergrowth. It is these violent alternations of flood and drought which, in addition to limiting travel, give the Chaco its peculiar character and sinister reputation. Moreover, the half-dozen Chaco Indian tribes, of an equally inhospitable nature, made exploration of the Chaco difficult and even dangerous, long after the Argentine Pampas and Paraguay proper had been criss-crossed by railroads.

By this time, the district had become a natural refuge for fugitives from justice. Even to-day, over most of the region, every man is in the last resort a law to himself. But the gradual improvement of communications, due, chiefly, to the motor car, has been breaking down the isolation of the Chaco. The regions formerly known as the southern, central and northern Chaco became identified as the Argentine, Paraguayan and Bolivian Chaco. The Argentine Chaco now contains more than 1,400 miles of State, private and lumber railroads. It grows annually 100,000 bales of cotton, pastures nearly a million cattle, and is a large exporter of quebracho extract and timber. Quebracho and cattle are, in fact, the basis of value of all the Chaco lands which front the Paraguay river and extend for 100 miles inland.

The profits of the timber and cattle trade, which had already been proved in the Argentine Chaco, combined with the low price at which large blocks of land, with river frontage, could be acquired in Paraguayan currency and with titles issued from Asuncion, brought many private interests into the Central (i.e., Paraguayan) Chaco. To-day practically the whole of the frontage on the Paraguay river, from the Argentine boundary 700 miles north to Bahia Negra, where the river enters Brazilian territory, is in private hands, together with thousands of square leagues of the interior. Bolivia's claims clearly affect the validity of many of the titles so obtained; and, since Argentine trade with Paraguay is important, the interests of Argentine citizens, together with those of the foreign nations who hold land and are domiciled at Buenos Aires or Asuncion, naturally are on the side of Paraguay, although the Argentine State maintains an attitude of strict neutrality.

The area of Paraguay proper, that is, of Paraguay east of the river, is only 196,000 square kilometres, which puts her territorially in the same class as Ecuador and Uruguay. The lands which she now claims in the Chaco would double her area. They would also enhance her

prestige with both Argentina and Brazil, to whom she has been subordinate, both politically and economically, since her defeat in the Paraguayan War of 1865-70. Her population is estimated at slightly over 1,000,000, including the Chaco Indians, and, taken as a whole, is 90 per cent. Mestizo and Guarani Indian (i.e., river and lowland Indian) stock.

Bolivia has a population of three times that number; but, although the Indian proportion is about the same, the Bolivian Indians are of Aymara and highland race, dwelling in the Andean plateau, with a scattering of purely Indian tribes in the Amazon hinterland and perhaps 350,000 persons of white and riverine types in the department of Santa Cruz, which lies in the Upper Paraguay valley. Bolivia's area of 1,332,000 square kilometres makes her third in area in the continent, while her other unpopulated regions, especially in the Amazon valley, make it improbable that she can for many centuries utilise properly all her present holdings. But she smartly under the memory of previous losses of territory, first to Chile and Peru, which deprived her of an outlet to the Pacific, and later to Brazil, which seized the Acre Territory in the Upper Amazon. As a consequence, it is now impossible for her to reach free navigable water at the above points except by railroads leading through her neighbours' territory. Again, in the loss of the River Plate outlet, she finds her only access to the Paraguay River is at Port Suarez, opposite Corumba (Brazil), 1,862 miles upstream from Buenos Aires, and with a precarious navigation in these upper waters limited to 3-ft. draught. National pride, rather than actual necessity urges her to demand a "corridor," or preferably the acquisition of all intervening territory to a point on the Paraguay River as far south of Port Suarez as possible, and in this contention she is enthusiastically backed by the inhabitants of her Santa Cruz territory, which lies directly to the north of the Chaco.

Actually, the present exports of Bolivia are almost entirely confined to minerals, chiefly tin, which are mined upon the tablelands and the surrounding ranges of the Cordillera, and already find ample accommodation on the three railroads connecting Bolivia with the coast at the ports of Antafogasta, Arica and Mollendo. But a new factor has been introduced into the Chaco question by the discovery and extraction of oil in Salta Province, which embraces a portion of the Argentine Chaco lands, at a point close to the Bolivian border around latitude 22 degrees south. Investigation of the Bolivian eastern frontier over the past twenty years, chiefly conducted in American interests, shows it to be highly probable that the proved oil fields of Argentina may be assumed to continue along the Bolivian foothills, where these impinge upon the Chaco plains. It remains for actual work in the field to prove the full value of surface seepages, trial borings and other indications of oil in the western Chaco, but sufficient is already known, or conjectured, to make this once-despised and uninviting area well worth retaining. It is more than coincidence that the new and rectified frontier which Paraguay claims, and where the recent outpost clashes have occurred, marches within the sight of the Bolivian foothills for 400 miles north of the Argentine frontier, through a region logically in line for oil development.

THE OTTAWA AGREEMENTS.

For the convenience of our readers we print below a summary of the agreements, as far as they have been published, which were concluded at Ottawa between Great Britain and other members of the Empire.

Great Britain and Australia.

The United Kingdom undertakes:—

(A) To continue (Article 1) after November 15, 1932, the free entry of Australian goods. As regards eggs, poultry, butter, cheese and other milk products, the United Kingdom reserves the right, if necessary in the interests of the home consumer, to review the basis of preference after three years and either impose a duty on produce of Australia while maintaining existing preferential margins or include Australian produce in a system for quantitative regulation of supplies from all sources.

(B) To impose (Article 2) on foreign goods duties shown in Table I, column 1.

(C) To secure (Article 3) to Australian wine not exceeding 27 degrees of proof spirit a margin of preference of 2s. per gallon.

(D) Not to reduce, without Australian consent (Article 4), the duty of 10 per cent. on foreign goods specified in Table II, column 1.

(E) To invite (Article 7) the Governments of the non-self-governing Colonies and Protectorates to accord to Australia any preference accorded to any part of the British Empire, and to invite certain of them to accord new and additional preferences on certain specified commodities not yet published.

Australia undertakes:—

(F) To make (Article 8) tariff changes necessary to give increased preferences of the United Kingdom over a wide range of commodities not yet published, subject to the right to reduce existing margins in certain cases.

(G) To give tariff protection (Article 9) only to industries which are reasonably assured of sound opportunities of success.

(H) To keep (Article 10) protective duties to a level which will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative costs of economical and efficient production, subject to a reservation in the case of infant industries.

(I) To revise (Article 11) existing duties, on review by the Tariff Board, in accordance with Article 10.

(J) Not to impose or increase duties in excess of recommendation of the Tariff Board (Article 12).

(K) To allow (Article 13) United Kingdom producers audience before the Tariff Board in respect of matters arising under Articles 11 and 12.

(L) To repeal (Article 14) as soon as practicable certain prohibitions and surcharges and primage duty.

(M) To accord (Article 15) to colonies and protectorates and the mandates of Tanganyika, the Cameroons and Togoland certain specified preferences and also preferences granted to the United Kingdom, if the United Kingdom so requests. (Subject to right of refusal if colony, except where precluded by international obligations, fails to give Australia preferences, or accords to some other part of the Empire preferences not accorded to Australia.)

MEAT IMPORTS.

The following agreement is concluded (Article 6):—

In order to co-operate with the United Kingdom in the policy of developing home production of meat and of giving the Dominions an expanding share of meat imports, Australia agrees to limit exports of frozen mutton and lamb to the United Kingdom in 1933 to the amount exported in the year ending June 30, 1932. In return, the United Kingdom is to regulate imports of frozen mutton, lamb and beef, and chilled beef in accordance with an "agreed programme," and to regulate imports of bacon and hams upon receipt of report of Commission on Pig Industry. She is to undertake not to restrict imports of any Australian meat during currency of "agreed programme," and upon its expiry, if no permanent policy has been agreed upon, she is to continue to regulate imports of foreign meat and to have regard to policy of home development and Empire preference. The United Kingdom Government may temporarily remove restrictions at any time in the event of a shortage.

Great Britain and New Zealand.

The United Kingdom undertakes:—

(A) To continue (Article 1) free entry after November 15, 1932, as in Australian agreement (A).

(B) To impose on foreign goods (Article 2) duties shown in Table I, column 2.

(C) Not to reduce without consent of New Zealand (Article 3) 10 per cent. duty on foreign goods specified in Table II, column 2.

(D) To invite colonies and protectorates to accord to New Zealand any preference granted to any other part of the Empire (Article 5).

New Zealand undertakes:—

(E) To substitute specified duties for duties now leviable on certain commodities not yet published (Article 6), and to exempt all United Kingdom goods from application of surtax.

(F) To grant protection by tariffs (Article 7) against United Kingdom goods only to industries which are reasonably assured of sound opportunities of success.

(G) To (Article 8) reduce duties as soon as possible to a level which will place the United Kingdom producer in the position of a domestic competitor with full opportunity of reasonable competition on the basis of a relative cost of economical and efficient production.

(H) To give United Kingdom producers a hearing (Article 9) in connection with Article 8.

(I) Not to reduce (Article 10) existing margins of preference which do not exceed 20 per cent., and not to reduce below 20 per cent. those which now exceed 20 per cent., without consent of the United Kingdom.

(J) Not to increase (Article 11) existing primage duty of 3 per cent. on United Kingdom goods which are otherwise duty-free, and to remove it as soon as financial conditions permit.

(K) To grant (Article 12) colonies and protectorates certain preferences, also any preferences granted to the United Kingdom on same terms as in Australian agreement (M).

* There is a reservation in the case of Northern Rhodesia.

MEAT IMPORTS.

An understanding has been reached (Article 4) between the two Governments in regard to frozen mutton, lamb and beef.

Great Britain and Canada.

The United Kingdom undertakes :—

- (A) To continue (Article 1) free entry after November 15th, as in Australian agreement (A).
 (B) To impose (Article 2) on foreign goods the duties shown in Table I, column 3.
 (C) Not to reduce (Article 3) without Canada's consent the 10 per cent. duty on foreign goods specified in Table II, column 3.
 (D) To modify (Article 5) the restrictions on cattle importation on agreed lines.
 (E) To regulate (Article 6) on receipt of report of Commission on Pig Industry, supplies of bacon and hams from all sources, and to provide in such regulations for free entry of Canadian hams and bacon up to 2½ million cwt. per annum.
 (F) To secure (Article 7) for Empire tobacco grown or manufactured in Canada existing margin of preference for ten years. If duty on foreign unmanufactured tobacco falls below 2s. 0½d. per lb., margin to be equal to the full duty.
 (G) To invite (Article 8) colonies and protectorates to extend preference to Canada (v. Australia (E)).

Canada undertakes :—

- (H) To grant (Article 9) a new or increased margin of preference to the United Kingdom in respect of 220 items of the tariff, including cutlery, machinery, wire products, linens, cotton and woollen fabrics, chemicals, flat glass, toilet accessories, gums, tableware and leather.
 (I) To protect by tariffs (Article 10) against United Kingdom products only those industries which are reasonably assured of sound opportunities for success.
 (J) To give United Kingdom producers (Article 11) a fair chance of competition. (v. Australia (H)).
 (K) To constitute (Article 12) the Tariff Board forthwith and alter tariff (Article 13) in accordance with its report, to give effect to principles of Article 11.
 (L) Not to increase existing duties (Article 14) without inquiry by Tariff Board and to give (Article 15) United Kingdom producers a hearing at such inquiry.
 (M) To ensure (Article 16) a minimum of uncertainty, delay and friction in connection with tariff and provide machinery for prompt and impartial settlement of disputes.
 (N) To abolish (Article 17) surcharges on United Kingdom imports as soon as possible and to consider ultimate abolition of exchange dumping duty on United Kingdom products.
 (O) To modify (Article 18) regulations on import of pedigree stock in manner agreed upon.
 (P) To accord (Article 19) to Colonies, Protectorates and Mandated Territories at present enjoying British preferential rates, and to Zanzibar, the preferences granted to the United Kingdom and certain others not yet published subject to same qualification as in Australian agreement [v. Australia (M)] and without prejudice (Article 20) to Canada-West Indies agreement of 1925.
The agreement is subject (Article 21) to the condition that if either Government is satisfied that any of the preferences is likely to be frustrated by direct or indirect State action on prices by any foreign country, that Government shall prohibit the entry, as long as necessary, of the foreign goods concerned.

Great Britain and South Africa.

The United Kingdom undertakes :—

- (A) To continue (Article 1) free entry after November 15, 1932, as in Australian agreement (A).
 (B) To impose (Article 2) on foreign goods the duties shown in Table I, column 4.
 (C) To secure (Article 3) a preference on wine as in Australian agreement (C).
 (D) Not to reduce (Article 4) 10 per cent. duty on goods shown in Table II, column 4, or existing preferential margin on sugar and wine, without South Africa's consent.
 (E) To give (Article 6) preference on tobacco, as in Canadian agreement (F).
 (F) To include (Article 7) in quantitative regulations provision for the import of South African mutton and lamb.
 (G) To invite (Article 8) colonies and protectorates to extend to South Africa preferences granted to any other part of the Empire.

South Africa undertakes :—

- (H) To secure (Article 9) to the United Kingdom specified margins of preference for certain goods not yet published.
 (I) To impose (Article 10) specified duties on certain foreign goods and not to alter British duties on such goods in such a way as to decrease margin of preference.
 (J) Not to lower (Article 11) existing margins of preference on certain other goods.
 (K) To accord (Article 12) to colonies, protectorates and mandated Territories of Tanganyika, the Cameroons and Togoland, specified preferences and also preferences accorded to the United Kingdom if the United Kingdom Government so requests. Subject to same reservation as specified in Australian agreement (M).

For the purposes of this agreement the Mandated Territory of South-West Africa shall be deemed to be part of the Union of South Africa.

Great Britain and Southern Rhodesia.

The United Kingdom undertakes :—

- (A) To continue (Article 1) free entry after November 15, 1932, as in Australian agreement (A).
 (B) To secure (Article 2) preference for tobacco (as in Canadian agreement (F)), and to take steps to assist the marketing of Southern Rhodesian tobacco.
 (C) To impose (Article 3) on foreign goods duties shown in Table I, column 5.
 (D) To secure (Article 4) a margin of preference of 9s. 4d. per cwt. for Southern Rhodesian coffee.
 (E) Not to reduce (Article 5) 10 per cent. duty on foreign asbestos, ground nuts, Kaffir corn and meal and potatoes without the consent of Southern Rhodesia.
 (F) To invite (Article 7) the colonies and protectorates to extend to Rhodesia any preferences granted to any other part of the British Empire, and to invite them to give a preference upon cigarettes and manufactured tobacco made within the Empire from Empire-grown tobacco.

Southern Rhodesia undertakes :—

- (G) To grant (Article 8) to the United Kingdom the following margins of preference :—Butteries, typewriters and parts thereof, 15 per cent.; electrical material (except cable and wire), 10 per cent.; wireless telegraphy and telephony instruments and apparatus used in the working thereof, except batteries, 15 per cent.; cutlery, not gold or silver or gold or silver plated, 20 per cent.; glassware (except bottles and jars and plate and window glass), 15 per cent.; motor cars, increased preference when advantage to exporters caused by rate of exchange has ceased, and to amend existing duties upon certain foreign textiles so as to provide for alternative specific duties.
 (H) To consider (Article 9) further preferences when budgetary conditions permit.
 (I) To extend (Article 10) to colonies, protectorates and mandates of Tanganyika, Cameroons and Togoland the following preferences :—Tea, 2d. per lb.; raw coffee, 1d. per lb.; raw cocoa, 1d. per lb.; cigars, 2d. per lb.; rum and bitters, 3s. per imperial proof gallon, and also any preferences accorded to the United Kingdom if the United Kingdom so requests.

Great Britain and Newfoundland.

The United Kingdom undertakes :—

- (A) To continue (Article 1) free entry after November 15, 1932, as in Australian agreement (A).
 (B) To impose (Article 2) duties of 1s. 4d. per gallon on foreign cod-liver oil and 1½d. per lb. on foreign chilled or frozen salmon.
 (C) Not to reduce (Article 3) without consent of Newfoundland the 10 per cent. duties on foreign cod and marine shell-fish.
 (D) To invite (Article 4) the Colonies and Protectorates to extend to Newfoundland any preference accorded to any other part of the British Empire.
 (E) To give (Article 5) United Kingdom goods a margin of preference, in most cases of 10 per cent., on 61 tariff items, as from July 1, 1933.
 (F) To provide (Article 6), as from July 1, 1933, for more favourable conditions in regard to the valuation of the pound sterling for Customs purposes.
 (G) To give (Article 7) Colonies, Protectorates and Mandated Territories a preference on five items, and also to extend to them preferences granted to the United Kingdom if the United Kingdom so requests. Subject to same reservation as in Australian agreement (M).
 (H) To retain (Article 8), where these are higher, margins of preference provided under terms of Newfoundland-Jamaica agreement.

All these agreements are to continue in force for five years, and, if not denounced six months before the end of that period, until six months after notice of denunciation has been given by either party. Provision is made in each case for consultation between the two Governments concerned, in the event of circumstances arising which, in the opinion of either Government, necessitate a variation in the terms of the agreement.

United Kingdom and India.

The United Kingdom undertakes :—

- (A) To continue to give free entry to all Indian goods within the scope of the 10 per cent. duty. In addition, higher British duties imposed, or to be imposed, on foreign goods will give India enhanced preferences.
 (B) To impose a 10 per cent. duty on foreign linseed.
 (C) To co-operate in any practicable scheme agreed to by the United Kingdom cotton industry and the Indian growers for promoting a greater use of Indian cotton by Lancashire.

India undertakes :—

- To give a 7½ per cent. preference on certain classes of motor vehicles and a 10 per cent. preference on a very large number of manufactured goods, articles of food, drink, and oils. These preferences may be given either by an increase of duties on foreign goods or by a reduction of duties on United Kingdom goods, or by a combination of both methods.
 The preference on many of the manufactures is subject to certain specified exceptions to be announced. It does not extend to commodities to which protective duties are applicable, to those which

are free of duty at present, or to those on which, on grounds of national policy, a specially low rate of duty has been imposed.

In the class of textiles the duty extends only to articles of apparel, haberdashery and millinery which are dutiable at 25 per cent., and woollen manufactures with specified exceptions in each case. The decisions on cotton, silk and artificial silk goods have been deferred until after consideration of the recommendations of the Indian Tariff Board, but when the decisions have been reached the 10 per cent. preference will be extended to these goods with the exception of artificial silk yarn and articles on which protective duties may be imposed.

Arrangements have been made for an exchange of preferences with the Colonies and Protectorates. These will include the grant of preferences to India on cotton manufactures, tea, coffee, oil-seeds and vegetable oils, paraffin, wax, carpets and rugs. Preferences granted by India will include certain gums and resins, oil-seeds, vegetable and essential oils, unground spices, coconuts and their products, fish, fruit, vegetables, sage and tapioca.

The agreement is to continue in force until six months after notice of denunciation has been given by either party. Provision is made for consultation if either party notifies a desire to change any of the rates of duty or the margins of preference. If no agreement is reached within six months of such notice, the original party may bring the revised rate or rates into operation after a further six months' notice of his intention to do so.

TABLE I—NEW DUTIES.

	Duties to be imposed by Great Britain by agreement with :—				
	Australia.	New Zealand.	Canada.	South Africa.	Southern Rhodesia
Wheat, per quarter	2/-	...	2/-	...	...
Maize, flat white, % ad valorem	...	15/-	15/-	15/-	15/-
Butter, per cwt.	15/-	15/-	15/-	15/-	15/-
Cheese, %	15/-	4/6	4/6	4/6	...
Raw apples and pears, per cwt.	4/6	...	3/6	3/6	...
Canned apples,* per cwt.	4/6	...	...	15/-	...
Other canned fruits,* per cwt.	15/-	...	...	...	...
Dried fruits, now dutiable at 7s., per cwt.	10/6	...	10/6	10/6	...
Eggs in shell, not exceeding 14 lbs. per great hundred	1/-	1/-	1/-	1/-	1/-
Eggs in shell, over 14 lbs., but not exceeding 17 lbs. per great hundred	1/6	1/6	1/6	1/6	1/6
Eggs in shell, over 17 lbs. per great hundred	1/9	1/9	1/9	1/9	1/9
Sweetened condensed whole milk,* per cwt.	5/-	5/-	5/-	5/-	...
Unsweetened condensed whole milk, per cwt.	6/-	6/-	...	6/-	...
Milk powder and other preserved milk, not sweetened, per cwt.	5/-	5/-	...	5/-	...
Honey, per cwt.	7/-	7/-	...	...	...
Unwrought copper ingots, bars, blocks, slabs, cakes and rods, per lb.	2d.	...	2d.	2d.	2d.
Raw oranges (April 1st to November 30th), per cwt.	3/6	...	...	3/6	3/6
Raw grapefruit (April 1st to November 30th), per cwt.	5/-	...	...	5/-	5/-
Grapes, other than hothouse (February 1st to June 30th), per lb.	1½d.	...	...	1½d.	...
Raw peaches and nectarines (December 1st to March 31st), per cwt.	...	...	...	14/-	...
Raw plums (December 1st to March 31st), per cwt.	...	...	...	9/4	...

TABLE II—PERPETUATED PREFERENCES.

Existing duties in respect of which continued 10 per cent. preference is promised to—

AUSTRALIA.	NEW ZEALAND.	CANADA.	SOUTH AFRICA.
Leather.	Leather.	† Zinc.	Sausage casings.
Tallow.	Tallow.	† Lead.	Asbestos.
Canned meat.	Canned meat.	Asbestos.	Dried fruits, other than currants, not specified in Table I.
† Zinc.	Dried peas.	Timber of all kinds imported into the United Kingdom in substantial quantities from Canada, in so far as now dutiable.	Wattle bark and tanning extracts therefrom.
† Lead.	Casein.	Fresh sea fish.	Potatoes.
Barley.	Meat extracts and essences.	Canned fish.	Maize products.
Macaroni.	Copra.	Canned salmon.	Fruit preserved by chemicals or artificial heat, except fruit preserved in sugar.
Wheat flour.	Sugar of milk.		Fruit juices.
Dried peas.	Sausage casings.		Whale oil and whale products, not produced in British floating factories.
Dressed poultry.	Grass and clover seeds.		Crab fish.
Casein.	Gums, other than gum arabic, gum tragacanth, shell-lac, sticklac and seedlac.		Fresh hake.
Eucalyptus oil.			Oyster shell grit.
Meat extracts and essences.			Ground nuts.
Copra.			Goat skins.
Sugar of milk.			Ostrich feathers.
Sausage casings.			Lucerne seed.
Wattle bark.			Kaffir corn and meal.
Asbestos.			Box wood.
Dried fruits, other than currants, not specified in Table I.			

* In addition to duty in respect of sugar content.
 † Conditional on Empire producers offering these commodities on first sale in the United Kingdom at prices not exceeding the world price and in quantities sufficient to meet the requirements of United Kingdom consumers.

Notes of the Week.

Another German Election?—If the forecast of our Berlin correspondent be correct, Germany is apparently fated to be thrown once more into the turmoil of yet another electoral contest. Faced with the certainty next week of a vote of no confidence, the von Papen Government, in our correspondent's opinion, will take the initiative, and forthwith dissolve the Reichstag; but it will continue to act within the limits of the constitution by holding new elections, and summoning, in due course, a new Parliament, whose probable composition promises a continuance of the existing parliamentary stalemate. A breathing-space thus gained, the Government will continue to function as "an administration of caretakers," with the handicap or advantage (both points of view are arguable) that, in the existing parliamentary deadlock, the Government seems likely to "mark time," so far as programmes of financial and economic reconstruction are concerned. Indeed, though the problems of unemployment during the coming winter and of the budgetary position loom menacingly on the horizon, the Government's immediate overriding preoccupation is likely to be the task of vindicating its claim to recognition as the guardian of law and order in the face of threatening Nazi violence aroused by the Beuthen sentences. In the unhappy dilemma of having to enforce executions which, however justifiable as retribution for an atrocious crime, will, nevertheless, be denounced by more than half the nation as brutality, or of risking the charge of partiality or cowardice, if it commutes the sentences in the face of Nazi threats, the German Government must surely rue the day when it repealed Dr. Brüning's ban on the private armies whose activities are now menacing the fabric of German civilisation.

Japan and Manchuria.—When the League Council meets next month to consider the Manchurian problem in the light of the Lytton Commission's report, it will at least have no ground for complaining that Japan has failed to make clear in advance her attitude. Addressing the Diet on Thursday, Count Uchida, the Japanese Minister for Foreign Affairs, stated roundly that in a region "regarded as the first bulwark of Japan," in which interests vital to Japan's national existence were involved, no remedy for conditions previously unsatisfactory to Japan could be effected by having recourse either to the League of Nations or "to any other organ of what might be termed the machinery of peace." After rehearsing the conventional lines of Japan's defence of her Manchurian policy, Count Uchida announced that Japan would never consent to any solution re-investing China with any sort of power over Manchuria, nor would she agree to any "patching-up" plan. She intended definitely to recognise the Manchukuo Government. Thus, from one angle, the problem before the League Council and the United States is sharply defined: a challenge to the League's authority, which can scarcely be ignored, has been thrown down.

Aftermath in Spain.—The boomerang effect of sporadic acts of rebellion against the Republic in Spain, as represented by Señor Azaña and his colleagues, is now clearly visible. The authors of the ill-timed revolt to which General Sanjurjo was persuaded to lend his name were obviously a motley crowd—Army officers itching to play the pretorian game in the good old way, bourgeois elements hoping to get back positions from which, for one reason or another, they had been ousted, a handful of aristocrats fearful of the "Socialist" leanings of the Government, even syndicalist malcontents, in the provinces of Seville and Granada, making one last desperate bid for power. Not one of them, it is safe to say, cared much for the person of Alfonso XIII or was acting under his direction. Yet it became easy for the Government to label the rebels "Monarchists," and to represent partisan measures as necessary for the defence of the

Republic. The suppression of newspapers of the Right—including the Catholic *Debate*, which has studiously refrained from supporting a Restoration—is a case in point. In the Bill, however, for confiscation of the property and estates of well-to-do persons implicated in the rising—passed with very few dissentients in the Cortes last Saturday—the Government has been able to achieve a positive and not merely a negative piece of work. There is a provision in the Constitution whereby private property may be confiscated without compensation for social objects. By seizing the feudal inheritance of a number of landowners denounced as privy to the Sanjurjo plot, the Government placates its extremists and at the same time acquires extensive areas that can be made available for the communal holdings and State tenancies contemplated in the Land Reform Bill. General Sanjurjo and his principal associates are undergoing trial by summary jurisdiction as we write. The General has been condemned to death for treason, but it is expected that he will be promptly reprieved by the President of the Republic acting on the advice of his Ministers. His defending counsel has taken the line that the General had no thought of overthrowing the Republican regime, but was only seeking to carry out the widespread desire for "a conservative Republic" which the present holders of office, owing to their "Socialist" connections, had defrauded. However that may be, it is clear that the defenders of the rights of property have played into their opponents' hands.

A Censored War.—With the Federal Forces blocking the State of Sao Paulo, and maintaining a rigorous censorship over the cable communications between Rio Janeiro and the outer world, there is little authentic news of the progress of events in Brazil. This week, rumour has succeeded unconfirmed rumour—first of an important Federal victory over the insurgents, and later of a successful Paulista counter-blow. In the absence of confirmation of these reports it is impossible to forecast the outcome of a rising whose roots lie in the fundamental divergence between the interests of the Federal finances of Rio, and the Sao Paulo producers, whose exports—particularly of coffee—have been hard hit by increased taxation and the appreciation of the milreis. Perhaps the most significant indication of the week has been the emergence of fairly definite signs that opposition to the Federal Government, expressed in sporadic unrest, is spreading to Rio Janeiro itself.

The Lancashire Crisis.—With a strike of 200,000 operatives timed to begin at noon on Saturday, and with both sides adopting a stiff, unconciliatory attitude, the Lancashire cotton industry had drifted, by the middle of this week, very near to the rocks of a disastrous stoppage. Happily, on Wednesday, the intervention of the Deputy Mayor of Manchester resulted in a joint meeting under his chairmanship. At the close of the day's proceedings Alderman Titt stated that they had found a medium by which the difficulties could be discussed. Certain misunderstanding had been wiped out which had made it possible to resume negotiations in a more promising atmosphere. The chief obstacle to progress was the question of the reinstatement of discharged operatives, but the issue at stake has evidently been narrowed. When the previous negotiations broke down on August 10th the employers stated that they looked upon the operatives' attitude on the reinstatement question as a roundabout method of destroying the "more looms" system, and that was the principal reason why they would not agree to reinstate discharged workers. It now appears that the workers' representatives demand the re-instatement, not of the operatives (mainly in the Burnley district) who refused to work the six-loom system, but only of those who struck legitimately against wage-cuts and alterations of hours imposed by certain employers before the 1919 agreement expired on June 11th. As we go to press it is reported that a negotiating committee has been set up to discuss this question. It is one on which the employers would do well to yield;

for, apart altogether from the operatives' obstruction to the "more looms" innovation, employers acting in breach of a collective agreement are in no position to refuse reinstatement of labour displaced by their action. If a settlement on this issue can be reached, the hopes of peace look brighter; for, since the operatives have offered to concede a $\frac{1}{2}$ per cent. wage reduction, they will hardly be inclined to involve the industry in a suicidal struggle over the difference between their offer and the employers' 10 per cent. demand, even if they wonder, as others outside the industry must do, what economic utility is to be gained in Lancashire's present situation by such a wage-cut unaccompanied by reorganisation.

The Copper and Maize Duties.—The terms of the draft agreements reached in Ottawa include the recommendation of duties of £18 13s. 4d. per long ton on copper and of 10 per cent. *ad valorem* on flat white maize imported into the United Kingdom from foreign countries. The proposed duty on copper is to be conditional on the Empire producers continuing to offer this commodity "on first sale in the United Kingdom at a price not exceeding world prices." It is to apply to copper, unwrought, whether refined or not, in ingots, bars, blocks, slabs, cakes and rods. The duty, which amounts to the prohibitive rate of about 60 per cent. at the present price of the metal, is obviously meant to exclude foreign copper from the British market. The exclusion can scarcely benefit Empire producers to a great extent, as Empire production already exceeds consumption. Its only advantage is that Empire producers will secure a definite outlet for a large proportion of their current output. In view of the huge stocks in America, which might be thrown overboard at any moment, this advantage must not be minimised. On the other hand, the duty will probably result in increased competition and lower prices on the Continent and in the remaining free markets. In view of the price clause inserted in the draft agreements, Empire producers may find debits as well as credits in the account. Contrary to what might appear, the proposed duty on maize is quite unimportant. Flat white maize is imported in negligible quantities, chiefly from South Africa, Egypt and Portuguese East Africa. It is not used as a feeding grain, but for special purposes, such as the production of beer and spirits.

Sterling and Gold Prices.—During the past fortnight, gold prices, as measured by our short index number, have risen by nearly 1 per cent., as compared with a rise of over 5 per cent. in the preceding fortnight. Not only has the rate of recovery slowed down, but the movements of leading commodities have been irregular. Wheat, maize, oats and bacon have all declined, and the rise in the index figure is almost wholly attributable to a sharp advance in the price of American cotton. Moreover, as may be seen from the following table, the only one of the four foreign indices to show an upward tendency by August 10th was that for the United States.

SEPTEMBER 18TH, 1931 = 100.						
Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistik Générale, France.	Milan Chamber of Commerce, Italy.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.			
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3
Nov. 25th ...	109.1	114.6	98.0	98.3	94.2	98.8
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9
1932.						
Jan. 27th ...	108.2	115.7	93.8	93.8	93.6	96.8
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3
May 18th ...	102.6	105.9	81.9	88.6	95.1	93.4
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7
June 15th ...	97.8	99.7	80.2	86.0	92.7	90.4
June 29th ...	97.4	99.3	80.5	86.4	91.5	89.5
July 13th ...	97.5	101.3	82.6	87.3	91.3	89.2
July 27th ...	99.5	103.5	84.1	88.3	91.3	88.5
Aug. 10th ...	101.0	108.6	88.5	89.8	88.4	88.0
Aug. 24th ...	102.5	111.8	89.3	...	...	...

With regard to sterling prices, textiles and metals showed a general advance, but the prices of cereals and meat had

a reactionary tendency. Fuller details of the complete *Economist* index are given below:—

	"ECONOMIST" INDEX. (1927 = 100).		
	Sept. 18, 1931.	August 10, 1932.	Aug. 24, 1932.
Cereals and meat	64.5	67.9	65.5
Other foods	62.2	59.2	61.2
Textiles	43.7	48.1	50.8
Minerals	67.4	70.5	72.9
Miscellaneous	65.8	60.6	60.7
Complete index	60.4	61.0	61.9
1913 = 100	83.1	83.9	85.2
1924 = 100	52.2	52.7	53.5

Though there are signs of an expansion of speculative dealings in the commodity markets, it still remains to be seen how far purchases are for actual consumption. The basis for recovery is still somewhat intangible.

London Omnibus Wages.—When, some time ago, the London Underground group of companies put forward proposals for wage reductions, they had to be submitted to all the trade unions representing the various interests among the employees of the group; thus neither an early nor a uniform decision seemed likely. In the main the unions have accepted the proposals, though with natural feelings of reluctance, but as regards the omnibus men the position is not so clear. The Underground put forward two proposals. The first was for reductions in the wages of drivers by $\frac{1}{2}$ d. an hour, or 1s. 6d. a week, and in those of conductors by $\frac{1}{2}$ d. an hour, or 1s. a week, together with reductions of $\frac{1}{2}$ d. an hour for craftsmen and $\frac{1}{2}$ d. an hour for general hands. The second proposal was for variations in the condition of the guaranteed 48-hour week for the whole of the spare staff, in order to obviate the seasonal discharge of 600 men by the end of September. These proposals were submitted by the unions to ballot by their members, and the result was their rejection by very substantial majorities. The company at once dropped the second proposal, and the discharges have been postponed to the end of the year. It has been decided, however, to enforce the proposed wage reductions, and the necessary month's notice was given on August 23rd, together with three months' notice of changes in certain conditions of employment. A notice of changes in the London omnibus men is to be delegate conference of the London omnibus men is to be held on Monday next to consider this decision, which apparently embraces not only wages, but also such matters as the speed of journeys—matters, incidentally, in which the rights of other road users come ahead of the claims of both parties to the discussion, and in which the effects of any decisions should be carefully scrutinised by the authorities. For the moment, there is no need to take a pessimistic view of these developments, and it is certainly premature to talk of a strike. If the omnibus company takes the men's representatives fully into its confidence as to the undertaking's financial position, and if, as unfortunately seems likely in these difficult days, the facts prove conclusively that the proposed distinctly moderate reductions are necessary, the employees in a relatively well-paid "sheltered" occupation will surely think twice before resorting to direct action in an issue in which the public will not be inclined to support their case.

International Trade.—The latest statistics reveal that the strangulation of international trade is still proceeding apace. How far this process has already gone in leading foreign countries will be seen from the following table, showing the trend of exports in France, Germany, and in the United States:—

Period.	France. Million frs.	Germany. Million Rm.	U.S.A. Million \$.
1929 total	50,136	12,663	5,160
1930 "	42,835	11,328	3,780
1931 "	30,421	9,206	2,376
1932—January	1,806	530	147
February	1,768	527	151
March	1,720	516	152
April	1,742	472	132
May	1,471	438	129
June	1,576	444	115
July	1,428	432	107

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Germany's exports from the first seven months of the current year, at Rm. 2,753 millions, show a reduction of 37 per cent. on the corresponding period in 1931. Although her imports of manufactures formed only 16 per cent. of the total value of purchases abroad, her export surplus declined from Rm. 1,229 millions during the January-June period, 1931, to Rm. 668 millions in the current year. Owing to the virtual cessation of foreign lending, the balance of commodity trade has grown more unfavourable in France and less favourable in the United States. The value of French imports during the first seven months of the current year, at Frs. 17,667 millions, shows a reduction of 34 per cent. on the corresponding period a year ago. Exports declined by 38 per cent., from Frs. 18,654 millions to Frs. 11,512 millions. Similar figures for the United States reveal a fall in imports, from \$1,282 millions to \$827 millions, while exports, at \$948 millions, show a decline of \$549 millions.

British Production.—The physical volume of production in the United Kingdom in the second quarter of 1932, as estimated by the Board of Trade, was 1.1 per cent. smaller than in the first quarter of the current year, but 2.2 per cent. above that of the corresponding quarter a year ago. The following table shows the comparative figures for the various industrial groups:—

INDEX OF PRODUCTION (1924 = 100).					
Group.	Year 1930	Year 1931	June Quarter 1931	March Quarter 1932	June Quarter 1932
1. Mines and quarries	91.3	81.6	79.7	83.0	77.4
2. Iron and steel and manufactures thereof	88.8	65.9	62.9	70.4	66.6
3. Non-ferrous metals	119.1	100.1	110.9	97.8	93.4
4. Engineering and shipbuilding	116.6	94.9	98.7	90.7	89.8
5. Textiles	79.5	77.0	75.0	91.1	85.9
6. Chemical and allied trades	102.2	96.8	95.1	103.2	103.6
7. Leather and boots and shoes	101.4	99.3	99.1	99.6	96.6
8. Food, drink and tobacco	104.9	103.7	101.9	94.1	101.7
9. Gas and electricity	138.7	142.2	(a)	(a)	(a)
Total of manufacturing industries (2-9)*	106.3	96.8	95.3	98.2	98.4
Total of all groups (1-9)*	103.3	93.8	92.1	95.1	94.1

* Including also various industries not specified above.
(a) No information is available as to the quantities of gas made in each quarter. The available data for electricity have been included in the general index.

The index for manufacturing industries shows a rise of 0.2 per cent. on the March quarter. This is somewhat surprising, since in Groups 2-9 only the food, drink and tobacco index shows an appreciable rise, in contrast to marked falls in iron and steel, metals and textiles. As compared with the corresponding quarter a year ago, the indices for coal, non-ferrous metals, engineering and shipbuilding, and leather, boots and shoes show a substantial decline. On the other hand, the figures for iron and steel, textiles and chemicals, reveal a considerable improvement in these industries. More recent information suggests that activity has slowed down in June in a number of industries, and the index for the third quarter will therefore probably be somewhat lower.

Schober and Seipel.—A correspondent writes:—The death of Dr. Johann Schober who, after bitter experience of his country's helpless position in the present political structure of Europe, had returned to his post as Chief of

Police, removes from Austrian politics perhaps the one man capable of composing the present factional strife. Dr. Schober had made his name as a distinguished public servant in pre-war Austria, and his rôle, at the time of the upheaval of 1918, was similar to that of General Groener in Germany. The Republic was consolidated with a minimum of bloodshed, thanks chiefly to Dr. Schober. Again, in 1929, after two years of bitter struggle and recrimination between the Socialists and the Heimwehr, he was once more called upon to save the State. It was inevitable that such a man should become involved in politics, however reluctantly. He did, in fact, after a failure in 1921 to negotiate the urgently required financial assistance from abroad, succeed in making a satisfactory settlement of reparations as part of the general settlement at The Hague in January, 1930. But it soon became clear to him that foreign loans, on the only terms on which they were available, were no remedy for Austria's chronic distemper. (He expressed himself in this sense only a few days before his death with regard to the latest makeshift, the Lausanne Protocol, which was finally ratified on Tuesday by the Austrian Chamber of Deputies by two votes.) Consequently, after giving due warning to the Assembly at Geneva (1930), sending out very careful feelers in the various capitals, and also actually paying a special diplomatic visit to France, Dr. Schober yielded to the pressure of opinion and brought out the plan for a Customs union with Germany. The fate of that project only serves to underline the impossible nature of the task to which the leaders of present-day Austria are committed. By comparison with Dr. Seipel, whose death preceded his own by less than a fortnight, Dr. Schober was a simple patriot, endeavouring, according to his lights, to translate into policy the aspirations of Austrian democracy. Dr. Seipel had, on occasion, come out also as a supporter of the *Anschluss* with Germany. But he was first and foremost a Catholic Chancellor in the Richelieu tradition, who saw Austria's future rather in terms of a revived Catholic federation which should include many of the peoples composing the old Austro-Hungarian monarchy, and also that South Germany, which has so little in common with the Prussia that has made Germany great. In home politics, Dr. Seipel was a moderate Conservative and an opponent of all "revolutionary" movements. But his principal function was that of an opportunist, able eloquently to plead his country's cause whenever there was hope of financial assistance from the Powers. Johann Schober, on the other hand, under happier conditions, might have removed the antagonisms of class and creed which make Austria a battleground only less grim and sinister than the Germany of 1932.

The Political Situation in Greece.—Our Athens correspondent writes:—Rumours of a possible militarist intervention in politics, and even of an impending *coup d'état*, have been persistently appearing for some time now in the Press and invariably denied by the authorities. It would seem, however, that these rumours are not entirely without foundation, at any rate if one should judge from evidently inspired statements published in certain newspapers, to the effect that if, as a result of the forthcoming elections—which will take place on September 21st—the Republic regime be endangered by a success of the Royalist Party, the "national republican army will do its duty." Such a danger, however, does not appear to be imminent, for the Government of M. Venizelos, wishing to forestall a possible victory of the Royalists at the polls, recently changed the election law. As a result of this change the elections will take place under the proportional instead of the majority system, and thus a return of the Royalist Party with a majority over the combined Republican parties seems to be excluded. Besides, M. Tsaldaris, the chief of the Royalists, in a speech delivered recently in Salonica, has declared that, should his party come to power, it would not even think of concerning itself with the question of the political regime. While it is possible that all this talk of militarist intervention may serve only as a deterrent to prevent people from voting for the Royalist Party, it appears none

the less true that certain higher officers in active service, and retired ones, notorious for their past interference in politics, are again trying to meddle in the political life of the country. In fact, according to Press reports, two distinct movements seem to exist: the one, to which most of the officers would adhere (and which may easily prevail as it would have the support of every Republican), is said to favour interference only to protect the Republican constitution in case of danger; the other, however, believed to comprise a few diehards only, is reported to want immediate action and to be turned against all the political parties, the Venizelist Party included, for it considers Parliamentarism as responsible for the present bad situation, which it intends to improve by a military dictatorship. Now, whether such an experiment, if really attempted, would succeed in enlisting the support of the whole or even of an important part of the army—to say nothing of the navy, which is reported to be determined to withstand any interference of armed forces in politics—remains to be seen. The Government is making frequent reassuring statements that a militarist revolt is impossible. On the other hand, it is well known that personal rivalries exist among the politico-generals, while the people, whose apathy in former cases helped their plans, exasperated now by the economic crisis, and instigated constantly by a section of the Press, would hardly remain indifferent in the event of a militarist movement towards establishing dictatorship. All these considerations, and the determination of M. Venizelos to combat any attempt at a militarist dictatorship, seem to exclude the possibility of such an attempt being made, or, if made, of meeting with, at the worst, more than a short-lived success. Anyhow, it is unfortunate that by the decline of M. Venizelos's popularity and power, as a result chiefly of the economic crisis, and, to a certain extent, of his own Government's faults in internal and especially in financial policy, the political stability enjoyed for nearly four years by this country threatens to disappear at a moment when the great economic problems confronting Greece make its existence more than ever necessary.

Chilean Finance.—A correspondent writes:—At the cost of default on her external debt service, Chile was enabled to maintain the gold standard up to last April, when the Government then in office was obliged to recommend the suspension of the convertibility of the note issue. Thereafter exchange was quoted on New York at around 16.50 pesos per United States dollar, equivalent to approximately 80 pesos to the £ sterling, as compared with the 40 pesos rate fixed in October, 1925. Internal commodity prices in the Republic and values of securities on the local stock exchanges rose in consequence, but the relief afforded was insufficient to prevent disturbances in the political sphere, and the Government was overthrown on June 3 by a *coup d'état*. A governing Junta of advanced political texture was then formed, and announced certain measures, largely of a confiscatory character. This Junta, however, was short-lived, and a number of rapid changes in the governing body ensued. These ephemeral Governments have all been imbued with similar ideas for the alleviation of unemployment, the assistance of agriculture and of national commerce in general. Lacking other resources, such proposals have been based largely on the provision of finance derived from more or less direct inflation. For example, the late Minister of Finance recommended the redemption of all mortgage bonds by extraordinary amortisation at par, debtors for mortgage advances signing loans rediscountable at the Banco Central de Chile. The Government, however, has apparently given preferential consideration to a scheme involving the issue of 150,000,000 pesos in *vales de tesorería*, to be secured on special new taxes to be created on the increment in currency value of shares and property. It is not proposed to make such *vales* rediscountable, although this is advocated in some quarters. Rather than accept the alternative scheme, the Minister of Finance resigned, and his successor has been appointed. Further, a Decree Law was promulgated in Santiago on July 8th, of which the leading purpose is to place the

reserves of the Banco Central de Chile on a paper basis and to enable the Banco Central to place funds at the disposal of the leading finance institutions in the country's trade and industry, the Caja de Crédito Agraria, Instituto de Crédito Industrial, Caja de Crédito Minero, Caja de Colonización Agrícola, and the Instituto de Comercio Exterior. At the same time, the gold reserves of the Banco Central are to be revalued, the amounts in pounds sterling on deposit in London and forming part of the legal gold reserves being taken at the arbitrary rate of 40 Chilean pesos to the £. The activities of the new Instituto de Comercio Exterior will include banking and commercial business, propaganda, insurance, etc. The terms of the above Decree Law in regard to the computation of the gold reserves of the Banco Central on a paper basis have already been applied. Whereas the balance sheet of the Banco Central on July 8 last showed a reserve against the Note circulation and deposits combined of 27.93 per cent., the succeeding weekly balance sheet, dated July 15th, showed a corresponding ratio of 55.45 per cent.

American Cereals.—The Crop Reporting Board of the Bureau of Statistics of the United States Department of Agriculture has issued its August estimates of the cereal crops. The figures are shown below, together with the July estimates and the actual yield of last year's crops:—

	(In millions of bushels.)		
	August 1st.	July 1st.	1930-31.
Wheat: Winter	442	432	787
Spring	281	305	86
Total	723	737	892
Maize	2,820	2,996	2,557
Oats	1,215	1,217	1,112
Barley	303	312	199
Rye	43	44	33
Linseed	15.8	18	11

It will be seen that the crops suffered a slight deterioration during the past month. It is now certain that the wheat crop will be substantially below the actual yield of last year. An official estimate of the Canadian wheat crop will not be issued until September. Private estimates show a probable yield of between 400,000,000 and 450,000,000 bushels, as against an actual yield of 304,000,000 bushels a year ago. The total North American wheat crop may therefore be somewhat below last year's yield. The estimates of the United States maize, oats, barley, rye and linseed crops, though lower than a month ago, show a substantial increase on last year.

International Movements of Wages.—The question how far wage-rates have responded to changes in the level of prices is one of considerable interest. In the following table, compiled from the May Bulletin of the International Labour Office, we show the movement of hourly wage-rates since 1928 in Canada, France, Germany, the United States, and in this country:—

	1929 = 100.				
	Canada.	France (Paris).	Germany.	U.S.A. (c).	U.K. (a).
Certain Industries.	Industries.	Mines, Industries, Public Services.	Industries.	Agriculture, Mines, Industries, Public Services.	
Men and Women (skilled and unskilled).	Men (chiefly skilled).	Men and Women (skilled and unskilled).	Men and Women (skilled and unskilled).	Men and Women (skilled and unskilled).	
Average, 1928...	99.5	86.1	95.3	98.3	100
" 1929...	100	100	100	100	100
" 1930...	100	108.9	100.9	100.9	99
" 1931...	97.5	108.6	95.4	95.8	98
" 1932...	...	...	(b) 84.9	(c) 88.7	(d) 96

(a) Indices of weekly rates. (b) January. (c) February. (d) March.
(e) Index of hourly earnings compiled by the National Industrial Conference Board (U.S.A.). The annual figures refer to the second quarter of each year, except those for 1931, which refer to June.

Despite the sharp fall in wholesale prices during 1930, there was no corresponding decline in the level of wage-

rates. Even in 1931 the figures reveal only a slight reduction; and it was not until the present year that the downward movement appears to have become pronounced. The question to-day is whether equilibrium between the price of manufactures and that of primary products is to be restored by an advance in the price of primary products or by a further downward adjustment in wage-rates and other costs of production.

Overseas Correspondence.

UNITED STATES.

Prices — Industry — Banking — Presidential Speech.
(FROM OUR CORRESPONDENT.)

NEW YORK, August 17.

FIRMNESS of commodity prices is the principal sustaining influence on security markets, and furnishes nourishment for the hope of trade improvement in the next few months. While Wall Street suspects that the rise in wheat and cotton has not been entirely a natural phenomenon, outside these highly speculative markets the advance has had little or no artificial stimulation. Actual consumption of the principal commodities has failed to increase to any extent, but the low prices and general inertia have reduced production and stocks on hand. The position seems to be one which could improve rapidly once potential demand for goods became actual, but which might also continue as it has been for a long time. The oil industry has recently been feeling the effects of the depression through a drop in gasoline consumption, at the peak of the season. This has led to price-cutting in some parts of the country, and promises to damp the hope of considerable gains in profits for the remainder of the year. Steps are being taken to cut down production further as a means of holding prices in the face of declining consumption; and they will probably be successful. Sales of copper are reported at prices under those officially quoted, and mining activity is showing no signs of reviving. Commodity price advances, as the table below shows, are principally in farm products, where they were most badly needed:—

(1926 = 100.)

	July, 1931.	June, 1932.	July, 1932.
All commodities	72.0	63.9	64.5
Farm products	64.9	45.7	47.9
Foods	74.0	58.8	60.9
Hides and leather products	89.4	70.8	68.6
Textile products	66.5	53.9	52.7
Fuel and lighting materials	62.9	71.6	72.3
Metals and metal products	84.3	79.9	79.2
Building materials	78.1	70.8	69.7
Chemicals and drugs	78.9	73.1	73.0
Housefurnishing goods	85.7	74.7	74.0
Miscellaneous	69.7	64.2	64.3
Raw materials	64.3	53.2	54.7
Semi-manufactured articles	69.3	57.6	55.5
Finished products	76.1	70.0	70.5
Non-agricultural commodities	73.5	67.8	68.0
All commodities other than farm products and foods	73.9	70.1	69.7

Virtually all the usual weekly and monthly statistics of business show further declines. Foreign trade in July, a seasonal low point, fell sharply. Exports of \$107 millions were slightly under those of June, and were the smallest for any month since July, 1908. Imports dropped to \$79 millions, the smallest for any month since July, 1904. Shipments of copper and oils into the country in May and June, to anticipate the new tariffs, were partly responsible for the slump in imports, but the figures confirm well enough the evidence of the slump in domestic trade.

The steel industry continues at around 14 per cent. of capacity. Hope is still sanguine of autumn improvement, and the scrap iron market, regarded as a good barometer, continues firm. If more steel is to be sold, presumably, much of the demand will come from Government building projects. The railroads as a body have rejected the suggestion that they borrow money from the Reconstruction

Finance Corporation to buy new equipment and make repairs, but a few may do so. The Pennsylvania has already announced its intention of spending money to keep men employed, and the matter is being rather favourably considered by the Baltimore and Ohio. Railroad traffic is still falling, and as yet has felt no stimulus from the usual crop movements. The motor industry is doing worse this month than in July. The Ford plants are reported as closed down until early September and other makers are quieter than usual in August. Electrical output is still running about 13 per cent. under last year, and nearly 16 per cent. under 1930.

Cotton consumption last month was only 278,656 bales, compared with 320,783 bales in June and 450,884 bales in the same month of last year. Exports, on the other hand rose to 449,476 bales, against 360,205 and 259,059 in June, and July, 1931, respectively. The Census Bureau estimated the total supply for the cotton year ending July 1st at 23,170,000 bales, a gain in the year of 4,856,000 bales, or a little more than the estimated decline in the new crop as compared with last year. The position would seem to be somewhat stronger, given either an increase in domestic consumption or higher exports. Cotton futures meanwhile have advanced to the highest prices of the year.

Plans for the proposed commodities credit pool have undergone considerable change. The scheme at best has met with only lukewarm support in some banking quarters here, though it has the active backing of the Administration. Some maintain that the necessity for it, now that commodity prices are rising, is not so pressing as it was, and if an organisation finally operates it will be strictly as a credit-lending body for the purchase of raw materials by such consumers as are unable to obtain accommodation otherwise. In effect, the pool will simply be a means of mobilising excess bank reserves in New York with the hope of putting them to work in the interior.

Bank reserves are now rising rapidly, with the more rapid return of currency from circulation and the continued gain in gold, partly from imports and partly from releases from earmark. Some gold from earmark is going to France this week, but the movement will be completed in two or three more shipments. Stocks of earmarked gold have been reduced by over \$180 millions since the beginning of the year. Total gold stocks are now nearly \$100 millions above the low point reached at the middle of June, and now stand a little above \$4,000 millions. For the third week in succession the Federal Reserve system has cut down the volume of its credit outstanding. So far, the reduction has come about in repayment of member bank discounts, but it is expected that from now on the Reserve will stop buying Government bonds and may even sell some, in order to check too great a rise in member bank excess reserves. Reporting city member banks last week cut their loans and investments moderately, but the decline was largely due to repayment of bank loans from investment purchases of new issues of Chicago public utility bonds, mostly former Insull properties, and from pressure by the banks on their customers to seize the market rise for liquidation of collateral loans which had been undermargined.

Mr Secretary Mills has given some figures on R.F.C. loans. From February 2nd to July 31st, the corporation made 6,345 loans to 4,947 institutions, involving \$1,219 millions, of which \$786 millions went to 4,190 banks. The rest went to insurance companies, building and loan associations, federal land banks, agricultural credit associations and to 43 railroads and railroad receivers, the railroad portion being \$230 millions. Meanwhile the Secretary of Agriculture has lent \$65 millions to farmers out of the \$97 millions made available from a special appropriation. The maximum lending capacity of the R.F.C. is now \$3,800 millions.

President Hoover's speech accepting the Republican nomination for the Presidency made a favourable impression, not only in Wall Street, but throughout the country. The President's gesture for prohibition amendment and his admission that the experiment had been a failure were calculated to cement for him the wet votes in his own party, without alienating those holding opposite views.

The economic clauses of the address were generally sound, and Wall Street particularly liked his restatement of opposition to Government control of public utilities. On the subject of foreign debts, there was some disappointment. President Hoover expressly declared against cancellation, which doubtless he felt obliged to do as a political measure, but at least he left the door open for reduction in suggesting that payments for any particular year would not be insisted upon, and that debt might be "traded" with Europe for purchases of goods in this country. Now that both Roosevelt and Hoover have spoken on the subject, and that Borah has announced his stand, it is no longer political suicide to mention reduction as possibly a good thing all round.

FRANCE.

Loan Conversion — Budget — Trade — American Trade Treaty.

(FROM OUR CORRESPONDENT.)

PARIS, August 24.

THE brilliant success of the British War Loan conversion operation has been welcomed here with admiration, and as an example which both the Government and Rente holders are urged to follow as speedily as circumstances permit. Unfortunately, France cannot expect to achieve the degree of success attained in England. The French war loans still include 6 per cent. and even 7 per cent. issues, whose existence both impairs French credit and hurts the country's *amour propre*. On the other hand, the total mass to be converted is much smaller than the British—about 80 milliards, as compared with over 180 milliards of francs—and the general circumstances are such that what the MacDonald Cabinet has been able to accomplish in Great Britain the Herriot Ministry should shortly be able to do here, where the budget is even more urgently in need.

To-morrow's *Journal Officiel* will promulgate the first of the decrees necessary to bring into operation the Emergency Finance Act which was approved on July 15th. Under Article 6 of that Act, administrative expenditure of all kinds, as from October 1, must be cut down by an amount equal to 5 per cent. of the pay of the nation's civil and military personnel, calculated on the bases of the various departmental credits opened under the Finance Act (Budget) for 1932. To-morrow's decree fixes the cuts to be made in the Budget of the Finance Department for the last quarter of the current year, which will total 24,307,000 francs. Other decrees applying to the rest of the departments will follow. The total economy effected by this means during the quarter is estimated at 125,000,000 francs, and during 1933 at 500,000,000 francs. Greater cuts are practically certain to be made under the Budget for the coming year, which is now being prepared for submission to the Chamber.

The revenue returns for July, which are issued to-day, indicate a sharp slowing down in the yield from taxation. Total yield from all "normal and permanent" Budget sources during the month was 3,722,770,000 francs, against 5,489,000,000 francs in July last year and 5,502,500,000 francs in July, 1930. The yield from income tax, which in July is normally the largest during the year, was only 489½ millions, or 1,013 millions less than in July, 1931. The total yield from all sources was over 33 per cent. less than in the corresponding month of both 1930 and 1931, and 1,077,000,000 francs (or over 25 per cent.) below Budget estimates for the month. Turnover tax was 17½ per cent. below July last, and the yield from Customs and taxes on securities was in each case over 124,000,000 francs smaller. The yield from the tax on Bourse operations, which was raised 50 per cent. in the recent Emergency Finance Act, was only 6,555,000 francs, or over 30 per cent. less than in July last year.

French foreign trade in July was the smallest registered since the revalorisation of the franc. The total volume was 3,817,000,000 francs, against 6,065,000,000 francs in July, 1931, and 6,058,000,000 francs in July,

1930. Imports totalled 2,388,500,000 francs (against 3,634 millions in July, 1931, and July, 1930) and exports 1,428 millions (against round figures of 2,420 millions in the corresponding month in each of the previous two years). Both imports and exports marked new low levels for recent years.

Newspaper commentators are now advocating the calling of a "French Ottawa," comprising representatives from all parts of the "French Colonial Empire," for the purpose of studying means for increasing commercial relations between the Mother Land and "Overseas France." The recent long list of French colonial loans, designed almost entirely for economic development, may be regarded as having a similar object. In the case of a French Ottawa becoming an accomplished fact, there would be no tariff problems to be dealt with. A quota system exists, mainly in regard to colonial agricultural products entering France (for the protection of the all-powerful home agricultural interests), but otherwise trade between the Mother Country and the colonies, and between colony and colony, is as free as between points in France.

At the request of the United States Government, conversations began at the Ministry for Commerce on Monday between French and American representatives, with a view to the preparation of a new commercial treaty between the two countries. The conversations will be resumed next Friday, but it is generally regarded as unlikely, in view of the new world situation now existing, largely as the result of the British change of policy in regard to protection, that any definite decisions will be speedily arrived at. What is regarded in some quarters as most probable is that the present conversations may prove a useful prelude to the World Economic Conference. The great difficulty which this country has hitherto had to face, in connection with tariff negotiations with Washington, is that the United States Government has invariably insisted on being given the benefit of a M.F.N. treatment, and at the same time has eluded a plain issue by protesting that American law renders it impossible for her to concede such treatment to other countries.

GERMANY.

Politics — Foreign Loan Service.

(FROM OUR CORRESPONDENT.)

BERLIN, August 23.

THE Government have apparently decided immediately to dissolve the Reichstag, in which they do not command a majority, before it forces them to a formal resignation by carrying a vote of no confidence. They will duly hold the new elections, and summon the new Parliament within a month, as required by the constitution. In so doing they are taking the only course which remains open to them if they do not wish to violate the constitution or to leave the way to Government open to the National Socialists, which would also of course mean the rapid destruction of the constitution. This course would be impossible for the Government if they were confronted by a Parliament which was capable of providing a majority for any Government, but the negotiations opened by the Centre with the National Socialists with this object seem to have no prospect of success.

Probably the only result of this dissolution will be to gain time for about three months. The Press goes so far as to regard it as absolutely certain that there will be no essential change in the composition of the Reichstag. It is, however, possible that some changes may result from the fifth election of the year, as this weariness may not show itself equally in all parties. It is, however, scarcely possible to assume that a majority capable of assuming Government could arise from a shifting of this nature. This method of setting Parliament aside, and the open proof that Parliament is incapable of action, will certainly do the Parliamentary system serious damage in the opinion of the public. The Government, too, will be crippled, as without Parlia-

ment they cannot carry out any of the reforms they had planned, notably the remodelling of the relations between the Reich and the States. Thus the probability is that—in the absence of violent disturbances—a period of stagnation in German politics lies ahead, in which a Government of little authority will discharge the duties of administration with the aid of semi-dictatorial methods. That disturbances are, however, always possible in the meantime has just been shown by the case of the Beuthen judgment against members of the Nazi "storm detachments." These adherents of Hitler had murdered a Communist the night after the coming into operation of the new emergency decree. Although the deed was accompanied by very great brutality, the state of excitement in which they were at the time might, before the imposition of more severe penalties by the emergency decree, have been taken into consideration, and they might possibly have escaped with imprisonment. As, however, the emergency decree imposes the death penalty even for the unpremeditated killing of a political opponent, the Special Court had to sentence five Hitlerites to death, and the Government are now confronted with the difficult political decision whether they will allow this sentence to be carried out, which would expose them to the most violent attacks by the National Socialists and perhaps lead to serious disturbances, or whether they will disown their own emergency decree.

From the political point of view this prospect is thoroughly unpleasant. Nor can it help the economic situation to have the tension prolonged, and even intensified, without any solution being found. One economic danger has, however, been removed. The Government are no longer under the temptation to go before Parliament with an impressive programme in order to make it difficult for the Reichstag to turn them out. They have realised that not even this course could save them, so that they can allow themselves for the present to make their decisions on purely practical grounds. The unanimity of opinion between the Cabinet and the Reichsbank on the question of the provision of work undoubtedly means, though details are not yet known, that the Government do not intend to finance by means of supplementary credit any comprehensive programme for the provision of employment. It may be taken for granted that the same discretion will be shown in connection with debt policy.

Both German and foreign newspapers have recently contained disquieting statements to the effect that Germany might suspend or limit the transfer of the interest on her foreign debts. In spite of the many standstill agreements and exchange restrictions, the interest and annuities have so far been transferred without restriction in the currency of the foreign creditors. Even the private foreign holder of German securities or other German investments has, so far, been able to use as he liked the interest on dividends which were payable in marks. The total amount of interest payable abroad by Germany was estimated at the beginning of this year at Rm. 1,600 millions per annum, but thanks to the lower rates of interest abroad, which have given rise to a reduction of the interest on the standstill credits, the amount of interest to be transferred in 1932 should be considerably less. When, however, the latest trade balances are compared with the interest payments, they reveal a discrepancy. In May, June and July the active trade balances were only 87, 80 and 66 millions respectively. In these circumstances it is impossible to set aside the fear that in the course of the next few months the transfer of interest may encounter difficulties. The gold and exchange reserves of the Reichsbank have already contracted so seriously that they can hardly be drawn upon for this purpose. What course will Germany take, if a deterioration in the balance of payments forces her to new decisions? The representative of the Government who

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can speak with most authority on this question, Dr. Warmbold, the Minister of Economics, answered this question, in a recent interview, as follows:—

"If the question arises of a reduction in the rate of interest on Germany's private foreign debt, Germany will certainly not take one-sided action in this direction, but will endeavour to reach an agreement with her creditors. It is my confident hope that a transfer moratorium may be reached by agreement with Germany's private creditors."

Germany's foreign creditors and the foreign holders of German bonds can thus be reassured that the German Government will only consider a reduction in the transfer of interest as a very last resource in the event of extreme need; and even in this event there will be no question of one-sided action, but only of a joint agreement with the creditors for a temporary relief.

The above statements of the Minister refer only to the transfer question and not to the ability of each individual German debtor to meet his obligations. Even if Germany is in a position to carry out the transfer of her interest obligations without friction, individual German borrowers might, in consequence of the crisis, encounter insuperable difficulties in raising the interest. The Minister of Economics made some reference to this possibility. The German Government takes the view "that it is the business of the German private debtors to make their own arrangements with their foreign creditors if they feel that they can no longer meet the service of their debts." The Rudolf Karstadt A.G. was the first German debtor in respect of a foreign loan to open negotiations with the holders of its bonds; whether other German firms will be driven to a similar course or not depends upon whether the economic crisis in Germany abates or grows worse. One thing is certain, that the overwhelming majority of German undertakings which have raised loans abroad will not even have to consider this question, for in spite of the decline in markets and prices they have remained in a position to pay.

AUSTRIA.

Exchange — Foreign Trade — Banking.

(FROM OUR CORRESPONDENT.)

VIENNA, August 22.

At breakneck speed the Austrian Parliament has passed 100 Bills in order to enter upon its vacation. Among these there are some regulations very depressing to trade. The merchandise turnover tax and the crisis tax have been greatly increased, and postage is dearer. The much-disputed Lausanne Agreement for a loan has been approved by the narrowest majority. The Government and the business interests were afraid to take the responsibility of rejecting the Agreement, and, as the National Bank declared it to be one of the preliminary conditions for the modification of the bank rate, the Bill was passed. Austria now awaits the proceeds of the loan.

The National Bank has eased its position somewhat by favouring and facilitating private clearing. At present clearing is centralised at the Giro- und Kassenverein, whereas formerly a number of agents were acting as intermediaries for importers and exporters. There are, however, complaints concerning the height of the charges payable for the services of the banking institute. On the other hand, the Giro- und Kassenverein urgently needs these fees, as its former activity in the settling of Stock Exchange arrangements has practically ceased. If the reconstruction of the Credit-Anstalt had been advanced sufficiently, that bank would undoubtedly have had to take over the function which is now being performed by the Giro- und Kassenverein and the profits would then have accrued to the State. It is also becoming more and more evident that the maintenance of artificial exchange rates for foreign means of payment at the National Bank will be eliminated in practice. In private clearing quotations are 15 to 20 per cent. higher than at the National Bank.

Foreign trade is still unfavourable. In the coming months the restriction of coal imports will show greater effect, for, apart from the big contract which the Federal Railways have made for Ruhr coal, coal importers have seen placed on considerably shorter rations, a fact which

is a great help to the Austrian lignite mines. In spite of the dismissal of so very many employees, the level of wages has been fairly well maintained. It is, however, automatically affected by the crisis tax, the increased income taxes and the higher merchandise turnover tax. Further, the existing agreements in certain branches of trade in regard to minimum wages and minimum salaries are valid for some little time still, so that no attack can be made upon them for the present.

As the hopes which were pinned upon the revival of business with Russia have not been fulfilled, endeavours are being made in industry and particularly in the metal trade to create a guarantee institute after the German pattern to relieve the State as far as possible of risk ensuing from possible commercial losses. Complaints from economic interests in Austria about the procuring of credits are still heard. Some attribute this difficulty to the policy of the National Bank. According to the figures published for the middle of August, the total circulation in Austria has receded to 1,070 million schillings, and in comparison with the level at the end of December, 1931, it has suffered a recession of 241 millions, or 20 per cent. It is true that during the same period the cash holdings have also fallen from 317 to 190 million schillings. The bill portfolio has, however, diminished only from 908 to 887 millions. The explanation is that the holdings of Credit-Anstalt bills of exchange could not be disposed of, and only upon the basis of the agreement, which has lately been arrived at between the State and the National Bank, is a gradual redemption to be effected. The National Bank is also most reluctant to accept as collateral securities bearing fixed rates of interest. The loans against collateral amount to scarcely 27 million schillings, and these are mostly against rentes which are deposited by savings banks desiring ready cash immediately. From private persons the National Bank accepts as collateral, only under very exceptional circumstances, securities bearing fixed rates of interest. These transactions take market rates far below officially quoted prices. The mortgage institutes will also have to take steps to prevent artificial prices from being formed. Several of the prices in question are 20 per cent. lower than the figures in the official quotations. On the other hand, private people are in many cases granting credits where the savings banks have refused them, as the savings banks want cash in hand, because for many weeks withdrawals have been in excess of fresh deposits. This is not due to fear but merely to the fact that people are obliged to fall back on savings during the period of bad trade.

HUNGARY.

Deficit — Austrian Treaty — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BUDAPEST, August 21.

THE last report of the Finance Minister revealed that the deficit for the financial year 1931-32 (ending on June 30th) was 160 million pengö, that is 20 million pengö more than was estimated a few weeks ago, on account of the heavy losses of the State undertakings. The deficit of the State Administration proper amounted to 81.9 million pengö, that of the undertakings 53.7 millions, the Boletta Fund (wheat and rye subsidy) showed a deficit of 14.6 million pengö, and other sundry items on balance cost the Treasury 10 million pengö, making a total of 160 million pengö, excluding the deficit of 10 millions of the Social Insurance Fund and another 20 million pengö economised on the service of the Public Debt by suspending amortisation.

The provisional results of the State undertakings for 1931-32 disclose a net revenue of 362.3 million pengö and an expenditure of 416 million pengö. The heaviest losses were sustained by the State Railways, whose receipts of 217.6 million pengö remained 44.3 millions short of an expenditure of 261.9 million pengö. The Iron, Steel and Engineering Works of the State incurred an expenditure of 29.9 million pengö, as against 16.4 millions current receipts. The Post Office is the only important self-balancing State undertaking. Its receipts amounted

to 103 million pengö, against 98.9 millions spent. The other sundry undertakings balanced at 25.3 million pengö. Considering that the budget of the State undertakings for the current financial year is estimated to balance at 401.1 million pengö, it is obvious that the estimates, so far as revenue is concerned, cannot be realised. The Treasury will be fortunate if receipts do not fall below the 362.3 millions actually collected in 1931-32. In view of a threatened deficit of 50-60 millions for the undertakings, the only way to sound finance is to curtail the expenditure, estimated at 401.1 millions, at least by 10 per cent. There is plenty of scope for immediate economies both in the material and personnel expenditure, especially in the case of the State Railways. Unfortunately, there is little evidence that the Government is prepared to take the necessary steps in time.

Foreign trade returns in July are very disappointing. Exports amounted to 22.9 million pengö, as against 40.2 millions in 1931, and imports to 23.7 millions—just one-half of the 47.3 millions imported in the corresponding month last year. There is little doubt that the mischievous effects of the Customs war with Austria, which began on July 15th and lasted until August 4th, have already made themselves felt in the July returns. In the absence of a regular commercial treaty the *modus vivendi* which was in operation from August 4th till 19th was extended and enlarged, so far as the quotas are concerned, for another six weeks until October 2nd. It is not quite clear yet what the monthly quotas to Austria will amount to, as the what the monthly quotas to Austria will amount to, as the approximately 4 million pengö imports allotted hitherto are scarcely one-fourth of the average monthly exports of the second half of 1931 to Austria. The importance of normal trade relations with Austria can be best gauged from the statistics relating to the distribution of foreign trade in the first half of 1932. Out of total exports of 151.6 million pengö, 57.5 million pengö went to Austria, more than to Germany, Czechoslovakia, Italy, France and Switzerland altogether, as exports to these five next most important outlets amounted to only 52.7 million pengö. The average monthly exports to Austria in the first half of 1931 amounted to 12 million pengö, in the second half of 1931 amounted to 15 millions. In the first six months of 1932 the average was 9.5 millions, and, taking into account the seasonal increase in the second half of the year under normal trade relations, exports ought to average 12 million pengö per month, but at best 6.7 million pengö can be expected under the provisional treaty.

ITALY.

Prices — Sugar Beet and Wine — Bank and Liquidations.

(FROM OUR CORRESPONDENT.)

TURIN, August 15.

EVEN before the Stock Exchanges were closed for the holidays business was very quiet, with no sign of revival. Optimistic prophecies from the United States are greeted hopefully, but wholesale prices continue to fall, going down in the first week of August to 78.7 per cent. of the pre-war level. Hindrances to international trade are bearing their evil fruits: during the first half of 1932 goods carried by sea to and from Italy decreased by 7.65 per cent. Goods carried by railways decreased from 48,615,000 tons in the fiscal year 1930-31 to 40,404,000 tons in 1931-32. Recent agreements between Italy and France increasing the very limited import quotas are therefore welcomed as a sign of possible relaxation.

The rainy spring and summer months, while reducing the wheat yield, promise an abundant beet crop, poor in sugar content, so the associations of beet growers and of the sugar makers have agreed to increase by 15 per cent. the quantity of beet which must be purchased by sugar makers. The rest will be used as cattle food. As the alcoholic content of this year's vintage threatens to be low, it was decreed in the last Cabinet Council that the minimum alcoholic degree required from red wines on sale shall be raised from 9 to 10 per cent., and that from white wines from 8 to 9 per cent. It is hoped that many low-content wines will be withdrawn from direct consumption to distillery.

The campaign for the collection of gold has brought the Bank of Italy's reserve from 5,627.9 million lire on March 31 to 5,700.4 on July 31. During the same period the gold exchange reserve decreased from 1,533.6 to 1,390.2 million lire. As, however, the note circulation decreased from 13,871.6 to 13,492.3 million lire, the percentage of the gold cover to circulating notes increased from 40.57 to 43.49 per cent. More interesting, perhaps, are the changes in the discount and advances items from 5,637.9 million lire on March 31 to 6,819.3 on May 31, and 5,974.6 on June 10 and 5,685 millions on July 31. At the same time advances from the Bank to the Liquidations Institute increased by degrees from 1,613.1 million lire on March 31 to 1,789.5 on July 20. This figure ought to have decreased instead at some intermediate date by 800 million lire, which the State Exchequer paid to the Institute to enable it to reduce its debt to the Bank of Italy. The inference is that the reduction has taken place, but at the same date, probably after May 31, the Bank of Italy transferred an equivalent sum from the discount item to the debt of the Institute. Frozen assets remain thus at the same level; and in banking circles the opinion is current that this is not the end of the process of the liquidation of past inflationist errors. Other frozen assets or losses must be transferred from banking and others concerned to the Bank of Italy, and thence to the Liquidations Institute to be amortised in time with State Exchequer or special fiscal grants. The miracle is that so gigantic a process of liquidation, which amounts already to 5 or 6 billion lire, has been carried out without increasing or even with a gradual decrease of the note circulation. It may be said that notes should have decreased even more, or that the process has been possible only through the successful issue of Exchequer bonds; but at all events the winding-up process has gone on, and still continues, successfully, without dislocating the foreign exchanges. In its turn, the stability of the lira has reacted on public psychology, stopping or reducing the export of capital and even provoking not a few capitalists to recall balances formerly held in foreign countries.

CZECHOSLOVAKIA.

Industry — Banking — Trade — Finance.

(FROM OUR CORRESPONDENT.)

PRAGUE: August 8.

THE general economic depression in Czechoslovakia has shown a little improvement since the end of April. The growth of unemployment came to a stop in the second half of March, and since April its decrease is noticeable. The number of unemployed persons at the end of March was 633,907, at the end of April 555,832, in May 484,604 and in June 458,287. This decrease is due partly to the seasonal absorption of labour, especially in the building trade and its ancillaries, and partly to the improved possibilities for some industries which cater for the home market. The depression in the export trade continues unchanged. Exports of glass, textiles and ready-made articles of clothing in particular are suffering through the increasing difficulties and barriers.

The general economic depression is naturally very clearly reflected in the output of coal and iron, notwithstanding a slight revival in the last month. The output of iron and steel shows an extraordinary decrease against the year 1931, which was itself far from favourable, and the export in the first half of 1932 dropped to barely one-third of the 1931 level. The iron trade is employed to only 25 per cent. of its capacity. The situation in the iron trade is made still more difficult by the fact that just before the crisis much capital was invested in it. The wholesale gold price index on May 1st fell for the first time under the level of 1914 to 99.5 and in June to

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97.8, but on the whole there are signs of greater price stability.

The French loan brought some relaxation of the money market, and also the supply of foreign bills at the National Bank rose on April 23rd by 470.15 million Cz.K., though before this date it showed a continuous decline. Since then the foreign bill supply has decreased less, and recently a little increase has been noticeable, probably as a result of the stricter control over foreign exchanges. The decline in savings deposits, which takes place regularly in the spring, was more apparent this year as a result of the livelier building activities, and also owing to a certain amount of hoarding by the public.

The results of the Lausanne Conference contributed to combat the distrust and calm the sentiment on the Stock Exchange. No evidence of apprehension as to the development of politics in Germany is apparent on the money market. The Stock Exchange, which witnessed a considerable decline in quotations in the spring on the announcement of dividends, manifested lately a better spirit, and the Stock Exchange index rose between April 22nd and July 22nd from 71.98 to 76.4.

The new Bank Act has made the regulations much stricter, and has created a special advisory board. It also provides for assistance to certain banks badly hit by the crisis, and creates special funds for the purpose. The reorganisation of some of these banks is also under consideration.

Foreign trade, hampered by exchange and other restrictions, has further declined in volume. In the first half-year imports amounted to 3,956.4 million Cz.K., against 5,546.7 millions a year ago; exports only to 3,731.1 millions, against 6,384.4 millions a year ago. The general situation is aggravated by payment difficulties in some countries, and consideration for the safeguarding of the currency calls for an extension of the control over imports. Unification of this control, which has been vested in special commissions at the Ministry of Finance and of the control exercised still by the Ministry of Commerce over some items of imports will be introduced shortly. A large proportion of the import trade is being carried on at present by means of compensations; it is also partly paid for by frozen credits abroad, which are liquidated to a certain extent in this way. With some countries a clearing agreement has been arranged or is being contemplated.

To regulate the import of corn and flour, and at the same time to stabilise the prices of these commodities, an Import Syndicate has been constituted, in which central agricultural organisations, together with those of consumers, trade and interested industry are participating. The Syndicate is empowered to import corn or flour on the strength of a special agreement with the Government.

The lasting economic depression is naturally manifested in increased State expenditure on unemployment subsidies and in declining revenue. The Minister of Finance estimates that the budget deficit for this year is likely to be 1,700 million Cz.K. To balance it strict economies in the administration have been carried out and new revenues are being sought. The turn-over tax was raised by 50 per cent. last April. In July an increase of income tax, retrospective for the year 1931, was imposed, despite protest and criticism, and a yeast tax was introduced. Most of the energies of Government and Parliament have been concentrated on the economy, and a Government commission is to be charged with the task of effecting lasting economies in the general public administration.

CANADA.

Crops — Business — Newsprint Industry.

(FROM OUR CORRESPONDENT.)

OTTAWA, August 9.

THE western grain harvest has now begun. In Manitoba the wheat crop promises an average yield, but during the past fortnight there has been a substantial deterioration

in the Saskatchewan crop, particularly in the southern and west central sections of the province, which suffered so badly from drought in 1931. In these districts excessive heat, combined with the lack of reserve moisture in the parched subsoil, have taken a heavy toll, and the yield will not run to more than an average of 10 bushels per acre. But the northern sections of the province have fared better, and the province's aggregate wheat crop will be substantially larger than a year ago. In Alberta, except in the northern section of the Peace River Country and in the extreme southerly portion of the province, crop conditions are satisfactory, and something better than an average yield is forecast. The reports of the grain experts agree that all hopes of a bumper wheat crop have vanished, but that, if reasonable weather conditions are vouchsafed during the next fortnight, the yield should still be in excess of 400 million bushels. The oat and barley crops are reported to be poor, and in Manitoba large areas of oats have had to be cut prematurely to save them from the ravages of grasshoppers.

There was a sharp decline of 8 million bushels in Canadian grain stocks in the week ending July 29th, and on that date they were placed at 121,469,701 bushels, as compared with 110,731,356 on the corresponding date of 1931, so that the carry-over at the end of the crop year is only 10 million bushels above the figure for the previous year. This is better than was anticipated. During the past week the western farmers have been greatly heartened by a sharp rise in grain prices, and the advance is expected to continue until wheat, which is now selling at 61½ cents per bushel (No. 1 Northern) in Winnipeg, climbs to at least 70 cents. This rise will be particularly welcome to the Federal Government, as it is an open secret that the process of liquidating the stocks of the central selling agency of the wheat pools had involved it in heavy financial responsibilities, and two weeks ago was facing it with the prospect of a heavy loss unless grain prices improved.

In general business conditions there have been some signs of improvement. Both wholesale houses and retail stores report a slight but definite gain in business, and in several lines of industry, such as food-canning and lumber and mineral manufactures, there has been increased activity. The car-loading figure for the week ending July 30th, at 36,548 cars, shows a decline of 229 cars as compared with the previous week and of 10,844 cars as compared with the parallel week of 1931, but the comparatively poor showing is attributable to a sharp decline in grain loadings, and there is evidence of a gain in the movement of merchandise. The July employment figures of the Bureau of Statistics again showed a slightly downward tendency, and the index number was 89.7, as compared with 89.1 in June and 103.8 on July 1, 1931. But the decline was trivial compared with the shrinkage in recent months.

The difficulties of the newsprint industry are increasing; although there was recently a slight gain both in output and exports, its financial position is almost desperate. Last month three important units of the industry, the Abitibi Power and Paper Company, Price Brothers, and the Lake St. John Pulp and Paper Company were compelled to admit default upon their bond interests obligations, and receiverships seem in prospect of all three. Lord Beaverbrook's scheme for the reorganisation of Price Brothers has collapsed as the result of the opposition of powerful groups of security-holders. At present only two pulp and paper companies operating in Eastern Canada, the Mersey Pulp and Paper Company and the International Paper Company, are meeting interest on their fixed charges. In the difficulties of the others certain banks are known to be deeply involved, and reports from Montreal indicate that they are again bestirring themselves to achieve a drastic reconstruction of the whole financial fabric of the industry through a merger on a comprehensive scale. Whether they will be able to reconcile the conflicting interests remains problematical.

The Stock Exchange.

TEA—A CHANGED OUTLOOK?

THOUGH tea has not plumbed the depths sounded by rubber, it has lately suffered increasing depression and taken it ill, as a strong man hates a sick bed. Some past "crises" have dissolved after a season or two's conservative plucking, but to-day's malady is more obstinate. The industry, with growing disillusionment, has tried one remedy after another. It has experimented with output restriction, and abandoned it. It has had Empire preference, lost it, and regained it. Some estates and areas have consistently aimed at quality and others at quantity production; some have sedulously "nursed" the market, and others thrown supplies on it with little compunction and less dignity. A few months ago, the achievement of approximate equilibrium of world supply and demand seemed to promise the beginning of convalescence. Prices, however, have remained unsatisfactory, and a large section of the industry, having reduced its costs to levels deemed impossibly low a few years back, is operating under unprofitable conditions.

Shareholders seeking the relation between cause and effect may conclude that while the industry, like many others, has been a victim of world forces outside its own control, demand for its product has, in the circumstances, been surprisingly well maintained. Tea imports for home consumption into 48 countries were 817 million lbs. in 1928, 857 millions in 1929, 862 millions in 1930, and are estimated to have shown no considerable falling-off last year. Nor has production increased appreciably since the abandonment of restriction at the end of 1930. Exports from the chief areas (excluding China and Japan) for the last four years have been:—

Exports from China have tended, if anything, to decline, and the unimportant Japanese contribution has increased very slightly. During 1932, so far, there has been no great increase in exports from India and Ceylon (though more tea has come to Great Britain) and arrivals of Java and Sumatra teas to this country, in the first seven months, have been rather lower than in the corresponding period of 1931. London stocks (on a 100 per cent. basis), which rose from 241 million lbs. at the end of 1928 to 289 millions at the end of 1929, were 290 millions a year later, and showed a net decline to 272 millions at the end of 1931. The figures have a seasonal swing, and after being as low as 190 million lbs. at the end of April (after Budget forestalling), have since shown an innocuous rise to 204 millions. The figures are trade estimates, not official computations, and there are no means of ascertaining the extent of "hidden" stocks, held by distributors, etc.

In short, demand has been checked rather than retarded by depression. Supply, after threatening to run ahead in 1929, was damped down by restriction in 1930, and has been kept down by hard times. The industry's troubles are due, not to lack of contemporary balance, but to the ruinous sacrifices, by way of lower selling prices, which have been necessary to attain and maintain equilibrium. The following table of London auction averages suggests why tea company dividends have recently tended to shrink or to disappear:—

	(Million lbs.)				(Per lb.)			
	1928.	1929.	1930.	1931.	1928.	1930.	1931.	1932 (week ended Aug. 20).
N. India Ports	324	348	323	319	d.	d.	d.	d.
S. India	49	52	47	49	16.49	14.69	11.87	9.28
Ceylon	236	252	241	247	15.40	14.52	11.04	8.86
Java and Sumatra	153	158	157	157	18.97	18.61	15.36	11.86
					12.58	10.22	7.61	6.69
All growths (including others)	762	810	768	772	16.73	15.23	12.24	9.58

	Results for 1931.										Ordinary Shares.					
	Net Profits.			Earnings per Ord. Share.	Ord. Divi- dend.	Total Pro- duc- tion.	Pro- duc- tion per acre.	Cost per lb.	Selling Price per lb.	Capital Value per cul- tivated acre.	Profit per cul- tivated acre.	De- nomi- nation.	High. Price, 1927- 31.	Present Price.	Yield on earnings	
	1928	1930	1931													
	£	£	£	%	%	Thous. lbs.	Lbs.	d.	d.	£	£					
Northern India :																
Assam Co.	157,637	3,308	Dr. 16,143	Dr. 1.6	Nil	8,584	735	...	9.99	82	Dr. 1.3	£1	50/-	13/9	...	
Budla Beta	83,922	8,115	36,911	14.4	6	2,799	786	14.01	17.76	84	16.1	£1	157/6	35/-	8.23	
Jhazie	95,070	40,822	14,223	3.4	4	3,911	674	10.82	11.70	72	2.4	£1	122/3	25/-	2.72	
Jokai	183,150	6,189	14,594	1.5	2½	9,317	804	11.89	12.35	56	1.2	£1	119/4½	30/-	1.00	
Jorehaut.....	108,096	29,372	23,412	6.1	5	6,651	694	10.98	11.95	30	2.4	£1	106/-	30/-	4.06	
Southern India :																
Kanan Devan ..	304,052	150,221	125,563	12.3	12½	12,135	...	...	12.38	52	...	£10	57½	20½	6.00	
Mixed Districts :																
Amalgamated ...	185,066	69,924	13,549	Dr. 0.1	Nil	5,604	385	...	11.82	86	...	£10	56½	7	...	
Cons. Tea and Lands	332,683	47,634	Dr. 12,015	Dr. 6.0	Nil	17,280	534	...	8.39	82	...	£10	43½	7	...	
Ceylon (tea only):																
Nuwara Eliya ..	111,525	108,301	116,891	43.0	38	2,199	748	9.52	23.07	95	39.8	£1	144/4½	96/3	8.93	
Scottish Tea and Lands	94,053	57,213	42,067	12.3	12	4,001	611	...	16.14	64	6.4	£1	74/9	31/3	7.88	
Ceylon (mixed pro- ducers) :																
Ceylon Tea.....	175,256	126,976	68,622	15.6	15	5,305	566	...	14.38	31	7.3	£1	133/9	56/3	5.54	
Eastern Produce	140,541	89,289	37,758	10.3	10	6,079	521	10.00	13.25	...	3.2	£1	118/9	35/-	5.89	
Lunuva	93,722	67,421	51,120	10.8	10	4,906	710	10.27	13.95	53	7.4	£1	61/7½	23/9	9.09	
Java & Sumatra :																
Anglo-Dutch	274,318	28,943	Dr. 142,779	Dr. 6.1	Nil	15,519	586	6.09	8.56	52	...	£1	52/9	7/6	...	

The table showing the recent results of a number of tea companies, given at the foot of the preceding page, affords a commentary on the cost of these price-sacrifices to some of the best operating concerns in different areas. The present plight of companies in a worse situation may be inferred from the fact that nineteen concerns in Cachar and Sylhet made a loss (after fixed charges) equal to 20½ per cent. of their ordinary capital, even at the price-levels of 1930. Reference to the table suggests that the margin between cost price and selling price was significantly narrow in most cases, last year, and that ability to earn a profit, at current market levels, is bound up with the extent of subsequent reductions in costs. That these have been made is common knowledge, but their scope is limited. Labour and wage conditions are relatively inelastic. Tea plants cannot be left untended for even a moderate period without permanent damage. Drastic curtailment of all expenditure will have undesirable effects if long maintained. Tea company shares are now selling, on the average, at about one-third of their value during the Stock Exchange boom, but the decline appears merely to have discounted actual or prospective reductions of dividend.

Shareholders may neglect the more ephemeral factors in the industry's present situation. For example, recent sharp fluctuations in tea prices have reflected pre- and post-Budget influences. The excise of 2d. a pound on existing stocks came as a complete surprise, and temporarily crippled new buying power. Northern Indian quotations have had a firmer tendency in the last few weeks, and may be more than maintained as the new season's teas come forward. The new budgetary duty of 4d. per lb., with an Empire preference of 2d., does not seem to have seriously checked consumption—though it is early, as yet, to speak with confidence. The duty, plus the exchange factor, may already be limiting Dutch offerings, to some extent, in London. The effect of Ottawa, and the attitude of Australia and other Dominions towards tea imports from various sources, are also uncertain factors.

It is with more distant prospects that investors in tea shares are chiefly concerned. What will be "normal" future conditions? Must producers, say, in Northern India, abandon their traditional ideas on the rôle of "quality," and, having regard to the present submergence of all but the very best teas from all areas, stake their fate on a "quantity" economy? They have a sufficient reserve of productive power to take up a substantial recovery in consumption. Such a policy might well, therefore, be incompatible with any sustained rise in prices, apart altogether from its reactions on their Dutch competitors. As regards the latter, again, British companies may have to make a difficult choice. They may elect to use their privileged position in the Empire (which, outside India's own consumption, absorbs two-thirds of the world's tea imports) to "drive out" the Dutch grower by relentless exploitation of preferences and exchange depreciation, at the cost of increasingly bitter competition elsewhere, especially in the "on-gold" countries. Conversely, they may regard Dutch producers as probably better disposed, at heart, to suggestions for future "co-operation," and more ready to implement them, than for a long time past.

Tea producers may be facing a "new" outlook, in the sense that the high profit margins of other days may never return. Estate ideas may call for corresponding reorientation. Is the traditional segregation of the producing and distributing trades to be maintained? Producers, naturally impressed with the excellent financial record of the distributors, may toy with the idea of establishing their own direct contact with the consumer, but their plans are unlikely to go very far. The distributive interests are compact and well entrenched. They know their market, and on the whole have served it well.

Whatever tightening of the belt may be appropriate to future contingencies, tea-growers have one advantage over their colleagues in the rubber trade. There is no suggestion of their industry "going native." They are not driven to justify their existence. Even in the Dutch East Indies, native production remains chiefly on a "capitalist" and not a "family" basis. The industry's destiny is in its own hands.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
September 6. September 8.

THE leading factor in the consistent firmness of markets this week was not the Ottawa agreements (of whose purport investors were able to form only a hazy idea), but the renewed strength of Wall Street. Many British operators had anticipated a sizeable American reaction, but the evidence of public buying which accompanied the fresh rise of prices seemed to suggest that the movement still had great vitality. At home, the gilt-edged market continued to improve without making much real headway, immediate interest being centred rather on the prospects of Australian stocks, in anticipation of an early refunding issue (discussed in a Note on page 400). A selective investment demand for industrials was fostered by the issue of company reports suggesting that higher earnings, thanks to internal economies, might precede higher industrial activity. Commodity prices remained firm, but the volume of new business in speculative shares was less than had been anticipated.

Gilt-edged stocks were liquidated at the outset, but recovered on moderate but steady demand from small investors. Assented War Loan found support but failed to touch 99. Long-dated India loans appreciated, and Australian issues found new buyers for a pre-conversion profit.

Brazilians were depressed through anxiety regarding the effect of continued civil strife on national productivity. Among European stocks, Austrians made no further gain on the final ratification of the Debt Agreement. Germans remained moderately steady, despite Nazi turbulence. Chinese loans, particularly that of 1913, were in moderate demand, but Japanese declined with the yen.

Home rails made a slightly better showing, particularly the prior charges. The modest improvement in last week's traffic returns was ascribed in part to the good holiday weather. Underground shares remained steady, the market refusing to believe that the busmen's rejection of the company's terms portended a strike. Argentine railways were quiet but steady in the face of further unsatisfactory traffic figures. Canadian Pacific were an active market under Trans-Atlantic influences, to the accompaniment of nebulous post-Ottawa rumours.

Though the rise in values of British industrial equities was modest by contrast with Wall Street's movements, the market had a consistently favourable tone. The fruitful intervention of the Deputy-Mayor of Manchester in the Lancashire weaving dispute coincided with the publication of greatly improved results by Calico Printers analysed on page 402), and all the leading textile shares showed measurable gains. British Celanese improved on reports of more successful trading by American Celanese. An increased business was done in electrical shares, investment demand producing a fresh rise in Enfield Cable. Provincial support was given to selected iron and steel issues, and motor shares had a firm appearance. Tate and Lyle were prominent, and catering shares in fair request. Breweries were firm in the absence of further chairmen's speeches. Tobacco shares, however, were irregular, apart from intermittent demand for Carreras. Bank shares, particularly those of institutions in the Dominions, were marked higher, but insurance shares showed little change.

Activity in the rubber share market declined perceptibly. Little stock came on the market, but there was no recrudescence of the earlier spurt in demand. Tea shares continued to be neglected, after signs of slightly increased activity early in the week. The outlook for this industry is discussed in a leading article on an earlier page. Dealings in oil shares were not particularly active. American influences were mainly bullish, but the Continent was in an uncertain mood.

Mining shares had a firm undertone, but the expected growth of activity following the publication of the Ottawa agreements failed to mature. A fairly large turnover took place in copper shares in view of the prohibitive duty

proposed on non-Empire metal. Business, however, was almost entirely professional and prices failed to show a corresponding rise—for reasons which are suggested on page 403. Dealings in other base metal share markets were limited by the absence of a steady upward trend in metal prices. "Kaffirs" were in demand largely from Johannesburg, Robinson "B" finding favour, while West Rand continued to be actively dealt in. Johannesburg Consolidated were supported from Paris. Trading in West Australians was much quieter, Wiluna making no further headway.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)

	Aug. 18, 1932.	Aug. 19, 1932.	Aug. 20, 1932.	Aug. 22, 1932.	Aug. 23, 1932.	Aug. 24, 1932.	Aug. 25, 1932.
Government and Municipal Loans	1,395	1,437	Stock Exchange Closed	1,679	1,339	1,454	1,448
Transport, Communications, and Public Utilities	1,041	985		1,079	872	1,072	1,116
Commercial and Industrial	1,771	1,621		2,131	1,924	2,175	2,442
Banks, Insurance and Financial	451	447		531	523	564	636
Mines (including Nitrates)	800	871		1,159	946	1,037	1,110
Oil	206	235		234	170	159	221
Rubber, Tea and Coffee	143	77		132	93	109	182
Total	5,809	5,873		6,946	5,872	6,570	7,155

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1926 = 100.)

	Highest of 1932 (Aug. 25)	Lowest of 1932 (June 1)	Aug. 18, 1932.	Aug. 19, 1932.	Aug. 20, 1932.	Aug. 22, 1932.	Aug. 23, 1932.	Aug. 24, 1932.	Aug. 25, 1932.
	63.9	51.3	61.8	62.1	62.1	62.1	62.6	63.2	63.9

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

In defiance of the augurs, and of Mr Roosevelt (who, in a public address, urged Federal regulation of the stock security markets), the upward movement on the Stock Exchange was resumed on Monday, when prices enjoyed a sharp and broad advance. Buying was mainly, though not entirely, domestic, and was based on appreciable public support, as well as pool activity. The movement was helped by a further spectacular rise in cotton, on re-washed fresh deterioration of the crop. The tempo of the share markets was not completely maintained on succeeding days, and the bond market, after breaking new high ground for the year, showed a slight and not unhealthy reaction. Rails came back into favour, particularly roads included in the proposed Eastern merger. Delaware and Hudson were especially in the public eye, owing to rumours of an early public announcement of the acquisition of a substantial stock interest in New York Central by purchases below \$10. Generally, the earnings outlook for most railroads was regarded as having improved, owing to internal economies and expectations of a moderate traffic revival. The completion was announced

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Boulevard Street, E.C.4.

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

Name.....

Address.....

of the organisation of the Commodity Finance Corporation by twenty New York banks, under the presidency of Mr Mortimer Buckner. The corporation, with resources of \$50,000,000, is forbidden itself to purchase commodities. It will function through subsidiaries, its nationwide operations including loans to mills, manufacturers, &c., for the purchase of basic commodities. Internal trade still shows few tangible signs of betterment. Steel production remains around 14 per cent. of capacity, and electrical power production last week was 12.9 per cent. below the level of the corresponding week of last year. Freight-car loadings, however, have shown a slightly more than seasonal gain in the last two weeks.

	Aug. 18, 1932.	Aug. 19, 1932.	Aug. 20, 1932.	Aug. 22, 1932.	Aug. 23, 1932.	Aug. 24, 1932.	Aug. 25, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	102½	102½	102½	102½
Do. 4½% 32-47	101½	101½	101½	101½	101½	101½	101½
Do. 4½% 33-38	102½	103	103	103	103	103	103
Natl. Biscuit	39	38½	38½	38½	38½	38½	38½
Phillips Dodge	7½	6½	6½	6½	6½	6½	6½
Fullman	20	21	21	21	21	21	21
Sears-Roebuck	22½	22	22	22	22	22	22
Studebaker	24	24	24	24	24	24	24
Un. Fruit	24	24	24	24	24	24	24
U.S. Leather	4	5	5	5	5	5	5
U.S. Rubber	5	4	4	4	4	4	4
U.S. Steel	42	41	41	41	41	41	41
Westinghouse	34	38	38	38	38	38	38
Woolworth	36	36	36	36	36	36	36
Am. Tel. & Tlg.	113	112	112	112	112	112	112
Interboro B.T.	7	7	7	7	7	7	7
Int. Tel. Teleg.	10	11	11	11	11	11	11
Radio Corp.	8	9	9	9	9	9	9
Utilities P. & L.	6	6	6	6	6	6	6
W. Union Tlg.	34	32	32	32	32	32	32
Associated Gas "A"	11	11	11	11	11	11	11
Pan. Amer. B.(New)	11	13	13	13	13	13	13
Shell	11	13	13	13	13	13	13
Shell Union	6	6	6	6	6	6	6
Std. California	27	27	27	27	27	27	27
Do. N.J.	34	33	33	33	33	33	33

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Aug. 17.	Aug. 24.
337 Industrials	98.2	174.1	51.4	114.7	52.2	50.4	55.1
33 Rails	145.6	145.6	31.7	105.7	32.2	27.8	34.7
34 Utilities	153.2	267.4	90.6	187.6	91.8	83.5	91.3
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	52.3	57.7
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.81%	5.29%

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

	Highest of 1932 (Mar. 8)	Lowest of 1932 (June 27)	Aug. 17, 1932.	Aug. 18, 1932.	Aug. 19, 1932.	Aug. 20, 1932.	Aug. 22, 1932.	Aug. 23, 1932.	Aug. 24, 1932.
	68.9	35.2	58.8	59.0	58.3	58.7	61.8	63.2	64.5

TOTAL DEALINGS IN NEW YORK.

	Aug. 19, 1932.	Aug. 20, 1932.	Aug. 22, 1932.	Aug. 23, 1932.	Aug. 24, 1932.	Aug. 25, 1932.
Stock Exchange—Shares (Thous.)	2,200	700	3,200	4,600	3,700	4,200
Bonds (Value Thous. \$) ...	14,300	6,500	15,400	19,474	17,100	15,200
Curb—Shares (Thous.)	250	120	320	540	400	580

* 2-hour session.

PARIS.

The Bourse was sluggish at the outset, activity being confined to Rentes and one or two Internationals. Later, the volume of business increased considerably, the strength of Wall Street being reflected throughout the market. Some slight profit-taking followed, but on Thursday Rentes exhibited renewed strength, while there was considerable activity in the more speculative sections.

	Aug. 18, 1932.	Aug. 22, 1932.	Aug. 25, 1932.	Aug. 18, 1932.	Aug. 22, 1932.	Aug. 25, 1932.
Banque de France	11,495	11,430	11,525	Wagons Lits	91	85
Crédit Lyonnais	2,125	2,070	2,130	Mexican Eagle	36	35
Suez Canal	14,050	13,905	14,600	"Chartered"	93	91
Chargers Réunis	238	231	255	Ford	113	113
Rio Tinto	1,523	1,494	1,640	De Beers	341	383
Royal Dutch	15,975	15,625	16,450	"Johnnies"	123	129

(Continued on page 400.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

NOTE:—Where there has been no payment of dividends for 12 months, the interest thereon, if applicable, is determined by the following formula:—

Price Year 1931.		Price Year 1932 (Jan. 1 to Aug. 25) Inclusive.		Name of Security.	Price Aug. 16, 1932.	Price Aug. 23, 1932.	Rise or Fall.	Present Yield.	Price Year 1931.		Price Year 1932 (Jan. 1 to Aug. 25) Inclusive.		Name of Security.	Price Aug. 16, 1932.	Price Aug. 23, 1932.	Rise or Fall.	Present Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
British Funds.																	
80 1/2	79 1/2	73 1/2	64 1/2	Consols 4 1/2 %	72 1/2	70 1/2	-2	3 11 0	21	8	70 1/2	70 1/2	Paraguay Cen. D.D.	6 1/2	6 1/2	...	NU
85 1/2	84 1/2	100 1/2	73 1/2	Consols 4 1/2 %	106	105	-1	3 16 2	70 1/2	70 1/2	70 1/2	70 1/2	Salvador 5 % (E10)	70 1/2	70 1/2	...	NU
104 1/2	103 1/2	109 1/2	93 1/2	Do. Loan 3 1/2 %	100	98 1/2	-1 1/2	3 11 0	150	94 1/2	117	92	San Paulo Ord. 8 1/2 %	102 1/2	101 1/2	-1	6 18 0
108 1/2	107 1/2	115 1/2	99 1/2	Do. 5 1/2 % 1944-44	109	108	-1	3 10 0	65 1/2	20 1/2	25 1/2	10 1/2	Talita Bly. Ord. 8 1/2 %	15 1/2	15 1/2	...	14 6 9 1/2
97 1/2	96 1/2	103 1/2	89 1/2	Do. 5 1/2 % 1944-44	114	113 1/2	-1 1/2	3 12 0	5 1/2	22	25 1/2	10 1/2	Ud. Havana Ord. 8 1/2 %	5	5	...	...
102 1/2	101 1/2	107 1/2	95 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	16 1/2	9 1/2	9 1/2	2 1/2	Anglo-France (E1)	4 1/2	4 1/2	...	NU
93 1/2	92 1/2	98 1/2	87 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Anglo-Int'l. (E1)	9 1/2	9 1/2	...	NU
98 1/2	97 1/2	103 1/2	91 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Anglo 8 1/2 % A (E10 85 pd)	5 1/2	5 1/2	...	...
104 1/2	103 1/2	109 1/2	95 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	American B. E. 1 1/2 %	7 1/2	7 1/2	...	...
90 1/2	89 1/2	95 1/2	84 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Bank of N. Zealand 8 1/2 %	50 1/2	50 1/2	...	+2/6 5 9 3 1/2
70 1/2	69 1/2	75 1/2	64 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Bank of Eng. 8 1/2 %	31 1/2	31 1/2	...	-1 3 17 0
46 1/2	45 1/2	50 1/2	39 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Barclay B. (E1)	33 1/2	33 1/2	...	...
64 1/2	63 1/2	68 1/2	57 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Barcl. (Dom. C.) A (E1)	26 1/2	26 1/2	...	+3 3 13 0
86 1/2	85 1/2	90 1/2	79 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Bk. of Australasia (E5)	8 1/2	8 1/2	...	+5 4 6
106 1/2	105 1/2	110 1/2	97 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Bk. of Montreal (\$100)	650	650	...	...
90 1/2	89 1/2	95 1/2	84 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Bk. of N.S.W. (220)	23 1/2	23 1/2	...	+ 6 13 4
70 1/2	69 1/2	75 1/2	64 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	British Overseas A. E. 5	5 1/2	5 1/2	...	- 5 14 3
46 1/2	45 1/2	50 1/2	39 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Chitl. of India (E5)	5 1/2	5 1/2	...	+ 5 15 3
64 1/2	63 1/2	68 1/2	57 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Cornbl. Bk. of Aus. 10 1/2	12 1/2	12 1/2	...	+3 16 0
86 1/2	85 1/2	90 1/2	79 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	District A. E. 5 1/2 pd	65 1/2	65 1/2	...	+5 4 0
106 1/2	105 1/2	110 1/2	97 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Do. B. 2 1/2 fully pd.	47 1/2	47 1/2	...	+ 4 4 3
90 1/2	89 1/2	95 1/2	84 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Hamb. Root. & Aust. 5 1/2 3pd	4 1/2	4 1/2	...	+5 9 6 1/2
70 1/2	69 1/2	75 1/2	64 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Hambros 10 1/2, 5 1/2 pd	6 1/2	6 1/2	...	+ 7 10 0
46 1/2	45 1/2	50 1/2	39 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Hong. and S. (E125)	61 1/2	61 1/2	...	+21 4 18 0
64 1/2	63 1/2	68 1/2	57 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Lloyds 5 1/2, with 5 1/2	64 1/2	64 1/2	...	+ 4 18 0
86 1/2	85 1/2	90 1/2	79 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Martins Lane 5 1/2 pd	14 1/2	14 1/2	...	+ 3 14 0
106 1/2	105 1/2	110 1/2	97 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Midland 1 1/2, fully pd.	78 1/2	78 1/2	...	+ 4 4 0
90 1/2	89 1/2	95 1/2	84 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Nat. of Egypt 5 1/2	27	27	...	+5 11 0
70 1/2	69 1/2	75 1/2	64 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Nat. of India 5 1/2 1/2 pd	43 1/2	43 1/2	...	+6 8 0 1/2
46 1/2	45 1/2	50 1/2	39 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Nat. Prov. 20 1/2, 5 1/2 pd	13 1/2	13 1/2	...	+ 4 17 6
64 1/2	63 1/2	68 1/2	57 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Royal Bk. of Scotland	38 1/2	38 1/2	...	+ 5 11 3
86 1/2	85 1/2	90 1/2	79 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	St. of A. £20, 85 pd	78 1/2	78 1/2	...	+ 4 13 9
106 1/2	105 1/2	110 1/2	97 1/2	Do. 5 1/2 % 1944-44	108	106 1/2	-1 1/2	3 12 0	11 1/2	9 1/2	9 1/2	2 1/2	Westminster 5 1/2, 1 1/2 pd	77 1/2	77 1/2	...	-1 4 13 9
Foreign Rys. - cont.																	
80 1/2	79 1/2	73 1/2	64 1/2	Anglo-American Deb.	212	217	+5	5 6 6	212	217	...	...	Anglo-American Deb.	212	217	...	5 6 6
85 1/2	84 1/2	100 1/2	73 1/2	Anglo-Celtic Ord.	66	66	...	6 18 0	66	66	...	...	Anglo-Celtic Ord.	66	66	...	6 18 0
104 1/2	103 1/2	109 1/2	93 1/2	Alta Electric, E. & S.	157 1/2	157 1/2	...	2 6 0	157 1/2	157 1/2	...	...	Alta Electric, E. & S.	157 1/2	157 1/2	...	2 6 0
108 1/2	107 1/2	115 1/2	99 1/2	Brit. Assets Trust 6 1/2	170	170	...	5 17 8	170	170	...	...	Brit. Assets Trust 6 1/2	170	170	...	5 17 8
97 1/2	96 1/2	103 1/2	89 1/2	Debenature Corp., Def.	99 1/2	99 1/2	...	7 0 9	99 1/2	99 1/2	...	...	Debenature Corp., Def.	99 1/2	99 1/2	...	7 0 9
102 1/2	101 1/2	107 1/2	95 1/2	For. Amer. & Co., Def.	65	65	...	3 17 0	65	65	...	...	For. Amer. & Co., Def.	65	65	...	3 17 0
93 1/2	92 1/2	98 1/2	87 1/2	Guardian Investment	145	150	+5	7 6 8	145	150	...	...	Guardian Investment	145	150	...	7 6 8
98 1/2	97 1/2	103 1/2	91 1/2	Indus. & Gen. Ord.	123	125	+13	6 4 3	123	125	...	...	Indus. & Gen. Ord.	123	125	...	6 4 3
104 1/2	103 1/2	109 1/2	95 1/2	Lake View Invest.	222	225	+3	6 4 3	222	225	...	...	Lake View Invest.	222	225	...	6 4 3
90 1/2	89 1/2	95 1/2	84 1/2	Merchants Trust Ord.	195	192	-3	7 6 0	195	192	...	...	Merchants Trust Ord.	195	192	...	7 6 0
70 1/2	69 1/2	75 1/2	64 1/2	Mercantile Trust Ord.	292	302	+10	6 12 3	292	302	...	...	Mercantile Trust Ord.	292	302	...	6 12 3
46 1/2	45 1/2	50 1/2	39 1/2	Nineteen Twenty-eight	35	35 1/2	...	7 1 0	35	35 1/2	...	...	Nineteen Twenty-eight	35	35 1/2	...	7 1 0
64 1/2	63 1/2	68 1/2	57 1/2	Nineteen Twenty-nine	35 1/2	35 1/2	...	8 0 0	35 1/2	35 1/2	...	...	Nineteen Twenty-nine	35 1/2	35 1/2	...	8 0 0
86 1/2	85 1/2	90 1/2	79 1/2	Scottish Investment (E1)	17 1/2	17 1/2	...	8 14 0	17 1/2	17 1/2	...	...	Scottish Investment (E1)	17 1/2	17 1/2	...	8 14 0
106 1/2	105 1/2	110 1/2	97 1/2	Scottish Mortgage	58	58	...	9 10 6	58	58	...	...	Scottish Mortgage	58	58	...	9 10 6
90 1/2	89 1/2	95 1/2	84 1/2	Stockholders Ord.	52 1/2	52 1/2	...	6 13 3	52 1/2	52 1/2	...	...	Stockholders Ord.	52 1/2	52 1/2	...	6 13 3
70 1/2	69 1/2	75 1/2	64 1/2	Trustees Corp. Ord.	140	140	...	7 3 0	140	140	...	...	Trustees Corp. Ord.	140	140	...	7 3 0
46 1/2	45 1/2	50 1/2	39 1/2	United States Deb.	142 1/2	142 1/2	...	6 16 0	142 1/2	142 1/2	...	...	United States Deb.	142 1/2	142 1/2	...	6 16 0
Financial Trusts, &c.																	
80 1/2	79 1/2	73 1/2	64 1/2	Argentine Land, &c.	15 1/2	15 1/2	...	6 2 0	15 1/2	15 1/2	...	...	Argentine Land, &c.	15 1/2	15 1/2	...	6 2 0
85 1/2	84 1/2	100 1/2	73 1/2	Australian Land, &c.	20	20	...	7 5 0	20	20	...	...	Australian Land, &c.	20	20	...	7 5 0
104 1/2	103 1/2	109 1/2	93 1/2	Brit. Nub. & Borneo	1 1/2	1 1/2	...	3 10 0	1 1/2	1 1/2	...	...	Brit. Nub. & Borneo	1 1/2	1 1/2	...	3 10 0
108 1/2	107 1/2	115 1/2	99 1/2	Brit. Africa 1 1/2 1/2 pd	21 1/2	21 1/2	...	6 13 0	21 1/2	21 1/2	...	...	Brit. Africa 1 1/2 1/2 pd	21 1/2	21 1/2	...	6 13 0
97 1/2	96 1/2	103 1/2	89 1/2	Charterhouse Inv. E. 1	15 1/2	15 1/2	...	6 3 0	15 1/2	15 1/2	...	...	Charterhouse Inv. E. 1	15 1/2	15 1/2	...	6 3 0
102 1/2	101 1/2	107 1/2	95 1/2	C. of London B. Pty. E. 1	15 1/2	15 1/2	...	6 3 0	15 1/2	15 1/2	...	...	C. of London B. Pty. E. 1	15 1/2	15 1/2	...	6 3 0
93 1/2	92 1/2	98 1/2	87 1/2	Dalgely 520, 85 pd	58	58	...	5 11 0	58	58	...	...	Dalgely 520, 85 pd	58	58	...	5 11 0
98 1/2	97 1/2	103 1/2	91 1/2	Forestal Land 5 1/2	20 1/2	21 1/2	+1/3	6 13 0	20 1/2	21 1/2	...	...	Forestal Land 5 1/2	20 1/2	21 1/2	...	6 13 0
104 1/2	103 1/2	109 1/2	93 1/2	Hudson's Bay 5 1/2	3 1/2	3 1/2	...	NU	3 1/2	3 1/2	...	...	Hudson's Bay 5 1/2	3 1/2	3 1/2	...	NU
90 1/2	89 1/2	95 1/2	84 1/2	Do. 5 1/2 % 1944-44	7 1/2	7 1/2	...	NU	7 1/2	7 1/2	...	...	Do. 5 1/2 % 1944-44	7 1/2	7 1/2	...	NU
70 1/2	69 1/2	75 1/2	64 1/2	Do. 5 1/2 % 1944-44	24	24	...	NU	24	24	...	...	Do. 5 1/2 % 1944-44	24	24	...	NU
46 1/2	45 1/2	50 1/2	39 1/2	Do. 5 1/2 % 1944-44	12 1/2	12 1/2	...	6 13 0	12 1/2	12 1/2	...	...	Do. 5 1/2 % 1944-44	12 1/2	12 1/2	...	6 13 0
64 1/2	63 1/2	68 1/2	57 1/2	Do. 5 1/2 % 1944-44	28 1/2	28 1/2	...	NU	28 1/2	28 1/2	...	...	Do. 5 1/2 % 1944-44	28 1/2</			

† Free of Income Tax.

Price Year 1931.		Price Year 1932 (Jan. 1 to Aug. 23) inclusive.		Name of Security.		Price Aug. 16, 1932.		Price Aug. 23, 1932.		Rise or Fall.		Percent Yield.		Price Year 1932 (Jan. 1 to Aug. 23) inclusive.		Name of Security.		Price Aug. 16, 1932.		Price Aug. 23, 1932.		Rise or Fall.		Percent Yield.					
High.	Low.	High.	Low.			High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.			High.	Low.	High.	Low.	High.	Low.	High.	Low.				
														s s. d.															
4/3	1/4	3/8	1/9	Coal, Gen. - cont.	2/-	2 6	1/6	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
17/1	8/9	12/6	1/9	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
19/10	10/-	20/11	15/11	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
4/6	1/-	2/11	6/11	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
3/4	9/10	2/6	7/11	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
63/11	44/6	60/-	47/6	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
2/6	3/4	1/6	3/4	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
24/3	10/1	17/3	9/6	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
8/3	3/11	5/10	3/4	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
5/4	1/10	3/11	1/10	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
23/1	12/6	18/9	12/7	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
33/1	20/7	25/10	15/10	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
8/11	2/6	5/6	5/6	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
10/11	3/6	7/11	3/9	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
28/9	9/10	24/6	15/7	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
30/1	16/9	7/11	7/11	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
22/9	10/9	17/6	10/9	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
19/3	11/3	15/-	8/9	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
3/3	6/1	1/11	11/11	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
31/6	13/9	14/8	14/8	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
11/3	5/11	8/11	8/11	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
23/9	14/11	19/9	16/3	Baldwin 3/11	3/11	3/11	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
5/-	2/-	4/10	2/9	B. Otn. & Wool De. 5s.	4/-	4/-	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
18/1	15/6	15/6	12/7	Bleachers 11/3	12/6	12/6	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
22/11	13/6	23/6	12/7	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
14/11	11/6	14/11	12/7	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
11/6	4/-	9/3	5/6	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
9/10	2/6	7/10	4/10	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
13/6	4/6	10/10	4/10	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
85/6	34/-	46/6	35/7	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
45/7	24/7	37/9	23/9	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
45/7	19/3	35/11	23/9	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
16/11	16/11	11/10	11/10	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
25/-	10/-	18/10	10/-	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
28/9	16/6	24/8	17/6	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
18/3	7/6	16/3	10/3	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
51/10	17/3	36/10	25/-	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
50/10	41/11	53/11	42/6	Bradford Dyers (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
85/10	15/-	23/9	15/3	Electrical Manuf. 18/9	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
67/6	47/6	62/6	50/3	Associated Elec. (E1)	62/6	62/6	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
63/9	46/3	59/6	47/6	British Insulated (E1)	57/6	57/6	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
23/6	17/6	19/-	16/3	Callenders (E1)	18/9	18/9	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
11/3	3/9	10/7	8/9	Chrompan Parkhouse 5/-	10/7	10/7	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
6 1/2	34/9	44/3	32/6	Chrompan Parkhouse 5/-	10/7	10/7	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
37/3	23/9	23/9	11/3	English Electric (E1)	4/6	4/6	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
25/-	18/9	24/-	19/11	General Electric (E1)	4/6	4/6	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6	12/-	1/6	Anglo-American Ind. 11/7	11/6			
82/9	83/1	81/9	81/9	Electric Light, & 81/11	...	...	...	NH	11/7	8/1	12/-	5/-	Anglo-American Ind. 11/7	11/6	12/-	1/6	Ang												

+ Free of Income Tax

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on radio, are still in the development stage. The next period of market activity seems likely to see the flotation of numerous new radio concerns, good and bad, and it may be some time before the industry settles down into quiet "respectability."

Calico Printers.—A gratifying increase in earnings is announced by this Lancashire "finishing" company in a preliminary statement. After providing £359,970 for maintenance, repairs and renewals, and £128,000 for debenture interest, the accounts for the year to June 30th last show a profit of £157,458, against a loss in the previous year of £175,289. The directors are paying the dividend on the 5 per cent. preference shares which was deferred last February:—

	Years to June 30,		
	1930.	1931.	1932.
	£	£	£
Gross profit	710,794	346,751	(a)
Depreciation, &c.....	501,607	382,540	359,970
Directors' fees	12,000	11,500	(a)
Debenture interest.....	128,000	128,000	128,000
Net profit.....	69,187	<i>Dr. 175,289</i>	157,458
Brought forward.....	61,535	29,917	3,823
Preference dividend	150,805	150,805	150,805
Reserve	<i>Dr. 50,000</i>	<i>Dr. 300,000</i>	(a)
Carried forward.....	29,917	3,823	(a)

(a) Figures not yet published.

The company is understood to have benefited from extensive economies, from the impetus to exports following the abandonment of the gold standard, and from the greater stability of inventory values. The £1 5 per cent. cumulative preference shares rose from 10s. to 14s. on the preliminary statement.

Triplex.—A satisfactory report was issued this week by the oldest of the safety glass companies, which has practically maintained its earnings for the year to June 30th last at the previous year's level:—

	Year to June 30,		
	1930.	1931.	1932.
	£	£	£
Trading profits	70,207	78,954	74,495
Other income.....	168	2,478	3,459
Expenses.....	13,046	...	...
Interest	1,686	...	...
Directors' fees	1,104	636	750
Taxes	5,000	12,600	13,000
Depreciation, &c.....	12,804	33,701	33,458

Net profit.....	36,735	34,495	30,836
Brought forward.....	19,096...	29,104	33,599

Ordinary dividend :			
Amount	15,379	30,000	30,000
Earned %	12·0	11·5	10·3
Paid %	5	10	10

Reserve, &c.	11,348	Nil	13,156
Carried forward.....	29,104	33,599	21,279

* Written off assets, after crediting £38,161 profit on sale of investments.

The development of improved methods of manufacture has resulted in an exceptionally heavy charge for obsolescence, of which £21,929 has been taken from profits. A profit of £38,161 was made by the sale of investments during the year, and this was credited to profit and loss account. The items of goodwill (£28,750), shares in subsidiaries (£12,500) and an amount owing by a subsidiary (£10,070) have, consequently, each been written down to £1. Government securities to the value of £102,718 were sold during the year to provide cash for a reduction of capital by a repayment of 10s. per £1 share. The shares are quoted around 88s. 9d.

Quarterly Reports—A Sound Example.—Messrs. Wiggins, Teape and Company (1919), Limited, have set the largest British companies an example in helpful financial publicity. This company, which has a total issued debenture and share capital of £8,668,668, controls

numerous subsidiaries in the specialised paper-making trades. Shareholders have every reason to be satisfied with its recent progress, for ordinary dividends have risen from nil in 1925 to 10 per cent. for the last three years. The company has long taken an enlightened view of its duty towards its proprietors. For some years its reports have been supplemented by a complete list of subsidiaries and a consolidated balance sheet, incorporating their audited figures after eliminating inter-company shareholdings and debts. The statement has also showed the date of each subsidiary balance sheet and given comparative figures for the previous year. In the accounts for 1931, presented last May, the directors went further, for they included a summary of the consolidated profit and loss and the appropriation accounts of the parent and subsidiaries. At the general meeting the chairman announced that the possibility of issuing quarterly progress reports was being investigated, and the first of these has now been issued. It gives, not a coloured directorial appreciation of recent trading, as in the case of certain notorious British "progress statements," but an accountant's figure of approximate profits. These are shown for the half-year to June 30th last (after depreciation and allowance for outside shareholdings, etc.) at £161,904, against £138,898 in the corresponding period of 1931. After debenture and preference requirements, net earnings for ordinary shareholders are put at £93,180, or £18,567 more than in the corresponding period of last year. In future these reports will be issued not more than seven weeks after the end of the quarter to which they relate. We congratulate Col. W. R. Portal and his fellow-directors on their pioneer wisdom in crediting their proprietors with a healthy financial interest and a knowledge of elementary arithmetical principles. In the words of a contemporary, "*O si sic omnes!*"

Barrow Haematite.—The accounts for 1931 serve to emphasise the necessity for the scheme of arrangement which was finally sanctioned by the court on July 20th last. The year's trading showed a small loss, and a debit of £54,066 was carried forward.

	Year to December 31,		
	1929.	1930.	1931.
	£	£	£
Profit	27,218	17,669	Dr. 4,559
Bank interest, &c.	...	7,266	12,829
Directors' fees	3,191	2,696	2,851
Debenture interest	3,763	1,366	1,366

Net profit	20,264	6,341	Dr. 21,605
Brought forward	Dr. 69,066	Dr. 38,802	Dr. 32,461
Carried forward	Dr. 38,802	Dr. 32,461	Dr. 54,066

The company's capacity was only partially employed last year, and losses on idle plant more than absorbed the profits made. The reconstruction scheme should produce certain economies during the current year, but a major improvement in earnings will be contingent on revival in the heavy industries. The £4 10s. ordinary shares were last dealt in at 2s. 9d., and the £4 10s. second preference shares at 5s. 9d., but the market in both is nominal at present.

Swedish Match Position.—A message from Stockholm purports to summarise the findings of the Reconstruction Committee on the Swedish Match Company. These will command general support among British investors, who were recently shown to hold 13½ per cent. of the "A" capital and 44.7 per cent. of the "B" capital of the company. The committee believes that the company has a fair prospect of survival as a profitable concern if the banks, who are its chief creditors, will grant it time in which to repay its loans. A scheme is proposed under which interest, during the "reconstruction period," will be paid regularly, but amortisation will be governed by the extent of the company's annual earnings. A balance sheet is submitted, suggesting that the company's tangible assets approximately equal its liabilities. The valuation adopted is conservative, the company's extensive holdings of foreign bonds being taken at current depressed price levels, while no value is placed upon monopoly rights. The reconstruction scheme predicates an effective separation of the company's industrial activities, and its financial interests as

a cosmopolitan holder of securities. It avoids the necessity for forcing the company's monopoly rights to a sale on an unwilling market at rock-bottom prices. The company's capital will be 90,000,000 kronor, but this will be purely a book-keeping figure, the committee accepting no responsibility for the nominal valuation of the shares' at 25 kronor. Application will be made for a three months' extension of the present moratorium from August 30th next, in order that the various interests concerned may have ample time to come to a definite decision. The company's situation corresponds, essentially, to that of the Royal Mail group before the passing of this year's scheme, though it may be, happily, one degree less involved. The scheme has, presumably, been drawn up with the co-operation, in Stockholm, of the British Protective Committee's representative, and if the summary of its provisions which has reached this country is accurate, British shareholders will doubtless give it a favourable reception. It offers them no prospect of a resumption of dividends for some years, but it meets the view of the Protective Committee that the maintenance of the business and goodwill of the Swedish Match Company (in which 64 per cent. of British "Kreuger" holdings are invested) is "worth a struggle."

Mining Shares and the Copper Tariff.—Rhodesian mining shares, after recent activity, have lagged somewhat since the announcement in the published list of the Ottawa agreements of a tariff on foreign copper entering the United Kingdom of 2d. per lb. At the ruling price for copper, in fact at any level at all probable in the near future, this duty is prohibitive, and, in effect, reserves the British market for Empire metal. Why have mining shares failed adequately to respond? Presumably because of the "price" proviso, by virtue of which copper, like zinc, lead and wheat in grain, must be "offered on a first sale in the United Kingdom at prices not exceeding the world price." If selling values in Britain are to march in step with those ruling on the competitive markets in Europe, the more optimistic section of the market may be compelled to revise its recent idea of prospective mining profits. Competition for Continental demand from producers in Chile, Japan and the Congo will, naturally, be intensified, and possible developments in Russia cannot be overlooked. Price-cutting of a fairly drastic nature may, in fact, occur. If the safeguard of the Ottawa "price clause" is to work effectively in the interests of British consumers and export traders, copper must be made available for sale here at the same level as on the Continent. For the moment, this aspect is obscured, partly by uncertainty regarding the official interpretation of the term "world price" and partly by the current upward tendency in copper values, which displays certain speculative symptoms. Sooner or later, however, the implications of the Ottawa decision must be faced.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

National Savings Certificates.
Not receipts, week ended August 20, 1932, £350,000.

		Nominal Capital.	Conversions or Repay- ments.	New Money Cash Sub- scription.	First Payment.	Further Liability.
Week ending Aug. 27, 1932—		£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To the Public.		£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To Shareholders Only.		Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—						
Including						
Excluding						
Conversions.						
Conversions.						
Total Offered for Subscription—						
Including						
Excluding						
Conversions.						
Conversions.						
Jan. 1 to date—						
1932	209,099,990	162,265,325				
1931	108,421,089	97,544,114				
1930	281,348,712	131,227,181				
1929	224,241,811	192,916,211				
1928	453,722,587	281,612,964				
1927	...	247,161,290				
1926	...	140,590,269				
1925	...	128,360,577				
Whole year—						
1931	...	114,230,666				
1930	...	454,888,784				
1929	...	488,764,940				
1928	...	693,100,056				
1927	...	355,165,970				
1926	...	230,782,600				
1925	...	232,214,500				
1924	...	209,326,101				

Nature of Borrowing.

	Debentures, Bonds, &c. £	Preference Stocks and Shares, £	Ordinary Stocks and Shares, £	Total. £
January 1 to date—				
1932	150,612,581	8,045,682	3,607,062	162,265,325
1931	75,202,274	6,223,059	16,105,781	97,541,114
1930	156,919,408	14,730,138	19,577,935	191,227,481
Whole Year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,877,900	45,062,600	111,177,600	369,058,100
1927	226,958,000	36,819,500	98,381,400	355,158,900
1926	145,180,000	39,393,200	230,782,600	515,355,800

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	9,011,750	...	9,756,857
Total, week ended August 27, 1932.....	Nil	...	Nil
Total to date, 1932.....	9,011,750	...	9,756,857
Total to date, 1931.....	8,057,183	...	8,432,058

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre- vious Year.
Aberdeen Warehousing	10	...	...	% 10	% 10
Cook, Son and Co. (St. Paul's) ..	7*	...	...	...	...
Daily Mirror Newspaper	3½%	Sept. 26	...	...	...
Hine, Parker and Co.	2½%	Aug. 27	...	...	...
Oldham Brewery	10/5 p.s.	...	...	...	...
Peterborough Gas	7½%	...	...	...	...
Pinchin Johnson's	7½d.	Oct. 1	...	...	...
Sunday Pictorial Newspapers ..	5%	Sept. 30	...	...	...
Switzer and Co.	5%	Sept. 26	...	...	...
Tyneside Investment (5% Pf.)...	6%	...	...	...	...
Upsons	2%	Sept. 1	Less tax	...	...
William Blythe.....	2%	Sept. 1	...	...	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.					
						Amount.	Rate.				
		£	£	£	£	£	%	£	£	£	%
Gas.	June 30†	2,159	2,064	4,223	...	1,462	†	200	2,561	2,346	†
Leyland Gas					...	...	...	...	Dr 54,065	6,341	Nil
Iron, Coal and Steel.	Dec. 31	Dr. 32,460	Dr. 21,605	Dr. 54,065	...	...	...	...	7,089	5,399	4
Barrow Hæmatite	June 30	12,992	Dr. 5,903	7,089	...	...	...	...	Dr 198295	Dr. 85	Nil
Brightside Foundry	June 30	Dr 187,503	Dr. 10,792	Dr 198,295	...	...	...	...	Dr. 1,080	...	...
Walter Scott		...	Dr. 1,080	Dr. 1,080	...	...	...	...	Dr. 2,500	Dr. 6,130	Dr. 4,961
Oil.	Mar. 31§				...	...	...	...	3,204	14,844	5
Premier Globe		Dr. 6,622	Dr. 2,007	Dr. 8,629	...	20,460	5	...	23,665	...	...
Rubber, &c.	Apr. 30	861	22,804	23,665	...	...	...	...	Dr 111312	Dr 108823	Nil
Pahang Para Rubber	June 30	Dr 102,644	Dr. 8,668	Dr 111,312	...	...	...	...	Dr. 1,117	Dr. 567	Nil
Shipping.	June 30				...	...	...	...	11,457	31,920	8½
Tyne-Tees Steam Shipping..		Dr. 567	Dr. 550	Dr. 1,117	10,913	6,630	8½	3,040	17,451	5,610	2½
Textiles.	Mar. 31	11,120	20,920	32,040	...	4,688	2½	500	21,279	34,495	10
York St. Flax Spinning.....	May 31	16,440	6,199	22,639	...	30,000	10	13,156	...	...	...
Other Companies.	June 30	33,599	30,836	64,435	...	...	...	...	...	...	...
Associated Automatic					...	...	...	...	...	...	...
Carter and Co.					...	...	...	...	...	...	...
Toogood and Sons					...	...	...	...	...	...	...
Triplex Safety Glass					...	...	...	...	...	...	...
					† Half-year.			‡ Statutory dividends.			

\$Period February 12, 1931, to March 31, 1932.

† Half-year.

† Statutory dividends.

CAPITAL READJUSTMENT.

PROFIT AND APPROPRIATIONS.

To depreciation of securities, syndicated shares and permanent participations in banks	\$ 23,152,189.82
To writing off, and contingency reserve for bad and doubtful debtors	\$ 22,457,091.96
To addition to the new general reserve fund	\$ 129,014.—
Total	\$ 45,738,295.78

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1931			
Salaries and current expenses		Balance brought forward	
	\$ 18,156.179-05	from 1930	\$ 193,559-33
Taxes	2,137.680-78	Gross profit	21,451.226-28
Depreciation on real estate ..	131,000-—		
Net profit	1,209,926-78		
	\$ 21,624.786-61		\$ 21,624.786-61

	consolidation	" 22,000.000 —	
		\$ 49,528.370 —	
	Less—		
	Allocation to General Reserve		
	fund ... "	5,000.000 —	
			" 44,528.380 —
<u>\$ 45,788.396.78</u>			<u>\$ 45,788.396.78</u>

NATIONAL ACCOUNTS

(000's omitted.)

Treasury Bills	\$	3%	Treasury Bonds	58	635
.....	+ 53,531		Public Department Advances	2,000	
National Savings Certificates ...	+ 350		Issues under Finance Act, 1931	690	
			Issues to Nat. Debt Commis-		
			sioners.....	38	
	+ 53,881				61,363

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Aug. 20, 1932.	April 1, 1931, to Aug. 22, 1931.	Week ended Aug. 20, 1932.	Week ended Aug. 22, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue					
Income Tax	260,000,000	39,445,000	43,613,000	2,782,000	3,756,000
Sur-tax, Including Arrears of Super-Tax	66,000,000	9,310,000	14,500,000	230,000	320,000
Estate, &c., Duties	76,000,000	32,200,000	29,500,000	1,380,000	2,020,000
Stamps	23,000,000	4,130,000	4,250,000	150,000	...
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	160,000	...	...
Total Inland Revenue ...	427,000,000	85,225,000	92,023,000	4,542,000	5,096,000
Customs and Excise—					
Customs	174,570,000	62,828,000	48,208,000	2,529,000	2,706,000
Excise	125,430,000	49,200,000	46,200,000	7,500,000	7,326,000
Total Customs and Excise ...	300,000,000	112,028,000	94,408,000	10,029,000	10,032,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,945,000	1,747,000	Dr 345,000	Dr 375,000
Post Office (Net Receipts)	11,700,000	7,500,000	7,400,000	Dr 50,000	Dr 400,000
Crown Lands	1,250,000	460,000	480,000	...	...
Receipts from Sundry Loans	4,350,000	3,161,611	11,996,357	99,468	...
Miscellaneous Receipts	17,500,000	7,465,877	6,529,533	2,471,150	7,654
Appropriation from Rating Relief Suspense Account ...	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	217,783,488	218,483,890	16,746,618	15,360,654
SELF-BALANCING REVENUE.					
Post Office	59,188,000	20,450,000	20,500,000	1,500,000	1,600,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	5,854,000	5,843,000	345,000	375,000
Total Self-Balancing Revenue	82,098,000	26,304,000	26,343,000	1,845,000	1,975,000
Total	...	244,087,488	244,826,890	18,591,618	17,335,654

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Aug. 20, 1932.	April 1, 1931, to Aug. 22, 1931.	Week ended Aug. 20, 1932.	Week ended Aug. 22, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	£ 276,000,000	£ 130,301,019	£ 138,010,659	£ 1,484,065	£ 776,797
Payments to Northern Ireland Exchequer	6,800,000	2,209,851	1,903,161	...	9,000
Other Consolidated Fund Services	3,500,000	921,788	710,550	20,047	...
Total	286,300,000	133,432,658	140,624,370	1,504,112	785,797
Total Supply Services (excluding Post Office) ...	447,210,000	164,472,786	158,883,100	7,500,000	4,900,000
Total Ordinary Expenditure	733,510,000	297,905,444	299,507,470	9,004,112	5,685,797
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	20,450,000	20,500,000	1,500,000	1,600,000
Road Fund	22,910,000	5,854,000	5,843,000	345,000	375,000
Total Self-Balancing Expenditure	82,098,000	26,304,000	26,343,000	1,845,000	1,975,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	324,209,444	325,850,470	10,849,112	7,660,797
New Sinking Fund (1928) ...	32,500,000	9,567,378	15,193,894	290,000	1,153,000
Total (including New Sinking Fund)	...	333,776,822	341,044,364	11,139,112	8,813,797

405

down below :—

FINANCIAL YEAR, 1932-33, APRIL 1st
(000's omitted.)

	\$		\$
Expenditure	297,905	Revenue	217,783
New Sinking Fund	9,567	Decreases in balances	2,866
		Net amount borrowed	86,823
	<u>307,472</u>		<u>307,472</u>

POSITION OF THE FLOATING DEBT

	Aug. 22, '31.	Mar. 31, '32.	Aug. 20, '32.	Aug. 20, '32.
Ways and Means Advances Outstanding				
Advances by Bank of England	34,750,000	7,500,000	20,250,000	+ 2,000,000
Advances by Public Departments	651,150,000	604,455,000	822,655,000	+ 53,530,000
Treasury Bills outstanding			842,995,000	+ 51,530,000
Total Floating Debt	685,900,000	611,955,000	842,995,000	+ 51,530,000
* Includes £1,000, the proceeds of the period of the account.				

TREASURY BILLS BY PUBLIC TENDER.

Tenders for \$45,000,000 in Treasury Bills were opened on August 19, 1932, and the total amount applied for was \$56,080,000. Tenders were accepted for bills at three months, dated Monday to Friday at \$99 17s. 1d., about 72 per cent., and Saturday at \$99 17s. 2d. and above in full. The amount allotted was \$45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
July 29		\$ 47,790,000	0 10 1-57
Aug. 5	40,000,000	60,215,000	0 9 11-05
Aug. 15	40,000,000	56,180,000	0 10 6-57
Aug. 16	45,000,000	56,930,000	0 11 3-2
Aug. 19	45,000,000		

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, August 24, 1932

DEPARTMENT

	\$	\$
Notes Issued :—		
In Circulation	363,881,576	Government Debt 11,015,10
In Banking Department	49,846,765	Other Government Securities..... 237,771,79
		Other Securities 22,391,98
		Silver Coin 3,821,11
		Amount of Fiduciary Issue..... 275,000.00
		Gold Coins and Bullion 138,728,34
		\$413,728,34
		\$413,728,341

BANKING DEPARTMENT.

Proprietors' Capital	14,453,000	Government Securities	71,278,950
Res.	1,636,342	Other Securities	
Public Deposits*	22,203,001	Bonds and	
Other Deposits		Advances	613,265,850
Bankers	£79,946,387	Securities	£19,508,898
Other Accounts	£34,429,170		37,775,747
	114,375,557	Notes	49,846,767
1-Day and other Bills	1,127	Gold and Silver Coin	867,520
			£154,769,027

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

Both Departments.	Dividend account.		Inc. or Dec. on	
	Amount, August 24, 1932.		Last Week.	Last Year.
	£		£	£
Note circulation.....	363,881,576	—	2,075,843	+ 13,570,94
Public deposits.....	22,203,001	—	12,396,650	— 4,120,44
Bankers' deposits.....	79,946,387	—	9,808,102	+ 26,353,11
Other deposits.....	34,429,170	—	35,150	— 14,278,77
Seven-day bills.....	1,127	—	Nil	— 6
Total, outside liabilities.....	500,461,261	—	477,555	+ 21,524,88
Capital and rest.....	16,189,342	—	13,377	— 42,8
Government debt and securities.....	320,065,886	—	941,752	+ 1,088,58
Discounts and advances.....	13,265,850	—	1,418,954	+ 3,969,33
Other securities.....	41,901,889	—	969,861	+ 11,735,88
Silver coin in issue department.....	3,821,116	—	4,650	— 1,735,88
Coin and bullion (bank's reserve).....	139,595,862	—	6,387	+ 4,951,04
Reserve of notes and coin in banking department.....	50,714,286	—	2,069,456	— 8,619,8
Proportion of reserve to outside liabilities.....				
(a) Banking department only ("proportion").....	37½%	—	1%	— 9%
(b) Gold stocks to deposits and notes ("reserve ratio") ..	27½%	—	1½%	— 1½%

(000's omitted.)						
Date.	Issue Department.		Banking Department.			Gold in or out of Bank.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	
1932.	£	£	£	£	£	£
July 20	411,584	365,759	13,379	88,024	33,727	1,188 in
27	412,726	369,286	11,243	88,186	34,861	1,142 in
Aug. 5	413,563	374,728	11,491	84,952	36,500	838 in
10	413,563	370,819	10,658	85,323	34,579	Nil
14	413,728	365,957	9,806	89,944	34,464	165 in
27	413,728	363,882	22,203	79,946	34,429	Nil

for those who want to obtain immediate and adequate life assurance protection, but whose present incomes are either temporarily restricted or small in relation to future prospects.

Write to-day for full particulars (state age for quotation purposes) to THE

LIVERPOOL & LONDON & GLOBE
INSURANCE COMPANY, LTD.

LIVERPOOL (Head Office)
1, Dale Street.

(000's omitted.)										
Date.	Isane Department.		Both Depts.		Ranking Department.					
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	%.	Govt. Securities.	Di- counts & Ad- vances.	Other Securities.	Reserve & the "Pro- portion."	%.	
1952.	£	£	£	%.	£	£	£	£	%.	
July 20	252,275	18,909	137,422	27 1/2	66,231	14,307	26,008	46,663	34 1/2	
Aug. 7	252,394	18,799	138,576	27 1/2	68,771	15,280	23,768	44,291	33 1/2	
Aug. 31	248,228	21,946	139,400	27 1/2	75,979	14,314	20,917	39,672	29 1/2	
July 10	248,923	22,228	139,419	27 1/2	70,554	15,236	19,338	43,600	33 1/2	
17	248,960	22,223	139,602	27 1/2	70,164	14,685	18,709	48,645	36 1/2	
24	248,787	22,392	139,596	27 1/2	71,279	13,266	19,510	50,714	37 1/2	

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to August 10	17,249,171	1,004,251	1,650,073	19,913,495
Week ended August 17	502,714	27,048	47,712	577,474
Week ended August 24	407,872	25,464	43,689	477,025
Total to date, 1932	18,159,757	1,056,763	1,751,474	20,967,994
Total to date, 1931	18,498,702	1,123,295	1,816,660	20,888,657
	-4,788,945	= 66,532	= 65,186	= -4,920,666
Increase or decrease in 1932	= 20.8%	= 5.9%	= 3.6%	= 19.0%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	36,782,577	1,812,146	2,953,631	41,548,354
	-9,666,769	= 144,294	= 211,422	= -7,322,483
Increase or decrease in 1931	= 17.9%	= 7.9%	= 7.1%	= 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended Aug. 20.		Month of July.			Aggregate Totals, January 1 to Aug. 20.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
	£	£	£	£	%	£	£
BIRMINGHAM	1,760	1,820	10,478	12,370	+18·0	73,491	74,32
BRADFORD	437	322	3,107	3,804	+22·4	24,271	26,09
BRESTOL	1,093	1,074	5,436	5,716	+ 5·1	36,94	37,28
BURTON	632	511	3,230	3,105	- 3·8	16,505	17,81
DUNELN	470	896	4,379	4,318	- 1·3	24,196	23,95
HULL	887	496	2,779	2,926	+ 5·2	20,779	21,41
LEICESTER	5,282	6,355	27,279	29,723	+ 8·9	185,282	196,15
LIVERPOOL	7,760	8,422	40,674	44,221	+ 8·7	303,176	310,55
MANCHESTER	1,152	1,292	5,750	5,618	- 2·2	42,71	41,53
NEWCASTLE	417	354	2,003	1,982	- 1·0	14,824	14,77
NOTTINGHAM	698	664	3,299	3,417	+ 3·5	25,424	24,33
SHEFFIELD							
Total	25,095	27,542	108,414	117,200	+ 8·1	945,369	978,74

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt appeared in the *Economist* for July 2; Danzig in July 23; Russia and Chile in August 6; Bank of International Settlements and Denmark in August 13; Switzerland, Japan, Reichsbank, Roumania, Poland, Finland, Estonia and Latvia in August 20.

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

	Aug. 27, 1931.	Aug. 4, 1932.	Aug. 11, 1933.	Aug. 18, 1932.	Aug. 25, 1932.
RESOURCES.					
Total gold reserve.....	3,485,550	2,643,850	2,680,430	2,727,460	2,753,390
Total bill discounted.....	241,720	487,180	451,940	442,860	426,700
Total bill in open market.....	180,520	40,690	38,720	35,890	35,430
U. S. Govt. securities.....	728,000	1,846,130	1,851,010	1,851,050	1,851,060
Total bills and securities.....	1,156,840	2,380,040	2,347,680	2,355,810	2,313,280
Total resources.....	5,440,860	5,746,400	5,723,670	5,802,990	5,772,450
LIABILITIES.					
Federal Reserve notes in actual circulation.....	1,945,510	2,857,800	2,843,610	2,838,770	2,824,810
Deposits—Memberbank—reserve account.....	2,342,000	2,012,130	2,062,460	2,079,660	2,141,760
Total deposits.....	2,634,330	2,115,330	2,134,690	2,173,820	2,202,540
Capital paid in and surplus.....	441,830	413,120	413,000	412,850	412,850
Total liabilities.....	5,440,860	5,440,860	5,723,670	5,802,990	5,772,450
Ratio of total reserves to deposits and Federal Reserve note liabilities combined.....	79.9%	57.2%	57.9%	58.4%	58.9%

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

	Aug. 27, 1931.	Aug. 4, 1932.	Aug. 11, 1932.	Aug. 18, 1932.	Aug. 25, 1932.
Total gold reserves	1,187,090	744,170	777,500	810,300	837,820
Total bills discounted	48,370	98,630	94,490	90,970	90,920
Bills bought in open market	68,820	15,450	15,910	11,450	11,370
Total U.S. Govt. securities	224,550	708,290	711,290	711,290	711,290
Total bills and securities	346,590	826,750	824,910	813,940	817,900
Deposits—Memberbank—re-					
serve account	1,001,280	892,060	949,730	959,070	1,027,910
Ratio of total res. to dep. and Federal Res. note liability combined	81.0%	51.5%	52.7%	53.9%	54.7%

FEDERAL RESERVE MEMBER BANKS.
In \$'s (000,000's omitted).

	Aug. 12, 1931.	July 13, 1932.	July 20, 1932.	July 27, 1932.	Aug. 3, 1932.	Aug. 10, 1932.
Loans	14,342	11,149	11,028	10,992	10,996	10,958
Investments	7,733	7,329	7,305	7,342	7,700	7,664
Demand deposits	13,555	10,879	10,735	10,758	10,751	10,794
Time deposits	7,105	5,525	5,537	5,588	5,612	5,638
Due from banks	1,476	1,390	1,166	1,147	1,217	1,240
Due to banks	3,544	2,632	2,601	2,556	2,685	2,715
Federal reserve bor-						
rowings	56	207	229	214	188	163

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted).

	May 31, 1931.	Feb. 29, 1932.	Mar. 31, 1932.	Apr. 30, 1932.	May 31, 1932.
Assets					
Cash and bank balances	343,868	323,246	317,654	311,294	313,949
Bank balances abroad	94,914	79,360	95,864	108,673	108,190
Call and short loans	285,021	228,722	218,849	195,515	179,116
Securities	668,891	663,751	671,562	666,246	663,422
Loans in Canada	1,294,309	1,269,788	1,274,611	1,274,243	1,259,356
Loans abroad	211,304	190,655	188,762	184,583	187,082
Other assets	183,968	156,762	158,565	159,668	156,940
LIABILITIES					
Note circulation	143,750	134,292	132,568	137,353	131,073
Deposits					
Government	63,996	135,319	139,079	117,302	99,296
Public in Canada	2,036,446	1,886,563	1,888,999	1,887,530	1,885,014
Foreign	338,121	305,818	308,122	304,809	308,397
Bank balances—					
Canadian	12,267	9,835	10,138	9,483	10,859
Foreign	80,294	56,809	62,425	59,477	56,296
Bills payable, &c.	80,423	52,301	53,007	53,550	50,154
Capital and res.	306,550	306,500	306,500	306,500	306,500
Other liabilities	6,435	6,283	3,729	3,798	5,754

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

	July 31, 1931.	July 1, 1932.	July 8, 1932.	July 15, 1932.	July 22, 1932.	July 29, 1932.
Assets						
Gold coin and bullion	6,712	7,779	7,742	8,148	8,009	7,041
Subsidiary coin	358	499	505	515	520	516
Bills discounted: Domestic and Union Gov. Treas.						
Bills	575	1,543	1,532	1,592	1,995	2,694
Bills discounted: Foreign	7,206	12	9	5	6	9
Investments	2,100	1,601	1,594	1,354	1,225	1,991
LIABILITIES						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	802	9	9	9	9	9
Notes in circulation	8,328	8,146	7,205	6,619	6,304	7,974
Government deposits	2,394	1,298	1,243	1,452	1,627	1,432
Bankers' deposits	4,989	4,380	4,371	4,507	4,242	4,137
Ratio of cash reserves to liabilities to public	44.1%	58.4%	61.7%	66.6%	65.4%	61.7%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss, namely, £792,916, has been written off Reserve.

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

	July 31, 1931.	July 1, 1932.	July 8, 1932.	July 15, 1932.	July 22, 1932.	July 29, 1932.
Assets						
Total assets	31,452.12	29,487.72	28,843.32	28,395.52	29,005.95	28,066.33
Loans	9,055.16	8,399.80	8,333.18	8,171.81	7,915.54	7,811.89
Cash credits	28,657.74	26,668.28	25,589.29	24,688.87	23,373.06	23,381.11
Inland bills	3,785.33	1,807.07	1,773.36	2,077.47	1,693.92	2,255.61
Foreign bills	42,035	14,765	13,713	17,115	18,000	24,711
Dead stock	2,737.37	2,643.37	2,647.11	2,648.92	2,654.94	2,650.01
Bal. with other banks	1,75	57.80	4,742	3,312	31.10	10.00
Cash	21,847.70	21,671.81	21,184.74	23,107.71	25,187.73	29,677.78
LIABILITIES						
Capital paid up	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00
Reserve	5,425.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Total deposits	86,293.32	79,927.77	77,465.82	78,224.43	78,814.42	82,671.91
The above includes—						
Deposits in London	861	1,085	1,105	1,131	1,114	1,197
Advances in London	953	1,007	1,009	967	1,266	1,294
Cash, &c., at other Banks in London	15	437	338	439	236	725

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

	Aug. 21, 1931.	July 29, 1932.	Aug. 5, 1932.	Aug. 12, 1932.	Aug. 19, 1932.
Assets					
Gold	58,561,324	82,167,515	82,170,945	82,226,054	82,201,919
Foreign assets					
Sight deposits	14,141,975	3,384,489	3,365,190	3,328,412	3,315,249
Bills, &c.	2,097,323	2,098,267	2,082,275	2,082,275	2,082,275
Home bills		3,904,828	3,002,946	3,019,068	
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,729,849	2,747,067	2,823,307	2,796,169	2,775,928
Other advances					
Negotiable Bonds, Sinking Fund Debt, Other assets (excluding "advance exch.")	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
LIABILITIES					
Notes in circulation	77,767,365	82,117,772	81,597,551	80,769,619	80,126,713
Public deposits	9,299,842	3,740,311	4,200,670	4,074,686	4,322,914
Private deposits	17,818,789	21,707,194	20,998,050	21,849,517	22,317,750
Other liabilities	2,557,546	2,350,896	2,479,437	2,456,979	

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

	Position, May 28, 1931.	Aug. 20, 1931.	July 28, 1932.	Aug. 4, 1932.	Aug. 11, 1932.	Aug. 18, 1932.
Assets						
Gold	232,650	825,024	825,024	825,024	825,024	825,024
Foreign bills and balances abroad	897,600	837,935	782,921	710,442	679,206	658,383
LIABILITIES						
Notes in circulation	934,150	3,322,805	3,698,101	3,700,702	3,685,371	3,654,785
Current accounts	112,125	271,969	140,972	121,558	144,936	134,011

(a) In thousand francs.

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

	Position, May 30, 1931.	Aug. 24, 1931.	Aug. 1, 1932.	Aug. 8, 1932.	Aug. 15, 1932.	Aug. 22, 1932.
Assets						
Gold	163,092	647,730	1,020,649	1,022,403	1,023,675	1,030,550
Silver	8,436	35,315	17,315	17,282	16,493	16,478
Home bills discounted		52,525	45,604	44,483	45,116	43,118
Foreign bills	253,504	230,036	71,336	71,336	71,336	71,336
Loans and advances in current acct.		87,826	97,048	85,228	86,380	84,315
LIABILITIES						
Notes in circulation	316,632	934,538	1,015,567	995,885	988,385	982,964
Deposits	5,016	184,302	259,257	270,888	277,730	287,152

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

	Position, May 30, 1931.	Aug. 22, 1931.	July 30, 1932.	Aug. 6, 1932.	Aug. 13, 1932.	Aug. 20, 1932.
Assets						
Gold	22,971	110,252	150,500	149,360	148,880	149,210
Silver	29,785	39,957				
Discounts, advances, and other investments	77,567	98,888	35,600	93,920	90,950	88,040
LIABILITIES						
Notes in circulation	109,499	241,928	218,800	223,230	222,090	217,840
Deposits and bills payable	11,250	27,737	37,100	33,810	33,960	35,240

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

	Aug. 10, 1931.	Aug. 22, 1931.	July 30, 1932.	July 31, 1932.	Aug. 10, 1932.
Assets					
Gold, coin and bullion	5,372,000	5,676,300	5,689,900	5,700,400	5,715,000
Foreign bills and balances abroad	3,494,800	1,398,400	1,389,800	1,390,100	1,388,600
Other cash	258,800	341,500	338,900	334,300	337,000
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,168,400	4,908,200	4,865,700	4,817,800	4,763,600
Advances	1,085,500	1,140,100	804,000	818,900	895,800
Credit with "Istituto di Liquidazione"	1,207,600	1,769,500	1,789,500	1,789,500	1,789,500
Government securities	1,345,500	1,367,200	1,367,500	1,366,900	1,366,400
LIABILITIES					
Notes in circulation	14,592,300	13,255,600	13,082,800	13,492,300	13,420,800
Public deposits	300,000	300,000	300,000	300,000	300,000
Bank notes in circulation	1,966,300	1,459,800	1,543,600	1,394,500	1,429,900
Other deposits and drafts					
Ratio of reserve to note and sight liabilities combined	52.59%	47.12%	47.43%	46.69%	46.89%

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

	Aug. 22, 1931.	July 30, 1932.	Aug. 6, 1932.	Aug. 13, 1932.	Aug. 20, 1932.
Assets					
Gold reserve	237,673	205,999	205,985	205,985	205,985
Government securities—Swedish	3,019	218,420	218,420	218,420	218,420
Other Swedish bonds quoted on foreign bourses	503	94	94	94	94
Bills payable in Sweden	246,147	167,249	157,199	145,669	142,978
"abroad"	53,103	9,399	26,903	26,870	44,295
Balance abroad	63,720	153,119	138,081	139,746	123,967
Advances	38,559	59,824	69,875	60,099	60,720
LIABILITIES					
Notes in circulation	509,215	556,219	531,170	518,755	507,663
Government deposits	168,080	88,307	81,321	78,972	91,041
Private deposits	10,727	92,759	110,553	118,856	111,120

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

	Position, May 31, 1931.	Aug. 15, 1931.	July 30, 1932.	Aug. 6, 1932.	Aug. 13, 1932.	Aug. 20, 1932.
Assets						
Gold and bullion—Gold	44,224	146,138	142,398	142,398	142,398	142,398
Balance abroad and foreign bills	28,533	11,551	13,279	13,312	12,556	
Norwegian and Foreign Government securities	8,816	53,804	27,213	27,213	27,213	
Discounts and loans	16,911	174,490	279,371	276,389	275,305	
LIABILITIES						
Notes in circulation	113,484	288,572	317,456	313,181	311,696	
Deposits at sight	7,188	66,893	79,531	80,930	80,362	

* Includes an amount of Kr. 24,156,000, which the Bank has at its free disposal abroad.

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

ASSETS.		May 30, 1914	1931.	1932.	1932.	1932.	1932.
Gold		521,775	2,275,588	2,256,107	2,256,927	2,286,305	2,285,999
Silver		728,620	641,288	1,156,574	1,156,574	1,156,574	679,985
Spencer	Discounts	800,725	3,260,685	3,020,697	3,023,790	3,347,173	3,452,777
London 4% stock		344,475	344,475	344,475	344,475	344,475	2,924,475
Admva. to Treasury		150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.							
Circulation		901,550	5,294,364	4,782,325	4,849,776	4,838,896	4,821,366
Deposits		477,500	1,025,863	982,466	950,822	958,318	956,160

SELLING RATES PER \$100 (STERLING).

	Sight.	Telegraphic.
London on—		
Black Sea	99 15 3	99 15 0
South Africa	73 1 3	72 0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Lat-st Rate.
Buenos Aires	Sucre to £	24-3325	Sight London	23-61†
Venezuela	Bolivares to £	25-2215	"	26-65
Colombia (Bogota)	Pesos to £	5	"	3-64†
Nicaragua	Corobas to £	4-8665	"	4-96
Salvador	Colonos to £	9-73	"	8-94
Bolivia	Bolivianos to £	13-35	"	13-35

† Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.		Australia and New Zealand on London.*	
	Buying.	Selling.	Buying.	Selling.
T.T. ...	126½	111½	125½	110½
Sight ...	126½	111½	125½	109½
30 days ...	127½	112½	126½	109½
60 days ...	127½	112½	126½	109½
90 days ...	128½	113½	127½	109½

* All rates (Australia and New Zealand) now based on \$100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending Aug. 13, 1932.	During the week ending Aug. 20, 1932.	From Apr. 1 week ending Aug. 20, 1932.
Sterling purchased in India ...	495,000	478,000	1,196,000
Sterling taken over in London ...	...	...	715,000
Net transfer to Home Treasury:—			
(a) From paper currency reserve in England ...	...	...	...
(b) From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve ...	...	...	-3,750,000
Total remittance to Home Treasury ...	495,000	478,000	-1,839,000

India Office, S.W.1, August 24, 1932.

INDIAN GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on July 31, 1932:—

	£	£
In India:—		
Gold ...	2,152,334	22,968,000
In England:—		
Cash at the Bank of England ...	600	
Gold ...	2,152,334	
British Treasury Bills—Value as on July 31, 1932 ...	3,548,369	
Other British and Dominion Government Securities:—At or below market value on July 31, 1932 ...	11,330,697	
		17,032,000
		£40,000,000

India Office, August 11, 1932.

SIDNEY TURNER, Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended August 25, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Germany ...	9,500	Germany ...	5,142
Belgium ...	88,000	Netherlands ...	638,383
France ...	199	Belgium ...	45,000
British W. Africa ...	66,377	France ...	984,580
British S. Africa ...	664,134	Switzerland ...	5,951
Kenya ...	2,648	Austria ...	3,330
Anglo-Egyptian Sudan ...	23,765	U.S.A. ...	539,047
British India ...	1,028,243		
Straits Settlements ...	78,269		
Australia ...	48,318		
New Zealand ...	109,353		
Total declared value of imports ...	2,118,806	Total declared value of exports ...	2,221,433

Messrs. Samuel Montagu and Company write on August 24, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £138,728,339 on the 17th inst., as compared with £138,563,483 on the previous Wednesday. In the open market, the Continent secured the moderate amounts of gold available. Offerings included about £80,000, part of the salvage from the s.s. "Egypt" to which we referred last week, and now shown in the weekly import and export figures given below.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
August 18 ...	118s. 7d.	14s. 3-9d.
" 19 ...	118s. 10d.	14s. 3-6d.
" 20 ...	118s. 9d.	14s. 3-7d.
" 22 ...	119s. 1d.	14s. 3-2d.
" 23 ...	118s. 11d.	14s. 3-5d.
" 24 ...	118s. 11d.	14s. 3-5d.
Average ...	118s. 10-2d.	14s. 3-6d.

The s.s. "Maloja," which sailed from Bombay on the 20th inst., carried gold to the value of £387,000 consigned to London and £36,000 to Holland.

SILVER.

There have been further fluctuations in prices, but the movements were not so wide as those recorded last week. Business has been general, and both China and America have bought and sold, whilst the chief supporting factor has been the Indian Bazaars, who have made purchases for forward delivery. Small amounts have been sold on Continental account, and there have been some speculative operations both ways.

The market is sensitive, and it is likely, therefore, that prices will continue to fluctuate. With the various factors perhaps less decided in their attitude at the moment, the immediate outlook seems somewhat unsettled.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 15th inst. to mid-day on the 22nd inst.:—

IMPORTS.		EXPORTS.	
	£		£
Soviet Union (Russia) ...	77,600	Canada ...	7,953
Germany ...	52,520	Hong Kong ...	6,512
British India ...	13,200	Zanzibar and Pemba ...	1,500
Belgium ...	12,500	Other countries ...	4,826
France ...	7,588		
Australia ...	7,908		
Japan ...	6,460		
British South Africa ...	4,080		
Salvage from s.s. "Egypt" ...	4,400		
Other countries ...	239		
	186,495		20,791

Quotations during the week:—

IN LONDON.				IN NEW YORK.			
		Bar silver per oz. std.				Bar silver per oz. std.	
		Cash delivery.	Two Months' delivery.			Cash delivery.	Two Months' delivery.
							Cents per Ounce .999 fine.
August 18	17½d.	18d.		August 17		27½	
" 19	18½d.	18½d.		" 18		28	
" 20	17½d.	18d.		" 19		28½	
" 22	17½d.	18½d.		" 20		28½	
" 23	18½d.	18½d.		" 22		28	
" 24	18½d.	18½d.		" 23		28½	
Average	18-042d.	18-135d.					

The highest rate of exchange on New York recorded during the period from the 18th inst. to the 24th inst. was \$3.48 and the lowest \$3.45½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Aug. 15.	Aug. 7.	July 31.
Notes in circulation ...	17,464	17,435	17,423
Silver coin and bullion in India ...	11,452	11,452	11,439
Gold coin and bullion in India ...	1,098	1,086	1,086
Securities (Indian Government) ...	4,914	4,897	4,898

The stocks in Shanghai on the 20th inst. consisted of about 103,300,000 ounces in sycee, 245,000,000 dollars and 3,900 silver bars, as compared with about 100,800,000 ounces in sycee, 245,000,000 dollars and 3,940 silver bars on the 13th inst.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1932.					
Aug. 19 ...	118 10	18½	18½	Aug. 27, 1926	21½
" 20 ...	118 9	17½	18	" 26, 1927	25½
" 22 ...	119 1	17½	18½	" 30, 1928	26½
" 23 ...	118 11	18½	18½	" 29, 1929	24½
" 24 ...	118 11	18½	18½	" 28, 1930	16½
" 25 ...	119 1	18½	18½	" 25, 1931	12½

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Aug. 19, 1932.	Miles Open.	Gross Receipts, week ended August 22, 1932. (000's omitted.)					Aggregate Gross Receipts, 33 weeks. (000's omitted.)				
		Passenger.	Merchandise.	Coal and Fuel.	Other.	Total.	Passenger.	Merchandise.	Coal and Fuel.	Other.	Total.
Great Britain ...	1932	3,761	263	156	89	245	5,792	5,476	3,289	8,756	15,548
Western ...	1931	3,761	276	189	104	293	5,792	5,476	3,289	8,756	15,548
(c) L. & N. ...	1932	6,353	390	281	201	482	10,138	9,537	7,113	16,650	26,783
Eastern ...	1931	6,353	392	323	239	562	10,138	9,537	7,113	16,650	26,783
L. M. & S. ...	1932	6,962	582	390	207	597	11,719	11,663	7,460	21,154	36,817
Scottish ...	1931	6,962	582	390	207	597	11,719	11,663	7,460	21,154	36,817
Southern ...	1932	2,181	354	60	32	92	440	1,026	2,391	1,030	3,421
"	1931	2,181	354	60	32	92	440	1,026	2,391	1,030	3,421
Total ...	1932	19,259	1,589	867	523	1,416	21,179	20,192	12,884	49,610	83,865
"	1931	19,259	1,589	867	523	1,416	21,179	20,192	12,884	49,610	83,865

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

OVERSEAS RAILWAYS				Gross Receipts for Week.		Total Gross Receipts.	
Name.	Weeks.	Ending.	Present Mileage.	1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	16	July 23	1,330	Rs. 2,99,100	—	Rs. 49,17,965	—
Barelly L. Ry.	16	23	202	22,000	—	5,47,000	—
Bengals & Western ..	16	23	2,114	5,43,011	—	1,13,12,692	—
Bengal-Nagpur	15	23	3,274	10,72,000	—	2,16,82,449	—
Bombay Bar. & C.I. ...	19	Aug. 13	1,084	1,46,000	—	3,68,70,000	—
Madras & S. Mahr. ...	17	July 30	3,230	13,06,000	—	2,45,98,935	—
†Bombay & Kumaon ...	17	July 30	572	82,050	—	22,06,176	—
South Indian	15	23	2,528	10,05,352	—	1,75,63,141	—

† Including Lucknow-Bareilly State Railway.

CANADIAN.

	1932.	1931.	1930.	1929.	1928.
Canadian National	32	Aug. 14	20,540	2,356,197	—
Canadian Pacific	32	Aug. 14	16,903	2,112,000	—

SOUTH AMERICAN.

	1932.	1931.	1930.	1929.	1928.
Antofagasta (Chili and Bolivia) ...	34	Aug. 14	804	9,360	—
Argentine N.E. ...	7	20	753	12,600	—
B.A. and Pacific ...	7	13	2,806	98,000	—
B.A. Central ...	6	31	11	10,127	—
B.A. Gt. Southern ...	7	20	5,076	156,000	—
B.A. Western ...	7	20	1,926	191,000	—
Central Argentine ...	7	20	3,505	12,739	—
Central Uruguay ...	7	20	213	2,341	—
O. Ur. (East Ext.) ...	7	20	311	1,429	—
O. Ur. (W. Ext.) ...	7	20	185	1,288	—
O. Ur. (W. Ext.) ...	7	20	211	1,288	—
Corrientes Central ...	7	20	1,218	47,000	—
Entre Rios ...	7	20	1,052	17,100	—
G. Westn. of Brasil ...	34	20	1,918	6,200	—
Leopoldina ...	34	20	1,918	35,267	—
Leopoldina ...	34	20	1,918	35,267	—
Leopoldina ...	34	20	1,918	35,267	—
Nitrate ...	174	15	411	2,149	—
Paraguay Central ...	7	20	274	1,236	—
San Paulo ...	5	13	132	36,983	—
United of Havana ...	7	Aug. 20	1,367	13,800	—

† Months.

OTHER OVERSEAS.

	1932.	1931.	1930.	1929.	1928.
Egyptian Delta ...	15	July 31	620	£ 432	—
Light Railways ...	29	21	104	1,233	—
Egyptian Markets ...	31	Aug. 6	104	56,647	—
Gr. Southern of Spain ...	6	14	483	148,500	—
Mexican Railway ...				30,700	—

TRAMWAYS WEEKLY GROSS RECEIPTS.

	1932.	1931.	1930.	1929.	1928.
Anglo-Argentine ...	33	Aug. 19	329	£ 63,409	—
B. Aires Lacrosse ...	4	July 30	3	9,385	—
Isle of Thanet Elec. ...	32	Aug. 3	...	5,631	—
Liverpool Corp. ...	19	Aug. 10	124	28,966	—
Madras Electric ...	174	Aug. 10	...	Rs. 53,395	—
L.O.C. Tramways ...	19	Aug. 10	166	77,320	—

† Months.

MONTHLY TRAFFICS.

Company.	Month.	Ending 1932.	De-scrip-tion.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Canadian National ...	7	July 31	Net	£ 753,433	—	£ 3,162,107	—
Province of Santa Fe ...	6	June 30	Gross	114,627	—	16,325	—
Uruguay Northern ...	1	July 31	Gross	1,181	—	247	—
N.W. of Uruguay ...	1	July 31	Gross	2,282	—	287	—

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SCOTTISH UNION & NATIONAL INSURANCE COMPANY.

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**THE
FIVE YEAR PLAN
of the
NATIONAL PROVIDENT INSTITUTION**
will be of interest to all Business Men. It is specially designed
to assist them in the present period of Economic Reconstruction.
48 GRACECHURCH ST., LONDON, E.C.3

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Aug. 26, 1931.	Jan. 4, 1932.	Aug. 17, 1932.	Aug. 24, 1932.
Winnipeg (No. 1 Manitoba).....	148½	56½	55½	62½	58	55
Chicago (No. 2 Winter).....	130½	79½	47½	55½	50½	50½

The visible supply of wheat in Canada, at 64,135,000 bushels, shows an increase on the week of 18,000 bushels. Supplies a year ago stood at 54,373,000 bushels.

OTHER FOODS.

SUGAR.—The remarkable upward movement of raw-sugar prices which took place during recent weeks appears to have been arrested. During the past week, turnover was on a slightly smaller scale, and prices were a shade easier. "September" futures in New York were quoted at 1-08 cents per lb. on Wednesday, against 1-10 cents per lb. a week ago, and 1-00 cent per lb. a month earlier. Wednesday's sales of "raws" include "December delivery" at 6s. 5½d. to 6s. 6d. per cwt., against 6s. 7½d. to 6s. 7½d. and "March, 1933," at 6s. 7½d. to 6s. 7½d., against 6s. 11½d. to 7s. 0½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	...	105	908	927	10,912	26,117
*Liverpool ...	...	11,793	...	13,142	...	75,173
Total (tons)...	...	11,898	908	14,069	10,912	101,290
Last week ...	23,387	12,527	16,665	14,196	90,374	103,699

* Unavailable.

COFFEE.—The market in coffee has again been firm in New York and Brazilian grades were dearer. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8½ cents a week ago. Tuesday's London auctions were again well supported by buyers and many varieties realised higher prices. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 377 bags; exported, 247 bags; stocks, 17,544 bags, against 1,847 bags last year. Central American, landed, 521 packages; delivered for home consumption, 1,474 packages; exported, 2,473 packages; stocks, 97,082 packages, against 96,443 a year ago. Other kinds, landed, 233 packages; delivered for home consumption, 2,114 packages; exported, 1,198 packages; stocks, 70,520 packages, against 77,267 a year ago.

COCOA.—Last week's reaction in the price of cocoa in New York was followed by a slight advance, but in London quotations are scarcely changed on the week. "September" futures were quoted at 4-43 cents per lb. in New York on Wednesday, against 4-35 cents per lb. a week ago and 4-23 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 28s. 3d. per cwt., c.i.f. Continent, shows no change on the week. Last week's movements of cocoa in London were as follows: Landed, 5,125 bags; delivered for home consumption, 3,577 bags; exported, 227 bags; stocks, 154,069 bags, against 219,098 last year.

TEA.—The quantities catalogued for this week's auction comprised 45,057 packages of Indian, and 29,924 packages of Ceylon tea. Monday's "Indian" auctions opened with a good demand for common and finest qualities, while the demand for medium grades was irregular. Tuesday's "Ceylon" auctions and Wednesday's "Indian" sales showed the same tendency, common and finest qualities realising higher prices. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
August 20, 1931 ...	12-14	7-46	14-33	6-32	6-38	6-11	11-58
July 21, 1932 ...	7-53	6-72	8-32	5-05	4-72	6-06	7-51
July 28, ...	7-68	6-75	8-39	5-04	6-00	6-53	7-49
August 11, ...	7-71	6-61	8-07	4-71	4-22	6-28	7-24
August 18, ...	9-75	6-36	7-92	4-83	4-45	6-20	8-11

RICE.—The market in rice was steady, and "spot" prices were slightly firmer. Wednesday's "spot" price, at 9s. 6d. per cwt., shows a rise of 3d. per lb. on last week, while forward positions, at 6s. per cwt., show a fall of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 12 tons; delivered, 239 tons; stocks, 2,570 tons, against 983 tons last year.

POTATOES.—The demand for potatoes at the principal markets was quiet, and, in view of the large supplies, prices were a little easier. At the London Borough Market, "King Edward" was sold at 6s. to 6s. 6d. per cwt., against 6s. to 6s. per cwt. last week and 5s. 6d. to 6s. per cwt. a fortnight ago.

SPICES.—The market in pepper was quiet but prices remained steady. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the corresponding day last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 22 tons; stocks, 328 tons, against 571 tons last year. White, landed, 5 tons; delivered, 39 tons; stocks, 445 tons, against 514 tons a year ago.

MEAT.—The sharp decline in the price of Argentine beef last week was followed by a further fall, although British-grown grades remained generally unchanged. English mutton was a little dearer at the Smithfield market, but there was no change in the quotations for New Zealand meat. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 6d. to 4s. per 8 lbs., against 4s. to 4s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 2s. 10d., as against 2s. 2d. to 2s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,249 tons, as compared with 7,648 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.9 per cent. of the supplies, as against 86.8 per cent. a year ago; and imported mutton, mainly New Zealand, formed 77.6 per cent. of the total supply, as against 78.0 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Rather variable conditions operate in the markets for oilseeds and their products, but business in some sections is on a fair scale. The Ottawa proposal to tax foreign linseed 10 per cent. to give India a preference is regarded as giving an advantage to Dutch and other Continental crushers, who, it is assumed, would continue to import linseed duty-free. The suggestion is therefore made that the present duty on linseed oil imported into Great Britain should be considerably increased so that English customers should be adequately protected. Linseed is firm but demand is poor. Plate on passage is quoted £8 12s. 6d., and shipment to October £8 10s. to £8 12s. 6d. Calcutta is neglected, August to September quoting £10 10s. to London. The quantity of linseed afloat for Europe is 178,800 tons, or 18,500 tons less than last week, and compares with 158,000 tons a year ago. Cottonseed is neglected and lower, old crop Egyptian offering at £7 and new (September loading) at £7 5s. Linseed oil is in good demand and a further rise in values has to be recorded. Raw oil ex Hull for August delivery has advanced to £15, and September-December to £15 5s. per ton. Crude cotton oil is quiet and easier, crude Egyptian ex Hull being available at £23 and common edible at £25 10s. prompt. Oilcakes are in moderate demand and late quotations are maintained.

HIDE, LEATHER AND ALLIED TRADES.—Improved conditions are observable this week in both the domestic and foreign hide markets, and quite an appreciable amount of business has been transacted at higher figures than have been obtainable of late. At the Manchester auctions all 49 lbs. and under ox and heifers realised ½d. per lb. more money, while the three top weights in second warbled hides recorded an advance of a similar amount. Cows were unchanged from the previous week's prices, but several weights of calfskins made ½d. per lb. more in face of the rather better demand. At the Leeds sales the upward tendency of values was more pronounced than at Manchester; the majority of ox and heifer hides were from ½d. to ½d. per lb. higher in price, while with the exception of the two top weights all cows appreciated by ½d. per lb. Calfskins, however, were practically unchanged, and there has been little alteration in the position of sheepskins. Business in foreign hides has also been more active, and here also higher prices have been the rule. For South American wet-salted just over ½d. has been paid for Argentine ox, while cows have sold at 4½d., and Montevideo ox at round about 5d. Dry hides from the same source are a firm market, and 5½d. is the figure now asked for B. A. Americanos; 6½d. for M. V. Americanos, and 7d. for Sierra Cordobas. African hides have also shared in the improvement, and sales of dry Capes having been made at 6d. and 5d. for firsts and seconds, with 5½d. and 4½d. paid for drysalted. Unbathed Adis Abebas are quoted at from 4½d. to 5½d., and Nigerians at 5½d. Business in regard to Australians has been slightly better and here again the tendency of values is upward. Turnover in sole leather this week has been larger, and the tone of the market is firmer than it has been for some time. Shoe manufacturers have been making inquiries for supplies of light and medium weight dry hide bends, and it would appear that several good-size parcels have been changed hands. English and wet-salted bends, however, have been the best sale, the orders received covering most weights. Business in regard to offal has usually been confined to pinned sorts, for which there has been a moderate call, but no improvement has yet been experienced for rough bellies and shoulders. Producers and distributors of upper leathers have met with a rather better inquiry for box and willow calf in addition to which a steady trade has been done in glacé kid. Reptiles and patent, however, have been rather less sought after, but there has been a little more movement in kips leathers for shoe upper purposes.

THE TIMBER TRADE.—The world is knocking at our door offering at remarkably cheap prices wood that we ought to have, and use, but consumers are few. The building trade is terribly slack at a time when it should be busy on housing work, which is still far behind the needs of the community. Three months ago United Kingdom importers eased off buying European building and joinery woods largely in consequence of our poor building trade, but the arrivals of both the sawn and planed varieties are still larger than last year's, although the consumption has dropped. Spot selling has been so poor this month that the comparatively modest holdings in the country have not created sufficient strength to keep selling prices up to a fair level. Although forward buying has been seriously curtailed it is likely to brighten up before long, as European

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

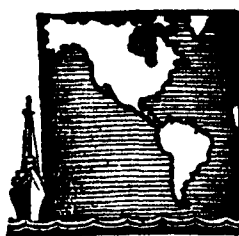
LONDON, WEDNESDAY.			WHEAT—			WHEAT—			WHEAT—		
CEREALS AND MEAT.			CEREALS AND MEAT.			CEREALS AND MEAT.			CEREALS AND MEAT.		
GRAIN, &c.—	s. d.	s. d.	Wheat—	s. d.	s. d.	Wheat—	s. d.	s. d.	Wheat—	s. d.	s. d.
No. 2, N. Man. 496 lb.	28 3		Barley, Eng. Gas. av.	6 7		Barley, Eng. Gas. av.	6 7		Barley, Eng. Gas. av.	6 7	
Barley, Eng. Gas. av.	6 9		Oats, 4s. 1/2, landed	7 6		Oats, 4s. 1/2, landed	7 6		Oats, 4s. 1/2, landed	7 6	
Maize, 4s. 1/2, landed	21 3		Flour, Lon. stan. ex mill	20 6		Flour, Lon. stan. ex mill	20 6		Flour, Lon. stan. ex mill	20 6	
280 lb.	20 6		Rice, No. 2 Burma, per cwt.	8 0		Rice, No. 2 Burma, per cwt.	8 0		Rice, No. 2 Burma, per cwt.	8 0	
Taploca, per cwt.	8 0		Fair Flax, Singapore	11 0		Fair Flax, Singapore	11 0		Fair Flax, Singapore	11 0	
MEAT—			Beef, per 8 lbs.	4 6	5 4	Beef, per 8 lbs.	4 6	5 4	Beef, per 8 lbs.	4 6	5 4
English long sides	4 6	5 4	Argentine chilled hinds	3 6	4 0	Argentine chilled hinds	3 6	4 0	Argentine chilled hinds	3 6	4 0
Mutton, per 8 lbs.	3 4	5 0	N.Z. frozen	2 4	2 10	N.Z. frozen	2 4	2 10	N.Z. frozen	2 4	2 10
Pork, English, per 8 lbs.	4 8	4 10									
OTHER FOODS.			OTHER FOODS.			OTHER FOODS.			OTHER FOODS.		
BACON—			Irish	88 0		Irish	88 0		Irish	88 0	
Danish	58 0		Danish	58 0		Danish	58 0		Danish	58 0	
Dutch	57 0	56 0	Dutch	57 0	56 0	Dutch	57 0	56 0	Dutch	57 0	56 0
HAMS—			Canadian	78 0		Canadian	78 0		Canadian	78 0	
American	68 0	72 0	American	68 0	72 0	American	68 0	72 0	American	68 0	72 0
BUTTER—			Australian	100 0	102 0	Australian	100 0	102 0	Australian	100 0	102 0
New Zealand	108 0	110 0	New Zealand	108 0	110 0	New Zealand	108 0	110 0	New Zealand	108 0	110 0
Danish	110 0	112 0	Danish	110 0	112 0	Danish	110 0	112 0	Danish	110 0	112 0
CHERRIES—			Canadian	63 0		Canadian	63 0		Canadian	63 0	
New Zealand	57 0	58 0	New Zealand	57 0	58 0	New Zealand	57 0	58 0	New Zealand	57 0	58 0
English Cheddars	94 0	110 0	English Cheddars	94 0	110 0	English Cheddars	94 0	110 0	English Cheddars	94 0	110 0
Dutch	50 0	61 0	Dutch	50 0	61 0	Dutch	50 0	61 0	Dutch	50 0	61 0
COCOA—			Duty, British grown	11s. 8d.	foreign, 14s. cwt.	Duty, British grown	11s. 8d.	foreign, 14s. cwt.	Duty, British grown	11s. 8d.	foreign, 14s. cwt.
Santos sup. c. & f. cwt.	66 0	Non.	Santos sup. c. & f. cwt.	66 0	Non.	Santos sup. c. & f. cwt.	66 0	Non.	Santos sup. c. & f. cwt.	66 0	Non.
Colombian, good	70 0	85 0	Colombian, good	70 0	85 0	Colombian, good	70 0	85 0	Colombian, good	70 0	85 0
Costa Rica, med. to good	75 0	110 0	Costa Rica, med. to good	75 0	110 0	Costa Rica, med. to good	75 0	110 0	Costa Rica, med. to good	75 0	110 0
East India, " "	82 0	110 0	East India, " "	82 0	110 0	East India, " "	82 0	110 0	East India, " "	82 0	110 0
Kenya, medium	75 0	90 0	Kenya, medium	75 0	90 0	Kenya, medium	75 0	90 0	Kenya, medium	75 0	90 0
BGGs			BGGs			BGGs			BGGs		
English	13 6	14 6	English	13 6	14 6	English	13 6	14 6	English	13 6	14 6
Danish	12 6	13 0	Danish	12 6	13 0	Danish	12 6	13 0	Danish	12 6	13 0
FRUIT—			Oranges	16 0	25 0	Oranges	16 0	25 0	Oranges	16 0	25 0
South African	13 0	16 0	South African	13 0	16 0	South African	13 0	16 0	South African	13 0	16 0
Brazilian	16 0	16 0	Brazilian	16 0	16 0	Brazilian	16 0	16 0	Brazilian	16 0	16 0
Lemons, Sicilian	26 0	35 0	Lemons, Sicilian	26 0	35 0	Lemons, Sicilian	26 0	35 0	Lemons, Sicilian	26 0	35 0
Malaga	34 0	42 0	Malaga	34 0	42 0	Malaga	34 0	42 0	Malaga	34 0	42 0
Apples, Amer. (var.)	33 0	41 0	Apples, Amer. (var.)	33 0	41 0	Apples, Amer. (var.)	33 0	41 0	Apples, Amer. (var.)	33 0	41 0
Onions	13 6	16 3	Onions	13 6	16 3	Onions	13 6	16 3	Onions	13 6	16 3
Valencia, case, 4s.	5 0	5 6	Valencia, case, 4s.	5 0	5 6	Valencia, case, 4s.	5 0	5 6	Valencia, case, 4s.	5 0	5 6
Argentine Bags	10 0	14 0	Argentine Bags	10 0	14 0	Argentine Bags	10 0	14 0	Argentine Bags	10 0	14 0
Grapes, Lisbon	10 0	14 0	Grapes, Lisbon	10 0	14 0	Grapes, Lisbon	10 0	14 0	Grapes, Lisbon	10 0	14 0
Almeria			Almeria			Almeria			Almeria		
WHEAT—			WHEAT—			WHEAT—			WHEAT—		
English Southdown, washed per lb.	10½		English Southdown, washed per lb.	10½		English Southdown, washed per lb.	10½		English Southdown, washed per lb.	10½	
Lincoln hog, washed	6		Lincoln hog, washed	6		Lincoln hog, washed	6		Lincoln hog, washed	6	
Queensland, sud. super cmg.	11		Queensland, sud. super cmg.	11		Queensland, sud. super cmg.	11		Queensland, sud. super cmg.	11	
N.S.W. grossy super	11		N.S.W. grossy super	11		N.S.W. grossy super	11		N.S.W. grossy super	11	
N.Z., gray, half-bred 50-56	10		N.Z., gray, half-bred 50-56	10		N.Z., gray, half-bred 50-56	10		N.Z., gray, half-bred 50-56	10	
Top—			Top—			Top—			Top—		
Crossbred 40-44	5½		Crossbred 40-44	5½		Crossbred 40-44	5½		Crossbred 40-44	5½	
Merino 70's	22½		Merino 70's	22½		Merino 70's	22½		Merino 70's	22½	
Crossbred 48's	10		Crossbred 48's	10		Crossbred 48's	10		Crossbred 48's	10	
COAL—			COAL—			COAL—			COAL—		
Welsh, best Ad'ty	19 6		Welsh, best Ad'ty	19 6		Welsh, best Ad'ty	19 6		Welsh, best Ad'ty	19 6	
Durham, best gas, f.o.b.	14 6		Durham, best gas, f.o.b.	14 6		Durham, best gas, f.o.b.	14 6		Durham, best gas, f.o.b.	14 6	
Tyne	14 6		Tyne	14 6		Tyne	14 6		Tyne	14 6	
Sheffield, best house, at	20 0		Sheffield, best house, at	20 0		Sheffield, best house, at	20 0		Sheffield, best house, at	20 0	
IRON AND STEEL—			IRON AND STEEL—			IRON AND STEEL—			IRON AND STEEL—		
Pig, Cleveland No. 3, ton	58 6		Pig, Cleveland No. 3, ton	58 6		Pig, Cleveland No. 3, ton	58 6		Pig, Cleveland No. 3, ton	58 6	
Bars, M'brough	195 0		Bars, M'brough	195 0		Bars, M'brough	195 0		Bars, M'brough	195 0	
Steel Rails, heavy	170 0		Steel Rails, heavy	170 0		Steel Rails, heavy	170 0		Steel Rails, heavy	170 0	
Tin Plates, per box	15 6		Tin Plates, per box	15 6		Tin Plates, per box	15 6		Tin Plates, per box	15 6	
METALS—			METALS—			METALS—			METALS—		
Copper, Electrolytic, ton	36/10/0	37/10/0	Copper, Electrolytic, ton	36/10/0	37/10/0	Copper, Electrolytic, ton	36/10/0	37/10/0	Copper, Electrolytic, ton	36/10/0	37/10/0
Standard	34/5/0	34/10/0	Standard	34/5/0	34/10/0	Standard	34/5/0	34/10/0	Standard	34/5/0	34/10/0
Lead Eng. Pig	12/10/0		Lead Eng. Pig	12/10/0		Lead Eng. Pig	12/10/0		Lead Eng. Pig	12/10/0	
Soft Foreign	11/15/0		Soft Foreign	11/15/0		Soft Foreign	11/15/0		Soft Foreign	11/15/0	
Spelter G.O.B.	14/2/6		Spelter G.O.B.	14/2/6		Spelter G.O.B.	14/2/6		Spelter G.O.B.	14/2/6	
Tin—English ingots	146/0/0		Tin—English ingots	146/0/0		Tin—English ingots	146/0/0		Tin—English ingots	146/0/0	
Standard cash	142/15/0	142/17/6	Standard cash	142/15/0	142/17/6	Standard cash	142/15/0	142/17/6	Standard cash	142/15/0	142/17/6
MISCELLANEOUS.			MISCELLANEOUS.			MISCELLANEOUS.			MISCELLANEOUS.		
CHEMICALS—	s. d.	s. d.	CHEMICALS—	s. d.	s. d.	CHEMICALS—	s. d.	s. d.	CHEMICALS—	s. d.	s. d.
Acid, citric, per lb. less 5%	0 10½	0 10½	Acid, citric, per lb. less 5%	0 10½	0 10½	Acid, citric, per lb. less 5%	0 10½	0 10½	Acid, citric, per lb. less 5%	0 10½	0 10½
Nitric	0 2½	0 4	Nitric	0 2½	0 4	Nitric	0 2½	0 4	Nitric	0 2½	0 4
Oxalic, net	0 4	0 4½	Oxalic, net	0 4	0 4½	Oxalic, net	0 4	0 4½	Oxalic, net	0 4	0 4½
Tartaric, English less 5%	0 10½	0 10½	Tartaric, English less 5%	0 10½	0 10½	Tartaric, English less 5%	0 10½	0 10½	Tartaric, English less 5%	0 10½	0 10½
Alcohol, Plain Ethyl.	12 0		Alcohol, Plain Ethyl.	12 0		Alcohol, Plain Ethyl.	12 0		Alcohol, Plain Ethyl.	12 0	
Alum, lump	8 10	8 15	Alum, lump	8 10	8 15	Alum, lump	8 10	8 15	Alum, lump	8 10	8 15
Ammonia, carb.	36 0	38 0	Ammonia, carb.	36 0	38 0	Ammonia, carb.	36 0	38 0	Ammonia, carb.	36 0	38 0
Sulphate	5 5	5 10	Sulphate	5 5	5 10	Sulphate	5 5	5 10	Sulphate	5 5	5 10
Arsenic, lump	35 0	40 0	Arsenic, lump	35 0	40 0	Arsenic, lump	35 0	40 0	Arsenic, lump	35 0	40 0
Bleaching powder, per cwt.	8/0/0	8/10/0	Bleaching powder, per cwt.	8/0/0	8/10/0	Bleaching powder, per cwt.	8/0/0	8/10/0	Bleaching powder, per cwt.	8/0/0	8/10/0
BORAX—	s. d.	s. d.	BORAX—	s. d.	s. d.	BORAX—	s. d.	s. d.	BORAX—	s. d.	s. d.
Borax, gran.	per cwt. 13		Borax, gran.	per cwt. 13		Borax, gran.	per cwt. 13		Borax, gran.	per cwt. 13	
Powder	14 6		Powder	14 6		Powder	14 6		Powder	14 6	
Nitrate of Soda	per cwt. 9	9 6	Nitrate of Soda	per cwt. 9	9 6	Nitrate of Soda	per cwt. 9	9 6	Nitrate of Soda	per cwt. 9	9 6
Potash—Chlorate, net	0 3½	0 3½	Potash—Chlorate, net	0 3½	0 3½	Potash—Chlorate, net	0 3½	0 3½	Potash—Chlorate, net	0 3½	0 3½
Sulphate	11 0	11 6	Sulphate	11 0	11 6	Sulphate	11 0	11 6	Sulphate	11 0	11 6
Salt—Ammoniac	per cwt. 42	6 45	Salt—Ammoniac	per cwt. 42	6 45	Salt—Ammoniac	per cwt. 42	6 45	Salt—Ammoniac	per cwt. 42	6 45
Soda Bicarb.	per cwt. 9	10 6	Soda Bicarb.	per cwt. 9	10 6	Soda Bicarb.	per cwt. 9	10 6	Soda Bicarb.	per cwt. 9	10 6
Crystals	per cwt. 5	5 3	Crystals	per cwt. 5	5 3	Crystals	per cwt. 5	5 3	Crystals	per cwt. 5	5 3
Sulphate of Copper, per ton	16 0	16 10	Sulphate of Copper, per ton	16 0	16 10	Sulphate of Copper, per ton	16 0	16 10	Sulphate of Copper, per ton	16 0	16 10
CEMENT, LONDON.	s. d.	s. d.	CEMENT, LONDON.	s. d.	s. d.	CEMENT, LONDON.	s. d.	s. d.	CEMENT, LONDON.	s. d.	s. d.
Portland, best Eng. pr. ton	44 9	46 9	Portland, best Eng. pr. ton	44 9	46 9	Portland, best Eng. pr. ton	44 9	46 9	Portland, best Eng. pr. ton	44 9	46 9
In jute sacks (11 to ton)	44 9	46 9	In jute sacks (11 to ton)	44 9	46 9	In jute sacks (11 to ton)	44 9	46 9	In jute sacks (11 to ton)	44 9	46 9
In free paper bags (20 to ton)	46 0	48 0	In free paper bags (20 to ton)	46 0	48 0	In free paper bags (20 to ton)	46 0	48 0	In free paper bags (20 to ton)	46 0	48 0
OPRA—	s. d.	s. d.	OPRA—	s. d.	s. d.	OPRA—	s. d.	s. d.	OPRA—	s. d.	s. d.
S.D. Strate c.o.f.s. per ton	14/7/6		S.D. Strate c.o.f.s. per ton	14/7/6		S.D. Strate c.o.f.s. per ton	14/7/6		S.D. Strate c.o.f.s. per ton	14/7/6	
Smoked South Sea	13/5/0		Smoked South Sea	13/5/0		Smoked South Sea	13/5/0		Smoked South Sea	13/5/0	
DRUGS—	s. d.	s. d.	DRUGS—	s. d.	s. d.	DRUGS—	s. d.	s. d.	DRUGS—	s. d.	s. d.
Camphor	2 6	2 7	Camphor	2 6	2 7	Camphor	2 6	2 7	Camphor	2 6	2 7
Japan, refined	per lb. 85	95 0	Japan, refined	per lb. 85	95 0	Japan, refined	per lb. 85	95 0	Japan, refined	per lb. 85	95 0
Castor-oil	per lb. 85	95 0	Castor-oil	per lb. 85	95 0	Castor-oil	per lb. 85	95 0	Castor-oil	per lb. 85	95 0
Ipecacuanha	per lb. 4	9	Ipecacuanha	per lb. 4	9	Ipecacuanha	per lb. 4	9	Ipecacuanha	per lb. 4	9
Peppermint, Wayne Co.	per lb. 9	3 9 6	Peppermint, Wayne Co.	per lb. 9	3 9 6	Peppermint, Wayne Co.	per lb. 9	3 9 6	Peppermint, Wayne Co.	per lb. 9	3 9 6
HIDES—	s. d.	s. d.	HIDES—	s. d.	s. d.	HIDES—	s. d.	s. d.	HIDES—	s. d.	s. d.
Wet salted—Australian	per lb. 0 4	0 4½	Wet salted—Australian	per lb. 0 4	0 4½	Wet salted—Australian	per lb. 0 4	0 4½	Wet salted—Australian	per lb. 0 4	0 4½
Wet Indian	per lb. 0 3	0 3½	Wet Indian	per lb. 0 3	0 3½	Wet Indian	per lb. 0 3	0 3½	Wet Indian	per lb. 0 3	0 3½
Cape	0 3½	0 4	Cape	0 3½	0 4	Cape	0 3½	0 4	Cape	0 3½	0 4
Dry and Drysalted Cape.	0 5	0 6	Dry and Drysalted Cape.	0 5	0 6	Dry and Drysalted Cape.	0 5	0 6	Dry and Drysalted Cape.	0 5	0 6
MARKET HIDES, LONDON—			MARKET HIDES, LONDON—			MARKET HIDES, LONDON—			MARKET HIDES, LONDON—		
Best heavy cow and heifer	0 3½	0 5½	Best heavy cow and heifer	0 3½	0 5½	Best heavy cow and heifer	0 3½	0 5½	Best heavy cow and heifer	0 3½	0 5½
Best cow	0 3½	0 3½	Best cow	0 3½	0 3½	Best cow	0 3½	0 3½	Best cow	0 3½	0 3½
Best calf	0 2½	0 3½	Best calf	0 2½	0 3½	Best calf	0 2½	0 3½	Best calf	0 2½	0 3½
INDIGO—	s. d.	s. d.	INDIGO—	s. d.	s. d.	INDIGO—	s. d.	s. d.	INDIGO—	s. d.	s. d.
Benegal gd. red-vio. to			Benegal gd. red-vio. to			Benegal gd. red-vio. to			Benegal gd. red-vio. to		
fine—per lb.	5	6	fine—per lb.	5	6	fine—per lb.	5	6	fine—per lb.	5	6
LEATHERS—	s. d.	s. d.									

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Vol. CXV.

SATURDAY, SEPTEMBER 3, 1932.

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THE MONEY MARKET.

As had been expected, last week's stringency proved short-lived, and both money and discount rates have again become easier. At the same time, money has remained fairly usable this week, and the very cheap conditions of the first three weeks of August have by no means been restored. Money displayed its usual ease over the week-end, with new loans at $\frac{1}{2}$ and $\frac{1}{4}$ per cent., but on Monday the absence of any Treasury bill maturities made credit none too plentiful, and a full $\frac{1}{2}$ per cent. had to be paid to outside lenders. Conditions on Tuesday were uneven with rates at $\frac{1}{2}$ and $\frac{1}{4}$ per cent., but on Wednesday money

was again very usable at $\frac{1}{2}$ per cent. The following day $\frac{1}{2}$ per cent. was the ruling rate in the morning, but conditions eased as the afternoon progressed. At the same time, the clearing banks were still re-lending a portion of their previous loans, which shows that money was not in excessive supply.

Thursday being September 1st, on that day the half-year's Victory Bond dividend was paid, and there was a general belief that this would make money easier. In actual fact this dividend is not large enough to have much effect upon credit supplies. Its gross amount is only £5,000,000, and this figure not only includes income tax which is deducted at source and so is never paid out at all, but also the portion of the dividend accruing to internal holders, such as the National Debt Commissioners. Recent experience has shown that such factors as discrepancies between Treasury bill payments and maturities can exert a far more potent influence upon the market.

The result of last week's Treasury bill tender reflected the temporary hardening of money, for, in spite of an increase in applications from £56.1 to £64.7 millions, the average tender rate rose sharply from 11s. 3.2d. to 16s. 7.45d. per cent. This caused an immediate hardening of discount rates, and "hot" Treasury bills were initially quoted at $\frac{3}{8}$ per cent. During the next few days it became apparent that a certain number of people had missed the tender, and they began to compete for bills in anticipation of cheaper money after the end of August. As a result, the rate on "hot" Treasury bills gradually sagged, until by Thursday afternoon they were quoted at only $\frac{1}{8}$ per cent. October Treasury bills were quoted on Thursday morning also at $\frac{1}{8}$ per cent., and these low rates were registered, notwithstanding the absence of any demand from the clearing banks. Prime bank bills were quoted Thursday at $\frac{1}{16}$ per cent. and standstill bills at $\frac{1}{2}$ per cent.

	Aug. 11, 1932.	Aug. 18, 1932.	Aug. 25, 1932.	Sept. 1, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate.....	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 12, '32)
Discount (Call).....	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 12, '32)
Houses (Notice)	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 12, '32)
Market rate ("hot") Treasury bills.....	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	...
Market rate (3 months' bank bills)	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	...
Market rate (standstill bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...

The Bank return this week registered comparatively few changes. There was a moderate increase of £1.4 millions in the note circulation, probably due to fresh holiday demands, and it must be remembered that during August this year notes have been returning from circulation a little more quickly than might have been expected. Gold holdings show little change and the Reserve is £1.2 millions lower. A small increase of £1.9 millions in Government Securities is offset by an equally small decrease in Other Securities. Public Deposits have only fallen by £1.5 millions during the week and still stand at the relatively high level of £20.7 millions. The payment of the Victory Bond dividend may reduce them by a few millions, but it must be remembered that in September as in August there will be no Monday Treasury bill maturities. Bankers' Deposits are unchanged on the week at £79.5 millions, against £89.8 millions a fortnight before.

At the moment the money market is mainly interested in the outlook for general trade on the one hand and for gilt-edged stocks on the other hand. In certain quarters there is a disposition to hold that if trade improves this autumn, money rates must become higher, so that gilt-edged prices will tend to weaken. It is argued that a 2 per cent. Bank rate is abnormally low and cannot be

expected to persist in face of a normal demand for funds. Against this theory must be set the recent declaration of the Government in favour of the maintenance of cheap and plentiful money with the deliberate object of fostering a far bigger rise in commodity prices than has yet occurred; and it has also been recalled that Bank rate remained at 2 per cent. for a period of over two years from February, 1894, to September, 1896, and this in face of a revival of trade which began in the middle of 1895. Thus it by no means follows that the usual theory that expanding trade means dearer money and cheaper Government stocks is going to hold good, especially as trade to-day is so very depressed and credit plentiful to the point of redundancy.

From abroad, this week's most encouraging news is that of the improvement of Scandinavian finances. The relaxation of the Danish foreign exchange restrictions is dealt with on a later page, but this has been followed by reductions in the Norwegian Bank rate from $4\frac{1}{2}$ to 4 per cent. and in the Swedish Bank rate from 4 to $3\frac{1}{4}$ per cent. Independent accounts have already confirmed the belief that Swedish credit is recovering from the effects of the Kreuger failure, and that the Riksbank is once more able to control the foreign exchange market. These discount rate reductions show that the improvement has now reached a stage which permits of the establishment of short-money rates more in consonance with those in force in other important centres.

This week's gold imports into the United States include small shipments from India and Mexico, \$986,000 from England, \$1,847,000 from Canada and \$1,327,000 from China at San Francisco. Further heavy reductions have been made in the quantity of gold ear-marked on foreign account, the total announced during the first three days of the current week being \$15.0 millions. It is now being suggested that the Treasury is considering carrying out its September financing of \$1,000 millions by the offer of five-year tax-free bonds, with the object of getting them taken up by the banks, which are already replete with Government securities. Some bankers argue that the consent of Congress is necessary before more tax-free bonds can be issued, and the proposal is also criticised on the ground that it is equivalent to a fresh artificial inflation of credit.

The Foreign Exchange market was again exceptionally quiet this week, and most of the movements were against sterling, though some signs of recovery were apparent earlier in the week. The New York rate went from 8.47 $\frac{1}{2}$ to 8.46 $\frac{1}{2}$, and Montreal from 3.99 $\frac{1}{2}$ to 3.87. Paris again moved less sharply against us at 88 $\frac{1}{2}$, as did Brussels at 24.97. Milan exceptionally was weaker by $\frac{1}{8}$ at 67 $\frac{1}{8}$. Madrid gained $\frac{1}{4}$ at 43. Amsterdam was firmer at 8.61, as was Berlin at 14.56. The Scandinavian currencies, except Copenhagen, which weakened considerably from 18.78 to 19.85, were little changed, Stockholm gaining a point at 19.46 and Oslo two points at 19.95. The South American exchanges are still largely nominal, and remained unchanged at last week's quotations. In the Far East the rupee was firm at 1s. 6 $\frac{1}{2}$ d., and the yen, after early weakness, gained $\frac{1}{4}$ d. on balance at 1s. 8 $\frac{1}{2}$ d. Batavia was unchanged at 8.70. In the forward market dollars were weaker by $\frac{1}{4}$ at $\frac{1}{2}$ cent discount for one month, but remained unchanged at $\frac{1}{2}$ cent discount for three. Paris went to par for both deliveries. Brussels was better at narrower discounts of 7 and 20 centimes. Milan improved by $\frac{1}{8}$ for both periods at $\frac{1}{2}$ lira and $\frac{1}{2}$ lira discount, but Madrid weakened by about the same margin to $\frac{1}{8}$ peseta and $\frac{1}{8}$ peseta discount. Amsterdam went to par for both periods for three. Switzerland went to par for both periods. Silver prices advanced by $\frac{1}{8}$ d. for cash to 18 $\frac{1}{8}$ d. and by $\frac{1}{4}$ d. to 18 $\frac{1}{2}$ d. for forward as a result of support from China and the States and some speculative buying. The China silver exchanges were little affected, Hongkong and Shanghai both improving by $\frac{1}{4}$ d. to 1s. 4 $\frac{1}{4}$ d. and 1s. 9 $\frac{1}{4}$ d. respectively.

REPRIEVE OR RECOVERY?

RETURNING to the world of affairs at the end of a month traditionally regarded as the holiday season, most business men this year must have taken note of a distinct change in the psychological atmosphere since they left, for brief rest or recreation, the markets on which their attention normally centres. During the past few weeks an appreciable recovery of bond and share quotations on Wall Street has imparted a firmer tone to the world's principal bourses; an upward tendency evidenced first in the market for that economically sensitive animal, the United States hog, has spread to other leading commodities such as cotton, non-ferrous metals and rubber; even such sufferers from the depression as sugar, coffee and cocoa have recovered substantially from the low levels recorded in June; and, stimulated by a heartening chorus of American voices proclaiming that "the corner is turned," markets generally have assumed a complexion whose brightness, patchy and chastened though it be, contrasts strikingly with the unrelieved pallor of the depression only a few weeks ago. Small wonder if the "plain" business man and the investor, in this and other countries alike, rub their eyes in perplexity, and ask themselves whether, after all, they have been misled by counsellors who have exhorted the nations to recognise that fundamental reconstruction is a condition precedent to world recovery. Has recovery set in, without much conscious effort of statesmen, bankers or industrialists, like a tide which begins almost imperceptibly to flow again from its low ebb?

The question is one of supreme importance; and, as an approach to the task of assessing the influence of factors immediately visible, we commend to our readers careful study of the admirable *World Economic Survey*, 1931-32,* prepared by Mr J. B. Condliffe on the basis of data collected by the Economic Intelligence Service of the League of Nations. This volume, which is the first of a projected annual series, and continues the analysis of "The Course and Phases of the World Economic Depression," directed by Professor Ohlin and presented to the Assembly last September, carries the story of the crisis up to July, 1932, and endeavours to make a tentative estimate of the economic situation as it existed at that comparatively recent date. With the *Survey's* retrospect of the background and development of the crisis we cannot deal here in any detail. In ten lucid and fully documented chapters it marshals the evidence for its central thesis that the decade following the war witnessed, in effect, the failure of the first post-war effort to reconstruct once more a stable system in a world thrown by the war off its pre-war centre of gravity, and hesitating between the contradictory principles of international co-operation and economic nationalism, free enterprise and State regulation. In that failure the essential features—latent long before 1928, but finally revealed by the débâcle of the autumn of 1929—were the disequilibria which developed in the structure of production and prices, the confusion and irregularity in the vital flow of capital movements, and the final breakdown of the monetary mechanism. Briefly, a history now painfully familiar reached, in 1932, a final phase which took the form of the increasing economic isolation of countries, and the shrinkage of all international exchanges.

Coming to the situation as it existed six weeks ago, the *Survey* draws attention to the emergence of certain policies, both national and international, then in process of development. Among these it instances the first steps towards economic co-operation begun at Lausanne, the large-scale measures of "reflation" initiated in the United States, the Conversion operation in Great Britain, the freer trade agreement concluded between the Belgian and Dutch Governments, and the then imminent Conference at Ottawa. It observes that though the full effect of these policies will not be known for some months at least, their influence "may perhaps be traced already

in certain psychological reactions, particularly of the stock markets." Moreover, though all the available statistical information showed that economic activity deteriorated greatly in the second quarter of 1932 and commodity prices continued to decline, certain more encouraging facts could be noted. In countries which had abandoned the gold standard there were signs already of greater resistance to the continued pressure of deflation. Further, in some countries, e.g. Australia, a considerable measure of readjustment to lower price levels had been achieved. Again, though it was too soon to judge whether the policy of credit expansion in the United States would be pursued with sufficient vigour to cause an early upward movement of prices, there were at least grounds for hoping that American banking policy would ultimately both produce a rise in the domestic price level and facilitate the pursuance of cheap credit policies by other countries without undue risk to their exchanges. The *Survey* closes on a note of cautious optimism:—

The downward slope of the crisis has seen reversion to the more primitive forms of economic nationalism in unprecedented degree; the upward slope awaits and will itself facilitate a return to the realities of interdependence. . . . It is hoped that further disaster may have been averted, but the problems still awaiting solution are many and difficult. Even when business enterprise is freed from the political and psychological burdens that have weighed heavily upon it, the reconstruction of economic activity will still entail laborious and continued effort.

This is a reading of the situation with which we find ourselves largely in agreement; and if this judgment be correct, it follows that the results of future attempts at international co-operation, and, in particular, of the forthcoming World Economic Conference, will determine whether the present revival, in some directions, of business confidence preludes real recovery, or is merely a passing upward fluctuation destined to be followed either by reversion to decline, or, at best, an indefinite prolongation of subnormal conditions. We do not share the opinion of those who would dismiss the recent Wall Street recovery as a piece of purely electoral stage management in the interests of President Hoover. In the case both of stock market securities and of sensitive commodities the psychological motives which have led to speculative buying are not unique to the United States; and though the basis for recovery is as yet somewhat intangible, and evidence of increased consumption or expanding industrial activity is hitherto lacking, there are, nevertheless, some factors in the situation which justify, at any rate on a short view, a "bullish" attitude on the part of speculators. By one means or another, the depressing influence of accumulating world stocks has been largely removed; visible supplies of leading raw materials remain exceptionally heavy, but except in the case of wheat it is questionable whether there is appreciable current over-production; manufacturers' and distributors' stocks of finished and semi-finished articles have in most instances been run down to abnormally low levels, and the process of re-stocking to satisfy even the minimum wants of a world whose essential needs of life still continue when all is said, might easily produce at any rate the temporary appearance of consumption once more outrunning primary production. On the other hand, it should not be forgotten that in cases where supply now more closely approximates to demand by contraction of output or diminished harvest, even a sizeable recovery of prices on a smaller volume of sales would not increase the aggregate purchasing power of primary producing communities, whose first task in any case must be the liquidation of banking and other indebtedness. Equally, unless there were a sustained recovery of consumption, any considerable advance in commodity prices would be likely to elicit a relaxation of restrictions on output sufficient to swamp markets once more in glut.

To conclude: it is conceivable that in such a large, nearly self-contained, unity as the U.S.A., a substantial restoration of economic activity might develop as a result of existing natural forces, backed by the stimulus of controlled inflation now being applied. Elsewhere we see

* Allen and Unwin; cloth, 7s. 6d., paper, 6s.

the possibility of a temporary upward turn this autumn which should be regarded as a breathing space from disaster, and an opportunity to carry forward the work of rebuilding. We do not see grounds on which to hope for a major recovery automatically engendered by the normal influences operative at the conclusion of past slumps. Save only perhaps for the case of the United States, the revival of consumption, on which alone it is possible to base sure hopes of a sustained recovery of prices, production and employment, depends essentially on the restoration of international trade; and, given the present obstructions arising out of the complexes of economic nationalism and international indebtedness, it is idle to look for the re-establishment of a sustained flow of commerce between countries except as the fruits of determined efforts on the part of the Governments of the peoples of the world.

WHO WINS IN GERMANY?

THOUGH the obscurity surrounding the political situation in Berlin is still far from being completely clarified, the developments of the past week suggest that Germany at this moment resembles politically a country of the blind in which the single-eyed man is king. Whereas the numerically small group from whose ranks the present administration is drawn clearly entertain the unequivocal conviction that their function in life is to retain office and govern Germany according to their lights, with law and order as the first plank in their programme, neither the National Socialists nor the Centre, from whose Parliamentary co-operation alone could a stable majority result in the Reichstag for an alternative government, have any such "sweet simplicity" of positive aim to guide them. The Centre's concern is in the main the negative one that parliamentary institutions in Germany should not perish; the Nazis, however little regard they may have for the structure of parliament or democracy, are evidently unwilling to face another election whose result would probably underline their inability to secure a clear majority of the country for their party, while recourse to a *putsch* as an alternative to electoral victory is as little to their taste. Thus, when it became known that the Chancellor had returned last week-end from Neudeck with the President's authority in his pocket to dissolve the Reichstag at need and hold fresh elections, Germany witnessed the ironic spectacle of the cohorts on the Nazi benches listening in decorous silence to a flaming Communist harangue from Frau Zetkin, and palpably endeavouring, by some sort of arrangement with the Centre, to demonstrate that the present Reichstag is not "unworkable."

How far these tactical manoeuvres will succeed in relieving the Reichstag from the threat of dissolution which hangs, like the Sword of Damocles, over its head, remains to be seen. Even were it possible to bring about a Nazi-Centre coalition, the basis for the administrative co-operation between two such incompatible elements would be so artificial and unreal that President Hindenburg might think twice before he found it within his conscience to entrust the control of the Reich to a cabinet jointly manned by them. It seems more likely that any Reichstag not prepared to "tolerate" the present administration will have short shrift. Thus, with the numerically preponderant parties in this, or any likely succeeding parliament united only in their dislike of the present Government and fundamentally opposed to each other in all other respects, the von Papen-Schleicher faction has strong cards in its hands. Backed by the prestige and authority of the President, and controlling now not only the Reichswehr but the Prussian police as well, it looks to-day to have a better chance than seemed possible a few weeks ago of continuing for an indefinite time ahead to control the destinies of Germany.

The only question is what price Germany and Europe may have to pay for the piper whose tune Freiherr von Papen is permitted, in this strange German parliamentary impasse, to call. There are two dangers. One is that in preserving a semblance of parliamentary government—and the President appears to have set his face against an undisguised dictatorship in breach of the constitution—the von Papen Government, whether the present Reichs-

tag is allowed to live on terms, or a fresh Parliament is brought into being by a new election, might seek to outdo the Nazis in dangerous economic schemes directed towards the illusory aim of German autarchy. The other is that it might try to take the wind out of the Nazis' sails by outravelling them in foreign policy and attitudinising in the rôle of ultra-nationalistic Chauvinism.

So far as their domestic programme in the economic field is concerned, the complete intentions of the Government have yet to be revealed, but an instalment at least of their policy has been made known this week. It is neither very dangerous nor very impressive. As will be seen from the detailed account given by our Berlin correspondent on a later page, the Government propose on the one hand that there should be a still greater reduction of the wage level; and, on the other hand, that there should be a certain "reflation" of industrialists' credit by two devices. Firstly, employers who take on additional workers are to receive an annual wage subsidy of Rm. 400, paid by the State, not in cash, but in the form of promissory notes which are to be valid for the payment of taxes other than income tax in 1934-38, and are to be immediately negotiable or discountable. In the second place similar promissory notes are to be given in respect of a proportion of the turnover tax, land tax, and industrial profits tax, paid in the fiscal year 1932-33 to the value of Rm. 1½ milliards. In so far as these notes are not negotiated or discounted the immediate relief to the taxpayer and the consequent hoped-for stimulus to enterprise will obviously be nil, though the German budget will have to face an annual loss of about Rm. 500 millions in 1934-38. To the extent that they are discounted, and the taxpayer thus relieved from present payments, the result will be a limited inflation, since the State will in effect be borrowing from the banks on the security of the taxpayer's ability to meet the taxes which would normally be levied on him in the four succeeding years. In short, the Government is mortgaging heavily, and not without an element of risk, the future taxable capacity of Germany. Time will prove whether the risk was justifiable, but the fact that the Government should have framed a plan whose success depends upon German participation in world economic recovery confirms the opinion which our Berlin correspondent expresses that their objective is at any rate not the "self-sufficiency" which has been the slogan of the National Socialists.

In the field of foreign relationships the real question is whether the present rulers of Germany mean to play their part—and it is potentially a very important one—in helping the world along the road towards renewed prosperity—a road on which the milestones are disarmament, the stabilisation of the world monetary system, and the removal of obstructions to trade—or whether we are destined to see Europe turning once again into armed camps and the final blasting of the hopes of economic reconstruction. In this connection there has been much fluttering in the dovescotes as the result of the presentation to the French Ambassador in Berlin of an *aide mémoire* demanding the recognition of the principle of equality of status in armaments, if Germany is to take any further part in the Disarmament Conference. This has created considerable alarm in certain French circles, who regard it as a demand that Germany shall be allowed to re-arm; but on cooler consideration there is no need to take this step too tragically. After all, there is nothing very new in this statement. It has been made abundantly clear again and again during the course of the disarmament proceedings that Germany is unwilling to be a party to any disarmament convention which does not concede this principle. It was the subject of the unfinished conversations between Mr Stimson and the British, French and German Premiers in Geneva last April, and it is a matter on which the Governments earnestly desire to meet the wishes of Germany, though it would obviously be jumping out of the frying pan into the fire to do it in any way that would provide a sense of insecurity in France, or, indeed, anywhere else in Europe. At first blush it is difficult to see how these two conditions are to be harmonised, but on closer examination the problem may be found by no means beyond the possibility of solution. It is clearly very desirable that matters should be settled in

principle, if possible, before the conference reassembles, and it has been understood that private conversations would take place. There can be little doubt that Sir Herbert Samuel, who took an active part during July in the Geneva negotiations, and who has just been spending some time with the Prime Minister, discussed the matter with M. Herriot when they met in Jersey this week.

The essence of the matter is not that Germany should have the same number of effectives as France, or *pro rata* to her population, or even that there should be a return to conscription—though a modification of the twelve years' service system is undoubtedly desired. Indeed, any land disarmament agreement will have to be based not on a simple formula as regards numbers, but on the more complicated consideration of the existing military system, the requirements for internal order, length of frontier, and a number of geographical and other considerations. Germany's claim is rather that her military situation should be governed by the same international convention as is to apply to all the other States of the world, and not by the exceptional procedure of a peace treaty applying only to her. The Geneva Conference has already gone some way towards applying universally the prohibition of certain weapons which appears in the Versailles Treaty. The problem is to find, through the medium of a general disarmament agreement, the basis for a security which Germany, as well as France, requires, and by so doing to give satisfaction to this demand for equal status. What Germany now asks is that the Powers shall undertake to do this. On the answer which they give may depend to a great extent the character of the forces which ultimately win the day in Germany. The most immediate task to which statesmen can bend their energies is for the chief Powers to reach an understanding on this matter, for it is undoubtedly the next step in international recovery.

THE COTTON STOPPAGE.

THE disaster which has overtaken Lancashire is as unmitigated as it is irrational and needless. The abortive end, last Friday night, to the conference convened by the Deputy Mayor of Manchester removed the last hope of a settlement between the weavers and the employers. At noon on Saturday the strike notices became operative; and by the middle of this week the Textile Trades Federation was able, in terms tragically reminiscent of the grim phraseology of war, to claim that the response of its members to the strike call had been "magnificent." With the stoppage incomplete in a number of centres, particularly in the southern half of the county, the precise degree of effectiveness of the strike in its first stage is difficult to judge; but by Wednesday it was estimated that the number of weavers who had definitely ceased work was in the region of 150,000, a figure sufficiently large to bring about to all intents the paralysis of the industry. Meanwhile the employers had announced last week-end that they saw "no hope of coming together again"; and the Minister of Labour, in a letter to the Member for Burnley, had excused himself from intervening on the ground that "intervention could only be useful with an atmosphere of goodwill." In this setting the contesting forces appeared to be aligned for a bitter struggle of attrition in which both sides stand to incur the maximum of economic loss.

In the final negotiations, whose rupture led to this deplorable stoppage, the break came on an issue which the weavers represented as a point of principle, but whose importance the employers sought to minimise—the question of the reinstatement of some 2,000 operatives, who had withdrawn their labour at the Federation's behest in resistance to wage cuts imposed by individual employers before the general abrogation of the county agreement on June 11th, and who had been replaced by non-union labour drawn from the ranks of the numerous unemployed. Even here the difference to be bridged was surely not insuperable. The employers, conscious presumably that those of their members who had acted in breach of the county agreement were not on strong ground, accepted apparently the justice of the claim that there should be

re-absorption, if not juridical "reinstatement," of the displaced workers. They offered at least that no outside operatives should be engaged until the old operatives were absorbed, and that at the end of six months there should be joint investigation of any means that could be employed to speed up re-absorption of any of the displaced workers still out of employment. The weavers' representatives demanded that the agreed period for reinstatement should be limited to four weeks. This demand was refused by the employers as "altogether unreasonable," and, though the Deputy Mayor of Manchester endeavoured to promote a compromise by the suggestion that after a 6-8 weeks' experience of the results of re-absorption on the employers' basis, a joint committee should be charged with the task of finally clearing up the reinstatement problem, the negotiations broke down in disagreement on this isolated and, to some extent, extraneous issue. Better statesmanship on the employers' part would surely have averted such an upshot.

In industrial strife, however, it is frequently the case that the breaking point comes on a side issue which conceals the real point of dispute. It is difficult to believe that the employers would have allowed a rupture to occur on a reinstatement question affecting 1 per cent. of the operatives had they had not been determined to press to a conclusion on this occasion the whole of their demands for the cheapening of Lancashire production at the operatives' expense. Equally it is almost inconceivable that the Textile Trades Federation would have stood so rigidly in defence of their reinstatement claim had they not felt that their members would be really fighting for the restoration of a new county agreement which preserved their "rights" in the matter of wages, working hours, and the operation of the "more looms" system.

Any impartial observer who glances in retrospect at the background from which this stoppage has arisen must be struck with the utter confusion of the issues and of the policies which the two parties to the dispute have followed. In an industry overstuffed and overplanted, whose essential needs are orderly contraction and concentration of production, better methods of marketing and the elimination of "weak selling," the employers' fitful and largely abortive efforts at rationalisation during recent years were scarcely calculated to appeal to the operatives as convincingly meriting mutual co-operation at the cost of sacrifice on their side. Yet, though this may be pleaded in the workers' defence, the vacillating and obstructive attitude of the Weavers' Amalgamation to the introduction of the "more looms" system went far to justify the employers in feeling that one logical road to the restoration of Lancashire's competitive efficiency was being blocked by trade union intransigence. The protracted and never finally composed disagreement on this question had a not unnatural consequence in the decision of the employers to press for a county reduction of wages as an alternative means of economy. Which would the weavers at heart prefer—the wider introduction of the "more looms" system, or a general wage reduction, if displacement of labour as a result of working more looms per weaver were thereby obviated, or at least mitigated? The public is singularly ill-informed as to this question. All it knows is that the weavers were apparently prepared at one stage to concede a wage reduction of 6½ per cent. in place of the 10 per cent. which the employers finally demanded. Nor does it know what purpose the employers imagine would be achieved by a wage reduction which was not accompanied by a wholesale reorganisation of the structure of the cotton industry. Though clearly, in an internationally competitive industry, no particular level of wages has the right to be regarded as sacrosanct, it is at least arguable that a general wage reduction might have little effect except to perpetuate "weak selling"; and the idea that a close approximation of wages in Lancashire to those in Japan is socially or politically possible cannot for a moment be entertained. If there is to be a general wage reduction in Lancashire, there is much to be said for the proposal that the amount of labour costs so saved should be pooled as part of a fund, to which the employers would equally contribute, to further the rationalisation of the industry.

Be that as it may—and we have yet to be told in this obscure conflict what are the real conceptions of the industry's future which the disputants have in mind—there is one thing crystal clear: the country can in no circumstances afford to watch this struggle drift on to a bitter conclusion of exhaustion and impoverishment. In the first seven months of this year our cotton exports represented close upon one-fifth of our total exports, and one-fourth of our exports of manufactured goods. Our balance of foreign payments is none too secure for its impairment by the loss of our exports of cotton textiles to be contemplated with any sort of equanimity. Nor can we as a nation afford to witness the spread of destitution throughout Lancashire, and the ruin at this juncture of the county's municipal finances. This disastrous stoppage constitutes a serious threat to the country as a whole; and we find it difficult to condone the Government's failure to intervene, even at the eleventh hour, in an endeavour to avert the strike. Where the good offices of the Deputy Mayor of Manchester could not succeed, the intervention of a skilled negotiator representing the Government might have succeeded. Even to-day it is not too late for the Government to act before the damage done to Lancashire becomes almost irreparable. It is idle for the Minister of Labour to plead that he cannot detect "good will" between the two sides. Such a sentiment is not readily to be found at the commencement of industrial war, but it is the business of impartial intervention to promote it. Some day this stoppage will end one way or another; but, in our judgment, the promptness with which the Government decides to intervene and bring both sides together, will be the factor determining whether the strike ends in bitterness and chaos likely to defeat all hopes for many years of better days for a reorganised Lancashire, or whether counsels of sanity and co-operation can be made to prevail before it is too late, and before the irrevocable loss of still more export business makes it certain that many thousands of those weavers who have now left work will never again enter a weaving mill.

NON-FERROUS METALS: ALUMINIUM, NICKEL, MERCURY.

OWING to the rapid progress of aviation and other aluminium-using industries, the expansion in the demand for this metal during the past twenty years has been out of all proportion to the increase in the consumption of other non-ferrous metals. Expressed as a percentage of the average of 1909-13, the production of aluminium in 1929 showed an advance of 458 per cent., as compared with an increase in the output of copper, spelter, tin and lead of 101 per cent., 68 per cent., 61 per cent. and 51 per cent. respectively. The development of world production and consumption of aluminium, together with the course of prices during recent years, is shown in the following table:—

Period.	(Thousand metric tons.)			Average Price (98%-99% fine).	
	World Production of Bauxite.*	World Production of Aluminium.*	World Consumption of Aluminium.*	New York.	London.
1913	539	65.3	66.1	23.64	£ 80 0 0
1925	1,384	181.2	175.9	27.19	122 0 0
1926	1,381	195.8	186.5	26.99	116 0 0
1927	1,772	219.7	199.9	25.40	107 0 0
1928	1,844	256.0	238.0	23.90	98 0 0
1929	1,868	276.3	276.0	23.90	96 0 0
1930	1,715	267.0	209.7	23.39	83 0 0
1931	1,062	217.6	175.3	22.90	87 7 0
1932, Aug. 30	...	...	...	22.90	95 0 0

* Source: Metallgesellschaft.

The principal sources of bauxite, the ore from which aluminium is extracted, are France, the United States, British and Dutch Guiana, and Italy. The respective proportions of the world output of these countries in 1929 were: France, 36 per cent.; the United States, 20 per cent.; British Guiana, 10 per cent.; Dutch Guiana, 11 per cent.; and Italy, 10 per cent. The proportion of the com-

bined output of France and the United States of world production declined from 97.5 per cent. in 1913 to 56 per cent. in 1929. Great progress has been made since the war in the method of refining bauxite by the hydro-electric process. Refineries are, therefore, to be found in localities where cheap water power is readily available. Of a total production of 276,800 metric tons of aluminium in 1929 the United States was responsible for 102,100 metric tons, Canada for 42,000, Germany for 32,700, France for 29,000, Norway for 24,400, Switzerland for 20,700, and the United Kingdom for 13,900 metric tons. In order of importance, the chief consumers were: the United States, Germany, the United Kingdom and France.

The industry is controlled by a small number of relatively large concerns, of which the British Aluminium Company Limited is not the least important. Horizontal combination and vertical integration are a feature of the industry. For years the European Aluminium cartel has exercised a strict control over production, marketing and prices. In 1931, the cartel was reorganised by the formation of the Alliance Aluminium Company, and, after the adherence of Canada, its position was strengthened considerably. The United States aluminium industry stands outside the cartel, and is protected from foreign competition by an import duty of 4 cents per lb. In contrast to other attempts at price control, the Aluminium cartel has so far successfully weathered the storm. Its success has been due to an enlightened policy, whose chief object has been to stimulate consumption by passing on to the consumer the benefit of the substantial reduction which has taken place in the cost of production since the war.

Similarly, the nickel-producing industry, in which the American-controlled International Nickel Company of Canada, Limited, has a virtual monopoly, has succeeded in maintaining the price of the metal despite a heavy drop in demand. During the past six years the price of nickel in the United States and in this country was maintained at 35 cents per lb. and at £170 (gold) per long ton respectively. Owing to its non-corrosive properties, nickel has found an increasing use in the production of alloys. About 75 per cent. of the total consumption of this metal is employed in the production of nickel steels, which are less liable to rupture under stresses than ordinary steel. It is also used extensively in the production of cooking utensils and other food handling equipment. The chief source of nickel is the "pentlandite" ore deposits in the Sudbury district of Canada. While world production rose from 30,900 metric tons in 1913 to 66,500 metric tons in 1929, Canada's output increased from 22,500 metric tons to 58,500 metric tons. In 1931, world output and Canadian production amounted to 49,800 metric tons and 40,600 metric tons respectively. The world's consumption has been estimated by the American Bureau of Metal Statistics at 61,800 metric tons in 1929, 40,000 metric tons in 1930, and 38,100 metric tons in 1931. Although the International Nickel Company of Canada, Limited, has recently been working at a loss, this is probably due to the heavy slump in the value of copper, of which the company is the chief Canadian producer, rather than to the decline in the demand for nickel.

The recent history of the mercury or quicksilver producing industry provides an outstanding example of the disastrous consequences following an attempt to keep prices at an uneconomically high level. The development of production and prices during recent years is shown in the table below:—

Period.	Production.* Metric Tons.				Average Price per Flask of 76 lbs.†	
	Italy.	Spain.	United States.	World.	New York.	London.
1913	1,004	1,246	688	4,026	39.54	£ s. d.
1925	1,834	1,277	312	3,562	85.13	7 9 2
1926	1,871	1,594	260	4,001	91.90	15 13 6
1927	1,995	2,432	384	5,100	118.16	21 7 11
1928	1,988	2,195	616	5,072	123.51	22 6 1
1929	1,998	2,476	816	5,582	122.15	22 5 2
1930	1,933	663	743	3,730	115.01	21 15 8
1931	1,241	673	853	3,267	87.35	19 16 2
1932, Aug. 22	...	...	...	...	49.00	9 10 0

* Source: Metallgesellschaft.

† Flask of 76 lbs. prior to 1927.

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The chief property of mercury, recovered from cinnabar ore deposits, is its liquidity at ordinary temperatures. World production between 1913 and 1929 showed a much smaller advance than that of other non-ferrous metals. Stimulated by a substantial rise in prices between 1922 and 1927, productive capacity outside the United States was developed out of all proportion to the potential demand. A disastrous collapse in prices in the autumn of 1928 was staved off by the formation, on October 1st, by the Italian and Spanish producers, of a cartel known as "Mercurio Europeo." By establishing a central selling agency, the cartel was able to maintain prices at a high level until June, 1931. In contrast to the aluminium cartel, "Mercurio Europeo" adopted the short-sighted policy of exploiting what amounted in 1927 almost to a monopoly of production, and maintaining prices at an inflated level. As a result, the ratio of the combined output of Italy and Spain to world production declined from 88 per cent. in 1927 to 80 per cent. in 1929 and 59 per cent. in 1931. Based on actual sales, the position of the cartel has even further deteriorated in view of the fact that its stocks had risen to 5,170 metric tons as early as at the end of 1930. Further, owing to the high level of prices, the use of substitutes has increased considerably during recent years. For instance, substitutes have been devised for mercury used in the form of fulminate in explosive caps, in the mirror industry, and in the manufacture of disinfectants and radio valves.

The consequences were inevitable: in June, 1931, prices collapsed. Quotations in London declined from £22 7s. 6d. per flask in May to £18 10s. per flask at the end of last year. After a temporary recovery to £18 17s. 6d. per flask in February, the downward movement in prices continued, reaching £9 10s. per flask on August 22nd and \$49 per flask in New York. The cartel has, therefore, not only failed in its object of maintaining prices, but, by encouraging indirectly the use of substitutes, it has permanently damaged the market for its product.

AN OTTAWA IMPRESSION.

(BY OUR SPECIAL CORRESPONDENT.)

OTTAWA, August 22.

THE tumult and the shouting dies. Armed with red coats and large revolvers, Royal Canadian Mounted Policemen, whose want both of mounts and of Stetson hats must have been a great disappointment to some of Ottawa's visitors, still guard a remnant of delegates. But the Château Laurier, for a month achoked with Ministers, secretaries, experts, lobbyists and newspaper men, has reverted in a few hours to its usual summer rôle of momentary home for commercial travellers and American tourists. Ottawa has that "morning after" feeling, sick with a surfeit of too much official and unofficial entertainment and of reflected glory from a multitude of the Empire's great men assembled in one of the smaller of its cities.

Of the feelings of the departing great one can only guess the gist. That the British delegates were glad to be quit of Ottawa, despite their official expressions of gratitude and regret, and despite the unstinted hospitality with which they were treated by Government and private citizens alike, their mien on departure bore eloquent testimony. The weather, though too hot for some of them, had been fine; it was the Conference that had been stormy, and the thunders not of Jove but of Dominion statesmen that had drawn the lines of care and weariness on their foreheads. The most enthusiastic Imperialists among them return the most disillusioned and disheartened, while the more sceptical, never having expected much, are not disappointed, but instead profess an enlargement of their hopes. Whatever diversion of trade the Ottawa Conference proves to have caused, it has been but a faltering step towards the ambition of Imperial economic unity which Mr Chamberlain has inherited from his father, "whose almost inspired vision," declared Mr Bennett at the closing session, "made possible to-day the realisation of his hopes." The sting, perhaps, was in the "almost"; at least it is certain that Mr Joseph Chamberlain must have turned many

times in his grave as the haggling arguments proceeded here, sometimes between Messrs. Chamberlain and Bennett their worthy selves.

The leading financial paper of Canada appears this week (having gone to press before the Conference concluded) with the headline "Conference Amazed at Britain's Refusal to Put Empire First." The exchange of the like politenesses between the press of the Dominions and the Mother Country has, of course, been one of the more entertaining, if less fortunate, features of the Conference, but one can say with fairness that, on the contrary, the Conference was nearly wrecked on the Canadian Government's determination to stick to "Canada First." There was a moment, halfway through the Conference, when it seemed that Mr Bennett would have to face the failure of the Conference to achieve any agreement between Canada and the United Kingdom (with all the political consequences which such an exposure of his responsibility would have meant for him and his party) or, if he chose, to split his Cabinet and party by plunging for a policy of lower tariffs, and seeking his support rather in the West and among the farmers than in the East among the industrial elements of the country. But the show-down was never forced, and in the end a compromise emerged, in which, while Canada conceded some immediate advantages and a principle whose working out may or may not prove satisfactory to British industry, she did not go far enough to justify the grant of more than a portion of Mr Bennett's original demands. The timber industry, for instance, wanted a tariff of 20 per cent., and at least a quota on Russian imports; what it got was a guarantee of the continuance of the actual 10 per cent. preference and a generally worded undertaking to deal with frustration of the preference through State action on the part of any foreign country, if and when it occurs. The most curious item in the agreement, from the political point of view, is the duty of 2s. a quarter to be imposed on foreign wheat imported in Great Britain, with the proviso that the duty will be repealed if Empire supplies are not made available at world prices. Representatives of the grain producers of Canada were almost unanimous in their agreement with those of Australia that neither preference nor quota could really help an industry dependent on foreign countries for markets, even if Great Britain were to buy the whole of her requirements within the Empire; presumably, then, all that the preference can do, in the eyes of the wheat farmers themselves, is to secure an uneconomic diversion of trade and render competition with foreign producers all the more keen in non-British markets. Yet up it bobs in the Ottawa agreements, apparently for one reason alone, that Mr. Bennett dared not go back to the farmers of the Western prairies and confess that his long-boasted plans for the amelioration of their lot had come to nothing because, on examination, they had been shown to be worthless.

There were those who hoped, a few weeks ago, that the Canadian Prime Minister would take for himself the rôle of the Man Who Made the Ottawa Conference. An autocrat by nature, he has on occasion in the past taken bold steps in the face of opposition from within his own camp, and he was capable, if any Conservative leader was, of playing Sir Robert Peel in Canada's political drama. But the hopeful were disappointed. Tribute must be paid to the navigational skill with which Mr Bennett negotiated the straits between the outright failure of the Conference and the resignation of part of his Cabinet, but his was the

course of compromise rather than of courage. Moreover, the compromise was achieved, not by splitting the difference, but by blurring it. To what lobbying, to what quarrels between Dominion and Mother Country, have we not to look forward over the clause relating to State action in frustration of preferences, intended as it is by the two parties to the agreement to mean quite different things? What prospect is there that Messrs. Cahan and Ryckman and their fellow high-protectionists in the Canadian Cabinet will be content to let the new Tariff Board operate with genuine independence or even be manned with any but those of their own opinion? And what variety of practical interpretations could not be placed on the phrases "industries which are reasonably assured of sound opportunities for success," "full opportunity of reasonable competition," "relative cost of economical and efficient production," "industries not fully established," which appear in the compromise-beaten formula on which British industry is to rely for the future of its markets in Canada? Perhaps even the expression "protection by tariffs" is susceptible of *double entendre*. Those who recall that Imperial sentiment and blood ties did not prevent the trade agreement between the New Zealand Government and Mr Mackenzie King's Administration, later denounced by Mr Bennett, from heralding a two years' tariff war between the two Dominions are inclined to wonder whether the cement with which, our tariff enthusiasts assure us, the Ottawa Conference has bound the members of the British Commonwealth in ever faster union will not prove after all to be dynamite.

In the topical discussions over food taxes, dumping, tariff boards, quotas, preferences and so forth it tends to be forgotten that the greatest innovation that the Ottawa Conference has wrought is the commitment of the United Kingdom, through inter-Governmental agreements having the form of treaties, to maintain specific rates of duty for a period of years. We have treaties, it is true, pledging us to much more serious obligations, with which no one would quarrel on the point of political principle; but in foreign policy proper we have managed to maintain a great measure of continuity between successive Governments, partly because these affairs touch only remotely and hypothetically on the daily lives of the people. We have, too, a large number of commercial treaties with foreign countries; but they are couched in general terms and do not pledge us to tax ourselves in any specific manner. Even the undertaking of Mr Baldwin's first Government in 1923 to impose certain duties for the sake of the corresponding Empire preferences was conditioned by the reservation of budgetary liberty. That birthright, the freedom of every Parliament to tax the people it represents as it pleases, we have sold for a mess of promises. That is not a very apt way of encouraging a hesitant Opposition to place their faith in the Imperial ideal.

It would have been entertaining and valuable to have organised simultaneously an Imperial Economic Conference at which the Parliamentary Oppositions and not the Governments of the several members of the British Commonwealth would have been represented. It is not obvious what line the rump of the Labour Parties of Australia and New Zealand would have taken, though presumably Mr Scullin might have assumed the part of Mr Bennett as the confirmed protectionist reluctant even at the point of threats to reduce local tariffs. With Mr Cosgrave in Mr O'Kelly's chair, of course, the whole face of the relations (which publicly were non-existent) between the two Mother Countries would have been changed. The Nationalist Opposition in India was actually represented, but in that country there is always a powerful opposition to the Left of every Parliamentary party, and, in spite of their satisfaction both at their bargain and at their treatment as spokesmen of an equal nation, the Indian delegation doubtless go home to face bitter opposition from conscientious objectors to Imperial preference. General Smuts might have gone a little further in granting tariff concessions to the United Kingdom, but it would have been in the monetary deliberations that his substitution for Mr Havenga would have made the greatest difference, no doubt to the embarrassment of the Chancellor of the Exchequer, who found in

South Africa's defence of the gold standard at least moral support for his own natural conservatism. What Mr Mackenzie King could have done would have depended on whether the starting point was the present or the previous Canadian budget, for in no public pronouncement before the Conference did the leader of the Opposition pledge the Liberal Party definitely to go beyond the Dunning schedule, to which, it is stated in some rather optimistic quarters, the Canadian tariff will approximate after the specific changes are carried out and the Tariff Board has had its say. As for the Opposition in Great Britain, what is its Imperial economic policy? Let us hope that there will be a positive answer, for these are not days in which purely negative criticism will restore the world, the Commonwealth included, to economic sanity.

Notes of the Week.

A Peep into the Bag.—Though the Ottawa cat is still carefully shut up in the bag, the Cabinet were permitted to peep at it in a special meeting to which members were summoned back from holiday last Saturday. What the Cabinet thought of it has not been disclosed—certainly the Prime Minister's telegram to Mr Baldwin did not give anything away. Indeed, the only comment that has emerged is the astonishing statement attributed to Mr Thomas that the King is satisfied. Naturally such an unconstitutional declaration, reported in the mysterious way in which such distorted rumours grow, has been promptly denied by Mr Thomas. Though no official statement has been made, it is evident that the Cabinet has not made up its mind or digested the mass of detail involved in the new agreements. Nor has a decision been reached about the early summoning of Parliament, and Ministers have gone away to think things over. This is not surprising. The followers of Lord Beaverbrook are thoroughly dissatisfied with what they consider a lost opportunity; the centre party, represented by Mr Baldwin—and perhaps we should add to-day Mr Neville Chamberlain—are distressed at their failure even to have laid down the principle that the Empire arrangements are to lead to lower tariffs generally and remove obstructions from world trade; while those who have no Protectionist commitments in the past are free to criticise more bluntly the additional obstructions which Ottawa has erected in the way of trade, and the feebleness of the safeguards which have been attained. The indictment is indeed an overwhelmingly heavy one. If the agreements go through as proposed, Parliament will surrender its control over fiscal policy in many directions for a number of years. We shall have to impose duties on a number of common articles of food consumption, and on raw materials, and submit the vital trade in meat to one of the most ineffective methods imaginable of Government control. True, these agreements are subject to the paper qualification that they shall lapse if this country cannot obtain adequate supplies at world prices: but such provisions have almost invariably proved abortive in practice. What concessions to British trade have been obtained in return we still do not know; but it is evident that the Ottawa delegates place their greatest confidence not in tariff reductions actually made, but in what, we fear, is the utterly valueless right of this country for its industrialists to be heard before the Dominion tariff boards and to require that the Dominion tariffs against British goods shall not exceed the amount required to place our products on a competitive level. We have called this provision valueless because the only meaning to attach to the formula is that the duty should equal the difference in cost of production in the two countries. It is almost impossible to calculate this cost, and experience—particularly that of the United States Tariff Commission, which was given precisely this formula as its guiding rule—shows that this doctrine can be used to justify, and in fact has been used to justify, the highest tariffs in the world. One crumb of comfort in the agreements is that the Dominions undertake not to put on tariffs in excess of those recommended by their boards—a provision which is some safeguard for sanity. But there is

nothing whatever in the agreements to suggest that the rates will be such as to permit more trade to pass, or that the tariff boards will interpret their instructions any differently from the way in which it has been done in the past. We do not know whether the returning delegates explained to the Cabinet how they propose to harmonise these agreements with any plan for promoting a lower tariff movement at the World Conference. But, in the absence of a plan on this vital point, the Ottawa agreements must give the Free Trade members of the Cabinet very serious food for thought.

East Africa.—The long-incubated project of closer union between the various British mandated territories, protectorates and colonies in East Africa has been put into cold storage pending the return of times more auspicious for hatching it out. This appears to be the meaning of the White Paper published last week (Cmd. 4141), which contains correspondence between the Colonial Office in Downing Street and the Governors of the several territories concerned with regard to the Report of last year's Joint Select Committee of both Houses of Parliament. That report itself, it will be remembered, was preceded by the report of a Royal Commission, and by another report by an eminent civil servant who was subsequently sent round in the Royal Commission's track to make sure that the Commissioners had made no mistake. So it cannot be said that the question of closer union in East Africa has not been thoroughly threshed out. It is, of course, a question in which big issues are involved—as is shown by the wide difference of opinion as to the consummation in which this project will eventually result. In the vision of a great federated British East African Dominion, some people see a new India and others a new South Africa; but it is the ambitions implied in this second expectation that have probably been the main driving force behind the recent investigations. At any rate, both Uganda and Tanganyika have shown a certain uneasiness, through the device of closer union, they may both come to be dominated by a Kenya in which the tiny white minority in the local population might succeed in playing the dominant rôle. In other words, the project has been the subject of a possible means towards enabling some ten thousand white people to dominate a quarter of the Black Continent. If these suspicions are in any degree justified, then the postponement of closer union is decidedly to be welcomed. But, quite apart from the political considerations, the case for closer union, on its merits, as a technical improvement in administration, does not appear to have been made out—at any rate, not in the present state of development of the several territories to which the project applies. For the present, the genuine need for consultation and co-ordination in such matters as communications and scientific research is to be met by the common-sense method of periodic Governors' Conferences, like those which, in French North Africa, have been held for a number of years past, between the French Governors of Algeria and the French Residents in Tunisia and Morocco. We need not quarrel with this provisional solution of the somewhat similar problem in our own East African territories.

Japan and Manchuria.—Last week we had to record the statement of Count Uchida foreshadowing the recognition of Manchukuo by the Japanese Government, whatever the League might say or do. The speech was oddly reminiscent of successive speeches which fell from the lips of successive German Chancellors, from von Bethmann-Hollweg onwards, during the Great War: "We have acted in defence of our vital interests." But the present Japanese Foreign Minister, like Bethmann-Hollweg and his kind, finds himself between two fires; and the veneer was scorched off his apologia next day by an interpellation from a fire-eating member of the Diet to whom it was intolerable that the Foreign Minister should so far defer to the rest of the world as to go through the motions of pretending that Japan was not violating her international undertakings—a violation in which the interpellator professed to glory. Since then a forecast of

the terms of the imminent treaty between Japan and Manchukuo has been made public. According to this report, the military defence of Manchukuo is to be taken over by Japan in form as well as in fact, and the administration is to remain staffed—as it is now—by Japanese officials. There is to be complete freedom of residence, travel and commerce in Manchuria for Japanese citizens. Extra-territoriality is to be abolished; and all the railways in the country are to be operated by the South Manchuria Railway, which is, of course, a Japanese concern. The treaty, it is said, is to be signed before the meeting of the League of Assembly (which has been put off to the close of this month in order to give time for the completion of the Lytton Report). And thus the Assembly, when it comes to consider the Lytton Report, is to be confronted with a *fait accompli*. If the Assembly endorses the censure of Japan's conduct which the Report is expected to contain, Japan will renounce her precious membership in the League. And how, the Japanese argue, could the Assembly be so foolish as to expose itself to this dreadful loss for the luxury of a vote of censure which cannot undo accomplished facts? We do not presume to prophesy what rejoinder the League will make to this rather naive and barbaric Japanese insolence, or what America will say to the abolition of extra-territoriality, or Russia to the seizure of the Chinese Eastern Railway; but we cannot refrain from pointing out that no facts are ever accomplished for good and all, and that the accomplishment of these Japanese facts in Manchuria seems precarious, to say the least of it. The most important fact of all is that the Manchurian adventure has cost Japan her trade in Manchuria itself, and in the whole of China into the bargain. It is also a fact that the present session of the Diet at Tokyo has been convoked for the passage of relief bills to deal with Japan's desperate economic plight. The end is not yet, and when it comes it may not turn out to Japan's liking.

Danish Exchange Control.—Following upon the report that foreign credits have been raised by the Danish National Bank in Stockholm, Basle and London for amounts of kr. 10,000,000, frs. 20,000,000 and £1,500,000 respectively, modifications have been made in the Danish foreign exchange restrictions. Exporters have now been freed from the necessity of handing over to the National Bank the foreign currency proceeds of their sales, and henceforward are only prohibited from depositing them abroad. Power to buy and sell foreign exchange is still granted only to the National Bank and to banks and brokers authorised by it. The system of controlling imports by licence and quota is to continue, but it is understood that this control is necessitated for the time being by the fact that imports are relatively heavy at this time of year; and it is conceivable that later on it will be possible to withdraw or modify these restrictions. Apparently Denmark's foreign exchange commitments, which grew substantially heavier as the result of the suspension of the gold standard and the consequent reluctance to make use of foreign commercial credits, have now been brought within measurable bounds, and according to one estimate only amount to kr. 80,000,000 or to the cost of one month's imports. The banking position is also very liquid and the national finances are in a satisfactory condition. Hence there was no obstacle in the way of the modification of the restrictions; and it is understood that the intention of the authorities is to make foreign exchange available for all legitimate business and to encourage the use once more of normal lines of credit. Immediately after this announcement the Danish exchange on London reacted from kr. 18.80 to kr. 19.60. This movement simply reflects sales of kronen which hitherto had been immobilised by the restrictions, and so marks the establishment of a normal in place of an artificially controlled rate. Incidentally it brings the Copenhagen rate into line with the Stockholm rate. Denmark is to be congratulated on being one of the first countries to make a move, even though at present limited in scope, in the direction of freer international trade.

Cotton and Ottawa.—The Lancashire Cotton Trade Delegation to the Imperial Economic Conference at Ottawa has this week issued its report on the work done. The statement, writes our Manchester correspondent, is written in as optimistic a tone as is possible under the circumstances, but reading between the lines one detects an undoubted feeling of disappointment at the results obtained. It is mentioned that the delegates found that the industrialists of some Dominions, and of Canada in particular, enjoyed a freedom of access to their Ministers and a corresponding influence in the discussions which were denied the industrialists from the United Kingdom. It was also clear that although the dominating note of the Conference was a cry for help from the primary industries of the Dominions, the better organised forces of the Dominions' secondary industries were still able to hold their own. On the whole, the delegation received most encouragement from their discussions with the representatives of India. It is stated that the Indian delegation wished to be helpful and constructive in considering the problem of Lancashire's trade with India. It was their desire to improve the position of the Indian agriculturists. They pointed out that in any proposals which could be put forward for the benefit of Lancashire and which would not injure the Indian industry, the fullest regard must be given to their effect on the agriculturist. They were seriously concerned by the possibility that an increased preference for Lancashire goods in India might be followed by a fall in Japan's purchases of Indian cotton, partly through the restriction of the market for Japanese cotton goods and partly as an act of retaliation. The Lancashire delegates discussed this point very fully, and emphasised the fact that Japanese cotton importers, like other business men, buy their supplies wherever it is most advantageous to do so. The Indian delegates, however, were insistent that it would be useless for them to put forward any recommendation intended to increase the sale of British cotton piece goods in India unless they were able at the same time to show that Lancashire was prepared to increase substantially its consumption of Indian cotton. It was pointed out that, although the use of Indian cotton in Lancashire was undoubtedly spreading, there were difficulties in regard to quality, quantity and market facilities which must be overcome before Lancashire could safely become dependent on India for a really large part of her supplies. The Lancashire delegates, however, promised that this point should be thoroughly investigated by the Lancashire industry, and it was suggested that some form of joint inquiry representing both Lancashire and Indian interests would be most likely to be effective. The Lancashire delegates undertook to urge on their respective organisations an early and adequate examination of the question of increasing the consumption of Indian cotton.

Indian Cotton Import Duties.—Our Manchester correspondent writes:—During the last few weeks private messages have been received in Lancashire from India indicating the probability of a revision in the import duties on cotton piece goods, and it is now announced that the Government has decided upon an immediate increase on all non-British goods from 8½ per cent. to 50 per cent. *ad valorem*, with a minimum duty in the case of plain greys of 5½ annas, as compared with 4½ annas. This decision affects chiefly Japanese goods, which will now have to stand an import duty of 50 per cent. against 25 per cent. for British goods, and Lancashire has now a preference of 25 per cent., against 6½ per cent. previously. This news has been received in Lancashire with considerable satisfaction, and it is hoped that this country may now be able to regain some of the trade lost to Japan. It is unfortunate, however, that this windfall should accrue to Lancashire at a time when cloth production is practically stopped and contracts cannot be arranged owing to the impossibility of manufacturers guaranteeing delivery within a specified time.

The London Omnibus Dispute.—Although the delegate conference of the London omnibus employees decided last Tuesday to reject the Omnibus Company's proposals for

reduced wages and changes in working conditions, it did so in such a way as to hold out distinct hopes of agreement. Firstly, it was announced by Mr Bevin, the General Secretary of the Transport Workers' Union, that the decision did not preclude further negotiations with the company. Secondly, an agreement has been reached, in the face of last week's adverse ballot, on the question of redundant staffs. Under this agreement the guaranteed week is to be reduced from 48 to 40 hours for all spare men with less than three years' service, and the notices of dismissal to the redundant staff, which were issued last week, have been withdrawn. This compromise, with its avoidance of discharges, is a good omen for the future. As for the main issue, it will be recalled that the company has both given notice of reductions in the standard hourly rate of pay, and is also seeking to vary the conditions of service, and in particular to reduce the maximum time worked each day from 9 to 8½ hours. It is also putting forward proposals for the speeding up of services. These last proposals will also affect an employee's gross earnings as distinguished from his standard wage, and the opposition to them is therefore comprehensible. Apart from the grave inconvenience that would be caused by a stoppage, the public is interested in these negotiations in two ways. One is the question of safety, and here the public will undoubtedly support the company's contention that it is necessary to reduce maximum working hours because of the increased strain thrown upon drivers by the recent growth in the size and power of the omnibuses. Equally, the authorities should subject to severe scrutiny the proposals for the speeding up of services, and the public will sympathise with Mr Bevin's plea that both drivers and conductors merit fuller consideration than he alleges is found in the company's terms. The other question is of a more general economic character. There is no record of any recent reduction in fares, and, if the company's income has fallen to a point which necessitates wage reductions, the obvious inference is that fewer passengers are being carried. If so, it is conceivable that the streets are being congested with redundant omnibuses; and this suggests that the true line of economy might lie in the withdrawal of surplus omnibuses with their staffs. The whole question is admittedly highly technical and complex, for the problem of "peak loads" at the rush hours at once obtrudes itself. We have no doubt that this aspect of the question is present in the minds of both parties to the dispute; and all we are concerned to point out is that the public is interested in the negotiations in more ways than one. In view of the spirit of accommodation that has now appeared, hopes of equitable settlement need by no means be dismissed.

Overseas Government Loans.—The current issue of the statistical summary compiled by the Bank of England contains some new calculations by Sir Robert Kindersley showing the geographical distribution of British loans to overseas Governments and municipalities. A summary of this table is reproduced below:—

	1929.*		1930.*	
	Capital.	Av. Rate of Interest.	Capital.	Av. Rate of Interest.
	£ mn.	%	£ mn.	%
British Empire ...	1,020.2	4.5	1,028.4	4.6
Europe	109.3	5.8	102.9	6.0
South America	129.2	5.3	125.2	5.2
Central America.....	2.3	4.9	2.2	4.8
Rest of world.....	105.7	4.9	100.6	5.0
Total	1,366.7	4.7	1,359.3	4.8

* Excluding issues made during the year referred to.

Taking the figures for 1930, out of a total of £1,359.3 millions, 76 per cent. is represented by loans to various members of the Empire, and of the remaining 24 per cent., 8 per cent. has gone to Europe, 9 per cent. to South America, and 7 per cent. to the rest of the world. Of the Empire total of £1,021.4 millions, Australia has taken

£429.6 millions, India £224.0 millions, and South Africa, New Zealand and Canada (with Newfoundland) about £100 millions each. The average rate of interest ranges from 5.0 per cent. for New Zealand and 4.8 per cent. for Australia to just under 4 per cent. for India, Canada and Newfoundland. These rates are not dependent solely upon the relative credit of the various borrowers, but also upon the dates at which the loans were first raised. Thus Canadian borrowings were largely pre-war, and so were made on cheaper terms. Coming now to Europe's total, this is well spread. The leaders were Germany (£19.9 millions), Greece (£14.9 millions), Hungary (£11.2 millions) and Belgium (£8.3 millions). Most of these totals arise from post-war reconstruction loans, and so it is not surprising to see that interest rates have ruled high. Thus Germany's average rate is 7.4 per cent., and those of Austria and Hungary just over 6 per cent. Greece, however, has been able to escape with 5.8 per cent. The three big South American borrowers are Brazil £64.6 millions), Argentina (£32.4 millions), and Chile (£21.4 millions), and the average interest rates range from 4.5 per cent. for Argentina to 5.5 per cent. for Chile and Brazil. Here, again, the date and circumstances of each individual loan are a determining factor. Finally, the total of £100.6 millions for the rest of the world is made up chiefly by loans of £57.9 millions to Japan and £25.9 millions to China, all at an average rate of 5 per cent. Taking the world as a whole, British capital has in the long run been available to overseas Governments and municipalities at an average rate of 4.8 per cent. It would be interesting to see this average divided into separate figures for pre-war and post-war borrowing, and also to form some idea of the rate that is likely to be charged in the future. At the moment, of course, foreign, as distinguished from Empire, borrowing is in abeyance, and the table shows that as long ago as 1929 foreign repayments of outstanding debt were in excess of fresh borrowings.

Germany's Foreign Debt.—Recently-published statistics of Germany's external debt as at February 29, 1932, writes our Berlin correspondent, show the total of foreign investments in Germany at a round 26 milliard marks, of which Rm. 10.15 milliards are long-term debt (due within a year); 10.47 milliards are short-term debt (due within a year); 10.47 milliards are long-term debt; and 3½ milliards shares and industrial participations; and 2 milliards foreign holdings of German real estate. Almost half the short-term debt is subject to the standstill agreements; 3½ milliards of it are owed by German financial houses and 1½ milliards by industry, commerce, etc. Of the short-term debt 5,210 millions are accounted for by the banks (including the Reichsbank and the Golddiskontbank), 815 millions by public corporations, and 4,128 millions by private businesses. The long-term debt, on the other hand, is divided as follows:—Banks debt, only 1,496 millions, public corporations 3,525 millions, and private businesses 5,449 millions. The following table shows the division of the debt by creditor countries; the figures in brackets show the short-term debt according to the census taken in respect of the amount outstanding at July 28, 1931, for purposes of comparison:—

GERMAN FOREIGN DEBT AT FEBRUARY 29, 1932. (In millions of marks.)			
	Short Term.	Long Term.	Total.
U.S.A.	3,227 (3,143)	5,165	8,392
Netherlands	1,661 (2,069)	1,914	3,575
Switzerland.....	1,615 (1,878)	1,146	2,761
Great Britain	1,286 (2,054)	1,129	2,415
France	474 (656)	482	956
Sweden	136 (205)	167	303
Other countries*	1,754 (1,964)	467	2,221
Total	10,153 (11,969)	10,470	20,623

* Including B.I.S. holdings in Germany and issue banks' credit to Reichsbank under the leadership of the B.I.S.

The interest burden of this debt is calculated at 1,225 millions and the amortisation at 213 millions, so that the current obligations amount to Rm. 1,438 millions. In addition there are the fixed, non-recurrent redemptions, which amount to about 200 millions for 1932-33, and

finally the income of about 15 millions received by foreigners from German securities of real estate, so that the German balance of payments for the current year is burdened with at least 1.7 milliards from these sources.

Roumania and Oil.—In petroleum circles, writes our Bucharest correspondent, the situation is considered to be a little more hopeful since the return of the Roumanian delegation from the Paris Conference. The principle of collaboration with the international group has been established, and the Roumanian delegation has been able to obtain an agreement that further exports from Roumania should be based on the export period from July 1, 1931, to June 30, 1932, instead of that of 1929, as was proposed by the international group. In 1929 the exports of crude oil and various petroleum products amounted in all to 2,822,900 tons on a production of crude oil of 4,827,278 tons. On the other hand, during the period admitted as a basis, 4,667,860 tons were exported on a production of 6,387,597 tons. The Roumanian groups has therefore obtained the right to export 65 per cent. more than was originally proposed by the international group. If in any of the countries which import Roumanian petroleum products the consumption fixed for each product separately increases or diminishes, the quota which can be imported into this country by the Roumanian group will be increased or diminished proportionately. It remains now for the Roumanian producers and refineries to reach an agreement as regards the share of each individual concern in the export. Only after this agreement has been reached can the accord with the international group be signed and put into operation. The definite reply of Roumania was to reach Paris by August 15th, but this period has now been prolonged to September 15th. Negotiations among the companies of this country are proceeding. Petroleum production has increased to 2,200 wagons per day. In the first six months of this year the exports amounted to 2,678,953 tons, as against 2,413,380 tons in the same period last year.

Crop Damage in Poland.—Our Warsaw correspondent writes:—Earlier reports that the cereal crops were being harvested under favourable conditions have had to be modified by the discovery of rust in the principal wheat-growing areas, namely, the districts of Lwow, Tarnopol, Lublin and Volhynia. These districts normally provide about one-half of Poland's total wheat crop, and it is estimated that the cereal in these areas is affected by rust as to at least two-thirds of the crop. The grain in other districts is also affected, but apparently not to the same extent. It must be anticipated, however, that not less than 25 per cent. of the anticipated wheat crop, if not wholly lost, will be practically useless. Poland last year produced slightly over two million tons of wheat, out of which about 10,000 tons were exported during the second half of the year. If this year's yield of sound grain is 25 per cent. less, there will manifestly be none available for export, and it may even be necessary to impose milling restrictions so as to conserve the supply until next autumn. Rye, however, is the cereal mainly used by the Polish peasantry, and even by a large part of the urban population, and it will be no hardship to increase the consumption of "black bread" and restrict the use of wheat. Fortunately, the rye crop—as well as barley and oats—had almost attained maturity before the rust attacked the grain areas, and the damage from this pest is much less than in the case of wheat; but rye in certain districts where the grain had been cut and not harvested is believed to have suffered considerable damage by heavy rainfalls during the latter part of July and early August. Until threshing is finished, however, the full extent of the loss will not be known, but sufficient evidence is already available to show that this season's grain export surplus will be a very small one, and that the impoverishment of a large number of farmers has been intensified by the wheat disaster.

Australasian Banking Finance.—Our Melbourne correspondent writes:—The principal figures of the quarterly average returns to June 30th of the banks in the Australian Commonwealth (exclusive of the Commonwealth Bank) and in New Zealand compare with those of the previous quarter and a year ago as follows:—

	June 30, 1931.	March 31, 1932.	June 30, 1932.
Australia:			
Deposits	259,864,648	282,268,171	277,050,557
Advances, &c.	241,280,900	228,351,889	229,309,492
Government and municipal securities	21,476,582	40,001,952	43,707,735
Coin and bullion	1,962,822	2,172,472	1,958,714
Australian notes and cash with Commonwealth Bk.	51,160,531	51,009,023	47,827,451
New Zealand:			
Deposits	54,996,125	53,336,885	54,013,299
Advances, &c.	53,849,455	50,598,752	50,978,070
Government securities, &c.	4,582,471	6,597,824	9,153,181
Coin and bullion	6,926,030	6,598,701	6,207,587

Both in Australia and New Zealand there has been a reduction in trading advances as compared with a year ago, accompanying the reduction in imports and the small volume of business generally. At present the tendency is for possible borrowers to refrain from fresh enterprise in face of high costs, though there is still the regular demand for current production. On the other hand, the banks have been assisting the Governments, and their holdings of Treasury bills (included in securities shown above) have been considerably enlarged, partly to meet deficits on ordinary revenue and expenditure accounts and partly to provide for Government expenditure on public works, a policy which should not be continued indefinitely. A preliminary official summary of public accounts for 1931-32 shows deficits of the Australian States aggregating £20,147,000, including £18,570,000 in New South Wales), against which is a Commonwealth Government surplus of £1,921,000, leaving a net total deficit of £18,826,000. The result is worse than was anticipated twelve months ago, owing mainly to the drift in New South Wales under the late Labour Ministry. The short-term debts of the Commonwealth and States in Australia and London have risen to a total of £82,315,000 at June 30, 1932, against £58,695,000 a year ago.

Overseas Correspondence.

UNITED STATES.

Finance — R.F.C. — Banking — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, August 24.

THE Secretary of the Treasury and the Governor of the Federal Reserve Board have been discussing with the bankers here the plans for financing the September tax date. The Treasury has to meet on September 15th short-term maturities of approximately \$712 millions, and the needs of the Reconstruction Finance Corporation will considerably increase the figure for new borrowing. The Treasury this year has penetrated steadily into longer term borrowing, and Wall Street bankers anticipate that at least a part of the September financing will take the form of five-year issues, possibly at between 8½ and 8¾ per cent. interest rates. Some of the maturities also will no doubt be met with shorter term, probably one-year, notes.

It is also expected that before long, and possibly next month, the R.F.C. will make a direct bid for money, having so far obtained all its funds directly from the Treasury, which is the cheaper method. Another subject of consideration is the calling of the First Liberty 4½ per cent. bonds. They are outstanding to the amount of \$586 millions, and may be called on three months' notice at any interest-paying date. If the present period of extremely cheap money and strong bond markets is not utilised for December 15th retirement, the Treasury will

have to wait at least until June 15th. On the other hand, the Treasury already is faced with December 15th maturities of \$600 millions, and over a billion at that time might be considered too heavy.

Only mild interest was caused by publication of the names of the banks, insurance companies and railroads which have borrowed money from the R.F.C. in the first ten days after the date of the new Relief Bill which provided for the reporting of such information to Congress. President Hoover has maintained that he had the assurance of Congressmen that this information would be kept secret, but the clerk of the House of Representatives ruled otherwise, and furnished the information to the Press. It was found that from the 21st to the end of July the R.F.C. had lent \$49.7 millions to 450 applicants, the bulk going to banks. None of the institutions were important, with the exception of one in San Francisco and two or three in Ohio cities.

The market had had time to prepare for this revelation, and, anyhow, it was generally known that no large bank's name would be on the list. Some have obtained funds from the R.F.C., as, for instance, the Dawes Bank in Chicago, but publication of borrowers' names was not provided for to cover the period before the enactment of the Relief Bill. Recently Secretary of the Treasury, Ogden Mills, stated that total loans of the R.F.C. from the beginning to the end of July aggregated \$1,219 millions. Wall Street is now inclined to think that publication of names from now on may do no great harm, for besides acting as a deterrent to unnecessary borrowing, it may have a reassuring effect in cases of rumoured difficulties.

While there has been no change in the purpose of Federal Reserve Bank policy, there has been some change in method. Last week no further additions were made to holdings of U.S. Government bonds, purchases of which for several weeks have been dwindling. It is considered possible that the Reserve may even sell a few, inasmuch as the rapid deflation in member bank borrowing, the return of currency to the banks and the growth in the monetary gold stock, coupled with further deflation in loans, are maintaining excess reserves of the banks at a high figure, ranging around \$250 millions. Federal Reserve credit outstanding, with last week's decrease of \$13 millions, has diminished for four successive weeks. Reporting city member banks continue to liquidate loans, both on securities and on commercial paper. For the week of August 17 their loans were down \$50 millions, but investments rose slightly. Advantage is being taken of the strong markets to close out under-margined collateral loans which the banks had unwillingly been carrying. The banking picture is one of growing strength and liquidity, with no appreciable rise in demand for credit.

The industrial outlook continues to be a conglomeration of drab news on actual operations and of cheerfulness in outlook. Steel buying from the motor industry, the railroads and the farm implement manufacturers is at a standstill, and steel mill operations are still under 15 per cent. of capacity. It is expected by some observers that the Ford Motor Company will resume operations after the Labour Day holiday in September, but this month marks a new low record in motor car buying. The steel industry is becoming more concerned over imports of foreign steel, and is moving for higher tariffs under the anti-dumping clause of the General Tariff Act.

The selection of Robert Lamont, former head of the Department of Commerce, to be president of the American Iron and Steel Institute is the first step toward this end. A petition to the tariff commission for higher duties on numerous steel products already has been filed. The chief competitors aimed at are those of Belgium, France, Germany and Czechoslovakia. Under the anti-dumping Act the President may raise the tariff by a maximum of 50 per cent., if it can be shown that foreign steel is being sold here at less than cost of production.

The Steel Institute also is moving to have the R.F.C. stipulate as a condition for its loans for construction pur-

poses that only American-made materials be used. It is said that the agreements reached at Ottawa have spurred on the steel makers to seek relief at Washington. Some members of the steel trade estimate that the American producers will lose \$50,000,000 annually because of preference given Great Britain, but others think this figure much too large. In general, the results at Ottawa are not regarded here as much of a menace to American trade. The markets have been remarkably indifferent to the Conference all along, and individual business men are showing little concern.

The railroads are preparing to seek further wage reductions when the 10 per cent. reduction agreement expires next February. Meanwhile they are considering asking for lower freight rates. Next March the special increases granted by the Inter-State Commerce Commission will expire, and many railroad men feel that, instead of asking for extension of the present schedules, a reduction of base rates to promote freer movement of goods should be made. It is fairly clear that the higher rates were a mistake.

FRANCE.

Budget — Treasury Position — Coal.

(FROM OUR CORRESPONDENT.)

PARIS, August 31.

THE problem of balancing the Budget still awaits solution, and no hint has yet been given from official sources as to the methods by which it is proposed to secure the necessary resources. Total Budget expenditure, which amounted to 39,500,000,000 francs in 1927, when the franc had already been stabilised *de facto*, although not *de jure*, is, for the current year, 53,000,000,000 francs, which represents an increase of over 33 per cent. on the six years, in spite of the fact that meanwhile the Caisse d'Amortissement has taken over between 1,900,000,000 francs and 2,000,000,000 francs of annual debt service charges formerly covered by the General Budget. According to a statement made last February by M. Pietri, the then Budget Minister, Budget taxation is now equivalent to 30 per cent. of the French national income (as compared with 22½ per cent. in Great Britain, 20 per cent. in Germany, and 10½ per cent. in the United States, recent increases of taxation in the latter country not included).

In these circumstances it is difficult to see how the 5,500,000,000 francs still required to balance the 1933 Budget can be obtained except by drastic cuts in expenditure. Whether this will be found practicable is doubtful, judging from the unfortunate experience of the present Ministry's recent first attempt to cut down Budget expenditure. It will be recalled that M. Germain-Martin's original economy proposals, after having been approved by the Cabinet as a whole, and forthwith made known to the public (on the assumption that only formal approval by the Chambers was necessary to transform them into law), provoked an open revolt of the bulk of the Radical deputies against their own Party Leader. It is whispered that advantage is being taken of the long summer recess for informal conversations between some of the party leaders, both within and outside the present Ministerial combine, with a view to testing the possibility of evolving a more stable majority, which will be less exposed to dictation from the Left, and which would ensure the accomplishment of the necessary reductions of expenditure by which a balanced Budget can alone be rendered possible. One of the outstanding factors of the situation is that 20,500,000,000 francs, or nearly 40 per cent. of the nation's present Budgetary expenditure, is in respect of the public debt. In such circumstances it is evident even a successful conversion operation (estimated to result, on a 4½ per cent. basis, in a saving of some 900,000,000 francs a year) would only moderately contribute towards an estimated present deficit of six times that volume. It is semi-officially announced to-night that the Chamber may be specially convoked before the end of September for the

purpose of authorising application of the conversion plan.

The Treasury problem now appears to have been satisfactorily resolved. Last week's Bank of France return showed that the Government's balance, which for some weeks at the end of June and the beginning of July hovered round purely nominal figures, stood on August 19 at 1,192,000,000 francs, and the future is now also amply provided for. The situation is admittedly far from that which prevailed three years ago, when the Treasury was gorged with available cash. The bulk of this huge accumulation was utilised for paying off the Kreuger Loan, financing the first portion of the programme for re-equipment of the national economic plant, supporting threatened banking institutions, and loans to foreign governments, while a further portion, representing successive Budget surpluses, was handed over, as stipulated by law, to the Caisse d'Amortissement. A substantial part of the total, it will be noted, represents productive investments, the capital value of which should sooner or later return to the Treasury. From the Treasury's resources, further, have been met the 7,500,000,000 francs of deficits on the last two Budgets, and a further 2,500,000,000 francs to 3,000,000,000 francs have been utilised to compensate the shortage on the current Budget. Still further sums have been absorbed by communes and departments suffering financial difficulties due to the present crisis. On the whole (as M. Frédéric Jenny points out in the *Temps*), it is somewhat surprising, not that the Treasury recently found itself in difficulties, but that these difficulties did not develop earlier. It is now clear, moreover, that but for the fact that no real attempt has been made to balance recent Budgets, the Treasury would not only not have found it necessary to borrow money by issuing bonds, but would have still been able to preserve some milliards of available funds.

The Treasury's present satisfactory situation is due to laws voted at the end of the last session of Parliament. These authorised supplementary Treasury Bond issues up to 2,000,000,000 francs; enabled the Government of Algeria to repay immediately nearly 1,500,000,000 francs of advances; and relieved the Treasury of 300,000,000 francs imposed upon it in respect of the deficit on the current Budget. These measures increased the Treasury's available resources to about 5,000,000,000 francs, to meet liabilities, down to the end of the year, of only 3,450,000,000 francs. The only apparent risks facing the Treasury at present are that it may not be in a position, unless further steps are taken, to reimburse its bond issues at maturity, especially if it is to be called on to furnish further large sums to meet a Budget deficit during 1933. The former is a purely negligible risk; the latter depends entirely on whether the Budget for the coming year is to be really and soundly balanced. In any case, relief has already been foreshadowed in the preamble of the recent Bill authorising additional Treasury Bond issues, which provides for the eventual consolidation of these bonds, if necessary, into funded debt.

Coal production figures for July, which have been announced this week by the Coalmasters' National Association, indicate a total output from the mines in French territory of 3,796,000 tons during the 25 working days, against 3,838,000 tons in June (28 days), 4,114,000 tons in July last year (26 days), and a monthly mean of 4,586,000 tons throughout 1930, when output was at its highest level. Metallurgical coke production by the colliery plants was 265,832 tons, against 258,849 tons in the previous month and 359,000 tons in July, 1931. Figures for the first half of 1932 show that the total output of coal and lignite from the French mines was 23,108,828 tons, to which must be added 2,733,973 tons made available from the Saar area (after deducting local consumption), and 8,937,585 tons representing imports into France. The total available for consumption was, therefore, 34,780,000 tons. Imported coal during the six months included 4,637,000 tons from Great Britain, 2,047,000 tons from Germany, 1,399,000 tons from Belgium-Luxemburg, 442,000 tons from Holland, 295,000 tons from Poland, 38,570 tons from Russia, 14,000 tons from Switzerland, 2,284 tons from the United States, and 59,000 tons from Indo-China.

GERMANY.

Politics — New Economic Programme.

(FROM OUR CORRESPONDENT.)

BERLIN, August 30.

At the time of writing the political situation is still completely obscure. The President and the Chancellor are, in the words of the official communiqué, in agreement as to the political situation, which may be interpreted to mean that the President has authorised Herr von Papen to dissolve the Reichstag. Meanwhile, however, the Centre and the Nazis are continuing their efforts to combine in the formation of a parliamentary majority. The outcome of these efforts is still completely uncertain, and it is also uncertain whether, even if they were successful, the President would give the coalition his blessing by appointing as Chancellor the man they expected. Meanwhile, it is only thanks to the hopes which the National Socialists attach to their parliamentary influence, and to the interest which they have for that reason in securing an effective Parliament, that the opening meeting of the Reichstag was conducted peaceably. The National Socialists listened quietly to the speech of Frau Clara Zetkin, the Communist who presided at the opening of the Reichstag by virtue of seniority, only to elect their colleague Gohring to the presidential chair immediately afterwards. Herr Gohring and the new Vice-President, Herr Esser, a member of the Centre Party, have come to Neudeck, presumably to represent to President von Hindenburg the dangers of a Government policy directed against the Reichstag.

The economic programme which the Chancellor announced last Sunday, at a meeting of Westphalian farmers in Münster, came as a surprise to the German people. The programme is very complicated, and its importance will depend to a large extent on the way in which it is carried out, but it will also depend a good deal on world economic developments and on developments in Germany while it is being put into effect. According to the plan expounded by Herr von Papen, the Government will issue to all taxpayers who are liable for land tax, taxes on industrial profits or industrial property, turnover tax or transport tax, a promissory note of the Government for a part of the amount of the tax. The idea of this is that the economic situation really calls for a tax reduction, but that as the Exchequer is not in a position to forgo the money for the moment, a part of the revenue from taxation is to be regarded as a loan from the taxpayers. The promissory notes will be redeemed by being accepted in payment of taxation during the years 1934-38. The value of the notes to be thus issued will be about Rm. 1½ milliards, and this will be increased to 2.2 milliards by other payments which will also be made in the form of promissory notes. This will involve a loss of about Rm. 500 millions of revenue in each of the years 1934-38, and the plan, of course, involves the assumption that economic conditions, and consequently public finance, will by then have recovered sufficiently to make this deficiency easy to bear. The issue of the promissory notes is to take place in the year beginning October 1, 1932, and the notes are to bear 4 per cent. interest.

Apart from the desire to effect a reduction in taxation, another consideration has played a large part in the evolution of the plan. The advance of the crisis has set free a large quantity of working capital in Germany, and scope has developed for an extension of credit which, in the opinion of the Government, is not taking place, largely because the industrialists who would like to avail themselves of the credit cannot offer suitable security. The Government now hope that these promissory notes will prove suitable collateral, and that it may be possible in this way, with the help of short-term money from the banks, to set going, on the initiative of private business, undertakings which have hitherto been idle.

To this end, a further incentive is to be offered by the Government. Every employer who takes on additional workers in his factory is to receive from the State an annual wage subsidy of Rm. 400, representing the sum saved in relief, to be paid him, not in cash, but in

these same promissory notes. Further, every employer is to be authorised to reduce tariff wages in a specified proportion if he makes possible, by a reduction of working hours, the employment of more labour. This last provision has already evoked sharp protests from the trade unions, for it means the possibility of the imposition of a double sacrifice on those workers who are still in employment: if the employer takes advantage of it they will both work fewer hours and receive a lower rate per hour. In addition, the Government intends to instruct the arbitration authorities, in the drawing up of tariff agreements, to include provisions for the payment in emergency cases of less than the tariff wage, in order to keep businesses at work which would otherwise be threatened with failure.

The Chancellor has, though certainly with an inconspicuous reservation, led the public to expect that work will be forthcoming for 1½ million unemployed as the result of this plan, but the objective critic finds little justification for such optimism. The chief result to be anticipated from the plan is its psychological effect: it has been favourably received by the public in general, and has already led to a sharp rise on the Stock Exchange. It is hardly to be supposed that the new securities will lead to any substantial extension of credit. The number of cases in which lack of collateral has prevented the granting of credit is probably not so great as the Government believe, and the bulk of the promissory notes will probably be held by the taxpayers to whom they are issued, or sold on the stock exchange, where, as a 4 per cent. bond, they will be at a heavy discount, since even the 6 per cent. inscribed Government stock, which is the most nearly comparable security, stands at only 76. The Reichsbank will only make advances against these promissory notes to a very limited extent, and will not buy them at all. That, however, means also that Herr von Papen's programme will not have an inflationary effect. Should a recovery in world economic conditions set in, the optimism engendered by the plan might hasten the extension of the improvement to Germany. If there is no such recovery, the plan will remain a fruitless and rather expensive, but perfectly safe, experiment.

In his Münster speech the Chancellor also gave some other not unsatisfactory indications of the Government's intentions. It appears that the Government are not contemplating any further compulsory reduction of interest rates. They merely intend to co-operate with the Reichsbank in an endeavour to secure the consent of the B.I.S. to a reduction of the German discount rate. Nor were the serious fears as to the trade policy of the Government which were widely held before this speech confirmed. The Government is indeed admittedly contemplating the regulation by quotas of a number of imports, but they do not intend to introduce this system generally, nor in the form which the advocates of self-sufficiency would like.

AUSTRIA.

Discount Rate — League Report — Exchanges.

(FROM OUR CORRESPONDENT.)

VIENNA, August 29.

THE Austrian National Bank has at last reduced its discount rate from 7 to 6 per cent. Actually a certain relaxation of the strain in the money market position has been noticeable for some weeks, but the management of the National Bank wished to wait till the Loan Protocol was definitely passed by Parliament. In some quarters misgivings were also entertained concerning a further reduction of the rate of interest, which at present amounts to 4 per cent., on savings deposits. In May and June savings deposits declined from 1,441 to 1,410 million schillings and financial circles are anxious to avoid all steps apt to further this retrograde process. For this reason the rate of interest payable on deposits is likely to remain unchanged, and the effect which the reduction of the bank rate will have on Austria's economic life will in the main be limited to a lowering of interest rates on

HUNGARY.

Politics — Standstill Negotiations — Banking.

(FROM OUR CORRESPONDENT.)

BUDAPEST, August 29.

overdrafts. These rates are extremely high, and firms of good standing are charged at least 12 to 14 per cent. Mortgage credits also command not less than 9 to 10 per cent., and are with difficulty obtainable even at those rates, as capitalists are reluctant to engage their funds for long periods. On the other hand, the reduction of interest rates on debit balances diminishes bank earnings.

No objection can be raised against the reduction of the bank rate from the viewpoint of capital movements; for, with the exchange restrictions in force, foreign capital would not be placed in Austria in any case. This is also one of the chief reasons why the Vienna bourse has benefited to a small extent only from the firm tendency prevailing on most stock markets. However, some improvements of prices have been recorded here too, and, of the stocks better known abroad, Alpine Montan advanced from 9.50 to 10.35, Donau-Save-Adria Prioritäten from 56 to 70 and Felten from 110 to 115. The reduction of the discount rate has no influence on the standstill negotiations of the Austrian banks. In financial quarters it is considered a mistake that the National Bank compelled private banking institutions, who by their own efforts had reduced their foreign short-term obligations to the relatively insignificant amount of 15 million dollars (against 33.7 millions one year ago), to make a standstill agreement. The agreement expired in July and negotiations for an extension are being conducted in London. It is stated here that English creditors are accommodating, while the American banks maintain an uncompromising attitude.

The representative of the Financial Committee of the League, Dr. Rost van Tonningen, has published his report covering the second quarter of the year. The undertone of the report is rather pessimistic. Dr. Rost foresees new difficulties arising from the suspension of transfers, but does not say that the suspension could have been avoided. Rather the opposite inference can be drawn from his observations, as he strongly urges the lender countries to ratify the loan agreement and to provide the funds as soon as possible. Above all the cash situation of the Government is considered unfavourable, though State revenue at 940 millions was only 16 millions below the estimate in the first half-year. The unsatisfactory treasury position is the reason why the Government had to refrain from the handing over the total revenue of the customs and of the tobacco monopoly earmarked for the service of the International Loans of 1923 and 1930 to the trustees, a fact which was very severely commented upon by them. In the course of June and July 66.8 millions were withheld from the blocked account for these loans. It is also evident from the report that the Austrian Government made every effort to continue the loan service because since the introduction of foreign exchange restrictions in October, 1931, 190 million schillings have been allotted for this purpose against only 243 millions for the requirements of production and commerce. The influx of foreign exchange was much smaller, so that the net outgoings amounted to 150 millions. The allotments of foreign exchange through the National Bank in the last months before the suspension of the transfer were limited almost exclusively to the sums required for the foreign loan service; for commercial purposes not more than 12.4 millions were made available in June. In this month only 34 per cent. of the allotment in the last quarter of 1931, when the apportionments were already severely curtailed, were placed at the disposal of production. The delay in the loan will greatly increase the arrears of the debt service, which are estimated to amount to 148 millions at the end of 1932.

The National Bank, in an agreement with Italy concerning the liquidation of the Austro-Italian clearing convention, has made the concession that the claims of Italian suppliers shall be satisfied, not at the official clearing rate of the Austrian National Bank, but at the schilling rate of the Berlin and Zurich bourses. This is tantamount to a recognition of a 20 per cent. discount in the schilling. The majority of Austrian economic interests are opposed to an increase of the schilling rate to the parity level through a continuation of deflation measures. Even the official Institute for the Study of Trade Cycles has raised its voice against such a policy.

THE prestige of the Karolyi Government was seriously impaired by the defeat of its Minister of Agriculture in a by-election, the date of which almost coincided with the first anniversary of the Government's access to power. This is the third successive by-election held within two months, all in different rural districts, and all three seats have been captured by the rising Independent Farmers' Party, in spite of the open ballot vote. In political circles it is taken for granted that the defeat of a Cabinet Minister is bound to have far-reaching consequences, the more so because the Karolyi Government has always been rather suffered than supported by the majority of Count Karolyi's own party. The inertia of the Government is blamed for the successive defeats of the party, the members of which want their leader, Count Bethlen, to return to power. It is difficult to tell, indeed, whether the want of comprehension of financial realities or the lack of courage to take the necessary unpopular measures to restore budgetary equilibrium is more responsible for the inactivity of the Government. The fact remains that after being more than twelve months in office the Government cannot claim to have achieved the purpose for which it was expressly appointed a year ago—that of rehabilitating the national finances—and that the country is becoming aware of it. Therefore the autumn outlook, in spite of the good crops, is full of uncertainties both of political and financial nature.

All the banking institutes domiciled in Budapest have published their half-yearly balance sheets. The aggregate resources of the 22 institutes disclosed in the composite balance sheets amounted to 2,271.2 million pengő as at June 30, 1932, as compared with 2,359.5 million pengő at the end of 1931. Cash at hand and sight deposits with the National Bank and other banks decreased to 153.3 million pengő, as against 182.7 million pengő six months ago. The total amount of short-term assets is returned at 1,237.9 million pengő, against 1,284.5 million pengő, of which bills represented 624.8 million pengő and other debtors 608.1 million pengő. Most of the short-term advances are frozen as, in spite of the greatly reduced volume of business, the banks were unable to liquidate their claims, and could not repay any part of the 300 million pengő rediscount facilities accorded to them by the National Bank in the second half of 1931. The most unsatisfactory item of the composite balance sheet is that of participation in syndicates and security holdings at 222 million pengő, exactly the same amount as six months ago, showing that no provision has been made for the depreciation of these assets.

There is a slight decrease in the banks' own capital and disclosed reserves which amount to 392 million pengő, as against 403 million pengő six months ago, which is caused

THE ROUND TABLE

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by the capital reductions of two small institutes which have been repurchasing their own shares. Creditors amounted to 1,355 million pengö, against 1,412.5 million pengö at the end of 1931. The decrease is almost entirely due to savings deposits, which dropped from 491.3 million pengö to 448 million pengö. Current accounts show no change at 638.5 million pengö, and other creditors, mostly representing foreign acceptance credits, are returned at 273 million pengö, as against 277.5 million pengö. The long-term mortgage and communal loans granted amount to 514.4 million pengö, against which there are 372.2 million pengö mortgage and communal bonds issued in circulation and 78.5 million pengö ceded on mortgages.

The ten principal Budapest banks and savings banks are responsible for approximately 2,000 million pengö out of the total figure of 2,271.2 million pengö disclosed for the twenty-two institutes. But these figures do not tell the whole story, as the banks do not show their rediscounts with the National Bank, which amount to probably around 500 million pengö. The short-term loans borrowed from abroad are also not disclosed in full, and neither are the guarantees. It is also objectionable that the banks did not disclose separately the accrued interest on their foreign short-term debts, because the inclusion of these amounts among the creditors obscures the movements in deposits and current accounts. Assuming about 500 million pengö foreign frozen debts, the meagreness of the credit resources is amply illustrated by the fact that internal deposits and current account balances amount to only 800-900 million pengö.

From the above figures it is evident that the reorganisation of banking balance sheets and the writing off of bad debts and of depreciated security holdings has been again postponed. However, in all fairness it must be pointed out that in Hungary the Treasury, far from being able to assist the reorganisation of the banks with State funds, is straining their liquid resources to the utmost limit. The only way towards the reconstruction of the banks is the conversion of about half of the 600 million bills portfolio of the National Bank into State Debt in exchange for the Treasury's debts to the banks and the acceptance by foreign creditors of either its long-term bonds or preference shares for their frozen balances.

HOLLAND.

Tariff Treaty — Capital Issues — Stock Exchange.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, August 16.

THE favourable impression created in June by the news of the convention concluded between the Netherlands, Belgium and Luxembourg for the reciprocal reduction of tariffs, has now been fully confirmed by the publication of the complete contents of the treaty. The pact comprises four positive principles:—

1. No new import duties and no increases in existing duties.
2. Reduction of the existing import duties by 10 per cent. each year.
3. No additional restrictions on import and export which are not imperative for protecting the safety, morals and health of the public, the protection of plants and livestock from disease, or for certain similar objects detailed in the pact.
4. In the event of abnormal circumstances making it imperative to enforce quota restrictions on imports, the quota shall not be fixed at less than 100 per cent. of the import in normal years, thus preventing disguised protectionist measures.

This convention should not be regarded as a new Customs union in embryo, but as a movement in which every well-meaning nation can participate and will be heartily welcomed. "As long as countries, without having joined in the pact, nevertheless, do observe the stipulations thereof, the benefits provided for in the treaty will apply to such countries." In fact, the contracting parties go still further in their goodwill towards those not participating, by agreeing in principle "not to resort to any increases of a protectionist nature in their import duties, nor to the enforcement of new safeguarding duties, towards other States with which they are associated by

commercial treaties." It is rumoured that Poland is to join the convention.

Little change is shown in the balance of trade in the Netherlands for July, as will be seen from the following comparative table showing the value in millions of guilders (gold and silver omitted):—

	July,		January-July,	
	1931.	1932.	1931.	1932.
Imports	165	96	1,152	773
Exports	115	63	792	480
Percentage of imports covered by exports.....	69.5	64.9	68.8	62.1

The export trade of the Netherlands continues to encounter serious obstacles. Our butter exports, in particular, are still being severely handicapped by Germany, owing to the regulation that only 5,000 tons a year may be imported into Germany at the import duty of 50 marks; the imports in excess of that quantity are charged with a duty of 100 marks. Negotiations between the two countries on this subject have so far failed to yield a satisfactory solution. Again, the export of coal is being menaced by the quota measures in Belgium, involving a reduction in the importable percentage from 52 per cent. to 28 per cent. Negotiations on this subject are in progress with the Dutch collieries, and the Dutch Government is contemplating measures for the purpose of relieving the distress in this branch of industry as much as possible. The possibility of a reduction in the railway rates in general is under examination, and pressure is once more being exerted to encourage the consumption of Dutch fuel by all public bodies in this country.

Very gradually, but, nevertheless, perceptibly, confidence is reviving, and at the same time the prospects of a resumption of issue business, which has been at an almost complete standstill for about a year are improving. With declining capital rates, advancing prices for bonds, and, last, but not least, the extensive capital requirements, especially by public bodies, the necessary conditions for a revival seem present, and it is probable that there will be a pronounced increase in activity on the issue market in the not far distant future. During the past month, however, the issue business was of very modest dimensions, totalling a trifle less than 5½ million guilders. In the corresponding month of last year, issues to a total of 26 million guilders were offered for subscription, and in June, 1932, issues of 102 million guilders were offered, thanks to the second series of the 5 per cent. 1932 State Loan. The State is once more availing itself of the capital market by the issue of Exchequer bonds for 75 million guilders; these yield 3 per cent. interest. The new municipal loans issues, including that of Amsterdam, have been successful lately. Sterling bonds, however, were weak, under the influence of the drop in the sterling rate of exchange. The share market has joined in the international bull movement, and it was noticed that the public is beginning to participate.

BELGIUM.

Strike — Industry — Public Finance.

(FROM OUR CORRESPONDENT.)

LOUVAIN, August 23.

BELGIUM has encountered in recent weeks the first social disturbances which are directly due to the economic crisis. In the beginning of July the pitmen of the Borinage (Mons district) refused to agree to wage reductions which had been accepted by the miners' trade unions. They thus became involved in a strike against the advice of the trade union leaders and the movement grew rapidly. By the middle of July it had brought about a general stoppage of production in the whole Province of Hainault, and given rise to riots. The extension of the strike and the accompanying violence are to be ascribed partly to the weakness of the Government, which has regained meantime the ground lost, but the movement is also evidence of the magnitude of the sacrifices which have already been imposed upon the workmen and especially upon the coal

hewers. The situation is complicated by the exhaustion of the Southern coalfields, which will make it necessary to abandon certain collieries. The strikers returned to legal methods as soon as the Government took the necessary measures, but they have continued the strike, although no success at all can reasonably be foreseen. About one-fourth of the pitmen have remained at work, and the collieries have forwarded regularly the quantities ordered by drawing upon their reserves. The strike has caused the Government to abandon the Bill for protection of wheat, which would have raised the price of bread 15 centimes per kilo (½d.).

The position of agriculture, though far from prosperous, has seemed much better than last year. Costs have been greatly reduced, mainly because of the fall in fertilizer prices and wages. Crops are abundant and of good quality. In certain parts of the country 4,000 kilos of corn will be obtained per hectare, and the average yield for the whole country will not be far below 3,000 kilos. The position of industry has, however, been anything but satisfactory. In the coal industry it has been so bad that it has given rise to an acute conflict. In the iron industry the outlook was very dull till the middle of August, but the firmer trend in the stock exchange and the slight rise of prices in America, have improved the outlook.

Unemployment has remained at about the level which it had reached at the end of this spring, and has involved the Government in heavy expenditure. It is estimated that the State will spend about 750 million francs on this item, to which Communes and Provinces add about 300 millions. This charge is one of the causes of the budget deficit.

The most important of the present difficulties of the Government is the financial situation. Despite the measures taken in March, 1932, the budget shows a deficit estimated at 2½ milliard francs. Public opinion has been aroused by the Press, and the Government has been forced to face economies, but these are very difficult to effect, since they involve new reductions in fees, in pensions, in wages, and perhaps in unemployment allowances. The difficulty of carrying such measures, when a General Election is to be held in May, 1933, is considered so serious that the dissolution of Parliament is contemplated so that the General Election would take place this autumn.

A milliard-franc 5 per cent. loan is to be issued at par on behalf of the Crédit Communal, which provides time and short-term money on terms very satisfactory to the Communes. This loan, redeemable by drawings, also carries 30 million prizes per annum, for five years only. Subscription is still open, and it is not yet possible to say whether this venture will be successful, but it will certainly not enjoy a success comparable to that of its predecessor of last spring, for the Belgian public has, not without reason, become uneasy on the subject of loans and of public finance in general.

SPAIN.

Military Rising — Stock Exchange — Railways.

(FROM OUR CORRESPONDENT.)

MADRID, August 18.

THE resentment of certain elements, especially the Army officers, against the Government culminated in a rising which took place simultaneously in Madrid and Seville on August 10th. The movement was suppressed in the capital within a few hours and the more successful rebellion in Seville was also defeated after a short period of supremacy. The defeat of the rising in Madrid was a foregone conclusion. While many Republicans are opposed to the present Government, they were afraid of being drawn into a plot to bring back the Monarchy. There is no doubt that the position was serious at one time, as the prestige of General Sanjurjo, who took charge of the movement in Seville, was still high, especially in the South, but the failure of Madrid to second the rebellion considerably facilitated the task of the Government. The mobilisation by the latter of large forces and the

announcement of severe repressive measures will doubtless restore normal conditions within a very short time, but there will probably be an undercurrent of unrest for some time to come.

Contrary to expectations, the Stock Exchange did not respond to the excitement caused by the military rebellion; though the volume of business was very small, quotations were comparatively firm, especially for State issues. On the other hand, the peseta has weakened, and it is stated that for the time being no attempt, other than an accentuation of the current restrictions on exchange operations, will be made to sustain rates.

A recent Decree, affecting those railways which were taken over by the State because they were being worked at a loss, states that in future such lines will be closed down unless the municipalities or other corporations which may be interested in the continuance of the lines, help to meet the deficit on their working. In view of the growing importance of motor bus services throughout the country it is probable that many local lines will be discontinued by the Government, unless it is decided, after the experiments which are at present being carried out, to substitute railway motor cars for steam trains.

The measures recently taken in France, with regard to imports of fruit from this country, caused considerable confusion and large quantities of produce accumulated at the frontier, thereby causing considerable losses to Spanish exporters. The Government is endeavouring to put the matter in order and has nominated representative committees in the principal producing areas affected, with the object of regulating the export of fruit and vegetables over the French frontier.

The recent military rising has apparently facilitated the passing of the Catalanian Statute as well as the Agrarian Reform Bill; opposition to the Government has, for the time being, become mild, and there is every indication that the whole of the Government programme will be carried through much more rapidly than had been anticipated.

BOOKS RECEIVED.

- The Nation's Basic Industries.* (London and New York) Moody's Investors Service, Limited.
- A useful collection of American financial and economic statistics.
- Trade of Canada, 1932.* (London) Canadian Trade Commissioner, Canada House. 165 pp.
- Contains detailed official figures of Canada's foreign trade in the year ended March 31st last.
- Dantzig et Quelques Aspects du Problème Germano-polonais.* (Paris) Publications de la Conciliation Internationale. 315 pp.
- A collection of memoranda on various aspects of the problem.
- England's Staatsanleihen nach dem Kriege.* By Arnold Riets. (Berlin) Kommissions-Buchhandlung G.m.b.H. 97 pp.
- A short history of the British National Debt.
- The Report on Progress in Manchuria to 1932.* (Dairen) South Manchuria Railway. 223 pp.
- A valuable and well-illustrated book of reference on Manchurian economic development.
- De Betrekkingen Tusschen Banken en Industrie in België.* By Dr. H. M. H. van der Valk. (Haarlem) De Ewen F. Bohn N.V. 209 pp.
- A study of the relationship between banks and industry in Belgium, published under the auspices of the Netherlands Economic Institute.

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The Stock Exchange.

THE OIL OUTLOOK.

ACCORDING to some market observers, the turn in the American oil situation came in June, preceding the rise in other commodities by at least a month. According to others, the turn came too soon and will have to be corrected by a lowering of the oil price structure. We may recall that in April, last, the price of mid-Continent crude oils was advanced by nearly 20 per cent., and that, following on this lead, wholesale gasoline prices were advanced until the average price in June stood at 6 cents per gallon as compared with 3.79 cents per gallon in June, 1931. Present oil prices are for the most part higher than the average prevailing in the first six months of 1932. Mid-Continent crude oil of 36° gravity is now 92 cents a barrel at the well, as compared with an average of 86 cents a barrel for the first six months of 1932. Californian crude oil was late in following the advance begun in the mid-Continent districts, but to-day 25° gravity Californian crude oil is 93 cents a barrel as against an average of 72 cents a barrel in the first six months of 1932 and an average of 82 cents a barrel in the first six months of 1931. The following table shows the range of prices of various grades of crude oil and gasoline, as given in "The Oil and Gas Journal":—

	Present Price.	Average, First 6 Months, 1931.	Average, First 6 Months, 1932.	Average, 12 Months, 1931.	Present Price — Increase over 1931. Average.
Crude: (dollars per barrel)					%
Mid-Continent crude, 36° gr.	0.92	0.63	0.86	0.67	+ 37.3
Pennsylvania crude, 25° gr.	1.97	1.77	1.90	1.81	+ 8.8
California crude, 25° gr.	.93	.82	.72	.76	+ 22.4
Gasoline (cents per barrel):					
Mid-Continent, ex refinery	4.50	3.35	3.81	3.45	+ 30.4
Tankwagon, average 50 cities, exclusive of taxes	14.21	13.57	13.34	13.09	+ 8.6

The most important advance in gasoline prices was that of 2½ cents per gallon in the price of Californian gasoline in June. Colour, however, has been lent to the suggestion that the oil price structure is unstable by last week's reduction of 1 cent per gallon in the price of Grade III California gasoline. The oil shareholder would therefore do well to consider the price outlook carefully. A considerable change for the better will obviously be shown by the trading accounts and balance sheets of oil companies at the end of this year, if inventories can, in the meantime, be written up by 20 to 30 per cent.

The recovery in American oil prices in the first half of the year has been, to some extent, artificial. It has followed upon the tightening up of voluntary restriction of output in the main producing fields of America—East Texas, the Mid-Continent and California. In spite of test cases in the courts, which have gone against the controlling authorities, restriction has been maintained and, at the moment of writing, California and Oklahoma are producing below their allowable outputs, and East Texas only slightly above its quota. The following table suggests the significant extent of the recent decline in production of these fields, and of the whole of America:—

DAILY AVERAGE CRUDE OIL PRODUCTION (Barrels).

	Oklahoma	California	E. Texas	America, Total.
Highest, 1930	707,550	806,000	...	2,722,050
" 1931	632,450	542,400	848,450	2,608,250
Beginning of 1932	493,300	499,700	290,900	2,209,100
End of March, 1932	435,900	492,100	327,750	2,163,050
End of June, 1932	426,900	460,400	331,800	2,156,100
End of July, 1932	394,550	469,200	330,800	2,137,500
August 20, 1932	390,600	474,100	328,850	2,110,800

The production of crude oil in America has been reduced by 19 per cent. since the peak of 1931 and by 4½ per cent. since the beginning of 1932. That the enforcement of restriction, being voluntary, is somewhat precarious, may be appreciated from events in California. The executive committee for the curtailment of crude oil production in California announced in the second week of June that unless crude oil prices were raised by a minimum of 25 cents per barrel, further restriction could not be secured. The Standard Oil Company of California thereupon declared that, provided the output of the State were restricted to 476,000 barrels a day, it would advance the price of crude oil by 25 cents per barrel. The producers actually reduced their output to 460,000 barrels a day by the end of June, and the advance in prices was put into effect, after the whole restriction programme had been in danger of breaking down.

Restriction in crude oil output has, unfortunately, been accompanied by a fall in consumption, so that the actual reduction in the total stocks of all oils in America has not been large. This is revealed by the following table of supply and demand, prepared by the United States Bureau of Mines:—

U.S. SUPPLY AND DEMAND OF ALL OILS (Thousand Barrels).

	First Six Months, 1931.	1932.	Increase or Decrease, %
Domestic production	444,794	416,938	- 6.0
Imports	44,793	54,520	+ 21.8
Total new supplies	489,587	471,458	- 3.7
Domestic consumption	440,529	418,846	- 5.0
Exports	63,823	57,702	- 8.5
Total consumption	504,352	476,548	- 5.4
Stocks on hand (end of June)...	652,897	626,487	- 4.1

In the case of gasoline, the most important product of the oil industry from a revenue point of view, there has actually been no decline, but a small increase in stocks, as will be seen from the next table. This gives the American production and imports, together with domestic consumption and exports of gasoline, for the first six months of 1931 and 1932:—

U.S. MOTOR FUEL SUPPLY AND DEMAND (U.S. Bureau of Mines Figures) (Thousand barrels).

	First Six Months, 1931.	1932.	Increase or Decrease, %
Production	211,869	200,255	- 5.55
Imports	7,033	7,634	+ 8.5
Total new supplies	218,902	207,889	- 5.0
Domestic consumption	191,908	181,785	- 5.3
Exports	23,783	21,251	- 5.7
Total consumption	215,691	203,036	- 5.8
Stocks: Increase	3,211	4,853	...
Stocks on hand	(a) 43,309	56,265	...

(a) These stocks figures are not comparable with those of June this year, as the latter figures include "Terminal and Transit" stocks.

A decline of 5½ per cent. in the domestic consumption of gasoline in America in the first half of 1932 is not remarkable in view of the trade depression. Preliminary reports, however, indicate that the domestic consumption in July has fallen off by 15 per cent. as compared with

THE TREASURY'S INTENTIONS.

WE view with some misgiving the Treasury's decision regarding the capital market, which has been disclosed by two official announcements this week. The first, somewhat disingenuously, thanks the market for "acceding to Mr Chamberlain's request," and maintains the embargo on new issues (subject to review after October 1st) except as regards issues involving "a mere exchange of one class of security for another class of security without change of ownership" and new securities issued to replace others whose final redemption had, before July 1st last, been fixed for a date earlier than December 1st. In both cases the operations must relate only to British (including Empire) sterling issues, domiciled in London, and must involve neither the provision of new cash nor underwriting.

The second announcement relates to the repayment, on December 1st next, of the outstanding £12,804,341 of 4½ per cent. War Loan, 1925-45, and £140,418,035 of 4½ per cent. Treasury Bonds, 1932-34. On the same date cash repayments of 5 per cent. War Loan, which may total about £130,000,000, will fall due. The Treasury's aggregate requirements, under these three headings, may thus be in the neighbourhood of £280,000,000. Next February, however, the Government is due to repay £14,076,340 of 4½ per cent. Treasury Bonds, and has an option of repayment of £114,607,893 5 per cent. Treasury Bonds. If the Treasury decided to combine the refinancing of all these stocks in a single operation, a total of approximately £412,000,000 would be indicated. Thereafter the Treasury would be clear both of maturities and repayment options until 1934, when £50,757,042 of 4½ per cent. Treasury Bonds would fall due on February 1st, and £105,000,000 of 4 per cent. Treasury Bonds might be redeemed on April 15th. The next significant conversion opportunity would not arise until 1940, when £316,838,281 of 4½ per cent. Conversion Loan might be redeemed.

A large section of the gilt-edged market believes that the Treasury is anxious to exploit the present period of cheap money to the utmost extent, and will endeavour to obtain as large as possible a Conversion into a moderately long-term stock, to be issued early in October. The strength of gilt-edged securities this week has reflected the expectation that "due preparations" will be made for an issue on a basis, possibly, as low as 3½ per cent. The continued embargo on all issues which involve underwriting or the provision of new cash will effectively keep out of the market, in the meantime, all other would-be converters who do not already possess sufficient cash of their own to pay off dissentients.

If this view is correct, it would appear that the Government, contrary to previous expectation, has resolved that charity, in the issue market, shall begin at home, and that even potential Empire borrowers like Australia (who has £11,363,858 of New South Wales 5½ per cent. stock maturing on November 1st) must wait upon the satisfaction of its own requirements. No one can blame the Treasury for wishing to make hay while the sun shines, and if it succeeds in issuing substantial amounts of medium-term stock at an even lower rate than the new Conversion Loan it will set the seal on the movement successfully initiated in the summer. But there is not the same merit in a transaction in a manipulated market as in the sudden offensive of last June, and there is not much at stake from the budget point of view.

There are, however, very important considerations to be weighed on the other side. Time is immensely important if the offensive against depression is to be driven home. It would be most valuable, psychologically, to give practical proof that cheap borrowing is available not merely for the Government but for the private trader as well; and the best possible encouragement that could be given from this point of view would be a few successful private issues on really favourable terms. There is little danger of the market's being denuded of capital by an avalanche of new issues, and the competition of such comparatively small sums as are likely to be issued in 1933.

July, 1931, which is a serious matter. Estimates prepared by trade authorities indicate that gasoline consumption in the Atlantic Coast and Middle Western areas will show a reduction this year of 15 per cent., in the Pacific Coast a decline of 8 per cent., and in America as a whole a decline of 14 per cent. In view of the falling off in consumption, the stocks of gasoline are uncomfortably large. Since the beginning of April gasoline stocks have declined only by 9,468,000 barrels, and are nearly 3,000,000 barrels higher to-day than a year ago. It is true that the remarkable change in business sentiment in America could not have been translated into terms of motoring statistics by July, but the seasonal decline in gasoline consumption is now beginning, and the oil industry will be faced with increasing stocks. At best it may be said that the oil industry in the matter of stocks compares not unfavourably with other mining industries.

The effect of the recovery in oil prices this year is strikingly shown in the following table of earnings of leading American oil companies for the first half of 1932 as compared with the corresponding half of 1931:—

U.S. OIL COMPANY NET EARNINGS, FIRST SIX MONTHS OF 1931 AND 1932.

	1931. Net Earnings available for Common Shares.	1931. Per Common Share.		1932. Net Earnings available for Common Shares.	1932. Per Common Share.	
		Earned.	Paid.		Earned.	Paid.
Atlantic Refining Co.	\$ 4,012,962 loss	\$ Nil	0.50	\$ 3,185,000	\$ 1.18	0.50
Barnsdall Corp.	1,815,498 loss	Nil	0.50	359,945 loss	Nil	Nil
Phillips Petroleum Co.	2,674,153 loss	Nil	0.50	872,492 loss	Nil	Nil
Shell Union Corp.	\$2,055,697 loss	Nil	Nil	2,935,427 loss	Nil	Nil
Standard Oil Co. (California)	5,643,968	0.43	1.25	6,916,241	0.52	1.00
Tide Water Assoc'd	3,275,636 loss	Nil	0.30	81,989	0.01	Nil

As regards the earnings of the international oil groups, in which the British shareholder is principally interested, an important factor is the concerted move which has been made to reduce competition in the world's markets outside America. At the conference held in New York in June, which was attended by American, British and Russian oil exporters, the American and Anglo-Dutch groups were brought into closer contact. Although the conference failed, on account of the intransigence of the Russian representatives, the conversations were resumed in Paris, and an agreement has been reached which, if ratified, and an agreement has been reached which has should put an end to the cut-throat competition which has been taking place in European and Eastern markets. Ratification of the agreement by the Roumanian group has been held over for a month in order to secure the consent of individual Roumanian producers, whose output is to be curtailed by about 30 per cent. If this is secured, it is expected that an immediate rise in petrol prices will follow in Great Britain and on the Continent. Such a move would be of the highest importance to the shareholders of Royal Dutch, Shell Transport, Anglo-Persian holders of Royal Dutch, Shell Transport, Anglo-Persian and, indirectly, Burmah Oil. The expectation of this advance is largely responsible for the recent recovery in oil share values:—

	1932 Prices.		Present Price.	1931.		Div. Yield. Per cent.
	High.	Low.		Earned.	Paid.	
Anglo-Persian £1...	44/-	23/9	43/9	3.7	5.0	2 5 9
Burmah Oil £1...	61/3	32/9	60/-	22.4	17.5	5 16 8
Canadian Eagle (n.p.v.)	8/-	4/1½	6/7½	0.76	Nil	Nil
Lobitos £1...	56/7½	16/3	49/-	15.2	12.5	6 5 0
Mexican Eagle £4...	8/6	4/8	7/7½	Nil	Nil	3 12 9
Royal Dutch Fl.100	20½	10½	15½	6.1	6.0	3 1 6½
Shell Transport £1	51/7½	29/4½	48/9	7.3	7.5†	...

† Free of tax. a £4 2s. 1d. per cent. gross.

Investors will appreciate that, if the anticipated advance in petrol prices fails to occur, the revenue accounts of international oil companies for 1932 will not be at all favourable. Already the season of maximum consumption is drawing to a close, and gasoline prices ruling in British and European markets have been on an unprofitable basis. The rise in share values must therefore be held to discount the position in which the international oil companies hope to find themselves some time in 1933.

immediate future would not affect the rate of Treasury financing by more than a fraction of a point, while a few private issues would do something to check the search for profitable investments abroad and thus help the exchange position. For reasons such as these, we hope that the Treasury will not attempt to hold the field for longer than the rest of the holiday season.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
September 6. September 8.

INTEREST tended, slowly, but surely, to shift this week from the "American" and the equity markets towards gilt-edged stocks. The Treasury's announcement, early in the week, showed that industry had little to gain from early capital market operations, and the Government a good deal to gain from a further strengthening of gilt-edged prices before October. Faith in the indefinite continuance of the Wall Street rise, in the absence of a revival in American industry, grew more dim, while the Continental markets, after starting with an impressive show of strength, became hesitant when the rise in commodity prices showed signs of faltering. This slightly reactionary atmosphere, however, was not translated into falling share prices, where the pace, for peculiar technical reasons, had previously been abnormally rapid.

The Treasury's statement at the beginning of the week discussed in a leading article on the preceding page) produced a marked change of tone among gilt-edged stocks. All the funds were in keen request, Assented War Loan rising to the neighbourhood of par on Thursday. India loans improved in sympathy. Australian stocks, however, after being speculatively bought at the beginning of the week, attracted less interest, in view of the impossibility of a London conversion issue until the British Treasury had relaxed its terms for the maintenance of the new issue embargo.

Among foreign bonds, Germans enjoyed a fair recovery, the market being impressed both by Von Papen's economic programme, and by its apparent support by the President. Unfavourable Brazilian news was again reflected in bond prices. Chinese loans were quiet but firm, and Japanese improved on a moderate recovery in the yen.

The home railway market was depressed by the Lancashire cotton dispute and the worst series of traffic figures published since the end of May, particularly on the Midland and Scottish and the North-Eastern. The resulting sales affected prior charges, as well as stocks in the "danger zone." Underground were slightly easier on the threatened busmen's dispute. Argentine rails were heavy, traffic figures remaining unfavourable. Canadian Pacific were unfavourably affected by the unsatisfactory July earnings statement and the recession in North American rails generally.

Speculative support for industrial shares, at the beginning of the week, was checked by the irregularity of New York, the stoppage in Lancashire, the suggestion of an unfavourable industrial turn contained in the railway traffic statements, and the usual tendency to close commitments before the carry-over. Textile shares were marked lower on Lancashire news, with the conspicuous exceptions of Courtaulds and Celanese, which responded sharply to rumours of an advance in yarn prices in America. Efforts to raise iron and steel share prices were thwarted by a series of unfavourable dividend statements. Buying of Cables and Wireless had spent itself by mid-week. Transatlantic issues weakened on selling orders from Wall Street. Motor shares were dull, particularly Ford. Electrical issues held their ground, but business fell off perceptibly. Breweries had a steady appearance, and Gallaher were favoured among tobacco shares. Dunlop and Imperial Chemical suffered from profit-taking. Little interest was taken in Bank shares, and Insurance shares were slightly lower where altered.

The rise of rubber to 8d. a pound was a signal for a sharp marking up of rubber shares in the first half of the week, a keen speculative demand finding the market bare of stock. The reaction which these conditions invited came quickly upon the subsequent decline in the price of the commodity. Tea shares were more active, the market realising that the abnormal conditions of the post-budget period had largely passed. Oil shares were quiet and easier in the absence of support from New York. The outlook is dealt with in a leading article on an earlier page.

The mining share markets, losing their mainspring—faith in higher metal prices—tended to settle into their former semi-quietude. Rhodesian copper shares, on the whole, held their recent rise fairly well, but tin shares lost their activity in mid-week, on the decline in the price of the metal. Support of Kaffirs from Johannesburg and Paris was intermittent, and centred upon a limited number of issues. Continental belief in a revival in the diamond industry, however, caused a moderate amount of buying of De Beers.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 28, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
Government and Municipal Loans	1,448	1,555		1,755	1,388	1,496	1,536
Transport, Communications, and Public Utilities	1,116	1,091		1,271	888	930	943
Commercial and Industrial*	2,442	2,232		2,654	2,102	2,189	2,176
Banks, Insurance and Financial	636	558		670	542	639	610
Mines (including Nitrates)	1,110	1,045		1,227	988	959	1,000
Oil	221	225		246	163	186	216
Rubber, Tea and Coffee	182	383		558	761	615	478
Total.....	7,155	7,089		8,381	6,832	7,014	6,959

* Including iron and steel and breweries.

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

	Highest of 1932 (Aug. 25)	Lowest of 1932 (June 1)	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 28, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
63.9	51.3	63.9	63.9	*	63.7	63.7	63.9	63.8	

* Stock Exchange closed.

We are officially informed that Mr. Henry Howard Hill and Mr. Norman Lang Smith were expelled from the Stock Exchange on August 28th.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets were buoyed up, at the opening, by the strength of commodity prices, under the leadership of wheat. Unfortunately, speculative support, in itself, was insufficient to maintain the movement, cotton, for instance, losing the whole of an extensive gain, on Monday, after the issue of a private estimate putting the crop well above the official figure. The share markets became irregular, upward price movements were progressively narrowed in range and scope, and profit-taking increased. Several groups of shares, including rubber, copper and railroad issues (particularly of roads included in the proposed Eastern Trunk merger), fought a strong re-treating battle, but quotations as a whole slowly gave ground. Investment opinion as a whole tended to the view that the rise had gone about as far as "psychology" could carry it for the present, and was inclined to await tangible evidence of business improvement before undertaking new commitments. The statistical indicators were particularly difficult to interpret. Electrical power output rose last week from 1,481.9 million to 1,486.4 million kilowatt-hours, and railroad freight car loadings showed a modest, if welcome, further gain of 6,211 cars. The end-August figure of U.S. Steel Corporation unfilled orders was

expected to show an appreciable gain over its predecessor. On the other hand, steel operations for the whole industry declined from 14 to 13 per cent. of capacity, and opinion remained sceptical of any striking improvement this month. There was an appearance of increased activity in some of the textile trades, especially in rayon, but the existence of speculative influences was generally admitted. Altogether, if the continuance of firm Stock Exchange conditions depends on increased support from the industrial side, clearer indications of revival would be welcome.

	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 28, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	102½	102½	102½	102½
U.S. 4½% T. Bds.	102½	102½	102½	102½	102½	102½	102½
Do. 4½% T. Bds.	102½	102½	102½	102½	102½	102½	102½
Do. 4½% T. Bds.	102½	102½	102½	102½	102½	102½	102½
Atchafalpa	49½	55½	57½	57½	57½	57½	57½
Ches. & Ohio	24½	27½	27½	27½	27½	27½	27½
Erie	7½	9½	10½	10½	10½	10½	10½
Illinois Central	14½	18½	19½	19½	19½	19½	19½
N.Y. Central	26½	27½	29½	29½	29½	29½	29½
Pennsylvania	17½	18½	21½	21½	21½	21½	21½
Southern Pacific	22½	23½	26½	26½	26½	26½	26½
Southern Ry.	10½	14½	14½	14½	14½	14½	14½
Union Pacific	70½	79½	80½	80½	80½	80½	80½
Am. Can.	53½	57½	56½	56½	56½	56½	56½
Amer. Smelting	17½	19½	22½	22½	22½	22½	22½
Anaconda	8½	11½	13½	13½	13½	13½	13½
Bethlehem Steel	19½	20½	21½	21½	21½	21½	21½
Chrysler Motor	13½	14½	15½	15½	15½	15½	15½
Corn Producers Rf.	44½	47½	47½	47½	47½	47½	47½
Eastman Kodak	52½	57½	57½	57½	57½	57½	57½
Gen. Electric (New)	18½	19½	20½	20½	20½	20½	20½
Gen. Motors	14½	15½	15½	15½	15½	15½	15½
Int. Harvester	29½	29½	30½	30½	30½	30½	30½
Mont. Ward	11½	12½	12½	12½	12½	12½	12½

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1928 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Aug. 24.	Aug. 31.
337 Industrials	98.2	174.1	51.4	114.7	52.2	55.1	55.5
33 Rails	89.1	145.6	31.7	105.7	32.2	34.7	34.7
34 Utilities	153.2	267.4	90.6	187.6	91.8	91.3	92.7
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	57.7	58.2

Average yield of 80 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.29%	5.27%
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DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1928 = 100).

	Highest of 1932 (Mar. 8)	Lowest of 1932 (June 27)	Aug. 24, 1932.	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 29, 1932.	Aug. 30, 1932.	Aug. 31, 1932.
68.9	35.2	64.5	63.9	65.1	66.0	66.3	65.5	64.8	

TOTAL DEALINGS IN NEW YORK.

	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 29, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
Stock Exchange—Shares (Thous.)	3,100	2,200	3,900	3,300	3,000	2,400
Bonds (Value Thous. \$) ...	14,100	5,500	10,197	11,600	11,600	10,600
Curb—Shares (Thous.)	460	450	840	700	560	400

* 2-hour session.

PARIS.

The Paris Bourse enjoyed an all-round advance early this week, with a considerable accumulation of orders. Favourable news from other centres stimulated the better tone. On Tuesday, profit-taking tendencies appeared, but quotations quickly rallied and business again became active. Rentes were firm and Banque de France improved. A sharp rise occurred in Rails. Turkish issues improved on new hopes of a debt settlement. The check to the rise of commodity prices, however, and the easier tone of New York, caused a recession on Thursday.

	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 28, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
Banque de France	11,525	12,025	12,420	12,420	12,420	12,420	12,420
Crédit Lyonnais	2,130	2,170	2,175	2,175	2,175	2,175	2,175
Com. Canal	14,600	14,700	14,750	14,750	14,750	14,750	14,750
Chemins Réunis	255	273	265	265	265	265	265
Rio Tinto	1,640	1,749	1,681	1,681	1,681	1,681	1,681
Royal Dutch	16,450	17,050	16,550	16,550	16,550	16,550	16,550
Wagons Lits	38	38	38	38	38	38	38
Mexican Eagle	38	38	38	38	38	38	38
"Chartered"	120	120	120	120	120	120	120
Ford	383	414	415	415	415	415	415
De Beers	136	138	138	138	138	138	138
"Johnnies"	136	138	138	138	138	138	138

BERLIN.

The Berlin Bourse gave a markedly favourably reception to Chancellor von Papen's economic programme. Practically all industrial issues improved, building and electrical shares being outstanding in an active market. Quieter conditions subsequently prevailed, a number of issues being subjected to professional profit-taking. Siemens lost ground but Reichsbank were maintained.

	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 28, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
Reichsbank	128.25	133.50	131.80	131.80	131.80	131.80	131.80
Disconto	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Dresdner (New)	61.75	61.75	61.75	61.75	61.75	61.75	61.75
Norddeutscher Lloyd	14.25	16.75	16.75	16.75	16.75	16.75	16.75
A. E. G.	31.75	39.75	41.50	41.50	41.50	41.50	41.50
Siemens & Halske	129.80	143.50	140.00	140.00	140.00	140.00	140.00
A. K. U.	47.50	51.75	51.50	51.50	51.50	51.50	51.50
Hamburg-Amer. ("Hapag")	13.60	16.25	16.00	16.00	16.00	16.00	16.00

AMSTERDAM.

The buoyance of markets, at the outset, was ascribed to rising commodity prices and a better international atmosphere. Rubber shares were particularly active, prices rising sharply on a marked shortage of stock. Amsterdam Rubber were in keen demand and rose eight points in a day. The bourse was closed on Wednesday for the "Queen's Birthday" holiday.

	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 28, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
2½% Dutch Loan	66½	67½	67½	67½	67½	67½	67½
2½% German	44½	44½	45½	45½	45½	45½	45½
Unilever N.V.	115½	116½	120	120	120	120	120
Phillips' Lamps	106½	109½	112½	112½	112½	112½	112½
Netherlands Ship Union	63½	69	71	71	71	71	71
Java Cultuur	140	142	147	147	147	147	147
Steel Common	45½	49½	49½	49½	49½	49½	49½
A. K. U.	408	434	424	424	424	424	424
Ford Motor	119	120	123½	123½	123½	123½	123½
Dell Batavia	155	169	162	162	162	162	162
Royal Dutch	160	166	162	162	162	162	162
Handels Ams.	187	192	193	193	193	193	193

OTHER CENTRES.

Firm conditions prevailed on most of the minor European bourses, with a fair increase in the volume of business. Frankfurt improved in sympathy with Berlin, and a certain liveliness was in evidence at Brussels, though profit-taking occurred in mid-week. Dealings at Stockholm were stimulated by the reduction in the discount rate.

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LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Aug. 24, 1932.	Price, Aug. 31, 1932.
Alberta 5% 1922-27	98	48	24-3/4 pm	24-3/4 pm
Allied Newspapers 6 1/2% Cum. Int. Pref.	81	ty. pd.	19/9-20/3	20/-20/6
Bowater's Paper 5 1/2% Cum. Pref.	81	ty. pd.	23/3-23/9	23/3-23/9
British Columbia 5% Stock 1927-27	99	ty. pd.	103-106	104-107
Central Electricity Board 4 1/2% Deb.	96	46	51-5 pm	51-6 pm
1927-28	95	35	6-7 pm	6-7 pm
Cyprus 4% Ins. Stk. 1926-26	21/-	ty. pd.	23/3-23/9	23/-23/6
Edmondson's Electricity 6% Pref.	101	ty. pd.	106-108	106-108
South Shields 4 1/2% Stk. 1922-22	par.	ty. pd.	2/9-3/-	3/3-3/6
South Shields Greyhound Stadium Ord.				

INVESTMENT NOTES.

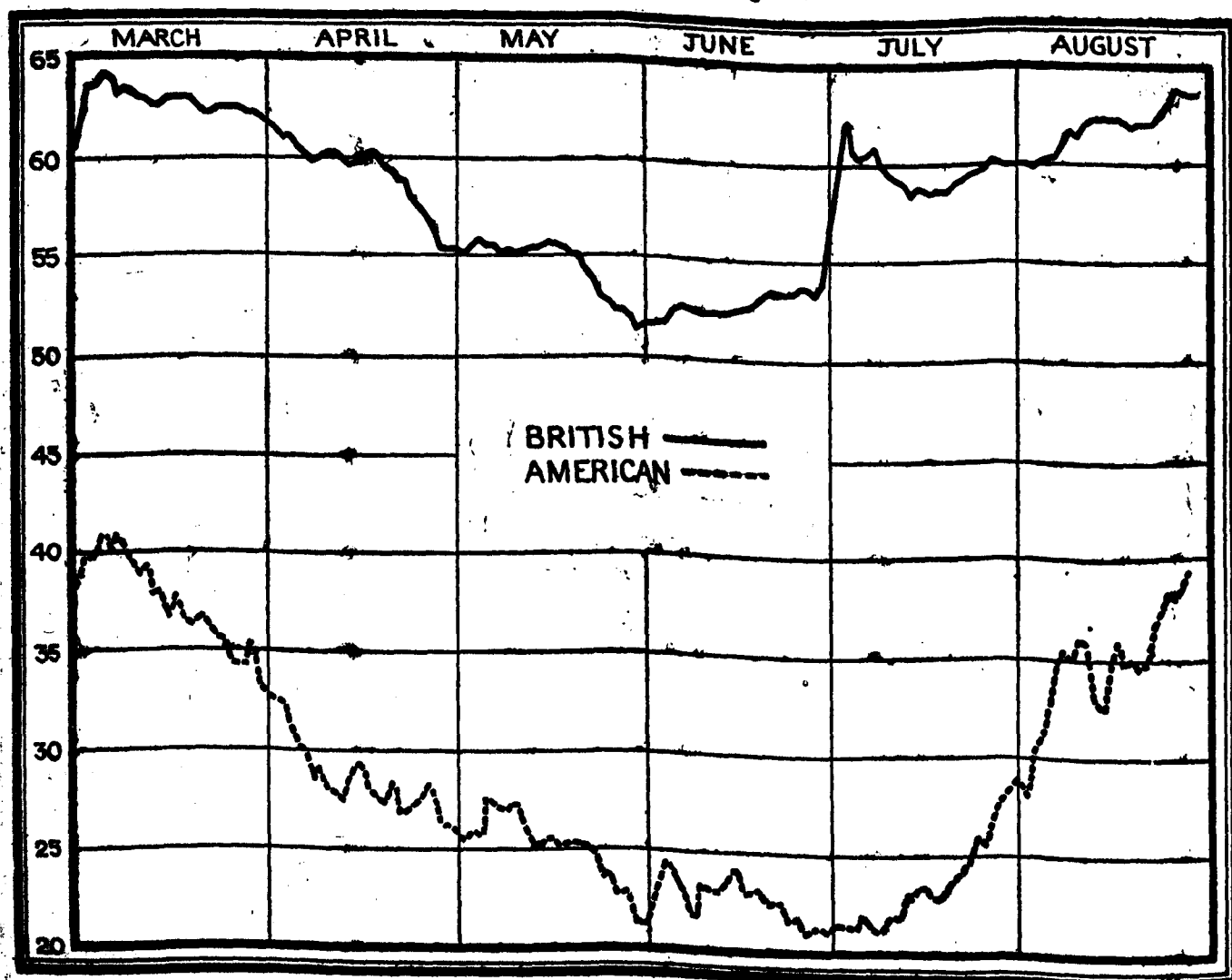
Course of Equity Share Values.—The activity of the equity share markets, in New York and London, last month, lends special significance to our monthly chart, shown at the bottom of this page. Clearly, the upward tendency in both markets dates from the end of June, or beginning of July, but whereas London discounted a large part of the ultimate gain by a few days' premature enthusiasm on the announcement of Mr Chamberlain's War Loan scheme, New York's advance has been spread over the better part of the two months. Since the middle of July, indeed, the "gradient" of the Wall Street rise has been remarkably consistent. Early in August the movement appeared to be getting out of hand, but the short, sharp and undoubtedly healthy reaction, which followed, left prices, if anything, "below the trend." The subsequent upward tendency, though nearly as steep as its pre-

decessor, merely carried quotations to the point which might have been forecast by an extension through August of the curve of the last two weeks of July. The rise in London has been much less striking, but the experience of the two markets over the last six months has shown a remarkable similarity. Both touched bottom, in the present "secondary cycle," before the end of May. Both have now returned, broadly, to the levels of six months ago. Each has still an appreciable way to go before regaining the high points of ten months ago. Early in November, 1931, the British index touched 70.4 and the American index 53.4.

Wall Street Outlook.—The forward drive in the American stock markets is losing, as we write, some of its impetus, but the reactions which have occurred since the start of the bull movement in July have been in the nature of the temporary pause which allows a market to consolidate its gains. The present reaction may, however, be more prolonged than the last, as there is an increasing disposition to await tangible evidence of an improvement in business. Steel operations are reported at 18 per cent. of capacity as against 14 per cent. in the previous week. On the other hand, there is a slight increase in pig-iron production and the figures of electrical power production show improvement in all sections of the country, although the total is still more than 12 per cent. below the level of August, 1931. An improvement is also expected in the railway net revenues for August as compared with the previous month, and it will be surprising if steel operations in September do not show a considerable advance on the present abnormal figure of 18 per cent. of capacity. The movement in commodities, however, still appears to be of a highly speculative character. At the moment,

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, March to August 1932. (1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



the commodity markets are being subjected to a bout of profit-taking. On the New York Stock Exchange the advance in the industrial "leaders" has now plainly discounted an industrial recovery of some considerable extent, for few of the dividends being paid are now being earned. The following table shows the low prices of July 8th and the present prices of representative stocks in the industrial, public utility and railroad industries, together with the dividend yields on the basis of current dividends:—

	Prices, 1932.	Dividends.	Yield
	Low.	Present.	%
Railways.			
Atchafalpa and Santa Fe.	17 1/2	53 1/2	Nil
N.Y. Central Railway	8 1/2	29 1/2	Nil
Union Pacific	27 1/2	78 1/2	6
Industrials.			
American Smelting	5 1/2	22 1/2	Nil
American Can.	29 1/2	57	4
Allied Chemical	42 1/2	80 1/2	6
Drug Inc.	23	45 1/2	4
National Dairy Prod.	14 1/2	22 1/2	2
National Biscuit	20 1/2	42	2-80
General Motors	7 1/2	15 1/2	1
General Foods	19 1/2	30 1/2	2
General Electric	8 1/2	20 1/2	0-40
Public Utilities.			
Consol. Gas N.Y.	31 1/2	60 1/2	4
Pacific Gas and Electric	16 1/2	31 1/2	2
American Telephone and Tel.	71 1/2	113 1/2	9
United Gas Imp.	9 1/2	20 1/2	1-20

The wide variation in dividend yields suggests that income expectations count for little in the present phase of the market.

Building Society Mortgage Interest.—The Halifax, Abbey Road Co-operative, National and Woolwich Equitable Building Societies have announced this week that the rate of interest to be charged on new mortgages by the London societies will be reduced by half per cent. The "normal rate" charged by London societies has heretofore been 6 per cent. The Halifax Building Society will charge a "normal rate" of 5 1/2 per cent. to occupier-purchasers of suitable private houses in the London district. This step is the outcome of the discussions upon which we commented on in our issue of August 20th, last (page 382). Its general effect will be to bring the rates of the London societies and the rate charged in the London area by the largest society with provincial headquarters (which is also the largest society in the country) nearer to the average of the provincial societies generally. This was an obvious step. The question of modification of interest rates on existing mortgages is more difficult, and has been reserved for later decision. The significance of this week's announcement, indeed, lies less in its own content than in the grouping of the societies concerned. The last important statement of policy (involving drastic limitation of new deposits and investments) was made in July by the same four London societies, with which the Halifax has now associated itself. The five societies together, at the end of last year, held £166,000,000 of assets out of a total of £419,000,000 for the whole building society movement. It is obviously advantageous to have a species of "Committee of Action" at a time when vital decisions must be taken with maximum celerity. Where such decisions, however, closely concern the movement as a whole—this week's has chiefly a metropolitan context—it will be advantageous if additional provincial societies can be induced to associate themselves with the present "Big Five."

German Bonds.—The market in German bonds has been surprisingly firm in view of the political crisis in that troubled country. Indeed, there has been a disposition to advance prices on the theory that the Nazi movement has passed its peak and that the country will settle down to work under the decorously disguised dictatorship of the Von Papen Government. The fact that President Hindenburg has intimated that a dissolution of the Reichstag must be accompanied by another general election within the constitutional period of sixty days has not perturbed the market, which is apparently confident that if new elections are held the Nazis will lose heavily

in votes. The following table shows the improvement in market quotations over the past ten days:—

	Prices.		Flat Yield
	Aug. 23.	Sept. 1.	Per cent.
German 5½%	66	69½	£7 19 0*
German 7%	82	83	£8 8 10
Berlin 6%	45	47½	£12 13 0

* Without allowing for profit on exchange in gold interest payments.

Nevertheless, it cannot be denied that the threat of a partial moratorium or a scaling down of external interest payments hangs over the market in German Government, municipal and commercial bonds. In 1931 Germany's payments by way of interest and sinking fund on external debt amounted to about £75 millions, which was amply covered by her export surplus of £150 millions. This year, however, the export surplus for the six months on merchandise account was only £30 millions, and it seems unwise for foreign creditors to expect both to be able to keep out German goods by means of higher tariffs and to receive from Germany payments on her external debt—a fresh analysis of which will be found on page 425 of this issue—at the rate of £70-£75 millions per annum.

Textile Companies and the Strike.—The decision of some 145,000 operatives in the weaving section of the cotton industry to cease work this week (whose implications we discuss on page 419) is the more to be deplored because, since the departure of Great Britain from the gold standard, a slow but steady improvement has occurred in the fortunes of the leading textile manufacturing companies. The following table indicates how the share market has reacted to the unfavourable news:—

Name of Company.	High, 1932.	Low, 1932.	Price, Aug. 26.	Price, Aug. 29.	Price, Aug. 30.	Price, Aug. 31.	Yield %
Heacham (£1)	15/6	7/6	13/1 1/2	12/1 1/2	12/6	12/6	£ s. d.
British Cotton and Wool Dyers (£1)	4/10 1/2	2/9	4/9	4/3	4/3	4/3	4 6 0
Calico Printers (£1)	11/3	5/6	11/3	10/7 1/2	10/7 1/2	10/7 1/2	Nil
J. and P. Coats (£1)	47/3	35/7 1/2	46/3	45/-	45/-	45/-	4 9 0
English Sewing Cotton (£1)	38/9	22/-	38/9	37/6	37/6	37/6	5 6 9
Fine Cotton Spinning (£1)	18/6	10/-	16/3	15/-	16/3	16/3	Nil

Before the announcement, prices were, in several cases, at the highest of the year. The market fears of appreciably reduced earnings caused a sharp decline in quotations on Monday, followed by a moderate recovery later in the week.

Singer and Company.—The report of this company for the year to July 31st last is a perplexing document. Three months ago, in a progress report, the directors oracularly described results as "not entirely unsatisfactory." In the event, trading profits are shown to have fallen from £160,114 to £77,618, and net profit (after crediting sundry income and meeting all charges and depreciation) from £42,792 to £1,493. The directors, who

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32)
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1899.

conservatively refrained from paying an ordinary dividend last year, when 2.2 per cent. was earned, are this year recommending a distribution of 5 per cent., absorbing £25,004, when earnings have not even covered preference dividend. Some £100,000 is being transferred from reserve account:—

	1930.	Year to July 31, 1931.	1932.
Paid-up capital:—			
7% cum. pref. £1	333,173	428,424	428,424
Ordinary £1	666,760	666,760	666,760
Profit on trading	206,362	160,114	77,618
Net profit	144,266	42,792	1,493
Tax	27,654	...	12,891
Preference dividend	23,322	28,323	22,492*
Ordinary:—			
Earned %	18.0	2.2	Nil
Paid %	18.43†	Nil	5
Amount of dividend	95,251†	Nil	25,004
General reserve	...	61,465	Dr. 100,000†
Income tax reserve	...	Dr. 30,000	...
Inc. or dec. in carry-forward	-1,960	-16,994	+41,106

* After tax.

† Paid in preference shares.

† Also written off, from reserve: Closing of Stratton House, London, £8,119; car development balance, £15,976; and jigs, tools and equipment, £47,600.

Last year, when the price of Singer shares was 10s. 7½d., the chairman expressed the opinion that they should not be sold for less than 8s. He considered the shares "a sound and promising investment," and "the market price convincingly untrustworthy." This year a further analysis of the assets valuation is made, and shows that, after provision for all liabilities and preference and ordinary capital, there is a surplus of £356,419. The market, however, will probably persist in valuing the shares on a basis, primarily, of earning capacity, and not on an assets "break-up" figure. The company's earning power has declined continuously in the last four years, and a lengthy directors' report gives little confident indication of substantial recovery in the immediate future. Whether the company can regain its former competitive position in the market may depend considerably upon the success of the new "Singer 9" model, which began to be marketed last March. An additional debenture of £65,000 (making £200,000) has been issued, which provides the capital (£70,850) expended on jigs and tools during the year. The directors have written off from reserve account a number of fairly heavy items of past expenditure, some of which, presumably, have proved unremunerative. The present price of the ordinary £1 shares is 8s., to yield about £14 6s. per cent. on a 5 per cent. dividend.

Rubber Share Outlook.—Some remarkable share movements followed the rise in rubber from 1½d. to 8d. per pound (with a subsequent reaction to 2½d.):—

	Highest, 1927-31.	Highest, 1932.	Lowest, 1932.	Price, June 30, 1932.	Present Price.
Linggi Plantations (£1)	2½	½	½	½	½
London Asiatic (2s.)	½	½	½	½	½
Malacca Rubber (£1)	4½	½	½	½	½
United Serdang (2s.)	½	½	½	½	½
Rubber Plantations Trust (£1)	2½	½	½	½	½

The primary cause of the steepness of the rise in values has been shortage of stock, in a market which for months has been practically "dead." Some of the best producers may be able to make a small profit with rubber slightly above 8d., though whether they would be justified in paying out dividends, based on a level of costs which is abnormally low, and cannot be indefinitely maintained, is another matter. We see no reason to modify the cautious view of the outlook we expressed in a leading article a fortnight ago (see the *Economist*, August 20th, page 857). The latest figures of the Commercial Research Department of the Rubber Growers' Association show a world export of rubber, in the first six months of this year, of 857,000 tons, against an estimated absorption of crude

rubber, in the same period, of 850,000 tons. In other words, supply and consumers' demand are now approximately in equilibrium, whereas, in the first six months of 1931, exports were estimated at 898,000 tons, against a world absorption of 858,000 tons. The damping down of production in the last twelve months, however, has come almost entirely from the "native" side. Rubber production on Malayan estates, of 100 acres or over, was 119,000 tons in the first half of this year, against 113,000 tons in the corresponding period of 1931, whereas the calculated figures for small holdings were 79,000 tons this year, against 96,000 tons last year. Exports from estates in the Dutch East Indies were almost identical, at 80,000 tons, in the two periods. Dutch "native" exports, however, were only 26,000 tons, against 46,000 tons last year. A price of 8d. might not be sufficiently high to induce a significant increase in tapping in native areas, but any further substantial rise would probably bring in larger new supplies than the market could well accommodate. Rubber manufacturers in countries outside America may, in some cases, have allowed stocks to run low, but their demand, as we showed in our earlier article, has been steadily maintained throughout the depression. It is unlikely, therefore, to show a spectacular rise even in the early stages of economic recovery. Demand in America has been, and is, sub-normal, but America has 12½ months' supply in hand at her present rate of absorption, against 7½ months' supply in June, 1931. Shareholders, on the whole, may therefore be wise to discriminate carefully between the position of different producing companies, particularly as regards their costs and working capital, and to be prepared for periods of reaction after every sharp increase in share values.

Meyer and Charlton Liquidation.—This famous gold mining company, incorporated in the Transvaal in 1888, has entered the last stage of its existence. At the annual meeting, in May last, Sir George Albu pointed out that the time when the mine would be obliged to close down was very near at hand, and in the last quarterly report it was made clear that mining operations would be concluded before the end of July. In an announcement last week it was stated that meetings are to be held in Johannesburg on October 7th and October 31st next for the purpose of placing the company in voluntary liquidation. A complete clean-up of the plant is now in progress, and arrangements have been put in hand for the realisation of the plant, buildings, fixed property and all other assets. The Meyer and Charlton has had a memorably successful career. It was originally formed with a capital of £40,000 to work a property of seventeen Main Reef claims, on the farm Doornfontein. The size of the working and the amount of the capital were subsequently increased to 199 claims and £200,000, respectively. During its life of forty-five years no less than £3,855,809 has been distributed to shareholders, representing a return of 2,455 per cent., or 49½s. per £1 share.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.
Total recorded, January 1 to August 27, 1932, excluding conversions, £162,265,325.
Total recorded, January 1 to August 27, 1932, including conversions, £291,009,990.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Week ended September 3, 1932	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Week ended September 3, 1932	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—	291,269,990	162,515,325	1931	114,290,666	102,044,291
1932	108,521,099	97,644,114	1930	454,888,784	267,800,701
1931	281,648,712	191,827,481	1929	488,784,940	285,239,400
1929	224,164,290	182,858,690	1928	693,100,056	369,058,007
1928	455,532,587	283,431,964	1927	...	...
1927	...	...	1926	...	...
1926	...	...	1925	...	...
1925	...	...	1924	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	150,862,581	8,023,059	3,607,062	162,515,325
1931	75,315,274	16,105,781	97,644,114	191,065,169
1930	157,219,408	14,730,138	19,577,935	191,527,481
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,553,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,156,600
1926	145,180,900	39,393,200	46,209,500	230,782,600

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Cash Involved.
Amount previously recorded	9,011,750	...	9,756,857
Total, week ended September 3, 1932	Nil	...	Nil
Total to date, 1932	9,011,750	...	9,756,857
Total to date, 1931	8,057,183	...	8,432,058

Calls Due Next Week.

The grand total of calls falling due in September, 1932, is £5,103,125, which compares with £5,161,600 which fell due in September, 1931. The following calls are due from September 3rd to September 10th, 1932 inclusive. They are calculated on the amount of stock or shares offered.

	Date of Call.	Call.	Already Paid.	No. of Shares or Amount.	Amount of Call.
Electrical Distribution of Yorkshire, 6% cum. pref., £1 shares issued at 21	Sept. 5	5/-	10/- + 1/- prem.	400,000	100,000
Central Electricity Board, 4½% stock, 1927-82, at 96	Sept. 7	25%	46%	10,000,000	2,500,000
Cyprus Government 4% Inscribed stock, 1956-66, at 95	Sept. 7	60%	35%	415,000	249,000
Middlesex County Council 4% red. stk., 1952-72, at 98	Sept. 7	30%	18%	2,000,000	600,000
Total				12,815,000	3,449,000

Further Stock Exchange information, including the latest profit and loss accounts and reports and notices, will be found on page 446.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
National Bank of India	20*	Sept. 22	Less tax	...	...
OTHER COMPANIES.					
Artisan and Lab.	3%*	Sept. 9	...	...	...
George Levey and Co.	2½*	Sept. 1	...	...	...
Hornsey Gas (3½%)	6*	Sept. 1	...	...	...
Leigh Mills (5%)	7½*	Sept. 1	Free of tax	1½	7½
Liverpool and Wirral Trust	1½*	June 30	...	...	...
London Brick	6*	...	Less tax	...	...
McAlister and Co.	2½*	...	...	6	6
Morris Motors (7½ % pref.)	3½*	Sept. 1	...	...	...
North American Co.	3½*	Sept. 1	Pay. in com. stk.	...	...
Oxford Canal Navigation	2½*	...	...	...	...
Rylands and Son	2*	Sept. 1	Less tax	...	...
Shanklin Gas	8*	Aug. 27	Less tax	...	...
Sheppey Gas	5*	Sept. 1	...	...	...
Singer	5	...	...	5	NH
Universal Auto	5*	...	...	...	...

TAYLORS (CASH CHEMISTS) TRUST, LTD.—The directors regret that, after careful consideration, they are unable to pay the full half-year's dividend due on August 31st on the cumulative preferred ordinary shares. The accounts of the company for the two years ended March 31, 1931, and March 31, 1932, showed that it was necessary to enable the full dividend on these shares to be paid, to transfer in each of these years £10,000 from the reserve to revenue account. As this reserve has now been reduced to £10,000, the directors consider that it should not be further depleted. It is, however, estimated that the profits available are quite sufficient to enable the directors to declare a dividend for the half-year at the rate of 3 per cent. per annum. The financial years of the trust's main subsidiaries, namely, Taylors Drug Company, Ltd., and Taylors (Cash Chemists) Midland, Ltd. (formerly Squire and Company (Birmingham), Ltd.), do not end until October 1, 1932, and as soon as the accounts of these companies are available, which should be towards the end of November, the directors will again communicate with shareholders. In the meantime, the directors are satisfied that all the company's subsidiaries are sound and are earning reasonable profits under the present trading conditions.

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Gross Receipts, week ended August 29, 1932. (000's omitted.)							Aggregate Gross Receipts, 34 weeks. (000's omitted.)						
(b) Week ended Aug. 26, 1932. (c) Week ended Aug. 27, 1932.		Miles Open.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.			
			£	£	£	£	£	£	£	£	£	£			
Great Western	1932	3,761	257	157	85	242	499	7,049	5,624	3,374	8,998	16,047			
(c) L. & N.	1931	3,761	274	195	108	303	577	7,699	6,427	3,577	10,004	17,703			
Eastern	1932	6,353	374	287	201	488	862	10,512	9,824	7,314	17,138	27,650			
L. M. & S.	1931	6,353	406	354	231	585	991	11,364	11,416	7,874	19,290	30,654			
Scottish	1932	6,962	550	390	204	594	1,144	16,213	14,084	7,664	21,748	37,961			
(c) Southern	1931	6,959	590	474	247	721	1,311	17,169	15,724	8,297	24,021	41,190			
(c) Southern	1932	2,180	392	279	161	115	95	448	9,687	2,110	1,035	3,145			
(c) Southern	1931	2,180	392	279	161	115	507	10,658	2,470	1,066	3,556	14,194			
Total...	1932	19,259	1,534	896	522	1,419	2,953	43,461	31,641	19,387	51,029	94,490			
(c) Total...	1931	19,250	1,662	1,102	722	1,824	3,386	46,890	36,037	20,814	56,878	103,741			
(c) Metro- politan	1932	59	28	6	...	...	31	6	100	...	114	116			
(c) Under- ground E.R.	1931	59	29	6	...	...	3	...	...	...	125	118			
(c) Green Buses, &c.	1932	35	4	...	...	...	35	4	...	...	102	105			
(c) L. & S. B. Group	1932	44	...	...	...	...	44	...	...	...	1,477	...			
(c) Belfast & Co. Down	1932	80	4	...	...	...	4	...	...	...	1,514	...			
(c) Great Northern	1931	80	4	...	...	...	58	5	...	...	21	113			
(c) Great Northern	1932	562	12	...	...	...	9	...	...	...	403	1,792			
(c) Great Northern	1931	562	13	...	...	...	14	...	...	...	485	889			
(c) Great Southern	1932	2,182	31	...	...	...	23	...	...	...	1,137	2,046			
(c) Southern	1931	2,182	52	...	...	...	59	...	...	...	1,369	2,263			

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	17	July 30	1,330	Rs. 3,01,200	Rs. 8,859	Rs. 52,02,234	Rs. 13,20,521
Barri L. Ry.	17	July 30	202	21,100	7,500	6,68,100	1,74,200
Bengal & N. Western	17	July 30	2,114	5,31,604	+ 23,215	1,18,44,296	+ 3,04,018
Bengal-Nagpur	16	July 30	3,274	10,37,000	+ 2,04,698	2,27,19,449	+ 18,76,465
Bombay Bar. & C.I.	20	Aug. 20	3,084	15,81,000	+ 2,16,000	3,83,27,000	+ 3,15,000
Madras & S. Mahr.	17	July 30	3,230	13,06,000	+ 1,52,573	2,45,98,935	+ 30,03,135
† Rohilk. & Kumaon	18	Aug. 6	572	86,147	+ 2,614	23,19,230	+ 77,062
South Indian	17	July 30	2,528	10,90,219	+ 46,699	1,87,53,627	+ 4,83,664

† Including Lucknow-Bareilly State Railway.

CANADIAN.

	1932.	1931.	1930.	1929.	1928.	1927.	1926.	1925.
Canadian National	33	Aug. 21	20540	2,494,240	668,935	89,101,653	23,597,637	...
Canadian Pacific	33	Aug. 21	16903	2,331,000	283,000	74,150,000	18,239,000	...

SOUTH AMERICAN.

		1932.		£	£	£	£
Antofagasta (Chili and Bolivia).....	34	Aug. 28	804	9,610	6,800	365,590	247
Argentine N.E.	8	27	783	12,800	300	107,200	4,500
B.A. and Pacific	8	27	2,806	95,000	15,000	800,000	182,000
B.A. Central	6	6		10,127	1,252	61,746	6,577
B.A. Gt. Southern	8	27	5,076	152,000	24,000	1,198,000	239,000
B.A. Western	8	27	1,926	55,000	10,000	473,000	102,000
Central Argentine	8	27	3,505	196,000	7,000	1,637	240,000
Central Uruguayan	8	27	273	15,213	4,214	105,509	18,180
C. Urg. (East Ext.)	8	27	311	2,505	890	21,335	4,361
C. Urg. (N. Ext.)	8	27	185	1,730	736	13,021	4,398
C. Urg. (W. Ext.)	8	27	211	1,465	683	9,864	1,854
Cordoba Central	8	27	1,218	48,000	4,000	417,000	112,000
Rio de Janeiro	8	27	1,052	16,600	1,400	141,800	27,300
G. Westn. of Brazil	35	27	1,918	6,100	1,000	297,000	71,000
Leopoldina	35	27	...	33,928	10,035	917,253	123,473
Leopoldina Central	35	27	...	Ms.21,000	9,060	40,121	195,000
Nitrate Central	17	15	411	718	3,093	29,544	7,000
Paraguay Central	8	27	274	3,030	390	23,900	7,000
Salvador	8	27	...	1,467	986	12,607	6,070
San Paulo	27	July 3	1,532	36,983	9,264	870,192	141,643
United States of Havana	8	Aug. 27	1,367	13,046	5,775	127,157	51,643

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 27, 1932, amounted to £7,847,100 against ordinary expenditure of £4,981,400. After allocating £425,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £483,178 the operations for the week, as shown below, reduced the National Debt by £2,924,000 to £7,664,449,000:—

(000's omitted.)

Treasury Bills	+ 3,655	Public Department Advances	— 6,450
National Savings Certificates	+ 250	Issues under Finance Act, 1931	— 125
3% Treasury Bonds	+ 46	P.O. and Telegraph	— 300
	+ 3,951		— 6,875

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Aug. 27, 1932.	April 1, 1931, to Aug. 29, 1931.	Week ended Aug. 27, 1932.	Week ended Aug. 29, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	41,154,000	46,435,000	1,709,000	2,822,000
Sur-tax, including Arrears of Super-Tax	66,000,000	9,510,000	14,680,000	200,000	180,000
Estate, &c., Duties	76,000,000	3,320,000	30,480,000	1,000,000	980,000
Stamps	23,000,000	4,690,000	4,650,000	560,000	400,000
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	160,000	...	...
Total Inland Revenue	427,000,000	88,694,000	96,405,000	3,469,000	4,382,000
Customs and Excise—					
Customs	174,570,000	66,599,000	51,444,000	3,771,000	3,236,000
Excise	125,430,000	49,747,000	46,868,000	547,000	668,000
Total Customs and Excise	300,000,000	116,346,000	98,312,000	4,318,000	3,904,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,805,000	1,172,000	Dr 140,000	Dr 575,000
Post Office (Net Receipts)	11,700,000	6,600,000	6,400,000	Dr 900,000	Dr 1,000,000
Crown Lands	1,250,000	560,000	590,000	100,000	110,000
Receipts from Sundry Loans	4,450,000	5,161,611	11,996,357	...	...
Miscellaneous Receipts	17,500,000	8,464,010	6,529,603	1,000,133	70
Appropriation from Rating Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	225,630,621	225,304,960	7,847,133	6,821,070
SELF-BALANCING REVENUE.					
Post Office	59,188,000	22,450,000	22,600,000	2,000,000	2,100,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	5,994,000	6,418,000	140,000	575,000
Total Self-Balancing Revenue	82,098,000	28,444,000	29,018,000	2,140,000	2,675,000
Total		254,074,621	254,322,960	9,987,133	9,496,070

EXPENDITURE.	Estimate for the year 1932-33 (Including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Aug. 27, 1932.	April 1, 1931, to Aug. 29, 1931.	Week ended Aug. 27, 1932.	Week ended Aug. 29, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	130,629,756	138,790,072	328,737	779,413
Payments to Northern Ireland	6,800,000	2,442,529	2,127,458	232,678	224,297
Other Consolidated Fund Services	3,500,000	921,788	710,550	...	...
Total	286,300,000	133,994,073	141,628,080	561,415	1,003,710
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	22,450,000	22,600,000	2,000,000	2,100,000
Road Fund	22,910,000	5,994,000	6,418,000	140,000	575,000
Total Self-Balancing Expenditure	82,098,000	28,444,000	29,018,000	2,140,000	2,675,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	331,330,859	336,469,383	7,121,415	10,618,913
New Sinking Fund (1928)	32,500,000	9,992,378	15,793,894	425,000	600,000
Total (including New Sinking Fund)		341,323,237	352,263,277	7,546,415	11,218,913

The aggregate revenue and expenditure to August 27, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to AUGUST 27th, 1932.

(000's omitted.)

Expenditure	302,887	Revenue	225,631
New Sinking Fund	9,992	Decreases in balances	3,349
		Net amount borrowed	85,899
	312,879		312,879

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding	Aug. 29, '31.	Mar. 31, '32.	Aug. 27, '32.	Aug. 27, '32.
Advances by Bank of England	43,250,000	7,500,000	13,800,000	+6,450,000
Advances by Public Departments	644,645,000	604,455,000	826,310,000	+3,655,000
Treasury Bills outstanding	687,895,000	611,955,000	840,110,000	+2,795,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on August 26, 1932, and the total amount applied for was £64,715,000. Tenders were accepted for bills at three months, dated Monday and Tuesday at £99 15s. 9d., about 92 per cent., and Wednesday to Friday at £99 15s. 10d. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied for.	Treasury Bills at 3 Months' Average Rate.
1932.			
Aug. 5	40,000,000	60,215,000	0 9 11-05
Aug. 12	48,000,000	56,180,000	0 10 6-57
Aug. 19	45,000,000	56,080,000	0 11 3-9
Aug. 26	45,000,000	64,715,000	0 16 7-45

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and illness. Fidelity Guarantees. Employers' Liability. Burglary. Fire. Motor Cars. Public Liability. Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Excursions and Trusteeships.

Head Office: 38-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, August 31, 1932.

ISSUE DEPARTMENT.

Notes issued:—		Government Debt	11,015,100
In Circulation	365,287,400	Other Government Securities	237,877,479
In Banking Department	48,618,743	Other Securities	22,933,849
		Silver Coin	3,813,572
		Amount of Fiduciary Issues	275,000,000
		Gold Coin and Bullion	138,906,143
			£413,906,143

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	73,148,993
Reserve	3,674,321	Other Securities	22,933,849
Public Deposits*	20,726,776	Advances	£12,159,215
Other Deposits	...	Securities	£19,083,025
Bankers' Deposits	£79,548,532		31,242,240
Other Accounts	£35,406,531		48,618,743
	114,955,063		900,336
1-Day and other Bills	1,152		
	£153,910,312		£153,910,312

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

Both Departments.		Amount, August 31, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation		365,287,400	+ 1,405,824	+ 10,311,465
Public deposits		20,726,776	- 1,476,225	+ 7,801,636
Bankers' deposits		79,548,532	- 397,855	+ 19,197,016
Other deposits		35,406,531	+ 977,361	- 16,431,199
Seven-day bills		1,152	+ 25	- 835
Total outside liabilities		500,970,391	+ 509,130	+ 20,878,083
Capital and rest		18,227,321	+ 37,979	- 24,959
Government debt and securities		322,041,572	+ 1,975,686	+ 195,687
Discounts and advances		12,159,215	- 1,106,635	+ 4,897,523
Other securities		41,376,874	- 525,015	+ 11,900,121
Silver coin in issue department		3,813,572	- 7,544	- 277,998
Gold and bullion (bank's reserve)		138,906,479	+ 210,617	+ 4,138,068
Reserve of notes and coin in banking department		49,519,079	- 1,195,207	- 6,175,413
Proportion of reserve to outside liabilities				
(a) Banking department only ("proportion")		36%	- 3%	- 8%
(b) Gold stocks to deposits and notes ("reserve ratio")		27%	+ 1%	- 1%

FEDERAL RESERVE MEMBER BANKS.

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

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Inc. or Dec.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
July 27	412,726	369,286	11,243	88,186	34,561	1,142 in	2
Aug. 3	413,563	374,728	11,491	84,952	36,300	838 in	2
10	413,563	370,819	10,658	85,323	34,579	Nil	2
17	413,728	365,957	9,806	89,754	34,464	165 in	2
24	413,728	365,882	22,203	79,946	34,429	Nil	2
31	413,906	365,287	20,727	79,549	35,407	178 in	2

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Inc. or Dec.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & "Proportion."
1932.							
July 27	252,394	18,799	138,576	27%	68,771	15,280	44,291 33
Aug. 3	249,228	21,946	139,400	27%	75,979	14,514	39,672 29
10	248,953	22,228	139,419	27%	70,554	15,236	43,600 33
17	248,960	22,223	139,602	27%	70,164	14,685	48,645 36
24	248,787	22,392	139,596	27%	71,279	15,266	50,714 37
31	248,633	22,294	139,806	27%	73,149	15,083	49,519 36

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to August 17	17,751,885	1,631,299	1,707,785	20,490,969
Week ended August 24	407,872	25,464	40,441	473,025
Week ended August 31	487,629	26,451	40,441	554,521
Total to date, 1932	18,647,386	1,681,212	1,791,915	21,520,513
Total to date, 1931	23,517,132	1,149,082	1,958,179	26,624,393
Increase or decrease in 1932	-4,869,746	-537,870	-166,264	-5,573,880
	-21.1%	-46.9%	-8.5%	-20.9%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,762,577	2,963,631	4,358,354	46,084,562
Increase or decrease in 1931	-6,946,769	-1,295,779	-1,596,145	-9,838,693
	-17.9%	-7.8%	-37.0%	-21.4%

PROVINCIAL CLEARING RETURNS.

No. of working days	Week ended Aug. 27.		Month of July.		Inc. or Dec.	Aggregate Totals, January 1 to Aug. 27.	
	1931.	1932.	1931.	1932.		1931.	1932.
BIRMINGHAM	1,605	1,799	10,478	12,370	+ 18.0	75,096	76,126
BRISTOL	708	813	5,107	5,804	+ 13.4	24,979	26,909
DUBLIN	931	1,747	5,436	5,716	+ 5.1	37,872	39,038
LIVERPOOL	3,795	4,274	23,300	23,105	- 0.8	169,300	184,084
LONDON	580	517	3,330	4,318	+ 30.0	24,740	24,503
MANCHESTER	560	559	2,779	2,926	+ 5.3	29,324	28,902
NEWCASTLE	404	474	2,729	2,923	+ 7.2	21,183	21,888
NOTTINGHAM	458	514	2,729	2,923	+ 7.2	310,495	323,960
PLYMOUTH	7,317	7,358	40,674	44,221	+ 8.7	43,809	42,492
SHARPSBURGH	1,095	777	5,750	5,618	- 2.2	15,123	15,050
SHREWSBURY	289	271	2,003	1,982	- 1.0	25,907	24,792
WOLVERHAMPTON	483	410	3,899	3,417	+ 5.5	967,668	1,003,067
Total	22,335	24,333	108,414	117,200	+ 8.1	967,668	1,003,067

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt appeared in the *Economist* for July 2; Danzig in July 23; Russia and China in August 6; Bank of International Settlements and Danzig in August 18; Japan, Roumania, Poland, Estonia, Latvia and Finland in August 20; Lithuania, Canadian Banks, Spain, Bulgaria, Netherlands, Czechoslovakia, Yugoslavia, Turkey, Hungary and Greece in August 27.

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

ASSETS.	Position, May 31, 1931.	Aug. 22, 1931.	July 30, 1932.	Aug. 6, 1932.	Aug. 15, 1932.	Aug. 23, 1932.
Gold	171,175	1,189,151	2,637,286	2,637,286	2,637,286	2,637,505
Foreign bills and balances abroad	433,644	55,733	58,190	59,658	59,448	59,448
Discounts	103,000	41,509	14,761	14,800	14,060	14,337
Advances	275,925	1,209,763	1,571,287	1,543,326	1,518,455	1,501,466
LIABILITIES.						
Notes in circulation	33,750	678,564	1,184,504	1,213,081	1,242,222	1,255,955
Deposits						

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

ASSETS.	Aug. 20, 1931.	July 20, 1932.	July 31, 1932.	Aug. 10, 1932.	Aug. 20, 1932.
Gold, coin and bullion	5,373,000	5,700,400	5,715,000	5,715,000	5,717,100
Foreign bills and balances abroad	5,485,100	1,389,800	1,390,100	1,388,600	1,392,600
Other cash	255,100	338,900	334,300	337,000	336,900
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,167,700	4,885,700	4,817,800	4,763,600	4,725,100
Advances	1,062,200	804,000	818,900	893,800	951,300
Credit with "Istituto di Liquidazione"	1,297,000	1,789,500	1,789,500	1,789,500	1,804,200
Government securities	1,347,100	1,367,500	1,366,900	1,366,400	1,366,500
LIABILITIES.					
Notes in circulation	14,322,900	13,082,800	13,492,300	13,420,800	13,148,000
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	2,183,100	1,543,600	1,394,500	1,429,900	1,530,600
Ratio of reserve to note and sight liabilities combined	52.69%	47.43%	46.69%	46.89%	47.60%

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

ASSETS.	Aug. 29, 1931.	Aug. 6, 1932.	Aug. 13, 1932.	Aug. 20, 1932.	Aug. 27, 1932.
Gold reserve	229,335	205,985	205,985	205,985	205,985
Government securities—Swedish	3,019	218,420	218,420	218,420	218,420
Other Swedish bonds quoted on foreign bourses	430	94	94	94	94
Bills payable in Sweden	283,352	157,399	145,669	142,978	139,120
Bills payable abroad	51,478	26,903	26,870	44,295	61,749
Balance abroad	44,684	138,081	139,746	123,967	109,553
Advances	42,458	59,875	60,099	60,720	58,546
LIABILITIES.					
Notes in circulation	548,978	531,170	518,755	507,663	506,158
Government deposits	152,118	81,321	78,972	91,041	86,134
Private deposits	8,864	110,653	118,856	111,120	115,752

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

ASSETS.	Position, May 31, 1931.	Aug. 22, 1931.	Aug. 8, 1932.	Aug. 15, 1932.	Aug. 22, 1932.
Gold and bullion—Gold	44,224	146,335	142,398	142,398	142,398
Balance abroad and foreign bills	28,533	8,000	13,512	12,556	12,126
Norwegian and Foreign Government securities	8,816	54,248	27,213	27,133	27,123
Discounts and loans	76,911	172,777	276,389	275,305	274,335
LIABILITIES.					
Notes in circulation	113,484	287,453	313,181	311,696	309,550
Deposits at sight	7,188	43,307	80,930	80,362	81,524

* Includes an amount of Kr. 24,156,000, which the Bank has at its free disposal abroad.

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

ASSETS.	July 20, 1932.	July 27, 1932.	Aug. 3, 1932.	Aug. 10, 1932.	Aug. 17, 1932.
Gold	393,285	393,682	394,304	394,779	395,353
Balance abroad	521,915	541,813	556,314	558,490	559,592
Discounts	313,284	314,463	313,521	324,203	333,229
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.					
Notes in circulation	1,888,164	1,885,822	1,901,606	1,891,171	1,881,751
Government deposits	96,980	116,943	138,438	134,008	88,595
Bankers' deposits	228,380	207,036	191,473	207,911	232,637
Other deposits	25,260	32,477	23,196	34,445	71,599

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

ASSETS.	Aug. 23, 1931.	July 31, 1932.	Aug. 7, 1932.	Aug. 15, 1932.	Aug. 23, 1932.
Cash Reserve	214,327	149,476	149,476	149,476	149,476
Gold coin and bullion	122,955	40,605	40,393	40,201	40,024
Foreign exchange	167,174	115	115	115	115
Other foreign exchange	586,464	882,743	870,586	866,995	850,526
Bills discounted	95,647	91,577	91,577	91,577	91,577
Govt. debt					
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,803	10,803	10,803
Notes in circulation	999,523	948,767	896,654	889,579	854,429
Deposits	192,684	148,298	184,662	180,575	217,057

† In dollar and sterling only.

LONDON RATES.

	Aug. 25, 1932.	Aug. 26, 1932.	Aug. 27, 1932.	Aug. 28, 1932.	Aug. 29, 1932.	Aug. 30, 1932.	Aug. 31, 1932.	Sept. 1, 1932.
Bank rate (changed from 2½% June 30, 1932)	2%	2%	2%	2%	2%	2%	2%	2%
Market rates of discount—								
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—								
2 months'	1½	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½	1½
Leases—Day-to-day	1½	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank								
Discount houses at call								
At notice								

Comparison with previous week—

Comparison with previous week—									
		Bank Bills.			Trade Bills.				
Short Loans.									
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.		
1932.	%	%	%	%	%	%	%		
Aug. 11	1 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2	3 ...		
" 18	1 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2	3 ...		
" 25	1 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2	3 ...		
Sept. 1	1 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2	3 ...		

RATES OF EXCHANGE.

London on		Usance.	Par.	Sept. 3, 1931. 3.45 p.m.	Aug. 25, 1932. 3.45 p.m.	Sept. 1, 1932. 3.45 p.m.
New York	dollars to £1	Cable	4.86 1/2	4.86 1/2	4.84 1/2	4.84 1/2
Montreal	dollars to £1	Cable	4.86 1/2	4.86 1/2	4.84 1/2	4.84 1/2
Paris	francs to £1	T.T.	124.21	123.94-97	88 1/2	88 1/2
Berlin	marks to £1	T.T.	20.43	20 1/2	14.50-55	14.55-14.84
Amsterdam	florins to £1	T.T.	12.107	12.06-06 1/2	8.58-61	8.60-8.62
Brussels	belgas to £1	T.T.	35.00	34.89-90 1/2	24.85-95	24.95-25.08
Vienna	lire to £1	T.T.	92.46	92.46	67 1/2	67 1/2
Zurich	francs to £1	T.T.	25.22	24.94-96	17 1/2-85	17 1/2-85
Oslø	kroner to £1	T.T.	18.159	18.174-18	19 1/2-20	19 1/2-20
Stockholm	kronor to £1	T.T.	18.159	18.154-16	19 1/2	19 1/2-19
Copenhagen	kronor to £1	T.T.	18.159	18.174-18 1/2	18.75-80	19 1/2-19 1/2
Madrid	pesetas to £1	T.T.	25.22 1/2	53.90-94.00	42 1/2-34	42 1/2-34
Lisbon	escudos to £1	T.T.	110	109.100	109 1/2-110 1/2	109 1/2-110 1/2
Vienna	schillings to £1	T.T.	34.50 1/2	35.00-65	29.31 1/2	28.31 1/2
Prague	korunas to £1	T.T.	164	164 1/2-165 1/2	116 1/2-117 1/2	116 1/2-117 1/2
Belgrade	dinars to £1	T.T.	276.316	275 1/2-276 1/2	210-220	210-220
Budapest	pengos to £1	T.T.	27.82	27.90-28.00	19 1/2-20	19.21 (0)
Bucharest	lei to £1	T.T.	81.3	81.6-87	58.5-65	57.5-60
Sofia	leva to £1	T.T.	673.659	668.674	470.500	470.500
Athens	drachmas to £1	T.T.	375	374 1/2-375 1/2	540.570	545-575
Constantinople	liras to £1	T.T.	110	102 1/2	710.760 1/2	720
Moscow	roubles to £1	T.T.	9.46	9.43 1/2-45 1/2	6.71 1/2-34	6.74 1/2-76
Warsaw	zlotys to £1	T.T.	43.38	43.38	30 1/2-31 1/2	30 1/2-31 1/2
Heligoland	F. marks to £1	T.T.	193.23	193.193 1/2	230-235	230-235
Kyoto	lites to £1	T.T.	48.66	48 1/2-49	34.36	34.36
Reykjavik	kronur to £1	T.T.	18.159	18.15-23	12.14	12.14
Oslo	kronor to £1	T.T.	25.22 1/2	25.17-27	17.19	17.19
Algeria	francs to £1	Sight	97.4	97 1/2	97 1/2	97 1/2-97 1/2
Buenos Aires	pesos to £1	T.T.	47.621	47 1/2	55 1/2	55 1/2
Rio de Janeiro	pesos to £1	90 days	5.899	5.899	5.5-5 1/2	5.5-5 1/2
Montevideo	pesos to £1	90 days	51	51	28.32 1/2	28 1/2
Valparaiso	pesos to £1	90 days	40	39.69	28 1/2	28 1/2
Santiago	pesos to £1	90 days	17.3	17.22	17.70	16.80 1/2
Colon	pesos to £1	T.T.	17.3	17.22	17 1/2	16 1/2
Calcutta	rupees to £1	T.T.	35.50	35.50	1/8 1/2	1/8 1/2
Bombay	rupees to £1	T.T.	35.50	35.50	1/8 1/2	1/8 1/2
Rangoon	rupees to £1	T.T.	35.50	35.50	1/8 1/2	1/8 1/2
Colombo	rupees to £1	T.T.	35.50	35.50	1/8 1/2	1/8 1/2
Hong Kong	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Kobe	taels to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Manila	taels to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Yokohama	taels to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
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Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
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Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
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Shanghai	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Singapore	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
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Batavia	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Sourabaya	taels to £1	T.T.	114.1/1	114 1/2	1/4 1/2	1/4 1/2-1/4 1/2
Manila	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/3 1/2-1/3 1/2
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Cebu	pesos to £1	T.T.	24.582	24 1/2	1/3 1/2	1/

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%
Queensland National Bank	June 30	17,057	71,588	88,645	...	70,000	4†	...	18,645	132,291	6‡
Breweries.											
Colchester Brewing Co.....	June 30	47,418	20,587	68,005	6,672	13,915	11½	...	47,418	18,544	10
Electric Lighting, &c.											
London Nigerian Power ...	Feb. 29	213	Dr. 1,292	Dr. 1,079	...	...	...	...	Dr. 1,079	...	...
Gas.											
Cork Gas Consumers	June 30*	...	4,605	4,605	...	4,731	8	...	Dr. 126	8,085	8
Iron, Coal and Steel.											
Lochelly Iron and Coal.....	May 31	Dr. 61,997	Dr. 77,801	Dr. 139,798	...	...	...	...	Dr. 139,798	Dr. 321,63	...
Motor and Cycle.											
Singer and Co.....	July 31	70,264	Dr. 11,398	58,866	22,492	25,004	5	Dr. 100,000	111,370	42,792	...
Rubber, &c.											
Sungei-Timah Estate (Perak)	Mar. 31	1,124	Dr. 762	362	...	...	...	...	362	...	...
Yam Seng Rubber.....	Mar. 31	10,889	Dr. 1,755	9,134	...	...	...	3,000	6,134	72	...
Shops and Stores.											
Mappin Stores (Brazil).....	Feb. 29	3,842	Dr. 2,552	1,290	...	...	...	...	1,290	Dr. 35,029	...
Textiles.											
Leigh Mills Co.	July 30	1,652	20,313	21,965	1,218	16,876	7½†	...	3,871	8,455	2½†
Wardle and Davenport.....	June 30	35,897	23,095	58,992	3,300	17,250	5†	5,000	33,442	35,272	8†
Other Companies.											
Constable, Hart and Co. ...	June 30	31,099	20,820	51,919	...	24,174	12	...	27,745	51,825	15
Frederick Lawrence	June 30	7,408	22,173	29,581	9,600	4,440	8	7,500	8,041	19,328	8
Goldsbrough, Mort and Co.	Mar. 31	105,077	65,295	170,372	...	60,000	2½	2,000	108,372	117,476	5
United Indigo and Chemical	June 30	14,644	5,426	20,070	7,500	...	...	Dr. 1,500	14,070	5,491	...

† Free of income tax.

* For half-year.

• REPORTS AND NOTICES

The Bank of England give notice that on and after Thursday, September 1st, fully-paid scrip certificates of 3 per cent. Treasury bonds may be lodged at the Loans Office, 5-6 Lombard Street, to be exchanged for the definitive bonds.

MISCELLANEOUS.

LAMBERT BROTHERS LTD.—At class meetings of the preference and ordinary shareholders and at an extraordinary general meeting of Lambert Brothers, Ltd., held July 26th at Southern House, Cannon Street, the resolutions embodying the proposals for a repayment of capital, and the restoration of the capital to the former figure were adopted.

BARCLAYS BANK

HEAD OFFICE: 54, Lombard St., London, E.C.3
and over 2,050 Branches in England and Wales.

TRUSTEE DEPARTMENT

CHIEF OFFICE: 37, King William St., London, E.C.4

The Bank has power to act as EXECUTOR and TRUSTEE under Wills and Settlements, and as Trustee for Debenture Holders. A Pamphlet setting terms and conditions for transacting business may be obtained from the Manager of the Trustee Department, or from the Manager of any Branch of the Bank.

AGENTS IN CANADA:
BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

Commercial Reports.

MARKET SUMMARY.

Following last week's irregular tendency, prices of primary products at the principal commodity markets resumed their upward movement. Although speculators again accounted for a large proportion of a generally heavy turnover, consuming interests were in evidence. It appears that there has been a tendency for consumers to begin replenishing their stocks, which had been allowed to fall to a low level during the long period of declining prices. In the United States, non-ferrous metals advanced under the influence of substantial buying. Copper, lead, spelter and tin were all higher. Similarly, raw cotton shows a further advance on the week, and rubber recorded a substantial rise. Among foodstuffs, cereals recovered from last week's setback. Cocoa advanced sharply while raw-sugar and coffee maintained their recent advance. Sterling prices of commodities, which lend themselves to grading and therefore to international arbitrage, moved in sympathy with gold prices. An outstanding feature is the improvement in wool values, but hides and leather were also dearer. The improvement in the demand for tea was maintained, but meat and dairy produce are scarcely changed on the week. According to reports from various industrial centres, the coal trade is making little headway. Transactions in iron and steel continue on a small scale, but the increase in the number of inquiries suggests that a slight improvement may take place in the near future. The cotton industry has been disorganised by the strike. There has been no expansion as yet in the demand for wool manufactures, but business in rayon fabrics appears to have been well maintained.

THE COAL TRADE.

SHEFFIELD.—The cotton dispute is certain to injure the coal industry, especially in the small fuel department. The bulk of the boiler fuel produced in the South Yorkshire coalfield is consumed by the textile factories. Best steams for export are firm, and rather better prices than of late are current. The opening of the winter trade in house coal is disappointing. Merchants are not buying for stock in anything like the quantities usual at the beginning of September. Prices have been increased nominally, but some undercutting is reported. Demand for blast-furnace coke is as poor as ever, as sales and production of pig iron remain on a reduced

basis. Best steams for export command 17s. per ton f.o.b., best ordinary house, 21s. to 22s. at pits, and best brands of furnace coke, 9s. at ovens.

GLASGOW.—Coastwise business maintains fair proportions, but with export and home requirements small, large coal remains plentiful despite the reduction in output. The last-named circumstance accounts for a scarcity of washed nuts, which maintain firm prices. First Fife steam is about the only variety of round coal to move with any freedom. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s.; splint best, 14s. 9d.; splint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 14s. 9d.; steam, 13s.; trebles, 13s.-13s. 6d.; doubles, 11s. 6d.; singles, 10s.; pearls, 8s. 6d.-9s.; dross, 8s. 9d. FIRE.—Screened navigation, 16s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 3d.; trebles, 14s. 6d.-15s. 6d.; doubles, 12s.; singles, 10s.; pearls, 7s. 9d.-8s. LOTHIAN.—Prime steam, 11s.-11s. 6d.; secondary steam, 10s. 6d.; trebles, 14s.; doubles, 11s. 6d.; singles, 9s. 6d.; pearls, 8s. 3d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 11s. 6d.; trebles, 13s. 6d.; doubles, 11s. 6d.; singles, 10s.; pearls, 9s. 6d.; dross, 9s.

CARDIFF.—Export business in South Wales coals proceeds quietly, and so far there is no indication of the autumn revival in demand. Inquiries from France improved slightly owing to the issue of September licences, but from other markets business matured very slowly. The South Wales Coal Exporters Association has been informed that there is no truth in the report that the Polish coal import quota into France has been increased, and under which Polish imports would be increased from 40,000 to 100,000 tons per month. Restrictions on the Continent are proving a serious handicap to the export trade, and the exporters are awaiting a reply to a request that the Government should receive a deputation which is to urge action to secure reciprocal trade agreements aiming at a removal of restrictions. In the anthracite trade, shipments are proceeding actively to Canada. Approximate current prices per ton f.o.b. are as follows:—Best Admiralty, 19s. 6d.; second best Admiralty, 19s. to 19s. 4½d.; ordinary Cardiff, 18s. 3d. to 18s. 6d.; best dry, 18s. 6d. to 18s.; ordinary dry, 17s. 9d. to 18s. 3d.; Monmouthshire Black Vein, 18s. 3d. to 18s. 6d.; Monmouthshire Western Valley, 17s. 9d. to 18s.; Monmouthshire Eastern Valley (best), 17s. 7½d.; Monmouthshire Eastern Valley (ordinary), 17s. 3d. to 17s. 6d.; best steam smalls, 13s. 6d.; good bunkers, 12s. 6d. to 13s.; cargo smalls, 11s. 6d. to 12s. 6d.; inferior qualities, 11s. to 11s. 6d.; dry nuts, 23s. to 26s.; foundry coke, 20s. to 22s. 6d.; furnace coke, 16s. to 18s. 6d.; patent fuel, 20s.; anthracite 6d.; best large, 36s. to 38s. 6d.; Red Vein large, 27s. to 34s.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.

NEWCASTLE-ON-TYNE.—With the approach of autumn it is expected that there will be an increase in the home demand for Northumberland steams. There is, however, little prospect of an increased inquiry in the export market, and the latest ascertain- ment for this county shows a considerable fall in output due to the decline in this section of the trade, which has affected the economic yield so seriously. In Durham there are a few inquiries circulating for gas coals, principally from Scandinavia, but there is little volume, and it is with the utmost difficulty collieries can maintain a full working week. Bunker trade remains very quiet, the prime brands being offered at 13s. 6d. per ton f.o.b. the usual bunkering points. The prime brands of foundry coke remain steady on the basis of 16s. f.o.b. To-day's f.o.b. prices for export are as follows:—Northumberland: D.C.B. screened steam, 13s. 6d.; smalls, 8s. 6d.; Howards, Bentinck, Newbiggin, screened, 13s.; smalls, 8s.; Tyne prime large, 12s. 9d.; smalls, 9s.; Hartley Main large, 12s. 6d.; smalls, 8s. Durham: Lambton, South Hetton, screened steam, 15s.; smalls, 11s.; Wear special unscreened gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s.; coking unscreened or smalls, 12s. 6d.; prime un- screened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.; prime foundry coke, 16s.; Newcastle and District gas coke, 18s.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland pig iron continues depressed, and there are no signs of an early improvement. Local requirements are on a reduced scale, and there are few sales to Scotch consumers, in spite of the substantial concessions in prices. Similarly, the export trade is on an exceedingly low scale. Only a moderate business has been transacted during the week, and on Tuesday the weekly market was quiet, although the tone was somewhat improved. Makers announced no change in the official prices, which remain No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. with special concessions for Scotland. The hematite market is also quiet, and only small sales are reported for early delivery. There are still only three furnaces producing this class of iron in the district, but the two at Ayresome Works will be started during September. Makers have been booking ordinary mixed numbers for early delivery at 60s. per ton, but consumers are not yet tempted to enter into forward purchases, for which slightly more is asked, following the improved tone in the steel trades. Shipments of pig iron are a little ahead of last month, the total to 30th inst. reaching 7,275 tons, against 6,388 tons for the whole of July. In the finished trades new business is of small volume, and several departments are badly in need of new orders. Cargo Fleet Iron Company, Ltd., have secured orders for 1,430 tons tramway rails for Liverpool, and 180 tons for Sheffield. A few orders have been secured by other firms for bridge work, &c., which will involve two or three thousand tons of steel material. Prices are generally unchanged from last week, except that 24-gauge galvanised corrugated sheets are now quoted 5s. dearer at £9 7s. 6d. f.o.b., owing to the advance in the price of spelter. The ore market continues practically stagnant. Best rubio is nominally 14s. 6d.

c.i.f., and the freight Bilbao/Middlesbrough is 4s. 3d. Coke is freely offered, and is weak in price at 14s. 6d. delivered at the furnaces. The number of furnaces in blast in the district remains at 15.

SHEFFIELD.—The construction of the new cruisers for the Admiralty will bring a certain amount of work to Sheffield in the shape of armour plate and steel castings and forgings. This district, however, no longer possesses a monopoly in heavy armament work. Apart from this feature, the local trade position is unchanged. In all branches a condition of lifelessness prevails, with no signs of an early recovery. Unemployment tends to increase. In the Lincolnshire district the largest steel works is running full time, the others reporting "no change." Makers of finished goods report that export business is still being crippled by embargoes on the export of currency imposed by overseas Governments. The withdrawal of the prohibition of the import of silver and electro-plated goods into Australia is good news for the trade concerned. The embargo was imposed two and a-half years ago, and during that period no silver or plated table ware (except spoons and forks) has entered the Commonwealth, causing a serious loss of turnover to a number of local firms. The Birmingham district will also benefit by the concession. The plate and cutlery industries are still in the dead season. Buying usually sets in during the first week in September, and there should be increased work forthcoming next month.

GLASGOW.—The official announcement that the contract for the machinery for one of the three new cruisers of the 1931 naval programme has been placed with Messrs. Beardmore, of Dalmuir, was welcome news, and there are expectations that further orders will be placed with Clyde yards at an early date for vessels for which tenders have already been submitted. Quite an important volume of ship repair work is at the moment on hand at Clyde yards. At the steel plants there is much unemployment owing to the absence of shipbuilding specifications, but the feeling seems to be general that work will be more plentiful during the coming winter. Continental prices, both of semis and finished steel products, are firmer, and little business is being done here with Continental makers. At the tube works business remains quiet, although here also there are more inquiries on the market, and increased export trade is anticipated. Sheet makers are better placed than many other branches, but there is still much idle plant. Local machinery makers are fairly well employed, and recent bookings are satisfactory.

CARDIFF.—Steady conditions prevail in the Welsh steel and tin-plate industries, and prices generally remain unchanged. The 33½ per cent. duty on foreign bars appears to be having some effect. There is practically nothing doing in this market, the quotation being nominally 78s. to 80s. per ton delivered. Welsh bars are 95s. per ton net delivered South Wales and Monmouthshire, and tinplates remain at 15s. to 15s. 3d. basis, with high speed canning plates being 1s. basis extra. Galvanised sheets, corrugated in bundles, 24-gauge, are slow at £9 per ton f.o.b. Last week 52,486 boxes of tinplates were exported, as against 74,282 boxes in the previous week, and 85,814 boxes in the corresponding week of last year.

OTHER METALS.

TIN.—The market in tin opened on Monday with a strong demand at advancing prices, which were maintained on Tuesday, despite a smaller turnover. On Wednesday, profit-taking caused a slight reaction. Sales on the London Metal Exchange totalled 1,225 tons on Monday, against 100 tons last week, 800 tons on Tuesday, against 500 tons last week; and 750 tons on Wednesday, against 375 tons. In New York the metal was quoted at 23.80 cents per lb. on Wednesday, against 23.00 cents per lb. a week ago and 21.90 a month ago. Wednesday's official closing quotations in London, in terms of sterling for "standard" cash at £148 to £148 2s. 6d. per ton, compares with £142 15s. to £142 17s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 32,580 tons, show an increase of 59 tons on the week.



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COPPER.—Following a slight improvement in the demand for copper in the United States, prices rose at the London Metal Exchange, reaching the highest level touched since February. Sales at the London Metal Exchange totalled 1,200 tons on Monday against 1,700 tons last week, 2,100 tons on Tuesday, against 1,600 tons last week, and 1,700 tons on Wednesday, against 1,850 tons. On Wednesday, "Domestic" spot was quoted at 5½ cents per lb. in New York, against 5½ cents a week ago, and 5½ cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £35 15s. to £35 17s. 6d., compares with £34 5s. to £34 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 18,198 tons, show an increase of 1,034 tons, while stocks of rough copper, at 969 tons, were 50 tons larger.

LEAD.—The London market in lead was subject to considerable speculative activity this week. Turnover was heavy, and prices rose substantially. Sales at the London Metal Exchange totalled 1,000 tons on Monday, as compared with 50 tons on the corresponding day last week, 1,600 tons on Tuesday, against 900 tons, and 2,500 tons on Wednesday, against 500 tons. In New York the metal was quoted at 3-60 cents per lb. on Wednesday, against 3-40 cents a week ago and 2-95 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £13 8s. 9d. per ton for shipment during the current month, compares with £11 15s. on the corresponding day last week.

SPELTER.—Spelter, too, was in good demand at advancing prices. Sales totalled 1,200 tons on Monday (against 350 tons last week); 1,000 tons on Tuesday (against 800 tons last week), and 600 tons on Wednesday (against 600 tons). Wednesday's quotation in New York, at 2-75 cents per lb., compares with 2-75 cents a week ago and 2-50 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling, for "good ordinary brands," was £14 2s. 6d. for shipment during the current month, against £13 17s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and platinum have been maintained at £95 per ton and £9 15s. per ounce respectively. Nickel was again sold at £240-£245 per ton. Foreign antimony again changed hands at £24 15s.-£25 5s. per ton, against £23 10s.-£24 10s. a week ago. Quicksilver remained unchanged at £9 7s. 6d.-£9 12s. 6d. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week August 26th to 31st (inclusive) are 7,406 bales, of which 970 are American, 678 Peruvian, 3,836 Argentine, 480 African, 1,218 East Indian and 197 sundries.

Manchester.—Conditions in the market during the past week have been very unsettled. The strike in the weaving section has disorganised business. The reaction in raw-cotton rates after the stiff advance has also had a disturbing effect. The general situation has been against activity and there are not likely to be any favourable developments until the outlook is clearer. India merchants have welcomed the revision of the import duties, and, but for the strike, trade would probably have broadened. A very fair inquiry has come through for Calcutta, Karachi and Bombay, and some useful contracts have been arranged in light fabrics and fancies. Most of the demand for China has been for dyed goods. Stock lots have attracted rather more attention for several outlets, but in all directions difficulties have been experienced in arranging contracts. The labour deadlock is regretted, and it is feared that a settlement will not be reached in less than a month. Very irregular conditions have prevailed in the yarn section. A restricted turnover has taken place in American and Egyptian counts for home consumption, but rather more demand has been about in fine numbers for export purposes.

Cotton Prices.

	1932.				Corresponding Date.	
	Aug. 10.	Aug. 17.	Aug. 24.	Aug. 31.	1930.	1931.
Raw Cotton—Mid. American	d. 5-22	d. 5-75	d. 5-98	d. 6-72	d. 6-40	d. 3-66
" Sakellaridis Fully Good Fair Egyptian	7-65	8-05	8-20	8-90	10-20	5-65
Yarns—32's twist	8-8	9-2	9-4	10-4	10-4	7-4
" 40's twist	9-8	10-2	10-4	11-4	11-4	8-6
" 60's twist (Egyptian)	14-2	14-2	15-1	15-9	19-1	13-4
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	15-6	17-6	18-0	19-0	20-0	15-9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	19-4	20-0	20-9	21-6	22-6	17-6
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10-3	10-7	10-10	11-1	12-4	9-10
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9-1	9-5	9-7	9-10	11-1	8-9

THE WOOL TRADE.—Bradford.—The outstanding event during the past week, writes our correspondent, was the opening of the Australian selling season at Sydney. As there has been a substantial advance in values compared with the close of the previous season, a good lead has been given to the consuming end, both in Yorkshire and on the Continent. It is also an encouraging sign for the commencement of the South African selling season next Monday. There is not a big offering for the Port Elizabeth sale, and, judging from the interest shown on French account in the balance of the old clip, as well as the general outlook for the disposal of merino supplies, there should be some fairly keen competition. As regards Sydney, prices have remained quite firm since the opening, and the cost of tops is about ½d. to 1d. per lb.

above the selling price here. The chief benefit derived from the strong opening of the season is that there is a better prospect of the stocks of fine wool belonging to last season being absorbed without loss. The complaint of spinners and manufacturers is that the movement is coming chiefly from the raw material end. Reports from worsted manufacturers in various parts of Yorkshire are rather discouraging. They are not yet getting anything like the amount of new orders sufficient to keep their machinery running full time, and it rather looks as if it will be a woollen season next year, so far as manufactured goods are concerned. The Bradford market for tops and yarns is rather quiet, but it is possible to make rather more money for both average and super merino combings; 58-60's are exceedingly firm, and here and there better prices have been realised, as these qualities are scarce.

THE GRAIN MARKETS.

WHEAT.—The international wheat markets have been a little more active, and quotations have hardened in view of the almost general advance in prices. Import requirements have been satisfied chiefly by Canada. The international wheat outlook is now becoming a little clearer as the number of countries, whose current production is known, is steadily increasing. Thus, according to the International Institute of Agriculture, the European harvest (excluding Russia) will exceed last year's by about 4½ million quarters. The crop has been a partial failure in the chief European exporting countries, but the chief importing countries (France, Germany and Italy) all show an increase in yield. According to Mr G. Broomhall, the world's visible supply at the end of the season (July 31st) amounted to 408 million bushels, as compared with 462 million bushels a year ago, and 411 million bushels in 1930. On Wednesday, "September" futures were quoted at 52½ cents per bushel in Chicago, against 50½ cents on the corresponding day last week and 50½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 30s. per 496 lbs., as compared with 29s. 3d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 29s., against 28s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 28s. 9d., against 28s.; Australian, ex ship, 29s., against 28s. 9d. a week ago.

WHEAT FLOUR.—There has been a more active demand for flour and American export prices have been raised. North American shipments, at 185,000 sacks, showed an increase of 51,000 sacks, as compared with the previous week. Of this total, 64,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. 6d. per sack of 280 lbs., as compared with 25s. 6d. last week; delivered London, 24s. 6d., against 24s. 6d. Manitoba patents, ex store, 25s. 6d. to 28s., against 25s. 6d. to 28s.; and Australian, ex store, 19s. 9d. to 20s. 6d., against 20s. to 20s. 6d. a week ago.

BARLEY.—Feeding barley has been in better demand on the Continent and in this country. Russia and Danubian exporters supplied the larger proportion of requirements. On Wednesday, "October" futures were quoted at 32½ cents per bushel in Winnipeg, against 31½ cents last week and 33½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 24s., as compared with 26s. to 27s.; "River Plate," landed, 23s. 6d., against 23s. 6d. a week ago.

OATS.—Business in oats has been on a small scale on the Continent, but a little more interest was shown in the cereal in this country. "September" futures, which last week stood at 15½ cents per bushel in Chicago, sold at 17½ cents per bushel on Wednesday this week, against 17½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 3d. per 320 lbs., as compared with 18s. last week; "River Plate," ex ship, 17s. 6d., against 17s. 3d.; "Chilean White," landed, 23s. to 24s. 6d., against 24s. to 25s. a week ago.

MAIZE.—The declining tendency in the demand for maize which became noticeable recently has not been arrested. Nevertheless, quotations were slightly higher than a week ago, owing to the absence of selling pressure by Argentine exporters. Wednesday's quotation in Chicago for "September" futures, at 30½ cents, shows no change on last week, but a fall of 1½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 20s. 7½d. per 480 lbs., compared with 20s. 6d. last week; "Plate," ex ship, 19s. 7½d., as against 19s. 6d.; "Plate," September-October, 20s. 1½d., as against 19s. 10½d. Yellow maize, ex wharf, was quoted at £5 17s. 6d. per ton, against £5 17s. 6d. a week ago.

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

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to August 27	Cwts. 40,854	Cwts. 21,500	Cwts. 103,890	Cwts. 137,370
52 weeks to August 27	3,878,606	4,974,713	9,808,016	9,967,256
Average price of English wheat per cwt.	s. d. 6 2	s. d. 6 3	s. d. 8 3	s. d. 10 11

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Aug. 20, 1932	Cwts. 26,233	Cwts. 3,518	Cwts. 7,667	s. d. 6 7	s. d. 6 9	s. d. 7 6
Aug. 27, 1932	40,854	9,003	16,148	6 2	7 5	6 11
Aug. 25, 1928	80,132	122,300	51,024	9 9	14 0	9 4
Aug. 24, 1929	60,511	15,907	26,544	11 5	9 10	8 10
Aug. 30, 1930	103,890	8,360	29,296	8 3	7 3	6 2
Aug. 29, 1931	21,500	2,625	6,751	6 3	9 2	6 3

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Sept. 2, 1931.	Jan. 4, 1932.	Aug. 24, 1932.	Aug. 31, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	52½	62½	55	56
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	45½	55½	50½	52½

The visible supply of wheat in Canada, at 64,469,000 bushels, shows an increase on the week of 334,000 bushels. Supplies a year ago stood at 50,954,000 bushels.

OTHER FOODS.

SUGAR.—There was a lull in the principal raw-sugar markets during the past week. Despite the smaller demand, prices were well maintained. "September" futures in New York were quoted at 1-09 cents per lb. on Wednesday, against 1-08 cents per lb. a week ago, and 1-00 cent per lb. a month earlier. Wednesday's week ago, and 1-00 cent per lb. a month earlier. Wednesday's sales of "raws" in London include "December delivery" at 6s. 5½d. to 6s. 6d. per cwt., against 6s. 5½d. to 6s. 6d., and "March, 1933," at 6s. 7½d. to 6s. 8½d., against 6s. 7½d. to 6s. 7½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	581	43	470	946	11,023	25,214
Liverpool	13,892	8,191	15,297	14,271	79,044	69,093
Total	14,473	8,234	15,767	15,217	90,067	94,307
Last week	17,160	11,898	16,173	14,069	91,361	101,290

COFFEE.—The New York market in coffee has been steady, and prices fluctuated within narrow limits. On Wednesday, Rio No. 7 (oash) was quoted at 8½ cents per lb., against 8½ cents a week ago. Tuesday's London auctions comprised only 1,030 packages, which were partly sold at steady prices. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 294 bags; exported, 72 bags; stocks, 17,178 bags, against 1,790 bags last year. Central American, landed, 362 packages; delivered for home consumption, 1,710 packages; exported, 1,862 packages; stocks, 93,872 packages, against 94,478 a year ago. Other kinds, landed, 185 packages; delivered for home consumption, 2,214 packages; exported, 1,731 packages; stocks, 66,760 packages, against 75,122 a year ago.

COCOA.—Cocoa prices rose sharply on heavy buying at the beginning of the past week. On Monday, sales in New York amounted to 178,000, and on Tuesday to 128,000 bags. "September" futures were quoted at 4-60 cents per lb. in New York on Wednesday, against 4-43 cents per lb. a week ago and 4-33 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 29s. 6d. on per cwt., c.i.f. Continent, shows an advance of 1s. 3d. per cent. on the week. Last week's movements of cocoa in London were as follows: Landed, 2,609 bags; delivered for home consumption, 4,296 bags; exported, 136 bags; stocks, 152,246 bags, as against 212,236 last year.

TEA.—The quantities catalogued for this week's auction comprised 59,403 packages of Indian, and 29,719 packages of Ceylon tea. Monday's "Indian" auctions were characterised by a general demand for all qualities. At the "Ceylon" sales on Tuesday, common and finest grades were well supported, but medium qualities

were neglected. On Wednesday, "Indian" teas again found ready buyers. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasaland.
Aug. 27, 1931	d. 14-97	d. 7-84	d. 14-73	d. 6-45	d. 6-45	d. 4-89
July 28, 1932	7-58	6-75	8-39	5-04	5-00	6-53
Aug. 11,	7-71	6-61	8-07	4-71	4-22	6-28
Aug. 18,	9-75	6-36	7-92	4-83	4-45	6-20
Aug. 25,	10-50	6-65	8-22	5-22	4-53	5-94

RICE.—The market in rice was active, and prices advanced under the influence of a good demand. Wednesday's "spot" price, at 10s. per cwt., shows a rise of 6d. per lb. on last week, while forward positions, at 8s. 4½d. per cwt., show a rise of 4½d. per cwt. Movements in London during the past week were as follows: Landed, 15 tons; delivered, 104 tons; stocks, 2,636 tons, as against 939 tons last year.

POTATOES.—The principal markets were well supplied with potatoes, but demand was less brisk. At the London Borough Market, "King Edward" was sold at 5s. to 5s. 6d. per cwt., against 5s. to 5s. 6d. per cwt. last week and 5s. to 6s. per cwt. a fortnight ago.

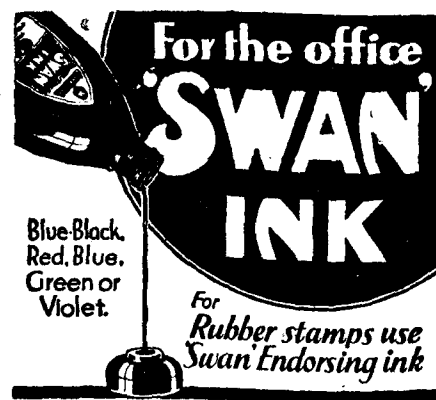
SPICES.—The market in "spot" pepper was quiet, but "forward" business was more active at higher prices. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the corresponding day last week. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered, 6 tons; stocks, 329 tons, against 573 tons last year. White, landed, 20 tons; delivered, 46 tons; stocks, 421 tons, against 512 tons a year ago.

MEAT.—The past week's meat quotations at the Smithfield Market show little change on the week, and Argentine beef has not recovered from the recent fall in its price. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 6d. to 4s. per 8 lbs., against 4s. to 4s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 2s. 10d., as against 2s. 2d. to 2s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,179 tons, as compared with 8,050 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86·3 per cent. of the supplies, as against 85·4 per cent. a year ago; and imported mutton, mainly New Zealand, formed 75·3 per cent. of the total supply, as against 77·7 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Rather better, though somewhat irregular conditions prevail in the markets as a rule and a fair volume of trade is reported. Linseed is slow on United Kingdom account, but a fair business has been done to Continental destinations. Demand here has been mainly for seed afloat or shipping, and values have advanced to £8 17s. 6d. for Plate on spot and passage, and £8 15s. October loading, with September at a slight discount. Indian linseed is more or less neglected, and Calcutta to London is held for £11. The quantity of linseed afloat for Europe has undergone further reduction, and at 164,800 tons is 14,200 tons less than last week, and compares with 157,300 tons a year ago. How the proposal to give Indian linseed a 10 per cent. preference would work out in practice is open to doubt, since India's production of linseed is only one-fifth that of Argentina, whence our main supplies are drawn. Cottonseed is in very poor demand, and old crop Egyptian, after some fluctuations in sympathy with Alexandria, has again declined, current value being around £7 2s. 6d. No transactions in new crop are reported. The feature of the market for vegetable oils is the sharp advance in linseed oil, which has gained £3 per ton in a month. Raw oil for September delivery, ex Hull mill, is now quoted £15 12s. 6d. per ton, naked, and October-December £15 15s. Cotton oil is very quiet, but steady. Crude Egyptian, ex Hull, being held for £23, and refined for £25. Oilcakes are in fair demand, and late mill prices are upheld.

HIDE, LEATHER AND ALLIED TRADES.—Further advances in prices for hides and skins from home slaughtered cattle were recorded at the auctions held this week, most weights of ox and heifers at



COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				a. d. s. d.				a. d. s. d.				a. d. s. d.			
GRAIN, &c.—				Irish bladders.....				English Southdown, washed per lb. 10				Best heavy ox and beef			
Wheat, No. 2, M. Man. 49 lb.				54 0 68 0				" Lincoln hog, washed				Best cow			
Barley, Eng. G. av.				5 0 50 3				Queensland, aed. super comb.				Best calf			
Oats,								N.S.W. greasy, super				Best calf			
Maise, La Plata, landed								N.W., gray, half-bred 50-56							
480 lb.								Tops							
Flour, Lon. stan. ex mill, ..								Merinos 70's							
480 lb.								" 64's							
Rice, No. 2, Burma, per cwt. 8 4								Cromshead 48's							
Tapioa, per cwt.								" 46's							
Pair Fluke, Singapore.								COAL—							
MEAT—								MINERALS. a. d. s. d.							
Beef, per 8 lb.								Welsh, best Ady							
English long sides								Durham, best f.o.b.							
Argentine chilled hinds ..								Tyne							
Mutton, per 8 lb.								Shedfield, best house, at							
English wethers								pits							
N.Z. frozen								IRON AND STEEL—							
Pork, English, per 8 lb.								Flat, Cleveland No. 3, ton 58							
								Barr, M'Krough							
								Steel Balls, heavy							
								Tin Plates, per box							
								METALS. a. d. s. d.							
								Copper, Electrolytic, ton 37/10/0							
								" (strong)							
								Standard							
								Lead Reg.							
								Soft Foreign							
								Spelter G.O.B.							
								Tin—English ingots							
								Standard							
								CHEMICALS.							
								Acid, citric, per lb. less 5%							
								Nitric							
								Oxalic, net							
								Tartaric, English less 6%							
								Alcohol, Plain Nthly.....							
								Alum, lump							
								Ammonia, carb.							
								Sulphate							
								Arsenic, lump							
								Bleaching powder, per cwt. 8/0/0							
								BORAX, &c. a. d. s. d.							
								Do. powder							
								Nitrate of Soda							
								Potash—Chlorate, net							
								Sulphate							
								Soda Aluminos							
								Soda Aluminos							
								Crystals							
								Sulphate of Copper, per ton 16							
								ORIENT, London—							
								Portland, best Eng. pr. ton							
								In jute sacks (11 to ton)							
								In free paper bags (20							
								to ton)							
								COBRA—							
								S.M. Strains o.f.f., per ton 14/10/0							
								S.M. South Sea							
								DYLON—							
								Camphor							
								Japan, refined							
								Castor-oil							
								Ipecacuanha							
								Fennel, Wayne Co.							
								Fennel							
								West India—							
								Cape							
								Dry and Dryalated Cape...							

the Manchester sales making 1d. per lb. more money. All cows advanced 1d. per lb., while the lighter weights in calfskins realised more money. The market at Leeds was, if anything, firmer than that at Manchester, as in the case of the former an advance of 1d. per lb. was made on several weights. There has been very little improvement in the position of sheepskins, the market for leather made from this type of raw material continuing quiet. Although orders from tanners in this country for imported hides have not not been large, there has been sufficient business forthcoming from other quarters to maintain values at a very firm level. In the South American market sales of Argentine ox have been made at 4 1/2d. per lb., while just under 4 1/2d. has been paid for cows, and the same figures for Montevideo ox. Dry hides from the same source have also ruled firm in price, with B.A. Americanos quoted at 5 1/2d., Inservibles at 3 1/2d., and Cuyabanos at 4 1/2d. African hides have been disposed of at 5 1/2d. and 4 1/2d. for first and second drysalted Copes, with 1d. per lb. more asked for the same selections of drys. For unbathed Adis Abebas sellers are now asking for 4 1/2d. to 5d., and the former figure for Mombasas, while heavy Nigerians are offered at 6d. A fair amount of business has been done in Australians, and prices are somewhat higher. A steady trade has again been done in most descriptions of leather this week. The call for English and wet-salted bands has covered most weights, and it would seem that quite an appreciable amount of stock has been moved off. Light weight dry hide bands have not been quite such a good market, but a trifle more interest has been taken in some of the heavier selections, with a moderate amount of business done. The market for rough offal has again ruled quiet, but further improvement has taken place in sales of pinned sorts, both bellies and shoulders being wanted. Trade in upper leathers has been confined chiefly to box and willow calf and glazed kid. For the former inquiry has come to hand more freely for some of the heavier grades, in addition to which slightly better business has been passing for certain lines of patent. Reptile skins are not an active market, but at the same time something in this direction is being done all the time, as is also the case with other lines of fancy upper leather.

RUBBER.—The market in rubber was again very active, and under the influence of a strong demand the quotation was driven up to 8d. per lb. In New York, Wednesday's spot price for rubber,

at 4 1/2 cents per lb., shows a rise of 1/2 cent on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2 1/2d. per lb., against 2 1/4d. per lb. on the corresponding day last week. In forward positions, business has been done at 3 1/2d. to 3 3/4d. for April-June, 1933, as against 2 1/2d. to 2 3/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 931 tons; delivered, 959 tons; stocks at the end of last week, at 104,500 tons, show a decrease of 28 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	August 3.	August 24.	August 31.
Cents.			
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	50 1/2	50 1/2	52 1/2
Maise, nearest future, Chicago, per bushel	31 1/2	30 1/2	30 1/2
Oats, nearest future, Chicago, per bushel	17 1/2	15 1/2	17 1/2
Rye, nearest future, Chicago, per bushel	32 1/2	30 1/2	31 1/2
Coffee, Rio No. 7, cash, per lb.	8 1/2	8 1/2	8 1/2
" Santos No. 4, cash, per lb.	11 1/2	12 1/2	12 1/2-13
Cocoa, Acra, nearest future, per lb.	4-83	4-43	4-60
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-09	3-17	3-18
Cotton, middling, spot, per lb.	6-00	8-30	9-40
Rubber, smoked sheet, spot, per lb.	8 1/2	8 1/2	4 1/2
Petroleum, Pennsylvania crude, standard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic, spot, per lb.	5 1/2	5 1/2	5 1/2
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	5-00	5-50	5 1/2
Spelter, East St. Louis, spot, per lb.	2-70	2-75	2-85
Lead, spot, per lb.	2-95	3-40	3-60
Tin, "Straita," spot, per lb.	21-90	23-00	23-90

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STRENGTH—STABILITY

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Last week's Treasury bills went at an average tender rate of 18s. 4.99d. per cent., against 16s. 7.45d. per cent. the week before. Subsequently "hot" Treasury bills were dealt in at $\frac{1}{2}$ per cent., but the rate quickly sagged until by Thursday it stood at $\frac{3}{4}$ per cent. for both buyers and sellers. Only a few bills were taken by the clearing banks, and the rate has been driven down by competition inside the market—competition which responsible market opinion regards as harmful and unnecessary. October and November Treasuries were quoted at $\frac{1}{2}$ per cent. The general rate on three months' bank bills was $\frac{1}{2}$ per cent., but there was some special buying at $\frac{1}{4}$ per cent., and this rate was heard of in one or two other quarters. Standstill bills were quoted at $\frac{1}{2}$ -2 per cent.

	Aug. 18, 1932.	Aug. 25, 1932.	Sept. 1, 1932.	Sept. 8, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2½ (June 30, '32)
Banks' Deposit Rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount / Call.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses / Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1½ (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	$\frac{1}{2}$ -2	$\frac{1}{2}$ -2	$\frac{1}{2}$ -2	$\frac{1}{2}$ -2	...

This week's Bank return records two wide changes. The first is a reduction of £13.1 millions in Public Deposits from £20.7 to £7.6 millions, balanced by an increase of £12.0 millions in Bankers' Deposits from £79.5 to £91.5 millions. These changes largely represent the payment of the Victory Bond dividend and the repayment of drawn bonds at the beginning of the month, against which the Government had been accumulating funds during August. They are also explained by the very common discrepancy in date between Treasury bill payments and maturities. In fact, while Public Deposits are now on the low side, they are much nearer their normal size than they were a week ago.

The other movement in the Return is of greater interest. It consists of a reduction of £11.1 millions in Other Securities held in the Issue Department balanced by an equivalent increase in Government Securities. The movement is the first large one of its kind to occur since the transfer of *devisen* from the Issue Department to the Exchange Equalisation account at the beginning of July, and is very likely explained in great degree by the repayment of the franc bills, amounting to about Frs. 2,500 millions and due on September 10th, issued by the British Treasury in support of sterling a year ago.

It is obvious that preparations for their redemption have had to be made several days ahead, and that these preparations involve the mobilisation of the francs required for this operation. These francs have for some time probably been in the possession of the British authorities, being held either by the Bank of England or by the Exchange Equalisation Account; but it has probably been necessary to transfer them to some special account which can be drawn upon for the repayment of the bills. To the extent that francs have had to be withdrawn from the Bank's holdings of *devisen* in the Issue Department, the decrease in Other Securities is readily explained, and as the total fiduciary note issue is unchanged, the void has been made good by Government Securities.

The main feature of the foreign exchange market this week has been the strength of sterling, and on Thursday there were signs of a little official buying of dollars. Normally sterling should be displaying weakness at this time of year, but the seasonal demand for dollars is being offset by the repatriation of profits earned in the recent Wall Street activity, by sales of dollars by commercial interests who had over-estimated their needs, and possibly by the flow of foreign money to England due to the general con-

fidence in British financial stability. The strength of the Canadian dollar possesses no particular significance, but probably reflects short-money movements from New York to Montreal, or possibly transfers in connection with loan operations.

At the half-yearly General Court of the Bank of England, to be held on September 22nd "to consider of a dividend," certain changes in the by-laws will be proposed. These are (a) to require that candidates for the office of Governor, Deputy-Governor or Director be previously nominated; (b) to authorise the exclusive employment of any Member of the Court at a salary; and (c) to amend certain out-of-date administrative provisions. The only one of interest is the second. It is clearly desirable that the Bank shall be free to employ anyone best fitted to act for it, regardless of the salary that it has to pay, and the present limit of fees payable to a Member of the Court to £500 is obviously inadequate.

Money remains easy in New York. Ninety-day bankers' acceptances are still quoted in the open market at $\frac{1}{2}$ per cent., while the increased stock market activity has not affected call rate, which remains at 2 per cent. Both these rates have not altered since July. According to the New York Stock Exchange calculations, brokers' loans expanded during August by \$99.0 millions, the closing figure for the month being \$331.7 millions. These figures show that most of the recent buying of stocks has been for cash and not on margin. Gold imports for the week amount to \$2.1 millions, of which \$1.3 millions came from England. There were no exports, but \$12.2 millions of gold was released from ear-mark on foreign account, so that there was a total gold gain of \$13.5 millions. This week the Treasury carried through its second financing operation of the year. This took the form of \$750 millions of 5-year $3\frac{1}{2}$ per cent. notes and \$400 millions of one-year $1\frac{1}{2}$ per cent. notes. This offer met with a better reception than had been expected, and was over-subscribed.

The exchange market was quiet during the past week, but turnover was slightly more active than recently. Sterling was in demand in most centres. The New York rate rose to 3.50 on the 8th inst., and after a slight reaction was at 3.49½ against 3.46½ a week ago. Montreal continued in demand, and closed at 3.85. Paris was steadily on offer throughout the week, and closed Fr. $\frac{1}{2}$ up at 89½. Heavy sales of Belgas took the rate to 25.23 as compared with 24.97 last week. The Milan rate moved up to 68½, and Amsterdam to 8.71. Berlin at 14.70 showed a depreciation of 14 pfennigs on the week. Madrid was slightly more on offer at 43.7½. Switzerland was strongly offered against sterling, and the rate closed at 18.11. Among the Scandinavian exchanges Stockholm was slightly more offered at 19.49, and Oslo was steady at 19.94. Copenhagen reacted after the sudden depreciation a week ago, and was 4 öre better at 19.31. In the Far East the rupee was steady at 1s. 6½d., and the yen gained further ground at 1s. 4½d. Batavia was quoted at 8.76. The South American exchanges remained nominal, Buenos Aires being 84½d. and Rio 5½d. sellers, with Monte Video unchanged at 29d. Forward dollars were offered at discounts of $\frac{1}{2}$ cent and $\frac{1}{4}$ cents for one and three months respectively. Paris forwards moved to discounts of 3 cents and 8 cents, it being reported that this market is carrying a bull position in sterling. Forward Belgas were freely offered, and moved to discounts of 10 and 30 centimes for the one and three months periods. Milan was quoted at discounts of $\frac{1}{2}$ lire and $\frac{1}{4}$ lire. Forward pesetas remained at last week's levels. Forward Amsterdam and Switzerland were quoted at par. Silver continued to improve, but closed below the best at 18½d. for spot and 18½d. for forward delivery. Hong Kong was at 1s. 4½d. and Shanghai 1s. 9½d.

ECONOMIST INTELLIGENCE BRANCH.

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

NATIONALISM v. RECOVERY.

"Europe is preparing for another great war! It is useless to say that the peoples of the world would not endure another conflict. . . . The inherent wickedness of man, the restless ambitions of vigorous nations, the memories of quarrels and injustices which history has bequeathed to us—give the cause what name you like—there is in human nature an ungovernable urge to war.

"When the war comes we are likely to be involved in it. . . . Our position will then be one of deadly peril.

"The lesson of all this is plain: We must learn to grow our food at home before our enemies teach us to starve at home! . . . All that is needed is a realisation of the danger. . . . We can begin to make Britain self-supporting now!"

Thus Lord Beaverbrook in his Sunday journal.

What the Dominions, who have been persuading us to rely to an increasing extent for our bread, butter and meat upon supplies from the most distant parts of the world will think of this new version of Imperial Free Trade can well be imagined. There is little enough excuse in these days for public men in any country to imagine that the doctrine of "autarchy" can lead to anything but a most serious setback to the standard of living of civilised peoples. There is no excuse at all for a British publicist, with the lesson before him of the Great War, in which the international extension of our economic life was the rock which proved the main support of the Allies, who were financed by our foreign investments and fed and provisioned with the materials of war by our merchant marine.

At the same time, it would be a fatal mistake for statesmen to ignore the existence of a frame of mind of which Lord Beaverbrook is one of the few representatives in this country. Mass misrepresentation of the situation and intentions of other nations, for example, among the 150 millions of Russia—where the use of gas masks is part of the curriculum of schools and associations of young people—is creating a psychology of suspicion which it will require very great wisdom and patience to eradicate. At the other extreme, in spite of the lessons of the recent past, the conception is still widespread among the people of the United States that they should leave the world to stew in its own juice and devote themselves to exploiting and living on their own economic resources.

It is, however, natural that an international outlook and its expression in the policy of nations should make least headway in great Continental masses, as contrasted with those parts of the world where nations live cheek by jowl, or whose main frontier is the sea. If the Nationalism to which Lord Beaverbrook gives expression is to be broken down, it must be done in the main by the influence of the peoples of Western Europe and of the maritime nations. It is for this reason that the future of the world largely depends upon events in Germany and her relations with the rest of the world.

The text of the statement in which Germany has once again put forward her claim for equality of status in armaments was published in Berlin on Tuesday. This document, on the main theme of which we commented last week, puts forward the German claim in moderate terms. Its main thesis is not, as has been so freely suggested, that Germany should re-arm to the level of other nations, but that other countries should carry out the intention, declared by the Allies in 1919, before the signing of the Versailles Treaty, to reduce their armaments and bring them into relation with those that were then imposed upon Germany. Following what is believed to be the general line of the conversations that took place last April in Geneva, Germany indicates that the time has come when, as a recognition of her equality of status, the same instrument should govern both her own and other nations' armaments, and the general principles applied to German armaments should apply to other countries—a condition which the Disarmament Conference has not yet achieved. Further, she expresses the wish that in a new agreement

her own system of defence should be modified more in accordance with what she holds to be her national requirements, having regard to the economic and social character of the country and the maintenance of internal law and order, but in the belief that later conventions will produce successive reductions in the armaments of the highly-armed States, she clearly indicates that she does not immediately demand an equality in numbers. She is, moreover, prepared to discuss plans for ensuring the security of all other States. If this document stood alone it would make a very powerful appeal to reason, and, indeed, its general thesis is one with which this country should most certainly associate itself. But, unfortunately, it has been accompanied by statements, notably by General von Schleicher, emphasising significantly what would be done for the defence of East Prussia in a manner suspiciously like the sabre rattling of pre-war days. This sort of invasion talk in East Prussia, which a *Times* correspondent reminds us was once roundly condemned by Herr Braun "as a criminal form of playing on the nerves of the population for political ends," is, in part, no doubt, the result of internal politics, and in part due to national strain and irritation. Although all Germans are keenly anxious for recognition of equal status, a great mass of opinion in Germany is fortunately still suspicious of anything that would lead back to military adventure.

Similarly, if we look at the economic sphere we find the German Government declaring, and doubtless with entire conviction, that Germany, for whom "autarchy" contains no hope of salvation, must devote her whole endeavour to re-creating a position for Germany in the international economy of the world. But almost at the same moment she is imposing additional duties on industrial imports, and taking steps to restrict her agricultural purchases. It may be, as our Berlin correspondent suggests in a later column, that the former represents a manoeuvre for position in negotiating with Great Britain; but all these incidents illustrate that in Germany, as in other countries, these rival influences towards nationalism on one hand, with all its dangers to the world, and the re-establishment of an international order on the other, are struggling for mastery.

The forces in favour of international co-operation are stronger than ever before in history. Indeed, although it sometimes seems that our scientific achievements occasionally run away with us and get beyond our control, they are inevitably leading to an international civilisation, and we must find a way to organise it. But if this secular trend is not to suffer a prolonged setback, it is clearly the first task of Governments to create the international conditions necessary for revival, and further, by acting quickly, to generate in the minds of the public a confidence that this reconstruction of international life is not only possible, but will, in fact, be accomplished.

Let us add that this is not a matter that concerns only the political field. At the moment the markets of the world are showing an upward trend and people are beginning to ask whether this is the end of the great crisis, or whether it is merely a temporary reaction from excessive pessimism which will once more fade away into dull depression. Whatever the answer to this question, it must be obvious that no final recovery can take place in the presence of political unrest, or in the face of economic policies destructive to international trade. Failure to grapple with these difficulties; the propaganda which keeps alive suspicion and distrust; inability to understand and meet the preoccupation of nations with whom we have to live and trade—these things will destroy the effect of the most carefully-thought-out endeavours in the financial or industrial field. As to which road we take—whether humanity is to accept the fatalism of Lord Beaverbrook or courageously to control its own destinies—is an issue which affects the personal future of every business man, investor and wage earner. It is a question to which he can personally help to supply the answer.

"A BARREN CONFERENCE."

"It's an ill wind that blows nobody any good," is an adage that may well be on the lips and in the minds of the organisers of the Trade Union Congress, which has been in session this week at Newcastle-on-Tyne. This gathering promised to be one of the dulllest in the long series of annual "chatauquas" held by the Trade Union movement, and it was only the ill-wind of the cotton strike which blew into it any appearance of topical interest. Circumstances had, indeed, seemed to conspire to rob the Newcastle Conference of any outstanding importance either politically or industrially. Politically the National Government is more firmly in the saddle than ever. The achievement of a Reparations agreement at Lausanne, and our Prime Minister's personal share in that achievement, initiated a rise in the Government's prestige, which was effectively accelerated by the triumph of War Loan conversion, while it has even proved possible to persuade a large section of the Press that the result of Ottawa was a success for the British Cabinet. At the same time the political Labour Party shows no signs of recovering its strength from the shattering blows dealt to it last autumn. It lacks leadership, is barren of constructive ideas, and deficient in new blood. The vitality essential for quick recovery from overwhelming defeat is not in evidence. New programmes attractive enough to banish from the public mind the failures of the last Labour Government are not forthcoming. All this being so, the prospect of the continuance of the National Government in office and of the Labour Party in the wilderness for a long spell is becoming every day more certain.

On the industrial side the long continuance of the economic depression and the prevalence of large-scale unemployment have inevitably sapped the strength and drained the resources of organised labour and reduced the membership of its various units. It was inevitable, therefore, that the delegates at this week's meeting should assemble in a spirit of dullness and discouragement, and with the expectation of listening to nothing more than the story of a dismal year and passing pious resolutions on the inefficacy of the capitalist system and the impotence of the present Government to cure economic diseases. It was solely the coincidence of the conference with the deplorable struggle in the Lancashire cotton industry that gave the delegates the opportunity to stifle their yawns and pledge their support to their cotton trade comrades; to pass a resolution condemning the "reactionary policy" of the Lancashire employers; and to cheer Mr Hayday and Mr Pugh, when the former described the cotton dispute as "marking a new cycle of the attack on the workers" and the latter when he said the fight involved "the sanctity of agreements and the fundamental principles on which the Trade Union movement had developed." The decision was taken to raise a fund of £500,000 to support the strikers, but there is little indication at the moment that anything like so large a sum will be subscribed.

Yet even the cropping up of the cotton trouble failed to lend distinction to the proceedings of the Congress. As our readers are aware, the *Economist* has not minced its words in commenting upon the clumsiness and intransigence with which the cotton controversy has been handled by both sides—employers as well as employed—and the degree of verbal bellicosity indulged in at Newcastle by no means exceeds the limits which might reasonably be expected. Nevertheless, it is a little disappointing that the Trade Union Council confined themselves merely to a perfectly natural condemnation of the employers and sympathy for the workers, and failed to make any use of the occasion of the Congress session to initiate statesmanlike steps for the conclusion of a struggle which, every day that it lasts, is imposing fresh losses and sufferings, not only upon Lancashire, but upon the whole country—and this at a time when brighter opportunities might appear to be slowly opening up in the textile world. The opportunity, as well as the occasion, for a move in the direction of settlement was afforded by the letter addressed by the Minister of Labour, Sir Henry Betterton, to both sides—but it was neglected. Although the Minister of Labour did not go to the length of offering the definite mediation

of the Government—a fact which in London inspired pessimistic estimates of the width of the gulf separating the disputants—his letter, to which reference is made in a Note of the Week on a later page, couched in language of impartiality and responsibility, included passages which appeared to afford either side the chance to initiate a peace move without any loss of dignity or surrender of tactical position. The Council of the T.U.C., being fortuitously gathered together at this moment, surely lost a golden chance of raising their prestige in the eyes of the nation by leaving it to the Lancashire employers to make the first—albeit, grudging and tentative—response to the Minister's appeal.

So the Newcastle Conference was barren according to expectations, and barren in spite of unexpected opportunity. Its barrenness regarding matters of general policy was foreshadowed by the opening address of its President, Mr Bromley, to whom the passing years, though they have mercifully mollified an earlier explosiveness, do not appear to have brought the blessings of balanced judgment. Mr Bromley threw away what is normally the biggest opportunity of the year for a Labour leader to influence public opinion. His speech divided itself into two parts. In the first he decried the morality and motives of the moves which overthrew the successful Labour administration and substituted the ineffective National Government—a re-chewing, this, of oft-chewed and unsatisfying political cud. In the second, he proclaimed his remedy for the economic crisis, namely, shorter hours to distribute existing jobs more widely. He had the courage, it is true, to admit that this policy would entail a rise in the costs of production, which industry was in no position to face; but he propounded no solution of the dilemma. Even the address delivered by Mr George Lansbury aroused only a passing flicker of enthusiasm; and it merited no more, for, although the Leader of the Opposition coloured his time-worn attack on the bankers with picturesque phrases, and called for "revolution, not reform," his effort was no more than a traditional platform essay in destructive criticism, which, though momentarily warming to the political temper, is cold comfort to the long-suffering searcher for the means of economic improvement. A grim comment on the whole proceedings is that the biggest headlines which the Congress achieved arose out of a march of unemployed workers on the hall in which it was sitting, and the refusal of the Council to interview their leaders.

THE AUSTRALIAN BUDGET.

ON September 1st, Mr Lyons, the Australian Prime Minister and Treasurer, opened the Commonwealth Budget for 1932-33. As was to be expected, it was framed on conservative lines, excluding the imposition of any fresh taxation, and while it necessarily inflicts certain hardships, it is calculated to improve Australian credit and to assist Australian producers. Mr Lyons began with a review of the actual results for the financial year 1931-32, and immediately found cause for encouragement. As originally cast, this Budget had an estimated deficit of £1,118,000, but, thanks to increases of £3,661,000 in the income tax yield, £356,000 in the land tax yield, and £706,000 in the profits of the note issue, the year ended with a surplus of £1,314,000—this notwithstanding increases in expenditure amounting to over a million.

Mr Lyons thus started the new year with a surplus of £1,314,000, which he at once made use of to relieve the burden of taxation. In presenting his Budget Mr Lyons began with his revenue estimates. These he placed at £27,600,000 for Customs, £8,250,000 for the sales tax, £13,240,000 for direct taxation, £12,796,000 for receipts from Government-owned business undertakings, and £4,100,000 for other receipts. These made a total estimated revenue of £65,986,000, and are apparently arrived at after making due allowance for the effects of the proposed remissions of taxation outlined below. Expenditure was originally estimated at £68,767,000, but on the direction of the Government further measures of economy have been applied, with the result that the total has been

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reduced to £67,288,000. This total consists of £40,685,000 for departments and general services, £13,253,000 for the cost of business undertakings, £915,000 for the Territories, and £12,434,000 for payments to or on behalf of the States. Comparing estimated revenue with expenditure, there is a deficit on the year of £1,302,000, but, after bringing last year's surplus of £1,314,000 into account, there is left a small estimated surplus of £12,000 to be carried forward to 1933-34. Mr Lyons was careful to add that the 1932-33 Budget did not make provision for any war debt payment to the United Kingdom. Had the appropriate allowance been made, there would have been a deficit of £4,900,000.

This Budget contains no additional taxation, but the Government is conducting a review of the incidence of taxation, while at the Government's request Mr Justice Ferguson is carrying out a special investigation into the question of tax assessments. Several important tax concessions are proposed, both to relieve producing interests and also to reduce the tariff in certain respects. Thus a large number of articles used by the agricultural, pastoral, dairying and mining industries are to be exempted from prime duties and the sales tax. All import prohibitions imposed by the late Government in order to correct the adverse trade balance are removed. The special 50 per cent. increase in the ordinary Customs duties, imposed for the same purpose, is being repealed in the case of seventeen items. A new tariff schedule, providing for a lower scale of duties, has been introduced, applying to a long list of articles, including textiles, machinery, certain electrical apparatus and some building materials. Further revisions will be made as and when the Tariff Board presents additional reports, while a full new schedule of duties will be issued as soon as possible after the return of the Minister of Customs from Ottawa, in order to carry out the terms of the Ottawa Agreement.

The economies contained in the Budget come under five main headings. The first was the suspension of the gold bounty. This was originally fixed by the Act of 1930 at £1 per ounce fine on all gold produced in excess of the average annual production for the three years 1928-30, and was due to take effect as from January 1, 1931. The depreciation of the Australian pound against sterling led to an immediate revision of the terms, and the Financial Emergency Act, 1930, reduced the bounty to 10s. per ounce fine, so long as the exchange remained at £130 Australian per £100 sterling. This Act also contained a sliding scale, providing for increases in the bounty above the basic figure of 10s. per ounce in the event of an appreciation in the Australian pound against sterling. The depreciation of sterling against gold has now permitted the suspension of the bounty, and Mr Lyons hinted that its restoration would only be considered if the Melbourne Mint price of gold fell to £5 an ounce.

As regards other economies, the wine export bounty, which last year cost £181,000, is to be limited to £96,000. Further drastic reductions have been made in allowances

to Ministers and Members of Parliament. The income limit, beyond which the maternity allowance ceases to be payable, has been reduced from £250 per annum to £4 per week. A further cut of £8 per employee has been made in all public service salaries and wages. Finally, a reduction of 2s. 6d. per week has been made in all invalid and old age pensions, the maximum pension thus being reduced from 17s. 6d. to 15s. per week.

Mr Lyons concluded with a brief review of the national debt. On June 30, 1932, the aggregate debt of the Commonwealth and States amounted to £1,187,300,000. This represented an increase of £31,800,000 during the preceding year. In explanation of this increase Mr Lyons pointed first to the wheat bounty, which cost £3,300,000, next to £5,000,000 of debentures issued in reduction of London overdrafts, then to the increase in nominal internal debt liability as a result of the recent conversion operation, and finally to the issue of £19,200,000 Treasury bills to finance deficits and loan expenditure, less sundry redemptions. It will be seen that part at least of this so-called increase is only the substitution of one form of debt for another, and Mr Lyons also stated that the internal debt conversion of £556,000,000 had resulted in an interest saving of £6,500,000.

While Australia's debt burden still remains relatively heavy, and while last year's increase is a little disquieting, it is possible in some respects to view her financial position with greater assurance than before. It is necessary, however, also to watch the State budgets, for while the departure of Mr Lang from office has removed one of the main threats to Australian financial stability, the position of the State finances is by no means unquestionably assured. There is, however, reason for hoping that the producer is now through his worst time. The rise in world commodity prices, which began two months ago, will, if sustained, be of great benefit to him, while the tax concessions contained in the new Budget will be a very welcome relief.

We welcome most heartily the tentative steps taken in this budget in the direction of lower tariffs. The removal of many of the emergency restrictions upon imports was obviously the first move to be made. It is difficult to base any considered judgment upon cable reports, as full details are lacking, and we have also still to learn the nature of the forthcoming findings of the Tariff Board and also what is the real extent of the tariff reductions conceded by Australia as part of her share in the Ottawa Agreement. The Australian tariff has also risen to such an inordinate height that we greatly fear that the implementing of all the hints and promises contained in Mr Lyons' speech will still leave room for many further substantial cuts. One thing we hope is that the Government will not be deterred by Australia's dependence upon Customs duties for her revenue. A genuine reduction in her tariff is both calculated to increase the total yield of her Customs revenues and also, by stimulating business, to add to the productivity of other taxes. Thus a definite

movement towards freer trade is not only good business, but sound finance.

The next step in the amelioration of Australian finances clearly lies in London, for Mr Bruce is here to arrange for the flotation of a big Conversion Loan in the late autumn. There is no doubt that, on technical grounds, such an operation possesses a far greater chance of success than it did until quite recently, but we would add one further consideration. In his Budget speech Mr Lyons uttered the definite warning that Australian imports from Great Britain will still be limited by the margin between the proceeds of her exports and the funds required to meet her external debt obligations, both public and private, and so one cannot rule further restrictions upon imports entirely out of account. Clearly, any lightening of Australia's external interest burden would at once be reflected in an increase in her ability to import. Thus we commend to the City of London and to the British creditors of Australia the thought that the successful execution of a conversion scheme would bring to us the direct benefit of a recovery of some of our lost export trade to Australia.

LANCASHIRE'S PROBLEMS.

THE dangers of facile generalisation about the major economic problems of to-day have seldom been more clearly illustrated than in the industrial survey* just completed for the Board of Trade by the Universities of Liverpool and Manchester. Whereas the tendency has been to think of Lancashire as a declining region, with a vast body of unemployed consisting mainly of cotton operatives and coal miners, and in process of being superseded by the new industrial regions of the South, this report brings out clearly that Lancashire consists of clearly differentiated regions, a few almost derelict, a few relatively prosperous, and the rest representing various intermediate degrees; that in 1929, the last "normal" post-war year, only 85 per cent. of the total insured persons in the area surveyed (which was not exactly coterminous with the county) were attached to the cotton industry, and 40 per cent. of the total number of insured persons unemployed belonged to other industries than the main four (cotton, coal mining, general engineering, and textile finishing); and that Lancashire is one of the best-equipped industrial and commercial areas in the country, with her full share of the new industries which are popularly supposed to be almost the exclusive property of the South.

The main purpose of the survey was to ascertain the volume, nature and causes of the surplus labour in Lancashire without splitting hairs over the meaning of the term or attaching too serious importance to the difficulties of exact statistical measurement, which do not affect the trend of the conclusions; to discuss the extent to which the situation may right itself, and to suggest methods of aiding and accelerating the adjustment by the application of a deliberate policy. For this purpose the year 1929 is taken as representative of post-war conditions before the onset of the present depression. In that year about 160,000, or 12 per cent., of the insured population in the region were unemployed, of whom 120,000 were males. The cotton industry accounted for 17 per cent. of the unemployed males and 66 per cent. of the females. One-fifth of the total unemployment was concentrated in the cotton-weaving belt of the North-East. This large surplus of labour owed its existence to the rapid increase in the population available for employment, but an increase of 9 per cent. in the employment capacity of the region between 1923 and 1929 improved the unemployment situation to some extent during that period. Migration has afforded little relief to the district as a whole, but there has been some redistribution of population within it, and the population of the areas in which unemployment has been highest has actually declined. The report does not hold out very much hope of reduction of the labour surplus by migration to any great extent in the future, but suggests that a substantial and permanent contribution would be made if the school-leaving age were raised.

The characteristics of the labour surplus are examined

in greater detail for each of the principal industries. The cotton industry presents especial problems because of the preponderance of females and the large number of women who continue in employment after marriage. This makes for a high degree of labour immobility which greatly reduces the possibility of improving the situation by redistributing the population, and it is actually stated that in certain branches of the clothing trades expansion is held in check by a shortage of skilled female machinists in the neighbourhood of Manchester, where the industry is mainly concentrated. Another characteristic of the labour surplus is the large number of workless between the ages of 18 and 24—a disastrous age at which to experience prolonged unemployment. This is attributed partly to the fact that workers in this group began their industrial life during a period of high unemployment, so that many of them have never had long enough periods of continuous work to acquire the skill and experience proper to their age, and partly to the fact that as the entrance of juveniles to the industry was continued at a far greater rate than was called for by the prospects of the industry, there was a "banking up" of young workers who, in more favourable circumstances, would have been promoted to more responsible positions. This steady inflow of juveniles continued right up to 1929, apparently because these young entrants saw no hope of employment elsewhere.

The report makes certain suggestions for dealing with this surplus, of which the principal are the keeping of records of employment for juvenile workers, in order to prepare the way for regulating entry to the trade; the attempt to secure to every entrant an adequate period of skilled instruction; the abolition of such short-time working and under-employment as is the result of the existence of permanent surplus capacity of capital equipment, and the seizing of every opportunity to distribute the burden of unemployment in such a way as to minimise the damage it inflicts. That the industry will again attain even the employing capacity it had in 1929 is very problematic, especially in view of the technical developments, examined in some detail in the report, which may be expected to reduce the demand for labour in the future.

The position of the coal industry is somewhat different. The increase in unemployment during the post-war years has taken place concurrently with a decline in the number of insured workers, but this movement out of the industry has been for the most part unassisted; the report states that more than half the miners who were moved under the industrial transference scheme between January, 1929, and March, 1930, have since returned home. In direct contrast to the labour surplus in the cotton industry, the 20,000 unemployed miners in the years 1928-30 were mostly adult males and 60 per cent. of them were unskilled. The conclusion reached as a result of the survey is that the industry will be fortunate if it succeeds in maintaining the 1929 level of employment, so that the problem of finding new employment for the surplus miners, most of whom are concentrated in a small area, will have to be handled. A similar, though numerically smaller, task is presented by the general engineering industries.

The survey thus brings into clear relief the fact that there was in Lancashire in 1929 a large surplus of labour in the staple industries, and that, as recovery from the present depression to the 1929 level seems to represent the upper limit of what may be hoped for, it is extremely unlikely that any of this surplus will be reabsorbed into its former employment. Experience has shown that assisted migration to other parts of the country is not a very successful method of handling the problem, so that the solution will have to be sought in the expansion of the other existing industries, and the introduction of new industries, within the area. Fortunately, the survey reveals that conditions are by no means unfavourable for this. In addition to local government and the distributive trade, both exceedingly large employers of labour, the electrical industries, street transport and the clothing industry have all expanded very rapidly since 1923, and the same is true of a number of smaller industries. The forty-two industries which expanded most rapidly in Great Britain and Ireland between 1923 and 1929 expanded, taken together, at almost the same rate in the region covered by the survey, though they lost ground during the exceptional depression

of the cotton trade in the two years which followed. The report, however, draws attention to certain less satisfactory aspects of the present position: first, that certain areas, especially in the North-East, are not sharing in this growth; second, that the present organisation of the distribution of electricity is defective in several ways; third, that the decline in the old industries has been very much greater than the expansion of the newer. On the other hand, the long experience which the survey region has had in catering for almost every type of industry, and in handling both home and export trade, has led to the development of unique facilities which render the area an exceptionally suitable centre for industrial expansion.

The principal objections which are apt to be raised against Lancashire as a centre for the establishment of new industries are dismissed in the report as of little importance. The difference in cost attributed to differences in local rates is said to be infinitesimal; labour costs, having regard to the higher quality of Lancashire labour, are not higher than elsewhere; there is no lack of sites offering an attractive environment; and the idea that labour is difficult to handle has, according to the report, little foundation.

It appears, therefore, that Lancashire already possesses much more than the nucleus of the solution to her own problems, but the development of that solution does not lie in her own power, since local development councils in different parts of the country would inevitably cancel, to a great extent, the effects of each other's activity. The chapter in which the possibility of some form of national industrial planning is touched upon is perhaps the most interesting in the report. The overwhelming argument in favour of such a course, which is persuasively represented in the report as less drastic than might at first sight appear, is the appalling waste involved in the reduplication of labour, since many people, especially women, who formerly did not work for wages, are being drawn into the labour market in South-East England and thereby complicating the unemployment situation.

Whatever is to be done, it must await the passing of the present general depression, for the remedies sought are essentially remedies for a permanent and localised evil. But when the tide has turned, and these rocks of localised unemployment again stand out and challenge attention, determined action will have to be taken, and the probability is that it will have to be taken along the lines which this survey has suggested. The principle of town-planning having already been accepted, there is nothing revolutionary in the idea of extending it to cover the wider area of the nation.

IMPRESSIONS OF AMERICA.

(BY A CORRESPONDENT.)

As I made the rather tedious journey in the slow train from the lower storey of New York Grand Central Station towards my destination in the north-western corner of Massachusetts, I kept my ears open to the snatches of conversation around me. This was at the beginning of August; and I had travelled by the same slow train to the same place, at the same "silly season," just seven years before. Comparisons were inevitable; for, that last time, I had watched America soaring on an upward flight of prosperity which was already carrying her, in foretaste, into the Elysium. How was she faring now that the wings had turned out to be no better than inflated gasbags—and not fool-proof bags at that? But let us hear what is passing between the conductor and my fellow-passengers as the train lingers at this wayside station; for we are just entering the cotton-manufacturing district of Western Massachusetts—a decentralised industrial region of small towns with two or three mills in each. "Are these mills working here?" they ask the conductor. "Why, one of them is," he answers, "but only for three days a week." The anxiety in their voices and the gloom

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in his—it was incredibly and uncannily familiar. Shut your eyes and transpose the sound of the voices from the New England accent into the speech of Yorkshire or Lancashire, and it might be an August echo, across the Atlantic, of conversations to which I had been listening in England in July. And I was to hear much more of the same talk in other New England towns before the month was out. "Ichabod: the glory is departed from Israel," is the cry that goes up from New England, as well as from Lancashire, to-day; and it makes little difference whether the trade has migrated to Osaka or Ahmedabad from Oldham, or to North Carolina from North Adams. In either case, the shock to the sense of security and the self-respect of an old-established industrial community—long since convinced that it was the chosen people of the God of Spindles—is equally painful and profound. . . .

My next experience was to find myself translated in a moment of time from New England to New York and taken up into an exceeding high mountain—the magician being the express elevator of the Empire State Building. As I stepped out on to the crown of that dizzy pinnacle and peered gingerly over the parapet, I had, for an instant, the strange illusion that I was looking upwards instead of downwards. For the lights of New York, as they twinkled in the void right up to the horizon, seemed as numerous and as distant as the host of heaven, while the diffused light on the waters of the Hudson counterfeited the milky way. The illusion vanished as the traffic, stopped dead for a moment by ten thousand red lights, was suddenly set in motion again by ten thousand green; and I became aware that the starry heavens below me were being threaded by motor cars no bigger than beetles and people no bigger than ants. Thus human megalomania stultifies itself by reducing Man himself to insignificance as it magnifies Man's handiwork. My spirit rebelled against this Empire State Building; and my imagination set to work to take its stature down a peg. Was this *chef d'œuvre* of New York sky-scrapers really such a Goliath as it claimed to be? Supposing, for instance, that those creeping, crawling, swarming figures below were really not men and women but ants or termites: would not the pinnacle on which I was standing be nothing accounted of in their termite eyes? A sketchy operation of mental arithmetic assured me that this pretentious Empire State Building would have to be half as high again before its altitude exceeded the stature of a man by the same measure, scale for scale, in which a ten-foot-high termites' nest exceeds the stature of a termite. And this steel-and-concrete obelisk was also dwarfed into insignificance, in another way, by the infinitely loftier pile of monetary inflation which had been reared upon it. I suddenly beheld the whole material sky-line of New York as the stumpy foundation of an airy structure of incomparably greater altitude. But whither had those cloud-capped towers of credit vanished? The unsubstantial pageant had faded; but it had not been so obliging as to leave not a reek behind. The reckoning was there in the eighty-storeys of unrented office-room below my feet, and in the de-valuated mortgage-bonds in the safes of exasperated creditors.

Would the same gorgeous palaces be run up again, with the same baseless fabric, at the first temptation? The question was pertinent; for on that night, last month, when I was up aloft on the Empire State Building, a boomlet was being promoted down there in Wall Street. The price of hogs had started to rise, and everybody was

in a flutter of pleasing expectation. Were they really going to repeat the performance of 1929? I spent most of the rest of my time in America in looking out for the answer to that particular question.

There were certain phenomena which pointed to an answer in the negative. One morning, for instance, I happened to be assisting at a meeting in a New England summer-school where "South American Investments" were the agenda, and the business was being discussed between the audience and the representative of a New York issuing house. This gentleman should have been more careful; for his very surname—which approximated to "Booster"—was enough in itself to excite the suspicions of his audience. All the same, Mr "Near Booster" had the temerity to suggest that the soundness of a foreign investment was the investor's look-out and was not the responsibility of the issuing-house which happened to handle the transactions for him. And at these rash words the audience "went off the deep end." I have never seen so sedate a company so astonishingly transformed. I can only compare their behaviour with the conduct of the Jews when St. Paul came to the provocative passage in his speech from the stairs of Castle Antonia, and they lifted up their voices and said: "Away with such a fellow from the face of the earth," and cried out and threw dust upon their heads.

I came away from that meeting convinced that this generation would have to pass away before the investing public of the United States could be induced to burn its fingers in that kind of business again. But the Old Adam dies hard; and the very next day my conviction was shaken by an anecdote which was served up to me, piping-hot, by a friend just arrived from New York itself. This friend of mine had a brother on the New York Stock Exchange; and this brother, like every member of his profession, had been bearing the brunt of the slump until he was stony broke. By grace of the August boomlet, he had been refreshed by a faint breeze of business in his dead-alive office for just a week, when he was rung up by an agent for the Lincoln car. "Wouldn't Mr Featherhead allow him to drive him home from the office that evening in the new model, to demonstrate its excellences?" Taken thus unawares, Mr Featherhead was righteously outraged, and explained to the enterprising agent over the telephone, with some asperity, that, so far from contemplating the purchase of a new car of an expensive model, it was as much as he could hope for if he could avoid having to sell off his old car and find himself left with no car at all. But the Lincoln agent was not so easily intimidated. "There is no commitment involved," he had answered blandly, "so I shall call for you this evening all the same"; and Mr Featherhead, the stockbroker, had sulkily capitulated. "And the joke of it is," said my own Mr Featherhead, in telling me the story, "that the agent knew well what he was about. For that was a week ago; and yesterday, when this boom on the Stock Exchange had lasted out for another seven days, my brother actually said to me: 'Well, really, you know, I have done good business again this week; I am not sure that I shall not buy that Lincoln car after all. The new model is really rather attractive.'" As we shook our heads together over this tale in solemn but impotent depreciation, I wondered whether the Rip Van Winkles of the American *ancien régime* had learnt anything or forgotten anything after all.

Well, I fancy there is one thing which a good many Americans have learnt: and this was borne in on me as I watched the faces of a distinguished audience that was listening to Mr Stimson, the Secretary of State, while he was making an important statement on the 8th of last month about the principles of American foreign policy (a statement to which the *Economist* has already done justice in its comment). I believe the American people has been cured of its former habit of regarding the troubles of the world with the eyes of spectators who feel themselves immune and consequently superior. They are no longer inclined to thank God that they are not as other men are, but are rather in a mood to beg for a share of God's mercy to sinners. This is one recent English observer's reading of the present American state of mind, as far as a passing visit can reveal it. And if that reading is correct, it is

surely of good augury. For when all the nations of the world begin to realise that they are in the same boat, we may begin to have a glimmer of hope that the boat will be piloted through the storm by its motley crew with at least sufficient accord to save it from capsizing.

Notes of the Week.

Next Steps in India.—In the speech in which he opened the new session of the Indian Legislative Assembly at Simla on Monday, the Viceroy made some important announcements in regard to future policy. The Consolidated Ordinance is to be dealt with, when it expires at the end of the current calendar year, by incorporating "a considerable number" of its provisions in the ordinary law, while other provisions will be incorporated in provincial legislation where this is thought to be required by local conditions (the chief case in point being Bengal). How far these proposals will meet the objections which the Ordinances have evoked from moderate as well as extremist opinion remains to be seen. In regard to the implementing of the constitutional reforms, His Majesty's Government have now given up the project, announced in June, for a discussion of its proposals between a joint select committee of Parliament and a consultative committee of selected Indian representatives. The new plan is for a small body of Indian representatives—whose status is to be that of the delegates to the Round Table Conference—to meet the Government itself in London in November. And, after an informal discussion in this form, specific recommendations are to be submitted by the Government to a joint select committee of Parliament and thereafter to Parliament itself. The Government are, of course, right in their determination to make all possible speed in bringing the new regime in India into operation; but they will defeat their own ends if they fail to carry with them a sufficient nucleus of enlightened Indian opinion to put the new constitution into operation with some prospect of success. They have done well, therefore, to modify their procedure in a way which will make it possible for the Indian Liberals to co-operate.

The Stress Conference.—This week has seen the addition of yet another international conference to the long list of such gatherings. The meeting at Stress, which brings together representatives of Western European creditors and Central and Eastern European debtors (not for the purpose of discussing debts but with the aim of seeking solutions of economic and financial difficulties), owes its existence to a resolution passed at the Lausanne Conference; and, judging by the amount of space devoted to it in the *Continental Press*, it falls little short of Lausanne in its appeal to European public interest. The early days have been devoted to prepared statements, first by the French chairman, M. Bonnet, and afterwards by the official delegates of all the other countries represented. These statements, inevitably perhaps, do more to show up the difficulties of the problems to be faced in connection with the rehabilitation of Eastern Europe than to suggest the means of attaining the end. Inevitably, too, stress has been laid upon the conflicting interests of the predominantly agricultural and the predominantly industrial countries, and between the importers and exporters of particular commodities; while the appeal of the British representative, Mr Addison, for the lowering of tariffs and the abolition of exchange restrictions, was coldly countered by arguments from several delegates that sweeping or sudden movements of the kind were impossible. If this were all, the prospect of any concrete achievement at Stress would be small indeed. But hopes of something better are perhaps permissible in several directions; firstly, in the opening speech of M. Bonnet, in which he declared that the time had passed for temporary expedients, and that the task of the conference was to devise a durable basis for economic recuperation; secondly, in the consensus of views expressed that it is in the economic sphere that first and drastic action should be taken; and thirdly, in the generally admitted recogni-

tion that the sands are running out and something constructive must be done immediately. This recognition is the more welcome because it is one of the inevitable disadvantages of the holding of successive conferences that the participating Governments are apt to delay unpleasant internal measures in the Micawber-like hope that "something will turn up." The conference has now split up into committees and is getting down to its muttons. The distressed countries will expect it to produce results.

Government and the Cotton Strike.—Our Manchester correspondent writes:—The Minister of Labour intervened in the dispute in the weaving section of the cotton industry on Tuesday by sending a lengthy communication to the leaders of the employers and the operatives, in which it was suggested that "in order to examine the facts and to reach conclusions on the different subjects in dispute it might be desirable to appoint committees to make recommendations to the main body, and I would commend to them for consideration the appointment of special committees for such matters as wages and conciliation, which have operated with great success in other industries. I wish to suggest that the two sides should meet as early as is practicable in order to discuss the line of approach I have suggested above, and to make a new effort to avoid a further waste of the resources of the industry and those engaged in it." The letter from Sir Henry Betterton was considered at a meeting of the Central Committee of the Cotton Spinners' and Manufacturers' Association on Wednesday, following which an official statement was issued saying that "The employers feel that they cannot refuse to take notice of an invitation from the Minister of Labour to attend a meeting, and, if invited, would accept such invitation in order to hear from a representative of the Ministry in greater detail what is the purport of the suggestions the Minister puts forward in his letter." A reply to this effect has been despatched to Sir Henry Betterton. Whether the operatives will follow suit is a question still under deliberation as we go to Press, but it is believed that such a step is likely and imminent. If that should happen Sir Henry Betterton would presumably lose no time in calling a conference at which the leaders of both sides would be present, and hopes of a settlement would begin to run high. Against this, unfortunately, has to be set the result of Thursday's ballot of the operatives in the spinning section of the cotton industry, which revealed a very large majority in favour of cessation of work.

More Import Duties.—Once more the Import Duties Advisory Committee has laboured and another litter of mice has appeared. Their latest list of additional duty recommendations, which has promptly been given effect to by a Treasury order, embraces gloves, paints and colours, wood screws, scissors, hair combs, lined strawboard, wrapping paper, poultry and meat pastes and sausages, and glacé, etc., cherries and candied or drained peels. This list itself is sufficient to recall Mr Baldwin's famous saying that the schedule of Key Industry Duties in the 1921 Safeguarding Act reminded him of a marine store dealer's stock-in-trade. As regards leather gloves, the Committee consider that a "moderate" (sic) increase in the duty from 20 to 30 per cent. is justifiable; but, ironically enough, fabric gloves, which were a storm-centre of the safeguarding debates of ten years ago, have been turned down on the very proper ground that it would take a very heavy duty to provide effective protection, and that this would entail a considerable increase in price, a serious contraction of consumption, with adverse reactions on the yarn industry of Lancashire, which provides fabric glove manufacturers with their raw material, wherever they may happen to be. Truly the Free Trade arguments of the early 'twenties have come home to roost with a vengeance. Indeed, the Committee proposes to examine the question of the removal of the additional duty of 10 per cent. to which glove fabric is now subject. The Committee has next proceeded to include within the purview

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of the additional duty on paints and colours, printers' ink, varnishes, lacquers and enamels, which previously had been exempted as a matter of caution, and also (but with certain exceptions) pigments and extenders. One exception relates to pigments coming within the terms of the Dyestuffs (Import Regulation) Act, on the ground that these are already subject to licence. On the next item, wood screws, the Committee clearly felt some qualms, for the home manufacture is under the control of a single group of manufacturers; nevertheless, they allowed themselves to swallow this group's assurance that an adequate degree of protection will enable them to reduce their prices, and so recommend a total duty equivalent to 3d. a lb. or 1½d. a gross, whichever is the greater, for screws not over 8 gauge, and 2d. a lb. for screws over 8 gauge. Here we would remind the Committee of the existence of the clause in the Import Duties Act providing for the immediate removal of any duty in the event of any abuse by home manufacturers. Various specific duties upon scissors are recommended, equivalent approximately to 20 per cent. *ad valorem*; but secateurs are to be exempt. This, however, has to satisfy the Sheffield Cutlery Manufacturers' Association, for their application for additional duties upon other cutlery has been rejected. Certain amendments of the scope of the additional duties on hair combs and lined strawboards are proposed, while the British wrapping paper industry is to receive "further support" by the increase of the duty on certain kinds from 20 to 25 per cent. The duty on meat pastes and sausages is to be raised from 20 to 30 per cent., while the additional duty over the sugar customs and excise duty on glacé cherries and candied or drained peels is, on the ground that these are luxury articles, to be 25 per cent. for cherries and 20 per cent. for peels. Another modest essay is thus made in food taxation. Many of the articles dealt with in the new schedule are of minor importance. But the general tendency of the work of the Advisory Committee is profoundly disquieting for two reasons. Slowly but surely it appears to be yielding to the insidious urge for raising duties, and to be entering on the slippery tariff path that leads from "moderate" to "high" and from "high" to "prohibitive." Equally surely our growing and widening tariff is increasing the already grave number of impediments to the growth of international trade.

The First Drawback Order.—We turn with some degree of relief from the Import Duties Advisory Committee's list of new duties, discussed above, to their first recommendation of a drawback in respect of the re-exportation of certain commodities, given effect to by the Treasury in the Import Duties (Drawback) (No. 1) Order. It is a sign of grace that the Committee have not entirely overlooked the importance of our entrepôt trade, and that they are aware that the present facilities available for

enabling goods intended for re-exportation to be dealt with without payment of duty are not sufficient to meet the needs of the re-export trade. In particular the Committee calls attention to the need that imported articles should be displayed to buyers for export on the importer's premises, often in conjunction with British goods, and the report implies that the Committee recognises that our re-export trade and export trade are of mutual assistance to each other. The Committee, therefore, recommends a drawback, to extend to the general and additional duties, in respect of blankets, shawls, coverlets and travelling rugs; carpets and floor coverings; handkerchiefs; table and bed linen, towels, curtains, cushions and tapestries; certain other textile materials; articles of apparel of all kinds, complete or incomplete; boots and shoes of all kinds; and fur skins, dressed. The Committee calculates that this schedule will cover re-export trade amounting to nearly £5,000,000 at the level of 1930. As our total re-exports for that year amounted to £87,000,000, this can only be regarded as a very small first contribution to meet a pressing need. It is greatly to be hoped that the Committee will extend its labours in this direction rather than in that of devising fresh additional duties.

The Resignation of Mayor Walker.—The resignation, on Friday, September 2nd, of Mayor Walker of New York City is a triumph for Mr Franklin Roosevelt, the Governor of New York State and the candidate of the Democratic Party for the Presidency of the United States. Mayor Walker's administration has long been notorious; but latterly his alleged misdemeanours had become so flagrant that—even on the tolerant American standards in such matters—it became necessary for something to be done about it; and, by the constitution of New York State, it was incumbent upon the Governor to bring the Mayor of New York City to book. Thus Mr Roosevelt was faced with a critical choice within a few days of his nomination, at the Democratic Convention, as his party's presidential candidate. Should he evade a conflict which might ruin his own chances of the Presidency and split the ranks of his own party into the bargain? In favour of inaction it might have been argued that, however irregular Mr Walker's conduct might have been, there was no reason to suppose that he was doing anything worse than what had been done with impunity by many of his predecessors in office. Moreover, Mr Walker was the nominee of Tammany Hall; and there were many things about him—his elegant clothes, his affability, and the facts that he was a Catholic and that he had risen from humble origins—which endeared him to large sections of the New York populace, without regard to his official record. In spite of these considerations, Governor Roosevelt decided, to his credit, not to "play politics" but to do his duty. And the sequel seems to be showing that, in taking the courageous and honourable line, the Democratic presidential candidate has shown sound political sense as well as public spirit. What Governor Roosevelt did was to summon Mayor Walker to Albany, the capital of New York State, and subject him to a searching cross-examination. The text of the proceedings, reported in full, filled whole pages of the American press for days; and the effect upon the Mayor's position was shattering. It was in vain that he employed the ablest counsel to use every legal quibble for delaying the proceedings, or that he stage-managed enthusiastic greetings from sympathetic crowds, or that he had himself photographed attending mass with his wife on Sundays. His resignation signalises his discomfiture; and even the Hearst Press has thought it provident to declare against him. This conflict has been a family affair in the bosom of the Democratic Party; for Mr Seaburn, the counsel for the Municipal Affairs Committee of the New York State Legislature, who has been Mr Roosevelt's right-hand man in the conduct of the Walker inquiry, is also a Democrat, like the Mayor and the Governor. The result of this affair ought to strengthen the hands of the Democratic Party, and it should also improve the chances of Mr Roosevelt himself, for he has gained a personal prestige which should outweigh in electoral value the resentment of an already lukewarm Tammany. How much it will do

for the cause of honest administration in American municipal government is another question. It is to be feared that little genuine progress can be made in this field until there is a wide and deep change in American public opinion.

Latin-American Convulsions.—If the present "boomlet" in the United States really presages the beginning of economic recovery, it is to be hoped that the beneficent effects of this turn of the tide in North America will be felt without delay in the Latin countries of the New World. For these unfortunate countries are paying the price of the world depression not only in economic, but also in political coin. The severity of the slump in Latin-America may be measured by many statistical indices: e.g., by the decline in the foreign trade of the Argentine. It may be measured in political terms by an atavistic return to the chaotic political conditions of the last century, which, in the "A B C" States at least, appeared to have been definitely transcended. The present bout of Latin-American revolutions began in the summer of 1930; and the most lamentable feature of the phenomenon is that there can be no finality about it so long as the world depression goes on. These Latin-American countries are falling out of one revolution into another, as a victim of fever tosses first to this side and then to that side of his bed and only aggravates his malady by the convulsive movements in which he vainly seeks relief. The outstanding example of this vicious circle of slump and revolution and worse slump leading to fresh revolution is the United States of Brazil: the largest, and, in normal times, the wealthiest of the Latin-American Republics. After having been through one severe civil war as recently as October, 1930, Brazil plunged into another internal conflict this July, when the vanquished of two years ago rose in arms against the victors—calculating, no doubt, that twenty months of office under slump conditions was quite enough to have sapped the strength and exhausted the popularity of any Federal Government at Rio de Janeiro. In Brazil, the civil war, on both occasions, has taken a geographical shape. The question at issue is which State or States, in this unwieldy Confederation, is to sway the Federal Government or (in terms of the slump) to be saddled with the Federal burdens. Hitherto, Federal politics at Rio have usually been controlled by the nearest and wealthiest of the States: the coffee State of Sao Paulo. The revolution of 1930 represented a successful attempt, on the part of the outlying States of the north and the south in coalition, to deprive Sao Paulo of its traditional hegemony. At the present moment, the Paulistas are fighting to throw off the yoke of the Federal Government which the Revolution of 1930 brought into power. The Paulistas are standing on the defensive because, once again, they are fighting a lone hand. All the same, they have better prospects than before of getting their way, since this time the Southern States—Minas Geraes and Santa Catharina and Rio Grande do Sul—are remaining neutral, and are leaving their nominees at Rio to fight their own battles. Unhappily, however this latest civil war in Brazil may turn out, there is little hope of its ending in any permanent peace, because it manifestly cannot bring prosperity, but can only aggravate the economic troubles which Brazil is suffering in common with the rest of the world. It is the same story in Ecuador, where a "Conservative" revolt in Quito, the Federal capital, has just been stamped out after several days' fighting, which is reported to have cost eight hundred lives. Meanwhile, Bolivia and Paraguay are still hovering on the brink of a formal war in the Gran Chaco over the possession of a river frontage which the now fast ebbing tide of international trade had barely touched at its full flood. It is a melancholy spectacle that is revealed by a survey of Latin-America to-day.

Ottawa Interpreted.—There is so much surmise about the details of Ottawa agreements which have not yet been published that any reference by a member of the Government to the real meaning of what has been done merits careful notice. From the *Times'* report of a speech

delivered in North Lanarkshire on Saturday by the Attorney-General, Sir Thomas Inskip, we extract the following:—

Ottawa, he said, was not a policy of isolation. It merely represented the action the British Empire had taken for lowering tariff walls within its own confines in the sure and certain hope that other nations would see the advantages of being admitted to the same close trade relations.

Our comments upon the proceedings at Ottawa would have been very different had we seen any reason for believing that such an interpretation as that quoted above will be justified when all the facts are known.

Sterling and Gold Prices.—The past fortnight has witnessed a substantial increase in both sterling and gold wholesale prices. The *Economist* primary products sterling index has risen by 7.5 per cent., while the gold index of primary products has risen by 6.0 per cent. The advance is most noticeable in the case of butter, cotton, and non-ferrous metals, but it is by no means confined to these commodities, and, indeed, is spread over practically the whole field.

SEPTEMBER 18TH, 1931 = 100.

Date.	<i>Economist</i> Index.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistik Reichsanstalt, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	97.3	93.3	97.1	96.1
Dec. 30th ...	108.9	117.1	94.4	96.1	93.4	96.9	94.6
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.8	93.6	98.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th ...	103.8	105.4	83.6	88.6	97.0	95.3	90.3
May 18th ...	102.6	105.9	81.9	86.6	95.1	93.4	89.4
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 15th ...	97.8	99.7	80.5	86.4	91.5	89.5	88.1
June 29th ...	97.4	99.3	80.5	86.4	91.3	89.2	88.0
July 13th ...	97.5	101.3	82.6	87.3	91.3	88.5	88.1
July 27th ...	99.5	103.5	84.1	88.3	88.4	88.5	88.0
Aug. 10th ...	101.0	108.6	88.5	89.8	89.0	89.3	87.1
Aug. 24th ...	102.5	111.8	89.3	90.5	...	90.2	87.5
Sept. 7th ...	107.1	120.2	94.7	...	...	...	...

* These figures relate to August 31st.

As is to be expected, the fuller index numbers, both British and foreign, which include a proportion of semi-finished goods as well as primary products, have moved in more sober fashion. The *Economist* British complete index number has risen by 4.5 per cent., while the foreign index number has risen by 1.5 per cent., while the foreign index number has risen by 1.5 per cent. Recent calculations published in the *Financial Times* show that, while since the bottom of the price curve the sterling price of 24 raw materials has risen by 18 per cent., the corresponding increase in more finished goods is only 2 per cent., and this discrepancy both explains the relative stability of the complete *Economist* index number and also suggests that the lag of finished goods prices operates during a rise as well as during a fall. Details of movements in the *Economist* index during the past fortnight are given below:—

	"ECONOMIST" INDEX.			
	(1927 = 100).	Sept. 18, 1931.	June 29, 1932.	August 24, 1932.
Cereals and meat	64.5	68.9	65.5	66.7
Other foods	62.2	57.6	61.2	64.4
Textiles	43.7	43.7	50.8	55.0
Minerals	67.4	67.4	72.9	78.0
Miscellaneous	65.8	58.4	60.7	62.0
Complete index....	60.4	58.8	61.9	64.7
1913 = 100	83.1	80.9	85.2	89.0
1924 = 100	52.2	50.8	53.5	55.9

The table also includes the figures for June 29th last, the date on which the bottom of the curve was reached. It will be seen that the subsequent improvement has been most marked in the textiles and minerals groups, and that cereals and meat have actually lost ground.

The Unemployment Figures.—According to the figures issued by the Ministry of Labour this week, the number of insured persons aged 16-64 in employment at

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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August 22nd was 9,280,000, a decline of 37,000 on the month and 85,000 less than in August, 1931. The unemployment figure at the same date was 2,859,828, made up of 2,040,078 wholly unemployed, 719,295 temporarily stopped and 100,455 normally in casual employment. The total was 48,046 more than in July and 126,046 more than in August last year. The increase in unemployment since July is too great to be accounted for by purely seasonal causes; that a considerable part of it is due to the effects of the cotton trade dispute is illustrated by the fact that in the London and South-Eastern district the figure has fallen since July.

International Cotton Statistics.—The International Federation of Master Cotton Spinners' and Manufacturers' Associations has published the annual statistics relating to consumption and stocks of raw cotton for the season ended July 31st last. The consumption of all kinds of cotton throughout the world during the twelve months was 22,323,000 bales, against 22,488,000 bales in the previous year. It is significant that an increase of 1,411,000 bales took place in American cotton and 127,000 bales of Egyptian cotton, but there were decreases of 1,074,000 bales in Indian qualities, and 629,000 bales in sundry cottons. It is evident, therefore, that numerous spinners have turned from Indian to American descriptions owing to the relatively lower prices of the latter qualities. Mill stocks of all kinds of cotton on July 31st last were 4,483,000 bales, against 4,313,000 bales a year earlier, and in this connection the figures for American qualities are 2,559,000 bales, against 1,871,000 bales. The Federation announces that, on July 31st last, compared with January 31st, there was a decrease in the number of spinning spindles throughout the world from 162,070,000 to 161,016,000. The Federation has published the usual statistics relating to short time working in the mills. It is reported that in Great Britain the stoppages during the half year ended July 31st last were equal to 10.32 weeks of 48 hours, against 10.51 weeks in the previous half year. With regard to Japan, the short time in the second half of the season amounted to 15.57 weeks of 48 hours, as compared with 14.42 weeks in the previous six months, whilst in China the stoppages during the half year ended July 31st last were equal to 15.95 weeks of 48 hours, against 5.67 weeks in the previous half year.

World Conference Arrangements.—Four nations and the B.I.S. have now nominated their representatives for the experts' preparatory meeting at Geneva, at which the

preparatory spade-work for the World Economic Conference will be done. The list is as follows:—

B.I.S.: Dr. L. J. A. Trip and Mr. Leon Frazer.
 BELGIUM: Sir Frederick Leith Ross and Sir Walter Layton.
 ITALY: Signor de Michelis and Signor Bianchini.
 BELGIUM: M. Franconi and M. van Langenhove.
 JAPAN: Mr. Kawai and Mr. Tushima.

The representatives selected by the Council of the League have also been chosen. In his capacity as President of the Lausanne Conference, Mr Ramsay MacDonald has thus informed the Secretary-General of the League of Nations of the agreement by the Powers concerned that this meeting should take place at Geneva and open in the latter half of September. The volume of work before this preparatory conference will be heavy and it depends upon the speed with which the experts are able to "clear the ground" how early a date will be a practical possibility for the holding of the plenary Statesmen's Conference.

Science in Doubt.—A remarkable address was delivered at York, on the last day of August, by Sir Alfred Ewing, who is this year's President of the British Association for the Advancement of Science. The occasion was historic; for the British Association was celebrating its hundredth anniversary in the city where it was born, while Sir Alfred's own memory covered more than half the span of the Association's life. He told his fellow-members that he had actually attended his first meeting of the Association sixty-five years before, as a boy of twelve. In reviewing a century of scientific achievement, this year's President was thus speaking with authority, and it is significant that he ended on a note of doubt—a curious change from the dogmatic and aggressive tone of self-complacency and self-confidence which mere laymen and humanists have grown accustomed to hearing in the voice of physical scientists speaking *ex cathedra*. The new-born doubt of which Sir Alfred Ewing has made his frank and dignified acknowledgment is really two-fold. It has both an intellectual side and a moral. On the intellectual side, physical science appears to be baffled at the moment by the intellectual consequences of its own most recent discoveries, which it finds itself unable at present to formulate in the precise and concrete terms of its nineteenth century classical age. This state of intellectual doubt is nothing new in the history of modern physical science; and the precedents indicate that it is a natural immediate consequence of a sudden spate of discovery. This kind of doubt, then, seems likely to be transcended as soon as science has invented new formulæ and notations and concepts to convey its new knowledge. It is otherwise with Sir Alfred Ewing's moral doubt; for this resembles rather the doubt which ancient science inspired in the hearts of Socrates and the Stoics and the Epicureans and the Christians, and this doubt was longer lived than ancient science itself. "In the present-day thinkers' attitude," he said, "towards what is called mechanical progress, we are conscious of a changed spirit. Admiration is tempered by criticism; complacency has given way to doubt; doubt is passing into alarm. There is a sense of perplexity and frustration. . . . An old exponent of applied mechanics may be forgiven if he expresses something of the disillusion with which, now standing aside, he watches the sweeping pageant of discovery and invention in which he used to take unbounded delight. . . . We are acutely aware that the engineers' gifts have been and may be grievously abused. In some there is potential tragedy as well as present burden. Man was ethically unprepared for so great a bounty. In the slow evolution of morals he is still unfit for the tremendous responsibility it entails. The command of Nature has been put into his hands before he knows how to command himself." This confession, coming from this source and made on this occasion, is very striking. If our scientists begin to speak this language, we laymen may begin to feel that they have something really valuable to teach us.

Overseas Correspondence.

UNITED STATES.

Finance — Industry — Railroads — Banking.

(FROM OUR CORRESPONDENT.)

NEW YORK, August 31.

WALL STREET has paid no great attention to the visit here of Mr Montagu Norman, Governor of the Bank of England. It has been inclined to accept the explanation of George Harrison, Governor of the Federal Reserve Bank of New York, that Mr Norman's stay of a few hours here, when he met no Treasury officials, and only a few close friends, had no special significance. It has been explained that Mr Norman did not travel under an assumed name, and that his principal object was to see old friends. However, the Hearst Press has seized the opportunity to see in the visit a plot to cut foreign debts at the expense of the American taxpayer, and is giving much space to all sorts of fantastic rumours, including one that bankers are discussing a \$3,500 million international loan to commercialise all war debts. That story is regarded in good quarters here as highly imaginative.

Meanwhile the Treasury is about to announce its tax date financing. It is now expected that upwards of \$1,000 millions in refunding and new money (including \$250 millions for the R.F.C.) will be done on September 15th, with the inclusion of a five-year note. There has also been discussion of a Liberty Loan conversion operation. The opinion is now prevalent that nothing will be attempted at this time in view of the complex financial picture already presented for next month. However, it is possible that some sort of voluntary conversion offer may be made for First Liberty Loan, as that would not affect the markets.

The newly-formed Commodities Finance Corporation has begun operations; it has approved one loan and is considering applications for about \$15 millions. Its capital is \$50 millions, which will make the basis for lending on the ordinary trade basis of about \$600 millions. It is thought this will be ample, although the Corporation will have access both to the Federal Reserve and to the Reconstruction Finance Corporation funds. The so-called commodity pool will not purchase commodities for its own account, or make loans which do not appear to be based on sound business reasons. Its credit will be used almost entirely in sections where ordinary bank accommodation cannot be obtained.

The operations of the R.F.C. continue to win applause and bring down censure. The reluctance of the Corporation to approve wholesale loans to municipalities simply on the plea that employment will be increased is generally approved, but opinion is divided on such loans, as, for instance, one announced this week for \$50 millions to cotton-holding organisations. The outlook in the Southern States has improved greatly with the rise in cotton to 10 cents a pound, but the trade generally feels that the R.F.C. is merely carrying on the work of the Farm Board in interfering with markets.

In few industries can any signs yet be seen of better business. Textiles are operating more vigorously, and railroad traffic is beginning to increase slightly, but the motor industry is still depressed, and steel is now lower at around 13 per cent. of capacity. A new credit organisation has been formed by the railroad equipment manufacturers. It will advance credit to the extent of 90 per cent. of value of new equipment to the railroads, relying on R.F.C. loans, but railroad equipment purchasing as a result is likely to be slow. The roads have more equipment in good order than they can use and are reluctant to add to their financial obligations.

Railroad executives have completed plans for seeking wage reductions. It has been decided to ask for a 20 per cent. cut—which will mean 10 per cent. from the present rates. Last February, by agreement, a 10 per cent. reduction was set for one year. By beginning now a pro-

cedure under the legal provision for arbitration it may be possible to arrive at a decision on the expiry of the present agreement. On the basis of current payrolls, it is estimated that a 20 per cent. cut in the basic scale would save the roads \$175 millions annually. Railroad net earnings for July were down over 70 per cent. from a year ago, and the seven months' earnings were off nearly 60 per cent.

Financially the position continues to strengthen. Dividend omissions in August were fewer than for any month in the past twelve, amounting to 94, and reductions on 69 stocks also were the smallest since last year. A handful of stocks increased their payments and one, South Porto Rico Sugar, resumed dividends. Business failures also decreased, but not as sharply as is usual in August, and there were a few large receiverships. The Interborough Rapid Transit in New York (the principal underground and elevated system) was a casualty, but politics were largely to blame for this. Earnings are more than sufficient to pay charges, but it is desired to rid the underground lines of the burden of the unprofitable "elevated" service, and perhaps force action on unification of all the city's rapid transit lines. No major receiverships are anticipated in the next few months at least.

August brought a gain of approximately \$110 millions in the country's gold stocks, of which \$90 millions was metal released from earmark. That was double the gain in July and was the largest for any month since last November. Gold additions are increasing member bank excess reserves, along with reduction in currency outstanding, so that as yet there has been no inflation in spite of inflationary trends in credit. Last week the Federal Reserve system again cut its credit in use, by \$23 millions, and member banks reduced their borrowings.

Member banks also continue to deflate their loans, city banks for the week of August 24th reporting a drop of \$81 millions, while investments were unchanged. About half the deflation was in loans on stocks and bonds and is explained partly by substitution of R.F.C. credit for bank loans and partly by the rise in markets, which have thawed out frozen loans of the undermargined variety, but it is also true that business demand for credit, or at least the satisfaction of it, is not rising.

In spite of the efforts of farmers in Iowa and other sections of the Middle West to force further increases in their products, the farm country generally is feeling much more cheerful over the gains in commodity prices, largely agricultural. Politically this means an advantage to the Hoover administration, but the outlook in the West still is considered doubtful, and some uneasiness is arising over the impetus which the soldiers' bonus movement is gaining. Meanwhile the new taxes are proving insufficient to keep the Budget in balance, and as many have anticipated, Congress in December will have to consider new ways of finding revenue. The question of a general sales tax is bound to come up again.

FRANCE.

Improved Outlook — Conversion Hopes — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, September 7.

THE revival at the Lausanne Conference of a good understanding with Great Britain may now be regarded as the keystone of French foreign policy, whether it concerns international disarmament, Germany's demands to be liberated from the obligations of the Versailles Treaty, international debt payments or any other problem. The recent rapprochement between the two countries under the pressure of their common interest in American debt payments, has so largely changed the whole international outlook that, as the present tone of practically all sections of the Paris Press shows, purely party bickerings have ceased to enjoy their former prominence. The anxieties and uncertainties manifested a year ago have been largely allayed, and have been replaced by an appreciable return of confidence and a feeling that a settlement of European

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ills, under the joint leadership of the ex-Allies, is now within the range of practical politics. The certitude of an abundant harvest, the indications that the economic crisis has reached turning point, the feebleness and incoherence of both American and German governmental and diplomatic efforts and the slow but apparently sure trend of the domestic political world towards the formation of a really national Cabinet, independent of Socialist dictation, are other factors which have contributed towards the present calmer and more confident outlook.

The launching of the Government Renten conversion plan before the end of October now appears to be certain. The closest secrecy is being maintained as to the conditions of conversion to be proposed. It is understood, however, that the issues to be dealt with will be the following:—

	Capital Value, Oct. 31, 1931. Francs.
5% 1915-1916	16,737,000,000
5% Amortissable, 1928	18,500,000,000
6% 1920	25,655,000,000
6% Amortissable, 1927	17,662,000,000
6% Obligations, 1927	4,570,000,000
7% Treasury Bonds, 1927	2,750,000,000
	85,874,000,000

The total capital value to-day, after allowing for extinctions by the Caisse d'Amortissement during the past ten months, may be taken as amounting, in round figures, to 85,000,000,000 francs, or around (at present sterling value) £970,000,000. Two of the above six issues—the 1927 6's and the 7 per cent. Treasury bonds—are convertible at par, plus the accrued proportion of their redemption premiums, which would be equivalent to 2 per cent. in the case of the former and 3 per cent. for the latter. The remaining four issues are convertible at par. In the nature of the case, anything like exact estimates of the saving to be effected by conversion are at present impossible. Assuming, however, that the conversion rate will be not lower than 4 per cent. and not higher than 4½ per cent., and that only the three 6 per cent. issues and the 7 per cent. Treasury bonds are dealt with, the operation should result in a saving of anything between 1,000,000,000 francs and 1,250,000,000 francs a year.

Official estimates of the current wheat harvest, as announced by the Ministry for Agriculture, place the total yield from metropolitan France at 90,182,000 quintals, or within a shade of 24 per cent. larger than last year, 45 per cent. more than in 1930, and only 1½ per cent. below the high record harvest of 1929. Normal domestic consumption requirements are usually estimated at around 90,000,000 quintals. In an exceptionally cautiously-worded communiqué, apparently designed to prevent nervous growers from falling victims to unscrupulous speculators, the Minister for Agriculture states that the figures "do not appear to suggest that the present harvest exceeds the various needs of national consumption."

Iron and steel production returns for July, according to the figures issued by the Comité des Forges de France, remain practically unchanged on the month. Total output of pig iron was 453,000 tons, as compared with 452,000 tons in June (the lowest figure registered since the present depression set in), 679,000 tons in July last year, and a monthly average of 864,000 tons in 1929, the year of largest output. The number of blast furnaces in activity

was 81, against 79 in both May and June, and 115 in July, 1932. Crude steel output was 468,000 tons, against 465,000 tons in the previous month, 651,000 tons in July, 1931, and a monthly average of 808,000 tons (highest) in 1929. Both iron and steel figures would appear to suggest that the worst of the crisis has been reached, and even that the tide has actually begun to turn. Other indications tend to confirm this view. The general industrial situation, however, is still so obscure that analysis is difficult.

Silk prices have risen 30 per cent. during the past two months, and further improvement is expected during September and October. The situation of this industry is complicated by the fact that Japan, this country's most serious competitor, has accumulated enormous stocks of raw silk, which will probably check any real progress. The French textile industries as a whole are suffering greatly as the result of the abandonment of the gold standard by Great Britain (which proved a deadly blow to both Lyons and Roubaix) and of the fall in the yen. So far as cotton is concerned, French domestic and colonial consumption could probably, if necessary, absorb the entire native production. It is indispensable, however, that from two-thirds to three-quarters of the French output of silks and woollen goods should find buyers in the foreign markets. Reprisals against the French quota system, particularly by Switzerland and Holland, have hit this country's textile industries more than any other, if only for the reason that textiles constitute the principal category of French exports.

Manufacturer's stocks of raw materials and retailer's supplies of goods ready for sale have, naturally, been kept down to skeleton proportions for many months past, and there is still little sign of any modification in the universal policy of living from hand to mouth. The key to the situation seems to lie in the fact that China, India and Russia, which together constitute about one-half of the consuming world, have practically ceased to exist as markets. Meanwhile, French industry is finding a solution of the problem unusually difficult. Business men appear to be agreed that a drop in production costs is imperative, but are sceptical as to its possibility. Taxation seems impossible of reduction, industrial and commercial rents have become prohibitive, and reduction of production costs by adoption of improved manufacturing plant appears impracticable, owing to the lack of available long-term capital. The majority of industrial undertakings have been drawing on their reserve funds for some 2½ years. Many of them have suffered serious capital losses in the various financial crashes, while another large section is now suffering from the burden of heavy increased capital charges, incurred imprudently during the more prosperous years. The sole path open towards lower production costs appears to be in the direction of substantial wages cuts. This, however, is dependent on a drop in the cost of living, which is admittedly unlikely to prove practicable under the present regime of high protection for agriculture.

GERMANY.

New Economic Programme.

(FROM OUR CORRESPONDENT.)

BERLIN, September 9.

THE German people are showing great confidence in the new economic programme of the Papen Government. After all they have suffered, they are eager to believe in any way of escape suggested by responsible persons, but the way in which the programme has been constructed must convince every objective critic that it has been thought out with much greater conscientiousness and with incomparably greater knowledge of economic conditions than any of its innumerable predecessors. In addition, there is the very well-founded feeling, strongly reinforced by the recent relatively optimistic report of the Konjunkturinstitut, that economic developments are taking an upward turn, so that the Government can count upon the transition, in the course of the coming year, of the artificial measures for the increase of economic activity into a natural economic revival. This disposes of many adverse criticisms which would otherwise have to be made of

attempts at artificial stimulation of trade. Protests against the programme, which was put into force by presidential decree on September 4th, have come almost exclusively from the Socialists, and are only directed against the proposed reduction of wages. The hopes which are being pinned to the programme are reflected in the sharp rise on the Stock Exchange, which has spread during the past week from shares to fixed-interest securities.

In spite of all this there can be no doubt that the emergency decree will lead to a number of serious difficulties. It holds out to employers the prospect of a wages subsidy if they "employ, during a calendar quarter between October 1, 1932, and September 30, 1933, in a domestic business, a higher average of workers than their average for June, July and August, 1932." This subsidy, which is to be paid in "taxation vouchers" (that is in vouchers which can be used for the payment of taxes in the years 1934-1938) is normally to be 100 marks per worker per quarter. Employers in receipt of these subsidies may at the same time reduce the wages of their employees below the tariff rates, and this reduction at its greatest, that is when the number of employees is increased by 25 per cent., amounts to 12½ per cent. This double advantage means that the additional workers only cost the employers in general 25 per cent. of their wages, while 75 per cent. is borne by the original workers in the form of wage reductions, and by the State. This calculation, however, is somewhat too favourable, as the taxation vouchers will not be marketable at par.

Such a stimulus to the employment of labour is, of course, enormously powerful. For that very reason, however, any business which does not qualify for it will be at an extraordinary disadvantage against its competitors. The engagement of additional labour will be much easier for those undertakings which, until this summer, were ruthless in discharging all workers who were not absolutely necessary. Employers, on the other hand, who kept on as many workers as possible, even though on short time, will now be unable to increase their staffs, and will in many instances be unable to withstand the competition of their rivals who have shown less consideration for their workers and are now, in consequence, able to avail themselves of the advantages of the emergency decree. A consequence which is still more serious, because it will probably occur more frequently, is the almost inevitable prospect that some firms will secure these advantages quite illegitimately. A large concern can easily so distribute its orders that the employment of additional labour in one works is compensated by dismissals in another, thus qualifying for the subsidy without contributing anything to the diminution of unemployment. The decree does, indeed, provide for the withholding of the subsidy in such cases, but in order really to expose such proceedings a much more extensive inquiry would be necessary than is practicable in most cases.

A further difficulty is presented by seasonal industries, which would be enjoying additional labour during the next few weeks in the natural course of events. It would obviously be unfair to give them the subsidy without qualification, so they are required to show that the increase in the number of their employees is more than seasonal, but as science has never solved the problem of distinguishing the effects of purely seasonal causes in the case of individual firms, there is little hope of this working out satisfactorily.

The Government has included in the emergency decree a general clause empowering the authorities to sanction the payment, by firms whose existence is threatened, of 20 per cent. less than the tariff wages. This will have to be utilised in particular by those firms which cannot, without getting into debt, qualify for participation in the advantages which their competitors are enjoying. The decree imposes, however, such a monstrous volume of work upon the Government offices concerned that one cannot but doubt whether it will prove possible to deal with the proposals in time. The arbitration authorities whose normal business is to deal with industrial disputes have been assigned the task of inspection, of dealing with special proposals, and the like. They are undoubtedly the most

expert authorities, but it is to be feared, in spite of the provision which has already been made for special assistance, that they will be confronted with a completely unmanageable flood of proposals, which every day that the hardships and injustices continue is a threat to the existence of the firms suffering from them. Never, even during the period of progressive social policy, has the State undertaken so intensive a regulation of wages according to the needs of individual undertakings, and it has, therefore, never been so doubtful whether its apparatus and its officials are adequate to such tasks.

The Government are well aware of this, and the official explanation of the new decree contains the following passage: "The Government are by no means unaware of the danger that the employment subsidy may be abused, but they will deal with abuses in supplementary regulations. For the sake of their object, and in confidence of the success of the measures, the Government believe it their duty to take the risk of abuse." If the Government succeed in bringing about a general improvement in economic conditions within a short time, that will outweigh all injustices, for in that event almost all employers, and indirectly employees also, will share in the improvement in some way or other. The only question is whether this upward movement will come promptly enough and with sufficient force.

The emergency decree contains a number of other measures. The communes are empowered to levy the poll tax, which was originally to be raised only in the first half of the year, during the second half also, at a 25 per cent. lower rate. An inquiry is to be made into the salaries paid to the directors and other high officials of firms subsidised by the State or by other public corporations. Guarantees and subsidies are to be given to the credit societies and consumers' associations, as some of these organisations would otherwise collapse owing to the withdrawal of deposits by their members. Guarantees by the Reich are also to be placed at the disposal of some manufacturing firms.

The official *communiqué* on the objects of the emergency decree contains a few sentences in which the Government announce their intention of limiting the import of important agricultural products by means of quotas. For this purpose they intend to "get into touch with the principal countries concerned." It is thus evident that the quotas are not to be introduced one-sidedly but in contravention of existing agreements. All the same, it is impossible not to recognise that this means a further turn of German trade policy in the direction of protectionism. This is also illustrated by the list of recent increases in industrial duties. These are directed to a large extent against imports from England, but it may safely be assumed that most of these increases are not final and would be dropped if England would make similar concessions to the German export industries at the forthcoming commercial treaty negotiations.

HUNGARY.

Stress — Exchange Restrictions — Foreign Creditors.

(FROM OUR CORRESPONDENT.)

BUDAPEST, September 5.

THE Hungarian delegates have left for Stresa, but the outcome of the conference is received here with great scepticism. There is little doubt that preferential commercial treaties between the Danubian countries are highly desirable, and Hungary especially—in view of the present deadlock with Austria and Czechoslovakia—would welcome any agreement designed to further trade. It is realised here that Austria and Czechoslovakia, the two industrial countries of the former monarchy, cannot absorb the agricultural surplus products of Hungary, Roumania and Yugoslavia, and, therefore, great importance is attached to the attitude of Germany and Italy, whose Governments, as it will be remembered, held out hopes to the Danubian countries at the recent London Conference. Unfortunately these hopes did not materialise in the four months that have elapsed since,

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as both Germany and Italy show very little willingness to buy Hungarian agricultural products. It must be emphasised that wheat preferences alone, even if granted, would not do much to help Hungary, as the exportable wheat surplus is very small; on the other hand, the advantages of the good maize and fodder harvest will be lost unless markets for livestock and slaughtered animals can be secured in Stresa.

The desirability of the gradual removal of foreign exchange restrictions in order to revive trade is admitted by everybody, but it is realised by the authorities that the strict control of currency transactions cannot be eased until the budget is balanced and arrangements are made with the foreign creditors regarding the huge short-term debts. Unhappily, the national finances show a big deficit—exceeding 100 million pengő for the current year—which no international conference can undo. Much as these international conferences might contribute to the better understanding of the financial and economic difficulties of the almost insolvent Danubian countries, they suffer from a defect whose importance is often overlooked in that they delay the application of the remedy where national action is more essential than international, as, for example, in the case of budgetary retrenchment, because they make it easier for Governments to postpone unpopular cuts from one conference to another. Unless the budgetary aspect is properly faced in Stresa—as all Danubian budgets are unbalanced—the conference can contribute very little to the lasting recovery of the distressed Danube Valley.

In spite of the long duration of the transfer moratorium which was decreed on December 22, 1931, and the ban on capital repayments on foreign debts which came into force on July 14, 1931, the foreign creditors have failed so far to appoint a duly representative body to open negotiations with the Hungarian Government for a reasonable debt settlement. The repeated requests of the Finance Minister to this effect voiced both in Parliament in Budapest and at the sittings of the League Financial Committee in Geneva have met with no response. Apart

from the London Committee for the bondholders of the loans issued under the auspices of the League of Nations, with which arrangements were made for the service of the State Loan of 1924, the other long-term bondholders have not yet formed a protective committee, although about 1,000 million pengő mortgage and communal bonds have been issued, mostly in London and in New York, since 1924, and most of these are still outstanding.

The foreign short-term debts, aggregating more than 1,500 million pengő, fall into three main categories. Firstly, the 148 million pengő debt of the National Bank to the B.I.S. and other central banks, obtained in June and in July, 1931, and renewed every three months; and the Treasury Bills issued in November, 1930, and in August, 1931, amounting to 78 and 95 million pengő respectively. The Treasury Bills which have just matured will be renewed for another six months subject to the approval of the holders, who are mainly British, American and French financial houses. The short-term debts of the Treasury and the National Bank, totalling about 320 million pengő, will have to be consolidated first, probably on the lines worked out by the League and the creditor Powers for Austria, on a moderate interest basis.

To the second category belong the short-term debts of the private banks, and to the third the merchandise debts and other obligations. The debts of the private banks were estimated in October last in the League report at more than 800 million pengő, the merchandise and other debts at about 500 million pengő. There is little doubt that the merchandise debts were overstated, and a great deal has also been wiped out by bankruptcies and private settlements since. The main issue now is the consolidation of the debts of the private banks. Unfortunately, the negotiations for a new Standstill Agreement have made very little progress since the expiry of the old agreement on August 1st. The main difficulty is the difference which has arisen between the Hungarian authorities and the British and American creditors about the demand of the Anglo-Saxon bankers to mobilise the pengő equivalent of their frozen debts within Hungary. Considering that a goodly part of the short-term loans borrowed from abroad had been devoted to purposes (sometimes with the knowledge of the lender) which ought to have been financed from long-term loans, their unfreezing—even in pengő—is quite impossible, as it would either put further strain on the National Bank's huge bill portfolio or else it would break the debtor banks, as they cannot recover their advances owing to the agricultural moratorium and their frozen industrial investments.

ROUMANIA.

Government — Swiss Loan — Cereals — Agricultural Conversion.

(FROM OUR CORRESPONDENT.)

BUCHAREST, August 23.

AFTER protracted negotiations the Cabinet crisis has been brought to an end by the appointment, under the presidency of Mr Vaida Voievod, of a National Peasant Party Government, composed of members who, with one or two exceptions, have held office in the previous administration of this party. Mr Maniu, who has been at last persuaded to accept again the leadership of the Party, has declined the Prime Ministership, but he is at present the dominant personality in Roumanian politics, and it is to be hoped that by virtue of his important position he will exert a restraining influence on the too-demagogic propensities of certain ministers. In its programme the new Government promises measures modifying the laws of Agricultural Conversion and of judicial liquidation, the two principal mistakes of the Jorga-Argetoianu administration. This will be very difficult, as by virtue of these laws certain situations have already been created which it will not be easy to change without making the legislative confusion still greater than it is already. In view of the decrease in incomes it is intended to reduce taxation. The valorisation of cereals by internal organisation and by commercial

treaties is to have the especial attention of the Government. The reorganisation of industrial, production, and of the agricultural and industrial credit banks, is also fore-shadowed. The stabilisation of the currency is to be maintained, the budget to be balanced, and economic and financial reconstruction is to be seriously taken in hand in accordance with the advice of the experts of the League of Nations.

To tide over the immediate shortage of money the Government has succeeded in obtaining a loan from a syndicate of banks headed by the Union des Banques Suisses. The amount is 50 million Swiss francs, and may be increased to 70 million francs. The loan is made in the name of the Forest Institute, one of the State Régies, which will sign bills for that amount. Interest is fixed at 4½ per cent., payable every three months, plus ½ per cent. commission and expenses. The latter are fixed at 250,000 Swiss francs. The loan is repayable in two and a-half years, unless by October 1st next the syndicate fixes another date; this, however, is not to be before July 1, 1933. The operation is effected through the National Bank of Roumania, which is to receive interest at 2 per cent. for its services; as this charge is borne by the State, it is hoped to prevail on the National Bank to forgo it. The loan is to be repaid by monthly instalments, beginning on October 1st. As the services of the National Bank are resorted to, it seems likely that the money will be made available by an increase in the note issue covered by the bills drawn against the new credit. The fact that the syndicate will not part with any money accounts for the low rate of interest. With the present Treasury receipts the loan will carry the State over the next three or four months. Within this breathing space the Government will, therefore, have to cut down expenses, find new revenue and make further financial arrangements. From the declarations made by the Minister of Finance in Parliament it appears that important negotiations are being carried on to obtain further financial assistance. On the other hand, much depends on the report which will be made by the representatives of the League of Nations, who are expected to arrive in Bucharest towards the end of this month in order to study the situation. The Council of the League will consider the question in the early autumn, so that before that time no developments are likely to take place.

On account of the shortage of the crop, prices of wheat have risen rapidly. The best quality is quoted now at 55,000 lei per wagon of 10,000 kgms.; other qualities are sold at 44,000 to 48,000 lei. In view of this situation an import tax of 320 lei per 100 kgms. has been imposed. There is no wheat left of last year's crop on account of the very active export in the second half of 1931 under the impetus of the export premium which was abolished last spring, and in respect of a considerable proportion of which the State is still in debt to the exporters. This year's harvest of barley and oats is expected to cover the deficit of the wheat production. The maize promises very well indeed. According to the statistics of the Ministry of Agriculture, the production will be the most important of the last ten years, with the exception of the bumper crop of 1929.

The situation created by the law of Agricultural Conversion has caused the country banks to take desperate action. All Roumanian credit institutions in Transylvania by common consent have held extraordinary general meetings, and have authorised the boards to demand judicial liquidation. Further, at a meeting held on July 31st, the United Banks of Roumania, an association comprising practically all provincial and the smaller banks of old Roumania and Bessarabia, resolved that all the provincial banks were to call meetings to be attended by the shareholders, the depositors, the parliamentary representatives of the provinces and the large agricultural debtors, to discuss the situation and the manner in which the law of Agricultural Conversion could be changed. The problem of judicial liquidation was dealt with, and it was declared that members of the association should be encouraged to make use of this law so as to protect themselves against any action which may be taken against them by their creditors.

ARGENTINA.

Exchanges — Trade — Finance.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, August 19.

PRACTICAL evidence of the intention of the present Minister of Finance to adhere strictly to Argentina's foreign debt engagements has been given by providing the funds necessary to meet services due in Great Britain, Spain and the United States of substantial amounts. In order that this might be done the exchange market has been almost swept bare of export paper, with the natural result that private commerce is suffering severely through its inability to make payments which fall due. That this state of affairs is proving exceedingly harmful to trade as a whole becomes more and more apparent; at the same time, in justice to the Government, it should be pointed out that, even if official requirements were taken off the market, there would still be an insufficient supply of export paper to cover the demands of remitters. What is evident is that the value of the Argentine peso has been pegged far too high, and that nothing short of a miracle will prevent it from slipping away to lower levels, if a change in the financial policy of the Government is announced.

All the statistical information available confirms the result of every-day observation bearing upon the diminution of trade movement. Gross traffic receipts on the railways, the monthly clearing house returns on the banks, and the retail movement of the big department stores all illustrate the depression through which Argentina is passing. Everyone feels the situation to be extremely grave, and it cannot be said that popular opinion, either in financial or commercial circles, re-echoed to any extent worth mentioning the cheerful optimism embodied in an official statement made by the Minister of Finance after the Cabinet had met to debate upon the financial situation. It is felt that, on the figures now available, there must be a heavy Budget deficit at the end of the year. The Minister of Finance himself admitted a possible shortage of \$40-\$50 millions paper; taking revenue receipts for the first eight months of the year as a base for calculation this figure will be at least doubled, and may even be trebled, when the 1932 accounts are finally closed. Nor was the airy suggestion that any deficit might easily be met by increasing taxation received with pleasure in business circles. For, apart from Customs dues, inland revenue taxes and the land tax, Argentina's machinery for collecting direct taxation at short notice is almost non-existent. Income tax is down to yield \$51,000,000 paper in 1932; it is doubtful whether much more than a tenth of that sum will be received from this source before the year ends; while the tax on transactions, down for forty odd million pesos, has so far only brought in something under a fifth of that amount. Excessive import duties have killed trade in many lines, and, with the trade, have killed the revenue obtained therefrom in normal times. The motor-car industry is a case in point. Here enhanced duties have combined with the impossibility of remitting proceeds of sales to force shippers in the United States to consider the advisability of shutting down on this market for an indefinite period; indeed, it is freely rumoured that one firm of world-wide fame has actually taken this decision, and will send nothing further to be assembled here until such time as the heavy sums awaiting remittance—running into several million dollars paper—can be transferred to the United States.

This is not a pleasing picture, and unfortunately the few bright lights that can be seen are both distant and evanescent. Improvement in cereal quotations is one favourable symptom, but grave doubts are entertained as to the result of the coming crops of linseed and wheat. Locusts are worse than they have been for something over twenty years, and, although high prices may in one sense compensate for poor yields, the effect upon trade in general of a small crop at the present time would be overwhelming. It is highly probable that the state of the nation will shortly be again referred to Congress; this body will be asked to sanction various measures of an official nature

designed to help in the work of reconstruction. The possibility of a moratorium is still present, but popular opinion is veering round to the view that everything possible ought to be done to prevent the Government, at any rate, from having recourse to this means of relief. Nevertheless, inasmuch as one of the greatest drawbacks to the improvement of the internal trade is the long-overdue debts of the Government to local creditors, it is reasonably certain that the national administration must be put in funds without further delay, and this can only be done by using the re-discount facility up to the hilt, and allowing the conversion office to take over the balance of the Patriotic Loan. If this is done, and if the remaining debt services falling due this year can be met by gold shipments, the situation will be eased to a considerable extent.

SOUTH AFRICA.

Foreign Trade — Mining Returns — Maize.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, August 10.

THE outstanding feature of the trade situation in South Africa is the striking fall in imports during the present year. For the first six months of 1932 imports were valued at £16,434,217, whereas the figure for the first half of 1931 was £26,707,008. For June this year's figure of £2,597,954 compares with £4,276,383 in June, 1931. In spite of the exchange dumping duty and the 7½ per cent. surtax, duties this year are only £3,827,259, against £3,975,249 in 1931. As the special imposts were for the purpose of subsidising exports, and the existence of the Government depends on the continuance of the subsidies to farming exporters, the fall in imports has many implications.

Exports in the first half of 1932 were £34,384,877 and in 1931 £36,616,402. From a comparison of the import and export figures it appears that the South African "favourable balance of trade" has reached quite abnormal proportions. In ordinary years exports exceed imports in value by figures in the neighbourhood of £20 millions. It will be seen above that this year the difference on six months' trade is £18 millions. This factor would seem to have some indirect bearing on the much-argued point of the export of capital. If some of our exporters are retaining and utilising their returns overseas, the figures of bank transactions, of which much has been made before the Select Committee and elsewhere, are obviously not a complete reflection of the situation. It is a source of satisfaction in many quarters locally that interest rates in England are so low. In the meantime many people feel that this great excess of exports must be redressed sooner or later, and therefore argue that trade in the Union is likely to improve shortly.

Cost-of-living figures are still falling here as elsewhere. The increases in the cost of food, fuel, light and rent compared with corresponding local costs in 1914 are now 3.77 per cent. on the Witwatersrand and 26.76 per cent. in Cape Town. The figures including "sundries" (i.e., clothing, household hardware, etc.) are higher; but are, of course, affected to a much greater extent by Union tariff

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policy. The figures are noteworthy on account of the fact that increases at the coast have been so much greater than in the larger centres of the interior. Years ago there were important differences in living costs between various centres in the Union, but the tendency has been for these to be smoothed out, the coastal districts not participating in the post-war fall to the same extent as inland districts.

One of the most important Government returns of the year is the annual report of the Government mining engineer, whose issue dealing with the year 1931 has just appeared. The output of gold constituted a new record at £46,205,858 (standard value). Of the 10,877,777 fine ounces produced in the Union, 10,351,828 ounces came from the Witwatersrand. Apart from the production of gold, the year was a disappointing one for the mineral industry. In spite of an increase of £700,000 in the value of gold produced, the value of all minerals was down by £4.5 millions; there were no important increases to balance the decreases in diamonds, coal, copper or asbestos. As regards the diamond position, the figure for metric carats sold was down from 1,892,954 to 1,448,531, whilst the price of 37s. 8d. was the lowest since 1911. Last year's figure was 63s. 2d. The Government revenue from gold-mining leases was £2,228,755 in the year 1930-31 and is estimated to be £2,833,341 in the current year. With the new leases now being entered into, and the commencement of production by Daggafontein and East Geduld, the tendency will be for this figure to increase. The Government policy is bound to take cognisance of its heavy and increasing personal interest in the main industry of the country. All branches of the base metal industry are suffering severely from the currency position.

The total amount of maize estimated to be available this season is 17,500,000 bags (of 200 lbs.), of which 16,500,000 bags is from current production. It is estimated that some 10,000,000 bags will enter the trade, and that of these 5,500,000 will have to be exported. This makes the export quota under the Maize Control Act 55 per cent., against 33½ per cent. last year.

IRISH FREE STATE.

Economic War — Railways.

(FROM OUR CORRESPONDENT.)

DUBLIN, August 31.

It is impossible to discuss the course of economic events in the Free State at present without constant reference to political conditions which still continue unsettled. The rupture between the British and Irish Governments has not yet been healed, and only optimists believe in the possibility of any settlement in the immediate future. Meanwhile a good deal of anxiety is being caused by the recrudescence of activity by various armed organisations. Rumours are rife that arms are being landed around the coast, shooting affrays have taken place in different parts of the country, and "a certain liveliness" has been reported on the I.R.A. front. The establishment of a second semi-military force composed of ex-national army men has still further complicated the situation and has given rise to growing uneasiness among the ordinary peace-loving and law-abiding members of the community.

In view of the meagre results obtained at Ottawa by the Dominions most eager to advance the cause of Imperial co-operation, the return of the Free State delegates from the Conference with practically empty hands has caused neither surprise nor disappointment. The only part of the Empire with which fruitful agreements could be

made by the Free State is Great Britain, and the conclusion of such agreements could hardly be expected in view of the continuance of the "economic war." The agreements entered into by Great Britain with the other Dominions are not such as to injure the Free State when normal conditions return. The concessions to the Canadian cattle trade do not amount to much in practice, and the arrangements regarding dairy products and meat are too contingent and vague to give rise to any alarm. A question of more importance is whether the exemption of the Free State from the British import duties which are due to expire in November will be continued, a matter which will depend upon the settlement of the existing political differences.

The prolongation of the "economic war," however unpleasant it may be to farmers and traders, is probably regarded as a blessing in disguise by the Government, which looks on external trade as a necessary evil that should be reduced to the smallest possible dimensions. The interruption of Anglo-Irish trade will make easier the pursuit of the policy of self-sufficiency which is so dear to the Government and its advisers. An elaborate scheme for the subsidising of wheat and other cereals is being prepared with the object of cutting down the importation of human and animal foodstuffs. Proposals for the artificial encouragement of wheat cultivation were exhaustively examined in 1928 by a very representative committee, by a majority of which they were decisively rejected. Every argument justifying the rejection of these proposals four years ago has been greatly strengthened by the fall in wheat prices which has since taken place.

Such arguments, however, do not persuade the present Government, which holds to its own course in spite of all expert advice. For example, there has just been published a very elaborate report by the Tariff Commission refusing to recommend the protection of the bacon and ham industries on the ground that such protection would injure the poorer classes of consumer without conferring any equivalent advantage on farmers. But, for all the practical effect it will have, this thoughtful report might as well have never been prepared, as almost prohibitive duties have been already imposed on bacon, ham and other pig products on the Government's own initiative.

The full stress of the economic war will be felt during the autumn when the purchase of feeding stuffs will necessitate heavy cash outlay by farmers. If the interruption of the live stock trade continues much longer financial embarrassments among farmers may be expected to develop. A sum of two million pounds has been placed at the disposal of the Government for the relief of emergency distress, but it is possible that the demand will be made for a general moratorium for all agriculturists who find difficulty in paying their annuities, rates and bank advances. Such a proposal would give rise to very serious problems, and would doubtless be received with much criticism, if not with positive opposition, by the banks, which would naturally regard the freezing of a large part of their assets with grave concern. The unquestionable soundness of the Irish banks has in the past proved one of the country's most valuable assets, and any tampering with the banks is the last expedient to which any responsible Irish Government would resort.

The position of the railways in the Free State continues to deteriorate, and it is possible that the lines may be closed down if some relief is not forthcoming. The railways are suffering on the one hand from a diminished income caused by the growth of road competition, and on the other hand from rigid costs which they are unable to reduce. In these circumstances the realisation of a profit has become impossible, and dividends are in arrear. Something must be soon done by the Government if the public is not to be completely deprived of the services of the railways. Either the companies must be relieved of their statutory burdens and restrictions and allowed to compete freely with their rivals on the roads, or the railways must be nationalised, or some central authority must be set up to control and rationalise all forms of transport in the Free State. The last course is probably the one that will be adopted.

Books and Publications.

HOME AND WORKSHOP.

SINCE the days of William Gaskell's strictures on the contemporary industrial revolution, the wage-earning woman has been the subject of much literary attention. The differential operation of the Factory Acts, the peculiar difficulties presented by women to the trade union organiser, and the generally lower level of their earnings have all helped to mark women wage-earners out for treatment as a distinct economic category. In our own time the administration of unemployment insurance has focussed a new measure of public attention upon the woman worker qua woman, and now in the matter of health insurance her fate appears to be shaping in the same direction. The war period, of course, was the occasion for a flood of special studies on the subject, occasioned by the substitution of women for men on an unprecedented scale, and by the contingent problem of reconciling this headlong process with a network of long-established and somewhat anti-feminist trade union regulations. There was the double problem of how to fit women into the new emergency industrial order, and how, subsequently, to get them out of it when the time came to resume pre-war practices.

Now in all these discussions—as one would reasonably expect—the figure of the woman wage-earner is shadowed by another figure: that of the woman home-maker. Indeed, it may be argued that this continued shadowing is the major factor which constitutes women a category in the industrial arena. It is undoubtedly a far more potent factor than the muscular inferiority whose industrial implications are becoming progressively less significant in our mechanised age. On occasions, as in the War Cabinet's Report on Women in Industry, the fact of this shadowing receives little emphasis. In more abstract and general discussions of the economic position of women, such as are associated with the names of Charlotte Perkins Gilman and Olive Schreiner, it has received due attention. And now in Mrs. Anthony's recently published book, *Women's Place in Industry and Home*,* it receives the kind of attention it really deserves. Seldom have the kind of problems of woman as wage-earner been more closely or more thoughtfully integrated with the problems of woman as economic dependent. In dealing with the concrete facts and figures of women's industrial employment in Great Britain in the year of grace 1932, Mrs. Anthony is at every turn acutely aware of the ubiquitous shadowing of potential marriage, home duties, and domestic tradition. Moreover, she has as part of her intellectual background Miss Rathbone's *Disinherited Family*—that long-delayed recognition of the economics of dependency; and in this respect she has the advantage of her predecessors. Thus equipped, and with first-hand experience of earning and home-making, Mrs. Anthony has succeeded in making a contribution to a knotty problem of our time, in which she unites careful analytical thought, a wide range of knowledge, and an effective literary technique. If her suggested remedies seem at first sight small and tentative in relation to the magnitude of the inequity and wastage which she describes, that is to some extent the measure of her objectivity and readiness to face difficulties which more passionately feminist writers tend sometimes to ignore.

In so comprehensive a volume there must be, of course, ample scope for criticism. In the volume under review criticism would take the form of questioning certain of the author's values. The word birth-control, for instance, commands three references in the index; but each of these is, in fact, no more than a passing allusion. One doubts, therefore, whether the writer has accurately gauged the enormous significance of a rapidly spreading knowledge of contraception in the closely integrated problems of woman as wage-earner and woman as home-maker. It is obvious, for instance, that birth-control—and by methods more

* *Women's Place in Industry and Home*. By Sylvia Anthony. (London) Routledge. Pp. 243. 10s. 6d. net.

drastic than we are prepared to sanction in Great Britain—is regarded as a pivotal factor in the contemporary Russian experiment of the industrialisation of women and the "liquidation" of economic dependence. And of the interest and significance of the Russian experiment Mrs. Anthony is acutely conscious.

But in Great Britain we have as yet no Russian experiment. Nor have we the fully plastic social and economic conditions precedent to such an experiment. We have instead, as Mrs. Anthony is able to show, a long-established industrial system, in which the economic relationship of the sexes is dominated by customs, social traditions, moral tabus, and a slowly evolving body of law, all inherited from earlier ages and only partially reconcilable with the economic and social aspirations of twentieth-century womanhood. She has gone far towards enabling us to analyse and appraise these multifarious factors, to the end that the feminists of her own time may select with due precision their "improvement areas" and their "clearance areas" for demolition and replanning.

OTHER BOOKS RECEIVED.

- Points de Vue*. By Dr. Murray Butler. (Paris) Publications de la Conciliation Internationale. 697 pp.
A reprint of lectures delivered during the past two years.
International Review of Agriculture, May, 1932. (Rome) Treves, Treccani, Tumminelli. S.A. 198 pp.
The British Year Book of International Law, 1932. (London) Oxford University Press. 241 pp. 16s. net.
Contains, *inter alia*, papers by Prof. Pearce Higgins, Sir John Fischer Williams, P. L. Bushe-Fox, H. C. Gutteridge, etc.
Complete Practical Income Tax. By A. G. McBain. Sixth Edition. (London) Gee and Company (Publishers), Limited. 275 pp. 7s. 6d. net.
This up-to-date edition contains many useful examples on all types of assessments.
City of Birmingham. Financial Statement for 1932. (Birmingham) The Council House. 521 pp.
Double Conversion Tables. English and American Prices. Compiled by M. H. Normandale. (London) Edwards and Smith, Limited. 43 pp. 4s.
A handy pocket volume for the conversion of cotton, wheat and stock prices at varying rates of exchange.
Report on Municipal Finance, with Special Reference to the City of Liverpool. (Liverpool) Incorporated Chamber of Commerce. 49 pp.
La Cuestión Arancelaria en Mexico. By Daniel Cosío Villegas. Published by the Centro Mexicano de Estudios Económicos. 101 pp.
A study of the Mexican tariff.
La Finanza. By Mario Pugliese (Padsova) Casa Editrice Dott. A. Milani. 259 pp.
A study of public finance in the modern State.

OFFICIAL PUBLICATIONS.

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

- Report of the Overseas Settlement Committee for the Period April 1, 1931, to March 31, 1932*. Cmd. 4143. 6d. net.
Report from the Select Committee on Sky-Writing. 7s. net.
Department of Overseas Trade: Economic Conditions in Yugoslavia, May, 1932. 1s. net.
Reports of the Imperial Economic Committee: Twenty-sixth Report—Constitution and Work, 1932. 6d. net.
Committee of Enquiry on the Post Office, 1932—Report. Cmd. 4149. 9d. net.
Board of Trade: An Industrial Survey of the North-East Coast Area. 7s. 6d. net.
Accounts Relating to the Trade and Commerce of Certain Foreign Countries and British Countries Overseas during the Period ended 31st March, 1932. 2s. net.
Reports of the Imperial Economic Committee: Twenty-third Report—Wine. 6d. net.
Department of Overseas Trade: Economic Conditions in Sweden, April, 1932, 2s. net; *Economic Conditions in Switzerland, May, 1932*, 1s. 6d. net; *Economic Conditions in Syria, May, 1932*, 1s. 6d. net.

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The Stock Exchange.

STOCK EXCHANGE REVIVAL?

Six weeks ago, the London Stock Exchange welcomed the activity of New York as a second string, after the conclusion of the War Loan "bonus" period had withdrawn immediate interest from gilt-edged stocks. To-day the market is asking, with one accord, whether the subsequent upward movement of values—maintained, as yet, without a check—is the beginning of the major revival for which investors have waited three-and-a-half years. In the last ten weeks the Standard Statistics index of American common stocks has risen 81 points—much the largest gain since the abortive rise of 44 points at the beginning of 1930, when America refused to believe that depression could be true. British industrial equities, in the same period, have recovered all their losses since last November. The average yield on the 182 industrial shares in the Actuaries' Index, which in mid-June was over 6 per cent., is now under 4½ per cent. In the same period the yield on representative American industrials has dropped from 10 to under 5 per cent. In some of the more "speculative" share markets on this side the dimensions of the rise in values (from greatly depressed levels) has approached the spectacular. According to the *Investors' Chronicle*, oil shares have appreciated, during the last two months, by 59 per cent., rubber shares by 95 per cent., and tin shares by 32 per cent.

Technical conditions may well have played a significant rôle in determining the extent of the rise in values, for even a moderate increase in demand has frequently shown the markets to be bare of stock. There has unquestionably, however, been a noteworthy expansion in the volume of business transacted, as is shown by the following computations of the total numbers of bargains "marked" in the London lists:—

STOCK EXCHANGE "MARKINGS."

Week Ended.	No. of Bargains.	Average Week in June = 100.
June 3	25,650	102
" 10	25,511	101
" 17	24,694	98
" 24	23,109	92
July 1	26,914	107
" 8	46,674	185
" 15	39,730	158
" 22	34,470	137
" 29	34,161	136
August 5	23,446	...
" 12	33,816	134
" 19	31,182	124
" 26	33,632	134
September 2	36,251	144

* Computed by *The Financial News*. † Excluding Saturday markings. ‡ Bank Holiday week.

It was Mr Chamberlain's conversion announcement which first shook the markets' lethargy, but throughout July its influence was waning. That business, most unexpectedly, begun to re-expand from the middle of August, the holiday month, was due to the impact of two new factors, unconnected with Treasury strategy—the revival in Wall Street and the rise in commodity prices. The Chancellor may have played an involuntary Baptist's part and smoothed the way for the new movement, by driving many holders into strange markets in search of a higher income than 3½ per cent. The motive force for the latest revival, however, has undoubtedly come from outside. Two questions arise, of crucial importance for investors. Is the movement "healthy"? Does it presage a major recovery?

A conservative section of the market declares that the improvement, in fact, has little behind it but "better psychology," which must sooner or later be halted by hard economic facts. Holders of this view emphasise the part played, in America, by "reconstruction finance" measures, which in normal times would be frankly dubbed inflationary. They dwell upon the absence of any

symptoms of growing industrial activity either in the Old World or the New, and point out that the latest survey of the Federal Reserve Board records an actual decline in American production and in order books during July and the first half of August, while unemployment has lately shown more than a seasonal increase in Great Britain, and the downward trend of the railway traffic returns is ominous. They declare that an impressive rise in world prices of commodities like wheat, cotton, copper, tin and rubber has been fostered by speculative interests, and, having caught consumers with attenuated supplies, has started a "re-stocking" movement, which may reduce visible market stocks without necessarily involving increased absorption by the ultimate consumer. Finally, the danger of speculative excess, inviting speedy correction, is argued from the over-rapid rise of values in certain markets, such as that for rubber shares, where the majority of companies cannot yet be regarded as on a profit-earning basis by any stretch of the imagination, and from such outward evidence as the noisy boom on the Berlin Bourse this week, after presidential sanction of a national economic programme, whose implications few, if any, operators were able to understand.

This view is controverted by an influential and growing "bull" party, who declare that it both exaggerates the part played by psychological factors in the present movement and underestimates their indispensable rôle in eventual recovery. They assert, first, that cheap money, the historical solvent of trade depression, is at long last beginning to permeate finance and trade. In Great Britain its beneficial effects were delayed by the events accompanying the departure from gold, while in America it required injection under pressure from the "reconstruction" force pump. Nevertheless, in Britain, under a 2 per cent. Bank rate, the clearing banks, on the statement of one of their number, could lend at least another £100,000,000 before reaching the ratio which advances bore to deposits a few years ago. In America, currency hoarding has ceased, bank failures are normal, the rise in bond values has gone far to restore the position of all financial institutions, large and small, and a considerable Stock Exchange revival has produced only a moderate increase in brokers' loans.

A second pre-requisite of recovery, it is declared, has been fulfilled by the re-attainment of approximate equilibrium between current supply and demand in many primary industries. This inference has been drawn from recent movements in visible stocks of commodities, examples of which are given below:—

	Jan., 1929.	Jan., 1930.	Jan., 1931.	July, 1931.	Jan., 1932.	July, 1932.
Wheat ... Mill. bushels	568	584	583	443	609	445
Sugar Thou. tons	5,134	6,486	8,275	8,104	8,577	8,069
Tea Mill. lbs.	241	286	288	223	269	202
Cotton..... Thou. bales	7,319	8,098	9,897	7,572	10,193	8,208*
Tin Thou. tons	31.4	37.4	52.6	62.0	61.7	61.0
Lead Thou. tons	1	48	100	138	148	177
Spelter..... Thou. tons	43	72	140	144	137	140
Rubber..... Thou. tons	297	383	508	546	644	644
Petroleum Mill. barrels	570	624	603	687	656	652

* 7,793 in August.

† Not available.

The figures, which appear in the Bank of England's "Statistical Summary" for August, relate mostly to supplies in the world's chief markets and afloat. Allowing for seasonal variations in some instances, they strongly suggest, *prima facie*, that the check to the process of piling up unsold stocks dates, not from the last month or two (when "re-stocking" by merchants and manufacturers may have been associated with rising prices), but from a much earlier period. In few cases were visible stocks last July—i.e., before the price movement had well begun—higher than in July, 1931.

Lastly, it may be argued that changes in Stock Exchange sentiment do not normally accompany, but precede, major up- and down-swings in trade. The 1929 break in security values antedated the beginning of the industrial slump by about ten months in Great Britain and four or five months in the United States. To attribute the present recovery partly to "psychological" causes is not to decry it, but to describe its function in the "cycle" of revival. In any case, there is still ample scope for returning confidence to take up the abnormal depreciation in security values bequeathed by fear and forced selling.

We leave readers to make their choice between these theses, merely indicating our own opinion that the latter appears to be a broadly correct diagnosis of the facts of the present market recovery, while the former rightly emphasises the danger that the most promising movement may ultimately be checked if international trade barriers are maintained, if internal discrepancies in industrial costs are left uncorrected, if medium- or long-term interest rates prove insufficiently low to restore a healthy demand for capital goods, or if the primary industries find "equilibrium" too dearly bought by adjustment to a painfully attenuated demand. Investors may welcome a revival which, coming hard upon a rise in sound fixed-interest stocks, has already materially improved the portfolios of many financial institutions, while maintaining an open, if hopeful, mind as regards its continuance. What is now required is a perceptible autumnal quickening in the tempo of industry, first, possibly, in the United States and, subsequently, in Europe.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

TICKET.	SETTLING DAYS.	ACCOUNT.
September 20.		September 22.

The market developed greater all-round strength this week than at any time since the beginning of revival. Gilt-edged stocks, moving against the trend of sterling, lost ground slightly, and interest was chiefly centred on industrial shares. Investors ignored factors like the continuance of the disastrous Lancashire dispute, the August increase in unemployment, and the absence of more than a minor recovery in the traffic figures in the goods-carrying railways. That the market was discounting the position of industry, at best, some months ahead was obvious, but investors were more largely swayed by considerations such as are discussed in our leading article. Tuesday and Thursday were particularly active days, and a reactionary tendency on Wednesday was quickly checked.

Gilt-edged stocks obtained their normal share of day-to-day interest, and no more. Four per cent. Consols were in moderate request, but Assented War Loan eased slightly. India loans were irregular, but Australian issues remained firm, unofficial reports suggesting that the forthcoming conversion operation would embrace the issue of 4½ per cent. stock around 97.

A better tone obtained among foreign bonds. Japanese issues further improved in sympathy with the yen, and Chinese were firm on uninspired rumours of Japanese "feelers" for a rapprochement. South-eastern European issues reflected optimistic expectations from the Stresa Conference, and even Brazilians were slightly better, despite the serious state of affairs described in a Note on page 476.

Except on the Southern, the railway traffic figures, though better than the previous week's, were not encouraging. The market, however, became very active, particularly as regards prior charges, buyers being attracted by the possibility of a substantial increase in net revenue on a moderate future recovery in gross receipts, thanks to large reductions in expenditure and to savings from "pooling" schemes (to which reference is made on page 475.) Argentine rails were better, bad traffic figures, similarly, being disregarded and attention given chiefly to the wheat position and the intention of the Argentine Government to draw on its gold reserve for

oversea payments. Canadian Pacific were strong on the first increase in receipts for many months.

The new Account started auspiciously in the Industrial share market, the impetus for the week's rise in values coming perceptibly less from New York and more from domestic investors than at any earlier stage. Textile shares were influenced rather by the strength of cotton prices then by developments in the Lancashire weaving dispute. Rayon shares were again in demand on rosy intimations from the American side. The drastic Ebbw Vale reorganisation scheme failed to check inquiry for the better situated steel companies. Electrical issues were higher on a moderate business, and motor shares were well maintained, apart from a temporary reaction in Ford. Breweries made a mixed showing, but Tobacco shares remained well supported. Shipping shares showed increased activity, the latest announcement of the Cunard Company being held not to preclude an early resumption of work on "Ship No. 534." Unilever were in demand from Holland. Imperial Chemical gained further ground, and the rise in Dunlop was unchecked. "International" issues, like Electric and Musical Industries and Brazilian Traction, were strong, both in the "House" and in the Street. Bank shares, particularly of overseas institutions, were firm, and Insurance shares rose slightly, apart from Sun Life of Canada, which reflected the omission of the quarterly dividend.

The rise in rubber caused renewed activity in the share market, quotations rising in response to appreciable demand from the outside public—supported, in some cases, by French operators. Tea shares, by contrast, became weak after a cheerful start, prices at the Mincing Lane commodity auctions showing an unexpected decline. Oil shares, despite sharp fluctuations, scored further gains, the Continent giving firm support.

(Continued on page 474.)



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

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LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

[illegible]

† Free of Income Tax

Price Year 1931.		Price Year 1932 (Jan. 1 to Sept. 7) Inclusive.		Name of Security.		Price Aug. 31, 1932.		Price Sept. 7, 1932.		Rise or Fall.		Present Yield.	
High.	Low.	High.	Low.			High.	Low.	High.	Low.				
Gen. Sec. - cont.													
4 1/4	3 1/4	3 1/4	3 1/4	Baldwin & Co. 1	3 1/2	3 1/2							
17 1/8	16 1/8	16 1/8	16 1/8	Baldwin & Co. 2	4 1/4	4 1/4							
19 1/8	18 1/8	18 1/8	18 1/8	Bayer Peacock 1	7 1/8	7 1/8							
4 1/4	4 1/4	4 1/4	4 1/4	Bolivar Coffee Ord. 1	20 1/2	20 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Bolivar Coffee Ord. 2	20 1/2	20 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Brown (John) Ord. 5	1 1/2	1 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Brown (John) Ord. 6	1 1/2	1 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Cammell Laird 1	6 1/2	6 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Consett Iron 1	60 1/2	60 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 1	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 2	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 3	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 4	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 5	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 6	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 7	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 8	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 9	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 10	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 11	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 12	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 13	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 14	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 15	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 16	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 17	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 18	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 19	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 20	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 21	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 22	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 23	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 24	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 25	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 26	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 27	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 28	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 29	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 30	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 31	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 32	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 33	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 34	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 35	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 36	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 37	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 38	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 39	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 40	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 41	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 42	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 43	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 44	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 45	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 46	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 47	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 48	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 49	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 50	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 51	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 52	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 53	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 54	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 55	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 56	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 57	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 58	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 59	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 60	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 61	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 62	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 63	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 64	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 65	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 66	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 67	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 68	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 69	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 70	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 71	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 72	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 73	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 74	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 75	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 76	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 77	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 78	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 79	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 80	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 81	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 82	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 83	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 84	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 85	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 86	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 87	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 88	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 89	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 90	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 91	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 92	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 93	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 94	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 95	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 96	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 97	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 98	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 99	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 100	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 101	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 102	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 103	3 1/2	3 1/2							
9 1/8	8 1/8	8 1/8	8 1/8	Crompton & Co. 104	3 1/2	3 1/2							
6 1/8	6 1/8	6 1/8	6 1/8	Crompton & Co. 105	3 1/2	3 1/2							

† Free of Income Tax

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Aug. 31, 1932.	Price, Sept. 7, 1932.
Alberta 5% 1922-27	98	48	24-3/4 pm	24-3/4 pm
Allied Newspapers 6 1/2% Cum. Int. Pref.	£1	ty. pd.	20/-20/6	20/6-21/-
£1	£1	ty. pd.	23/3-23/9	23/-23/6
Bowater's Paper 6 1/2% Cum. Pref.	96	71	5/-5 pm	5/-5 pm
Central Electricity Board 4 1/2% Deb. 1927-32	95	71	6-7 pm	106-108
Cyprus 4% Ins. & S. 1926-66	95	71	6-7 pm	106-108
South Shields Greyhound Stadium Ord. 2/-	par.	ty. pd.	3/3-3/6	3/4-3/7 1/2

(Continued on page 471.)

Although all the mining share markets remained steady in sympathy with the firmness of metal prices, interest became increasingly concentrated on gold shares, mainly owing to unconfirmed but persistent reports of South Africa's intention to devalue her currency. Low-grade mines, consequently, came in for special attention, and all the finance shares were good. The record dividend of Nundydroog stimulated business in Indian gold mining shares, but Western Australian issues were slightly less active.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Sept. 1, 1932.	Sept. 2, 1932.	Sept. 3, 1932.	Sept. 5, 1932.	Sept. 6, 1932.	Sept. 7, 1932.	Sept. 8, 1932.
Government and Municipal Loans	1,536	1,618		1,845	1,468	1,606	1,580
Transport, Communications, and Public Utilities	943	937		1,337	1,065	1,144	1,425
Commercial and Industrial	2,176	2,337		2,870	2,654	2,704	2,986
Banks, Insurance and Financial	610	594		614	752	858	800
Mines (including Nitrate)	1,000	1,035		1,435	1,213	1,301	1,504
Oil	216	216		285	296	250	280
Rubber, Tea and Coffee	478	338		485	553	572	454
Total	6,959	7,065		9,071	8,001	8,435	9,029

* Including iron and steel and breweries.

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

Highest of 1932. (Sept. 8)	Lowest of 1932. (June 1)	Sept. 1, 1932.	Sept. 2, 1932.	Sept. 3, 1932.	Sept. 5, 1932.	Sept. 6, 1932.	Sept. 7, 1932.	Sept. 8, 1932.
66.6	51.3	63.8	64.1	*	64.8	65.3	65.8	66.6

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The public continued to be interested in the markets' revival, and the upward march of prices, resumed last week-end, continued after Monday's "Labour Day" holiday. Profit-taking was heavy from time to time, a whole day's gains being wiped out, for instance, on Tuesday afternoon. The movement, however, showed no signs of having exhausted its impetus, though it occasionally appeared to be not altogether sure of its economic bearings. The strength of the bond market continued to afford satisfaction in high quarters. Government stocks advanced on the success of the new Treasury issues, which were largely over-subscribed. The relation of the present phase of security market activity to the economic situation remains uncertain. There are few signs of increasing consumer demand for finished products. Woolworth sales in August were 16 per cent. below those of August, 1931. Bank clearings in 95 cities outside New York were 14 1/2 per cent. lower in August than in July. This decline was much more than the seasonal average. Steel operations have risen from 18 to 14 1/2 per cent., and are being talked up to much higher figures, but sources in close touch with the trade are not optimistic regarding the state of order books. Electric power production last week was 1,465 million kilowatt-hours, against 1,436 millions in the previous week. Car loadings for the week to August 27th were 587,978, an advance of 19,881 cars on the previous figure. On Thursday, the markets suffered a severe reaction, on a break of \$5 a bale in cotton prices, following a Bureau crop forecast of 11,810,000, which was about 500,000 bales above private estimates.

General Motors sales to domestic consumers increased by 4,381 units, but sales to dealers and "world" sales reached new low records.

	Aug. 25, 1932.	Sept. 1, 1932.	Sept. 8, 1932.		Aug. 25, 1932.	Sept. 1, 1932.	Sept. 8, 1932.
U.S. 3 1/2% T. Bds.	102 1/2	102	102 1/2	Natl. Biscuit	42	41 1/2	45
U.S. 3 1/2% '32-47 100 1/2	100 1/2	100 1/2	100 1/2	Phelps Dodge	25	25	26
Do. 4 1/2% '32-47 101 1/2	101 1/2	101 1/2	102 1/2	Pullman	23	23	24
Do. 4 1/2% '33-38 103 1/2	103 1/2	103 1/2	103 1/2	Sears-Roebuck	7 1/2	8	11 1/2
Atchafalpa	55 1/2	57 1/2	59 1/2	Studebaker	29	29 1/2	29 1/2
Ches. & Ohio	27 1/2	27 1/2	27 1/2	Un. Fruit	5 1/2	5 1/2	7
Erie	9 1/2	10	10 1/2	U.S. Leather	6	6	8
Illinois Central	18 1/2	19 1/2	22	U.S. Rubber	45 1/2	46 1/2	48 1/2
N.Y. Central	27 1/2	29 1/2	29 1/2	U.S. Steel	38 1/2	41	40 1/2
Pennsylvania	18 1/2	21 1/2	21 1/2	Westinghouse	39	38 1/2	40 1/2
Southern Pacific	23 1/2	26 1/2	30				
Southern Ry.	14 1/2	14 1/2	15 1/2	Am. Tel. & Tg.	115 1/2	114 1/2	116
Union Pacific	79 1/2	80 1/2	79	Interboro R.T.	4 1/2	4 1/2	4 1/2
Am. Can.	57 1/2	56 1/2	59 1/2	Int. Tel. Teleg.	11 1/2	11 1/2	14 1/2
Amer. Smelting	19 1/2	22 1/2	25 1/2	Radio Corp.	9 1/2	10	12 1/2
Alcoa	11 1/2	13 1/2	17 1/2	Utilities P. & L.	7 1/2	7 1/2	7 1/2
Bethlehem Steel	20 1/2	21 1/2	24 1/2	W. Union Tg.	40 1/2	41 1/2	44 1/2
Chrysler Motor	14 1/2	15 1/2	19 1/2				
Corn Producers	47 1/2	47 1/2	49 1/2	Associated Gas "A" ..	11 1/2	11 1/2	11 1/2
Eastman Kodak	57 1/2	57 1/2	59 1/2	Pan. Amer. B. (New) ..	11 1/2	11 1/2	11 1/2
Gen. Electric (New) ..	19 1/2	20 1/2	21 1/2	Shell	14 1/2	14 1/2	15 1/2
Gen. Motors	15 1/2	15 1/2	18 1/2	Shell Union	6 1/2	6 1/2	6 1/2
Int. Harvester	29 1/2	30 1/2	30 1/2	Std. California	28 1/2	28 1/2	30 1/2
Mont. Ward	12 1/2	12 1/2	14 1/2	Do. N.J.	35 1/2	34 1/2	36

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1928 = 100):—

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Aug. 31.	Sept. 7.
337 Industrials ..	98.2	174.1	51.4	114.7	52.2	61.6
33 Rails	89.1	145.6	31.7	105.7	32.2	38.4
34 Utilities	153.2	267.4	90.6	187.6	91.8	99.4
Total, 404 stocks ..	108.5	184.2	54.7	124.6	55.5	64.1
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.27%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1928 = 100).

Highest of 1932. (Sept. 7)	Lowest of 1932. (June 27)	Aug. 31, 1932.	Sept. 1, 1932.	Sept. 2, 1932.	Sept. 3, 1932.	Sept. 5, 1932.	Sept. 6, 1932.	Sept. 7, 1932.
72.3	35.2	64.8	65.1	68.1	69.9	Hol.	69.1	72.3

TOTAL DEALINGS IN NEW YORK.

	Sept. 2, 1932.	Sept. 3, 1932.	Sept. 5, 1932.	Sept. 6, 1932.	Sept. 7, 1932.	Sept. 8, 1932.
Stock Exchange—Shares (Thous.)	3,500	2,400		4,400	4,200	5,400
Bonds (Value Thous. \$) ..	11,300	6,600		11,700	11,700	10,400
Over-the-Counter—Shares (Thous.)	460	340		620	600	660

* 2-hour session.

PARIS.

Prices showed a substantial advance, though professional operations remained sensitive to the tone of New York. Fairly heavy profit-taking was absorbed with relative ease on Tuesday, and less readily on Wednesday, but conditions again became buoyant the next day. An increasing interest was taken in London's possibilities, the market closely following the movement, particularly, of gold-mining shares.

	Sept. 1, 1932.	Sept. 5, 1932.	Sept. 8, 1932.		Sept. 1, 1932.	Sept. 5, 1932.	Sept. 8, 1932.
Banque de France	12,420	13,540	13,430	Wagons Lits	87	92	101
Crédit Lyonnais	2,175	2,295	2,305	Maritime	45	46	45
Comp. Gen.	14,750	15,400	15,375	"Chartered"	93	102	103
Charg. Réunis	265	282	273	Ford	129	140	142
Rio Tinto	1,681	1,860	1,865	De Beers	415	432	432
Royal Dutch	16,550	17,750	17,750	"Johnnies"	138	147	163

BERLIN.

The Chancellor's speech in Münster on August 28th caused such a rise on the Berlin Bourse next day as has not been seen since 1927. This shows how very much optimistic tendencies have been predominating in Germany since Lausanne. At all events, the Stock Exchange

has given the Government's economic programme a good reception. Purchases were not due to professional speculation, which has been very much restricted by lack of funds and by nervousness induced by last year's losses, but to commissions from the public all over Germany. People are hoping that the new programme will mark a turning point in the crisis. They are discounting the increased earning power of industry which will result from the taxation vouchers and the saving of wages, and comparing this with the often grotesquely low panic quotations which have been current in recent weeks. The greatest surprise, however, came in the middle of the week, when the upward movement spread with great violence to the market for fixed-interest securities, which had hitherto been neglected. Rentes, communal bonds, industrial bonds and mortgage bonds rose several points a day, and in many cases allotments had to be rationed on account of inadequate supply. The violent nature of the rise naturally occasions some fears of a relapse. The banks are doing little to regulate the upward movement. They are indeed selling during the first few days many holdings which they had bought at lower prices, but since then they have been holding back in the hope of higher rates. On the other hand, they are certainly not encouraging speculation by the granting of credits. The business which is going on consists almost exclusively of purchases by the public for cash, and it appears that many notes which were hoarded in last year's panic are now being brought out and used for the purchase of securities.

	Lowest.	August 22, 1932.	August 29, 1932.	September 5, 1932.
Parben	81 1/2	88 1/2	92 1/2	101 1/2
Siemens	95 1/2	125 1/2	140	146 1/2
A.E.G.	19 1/2	33 1/2	37	46 1/2
R.W.E.	44 1/2	62 1/2	65	83 1/2
Salzburger	140	171 1/2	177 1/2	186 1/2
Stahlwerke	10 1/2	16 1/2	18 1/2	22 1/2
Reichsbank	96 1/2	125 1/2	131	133 1/2
7% Reichsbahn preference shares	69 1/2	78 1/2	80	83
6 per cent. Hoesch-Obl.	57 1/2	64 1/2	63 1/2	76
Berl. Verkehr-Anleihe	40	54 1/2	58 1/2	65 1/2
6 per cent. Preuss. Centralboden-Fondbriefe	62 1/2	69	66	71 1/2

* End June.

AMSTERDAM.

The public evinced a lively interest in prospects of a large-scale revival, and the week opened with a burst of strength. Rayon issues were singled out for special attention, and other market leaders, particularly Philips Lamps, Unilever N.V., and Royal Dutch were extremely active. The pace was not consistently maintained, but the market successfully withstood several sharp bouts of profit-taking.

	Sept. 1, 1932.	Sept. 5, 1932.	Sept. 8, 1932.		Sept. 1, 1932.	Sept. 5, 1932.	Sept. 8, 1932.
2 1/2% Dutch Loan	67 1/2	67 1/2	68 1/2	Steel Common	45 1/2	53 1/2	52 1/2
5 1/2% German	45 1/2	46	48	A. K. U.	42 1/2	56 1/2	52
Unilever N.V.	120	127	128 1/2	Ford Motor	125 1/2	140	135
Philips Lamps	112 1/2	133	138	De Beers	162	172	165
Netherlands Ship	71	74 1/2	71	Royal Dutch	193	221	211
Java Cultuur	147	162	145				

OTHER CENTRES.

Other European bourses shared in the general optimism, a significantly increased volume of business being done at advancing prices. Brussels showed more than its customary interest in transatlantic counters, but Milan was chiefly attracted by Government stocks. Stockholm continued firm and active, after a brief setback in midweek.

INVESTMENT NOTES.

New Issues Under the Embargo.—Attempts by industrial borrowers to act within the terms of the embargo on new issues have been conspicuous by their unimportance. The first industrial company to make a conversion issue under conditions involving the absence of underwriting or the provision of new cash has been the Portsmouth and Brighton United Breweries. This company is proposing to replace its 6 per cent. first mortgage debenture stock, repayable at 108 on three months' notice, by a similar

amount of 4 1/2 per cent. first mortgage debenture stock dated 1933, for which the authority of the holders of the 6 per cent. Steyning debenture stock has to be secured. The later are offered a bonus, increasing their interest from 6 per cent. to 7 per cent. for the year ending October 15, 1932, only. The amount of 6 per cent. debenture stock to be converted is only £410,000. The second "conversion" issue is that of the Anglo-Dutch Utilities Company 6 per cent. guaranteed first mortgage debenture stock, holders of which have received from the Java Investment Loan and Agency, Limited, the trustees of the issue, notices to tender stock for redemption at a price. As the debenture stock is guaranteed by the controlling company, Anglo-Dutch Plantations of Java, whose receipts were sufficient to cover the debenture interest last year, there is no reason why the holders should tender for repayment at any price around the present market level of 50. Of this stock there is only £434,231 outstanding. It is clear that the restrictions laid upon the new issue market are preventing industrial borrowers from taking full advantage of the decline in long-term interest rates. Small unimportant issues of the kind we have described may be made, but important conversions involving millions of capital cannot be made without underwriting. There can be no permanent improvement in trade without a revival of new capital enterprise, and this waits upon the renewal of activity in the capital market under the stimulus of cheap money. As we suggested last week, the best possible encouragement which could be given to industry at the present time would be a few successful private issues of the conversion type.

Railway "Pooling."—A month ago (see the *Economist*, August 13, 1932, page 321) we discussed the position arising out of the sanction by the Ministry of Transport of a scheme, drawn up by the London Midland and Scottish and London and North Eastern Railways, for the pooling of traffic between competitive points. According to Sir Josiah Stamp, the savings expected under this scheme on

SHELL
for a quarter
of a
century
has had the
same good name

the L.M.S. system will run possibly into seven figures, and affect about half the company's gross receipts. It is now announced that conversations between the L.M.S. and the Great Western for a pooling of traffic on redundant services, maintained by the two companies, are progressing favourably. It is hoped that a scheme will be submitted to the Ministry of Transport by the end of this month. It is understood that, although the outstanding points are concerned mainly with matters of detail, a small number of more important issues are involved, but these are not expected to present insuperable difficulties. The numerical importance of the traffic covered by the prospective agreement will be less than that included under the L.M.S.-L.N.E.R. arrangements. In the early days of Great Western expansion, competition in the area between Birmingham and the Mersey was exceptionally keen, but the northward extension of North-Western and Midland interests, under post-war "grouping," has taken the centre of gravity of the L.M.S. system largely out of the Great Western area. The new arrangements will apply to important traffic in the Midlands and along the Birkenhead-Liverpool routes, but other points of contact between the two railways are largely in areas of secondary industrial importance. The L.M.S., for instance, carries considerable traffic northwards from the South Wales area, but in this district the Great Western is unquestionably the paramount power. The Bristol and Somersetshire traffic, again, is important, but, on the whole, it is the Midlands area which makes the pooling scheme worth while. As a pooling agreement has already been effectively in operation for some years between the Great Western and the Southern, the conclusion of the present scheme will mark the virtual demise of direct inter-railway competition in Great Britain, since competitive routes between the Southern and the two "Northern" groups are virtually non-existent.

Foreign Defaults.—A table of default on foreign Government and municipal loans has been compiled by the Council of Foreign Bondholders from the Stock Exchange daily list of officially quoted securities. The record is taken as on June 1, 1932. The total of sterling loans in default amounts in principal to £137,906,000, the unpaid interest being £9,650,000, and unpaid sinking funds £8,860,000. In addition, there are dollar loans in default amounting for a principal sum of \$11,182,000, on which the unpaid interest and sinking fund now amount to as much as the principal. The Council has excluded from this table the defaults of Russia and Mexico on account of their long duration, and also the loans of the Federal Government of Brazil, for while all the interest payments in connection with Brazilian Government loans have been suspended, bondholders are receiving payments in scrip which can be realised at a price in the market. The following table gives a summary of the Council's figures:—

	Defaulted Amounts Outstanding.	Interest in Default.	Sinking Fund Defaults.
Sterling.			
Foreign governments	120,597,624	6,534,082	7,208,123
Foreign corporations	17,308,550	3,116,569	1,151,817
Total	137,906,174	9,650,651	8,359,940
Dollar.			
Foreign governments	11,181,900	9,867,563	2,459,900

It is pointed out in a footnote that the failure to provide the amount of interest and sinking fund shown in this table does not cause a corresponding loss to this country, as a proportion of the bonds may be held abroad. On a first consideration of these figures the amounts in default appear surprisingly small. According to Sir Robert Kindersley's estimates, however, total British investments in foreign Government loans in 1930 amounted to £820.1 millions, and in foreign municipal loans to £36.7 millions—a total of £856.8 millions. The total amount of principal in default therefore represents nearly 40 per cent. of the total British holdings in this class of foreign investment—apart from foreign holdings included in the "default" total. Moreover, of the interest payments due since January 1,

1930, amounting to £9,650,000, the defaults account for £8,991,000. The figures of the Council of Foreign Bondholders do not, of course, give the whole story of the decline in our income from foreign investments. Sir Robert Kindersley estimated for 1930 a total foreign investment of £3,424.8 millions, which included Dominion or Colonial as well as foreign Government and municipal loans, together with investments in railways, public utilities and other foreign industries. In addition, he placed unquoted investments and private holdings at £80 millions. Our own estimate for 1928-29 amounted to £3,391 millions, plus about £700 millions of unquoted securities, etc. It is on our railway and industrial overseas investments that we shall suffer the heaviest loss of income this year. Sir Robert Kindersley has estimated that our total income from quoted securities was £212,400,000 in 1929, £192,200,000 in 1930, and (tentatively) £156,000,000 in 1931—a decline of 26 per cent from the 1929 "peak."

Brazilian Bonds.—In spite of the civil war in Brazil the market in Brazilian bonds remains remarkably firm as may be seen from the following table:—

	Prices, 1932.			Flat Yield%
	High.	Low.	Present.	£ s. d.
Brazil 5% Fdg., 1898	84½	68½	73	6 17 0
Brazil 5% Fdg., 1914	69	50½	52½	9 10 4
Brazil 7½% (Coffee Security), 1922	105½	99½	105½	7 2 4
Brazil 6½% 1927	49½	28	31½	Paid in 20 yrs. scrip
Brazil 5% 20-year Fdg. Bonds, 1931	...	...	46	10 17 5
Brazil 5% 40-year Fdg. Bonds, 1931	...	...	34	14 14 2
San Paulo 7% Coffee Realisation, 1930	91	72½	77	9 1 6

It is doubtful whether investors have fully appreciated the serious nature of the San Paulo revolt against the Federal Government. The causes are economic and deep seated, rather than political and superficial, for the San Paulo commercial interests are hard hit by the Federal Government's economic policy. The liquidation of the credits advanced by the American merchants, Hard, Ranc and Company, against consignments of coffee from the Brazilian Government, together with the Government exports of coffee to meet the barter agreement with the United States Farm Board have resulted in a serious reduction in the coffee trade available for the commercial interests in San Paulo. At the same time, the rise in coffee prices, as the result of the destruction policy, and the recent support of the milreis, has had the effect of handing over more of the world trade in coffee to producers in Colombia. The following figures show the recent decline in coffee shipments from the principal Brazilian ports:—

	(Bags of 60 kilos.)		
	Santos.	Rio.	Victoria.
1932.			
March	768,719	257,694	116,636
April	849,624	324,846	75,417
May	760,426	325,468	116,931
June	446,000	306,000	104,000

Since July, Santos has been blockaded by the Federal ships and exports have ceased. The Government, in its present straits, cannot afford either the loss of revenues from its richest State or an expensive guerilla war. It is to be hoped that an early cessation will obviate recourse to inflationary financial measures.

Ebbw Vale Scheme.—The overdue financial reorganisation scheme of the Ebbw Vale Steel, Iron and Coal Company distributes inevitable sacrifices equitably. The 6 per cent. debenture holders waive half their interest until 1937, and allow the creation of a further £23,000 of debentures ranking *pari passu*, and a maximum of £202,000 8 per cent. prior lien debenture stock ranking in front of them. In return, they are to be given an undertaking that no dividends will be paid in the interim, and that their sinking fund will be restored in 1937, so as to provide for redemption in 1954. The Inland Revenue authorities are to take

£75,000 in cash and 260,791 in "A" preference shares (see below) in satisfaction of claims totalling over £660,000. The company's bankers are to provide £75,000 cash, and to reduce the interest on their advances to 3 per cent. for five years. As security they will take £75,000 of prior lien debenture stock and £23,000 of debentures. For any additional finance given in the future, the bank will take prior lien debenture stock. Of the £3,000,000 8 per cent. Notes in issue, the principal and interest of £1,326,875, held by subsidiaries, are to be cancelled. Holders of the remaining £1,673,125 are to lose two-thirds of their principal, and to take for the remaining third, plus accrued interest, a new class of 8 per cent. participating "A" preference shares. The latter are entitled to 30 per cent. participation in surplus profits and full voting rights. Holders of £1,200,000 7 per cent. preference shares are to lose 15s. per share and all interest arrears. In effect their preferential dividend is being reduced from 7 per cent. to 1½ per cent., but in compensation they receive a share in the equity, for their new "B" preference shares are entitled to 20 per cent. of surplus profits, and to voting rights. Ordinary shareholders, finally, are to make a nominal sacrifice by having 19s. written off their £1 shares, and a real sacrifice by relinquishing half the equity to the "A" and "B" preference shareholders. The necessary meetings will be held on September 29th, and the various interests affected will probably accept the terms, for theirs is largely Hobson's choice. It is regrettable that a reorganisation scheme was not brought forward much earlier. For the last eight years the company and its subsidiaries have, on the whole, been "breaking even," as regards trading profits and overheads (except in the year of the Coal Stoppage and under last year's depressed conditions). They have, however, become increasingly in debt, chiefly through the payment of debenture and other interest, though actual payment on the 8 per cent. Notes has been withheld since 1926-27. The company now has a debit to profit and loss of £2,187,108. It owes its bankers £750,000 and has guaranteed bank advances to subsidiary companies of £1,400,000. The 6 per cent. debentures rank ahead of the bank, except that the latter holds £171,400 of them, and has a first charge on 400,000 railway wagons. In turn, some £70,000 of Inland Revenue claims, and £100,000 of preferential claims in respect of Workmen's Compensation, etc., rank in front of the 6 per cent. debentures. The whole financial position is complex, and those who have drawn up the scheme deserve congratulation on their ingenuity in fulfilling a thankless task. If the scheme goes through, the company will be relieved of about £230,000 of interest and redemption charges during each of the next five years, and about £150,000 per annum thereafter. It escapes the Receiver's hands, but as last year's aggregate result was a net deficit of £308,266 (including £270,000 8 per cent. Note service, debited, but not paid), a sizeable increase in trading profits will be necessary if the company is to run on an even keel during the next five years. The scheme thus falls short of what might have been possible even a few years ago, but represents the best that can be done in the circumstances.

Frederick Lawrence.—The latest accounts of this house-furnishing business, which was registered in its present form in 1928, are highly creditable to all concerned. They show a net profit of £22,173, compared with £19,327 for the previous twelve months. The ordinary dividend of 8 per cent. is well covered by earnings:—

	Year to June 30,		
	1930.	1931.	1932.
Net profit	25,270	19,327	22,173
Brought forward	3,938	6,788	7,408
Preference dividend	12,000	9,600	9,600
Rate %	10	8	8
Ordinary dividend:—			
Amount	8,325	4,440	4,440
Earned %	26.5	15.9	18.3
Paid %	15	8	8
Expenses written off ...	2,095	4,650	...
Reserve	...	...	7,500
Carry forward	6,788	7,425	8,041

Sales for the year were the largest on record. The business in London is being extended still further, the company having obtained the freeholds of two premises at Westbourne Grove. The 1s. ordinary shares were last dealt in around 1s. 3d.

Hawthorne, Leslie.—Few investors expect a shipbuilding and engineering company on the North-East coast to make a profit in the worst period of world trade depression, but all desire to know the extent of its losses. This the directors of Messrs. R. and W. Hawthorne, Leslie refrain from revealing in their report for the year ended June 30th last. They state briefly that the year's trading has resulted in a loss "which has been somewhat relieved by a conservative valuation of work in progress in previous years," while "some gain was made" on the sale of investments in connection with the capital repayment of 10s. per £1 share. The larger part of this gain has been retained as a reserve against the book value of the remaining investments, and "a small balance" has been credited to the profit and loss account. The results compare with those of the previous year as follows:—

	Year to June 30,	
	1931.	1932.
Gross profit	42,497	21,414
Expenses, and prior charges ...	7,099	6,986
Net profit	35,398	14,428
Ordinary shares:—		
Earned %	5.0	4.0
Paid %	5	6
Carry-forward	18,176	11,107

It is not obvious why the directors should choose to raise the dividend from 5 per cent. to 6 per cent., seeing that earnings were only 4 per cent., except, possibly, that the distribution involved a smaller cash payment, being paid on £358,275 instead of £716,550 of ordinary capital. The balance sheet shows the effect of the repayment of capital, British and Colonial Government securities standing at £333,343 against £714,865. The company remains in a liquid position and is clearly able to benefit from any revival in the shipbuilding industry. The 10s. ordinary shares are quoted at about 7s., and the debenture stock, on which the interest was raised from 4½ per cent. to 5 per cent. last November, is quoted nominally at 85.

AUTUMN IN SOUTHWOLD.

THOSE requiring a restful change amid beautiful surroundings should visit SOUTHWOLD on the SUFFOLK COAST. The town itself, with its wonderful Church and attractive open "greens" and great high common commanding extensive views over sea and land, is different from the usual seaside resorts.

During the Autumn months the weather is generally good up to Christmas; and during the Autumn SOUTHWOLD provides specialities such as: "Longshore herrings" (as delicate as fresh caught trout, and infinitely superior to the ordinary deep sea fish); freshly cured mild bloaters; unrivalled brown shrimps (so superior in flavour to the red); delicious small soles (the sea here is called "Sole Bay" from earliest records); and sprats in the later Autumn.

SOUTHWOLD provides excellent Sea Angling (also trawling with local fishermen); and there is an attractive 18-hole Golf Course.

By road it is 105 miles from London. By train it is about a two-hour run to SAXMUNDHAM (14 miles), and a little more to HALESWORTH (9 miles), where motors from hotels meet visitors by appointment.

There is the SWAN HOTEL (Tel. No. 5) (h. and c. in all bedrooms), a well-known comfortable old coaching house, with old local prints and furniture, now under new management of Miss Baker (formerly of The University Arms Hotel, Cambridge; and The Eplandale Hotel, Seaford).

There is also the smaller CROWN HOTEL (Tel. 53), an early Georgian House, recently partly re-constructed, under the management of Miss Constantine (late of The Royal Crescent Hotel, Ffiley).

At both Hotels the beds are from Heals, and most comfortable; and the food is excellent, and the menus English.

Whitworth and Mitchell.—The accounts for the year ended June 30, 1932, of Whitworth and Mitchell, the well-known designers and distributors of textile fabrics, show a decline of 20.5 per cent. in net profits at £140,286. This reflects the strangulation of world trade through tariffs, exchange restrictions, blocked accounts and other scorpions of the international financial crisis. In spite of these restrictions, the company was able to do an increased business in the Far East, Scandinavia and several European markets. The turnover in "Wemco" products was the highest ever attained. The fall in commodity prices brought the value of trading sales down from £232,671 to £195,277, as will be seen from the following table:—

	Years to June 30.		
	1930.	1931.	1932.
	£	£	£
Total trading profits	231,858	232,671	195,277
Net, after overhead expenses.....	188,414	175,756	140,286
Gross preference dividends.....	30,000	30,000	30,000
Ordinary shares:			
Earned %.....	37.2	34.3	26.2
Paid %.....	22½	22½	22½
General reserve fund	50,000	50,000	25,000
Carry forward	29,202	29,333	20,870

The balance sheet shows a satisfactory liquid position, but out of a balance-sheet total of £1,321,700, goodwill accounts for £364,806. The reserve account, to which £25,000 was credited this year, as against £50,000 in the two previous years, now amounts to £160,000, so that adequate provision is being made against this intangible item on the assets side. With regard to the future, the directors do not believe that a trade revival is imminent, and declare that, until world-wide trade has been restored and British taxation has been reduced, there is no possibility of an upward movement. The ordinary shares have participated in the recent recovery in the industrial share market and now stand at 58s. to return a yield of £8 9s. 9d. per cent. These shares have been as low as 42s. 8d. this year.

Second Alliance Trust.—The report for the year ended July 31, 1932, of the Second Alliance Trust, which is under the same management as the well-known Alliance Trust of Dundee, makes satisfactory reading. In spite of widespread bond defaults and dividend reductions, revenue has been fairly well maintained, so that the company has been able to maintain a distribution of 22 per cent. on its ordinary stock with a comfortable margin. The company was originally interested in the real estate and mortgage business in America, but this now represents only 5 per cent. of the company's investments—which is gratifying, seeing that mortgage conditions remain extremely unfavourable in America. The company's holdings in bonds and other Stock Exchange securities represent about 95 per cent. of the invested funds, and were spread over 848 different investments. The depreciation at July 31st was only 20½ per cent. The results for the past two years compare as follows:—

	Year to June 30.	
	1931.	1932.
	£	£
Income	215,790	203,402
Expenses and taxation	50,304	47,675
Interest charges	60,733	60,863
Earned for ord. dividend	80,341	71,141
Paid in ord. dividend	59,676	57,991
Ordinary stock—		
Earned %	33.0	29.5
Paid %	22	22
Contingent reserve fund	20,000	Nil
Debiture expenses written off	779	817
Carry forward	11,031	24,369

The company's interest payments and preference dividends are well covered by earnings, but the directors warn shareholders that a further reduction in net revenue is to be expected in the current year.

Tea Outlook.—The latest advance edition of "Wilkinson's Tea Share Manual, 1933,"* includes an informative survey by Mr. R. P. Wilkinson, a foremost authority on the industry, which holders of tea shares may be recommended to read in the light of our leading article of August 27th last (page 396). Mr. Wilkinson on the whole, is reassuring. He regards the surplus of productive power in the industry, even under present conditions, as of moderate dimensions, and sees no reason why the situation should not right itself in due course. Fine plucking, and the reduction or cessation of manuring, should hasten the recovery of equilibrium, for past manuring in many cases raised crops from 400 pounds to approximately 550 pounds per acre. Already nearly 6,000 acres, at present unremunerative, have gone out of cultivation among the 800 undertakings dealt with in the "Manual." Expenses have been significantly reduced—not out of due time, since costs had practically doubled since the war. Nevertheless, the recent recovery in tea share prices, in Mr. Wilkinson's view, has discounted a substantial rise in the price of the commodity, since most companies are now selling their teas at a loss ranging from 1d. to 4d. or 5d. per lb. Some 181 companies, mainly in India and Ceylon, with an ordinary capital of £30,000,000, earned only £969,000 (after expenses and preference dividends) last year, against £2,867,000 in 1930, and £5,180,000 in 1929. Readers will regret that Mr. Wilkinson, in his preface to an indispensable reference work, has not seen fit to mention the influence of the Dutch factor in the industry's equation, though, on a long view, investors cannot afford to ignore it.

Tin Position.—Tin has been among the first of the basic commodities to experience the effects of manufacturers buying in advance of consumer demand. In the past week the London price has risen from £149 to £157 15s. per ton. This has followed upon the reduction in visible supply last month of 3,071 tons. There appears to have been a change in the attitude of American consumers, for deliveries in America amounted to 2,585 tons, as against 2,265 tons in July last, as the following table shows:—

	1932.	
Deliveries.	July.	August.
	Tons.	Tons.
United Kingdom	881	623
United States	2,265	2,585
Continent	1,375	1,989
Other countries	286	379
Total	4,807	5,576

Against an increase of total deliveries in the month of 769 tons, Straits shipments showed a reduction of 956 tons. The total visible supply at the end of August amounted to 48,551 tons, a reduction of 2,024 tons—or, if the carry-over in the Straits shipments be included, the total visible supply was 56,766 tons, a reduction of 3,044 tons. The following figures are taken from the statistical summary of Messrs. A. Strauss and Company:—

	July 31, 1932.	August 31, 1932.
	Tons.	Tons.
Total U.K. stock and afloat	33,729	33,011
Total Continent and afloat	7,788	6,955
Total, other countries	7,058	6,585
	48,575	46,551
Carry-over in Straits Settlements	11,235	10,215
Total visible supply	59,810	56,766

It is difficult to estimate the possibilities of a further advance in prices until the tinplate and motor industries show clearer evidence of recovery. Manufacturers must have been, to a large extent, understocked, and no doubt they have been taking up this slack. It may be recalled that the tin pool, under the terms of its constitution, is empowered to realise 5 per cent. of its holding when the

* "Wilkinson's Tea Share Manual, 1933." Advance Edition. Compiled by R. P. Wilkinson (London) "The Investor's Chronicle," 20 Bishopsgate, E.C.2. Pp. 412. 3s. 6d. nett.

London quotation is £165 per ton. This may obviously check the advance. Tin producers, however, will probably claim that the market is under strong control, and that no substantial reaction is expected.

Recovery in Diamond Shares.—Our mining correspondent writes:—The recent demand for diamond shares, largely for Continental account, is explained by advices from Amsterdam of an improvement in the trade. Sales on the part of the Diamond Syndicate were suspended during August. As a result prices rose from 10 to 15 per cent., small outside dealers making relatively substantial sales. In London, also, a revival is reported. The improvement is attributed to the changed conditions in the United States in conjunction with a disposition amongst dealers generally to replenish stocks in anticipation of the Christmas trade. The Stock Exchange has been by no means slow in discounting betterment. De Beers £2 10s. shares are now quoted around 8½ for the preferred and 5½ for the deferred, as against the year's lowest of 2½ and 1½ respectively. Gains of striking extent have occurred in the Premier and Jagersfontein issues. Consolidated Diamond ordinary have rallied from 1s. to 5s. 6d., and the preference from 1s. 3d. to 7s. 9d. The De Beers company's mines, it may be recalled, were closed down at the end of March. No dividend has been paid on the preference since 1930 and on the ordinary since 1929, when the distributions totalled 30 per cent. The dividend on Premier preference is in arrears since April, 1930, while the deferred have received nothing since the 250 per cent. for 1926-27. The new Jagersfontein disbursed 10 per cent. in respect of the year ended April, 1930, and nil since. The Consolidated Diamond of South-West Africa has been out of the list for two years and a-half, the shareholders receiving 12½ per cent. on account of 1929, as against 10 per cent. for each of the two preceding periods. The market, so far, appears to have gone well ahead of the mines.

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

	(000's omitted.)			
Monthly Average.	United Kingdom.	British Possessions.	Foreign Countries.	Total.
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	12,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
1931	4,542	3,209	761	8,512
Monthly Total.	Govt. Other.			
March, 1931	1,750	10,341	1,513	5,490
March, 1932	Dr. 3,250	9,508	380	Nil
April, 1931	800	714	5,226	304
April, 1932	Dr. 900	5,609	8,441	Nil
May, 1931	1,450	381	10,045	11
May, 1932	107,689	7,847	1,918	Nil
June, 1931	1,100	12,107	4,983	2,850
June, 1932	1,400	12,291	2,077	Nil
July, 1931	1,600	2,265	2,856	Nil
July, 1932	Dr. 1,700	407	60	27
August, 1931	750	740	Nil	60
August, 1932	Nil	20	22	Nil

The Spartan maintenance of the Treasury ban reduced last month's new capital issues to negligible proportions. Sales of the new series of Savings Certificates, placed on issue at the beginning of the month, were balanced by encashments of certificates of earlier series, and the Treasury, otherwise, remained out of the market. Two companies alone made issues to shareholders, to a total of £42,000. The aggregate new money involved in capital issues of all kinds in 1932, to the end of last month, was £168,000,000.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, January 1 to August 27, 1932, excluding conversions, £162,515,325.†
Total recorded, January 1 to August 27, 1932, including conversions, £291,259,990.

National Savings Certificates.
Net receipts, week ended September 3, 1932, £150,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscription.	First Payment.	Further Liability.
To the Public.					
Week ended, September 10, 1932	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Week ended September 10, 1932	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—					
1932	291,409,990	162,665,325†	Whole year—		
1931	108,621,099	97,744,114	1931	114,290,666	102,044,291
1930	281,848,712	191,727,481	1930	454,888,784	267,800,700
1929	224,490,290	193,164,690	1929	488,764,940	285,239,400
1928	456,647,587	284,546,694	1928	695,100,056	369,058,073
1927	...	248,304,235	1927	...	355,165,970
1926	...	144,595,916	1926	...	230,782,600
1925	...	129,228,077	1925	...	232,214,500
			1924	...	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	151,012,581	8,045,682	3,607,062	162,665,325
1931	75,415,274	6,223,059	16,105,781	97,744,114
1930	157,419,408	14,730,138	19,577,935	191,727,481
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,558,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

† Includes £107,589,166, the whole amount of accepted tenders for 3% Treasury Bonds.

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	9,011,750	...	9,756,857
Total, week ended September 10, 1932	Nil	...	Nil
Total to date, 1932	9,011,750	...	9,756,857
Total to date, 1931	8,057,183	...	8,432,058

Telsen Electric Company, Limited.—Authorised share capital, £250,000. Issued and paid up in shares of £1 each, £160,000. The company has not issued any debentures, debenture stock or other loan capital. The Midland Trust, Ltd., acted as agents in sale of 60,000 shares referred to in the offer for sale of May 18, 1932, and no part of such shares were underwritten. The option over 50,000 shares at the price of £2 10s. per share held by Mr. Macnamara extends until May 31, 1934, and no part of such option has been exercised.

Calls Due Next Week.

The grand total of calls falling due in September, 1932, is £5,103,125, which compares with £5,161,600 which fell due in September, 1931. The following call is due in the week from September 10th to September 17th, 1932 inclusive, and is calculated on the amount of stock or shares offered.

	Date of Call.	Call.	Already Paid.	No. of Shares or Amount of Call.	Amount of Call.
Ariston Gold Mines 12½% Tax Free Conversion Notes, 2/6 at par.....	Sept. 12	6d.	1/6	160,000	4,000

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Boulevard Street, E.C.4.

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

Name.....

Address.....

COMPANY MEETINGS, &c.

SINGER AND COMPANY, LIMITED.

OUTSTANDING MERIT OF THE 1933 MODELS.

The twenty-fourth ordinary general meeting of Singer and Company, Limited, was held on the 7th instant, at Coventry.

Mr A. C. Bourner, F.C.A. (the Chairman), said that shareholders, like the directors, would be disappointed with the revenue results of the year, but no doubt they would agree that conditions had to a very large extent been extremely unusual. The fact was that to-day the sale price of a car was much too low, and had reached bedrock.

The directors had given careful consideration to the value of the assets and to the extent of the liabilities, and had formed the conclusion that the financial position was very strong, and warranted consideration of the shareholders' right to a reasonable distribution of unappropriated profits and reserves if necessary. The dividends they declared were not out of reserves, but came entirely out of the carry forward from last year. The fact that £100,000 had been transferred from reserve to profit and loss account did not alter the immediate financial position, but ensured the directors being able to consider the payment of dividends for at least the next two years. There were still left as reserves £197,553, which also was available for the equalisation of dividends if the directors should so decide.

Dealers who had seen the 1933 models stated they were of outstanding merit, and were very materially increasing their orders for cars. Shareholders must all be proud that the company's productions were good and in demand. In view of the solidity of its assets, its nominal liabilities, its managerial capacity, its fine products, its magnificent record of performance, its past long period of handsome revenue returns, its present models of outstanding merit, Singer and Company, in this carefully considered opinion, had splendid prospects for the current year, and he knew of no obstacles to its continued progress and prosperity.

Mr W. E. Bullock (managing director) said that their 1933 models had been extremely well received by all their dealers. For 1933 they had redesigned cars, competitive both in price and performance with any other make.

The report and accounts were unanimously adopted without question or comment.

Dividends of 7 per cent. on the preference shares and 5 per cent. on the ordinary shares were declared; the retiring director, Mr A. C. Bourner, F.C.A., was re-elected; the auditors were reappointed; and the proceedings terminated with a hearty vote of thanks to the chairman, directors and staff.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended September 3, 1932, amounted to £9,604,100 against ordinary expenditure of £15,781,700. After allocating £1,729,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £292,147 the operations for the week, as shown below, increased the National Debt by £8,200,000 to £7,672,649,000:—

(000's omitted.)

	£	£
Bank of England Advances.....	4,750	
Public Department Advances.....	6,850	
National Savings Certificates.....	150	
3% Treasury Bonds.....	36	
Repayments under Land Acts, 1919 and 1921.....	23	
	+11,809	
Treasury Bills.....		3,457
Issues under Finance Act, 1931.....		125
Issues under Purchase of Land (Ireland) Act, 1891.....		27
		— 3,609

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	April 1, 1932, to Sept. 3, 1932.	April 1, 1931, to Sept. 5, 1931.	Week ended Sept. 3, 1932.	Week ended Sept. 5, 1931.
ORDINARY REVENUE.					
Income Tax.....	260,000,000	43,507,000	48,814,000	2,353,000	2,379,000
Super-Tax.....	66,000,000	9,770,000	14,990,000	260,000	310,000
Stamp Duty.....	76,000,000	34,020,000	31,220,000	820,000	740,000
Stamp Duty Reserve.....	23,000,000	4,730,000	4,810,000	40,000	160,000
Corporation Profits Tax.....	1,200,000	...	...	...	...
Local Tax and Mineral Rights Duty.....	800,000	180,000	180,000	20,000	...
Total Ordinary Revenue.....	427,000,000	92,187,000	99,994,000	3,493,000	3,589,000

REVENUE.	Estimate for the year 1932-33.	April 1, 1932, to Sept. 3, 1932.	April 1, 1931, to Sept. 5, 1931.	Week ended Sept. 3, 1932.	Week ended Sept. 5, 1931.
Customs and Excise—					
Customs.....	174,570,000	89,669,000	84,897,000	3,070,000	3,253,000
Excise.....	125,430,000	50,663,000	48,000,000	916,000	1,132,000
Total Customs and Excise.....	300,000,000	120,332,000	102,697,000	3,986,000	4,385,000
Motor Vehicle Duties (Exchequer Share).....	5,000,000	1,205,000	1,378,000	Dr 600,000	206,000
Post Office (Net Receipts).....	11,700,000	7,100,000	6,550,000	500,000	150,000
Crown Lands.....	1,250,000	560,000	590,000	74,436	87,441
Receipts from Sundry Loans.....	4,350,000	3,235,047	12,083,798	2,150,709	33,320
Miscellaneous Receipts.....	17,500,000	10,614,719	6,562,923	...	...
Appropriation from Rating Relief Suspense Account.....	...	...	3,900,000	...	...
Total Ordinary Revenue.....	766,800,000	235,234,766	233,755,721	9,604,145	8,450,761
SELF-BALANCING REVENUE.					
Post Office.....	59,188,000	22,950,000	23,150,000	500,000	550,000
Motor Vehicle Duties apportioned to Road Fund.....	22,910,000	6,594,000	6,418,000	600,000	...
Total Self-Balancing Revenue.....	82,098,000	29,544,000	29,568,000	1,100,000	550,000
Total.....	...	264,778,766	263,323,721	10,704,145	9,000,761

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	April 1, 1932, to Sept. 3, 1932.	April 1, 1931, to Sept. 5, 1931.	Week ended Sept. 3, 1932.	Week ended Sept. 5, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt.....	276,000,000	134,963,723	143,832,330	4,333,967	5,042,258
Payments to Northern Ireland.....	6,800,000	2,442,529	2,329,244	...	201,786
Other Consolidated Fund Services.....	3,500,000	931,525	734,596	9,737	24,046
Total.....	286,300,000	138,337,777	146,896,170	4,343,704	5,268,090
SELF-BALANCING EXPENDITURE.					
Post Office.....	59,188,000	22,950,000	23,150,000	500,000	550,000
Road Fund.....	22,910,000	6,594,000	6,418,000	600,000	...
Total Self-Balancing Expenditure.....	82,098,000	29,544,000	29,568,000	1,100,000	550,000
Total Ordinary and Self-Balancing Expenditure.....	368,398,000	167,881,777	176,464,170	5,443,704	5,818,090
New Sinking Fund (1928).....	32,500,000	11,721,396	17,642,573	1,729,018	1,848,679
Total (including New Sinking Fund).....	...	179,603,173	194,106,743	7,172,722	7,666,769

The aggregate revenue and expenditure to September 3, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to SEPTEMBER 3rd, 1932.

(000's omitted.)

Expenditure.....	318,569	Revenue.....	236,236
New Sinking Fund.....	11,721	Decrease in balance.....	3,087
	330,290	Net amount borrowed.....	22,098
			330,290

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Sept. 5, '31.	Mar. 31, '32.	Sept. 3, '32.	Sept. 5, '32.
Advances by Bank of England.....	46,050,000	7,600,000	4,750,000	+4,750,000
Advances by Public Departments.....	651,245,000	604,458,000	20,650,000	+4,850,000
Treasury Bills outstanding.....	...	822,860,000	...	+3,450,000
Total Floating Debt.....	697,295,000	611,958,000	848,260,000	+8,150,000

* Includes £8,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on September 2, 1932, and the total amount applied for was £67,790,000. Tenders were accepted for bills at three months, dated Monday to Saturday at 29s 16s. 7d., about 49 per cent. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Aug. 12.....	45,000,000	86,180,000	0 10 6-87
Aug. 19.....	45,000,000	86,080,000	0 11 5-2
Aug. 26.....	45,000,000	84,715,000	0 12 1-45
Sept. 2.....	45,000,000	87,750,000	0 13 4-29

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, September 7, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt.....	11,015,100
In Circulation.....	365,122,461	Other Government Securities.....	248,965,616
In Banking Department.....	48,908,925	Other Securities.....	11,210,086
		Silver Coin.....	3,811,198
		Amount of Fiduciary Issue.....	275,000,000
		Gold Coin and Bullion.....	139,031,386
		£414,031,386	£414,031,386

BANKING DEPARTMENT.

Proprietors' Capital.....	£14,553,000	Government Securities.....	£69,933,094
Reserves.....	3,677,024	Other Securities.....	...
Public Deposits.....	7,618,225	Discounts and Advances.....	£12,273,627
Other Deposits.....	£91,506,603	Securities.....	£18,611,288
Bankers' Accounts.....	£91,506,603		30,884,915
Other Accounts.....	£33,296,980		48,908,925
1-Day and other Bills.....	124,803,583	Notes.....	926,289
	1,390	Gold and Silver Coin.....	...
	£150,653,223		£150,653,223

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

Both Departments.	Amount, Sept. 7, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	365,122,461	— 164,939	+ 11,191,797
Public deposits.....	7,618,225	— 13,108,550	— 14,189,348
Bankers' deposits.....	91,506,603	+ 11,958,071	+ 36,661,129
Other deposits.....	33,296,980	+ 2,109,551	+ 17,235,965
Seven-day bills.....	1,390	— 3,424,731	— 16,426,723
Total, outside liabilities.....	497,545,660	+ 2,703	+ 37,129
Capital and reserves.....	18,230,024	+ 7,870,238	+ 12,615,754
Government debt and securities.....	329,911,810	+ 114,412	+ 3,982,268
Discounts and advances.....	12,273,627	— 11,555,500	— 2,692,423
Other securities.....	29,821,374	+ 2,374	+ 267,436
Silver coin in issue department.....	3,811,198	+ 151,196	+ 2,751,431
Coin and bullion (bank's reserve).....	139,957,675	— 316,135	— 8,440,366
Reserve of notes and coin in banking department.....	49,835,214	— 316,135	— 8,440,366
Proportion of reserve to outside liabilities.....	37% ^a	+ 1% ^a	— 8% ^a
(a) Banking department only ("proportion").....	37% ^a	+ 1% ^a	— 8% ^a
(b) Gold stocks to deposits and notes ("reserve ratio").....	28% ^b	+ % ^b	— % ^b

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
January 1 to August 24, 1932.	£16,159,757	£1,056,763	£1,751,474	£18,967,994
Week ended August 31.....	487,629	40,441	53,347	581,417
Week ended September 7.....	488,856	29,386	53,347	571,589
Total to date, 1932.....	19,156,242	1,110,600	1,845,262	22,092,104
Total to date, 1931.....	24,019,119	1,914,880	2,711,901	28,645,900
Decrease or increase in 1932.....	— 4,862,877	— 804,280	— 866,639	— 6,533,796
Percentage.....	— 20.3%	— 4.2%	— 31.7%	— 22.8%
Total for year 1931.....	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1932.....	36,782,577	1,812,146	2,963,631	41,558,354
Increase or decrease in 1931.....	+ 4,966,769	+ 144,294	+ 211,422	+ 5,322,485
Percentage.....	+ 15.9%	+ 8.7%	+ 7.7%	+ 14.7%

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Reserve & "Proportion."
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Aug. 3.....	413,563	374,728	11,491	84,952	36,300	838	2
10.....	413,563	370,819	10,568	85,323	34,579	Nil	2
17.....	413,728	365,957	9,806	89,754	34,464	165	2
24.....	413,728	363,822	22,203	79,946	34,429	Nil	2
31.....	413,906	365,287	20,727	79,549	35,407	178	2
Sept. 7.....	414,031	365,122	7,618	91,507	33,297	125	2

(000's omitted.)									
Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & "Proportion."		
1932.	\$	\$	\$	%	\$	\$	\$	%	
Aug. 3.....	249,228	21,946	139,400	27½	75,979	14,314	20,917	39,673	29½
10.....	248,963	22,223	139,419	27½	70,554	15,236	19,338	43,600	33½
17.....	248,960	22,223	139,602	27½	70,164	14,685	18,709	48,645	36½
24.....	248,960	22,223	139,602	27½	71,279	13,266	18,510	50,714	37½
31.....	248,787	22,394	139,596	27½	73,449	12,159	19,063	49,519	37½
Sept. 7.....	248,883	22,294	139,808	28½	69,933	12,274	18,611	49,858	37½

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended September 3.		Month of August			Aggregate Totals, January 1 to September 3.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
	£	£	25	26	%	£	£
			£	£			
BIRMINGHAM	2,237	2,388	7,953	8,921	+12.1	77,333	78,514
BRADFORD	697	708	2,707	2,961	+9.3	25,676	27,617
BRISTOL	1,278	1,653	4,103	5,247	+27.8	39,150	40,691
DUBLIN	4,498	4,472				173,798	188,556
HULL	661	657	2,819	2,789	— 1.0	25,435	25,160
LIVERPOOL	671	685	2,983	3,018	+1.0	30,096	29,587
LEEDS	771	585	2,078	2,080	+0.09	21,856	22,473
LIVERPOOL	4,714	6,436	22,744	25,835	+13.5	194,554	201,759
MANCHESTER	9,156	9,108	35,683	38,745	+8.5	319,650	333,068
NEWCASTLE	1,431	1,167	5,225	5,280	+1.0	45,329	43,659
NOTTINGHAM	549	541	1,651	1,647	— 0.2	15,672	15,591
SCOTFELD	810	807	5,000	2,785	— 7.1	26,717	25,599
Total	27,474	29,207	90,946	99,308	+9.1	895,171	1,033,227

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

ASSETS.	Aug. 14, 1931.	July 15, 1932.	July 22, 1932.	July 29, 1932.	Aug. 5, 1932.	Aug. 12, 1932.
Gold coin and bullion.....	6,120	5,148	8,009	7,041	6,061	6,733
Subsidiary coin.....	368	515	520	518	518	524
Notes in circulation.....	207	1,522	1,995	2,694	2,416	2,270
Reserve.....	5,927	5	5	7	6	3
Investments.....	2,105	1,354	1,225	1,991	2,037	1,965
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	802	9	9	9	7,452	6,715
Notes in circulation.....	5,879	6,619	6,304	7,974	1,074	1,201
Government deposits.....	1,561	1,452	1,627	1,253	4,027	4,136
Bankers' deposits.....	4,650	4,507	4,242	4,137	4,027	4,136
Ratio of cash reserves to liabilities to public.....	48.7%	66.6%	65.4%	51.7%	48.5%	52.6%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Low, namely, 279,916, has been written off Reserve.

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

ASSETS.	Aug. 14, 1931.	July 15, 1932.	July 22, 1932.	July 29, 1932.	Aug. 5, 1932.	Aug. 12, 1932.
Total securities.....	32,38,14	28,39,52	29,00,95	28,06,33	27,76,51	27,14,61
Loans.....	9,07,89	8,17,81	7,91,54	7,81,29	7,50,72	7,51,97
Gold credits.....	26,76,79	24,68,87	23,37,06	23,58,11	23,51,11	23,24,28
Foreign bills.....	2,25,53	2,07,47	1,99,32	1,96,81	1,96,81	1,96,81
Indian bills.....	33,99	17,15	18,00	24,71	25,69	23,22
Dead stock.....	2,72,65	2,64,82	2,64,94	2,65,01	2,65,01	2,65,09
Bal. with other banks.....	19,96	58,12	31,10	10,00	15,22	14,87
Cash.....	20,71,20	23,10,71	25,16,73	29,67,78	26,03,42	26,95,77
LIABILITIES.						
Capital paid up.....	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve.....	5,42,50	5,42,50	5,42,50	5,42,50	5,42,50	5,42,50
Total deposits.....	82,73,23	78,22,43	78,81,42	82,67,91	77,88,92	77,21,83
The above includes.....						
Deposits in London.....	978	1,131	1,114	1,197	1,163	1,137
Advances in London.....	928	997	1,266	1,294	1,307	1,238
Cash, &c., at other Banks in London.....	151	439	236	725	117	114

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

ASSETS.	Sept. 4, 1931.	Aug. 12, 1932.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.
Gold.....	58,567,719	82,226,054	82,201,919	82,239,201	82,230,928
Foreign assets.....	14,818,272	3,328,412	3,315,249	3,307,658	3,323,934
Right deposits.....	12,756,673	2,082,275	2,081,698	2,081,799	2,081,799
Bills, &c.....	4,643,972	3,019,068	3,010,589	3,006,731	3,006,731
Home bills.....					
Advances against sec. To the State.....	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances.....	2,817,336	2,796,169	2,775,928	2,760,646	2,844,351
Negotiable Bonds, Banking Fund, &c.....	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Other assets (excluding forward exch.).....	5,000,157	5,877,930	5,807,380	5,678,597	5,678,597
LIABILITIES.					
Notes in circulation.....	78,927,433	80,769,619	80,126,713	79,912,398	81,383,414
Public deposits.....	8,035,915	4,074,688	4,322,914	3,981,749	3,878,892
Private deposits.....	17,228,680	21,849,517	22,317,780	23,100,997	21,362,631
Other liabilities.....	2,856,999	2,456,979	2,246,279	2,361,173	2,361,173

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

ASSETS.	Aug. 31, 1931.	Aug. 11, 1932.	Aug. 18, 1932.	Aug. 25, 1932.	Sept. 1, 1932.
Gold.....	1,366,081	763,104	768,143	768,308	768,308
Of which deposited abroad.....	99,553	63,363	63,363	63,363	63,363
Reserve in foreign currencies.....	356,198	136,658	143,585	156,836	156,836
Bills of exchange and cheques.....	3,139,373	2,938,161	2,783,734	3,045,744	3,045,744
Silver and other coins.....	74,973	248,831	304,429	288,594	288,594
Notes of other German banks.....	3,145	6,963	12,108	2,858	2,858
Advances.....	207,640	106,849	92,495	207,378	207,378
Investments.....	102,971	365,056	365,052	365,052	365,052
Other assets.....	893,587	800,748	775,134	768,672	768,672
LIABILITIES.					
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserve.....	337,331	417,426	417,426	417,426	417,426
Notes in circulation.....	4,383,838	3,745,124	3,616,830	3,616,830	3,616,830
Other daily maturing obligations.....	508,647	338,469	352,974	352,974	352,974
Other liabilities.....	764,152	719,331	707,350	711,665	711,665
Cover of note circulation.....	39.3%	24.0%	25.2%	24.2%	24.2%

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

ASSETS.	Position, May 24, 1931.	Sept. 3, 1931.	Aug. 11, 1932.	Aug. 18, 1932.	Aug. 25, 1932.	Sept. 1, 1932.
Gold.....	163,092	657,803	1,023,675	1,030,550	1,031,943	1,033,371
Foreign bills and balances abroad.....	8,456	33,638	18,499	19,478	18,820	17,896
Notes in circulation.....	253,504	48,155	45,116	43,118	41,081	40,588
Foreign bills.....		229,681	71,536	71,536	71,536	71,536
Loans and advances in current acct.....		87,483	86,380	84,315	83,376	81,661
LIABILITIES.						
Notes in circulation.....	316,632	957,104	988,385	982,964	996,232	1,002,812
Deposits.....	112,125	146,809	277,730	287,152	277,497	263,265

(a) In thousand francs.

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

ASSETS.	Position, May 30, 1931.	Sept. 7, 1931.	Aug. 16, 1932.	Aug. 23, 1932.	Aug. 30, 1932.	Sept. 6, 1932.
Gold.....	163,092	657,803	1,023,675	1,030,550	1,031,943	1,033,371
Foreign bills and balances abroad.....	8,456	33,638	18,499	19,478	18,820	17,896
Notes in circulation.....	253,504	48,155	45,116	43,118	41,081	40,588
Foreign bills.....		229,681	71,536	71,536	71,536	71,536
Loans and advances in current acct.....		87,483	86,380	84,315	83,376	81,661
LIABILITIES.						
Notes in circulation.....	316,632	957,104	988,385	982,964	996,232	1,002,812
Deposits.....	112,125	146,809	277,730	287,152	277,497	263,265

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

ASSETS.	Position, May 30, 1931.	Sept. 7, 1931.	Aug. 16, 1932.	Aug. 23, 1932.	Aug. 30, 1932.	Sept. 6, 1932.
Gold.....	163,092	657,803	1,023,675	1,030,550	1,031,943	1,033,371
Foreign bills and balances abroad.....	8,456	33,638	18,499	19,478	18,820	17,896
Notes in circulation.....	253,504	48,155	45,116	43,118	41,081	40,588
Foreign bills.....		229,681	71,536	71,536	71,536	71,536
Loans and advances in current acct.....		87,483	86,380	84,315	83,376	81,661
LIABILITIES.						
Notes in circulation.....	316,632	957,104	988,385	982,964	996,232	1,002,812
Deposits.....	112,125	146,809	277,730	287,152	277,497	263,265

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

ASSETS.	Position, May 31, 1931.	Aug. 31, 1931.	Aug. 6, 1932.	Aug. 15, 1932.	Aug. 23, 1932.	Aug. 31, 1932.
Gold.....	111,175	1,188,771	2,637,244	2,637,244	2,637,244	2,637,244
Foreign bills and balances abroad.....		565,473	58,190	59,558	59,148	59,273
Discounts.....		54,493	14,800	14,060	14,337	14,240
Advances.....	103,000	64,007	44,067	43,746	42,176	41,718
LIABILITIES.						
Notes in circulation.....	275,925	1,292,604	1,543,326	1,518,455	1,501,466	1,560,910
Deposits.....	33,750	632,192	1,213,081	1,242,222	1,255,955	1,202,391

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

ASSETS.	Sept. 5, 1931.	Aug. 13, 1932.	Aug. 20, 1932.	Aug. 27, 1932.	Sept. 3, 1932.
Gold reserve.....	229,433	205,985	205,985	205,985	205,987
Government securities—Swedish.....	3,019	218,420	218,420	218,420	218,420
Other Swedish bonds quoted on foreign bourses.....	31,542				
Other foreign bonds quoted on foreign bourses.....	137	94	94	94	94
Bills payable in Sweden.....	305,270	145,669	142,973	139,120	138,283
Balance abroad.....	47,855	26,870	44,295	61,749	61,723
Advances.....	35,369	60,099	60,720	56,546	67,597
LIABILITIES.					
Notes in circulation.....	556,504	518,755	507,663	506,158	565,103
Government deposits.....	10,660	78,972	91,061	86,134	75,607
Private deposits.....	11,245	118,856	111,120	115,762	80,160

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

ASSETS.	Position, May 31, 1931.	Aug. 31, 1931.	Aug. 15, 1932.	Aug. 22, 1932.	Aug. 31, 1932.
Coin and bullion—Gold.....	44,224	146,330	142,398	142,398	142,397
Balance abroad and foreign bills.....	28,533	12,024	32,586	12,128	12,540
Reserve funds.....	8,816	54,502	27,123	27,123	27,123
Discounts and loans.....	76,911	188,077	275,305	274,335	272,642
LIABILITIES.					
Notes in circulation.....	113,484	294,317	311,968	309,550	313,876
Deposits at sight.....	7,188	55,573	80,362	81,324	75,603

* Includes an amount of Kr. 24,156,000, which the Bank has at its free disposal abroad.

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

ASSETS.	Position, May 30, 1931.	Aug. 31, 1931.	Aug. 15, 1932.	Aug. 22, 1932.	Aug. 31, 1932.
Coin and bullion.....	44,224	146,330	142,398	142,398	142,397
Balance abroad and foreign bills.....	28,533	12,024	32,586	12,128	12,540
Reserve funds.....	8,816	54,502	27,123	27,123	27,123
Discounts and loans.....	76,911	188,077	275,305	274,335	272,642
LIABILITIES.					
Notes in circulation.....	113,484	294,317	311,968	309,550	313,876
Deposits at sight.....	7,188	55,573	80,362	81,324	75,603

* Includes an amount of Kr. 24,156,000, which the Bank has at its free disposal abroad.

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

ASSETS.	Position, May 30, 1931.	Sept. 5, 1931.	Aug. 13, 1932.	Aug. 20, 1932.	Aug. 27, 1932.	Sept. 3, 1932.
Gold.....	229,433	205,985	205,985	205,985	205,985	205,987
Foreign bills and balances abroad.....	565,473	58,190	59,558	59,148	59,273	59,273
Discounts.....	54,493	14,800	14,060	14,337	14,240	14,240
Advances.....	103,000	64,007	44,067	43,746	42,176	41,718
LIABILITIES.						
Notes in circulation.....	275,925	1,292,604	1,543,326	1,518,455	1,501,466	1,560,910
Deposits.....	33,750	632,192	1,213,081	1,242,222	1,255,955	1,202,391

† In dollar and sterling only.

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

Cash Reserve—	1931.	1932.	1932.	1932.	1932.
Gold coin and bullion ...	224,327	149,476	149,476	149,476	149,476
Foreign exchange	121,683	40,393	40,201	40,024	39,941
Other foreign exchange ...	154,247	118	115	115	111
Bills discounted	624,306	870,586	866,995	850,526	872,486
Govt. debt	95,647	91,577	91,577	91,577	91,577
LIABILITIES.					
Share capital	43,300	43,300	43,300	43,300	43,300
Reserve fund	10,803	10,803	10,803	10,803	10,803
Notes in circulation	1,094,597	896,684	889,579	854,239	915,058
Deposits	121,137	164,662	180,578	217,067	164,654

OVERSEAS BANK RATES.

Bank	From To	Changed	From To	Changed	From To
Albania	July 1, 1931	24	Madrid	July 8, 1931	6 1/2
Argentina	Aug. 1, 1932	10	Oslo	Sept. 1, 1932	4 1/2
Athens	Aug. 8, 1932	11	Paris	Oct. 9, 1931	2 1/2
Batavia	Mar. 10, 1930	5 1/4	Prague	Apr. 11, 1932	6 1/2
Bombay	July 20, 1931	6 1/4	Pretoria	Nov. 15, 1931	6 1/2
Buenos Aires	Apr. 27, 1932	6 1/2	Reval	Jan. 28, 1932	6 1/2
Calcutta	Jan. 15, 1932	24 1/2	Riga	Oct. 1, 1930	1 1/2
Canton	Mar. 5, 1932	8 1/2	Rome	May 2, 1932	6 1/2
Cebu	July 1, 1932	6 1/2	Sofia	May 18, 1932	9 1/2
Colon	May 20, 1932	5 1/4	Stockholm	Sept. 1, 1932	4 1/2
Copenhagen	July 12, 1932	5 1/4	Swiss Bank		
Danish	Apr. 19, 1932	7 1/2	Tokyo	Jan. 22, 1931	2 1/2
Hankow	May 4, 1932	7 1/2	Vienna	Aug. 23, 1932	7 1/2
Harbin	Apr. 4, 1932	7 1/2	Warsaw	Oct. 3, 1930	6 1/2
Hong Kong	June 23, 1932	3 1/2	Winnipeg	June 30, 1932	3 1/2

Central Bank of Chile—Discount rate for member banks, 6%; discount rate for the public, 7%.
 5% applied to banks and credit institutions.
 7% applied to private persons and firms.

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

	Sept. 9, 1931.	Aug. 10, 1932.	Aug. 17, 1932.	Aug. 24, 1932.	Aug. 31, 1932.	Sept. 7, 1932.
Call money	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days' mixed coll.)	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptance	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Members—eligible, 90 days	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Non-members—eligible, 90 days	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Ineligible, 90 days	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept., 90 days	2 1/2	3 1/2	2 1/2	2 1/2	2 1/2	2 1/2

Rate of Exchange, New York on—	Par Level.	Sept. 9, 1931.	Aug. 24, 1932.	Aug. 31, 1932.	Sept. 7, 1932.
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London—					
60 days		4.81 1/2	3.44 1/2	3.44 1/2	3.47 1/2
Cable		4.85 1/2	3.46 1/2	3.47 1/2	3.49 1/2
Cheque		4.84 1/2	3.45 1/2	3.47 1/2	3.48 1/2
Paris—					
Cheque		3.91 1/2	3.92 1/2	3.92 1/2	3.93 1/2
Buenos Aires		13.90	13.91 1/2	13.88	13.87 1/2
Switzerland		19.30	19.49 1/2	19.44	19.31
Italy		5.26 1/2	5.22 1/2	5.12 1/2	5.12 1/2
Berlin		23.82	23.40	23.79	23.78
Vienna		14.07	14.05	14.04	14.04
Madrid		19.30	19.02	18.04	18.04
Amsterdam		40.196	40.32	40.23	40.13
Copenhagen		26.80	26.72 1/2	18.45	18.00
Oslo			26.75	17.36	17.40
Stockholm			26.75	17.79	17.81
Athens			1.297	1.294	0.62
Calcutta			99.16	98.1	98.1
Canton			49.85	49.8	22 1/2
Hankow			24.50	24.5	22 1/2
Harbin			30.62 1/2	30.62 1/2	30.62 1/2
Hong Kong			36.50	36.53	26.15
Shanghai			103.65	103.65	26.37 1/2
Yokohama			11.96	11.96	11.96
Buenos Aires			12.125	11.87 1/2	11.87 1/2
El Paso de Janeiro					
Valparaiso					

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.
South Africa	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.

SHILLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia	99 16 3	99 15 0
South Africa	72 8 9	72 7 6

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Quoted to \$	24.3325	Sight London	25.61
Bolivia	Bolivianos to \$	25.2215	"	25.75
Colombia (Bogota)	Pesos to \$	5	"	3.64
Guatemala	Quetzales to \$	4.8665	"	4.96
Salvador	Colonos to \$	9.73	"	9.07
Uruguay	Pesos to \$	13.33	"	13.36

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.				Australia and New Zealand on London.			
Buying.		Selling.		Buying.		Selling.	
Aus.	N.Z.	Aus.	N.Z.	Aus.	N.Z.	Aus.	N.Z.
125	125	125	125	125	125	125	125
125	125	125	125	125	125	125	125
125	125	125	125	125	125	125	125
125	125	125	125	125	125	125	125

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending Sept. 3, 1932.	From Apr. week ending to Sept. 3, 1932.
Sterling purchased in India	1,883,000	3,778,000
Sterling taken over in London	715,000	
Net transfer to Home Treasury		-3,750,000

Total remittance to Home Treasury 1,883,000 — 743,000
 India Office, S.W.1,
 Sept. 8, 1932.

BULLION.

The following statistics of imports and exports of gold for week ended September 8, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From	To	From	To
Belgium	2,711	Germany	2,391
Iraq	11,997	Netherlands	351,004
British West Africa	56,275	Belgium	10,000
British South Africa	1,276,394	France	2,217,161
British India	262,875	Switzerland	8,000
Straits Settlements	55,695	Austria	1,900
Australia	187		
Salvage from S.S. "Egypt"	183,095		
Other countries	3,435		
Total declared value of imports	1,852,664	Total declared value of exports	2,590,456

GOLD MOVEMENTS.

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

1932. ARRIVALS.		1932. WITHDRAWALS.	
Sept. 2	Sept. 8	Sept. 2	Sept. 8
Bars bought	1,709	Sept. 2	Nil
" 3	Nil	" 3	Nil
" 4	Nil	" 4	Nil
" 5	Nil	" 5	Nil
" 6	Nil	" 6	Nil
" 7	123,510	" 7	Nil
" 8	260,797	" 8	Nil
Total	385,016	Total	Nil

Net arrivals, September 2, 1932, to September 8, 1932, inclusive, £385,016.
 Messrs Samuel Montagu and Company write on September 7, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £138,906,143 on the 31st ultimo, as compared with £138,728,341 on the previous Wednesday. Purchases of bar gold to the total value of £125,219 were announced by the Bank during the week. In the open market, substantial amounts of gold were available and were taken for the Continent and the United States of America. The gold saved from the s.s. "Egypt," to which we referred last week, is now shown in the import and export figures given below as of the value of £183,095; of this amount, about £80,000 was disposed of in the open market during the week.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
Sept. 1	118s. 11d.	14s. 3.5d.
" 2	118s. 9d.	14s. 3.7d.
" 3	118s. 7d.	14s. 3.9d.
" 4	118s. 4d.	14s. 4.3d.
" 5	118s. 6d.	14s. 4.1d.
" 6	118s. 3d.	14s. 4.4d.
" 7	118s. 3d.	14s. 4.4d.
Average	118s. 6.7d.	14s. 4.0d.

The s.s. "Comorin" sailed from Bombay on the 3rd instant with £569,000 of gold consigned to London and £62,000 consigned to Holland.

SILVER.

The reaction seen at the end of last week continued until 18 1/2d. for cash and 18 1/4d. for two months' delivery were quoted on the 2nd instant. Thereafter, the tone became considerably firmer and silver followed the harder tendency of other commodities. Buying by the Indian Bazaars and speculators caused prices to advance by three successive rises of 1/4d. to yesterday's quotation of 18 1/2d. and 18 1/4d. for the respective deliveries. Poorness of offerings helped the rise, which was not altogether followed by the China exchanges and offerings from China and America to-day caused a fall of 1/4d. in both quotations.

In view of the small offtake and heavy stocks, the recent rise was hardly justified, the level reached seeming too high for the time being. Reaction, therefore, may be expected, although, owing to the large speculative element, a great deal depends upon whether the trend of outside events offers encouragement or otherwise to bulls.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 29th August to mid-day on the 5th instant:—

IMPORTS.		EXPORTS.	
	£		£
Belgium	41,920	Roumania	270,455
Germany	23,200	British India	20,927
British India	24,896	Straits Settlements	4,300
Australia	21,529	Germany	1,814
Salvage from s.s. "Egypt"	5,850	Other countries	3,132
British South Africa	3,492		
Other countries	5,774		
	126,661		300,628

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
	Bar silver per oz. std. ounce		Cents per ounce
Sept. 1	18 1/2d.	Sept. 1	28 1/2
" 2	18 1/2d.	" 2	28 1/2
" 3	18 1/2d.	" 3	28 1/2
" 4	18 1/2d.	" 4	28 1/2
" 5	18 1/2d.	" 5	28 1/2
" 6	18 1/2d.	" 6	28 1/2
" 7	18 1/2d.	" 7	28 1/2
Average	18 1/2d.		28 1/2

The highest rate of exchange on New York recorded during the period from the 1st instant to the 7th instant was \$3.49 1/2 and lowest \$3.46 1/2.

GOLD AND SILVER PRICES.

Date.	Gold Per Ounce.	Silver—Per Ounce.		Silver. Cash.
		Cash	Forward	
1932.				
Sept. 2	118 9	18 1/2	18 1/2	28 1/2
" 3	118 7	18 1/2	18 1/2	28 1/2
" 4	118 4	18 1/2	18 1/2	28 1/2
" 5	118 3	18 1/2	18 1/2	28 1/2
" 6	118 3	18 1/2	18 1/2	28 1/2
" 7	117 11	18 1/2	18 1/2	28 1/2

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. • Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre-vious Year.
BANKS.					
Mercantile Bank of India	6%*	Sept. 20	Less tax	...	...
MINING.					
Amalgamated Zinc	2½	Oct. 8	...	...	...
OTHER COMPANIES.					
Alliance and Dublin Gas	7½	Oct. 5	Less tax	5	8
Associated Fire Alarms	1½%*	Sept. 30	...	...	...
British Tobacco (Australis)	2½%*	Oct. 1	Less tax	...	...
Brown Brothers	3%*	Oct. 1	Less tax	...	...
Carriok's (Caterers)	3%*	Oct. 15	Less tax	...	...
City Offices	15/6 ps*	Oct. 15	Less tax	6	5
Hawthorn Leslie and Co.	1½	Oct. 1	Less tax	...	...
Hyde's Bird Seeds	2½%†	...	Less tax	5	2½
Kelton Portland Cement	2½%†	...	Less tax	5	5
Lincoln Wagon and Engine	6%†	...	Less tax	8½	12½
Maynards	4%*	...	Less tax	...	...
Maypole Dairy	4%*	...	Less tax	5	9
Neepsend Steel and Tool	2½%*	...	Less tax	...	...
Saxone Shoe	2½%*	...	Less tax	22	22
Second Alliance Trust	1s. p.s.*	...	Less tax	...	...
Sheffield Brick	1s. p.s.*	...	Less tax	5	5
Singleton and Cole	5%*	Sept. 28	Less tax	...	...
Singleton and Cole	3%*	Sept. 15	Less tax	...	...
South Metropolitan Electric	2½%*	Sept. 29	Tax free	...	...
Staveley Coal and Iron	2½%*	Sept. 29	Less tax	5	7½
Sum Electrical	3%†	Sept. 29	Less tax	...	...
Taylor's (Cash Chemists)	4%†	Sept. 15	Less tax at 4s. 11½d. in £.	6	8
Tor Investment Trust	2½%*	Sept. 15	Less tax	...	...
United Glass Bottle	2½%*	Sept. 17	Less tax	10	12½
Whitehall Court	6½%†	Sept. 21	Less tax	22½	22½
Whitworth and Mitchell	10%*	Oct. 1	Less tax	...	...

IMPERIAL CHEMICAL INDUSTRIES LIMITED.—The Directors, after reviewing the net income for the six months ended June 30, 1932, have declared an interim dividend as at October 15, 1932, in respect of the trading year ending December 31, 1932, of 2 1/2 per cent. actual on the issued ordinary capital of the company. This dividend will be payable (less income tax at 4s. 9 1/2d. in the pound, being United Kingdom income tax at 6s. in the pound less Dominion income tax relief at 2 1/2d. in the pound) on December 1, 1932, to shareholders on the register on October 15, 1932. For the purpose of the payment of this dividend transfers to be lodged at the company's registered office not later than October 14, 1932.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

		week ended Sept. 5, 1932.						Aggregate Gross Receipts, 35 weeks. (000's omitted.)					
(b) Week ended Sept. 2, 1932.	(c) Week ended Sept. 3, 1932.	Miles Open.	(000's omitted.)					(000's omitted.)					
			Passen-ger, &c.	Merchan-dise, &c.	Coal and Coke.	Total Goods.	Total for Week.						
			£	£	£	£	£				£	£	£
Great Western	1932	3,761	245	161	91	252	497	7,294	5,785	3,465	9,250	16,544	16,544
(c) L. & N.	1932	3,761	257	188	107	295	552	7,956	6,615	3,684	10,299	18,255	18,255
Eastern	1932	3,653	375	269	200	469	844	10,887	10,093	7,514	17,607	28,494	28,494
L. M. & S.	1932	3,535	587	330	229	559	946	11,751	11,746	8,103	19,849	31,600	31,600
Scottish	1932	6,943	570	474	242	716	1,162	18,758	18,392	7,873	22,365	39,923	39,923
Southern	1932	2,181	348	69	30	99	447	10,035	2,179	1,065	3,244	13,348	13,348
	1931	2,180	367	61	31	98	447	11,018	2,538	1,096	3,634	14,444	14,444
Total...	1932	19,244	1,513	907	530	1,437	2,950	44,974	32,549	19,127	52,466	97,136	97,136
	1931	19,240	1,574	1,059	650	1,698	3,242	48,864	37,097	21,422	58,549	106,106	106,106
(d) Metro-politan	1932	59	29.0	...	...	3.0	3.2	103.1	...	...	117.0	117.0	117.0
(e) Under-ground E.R.	1931	59	30.4	...	...	3.5	33.9	109.0	...	...	129.0	121.0	121.0
(f) Great Eastern & S.E.	1932	...	274.0	...	...	274.0	1015.3	...	...	...	1015.3	1015.3	1015.3
(g) Great Eastern & S.E.	1931	...	292.3	...	...	292.3	1052.1	...	...	...	1052.1	1052.1	1052.1
(h) L. & S. B. Southern Group	1932	...	34.1	...	...	34.1	109.7	...	...	...	109.7	109.7	109.7
(i) Belfast & Co. Down	1931	...	42.7	...	...	42.7	151.7	...	...	...	151.7	151.7	151.7
(j) Belfast & Co. Down	1932	...	44.3	...	...	44.3	155.8	...	...	...	155.8	155.8	155.8
(k) Belfast & Co. Down	1931	...	80	3.6	...	0.5	4.1	95.9	...	...	22.2	11.0	11.0
(l) Belfast & Co. Down	1932	...	80	3.6	...	0.6	4.2	99.4	...	...	23.2	12.0	12.0
(m) Belfast & Co. Down	1931	...	568	1.4	...	9.2	23.6	405.7	...	...	412.0	81.0	81.0
(n) Belfast & Co. Down	1932	...	568	1.4	...	9.5	24.0	406.0	...	...	413.0	82.0	82.0
(o) Belfast & Co. Down	1931	...	2,182	32.7	...	26.6	59.3	...	...	...	116.0	82.0	82.0
(p) Belfast & Co. Down	1932	...	2,182	32.7	...	26.6	59.3	...	...	...	116.0	82.0	82.0
(q) Belfast & Co. Down	1931	...	2,182	36.6	...	40.0	77.5	931.5	...	...	1,409.0	92.3	92.3

LEAD.—The London market in lead opened quiet on Monday, but last week's advance was maintained owing to the reserve of sellers. On Tuesday and Wednesday, quotations rose under the influence of an active demand. Sales at the London Metal Exchange totalled 700 tons on Monday, as compared with 1,000 tons on the corresponding day last week, 1,800 tons on Tuesday, against 1,600

tons, and 1,800 tons on Wednesday, against 2,500 tons. In New York the metal was quoted at 3.60 cents per lb. on Wednesday, against 3.60 cents a week ago and 3.10 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London, in terms of sterling, at £14 7s. 6d. per ton for shipment during the current month, compares with £13 8s. 9d. on the corresponding day last week.

SPELTER.—The relatively favourable statistical position of this metal provided a background for a substantial advance in price. This was brought about not only by speculative purchases, but also by a tendency of consumers to begin replenishing their stocks. Sales totalled 750 tons on Monday, against 1,200 tons last week; 1,500 tons on Tuesday, against 1,000 tons last week, and 1,400 tons on Wednesday, against 600 tons. Wednesday's quotation in New York, at 3.40 cents per lb., compares with 2.95 cents a week ago and 2.80 cents a month earlier. Wednesday's official closing quotation in London in terms of sterling, for "good ordinary brands," was £16 10s. for shipment during the current month, against £14 2s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and platinum have been maintained at £95 per ton and £9 15s. per ounce respectively. Nickel was again sold at £240-£245 per ton. Foreign antimony changed hands at £24 10s.-£25 10s. per ton, against £24 15s.-£25 5s. a week ago. Quicksilver rose slightly from £9 7s. 6d.-£9 12s. 6d. per flask to £9 10s.-£9 15s. per flask.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, September 1st to 7th (inclusive) are 43,398 bales, of which 22,788 bales are American, 1,672 Peruvian, 906 Argentine, 10,757 Egyptian, 5,341 African, and 1,934 East Indian.

Manchester.—Very unsettled conditions have prevailed in the market during the past week. The strike in the weaving section continues to disorganise production, and trade has also been hampered by the wide fluctuations in raw material prices. There has not been any shortage of inquiry in piece goods for abroad, but the utmost difficulty has been experienced in arranging terms of fresh contracts. Numerous buyers have been prepared to agree to a strike clause, but customers abroad have been slow in raising their offers. Miscellaneous sales have occurred for the several outlets of India, chiefly in light bleaching descriptions. Only limited operations have been received from South America and certain countries of Northern Europe. Stock lots have moved off rather more freely, and most manufacturers and distributors have now effected considerable clearances. There has not been much activity in home trade fabrics. Irregular conditions have prevailed in the yarn market. Sales of any importance in home counts have been scarce. Rather more inquiry has been met with in export numbers for India and the Continent.

Cotton Prices.

	1932.				Corresponding Data.	
	Aug. 17.	Aug. 24.	Aug. 31.	Sept. 7.	1930.	1931.
Raw Cotton—Mid. American..... per lb.	5.75	5.98	6.72	7.00	6.40	3.64
" Sakalidra Fully Good Fair..... per lb.	8.05	8.20	8.90	9.40	10.20	5.55
Yarns—32's twist..... per lb.	91	92	104	104	104	74
" 40's twist..... per lb.	98	99	108	111	111	88
" 60's twist (Egyptian)..... per lb.	142	15	154	164	19	134
32-in. Printers, 116 yds., 16 by 16, 32's and 60's.....	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
34-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	17 6	18 0	19 0	19 9	20 0	15 9
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	20 3	20 9	21 6	22 3	22 6	17 6
39 in. ditto, 37 yds., 16 by 15, 84 lb.....	10 7	10 10	11 1	11 5	12 44	9 10
	9 5	9 7	9 10	10 3	11 24	8 9

THE WOOL TRADE.—Bradford.—During the past week, writes our correspondent, there have been some encouraging developments. The enhancement in the market value of the raw material has been accompanied by an improvement in the demand for yarns, both for new business and for an increased call for delivery against contracts. This indicates that the situation at the consuming end is by no means as bad as some of the worst reports have suggested. Meanwhile, some of the latest news about wool comes from South Africa, where the season has commenced in a very different fashion from twelve months ago. The opening of the last season was a fiasco, and selling did not get going properly until several weeks later. Exchange rates, uncertainty about the gold standard, and other annoyances, caused serious loss to growers and selling interests. To-day the Cape market is quite as healthy as the Australian, and there is every probability of current values being maintained. A good deal of the demand for wool in Sydney has come from the Continent and Japan. The latter has shown surprising activity, but the home trade has given valuable support, and as the season proceeds it may be expected that this section will continue to take a large share of the offerings in other centres. More interest is being directed to medium and low qualities, particularly the latter. There has been a stiff advance in quotations for South American crossbreds, and as the consumption of fine wools continues, lower qualities may be expected to come more into their own. There is a very strong tone in Bradford. Though topmakers find that spinners' ideas of prices for tops range around 23d. for average 64's and 23d. for warp, the cost of tops made out of wool bought in Australia and South Africa is nothing below

24d. to 25d. for the best 64's. Prices for yarn are gradual following the advance in tops, and whilst wholesale houses are resisting paying any more money for cloth, it is beyond question that they will have to do so eventually.

THE JUTE TRADE.—Dundee.—The market at the moment has become very strong on account of a short crop forecasted by the district returns of the jute-growing districts. Yesterday's figures were received from Calcutta, indicating an outturn for season 1932-1933 of 5,844,600 bales, compared with the forecast of last year of 5,559,000 bales. The total quantity actually received last season to June 30, 1932, was 6,541,000 bales, or nearly a million bales in excess of the forecast, but there was a big carry over from previous crops, which augmented the supply. The world's consumption is in the vicinity of eight million bales, so the present quantity forecasted is much under requirements, and this will mean that about two million bales will require to be taken from stocks or from the unsold supply in-country in India. The first effects on the market were a sharp advance in prices, Calcutta rising 20s. per ton and London 17s. 6d., while prices here were a more or less nominally raised 15s. per ton, and sellers showing considerable reserve, making few offers. In one case, where a shipper quoted unchanged rates from those ruling prior to the forecast, all the jute he offered was sold, amounting to about 5,000 bales. The value of Daisee assortment rose to £19 17s. 6d. and Tossa assortment to £20 12s. 6d., October-November. Good First Marks were advanced to £21 10s. to £22, and Lightnings to £20 10s. to £21, the latter price being paid for Red H quality Jute yarns are very firm, and the lowest possible price for common 8-lb. cops is now 2s. 2d., and for 8-lb. spools 2s. 3d. Buyers are not keen to pay these rates, as they have bought fair quantities up to 2s. 1d. for cops and 2s. 2d. for spools. Twist rules at from 34d. for 3-ply 8-lb., and sucking yarns are strong at 24d. lower for 24-lb. twist and 34d. for 8-lb. chains. Rove is dearer at £2 for 48-lb. and £17 for 200-lb., while the finer yarns are tending dearer at 2s. 10s. for second quality 8-lb. Rio warp, 2s. 6d. for 14-lb. and 2s. 4d. for fourth. Carpet yarns are firm at 34d. for 14-lb. warp. Jute cloth business has improved, and manufacturers are inclined to quote higher prices. For 10½-oz. 40-in. hessians 3d. is now the rate, and 24d. for 8-oz., and only in exceptional instances where orders might be suitable in the narrow widths would these rates be shaded. Buyers are showing considerably more interest. Linoleum hessians are quiet, but firm, and heavy goods are still moving off moderately. Calcutta goods have gone dearer in sympathy with the raw material, being sold yesterday at 21s. 11d. for 10-oz. 40-in., and 17s. for 8-oz., September, though quotations are usually higher.

THE GRAIN MARKETS.

WHEAT.—The chief event during the past week was the announcement on September 6th by the chairman of the United States Farm Board that the wheat controlled by that organisation would be held off the market until 1933. As a result, prices showed a hardening tendency at the principal wheat markets. The volume of international trade in wheat was not very large, as crops have already been harvested in some of the chief importing countries. Canada supplied most of the requirements of the past week. Crop reports are now assuming a more definite form, and Mr S. Broomhall has published his preliminary estimate of supplies and probable requirements during the current season. He estimated exporters' surpluses at 120,500,000 quarters, against 125,500,000 quarters a year ago. His forecast of importers' requirements is 88,000,000 quarters, as compared with 97,000,000 quarters last year. According to these estimates, the surplus of supplies over demand during the current season therefore amounts to 32,500,000 quarters, against 28,500,000 quarters for the season ended July 31, 1932. On Wednesday, "September" futures were quoted at 53½ cents per bushel in Chicago, against 52½ cents on the corresponding day last week and 55½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 30s. 9d. per 496 lbs., as compared with 30s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 29s. 9d. against 29s.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s. 3d. against 28s. 9d.; Australian, ex ship, 31s. against 29s. a week ago.

WHEAT FLOUR.—Quotations for flour have risen in sympathy with wheat prices, but business was not on a large scale. North American shipments, at 147,000 sacks, showed a decrease of 38,000 sacks, as compared with the previous week. Of this total, 42,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 26s. per sack of 280 lbs., as compared with 25s. 6d. last week; delivered London, 25s., against 24s. 6d. Manitoba patents, ex store, 25s. to 28s., against 25s. 6d. to 28s.; and Australian, ex store, 20s. to 20s. 9d.; against 19s. 9d. to 20s. 6d. a week ago.

BARLEY.—Business in feeding barley was quiet, but, owing to the absence of selling pressure from Russia and Roumania, prices were maintained. On Wednesday, "October" futures were quoted at 31½ cents per bushel in Winnipeg, against 32½ cents last week and 34½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 24s., as compared with 24s.; "River Plate," landed, 23s. 6d., against 23s. 6d. a week ago.

OATS.—The markets in oats experienced a small turnover, but quotations hardened because of smaller shipments. "September" futures, which last week stood at 17½ cents per bushel in Chicago, sold at 16½ cents per bushel on Wednesday this week, against 17½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 19s. per 320 lbs., as compared with 18s. 3d. last week; "River Plate," ex ship, 18s., against 17s. 6d.; "Chilean White," landed, 23s. to 24s. 6d., against 23s. to 24s. 6d. a week ago.

MAIZE.—Following the easier tendency which had become noticeable recently, this cereal experienced a good demand towards the

end of last week. As Argentine shipments are now smaller, and in the absence of selling pressure from Danubian countries, prices advanced slightly. Wednesday's quotation in Chicago for "September" futures, at 30½ cents, shows a rise of ½ cent on last week, but a fall of ½ cent as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 21s. 6d. per 480 lbs., compared with 20s. 7½d. last week; "Plate," ex ship, 20s. 6d., as against 19s. 7½d.; "Plate," September-October, 20s. 9d., as against 20s. 1½d. Yellow maize, ex wharf, was quoted at £5 17s. 6d. per ton against £5 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933	1931-1932	1930-1931	1929-1930
Estimated sales of home-grown wheat—				
1 week to September 3	Cwts. 90,165	Cwts. 42,758	Cwts. 129,208	Cwts. 229,935
Average price of English wheat per cwt.	s. d. 5 9	s. d. 5 1	s. d. 7 8	s. d. 10 3

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Aug. 27, 1932	Cwts. 40,854	Cwts. 9,003	Cwts. 16,148	s. d. 6 2	s. d. 7 5	s. d. 6 11
Sept. 3, 1932	90,165	21,658	34,734	5 9	8 2	6 7
Sept. 1, 1928	92,404	209,912	67,341	9 5	14 1	9 3
Aug. 31, 1929	137,370	44,697	57,057	10 11	10 1	8 4
Sept. 6, 1930	129,208	33,625	31,959	7 8	8 4	6 0
Sept. 5, 1931	42,758	22,454	17,859	5 1	10 2	5 9

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

NABARET FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Sept. 9, 1931.	Jan. 4, 1932.	Aug. 31, 1932.	Sept. 7, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	51½	62½	56	55½
Chicago (No. 2 Winter)	130½	79½	47	55½	52½	53½

The visible supply of wheat in Canada, at 65,898,000 bushels, shows an increase on the week of 1,429,000 bushels. Supplies a year ago stood at 48,301,000 bushels.

OTHER FOODS.

SUGAR.—The sugar markets of New York and London have been a little less active. Although prices for "spot" transactions were unchanged, "future" quotations sagged slightly under the influence of realisation. The publication of Dr. Mikusch's August estimate of the European beet crop for the season 1932-33 had little effect on the market. His estimate, at 5,397,000 tons (excluding Russia), shows a reduction of 3,229,000 tons on the actual yield of the previous season. Russia's output is forecast at 2,000,000 tons, against a harvest of 1,979,000 tons a year ago. Estimates for other countries are: Germany, 1,175,000 tons, against 1,143,000 tons harvested last year; Czechoslovakia, 670,000 tons, against 1,143,000 tons; France, 900,000 tons, against 460,000 tons. "September" Kingdom, 340,000 tons, against 1.07 cents per lb. on Wednesday, futures in New York were quoted at 1.01 cent per lb. a month against 1.09 cents per lb. a week ago, and in London include "December" earlier. Wednesday's sales of "raws" in London were 6s. 5½d. to 6s. 3½d., and "March, 1933," at 6s. 6d. to 6s. 6½d., against 6s. 7½d. to 6s. 8½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
London ..	Tons. 3,280	Tons. 301	Tons. 1,197	Tons. 973	Tons. 13,106	Tons. 24,542
Liverpool ..	7,035	15,975	15,537	13,733	70,542	71,335
Total ..	10,315	16,276	16,734	14,706	83,648	95,877
Last week ...	14,473	8,234	15,767	15,217	90,067	94,307

COFFEE.—Brazilian coffee advanced sharply in New York during the past week. The rise was due partly to the reduction in visible supplies and partly to a substantial volume of buying. On Wednesday, Rio No. 7 (cash) was quoted at 9½ cents per lb., against 8½ cents a week ago. Tuesday's London auctions were characterised by a good demand at firm prices. Last week's movements of coffee in London were as follows: Brazilian, landed, 5,317; delivered for home consumption, 1,045 bags; exported, 5,850 bags; stocks, 15,600 bags, against 2,018 bags last year. Central American, landed, 2,155 packages; delivered for home consumption, 1,963 packages; exported, 2,167 packages; stocks, 91,897 packages, against 92,924 a year ago. Other kinds, landed, 3,517 packages; delivered for home consumption, 1,919 packages; exported, 1,534 packages; stocks, 66,824 packages, against 75,138 packages a year ago.

COCOA.—Last week's advance in cocoa prices was followed by a further upward movement this week under the influence of a strong demand, chiefly in the United States. "September" futures were quoted at 5.03 cents per lb. in New York on Wednesday, against 4.60 cents per lb. a week ago and 4.51 cents a month ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, November-January, at 31s. 3d. per cwt. c.i.f. Continent, shows an advance of 1s. 9d. per cent. on the week. Last week's movements of cocoa in London were as follows: Landed, 2,298 bags; delivered for home consumption, 6,124 bags; exported, 295 bags; stocks, 148,125 bags, as against 206,666 last year.

TEA.—The quantities catalogued for this week's auction comprised 52,893 packages of Indian and 34,444 packages of Ceylon tea. Competition at this week's auctions was less keen, and the tendency of prices was easier. Monday's "Indian" auctions opened with a good demand for common grades, but medium and finest varieties were irregular. At the "Ceylon" sales on Tuesday all except finest teas realised lower prices. On Wednesday all grades of "Indian" tea showed reductions on Monday's prices. Owing to the prospect of larger supplies and a slight deterioration in quality. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.
Sept. 3, 1931	d. 15.54	d. 8.07	d. 15.35	d. 6.60	d. 6.07	d. 5.74
August 11, 1932 ...	7.71	6.61	8.07	4.71	4.22	6.28
August 18, " ...	9.75	6.36	7.92	4.83	4.45	6.20
August 25, " ...	10.50	6.66	8.22	5.22	4.53	5.94
Sept. 1, " ...	11.67	6.64	8.84	5.05	4.50	5.74

RICE.—The market in rice has been quiet, but the recent rise in prices was maintained. Wednesday's "spot" price, at 10s. per cwt., shows no change on last week, while forward positions, at 8s. 4½d. per cwt., also remained unchanged. Movements in London during the past week were as follows: Landed, 26 tons; delivered, 198 tons; stocks, 2,464 tons, as against 944 tons last year.

POTATOES.—In view of the heavy supplies available at the principal markets, prices declined slightly. At the London Borough Market, "King Edward" was sold at 4s. 9d. to 5s. 3d. per cwt., against 5s. to 5s. 6d. per cwt. last week.

SPICES.—The market in pepper has been a little more active, and prices were a shade firmer. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a rise of ½d. per lb. on the corresponding day last week. Movements of pepper in London during the past week were as follows: Black, landed, 8 tons; delivered, 31 tons; stocks, 306 tons, against 576 tons last year. White, landed, 34 tons; delivered, 52 tons; stocks, 403 tons, against 475 tons a year ago.

MEAT.—Meat prices at the Smithfield market show little change on the week. The only development of note was a substantial advance in the price of Argentine beef. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 10d. to 4s. 6d. per 8 lbs., against 3s. 6d. to 4s. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 2d. to 2s. 10d., as against 2s. 2d. to 2s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,350 tons, as compared with 8,618 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.5 per cent. of the supplies, as against 85.5 per cent. a year ago; and imported mutton, mainly New Zealand, formed 73.5 per cent. of the total supply, as against 77 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets have assumed a stronger tone and there has been an almost all-round advance in values. In anticipation of the Ottawa recommendation of an import duty on foreign linseed being adopted, demand for seed afloat and for early shipment has been active and quotations have steadily improved until £9 7s. 6d. has been reached for Plate on spot at Hull and £9 5s. to £9 7s. 6d. for shipment. The Continent also being a good buyer has likewise helped prices to stiffen. The quantity of linseed afloat for Europe is still substantial, and at 165,800 tons is slightly larger than last week and compares with 140,700 tons a year ago. The area under linseed in Argentina is stated to be 15 per cent. less than last season. Meanwhile, current supplies are ample, the estimated total yet to be shipped this year from Argentina and India being around 770,000 tons, against 528,000 tons actually shipped in the remainder of 1931. Cottonseed is dull and in small request, with prices of old crop Egyptian about unchanged. Dealings in new crop are only just beginning, current value for October loading being about £7 5s. In sympathy with the rise in seed, accompanied by a good demand for both near and forward delivery, linseed oil has sharply advanced, September delivery ex Hull mill now being quoted £16 5s. and October-December, £16 15s. Cotton oil is firm but quiet, crude Egyptian ex Hull offering at £23 and refined at £25. Oilcakes are in fair request and late mill prices are maintained.

HIDE, LEATHER AND ALLIED TRADES.—Further advances in prices for hides and skins have occurred this week, and the market for both domestic and imported sorts remains very firm. At the auctions held at Manchester, most weights of cattle hides realised 4d. per lb. more than they did the previous week, the exceptions being all first clear ox and heifers and bulls. The demand for calfskins was very active and prices were higher by from ½d. to

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.			
GRAIN, &c.—			
Wheat—	a. d.	s. d.	
No. 2, N. Man. 496 lb.	29	9	
Eng. Gas. av., per cwt.	5	9	
Barley, Eng. Gas. av.	8	2	
Oats—			
Malta, 1½ lb. flat, landed	6	7	
480 lb.	21	6	
Flour, Lon. sup. ex mill,			
280 lb.	23	9	
Rice, No. 2 Burma, per cwt.	8	4½	
Tapioca, per cwt.			
Pat. Yaka, Singapore.	11	3	
MEAT—			
Beef, per 8 lbs.—			
English long sides	4	8	5 2
Argentine chilled hides	3	10	4 6
Mutton, per 8 lbs.—			
English wethers	3	4	4 8
N.Z. frozen	2	4	2 10
Pork, English, per 8 lbs.	4	8	5 8
OTHER FOODS.			
Bacon—			
Irish, per cwt.	88	0	
Danish	68	0	
Dutch	62	0	
HAMS—			
Canadian	72	0	74 0
American	71	0	72 0
BUTTER—			
Australian	104	0	106 0
New Zealand	110	0	112 0
Danish	124	0	
CHEESE—			
Canadian, per cwt.	62	0	63 0
New Zealand	57	0	58 0
English Cheddar	50	0	51 0
Dutch	52	0	61 0
EGGS—			
(Duty, British grown,			
1½ lb. 8d.; foreign, 1½ lb. cwt.)			
Acres, 1½ lb. per cwt.	27	0	32 0
Trinidad	40	0	48 0
Grenada	32	0	38 0
COFFEE—			
(Duty, British grown,			
1½ lb. 8d.; foreign, 1½ lb. cwt.)			
Santos sup., c. & f. cwt.	66	0	Nom.
Arabica, good	72	0	90 0
Costa Rica, med. to good	80	0	112 0
East Indian	82	0	110 0
Kenya, medium	78	0	92 0
EGGS—			
English, per 120	15	9	16 3
Danish	14	3	14 9
FRUIT—			
Oranges—			
South African, boxes	16	0	20 0
Brazilian	13	0	17 0
Lemons, Sicilian, boxes	24	0	35 0
Malaga, cases 420 No. 1	34	0	42 0
Apples: Amer. (var.) boxes	27	0	40 0
(var.) boxes	12	0	13 0
Onions—			
Valencia, case, 4s.	6	0	
Argentine Bags			
Grapes, Lisbon 5 boxes	8	0	11 0
Almeria, 5 boxes	8	0	11 0
LARD—			
Irish bladders	a. d.	s. d.	
American, boxes, 56 lb.	50	0	50 3
POTATOES—			
Good English, per cwt.	4	9	5 3
PEPPERS—			
Pepper, per lb.—			
Muntok, fair White	0	7½	
Black Lampung	0	6½	
Cinnamom—1st sort, per lb.	0	7	
Ginger—Zanzibar per lb.	0	7½	
Ginger—per cwt.—			
African	23	6	
Jamaica, ord. to good	55	0	85 0
Maize, per lb.	0	8	1 8
Nutmegs 65s	1	5	
SUGAR—			
(Duty, 1½ lb. 8d. per cwt.)			
B.W.I., crystallised	16	6	18 9
Java, white, c. & f. India			
Ang-Oct	8	0	
REVERIES—			
London—			
Yellow Crystals	19	4½	
Cubes	23	9	24 3
Crushed	21	9	22 3
Granulated	19	9	20 7½
Home Grown	19	1½	19 6
TEA—			
Indian—per lb.—			
Pekoe	0	5½	2 3
Broken Pekoe	0	5½	2 6
Orange Pekoe	0	5½	3 3½
Broken Orange Pekoe	0	5½	7 8½
Ceylon—per lb.—			
Pekoe	0	5½	1 1½
Broken Pekoe	0	5½	1 9½
Orange Pekoe	0	6	1 1½
Broken Orange	0	6	2 5
TOBACCO—			
(Duty 9/6-10/6 per lb.)			
Empire growths, 7/5½			
8/5½ per lb.)			
Virginia leaf—			
Common to fine	0	10	3 6
Rhodesian leaf	0	10	3 0
Nyasaland leaf	0	6	1 6
strips	0	8	2 6
East Indian leaf	0	5	0 10
strips	0	5½	1 6
COTTON—			
Mid-American, per lb.	7	00	
Sakelardis, 1½ lb.	9	40	
Yarns, 32's twist	10½		
60's twist	16½		
FLAX—			
Livonian ZK, per ton	45	0	
Pernau HD	40	0	
Slanets Medium 1st sort	50	0	51 0
HEMP—			
Italian F.O., per ton	42	0	
Manila, Sept.-Oct. 7" 19	10		
Sisal, African, Sept.-Oct. 15	5	16	5
JUTE—			
Native 1st mks., per ton			
c.i.f. H.A.R.B.	£20/2/6		
September-October			
c.i.f. Dundee	£20/0/0		
SILK—			
Canton, per lb.	7	6	10 6
Tussah	3	6	4 6
Japan	9	0	12 0
Italian—raw, fr. Milan	9	0	12 0
WOOL—			
English Southdown, washed per lb.	11		
Lincoln hog, washed	6		
Queensland, ord. super comb.	19½		
N.Z.W. greasy, super	11		
N.Z. grey, half-bred 50's	10½		
Top—			
Crossbred 50-64	5		
Merino 70's	25		
64's	24		
Crossbred 48's	11		
46's	10½		
COAL—			
Welsh, best adity, ton 19	6		
Durham, best gas, 40 lb.	14		
Tyne	14		
Sheffield, best house, at	22	0	23 0
IRON AND STEEL—			
Pig, Cleveland No. 3, ton 58	8		
Bar, M'brong	195	0	
Steel Ralls, heavy	170	0	
Tin Plates, per box	15	3	15 6
METALS—			
Copper, Electrolytic, ton 40/0/0	40/10/0		
Standard (strong)	68/0/0		
Lead Eng. Pig, per ton 16/10/0	37/13/9	37/16/3	
Soft Foreign	14/7/6		
Spelter G.O.B.	16/10/0		
Tin—English Ingots	180/10/0		
Standard cash	157/12/6	157/15/0	
MISCELLANEOUS—			
Acid, nitric, per lb. less 5%	0	10½	0 10½
Nitric, per lb.	0	24	0 4
Oxalic, net	0	4	0 4½
Tartaric, English less 5%	0	10½	0 10½
Alcohol, Plain Ethyl	12	0	
Alum, lump, per ton	8	10	8 15
Ammonia, carb.	30	0	31 0
Sulphate	5	5	5 10
Amene, lump, per ton	40	0	
Bleaching powder, per cwt.	8/0/0	8/10/0	
Borax, gran., per cwt.	13	0	
Do. powder	14	6	
Nitrate of Soda, per cwt.	9	0	9 6
Potash—Chloride, net	0	3½	0 4½
Sulphate, per cwt.	11	0	11 6
Sal-Ammoniac, per cwt.	42	0	45 0
Soda Bicar., per cwt.	9	0	10 6
Crystals, per cwt.	5	0	5 3
Sulphate of Copper, per ton	16	5	16 10
CEMENT, London—			
Portland, best Eng. pr. ton	44	9	46 9
In jute sacks (11 to ton)	44	9	46 9
In free paper bags (20	46	0	48 0
to ton)	46	0	48 0
S.D. Straits c.i.f., per ton	15/0/0		
Smoked South Sea	14/0/0		
DRUGS—			
Camphor	a. d.	s. d.	
Japan, refined, per lb.	2	6	2 7
Castor oil, per lb.	85	0	95 0
Ipecacuanha, per lb.	4	9	
Peppermint, Wayne Co.	12	0	12 6
HIDES—			
Wet salted—Australian	per lb.	0	4 0 4½
West Indian	per lb.	0	3 0 3½
Cape	per lb.	0	3½
Dry and Dressed Cape	per lb.	0	5½ 0 6½
Market Hides, London—			
Best heavy ox and heifer	a. d.	s. d.	
Best cow	0	3½	0 3½
Best calf	0	3½	0 4½
INDIGO—			
Bengal gd. red-vio. to			
fine—per lb.	5	6	
LEATHER—			
Sole Bands 8/14 lb.—			
per lb.	0	10½	1 10
Bark Tanned Sole	1	9	2 9
Shoulders fm DS Hides	0	6	0 8
Do. Eng. or WS do.	0	8	0 10
Bellies from DS do.	0	4½	0 4½
Do. Eng. or WS do.	0	5½	0 8
Dressing Hides	0	11	1 5
Ro. Eng. Calf, 20/30 lb.	2	3	3 3
Aust. Bands	0	11½	1 4½
VEGETABLE OILS—			
Linseed, naked, p. ton net	17/5/0		
Rape, refined	25/0/0		
Cotton-seed, crude	23/10/0		
Coconut, crude	23/10/0		
Palm	17/5/0		
Oil Cakes, Linseed, Eng.	per ton	7/10/0	
Oil Seeds, Linseed			
Le Plate, p. ton	9/0/0		
August-September	11/0/0		
Calcutta—per ton	a. d.	s. d.	
Turpentine, per cwt.	62	0	
PETROLEUM PRODUCTS—			
Motor spirit, No. 1, Lon.	a. d.	s. d.	
Motor spirit, per gal.	1	3½	
Petroleum, Amer. ref.			
bri. London per gal.	0	9½	
Fuel oil, in bulk, for			
contracts, ex instal.,			
Thames—			
Furnace ... per ton	60	0	
Diesel	57	6	
Lubricating oil ex store,			
London—per ton			
Pale	9/10/0	25/0/0	
Reds	10/0/0	16/15/0	
Cylinder	10/10/0	29/10/0	
ROBIN—			
American	a. d.	s. d.	
per ton 14/10/0	23/5/0		
RUBBER—			
St. ribbed smoked sheet	per lb.	0	3 0 3½
Fine Hard Para per lb.	0	5½	
SHENLLAO—			
TN Orange	per cwt.	66	0 67 6
SHELLS—			
W. Aust. M. o. P.	5	0	14 0
TALLOW—			
London Town per cwt.	40	6	
TIMBER—			
Swedish u/s 3 x 8 per std.	16	0	0
Do. 2 x 4	15	0	0
Can'dn Spruce, Dis	24	0	0
Pitchpine	per load	9	0 0
Rio Deals	per std.	32	0 0
Teak	per load	28	0 0
Honduras Mahg. logs	c. ft.	0	10 6
African	per c. ft.	0	6 0
Amer. Oak Boards	per c. ft.	0	6 0
Ash	per c. ft.	0	6 6
English Oak Planks	per c. ft.	0	6 6
Ash	per c. ft.	0	7 9

4d. per lb. The Leeds sales, held on the same day, found prices continuing their upward course, particularly in regard to second clear and first warbled ox and heifers, for supplies of which 4d. per lb. more money had to be paid, while calfskins were dearer by from 4d. to 4½d. per lb. Although tanners in this country have not shown unusual interest in the position of the foreign hide market, the amount of business done with the United States and some Continental countries has had the effect of further strengthening the position of these goods. For instance, wetsalted Argentine ox are now being quoted at 4½d., while cows have sold at 4½d., and Montevideo ox at 5d. Dry hides from the same origin have appreciated in value in face of the demand from the Continent, and 6½d. is now being asked for B.A. Americanos, 3½d. for In-servibles, up to 5d. for Cuyabanos, and 6½d. for M.V. Americanos. Improved business has also transpired in regard to African hides, with dry Capes sold at 6½d. and 5½d. for firsts and seconds, and 5½d. and 4½d. for drysalted. Heavy unbathed Adis Abebas are offered at 5d., Mombasas at the same figure, and Nigerians at 6d. per lb. Inquiry for Australians has been better, and slightly higher prices have been realised on sales. Although there has not been much improvement in the demand for heavy weight sole leather, a steady trade has been done, and turnover generally has been well up to that of recent weeks. For English and wetsalted bends some good orders have been received for the lighter weights, in addition to which the call for dry hide bends of the same average has been satisfactory. Pinned offal also has been moved off in fair quantities, although it cannot be said that the demand for rough bellies and shoulders has improved. In upper leathers business is still confined mainly to box and willow calf and glacé kid, although here and there inquiry for some of the heavier types of upper stock is a trifle better. Small business has also been done in parcels of black suede and reptile skins, while distributors of patent leather report slightly more inquiry for certain lines.

RUBBER.—Towards the end of last week a slight reaction became noticeable in the London rubber market, but on Monday and Tuesday quotations advanced again on increased buying, chiefly by speculators. On Wednesday activity subsided, but the quotation closed slightly higher than a week ago. In New York, Wednesday's spot price for rubber, at 4½ cents per lb., shows no change on the

week. Wednesday's official closing price for standard ribbed smoked sheet in London was 3d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 3½d. to 3¾d. for April-June, 1933, as against 3½d. to 3¾d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,640 tons; delivered, 1,078 tons; stocks at the end of last week, at 106,062 tons, show an increase of 562 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	August 10.	August 31.	Sept. 7.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	55½	52½	53½
Maize, nearest future, Chicago, per bushel	31½	30½	30½
Oats, nearest future, Chicago, per bushel	17½	17½	16½
Rye, nearest future, Chicago, per bushel	34½	31½	33½
Coffee, Rio No. 7, cash, per lb.	8½	8½	9½
" Santos No. 4, cash, per lb.	11½-11½	12½-13	13½-14
Cocoa, Acora, nearest future, per lb.	4-51	4-60	5-03
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-15	3-18	3-18
Cotton, middling, spot, per lb.	7-15	8-40	9-00
Rubber, smoked sheet, spot, per lb....	3½	4½	4½
Petroleum, Pennsylvania crude, stan- dard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic, spot, per lb.	5-7½	5½	6½
Copper, "Electrolytic," Copper Ex- ports, Inc., spot, per lb.	5-38½	5½	6-35
Spelter, East St. Louis, spot, per lb....	2-80	2-95	3-40
Lead, spot, per lb.	3-10	3-60	3-60
Tin, "Strait," spot, per lb.	22-85	23-80	26-62½

much affected. The increase in the offer is intended simply to meet current Government requirements, and possesses no further significance. The clearing banks have now begun to buy bills again, and as a result the rate on "hot" Treasuries has been driven down to $\frac{1}{2}$ per cent., while shorter dates have been bought by them at $\frac{1}{4}$ per cent. The generally quoted rate on three months' bank bills has eased to $\frac{1}{4}$ per cent., and clearing bank purchases at $\frac{1}{2}$ per cent. are reported. Standstill bills are quoted at 1-2 per cent. This rate is a little firmer than those of previous weeks, the harder tendency being due to some increase in the supply of bills.

This week's Bank return shows that holiday currency is still returning, for the note circulation has fallen by £2.8 millions to £362.3 millions. This last figure is four millions below the July level, so that the return of the holiday notes is apparently now completed. As a result of this movement, the reserve is £3.1 millions higher. Securities held by the Banking Department are practically unchanged, but Public Deposits have increased by £5.3 millions to £12.9 millions. This increase is probably fortuitous, being due to the familiar cause of discrepancies between Treasury bill payments and maturities, and it is quite possible that it will be reversed by next week. In the meantime it has more than offset the rise in the reserve, so that Bankers' Deposits have fallen by £1.7 millions to £89.8 millions.

	Aug. 25, 1932.	Sept. 1, 1932.	Sept. 8, 1932.	Sept. 15, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	2½ (June 30, '32)
Banks' Deposit Rate...	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1 (May 12, '32)
Discount Call	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1 (May 12, '32)
Houses' Notice	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1½ (May 12, '32)
Market rate ("hot" Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	1-2	1-2	1-2	1-2	...

This week's revenue returns and floating debt statement throw further light upon the consequences of the repayment of the Treasury's Paris bills, amounting to 2,500,000,000 francs, issued a year ago. Under the heading "repayment of the principal of British Government loans abroad" there is an entry of £28.1 millions for the week, bringing the total for the financial year since April 1st to £33.8 millions. To finance last week's repayment the floating debt had to be increased by £28.7 millions. £4.75 millions borrowed from the Bank the week before were repaid, and £2.55 millions were borrowed from Public Departments, but the main source of borrowing was an expansion of £30.9 millions in the Treasury bill issue. As issues by tender to the market were not out of the ordinary, it is clear that most of these extra bills were issued privately—presumably to the Exchange Equalisation Account and the Issue Department of the Bank of England in exchange for the *devisen* needed to cover the repayment of the franc bills.

The August averages of the nine English clearing banks show a further big increase of over £100 millions in deposits. Acceptances, however, have fallen by £5.8 millions and advances by £19.8 millions.

	Aug., 1931.	May, 1932.	June, 1932.	July, 1932.	Aug., 1932.
Capital and reserves.....	132-1	122-8	122-8	122-8	122-8
Acceptances	112-6	99-5	93-2	84-5	78-7
Deposits (including undivided profits, &c.)	1,708-6	1,661-3	1,726-8	1,765-5	1,812-7
Total liabilities	1,953-3	1,883-6	1,942-8	1,972-8	2,014-2
Cash, notes, balance at bank, and cheques in course of collection	223-0	222-3	235-9	233-6	234-1
Money at call	110-5	108-7	108-9	117-9	112-8
Investments	311-2	309-3	348-5	356-6	371-3
Discounts	261-3	244-6	275-8	315-6	372-5
Loans and advances	892-4	855-7	836-8	820-5	800-7
Over for accept., premises, &c.	154-9	143-0	136-9	128-6	122-8
Total assets	1,953-3	1,883-6	1,942-8	1,972-8	2,014-2

These three movements taken together show that so far the improvement in prices has not been reflected in fresh enterprise, and it may be that the suspension of the new capital issue market has caused idle funds to accumulate in the banks. Conversely, the absence of any increase in bank advances denies the existence of any pressing demand for new capital. From the banks' standpoint, the changes shown by the August figures hardly signify increased earning power, for the lack of more remunerative means of employment for their funds has forced them to add another £56.9 millions to their bill portfolios.

The Foreign Exchange market continued quiet in tone during the past week, and turnover was on a small scale. Sterling reacted slightly after its sharp rise of a week ago, but the undertone remains steady and against Paris distinctly strong. The New York rate fell away to 3.47½, against 3.49½. Paris was 88½, compared with 89½; but a considerable volume of sterling has recently been purchased by Paris in excess of normal current requirements, and the fall in the Paris rate was consequently checked. Canadian dollars were not in such consistent demand, being 3.85½, compared with 3.85. Belgium improved in sympathy with other gold exchanges to 25.10, as did Italy to 67½, Holland to 8.66 and Switzerland to 18.02. Madrid was only fractionally better than a week ago at 48½, but German reichsmarks improved from 14.70 to 14.62. Among the Scandinavian currencies Stockholm was 19.51 and Oslo 19.87. Copenhagen continued its recent improvement, closing at 19.28. In the Far East rupees were firm at 1s. 6½d., while the yen was steady at 1s. 4½d. Batavia was quoted at 8.67. The South American exchanges remained nominal and unchanged from last week. Forward dollars were at discounts of $\frac{1}{2}$ cents and $\frac{1}{4}$ cents for one and three months. Paris continued at last week's discounts, and no improvement was apparent in forward belgas, which were offered at discounts of 10 and 30 centimes. Forward Milan was quoted at discounts of $\frac{1}{2}$ and $\frac{1}{4}$ lira, and forward pesetas were at the same level as last week. Forward Amsterdam moved from par to a discount of $\frac{1}{2}$ cent and forward Switzerland from par to premiums of $\frac{1}{2}$ cent for one month and 1 cent for three. Silver was steadily weak, and after falling to 17½d. for spot, closed at 17½d. for spot and 18d. for forward delivery on Chinese and Indian buying at the close. Among the silver exchanges Hong Kong was 1s. 4½d. and Shanghai 1s. 9½d.

Thus, little change has occurred in the principal exchange rates, and there is a general impression that the New York rate is not likely to move outside the limits of \$3.47 and \$3.50. For one reason or another, speculative operations are very limited as compared with the days before the restoration of the gold standard in 1925. The prevailing discount upon forward francs is now equivalent to a return upon French balances in London of $\frac{1}{2}$ per cent., making, with the yield on sterling bills of about $\frac{1}{2}$ per cent., a total return of one per cent. It is reported that Paris houses have been offering money in London at $\frac{1}{2}$ per cent., but without any success, as outside the gilt-edged market there is so little scope for the employment of funds.

Money remains easy in New York, with call money still at 2 per cent. and 90-day bankers' acceptances at $\frac{1}{4}$ per cent. in the open market. Brokers' loans increased last week by \$26.0 millions to \$371.0 millions. A further increase in monetary gold stocks is reported this week. Ear-markings on foreign account were reduced by \$11.2 millions, while imports amounted to \$4.5 millions, mainly from India and Canada. As there were no exports, the total increase amounts to \$15.7 millions. Current improvements in business show that progress is very slow. The latest indication is an increase in steel mill operations to 15.5 per cent. of capacity, against 14.5 per cent. last week. This shows how very slow the actual recovery, as distinguished from commodity and security price movements, is proving.

IS IT REVIVAL?

THERE is no business man in the world who is not asking himself this question, or whose plans and hopes do not depend upon the answer. What is the immediate meaning, and what the promise for the future, that may be read into the recovery in the stock markets and the rise in commodity prices which we have been witnessing in the past two months? Is this movement no more than a flash in the pan, or does the advance possess any of the indispensable attributes of durability? May we believe that we see before us an outward and visible sign of the approach of a real improvement in the volume of trade, production and employment? This week's shake-out in the markets may be taken as marking a definite stage in the movement, and affords an opportunity to pause and review objectively the main factors in the situation.

One significant sign is the almost universal tendency to take a rather rosier view. The letters from our foreign correspondents in recent weeks, and again in the current number, speak in definitely more hopeful terms of the situation in various parts of the world, including the depressed countries of Central Europe. Even in the case of Germany, those who have been recently in touch with opinions in Berlin have returned with slightly more hopeful, if qualified reports, to the effect that the German financial and business world is not so alarmed or so hopeless as they had expected to find it. A very general market flutter might be expected to follow from so substantial a stimulus as that which has been given in recent weeks from New York and London; but that there has been even a sentimental response at least indicates that a less tragic view is being taken of the difficulties which still lie ahead.

As to the extent of the movement which has taken place, it may be summed up by saying that if we leave out of account the somewhat violent movements of the past week, the rise in the case both of our international index of gold prices and of the prices of Stock Exchange equities that has taken place since June approximately cancel the fall that took place during the first six months of the year. This is in itself a great gain, for it has relieved anxiety in many board rooms throughout the world; made conditions more liquid and reduced or eliminated losses on current working. On the other hand, if we look for tangible results in the field of production, employment and trade, frankly there are none. In this country unemployment is at the highest figure ever recorded, while August exports are the lowest in British history since the war.

Clearly, then, the present phenomenon can mean only one of two things—either it is merely a recovery of stocks and of commodity prices from an abnormally low level due to distress and fear of bankruptcy to a level which still represents severe depression, but not panic and acute crisis; or, alternatively, though actual production and other figures always take time to respond to psychological improvement, the present movement may be the forerunner of recovery. In times past upward and downward movements in the stock and commodity markets have preceded the major movements of the trade cycle. Are we once again witnessing an example of intelligent anticipation by investors and speculators of an economic movement which can only be detected in the first instance by almost imperceptible signs, such as the transfer of stocks from producers' hands to merchants and consumers; an improvement in the order books; a discussion of projects for expansion, and a spreading conviction that prices have passed their lowest point?

The phase through which the world has been passing has been so much more acute than any similar experience, and political considerations have played so much larger a rôle than in normal times, that we hesitate to apply ordinary tests; but if economic considerations alone are to be taken into account, there would, in our opinion, be sufficient grounds for thinking that we had definitely entered upon an upward phase of business conditions. The most substantial evidence of this is that in a number of directions production has adjusted itself to the present

level of consumption; stocks are not rising and are in some cases tending to fall, and may be expected to drop farther if the conviction persists that the bottom of the price curve is passed. In some important industries the level of production is down to or below that necessary to provide replacements, apart altogether from normal expansion. In the financial field also most countries have made a serious and, in many cases, a successful attempt to deal with their public finances; and, though the position of debtor countries, particularly in Central Europe, is still extremely embarrassed, there is much less fear of a currency débâcle, and a slowly growing conviction that, if adjustments may still have to be made in the matter of international commercial obligations, there is no reason why these should not be dealt with in a deliberate and orderly manner, without involving a threat to the stability of the chief creditor countries.

But if in these respects the ground for revival has been prepared, there remain grave elements of doubt due to difficulties in international public policy, the two aspects of which are the political situation, and the economic and financial relations between nations. Events have driven home the lesson with such force that it is unnecessary to develop in these columns the argument that no continued recovery can take place unless both these aspects are dealt with by the world's statesmen. Indeed, there is almost a dangerous unanimity in the declarations of public men that it is a vital necessity for the welfare of all nations to seek security through disarmament, and to break down the barriers to international trade and the movement of capital, for words are common, but action rare. Something, however, has been done. Whether it was a coincidence or not will no doubt be a point debated by historians, but the fact is that the present upward turn dates from the Lausanne Conference, and there is little doubt that the rather slow realisation throughout the business world that the Lausanne Conference did in fact, if not in name, settle the Reparations question once and for all undoubtedly played a part not only in European countries but in America. But with the Stresa Conference making rather heavy weather, there is at the moment no tangible evidence that the good work of Lausanne is being adequately followed up. Indeed, the internal and external political difficulties of Germany have created a less favourable atmosphere for international co-operation. There is urgent need of a new effort and of fresh achievements in the struggle against the forces of disintegration and anarchy.

In the circumstances, those who attempt to see the course of economic events in the near future are asking some rather searching questions. Is it possible for a number of countries in the world to begin a forward march without waiting for all to fall into line? After all, did not the American continent in the middle twenties enjoy very great prosperity for several years, long before Europe had begun to settle down to normal activities? Is there not a hope, indeed, that over a large part of the world, as the fever of the present depression burns itself out, the natural forces of expansion will gather way, without waiting for the politicians? And if so, is there not some reason to believe that with better trade the politicians will find it easier to solve their difficulties? There is something to be said for the view that in the long run economic life will start again whatever muddles the politicians may make; but the time is not yet. There is no continent which is yet free of its political difficulties, and there is no country whose economic life is still not vitally affected by the unprecedented dislocation of which the slump in prices is the index. If steps are not quickly taken to restore international intercourse on the basis to which the world has grown accustomed, we must look to years of painful readjustment. It is those who are responsible for State policy who will determine whether we make a relatively short return to recovery or have to face a prolonged depression, the course of which it is impossible to foresee.

THEN AND NOW.

It is difficult for those whose memory or knowledge goes back over sixty years to resist the uneasy sense that history may be repeating itself in the events now going forward in Europe. For, sixty years ago, the seeds were sown of the fatal contention which led in due time to the Great War. Then, as now, the quest of security by armaments was the avowed object of the victorious Power, and all the catchwords with which we are now familiar were in the mouths of its statesmen, who regarded them as self-evident and infallible truths. The statesmen of these times should be encouraged to re-read that history. Let us consider a few of the principal landmarks in it.

At the end of the Franco-German War no country in the world looked safer than Germany. She had built up a great Empire out of a mob of States; all her enemies were in the dust; her military power was beyond challenge. Yet in Bismarck's eyes she was beset with many and great dangers. She had done too much for reconciliation to be possible, and not enough to dispose permanently of her principal enemy, who, as he kept reminding himself, was more populous and wealthier than Germany, and might easily become a deadly menace if left to recover undisturbed. His conclusion was that this enemy—France—must be isolated by a combination of Powers acting together to keep her permanently in a subordinate position, and that Germany in the meantime must have and keep an unchallengeable military superiority. He often regretted that the Treaty of Frankfurt had not imposed disarmament on France, for that would not only have increased German security, but have removed temptation from any other Power which might toy with the idea of making friends with her. (In Bismarckian Europe friends were attractive just as enemies were formidable, in proportion as they were armed.) But, apart from this, he had one very powerful weapon to use in his effort to reduce her to the position of a pariah nation. The overthrow of the Empire, the commune, and the establishment of a republic in France had thrown the Tsar and the Austrian Emperor into a state of nervous alarm, and he played on their fears to such effect that, by the time French territory was evacuated, he had persuaded them to join the German Emperor in the "League of the Three Emperors" for the defence of the monarchical principle against the "disreputable anarchy," as he called it, then prevailing in France.

His leading thought during these years was to brand France with an inferiority of status which would prevent her from becoming eligible as an ally (*bündnisfähig*) for any other reputable Power, and his indignation knew no bounds when he discovered that von Arnim, the German Ambassador in Paris, favoured a monarchical restoration in France, and was on intimate terms with the Legitimist leaders. "I am convinced," he wrote angrily to the Ambassador, "that it would not enter the head of a Frenchman to help us back to the blessings of a monarchy, if it had pleased God to afflict us with a republican anarchy. The practice of that kind of benevolent solicitude for the fate of a hostile neighbour is an entirely German idiosyncrasy." The Ambassador was instructed to throw the whole weight of German influence on the side of Thiers and the Republican Party in France, and later, and for the same reason, Gambetta became a warm favourite with Bismarck. The German documents paint a lively picture of his policy and strategy in these respects.

But the idea of three great Powers working together for the isolation of France and the greater glory and security of Germany was doomed from the beginning. The fear of anarchy passed; the other two Emperors had other things to do, and they were perpetually quarrelling with each other about the Near East and involving Germany in their disputes. In 1875 the Tsar joined Queen Victoria in protesting against Bismarck's supposed intention of renewing the attack on France, and three years later he was in a high state of indignation because Bismarck, as he asserted, had given his casting vote to Austria at the Berlin Congress. The history of the next ten years is that of the extraordinary devices by which Bismarck sought to keep the three Emperors within the German fold. It is

an astonishing story of secret treaties and conflicting obligations undertaken with each of his partners in turn, behind the other's back; and if cunning, chicanery, duplicity, intrigue are legitimate instruments in the handling of State affairs, it is a masterpiece of diplomatic virtuosity. Its breakdown is commonly attributed to the fall of Bismarck, but by the year 1893 he was at the end of his resources, and his last and most perilous stroke, his Reinsurance Treaty with Russia, had landed him in great difficulties. His successor, Caprivi, was well justified in saying that he was altogether unequal to the continuance of these games.

The games must in any case have come to a speedy end, for the Tsar Alexander III. was by this time convinced that the dedication of the three Powers to German security and the isolation of France meant in effect a German hegemony in Europe. Substantially he was right, for this grouping could only have been effective for these German purposes if both the other Powers had been willing to subordinate their interests to those of Germany and to take their orders from Berlin; and Russia, at all events, was not willing. So on a summer day in 1891 the French fleet came to Cronstadt, and, greatly as he detested the "Republican anarchy," the Tsar received them in person and stood bareheaded while a Russian band played the battle hymn of the Revolution. He had moments of repentance and reaction, and the young German Emperor tried his blandishments on his friend, Nicholas, the heir to the Russian throne, but from 1891 onwards the Franco-Russian Alliance was in the making, and early in 1894 it was an accomplished fact.

Thus within twenty-three years of the signing of the Treaty of Frankfurt the German dream of security through the isolation and subordination of the former enemy was shattered; and, Italy having in the meantime joined the German group, Europe was divided into the two camps, Triple and Dual Alliance, whose competition in policy and armaments was to bring the Great War. The German dream was always a vain one. Nations in general cannot be induced to devote themselves for more than a brief period to the security of one of their members, and still less to the permanent subjugation or disarmament of another of their members. Policy apart, there is an international sentiment in favour of the underdog which statesmen cannot afford to ignore. At the end of Bismarck's reign there was widespread sympathy with France for what she had suffered at his hands, and no small satisfaction at the turn of events which had provided a corrective to the overweening power of Germany. The ultimate and tragic consequences of this method of balancing power were not yet perceived.

The circumstances during the fourteen years since the end of the Great War are, of course, not exactly parallel, but they present many of the same features. The parts are now reversed, but the idea of making French security the pivot of European policy and of grouping other Powers about France as a guarantee for that country against the recovery of her former enemy has worked powerfully in the French mind, as formerly the parallel idea in the German mind. On these lines the French would as surely fail as the Germans did before them; and their failure would bring us to another great divide, with the resumption of competing armaments as its immediate and war as its final consequence. All the elements for such a division are at hand—on one side the Powers which are satisfied, and on the other the Powers which are dissatisfied, with the post-war treaties; Russia for the moment inscrutable, but ten years hence no more improbable an ally for Germany than France was for Russia fifty years ago; Germany protesting, as France did in the former years, that she will not submit to an "inferior status."

Our one security against the repetition of this history is the League of Nations; and we hope the statesmen who are trustees of the great common interests embodied in that institution will keep their eyes steadily on the drift of events and not be distracted by the incidents of the hour. It is no doubt an untoward circumstance that the question which the Germans have put to the other Governments in their *aide-memoire* communicated to the French last week comes from von Papen and his Junkert

and not from Herr Brüning and a more acceptable Government. But it is a legitimate question which could not have been postponed for more than the briefest period, and it has behind it the solid backing of the German people. They are unanimous that they will not accept the "inferior status" of being the one disarmed people, while the other nations refuse to reduce their armaments. If the handling of this question were such that Germany left the League and proclaimed her intention of standing alone or seeking support elsewhere, we should be very near another division into two camps; and the League, instead of being the organ of all the Powers, would then be in extreme danger of becoming only the instrument of one group of Powers against which there would surely grow up another group. These dangers can be averted, but only by taking them seriously and looking ahead. It is not too much to say that the pursuit of security for one Power is fatal to the security of all the Powers. There must be security for all or there will be security for none.

MR GANDHI'S ULTIMATUM.

ON the morrow of the announcement of the projected renewal of Round Table discussions in London, a new embarrassment has arisen in the Indian situation. Mr Gandhi has informed His Majesty's Government that he intends to starve himself to death—beginning his abstinence from food on the 20th of this month—unless the Government withdraws that part of its Communal Representation Decision which relates to the representation of the Depressed Classes. The correspondence, which was published on Tuesday of this week, began with a letter from Mr Gandhi to Sir Samuel Hoare as long ago as March 11th, when the Lothian Committee was still conducting its investigations in India; and it has ended with a reply from Mr Gandhi, dated September 9th, to a letter from the Prime Minister. Thus Mr Gandhi's decision cannot be said to have been hasty, and it is to his credit that the sense of the correspondence—and even the fact that it was taking place—has been kept secret over this long period of time. At the same time, the facts of the situation, which are a matter of public knowledge and which are brought out once again in a series of letters now made public, do seem most decidedly to show that Mr Gandhi's decision is not only painful but also unreasonable.

Consider, for instance, the circumstances in which the communal decision has been made: it has had to be made by the British Government because the Indian Communities have failed so far to make it by agreement among themselves, while, if no arrangement about Communal Representation were forthcoming now from any source or on any authority, the progress of India towards self-government would be completely arrested. Hence the British Government's action. But this decision made at Westminster is subject, by its own terms, to being replaced at any moment by an agreement between the Indian Communities themselves. That, however, is quite a different thing from replacing the Westminster decision, or any section of it, by terms dictated by a representative of one only among the Communities concerned. Mr Gandhi claims to speak for the Depressed Classes as well as for the caste Hindus; but the Depressed Classes, after all, have their own organisation and their own representatives, who have expressly demanded separate electorates; and it is no more fair or reasonable to brush these aside and leave it to Mr Gandhi to decide their fate than it would be to give the leaders of the Depressed Classes the last word about the representation of the caste Hindus.

So much for the point of principle; and on the point of substance, the British Ministers are surely right in their view that Mr Gandhi has mistaken the meaning and effect of the Westminster decision as far as it affects the Depressed Classes. The terms of this decision do not recognise the Depressed Classes as a separate community on the same footing as the Muslims or the Sikhs, and they do not provide them, like these non-Hindu minorities, with a separate electorate. Hindus belonging to the Depressed Classes are everywhere included with the caste Hindus in general constituencies, in order that the intro-

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duction of parliamentary institutions into India may not have the effect of breaking the unity of the Hindu community. At the same time, the Westminster decision seeks to guard the Depressed Classes against the danger to which they are exposed by the transfer to the Hindu community as a whole of new political powers which, in the first instance, will inevitably fall almost wholly into the caste Hindus' hands in the general constituencies. In order to ensure that the Depressed Classes shall have a minimum number of their own representatives in the new legislative bodies from the outset, the Westminster scheme provides for the double enfranchisement of a certain proportion of the Depressed Classes by creating a certain number of special constituencies—in addition to their inclusion in the general constituencies—for a probationary period. The number of these special seats does not (as the numbers of Muslim or Sikh seats do) bear any numerical proportion to the percentage of the Depressed Classes in the population of India, and the probationary period is twenty years: a term within which it will have become manifest whether or not the Depressed Classes can secure fair representation in the general constituencies in which they will also have been voting, and standing as candidates, all the time. This scheme seems to us an ingenious and sincere attempt to get over an immediate political deadlock without compromising the future and without sacrificing the vital interests of any party. We deeply deplore Mr Gandhi's inability to see the Westminster decision in this light.

Nevertheless, however illogical and indefensible Mr Gandhi's attitude and however strong and correct the British Government's position may be, it remains true that Mr Gandhi's threat of self-imposed martyrdom creates awkward possibilities. Mass opinion in the East is not so decisively influenced by the logic of facts, and is far more liable to be affected by "whispering campaigns" of false propaganda than is public opinion in Western countries. It is even conceivable that world opinion might be unreasonably stirred by a spectacular self-immolation of a fanatical idealist. For this reason alone it is of essential importance that the convincing facts upon which the British Government's case rests should be made known to the whole world in the clearest possible terms; for the support of world opinion, though intangible, is an important factor.

As regards the effect of the Mahatma's move on Indian opinion, it is too early yet to make predictions. It is not without significance that Mr Patel and some other leading members of the Congress Movement have deprecated Mr Gandhi's threat, and that Dr Ambedkar, the leader of the Depressed Classes, refuses to be impressed. All the same, the reaction on majority Hindu opinion remains to be seen, and there is a danger that Mr Gandhi's colleagues might be able to gain credence for the claim that Mr Gandhi has a solution, that Britain is trying to divide the Hindu forces in order to weaken India, or, alternatively, that the British Government is merely proving once more that it does not understand India and her problems. Another important question that arises is whether Mr Gandhi's suicide—if his threat is really to be carried out—would not weaken the forces in the Hindu ranks, which stand for "non-violence."

On the other hand, there are happier possibilities. Hindu leaders must be painfully aware that the incident has once more shone the limelight on their inability to find

a solution for their own problems. As the *Times* of India points out, they are now presented with the opportunity to make a gesture to the "untouchables" which would remove the chief difficulties of the present situation. It may even be that the dramatic nature of Mr Gandhi's ultimatum will stimulate the party leaders in India to reach a voluntary agreement. If they have the vision to use for this purpose the occasion of this strange incident—arresting in its dramatic appeal whether it be regarded as political lunacy or high mysticism—they will be universally regarded as having made a serious effort to modify a condition of affairs which for generations has been a blot on India's fair name. Nothing that they could do would make a more powerful appeal not only to British, but to world opinion.

EIGHT MONTHS' OVERSEAS TRADE.

COMPARED with the preceding month, imports for August at £53.3 millions show a slight increase of £1.4 millions, while exports of British goods have fallen by £0.7 million to the lowest figure of the current calendar year. Re-exports at £3.5 millions were fractionally greater than in July. The figures for August and for the first eight months of the year are summarised in the following tables:—

MONTH OF AUGUST. (000's omitted.)					
	1932.		Increase or Decrease as compared with		
	August, 1931.		August, 1930.		
	£	%	£	%	%
Imports	53,313	-11.968	-18.3	-26,540	-33.3
British exports	28,552	-585	-2.0	14,225	-33.3
Re-exports	3,491	-359	-9.3	2,851	-45.0
Total exports	32,043	-944	-2.9	17,076	-34.6
Excess of imports over total exports	21,270	-11,024	-34.2	-9,464	-30.8

FIRST EIGHT MONTHS. (000's omitted.)					
	1932.		Increase or Decrease as compared with		
	August, 1931.		August, 1930.		
	£	%	£	%	%
Imports	465,943	-87,151	-15.8	-240,617	-34.1
British exports	244,879	-17,666	-6.7	-153,496	-38.5
Re-exports	36,126	-8,368	-18.8	-26,159	-41.9
Total exports	281,005	-26,034	-8.5	-179,655	-39.0
Excess of imports over total exports	184,938	-61,117	-24.8	-60,962	-24.8

The latest trade returns, and more particularly those for August, will no doubt be scrutinised carefully in the hope that they will provide additional evidence of a coming trade revival. Those who wish to use the returns in this way are doomed to disappointment, for they show a further slight decrease in exports, while the improvement in imports is confined to manufactured goods. With the notable exception of cotton, the August raw material imports as a whole give no indication that British manufacturers are yet restocking in more than a moderate degree. The expansion in raw cotton retained imports to 827,000 centals, against 687,000 centals in July and 476,000 centals in August last year, occurring as it did in face of the strike, does, however, reveal a spirit of greater confidence among manufacturers.

The fact is that whether or not a revival is imminent, there has been no time yet for it to be reflected in raw material imports, still less in British exports, and this would be true even if August had not been the holiday month. The chief lessons from the August returns are to be derived by comparing them with past months with a view to searching for any change in the recent downward trend.

Imports for 1930—a year, be it noted, of declining prices—varied from £101.8 millions in January to £78.6 millions in September, with a monthly average of £87.0 millions. They fell heavily in the first part of 1931 to £65.8 millions for August, but then came the period of tariff forestalment, which swelled them to £80.7, £88.2 and £77.0 millions for the last three months of the year. There

was a further month of forestalment in February, 1932 (£70.2 millions), but then with the tariff in force came the drop to returns of £52 to £57 millions for the period March to August inclusive. The slight upturn in August may mean the end of the reaction after the months of forestalment, but the movement is too slight to possess much significance.

Comparing the first eight months of 1931 and 1932, raw material imports show a relatively moderate drop of £4.4 millions, or 3.8 per cent. Such a small decline is far from discouraging. Imports of manufactured goods are less by £59.1 millions, or 35.8 per cent. This decrease is fairly well spread, with the exception of an increase of £1.3 millions in oils, fats and resins, which are really raw materials. It is most noticeable in such classes as woollen and worsted goods and apparel, which were subject to the prohibitive Abnormal Importation Duties early in the year and later to additional duties under the tariff; and also in iron and steel, non-ferrous metals and miscellaneous articles. The decrease of £5.5 millions in iron and steel imports is fairly well spread over the constituent items of the group.

So far, it is possible to claim that the suspension of the gold standard and the tariff have helped to rectify the adverse trade balance, for there is no doubt that the import curve received a sudden twist downwards immediately after the forestalling early this year; and this is more noticeable in the case of imports from such foreign industrial countries as Germany, Belgium, France, Czechoslovakia and the United States. This improvement, however, has been bought at a price, and the price paid is that our export trade has largely failed to react to the stimulus of the suspension of the gold standard. All that has happened is that the export curve, which had a downward trend from £58.3 millions in January, 1930, to £29.1 millions in August, 1931, only recovered to £32 millions a month for the closing quarter of 1931, and has since, with the fortuitous exception of £34.8 millions for April, slowly sagged to its latest figure of £28.6 millions.

A survey of our staple exports leads to conclusions which at the best only afford moderate encouragement. Take first the coal trade. The total figures for the first eight months of each year are:—1930, 37.1 million tons; 1931, 28.0 million tons; and 1932, 26.3 million tons. In certain markets, notably Scandinavia, business has shown some recovery over last year, but over the rest of the Continent the decline has continued. Iron and steel exports, after falling from 2.3 million tons for 1930 to 1.8 million tons for 1931 (first eight months), are again 1.8 million tons for 1932, so that here the decline has been arrested. Galvanised sheets and tinplates show an improvement over last year, but exports of pig iron are worse, and those of railway material at 60,000 tons, against 300,000 tons in 1930, are simply lamentable.

Cotton piece-goods exports are definitely better than last year, and are not far off the 1930 level, such as it was. The actual figure for the eight months, in millions of square yards, are:—1930, 1,853; 1931, 1,169; and 1932, 1,527. Trade with India has improved slightly (361 million square yards, against 285 in 1931 and 667 in 1930), and, thanks to the Japanese boycott, exports to China have shot up from 36 million square yards in 1930 and only 24 in 1931 to 63 million square yards for this year. There are a fair number of increases over last year in other markets, including Norway, Denmark, Egypt, West Africa, Iraq and the Argentine among foreign countries; and all the Empire outlets, except South Africa, Ceylon and Canada.

Woollen and worsted exports have done no better than hold their own in comparison with last year. Recoveries are shown in exports to Holland, Denmark, the Irish Free State, India, New Zealand and countries not separately specified, but business with France and South Africa has deteriorated, and a large number of countries confirm the level trend of the total figures. A final survey of other sections of the returns shows a heavy drop since last year from £5.8 to £3.7 millions in exports of electrical goods; and no big change either way in cutlery and hardware (£3.7, against £3.5 millions last year), machinery (£20.8, against £21.9 millions last year), and chemicals (£12.0,

against £11.6 millions last year), and a serious decline from £22.2 to £14.2 millions in exports of vehicles, including locomotives, rolling stock, motors, aircraft and ships. Thus, while the returns as a whole contain many elements of encouragement, they do not yet point to a major or general reversal of last year's downward trend.

The August returns are the first to reveal the effects of the tariff war with the Irish Free State. These are summarised in the following table:—

		August, 1931.	July, 1932.	August, 1932.
		1931.	1932.	1932.
Imports from Ireland:—				
Bacon	cwts.	31,736	11,349	10,904
Pork	cwts.	14,034	6,365	3,788
Poultry	No.	99,432	39,298	56,239
Cattle, live	No.	57,816	28,194	12,182
Sheep, live	No.	95,780	77,969	39,848
Swine, live	No.	32,989	19,556	15,918
Butter	cwts.	67,920	65,837	36,815
Eggs	gt. hundreds	303,517	337,276	253,541
Exports to Ireland:—				
Coal	tons	166,564	226,082	120,880
Galvanised sheets	tons	1,466	1,075	273
Cotton piece-goods	sq. yds.	1,563,900	2,393,300	1,954,800
Woollen tissues	sq. yds.	299,500	266,700	292,400
Worsted tissues	sq. yds.	49,000	42,400	28,100
Boots and shoes	doz. pairs	20,493	19,712	13,931
Private motor-cars	No.	358	448	249

So far our blockade appears to be the more effective of the two, and the Irish Government will clearly experience considerable difficulty in making the Free State economically independent of Great Britain. All the same, it is a lamentable business.

OTTAWA AND THE LOAF.

PARLIAMENT is to reassemble on October 18th, more than a week earlier than had been planned, in order that legislation arising out of the Ottawa agreements may be disposed of as expeditiously as possible. This legislation may well be heavy in volume and will certainly bristle with controversial points, and it is essential that the Government will allow the House of Commons ample time for the detailed scrutiny which is very desirable. In some quarters there are disquieting hints of an "omnibus" Bill so framed as to minimise the opportunities for criticism; but we doubt whether even the present House of Commons, with its huge Government majority, would tolerate such treatment. At Ottawa the Government have signed away our fiscal freedom, saddled us (on paper at any rate) with taxes on our staple foods, and have agreed to the creation of a variegated pattern of preferential tariffs. Matters of such vital importance in principle and of such intricacy in detail demand the fullest possible Parliamentary discussion, and the clearest Ministerial exposition. Parliament must be told precisely what it is to which it is asked to commit the country.

Questions about Ottawa that remain to be answered are many. Of them all the most perplexing concerns the wheat preference. It was apparently inserted, in the Canadian agreement at any rate, only because of the persistent personal pressure of Mr Bennett. An influential section of the Canadian grain growers did not want it and said so. They showed themselves to be entirely aware that, since in every normal harvest year they are compelled to sell a large proportion of their grain outside the Empire, a British preference which would throw additional foreign wheat into non-Imperial markets might prove a double-edged sword. A section of the Canadian Cabinet was definitely opposed to it, yet the Prime Minister would have it—presumably for what he considered to be sound electoral reasons. All that we know at present is that the British Government has undertaken to impose a duty of two shillings a quarter on foreign wheat entering the home market, but that it is allowed to remove that duty should adequate Dominion supplies not be available at world prices. At first sight the imposition of a two shilling wheat duty appears to be a major breach of the pledges of many leading Ministers not to impose taxes on the staple foods of the people. But they will tell us, we suppose, that, since supplies are to be made available at world prices, there is no fear of the consumer paying more for a loaf than before. From the point of view of the Canadian farmer, where is the advantage? His necessity to sell in

the outside world continues, and he will get no better price in Britain. Where then is the use or merit of this arrangement from anybody's point of view? We have yet to see a satisfactory answer to that question. Such answers as have been made are by no means convincing. For instance, the current monthly letter of the Royal Bank of Canada tries as follows:—

It is not quite clear whether it will be the British miller or the Canadian farmer who will receive the benefit of the tariff preferential when there is a world surplus, but in normal years it seems likely that the Canadian farmer will secure the 3d. preference tariff on this commodity. In any case, the preferential will result in an increase in the proportion of Canadian wheat used in Great Britain. If this threepence is not mythical, who is going to pay it except the British consumer? It would look as though responsible Ministers both here and in Canada will be hard put to it to prove that the wheat preference (unless there is another big chapter of the story which we have not yet been allowed to hear) is a mere piece of pettifogging political hoodwinking.

But if the plan means anything at all, or is to be followed by new demands, we must not overlook the fact that from the point of view of Britain's vital interests any arbitrary interference with the world's wheat trade must be regarded in a very serious light. It is important for Britain to be assured of her supplies of food at the lowest world prices. That may be may not be safeguarded by the present arrangement. But a fact that is often overlooked is that it is at least equally important for Britain to have free and unfettered access to all the chief sources of wheat supply. In so far as any preferential arrangement tends artificially to divert the normal channels of the wheat trade, it is a danger to this country, one of whose advantages in the past has been the power to procure its breadstuffs from those parts of the globe in which the harvests in any particular year happen to be good and from which it happens to be most convenient to obtain. In the five pre-war years 1909-13 our average imports of wheat and flour, in millions of bushels, were as follows:—From the United States, 48.7; from Canada, 42; from Argentina, 31.6; Australia, 23.2; and British India, 36.2. These figures alone show how our wheat purchases are spread in a normal period. In individual years the percentages taken from any given source have varied substantially according to the harvest weather in the two hemispheres, and the variations are surprisingly large, as the following tables show:—

CANADA.						
Period.	Area.	Production.	Yield per Acre.	U.K. Imports from		
				Wheat.	Flour.	Total.
	Million Acres.	Million Bushels.	Bushels.	Million Bushels.	Million Bushels.	Million Bushels.
1909-13 Average	9.9	197.1	19.8	33.9	8.1	42.0
1920	18.2	263.2	14.4	19.1	5.8	24.9
1921	23.3	300.9	12.9	27.2	14.6	41.8
1922	22.4	399.8	17.8	42.8	16.4	59.2
1923	21.9	474.2	21.7	53.2	13.9	67.1
1924	22.1	522.1	23.6	72.3	15.1	87.4
1925	22.8	595.5	26.1	85.5	10.5	96.0
1926	22.9	607.1	26.5	86.6	13.4	100.0
1927	22.5	479.7	21.4	60.1	12.8	72.9
1928	24.1	566.7	23.5	76.7	12.2	88.9
1929	25.3	304.5	12.1	50.9	9.3	60.2
1930	24.9	421.0	16.9	48.9	11.2	60.1
1931	26.1	304.0	11.6	50.6	9.7	60.3

AUSTRALIA.						
Period.	Area.	Production.	Yield per Acre.	U.K. Imports from		
				Wheat.	Flour.	Total.
	Million Acres.	Million Bushels.	Bushels.	Million Bushels.	Million Bushels.	Million Bushels.
1909-13 Average	7.6	90.5	11.9	22.0	1.2	23.2
1920	9.1	145.9	16.1	37.3	3.7	41.0
1921	9.7	129.1	13.3	37.5	3.4	40.9
1922	9.8	109.5	11.2	30.4	4.4	34.8
1923	9.5	125.0	13.1	8.8	4.4	13.2
1924	10.8	164.6	15.2	20.4	24.4	44.8
1925	10.2	114.5	11.2	30.4	3.7	34.1
1926	11.7	160.8	13.8	17.2	5.2	22.4
1927	12.3	118.2	9.6	27.6	4.4	32.0
1928	14.8	159.7	10.8	15.0	2.4	17.4
1929	15.0	126.9	8.5	23.9	3.3	27.2
1930	18.1	213.0	11.7	23.7	4.5	28.0
1931	14.0	175.0	12.5	43.3	6.4	49.7

BRITISH INDIA.						
Period.	Area.	Production.	Yield per Acre.	U.K. Imports from		
				Wheat.	Flour.	Total.
	Million Acres.	Million Bushels.	Bushels.	Million Bushels.	Million Bushels.	Million Bushels.
1909-13 Average	29.2	351.8	12.0	36.2	Negligible	36.2
1920	29.9	377.9	12.6	Negligible	Negligible	Negligible
1921	25.8	250.4	9.7	5.0	"	5.0
1922	28.2	367.0	13.0	0.9	"	0.9
1923	30.8	372.4	12.1	23.4	"	23.4
1924	31.2	360.6	11.6	18.3	"	18.3
1925	31.8	331.0	10.4	13.6	"	13.6
1926	30.5	324.7	10.7	5.0	"	5.0
1927	31.3	335.0	10.7	9.3	"	9.3
1928	32.2	290.9	9.0	2.8	"	2.8
1929	32.0	320.7	10.0	0.3	"	0.3
1930	31.6	390.8	12.3	6.2	"	6.2
1931	32.2	347.3	10.8	0.9	"	0.9

UNITED STATES.

Period.	Area. Million Acres.	Produc- tion. Million Bushels.	Yield per Acres. Bushels.	U.K. Imports from :		
				Wheat. Million Bushels.	Flour. Million Bushels.	Total. Million Bushels.
1909-13 Average	47.1	690.1	14.7	35.0	13.7	48.7
1920	61.1	833.0	13.6	84.8	14.5	99.3
1921	63.7	814.9	12.8	67.4	13.7	81.1
1922	62.3	867.6	13.9	69.6	11.4	81.0
1923	59.7	797.4	13.4	58.8	9.6	68.4
1924	52.5	864.4	16.5	56.6	9.0	65.6
1925	52.4	876.8	12.9	49.5	6.9	56.4
1926	56.4	831.4	14.8	58.3	6.8	65.1
1927	58.8	878.4	14.9	66.4	7.3	73.7
1928	58.3	914.9	15.7	44.2	4.8	49.0
1929	61.5	809.2	13.2	41.6	6.3	47.9
1930	61.1	858.2	14.0	39.2	7.9	47.1
1931	54.9	892.3	16.2	20.9	5.2	26.1

ARGENTINA.

1909-13 Average	14.9	147.1	9.9	31.3	0.3	31.6
1920	13.2	156.1	11.8	57.5	0.5	58.0
1921	14.1	191.0	13.5	7.8	0.3	8.1
1922	16.1	195.8	12.2	35.1	0.7	35.8
1923	17.0	247.8	14.5	39.2	0.7	39.9
1924	16.0	191.1	12.0	44.8	0.8	45.6
1925	17.6	191.1	10.8	22.6	1.0	23.6
1926	18.9	230.1	12.1	22.2	2.0	24.2
1927	20.2	282.3	14.0	36.6	2.0	38.6
1928	20.1	349.1	17.4	45.5	2.0	47.5
1929	13.6	162.6	12.0	84.7	1.9	86.6
1930	18.9	235.0	12.5	28.4	1.5	29.9
1931	17.3*	226.0	13.1	38.6	1.8	40.4

* Area sown, not harvested.

It will be noted that it is precisely in the cases of Canada and Australia, with whom new preferential arrangements are being made, that the production and yield per acre are liable to the widest variations. Since 1920 the yield per acre in Canada has varied from 11.6 bushels to 28.5 bushels, and in Australia from 8.5 bushels to 16.1. Study of the tables will show that our takings from particular sources do not always vary in direct proportion with variation in the size of the crops harvested, although they bear of necessity a considerable relation to it.

Two things that Ottawa could not do were, firstly, to arrange for the control of the weather in the grain-growing areas of the Dominions, and, secondly, to assure Dominion growers better prices in the British market without imposing a burden on the British consumer. One thing, however, that Ottawa may lead to, unless Parliament gives to this matter its most critical attention, is an upset of the complex and delicate machinery of the world's wheat trade, which has been built up by decades of experience and which has hitherto worked in a manner advantageous to the interests of every household in Britain. It is simply because we have not had all our eggs in one basket that our industrial population has had the immense benefit of a steady supply at steady prices.

Notes of the Week.

Europe at Cross Purposes.—The French reply to the German *aide-mémoire* (on which we commented last week) was despatched to Berlin last Sunday and was made public in Paris on Tuesday. The Government of the Reich is still considering it as we go to press; but we fear that this exchange of notes on the disarmament problem between the two Powers whose views are farthest apart has perceptibly increased the danger that a break-down of the disarmament conference may produce a situation in which the whole problem will escape once more from rational control and will pass out of the field in which a reasonable settlement is possible. The French reply is couched in courteous and sometimes conciliatory language; but its hard kernel is its categorical refusal to entertain the suggestion that "a general limitation of armaments should involve the lapse of the permanent stipulations of the Treaty" of Versailles in regard to the unilateral disarmament of Germany. It also takes the line that the German proposal is a proposal for the rearmament of Germany, and not for a general reduction of

armaments all round to the present German basis. This, of course, is not the sense of the German *aide-mémoire*, as is plain from a study of the crucial paragraph 6. But the French note not unfairly refers, for an interpretation, to a batch of statements by General von Schleicher; and unhappily the German Reichswehr Minister's personal pronouncements are as much more menacing than the German Government's note as Monsieur Herriot's (though not Monsieur Paul-Boncour's) speech last Sunday at Meaux was more constructive than the note which the French Government was in the act of despatching to Berlin on that very day. It is to be feared that both parties may ride off on the juridical point, on which any approach to agreement between them is virtually impossible. The pity of it is that, on the questions of substance, the two Governments are not divided by an impassable gulf. The French note admits that Germany has a right to her national security; and the German *aide-mémoire* declares that, if Germany's right to an armament level adequate to her national security is written into the Disarmament Convention as a point of principle, she will not insist upon attaining *de facto* equality with her late opponents at this stage, because she looks forward to a second convention which will go much farther in the reduction of the armaments of the States that are at present highly armed. Surely the distance between these two points is not unbridgeable?

But a Gleam of Hope.—The condition for success is clearly that substantial progress should be made at the Disarmament Conference. In this connection it is significant that in the French reply there was nothing which suggests an organised international army or making disarmament contingent upon the force available for the League of Nations; but the doctrine laid down in the *aide-mémoire* is that "we must aim not at individual disarmament, but at general and regulated disarmament." This phrase is being interpreted in Paris as an abandonment of the Tardieu thesis which was that disarmament could only be possible in proportion to the degree of security obtainable, and that while that security was not attainable each nation must determine its own means of defence. The Tardieu thesis of an international force made no headway at Geneva. If M. Herriot has the intention of exploring new lines, there is hope of obtaining more fruitful results than the very inadequate resolution of July last which precipitated the issue in Germany. But, in any case, this country must take a hand and must act quickly—if need be by declaring unambiguously its attitude towards the German claim. We cannot escape our share of responsibility for the dire results that would follow if this question is allowed to drift.

The Dissolution of the Reichstag.—The scene in the Reichstag on Monday would have been a fine political comedy, if high tragedy were not lurking just round the corner. The Communists—who, of course, represent a small and semi-ostracised fraction of the House—moved a vote of censure on the von Papen Government. The 82 Nationalist supporters of the Government in the House failed to stay these proceedings, though a single adverse vote would have sufficed for the purpose according to the Reichstag's rules of procedure. The Nazis and the Centre decided, during a short adjournment for consultation, to give the Communist motion their support. When the sitting was resumed, Herr von Papen—who was present with the intention of making a declaration of policy—asked for the floor the moment that the Nazi President of the House, Captain Goerig, announced that a vote on the Communist motion would be taken. Captain Goerig ignored the Chancellor, and then refused to take the dissolution decree which the Chancellor tried to hand to him. Thereupon the Chancellor and his Ministers left the Reichstag, the vote was duly taken, and the result was a censure of the Government by 518 votes to 82, with 5 abstentions. Captain Goerig now announced that the dissolution decree was null and void, since it had only been handed in when the vote which had now overthrown the

Government was in the act of being taken. He appointed another sitting for the next day—only to find that the Social-Democrats and the Centre were unwilling to back him up. The Government, on their part, denounced Captain Goerig's refusal to give the Chancellor the floor as unconstitutional. But the victory—and it is a victory—of the Barons over the Reichstag has not turned on fine points of law, but on the Government's command of military force. As for the Chancellor's statement, which he had been precluded from making in the Reichstag, he made it over the wireless, the same evening, to a larger audience. It is an extraordinary situation. The parties of violence in Germany are manoeuvred into the position of championing constitutional government, and are thereupon hoist with their own petard—and all this by a gang of Barons from the *ancien régime* who had seemed as dead as mutton and who even now have no appreciable following in the country. The von Papen Government has somehow discovered the art of keeping its saddle; but everything else in the present political situation in Germany is obscure.

Liberal Ministers.—When the tariff was introduced in the spring it was touch and go whether Sir Herbert Samuel and his Free Trade Liberal colleagues would resign their posts in the Government. That they did not do so was due to two things: firstly, the representations of the Prime Minister that the need for a "united front" was as great as ever, and secondly, to the unprecedented arrangement by which liberty was accorded to them to speak and vote against the Government's fixed proposals. Now, the Ottawa agreements have taken our tariff one stage farther away from the "experimental" or "emergency" stage and commit us to a "five-year plan" during which Parliament must surrender the right to modify taxation except with the consent of the Dominions. The agreements have, also, made it more difficult to use our tariffs to persuade other countries to reduce theirs. Therefore the question of resignation arises again, and it is more likely this time that the step will be taken. Certainly the pressure from the constituencies is all in this direction. In our view this is the proper course for the Ministers to take. The argument for entering the Coalition Cabinet was a very powerful one last September, but at best there are great disadvantages in a Government which tries to straddle so wide a section of political opinion stretching from the Right to a point well towards the Left. The system of democratic government, which in these days is finding it very hard in many countries to cope with exceptional difficulties, thrives on frank criticism and open discussion. At times of crisis it may be right to reconcile differences behind closed doors, but the crisis argument has greatly weakened. Every day we are dealing less with matters of the immediate and urgent present and more with matters that will affect the trend of our evolution for years to come. Not only matters of fiscal policy, but foreign affairs generally call for freer discussion in Parliament than has recently been the case. To a very large extent Mr Baldwin, Mr MacDonald and Sir Herbert Samuel have common hopes and aims in regard to the great international questions which are still pressing for attention. If the Liberal Ministers leave the Cabinet they will be in the main a friendly Opposition in these matters, or, perhaps we should say that their rôle will rather be that of speeding up the coach in the direction in which it is laboriously travelling. We do not think there is any risk of their resignation being misunderstood abroad or being interpreted as a weakening of the national will in this prolonged depression. Its effects at home would, we think, be to make their own criticism more effective and to enable public opinion to play a more active part in the determination of our national policy.

The Maine Election.—If the result of this week's general election in the State of Maine is not a portent, it is at least an omen of good cheer to the Democratic Party in America and a serious warning to Mr Hoover's supporters that there is no room for slackness or complacency. This latter

fact has already been recognised by the President, who has telegraphed to the chairman of the Republican organisation a message calling for a redoubling of campaign effort. What has happened is that Maine, which has been all-Republican since 1914, has elected a Democrat Governor and two Democrat Congressmen. Further than that, Maine, traditionally the driest of the "dry" States, has voted "wet." In reviewing the prospects of the Presidential election in the *Economist* some weeks ago, we ventured to suggest that the election would turn mainly on the liquor question, and that, although there are normally more Republicans than Democrats in the United States, the lesson of this contest might be that there are equally more "wets" than "drys." Maine seems to point that way. It would, however, be rash to assume that the old saying, "What Maine says to-day America says to-morrow," will be true in this case. Much may happen in the next seven weeks. In all probability Mr Hoover will be driven to make some pronouncement going nearer to a "wet" position than he has so far moved. On the other hand, Mr Roosevelt cannot much longer delay a statement which he has so far evaded on the question of the Veterans' Bonus, and it may be that the issue will be decided by these two pronouncements by the respective candidates. Nevertheless, Maine has certainly brightened Mr Roosevelt's prospects. Should we not regard a Labour victory at Bournemouth or Eastbourne as being likely to presage a big swing to the Labour Party?

Japan and Manchuria.—A fresh encounter between the League and Japan over the question of Manchuria cannot be averted if the League is to do its duty, and it certainly ought not to be evaded by diplomatic finesse (to give it its least uncomplimentary name)—however unpalatable the recrudescence of the Manchurian crisis may be to His Majesty's Government in this country. During the last few days the Japanese Government has resumed the diplomatic offensive. It has asked the League to postpone consideration of the Lytton Report until it has received the Japanese observations on that document; and this means a delay which would effectively prevent a discussion of the Report at the forthcoming session of the Assembly—thereby frustrating all the efforts that have been made to present the Report in time for that purpose. At the very moment when it is thus attempting to delay the publication and discussion of the Lytton Report, the Japanese Government has seen fit to issue, on its own account, a highly tendentious forecast of what the Report will say. These manoeuvres need no comment—except to say that they ought not to be permitted to achieve their manifestly illegitimate purpose. The Japanese *précis* of the Lytton Report asserts, among other things, that the Report recommends the League to take into account any important modifications of the situation which may have taken place between the drafting of the Report and its discussion. And this alleged postscript to the Report is interpreted by the Japanese Foreign Office, in its statement, as referring to the then imminent recognition of Manchukuo by Japan (now actually proclaimed). The Chinese Minister in Tokyo has informed the Japanese Government that the Chinese Government would regard such a step as an unfriendly act. The Japanese Government has replied that Japanese policy in Manchuria cannot be altered; that Chinese propositions cannot be considered; and, in fine, that Manchuria is *tabu* as a subject of discussion between the two Governments. At this moment, it seems that the one place where Japan is not having her way over Manchuria is—Manchuria itself. The anarchy into which these Chinese provinces have fallen since the Japanese Army overthrew the local Chinese administration twelve months ago is growing worse and worse. And it was brought home last week to British onlookers by an act of banditry which was perpetrated at Newchwang last Wednesday, the 7th, at the expense of two British subjects: Mrs Pawley and Mr Charles Corkran. These two victims of the situation which Japan has created in Manchuria were captured by bandits while they were out riding in the neighbourhood of the city, and so far neither the puppet Manchukuo Government nor the Japanese authorities,

who pull the strings, have succeeded in rescuing them. This outrage is a more illuminating commentary on the true state of affairs in Manchuria than any amount of Japanese propaganda.

The Catalan Settlement.—The Catalan Statute was voted by the Spanish Constituent Assembly (in the same sitting as the Land Reform Bill) on September 9th. The majority was decisive—314 votes to 24 out of a house of 470 deputies—and the result has been received with equal enthusiasm in Catalonia and in the rest of Spain. The enthusiasm is justified; and the statesmen—Castilian and Catalan—who have achieved this settlement are to be congratulated on their handiwork. At a moment when we are eagerly on the look-out for any symptoms of a turn in the tide of world affairs, we may fairly see, in this Catalan current, a significant slackening of the dangerous current of Nationalism. Catalan Nationalism has all the well-known characteristics of Nationalism everywhere: a historic grievance; a memory of past political greatness; present economic discontent; a cult of local colour in manners and customs and linguistics. Yet, here, for once, this problem of Nationalism has found a moderate and not a catastrophic solution. The repression of the local individuality of Catalonia by Castile has been brought to an end, after two centuries, without a secession of Catalonia from the Spanish body-politic. The Catalans have not even insisted upon anything so far-reaching as Dominion self-government, but have accepted a form of home rule which meets their Catalan *desiderata* without appearing to their Castilian fellow-citizens to involve a disruption of the Spanish Republic. The common interest in the preservation of order and in the maintenance of economic relations between Catalonia and the rest of Spain has been recognised and has prevailed. By the terms of the new statute, Catalonia receives her local autonomy in an area comprising all the four Catalan provinces. She is to have her own Parliament, Executive Council and President, and to maintain her own local social services, including local police, transportation and public works. On the other hand, the Catalan authorities will put into force the common legislation of the Spanish Republic with regard to railways, the Press, and agriculture, as well as all international conventions to which the Government at Madrid adheres. In all parts of Spain, Catalan and non-Catalan citizens are to enjoy the same personal rights. Castilian, as well as Catalan, is to be an official language in Barcelona; and schools are to be maintained in Catalonia by the All-Spanish as well as by the Catalan education authorities. The Madrid Government retains the right of local intervention in Catalonia for the maintenance of public order; the relations between the Catalan and the All-Spanish police are to be co-ordinated by a standing mixed committee; and conflicts of jurisdiction between Catalan courts and courts in other parts of Spain are to be dealt with by the Supreme Court of the Spanish Republic. Taxes earmarked for Madrid will be collected in Catalonia by the local authorities on behalf of the All-Spanish Ministry of Finance. The whole proceeds of certain taxes, and a percentage of others, are preserved for the Catalan Government, which may also create new sources of revenue—though not, it would seem, in the form of tariffs against imports from other parts of Spain. (An internal tariff-wall would, of course, hurt Catalanian industries more than Castilian agriculture.) The whole arrangement breathes a spirit of mutual goodwill and equal common-sense; and, in making it, Spain has not only turned a dangerous corner in her own path of national reconstruction, but has given a valuable and timely example to the world.

The Cotton Strike.—Our Manchester correspondent writes:—Important developments have taken place in Manchester this week in connection with the settlement of the strike in the weaving section of the cotton industry. On Tuesday morning a joint conference took place between representatives of the Cotton Spinners' and Manufacturers' Association and the Northern Counties Textile Trades' Federation with Mr F. W. Leggett, the principal

assistant secretary in charge of the Industrial Relations Department of the Ministry of Labour, in the chair. Mr Leggett explained in more detail the different points raised in the letter which the Minister of Labour sent last week to the organisations concerned. The representatives of the employers and the operatives then held separate meetings to consider the proposals put forward. In the afternoon, on Mr Leggett's suggestion, a sub-committee was appointed of six representatives from each side, and it was arranged that this sub-committee should meet on Wednesday to draw up an agreed agenda of matters to be discussed by the larger committees. The sub-committee was successful in obtaining agreement as to the agenda embodying the matters at issue to be discussed between the parties, and the larger committees met to consider the agenda on Thursday morning. At the time of writing the outlook for a settlement is brighter, but it is recognised that many details have to be considered, and the deliberations may go on for some time. At the end of last week the Master Spinners' Federation decided to postpone for one month the notices of a reduction in wages of 25 per cent. on list rates, which is equal to 2s. 8½d. in the £, in order to begin negotiations with the representatives of the workpeople. A joint conference began in Manchester on Tuesday, and was continued on Wednesday and Thursday. It is understood that the employers have withdrawn their claim as previously put forward, and that the two sides are discussing the general question of a wage reduction; and although agreement on several important points remains difficult, definite progress has been made towards the settlement of the weavers' strike. The week ends with hopes of peace in the ascendant.

American Cotton Crop.—Our Manchester correspondent writes:—At the end of last week the Agricultural Bureau of the United States Government created a surprise by estimating the cotton crop for this season at 11,810,000 bales, as in market circles it was expected that the forecast would not be more than 10,700,000 bales. The report was interpreted as being very bearish, and compares with 11,306,000 bales a month ago. This development, together with the slump on the New York Stock Exchange and less favourable political news, has resulted in a decline in the price of cotton of over 1½d. per lb., January futures in Liverpool now being round 5½d. per lb., compared with the high price of 7d. last week. The system of the Agricultural Bureau has been somewhat criticised, and some traders cannot understand how the estimate of the yield can be the same as a month ago when during that period there has been a decline in the condition of 9 per cent. and a reduction of 2 lb. in the production per acre. It may be pointed out that the abandonment of acreage at 1.8 per cent. is smaller than usual, and it is reported that whereas during August prospects declined in practically all States, in the Eastern and Central portions of the belt, where the weevils were quite active, the information from Texas and Oklahoma is considerably above the forecasts for August 1st, due largely to favourable moisture conditions in the Western portions of these States. In Lancashire cotton trade circles the sharp fall in prices has had a disturbing effect, but it is believed that if the new basis of values can be stabilised there will be more disposition on the part of buyers of yarn and cloth to operate freely given an early settlement of the weavers' strike and the wages question in the spinning branch.

Iron and Steel Production in August.—The production of pig iron in August showed a further decline to 259,400 tons (July, 292,600 tons), but the number of blast-furnaces in operation at the end of the month was one more than at the beginning, and it is understood that two further furnaces have been blown in since. Steel production was affected by the holiday period, and amounted to 361,500 tons, compared with 432,000 tons in July and 357,800 tons in August last year. In the case of pig iron the August production was the lowest since September last, when production was only 248,200 tons; the departure from the gold standard then gave a slight stimulus to the industry

and production gradually increased to a level of 335,600 tons in March last, since when there has been a steady decline to the figures given above. Imports of iron and steel in August amounted to only 105,100 tons, and were the lowest recorded since November, 1923: in quantity this represents a decrease of 48 per cent. compared with August, 1931, but, owing to the continued fall in prices, the reduction in value is 63 per cent. Almost all the items contributed to the decline, the most important exceptions being pig iron, which rose by 1,000 tons to 8,700 tons, most of which, presumably, came from India, and hoops and strips, which rose by 5,000 tons to 9,400 tons. Exports of iron and steel in August, at 156,200 tons, were at much the same level as in July and some 12,100 tons, or 8 per cent., higher than in August, 1931: the increase in value compared with a year ago is only 3 per cent. The influence of the Russian orders is seen in the comparatively high exports of plates and sheets (not under ½ in.) of 20,300 tons, and of hoops and strips of 9,700 tons, compared with an average of 5,600 tons and 3,700 tons respectively in the first six months of the year. British prices of iron and steel remained steady throughout the month, the Board of Trade price index (1913 = 100) being 102.6, compared with 102.8 in July, but the most encouraging feature was the rise in Continental prices: steel bars, for instance, which had fallen since January last by about 11s. 6d. per ton to £2 2s. per ton (gold) f.o.b. Antwerp, rose by 5s. 6d. per ton in the second half of the month: plates also rose by 5s. per ton, and, after allowing for the depreciation of sterling and adding the 3½ per cent. duty, the difference between Continental and British prices must have been narrowed considerably. As Continental makers are still losing money at these figures, further rises may be expected.

Australia's Overseas Trade.—Our Melbourne correspondent writes:—The Commonwealth trade returns for the financial year ended June 30th show an excess of exports over imports of £40,193,000, against a similar excess of £27,944,000 for 1930-31. A comparison, reckoning British currency values, is as follows:—

	1930-31.	1931-32.	Increase (+) Decrease (—)
Imports:			
Merchandise.....	60,560,787	44,082,013	—16,478,774
Bullion and specie ...	398,846	647,812	+ 248,966
Total imports	60,959,633	44,729,825	—16,229,808
Exports:			
Merchandise.....	75,857,000	74,773,000	— 1,084,000
Bullion and specie ...	13,047,000	10,150,000	— 2,897,000
Total exports	88,904,000	84,923,000	— 3,981,000

The official statement also shows exports in Australian currency values at £107,885,791, including £12,695,339 bullion and specie, of which gold appears as £11,890,054. This does not, of course, represent the actual amount of gold produced for shipment during the twelve months. The gold shipments are largely from stocks, but, according to the official statement, the twelve months' production of gold is estimated at 3½ millions "sterling," and, adding this to the excess of merchandise exports £30,700,000, the balance in favour of Australia would be approximately £34 millions sterling (British). This, it is officially estimated, is enough to meet public obligations abroad and leave about £7,000,000 for private interest, dividends, etc. This calculation is based partly upon the effect of the Hoover Moratorium, the Australian Government being relieved from the annual payment to the British Government. Exports from Australia during 1932-33 will be large in quantity as the result of a favourable producing season, though the value will depend upon the course of world prices. Gold shipments, however, cannot count in future in the same manner as in recent years, as even if further shipments were made from the stocks still remaining in the hands of the Commonwealth Bank the proceeds would require to be held in the form of

sterling assets as part of the note issue reserve. Some principal exports are given below:—

	1930-31.	1931-32.
Wool and tops.....	32,003,305	32,086,820
Wheat and flour	18,258,041	22,972,218
Frozen beef, lamb and mutton	4,341,492	5,081,891
Butter	8,120,165	9,812,827
Hides and skins	3,636,954	3,330,620
Lead	2,419,461	2,200,924

The increase in wheat and flour is due to the large shipments during the second half of 1931 of the balance of the exportable surplus of the harvest reaped at the beginning of that year. The balance of the latest harvest available for export during the second half of 1932 is on a smaller scale. An appreciable proportion of both wool and wheat exports has gone to Far Eastern destinations, thus relieving pressure on European markets.

The Mechanics of the Trade Revival.—At a time when the whole world is eagerly scanning the omens for signs of a trade revival, any theory as to how it is to come about is of unusual interest. Professor Lionel Robbins, in a paper read before the British Association, has put forward some distinctly intriguing ideas. In brief, he rejects the arguments that trade depression is due to under-consumption, and so by implication he is opposed to arbitrary inflation. Instead he holds that falling prices, if due to increased productivity and not to deflation, are beneficial, and concludes that the real cause of trade collapse is to be found in excessive consumption at the expense of saving. He begins by assuming some expansion in the effective circulation of money, and also assumes that this new spending power first takes the form of producers' credit. This new money will flow into the industries making producers' goods, while the lower interest rates will make this form of activity more profitable. With increased demand for these products their selling prices will improve, and they will absorb more labour. The next stage is the spread of the new spending power, first to wage-earners in those industries, and so to the market for consumers' goods. The industries making consumers' goods will share in the increased activity, and will begin to compete for labour, with the result that labour costs generally will go up. This will upset the calculation of the manufacturers of producers' goods, so that to carry on under the altered conditions they will require still more credit. After a time, further supplies of credit will begin to fail, and interest rates will rise. Thus prices, wages, and costs generally will be rising simultaneously, and in the end the boom in the producers' goods or constructional industries is inevitably broken. This leads to a general collapse. What Professor Robbins is really arguing is that trade activity is dependent upon a continuous process of saving, so that the activity of the constructional industries can be maintained. At any given moment of time, the demands for producers' and consumers' goods are competitive, and it is necessary by abstinence from over-consumption to maintain a fair balance between them. Professor Robbins claims that recent history supports his thesis, and calls attention to the maintenance of consumption in the early days of depression and to the tendency of retail prices to go on rising after the business curve has turned downwards. As an example, he claims that the collapse of German business towards the end of the inflation period coincided with the beginning of a rise in consumers' goods prices relative to those of producers' goods. Too much importance should not be attached to a German example taken from a time when all prices were rising with extreme rapidity, and, apart from this, Professor Robbins' theories need to be brought to a more complete test of historical fact, having regard to the fact, for example, that booms may start as they have done in the past, by a revival in the demand for such consumers' goods as textiles for the Indian market. The present depression has also brought into being so many obstacles against and restrictions upon commerce that radical changes are being forced upon world trade; in such circumstances it is impossible to diagnose and prescribe remedies along the normal lines. Professor Robbins' challenge to the view that credit inflation as urged by many to-day and practised by the United States during

the past few months is a simple, certain and universal remedy will have done a real service if it helps to direct attention to a realistic study of what can or may happen at a turn of the tide.

Greece's External Debt.—A *communiqué* was issued on Tuesday night setting out the terms of an agreement between the Greek Treasury and representatives of the Council of Foreign Bondholders and the League Loans Committee (London). The essential paragraphs of the *communiqué* read as follows:—

The Greek representatives explained that, while they had instructions to say that their Government recognised the full liability on their external obligations, the Government were not at present in a position to furnish the means necessary to provide the service of the sinking funds of their external loans, and that they were convinced that they would not be able to meet more than a limited amount of the interest charges on these loans during the Greek fiscal year ending March 31, 1933, as hereinafter stated. The balance of the interest would constitute an obligation in foreign exchange of the Greek Treasury; the form and terms of the interest-bearing scrip or other documents to be issued in recognition of this obligation would be fixed in the course of later negotiations.

In the present circumstances the Greek Government, as an earnest of their endeavours to provide an equitable settlement for the bondholders, were prepared to make payments amounting to 30 per cent. of the total annual interest service on each of the respective loans during the fiscal year 1932-3, such payments to be applied to the first half-yearly or first two quarterly coupons of each loan either already due or falling due in that fiscal year unless already met. For this purpose the Greek Government will forthwith place the necessary sums in foreign exchange at the disposal of the paying bankers, through the appropriate channels, for distribution as stated.

The Council and the Committee consider that the bondholders would be well advised to accept these arrangements, which are, however, temporary, for the composition only affects the half-year's interest, or rather two quarterly coupons, and further discussions are to take place in November next in order to re-examine the position of the country and to ascertain the capacity of Greece to make further payments in respect of the interest charges maturing in the fiscal year 1932-33. Disappointment will be felt in some quarters at the partial and temporary nature of this settlement, but it is at least something to the good that the Greek Government has put on record its recognition of its external obligations and that an end has been put to an unlimited and unsettled default.

Yokohama Specie Bank.—The accounts for the half-year ended June 30, 1932, reveal a welcome recovery in net profits. The actual results for the past four half-years, in thousands of yen, are summarised below:—

	Half-year ended			
	Dec. 31, 1930.	June 30, 1931.	Dec. 31, 1931.	June 30, 1932.
Brought forward	6,354	6,636	5,638	4,878
Net profit	6,582	5,402	5,340	6,350
To reserve	1,500	1,200	1,100	1,150
To dividend	5,000	5,000	5,000	5,000
Carried forward	6,436	5,638	4,878	5,078

The dividend has been maintained at 10 per cent. per annum during the whole period, but during 1931 it was only just covered out of net profits, and the appropriations to reserve were to some extent neutralised by a decline in unallocated profits. The past half-year has reversed this trend, for the net profits not only covered the dividend and reserve allocations, but left an additional ¥. 200,000 to be carried forward. Balance-sheet details are not yet available, so that it is impossible to tell how this improvement came about.

France and Poland.—Our Warsaw correspondent writes:—M. John Pilsudski, as Minister of Finance, and M. A. Kuhn, who was both Minister of Communications and of Public Works, have resigned from the Polish Cabinet and been replaced respectively by M. Zawadzki, Vice-President of the Council of Ministers, and M. Budkiewicz. M. Pilsudski has been appointed Vice-President of the Bank of Poland, and M. Kuhn manager of the Warsaw tramway system. Although denied by the Government newspapers, the unexpected change at these "key" Ministries is understood to mean that France has definitely refused for the time being to lend Poland the 800 million francs as a second instalment on the railway loan arranged about eighteen months ago for the construction of the new

line from Upper Silesia to the Baltic port of Gdynia. M. Kuhn is known to have objected strongly to the conditions of this loan when the original contract was submitted to him, and to have accepted them only because of the insistence of M. Matuszewski, the Minister of Finance who preceded M. Pilsudski. The contract requires the French banking group, which appears to be under the domination of the Schneider armament concern, to issue the second of three loan instalments this year "when and if market conditions are favourable." Construction work on the new railway has come almost to a standstill because no further funds are available for this purpose, and the resignation of M. Kuhn, who is a very capable railway administrator, is to be deplored; the more so as it is presumed to indicate that Schneider will not permit the French banking group to provide further financial support until other conditions not yet known—but suspected to involve metallurgical enterprises in Upper Silesia in which Schneider is interested—have been accepted.

Record Transvaal Output.—The output from the gold mines of the Transvaal created a fresh record in August, exceeding the previous record output in July by 10,162 ounces. The March and May outputs also exceeded previous records. Production in August amounted to 991,922 ounces, as compared with 981,160 ounces in July. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	796,270	839,782	845,887	876,452	882,801	914,876	936,794
February	753,924	779,339	815,153	815,284	818,188	839,931	914,012
March	834,340	860,511	877,380	866,529	889,370	910,998	960,935
April	805,303	824,014	825,907	872,123	868,606	882,337	949,796
May	849,214	859,479	886,186	897,598	916,213	910,279	965,644
June	852,145	855,154	862,363	856,025	887,887	897,760	959,011
July	862,134	851,861	867,211	889,480	916,652	916,843	981,160
August	841,864	865,345	891,865	895,601	921,081	916,424	991,922
September	838,939	842,418	857,131	849,553	903,176	918,024	...
October	865,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,099	872,484	861,593	884,783	900,510	...
December	836,167	851,225	859,761	851,134	908,492	923,353	...
Total.	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,148	...

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

	Dec. 1931.	Jan. 1932.	Feb. 1932.	March 1932.	April 1932.	May 1932.	June 1932.	July 1932.	Aug. 1932.
Gold mines	211,592	215,762	216,171	214,024	214,334	215,926	217,077	217,525	217,658
Copper mines	12,260	12,394	12,177	12,009	11,943	11,972	11,833	12,056	11,727
Diamond mines	1,402	1,598	1,563	Nil	Nil	Nil	Nil	Nil	Nil
Total	225,254	229,754	229,711	226,033	226,277	227,898	228,910	229,581	229,385

The native labour figures show little change on the month.

Shipping Freight Index.—After steadily declining since April, our index number of "tramp" shipping freights, based on average quotations for the month, rose by approximately 2 per cent. during August. The current figure of 81.7 was, however, 5.6 per cent. lower than in the corresponding month of last year. Particulars of the index number are given below:—

AVERAGE 1898-1913=100.					
	Average, 1913.	Aug. 1931.	June 1932.	July 1932.	Aug. 1932.
European Waters	110.0	80.6	83.3	82.6	81.0
North America	113.1	82.3	87.4	80.9	82.0
South America	123.4	88.3	77.1	78.7	74.8
India	106.3	88.4	93.1	90.7	90.7
Far East and Pacific ..	117.4	87.3	82.3	79.5	81.8
Australia	127.9	92.6	76.6	71.2	80.1
Total	116.3	86.6	83.3	80.1	81.7

Outward coal business was again dull and featureless, and rates underwent a further decline. Homeward chartering from the ore ports was extremely limited, and only a very moderate amount of carrying space was taken up from the Black Sea and Danube. Apart from some activity from Montreal, the North American market was quiet, and though Argentine requirements found employment for a fair number of vessels, rates were at times difficult to maintain. The brightest feature of the month was a

slightly improved inquiry in Far Eastern waters, and, ready tonnage being in short supply, values moved in favour of owners on several important routes, including Australia to Europe. Movements of the various sections of our index number are shown in detail below:—

AVERAGE 1898-1913=100.					
	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	71.7	- 3.0	South America—outwards	65.5	- 0.6
Bay—outwards	91.7	- 1.9	South America—homewards	84.2	- 1.0
Bay—homewards	82.3	...	India—outwards	84.2	- 2.1
Mediterranean—outwards	81.4	- 4.3	India—homewards	97.3	+ 2.1
Mediterranean—homewards	87.3	+ 2.4	Far East, &c.	81.8	+ 2.3
North America	82.0	+ 1.1	Australia	80.1	+ 8.9

Expressed as a percentage of the average for 1913, the total figure of our index number for August works out at 70.3, compared with 68.9 in July and 74.4 a year ago.

Overseas Correspondence.

UNITED STATES.

Election Prospects — Wheat and Cotton — Railroads — Finance.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 7.

THE Labour Day holidays, traditional milestone on the road from summer dullness to autumn activity in business and security markets, have passed without marked change in the position. However, Wall Street men returning from their vacations feel for the most part rather cheerful over the prospects. They note improvement here and there in the Eastern States, rebirth of hope in the South on the important rise in cotton, and at least no turn for the worse in the West. The outcome of the November Presidential election is still doubtful. As Wall Street sees it, the election of Mr Roosevelt would spell no calamity, but it might retard recovery. Much would depend on the independence shown by the Democratic candidate in the event of success at the polls. The majority of business men and financiers are, as usual, favouring the Republican candidate, this time partly because they dislike a change of mounts in the middle of the stream. It is safe to say that the rally in markets, particularly in wheat and cotton, has recaptured many votes apparently lost to the Administration. If the advance holds until the election, or if in the next two months marked revival in business takes place, President Hoover's chances of success will be greatly increased.

Further evidence that the Federal Government, if not actually aiding directly, is in full sympathy with the rising commodity markets, is seen in the recently announced decision of the Farm Board to hold its cotton and the remainder of its wheat (said to be no more than 3,000,000 bushels) off the markets for the remainder of the year. While the Farm Board received only a small new appropriation from the last Congress, its financial ability to carry its stocks of commodities and make further loans for holding purposes is strong as ever. The Reconstruction Finance Corporation is providing the necessary funds. As seen in Wall Street, the wheat market is more susceptible to attack than is cotton. Shortage in the American wheat crop is made good by the increase in Canadian and other harvests, but undoubtedly the cotton crop will be much smaller this year.

Cotton is the great cash crop of a fourth of the States, and the doubling of its price in recent weeks has made a great difference in business activity in the South. Cotton mills are little, if any, more active than they were in the summer, but the whole foundation of Southern credit has been lifted. While a short time ago the Press fairly outdid itself in prominent display of scattered reports of

business improvement, it now is showing more restraint and balance. This seems to be because confidence in an upturn is greater, but the public is still sceptical. At any rate, rising commodity prices are coming after much has been accomplished by manufacturers and distributors in deflating their business costs.

Trade statistics are not entirely devoid of improvement. Electric current output for the week ended September 3rd rose to a level only 10 per cent. under a year ago. During the summer the decline averaged about 13 per cent. The steel trade, which sagged to about 12 or 13 per cent. of capacity last week, has recovered to 14 or 15 per cent., and though orders on hand are negligible, at least a minimum of activity seems to have been reached. Pig-iron inquiry is rising and scrap steel prices are hardening. Pig-iron output in August was 7.3 per cent. under that for July, being at the daily rate of 17,115 tons, against 41,308 tons a year ago.

Railroad freight-car loadings rose again last week, making three successive weeks of gain, the rise being about as much as is considered seasonal. A new organisation has been formed to provide credit for railroads desiring to purchase or repair equipment, but it is unlikely that much advantage will be gained from it until traffic increases a good deal more. Machinery has been set in motion to secure a 20 per cent. wage cut, beginning February 1st. Western railroads are voting on the question of selecting a dictator to suggest ways of saving through lessening duplicated services. The railroads have so deflated their expenditures that they could translate a moderate increase in gross revenues into sharp gains in net income, but few of them this year are likely to cover their fixed charges. However, the R.F.C., the Railroad Credit Corporation, and the banks will continue to carry them along, and no major receivership is anticipated.

Treasury financing plans for the September tax date were about as expected. Subscriptions were asked to \$750 millions of 3½ per cent. five-year notes and \$400 millions of 1½ one-year certificates. Of this money \$712 millions will go to meet maturities. The issues were well taken, and it is likely that the Treasury will allot about \$1,200 millions, so that the total new money will be close to \$500 millions. Most of that will go to the Reconstruction Finance Corporation. Current collections are running behind current expenditure, so that not only is it probable that the Treasury will have to increase its discount bill sales over the amount needed to retire maturing bills, but it is generally expected that the new Congress which meets in December will have to find new sources of revenue.

The financial position is far stronger than it was a year ago. This week's Federal Reserve system show a continuance of the recent trend, with a further influx of gold, and a stationary Government bond portfolio. Credit in use rose slightly, on month-end demands, but the return of currency from circulation continues to exceed seasonal expansion. Reporting city member banks show a rise in loans and investments, but it was accounted for in full by larger purchases of securities, mostly Government bonds, by the New York banks. The larger New York banks have declared their third quarter's dividends, at rates unchanged from three months ago.

FRANCE.

Conversion Plans — Prices and Production — Indices — Employment.

(FROM OUR CORRESPONDENT.)

PARIS, September 14.

THE Chambers have been convoked to meet on Friday of this week in the "extraordinary session," for the purpose of approving the application of the first portion of Government's plan for Renten conversion. It is expected that the session, which will not begin until after practically the whole of the world's stock markets have closed for the week-end, will not exceed two days. The Lower House is expected to dispose of the Bill during Friday

night, so that the Senate will be able to complete examination of the project during Saturday, in time for the decree authorising the application of the conversion scheme to be promulgated by the *Journal Officiel* on Monday morning at the latest. Beyond the fact that this portion of the conversion plan will almost certainly be limited to the list of issues set forth in these columns last week, no details of the scheme will become public until the Chambers are actually in session. The operation, however, will in many respects be quite different from the recent British conversion scheme. As regards the amount of economy that will result, much will depend on the conversion rate or rates, and also on whether the new replacing issue or issues will be of a redeemable or irredeemable type. Assuming that the new issue will take the form of $4\frac{1}{2}$ per cent. stock, the saving in interest alone should be around 1,000 million francs per annum. A further saving would, of course, result if the new issue took the form of irredeemable stock, as present sinking fund provision would no longer be necessary in respect of the 1927 Sixes and the 1928 Fives. This supplementary economy, however, would not directly benefit the budget, as these two issues are now entirely in the hands of the Caisse d'Amortissement, the saving by which in this connection would be around 400 million francs a year. In effect, therefore, the budget for 1933 should benefit in principle (directly and indirectly) by a saving of about 1,500 million francs.

The actual rate or rates of conversion to be proposed are the subject of much speculation. The simplest method would obviously be conversion at par, which would resolve the operation for most of the issues into a mere exchange of stock bearing a higher rate of interest for new stock yielding a lower rate. In the case of two of the issues, holders will also have the right to receive either 2 francs or 3 francs, representing the accrued proportions of redemption premiums. If conversion at par be adopted it will be necessary not only to fix the rate of interest, but also to decide whether the new stock shall be redeemable or irredeemable. In present circumstances an irredeemable issue would be preferable for its immediate advantages. From the point of view of sound finance, however, it is in every way advisable that a large proportion of the public debt should consist of reimbursable loans, which would oblige the State to follow as large an extinction policy as possible. It is probable that a middle course may be adopted by making the new issue redeemable at slightly above par, which would allow the fixation of a fractionally lower interest rate and thus compensate for increased redemption charges by an economy of supplementary arrears. At the same time, the issue of the new stock slightly below par would perhaps tend to bring about a substantial unification of the public debt at an interest rate substantially lower than that of a conversion at par. The inconvenience of such a policy, however, would be to arrange whether the difference between the value of the old issues at par and the issue price of the new stock should be paid in cash or stock, which would be difficult for both parties concerned, owing to the smallness of the sums involved. In view of these and other difficulties, banking opinion seems to be mostly in favour of the adoption of the simplest possible system that can be devised, namely, conversion at par. The financing of the operation is to be provided by an issue of 5,000 million francs of Treasury bonds, which it is considered will be ample in the present general circumstances to pay off holders who do not wish to convert and to enable this first portion of the conversion plan (involving some 85,000 million francs of nominal capital) to be successfully carried through.

One knotty point to be discussed during the special session will be the question of what shall be done in the way of compensating small holders (*petits rentiers*) who have suffered loss through the devaluation of the franc by subscribing to former issues. It was stipulated by the Finance Bill of 1928 that this should be done in connection with the taking of any future parliamentary decisions in regard to Renten conversion. The law, of course, refers only to original small subscribers who are still holders of Renten issued in the former gold franc denominations. Difficulty is anticipated in finding an acceptable defini-

tion of the term *petits rentiers*. It is possible that this law embraces both French and foreign original holders of Renten. It also apparently concerns holders of other issues than those involved in the present operation. It is understood that, in consequence of the break in the holidays caused by the extraordinary session, the re-assembly of the Chambers will be adjourned until the middle of November.

The unweighted general index figure representing wholesale prices at the end of August (45 commodities), which was issued by the Statistique Générale at the end of last week, is returned as 394 (July, 1914 = 100), against 404 at the end of July, 455 in August last year and means of 543 in 1930 and 623 in 1929. The August index works out in gold at 80, as against equivalent figures for the end of July of 71 in Great Britain (Board of Trade), 92 United States, 96 Germany, 82 Italy (Milan Chamber of Commerce), 74 Belgium and 94 Switzerland. The index for French products is returned as 445, against 468 for July and 521 for August last year, while that for imported products is placed at 304, against 290 in July and 335 in August, 1931. The general figure for food-stuffs shows a drop of 35 points on the month (472 to 437), while that for raw materials has moved up 12 points (after being stationary in June and July) from 346 to 358. The index representing vegetable prices has risen 27 points to 378 on the month, and that for meats has dropped from 488 to 474, sugar, coffee and cocoa prices having remained almost unchanged during the last three months. Among raw materials (25 commodities) the index for minerals and metals has risen 17 points on the month to 342, while textiles have improved 23 points to 269. The figure for the 12 other categories of raw materials moved up only two points (from 419 to 421).

Industrial production indices for July indicate various tendencies, which appears to confirm the prevalent opinion that the bottom of the crisis has been reached. The general figure covering the nine great industries has declined a further point to 92 (1913 = 100), as compared with 123 in July, 1931. The new general figure is the lowest registered for some years, and represents a decline of 48 points from the record high level of production touched in 1930. Metallurgy, textiles, extractive industries and leather, however, all indicate an improvement of a point; while motor car output improved 8 points on the month (from 399 to 407). Building, which had an index of 123 in July last year, fell back 3 points to 98 on the month, and shed a further point before the close of August. The paper industry, which had an index of 112 in July, 1931, fell off 4 points on the month to 100 in July, and rubber output closed the month 13 points lower. Cotton spinning did not share in the one point rise in general textile output in July, average production per spindle dropping from 1,450 kilos. to 1,277, while weaving output declined from 4.02 100-metre pieces per loom to 3.83. Orders in hand, however, were larger, the quantity of cotton piece-goods orders in hand rising from 11.88 100-metre pieces per loom to 13.11.

The number in receipt of unemployment relief, which had dropped from 303,000 in March to 232,000 in June, stood at the end of August at 263,000, but has since again begun to decline. The number of workers employed at the beginning of August, in the whole of the French concerns with a labour force of over 100 units, represented 80 $\frac{1}{2}$ per cent. of the total employed at the corresponding period in 1930, as compared with 82 per cent. at the beginning of the previous month and 92.8 per cent. in July, 1931. The percentage of workers in the same undertakings who were employed less than 48 hours a week was 49.3 per cent., as compared with 50 $\frac{1}{2}$ per cent. in July this year and 35 $\frac{1}{2}$ per cent. in July, 1931. Applicants for employment who failed to find work through the labour bureaux in July averaged 295,000 per week, against 304,500 in June and 50,000 in July, 1932. The number of jobs vacant and unfilled in July averaged 5,750 per week, against 6,239 in June and an average of over 19,000 in 1929. Bankruptcies in August numbered 1,007, against 1,375 in June, 805 in August last year, and a monthly average of 756 in 1930.

GERMANY.

Political Crisis — Disarmament.

(FROM OUR CORRESPONDENT.)

BERLIN, September 13.

THOUGH the dissolution of the Reichstag was not unexpected, the circumstances in which it took place have aroused the greatest political excitement, and the relations between the parties are more confused than ever. Nobody knows how things are likely to go between now and the new elections.

For weeks the Nazis and the Centre have been trying to prove to the Government that they were capable of assuming the leadership of the new Parliament, and thereby to remove the justification for a dissolution. The Chancellor was obliged to recognise, after the conversations with Hitler on August 13th, that the National Socialists were by no means prepared to protect his policy, and this was only confirmed by a subsequent conversation between Hitler and General von Schleicher. It was equally clear to the Government that the Centre Party was irreconcilably opposed to them. The two objects which the President had in view in replacing Dr. Brüning by Herr von Papen, namely, those of including the National Socialists in the responsibility of Government and of continuing the responsibility of the Centre Party, were thus shown to be unattainable. Instead, Herr von Papen found himself increasingly forced into the position of having to fight the parties in Parliament, renounce any idea of an alliance that would give him a majority, and, finally, supported by the confidence of the President, to win over a large enough section of public opinion to keep himself at the helm. At first Herr von Papen hoped that the agreement between the Centre and the Nazis would be gradually decided to remain in office even if the Reichstag should prove able to present the President with a ministry capable of commanding a majority in Parliament, and with that decision the probability that the newly-elected Reichstag would again be dissolved became a certainty. The announcement of the economic programme and the putting it into force by emergency decree was the most important expression of this policy of the Chancellor. With that announcement the Government put the question to the people whether they would follow them in carrying out the programme even if the Reichstag were prorogued. The programme was not without influence in the Reichstag itself. In the still inchoate "Black-Brown" Coalition there developed a disposition to evade a dissolution of the Reichstag at first, and merely to watch the working of the Papen programme. It must, however, have seemed more than doubtful, even last week, whether such complicated parliamentary tactics could succeed.

Such was the background against which the events of September 13th were enacted. The tactics of the Nazis and the Centre collapsed completely at the first test, and it is only thanks to the likewise very maladroit handling of the situation by the Chancellor that the incident cannot be hailed as a victory for the Government. All the parties of the Reichstag, with the exception of the Communists, had intended to begin by listening to the Chancellor's exposition of his programme. The Centre and the Nazis considered it important that the conference with the President which their leaders had been promised should take place before the decisive division, but the Communists, immediately upon the opening of parliamentary business, moved the vote of no confidence and the cancellation of the emergency decree. The Social Democrats, who indeed have nothing to gain by the holding of new elections, but who also had no interest in the success of the proposed tactics of the Centre and the Nazis, supported the motion. As even the Nazis and the Centre were unwilling to expose themselves to the reproach of having tolerated the unsocial provisions of the emergency decree, none of them spoke against the Communist motion, especially as they expected that the Nationalists would do so. The Nationalists, however, wanted a dissolution and welcomed the motion as the

promptest means of achieving it. The change in the order of the day was therefore accepted. As a matter of fact the Nazis and the Centre agreed, during a pause which followed, to protest against this change, but upon the news, whether true or false, that the Chancellor intended after what had happened to dissolve the Reichstag forthwith, the National Socialists would hear no more of this decision. The Nazi President of the Reichstag, Herr Göring, declared the House once more in session and put the Communist motion to the vote immediately. The Chancellor asked to be allowed to speak, in order to read the dissolution decree, but Herr Göring refused this request. Herr von Papen therefore laid the decree upon the President's desk, where it was swept aside by Herr Göring and taken charge of by a Nationalist secretary. The Government left the House, but the President of the Reichstag carried the division through and the vote of no confidence, together with the demand for the cancellation of the decree, was carried by the enormous majority of 512 to 42 with 5 abstentions. The moral importance of the fact that the Cabinet has received a vote of no confidence from more than five-sixths of a newly-elected Reichstag—and one elected at their own instance—cannot be overlooked, even if the vote itself is constitutionally invalid.

None of the parties has a very effective battle-cry for the election, except the Communists, who hope to make capital out of the consequences of the crisis. The Nazis will appear as the champions of the liberty of the people against "reaction," but this rôle does not become them particularly well in the light of their past history. The Centre has compromised itself in several quarters by its association with the Nazis. The Nationalists may gain a little, but it will be very little unless the Government manages by some extraordinary means to increase its popularity, for they will represent the only Government party. The Social Democrats are suffering from a very violent Communist agitation, reproaching them that their entire policy of "toleration" of the Brüning Government has been fruitless, that they have not even been able to maintain their position in Prussia, and that all they have done have been to pave the way for reaction. It is true that the Social Democrats will be in opposition to the Papen Cabinet, but the Cabinet is rendered difficult to attack by the fact that it will be represented in the election campaign by no large party. The real enemies of the Social Democrats, the National Socialists, seem almost to be their allies in this campaign. In order to overcome these difficulties, the Social Democrats have prescribed a referendum demanding the withdrawal of the unpopular labour law clauses in the last emergency decree. They can now concentrate their canvassing mainly on this referendum and the Nazis will be obliged either to support it, and thereby place themselves under the leadership of the Social Democrats, or refuse to have anything to do with it and thereby expose themselves to the charge of not being in earnest in their opposition to von Papen and his emergency decrees.

On the evening after the dissolution the Chancellor broadcast the speech which he had intended to make in the Reichstag. He again stressed his intention of conducting an "independent Government." He, therefore, intends no longer to allow Parliament to play the part assigned to it by the Weimar Constitution. The forthcoming constitutional reform will raise the voting age and make other, only vaguely indicated, changes in the electoral laws, the principal of which will be the amalgamation of the Prussian Government with that of the Reich, without "destroying the Prussian State, which has become historic." The Chancellor did not speak in detail on the economic programme, but said that it was both the duty and the interest of employers to support it, for if it failed, those forces would gain the upper hand "which are aiming at the subjection of economic life to Government regulation."

The Chancellor spoke emphatically of the Government's standpoint on the disarmament question: "We desire disarmament; nobody would rejoice more than Germany if all States would fulfil their moral and legal obligations to disarm and would reduce their armaments

according to the provisions and standards laid down by the Treaty. We would even accept the most drastic disarmament proposals for Germany provided that they were to apply equally to all States, but it is intolerable to us to continue to be treated as a second-class nation and to stand defenceless among the States of the European Continent while they bristle with arms." The Disarmament Conference had been, said the Chancellor, a cruel disappointment to Germany, and Germany could take no part in its further proceedings until her demand for equal treatment had been recognised. In this connection the Chancellor referred to the famous article in which Signor Mussolini conceded the German claim to equality of rights and security.

AUSTRIA.

Trade Improvement — Stock Exchange — Agriculture — Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, September 12.

For the last two weeks the Vienna Stock Exchange has been definitely firm, and, even though latterly there was some reaction on profit-taking, in the main the movement during the past three weeks has resulted in a very considerable rise in nearly all shares. Austrian securities have gone up in about the same proportion as foreign shares traded on the Vienna Stock Exchange. Among the former the following rises were registered during the period August 19th to September 9th:—State Railway Company from 16 to 18, A.E.G. Union 7.80 to 11.15, Austrian Siemens from 86 to 106, Alpine Montangesellschaft from 9.10 to 13.80, Felten and Guilleaume from 109 to 130 schillings. Among the foreign values the following improvements took place:—Lemberg-Czernowitz-Jassy Railway (Rumanian) from 20.10 to 24.75, Trifailer Coal (Yugoslavia) from 19 to 24.75, Aussig Chemical Union (Czechoslovakia) from 103 to 122, Dymamit Nobel (Czechoslovakia) from 512 to 604 schillings. From this it will be seen that foreign currency fluctuations were not the decisive cause of the recent stock exchange tendency, for Austrian shares have risen no less than foreign shares. Nor were there marked signs of any desire to acquire substantial values, for purchases and sales kept within very limited bounds.

The recovery in share prices is chiefly the expression of better feeling. At the same time, the view is generally held in financial circles that the rate of improvement has been too rapid, for, even though an improvement may be expected in Austria's prospects, it is, nevertheless, to be feared that the next few months are not likely to witness any fundamental change. Still, individuals are already talking of clearer skies. Bicycle and motor-cycle exports have greatly increased within the last few months, a furnace belonging to the Alpine Montangesellschaft, which was recently extinguished, can now be started again; the radio and gramophone branch, as also luxury metal articles and better-class ready-made clothing, report relatively satisfactory orders in hand. The foreign-tourist traffic has been excellent, and it is assumed that during the principal travelling season, which is now drawing to a close, it has brought an asset of about 300 million schillings into the Austrian balance of payments. The internationally celebrated resorts, such as Bad Gastein, Salzburg and the Carinthian Lakes, had a record number of visitors, and some of the enterprises connected with foreign-tourist traffic (cable railways, bathing establishments, etc.) registered revenue twice as large as those of last year. It is also said that the caterers for foreign visitors are contemplating investments, which should be an incentive to Austrian industry.

The protection policy for agriculture, which has been pursued for years and reached its height this year, when nearly all imports of agrarian produce were forbidden, should be making the farmers better customers for industrial products, especially in view of the favourable harvests. Last year's harvest of winter wheat was 16 per cent. higher than that of the preceding year, rye 23 per cent. higher, winter barley 10 per cent. higher, summer

barley 30 per cent. higher, and oats 32 per cent. higher. The pulse and oil results were also better, and the fruit harvest greatly exceeded expectations, so that special treaties had to be concluded with Germany and Poland in order to prepare for exportation of the surplus apples. Whereas in the adjacent districts of Hungary a litre of wine can scarcely be sold at a price of 12 heller (less than 1d.), and the producers are obliged to form a cartel in order to prevent the price of a litre from falling below 15 heller, wine of the same quality is not to be had in Austria at six times the price. It will be seen from this that the Austrian farmers are much better off than the peasants of the neighbouring countries.

The attempt was made to create for the industrialists a similar ruling position on the Austrian markets, but as so many branches of industry must rely on exports, the attempt was not very successful. Industrialists believe that it could be done if the present disparity between the official exchange rates of the Austrian National Bank and those quoted for the schilling abroad were eliminated. In this, however, they assume that there would be no rise in the value of the schilling. As a matter of fact, the whole economic system is adjusted to this disparity of the schilling; currency relations are fairly well stabilised, and the only thing missing is the formal act of legal stabilisation. This is illustrated by the development on the investment market. There is no serious difference between the quotations of rentes and loans in foreign currency values and those made out in Austrian schillings. During the period from August 19th to September 9th the increases in foreign securities were:—Vienna Dollar Loan from 61 to 66.50, American portion of the Federal Loan of 1931 from 48.50 to 56, American portion of the League of Nations Loan from 105.50 to 108. The official quotations of the investment paper on the Vienna Exchange were also well maintained; for example, Federal Loan of 1933 rose from 59 to 61, and League of Nations Loan from 107 to 108.75. Nevertheless, there are numerous securities bearing fixed rates of interest of 8 per cent. and 10 per cent., so that it is not surprising that the plan for a rentes conversion is also contemplated in Austria, though it has very few supporters at present.

ITALY.

Cotton Agreement — Unemployment — Prices — Stock Exchange.

(FROM OUR CORRESPONDENT.)

TURIN, September 5.

GREAT prominence has been given by the daily press to the various agreements which have been reached between employers' and employees' federations, of which the most important refers to the cotton industry. The success is compared rather proudly with the Lancashire strike and references are made to the heavy losses sustained in England by the Trade Unions, the industry and the community at large. The problem in Italy was very similar to that in England. The last collective labour contract was made in 1924. Since then technical conditions have changed and there has been a shifting of labour between individual firms and localities. Employers more alert in the introduction of semi-automatic and automatic looms and of the multiple-loom system, were obliged, in order to attract hands, to increase wages above the collective minimum; while the less enterprising managed to pay reduced wages to hands tied, for one reason or another, to particular places. Workers complained that wages had not increased in proportion to the greater strain and attention necessitated by the diffusion of the multiple-loom system; employers retorted that the 1924 tariff was not flexible enough and did not take sufficient account of the quality of the fibre, the speed of the machinery and the several counts of fabrics woven. Above all the minimum wage guaranteed by the 1924 agreement no longer corresponded to the changed level of prices and the lower cost of living. The new agreement was concluded after many local discussions only through the influence of the central Corporations Department, in prolonged sittings presided over by the Under-Secretary of State, Signor Biagi, a

former employees' organiser. The agreement relates to some 250,000 workers, whose probabilities of getting work are thereby enhanced. It appears that the maximum reduction was fixed at 10 per cent. for wages higher than the contractual basis, and that reasonable terms were reached as regards the multiple-loom system and the equalisation of wages as between different districts. It is an achievement to have been able, under a legislative system which treats strikes and lockouts as penal offences and resolves industrial conflicts by means of compulsory arbitration, to avoid the economic and social loss involved in industrial disputes: in order, however, to allow an impartial appraisal of the practical working of the system, a thorough study into changes of hours, wages and other conditions of labour, with reasons thereof, and consequences on the rate of employment, would be necessary. Such a study is badly needed.

As in other years, after touching its lowest level in June, unemployment has again risen in July:—

	THOUSANDS UNEMPLOYED.			
	1929	1930	1931	1932
January	462	466	723	1,051
June	193	322	574	905
July	202	342	638	931

Another interesting, if somewhat belated index, published by the Corporations Department, taking as a basis (100) the number of hands employed in September, 1926, gives for the end of May of successive years the indices of 94.6 for 1929, 88.6 for 1930, 74.9 for 1931, 65.4 for 1932. The number of hands occupied at the same dates for a number of working hours higher than the normal was 16.4, 12.3, 12.2, 7.7 per cent. of the total, while the number of hands working on short time was 8.3, 23.1, 24.1, 29.5 per cent. Thus both the frequency and the constancy of employment are decreasing.

The State Railways are struggling very hard against the crisis and the growing competition of motor cars. By the introduction of 762 week-end "popular" trains with exceedingly low fares, 590,570 passengers have been carried from June 5th to August 22nd. How far these efforts will check the decline is uncertain. The number of passengers decreased from 112.2 millions in 1928 to 88.4 in 1931, and in the first semester of 1932 the figure was further reduced to 36.6, against 41.7 millions in the corresponding period of 1931.

The index of wholesale prices at last appears to have been checked in its downward course. After decreasing almost uninterruptedly from a yearly average of 654.4 in 1926 (1913=100) to 299.93 in July, in the fourth week of August the index closed at 299.77, after rising to 300.10 in the third week. It is, however, too slender a basis on which to build hopes of revival in industry and in the stock exchanges. Perhaps largely in a spirit of imitation of the New York boom some movements have been also engineered in the Italian bourses. It is yet too soon to gauge the intrinsic soundness and durability of the change. The daily average of future transactions in fixed interest securities effected in the Italian bourses decreased from 29.4 million lire in 1928 to 15.3 in 1929, 18.3 in 1930, 12.3 in 1931, and 3.9 in the first seven months of 1932. Similar figures for variable dividend securities were:—122.4, 72.6, 37.7, 20.0 and 9. Probably we have reached the bottom of inactivity, but it will presumably take a long time before we go back to anything like the former level; and in the meantime any improvement in quotations threatens to be merely speculative, as it lacks the sound basis of a widespread market.

NORWAY.

Bank Rate — Ottawa — Trade — Whaling.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, August 31.

THE reduction of the Norwegian Bank rate from 4½ to 4 per cent., announced to-day, and effective as from September 1st, was not expected at this juncture. True, conditions in the domestic money market have been rather easy

during the greater part of August, but during the last week or two there has been a firmer tendency, a fact which is also to some extent borne out by the Norges Bank's returns. The reduction, which was, in the first place, a response to a similar step, taken earlier in the day by the Bank of Sweden, may also be regarded as the expression of a desire on the part of the Norges Bank to join the international movement towards a lower level of interest, as well as to accentuate and encourage the brighter tone now prevailing in business and trade circles. Another consideration may also have been the possibility of imminent loan transactions on the part of the Government as well as other public bodies, although at the time of writing no definite steps have been taken in this direction. The private banks in the chief centres of Norway have decided not to reduce their deposit rates, while their rates for ordinary trade bills and loan account will be reduced by ½ per cent. (at any rate in Oslo).

The Ottawa Conference—although, of course, primarily an Imperial affair—is not without importance to this country, for the introduction of prohibitive tariffs in Great Britain will most certainly prove detrimental to existing trade relations between the two countries. As a striking instance may be mentioned the export of Norwegian cod-liver oil, of which Great Britain has been for years a large consumer. The duty at present is 10 per cent., but it is reported that after Ottawa this duty will be raised to 40 per cent. At a recent annual meeting of the Federation of Norwegian Commercial Associations the President, Mr Sigurd Astrup, very aptly expressed what is certainly a widely held view in this country as follows: "The great events which have taken place in the commercial world during the past year are in direct antagonism to our conception of free trade, to the interests of mankind and accordingly also to common sense. Progress and prosperity cannot be ensured by restrictions and isolation, but only by the unfettered development of all creative powers. This certainly also bears most emphatically on the deliberations at Ottawa, but it is to be hoped that the negotiations between England and Norway as regards commercial affairs, hitherto kept in suspense on account of the Ottawa Conference, will lead to results that will further the healthy trade relations which have so long existed between the two countries."

The figures covering the trade balance of Norway for July 31st this year reveal a surplus of imports over exports of about 8 million kroner, as compared with 38.7 million kroner for the same month last year, imports amounting to 49.34 million kroner and exports to 41.36 million kroner. The item "Ships imported" bears the chief responsibility for the reduced import figure, the value of this item being 15.79 million kroner in July, 1931, against only 11.00 kroner this year.

The sale of about 16,000 tons whale oil of next season's production at a price of £10 per ton has caused some consternation and much discussion, not only because the price in itself is very low, but chiefly because oil of the old production was recently sold at the same price. At a recent meeting of the Norwegian Whaling Association it was decided not to sell their new production at the price of £10 now offered by Unilever. Future sales of whale oil of new production will be effected through the Association.

Business on the Bourse during the month has been very active, and prices in most sections have been firm. Government securities—especially dollar and sterling bonds—continued very firm all through the month, although the tone has been somewhat less firm the last two or three days. Industry and shipping shares have been on the upward move, and whaling—although more irregular—also show a rise compared with July. Unemployment figures show a rise of about 1,300 compared with July 15th, and now aggregate 27,000, against 22,400 on July 15, 1931.

JAPAN.

Business Improvement — Exports — Relief Measures.

(FROM OUR CORRESPONDENT.)

Tokyo, August 12.

SOME signs of a change for the better, if not of revival, are in evidence in many directions. Several important commodity markets have developed distinct rising tendencies. Raw silk, in particular, has advanced rapidly to 750-60 yen a bale, as against 415 yen during June, the lowest of the year. This marked improvement in the silk market is a powerful stimulus to cocoon prices. Summer cocoons, which are now arriving at the markets, are quoted at 4.10-20 yen per kamme, as compared with a mean of 2.30 yen for spring crop. A perceptible improvement has been noticeable in the cotton trade as well as in the rayon industry. The Rayon Manufacturers' Association has decided to reduce the curtailment from 25 per cent. of capacity to 15 per cent., beginning with October. The stock market has manifested a decidedly better rallying power as general recoveries in commodities and quotations throughout have moved to higher levels. The export season has set in normally this year, and a considerable improvement is seen in the adverse balance on merchandise account. The earnings statements of industrial companies for the past half-year are less unsatisfactory, and certain branches of industry have fared much better.

Commodity prices have reversed the downward trend which they resumed during March. The Bank of Japan's wholesale index number for July registered a rise of close upon 1 per cent. on the month, raising the total slightly above the figure for November last, immediately before the suspension of the gold standard. The foodstuff group shows marked advances with the single exception of rice, which declined owing to favourable weather conditions. The textile group has also improved. The recovery is largely attributable to a hardening of gold prices of primary products, though the rise may be to some extent due to the new import duties as well as the fresh depreciation of the yen.

The trade returns for last month show that there was a favourable balance of 42,663,000 yen, an unprecedentedly large sum for the month of July, imports amounting to 68,170,000 yen and exports to 110,833,000 yen. In comparison with July, 1931, imports fell by 25,674,000 yen, while exports rose by 7,417,000 yen. Figures for July clearly show the effects of the tariff. Though the decline in imports is largely accounted for by raw wool and ammonium sulphate, substantial declines were recorded in timber, wheat, machinery, and automobile parts, on which additional duties were imposed. On the export side the increase in cotton piece-goods, cotton yarn and rayon products was largely offset by the decrease in raw silk, refined sugar and paper.

Earnings statements which have so far appeared of important industrial companies for the past half-year show distinct improvement in many cases, and the midsummer dividends were generally maintained. Several of the leading textile companies fared better, the Kanegafuchi, the Fuji, and the Dai-Nippon all enjoying higher profits. Sugar refineries and electric power companies also showed increased earnings, while a number of concerns in shipping, shipbuilding, iron and steel, and rubber groups continued to record considerable losses. Banking profits for the June half-year also show increases in the case of larger institutions. Net profits of Yasuda increased from 4,160,000 yen to 4,300,000 yen, and those of Dai-ichi rose from 8,207,000 yen to 8,680,000 yen.

The special session of the Diet convened to deliberate on the remedial measures for distressed farmers, small industrialists and retail dealers, will meet on August 22nd. The official relief schemes to be submitted to the session consist of the extension of public works and provision of low-interest loans to provincial financial institutions. Under the schemes, 237 million yen will be expended during the current fiscal year for the construction of public highways, harbour improvement, and other public works to give employment to surplus agrarian labour, while

another 264 million yen will be lent at a low rate of interest to provincial banks, co-operative societies and other bodies to enable them to liquidate frozen credits on farm mortgages. In the coming seven months 460 million yen is thus to be disbursed to ease monetary stringency in rural districts. As the Departments interested in the relief measures are asking for more money, the total cost of the schemes will be further increased.

CANADA.

Crops — Business — Prices — Trade — Railways.

(FROM OUR CORRESPONDENT.)

Ottawa, August 23.

THE western harvest is now in full swing, and in Manitoba wheat cutting is nearly finished and a good deal of threshing done. In Saskatchewan the grain crops ripened prematurely over a large area in the southern part of the province, and, though they are being harvested under ideal conditions, there has been a further decline in yield prospects. In Northern Saskatchewan and Central Alberta where the crops are good, their lateness is causing some apprehension. Some reports mention the possibility of grades and weights per bushel being lower than in 1932, but the early samples are grading high. Oats and other coarse grains promise to give less than the average yield. In British Columbia the field crops have made good progress since the heavy rainfalls of July, and the apple and other fruit crops are also good. In the central provinces of Ontario and Quebec harvesting operations have been delayed by showery weather, and the yield has been improved probably at the expense of quality. Pastures have improved, potatoes and other root crops are in good condition and the apple and other fruit crops are only slightly below the average. In the Maritime provinces the improvements which began in July for crops previously backward and poor has steadily continued, but the grain harvest is late; a high quality crop is promised for the apple-growing districts of Nova Scotia, but in New Brunswick the important potato crop is suffering from blight. Taken all round the field crops of Canada for 1932 seem likely to give an ultimate yield rather below than above the average.

There is some improvement in business conditions. Helped by rising commodity prices and heavier purchases in the rural areas there has been a considerable expansion of retail sales during the first half of August, and wholesale houses are beginning to feel the effects of the freer distribution of goods. The increased movement of merchandise is also finding reflection in the car-loading figures, and for the week ending August 13th the figure was 39,050 cars, as compared with 35,285 cars for the previous week, but it is still 5,945 cars below the figure for the parallel week of 1931. The July wholesale price index showed no change at 66.6, and there has since been an upward movement; the retail index, however, dropped from 81 to 80.8. Commitments for autumn business are greater in volume than at the same date in 1931, and travellers are sending in more encouraging reports from their territories than they have for some time. From the Western Provinces there is reported a better demand for medium priced farm implements, the sales being fully 20 per cent. ahead of those of the same period a year ago. The canning industry also has been encouraged by crop conditions and is benefiting by a new marketing organisation of which most canning establishments are members.

Throughout the summer the American tourist traffic has fluctuated in volume, but it is now very brisk, and summer hotels are making up some of the slackness in business which occurred during the earlier part of the season. Factory industry remains very uneven. The demand for industrial steel shows no change, and current business consists mainly of small orders. Motor sales are confined largely to low-priced models, and sales of commercial cars are unsatisfactory. The textile mills have in some cases been curtailing their operations and their owners have become very apprehensive of the tariff concessions which have been made at the Imperial Economic Conference for

the benefit of their British competitors; as a result they are afraid to accumulate large stocks. The boot and shoe factories, however, remain fairly busy, chiefly on footwear of medium class, and they are providing the chief market for leathers. The metal trades remain inactive, and the demand for building materials is poor; in July the aggregate value of building permits issued in 61 leading cities was only \$4,227,173, which was just slightly below the figure for June, but was nearly 7 million dollars, or 61.7 per cent. below that of July, 1931. There is now a superfluity of office accommodation in practically all the towns and cities, and rents are falling fast; the same situation prevails in regard to residential dwellings, as many families are sharing under the stress of hard times, and there has been a substantial remigration to the country of rural folk who had been attracted to the urban communities by the lure of high wages during the boom times.

The foreign trade returns continue to make depressing reading; imports in July were \$35,710,571, compared with \$48,379,235 in July, 1931, and domestic exports \$42,321,284, compared with \$49,645,120 last year. There has, therefore, been an aggregate decline of about 20 per cent. in Canada's foreign trade as compared with July, 1931, but the protectionists are once more taking comfort from the fact that there has been an improvement in the favourable balance. At present, however, grain exports from Montreal are being maintained at a higher level than a year ago; cheese exports to the United Kingdom are increasing and cattle shipments to the same destination also show a slight gain. As the result of the decisions of the Conference, farmers, fruitgrowers and other classes engaged in the great basic natural industries are hoping for a substantial improvement in their export trade with Britain, and since the Conference ended their spokesmen have been busy commending its work and explaining the basis of their hopes. The Canadian millers are greatly relieved that no duty has been imposed by Britain on Dominion flour, and the British millers are correspondingly disappointed. Most of the copper producers also think that they will benefit by the preference on copper, but some of them are dubious about this. Meanwhile, details of the tariff concessions which Canada has made Britain are being awaited with interest, but they will not be known until they are laid before the Federal Parliament. It is now expected that a special session will be called in October for the purpose of giving effect to the agreements reached at the Conference and dealing with the railway problem.

The Royal Commission on Transportation, which was set to work early in the year, has last week resumed its labours at Ottawa. It is understood to have before it the draft of its final report, which they expect to finish by the end of August. Since the railway problem needs to be tackled at once, it is, therefore, probable that Parliament will be summoned sometime in October.

Letters to the Editor.

MUNICIPAL ECONOMY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—If local authorities are to economise, may I suggest one way by which substantial savings can be made in municipal budgets?

As matters now stand, municipal housing schemes will soon be more or less a thing of the past. The Minister of Health's recently announced decision disallowing the compulsory acquisition of 1,300 acres of land at Wythenshawe by the Manchester Corporation seems to indicate pretty conclusively that the Government has decided, for the time being at any rate, to check municipal building. But the building of houses must continue? Why shouldn't local authorities encourage building societies to fill the gap.

There is an opportunity here for municipalities to co-operate far more closely than in the past with building societies. Building societies have the experience and the resources to do much of what is necessary. By utilising them local authorities should be able to secure effective economies in local expenditure out of public funds.

Where local authorities are anxious to encourage the building of houses they can obtain authority to give guarantees to prospective purchasers who have not themselves sufficient capital to go direct to building societies. Where this scheme is already in operation it has worked admirably, and an extension of it should mean both the speeding up of house building and a reduction of cost to local authorities.

Relations between local authorities and building societies are happily of the most cordial, and at a time when many of the former are the objects of a good deal of criticism, much of it ill-informed and undeserved, I must say that those of them which have come within my personal experience seem to me to be carrying out their duties under the greatest difficulties in a manner that is at once efficient and public-spirited.—I am, Sir, Yours very truly,

1, Finsbury Square, E.C.2.
September 10, 1932.

H. L. NATHAN.

BOOKS RECEIVED.

Petroleum Distribution Accounts. By Joseph Johnson. (London) • Gee and Company (Publishers), Limited. 120 pp. 8s. net.

A detailed account of the methods employed by the chief distributors.

International Guarantees of Minority Rights. By Julius Stone. (London) Oxford University Press. 280 pp. 14s. net.

An interesting study, from the legal viewpoint, of the procedure of the League of Nations in the matter of minority rights.

OFFICIAL PUBLICATIONS.

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

Election Expenses—General Election, October, 1931. 1s. 3d. net.

Report of the Commissioners of Prisons and the Directors of Convict Prisons for the year 1930. Cmd. 4151. 1s. 6d. net.

Report of the Dormant Funds Committee. Cmd. 4152. 4d. net.

Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Countries, 1931, Compared with the Years 1927-1930. Vol. III. 17s. 6d. net.

Colonial Reports: No. 1574, Cyprus, 1931, 2s. 6d. net; No. 1575, Cayman Islands, 1931, 6d. net.

Electricity Commission: Return of Engineering and Financial Statistics relating to Authorised Undertakings in Great Britain for the year ending March 31, 1931, for Public Authority Undertakings, and December 31, 1930, for Company Undertakings. 15s. net.

Companies: Forty-first General Annual Report by the Board of Trade. 4d. net.

British and Foreign State Papers, 1927. Part II. £1 12s. 6d. net.

Recommendations of the Import Duties Advisory Committee: Additional Import Duties (No. 6) Order, 1932, Cmd. 4156, 6d. net; Import Duties (Drawback) (No. 1) Order, 1932, Cmd. 4157, 2d. net.

Ministry of Health: High Maternal Mortality in Certain Areas. 1s. 6d. net.

Colonial Reports: No. 1573, States of Kedah and Perlis, 1930-31, 3s. 6d. net; No. 1576, Johore, 1931, 2s. 6d. net; No. 1577, St. Vincent, 1931. 1s. 3d. net.

Empire Marketing Board: Report on Cattle Breeding in Jamaica and Trinidad, August, 1932. 1s. net.

Colonial Report, No. 1572. Economic Progress of the People of the Gambia, 1931. 2s. net.

Ethiopia No. 1 (1932): Papers Concerning Raids from Ethiopian Territory into the Anglo-Egyptian Sudan. Cmd. 4153. 4d. net.

British Sugar (Subsidy) Act, 1925: Section I., Balance Sheets Relating to Beet Sugar Factories. 4d. net.

Reports of the Imperial Economic Committee: Twenty-fourth Report—Hemp Fibres. 6d. net.

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The Stock Exchange.

COTTON TEXTILE SHARES.

BRITISH textile shares have fully participated in the rise in industrial equities which followed upon the success of the War Loan conversion scheme, the recovery in Wall Street and the upturn in commodity prices. They have also shared in this week's reaction. Has the market been over-hasty in discounting an early recovery in earning power, having regard to the nature of recent company reports and the overseas trade returns for the last eight months? We propose to discuss this question in a series of articles. The position of the cotton textile and finishing companies is dealt with in the paragraphs which follow, that of the silk and artificial silk and the wool textile companies being reserved for separate analysis.

The lack of statesmanship or leadership in the cotton textile industry is not an inspiration to investors. A prolonged labour stoppage in Lancashire would quickly offset the advantages gained as a result of the departure from the gold standard and the Japanese boycott in China. The overseas trade returns and the recent reports of textile companies indicate that these advantages have been by no means inconsiderable. The complete returns for August and the first eight months of the year are analysed on page 496. Anti-Japanese feeling may be partly responsible for the fact that whereas exports of British cotton piece-goods to China declined from 35.7 million square yards in the first eight months of 1930 to 24.3 millions in the corresponding period of 1931, the total for the first eight months of 1932 was 63.0 million square yards. Exports to British India (eight months in each case) fell from 713.8 million square yards in 1930 to 308.8 millions in 1931, but have now recovered to 416.6 millions. For the remainder of the British Empire the figures are 442.4, 330.5, and 502.6 millions respectively; for Central and South America, 179.1, 126.4 and 142.5 millions; for Sweden, Norway and Denmark, 41.8, 45.6 and 51.4 millions; and for all countries, 1,853.2, 1,169.0 and 1,527.1 million square yards respectively. Whereas the value of our total piece-goods exports to countries other than those named (*i.e.*, mainly to States still on the gold standard) fell from £12.9 millions in the eight months of 1930 to £7.8 millions in 1931, and to £7.4 millions in the same period of 1932, our exports to China, the Empire and countries in the "sterling area," having dropped from £34.2 millions to £18.0 millions, have now recovered to £23.0 millions.

The reports of the leading cotton textile companies

have not yet had time fully to reflect these trade movements. Any improvement recorded in profits may be attributed mainly to economies or to increased sales in the home market. The Fine Cotton Spinners and Doublers Association relies on the home trade and European markets for the bulk of its orders. The depression in Germany has been an adverse factor in its business, and the new British tariffs, designed to restrict hosiery imports, may automatically react upon the export of fine Egyptian yarns to Germany. In certain other European countries the company has been forced practically to cease trading because of the difficulty in remitting payments. The increase in home sales is, however, a compensating factor. The chairman of the company, in his speech in May, was able to refer to larger sales and deliveries of yarn from the company's mills, both in weight and value.

The chairman of the English Sewing Cotton Company has related the improved results of the year ended March 31, 1932, to the greater stability in cotton prices and to substantial economies effected in administration and manufacture. There has been an increase in this company's sales of yarns for the weaving and hosiery trade in Great Britain, and its exports have suffered a smaller decline than was anticipated. This company has a holding in the American Thread Company, which has reduced its dividends.

As regards J. and P. Coats, the chairman, in his speech, last June, emphasised the difficulties of trading abroad, in view of unconscionable import and exchange restrictions. Nevertheless, the declaration of an interim dividend of 2½ per cent. last month, against 1½ per cent. in the previous year, indicates that the company has been experiencing somewhat improved conditions this year. No information as to the Lancashire Cotton Corporation has been divulged since the publication of the accounts for the year ended October 31, 1931. It is known, however, that the rise in cotton prices has given the corporation a considerable profit on its stocks, which were bought at very favourable prices. The interests of the Lancashire Cotton Corporation are so far-reaching that practically every market of the world is of some importance to its revenue account. Nevertheless, the advanced standardisation system which it has adopted can lead to satisfactory trading results only when large-scale trading with the East has been restored.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
September 20.

ACCOUNT.
September 22.

The markets have suffered the most extensive reaction since the beginning of the recovery in values three months ago. The movement originated in New York, where speculation, by general consent, had outrun discretion. The technical position of London, however, was much healthier, and although the rise in quotations was sharply checked, selling of domestic stocks was not extensive, and prices quickly recovered from the worst. Sentiment, on the whole, remained hopeful. It was agreed that the revival had discounted a trade recovery for at least some months ahead, but the shake-out in New York was regarded as entirely healthy.

Gilt-edged stocks held their ground in reassuring fashion, relatively firm conditions developing in mid-week after a small amount of liquidation had been absorbed. Assented War Loan continued to fluctuate slightly under par. The total War Loan assents so far are £1,885,000,000 and dissents £88,000,000. Reports of the Treasury's intentions to postpone its autumn refinancing were disbelieved. India loans returned to favour after a reactionary tendency, the market hoping that Gandhi's self-starvation threat would not prelude a renewal of political unrest. A fair business was done in Australians, at firmer prices, in anticipation of a funding issue in the near future.

The foreign bond market had an unhappy week. Though German bonds recovered, after weakness on the dissolution of the Reichstag, the market showed no enthusiasm for the interim Greek debt settlement. Brazilian bonds were particularly weak, on fears of an indefinite prolongation of civil war. Chinese lost ground on a report of default on the Salt Loans, and Japanese failed to hold their gains, after a decline in the yen.

Home rails were irregular, declining on Tuesday in anticipation of further unfavourable traffic returns and recovering on Wednesday, although the figures proved worse than expected. Market prices of "depressed" prior charges continued to discount a recovery in gross earnings. A fairly large business was done at lower prices in South American railways, Brazilians being especially depressed on the disquieting political outlook. Canadian Pacific came within the orbit of transatlantic liquidation, but partially recovered on the reported recommendation of a Royal Commission that supreme authority of management of both C.P.R. and C.N.R. should be vested in a controlling Board, without disturbing the former's capital ownership.

Industrial shares, naturally, were heavy, but no signs of a wide break in prices were in evidence. "International" and "Transatlantic" issues showed sharp

(Continued on page 514.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

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The results of these four concerns for the last two trading years are shown on the preceding page. No precise estimate can be made of the increased profits which these companies are likely to obtain as a result of the rise in cotton prices from 4.10d. to 6.10d. per lb. between June and September, but in some cases it will be considerable. The chairman of Fine Cotton Spinners, for example, stated that an advance of 1d. per lb. in cotton represented over £100,000 on the company's normal stocks, which were valued last March at £2,173,000. Apart from appreciation in stock values, trading on a rising market, as everyone knows, is a much easier proposition than trading on a falling market. If the rise in cotton prices is maintained, it may not be over-optimistic to expect somewhat better trading results from these companies next year.

To the finishing trades—the leading companies of which are Bleachers, Bradford Dyers, British Cotton and Wool Dyers, and Calico Printers—the bulk export trade to the East is at least as important as in the case of the cotton textile companies. The improved results of Calico Printers for the year ended June 30th last may be attributed largely to the buying movement which developed during the first few months following this country's departure from the gold standard. Economies in manufacturing contributed largely to the increase in Bleachers' profits, but the improvement in the export trade in the last three months of the company's financial year (which ended last March) was said to be a material factor. The bleaching trade has suffered less from Japanese and other competition than the trade in dyed and printed goods, but Bleachers' Association, nevertheless, remains dependent on Lancashire's trade with China. As the volume of exports of bleached goods in the company's last financial year was less than half the quantity exported three years ago, there is obviously room for considerable improvement.

British Cotton and Wool Dyers is in a rather different category. Yarn dyeing is an important section of this company's business, so that the home, Empire and "quality" markets are more important than in the case of the other finishing combines. With this exception, the "quality" side of the trade counts for comparatively little with the finishing companies. It is the bulk trade of the East which is of prime importance. A few weeks of the East which is of prime importance. A few weeks of good buying from India or China would make a very considerable difference to the annual accounts of Bradford Dyers, Calico Printers and Bleachers. The results of the finishing companies for the past two years are shown in the table at the foot of the preceding page.

Looking ahead, there may be ground for a mild recovery in the earnings of British textile companies during the next few months, but the long-term outlook is much less clear. The advantages which these companies have gained from the boycott of Japanese goods in China cannot be counted upon indefinitely. The competitive power of Japan in other Eastern markets has been increased by reason of her departure from the gold standard. Striking examples of the force of Japanese competition were given by Mr. Lennox Lee in his speech to the shareholders of Calico Printers' Association this week (upon which we comment in an "Investment Note" on page 517). The increase in Japanese imports into India, which followed upon the boycott in China, may be lessened as soon as India has applied its increased preferences to British goods. It remains true, however, that no lasting increase in the export of Lancashire goods is likely to be obtained until the restrictions upon international trade are relaxed or removed. Further, there is a danger that the new tariff policy outlined at Ottawa may dislocate the export trade of Lancashire, for, as Mr. Lennox Lee has pointed out, over the past 3½ years the value of exports of cotton piece-goods to foreign countries has been £113½ millions and to the British Empire £107 millions. As the greater part of Lancashire's wares are handled, at once stage or another, by the big finishing combines, the shareholders of these companies have much to gain from a recovery in the large-scale Eastern trade. In the meantime, they have at least the assurance that their companies' finances have been kept in a liquid condition.

	Year Ended.	Net Profit.	Deb. Interest.	Pref. Divs.	Earned for Ord.	Ordinary.		Ordinary Share Prices, 1932.		Div. Yield per Cent.
						Earned.	Paid.	Low.	Present.	
<i>Cotton Textile Companies.</i>										
J. and P. Coats.....	Dec., 1930	£ 1,809,852	£ Nil	£ 330,000	£ 1,479,852	% 10.0	% 15.0	} 35/9	46/-	£ s. d. 4 7 0
	Dec., 1931	2,024,363	Nil	330,000	1,694,363	12.0	10.0			
English Sewing Cotton ...	Mar., 1931	259,830	38,308	50,000	171,522	8.6	10.0	} 22/-	39/3	5 1 11
	Mar., 1932	287,971	38,308	50,000	199,663	10.0	10.0			
Fine Cotton Spinners	Mar., 1931	Dr. 235,703	80,000†	150,000†	Dr. 542,703	Nil	Nil	} 10/-	17/6	Nil
	Mar., 1932	Dr. 117,779	80,000†	Nil	Dr. 227,779	Nil	Nil			
Lancashire Cotton Corp.	Oct., 1930	Dr. 162,368	Nil	Nil	Dr. 162,368	Nil	Nil	} 39	50	12 0 0
	Oct., 1931	Dr. 340,392	53,333*	Nil	Dr. 393,725	Nil	Nil			
(6% Deb. stk.)										
<i>Finishing Companies.</i>										
Bleachers Association	Mar., 1931	80,739	101,250	136,813	Dr. 157,324	Nil	Nil	} 7/6	14/-	Nil
	Mar., 1932	213,884	101,250	136,813	Dr. 24,179	Nil	Nil			
Bradford Dyers	Dec., 1930	Dr. 52,499	58,150	127,462	Dr. 238,111	Nil	4½	} 12/7	19/9	Nil
	Dec., 1931	Dr. 12,215	58,150	127,462	Dr. 197,827	Nil	Nil			
British Cotton and Wool Dyers	Mar., 1931	17,095	24,800	Nil	Dr. 7,705	Nil	Nil	} 2/9	5/3	3 3 6
	Mar., 1932	51,975	24,800	Nil	27,175	3.6	3½			
Calico Printers	June 1931	Dr. 47,289	128,000	150,805	Dr. 326,094	Nil	Nil	} 5/6	14/3	Nil
	June, 1932	285,458	128,000	150,805	6,653	0.4	Nil			

* Paid by guarantor.

† On 4 per cent. Debentures; £30,000 on Extension Debentures.

‡ £47,000 on Preferred

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 7, 1932.	Price, Sept. 14, 1932.
Alberta 5% 1962-67	98	48	2½-3½ pm	3½-4½ pm
Bristol Greyhound Racing 2/-	2/-	2/-	106-108	6/9-7/3
Cyprus 4% Ins. Rbk. 1956-66	95	75 pd.	102½-103½	102½-103½
South Shields Greyhound Stadium Ord. 2/-	par.	75 pd.	3/4½-3/7½	3/1½-3/4½
Telsen Electric Ltd.	£3	£3	...	3½-3½

(Continued from page 511.)

movements, but were not entirely unsupported at the lower levels. Domestic iron and steel shares were slightly lower on scattered country selling, but motor shares were firmer after an initial loss of ground. Rayon shares were extensively sold on Tuesday, British Celanese showing marked weakness, but rallying next day. Textile shares were undecided, the market tending to abandon hope of an early resumption of work in Lancashire, pending a full discussion of outstanding questions under Ministry of Labour chairmanship. Electrical shares were easier, although selling was never very considerable. Tobacco shares were harder after early weakness, but brewery shares remained irregular. Shipping shares lost ground. United Dairies were dull on news of the dispute between the milk-producing and distributing interests. Insurance share values were generally maintained, but bank shares were slightly easier.

A large increase of activity in the oil market followed the news of the Roumanian ratification of the Paris Agreement and the increase of British petrol prices (discussed in a Note on page 576). The rise, however, had been well discounted and prices were not held. Rubber share quotations suffered a general decline in sympathy with the price of the commodity, which at one time reached 2½d. per pound. Some of the leading issues, however, obtained fair support after the decline. Weakness in the tea share market was unrelieved, although a part of the marking down of quotations was precautionary.

Mining shares suffered from extensive liquidation at the beginning of the week, partly owing to the reaction in metal prices and partly on Continental political fears, which discouraged French speculators. The market was also aware that the pending French conversion operations might be accompanied by a virtual embargo on share activity. The recovery in diamond shares was sharply checked, but "Kaffirs" showed a recovery, on influential buying on Thursday, Randfontein and East Rand being strongly supported. Copper shares were dull, though Rhokana improved on the debenture scheme, details of which are given on page 519. Tin shares declined sharply, the market being top-heavy. Australian buying failed to check the decline in Western Australian issues.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Sept. 8, 1932.	Sept. 9, 1932.	Sept. 10, 1932.	Sept. 12, 1932.	Sept. 13, 1932.	Sept. 14, 1932.	Sept. 15, 1932.
Government and Municipal Loans	1,580	1,780		2,038	1,508	1,539	1,581
Transport, Communications, and Public Utilities	1,425	1,429		1,460	1,366	1,176	1,060
Commercial and Industrial	2,986	2,906		2,909	2,531	2,519	2,133
Banks, Insurance and Financial	800	823		880	732	671	602
Mines (including Nitrates)	1,504	1,273		1,292	1,049	880	886
Oil	280	253		345	325	517	381
Rubber, Tea and Coffee	454	383		442	252	149	150
Total	9,029	8,777		9,375	7,763	7,251	6,793

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932. (Sept. 8)	Lowest of 1932. (June 1)	Sept. 8, 1932.	Sept. 9, 1932.	Sept. 10, 1932.	Sept. 12, 1932.	Sept. 13, 1932.	Sept. 14, 1932.	Sept. 15, 1932.
86.6	81.3	86.6	86.5	*	86.1	84.3	84.8	84.7

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The state of the market was viewed with suspicion before the reaction of Thursday week, September 8th. Once the rise in prices had been checked, a further break was regarded as inevitable. Manipulative operations had increased, and speculative excitement was rising among some sections of the outside public. In particular, conservative authorities were disquieted by the extent of the rise in second-grade stocks and the weaker bonds. The technical insecurity of the markets was subsequently illustrated by the very slight resistance to lower prices once selling had started. The reaction in commodity prices was not of dangerous dimensions, in proportion to the preceding rise, but it served to accentuate speculative pessimism. Even the Maine election results might have been taken by the share market in its stride, a week or two ago, but their effect, under reactionary conditions, was considerable. Undoubtedly, the shake-out has been healthy. Opinion is divided on the question whether basic industrial prospects justify a further, if less abrupt, rise in security values in the coming weeks. Freight-car loadings continue slowly to rise. For the week to September 3rd they totalled 559,927 cars, an increase of 21,954 over the previous week's figure. Steel operations have risen by a further 1 per cent. to 15½ per cent. of capacity, and a more marked increase is expected shortly, though it may not be wholly spontaneous. The increase of 3,293 tons in Steel Corporation unfilled orders—the first since March, 1931—at the end of August is not discouraging, though it failed to satisfy the bulls. Cotton consumption continues to increase. As a result of these movements the Business Index of the *New York Times* advanced from 52.49 to 53.30 in the week ended September 3rd. Altogether, trade movements so far have been not unhelpful, but indecisive. Election considerations, inevitably, will assume increasing importance in the next few weeks.

	Sept. 1, 1932.	Sept. 8, 1932.	Sept. 15, 1932.		Sept. 1, 1932.	Sept. 8, 1932.	Sept. 15, 1932.
U.S. 3½% T. Rls.	102	102½	102½	Natl. Biscuit	41½	45	39½
Do. 3½% 32-47 100½	100½	101½	101½	Phelps Dodge	108	108	7½
Do. 4½% 32-47 101½	102½	102½	102½	Pullman	25½	26	21
Do. 4½% 33-38 103½	103½	103½	103½	Seam-Robuck	23½	24½	20½
Atchafalpa	57½	59½	51½	Studebaker	8	11½	8½
Ches. & Ohio	27½	27½	21	U.S. Leather	25½	29	22½
Ed.	10	10½	7	U.S. Rubber	8½	8½	6½
Illinois Central	19½	22	16	U.S. Steel	46½	48½	41½
N.Y. Central	29½	29½	24½	Westinghouse	41	40	30
Pennsylvania	21½	21½	17½	Woolworth	38½	40½	36½
Southern Pacific	26½	30	26½				
Southern Ry.	14½	15½	10½	Am. Tel. & Tlg.	114½	116	110½
Union Pacific	80½	79	72½	Interboro R.T.	4½	4½	3½
Am. Can.	56½	59½	51½	Int. Tel. Tel.	11½	14½	10½
Amer. Smelting	22½	25½	18	Radio Corp.	10	12½	8½
Anacosta	13½	17½	12½	Utilities P. & L.	7½	7½	5½
Bethlehem Steel	21½	24½	22½	W. Union Tlg.	41½	44½	36½
Chrysler Motor	15½	19½	16				
Corn Produce Rf.	47	49½	46½	Associated Gas "A"	4	4	3½
Eastman Kodak	57½	59	53	Pan. Amor. B.(New)	11½	11½	13½
Gen. Electric (New)	20½	21½	17½	Shell	14½	15½	14
Gen. Motors	15½	18½	16	Shell Union	6½	7½	7½
Int. Harvester	10½	30½	22½	Sud. California	28½	30½	26½
Mont. Ward	12½	14½	11	Do. N.J.	34½	36	31½

x Ex dividend.

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Sept. 7.	Sept. 14.
33 Industrials	98.2	174.1	51.4	114.7	52.2	61.6	50.0
33 Rails	89.1	145.6	31.7	105.7	32.2	38.4	28.8
34 Utilities	154.4	267.4	90.6	187.6	91.8	99.4	82.7
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	64.1	52.0
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	4.67%	5.94%

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

Highest of 1932. (Sept. 7)	Lowest of 1932. (June 27)	Sept. 7, 1932.	Sept. 8, 1932.	Sept. 9, 1932.	Sept. 10, 1932.	Sept. 12, 1932.	Sept. 13, 1932.	Sept. 14, 1932.	Sept. 15, 1932.
72.3	35.2	72.3	67.4	67.7	67.7	62.8	60.3	56.8	

TOTAL DEALINGS IN NEW YORK.

	Sept. 9, 1932.	Sept. 10, 1932.	Sept. 12, 1932.	Sept. 13, 1932.	Sept. 14, 1932.	Sept. 15, 1932.
Stock Exchange—Shares (Thous.)	4,000	1,500	4,000	5,100	3,200	3,100
Bonds (Value Thous. \$) ...	10,800	5,300	10,300	12,600	9,900	9,500
Curb—Shares (Thous.)	460	200	600	750	440	450

* 2-hour session.

PARIS.

The Bourse opened undecided, became reactionary, and finally enjoyed a tentative recovery. Speculative interest in international issues proved decidedly sensitive to the New York reaction, and, after Monday's events in Germany, weakness spread to domestic securities, including bank shares. Government securities alone continued to receive support, in anticipation of the debt conversion scheme. Selling, however, was somewhat overdone, and industrials, mines and oil shares regained an appreciable part of their losses in mid-week. The market canvassed the possibility of a 4 or 4½ per cent. basis for debt conversion, the necessary Bill being expected to come before Parliament on Saturday or Sunday. The expected budgetary saving was tentatively put at two milliard francs.

	Sept. 8, 1932.	Sept. 12, 1932.	Sept. 15, 1932.		Sept. 8, 1932.	Sept. 12, 1932.	Sept. 15, 1932.
Banque de France	13,430	12,995	12,250	Wagon Lita	101	92	80
Crédit Lyonnais	2,305	2,210	2,105	Mexican Eagle	45	41	41
Suez Canal	15,375	15,030	14,555	"Chartered"	103	95	90
Chargeurs Réunis	273	262	224	Ford	142	130	128
Rio Tinto	1,865	1,701	1,510	De Beers	482	436	421
Royal Dutch	17,750	17,000	16,700	"Johnnies"	163	147	146

BERLIN.

Although markets were firm on Monday, an undercurrent of nervousness regarding the political situation was in evidence. The Reichstag dissolution coincided with a fresh break in Wall Street. No considerable volume of selling was released, but the public showed a disposition to defer purchases, and prices fell back on Tuesday. The absence of liquidation, in due course, allowed quotations to recover, but opinion continued to regard the general technical position with a certain conservatism.

	Sept. 8, 1932.	Sept. 12, 1932.	Sept. 15, 1932.		Sept. 8, 1932.	Sept. 12, 1932.	Sept. 15, 1932.
Reichsbank	131.80	133.00	129.00	A. E. G.	140.00	140.00	135.25
Disconto	75.00	76.00	76.00	Siemens & Halske	51.50	58.00	54.60
Dresdner (New)	61.75	63.75	65.00	A. E. U.	16.00	19.60	18.10
Norddeutscher Lloyd	16.75	19.60	18.80	Hamburg-Amer ("Hapag")			

AMSTERDAM.

Quotations sharply relapsed on unfavourable American and European developments. The Roumanian ratification of the oil agreement had been fully discounted, and failed to check selling of Royal Dutch. A general pre-failed to check selling of prices, however, served to cautionary marking down of prices, followed extensive mid-week bear closing.

	Sept. 8, 1932.	Sept. 12, 1932.	Sept. 15, 1932.		Sept. 8, 1932.	Sept. 12, 1932.	Sept. 15, 1932.
2½% Dutch Loan	68½	68½	67½	Steel Common	52½	48½	40½
5½% German	49½	47½	45½	A. K. U.	52	49½	44½
Unilever N.V.	128½	121½	114½	Ford Motor	135	130	119½
Phillips' Lamp	128	130½	120½	Dell Batavia	165	155	150
Netherlands Ship Union	71	67½	66½	Royal Dutch	175	167	163
Java Cultuur	145	137	138½	Handels Am.	211	202	193

OTHER CENTRES.

Similar conditions obtained on other European bourses. Sentiment was appreciably shaken by external events, but the volume of selling was, on the whole, less than was generally expected. The ensuing recovery, common to most markets, left quotations well below last week's levels, and the tone, before week-end, became undecided.

INVESTMENT NOTES.

Reaction in Wall Street.—After the spectacular rise in Wall Street prices, a reaction was generally expected. So far, its severity has not been out of proportion to the strength of the previous boom. The break began towards the end of last week, after a reaction in cotton prices. Disappointment over the small increase in the unfilled orders of the U.S. Steel Corporation brought in further selling, which gathered momentum as a general decline in commodity prices developed. The Maine Elections, which returned a Democrat Governor, served to unsettle the whole market. A new selling movement developed on Tuesday, when the volume of transactions reached 5,100,000 shares. A slight recovery followed on Wednesday, when the business news showed evidence of improvement—an increase having been recorded in steel operations and power output—but this did not prevent a further relapse before the close of business. The following table shows the movements in the share price indices since last July:—

	July 8.	Sept. 7.	Sept. 14.
Rails	13.23*	39.06	29.71
Industrials	41.22*	79.93	65.88
Utilities	16.53*	36.11	28.80

(July 8 = 100.)

Rails	100	295.2	224.5
Industrials	100	193.9	159.8
Utilities	100	218.5	174.2

* 1932 low.

The reaction, so far, has been of normal dimensions. It is still proceeding as we write. Just as adverse news was overlooked while the boom movement lasted, so good news is now being ignored when sentiment is bearish. There is a general belief, however, that the market will recover stability on any further indication of business improvement. A seasonal increase in business is due, but it remains to be seen to what extent the lending policy of the Reconstruction Finance Corporation will accelerate the normal movement.

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Turkish Debt Negotiations.—The wording of the latest announcement of the Council of Foreign Bondholders, regarding the Paris negotiations over the Turkish National Debt, is laconic but hopeful, since it speaks of a "possible settlement" of this vexed question. Whether the Treaty of Lausanne settlement was generous or the reverse to Turkey, who was allotted responsibility for £T84½ millions of the old Turkish debt of £T129 millions is an academic question, seeing that the Republic has shown little anxiety to discharge its obligations under the Treaty. After prolonged and arduous negotiations, a settlement was signed in June, 1928, which secured ratification by the Turkish Grand National Assembly, but by November, 1930, the Debt Council was compelled formally to announce a renewed Turkish default. Under normal world trade conditions, the terms of the 1928 Agreement would not have pressed hardly on the Turkish State. They provided for the payment of annuities rising from £T2 millions from 1929 to 1936, to a maximum of £T3.4 millions by 1952. Interest on the Unified Bonds was agreed at 47.22 per cent. of the nominal rate, rising to 100 per cent. by 1949, and on other loans payable in sterling at 54.43 per cent., rising to 100 per cent. by 1952. The unforeseen financial difficulties attendant on world depression have given Turkey a constructive case for at least temporary concession. As recently as last March, an agreement in principle was reported to have been reached between the bondholders and the Turkish Government, under which the annuities were to be reduced, and payment to be made in gold pounds. The Turkish Budget estimates for 1932-33, published in June, showed an increase in debt provision from £T23 millions to nearly £T50 millions. It will be hoped that the Turkish Government, which enjoys a high reputation for the punctilious discharge of its responsibilities in other directions, will make a reasonable contribution to a settlement with its bondholders, who are prepared, at some little sacrifice, to recognise the difficulties of its financial position.

Greek Debt Settlement.—Greece's default has been ended this week by an agreement under which 80 per cent. of the interest service of the debt for the current year will be paid in cash and the remainder in interest-bearing scrip. The question of further payments will be considered in November. The announcement is of special interest to holders of such loans as the 5 per cent. of 1914, the 7 per cent. "Refugee" of 1924, the 6 per cent. "Stabilisation" of 1928, the 6 per cent. "Public Works" of the same year, and the 6 per cent. "Public Works" of 1931. We comment on the settlement in a "Note of the Week" on page 502.

Chilean Nitrate Difficulties.—The affairs of the unhappy "Cosach" concern remain, like Mahomet's coffin, in a state of uncomfortable suspense. In our issue of August 13th last (page 323) we showed that five separate interests were attempting to share whatever could be salvaged from the wreck of the Chilean nitrate industry—the English bankers, the bondholders, the Guggenheim group, the pre-Cosach companies, and the Chilean Government. We suggested that the Guggenheim group had encountered more resistance from the British bankers than was expected, and was inclined to seek the support of the Chilean Government for its own solution. It is now understood that the visit to Santiago of Mr. Whelpley, on behalf of the Guggenheim interest, has been fruitless, the Chilean authorities refusing to support his proposals. Matters, therefore, remain in deadlock, to the loss of all concerned. The industry itself is in a grave position. Since the present nitrate year opened on July 1st, Chilean nitrate exports have been largely suspended, the banks being understood to have been unwilling to finance further additions to the swollen stocks in Europe. Should this situation continue, even the present attenuated production in Chile must be brought to a standstill, sooner rather than later. The unsettled political situation adds to the difficulties of those concerned. After this week's

fresh *émeute*, the possibility of carrying on firm negotiations for a settlement, with a Government likely to be in a position to implement its own decisions, appears disconcertingly remote.

Petrol Price Increase.—The market in oil shares had waited so long for the increase in British petrol prices that it was taken by surprise when the advance of 3d. per gallon was announced on Tuesday night, bringing the retail prices of No. 1 petrol from 1s. 4½d. to 1s. 7½d. per gallon and No. 3 petrol from 1s. 2½d. to 1s. 5½d. per gallon. The following table shows the fluctuations in petrol prices since the petrol tax was originally imposed:—

(Per gallon.)				
	Retail Price, No. 1 Petrol.	Tax.	Total.	Companies' Increase or Decrease.
	s. d.	d.	s. d.	d.
April 1, 1928.....	1 0½	Nil	1 0½	
April 28, 1928	1 0½	4	1 4½	+ ½
March 1, 1929	1 3	4	1 7	+2½
November, 1929.....	1 2½	4	1 6½	— ½
September 23, 1930 ...	1 0½	4	1 4½	—2
March 3, 1931	0 10½	4	1 2½	—2
April 28, 1931	0 10½	6	1 4½	Nil
May 22, 1931.....	0 9½	6	1 3½	—1
July 18, 1931	0 8½	6	1 2½	—1
September 10, 1931 ...	0 8½	8	1 4½	Nil
September 14, 1932 ...	0 11½	8	1 7½	3

It will be seen from this table that, ignoring the tax of 8d. per gallon, the present advance of 8d. still leaves the cost of petrol to the consumer at 1d. per gallon below the price ruling from September 23, 1930, to March 3, 1931. It cannot be said that a retail price of 11½d. per gallon is high. Indeed, it is well known that at the previous retail price of 8½d. per gallon for No. 1 petrol the national petrol distributors were losing money, particularly as the bulk of their business was done not in No. 1 petrol but in No. 3, which was selling at 6½d. per gallon. The advance was not made earlier in the year because of differences between the exporting interests. These differences have now been composed by the Paris agreement, under which the Royal Dutch-Shell group, the Anglo-Persian Oil Company, the Standard Oil and other American exporting companies, and the Roumanian exporters have agreed to limit their production to the requirements of their marketing outlets, based on their 1931 quotas of the trade. This agreement puts an end to the indiscriminate price-cutting of the exporting interests, and it is understood it will be accompanied by an advance in prices throughout the world. Prices have already risen in France, and it is expected that an advance in Germany and the Central European markets will be made at an early date. In America, gasoline prices are already standing at higher levels than those ruling at the beginning of the year, so it is not expected that any further increase will occur. Indeed, the present advance in British petrol prices merely brings up the British price level to that of the American Gulf export market. As the Stock Exchange has been discounting the advance in petrol prices, it is not unnatural that prices of the leading oil shares have reacted after the event. The advance brings an additional revenue in this country of approximately £13½ millions, of which 30 per cent. may accrue to the Royal Dutch-Shell group and 20 per cent. to the Anglo-Persian Oil Company. This, however, will not do much to improve the trading results of the international oil combines for the twelve months ending next December. The present market prices of the equity shares of these companies may, therefore, be said to have fully discounted a recovery in trade next year. The investor's interest in the advance in petrol prices is not confined to the oil share market. It has been construed as a bear factor for the bus companies and the Underground. Thomas Tilling ordinary shares fell from 57s. 6d. to 55s. 6d., and Underground Electric Railways ordinary shares from 18s. to 17s. 6d. before showing any recovery Lord Ashfield has stated that the extra cost will put

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heavy burden on road transport companies which will be more than they can bear in view of the fall in traffic receipts. To what extent economies in operating expenditure will offset the increase in petrol costs remains to be seen, but having regard to the possibilities of a reduction in the petrol tax, the shareholders of the bus companies do not seem disposed to take too pessimistic a view.

Lancashire Cotton Outlook.—The speech of Mr. L. B. Lee to the shareholders of the Calico Printers' Association, last Wednesday, is an instructive commentary on our analysis of the textile share position on page 510 of this issue. Mr Lee is not unhelpful regarding some recent developments, but the quality of his optimism is certainly strained. The Calico Printers, he declared, had booked an increased volume of business since the departure from the gold standard, but only at the expense of a substantial reduction in prices. The Japanese threat in Eastern markets was more than formidable. Japanese cloths similar to those of Lancashire were being sold at prices 60-70 per cent. cheaper, and the Japanese share of prints imported into India had risen from 25 per cent. in 1929 to 46 per cent. in 1931. In other markets, particularly in Europe, exchange restrictions imposed at best delay and at worst partial or complete prohibition of payment for British goods. Mr Lee, nevertheless, strongly suggested that Lancashire's salvation must begin at home. An unrepentant Free Trader, he saw little hope for the industry as a result of the Ottawa Agreements, under which the cotton piece-goods trade (which in the last three and a-half years had shipped merchandise valued at £113 millions to foreign countries and £107 millions to the British Empire) might be confronted with additional restrictions in non-Empire markets, in return for nebulous and indefinite advantages in Empire countries. "We want," Mr Lee declared, "to trade with the whole world and make our trading as simple and as free from regulations and restrictions as possible." Lancashire's troubles were not due to import competition in the home market, which could be regulated by a domestic tariff. Imports of cotton piece-goods into Great Britain had been stationary in the last four years, while exports had declined by 55 per cent. Trade had been lost because Lancashire's costs were too high. Much had been said regarding "rationalisation," but except for the closing down of mills little had been achieved. The framework of the industry remained substantially unaltered, with the manufacturer and the distributor maintaining an aloofness which was damaging and costly. Government regulations and high taxation on the one hand, and trade union policy on the other, had further combined to retard the normal economic reaction to changing circumstances. While investors in some cotton textile and finishing shares may look for a limited improvement in published earnings during the next few months, for the reasons mentioned in our leading article, they would do well to bear in mind Mr Lee's sound contentions when estimating the long-term prospects of the industry.

Harland and Wolff.—Never in its eighty years' existence has Harland and Wolff faced so grave a crisis as has ensued upon the virtual cessation of British shipbuilding activity and the collapse of the Royal Mail group. The parent company's trading loss of £283,137 for the year to December 31, 1931, as compared with a trading profit of £117,882 for 1930, affords an inadequate indication of the year's unhappy experience. The 1930 figure was touched after allowing £250,000 for depreciation, for which no allowance was made last year. Two subsidiaries made losses, which were not brought into the parent company's accounts, and though a similar remark applies to profits made by certain other subsidiaries, it may be assumed that the group, on balance, suffered higher net trading losses than the holding company's accounts suggest. The

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auditors' reports are qualified as regards the value of the assets, or the provision for depreciation, in the case of four subsidiaries. Messrs. Price, Waterhouse, in their report on the parent concern, describe the book values of investments as being "considerably in excess" of their current worth, and the amounts owing by subsidiary and associated concerns as probably unrealisable in full. A comparison of the last three years' results (so far as comparison is possible) is given:—

	Years ended December 31.		
	1929.	1930.	1931.
	£	£	£
Trading profit (before depreciation)	674,873	367,882	<i>Dr. 280,917*</i>
Income tax	42,509	12,136	...
Written off investments	115,615	...	...
Depreciation	300,000	250,000	...
Net profits	216,749	105,746	<i>Dr. 280,917</i>
Dividend on 6% 1st Pref.	192,000	...	...
Provision for contingencies ...	...	...	<i>Dr. 50,000</i>
Inc. or dec. in carry-forward ..	+ 24,749	+ 105,746	- 230,917
Total carried forward	132,307	238,053	7,136

* Including £2,220 dividends on investments

The company, for the present, is in the hands of its creditors (including H.M. Treasury and the Midland Bank), who, in consideration for deferring £7,687,577 of claims until December 31, 1934, have the right to nominate directors. The value of practically the whole of the company's assets, standing in the balance sheet at nearly £20,000,000, is purely conjectural, until shipbuilding comes to life again, and the financial complications arising out of the Royal Mail crisis, which have been merely postponed, are definitely straightened out. Until then holders of the 6 per cent. first cumulative preference shares can have no idea what their interest in the business will ultimately be worth. They can be certain only that no dividends can, in the meantime, be looked for by any stretch of imagination. The company has a plant equal in range and efficiency to any in the industry, but it is quite impossible to estimate its future earning-power.

Cinema Accounts.—The belated accounts for the twelve months to March 31, 1932, of the "Maxwell" group of cinema companies—British International Pictures and Associated British Cinemas—do not fulfil market expectations. In each case profits show a decline, and dividends are cut from 8 per cent. to 5 per cent. The British International Pictures, the producing and distributing organisation, attributes its difficulties to the smaller theatre returns since the financial crisis last autumn and the heavy increase in taxation. It also suffered a special loss on foreign versions of its productions, for which it could not obtain payment from abroad. These bad debts are met by an appropriation of £100,000 from general reserve. The report of the Associated British Cinemas, the exhibiting company, is silent, but hopeful regarding



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FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices,

LIVERPOOL
 North John St.

LONDON
 Lombard St.

the current year's trading. The results for the past two years compare as follows:—

(12 months to March 31 in each case).

	British International Pictures.		Associated British Cinemas.	
	1931.	1932.	1931.	1932.
Net profit after tax	161,926	112,513	429,645	371,311
Interest	...	...	118,990	151,891
Depreciation reserves	20,000	...	75,000	75,000
Investment reserve	15,000	15,000	...	...
Earned for dividends	126,926	97,513	235,655	144,420
Prof. dividends	20,000	20,000	52,857	54,521
% earned on ord.	18.4	9.7	28.0	12.8
% paid on ord.	8.0	5.0	8.0	5.0
General reserve	50,000	50,000	124,815*	50,000
Carried forward	46,053†	47,297†	21,303	28,522

* Including preliminary expenses written off, £34,815.

† Subject to directors' fees.

The balance sheets do not disclose a very liquid position. British International Pictures is paying its dividends on a larger capital, having issued 1,000,000 ordinary shares at 5s. in August, 1931, ranking for dividend from September 15, 1931. At 9s. 9d., the 5s. shares yield £6 13s. 3d. per cent. The current quotations for Associated British Cinemas 5s. ordinary shares is 8s. The reports of two concerns controlled by the Gaumont British Picture Corporation show that profits for the twelve months to March 31st last have been maintained. The net earnings of Denman Picture Houses were £382,795, against £335,859, and the ordinary dividend is unchanged at 2½ per cent. The net profits of the General Theatre Corporation were £316,814, against £323,843. The equity capital of both companies is held by the Gaumont British company, whose profits for year to March, 1932, were £490,801, against £502,060, the dividend maintained at 6 per cent.

Kreuger and Toll Bankruptcy.—The statements formally sworn at Stockholm last week, as regards the bankruptcy estate of Kreuger and Toll, afford cold comfort to British share and participating debenture holders. The company's liabilities are put at Kr. 780 millions (approximately £39 millions), and its assets at Kr. 508 millions (£25½ millions). The real deficiency is probably greater than these figures suggest, since doubt still exists regarding the financial relations between the company, other concerns in the group, and Ivar Kreuger's personal estate. The latter's liabilities are Kr. 1,171 millions (£58½ millions), against assets of Kr. 98 millions (£5 millions)—the liabilities figure including Kreuger's direct obligations only and not amounts for which he had given a personal guarantee. The most significant feature of the report of the administrators of the bankruptcy is less their finding that "it is not as a business man but as a criminal that Kreuger was distinguished from his fellow men"—shareholders had already come independently to that melancholy conclusion—but their declaration that other

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Boulevard Street, E.C.4.

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

Name.....

Address.....

directors of Kreuger and Toll appear frequently to have had full knowledge of the inaccuracy of the company's published statements. It would seem that British holders, who own 31.6 per cent. of the total Kreuger and Toll "B" shares, have little hope of receiving anything from the company's liquidation. The position of holders of secured gold debentures is more promising. Their security brought in \$850,000 of current interest in the four months beginning April last, and may have a substantial ultimate realisable value, apart from the debenture holders' claims as general creditors on the estate. These secured debentures, however, are chiefly American owned, British holdings representing less than 10 per cent. of the whole. As we suggested in a recent "Note" (see the *Economist*, August 27, 1932, page 403), there is more than a possibility that the Swedish Match Company may be saved, as a going concern, though British investors, who are heavily interested, have no prospects of dividends for a considerable time to come.

Modderfontein East.—In view of the erratic nature of developments in the past, writes our mining correspondent, the further improvement which occurred last year is significant. With a small increase in the footage, the quantity of payable ore opened up amounted to 757,660 tons. This was rather less than the 1930-31 total, but the value averaged 6.2 dwts., as against 5.8 dwts. A re-estimation of the payable reserves gave 1,997,000 tons, value 6 dwts., compared with 1,935,600 tons, value 5.9 dwts., at the end of June, 1931. Allowance being made for sorting, the total represents rather more than two years' supply for the mill. Our usual table is shown:

	Year ended June 30,		
	1930.	1931.	1932.
Ore crushed, tons	817,000	850,500	880,000
Revenue per ton	25/3	25/-	25/-
Costs per ton	20/2	20/6	20/7
Profit per ton	5/1	4/6	4/5
Total working profit, £...	206,540	192,360	194,690
Dividends, £	186,160	186,160	186,160
Rate per cent.	20	20	20
Carried forward, £	173,990	167,430	148,320
Ore reserve, tons	2,013,000	1,985,600	1,997,000
Value, dwts.	5.8	5.9	6.0

The increase in the tonnage milled was so far counter-balanced by a small advance in costs that the effect upon the total profit was trifling. Maintenance of the dividend at the 20 per cent. rate disbursed for the three preceding periods entailed a further draft upon the carry-forward, which now stands at £148,300, against £177,400 at June 30, 1929. Capital expenditure, which absorbed £13,900 in 1930-31, called for £22,800 last year. The consulting engineer reports, however, that requirements for the current year are estimated to be very small. The shares, at 45s., give a gross yield of 9 per cent. irrespective of exchange considerations.

Nourse.—In the year ended June 30th last the effects of the milling of a record tonnage for an improved average yield were rather more than negated by an expansion in costs—due in part to the performance of an unprecedented development footage, and in part to the inevitably greater expense of working at increased depth or distance from the mill. The operating profit of £83,950 fell slightly below that of the previous year, and as capital expenditure absorbed £33,500, in place of the nominal amount of £2,000, repetition of the 7½ per cent. dividend drew the carry-forward down by £14,800 to £66,000. With results for the current year approximating to those of 1931-32, and capital expenditure very small—as foreshadowed by the consulting engineer—the next accounts should show an improvement in the cash position. A satisfactory feature of development was the fresh increase in the payable material opened up, the available tonnage of 1,601,900 comparing with 1,418,500 in the previous year and 1,291,500 two years previously. The position, however, is still capable of improvement. During 1931-32 over 970,000 tons of ore were extracted from the mine, 180,000 tons being sorted out as waste. The £1 shares are quoted slightly under par.

Rhokana Corporation.—Following the recent scheme for reducing the prior charges of the Rhodesian Selection Trust comes another relating to the Rhokana Corporation, which belongs to a different group. The proposal is that the existing issue of £4,500,000 7 per cent. debentures shall be replaced by shares in the ratio of one £1 share for every £5 of surrender value—that is, 20 per cent. premium. Interest will be paid until the end of the year. With output restricted to 20 per cent. of capacity, the company—even with the improved price of copper—is no more than covering its debenture requirements, plus a small amount for depreciation. On the basis of 7 per cent., the annual charge would amount to £315,000. But the issue was made before Great Britain's departure from the gold standard. American holders are entitled to receive payment at the rate of 4.86 dollars and Dutch holders at 12.11 florins to the pound. In these cases the actual payment is nearer 9 per cent. than 7 per cent. Obviously, the "conversion" will relieve the company of an onerous liability, and as the proposal has received the support of fully 92 per cent. of the debentureholders, its approval will be little more than a formality. In Tuesday's shake-out Rhokanas touched 4½. The current quotation is around 5.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Sept. 10, 1932, excluding conversions, £162,665,325.†
Total recorded, Jan. 1 to Sept. 10, 1932, including conversions, £291,409,990.

National Savings Certificates.
Net receipts, week ended Sept. 10, 1932, Nil.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Offered to the Public.					
Week ended Sept. 17, 1932	Nil	Nil	Nil	Nil	Nil
Offered to Shareholders only.					
Week ended Sept. 17, 1932...	Nil	Nil	Nil	Nil	Nil

Total Offered for Subscription—
Including Conversions. Excluding Conversions.

	£	£	£	£
Jan. 1 to date—				
1932	291,409,990	162,665,325†	114,290,666	102,044,291
1931	108,471,099	97,594,114	454,888,784	267,800,700
1930	281,948,712	191,827,481	488,764,940	285,239,400
1929	229,440,290	193,114,680	693,100,056	369,058,073
1928	457,732,317	248,771,926	...	355,165,970
1927	...	150,253,882	...	230,782,600
1926	...	129,523,600	...	232,214,500
1925	...	...	...	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	151,012,581	8,045,682	3,607,062	162,665,325
1931	75,265,274	6,223,059	16,105,781	97,594,114
1930	157,519,408	14,730,138	19,577,935	191,827,481
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

† Includes £107,589,166, the whole amount of accepted tenders for 3½ Treasury Bonds.

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	9,011,750	...	9,756,857
Total, week ended September 17, 1932.	Nil	...	Nil
Total to date, 1932	9,011,750	...	9,756,857
Total to date, 1931	8,057,183	...	8,432,058

Calls Due Next Week.

The grand total of calls falling due in September, 1932, is £5,103,125, which compares with £5,161,600 which fell due in September, 1931. No calls are due in the week from September 19th to September 24th, 1932, inclusive.

Further Stock Exchange information, including reports and notices, summary of balance sheets, weekly traffics and American railroad monthly receipts will be found on page 526 under the heading "Company News."

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay-ment.	Method of Payment.		
* Interim div. † Final div.					
RAILWAYS.					
Barsi Light Railway	3%†	...	Less tax	%	%
North Eastern of Uruguay	3½%†	...	Less tax	6	7
BANKS.					
Chartered Bank of India	14* p.s.	Sept. 14	Less tax	...	...
Chase National Bank (New York)	50c. p.s.	Oct. 1	Less tax	...	...
Eastern Bank	3/- p.s.	Oct. 1	Less tax at	4/- in £	...
Guaranty Trust of New York	10	Sept. 9	Less tax	...	...
Yokohama Specie Bank	10	...	Less tax	...	...
INSURANCE.					
Britannic Assurance	25%*	...	Tax free	...	...
Sea Insurance	8½%*	Oct. 6	Less tax	...	...
MINING.					
Ashanti Goldfields	25%*	Sept. 30	Less tax	...	...
Balaghat Gold Mines, Pref.	10(0)	...	Less tax at	5/- in £	...
Balaghat Gold Mines, Ord.	2/3 p.s.	Sept. 23	Less tax at	5/- in £	...
Central Provinces Manganese Ore	4%*	...	Less tax at	3/2 in £	...
Changkat Tin Dredging	6d. p.s.	Sept. 30	Less tax	...	...
Malayan Tin Dredging	2½%*	Sept. 21	Less tax	...	...
Nunddroog Mines	2/- p.s.	Oct. 6	Less tax at	2/8 in £	...
OTHER COMPANIES.					
Aire and Calder Navigation	2%*	...	...	...	...
Alliance Trust	25*	...	Less tax	...	...
Ardath Tobacco	4%†	...	Tax free	12	12
Beecham's Pills (def.)	10*	...	Less tax	...	...
Bombay Gas	3½%*	Nov. 1	Less tax	2½	5
Capital and National Trust	3½d. p.s.	Sept. 15	Less tax	...	...
Chosen Corporation	4%*	...	Less tax	...	...
Coleman and Co.	3%*	Oct. 15	Less tax	...	...
Coltess Iron	1%*	...	Tax free	4½	4½
East Kent Gas	2½%*	...	Less tax	...	...
Hickleton Main Colliery	2½%*	Dec. 1	Less tax	...	...
Imperial Chemical Industries	2½%*	...	Less tax	...	...
Liverpool Exchange	2½%*	...	Less tax	...	...
Madras Electric Tramways	5*	...	Tax free	...	...
Melbourne City Properties Trust	6d. p.s.	Oct. 28	Less tax	...	...
Odhams' Properties	2½%*	...	Less tax	...	...
River Plate Trust, &c., "A"	8%*	Oct. 1	Less tax	...	...
River Plate Trust, &c., "B"	2½%*	Oct. 1	Less tax	...	...
Samuel Webster and Sons	2½%*	Oct. 1	Less tax	...	...
Theatre Royal (Drury Lane)	7½%*	...	Less tax	5	Nil
Thomas Tilling	4%*	Oct. 1	Less tax	...	...
Tilling and British Automobile	4%*	...	Less tax	...	...
West Canadian Collieries	12%*	...	Less tax	3½	3½

(†) Also 2/3 per share.

OIL OUTPUTS.

ANGLO-PERSIAN OIL COMPANY, LTD.—Production in Persia for the month of August amounted to 588,000 tons, making a total of 4,239,000 tons for the first eight months of 1932. Total figures for the previous years were as follows:—1929, 5,480,955 tons; 1930, 5,939,302 tons; 1931, 5,750,498 tons.

APEX (TRINIDAD) OILFIELDS.—August output, 48,230 tons; deliveries, 48,510 tons. Alcock Oil: August output, 10,799 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for week ended August 20, 1932, was 255,000 barrels. Production for the week ended September 3, 1932, was 263,000 barrels.

AUTUMN IN SOUTHWOLD.

THOSE requiring a restful change amid beautiful surroundings should visit SOUTHWOLD on the SUFFOLK COAST. The town itself, with its wonderful Church and attractive open "greens" and great high common commanding extensive views over sea and land, is different from the usual seaside resorts.

During the Autumn months the weather is generally good up to Christmas; and during the Autumn SOUTHWOLD provides specialities such as: "Longshore herrings" (as delicate as fresh caught trout, and infinitely superior to the ordinary deep sea fish); freshly cured mild bloaters; unrivalled brown shrimps (so superior in flavour to the red); delicious small soles (the sea here is called "Sole Bay" from earliest records); and sprats in the later Autumn.

SOUTHWOLD provides excellent Sea Angling (also trawling with local fishermen); and there is an attractive 18-hole Golf Course.

By road it is 105 miles from London. By train it is about a two-hour run to SAXMUNDHAM (14 miles), and a little more to HALESWORTH (9 miles), where motors from hotels meet visitors by appointment.

There is the SWAN HOTEL (Tel. No. 5) (h. and c. in all bedrooms), a well-known comfortable old coaching house, with old local prints and furniture, now under new management of Miss Baker (formerly of The University Arms Hotel, Cambridge; and The Esplanade Hotel, Seaford).

There is also the smaller CROWN HOTEL (Tel. 53), an early Georgian House, recently partly re-constructed, under the management of Miss Constantine (late of The Royal Crescent Hotel, Fife).

At both Hotels the beds are from Heals, and most comfortable; and the food is excellent, and the menus English.

COMPANY MEETINGS, &c.

INDUSTRIAL FINANCE AND INVESTMENT CORPORATION, LIMITED.

SATISFACTORY FINANCIAL POSITION.

The seventh ordinary general meeting of the Industrial Finance and Investment Corporation, Limited, was held, on the 9th instant, at Winchester House, London.

Mr Paul Lindenberg, the chairman of the Corporation, presided. The Secretary (Mr R. F. Norland) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said:—You will find in the balance sheet that there are very important amounts in an entirely liquid form, and I feel confident you will agree with me that your Corporation's financial position is highly satisfactory in spite of the fact that the securities show considerable depreciation. The thirtieth of June last, the date of the balance sheet, was unfortunately a very unfavourable day for the valuation of securities, and coincides with practically the lowest price level of Stock Exchange securities for a long time. Since then there has been an appreciable improvement, and I am pleased to be able to tell you that the moderate rise in the value of Stock Exchange securities has already benefited the Corporation to a considerable extent.

INCOME FROM INVESTMENTS.

As regards the income from interest, dividends, commissions, etc., for the past year, the difference as compared with the year ended June, 1931, is only about £8,000. On the largest part of our investments and loans interest and amortisation payments have been regularly received, and our income has been increased by the difference in exchange resulting from outstanding loans in gold currencies. However, as far as future earnings of finance companies such as our own Corporation are concerned, a certain reduction in the income from dividends, interest, etc., must be expected as foreign Governments and industrial companies are not in all cases in a position to meet their obligations, either because their earnings have fallen off or exchange restrictions make it impossible for them to remit the full amount of their contractual obligations for interest and amortisation. In addition to this the employment of money at remunerative rates is getting increasingly difficult, and the liquid funds have to be lent out or invested at rather low interest rates.

DIFFICULTIES OF THE PAST YEAR.

During the past year we had many anxious moments, and events have occurred which have made business of a financial nature extremely difficult. As the most important event I should like to recall to you the decision of the Government to go off the gold standard, which step in consequence of the withdrawal of capital from England by foreign countries was forced upon us. This, of course, resulted in a great depreciation of all sterling investments and a reduction of income on practically all investments abroad, which had helped for many years to pay, as one of our invisible exports, for the imports of goods. On the other hand, the depreciation of the sterling exchange helped in a certain measure the export industries of this country. The benefit which might have resulted has, however, not been fully realised in consequence of the restricted buying powers of our Colonies and foreign countries. As a consequence of the fluctuating sterling exchange, the international trade which has been carried on for many years in sterling, and which was always financed through London acceptances, changed over to dollar or other gold exchanges, and England lost a large part of the advantage of being intermediary for such international trade, causing also a loss to finance, insurance and shipping, etc.

SATISFACTORY SIGNS OF IMPROVEMENT.

I think—I must add this is my personal view and is not shared by some of my colleagues—it would be of great advantage to this country if a stabilised exchange based on gold—not necessarily at the old parity—could be re-established at the earliest possible moment, as this would be welcomed by the whole world as an important milestone on the way to recovery from the world crisis. No doubt when this step can be taken the ground which has been lost will speedily be recovered by our enterprising commercial and industrial business circles.

During the last few weeks we have seen a certain recovery in the prices of commodities which is one of the most satisfactory signs of improvement.

The records of many industrial centres in England and Scotland contain a more hopeful note lately, and I think the improvement which may be expected in our industries will give plenty of scope for a finance company such as our Corporation to resume activity in helping sound companies by financial assistance and advice.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended September 10, 1932, amounted to £8,399,500 against ordinary expenditure of £8,099,000. After allocating £425,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £252,256 the operations for the week, as shown below, increased the National Debt by £377,000 to £7,672,976,000:—

(000's omitted.)

Treasury Bills	£ 30,906	Bank of England Advances	£ 4,750
Public Department Advances	+ 2,550	Issues under Finance Act, 1931	50
		Brit. Govt. Loans abroad repaid	- 28,139
		Road Fund	- 140
	+ 33,456		- 33,079

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Sept. 10, 1932.	April 1, 1931, to Sept. 12, 1931.	Week ended Sept. 10, 1932.	Week ended Sept. 12, 1931.
ORDINARY REVENUE.					
Inland Revenue					
Income Tax	260,000,000	44,311,000	50,630,000	804,000	1,816,000
Sur-tax, including Arrears of Super-Tax	66,000,000	9,950,000	15,300,000	180,000	310,000
Stamps, &c., Duties	76,000,000	35,490,000	32,060,000	1,470,000	840,000
Stamps	23,000,000	5,970,000	5,700,000	1,240,000	890,000
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	160,000	...	...
Total Inland Revenue	427,000,000	95,881,000	103,850,000	3,694,000	3,856,000
Customs and Excise					
Customs	174,570,000	73,127,000	57,591,000	3,458,000	2,894,000
Excise	125,430,000	51,600,000	49,700,000	837,000	1,700,000
Total Customs and Excise	300,000,000	124,727,000	107,291,000	4,395,000	4,594,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,150,000	1,206,000	Dr 55,000	Dr 172,000
Post Office (Net Receipts)	11,700,000	7,450,000	7,100,000	350,000	550,000
Crown Lands	1,250,000	660,000	590,000	...	...
Receipts from Sundry Loans	4,350,000	3,236,047	12,083,798	...	...
Miscellaneous Receipts	17,500,000	10,630,220	6,574,173	15,501	11,250
Appropriation from Rating Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	243,634,267	242,594,971	8,399,501	8,839,250
SELF-BALANCING REVENUE.					
Post Office	59,188,000	23,550,000	23,700,000	600,000	550,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	6,796,000	6,590,000	202,000	172,000
Total Self-Balancing Revenue	82,098,000	30,346,000	30,290,000	802,000	722,000
Total	...	273,980,267	272,884,971	9,201,501	9,561,250

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Sept. 10, 1932.	April 1, 1931, to Sept. 12, 1931.	Week ended Sept. 10, 1932.	Week ended Sept. 12, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	135,520,000	144,797,034	556,277	964,704
Payments to Northern Ireland	6,800,000	2,675,207	2,347,074	232,678	17,839
Other Consolidated Fund Services	3,500,000	931,525	743,154	...	8,658
Total	286,300,000	139,126,732	147,887,262	788,955	991,099
Total Supply Services (excluding Post Office)	447,210,000	187,640,786	186,636,304	7,310,000	10,690,001
Total Ordinary Expenditure	733,510,000	326,767,518	334,523,566	8,098,955	11,681,093
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	23,550,000	23,700,000	600,000	550,000
Road Fund	22,910,000	6,796,000	6,590,000	202,000	172,000
Total Self-Balancing Expenditure	82,098,000	30,346,000	30,290,000	802,000	722,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	357,113,518	364,813,566	8,900,955	12,403,093
New Sinking Fund (1932)	32,500,000	12,146,396	18,242,573	425,000	600,000
Total (including New Sinking Fund)	...	369,259,914	383,056,139	9,325,955	13,003,093

The aggregate revenue and expenditure to September 10, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to SEPTEMBER 10th, 1932. (000's omitted.)

Expenditure	£ 326,768	Revenue	£ 243,634
New Sinking Fund	12,146	Decrease in balances	2,805
		Net amount borrowed	92,475
	338,914		338,914

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Sept. 12, '31.	Mar. 31, '32.	Sept. 10, '32.
standing—	£	£	£
Advances by Bank of England	46,250,000	7,500,000	23,200,000
Advances by Public Departments	656,270,000	604,455,000	853,770,000
Treasury Bills outstanding	...	...	+ 30,910,000
Total Floating Debt	702,520,000	611,955,000	876,970,000
			+ 28,710,000

* Includes £12,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on September 9, 1932, and the total amount applied for was £77,895,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £99 16s. 9d., about 80 per cent. and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 5 Months' Average Rate.
1932.			
Aug. 19	45,000,000	56,080,000	9 11 3-2
Aug. 26	45,000,000	64,715,000	0 16 7-45
Sept. 2	45,000,000	67,790,000	0 13 4-99
Sept. 9	45,000,000	77,895,000	0 12 11-7

The Bankers' Gazette.

BANK OF ENGLAND.
Return for Week ended Wednesday, September 14, 1932.

ISSUE DEPARTMENT.		BANKING DEPARTMENT.	
Notes Issued:—	£	Government Debt	£ 11,015,100
In Circulation	362,284,819	Other Government Securities	250,573,441
In Banking Department	52,007,364	Other Securities	9,597,002
		Silver Coin	3,814,457
	£414,292,183	Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	139,292,183
	£414,292,183		£414,292,183
Proprietors' Capital	£ 14,553,000	Government Securities	£ 70,863,094
Reserve	3,561,712	Other Securities	...
Public Deposits	12,932,853	Discounts and Advances	£12,052,097
Other Deposits	...	Securities	£18,300,964
Bankers	£89,827,311	Notes	30,353,061
Other Accounts	£33,156,535	Gold and Silver Coin	52,007,364
T-Day and other Bills	122,963,946		929,532
	£140,113,051		£140,113,051

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

Both Departments.		Amount, Sept. 14, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Notes in circulation	£	362,284,819	+ 2,837,642	+ 10,667,252
Public deposits	£	12,932,853	+ 5,334,627	+ 3,640,796
Bankers' deposits	£	89,827,311	+ 1,679,292	+ 31,390,142
Other deposits	£	33,156,535	+ 140,445	+ 17,302,021
Seven-day bills	£	1,640	+ 250	+ 285
Total outside liabilities	£	498,203,158	+ 657,498	+ 21,114,292
Capital and reserves	£	18,234,712	+ 4,688	+ 56,205
Government debt and securities	£	332,451,635	+ 2,539,825	+ 21,925,588
Discounts and advances	£	12,052,097	+ 221,530	+ 3,731,303
Other securities	£	27,897,966	+ 1,923,408	+ 7,700,740
Silver coin in issue department	£	3,814,457	+ 3,259	+ 239,527
Gold and bullion (bank's reserve)	£	140,221,715	+ 264,040	+ 3,341,463
Reserve of notes and coin in banking department	£	53,036,496	+ 3,201,682	+ 7,225,789
Proportion of reserve to outside liabilities				
(a) Banking department only ("proportion")		38%	+ 1%	+ 9%
(b) Gold stocks to deposits and notes ("reserve ratio")		28%	+ 1%	+ 1%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to August 31	18,647,386	1,081,214	1,791,915	21,520,515
Week ended September 7	448,856	29,386	53,347	571,589
Week ended September 14	449,783	24,659	43,338	517,780
Total to date, 1932	19,586,025	1,135,259	1,888,600	22,609,884
Total to date, 1931	24,579,161	1,205,485	1,961,008	27,745,654
Increase or decrease in 1932	- 4,993,136	- 70,226	- 72,408	- 5,135,770
	- 20.3%	- 5.8%	- 3.7%	- 18.5%
Total for year 1931	£1,815,898	£1,667,852	£2,752,209	£6,235,959
Total for year 1932	£1,812,146	£1,612,146	£2,653,531	£5,525,354
Increase or decrease in 1931	- 6,666,779	- 211,424	- 1,108,678	- 8,986,881
	- 17.4%	- 9.9%	- 17.1%	- 17.4%

Issue Department.		Banking Department.			Gold in or out of Bank.	Increase or decrease.
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	
1932.						
Aug. 10	£ 413,563	£ 570,819	£ 10,668	£ 85,323	£ 34,579	£ Nil
17	413,728	565,957	9,806	89,754	34,464	165 in
24	413,728	565,882	22,203	79,946	34,429	Nil
31	413,906	565,287	20,727	79,549	35,407	178 in
Sept. 7	414,031	565,122	7,618	91,507	33,297	125 in
14	414,292	562,285	12,933	89,827	33,157	261 in

Issue Department.		Both Depts.		Banking Department.			Reserve & the "Proportion."
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1932.							
Aug. 10	£ 248,953	£ 22,228	£ 139,419	£ 27 1/2	£ 70,554	£ 15,236	£ 19,338
17	248,960	22,223	139,602	27 1/2	70,164	14,685	18,709
24	248,960	22,223	139,596	27 1/2	71,979	15,266	19,510
31	248,881	22,294	139,806	27 1/2	73,149	12,159	19,083
Sept. 7	259,979	11,210	139,958	28 1/2	69,933	12,274	18,611
14	261,589	9,597	140,222	28 1/2	70,863	12,052	18,301

PROVINCIAL CLEARING RETURNS.

(000's omitted.)							
No. of working days	Week ended September 10.		Month of August			Aggregate Totals, January 1 to September 10.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
£	£	£	£	%	£	£	
BIRMINGHAM	1,553	1,592	7,953	8,921	+ 12.1	78,886	80,106
BRADFORD	473	490	2,707	2,961	+ 9.3	26,149	26,107
BRISTOL	950	984	4,103	5,247	+ 27.8	39,150	40,691
DUBLIN	4,185	4,473	...	...	...	177,983	193,029
HULL	606	623	2,819	2,789	- 1.0	25,990	25,785
LEEDS	548	674	2,983	3,018	+ 1.1	30,644	30,261
LIVERPOOL	521	448	2,078	2,080	+ 0.09	22,377	22,921
MANCHESTER	4,596	5,401	22,744	25,835	+ 13.5	199,150	207,160
NEWCASTLE	7,025	7,234	35,683	38,745	+ 8.5	326,675	340,302
NOTTINGHAM	878	891	5,225	5,280	+ 1.0	46,117	44,549
STEEFIELD	316	343	1,651	1,647	- 0.2	15,388	15,334
SHEFFIELD	506	496	3,000	2,785	- 7.1	27,223	26,095
Total	22,157	23,649	90,946	99,308	+ 9.1	1,016,332	1,054,938

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. August, 1932.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England.....	37,489	1,562	3,002	38,265	7,799	42,181	3,023	27,534	28,219	3,496	192,570
Balances with and cheques in course of collection on other banks in the United Kingdom	7,604	487	934	7,162	1,831	7,585	168	7,341	6,488	1,304	40,904
Items in transit	...	...	...	3,026	822	...	...	...	...	...	3,848
Money at call and short notice ..	24,039	2,312	4,110	21,917	5,599	17,165	4,775	14,654	18,587	4,346	117,504
Bills discounted	64,143	3,089	516	84,579	8,779	90,768	1,803	55,119	63,434	2,124	374,354
Investments	74,242	4,314	11,117	51,626	25,551	68,338	15,866	47,496	56,341	8,643	363,534
Advances to customers and other accounts	161,240	8,227	10,931	155,318	30,887	180,161	15,480	128,683	113,013	12,273	816,213
Liabilities of customers for accept- ances, endorsements, &c.	5,081	575	1,732	26,499	3,314	12,700	18	6,002	21,189	1,595	78,705
Bank premises account	7,265	412	695	7,940	2,934	10,799	772	7,184	5,847	1,047	44,895
Investments in affiliated banks...	6,686	...	...	4,171	...	7,294	...	2,514	2,992	...	23,657
	387,789	20,978	33,037	400,503	87,516	436,991	41,905	296,527	316,110	34,828	2,056,184
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	7,500	2,900	11,500	1,030	8,000	7,500	800	51,010
Current, deposit and other ac- counts	356,600	18,403	29,476	350,689	77,126	398,543	38,090	273,046	278,089	30,558	1,850,620
Acceptances, endorsements, &c.	5,081	575	1,732	26,499	3,314	12,700	18	6,002	21,189	1,595	78,705
Notes in circulation	...	...	...	5	16	...	...	1,267	...	...	1,300
Reduction of bank premises ac- count	...	...	239	...	...	...	...	...	...	...	239
	387,789	20,978	33,037	400,503	87,516	436,991	41,905	296,527	316,110	34,828	2,056,184

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

ASSETS.	Aug. 21, 1931.	July 22, 1932.	July 26, 1932.	Aug. 5, 1932.	Aug. 12, 1932.	Aug. 19, 1932.
Gold coin and bullion.....	6,179	8,009	516	6,081	6,753	6,722
Subsidiary coin	373	520	...	518	524	533
Bills discounted: Domestic	607	1,995	2,694	2,416	2,370	2,300
and Union Gov. Treas.	5,951	1,225	1,991	2,037	1,965	1,763
Bills discounted: Foreign.....	1,885	...	...	...	...	...
Investments	1,000	1,000	1,000	1,000	1,000	1,000
Capital	802	9	9	9	9	9
Reserve	6,568	6,304	7,974	7,452	6,715	6,316
Notes in circulation	1,999	1,627	1,252	1,074	1,201	1,593
Government deposits	4,680	4,242	4,137	4,027	4,126	4,051
Bankers' deposits	...	...	...	...	...	...
Ratio of cash reserves to liabilities to public	47.9%	65.4%	51.7%	48.5%	52.6%	54.3%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loan, namely, £722,916, has been written off Reserve.

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

ASSETS.	Aug. 21, 1931.	July 22, 1932.	July 26, 1932.	Aug. 5, 1932.	Aug. 12, 1932.	Aug. 19, 1932.
Total assets.....	32,58,37	29,00,95	28,06,33	27,76,51	27,14,61	27,62,17
Gold.....	9,52,21	7,91,54	7,81,89	7,60,72	7,61,97	9,24,33
Cash.....	26,54,99	23,37,06	23,38,11	22,91,42	22,24,26	22,43,44
Overseas bills.....	2,76,35	1,89,92	2,25,61	1,95,81	1,67,79	2,06,33
Foreign bills.....	39,58	18,00	24,71	25,69	23,22	12,65
Dead stock	2,78,82	2,64,94	2,65,01	2,65,01	2,65,09	2,65,17
Bal. with other banks	19,19	31,10	10,00	15,22	14,87	30,43
Cash	21,94,70	25,13,73	29,87,78	26,05,42	26,95,77	27,76,31
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,42,50	5,15,00	5,15,00	5,15,00	5,15,00	5,15,00
Total deposits	84,87,54	78,81,42	82,67,91	77,88,92	77,21,83	70,68,10
The above includes:						
Deposits in London	962	1,114	1,197	1,163	1,137	1,169
Advances in London	928	2,266	1,294	1,307	1,238	1,249
Cash, &c., at other banks in London.....	145	236	725	117	114	231

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

ASSETS.	Sept. 11, 1931.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.
Gold.....	58,576,796	82,201,919	82,239,201	82,230,928	82,400,237
Foreign assets.....	15,803,144	3,515,249	3,507,658	3,323,934	2,989,524
Bills, &c.	12,981,336	2,081,898	2,081,799	2,082,649	2,080,959
Home bills	4,496,121	5,010,589	3,466,731	2,733,648	3,947,095
Advances against sec. to the State.....	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,790,728	2,775,928	2,760,646	2,844,351	2,804,895
LIABILITIES.					
Capital paid up	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Reserve	7,425,326	6,807,340	6,807,340	6,807,340	6,807,340
Notes in circulation	78,198,304	80,126,713	79,912,398	81,383,414	80,580,750
Government deposits	7,753,144	4,392,914	3,981,749	3,878,892	3,974,780
Private deposits	19,265,514	22,317,780	23,100,007	21,262,631	22,875,788
Other liabilities	3,763,636	2,246,279	2,361,173	2,369,033	2,438,148

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

ASSETS.	Sept. 7, 1931.	Aug. 23, 1932.	Aug. 31, 1932.	Sept. 7, 1932.
Gold.....	1,370,514	768,143	768,308	768,436
Of which deposited abroad.....	99,551	63,353	63,353	63,353
Reserve in foreign currencies	400,438	143,585	156,836	157,181
Bills of exchange and cheques.....	3,025,483	2,783,734	3,045,744	2,965,498
Notes and other claims	80,538	304,429	188,594	206,898
Notes of other German banks	7,476	12,108	2,858	7,946
Advances	151,417	92,495	207,376	105,502
Investments	102,913	365,052	365,051	365,002
Other assets	830,149	775,134	768,672	784,702
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserve	337,331	417,426	417,426	417,426
Notes in circulation	4,292,061	3,616,930	3,616,929	3,616,929
Other daily maturing obligations.....	434,105	352,974	407,822	388,510
Other liabilities	755,411	707,350	711,465	714,727
Cover of note circulation	41.3%	25.2%	24.3%	25.1%

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

ASSETS.	Position, May 30, 1914.	Sept. 12, 1931.	Aug. 20, 1932.	Aug. 27, 1932.	Sept. 3, 1932.
Gold.....	22,971	110,010	149,210	149,410	149,410
Discounts, advances, and other liabilities	29,785	40,012	...	...	...
LIABILITIES.					
Notes in circulation.....	77,567	115,287	88,040	85,310	85,900
Deposits and bills payable	109,499	245,589	217,840	216,210	218,090
	11,250	29,899	35,240	36,510	33,240

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

ASSETS.	Position, May 31, 1914.	Sept. 7, 1931.	Aug. 15, 1932.	Aug. 23, 1932.	Aug. 31, 1932.	Sept. 7, 1932.
Gold.....	171,175	1,215,039	2,637,288	2,637,505	2,643,592	2,637,506
Foreign bills and Bal- ances abroad.....	...	570,154	59,858	59,148	59,273	65,303
Discounts	...	36,833	14,060	14,337	14,240	15,979
Advances	103,000	90,499	43,746	42,176	41,718	41,482
LIABILITIES.						
Notes in circulation.....	275,925	1,277,708	1,518,455	1,501,466	1,560,910	1,535,373
Deposits	33,750	657,203	1,242,222	1,255,955	1,202,391	1,224,455

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

ASSETS.	Sept. 12, 1931.	Aug. 20, 1932.	Aug. 27, 1932.	Sept. 3, 1932.	Sept. 10, 1932.
Gold reserve.....	229,502	205,986	205,986	205,987	205,978
Government securities—Swedish	3,042	218,420	218,420	218,420	218,490
Other Swedish bonds quoted on foreign bourses	31,542	...	...	...	...
Bills payable in Sweden	291,924	142,974	139,120	138,283	143,378
Balance abroad	30,670	44,295	61,749	61,723	61,778
Advances	46,281	123,967	109,553	111,063	111,887
LIABILITIES.					
Notes in circulation.....	543,661	807,663	806,168	805,103	820,981
Government deposits	125,603	81,041	86,134	76,407	74,628
Private deposits	17,647	111,120	115,752	80,160	86,638

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

ASSETS.	Position, May 31, 1914.	Sept. 7, 1931.	Aug. 22, 1932.	Aug. 31, 1932.	Sept. 7, 1932.
Coin and bullion—Gold	44,224	146,317	142,398	142,397	142,397
Balances abroad and foreign bills	28,533	10,881	12,128	12,540	12,443
Norwegian and Foreign Govern- ment securities	8,616	54,925	27,123	27,123	27,123
Discounts and loans	76,911	180,743	274,335	272,642	269,985
LIABILITIES.					
Notes in circulation.....	113,484	289,627	309,550	313,876	309,356
Deposits at sight	7,188	45,933	81,324	75,603	78,174

* Includes an amount of Kr. 24,156,000, which the Bank has at its free disposal abroad.

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

ASSETS.	Position, May 30, 1914.	Sept. 12, 1931.	Aug. 20, 1932.	Aug. 27, 1932.	Sept. 3, 1932.	Sept. 10, 1932.
Gold	521,775	2,276,355	2,256,591	2,256,823	2,256,915	2,256,915
Silver	728,600	580,758	579,957	585,190	585,241	582,205
Loans & Discounts	800,725	3,234,633	2,952,772	2,951,012	2,951,012	2,909,074
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	5,162,160	4,821,360	4,777,383	4,825,772	4,849,631
Deposits	477,500	1,043,144	956,160	1,000,461	950,890	937,334

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

ASSETS.	July 27, 1932.	Aug. 10, 1932.	Aug. 17, 1932.	Aug. 24, 1932.
Gold	321,682	394,304	394,739	395,920
Balances abroad	541,813	556,514	558,490	559,392
Discounts	314,463	313,521	324,203	333,229
Government loans	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.				
Notes in circulation.....	1,885,822	1,901,606	1,891,171	1,881,751
Government deposits	116,433	138,438	134,008	86,595
Bankers' deposits	207,036	191,473	207,911	232,337
Other deposits	32,477	23,196	34,445	71,599

OVERSEAS BANK RATES.

Changed	From To	Changed	From To
Albania	July 1, 1931 9 8	Madrid	July 8, 1931 6 4
Amsterdam	Apr. 18, 1932 3 24	Oslo	Sept. 1, 1932 4 4
Athens	Aug. 8, 1932 11 10	Paris	Oct. 9, 1931 2 24
Batavia	Mar. 10, 1930 5 4	Prague	Apr. 11, 1932 6 8
Belgrade	July 20, 1931 6 7	Reval	Nov. 13, 1931 5 8
Berlin	Apr. 27, 1932 5 7	Riga	Jan. 28, 1932 6 2
Brussels	Jan. 13, 1932 2 5	Rome	Oct. 1, 1930 7 7
Bucharest	Mar. 3, 1932 6 7	Sofia	May 2, 1932 6 5
Budapest	July 1, 1932 5 4	Stockholm	May 16, 1932 9 4
Calcutta	July 7, 1932 5 4	Swiss Bank	Sept. 1, 1932 4 3
Copenhagen	May 30, 1932 5 4	places	Jan. 22, 1931 2 2
Danzig	July 12, 1932 5 4	Tokio	Aug. 17, 1932 5 11
Helsingfors	Apr. 19, 1932 7 6	Vienna	Aug. 23, 1932 7 6
Kovno	May 4, 1932 7 7	Warsaw	Oct. 3, 1930 6 7
Lisbon	Apr. 4, 1932 7 6	Irish	June 30, 1932 3 3
New York Federal Reserve	June 23, 1932 3 24		

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
 5% applied to banks and credit institutions.
 7% applied to private persons and firms.

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

	Sept. 16, 1931.	Aug. 17, 1932.	Aug. 24, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 14, 1932.
Call money	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances:—						
Members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Uneligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

Rates of Exchange, New York on—	Par Level.	Sept. 16, 1931.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 14, 1932.
London—					
60 days	Dollars for £1	4-8666	4-81 1/2	3-44 1/2	3-47 1/2
Cable			4-86	3-47	3-49 1/2
Cheques			4-85 1/2	3-47	3-49 1/2
Paris	Cents for 1 franc	3-918	3-92	3-92	3-918
Brussels	Cents for 1 franc	13-90	13-90	13-87 1/2	13-86
Switzerland	Cents for 1 franc	19-30	19-30	19-31	19-30
Italy	Cents for 1 lire	5-263	5-22 1/2	5-12 1/2	5-12 1/2
Berlin	Cents for 1 mark	23-82	23-55	23-78	23-78
Vienna	Cts. for Austr. shg.	14-07	14-05	...	...
Madrid	Cents for 1 peseta	19-30	9-02	8-04 1/2	8-04 1/2
Amsterdam	Cents for 1 guilder	40-195	40-34	40-22 1/2	40-16
Copenhagen	Cents for 1 kroner	26-80	26-72 1/2	18-00	18-10
Oslo			26-72 1/2	17-40	17-55
Stockholm			26-75 1/2	17-81	17-95
Athens	Cents for 1 drachma	1-297	1-294	0-61 1/2	0-61 1/2
Montreal	Cents for Can. \$1	100	99	89 1/2	91 1/2
Yokohama	Cents for 1 yen	49-85	49-38	22 1/2	23 1/2
Hong Kong	Cents for H. Kong \$	...	24-25	...	...
Shanghai	Cts. for 1 Shg. taal	...	50-37 1/2	...	...
Calcutta	Cents for 1 rupee	36-50	35-93 1/2	...	...
Buenos Aires	Gold pesos for \$100	103-65	105-75	26-25	26-37 1/2
Rio de Janeiro	Cents for 1 milreis	11-96	6-15	...	...
Valparaiso	Cents for 1 peso	12-125	11-87 1/2	...	...

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.
South Africa	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

	Sight.	Telegraphic.
London on—		
Rhodesia	£ s. d.	£ s. d.
South Africa	72 13 9	72 12 6

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Soles to \$	24-325	Sight London	23-61 1/2
Valparaiso	Pesos to \$	25-2215	"	25-75
Colombia (Bogota)	Pesos to \$	5	"	3-67 1/2
Nicaragua	Colonos to \$	4-8665	"	4-96
Salvador	Colonos to \$	9-73	"	9-07
Bolivia	Bolivianos to \$	13-33	"	13-36

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.
T.T. ...	125 1/2	125 1/2	109 1/2	109 1/2	125 1/2	125 1/2	110 1/2	110 1/2
Sight ...	125 1/2	125 1/2	109 1/2	109 1/2	125 1/2	125 1/2	110 1/2	110 1/2
30 days ...	127 1/2	127 1/2	109 1/2	109 1/2	125 1/2	125 1/2	109 1/2	109 1/2
60 days ...	127 1/2	127 1/2	109 1/2	109 1/2	125 1/2	125 1/2	109 1/2	109 1/2
90 days ...	129 1/2	129 1/2	109 1/2	109 1/2	125 1/2	125 1/2	109 1/2	109 1/2

* All rates (Australia and New Zealand) now based on \$100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending Sept. 10, 1932.	From Apr. 1 week ending to Sept. 10, 1932.
Sterling purchased in India	1,961,000	5,739,000
Sterling taken over in London	...	715,000
Net transfer to Home Treasury.	...	...
From paper currency reserve in England	...	...
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve	...	-3,750,000

Net remittance to Home Treasury

India Office, S.W.1,
Sept. 14, 1932.

INDIAN GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on August 31, 1932:—

In India:	£	£
Gold	22,782,000	
In England:		
Cash at the Bank of England	3,939	
Gold	2,152,334	
British Treasury Bills:—Value as on August 31, 1932	6,069,749	
Other British and Dominion Government Securities:—At or below market value on August 31, 1932	8,991,978	
	17,218,000	
	£40,000,000	

India Office,
September 12, 1932.

SIDNEY TURNER,
Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended September 15, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Germany	£ 862
Netherlands	136,925
Belgium	1,000
France	1,296,363
Switzerland	4,599
British South Africa	221,985
British India	2,000
Morocco	704,290
Other countries	...
Total declared value of imports	2,114,852
	Total declared value of exports
	2,368,024

GOLD MOVEMENTS.

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

1932.	ARRIVALS.	£	1932.	WITHDRAWALS.	£
Sept. 9	...	Nil	Sept. 9	...	Nil
" 10	...	Nil	" 10	...	Nil
" 12	...	Nil	" 12	...	Nil
" 13	...	Nil	" 13	...	Nil
" 14	...	Nil	" 14	...	Nil
" 15	...	Nil	" 15	...	Nil
Total	128,376		Total	Nil	

Messrs Samuel Montagu and Company write as follows on September 14, 1932:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,031,386 on the 7th inst., as compared with £138,906,143 on the previous Wednesday. The purchase of £260,797 bar gold was announced by the Bank on the 8th inst. Substantial amounts of gold were available in the open market and were taken for the United States, the Continent, and for destinations not disclosed, although in one of the latter instances the buyer was the Bank of England, their purchase being indicated above.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
September 8	117s. 11d.	14s. 4-9d.
" 9	118s. 2d.	14s. 4-5d.
" 10	117s. 11d.	14s. 4-9d.
" 12	118s. 0d.	14s. 4-8d.
" 13	118s. 4d.	14s. 4-3d.
" 14	118s. 3d.	14s. 4-4d.
Average	118s. 1-2d.	14s. 4-6d.

Last week-end afforded a striking instance of the rapidity with which gold can be handled in the London market. A large shipment of unrefined gold from India was received by the refiners in London mid-day on Friday last; the operation of refining was completed early on the Saturday morning and gold to the value of £350,000 was packed and despatched to Southampton in time for shipment by s.s. "Aquitania," which sailed at half-past two in the afternoon of that day for New York.

Nearly £1,400,000 of gold was shipped from Bombay last week. The s.s. "Kaisar-i-Hind" carries about £520,000 consigned to London and £43,000 to Amsterdam; the s.s. "Clan MacIver" has about £165,000 consigned to London, whilst the s.s. "President Pierce" carries £642,000 consigned to New York.

SILVER.

The market has been poorly supported during the past week and offerings from India, China and America met with little resistance; the tendency was decidedly weaker in consequence, and although the reaction from the high prices recorded last week was not unforeseen, the actual fall to the level of 17 1/2 d. and 17 1/4 d. reached yesterday for cash and two months' delivery respectively was rather more than expected. Just as the recent rise proved too rapid, the decline seen during the period under review also proved overdone, the low prices attracting buyers, with the result that a recovery to 17 1/2 d. and 18 d. for the respective deliveries ensued to-day. Whilst it is possible that prices may continue to fluctuate the market should be steady at about to-day's level.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 5th inst. to mid-day on the 12th inst.:—

IMPORTS.	£	EXPORTS.	£
Belgium	31,871	British India	35,133
Germany	24,920	Germany	1,757
Mexico	29,000	France	2,579
Canada	15,456	French Possessions in India	1,500
British India	7,568	Straits Settlements	1,700
France	10,899	Other countries	4,011
Australia	6,475		
Other countries	7,466		
	133,655		46,680

Quotations during the week:—

IN LONDON.			IN NEW YORK.		
	Bar silver per oz. std.	Cash Two Months' delivery.		Bar silver per oz. std.	Cash Two Months' delivery.
September 8 ...	18 1/2 d.	18 1/2 d.	September 7 ...	18 1/2 d.	18 1/2 d.
" 9 ...	18 1/2 d.	18 1/2 d.	" 8 ...	18 1/2 d.	18 1/2 d.
" 10 ...	18 1/2 d.	18 1/2 d.	" 9 ...	18 1/2 d.	18 1/2 d.
" 12 ...	18 1/2 d.	18 1/2 d.	" 10 ...	18 1/2 d.	18 1/2 d.
" 13 ...	17 1/2 d.	17 1/2 d.	" 12 ...	18 1/2 d.	18 1/2 d.
" 14 ...	17 1/2 d.	18 d.	" 13 ...	18 1/2 d.	18 1/2 d.
Average	18-062d.	18-177d.			

The highest rate of exchange on New York recorded during the period from the 8th inst. to the 14th inst. was \$3-50 1/2 and the lowest \$3-47 1/2.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Sept. 7.	Aug. 31.	Aug. 22.
Notes in circulation	17,520	17,558	17,497
Silver coin and bullion in India	11,466	11,502	11,484
Gold coin and bullion in India	1,111	1,111	1,098
Securities (Indian Government)	4,943	4,945	4,915

The stocks in Shanghai on the 10th inst. showed no change as compared with the previous week.

GOLD AND SILVER PRICES

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
	Cash	Forward		Cash.
1932.				
Sept. 9	118 2	18 1/2	Sept. 17, 1926	12 1/2
" 10	117 11	18 1/2	" 16, 1927	25 1/2
" 12	118 0	18 1/2	" 20, 1928	26 1/2
" 13	118 4	17 1/2	" 19, 1929	23 1/2
" 14	118 3	17 1/2	" 18, 1930	17
" 15	118 6	17 1/2	" 17, 1931	12 1/2

NOTICES.

The Midland Bank announces the opening of a new branch in Church Street, Weybridge, Surrey. Night safe banking facilities, already in operation at over 490 offices of the Midland Bank, will be available at this branch.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
Breweries.		£	£	£	£	£	%	£	£	£	%
Tennant Brothers, Limited	June 30	12,079	43,792	55,871	8,319	30,704	7½	5,000	11,848	66,408	12½
Iron, Coal and Steel.											
Harland and Wolff	Dec. 31	238,053	Dr 280,917	Dr 42,864	...	...	...	Dr 50,000	7,136	105,746	...
Sheffield Forge and Rolling Mills	June 30	Dr 80,530	Dr 9,272	Dr 89,802	...	...	...	...	Dr 89,802	Dr 17,246	...
Motor and Cycle.											
United Motors	Dec. 31	Dr 124,599	Dr 30,081	Dr 154,680	...	...	...	...	Dr 154,680	Dr 18,210	...
Rubber.											
Beaufort Borneo Rubber ...	Apr. 30	6,029	Dr 1,262	4,767	...	...	...	...	4,767	Dr 1,405	...
Durian Sebatang Rubber...	Mar. 31	...	Dr 310	Dr 310	...	...	...	...	Dr 310	...	...
Textiles.											
Kirklees Limited	June 30	...	10,585	10,585	...	...	...	...	10,585	1,735	...
Other Companies.											
Ardath Tobacco Co.	June 30	150,088	500,168	650,256	84,000	360,000	12½	...	206,256	528,519	12½
Associated British Cinemas	Mar. 31	21,303	219,553	240,856	54,521	32,812	5	125,000	28,523	310,656	8
British International Pictures	Mar. 31	53,243	112,512	165,755	20,000	33,222	5	65,236	47,297	161,926	8
Chaplin (W. H.) and Co. ...	Mar. 31	8,064	19,738	27,802	5,000	12,500	5	5,000	5,302	29,047	7
Denman Picture Houses ...	Mar. 31	88,919	63,990	152,909	...	35,000	2½	28,556	89,353	92,536	2½
Ferranti Limited	June 30	35,980	54,905	90,885	29,549	18,000	6	1,791	41,546	60,689	6
General Theatre Corporation	Mar. 31	41,359	96,597	137,956	93,750	...	...	...	44,206	135,200	...
Grosvenor House (Park Lane)	Mar. 31	48,803	243	49,046	...	...	...	...	49,046	46,194	...
Initial Services (1928)	June 30	17,309	210,952	228,261	32,000	93,750	50	84,823	17,688	210,542	50
London Express Newspaper	June 30	50,104	158,747	208,851	80,167	40,800	10	...	87,884	149,458	10
S. and M. (1928), Ltd.	July 19	11,820	28,677	40,497	...	...	...	21,900	18,597	28,450	...

Company News.

REPORTS AND NOTICES.

MISCELLANEOUS.

CALICO PRINTERS' ASSOCIATION, LIMITED.—The accounts for year ended June 30, 1932, show net profit, after charging £359,970 for depreciation, &c., and £128,000 for debenture interest, amounted to £157,457. This compares with a loss of £175,289 for year ended June 30, 1931. The full preference dividend is to be paid, but ordinary shareholders receive no dividend. Fixed assets have increased from £4,993,734 to £5,047,429. Advances to, and debts due from, subsidiaries are at £919,435, compared with £711,085, while investments are £161,072 higher, at £1,323,579. Stocks are at £743,108, against £661,785, but cash at £514,721, against £731,384 a year ago. Debtors are up from £1,246,801 to £1,311,005. Creditors have risen to £430,029, from £355,647, and deposits are down from £336,160 to £309,226.

GAUMONT-BRITISH PICTURE CORPORATION, LIMITED.—The profit for year ended March 31, 1932, fell by £11,759 to £490,301. The ordinary dividend is maintained at 6 per cent., less income tax. The carry-forward is increased from £84,461 to £87,229. The sum of £29,832 has been transferred from Reserve in order to write down certain items, but by an appropriation of profits the Reserve has been increased to £2,550,000, a figure in excess of the amount of ordinary share capital. Bank Loans have fallen from £270,000 to £164,955. Meeting at 142-150, Wardour Street, W.1, September 28th, at noon.

INCORPORATED ACCOUNTANTS' EXAMINATIONS.—The next examination of candidates for admission to the Society of Incorporated Accountants and Auditors will be held on October 31st, November 1st, 2nd and 3rd, in London, Manchester, Cardiff, Leeds, Glasgow, Dublin, Belfast, Cape Town, Johannesburg and Durban. Women are eligible under the Society's regulations to qualify as incorporated accountants upon the same terms and conditions as are applicable to men. Particulars and forms are obtainable at the Office of the Society, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2.

SUMMARY OF BALANCE SHEETS.

HARLAND AND WOLFF, LIMITED.

December 31, 1931.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1930.	Amount.	Compared with Dec. 31, 1930.
6% cum. pref. £1 4,000,000	...	Properties	9,684,291 - 10,097
6% "A" cum. pref. £1	...	Investments in subsidiaries	4,271,353 ...
"B" pref. shs. £1 20,300	...	Assets the realisation of which is deferred as from Dec. 31, 1931, by the Royal Mail scheme	4,196,927 + 4,196,927
Ord. shs. (£1,000) 3,090,000	...	General Investments 206,452 +	50
Reserve	1,000,000	Owing by subsidiaries	111,927 - 1,525
Creditors whose claims are deferred as from Dec. 31, 1931, by Royal Mail scheme	7,687,577	Stocks	335,115 - 123,235
Other creditors 728,913	+ 3,512,591	Debtors	202,219 - 202,480
Profit and loss	7,136 - 230,916	Expenditure on work in progress	293,611 - 747,797
		Bills of exchange	35,000 - 45,000
		Cash	18,580 - 58,813
		Matured bills of exchange	273,645 + 273,645
Total	19,629,020 + 3,281,675	Total	19,629,020 + 3,281,675

WHITWORTH AND MITCHELL, LIMITED.

June 30, 1932.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1931.	Amount.	Compared with June 30, 1931.
Ordinary shares £1 500,000	...	Goodwill at cost	364,306 ...
6% cum. pref. shs. £1	...	Freehold property at cost	90,264 - 999
General reserve	135,000 + 50,000	Machinery, &c., at cost	10,076 - 591
Creditors	67,794 - 73,510	Investment in subsidiary at cost	14,395 ...
Due to subsidiary	1,760 + 985	Loan to subsidiary	Nil - 5,000
Unclaimed dividends	36 + 9	Stocks	210,350 - 34,592
Profit and loss	117,120 - 35,339	Debtors	300,584 - 35,353
		Corporation loans at cost	149,837 ...
		Cash	169,822 + 4,595
		Investments in Associated Co.	7,247 + 7,248
		Receivable from subsidiary	4,839 + 4,839
Total	1,321,700 - 87,853	Total	1,321,700 - 87,853

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Sept. 9, 1932. (c) Week ended Sept. 10, 1932.	Miles Open.	Gross Receipts, week ended Sept. 12, 1932. (000's omitted.)					Aggregate Gross Receipts, 36 weeks. (000's omitted.)				
		Passenger &c.	Merchandise &c.	Coal and Coke	Goods	Total	Passenger &c.	Merchandise &c.	Coal and Coke	Goods	Total
Great Western 1932	3,761	223	153	85	238	461	7,517	5,938	3,550	9,488	17,005
Western 1931	3,761	240	196	104	300	540	8,196	6,811	3,788	10,599	18,795
(c) L. & N. 1932	6,353	354	271	184	455	789	11,221	10,364	7,698	18,062	29,283
Eastern 1931	6,353	357	344	213	557	914	12,108	12,090	8,316	20,406	32,514
L. M. & S. 1932	6,949	494	401	198	599	1,093	17,252	14,893	8,071	22,964	40,218
Scottish 1931	6,949	494	401	198	599	1,093	17,252	14,893	8,071	22,964	40,218
Southern 1932	2,181	318	61	27	88	406	10,353	2,240	1,092	3,330	13,585
1931	2,180	339	75	32	107	446	11,357	2,613	1,128	3,741	15,098
Total...	19,244	1,369	886	494	1,380	2,749	46,343	33,435	20,411	53,846	100,189
1931	19,240	1,465	1,105	582	1,687	3,152	49,929	38,201	22,005	60,206	110,135
(c) Metro-politan 1932	59	29	2	...	3	32	106	...	...	120	1180
Under-ground E.R. 1931	59	30	4	...	3	34	121	...	...	132	1253
(c) Green Buses, &c. 1932	...	28	1	...	...	...	104	...	...	...	10436
1931	...	30	1	...	...	...	108	...	...	...	10815
(c) L. & S. 1932	...	34	5	...	...	...	134	...	...	...	1134
1931	...	43	5	...	...	...	153	...	...	...	1563
(b) Belfast 1932	80	4	...	...	...	...	163	...	...	...	163
Co. Down 1931	80	3	...	...	...	...	121	...	...	...	121
(b) Great Northern 1932	562	12	...	...	...	...	102	...	...	...	102
1931	562	12	...	...	...	...	102	...	...	...	102
(b) Great Southern 1932	212	12	...	...	...	...	43	...	...	...	43
1931	212	12	...	...	...	...	43	...	...	...	43

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	19	Aug. 13	1,330	Rs. 3,09,100	- Rs. 21,090	Rs. 57,83,434	- Rs. 13,89,794
Baru L. R.	20	20	202	23,900	+ 500	7,12,700	- 1,79,400
Bangal & N. Western	20	20	214	5,04,442	- 46,174	1,29,19,505	+ 4,39,727
Bengal-Nagpur	19	Sept. 13	5,274	10,37,000	- 1,36,416	2,47,81,449	- 21,69,723
Bombay, Bar. & C. J.	23	Sept. 13	7,084	16,63,000	+ 1,12,000	4,33,29,000	+ 3,25,000
Madras & S. Mahr.	20	Aug. 20	3,330	15,11,000	- 72,183	2,84,28,935	- 30,94,735
Rohilkhand & Kumaon	20	20	572	81,289	- 41	24,84,581	- 7,010
South Indian	20	20	2,528	10,23,742	+ 43,274	2,18,00,693	+ 4,63,749

CANADIAN.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
Canadian National	35	Sept. 7	70,340	2,426,524	- 622,892	95,544,816	- 24,897,510
Canadian Pacific	35	Sept. 7	16,903	2,417,000	- 145,000	80,297,000	- 18,363,000

SOUTH AMERICAN.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
Antofagasta (Chili)	36	Sept. 11	804	9,850	- 3,740	383,500	- 256,010
Argentine N.B. Ry.	36	11	783	12,400	- 2,200	131,500	- 8,500
B.A. and Pacific	36	11	2,806	101,000	- 21,000	995,000	- 229,000
B.A. Central	11	11	...	10,127	- 658	113,492	- 9,315
B.A. Gt. Southern	10	10	5,076	165,000	- 3,000	1,527,000	- 254,000
Central Argentine	10	10	10,708	60,000	- 15,000	598,000	- 122,000
Central Uruguay	10	10	3,753	14,090	- 4,200	2,032,000	- 286,000
C. Ury. (N. Ext.)	10	10	311	2,612	- 703	26,647	- 8,877
C. Ury. (W. Ext.)	10	10	185	1,582	- 648	16,456	- 6,010
Corrientes Central	10	10	211	1,457	- 535	12,819	- 2,943
Entre Rios	10	10	1,218	50,000	- 2,000	510,000	- 123,000
G. Western of Brazil	10	10	1,058	17,000	- 3,400	176,800	- 33,500
Leopoldina	36	10	1,918	6,800	- 1,200	311,300	- 145,500
Leopoldina Terminal	36	10	...	38,053	- 11,360	927,726	- 148,829
Matro	36	10	...	Ma. 26,400	- 2,400	9,597,000	- 208,000
Paraguay Central	18	Aug. 31	4115	883	- 4,919	30,427	- 82,240
Salvador	10	Sept. 10	274	3,180	- 150	29,980	- 7,080
San Paulo	10	10	...	1,283	- 215	15,857	- 6,118
United of Havana	35	Aug. 28	1,532	11,760	- 10,110	100,538	- 29,219
1931	10	Sept. 10	1,567	13,980	- 2,953	154,801	- 69,451

OTHER OVERSEAS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
Egyptian Delta Light Railways	19	Aug. 20	820	6,219	- 21	80,175	- 10,764
Egyptian Markets	35	Sept. 1	...	1,409	- 34	53,008	- 809
Gr. Southern of Spain	35	Sept. 1	104	46,490	- 3,868	1,829,711	- 893,233
Mexican Railway	9	7	483	127,500	- 29,500	1,417,300	- 321,600

TRAMWAYS WEEKLY GROSS RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
Anglo-Argentine	36	Sept. 9	329	67,755	- 3,173	2,380,525	- 229,731
B. Aires Lacrosse	11	11	...	9,167	- 621	101,394	- 4,522
De. of Trans. Elec.	35	Aug. 31	...	5,152	- 519	110,449	- 1,043
Liverpool Corp.	23	Sept. 7	124	27,891	- 2,662	653,283	- 30,700
Madras Electric	18	Aug. 31	...	Rs. 50,814	- 3	8,16,610	- 24,785
L.O.O. Tramways	24	Sept. 15	166	76,855	- 1,212	1,856,666	- 62,484

MONTHLY TRAFFICS.

Company.	Month.	Ending.	Description.	Receipts for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
Dorado Ry.	8	Aug. 31	Gross	\$9,000	- 600	\$3,400	- 38,500
Do. (Ropeway Extension)	2	2	Gross	\$5,200	- 1,500	\$3,000	- 8,700
Midland Uruguay Ry.	2	2	Gross	\$4,638	- 4,724	\$1,350	- 4,407
North-Western Uruguay	2	2	Gross	\$2,948	- 1,286	\$1,370	- 1,370
Uruguay Northern Ry.	2	2	Gross	\$1,207	- 381	\$2,868	- 134

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Month.	Ending.	Description.	Receipts for Month.		Aggregate to Date.	
				1932.	Compared with 1931 + or -	1932.	Compared with 1931 + or -
Alabama Grt. Southern	7	July 31	Gross	\$287,643	- 231,000	\$2,400,095	- 1,347,943
Atlantic Coast Lines.....	7	July 31	Net	\$5,337,327	- 92,951	\$7,317,592	- 517,171
Atchafalaya Topeka	7	July 31	Gross	2,065,438	- 1,253,715	24,855,298	- 12,836,211
Baltimore and Ohio.....	7	July 31	Net	\$6,355,369	- 260,974	231,247	- 5,438,73
Boston and Maine	7	July 31	Gross	12,164,961	- 9,665,997	76,162,145	- 31,641,08
Chicago & N. Western	7	July 31	Net	3,009,734	- 4,738,683	6,001,421	- 9,300,19
Chicago & N. Western	7	July 31	Gross	9,311,176	- 5,821,653	74,661,188	- 29,958,98
Chicago & N. Western	7	July 31	Net	1,641,586	- 1,230,478	10,683,758	- 4,574,99
Chicago & N. Western	7	July 31	Gross	3,440,591	- 463,997	27,055,579	- 8,006,31
Chicago & N. Western	7	July 31	Net	455,917	- 490,050	4,076,252	- 2,071,71
Chicago & N. Western	7	July 31	Gross	5,567,717	- 4,025,266	41,619,674	- 20,378,13
Chicago & N. Western	7	July 31	Net	\$7,134,420	- 1,709,843	\$7,472,845	- 5,615,53
Chicago & N. Western	7	July 31	Gross	5,709,020	- 4,005,633	45,665,063	- 21,079,20
Chicago & N. Western	7	July 31	Net	\$7,134,420	- 1,709,843	\$7,472,845	- 5,615,53
Chicago & N. Western	7	July 31	Gross	1,080,596	- 823,767	8,849,810	- 4,686,86
Chicago & N. Western	7	July 31	Net	\$7,134,420	- 1,709,843	\$7,472,845	- 5,615,53
Chicago & N. Western	7	July 31	Gross	6,101,710	- 3,893,917	47,036,040	- 19,771,71
Chicago & N. Western	7	July 31	Net	\$7,134,420	- 1,709,843	\$7,472,845	- 5,615,53
Colorado and Southern	7	July 31	Gross	994,146	- 1,002,382	6,296,837	- 7,779,20
Delaware and Hudson	7	July 31	Net	180,563	- 646,670	354,907	- 1,081,38
Denver	7	July 31	Gross	1,731,790	- 805,308	13,590,711	- 4,680,04
Grand Rapids	7	July 31	Net	\$7,134,420	- 1,709,843	\$7,472,845	- 5,615,53
Grand Rapids	7	July 31	Gross	994,146	- 1,002,382	6,296,837	- 7,779,20
Grand Rapids	7	July 31	Net	180,563	- 646,670	354,907	- 1,081,38
Grand Rapids	7	July 31	Gross	1,731,790	- 805,308	13,590,711	- 4,680,04
Grand Rapids	7	July 31	Net	\$7,134,420	- 1,709,843	\$7,472,845	- 5,615,53
Grand Rapids	7	July 31	Gross	994,146	- 1,002,382	6,296,837	- 7,779,20
Grand Rapids	7	July 31	Net	180,563	- 646,670	354,907	- 1,081,38
Grand Rapids	7	July 31	Gross	1,731,790	- 805,308	13,590,711	- 4,680,04
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Grand Rapids	7	July 31	Gross	994,146	- 1,002,382	6,296,837	- 7,779,20
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Grand Rapids	7	July 31	Gross	1,731,790	- 805,308	13,590,711	- 4,680,04
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Grand Rapids	7	July 31	Net	180,563	- 646,670	354,907	- 1,081,38

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended August 31.		Eight Months ended August 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	4,854,563	4,880,032	33,225,483	38,091,349
B. Feeding stuffs for animals	404,506	544,357	3,136,648	4,252,471
C. Meat	7,597,258	6,947,010	62,809,419	54,655,477
D. Animals, living, for food	1,420,043	304,349	9,046,439	7,022,395
E. & F. Other food and drink	16,939,328	14,991,892	149,818,331	134,090,762
G. Tobacco	660,474	539,447	6,364,275	4,573,973
Total, Class I.	31,865,972	28,207,087	264,400,655	242,686,426
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,497	1,894	21,640	18,869
B. Other non-metallic mining and quarry products and the like	302,853	282,051	2,661,413	2,331,822
C. Iron ore and scrap	179,487	123,395	1,674,672	1,337,541
D. Non-ferrous metalliferous ores and scrap	575,654	496,747	5,057,178	4,295,188
E. Wood and timber	3,765,335	2,923,800	17,954,246	16,411,028
F. Raw cotton and cotton waste	1,578,986	2,211,838	16,408,597	19,506,566
G. Wool, raw and waste, and woollen rags	808,053	1,065,014	26,815,042	25,010,223
H. Silk, raw, knaps and nolls	87,018	86,934	800,533	951,306
I. Other textile materials	285,938	263,205	4,275,146	4,783,571
J. Oil seeds, nuts, oils, fats, resins, and gums	1,962,273	1,564,232	17,797,113	15,515,114
K. Hides and skins, undressed	989,421	944,038	7,665,193	8,907,353
L. Paper-making materials	761,730	749,282	6,052,756	6,252,099
M. Rubber	253,169	189,645	3,479,712	1,763,236
N. Miscellaneous raw materials and articles mainly unmanufactured	931,630	781,101	5,765,023	4,923,666
Total, Class II.	12,483,504	11,703,176	116,428,264	112,007,382
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	662	1,830	11,000	13,538
B. Earthenware, glass, abrasives, &c.	756,449	452,447	5,969,131	3,202,719
C. Iron and steel and manufactures thereof	1,357,894	498,318	12,008,084	6,552,076
D. Non-ferrous metals and manufactures thereof	1,474,803	1,241,860	13,899,285	9,435,301
E. Outfery, hardware, implements, and instruments	458,713	422,704	4,377,079	2,757,345
F. Electrical goods and apparatus	447,657	243,042	3,289,715	1,582,437
G. Machinery	1,051,329	701,185	9,575,483	7,242,296
H. Manufactures of wood and timber	614,017	354,562	4,698,257	3,851,094
I. Cotton yarns and manufactures	674,927	166,589	5,497,089	4,199,140
J. Woollen and worsted yarns and manufactures	1,145,794	223,878	8,495,613	1,400,653
K. Silk and silk manufactures	668,056	287,362	5,699,366	2,738,932
L. Manufactures of other textile materials	1,232,403	718,021	9,675,559	5,923,613
M. Apparel	1,828,147	601,108	13,471,347	4,765,807
N. Chemicals, drugs, dyes, and colours	1,056,011	824,779	8,185,238	6,432,834
O. Oils, fats, and resins, manufactured	2,211,725	2,921,413	19,889,145	21,234,701
P. Leather and manufactures thereof	973,361	542,456	8,058,170	5,409,037
Q. Paper and cardboard	1,391,246	1,197,458	9,980,013	8,710,535
R. Vehicles (including locomotives, ships and aircraft)	245,392	336,415	2,475,233	2,246,918
S. Rubber manufactures	268,939	169,317	2,182,761	1,170,026
T. Miscellaneous articles, mainly or wholly manufactured	2,273,145	1,147,681	17,794,932	10,444,880
Total, Class III.	20,132,670	13,072,425	165,232,500	106,163,682
IV.—Animals, not for food	327,276	129,936	2,341,117	1,823,974
V.—Parcel Post	471,621	200,190	4,686,753	3,261,954
Total	65,281,043	53,312,814	553,094,289	465,943,418

RICE.—The market has been quietly steady, and Wednesday's spot price of 10s. per cwt. is again unchanged on the week, and most forward positions are unchanged at 8s. 4d. Movements in London during the past week were as follows: Landed, 53 tons; delivered, 386 tons; stock, 1,944 tons, against 890 tons a year ago.

POTATOES.—Supplies were ample, and prices in consequence barely steady. "King Edward," light soil, were unchanged at 5s. to 10s.

SPICES.—Peppers have been steady but quiet, and "Black Singapore" was quoted 6d. per lb. on Wednesday, a fall of 1d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered, 43 tons; stock, 273 tons, against 600 a year ago. White, landed, 39 tons; delivered, 40 tons; stock, 402 tons, against 492 a year ago.

MEAT.—Some of last week's advance in Argentine beef was lost, and the quotation for chilled hindquarters was 3s. 8d. to 4s. 4d. on Wednesday, against 3s. 10d. to 4s. 6d. last week; New Zealand frozen mutton was 2s. 4d. to 2s. 10d., against 2s. 2d. to 2s. 10d. on Wednesday of last week. According to the Smithfield Market official report, supplies during last week amounted to 8,954 tons, against 9,417 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.6 per cent. of the beef supplies, against 83.9 per cent. a year ago. Imported mutton, mainly New Zealand, formed 73.6 per cent. of the total supply of mutton and lamb, against 74.7 per cent. in the same week last year.

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended August 31.		Eight Months ended August 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	2,672,333	2,644,324	21,922,555	24,544,792
B. Feeding stuffs for animals	133,243	110,519	1,406,432	1,154,894
C. Meat	83,207	75,968	780,875	688,219
D. Animals, living, for food	11,193	9,138	119,110	86,908
E. & F. Other food and drink	1,842,548	1,889,549	14,895,905	13,680,350
G. Tobacco	257,319	284,101	3,651,866	2,902,622
Total, Class I.	2,594,743	2,633,599	23,046,743	20,967,785
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,611,148	2,601,075	22,652,037	21,294,170
B. Other non-metallic mining and quarry products and the like	85,812	64,903	746,802	572,676
C. Iron ore and scrap	22,302	12,577	297,508	120,577
D. Non-ferrous metalliferous ores and scrap	25,319	52,140	300,290	330,354
E. Wood and timber	15,117	11,124	147,933	84,084
F. Raw cotton and cotton waste	22,798	31,505	206,904	302,994
G. Wool, raw and waste, and woollen rags	241,555	235,936	2,028,024	1,970,372
H. Silk, raw, knaps and nolls	1,108	588	6,148	6,172
I. Other textile materials	20,824	23,566	131,673	195,830
J. Oil seeds, nuts, oils, fats, resins, and gums	142,168	130,336	1,669,403	1,227,507
K. Hides and skins, undressed	35,956	27,894	542,172	320,600
L. Paper-making materials	47,513	58,076	471,759	458,367
M. Rubber	8,862	6,389	67,379	78,636
N. Miscellaneous raw materials and articles mainly unmanufactured	101,769	138,922	1,698,915	1,665,164
Total, Class II.	3,383,051	3,395,431	30,966,947	28,629,503
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	263,057	230,184	1,762,114	1,633,606
B. Earthenware, glass, abrasives, &c.	666,695	595,958	5,652,909	5,036,853
C. Iron and steel and manufactures thereof	2,173,946	2,249,547	20,562,466	18,920,277
D. Non-ferrous metals and manufactures thereof	491,132	566,003	4,814,466	4,301,567
E. Outfery, hardware, implements, and instruments	393,534	434,064	3,548,719	3,659,787
F. Electrical goods and apparatus	475,723	438,307	5,318,030	3,698,662
G. Machinery	2,174,262	2,086,243	21,859,475	20,772,900
H. Manufactures of wood and timber	101,562	80,393	959,986	812,794
I. Cotton yarns and manufactures	4,626,847	4,913,680	38,624,367	43,556,859
J. Woollen and worsted yarns and manufactures	2,225,141	2,243,219	17,173,811	16,278,827
K. Silk and silk manufactures	76,922	89,990	727,222	706,230
L. Manufactures of other textile materials	967,214	1,075,223	8,708,081	8,014,096
M. Apparel	1,190,031	958,285	9,215,786	8,005,355
N. Chemicals, drugs, dyes, and colours	1,117,125	1,433,328	11,604,771	11,996,541
O. Oils, fats, and resins, manufactured	387,799	459,893	3,653,207	3,330,284
P. Leather and manufactures thereof	239,730	201,981	2,155,048	1,842,874
Q. Paper and cardboard	489,402	520,616	4,135,139	4,347,061
R. Vehicles (including locomotives, ships and aircraft)	2,096,797	1,324,457	22,228,392	14,201,271
S. Rubber manufactures	144,520	149,818	1,504,154	1,318,913
T. Miscellaneous articles, mainly or wholly manufactured	1,664,179	1,601,451	14,631,182	13,846,457
Total, Class III.	21,965,398	21,652,640	198,843,704	187,081,214
IV.—Animals, not for food	85,784	47,201	702,972	440,187
V.—Parcel Post	1,107,939	822,915	9,884,178	7,760,151
Total	29,136,915	28,551,786	262,544,544	244,878,810

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets are still influenced by the possibility that effect will be given to the Ottawa agreements probably in November, these including an import duty on Plate linseed. The effect has been seen in the renewed activity in the linseed market, demand for near positions being strong. Plate linseed on spot at Hull advanced to 110, but an easier feeling has developed for seed on passage, up to 10s. 6d. has been conceded, and for October and November loadings 10s. 15s. has been paid. Current value for Plate afloat is 10s. 15s., and for shipment to the end of the year 12s. 8d. to 13s. 6d. Calcutta to London, September-October, has been done at 11s. 10s., and October-November at 11s. 12s. 6d. The quantity of linseed afloat for Europe has advanced to 197,000 tons, or 31,200 tons more than last week, and compares with 126,800 tons a year ago. Cottonseed is in better demand, and old crop Egyptian is now held for 27 10s., with new crop, October loading, quoted at the same figure. A considerable trade has been done in linseed oil in practically all positions, up to 17 10s. being paid for raw oil on spot at Hull. For September delivery 17 10s. is now quoted, and for October-December 17 15s. Forward positions have lost some of the premium they have enjoyed. Cotton oil is firm, and crude Egyptian ex Hull is quoted at 23 5s., and refined 25s. 10s. prompt. Other vegetable oils are also slightly dearer. Oilcakes are in moderate demand, and late quotations are maintained.

HIDE, LEATHER AND ALLIED TRADES.—Most descriptions of hides and skins have further advanced in price, in face of a good inquiry. At the Manchester sales of domestic supplies, all weights and classes of ox and heifers, together with cows and bulls, made 1d. per lb. more, while calfskins were from 1d. to 1d. per lb.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed per lb. 11				Best heavy ox and halfter			
GRAIN, &c.—				American, boxes, 56 lbs. 48				Lincoln hrg. washed				Best calf			
Wheat—				POTATOES—				Queensland, sud. super cmbg. 19				Best ox			
No. 2, N. Man. 496 lb. 28				Good English, per cwt. 4				N.S.W. greasy, super 11				Best heavy			
Eng. Gaz. av., per cwt. 5				SPICES—				N.Z. gray, half-bred 50-56 10				INDIGO—			
Barley, Eng. Gaz. av. 8				Pepper, per lb.				Tops—				Bengal gd. red. vio. to			
Oats				Munro, fair White 0 7 1/2				Crosbred 40-44 6				fine—per lb. 5 6			
Maize, La Plata, landed				Black Lampong				Merinos 70's				LEATHER—			
480 lb.				Cinnamon—1st sort, per lb. 0 6 1/2				64's				Sole Bends 8/4 lb.—			
Flour, Lon. stan. ex mill,				Cloves—Zanzibar per lb. 0 7 1/2				Crosbred 48's				per lb.			
280 lb.				Ginger—per cwt.				46's				Bark Tanned Sole			
Rice, No. 2 Burma, per cwt. 10				African				COAL— MINERALS. s. d. s. d.				Shades for ton DS Hides			
Tapioca, per cwt.				Jamaica, ord. to good. 57 6 90 0				Welsh, best Ad'y				Do. Eng. or WS do.			
Fair Flax, Singapore.. 11				Mace				Durham, best gas, f.o.b. 14 6				Do. Eng. or WS do.			
MEAT—				Nutmeg 65s				Sheffield, best house, at				Belles from DS do.			
Beef, per 8 lbs.				SUGAR—				pits				Do. Eng. or WS do.			
English long side				(Duty, 11s. 8d. per cwt.)				IRON AND STEEL—				Dressing Hides—			
Argentine chilled hinds				B.W.L. crystallised				Pig, Cleveland No. 3, ton 58 6				Bo. Eng. Calf, 20/30 lb.			
Mutton, per 8 lbs.				Java, white, c. & f. India				Bars, M'brough				Aust. Bends			
English wethers				Ang. Oct.				Steel Rails, light				VEGETABLE OILS—			
N.Z. frozen				Refined—London—				Tin Plates, per box				Lined, naked, p. ton net			
Pork, English, per 8 lbs. 4				Crystals				15 9 15 9				Rape, refined			
OTHER FOODS.				Crushed				MRTALS— s. s. d. s. s. d.				Cotton-seed, crude			
BACON—				Yellow Crystals				Copper, Electrolytic, ton 37/0/0 38/0/0				Coconut, crude			
Irish				Cubes				Shoets (strong)				Palm			
Danish				Crushed				Standard				Oil Cakes, Lined, Eng.			
Dutch				Orange Peckos				Lea Eng. Pig.				per ton			
CANADIAN				Broken Peckos				Port Foreld				Oil S—Lined—			
American				Broken Orange Peckos				Splter G.O.B.				La Plata, p. ton			
AUSTRALIAN				Ceylon—per lb.—				Tin—English Ingots				August-September			
New Zealand				Peckos				Standard cash				Calcutta—per ton			
Danish				Broken Peckos				MISCELLANEOUS.				Turpentine, per cwt.....			
CHEESE—				Orange Peckos				CHEMICALS— s. d. s. d.				PETROLEUM PRODUCTS— s. d.			
Canadian				Broken Orange Peckos				Acid, citric, per lb. less 5% 0 10 1/2 0 10 1/2				Mole spirit, No. 1, Lon-			
New Zealand				Ceylon—per lb.—				Oxalic, net				don			
English Cheddar				Peckos				Tartaric, English less 5% 0 10 1/2 0 10 1/2				Petroleum, Amer. rfd.			
Dutch				Broken Orange Peckos				Alcohol, Plain Ethyl				bri. London per gal.			
COCOA—				Broken Orange				Alum, lump				Fuel oil, in bulk, for			
(Duty, British grown,				TOBACCO—				Ammy, carls				contract, ex instal.			
11s. 8d.; foreign, 14s. cwt.)				9/8-10/6 1/2 per lb.				Sulphate				Thames			
Acorn, f.f.				Empire growers, 7 1/2-8 1/2 per lb.)				Arsenic, lump				Furnace .. per ton			
Gronada				Virginia leaf—				Bleaching powder, per cwt. 8/0/0 8/0/0				Diesel			
COFFEE—				Common to fine				Borax, gran.				Lubricating oil ex store,			
(Duty, British grown,				Rhodesian leaf				Do powder				London—per ton ..			
11s. 8d.; foreign, 14s. cwt.)				Nyasaland leaf				Nitrate of Soda, per cwt. 9 0 9 6				Swedish n/s 3 x 8 per std. 16 0 6			
Santos sup'r. c. & f. cwt. 66 0 Nom.				Brazilian leaf				Potash—Chlorate, net				" 2 x 4 " 15 0 0			
Colombian, med. 75 0 95				Eas. Indian leaf				Sulphate .. per cwt. 11 0 11 6				Can. Spruce, Dis .. 14 0 0			
Costa Rica, good to good 85 0 115 0				" "											

Banks, &c.—Continued.

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RESERVE LIABILITIES	£10,000,000
RESERVE LIABILITIES OF PROPRIETORS	£20,000,000

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THE MONEY MARKET.

MONEY has once more been very easy, with $\frac{1}{4}$ per cent. the ruling rate for both old and new money. Over the week-end, the usual conditions of extreme ease prevailed, while towards the middle of this week revenue and Treasury bill payments made money a shade more usable. Apart from the fact that the clearing banks were buyers of all maturities, the discount market has been very inactive. On September 16th Treasury bill offerings amounted originally to £50.0 millions, but in the end it

was found that the full amount was not required, and so the allotment was reduced to £46.0 millions. As a result of heavy applications, the average tender rate fell from 12s. 11.7d. to 9s. 7.39d. per cent., or to a new low record, the previous low record having been 9s. 11.05d. per cent. on August 5th last.

With business practically limited to occasional clearing bank buying, discount rates have become very weak. October Treasury bills were quoted in the market at $\frac{3}{8}$ per cent., Novembers at $\frac{1}{2}$ per cent., and Decembers at $\frac{1}{4}$ per cent., but the clearing banks have as a rule succeeded in buying Octobers at $\frac{3}{8}$ per cent. and other maturities at $\frac{1}{4}$ per cent., and on Thursday, when the rate on "hot" bills was showing a tendency to harden, it was forced back again by a bank purchase to the old rate of $\frac{1}{4}$ per cent. A certain number of "hot" Treasuries were thrown on the market by their original holders at $\frac{3}{8}$ per cent., or cost price. Three months' Bank bills are quoted at $\frac{1}{2}$ per cent., but most business has actually been done at a slightly lower rate. Standstill bills are quoted at 1.2 per cent., and some houses are less ready to take them up than they were earlier in the year.

	Sept. 1, 1932.	Sept. 8, 1932.	Sept. 15, 1932.	Sept. 22, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2 (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount / Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses / Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	1-2	1-2	1-2	1-2	...

The low rates and inactive conditions prevailing in the discount market are becoming a problem to the smaller firms, for the bills bought at the higher rates current earlier in the year ran off some time ago. It must be remembered, however, that brokers were able to earn substantial profits during the period of falling money rates early in the year, and also out of the appreciation in the gilt-edged market, and so they ought not to achieve too bad results on the year as a whole. On the other hand, it is a matter of considerable importance for them to know how long the present regime of low and unremunerative rates is likely to last, and a point of more special importance this week is whether or not to apply specially for end-of-December maturities.

To judge from Government statements, and also from the Ottawa Conference Monetary Report, the present intention is to keep money very cheap for an indefinite period, in order to leave the way clear for a revival in trade. It is needless to add that recovery depends upon a large number of factors besides cheap and plentiful credit, but it is obviously essential that the commercial world should be able to count upon cheap money for a considerable time to come, even though supplies of credit are, under the present adverse conditions, in excess of requirements. It therefore seems safe to assume that the December 31st half-year will pass just as easily as did that of June 30th, and this implies that there is no need for the market to compete for end-of-December maturities to the extent of driving down the rate.

The Bank return records a return of £3.0 millions of notes from circulation, and with gold movements negligible the reserve is increased by the same amount. Though this contraction is explained in part by the return of holiday notes, it is rather more pronounced than is usual at this time of year. The only other movements of note are an increase of £11.0 millions in Public Deposits to £29.9 millions, and a decrease of £7.2 millions in Bankers' Deposits to £82.6 millions. The former movement is due to an excess of Treasury bill payments over maturities, and also possibly to certain revenue payments which are concentrated in the middle of the month. The decline on Bankers' Deposits is the resultant of the contraction in

the note circulation and the increase in Public Deposits. It explains the very slight hardening of money towards the middle of the week.

The Foreign Exchange market was again very quiet this week. The reaction in sterling which set in a short time ago continued and became more pronounced, but was less marked at the close. The New York rate fell from 3.47 $\frac{1}{2}$ to 3.45 $\frac{1}{2}$. Montreal was unchanged at 3.85 $\frac{1}{2}$. Paris hardened to 88 $\frac{1}{2}$ and Brussel to 24.90, against 88 $\frac{1}{2}$ and 25.10 last week. Milan improved fractionally to 67 $\frac{1}{2}$, as did Madrid to 42 $\frac{1}{2}$. Amsterdam was five points better at 8.61, and Berlin eleven points better at 14.51. Switzerland went from 18.02 to 17.92. The Scandinavian currencies were not much changed, Stockholm moving only two points against us at 19.49, whilst Oslo and Copenhagen remained at last week's levels of 19.87 and 19.28. The South American currencies are still largely nominal, and remained at last week's levels. In the Far East the rupee, after some hesitation, was unchanged at 1s. 6 $\frac{1}{2}$ d. The yen improved by $\frac{1}{2}$ d. to 1s. 4 $\frac{1}{2}$ d. Batavia was unchanged at 8.67. In the forward market dollars were less offered at narrower discounts of $\frac{1}{2}$ cent for one month and $\frac{1}{2}$ cent for three months. Paris was quoted at 2 and 7 centimes discount. Belgas were better at 8 and 23 centimes discount, against 10 and 30 centimes discount last week. One month's Milan was weaker at $\frac{1}{2}$ lira discount, three months being unchanged at $\frac{1}{2}$ lira discount. Madrid was at $\frac{1}{2}$ peseta discount for one month and $\frac{1}{2}$ peseta discount for three. Amsterdam improved to $\frac{1}{2}$ cent premium for both deliveries, whilst Switzerland was unchanged at $\frac{1}{2}$ and 1 centime premium for one and three months respectively. Silver was $\frac{1}{2}$ d. lower for both quotations at 17 $\frac{1}{2}$ d. for cash and 17 $\frac{1}{2}$ d. for forward, India being a seller as a result of political uncertainty. The China silver exchanges reacted in sympathy, both Hong Kong and Shanghai being $\frac{1}{2}$ d. cheaper at 1s. 4d. and 1s. 9 $\frac{1}{2}$ d. respectively.

The main feature of the foreign exchange market has thus been the weaker tendency of sterling, and it is understood that when the New York rate fell below \$3.46 on Thursday, some official intervention was thought desirable. The causes of this weakness are seasonal purchases of dollars to finance crop movements and possibly a return of foreign capital to Wall Street as a result of the revival in the New York stock market. Francs have also showed some strength, and here it is suggested that there has been some foreign buying of rentes in order to take advantage of the conversion offer. The fact that the New York rate has lately been held at just under \$4.50 does not mean that sterling is going to be stabilised at that point. To disprove suggestions to that effect, it is only necessary to point out that many questions require to be settled before stabilisation can be considered.

New York money rates remain unchanged, with call money at 2 per cent. and 90-days bankers' acceptances at $\frac{1}{2}$ per cent. in the open market. According to the American Acceptance Council, bankers' acceptances at the end of August amounted to \$681.5 millions. This represents a decrease on the month of \$23.2 millions and on the year of \$408.9 millions. Member bank demand deposits increased by \$221.0 millions during the week ended September 14th. This reflects Government financing in the middle of the month, and, incidentally, the impression is growing that the Tax Bill passed last session will be inadequate to provide for the deficit. Gold arrivals during the week ended September 21st amount to \$3.4 millions, while withdrawals from earmark are returned at \$29.6 millions. There were no gold exports of note, so that the net gain on the week is about \$33 millions.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

BRITAIN'S NOTE TO GERMANY.

We cannot congratulate either the German or the British Government on the developments, for which they are severally responsible, in the course of the armaments negotiations during the past week. Last Saturday two acts of the German Government were announced which have seriously added to the difficulties of an already difficult diplomatic situation. It was announced that the von Papen Government had informed the President of the Disarmament Conference, Mr Arthur Henderson, of their decision not to be represented at the current meetings of the Bureau of the Disarmament Conference. Simultaneously it was announced that the German Government had given orders for the laying down of the third of the six "pocket-battleships"—those expensive miracles of perverse ingenuity—that are allowed to Germany by the Versailles Treaty. Both acts were, of course, strictly within Germany's legal rights; but at the same time both were gravely prejudicial to Germany's own true interests—not to speak of the interests of the international common weal with which all national interests, German and other, are manifestly bound up in this post-war world.

Yet, if Germany's attitude has been sadly lacking in diplomatic finesse, and has, indeed, been such as to lend weight to the suspicion that her present rulers desire not so much universal disarmament as re-armament for Germany, it is difficult to feel greater satisfaction with the Note embodying the British Government's contentions in this controversy. It falls, in effect, into two chapters, the first critical, the second expounding British views. The critical chapter concludes with a declaration of opinion that "the correct position under the Treaty of Versailles is that Part V is still binding, and can only cease to be binding by agreement." This conclusion, which is clearly not open to challenge, is led up to by an impeccable legal argument; and it is supplemented by some blunt expressions of opinion on Germany's tactics. "His Majesty's Government . . . think it unfortunate that a political controversy of this magnitude should arise at this moment, when it is so necessary that attention and energy should not be diverted from efforts which are being undertaken, and are so urgently needed, to restore the productive and commercial prosperity of the world." It is submitted, further, that, "in view of Germany's economic difficulties, the initiation of acute controversy in the political field at this moment must be accounted unwise," and that, "in view of the concessions so recently granted to Germany by her creditors, it must be accounted particularly untimely."

So runs the critical part of the Note. Two comments upon it suggest themselves. The first is that apparently Germany does not directly challenge the British reading of the Treaty—indeed, later on the Note itself assumes as much. The strong element in her case is that, in view of the statements made both in the Treaty and in the Clemenceau letter, the Allies are morally bound to disarm. Whether Germany was in a position in 1919 to refuse any terms the victors might have dictated is not now relevant; the fact is that the picture of the future world then placed before Germany was not one in which she remained with a minimum of armaments while the other Powers retained an overwhelming superiority of military force. The picture was rather one of a world secured by international agreements in which the maintenance of peace required, in the words of the Covenant, "the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations." Germany has a right to say that her signature of the Treaty imposed a moral obligation on the nations which they have not fulfilled.

As to the untimeliness of Germany's intervention, there is no doubt that her action has forced an issue which will hold up world recovery until it is settled. But the curse of the world for a decade has been procrastination. If the Powers had shown greater keenness during the Disarmament Conference itself—to say nothing of the past twelve

years—to reduce their forces substantially, the internal situation in Germany would have been very different and she would not have been goaded to put forward so "untimely" a demand.

The statement, however, recognises that Germany's case is not based "on legalistic deductions from the language of the Treaty of Versailles," but is an appeal for adjustment on the moral ground that the disarmament clauses of 1919 were intended to be the precursor of general limitation by other nations. "His Majesty's Government do not deny the fact and do not seek to minimise the force of the contention." They therefore seek a way in which Germany's claim may be met, and in this connection they define the purposes of the Conference in somewhat ambiguous terms by asserting that "the objects to be aimed at are, in the case of the more heavily armed Powers, the largest possible reduction, and in the case of lightly armed States, at any rate no material increase" (*sic*). From this they proceed to set out their own position, which is that hereafter all arms limitation will be controlled by the same process, and limitation "already prescribed by existing treaties—such as the Peace Treaties or the Naval Treaties of Washington and London—will, save so far as they are modified by mutual consent, reappear in the voluntary and comprehensive compact about to be negotiated at Geneva." This means that there will be no distinction of status, and so far as the juridical side is concerned, is a frank acceptance of the point of view of Germany, whose demand (as set out in the famous *aide-memoire*) is that "the Disarmament Convention takes the place of Part V of the Versailles Treaty for Germany." It is true that there is a touch of diplomatic adroitness in the grouping together of the clauses of the Peace Treaty, which was imposed upon Germany, and of the Washington and London Naval Treaties entered into voluntarily. But the Note is perfectly right; the whole system should be brought within a single code.

This, however, still leaves uncovered two important considerations. The first is that if Germany's armaments, without having attained *de facto* equality (and she has expressly stated her willingness to concur, as a transitional solution, in some measure of inequality), are to be limited by a General Convention, the clauses of the Convention applying to Germany must not last for ever. This point is emphasised in the German Note. If German's legal status is placed on the same footing as that of the other countries, the point might be met by the Covenant which provided for the revision of a general arms Convention every ten years. It is possible that under the conditions anticipated the agreement might even be for a shorter period in the first instance.

The second consideration is still more vital. It is that other countries must come down to a level much nearer to that of Germany, the alternative being a demand which may prove irresistible that Germany should be permitted to rearm. There are sections of opinion in some of the former Allied Powers which would rather see Germany permitted to rearm than have to make drastic cuts in their own armaments. That solution—the "tragic paradox" of the British Note—leads to disaster. But that or drastic cuts by other countries is the choice before us. We do not believe that the voluntary reductions hitherto made by the United Kingdom, or by any other Power, have been at all commensurate with the reductions that are urgently called for by the present critical state of international affairs. And we look in vain for any clear indication in the British Note that the Government is determined to press at Geneva for such measures of armaments reduction in the victors' case as would provide an answer to Germany's charge of breach of faith on the ex-Allies' part, and make it possible for her to renew as an entirely voluntary act an engagement to limit her armaments to something like their present scale.

Here, in fact, is the crux of the whole matter. The British Government may admonish Germany for General Schleicher's tactlessness; it may feel disappointment that

its Note has been denounced by the German press as a piece of insincere hypocrisy. It may protest that its intentions are both sincere and laudable. But unless the British Note is followed by a positive proposal on Britain's part that reduction by the "heavily armed" towards Germany's level should at least be begun here and now (and reduction by means of budgetary limitation suggests itself as a promising method for yielding quick results), our moral lecture to Germany will prove, we fear, exceedingly unfruitful.

LIBERALS AND THE GOVERNMENT.

GROUNDLESS expectations, to which currency had been given by a section of the Conservative Press, that Wednesday's meeting of the Executive of the National Liberal Federation would serve as an occasion for the announcement of the resignation of the Liberal Ministers, have not unnaturally been disappointed. According to the official account of the proceedings, Sir Herbert Samuel informed the meeting that the Ottawa proposals were discussed (on very brief reports, we imagine) in the Cabinet on August 27th, immediately after the return of the delegates. Since then the Cabinet has been scattered; but on August 29th Sir Herbert Samuel sent his colleagues in the Government a memorandum reviewing the situation and suggesting a course of action. At a meeting of the Liberal Ministers on September 8th provisional conclusions were unanimously reached and confirmed at a further meeting held on September 14th. The Prime Minister had announced that the final consideration of the legislation called for by the Ottawa agreements would be begun at a meeting of the Cabinet to be held on September 28th. Pending that meeting, Sir Herbert was not able to make any statement as to the course which the Liberal Ministers would take in the Cabinet discussions. Indeed, having regard to the obscurity of the Ottawa documents so far published, and to the fact that no definite decision as to legislation can yet have been taken by the Cabinet, it would obviously be proper that the Liberal Ministers should deem it necessary to satisfy themselves as to the considered attitude of the Prime Minister and the Conservative section of the Coalition before finally deciding whether or not to remain within the Government.

Nevertheless, unless the Conservative Ministers are prepared to modify the Protectionist trend of tariff policy which they have instituted to the detriment of every real national interest, the resignation of the Liberal Ministers can hardly be withheld. It is difficult to suppose that Mr Isaac Foot would have been so outspoken at Cardigan on Tuesday in denouncing the Ottawa agreements had he not known that when the agreements were debated in the House he would be repeating his criticisms from a position other than the Government front bench; and it is understood that at the Liberal Executive meeting both Sir Herbert Samuel and Lord Lothian significantly endorsed all that Mr Foot had said. In so far as the feeling of the Liberal Party with regard to the Ottawa agreements is concerned, the resolution passed at Wednesday's meeting should leave Sir Herbert Samuel and his colleagues in little doubt as to the opinion of the party. The resolution declares that the Ottawa agreements increase instead of reducing the impediments to world trade, involve an unprecedented surrender of the rights of the British Parliament, limit the power of this country to negotiate freer conditions of trade with other countries, impose fresh burdens upon the mass of the people by taxing or otherwise raising the price of essential foodstuffs, and nullify the value of Dominion "concessions" by accepting the vicious principle of compensatory tariffs. It ends by calling for uncompromising opposition to the agreements. If, as we believe, Sir Herbert Samuel and his colleagues share this view on an issue fraught with consequences so vital to our future evolution for years to come, the Liberal Ministers cannot retain their places in the Government unless their colleagues are able not only to express the intention but to produce an effective plan for securing the increase of international trade of which Mr Baldwin spoke so wisely at Ottawa.

The withdrawal of the Liberal Ministers will doubtless be proclaimed in many quarters as an "unpatriotic" step. It will be argued—it is indeed already being argued in advance—that the situation in India and in Ireland is grave; that the League of Nations is facing a critical problem in Manchuria; that the Disarmament Conference has reached a crucial stage in its proceedings; that the World Economic Conference is imminent; and that it is undesirable that the influence of Britain should be weakened by the disintegration of the "National" Government. It may be argued too, though this is not an aspect of the situation on which the leaders of the Conservative Party may care to dwell, that domestically the state of our foreign trade and our unemployment is as critical to-day as when the "National" Government came into being. For the Liberal Ministers to disassociate themselves from the Administration at this juncture because of doubts as to the wisdom of certain "tariff experiments" is bound to be assailed as "desertion in the face of the enemy."

We are not disposed to minimise the force of the argument that there is still undiminished need for unity of national purpose in this country, and we are prepared to agree that it would be worth while to pay a considerable price for the maintenance of a Government which gave convincing evidence of its determination and ability to deal with every facet of the great economic and political problems confronting us in such a way as to serve unmistakably the national interest. Indeed, if the record of the present Government were in other respects impeccable, it would undoubtedly make the decision of the Liberal Ministers in weighing the balance of advantage and disadvantage much more difficult. As it is, we are convinced that, unless the Government has a far more constructive policy than has yet been disclosed, the balance of advantage swings quite clearly in the direction of resignation. For though the Ottawa agreements may fairly be regarded as the last straw, the real case for resignation rests on wider grounds, namely, that since it came into office the general policy of the Government has not been nearly as vigorous in grappling with the world crisis as the situation requires and that liberal opinion can play its part most usefully in external but constructive criticism of the Government's actions.

A year ago, when a real crisis of panic threatened the stability of this country, we gave unqualified support to Mr MacDonald's decision to form an all-party administration to deal with the emergency. The decision was justified by its fruits: the Budget was balanced, and though the suspension of the gold standard could not be averted, confidence in sterling was rapidly restored. Had the Emergency Administration remained in being, imbued with the sense that its function was to give single-minded attention to the critical situation of this country and of Europe, without considerations of party alignment, until the foundations of recovery were surely laid, the history of 1932 might have been happier. As it was, a needless, unjustifiable and delusive general election produced a new Parliament quite unrepresentative of the real distribution of opinion in the country, and a new Government, indistinguishable from a Coalition, in which a Liberal minority has done little more than tinge the hues of an otherwise Conservative policy.

The result has been far from satisfactory. The Government has a few excellent achievements to its credit, including in particular the success of the conversion scheme, but in general it has to an increasing extent suffered from the weakness of all Coalitions whose life is prolonged beyond a specific *ad hoc* emergency, such as a war, or a single piece of legislation for whose enactment clear-cut accord is concluded. Above all, Parliament has suffered from the lack of the honest and open criticism, which is the breath of life to democratic government. In the withdrawal of the Liberal Ministers from an Administration whose main positive activity has been to pile tariff on tariff, and whose supposed expression of the "general will" involves increasingly an element of political insincerity, we should find, for our part, not a weakening of British influence abroad, but the re-establishment of healthy reality in British politics.

A YEAR OFF GOLD.

ON Monday this week sterling celebrated the first birthday of its departure, for good or for evil, from gold. The year has been extremely chequered, but on the whole sterling has thrived better than might have been expected—certainly much better than might have been inferred from the lugubrious prophecies heard immediately before the suspension of the gold standard. In order to review its varying fortunes, we have prepared the chart published at the foot of this page. The keyline in this chart is the course of the sterling-dollar exchange, the rate being plotted for every Thursday during the year. We have also added to the appropriate dates the principal events of the year which had a distinct bearing upon the exchange value of the pound and also of the dollar.

The year began not only with the suspension of the gold standard, but also with the institution of a 6 per cent. Bank rate and the imposition of certain moderate restrictions upon the sale of sterling. The pound had to begin by finding its new level, which it did for a few weeks at \$3.90. During October the dollar was subjected to considerable pressure, mainly because Continental central banks were abandoning the gold exchange standard and turning their dollar *devises* into gold. This involved the United States in gold losses of \$750 millions and necessitated a double increase in the New York rediscount rate from 1½ to 3½ per cent.

November witnessed the second big decline in sterling, which was due to a variety of causes, all operating in a very restricted market. These included purchases of foreign exchange to finance seasonal and "abnormal" imports in forestalment of the tariff, and the liquidation of the Netherlands Bank's sterling balances. It is also possible that preparations for the repayment of the last part of the Bank's credits and of the Treasury credits were in hand. At this juncture, however, began the outflow of gold from India which was to be of such assistance both to India herself and to the pound. The result was that by December the decline in sterling had been checked, with summary punishment inflicted upon the "bears," while in January, when it became clear that revenue was coming in well, the foundations were laid for a recovery.

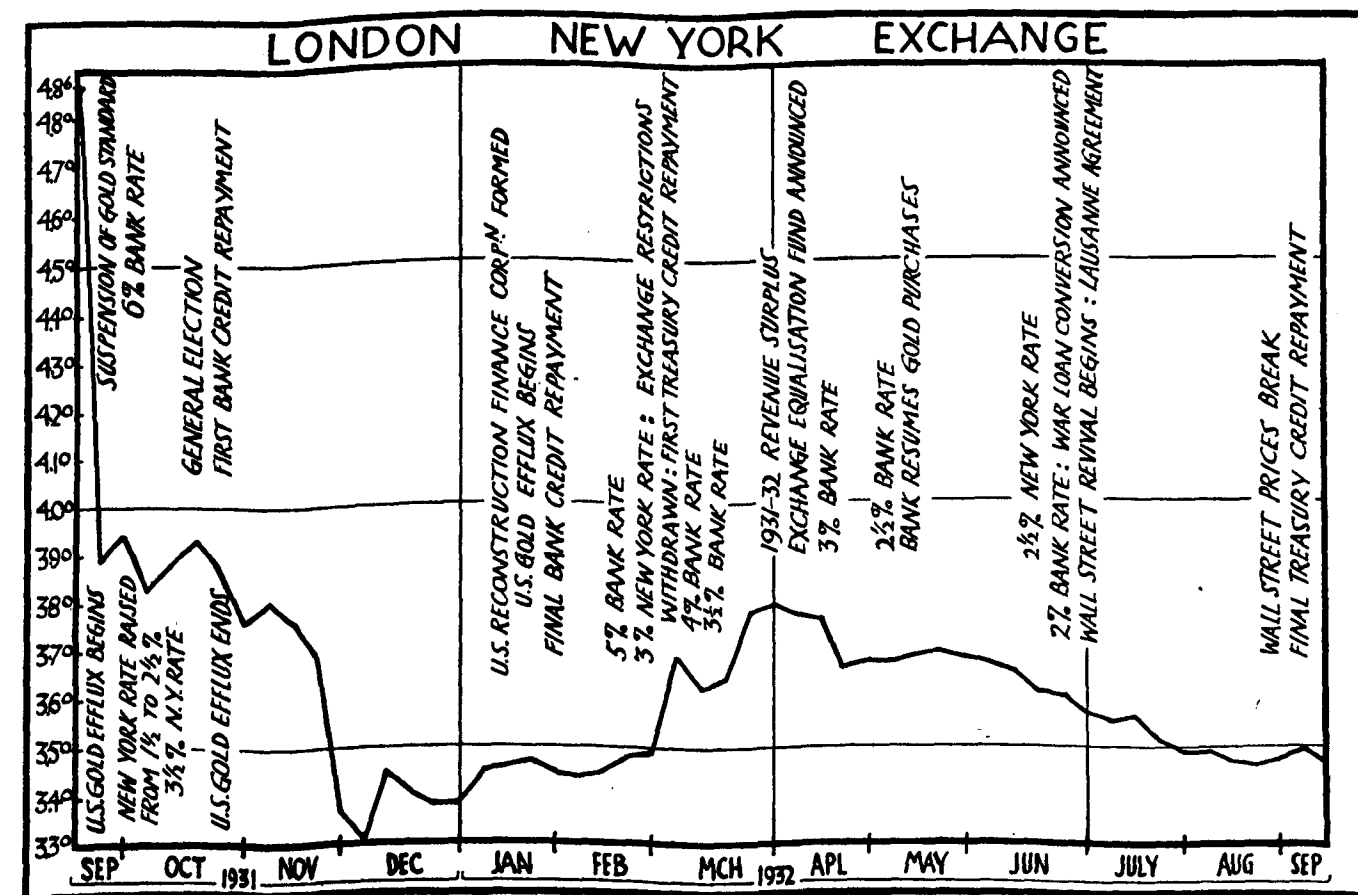
Meanwhile the American authorities were embarking upon their policy of credit expansion. In the middle of January the Reconstruction Finance Corporation was formed, and the same week witnessed the beginning of the

big gold efflux from the United States. The following month the Glass-Steagall Act was passed, permitting a further expansion of Federal Reserve credit, and the Reserve Banks began their big purchases of Government securities. This credit expansion had one good effect in that it checked bank failures and enabled member banks to reduce their indebtedness to the Reserve system; but it did not inspire world confidence in the dollar, especially as it was by then clear that the American budget was unbalanced. A final disturbing influence was the decision of France to withdraw her balances from New York.

Thus, to the recovery of sterling during the first quarter of 1932 several influences contributed. It represented in part a natural reaction from our abnormal depreciation of December, helped by the improved budgetary position and the repayment of our foreign credits. On the more tangible side, the sales of Indian gold, estimated at £32 millions up to the end of February, had had a cumulative effect, while the introduction of the tariff and the conclusion of forestalling brought a sudden drop in imports into Great Britain. But a further contributory factor was the temporary loss of foreign confidence in the dollar for reasons stated above.

The rise in sterling lasted until April, and was accompanied by further repayments of Britain's Paris and New York credits, by reductions in Bank rate from 6 to 3 per cent., and by the removal of the restrictions upon foreign exchange dealings. In April came the Budget and the announcement of the impending establishment of the Exchange Equalisation Account, which actually came into being on July 1st. This gave a definite check to speculation in sterling for the rise, and the pound fell back to just under \$3.70, where it was pegged during May and early June. In May, too, the Bank of England was able to begin the replenishment of its gold stocks.

From that date onwards the course of the New York-London exchange ceased to be sensational. The balancing of the United States budget and the gradual realisation abroad that the American authorities had no intention of carrying schemes of credit expansion to any dangerous point removed one factor, namely, mistrust in the dollar, from which sterling had previously benefited indirectly. Moreover, not only did seasonal purchases of dollars for normal import financing exercise a gradually depressing influence on sterling, but the mid-summer revival in Wall Street attracted a certain volume of European funds. On the other hand, the successful conversion of the 5 per



cent. War Loan was a strong factor making for long-term confidence in sterling; there was little trace of bear speculation in the pound, and the general impression in foreign centres was that the resources in the hands of the British authorities were adequate to prevent any violent fluctuations. Thus, twelve months after the suspension of the gold standard, we see no reason short of an improbable boom of great dimensions in Wall Street to forebode in the next six months a recurrence of the violent movements which characterised last winter.

EUROPEAN WAGE TRENDS.

(BY A CORRESPONDENT.)

PRECISE comparison of the course of wage movements in different countries is impossible, partly because of the inadequacy of statistical material, and partly because of the complexities of wage-fixing methods and adjustments, especially in Great Britain. A study of the available official information, however, indicates that in the crisis conditions of the past twelve months wage rates in Great Britain have on the whole yielded less to the economic pressure than in several other important industrial countries. The figures published by the Ministry of Labour give a broadly accurate impression of what has happened in this country, but they may be regarded as to some extent an under-statement, seeing that agricultural workers, Government employees, shop assistants, and some other classes of workers are not included. All the basic and most of the general miscellaneous industries and trades are covered, however, and it is shown that in these there were net decreases in the wage rates of approximately 1,259,000 persons during the six months ending June 30th this year, and a reduction of £159,000 in the total weekly wages of those persons, estimated on the basis of full-time working. In the corresponding period of 1931, before the financial crisis was added to the world trade depression, the comparative figures were 2,008,000 workpeople and £226,500. For the whole of 1931 wage reductions affected just under three million persons, and the total weekly amount was round about £400,000, compared with 1,100,000 and £57,000 in 1930. A large part of all these reductions is attributable not to claims by employers on account of trade depression but to the operation of cost of living sliding scales. Other sliding scale reductions based on the selling price of the product of the industry, notably in iron and steel, are more directly the result of trade depression.

The minimum rates of coal mine workers, who have been on an extremely low scale since 1926, remained unchanged in the period under review. Other groups important numerically whose wage rates were maintained during 1931 were cotton operatives, printers, seamen, dock and flour mill workers, but, as will be seen below, the impetus given by the deepening depression to what on the Continent are described as claims for "crisis reductions" has now extended the movement to nearly all these workers—concerted action being taken at the time of writing to enforce a heavy reduction throughout the cotton industry, and claims by printing trade employers and the L.G.O.C. being still under discussion.

Taking a rapid survey of the wage changes in the principal industries during the past twelve months, it may be noted that it is not possible to estimate the general effect of the successive adjustments in the rates of iron and steel workers in percentage terms, because they are not uniform throughout the producing districts, and in some cases the employers have not pressed for the full reductions they could have claimed under the sliding scale provisions, while in others it has been agreed that wages should not fall below a specified level. In some of the specialised sections of the steel industry in Sheffield, in which the sliding scale does not operate, there were reductions in bonus payments amounting to several shillings a week, again with modifications for low-paid men.

The most drastic change covering a large number of workers in 1931 was the enforcement by most of the employers in the woollen textile industry of Yorkshire, acting individually after the termination of the agreement with the unions, of cuts of 11.7 per cent. on time and 11.2 per

cent. on piece rates. This was definitely a cost-lowering movement. In the engineering industry there was an agreement to reduce costs by a less drastic adjustment in overtime and night shift rates, and a modification of piece rates so as to enable a workman of average ability to earn only 25 per cent. instead of 33 per cent. above time rates—a method of readjustment which was also followed by the boot and shoe trade employers. In the shipyards there were changes, in so far as they were applicable, similar to those accepted by the engineering workers, and in addition some rather drastic reductions in, or complete elimination of, abnormal bonus payments which had persisted since the war were enforced. Railway workers in nearly all grades accepted a reduction of 2½ per cent. on gross earnings, with a further reduction of 2½ per cent. on earnings above 40s., and a similar cut was later accepted by most of the tube and underground workers employed by the London Combine. Early in 1932, after prolonged negotiations, dock workers agreed to a reduction of 10d. per shift on time rates and 7 per cent. on piece rates, and marine workers accepted one of 9s. to 12s. per month for ordinary seamen and 18s. for other classes. The wages of tramway workers throughout the country, and later of the London tramwaymen, were reduced by about 1s. per week.

The reductions in miscellaneous trades varied widely, ranging mainly from 1s. to 3s. a week, with the majority round about 2s., or 5 per cent. In these groups are included manual workers employed by local authorities. There were small adjustments, apart from cost of living reductions, in the building trades, and cuts varying between 6d. and 3s. per week were accepted by agricultural workers in a number of counties.

A survey of all these figures, covering two or three million workers, shows that, apart from the woollen textile operatives and the Lancashire cotton operatives affected by the present dispute, the majority of the more serious reductions do not represent more than about 5 per cent. on the total earnings of those concerned. This contrasts sharply with the heavier cuts which many Continental workers have been called upon to accept, especially in Germany under the emergency decree of December last. It is not possible to bring the United States into a comparison, owing to the lack of reliable records and the disorganisation of masses of workers, but there is good reason to believe that in the past few months drastic reductions have been widely enforced.

The avowed purpose of the German decree, which took effect on January 1st this year, was to justify the enforcement of lower prices by a reduction of all wage rates covered by agreements to the level fixed by the corresponding agreements on January 10, 1927. In the second half of 1931 wages had already been reduced in many industries, outstanding instances being iron and steel 1s. per shift; coal 4 per cent.; textiles in Saxony 5 per cent.; and metal and engineering 6 per cent. The extent to which the decree increased these and other reductions is shown by a comparison of the rates prevailing on January 1st this year and a month earlier. For skilled workers there was a decline of 9 per cent. in the building and paper trades; round about 10 per cent. in coal mining, pottery, baking and confectionery, and the Federal railway and postal services; 11.4 per cent. in brewing; 11.6 per cent. in metal and engineering; 12.8 per cent. in printing; 13 per cent. in lignite mining; and over 14 per cent. in chemicals and paper goods. These reductions, virtually all of which still continue, although negotiations for revision were possible after April 30th, indicate the heavy fall over the whole of industry in Germany, as compared with Great Britain.

In Belgium there have been reductions in coal mining, transport, iron and steel, engineering and other industries averaging about 5 per cent. In the Saar iron and steel wages were cut by 6 per cent. in November. In the North of France a reduction of 4 per cent. in the textile industries last year was followed by one of 10 per cent. in January this year, and a recent award in the northern coalfields provides for a cut of 7½ per cent. in two instalments. In Sweden a general movement for "crisis reductions" has been carried through, not without strong opposition from the workers, through the State conciliation machinery, the principal reductions being:—Iron and steel and engineer-

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ing, 6 per cent. piece workers and 4 per cent. time; saw milling, 9 per cent. piece and 6 per cent. time; paper workers, 4 per cent.; and dock workers, varying amounts. In several industries also hours have been extended from 48 hours weekly to 52. In Holland typical reductions in recent months are textile workers, 10 per cent.; dock workers, 7 per cent.; miners (including State mines), 10 per cent.; and metal workers, 11 per cent. In Norway, where resistance was carried to the point of strikes or lock-outs in several industries, there have been general reductions ranging from 5 to 9 per cent. In Denmark the employers demanded a general reduction of 20 per cent., but the State Conciliator persuaded them to postpone the claim for a year. In the co-operative bacon factories, however, a strike was settled on the basis of a 3 per cent. reduction. Fewer details are available relating to wage movements in Italy, but in March 25,000 employees of the Fiat concern accepted a cut of 10 per cent. In the Silesian coalfield of Poland a cut of 8 per cent. was accepted, and in the Dombrova field one of 10 per cent. was enforced after a strike. An interesting point about the settlement in both these coalfields was a provision that the total amount of the reductions should constitute a fund from which compensation may be available for export losses.

INDUSTRY ON THE NORTH-EAST COAST.

THE Industrial Survey of the North-East Coast Area,* recently conducted for the Board of Trade by Armstrong College, leaves a more depressing impression upon the reader than the survey of Lancashire, which we discussed two weeks ago. Lancashire, the survey showed, is less dependent upon her principal industries than one had always imagined, is equipped for almost every kind of industrial and commercial enterprise, and has a surprising number of new strings to her bow. The North-East Coast, on the other hand, appears from the Armstrong College survey to be completely dependent on the heavy industries and to be little adapted to the establishment of others on any important scale.

The results of the survey are embodied in a series of monographs, which cover more ground than can be even indicated in the space at our disposal, each dealing with a single industry or industrial group, and their principal conclusions are summarised in a short report. The year 1924 is taken as a starting point, and in that year nearly two-thirds of the insured population of the area covered by the survey, which is bounded on its inland sides by the Cheviots, the Pennines and the North Yorkshire moors, was attached to the group of heavy industries comprising coal, iron and steel, engineering, shipbuilding, chemicals, and shipping and waterside services. Coal-mining employed about one-third of the occupied population, and was responsible for 44.5 per cent. of the net output of all

the trades of the area. By July, 1931, only 54 per cent. of the number at work in 1924 were still employed, and although the number attached to the industry was reduced by 41,000, the unemployment percentage had risen from 3.9 in 1924 to 37.8 in 1931. This enormous decline is attributed partly to the loss of export markets, for the North-East Coast area exports a much larger proportion of its coal output than does the country as a whole; partly to the reduced consumption of coal by the other industries of the area; and partly to a reduction in the number of labour units required to produce a given output of coal. The report finds that there has been surprisingly little movement towards amalgamation and grouping in these coalfields, but production has been gradually concentrated in fewer pits, and advance in the application of new technical methods has been faster than in the country as a whole. As to the future, the conclusion reached is that the average annual production of coal in the area for the next five years will not differ greatly from that in the last quinquennium, which means that the maximum number of persons to whom the industry will be able to offer employment will be in the neighbourhood of 200,000. The number of persons insured in the industry has already fallen to that level, but if the persons who have left the industry since 1924 have not found work elsewhere, there must be a surplus of 40,000 workpeople available to the industry.

The iron and steel industry plays a smaller part in the industrial activity of the area, but is relatively very much more important there than in the country as a whole. The heavy branches of the industry employed 4.9 per cent. of the insured population of this area in 1930, against 1.7 per cent. of the insured population of Great Britain. Between 1923 and 1930 there was a continuous decline in employment in these branches, and in spite of a decline of 12,000 in the numbers insured between 1924 and 1931 the unemployment percentage has been higher in most years than in all the industries of the area taken together, but this decline is attributed not to decline in output, which up to 1929 was fairly well maintained, but to an increase in *per capita* production. The output of pig iron from the area was 2.25 million tons in 1924 and 2.35 millions in 1929; output per person employed for the same years was 216 tons and 331 tons respectively. The steel figures for the same years were: output, 1.72 and 2.21 million tons, and 76.2 and 98.4 tons per head. As these figures suggest, the area has more than maintained its technical efficiency in these industries, relatively to that of the rest of the country, and improvements in organisation have also been extensive. Nevertheless, in spite of this comparative steadiness of output, the industry has not been prosperous. This is ascribed partly to excess capacity, partly to the decline in selling prices, which has not been accompanied by a corresponding reduction of costs, and partly to the heavy fixed interest payments required by the financial structure of the industry.

The report prophesies little change in the activity of the industry during the next few years, and on that basis

* "An Industrial Survey of the North East Coast Area." (London). H. M. Stationery Office. 7s. 6d. net.

forecasts a maximum employment of 37,500. Unless the persons who were attached to the industry in 1923, the year of maximum employment, have found other employment, the surplus of workers must be about 17,000 persons; but if they are no longer available to the industry, it will only be some 2,000.

The monograph on the engineering industry is mainly concentrated on general engineering, electrical engineering, marine engineering, constructional engineering, and stove, grate, pipe and general ironfounding, as these five industries covered, between them, in 1923, 88 per cent. of the total insured workers in the engineering and minor metal trades. Unfortunately for the survey area, it contains a relatively small proportion of the country's insured workers in the minor metal working trades, whose history during the past few years has been less unfavourable than that of the five main groups. Still more unfortunately, the unemployment percentages in the various metal trades, though their movements have been similar to those of the corresponding percentages for the country as a whole, have been on a consistently higher level. The outlook for the five main trades is very complex and differs from trade to trade, but on a careful estimate the author of this monograph reaches the conclusion that there must be a surplus of about 6,000 workers even in a good year.

The shipbuilding position seems to be more unfavourable in the North-East Coast area than in the country as a whole. The district has lost ground in the building of cargo boats, probably owing to the severe effects of the depression upon local shipowners, and the unemployment percentage in the area for June, 1931, was 70, compared with 56 for Great Britain and Ireland. In addition to the peculiar local difficulties, the shipbuilding industry in the area is suffering, in common with that of the rest of the country, from foreign competition and from redundant capacity. As a very tentative guess, for which he does not claim any accuracy, the author of the report suggests that even in good years there will in the immediate future be a labour surplus of about 13,000 workers.

The chemical industry has expanded so rapidly on Tees-side lately that no estimate of its future demand for labour is practicable. Even assuming that it has no surplus, however, the estimated surpluses of the other heavy industries make a sufficiently disquieting total. Unhappily, the report is anything but optimistic as to the degree to which this is likely to be offset by the expansion of other industries. The printing and building trades have unemployment problems of their own; the food industries in the area are capable of considerable expansion in output without any great increase in their numbers employed; the shipping industry is largely dependent upon the heavy industries and the road transport industry has already attracted almost as much labour as it is likely to need in the near future. Public utilities and the distributive trades are likely to expand, but there will probably not be any rapid increase in the numbers employed. In short, the authors of the survey take the view that "it is highly improbable that any expansion of these industries and services can take place on such a scale as to make up for a continued loss in the heavy or basic industries for which the area is so favourably situated." While they consider that the area "would gain from the existence of a greater variety of industrial activity and the increased production of consumption goods and extension of these services less subject to periodic fluctuations," they are evidently of opinion that the fortunes of the area are inevitably bound up with those basic industries on which its activity has been concentrated in the past, so that, as the demand for the products of these industries is likely to be permanently lower than in the past, the part played by the area in the national economy is likely to be of less importance in future. The prospect of attracting new industries is not bright, partly owing to the disadvantages of the area as a distributing centre, so that the best hope of new development lies in the adaptation of existing works to meet new needs and new conditions. This means that the need for ever-increasing watchfulness and enterprise in industry will in future be even more acute in the North-East Coast area than it is in industrial Britain as a whole.

AFTERTHOUGHTS ON THE CONFERENCE.

(BY OUR CANADIAN CORRESPONDENT.)

SINCE the Imperial Economic Conference ended, a process of stocktaking in respect to the results has been in progress throughout Canada. Press comment is strongly coloured by partisan feelings, but while most of the Conservative press is representing the achievements of the Conference as a triumph for the shrewd and aggressive leadership of Premier Bennett, the *Montreal Gazette*, the leading Conservative paper, studiously refrains from any exuberant paeans about the results. The Liberal papers have been giving publicity to the seamier side of the Conference and lay stress upon the bickerings and squabbles which characterised its later stages. For instance, the well-informed Ottawa correspondent of the *Winnipeg Free Press* gives an outline of its proceedings which, he says, "will explain why it is not on the cards to expect a second Economic Conference and why the rosy forecasts of achievement were not realised." He declares that:

"From the moment the microphones were turned off and the opening session was closed, the Conference descended from the clouds of Imperial sentiment to the rock of hard selfish bargaining. . . . One of the unfortunate legacies of the Conference is the bitterness and ill-will created between the British and Canadian delegates."

The full value of the concessions in the Canadian tariff for the benefit of British imports cannot be appraised here until the revised schedules are submitted to Parliament for its approbation. Undoubtedly if the new Tariff Board which the Canadian Government will establish under authority already given by Parliament is manned by people of integrity and independence, the results of an inquiry whose object is to determine the relative costs of production in Canada and Great Britain and fix the tariff rates on a basis just sufficient to equalise them, and no more, should result in a very substantial enlargement of the British preference, but much depends upon the composition of the Board, and the history of the earlier Tariff Board, which was established by the King Government and abolished by the Conservatives, is not exactly encouraging. Admittedly its first investigations were conducted in an impartial atmosphere and were responsible for turning a revealing searchlight upon the attitude of the manufacturing interests, but in the later stages of its career there were grave suspicions that it had been, for all practical purposes, captured by the industrialists, and the fruits of its labours in the direction of lower tariffs were negligible. Inevitably the manufacturing interests of Canada will exert all their influence to ensure that the Board will have a personnel reasonably sympathetic to their views, and, if they succeed in this, British manufacturers need not cherish exalted hopes about being allowed much freer entry for their products to the Canadian market. There is also no guarantee that the proceedings of the Tariff Board will be conducted expeditiously, and it might be possible to stave off decisions for at least a year.

In regard to wheat, the Western grain trade and the leaders of the agrarian organisations are still very dubious of the value of the preference of six cents a bushel in the British market. They are afraid that it will mean tremendous selling pressure from Argentina and other wheat-exporting countries in the markets of Continental Europe, and that there will be a resulting depression in the world price, which will mean lower aggregate returns for the Canadian grain grower and smaller profits for the grain trade. As for timber, there is considerable dissatisfaction in Canada. Premier Taschereau, who is interested in the disposal of Quebec timber, immediately after the Conference issued a statement to the effect that the pledges of the British Government in regard to Russian timber were much too vague to be effective, and that the Bennett Government should have stood out for a much more specific declaration. In British Columbia, too, similar doubts are entertained about the value of the arrangement. It is felt that the only real advantage gained by the lumbermen of British Columbia is that the continuance of the preference will make competition in the British market from Oregon and Washington out of the question. They wanted the establishment of a quota

system, or an absolute embargo on Russian lumber, and were not particularly anxious for an increase in the preference because they felt that, even if it were granted, Russia could undersell them and force prices down so low that the whole industry would be demoralised. The fear of the British Columbia interests is that the present situation will lead to continued British purchases of cheaper grades of timber from Russia, and that the British market will only be available for British Columbia timber of the higher grades, which will represent about 40 per cent. of the average sawmill output; and the difficulty is that the lumber industry as at present constituted in British Columbia must operate on a higher percentage than 40 per cent. to make a profit. Sooner or later, however, it is probable that the Bennett Ministry will present to the British Government a demand for action against Russian timber, and back it up with evidence that Canadian lumber interests are being penalised by the incidence of Russian competition.

The spokesmen of the dairy interests, the fruit-growers and the salmon packers all aver that they can discern substantial benefits from the preferences now permanently available in the British market; the apple-growers of Nova Scotia and British Columbia are particularly pleased and predict a steady expansion of their exports at the expense of their American competitors. Less confident are the pork-packing interests, who realise the difficulties of taking immediate advantage of the opportunities offered by the quota of 2½ million cwt. of bacon to be accorded free entry to the British market. In recent years they have been exporting to Britain only a fraction of this amount of bacon, and, if full advantage is to be taken of the quota there will have to be a great improvement in the average quality of Canadian bacon and in marketing efficiency.

To sum up: intelligent Canadian opinion realises that the Conference results cannot assure any special sort of prosperity for the Commonwealth unless they are accompanied by an expansion of trade between its units and the other nations of the world. Canada cannot hope for much trade gains from the preferences in Britain until British purchasing power is restored by an expansion of trade far beyond the limits of the Commonwealth; and, *per contra*, the Canadian market will not offer much larger scope for the sales of British manufactured goods until Canada is able to sell profitably in foreign markets the balance of her exportable surplus of natural products which the British Commonwealth cannot absorb.

Notes of the Week.

Conversion in France.—France's Conversion scheme, full details of which are set out in our Paris letter, has been launched this week. Had it not been over-shadowed by the larger, more unexpected, and more drastic scheme which is just being completed in this country, it would have easily ranked as the greatest and most dramatic event of the year in the realm of public finance. Some 85 milliard francs of debt, which are now costing the Government from 5 to 7 per cent., are to be reduced to a 4½ per cent. interest basis. The issues involved are as follows:—

	Capital Value, October 31, 1931. France.
5% 1915-1916	16,737,000,000
5% Amortissable, 1928	18,500,000,000
6% 1920	25,655,000,000
6% Amortissable, 1927	17,662,000,000
6% Obligations, 1927	4,570,000,000
7% Treasury Bonds, 1927	2,750,000,000
	85,874,000,000

At the present price of the £ this total amounts to very nearly one thousand millions sterling. The operation, therefore, is about one-half as large in scope as the British precedent. As the reduction is only to a 4½ per cent. basis, however, the saving in interest is not so large, the estimated reduction in the Budget for 1933 being

COLLECTION



of Bills, etc., on all
Scandinavian places

**SKANDINAVISKA
KREDITAKTIEBOLAGET**

Göteborg — Stockholm — Malmö

about 1,320 million francs. In some important respects the scheme differs from that in this country owing to differences of habit and practice. For example, the investor is only given a week in which to make up his mind whether he will ask for cash or take the new 4½ per cent. Conversion stock (foreign holders must make up their mind within a week but are given until the end of November to complete the transaction). Previous French conversions have, however, hitherto been made at a very few days' notice, and in effect everyone has known in France that this move was imminent. Again, the French Government is not apparently worried at the possibility of having to make large reimbursements in cash. All the experience of previous occasions indicates that the French investor, who has not the habit of looking far afield for his investments, has neither the inclination nor the facility for finding alternative uses for his savings, and accepts the reduction of interest as philosophically as he can. The results in the first few days suggest that this experience will be repeated. The overwhelming proportion of these issues is, of course, held in France, and contrary to statements which have been made, it would appear that only the smaller part of them is held by banks and institutions, leaving the greater part in the hands of the French public. It is not thought likely, therefore, that a large bond issue will be required to provide cash. An interesting feature of the scheme is that small holders whose income is below the French income tax limit, and are over sixty years of age, may—if they have held the first of the above stocks since 1920—convert their holding into an "annuity rente" with an income which increases until the age of 90. In this connection it is explained that the concession represents some relief to small holders who suffered through the devaluation of the franc seven years ago. It is apparently intended that this concession which includes stocks, part of which were floated in England during the war, shall be made available to British investors; but as the conditions mentioned are not entirely applicable in this country, discussions are to take place with the authorities here as to the terms on which comparable cases in this country may be dealt with in a similar way. It is very improbable that many of the investors in this country who lost the greater part of their investments in these French war issues will qualify for this special treatment, but it is a friendly gesture that the French Government should put British nationals on the same footing as their own in this matter. The scheme, as we have said, is on a very great scale. For though the amount is less than in this country, it represents very nearly the same proportion of France's internal debt—which totals about 280 milliard francs—as in our own case. If France's external debt is included at its nominal value the fraction of the total national debt involved is smaller than in England, but, of course, the nominal value of France's external debt is really only a paper one, as the annual payment she is making in respect of it is on a very low interest basis. From the point of view of the effect upon the world situation, we regret that the French Government could not see its way to bringing the interest figure down to 4 per cent., for by so doing France's contribution towards the important task of reducing the general rate of interest would have been the more effective, and this, as we have repeatedly pointed out, is one of the important things to be achieved at the present

moment. But these investments fill so important a place in the savings of the French people that the Government evidently hesitated to make too sharp a reduction at one stroke in the investment income of the French elector. In any case this move is a great step in the right direction, and we heartily wish it every success.

The Results of Stresa.—Until the full texts of the draft Convention and the other recommendations are available it is difficult to evaluate the results of the Stresa Conference, which ended on Tuesday. So far as can be judged from cabled summaries of the documents, the Conference adopted unanimously a series of admirable resolutions in favour of the balancing of budgets, the gradual "un-freezing" of credits, greater international co-operation, and the progressive abolition of restrictions on foreign exchange dealings and trade. That so much common ground should have been revealed is something; but experience has shown how difficult it may prove to translate pious declarations into practice. As for the Conference's one concrete proposal, our first impression, in the absence of fuller details, is that it demands very critical scrutiny. The suggestion is apparently that the agrarian countries of Central and South-Eastern Europe should receive an annual subsidy of 75 million gold francs to enable them to market certain grain exports (it has not been made clear whether the subvention is to apply to cereals other than wheat) at prices which represent at least a small margin of profit to the producers. In return, the countries in receipt of the subsidy would undertake gradually to free their import trade from existing restrictions. Several delegations, notably the British and Dutch, dissented from this scheme—not, in our view, without good reason. Apart from the consideration that we should be embarking on uncharted waters if we made it our policy to purchase by doles the reduction of tariffs all and sundry, we await the full text of the Convention with grave doubts whether it will prove to contain a convincing case for the artificial subsidising of grain production in Eastern Europe. And this, nothing more nor less, is what the proposal appears to contemplate.

The League Council and Assembly.—The Council of the League of Nations has assembled for its sixty-sixth session under the chairmanship of Mr de Valera; and the Assembly meets for its thirteenth session (a pin-prick for the superstitious!) on Monday. The chief definite piece of business on the formal agenda will be the admission of Iraq to League membership; but the most crucial affair with which the two organs of the League will have to deal will be the reception of the Lytton Report. Is the Report to be discussed in this ordinary session of the Assembly, which has already been postponed from the beginning to the end of the month in order to give time for the Report to reach it? Or is the Japanese Government to be accorded the delay for which it asks in order to submit its observations? In that event, an extraordinary session of the Assembly will have to be held in October or November. But, over and above any specific questions, the Council and Assembly will have to grapple with the general state of the world, of which the Far Eastern crisis and the armaments crisis are symptoms. There is a close concentration now between all international affairs; and this makes it virtually impossible to deal with them effectively any longer in isolated compartments. As for the admission of Iraq, it will be constitutionally important as the first case of the winding up of a mandate. It also has a political importance, and this in two connections. In general, it will contribute—following, as it does, upon the admission of Turkey—towards giving an adequate representation on the League to the Islamic world, which has hitherto been conspicuously under-represented there. In particular, the establishment of Iraq as a sovereign independent State-member of the League will facilitate the solution of the Arab problem which was left unsolved in the peace settlement. For the status which Iraq acquires to-day can hardly fail to be acquired by the more progressive Arab States of Syria and the Lebanon to-morrow; and a federation of these three countries with Transjordan, and possibly also with Ibn Sa'ud's double kingdom of the Najd-Hijaz, might bring a much-needed stability to Arab Asia. This, however, is to look rather far ahead. In the first instance, Iraq will have her work cut out in showing that her Arab majority is capable not only of governing itself but also of giving fair treatment to the numerous and uneasy non-Arab minorities.

The Japanese Challenge.—The solemn farce of the relations between Japan and her puppet "independent" Government in Manchuria was carried one step further on September 15th by the signature, at Hsingching, of a protocol which embodies the long-pending recognition of Manchukuo by Japan and, at the same time, lays down what the future relations of the two Governments are to be. The document is succinct, but it gives Japan everything in Manchuria that she desires. Manchukuo is to "confirm and respect . . . all rights and interests possessed by Japan or her subjects within the territory of Manchukuo by virtue of Sino-Japanese treaties, agreements or other arrangements or Sino-Japanese contracts, private as well as public." On paper, Manchukuo here undertakes no obligations towards Japan that have not been binding hitherto upon China; but the point of this article lies, of course, in the unwritten but manifest understanding that the Japanese claims in Manchuria, which Manchukuo accepts, are to be Japan's own version of her own contractual or prescriptive rights, without any bilateral discussion or judicial examination of their validity. Moreover, in the second article of the new protocol, Manchukuo grants Japan something which Baron Tanaka himself never ventured to claim as an acquired Japanese treaty right. Japanese forces are to be stationed in Manchukuo without any limitation of area being stipulated; and thus, at one stroke, Japan extends the range of her military occupation in Manchuria from a narrow railway zone to a vast territory approximating in area to the combined areas of Germany and France. The meaning of the protocol is further brought out in certain subsidiary documents. For instance, in an explanatory statement which was issued on the date of signature by the Japanese Government, the domain of Manchukuo is described in terms that include not only "the three eastern provinces" of China in Manchuria, but also the province of Jehol in Inner Mongolia—on the north side of the Great Wall, within easy striking distance of Peking. The same statement declares that Manchukuo will maintain "the open door" for the trade of all foreign nations alike, and will refrain from all anti-foreign action and agitation; and the Japanese Government, for its own part, expresses the pious hope that all peoples of the world will pursue their economic activities in Manchuria on a footing of equal opportunity. How lucky for China, who was declared "an alien nation" by the Manchukuo Foreign Minister on the day on which the protocol was signed! A Customs wall is to be established by Manchukuo between Manchuria and the remaining territories of the Chinese Republic; but with "the open door" and a ban upon foreigner-baiting, the non-Manchurian Chinese will be just as well off in Manchuria as the rest of us! Unfortunately, however, "the open door and equal opportunity" in Manchuria has one little condition attached to it. For on Saturday last the Vice Foreign Minister of Manchukuo (who happens to be a Japanese) made the further announcement that Manchukuo would not be an open country for personal residence or for the investment of capital for nationals of any country other than those which recognise the establishment of Manchukuo as an independent State! This is the most direct challenge that Japan has yet delivered to the United States and to the League of Nations. She announces that—unless we take back our declared resolution not to recognise a new situation brought about by force in violation of treaties—she is going to exclude us by force from a territory which, in our view, is still juridically part of the Chinese Republic. This challenge cannot be evaded. What are we going to do about it?

Mr Gandhi's Fast.—We suggested last week that Mr Gandhi's threat of self-martyrdom might conceivably lead to hopeful developments in the direction of agreement between the Indian leaders. These possibilities appear to be growing brighter. Conferences and discussions among Hindu leaders are proceeding feverishly. Mr Gandhi began his fast on Tuesday, and the actual beginning, with its grim reminder of a time limit, has lent a spur to these activities. On Sunday last, two days before the fast began, a deputation which included Sir Purshotamdas Thakurdas, visited the Mahatma in his jail and announced on leaving: "We broke ground." On the following day, Monday, a conference opened at Bombay between the leaders of the caste Hindus and the Depressed Classes with the object of finding an agreement which would enable Mr Gandhi to discontinue his fast. The first day proceedings made little progress, a dispute developing between Dr. Ambedkar and other leaders of the Untouchables, but at a further meeting the next day, under the presidency of Pandit Malaviya, it was reported by the deputation which had seen Mr Gandhi that the latter left it to the conference to draw up a formula or pact, and said that he would abide by it. The conference thereupon appointed a sub-committee, whose personnel included Sir Tej Bahadur Sapru, Mr Jayakar and Dr. Ambedkar, to consider the question and draft a scheme for the adequate representation of the Depressed Classes as an alternative to separate electorates. On Wednesday, Sir Tej Bahadur Sapru again visited Mr Gandhi and submitted terms drafted by the conference's sub-committee. On these Mr Gandhi reserved judgment until he had consulted with Dr. Ambedkar. In spite of reports that Dr. Ambedkar's demands on behalf of the Depressed Classes include the provision of nearly three times the number of reserved seats given under the communal award, as a price for agreeing to joint electorates, hopes are raised high in Bombay that a Hindu agreement is near at hand. So it may turn out that the first pangs of Mr Gandhi's hunger will coincide with a voluntary settlement of one of the two most far-reaching of Indian questions which have so far baffled all the efforts of men of good will both in England and India.

The Axe and the Schools.—We have found occasion in the past to comment on the growth of public expenditure on education; and at a juncture when there is a real need for some relief from the burden of taxes we should support any well-considered proposals for scrutinising strictly educational expenditure and eliminating every vestige of waste. At the same time retrenchment on education which is calculated to lead to a contraction in the volume of effective education obtainable by the people of this country is retrenchment run mad; and the new draft regulations for secondary schools, issued by the Board of Education last Friday, are extremely disquieting. They provide, firstly, that at all grant-aided secondary schools fees shall be charged. Secondly, they state that the Board of Education will "hesitate in future to approve a fee of less than nine guineas," and that there should be some increase in all schools where the present fee is less than fifteen guineas. Thirdly, they sweep away at one stroke the present principle whereby any child can obtain a free place by success at open competitions. Competition for "special places" is to be maintained, but all parents of successful candidates are to be subject to a means test. The exemption limit is to be an income of £3 to £4 a week in the case of a family of one child with an extra 10s. for each additional child. While we do not oppose the principle that parents well able to contribute towards the cost of secondary education for their children should be required to do so, we consider that the suggested exemption limits are much too low and that the fees charged for children in excess of one should at least be progressively reduced. As these regulations stand they involve the risk that whereas the children of the very poorest parents receiving free secondary education might not be greatly affected, there would be a serious and most undesirable contraction in the number of children of parents with incomes ranging from £200 to £800 per annum attending secondary schools. From

reports that the Government is preparing to reduce provision for the training of teachers, we fear that they are aiming deliberately by means of these regulations at a contraction in the aggregate volume of education. To pursue such a policy is, in our opinion, a counsel of despair.

Milk War Again.—A regrettably regular feature of the September news is the report each year of the failure of farmers and milk distributors to reach an agreement over the coming year's milk prices. The public, uninstructed in the technicalities of dairy farming and its costs, can only form its judgment on the basis of the statements issued to the Press by the respective parties, and that judgment, influenced largely, no doubt, by the wide disparity between the profits of the big distributing firms and those of the milk producers, is this year more than ever on the side of the farmers. The producers received in the year almost concluded just under 1s. 1½d. per gallon. The dairy companies, after prolonged negotiations, increased this offer by 4d. per dozen gallons for 1932-33, which would mean a price to producers of 1s. 1½d. per gallon, but the farmers are holding out for a further 7d. per dozen gallons. In a statement issued early this week the National Farmers' Union pointed out that the farmer has actually been receiving less this year for producing the milk than the producer has charged for delivering it, and would still be receiving less under the new offer. Further, the N.F.U. states that this price has not been paid for nearly all the milk delivered. The United Dairies, according to the N.F.U. statement, have paid a "manufacturing price" of 4½d. to 5½d. per gallon for 25 per cent. of the milk they have purchased. Some distributors make an additional profit by compelling the farmers to pay the cost of transporting the milk by rail to the firm's depots. The distributors have not published any answer to these charges; their principal countercharge is that distributors who remain outside the agreement have been able to purchase milk from farmers at prices very much below those named in the agreement. The N.F.U. appears to be commanding very strong support from farmers all over the country in its determination to withhold supplies from the distributors if an agreement is not reached by October 1st, and it is to be hoped that, if this disastrous state of affairs is not averted, the farmers' confidence in their ability to organise a temporary system of distribution which will prevent a shortage may prove justified. These recurrent disturbances, however, suggest that all is not well with our present system of milk distribution, and if the Milk Reorganisation Commission succeeds without too much delay in providing a satisfactory marketing scheme, it will have deserved well both of the trade and of the public.

The Cotton Deadlock.—For over a week, writes our Manchester correspondent, conferences have been held at the Midland Hotel, Manchester, between representatives of the weaving employers and operatives in the cotton industry in an attempt to settle the strike which on Monday last entered its fourth week. Following three days' discussions it was announced on Thursday last that the two sides had agreed upon the following agenda:—(1) Re-establishment of collective bargaining and the restoration of agreements; (2) machinery to ensure the honouring of agreements; (3) wages; (4) reinstatement. The next day, items (1) and (2) were discussed and it was officially announced by Mr F. W. Leggett, who has been acting on behalf of the Ministry of Labour, that both sides had agreed to certain additions to the joint rules for dealing with future disputes. The main decision was the formation of a Conciliation Committee with an independent chairman and two consultants which would be formed provided that the two sides reached agreement on all the questions before the present conference. On Monday of this week the two sides commenced to discuss the wages question. For three days the talks were continued without any definite progress being made, and on Wednesday the official announcement made by the Ministry of Labour indicated a grave position. The statement pointed out

that there was a very definite reluctance on both sides to move from the position which had been reached in August, and the notes which had that day been passed between the employers and the operatives revealed considerable divergence between the two sides. It was evident that a critical stage had been reached. The conference, however, was continued on Thursday, when somewhat better progress was apparently made. The official announcement issued in the evening stated that, so far as the wages question is concerned, the Negotiating Committee would consult the larger bodies on both sides the following day. It was understood that the difference on wages had now been narrowed to one of sixpence in the pound, but the delicate question of reinstatement had still to be tackled. This news of some approach to a settlement is welcome, but, as we go to press, it seems doubtful whether complete agreement can be reached in time to prevent the stoppage dragging into yet another week. Regarding the spinning employers' demand for a wage reduction, joint meetings were held in Manchester last week, and on Friday it was announced that the conference had been adjourned to a date to be decided later. This step was taken to enable the employers to hold a ballot of their members on the position. At this stage in the proceedings the employers were demanding a wage reduction of 2s. 2½d. in the £ and the counter offer of the operatives was a fraction below 10d. in the £. In the meantime the strike in the manufacturing section continues, and the employers are expecting the breakaway movement to spread. The operatives, however, are being encouraged in their resistance by financial help and gifts of food vouchers from the T.U.C.

The Bank's By-laws.—At the half-yearly Court of the Governor and Company of the Bank of England on Thursday, September 22nd, four resolutions were passed, the purport of which is to remove anachronisms and certain restrictions on the efficient working of the institution. The first resolution does two things. It requires ordinary proprietors to give the same length of notice of proposals of candidature for the Court as members of the Court themselves have to give—a provision which remedies a hitherto absurd situation—and it also regularises a form of voting which is the only convenient form to-day, but which was not contemplated in the pre-printing days when the by-laws were framed. The second puts an end to the system under which the proprietors are required to re-elect the entire staff of the Bank every year, and its effect will be to place these appointments in the hands of the Court. The third resolution deals with By-law 4, "Keeping the Cash." Under this ancient by-law three directors of the Bank were entrusted with three keys, and all three were required to attend when certain movements of assets took place. The new by-law leaves it to the Court of Directors "to take such measures as it may from time to time think proper for the safe custody of the cash and securities of the Bank." This minor internal reform was surely long overdue, for in these busy days it is hardly an economic use of the directors' time to be constantly running up and down to the vaults to superintend minor transactions. The fourth resolution is the most interesting of the by-laws now amended. The Court was only empowered to pay £2,000 a year to the Governor, £1,500 a year to the Deputy-Governor, and £500 a year to each director. In the days when it was framed it may have been possible for the Governor and the Deputy-Governor to superintend the whole daily business of the Bank. To-day that is absolutely impossible, and the full-time services of other directors are a necessity. Yet, until Thursday of this week, the Court had no power to pay more than the small director's fee even to a director who was giving his whole time to the service of the Bank. The change now made will not only enable future Governors to be drawn from those who cannot afford to work without adequate pay, but it will also enable the Court to employ and remunerate suitably the services of full-time directors and to strengthen its calibre by the election from time to time of some of the most experienced servants of the Bank. Everyone will welcome such signs of the "Old Lady" bringing herself up to date, and the only wonder is that resolutions such as these have not been passed long ago.

Sterling and International Prices.—During the past fortnight there has occurred on balance an appreciable setback in the price level. The complete *Economist* index has fallen by only a fraction more than 1 per cent., but our index of the sterling price of primary products has fallen by nearly 2½ per cent. and our index of international gold prices has lost practically all the ground gained during the preceding fortnight:—

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.
	British Complete Index (sterling).	British Primary Products (sterling).	International Gold Prices.				
1932							
Jan. 24th ...	108.3	115.7	93.8	93.6	93.6	95.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.3
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 29th ...	97.4	99.3	80.5	86.4	91.5	89.2	88.1
July 13th ...	97.5	101.3	82.6	87.3	91.3	89.2	88.0
July 27th ...	99.5	103.5	84.1	88.3	91.3	88.5	88.1
Aug. 10th ...	101.0	108.6	88.5	89.8	88.4	88.5	88.0
Aug. 24th ...	102.6	111.8	89.5	89.8	89.0	89.3	87.1
Sept. 7th ...	107.1	120.2	94.7	91.7	89.0	91.5	87.9
Sept. 21st ...	106.0	117.4	89.6	91.2*	...	91.5*	87.6*

* These figures relate to September 14th.

So far as British sterling prices are concerned, the movements during the past two weeks show considerable irregularity. Among leading raw materials, wool, flax, hides and petrol are dearer, while cotton, hemp, jute, non-ferrous metals and rubber all declined. Details of movements in the complete *Economist* index are given below:—

	"ECONOMIST" INDEX.		
	Sept. 18, 1931.	Sept. 7, 1932.	Sept. 21, 1932.
Cereals and meat	64.5	66.7	66.6
Other foods	62.2	64.4	64.4
Textiles	43.7	55.0	52.4
Minerals	67.4	78.0	76.1
Miscellaneous	65.8	62.0	62.5
Complete index	60.4	64.7	64.0
1913 = 100	83.1	89.0	88.1
1924 = 100	52.2	55.9	55.3

While the recovery from the low point reached at the end of June still remains substantial, the past fortnight's setback will strengthen doubts whether, in the absence of real improvement in consumption, the recent upward fluctuations of prices can be sustained.

League Loans Memorials.—The recently constituted League Loans Committee of which Sir Austen Chamberlain is Chairman, has this week issued two memorials, the one addressed to H.M. Government and the other to the Council of the League of Nations. The purpose of these documents is to draw attention to the facts that of the nine loans issued for reconstruction purposes, under the auspices of the League of Nations, a considerable proportion are now in default, and that both the British Government and the League Council owe special consideration to the bondholders of these issues. The case put forward is a very strong one and rests on several grounds. In the first place it is true, as the Memorial to the League asserts, that, had it not been for the reconstruction schemes in connection with which the League loans were issued, the services of previous loans could, in many cases, not have been resumed, nor would the countries concerned have been able, as they did, to raise further credits abroad. Moreover, in every League loan prospectus it was definitely stated that the loan was being issued under the League's auspices, and in every case reference was made to the resolution of the Council which authorised the issue. It is not, of course, suggested that any legal responsibility to safeguard the bondholders rests upon the League Council; but the moral responsibility is clearly a heavy one. It is one, moreover, that the League has every reason to honour if it can find means of doing so, for it is obviously detrimental to League prestige that loans subscribed under its guidance and inspiration

should remain in default. Indeed, as the Memorial suggests, if default continues "the flow of international investment, which is an essential element in promoting the development and prosperity of the world, may be seriously hampered." What precise measures it is open to the League Council to take to restore the investors' confidence and to observe its moral responsibility is not clear, but the matter is one that calls for the Council's most urgent consideration. To the British Government also attaches similar responsibility; not merely because our Government was in all cases represented on the League Council when the resolutions approving these issues were passed, but also because in several instances at any rate the Government used its influence with representative leaders in the City of London to obtain the successful issue which might otherwise not have been possible. Sir Austen Chamberlain points out "The British investing public, which subscribed about half the total of the League loans, did so in the faith that a special security attached to them, and that, having regard to the circumstances of the issue, both the Council of the League of Nations and His Majesty's Government would exercise a special watchfulness in regard to them." This is perfectly true, and it is incumbent upon Sir John Simon to take a leading part at the present Council meeting in facing the problems to which these Memorials call attention. Details of the various loans involved will be found in a Note under the Stock Exchange section of this issue.

Bleachers' Reduced Charges.—Our Manchester correspondent writes:—During the last few years there has been much criticism in cotton trade circles with regard to the charges ruling for the bleaching, printing and finishing of cotton goods. Considerable satisfaction, therefore, has been expressed this week at the decision of the Bleaching Trades Advisory Board to revise their lists in a downward direction. The changes announced are somewhat irregular, but it has been decided to abolish the surcharge of 5 per cent. and the total reduction amounts to about 15 per cent. on the previous existing charges. With regard to standard shirtings the revision means a reduction of 3d. to 3½d. per piece of 40 yards, and in the case of light mulls the cost will now be 7d. a piece as compared with 8d. It is anticipated that the concessions granted will be of considerable benefit to shippers and merchants when they are competing for business in foreign outlets. It is anticipated that immediately the strike is over buyers abroad will display much more interest in this class of goods.

Cost of Living in August.—The cost of living was unchanged during August, the index number of the Ministry of Labour on September 1st registering 41 per cent. above the level of July, 1914, as compared with a similar figure for the beginning of August, and 45 per cent. a year ago. For food alone the index also remained unchanged at 23 per cent., as compared with 28 per cent. a year ago, increases in the prices of eggs and bacon being offset by reductions in those of potatoes and mutton.

Canadian Railway Reorganisation.—Last November the Canadian Government appointed a strong Royal Commission, including Mr Justice Duff, as chairman, and also Lord Ashfield, to review the difficulties of the two big Canadian railway systems, and a summary of their report, which is unanimous, has now been issued. The Commission finds that the principal causes of the railways' difficulties were over-development of lines beyond the country's needs; excessive competition between the two systems; the growth of road transport competition; inelasticity of freight rates, wages and labour conditions generally; and, finally, the world depression. It further finds that the Canadian National Railway has suffered from the assumption through the Government's action of insolvent railway systems; from large capital expenditure on the improvement of these systems; and from political and community pressure on the management. The Committee considered the amalgamation of the two big systems, the Canadian National and Canadian Pacific, but

rejected the idea on the ground that it would create too formidable a monopoly. Instead it recommends the maintenance of the identity of the two systems; the freeing of the Canadian National management from political interference of community pressure; the promotion of co-operation between the two systems and the elimination of duplicate services; the adoption of economies on a scale sufficient to reduce the burdens of the Canadian National and check extravagant operation; and protection to the Canadian Pacific against arbitrary and prejudicial action by the Canadian National. The Commission further propose that the powers of the present Canadian directorate be vested in three trustees, to be appointed by the Governor-General-in-Council, and to be men of proved skill and capacity, paid adequately, and eligible for re-appointment at the end of their term of office. One trustee will be appointed chairman, and will devote his whole time to his duties. The trustees are to control all expenditure, and Parliament is to limit itself to voting the sums required to cover annual deficits. The chief operating officer of the line is to be appointed by and to be responsible to the trustees and not to Parliament. Finally, the Commission recommend that a statutory duty be laid upon the trustees of the Canadian National and the directors of the Canadian Pacific to adopt as soon as possible co-operative measures for the elimination of unnecessary duplication and waste and for the joint use and operation of properties. The full text of the report will be laid before Parliament when it meets on October 6th, and the summary ends by intimating that the Government intends to introduce legislation to give effect to those recommendations of the Commission which it is in the national interest to adopt. So it remains to be seen what portions of the report will be carried into operation.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — Britain's Attitude — Manchuria.

(FROM OUR CORRESPONDENT.)

GENEVA, September 20.

DELEGATES are assembling in Geneva now for the most critical series of meetings that have taken place since the Armistice. The Ministers and delegates attending the Bureau of the Disarmament Conference, the Council, the ordinary Assembly and the special Assembly will have before them the German armaments claim for equality of rights, the report of the Lytton Commission on Manchuria, the preparations for the World Economic Conference, as well as a variety of other matters of less fundamental importance. The decisions taken on the German claim and on Manchuria will definitely mark an epoch in the development of world relations everywhere. What is done on these two problems will decide along which road the world is to travel—whether a crucial fight is to be waged successfully on the side of international co-operation and good faith, or whether the world is to be split on the old pre-war lines of groups, scrambles and intrigue. It is simple folly to discuss these questions in terms of hostility towards or support of the League. They are world-wide problems on whose handling the prosperity and security of all States will depend. It is the time for decision, courage and leadership, and no time for subtle and short-sighted calculations about the material advantages of being for or against Germany, for or against Japan, for or against America.

If Germany's request is not wisely handled, there is no hope of peace or disarmament, and Europe will be flung back into the old tragedies. If there is failure at least to stand by the principles of the League, the Kellogg Pact and the Nine-Power Treaty on Manchuria, the new and difficult effort towards a different way of ordering international relations will have received an almost mortal blow. It is impossible to exaggerate the gravity of the

decisions to be taken within the next few months, and on none of them has there been a clear indication of what British policy is. Great Britain has contributed no constructive leadership towards disarmament, she has all along been a drag on the League's wheel in the handling of the Far Eastern situation, and Ottawa is her contribution to removing the shackles on her own and on international trade.

There is considerable criticism of the way in which Germany has put her case. That the *aide-memoire* to France should have been accompanied by menacing declarations by members of the Government is a fact which has merely served to embarrass France in taking a reasonable attitude, and, as the President of the Disarmament Conference has pointed out in his note to the German Foreign Minister, the Disarmament Conference, before its July adjournment, specifically reserved, without prejudice, some of the important political problems, including that of equality of status. The obviously proper thing would have been for Germany to come to the Bureau and challenge it upon this issue. It is unreasonable to decline to attend the Bureau or the Conference until the issue has been decided outside the Conference. On the other hand, so far as the substance of the matter is concerned, there was no point whatever in Germany's participation in the Disarmament Conference at any time if it were to be accepted that her conditions must in any event remain governed by the Treaty of Versailles.

The present attitude of Germany is not likely to attract what the French call concessions, but this is now beside the point. It is equally beside the point to argue whether or not Germany is legally right. The position is similar to that at the Lausanne Conference on reparations. That Conference met when Germany had said that she could not and would not pay further reparations, and the Lausanne Conference had either to reach the best decision it could on that basis, or to leave Germany to break loose on her own account. Lausanne took the wiser course. On this other and much more serious political issue, the situation is roughly the same. Germany has given notice that if her demand is not met she will go ahead independently. What the other Powers, therefore, have to decide is whether again they will adopt the better way of dealing with realities instead of legal technicalities, and will endeavour to make it difficult for a reactionary Germany to disturb the political relations of Europe.

The absence of any regulation of armament conditions will open up an extraordinarily grave prospect. The suggestion from France that M. Herriot may produce at last the famous *dossier* disclosing German infractions of the Versailles Treaty, with a request for an international inquiry, would be fatal. Such procedure would be legal, but it would infuriate Germany and would probably lead to a complete cessation of any conversations at all. The French argument that if satisfaction is given to Germany now she will merely use it to extort further political and territorial concessions, is not considered sound, as Germany would be much more likely to take such action if she arrogated to herself complete independence from legal Treaty terms. It is a false argument to say that the early withdrawal from the Rhine and the concessions or reparations have led merely to further demands. The truth is that neither the withdrawal from the Rhine nor the settlement of reparations was achieved until the Allied Powers were virtually compelled to take action. It was too late to have any beneficial effect on political relations, and unhappily it is more or less certain that a reasonable result on the armaments controversy will also be too late to produce the benefits which would have accrued if the question had been generously approached even twelve months ago.

The report of the Lytton Commission on Manchuria is expected in Geneva this week. It will be printed, circulated to all members of the League and published during the early days of October. The Council will then decide whether it accepts the Japanese request to postpone examination for six weeks, and will at some moment or other refer the report to the Committee of the Special Assembly. The Chinese will no doubt protest against the adjournment of the examination, and Japan may press

her reservation about the right of the Assembly to consider the report at all. On the first point, it is a little difficult to see how the Council can avoid consenting to the adjournment and it does not seem a matter of grave importance in view of all the circumstances. It is nevertheless a somewhat frivolous request; Japan has been sufficiently explicit in informing the world that she intends to pay no attention whatever to the League or to any of her treaty obligations, and it ought not to be necessary to take another six weeks to find adequate words in which to repeat this once more to the Council of the League. The Japanese are frankly counting on British complaisance, and if this proves to be justified it will be a grave responsibility for a British Government to take, not only so far as it concerns Britain's own position in the East, but also her future relations with the United States of America, and her prestige in the world as a whole. The messages from Washington indicate that the United States have given up hope of fruitful collaboration with the British Government and rely only on what the smaller Powers may be able to do to persuade Great Britain and France to observe their treaty obligations. Indications from Paris, however, seem to show that the French Government's views on Manchuria are more liberal than they were in the previous Government, and Great Britain may thus find herself in uncomfortably exclusive companionship with Japan.

UNITED STATES.

Maine Election — Banking — Industry — Revenue.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 14.

THE election of a Governor and of Congressmen in the State of Maine this week directed attention afresh to the political factor, and that was an unsettling influence on markets. Maine holds its elections for all but national electors for President two months before the other States. For that reason the trend of the voting in Maine is studied as a clue to the drift in other States. Maine ordinarily has a large Republican majority. The State had not chosen a Democratic Governor in a Presidential year since 1880, but even in that year it voted for the Republican Presidential candidate. Naturally, the change of a large Republican majority into a small Democratic majority in this Presidential year has thrown a scare into Republican ranks and increased the nervousness of markets. Republicans, doubtless, will point to the sharp setback in stock prices which immediately preceded and followed the Maine results as a warning; but any shifting of votes was due rather to the fact of poor business than to a threat of it under a new national administration.

Interpretation of the Maine results must consider the wet and dry issue, for the Democratic candidates are anti-prohibition to a man, in contrast to their opponents. Also, the vote was held at a time when Republican sentiment in a depression year is usually at a low ebb, and it was not on the direct question of Presidential candidates. With all excuses made, the election definitely reduces the odds favouring Republican success in November, and already Wall Street is trying to explore its chances under a change in Government.

A disturbing influence of the week, quite independent of politics in general, has been the strength of the sentiment developed at an American Legion meeting for prompt cash payment on ex-soldiers' pensions. The ex-service men, at their National Convention, are clearly determined to push through the next Congress a Bill granting the bonus which met with President Hoover's veto early this summer. Mr. Roosevelt has not stated his views on the matter, but in any event it is possible that the next Congress will be more favourably disposed toward a bonus and might muster enough votes to override a veto. So long as demands for this payment are insisted upon by so well-organised a body of voters, it will remain a menace to Budget stability.

Banks took kindly to the Treasury's one-year and five-year notes offered in \$1,120 millions for the tax date, and

over-subscription six times was announced. Naturally most subscribers put in for much more than they desired in order to make sure of obtaining enough, and the further inducement for payment by means of granting the Treasury a deposit credit helped to swell subscriptions. It is clear that under present conditions the Treasury can continue for some time finding low-interest rates on short-term and medium financing. In the next two years it must do a good deal of refunding of its Liberty Loan bonds.

Most of the large banks have voted their regular dividends, and earnings for the third quarter were more satisfactory. At the moment deposits are rising on accumulation of funds for approaching dividend and bond interest payments, but no change is expected in interest rates. Federal Reserve policy continues benevolent toward the money market. Last week, following a month of unchanged holdings of Government bonds, the system reported a drop of a million, but the slight decline will not necessarily continue. Certainly the central system will not press down the Government bond market.

While much of the improvement in sentiment and, perhaps, also some of the rally in security markets dates from the feeling held by many people that inflationary tendencies in credit will continue, some signs of real improvement in business are beginning to appear. Cotton consumed by domestic mills in August was nearly as large as for the same month of last year, and it was 45 per cent. greater than in July. Exports rose above the July level and were double those of a year ago. Freight car loadings have continued to rise, and the steel industry is slowly recovering. It is now back above 15 per cent. of capacity, an operating rate much lower than had been hoped for at this time, but one which is, nevertheless, accompanied by sustained hope of further improvement.

The United States Steel Corporation reported a gain of 3,000 tons in unfilled orders as of the end of August, the first month in the past sixteen to show an increase in unfinished business. The showing had no great significance, and it had to compete with the fact of low record pig iron and steel ingot output for the month. Steel companies have apparently earned less in the third quarter than in the second quarter, and they are fairly certain to find it difficult to avoid deficits in the fourth quarter. The motor industry also is recovering slowly, if at all; but it faces a public owning vehicles that have been in use on the average a good many years, and second-hand stocks have been considerably reduced. Employment in New York recently has risen, and the opening of the schools for the autumn term has helped retail trade.

Large investors in railroad securities, including the insurance companies and savings banks, are considering the question of a small commission to make a survey of the railroad position, with the idea of submitting a report after the election. The examination by competent and unbiased men of high calibre of such questions as taxation, county, State and national, waterway, airway and highway competition, capitalisation and consolidations, along with their recommendations for remedies, would, it is felt, do much good. Both Calvin Coolidge and Alfred Smith have been mentioned as members of such a commission. The railroads are about to file jointly formal notice of a 20 per cent. cut in base pay, beginning on February 1st, with expiration of the present agreement for a year's 10 per cent. reduction.

The setback in cotton, particularly on the levelling down of a speculative rise based on hope that the September crop report of the Department of Agriculture would show a further large drop, has taken some of the bloom off enthusiasm for rapid trade recovery in the South. However, it is likely that cotton planters will be less disposed than the wheat farmers have been to hold for higher prices the crop coming to market. Wheat prices have shrunk to nearly their former low levels, and the rise served mainly to benefit Canadian producers and to encourage Western grain growers to hold for still higher prices. Commodity prices still are rising, notwithstanding the blow to wheat and cotton.

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Miscellaneous revenues collected by the Treasury under the new law are helping its position, but are insufficient to provide funds needed by the Reconstruction Finance Corporation, which still has to rely on bank credit. For the fiscal year to September 6th, miscellaneous receipts increased 16 per cent. over last year and general expenditure dropped slightly. Income tax revenue fell 35 per cent. and Customs receipts dropped about 45 per cent. The deficit to date is \$409 millions, or about \$14 millions less than for the same period of last year. This does not take into account the R.F.C. loans, which have brought up the Government debt as much again as the ordinary deficit, if the new money now being raised is included.

FRANCE.

Conversion Scheme Details.

(FROM OUR CORRESPONDENT.)

PARIS, September 21.

AFTER one of the shortest special sessions on record, which lasted barely twenty-four hours, the Chambers on Saturday voted the Rentes Conversion Bill, and an hour later the session was closed. By decree promulgated on Sunday morning, the largest conversion operation ever known in France was launched on Monday morning, and by the end of the week the conversion of some 85,000 million francs of 5 per cent., 6 per cent. and 7 per cent. State public debt issues into a new 4½ per cent. stock will for all practical purposes have been completed.

The Act provides for "the reimbursement or conversion" of the 1915-1916 and 1928 5 per cent. and the 1920 and 1927 6 per cent. Rentes, the 1927 6 per cent. Obligations, and the 1927 7 per cent. Treasury Bonds, as from November 1st. Redemption and conversion will be at par (plus the accrued portions of the redemption premiums attached to the 1927 6 per cent. Rentes, which has been fixed at 2.33 per cent., and to the 1927 7 per cent. Treasury Bonds at 3.14 per cent.). The new 4½ per cent. Conversion stock will be reimbursable within 75 years at the maximum, either at par, by periodical drawings, or by buying in on the Bourse. The exercise of the right of redemption of the new stock by the State is suspended until January 1, 1939. This period of inconvertibility, the preamble to the Bill pointed out, is in conformity with French traditions, and is designed to assure subscribers that their yield will not be lessened for a certain time (which, in connection with the issue of the 1927 Sixes and Obligations and the 1928 Fives involved in the operation, was fixed at four years). The new 4½ per cent. stock will enjoy the same rights and immunities as the old 3 per cent. Irredeemable, the yield from which is free of all taxation (except general income tax, in so far as the yield is comprised in the income proper, the coupons being exempt from all taxes on securities). In

order to give greater ease to the Treasury, the total of the new stock will be divided in two separate halves, known respectively as "A" and "B," and payments of the four half-yearly coupons will be so arranged that one will fall due every three months, in order to spread the burden of the annual interest charge more evenly over the whole year. The first coupon payable of the "A" portion of the issue, therefore, will be for a period of less than six months.

Holders of parcels of the convertible stocks will have six days in which to make known their intentions, this period expiring at 8 p.m. on the last day of the current week. In the absence of any demand for reimbursement (accompanied by the deposit of the stock at one of the Treasury sub-offices) holders will be regarded as consenting to conversion. Foreign holders are subject to the same obligation, but in their case, provided they have had their demand for reimbursement and their scrip *visé* (free of charge) at a French consular office by next Saturday, they are given until November 30th to complete the transaction. In reply to criticism that holders were given three months to come to a decision in the recent British conversion operation, it is explained that three months was obligatory in Great Britain under the conditions of issue of the convertible stock, whereas six days has always been found sufficient on previous occasions in France. M. Lamoureux, the Rapporteur of the Bill in the Chamber, moreover, asserted that in practice the delay would certainly be at least nine days.

A remarkable feature of the conversion scheme is that it provides for application of the stipulation comprised in the Finance Act of 1928, which enacted that any future conversion plan should furnish compensation for small holders (*petits rentiers*) who have suffered loss in regard to their investments through the depreciation of the franc. The Conversion Act states (Article 5) that "holders of Irredeemable Threes, 1917 and 1918 Fours, 1915-1916 Fives, and 1920 Sixes" (which include the two French war issues made partly in London) "who demand it shall be able to exchange their stock against Annuity Rentes, under conditions fixed by an agreement passed on September 16, 1932, between the Ministers of Finance and the Budget and the Caisse d'Amortissement." These conditions, which are set forth in an appendix to the Conversion Act, provide that holders of the stocks in question must have acquired their holdings prior to November 30, 1920, and still possess them; that they must have already attained sixty years of age (or must reach sixty before they can avail themselves of the new annuities); and that they must not have been assessed for general income tax during the twelve months prior to their sixtieth birthday. (The latter clause implies that their total income must not have exceeded 10,000 francs, which is the present French abatement level, during the twelve months in question.)

The older Rentes involved will be exchanged against the new Annuity Rentes at 110 per cent. of their nominal capital value, representing a redemption premium of 10 per cent. The old scrip will be annulled and the augmented value theoretically invested in an annuity, the yield of which to the annuitant will increase in amount every year. Supposing, for example, the holder of 2,500 francs 4 per cent. Rente (nominal capital), bought before November, 1920, for the equivalent of £100, which subsequently depreciated to around £20 through the fall in the franc, with a corresponding decline in the yield from £4 to 16s. The Government is now prepared to buy back the original 2,500 francs (gold) of scrip for 2,750 francs (paper), and to compensate the holder for his loss by replacing the scrip with an annuity which will guarantee him at the age of sixty an income of 282 francs paper (say, £3 4s.), to replace the equivalent of around 19s. which his investment is at present yielding (present-day sterling value). This annuity will increase progressively to 400 francs at 70, 552 francs at 80, 680 francs at 90, so that he will get his original capital back in about twenty-five years. A special provision makes these annuities bequeathable to the annuitant's widow or direct heirs—presumably up to the age limit of ninety—in the

event of the original holder's death before that age. Although more or less based on similar data to those adopted in fixing the national scales of Civil Service and other pensions, the scheme is intentionally more liberal than actuarial exactitude demands. It is fully expected to involve the State in a substantial deficit, but is regarded as an act of social justice towards a class which has suffered severely through no fault of its own.

Although no public statement has been made on the point, I have been informed by a high French Treasury authority that the scheme will apply to British holders exactly as it will to their French fellow sufferers, and that negotiations between the two Governments are to begin forthwith, in order to adjust the French conditions to meet disparities in regard to the income tax qualification and certain obvious currency difficulties. The losses sustained by British investors in French issues made in London have on several occasions been the subject of diplomatic representations to the French Government, and it has now been found possible to give a measure of satisfaction to these, as well as to British investors in other categories of Rentes, without discrimination against France's own nationals. The relief scheme will be carried out through the Caisse d'Amortissement, the difference between the total value of the Rentes thus extinguished and the cost of the annuities being met by an annual charge on the Budget.

The immediate reduction of expenditure resulting from the conversion operation, M. Lamoureux, the Rapporteur for the Budget, informed the Chamber, will work out at 1,820 million francs during the 1933 financial year. Of this, 828 million francs will represent economies of expenditure under the Budget, and 492 million francs saving by the Caisse d'Amortissement. The total saving, he explained, will vary from year to year. The cost of the operation to the Budget is estimated at around 20 million francs, which will be met from special credits opened at the Treasury, under the Finance Act of 1932, and covering 18,600,000 francs for printing and other material supplies and 6,400,000 francs for extra labour. The financing of the possible demands for reimbursement, instead of conversion, has been provided for by giving authority, in the Conversion Act, to the Minister of Finance to provide the necessary funds either by means of the issue of the new 4½ per cent. 1932 Rentes and/or Treasury bonds or other securities, or "by means of resources placed at the disposal of the Treasury by the Caisse d'Amortissement." Under its agreement with the Treasury the Caisse will take charge of reimbursements up to the limit of its resources, and will thus be continuing its normal duty of debt extinction. All question of the issue of the 5,000 million francs of Treasury bonds, by which it was officially stated a few weeks ago the operation would be financed, now appears to have been abandoned. In this connection, however, everything depends on the proportion of the holders who will refuse to convert and demand repayment of their capital instead. Provision for a Treasury bond issue has therefore been made for use in case of need. The Caisse d'Amortissement balance at the Bank of France on September 9th was over 8,000 million francs, which it is expected will be ample to meet reimbursement demands. French conversion operations have always been remarkable for the extremely small proportion of reimbursements demanded. In the 1888 operation only 88 holders out of a total of 228,000 asked to be paid off, and in 1894 only 438 out of 1,765,000. Reimbursements in the 1902 conversion were less than one-quarter of 1 per cent. of the whole. The present operation is by far the most important of the kind ever attempted in this country, but there is already evidence that the percentage of reimbursements will be extraordinarily small. It is unofficially asserted that the total return of capital asked for in Paris on Monday, when the effort began, was less than 60,000 francs.

Various reports have been in circulation in financial circles as to the proportion of the convertible issues which are in the hands of the banks and insurance companies and other important organisations, but so far verifiable estimates are difficult to obtain. It was stated a few days ago that only about 85 per cent. of the 85,000 million

francs of convertible scrip remains in the hands of the public, the rest being held by the banks, etc. Considering that practically every French family possesses a holding of Rentes, and particularly since the war, this estimate is undoubtedly very wide of the mark. During the debate in the Chamber on Saturday, the Budget Rapporteur, M. Lamoureux, expressed the opinion that the banks and insurance companies, the Compagnie des Agents de Change and other "collectivités" probably held from 20,000 million francs to 25,000 million francs of the convertible issues, and this appears to be a much more probable estimate. The necessity for the conversion operation may be gauged from the fact that the City of Paris, which is anxious to convert its 1927 7 per cent. loan stock into a 5 per cent. issue, has found it impossible to carry out the operation in Paris, and has been negotiating for some time with a Dutch-Swiss group for issue in Amsterdam and Zurich, while one of the great Paris electrical concerns is discussing with another Swiss group with a view to borrowing 100 million francs in that country on a 4½ per cent. basis.

GERMANY.

Disarmament — Bank Reorganisation — Quotas.

(FROM OUR CORRESPONDENT.)

BERLIN, September 20.

THE English memorandum on the German disarmament Note has caused general dismay here. The German public is not so much disappointed at the legal points raised in the British Note, which adopt in essentials the French point of view, as at the tone of the Note, which shows little sympathy even for Germany's moral right to disarmament. The disappointment in official circles is mainly based on the fact that conversations in Geneva had given grounds for the assumption that the German step would at least not meet with a rebuff in England. That the German Note was accompanied by interviews which were not calculated to promote its favourable reception, and that various other things happened which would have been better omitted or postponed, is widely recognised in Germany, and it is not considered altogether incomprehensible that this should have given rise in France to a state of mind unfavourable to the success of the German move. But from England Germany did expect that her attitude would be determined by the essential point, the content of the Note; and in this Note the German Government only asked for what the entire public opinion of Germany regards as the only fair solution, namely the principle of equality of rights. As the Note left open the question of negotiations for a temporary regulation of the position, and as Germany declared herself in agreement beforehand with all *de facto* limitation of armaments, it is impossible for her to see what practical considerations can possibly have called for such a vote of censure on Germany. The Government, and especially General von Schleicher, had, of course, by their intention not to increase Germany's armaments when her right to equality was recognised, but to spend no more on armaments next year than before, placed themselves in opposition to a large part of the Right. This raises the question whether it never occurred to Great Britain that her answer was bringing grist to the mills of those who would like to see Germany leave not only the Disarmament Conference, but the League of Nations as soon as possible. Not only those who are opposed in principle to a foreign policy of conciliation, but also the advocates of an "Eastern policy," will turn to their own advantage the situation which has now arisen.

Within the next few days two new institutions will be created with the object of carrying a decided step further the consolidation of the German banks which began last February. These will be an industrial finance company, known familiarly as "Ifi," and an Amortisation Institute. Through the Ifi the banks will be able to dispose of the security holdings which they can at present only sell to the public on very unfavourable terms, if at all. The chief use of the Amortisation Institute will be to take over

the frozen "debtors" of the banks and in this way to provide lasting relief to their balance sheet position. The plan is strongly reminiscent, though on a much more modest scale, of the method by which the Banca Commerciale Italiana was "rectified" last year. The details of the scheme are not yet settled, but the outlines are somewhat as follows: Ifi is to be provided with a share capital of Rm. 30 millions, of which 10 millions will be preference shares to be paid up in full by the Golddiskontbank, the Acceptance Bank and the Bank für Industrieobligation, which have no direct interest with the scheme. The 20 million ordinary shares are to be taken over by the banks and at first only 25 per cent. is to be paid up. Not only the large banks but the medium-sized and small banks are to participate. Ifi is to take over securities up to ten times the value of the paid-up capital, which means only 50 millions in the first place. It is to pay for the securities with bills which the banks can discount at the Reichsbank or in the open market after they have been endorsed by the acceptance bank.

This relief is particularly needed by the banks, because at the moment they are heavily burdened with securities which they have taken over from their industrial debtors, and this burden is preventing them from adopting a liberal credit policy.

The Amortisation Institute is to serve a similar purpose. Frozen "debtors" of the banks are to be transferred to it under bank guarantee, and gradually redeemed—the probable period is at present estimated at 20-25 years—out of the profits of the banks. It is intended in this way to relieve the banks of a mass of debt amounting to about 300 millions. In the banks' balance sheets there will appear, instead of the "debtors" which, as they are frozen, cannot be included at their full value, a claim on the Amortisation Institute at its face value, so that the banks will be relieved of the necessity of writing off further heavy losses in their 1932 balance sheets. The two new institutions are, of course, only to take over sound shares and debts.

The immediate execution of this plan is bound up with the Government economic programme, for it is impossible for business to revive if the banks cannot readily grant credit. The tax vouchers, which are the kernel of the von Papen economic programme, are intended primarily to serve as a basis for credit, but the best foundation is useless if no lenders are available. The Reichsbank will probably have to render very little direct assistance, as the transaction is primarily only a rearrangement of banking assets. It is, however, supporting the anti-deflation campaign by the reduction of its discount rate to 4 per cent., the necessary formalities of this having been completed in Basel.

The demand of agriculture for import quotas continues. At present the demand for vegetable quotas is to the fore, as tomatoes, cabbages and other vegetables are being sent in very cheaply, especially from Italy. The Government, however, has so far held firmly to the attitude that limitation of imports can only be undertaken after new agreements with the other parties to her commercial treaties. This standpoint, which is in itself unassailable, is rendered difficult to defend at home by the fact that other States, as, for example, France last year, have abandoned it, to Germany's disadvantage.

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AUSTRIA.

Agriculture — Stresa — Company Dividends.

(FROM OUR CORRESPONDENT.)

VIENNA, September 19.

THE Vienna Stock Exchange could not escape the impression made by the decline on the international share market, but it showed considerable power of resistance, so that the weakening of the market was kept within narrow bounds. Undoubtedly the resistance was due in part to favourable opinion in regard to the prospects of certain branches of economy. The iron and steel industries, which have lost most of their export trade, have to contend with great difficulty in making sales. Nevertheless, there are, on the other hand, branches enjoying a boom as the result of the further check upon free trade and particularly because of throttling of importation into Austria. Agriculture is in a position to dispose of its products at prices which have risen greatly for most articles. As a consequence of the tariff protection of farm produce, there is a marked disparity between prices on the two sides of the Austro-Hungarian frontier; an egg costs five groschen in Hungary and nine in Austria, a litre of milk 20 groschen in Hungary and 50 groschen in Austria. In Vienna itself the prices are much higher. While in Budapest a kilogram of butter costs only three schillings, including the middleman's profit, in Austria one has to pay 6.50 schillings. Fruit and vegetables cost in Austria three or four times as much as they do in Hungary and Yugoslavia.

The real income of employees suffers in three ways: from the cuts in wages, from the rise in prices due to duties and taxes, and from the effects of the depreciation of the schilling. Certain industries, whose raw materials are agricultural products, are also profiting from the protective system. This is true, for example, of the sugar industry, which before the revolution used to cover only about 15 per cent. of national requirements, whereas for the 1932-33 season it is probable that hardly any imports at all will be necessary, and a propaganda campaign for sugar consumption is necessary in order that the domestic output may be sold. The sugar factories, whose plant was enlarged several years ago, and which have nearly all been brought up to date, are working at full capacity. The spirit distilleries are also working almost up to their maximum output, though the existing spirit monopoly favours the agricultural distilleries at the cost of the trade distilleries by according the former a much higher delivery price. The breweries are suffering because 41 per cent. of the price of beer goes to pay taxes, which have greatly increased the sales price of the product; in the brewing year which came to a close at the end of August, output fell from 4.4 to 3.3 million hectolitres. Big profits are being made in cattle dealing. The importation of cattle, calves, pigs, etc., is categorically forbidden; as, however, the domestic producers cannot cope with the requirement, supplies must be augmented from abroad at high prices due to the very high duties.

There is also a great boom in Austrian coal, owing to the recent legislation enforcing an admixture of brown coal and prohibiting importation of hard coal. As a consequence of these measures, the Austrian lignite mines are working at full capacity. The development will become all the more significant during the next few months, because, on the one hand, the approach of winter will bring a strong demand for household coal, and, on the other hand, many consumers quickly bought foreign hard coal before the compulsory admixture came into force and these stocks will be exhausted within a few months.

In certain circles great hopes were set upon the conference at Stresa. At the moment, however, it is not yet clear whether the results of this conference will mean a favourable impulse for Austria. Should preferential treatment for South-East European grain be decided upon,

Austria, the grain importing country, will be at a disadvantage. Austria, it is true, will accord such preferential tariffs if it is given the opportunity of carrying on industrial exportation, at least to the South-East European States, also under preferential conditions. Up to the present, however, there has been no mention of such an arrangement at Stresa, so that, like Germany and Czechoslovakia, Austria would be only a giver and not a receiver. Within the next few days trade-treaty negotiations are to begin with Hungary and Poland, and from these it will appear whether or not it will be possible to create preferential conditions for Austrian industrial exportation without intrusion from third countries. For the present, there exists a six-week provisional agreement between Austria and Hungary, which afforded quotas for Austrian industrial products, which in several articles could be exploited to no more than 20 per cent. The situation on the labour market continues to be unfavourable. In the first half of September the number of unemployed in Vienna in receipt of benefit sank by 750 to 106,000, which is 24,000 higher than the figure for the corresponding period of 1931. For the immediate future the outlook in this respect must remain pessimistic, for in October a seasonal increase in unemployment is to be expected. From the balance sheets, most of which have now appeared, it is to be seen that the Austrian stock companies are not making profits. Of the 145 companies, whose shares are quoted on the Stock Exchange, only 45 have distributed dividends, as against 78 last year. The amount paid to the shareholders is 23.9 million schillings, as compared with 51 millions last year. Conditions are best in the brewing industry, in which all six companies were able to distribute dividends (5.1 million schillings against 6.1 millions last year), and worst in the metal industry, in which of the 39 companies whose shares are quoted on the Stock Exchange only six could pay dividends. The greatest decline, however, took place in banking: in this group only two out of twelve companies declared dividends, as against seven last year. In the timber, leather, paper, petroleum and hotel industries none of the stock companies represented in the official quotations distributed any dividend at all.

HUNGARY.

Stresa — Currency and Prices — Devaluation.

(FROM OUR CORRESPONDENT.)

BUDAPEST, September 12.

THE news from Stresa that the discussion of the financial problems of the Danubian countries will be postponed to another conference did not come as a surprise, because the French proposals for a common fund to be set up by the Great Powers for the distressed Central European nations have, ever since they were launched in April by M. Tardieu at the London Conference, been regarded here as rather vague and insufficient. The British are not blamed for their lack of enthusiasm for throwing good money after bad, but their views that by abandoning the gold standard and removing all currency restrictions trade would revive are not generally shared. It is recognised, of course, that Hungarian exports suffer a great deal from the discrepancy existing between the internal and external value of the pengő, but it must be pointed out that tariff barriers, quota restrictions and prohibitions of all kinds are even more formidable hindrances to trade, and unless they are previously removed a premature restoration of the freedom of monetary transactions would do little good in itself either to international commerce or to the foreign creditors.

The quotation of fine gold per kilogramme on the produce market has recently decreased to 4,800 pengő, as against 5,200 pengő paid a month ago. The official buying price of the National Bank is 3,800 pengő. Thus there is a premium of about 28 per cent. as compared with 85 per cent. a month ago. Similar decreases are noticeable

HOLLAND.

Shipping Strike — Coal — Stock Exchange — Money — Trade.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, September 10.

UNFORTUNATELY the strike in the mercantile marine of the Netherlands which had been threatening has, in fact, been declared. The strike has arisen from a wage dispute. The Dutch shipowners, attributing their inability to meet the competition of foreign shipping to the prevailing high level of wages, decided that a drastic wage reduction was imperative. Negotiations between the owners and the organisations of the seamen broke down, and after receipt of the wholly unsatisfactory reply from the shipowners, the Association of Mercantile Marine Officers and the Central Transport Workers' Union decided to put an embargo on signing on for fresh voyages. This decision was communicated to officers and crews, and the orders not to sign on are being adhered to faithfully. The result has been that the various lines have had to suspend their regular sailings, with the exception of the lines to the Indies.

The latest quota order, given by Royal Decree dated August 24th, provides for restrictions on the importation of socks and stockings, carpets, sewing cotton and table linen, for the seven months ending March 1, 1933.

Dutch commerce and industry is still being handicapped by the obstacles which foreign countries, particularly Germany and Belgium, have raised against our exports. The negotiations with regard to our butter exports to Germany have now made such progress that a satisfactory solution is considered probable. The discussions with Belgium, on the other hand, on the subject of the restrictions on our exports of coal to that country have, so far, failed to yield a satisfactory result. The following figures closely illustrate how seriously our Limburg collieries have declined:—

Production. (Thousand tons.)		Numbers Employed.		Exports. (Thousand tons.)	
July, 1931.	July, 1932.	August 1, 1931.	July, 1931.	July, 1931.	July, 1932.
1,167	1,035	38,584	36,001	422	197
				Coal.	Coke.
				300	174

This distressed state of affairs in trade and commerce in the Netherlands forms a striking contrast with the developments on the Stock Exchange. The firm tendency on Wall Street did not fail to exert its influence on the Amsterdam market. An advance, such as has not been witnessed for a long time, set in, and once more the increasing participation of the public in Stock Exchange transactions was a gratifying feature. The bond market showed a very firm tendency too, indicating that the gradual return of confidence is becoming more and more pronounced. The recovery of some degree of activity in the issues market forms another indication in the same direction, but although the total of the issues offered for subscription in August do show an advance as compared with July, last month's aggregate is nevertheless still of modest proportions. Fears that the capacity of the new issues market was insufficient was apparently a contributory factor in this respect. From the character of the issues marketed, it can be concluded that the resurrection of our issues market is only in an initial stage, however, for the new borrowers are still Governmental and municipal bodies only. During August loans to a total of 12.4 million guilders were offered for subscription, almost entirely by various Dutch municipalities. In the previous month the issues totalled nearly 5½ millions, and in August last year over 17 millions. In the first seven months of this year issues aggregated 263.2 million guilders, as compared with 307.3 million guilders in the corresponding period of last year.

Great liquidity continues to characterise the Amsterdam money and capital market. The buying movements in the stock market were apparently financed chiefly with surplus funds available, as the demand for prolongation money was still very slight. The average rate for prolongations in August was 1 per cent., the same as in the preceding month, as compared with 1.270 per cent. in August, 1931.

in the prices paid for dollar and other bank notes in the "black" market. In contrast to Austria, the Hungarian authorities have firmly refused to allow a free exchange market between exporters and importers at higher prices than those quoted by the National Bank. Thus there has developed a "black" market where clandestine trade is transacted. The sharp fall in the "black" market and gold prices is due to the fact that the hoarding of foreign bank notes and gold has ceased, partly because the fears of a rapid currency depreciation have subsided, and partly because the speculative money engaged in gold and foreign exchanges is being gradually liquidated, as it finds more profitable use in the hitherto neglected share market. It is interesting to note that the premium paid on foreign exchanges is now less than it was on July 15, 1931, when the free transactions were suppressed at the Stock Exchange.

The price level is practically the same as it was a year or 18 months ago. In other words, although Hungary remained officially on the gold standard, prices failed to move in sympathy with gold prices. Export difficulties caused certain agricultural prices to fall greatly below the world prices. On the other hand, the prices of the staple industrial articles such as coal, iron, chemicals and textiles, etc., are 50-100 per cent. higher than abroad, as a result of monopoly secured by high tariffs and import prohibitions on the home market. An attempt by the coal combination to raise prices, which are about twice as high as the pre-war and foreign levels, was frustrated by the Cartel Court, which ruled it out as being against the public interest.

The Government has repeatedly declared that it is anxious to maintain the gold standard, but its policy—notably its inability to reduce public expenditure and industrial prices—tends rather to compromise than to maintain it in the long run. The advantages and disadvantages of devaluation are keenly discussed in economic and political circles. Agricultural interests favour a devaluation of 25-30 per cent. It certainly speaks for a devaluation of 25-30 per cent. that (a) it would correspondingly raise the depressed agricultural prices; (b) it would lighten the fixed debt charges and thereby improve the solvency of banks, commerce and agriculture alike; and (c) a much-needed depression of the unduly high portion of the national income devoted to the maintenance of public administration would automatically right the restoration of budgetary equilibrium. The main reasons against devaluation are (a) the fear of uncertainty that once devalued by 25-30 per cent., the pengő will further deteriorate, a fear which is fully justified so long as the budget is unbalanced and the temptation exists to meet the deficit through the printing press; (b) the fears that industrial prices would rise too, so that the discrepancy between agricultural and industrial prices would not be lessened; and (c) that the nominal value of the foreign debt of the country contracted in foreign currencies would correspondingly grow as expressed in the devalued pengő currency.

Hungary's representative declared at Stresa that the currency restrictions cannot be removed until the scaling down of the foreign debt service enables the country's international payments to balance. Currency reform can take place only as a part of a concerted action of the readjustment of all Danubian exchanges under the leadership of the B.I.S., when ample safeguards are accorded by the Creditor Powers. The fact that the representatives of the Great Powers refused to discuss the debt "problem"—declaring that the creditors alone are competent to negotiate directly with the debtors for the scaling down of the interest service—makes the prospects of the Danubian recovery very remote. There is little evidence that the various groups of foreign creditors fully realise the collective insolvency of Hungary, in spite of the consecutive defaults and moratoria which have been the order of the day for more than a year and will certainly continue to be for a long time to come.

The Stock Exchange.

BRITISH FILM FINANCES.

WHILE the earnings of the cinema theatre companies in this country have all declined, as was inevitable since the Government increased the amusement tax and the public has had less to spend on its pleasures, the British film industry is to be congratulated on having avoided the financial disaster suffered by its big American brother. Paradoxically, the established British film companies owe their relative good fortune partly to a present defect in their organisation—namely, the weakness of their production units. It is well known that in Hollywood huge losses have superseded huge profits on film production. The most strenuous efforts of New York bankers to force economy into the Hollywood studios and common sense into the salaries of film stars have not sufficed to make American film production profitable on the basis of present attenuated box-office receipts. The British producers, however, have never plunged heavily on their studio programmes, in some cases through lack of technical skill and equipment, in others through financial prudence. Thus, big production losses have been avoided by the established companies. It is also to their credit that their theatre circuits have not been over-expanded, although in some cases dearly purchased, but have been kept within manageable limits. In the United States the purchase of huge theatre circuits at inflated prices contributed largely to the financial downfall of the large film companies. We may therefore take heart from the fact that the leading British film companies in this year of intense depression have never approached falling into the hands of their bankers. In this particular they have set a lead to Hollywood.

Measured in bulk, or rather in footage, the progress of British film production in the last few years has not been very impressive. This may be explained by the high mortality among the new producing companies promoted during the 1927-29 boom. The table in the next column gives the footage of British-produced and foreign imported films in the years since 1927, when the Films Act was passed, which imposed a quota of British films on renters and distributors.

The final misfortune of the new film-producing companies promoted under the stimulus of the Films Act was that a year or two after their birth the "talkie" came along and revolutionised the entire technique of

LENGTH (IN FEET) OF BRITISH AND FOREIGN FILMS REGISTERED IN THE UNITED KINGDOM.

(Moody's Economist Services).

Period.	British.	Foreign.	Total.	British proportion of Total.
1928 weekly average	15,263	97,269	112,532	13.6
1929 " "	15,354	118,193	133,547	11.5
1930 " "	20,712	120,114	140,826	14.7
1931 " "	17,466	87,319	104,785	16.7
1932* " "	21,420	71,987	93,407	22.8

* January-June.

film production. Of the few companies which survived, British and Dominions and British Lion Film Corporation (the latter promoted by the late Edgar Wallace) have contributed to the advancing prestige of British film production, although their shareholders have so far been presented with deficits instead of dividends. It cannot be said, however, that the Films Act, by the measure of protection it has conferred upon British producers, has enabled any distinctive school of screen art to be developed in British studios. If the British film producers are to take full advantage of the opportunities presented to them by the financial upset of Hollywood, which has undoubtedly affected the quality of American films, they must show themselves as adaptable as the Continental producers to the new technique of the talking screen.

We may now consider the position of the two established groups in the British film industry, Gaumont-British Picture Corporation and British International Pictures, which are engaged in every phase of the trade from production to distribution (renting) and exhibition. Briefly, the Gaumont-British group has had the advantage of possessing strong cash resources and the oldest established theatre circuit in the country—that of Provincial Cinematograph Theatres—but has become over-capitalised by the purchase at high prices of other theatre circuits—in particular those of General Theatres and Denman Picture Houses. We do not suggest that these two theatre subsidiaries have been a financial burden to Gaumont-British, except in so far as they have added to its heavy capitalisation, for both of them are earning

	Gaumont-British.		Denman Picture Houses.		General Theatres.		Prov. Cin. Theatres.		Brit. Int. Pictures.		Associated Brit. Cinemas.	
	Year ending March.		Year ending March.		Year ending March.		Year ending January.		Year ending March.		Year ending March.	
	1931.	1932.	1931.	1932.	1931.	1932.	1931.	1932.	1931.	1932.	1931.	1932.
Net profit after tax ...	£ 463,482	£ 440,788	£ 335,859	£ 307,360	£ 323,171	£ 288,197	£ 579,170	£ 504,965	£ 161,926	£ 112,513	£ 429,645	£ 371,444
Depreciation	30,388	30,727	22,601	18,556	13,471	3,447	75,000	83,000	20,000	Nil	75,000	75,000
Deb. interest and sinking fund	433,094	410,061	313,258	288,804	309,700	284,750	504,170	421,965	141,926	112,513	354,645	296,444
Preference dividends	364,489	326,351	69,935	45,434	121,729	96,598	411,807	328,352	126,926	97,513	235,655	144,553
	93,750	93,750	...	...	93,750	93,750	52,500	52,500	20,000	20,000	52,857	54,521
	270,739	232,601	69,935	45,434	27,979	2,848	359,307	275,852	106,926	77,513	182,798	90,032
Per cent. earned on ord.	12.4	10.4	5.7	3.5	5.5	0.6	32.3	21.8	18.4	9.7	28.0	13.7
Per cent. paid on ord.	6.0	6.0	2.5	2.5	Nil	Nil	15.0	15.0	8.0	5.0	8.0	5.0
Reserve	£ 64,093	£ 79,832	£ 12,853†	£ 10,000†	£ ...	£ ...	£ 40,000	£ 45,000	£ 50,000	£ 50,000	£ 90,000	£ 50,000
Carried forward	84,461	87,229	88,919	89,353	41,359	44,206	114,721	120,573	56,479	47,297	34,815†	28,522

* Investment reserve.

† Written off.

and paying their prior charges. Indeed, Gaumont-British is drawing management fees from both companies and is receiving from Denman Picture Houses a dividend of 2½ per cent. on its holding of ordinary shares. But it must not be forgotten that Gaumont-British has guaranteed £2½ million 7 per cent. first debentures and £500,000 7 per cent. second debentures of Denman Picture Houses and has made itself responsible for the financing of both theatre circuits which, after all, have got to keep themselves up to date in a rapidly changing industry. It is fortunate for Gaumont-British that its old-established subsidiary, Provincial Cinematograph Theatres, has the best theatre circuit for earning power in the country and is thus able to pay 15 per cent. steadily on its ordinary shares.

The uncertain factors in the Gaumont-British position are its production activities and its relations with the Fox Film Company of America. As regards the first, it is significant that it has recently completed new and expensive studios at Shepherd's Bush and has embarked on a film production programme requiring an expenditure, according to its own publicity, of about £1,000,000 per annum. Much depends upon the outcome of this venture, for a great deal of capital can be lost in unsuccessful film productions. As regards the second question, the Fox Film Company recently brought a suit against Mr Isidore Ostrer in regard to a contract for the purchase of a 49 per cent. interest in the Metropolitan and Bradford Syndicate which holds control of Gaumont-British. This action has been settled on terms which have not been disclosed, but it is reported that Fox films will in future be shown in Gaumont theatres and that certain Fox directors will be given seats on the Gaumont-British board. The consequences of this reorganisation cannot be foreseen, for hitherto Gaumont-British has been dominated by the Ostrer family.

As regards British International Pictures, this company has had a more varied and extensive experience of film production than Gaumont-British, its Elstree studios having seen the beginnings of British film technique. It may be assumed that it has settled down to commercialised production. Its policy to-day is to spend little more on its productions than it can recover from the box-office receipts of its own theatre subsidiary, Associated British Cinemas. The last-named has been handicapped by limited financial resources and is still carrying a load of bank debt, arising out of the purchase of its theatres, which must sooner or later be funded.

An analysis of the earnings and distribution of profits of the Gaumont-British group and British International Pictures and its subsidiary will be found in the table at the foot of the previous page. The net profit figures are shown after tax (the amount of tax not being given in all cases), so that it is impossible to compare the actual declines in theatre earnings. In all cases, however, the decline appears moderate. As regards the balance sheets, it is difficult to ascertain the exact financial position of Gaumont-British. Eliminating inter-company credits and debits, it will be found that cash and debtors amount to only £159,655 against creditors and bank overdraft of £481,097. In addition there is a secured bank loan of £180,000. The net profits, after tax, represented only 6.1 per cent. net on the loan and share capital plus share premiums. In the British International balance sheet, eliminating inter-company items, there is a surplus of cash and debtors over creditors of £12,727, which is not impressive having regard to the secured loan of £350,000 and a share capital of £1,250,000. The Associated British Cinemas' balance sheet disclosed a deficiency of current assets against current liabilities of £329,890, but this company is, in effect, financed by its parent, British International Pictures.

The table in the next column gives the market valuations of, and interest or dividends yields on, the different securities of these two film groups.

It will be seen that the market is valuing the prior charges of these film companies very conservatively, except in the case of the Provincial Cinematograph Theatres 6 per cent. debenture stock. Some appreciation has followed upon the decline in interest rates, but relatively high yields are still obtainable. The equity shares present

DEBENTURES.

	1932. Lowest.	Present Price.	Yield. %	d.
Gaumont-British 6½% 1st mort. deb.	95½	105	6	3 10
Provincial Cinematograph Theatres 6% 1st mort. deb.	86	103	5	16 6
Denman Picture Houses 7% gtd. 1st mort. deb.	84½	97½	7	3 7
Denman Picture Houses 7% gtd. conv. deb.	...	94	7	9 0
General Theatres Corp. 6½% 1st mort. deb.	60	77xd	8	9 8

PREFERENCE SHARES.

	1932. Lowest.	Present Price.	% paid.	%	d.
Gaumont-British 7½% pref. £1	13/3	18/6	8	2	2
Provincial Cinematograph Theatres 7½% "A" pref.	20/-	22/6	6	9	10
Provincial Cinematograph Theatres 7½% pref. ord.	12/-	15/4½	9	15	2
British International Pictures 8% pref. £1	15/-	19/-	8	8	3
Associated British Cinemas 7½% pref. £1	11/-	14/-	10	14	3

ORDINARY SHARES.

	1932. Lowest.	Present Price.	% paid.	%	d.
Gaumont-British 10/- ord.	6/2	9/4½	6	8	0
British International Pictures 5/- ord.	3/-	3/9	5	0	6 13 4
Associated British Cinemas 5/- ord.	2/10	3/6	5	0	7 2 10
Provincial Cinematograph Theatres 10/- ord.	...	15/3	15	0	9 16 9

a paradox—those of Provincial Cinematograph being undervalued in relation to the others, although its debentures are the highest priced in the film company list. This may be accounted for by the narrowness of the market, the public holding only 3 per cent. of the Provincial Cinematograph Theatres equity. On the whole the valuation of the equity shares of the parent Gaumont-British is over-optimistic.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
October 4.	October 6.

THE new account opened in subdued fashion, with sentiment depressed by industrial conditions at home and the sorry appearance of international relations. A marked improvement in tone occurred as the week advanced, however, quotations being helped by the renewed strength of Wall Street, the sharp rally in a number of commodities, and the prospect of an early settlement of the cotton dispute. On Thursday the advance was general.

Gilt-edged stocks, after initial dullness, resumed their upward trend. Sentiment was assisted by the prospect of

(Continued on page 558.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

MOODY'S INVESTORS SERVICE LIMITED,

King William Street House,

Arthur Street, E.C.4.

Tel.: Mansion House 7685.

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

Prices 1931.		Price Year 1932 (Jan. 1 to Sept. 1) inclusive.		Name of Security.		Price Sept. 21, 1932.		Price Sept. 21, 1932.		Rise or Fall.		Yield.		Price Year 1931.		Price Year 1932 (Jan. 1 to Sept. 1) inclusive.		Name of Security.		Price Sept. 21, 1932.		Price Sept. 21, 1932.		Rise or Fall.		Yield.			
High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.		
60 1/2	77 1/2	73 1/2	54 1/2	British Funds.										72 1/2	73	+	3	8	6	21	8	70-	70-	70-	70-	70-	70-	70-	70-
97 1/2	110 1/2	110 1/2	81 1/2	Consols 2 1/2 %										106 1/2	107 1/2	+	1	15	2	70-	70-	70-	70-	70-	70-	70-	70-	70-	70-
85 1/2	104 1/2	104 1/2	93 1/2	Do. 4 %										98	99	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
108 1/2	110 1/2	110 1/2	93 1/2	Do. 5 % 1944-64										115 1/2	116 1/2	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
97 1/2	102	102	83 1/2	Funding 4 1/2 % 1960-90...										109	110	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
98 1/2	107 1/2	107 1/2	89 1/2	3 % Treasury Bonds										101 1/2	102	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
104 1/2	105 1/2	105 1/2	85 1/2	Victory Bonds 4 %										106	107	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
70 1/2	87 1/2	87 1/2	60 1/2	War Loan 5 % 1923-47										102 1/2	103 1/2	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
46	29 1/2	29 1/2	36 1/2	Local Loans 3 %										98 1/2	100 1/2	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
85 1/2	34	34	42 1/2	India 2 1/2 %										84 1/2	85 1/2	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
84 1/2	41	41	49 1/2	Do. 3 %										69 1/2	70	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
85 1/2	55	55	67 1/2	Do. 3 1/2 %										80 1/2	82	+	1	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
106 1/2	114 1/2	114 1/2	97 1/2	Do. 4 1/2 % 1928-68										103	103	...	3	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
99 1/2	107 1/2	107 1/2	87 1/2	Palestine 4 1/2 % 27-67										113	113	...	3	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
85 1/2	58	58	77 1/2	Ustler 4 1/2 % 45-75										105 1/2	105 1/2	...	3	10	8	106 1/2	107 1/2	117	117	117	117	117	117	117	117
96 1/2	75	75	103 1/2	Dom. & Colonial Govts.										103	103	...	4	16	0	16 1/2	17	17	17	17	17	17	17	17	
105 1/2	90	90	100 1/2	Australia 5 % 1945-75										103	103	...	4	16	0	16 1/2	17	17	17	17	17	17	17	17	
105 1/2	90	90	100 1/2	Canada 4 % 1940-60										102 1/2	102	...	3	14	2	17 1/2	18	18	18	18	18	18	18	18	
105 1/2	90	90	100 1/2	Ceylon 6 % 1936-61										108	108	...	5	16	0	17 1/2	18	18	18	18	18	18	18	18	
105 1/2	90	90	100 1/2	Gold Coast 4 1/2 % 1956...										110	110	...	4	2	0	66 1/2	68	68	68	68	68	68	68	68	
105 1/2	90	90	100 1/2	Kenya 4 1/2 % 1956...										110	110	...	4	2	0	66 1/2	68	68	68	68	68	68	68	68	
105 1/2	90	90	100 1/2	Nigeria 5 % 1950-60										111	112	+	1	10	8	66 1/2	68	68	68	68	68	68	68	68	
80	46 1/2	46 1/2	58	N.S. Wales 6 % 35-55										99 1/2	100	+	1	10	8	66 1/2	68	68	68	68	68	68	68	68	
102 1/2	85	85	111 1/2	N. Zealand 5 % 1946...										106	106	...	4	10	9	113 1/2	116	116	116	116	116	116	116	116	
81	48	48	60	Queensland 5 % 40-60										100 1/2	100	...	5	0	0	63 1/2	66	66	66	66	66	66	66	66	
105	82	82	111 1/2	S. Africa 5 % 1945-75										108	109	+	1	4	4	80 1/2	82	82	82	82	82	82	82	82	
100	85 1/2	85 1/2	103 1/2	S. Africa 4 1/2 % 35-45										103 1/2	103 1/2	...	3	8	6	80 1/2	82	82	82	82	82	82	82	82	
89	53	53	77 1/2	Foreign Governments										102 1/2	102 1/2	...	3	8	6	80 1/2	82	82	82	82	82	82	82	82	
105 1/2	87	87	100 1/2	Argentina 4 % Recdm.										63 1/2	66	+	3	8	6	80 1/2	82	82	82	82	82	82	82	82	
98 1/2	33 1/2	33 1/2	60 1/2	Austrian 6 % 1923-43										99	100	+	1	6	2	14 1/2	15	15	15	15	15	15	15	15	
86	29 1/2	29 1/2	41	Do. 7 % Int'd by 1957										45	50	+	5	0	0	35 1/2	38	38	38	38	38	38	38	38	
113 1/2	92	92	112 1/2	B. Aires (Prov.) 3 1/2 %										102	106	+	4	14	5	80 1/2	82	82	82	82	82	82	82	82	
78 1/2	43	43	69	Belgian 7 % Int'd by 1996										108 1/2	109	+	1	5	0	80 1/2	82	82	82	82	82	82	82	82	
94	28	28	46	Bulgaria 7 % 1920										52	52	...	23	8	6	40 1/2	42	42	42	42	42	42	42	42	
87 1/2	46	46	58	Brazil 5 % Fund. 1914										52	52	...	9	12	3	40 1/2	42	42	42	42	42	42	42	42	
94	20	20	30	Do. 6 % (1927)										30	30	...	21	16	24	16 1/2	17	17	17	17	17	17	17	17	
82 1/2	33	33	47	China 5 % (1923)										44 1/2	44 1/2	...	10	12	0	24 1/2	26	26	26	26	26	26	26	26	
113 1/2	92	92	112 1/2	Do. 5 % (1913)										64	68	+	2	8	1	16 1/2	17	17	17	17	17	17	17	17	
86 1/2	70	70	83 1/2	Chongchiao 4 %										105	106	+	1	7	15	0	28	28	28	28	28	28	28	28	
87 1/2	46	46	58	Danish 3 %										75	75	...	4	13	15	34 1/2	35	35	35	35	35	35	35	35	
80	56 1/2	56 1/2	79 1/2	Danish 6 %										75	75	...	4	13	15	34 1/2	35	35	35	35	35	35	35	35	
76 1/2	35	35	70	Egypt United 4 %										95	95	...	4	6	13	17 1/2	18	18	18	18	18	18	18	18	
99 1/2	70	70	82 1/2	Estonia 7 % 1927										68	68	...	11	14	0	14 1/2	15	15	15	15	15	15	15	15	
30 1/2	29 1/2	29 1/2	30 1/2	Finland 6 % 1923										80	82	+	2	7	7	24 1/2	25	25	25	25	25	25	25	25	
106	93	93	90	French (British) 7 %										27 1/2	27 1/2	...	40	24 1/2	44 1/2	30 1/2	31	31	31	31	31	31	31	31	
81 1/2	37 1/2	37 1/2	66	Do. 6 %										82	82 1/2	+	1	4	4	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	
93 1/2	59 1/2	59 1/2	66	German 7 %										67 1/2	70	+	2	7	19	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2		
104 1/2	73	73	81 1/2	Do. 5 1/2 % 1930										39 1/2	36 1/2	-	3	...	3	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2		
109 1/2	84	84	93 1/2	Greek 6 % Stab. L. 1930										47 1/2	45 1/2	-	2	...	13	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2		
111 1/2	83	83	94 1/2	Do. 7 % Refugees										57 1/2	57 1/2	...	13	0	9	14 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	
105 1/2	77 1/2	77 1/2	93 1/2	Hungary 7 %										70	70	...	9	19	6	29 1/2	30	30	30	30	30	30	30	30	
14 1/2	5	5	10 1/2	Japanese 4 %										8	8	...	2	2	2	14 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2		
83	40	40	55	Do. 6 % (1924)										70	70	...	9	19	6	29 1/2	30	30	30	30	30	30	30	30	
86 1/2	48	48	58 1/2	Mexican 5 % (1899)										8	8	...	2	2	2	14 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2		
104 1/2	92	92	103 1/2	Norwegian 4 % 1911										97 1/2	97 1/2	...	4	2	0	21 1/2	22	22	22	22	22	22	22	22	
89 1/2	75	75	85	Peru 7 1/2 % 1923										28	30	+	2	25	0	26 1/2	27	27	27	27	27	27	27	27	
76 1/2	39	39	67	Siamese 6 %										108	108	...	11	16	0	185	186	186	186	186	186	186	186	186	
104 1/2	92	92	103 1/2	Swedish 3 1/2 % 1908										85	85	...	6	0	0	171	172	172	172	172	172	172	172	172	
76 1/2	39	39	67	S. Paulo Coffee 7 1/2 %										51 1/2	50	- 1/2	14	11	0	104	104	104	104	104	104	104	104	104	
104 1/2	92	92	103 1/2	Turkish 4 % Unified										7 1/2	7 1/2	...	5	0	0	32 1/2	33	33	33	33	33	33	33	33	
80	45	45	60	Uruguay 5 % 1919										45	45	...	11	3	0	22 1/2	23	23	23	23	23	23	23	23	
94 1/2	62	62	82 1/2	Corporation Stocks										51	50 1/2	- 1/2	11	15	9	31 1/2	32	32	32	32	32	32	32	32	
107 1/2	94	94	114 1/2	B. of London 5 % 1920-70										110 1/2	117	+	1	4	0	238	240	240	240	240	240	240	240		
107 1/2	94	94	114 1/2	B. of London 5 % 1920-70										110 1/2	117	+	1	4	0	238	240	240	240	240	240	240	240		
106 1/2	90	90	112 1/2	B. of London 5 % 1920-70										108	108	...	4	6	10	380	382	382	382	382	382	382	382		
90 1/2	65	65	82 1/2	B. of London 5 % 1920-70										82 1/2	82 1/2	...	8	10	9	163	163	163	163	163	163	163	163	163	
101	85	85	106 1/2	B. of London 5 % 1920-70										104 1/2	104 1/2	...	5	14	0	225 1/2	226 1/2	226 1/2	226 1/2	226 1/2	226 1/2	226 1/2			

† Free of Income Tax.

Price 1931.		Price 1932		Price 1933		Price 1934		Price 1935		Price 1936		Price 1937		Price 1938		Price 1939		Price 1940		Price 1941		Price 1942		Price 1943		Price 1944		Price 1945		Price 1946		Price 1947		Price 1948		Price 1949		Price 1950		Price 1951		Price 1952		Price 1953		Price 1954		Price 1955		Price 1956		Price 1957		Price 1958		Price 1959		Price 1960		Price 1961		Price 1962		Price 1963		Price 1964		Price 1965		Price 1966		Price 1967		Price 1968		Price 1969		Price 1970		Price 1971		Price 1972		Price 1973		Price 1974		Price 1975		Price 1976		Price 1977		Price 1978		Price 1979		Price 1980		Price 1981		Price 1982		Price 1983		Price 1984		Price 1985		Price 1986		Price 1987		Price 1988		Price 1989		Price 1990		Price 1991		Price 1992		Price 1993		Price 1994		Price 1995		Price 1996		Price 1997		Price 1998		Price 1999		Price 2000		Price 2001		Price 2002		Price 2003		Price 2004		Price 2005		Price 2006		Price 2007		Price 2008		Price 2009		Price 2010		Price 2011		Price 2012		Price 2013		Price 2014		Price 2015		Price 2016		Price 2017		Price 2018		Price 2019		Price 2020		Price 2021		Price 2022		Price 2023		Price 2024		Price 2025		Price 2026		Price 2027		Price 2028		Price 2029		Price 2030		Price 2031		Price 2032		Price 2033		Price 2034		Price 2035		Price 2036		Price 2037		Price 2038		Price 2039		Price 2040		Price 2041		Price 2042		Price 2043		Price 2044		Price 2045		Price 2046		Price 2047		Price 2048		Price 2049		Price 2050		Price 2051		Price 2052		Price 2053		Price 2054		Price 2055		Price 2056		Price 2057		Price 2058		Price 2059		Price 2060		Price 2061		Price 2062		Price 2063		Price 2064		Price 2065		Price 2066		Price 2067		Price 2068		Price 2069		Price 2070		Price 2071		Price 2072		Price 2073		Price 2074		Price 2075		Price 2076		Price 2077		Price 2078		Price 2079		Price 2080		Price 2081		Price 2082		Price 2083		Price 2084		Price 2085		Price 2086		Price 2087		Price 2088		Price 2089		Price 2090		Price 2091		Price 2092		Price 2093		Price 2094		Price 2095		Price 2096		Price 2097		Price 2098		Price 2099		Price 2100		Price 2101		Price 2102		Price 2103		Price 2104		Price 2105		Price 2106		Price 2107		Price 2108		Price 2109		Price 2110		Price 2111		Price 2112		Price 2113		Price 2114		Price 2115		Price 2116		Price 2117		Price 2118		Price 2119		Price 2120		Price 2121		Price 2122		Price 2123		Price 2124		Price 2125		Price 2126		Price 2127		Price 2128		Price 2129		Price 2130		Price 2131		Price 2132		Price 2133		Price 2134		Price 2135		Price 2136		Price 2137		Price 2138		Price 2139		Price 2140		Price 2141		Price 2142		Price 2143		Price 2144		Price 2145		Price 2146		Price 2147		Price 2148		Price 2149		Price 2150		Price 2151		Price 2152		Price 2153		Price 2154		Price 2155		Price 2156		Price 2157		Price 2158		Price 2159		Price 2160		Price 2161		Price 2162		Price 2163		Price 2164		Price 2165		Price 2166		Price 2167		Price 2168		Price 2169		Price 2170		Price 2171		Price 2172		Price 2173		Price 2174		Price 2175		Price 2176		Price 2177		Price 2178		Price 2179		Price 2180		Price 2181		Price 2182		Price 2183		Price 2184		Price 2185		Price 2186		Price 2187		Price 2188		Price 2189		Price 2190		Price 2191		Price 2192		Price 2193		Price 2194		Price 2195		Price 2196		Price 2197		Price 2198		Price 2199		Price 2200		Price 2201		Price 2202		Price 2203		Price 2204		Price 2205		Price 2206		Price 2207		Price 2208		Price 2209		Price 2210		Price 2211		Price 2212		Price 2213		Price 2214		Price 2215		Price 2216		Price 2217		Price 2218		Price 2219		Price 2220		Price 2221		Price 2222		Price 2223		Price 2224		Price 2225		Price 2226		Price 2227		Price 2228		Price 2229		Price 2230		Price 2231		Price 2232		Price 2233		Price 2234		Price 2235		Price 2236		Price 2237		Price 2238		Price 2239		Price 2240		Price 2241		Price 2242		Price 2243		Price 2244		Price 2245		Price 2246		Price 2247		Price 2248		Price 2249		Price 2250		Price 2251		Price 2252		Price 2253		Price 2254		Price 2255		Price 2256		Price 2257		Price 2258		Price 2259		Price 2260		Price 2261		Price 2262		Price 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2595		Price 2596		Price 2597		Price 2598		Price 2599		Price 2600		Price 2601		Price 2602		Price 2603		Price 2604		Price 2605		Price 2606		Price 2607		Price 2608		Price 2609		Price 2610		Price 2611		Price 2612		Price 2613		Price 2614		Price 2615		Price 2616		Price 2617		Price 2618		Price 2619		Price 2620		Price 2621		Price 2622		Price 2623		Price 2624		Price 2625		Price 2626		Price 2627		Price 2628		Price 2629		Price 2630		Price 2631		Price 2632		Price 2633		Price 2634		Price 2635		Price 2636		Price 2637		Price 2638		Price 2639		Price 2640		Price 2641		Price 2642		Price 2643		Price 2644		Price 2645		Price 2646		Price 2647		Price 2648		Price 2649		Price 2650		Price 2651		Price 2652		Price 2653		Price 2654		Price 2655		Price 2656		Price 2657		Price 2658		Price 2659		Price 2660		Price 2661		Price 2662		Price 2663		Price 2664		Price 2665		Price 2666		Price 2667		Price 2668		Price 2669		Price 2670		Price 2671		Price 2672		Price 2673		Price 2674		Price 2675		Price 2676		Price 2677		Price 2678		Price 2679		Price 2680		Price 2681		Price 2682		Price 2683		Price 2684		Price 2685		Price 2686		Price 2687		Price 2688		Price 2689		Price 2690		Price 2691		Price 2692		Price 2693		Price 2694		Price 2695		Price 2696		Price 2697		Price 2698		Price 2699		Price 2700		Price 2701		Price 2702		Price 2703		Price 2704		Price 2705		Price 2706		Price 2707		Price 2708		Price 2709		Price 2710		Price 2711		Price 2712		Price 2713		Price 2714		Price 2715		Price 2716		Price 2717		Price 2718		Price 2719		Price 2720		Price 2721		Price 2722		Price 2723		Price 2724		Price 2725		Price 2726		Price 2727		Price 2728		Price 2729		Price 2730		Price 2731		Price 2732		Price 2733		Price 2734		Price 2735		Price 2736		Price 2737		Price 2738		Price 2739		Price 2740		Price 2741		Price 2742		Price 2743		Price 2744		Price 2745		Price 2746		Price 2747		Price 2748		Price 2749		Price 2750		Price 2751		Price 2752		Price 2753		Price 2754		Price 2755			
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† Free of Income Tax

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 14, 1932.	Price, Sept. 21, 1932.
Alberta 5% 1922-27	98	48	3 1/4 pm	3 1/4 pm
Bristol Greyhound Racing 2/-	2/-	2/-	6/3-7/3	7/3-7/9
Cyprus 4% Inc. Stk. 1926-27	95	5/-	102 1/2-103 1/2	103-104
South Shields Greyhound Stadium Ord.	par.	5/-	3 1/4-3 1/2	3/0-3/3
Taken Electric St. 1	23	23	3 1/2-3 3/4	3 1/2-3 3/4

(Continued from page 555.)

cheap money for some time to come, and by the probability that Treasury Bond and War Loan repayments falling due on December 1st will be effected without any further issue. Assented War Loan was a strong feature, while advances were recorded by Funding Loan, Victory Bonds and the various conversion loans. India stocks opened quietly, but further buying occurred in mid-week, the Fives of 1942-47 being in especial request. The demand for Australians was maintained pending the refunding scheme. Home corporations were firm in sympathy with the Funds.

Foreign stocks had a quiet appearance, though Argentine issues were helped by a reassuring financial statement. Buenos Aires 3 1/2 per cent. were in keen request. Brazilian loans were dull, but San Paulo Coffee Eighties found support. Chilean issues were fairly steady, but Peruvian Corporation sagged. Japanese bonds were assisted by the better tendency of the yen, and Chinese also improved. Among Europeans, French 5 per cents. were sold fairly heavily, but German loans gained 1/4 to 1/2 on Thursday, and Austrian Sixes hardened.

The home rail market was depressed by a further batch of unsatisfactory traffic figures, but there was a marked absence of selling pressure. "Brums" lost 1/4 on Wednesday, and North-Eastern preferred weakened. Underground stocks strengthened with the passing of the bus strike danger. Among foreign rails, the Argentine "Big Four" and Entre Rios displayed considerable powers of resistance, the announcement regarding the non-payment of dividends having been already largely discounted. Leopoldina gained a fraction.

The industrial share market rallied on Thursday on the strength of the overnight news from New York, and trans-Atlantic issues were particularly strong. Throughout the list changes in favour of holders predominated. Austin Motors became a difficult market in mid-week and subsequently fell sharply on the halving of the dividend. Iron and steel shares were irregular, the volume of business being small. Electricals continued in steady demand, Henley's finding support. British American Tobacco were a good feature, while breweries were mainly firm, though Meux came on offer on the interim dividend reduction. Textile shares were marked up on expectation of an early strike settlement, and Courtaulds were firm. In the miscellaneous group, National Canning scored a sharp gain.

Oil shares continued to enjoy a large turnover, despite

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the fresh increase in American crude oil output. Leading issues were very active, with Paris a buyer of Mexican and Canadian Eagle. Apex also found considerable support. Rubber shares had a more cheerful appearance, assisted by the sharp advance in the commodity, though the volume of business continued small. Rubber Trust and Anglo-Dutch were among those to record a rise in price. Trading in tea shares remained at a very low ebb, but sellers were discouraged by the better tendency of the Mincing Lane auctions.

The mining share market had a buoyant appearance, Kaffirs enjoying renewed support from Paris and the Cape, while other sections were helped by stronger metal prices. Modderfontein weakened on the report. Indian gold shares were particularly active, though a slight reaction occurred in Mysore and Champion Reef on the dividend statements. Copper shares were firm with the metal, though tin shares remained quiet. Northern Rhodesian issues were again in demand, and advances were numerous.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Sept. 15, 1932.	Sept. 16, 1932.	Sept. 17, 1932.	Sept. 19, 1932.	Sept. 20, 1932.	Sept. 21, 1932.	Sept. 22, 1932.
Government and Municipal Loans	1,581	1,653	815	1,570	1,627	1,631	1,647
Transport, Communications, and Public Utilities	1,060	1,029	430	927	863	960	1,096
Commercial and Industrial	2,133	2,163	976	2,026	1,935	1,967	2,312
Banks, Insurance and Financial	602	615	260	535	490	557	609
Mines (including Nitrates)	886	982	410	809	733	762	844
Oil	381	484	255	589	402	359	403
Rubber, Tea and Coffee	150	153	63	136	148	134	185
Total.....	6,793	7,079	3,209	6,592	6,198	6,370	7,101

* Including iron and steel and breweries.

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

	Highest of 1932 (Sept. 8)	Lowest of 1932 (June 1)	Sept. 15, 1932.	Sept. 16, 1932.	Sept. 17, 1932.	Sept. 19, 1932.	Sept. 20, 1932.	Sept. 21, 1932.	Sept. 22, 1932.
	66.6	51.3	64.7	64.9	65.2	64.8	64.9	65.2	65.5

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The sizeable reaction throughout the markets at the beginning of the week strengthened the technical position and prepared the way for a fresh bull movement. Railroad stocks were firm on Governor Roosevelt's speech promising continuation of the Reconstruction Finance Corporation's assistance to carriers, but the volume of general business was small. In mid-week there was a pronounced upward swing, and on Wednesday many stocks rose as much as 8-10 points. The movement was assisted by bullish pool operations, and sales reached 4,800,000 shares. The bond market enjoyed renewed strength. The recovery was not accompanied by any convincing improvement in fundamental business conditions, although an advance occurred in a number of commodity prices. Wheat rose over 2 1/2 cents and cotton was 55 points higher. Steel operations were reported at 16 per cent. of capacity, against 15 1/2 per cent. last week. Freight car loadings, compared with the previous year, were down 25 per cent. for the week ended September 10th, though this is the smallest decline since March. Electric power production for the week was better at 11.2 per cent. below the output for the corresponding week of last year, but reports from the basic industries gave small promise of underlying recovery. Less importance was attached to political considerations, the tone of Mr Roosevelt's recent pronouncement suggesting that a Democratic victory would not in any case be accompanied by unduly radical measures.

	Sept. 8, 1932.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 8, 1932.	Sept. 15, 1932.	Sept. 22, 1932.
U.S. 3 1/2% T. Bds.	102 1/2	102 1/2	102 1/2	Natl. Biscuit	45	45
Lib. Ind. 3 1/2% '32-47	102 1/2	102 1/2	102 1/2	Phelps Dodge	28	28
Do. 4 1/2% '32-47	102 1/2	102 1/2	102 1/2	Pullman	24 1/2	24 1/2
Do. 4 1/2% '33-38	103 1/2	103 1/2	103 1/2	Sears-Roebuck	11 1/2	11 1/2
Atchafalpa	59 1/2	51 1/2	56 1/2	Studebaker	23 1/2	23 1/2
Ches. & Ohio	27 1/2	21	24 1/2	Un. Fruit	22 1/2	24 1/2
Erie	10 1/2	7	9	U.S. Leather	8 1/2	8 1/2
Illinois Central	22	16	20	U.S. Rubber	48 1/2	43
N.Y. Central	29 1/2	24 1/2	30 1/2	Westinghouse	40 1/2	34 1/2
Pennsylvania	21 1/2	17 1/2	20 1/2	Woolworth	40 1/2	36 1/2
Southern Pacific	30	26 1/2	30 1/2	Am. Tel. & Tlg.	116	110 1/2
Southern Ry.	15 1/2	10 1/2	13 1/2	Interboro R.T.	4 1/2	4 1/2
Union Pacific	79	72 1/2	77 1/2	Int. Tel. Teleg.	14 1/2	10 1/2
Am. Can.	59 1/2	51 1/2	55 1/2	Radio Corp.	12 1/2	12 1/2
Amer. Smelting	25 1/2	18 1/2	19 1/2	Utilities P. & L.	4 1/2	4 1/2
Anacosta	17 1/2	12 1/2	13 1/2	W. Union Tg.	4 1/2	3 1/2
Bethlehem Steel	24 1/2	22 1/2	23 1/2	Associated Gas "A"	4	3 1/2
Chrysler Motor	19 1/2	16 1/2	18 1/2	Pan. Amer. B.(New)	11 1/2	13 1/2
Corn Prods. Rf.	49 1/2	46 1/2	53 1/2	Do.	15 1/2	14 1/2
Eastman Kodak	59 1/2	53 1/2	57 1/2	Shell Union	7 1/2	7 1/2
Gen. Electric (New)	21 1/2	17 1/2	19 1/2	Std. California	30 1/2	26 1/2
Gen. Motors	18 1/2	16 1/2	17 1/2	Do. N.J.	36	31 1/2
Int. Harvester	30 1/2	22 1/2	26 1/2			
Mont. Ward	14 1/2	11 1/2	14 1/2			

x Ex dividend.

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Sept. 21.
337 Industrials	98.2	174.1	51.4	114.7	52.2	50.0
33 Rails	89.1	145.6	31.7	105.7	32.2	28.8
34 Utilities	153.2	267.4	90.6	187.6	91.8	82.7
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	52.0
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.94%
					5.07%	

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

	Highest of 1932 (Sept. 7)	Lowest of 1932 (June 27)	Sept. 14, 1932.	Sept. 15, 1932.	Sept. 16, 1932.	Sept. 17, 1932.	Sept. 19, 1932.	Sept. 20, 1932.	Sept. 21, 1932.
	72.3	35.2	56.8	59.1	58.3	57.7	56.3	58.5	65.8

TOTAL DEALINGS IN NEW YORK.

	Sept. 16, 1932.	Sept. 17, 1932.	Sept. 19, 1932.	Sept. 20, 1932.	Sept. 21, 1932.	Sept. 22, 1932.
Stock Exchange—Shares (Thous.)	1,900	700	1,300	1,300	4,300	3,700
Bonds (Value Thous. \$) ...	10,300	4,700	8,700	10,300	15,500	13,800
Our—Shares (Thous.)	210	120	170	170	420	360

* 2-hour session.

CANADA.

During the past month the Canadian stock markets for the first time for many a long day have shown a vigorously buoyant tendency and given evidence of ability to recover from the malaise which has oppressed them for nearly three years. The upward move which began about mid-August in New York at once generated a sympathetic movement in Canada, and the steady advance in most of the pivotal stocks which followed was only interrupted by the temporary lulls until within the last few days, when there has been a definite setback. At the time of writing the markets remain in an erratic condition, but so far only part of the gains which have been recorded since mid-August have been lost. A good deal of the trading has been of a professional character, but the general public has manifested a certain recovery of the speculative spirit; at any rate, there has been a remarkable increment in the volume of trading, and on September 8th, when more than 80,000 shares changed hands, it reached on Montreal market dimensions which had not been reached since the panic days in the autumn of 1929. The leader since the C.P.R., which at the time when speculative enthusiasm for stocks was at its height in New York reached 22 1/2, or more than double its lowest for the year. Its

rise was helped by two factors: news of increased earnings as the result of the larger western grain crop and a belief that the forthcoming report of the Royal Commission on Transportation would be beneficial to its fortunes. But stocks like Brazilian Traction, International Nickel, Montreal Light, Heat and Power, Shawinigan, and Consolidated Smelters all shared in the advance. For some stocks like Smelters and Canadian Cannery the results of the Imperial Conference were counted a bull point, and the stocks of corporations which are heavily interested in the West benefited by the improvement in the economic outlook for that area. However, the wiser heads in the financial world fear that the bull movement may be pushed too far, and do not think that the underlying economic conditions justify some of the advances which have taken place. The bond market has also strengthened greatly, and there has been a brisk demand for high-class bonds, while the mining market has also profited by the changed atmosphere. The Bureau of Statistics "Investors' Index" of all common stocks had on September 8th risen to 62.2 (base 1926=100), as compared with 58.6, 56.9 and 53.4 on September 1st, August 25th and 18th respectively.

	June 22, 1932.	July 27, 1932.	Sept. 20, 1932.	June 22, 1932.	July 27, 1932.	Sept. 20, 1932.
Abitibi Power and Paper	1	1	1	Cockshutt Flow	4	13 1/2
Bank of Montreal	183	183	183	Dominion Bank	1	13 1/2
Bank of Nova Scotia	245	245	245	Dominion Steel & Coal B	1	13 1/2
Bell Telephone of Canada	82	85	103	Dominion Textile	40	50
British Columbia Power A	16 1/2	19 1/2	23 1/2	Hollinger Gold Mining	4 1/2	5 1/2
Do. B	3 1/2	4 1/2	5 1/2	International Nickel	4 1/2	6 1/2
Brazilian Traction	9 1/2	10 1/2	11 1/2	Massey Harris	2	4 1/2
Canadian Bank of Com.	149	166	166	Montreal Light, &c.	25 1/2	33 1/2
Canadian Ore	3	5 1/2	6 1/2	Royal Bank of Canada	146	165
Canada Cement	2 1/2	5 1/2	4 1/2	Shawinigan Water, &c.	9 1/2	12 1/2
Canada Power and Paper	1 1/2	3 1/2	4 1/2	Steel of Canada	12	19
Canada Steamship	1 1/2	3 1/2	4 1/2	Winnipeg Electric	2	2 1/2
Canadian Pacific Ry.	14 1/2	18 1/2	18 1/2			

PARIS.

Business on Tuesday was chiefly confined to French Rentes. Rio Tintos were down on heavy selling, but later in the week were stimulated by the advance in copper. German bonds were well sustained, with Young Loan at 564 and Dawes at 7,250. The tone of the market became more cheerful as the week progressed, but the main interest remained in Rentes, owing to Conversion operations. The Bourse continued to suffer from public apathy, business being largely confined to professional operators.

	Sept. 15, 1932.	Sept. 19, 1932.	Sept. 22, 1932.	Sept. 15, 1932.	Sept. 19, 1932.	Sept. 22, 1932.
Banque de France	12,250	12,100	12,500	Wagons Lits	80	80
Crédit Lyonnais	2,105	2,090	2,190	Mexican Eagle	41	39
Suez Canal	14,555	14,410	14,870	"Chartered"	90	87
Chargeurs Réunis	224	230	243	Ford	128	120
Bio Tinto	1,510	1,472	1,615	De Beers	421	382
Royal Dutch	16,700	16,725	17,400	"Johnnies"	146	146

BERLIN.

The upward movement from August 29th to September 6th was the strongest there has been for years. Upon the publication of the Government's economic programme, renouncing all dubious economic experiments, the rise spread from foreign security and commodity markets into Germany. The programme was well received and gave rise to the conviction that the turning point had been reached. The upward movement was due mainly to purchases by the public, who had been refraining out of nervousness from all investment activity for so long that they now had abundant liquid resources available. During the rise there was a great shortage of securities, for even the German banks, which have been acquiring large quantities of shares and rentes during the last few years in order to support the market, hesitated to liquidate their holdings. In consequence of this shortage the purchases of the public were only possible at greatly enhanced prices. Some shares, especially the smaller and cheaper issues, doubled their quotations in ten days, but even some of the leading German shares rose 50 to 70 per cent. As these gains were not justified by present economic conditions, an early decline was inevitable, and this set in on September 7th when profit-taking by both speculators and public began. Business declined on the succeeding days and the heavy turnovers of the beginning of September already seem to be a thing of the past. This reserve seems to be mainly due to the uncertainty of

domestic politics. In spite of the latest decline quotations are still substantially above those of early August. The general index is about 25 per cent. higher. The most marked rises are those of some electricity shares (AEG, RWE, etc.), some coals (Harpener, Mannesmann, etc.), and shipping shares. Bank shares have risen least. The price rises on the rente market were much less. Even after the last rises Reichsbank preference shares, whose 7 per cent. dividend is guaranteed by the Reich, were only 81½, and the average yield on first-class German rentes is still 9 per cent.

	Aug. 8, 1932.	Sept. 12, 1932.		Aug. 8, 1932.	Sept. 12, 1932.
Banks—			Dessauer Gas	86½	93½
Reichsbank	126½	132½	I.G. Farben	87½	103
DD-Bank	75	76	Selsenkirchen	36	40½
Dresdner	61	65½	Gesfural	61½	75
Berliner Handels	89½	92½	Harpener	52	79
Transport—			Mannesmann	40	54½
Reichsbahn pref.	78	81½	Metallgesellschaft	28½	39
Hapag	12½	18½	Polophon	35½	42
Nordd. Lloyd	14½	19½	Rhein. Braunkohle	170	176½
Industrials—			R.W.B.	58	79½
Aku	40½	59	Salzdetfurth	164	179½
AWG	28½	35½	Schneidm.	56	58
Conti-Gummi	84½	108	Siemens	122½	140
Daimler	14½	21	Ver. Stahl	13½	20½
			Zellstoff-Waldhof	28½	42½

AMSTERDAM.

Dull conditions prevailed on the Bourse this week and there was a marked reaction in almost all stocks. Among industrial shares Philips Lamps dropped sharply. Royal Dutch were lower at 162½. Towards the end of the week the market displayed a slight firmness, but business remained restricted. Royal Dutch advanced to 166 on Wednesday. Rubbers were strong, Amsterdam rubbers jumping 6 to 126½.

	Sept. 15, 1932.	Sept. 22, 1932.		Sept. 15, 1932.	Sept. 22, 1932.
2½% Dutch Loan	67½	67½	Steel Common	40½	39
4½% German	45½	47½	A. K. U.	44½	49½
Unilever N.V.	114½	117	Ford Motor	119½	117½
Shell's Lamps	120½	121½	Dell Batavia	150	145
Netherlands Ship	66½	68½	Royal Dutch	163	165
Union	138½	138	Handels Ams.	193	194
Java Cultuur	138½	142			

OTHER CENTRES.

Dull conditions prevailed on the minor European Bourses. Budapest, which has been closed since July last year, was reopened, but actual business was only of a moderate character. Early in the week the tone in Brussels was adversely affected by the sudden fall in Tubize from 317.50 to 272.50. Elsewhere conditions were quiet and transactions few and far between.

INVESTMENT NOTES.

The Stock Exchange and the Banks.—The thorny question of split commissions has been re-opened by a circular of the Committee for General Purposes to the effect that they had come to the conclusion that any reduction of commission allowances going beyond the Committee's original proposals would be likely to restrict or divert business and prove detrimental to the interests of all concerned. We may recall that in March last the Committee had approved in principle the reduction in the proportion of commissions returnable to outside agents from 50 per cent. to 38½ per cent. except in the case of banks. This did not apply to the clerks and half-commission men in the exclusive employ of brokers, as to which the Committee had come to no decision. A mass meeting of brokers, attended by 800 members, was then called to consider these proposals, and passed resolutions to the effect that not more than 38½ per cent. commission should be allowed to banks and not more than 25 per cent. to other registered agents, and that no commission of 20s. or less should be divisible at all. These resolutions were carried with remarkable unanimity. Subsequently meetings took place between members of the Committee for General Purposes, certain members of the unofficial "Reform Committee" and representatives of the banks. The views of the bankers were then canvassed, and on June 14th a meeting was held between their representa-

tives and the Committee for General Purposes. The bankers stated that they could not agree to the proposal for the reduction of their share of the commission or to the proposal that the minimum commission should be indivisible, as the bulk of their customers' orders carried this minimum. As the banks were, through their network of branches, collectors of business, a considerable proportion of which would not otherwise reach the Stock Exchange, they did not think that they were over-remunerated for the trouble and responsibility they took. If there should be what the banks considered an inadequate return of commission, they would have to protect themselves, indicating that a certain class of business could be carried through without the Stock Exchange acting as intermediaries. The Committee for General Purposes, in view of the strong attitude taken up by the banks, have therefore returned to their original proposals. In their opinion: "Any reduction in volume or diversion of business to other centres or arrangements for putting buyer and seller together outside the Stock Exchange would not only reduce the business of both brokers and jobbers, but also materially curtail the freedom of markets; prices would then become wider, and the public suffer accordingly." The Committee's decision has been received with something like indignation by the majority of Stock Exchange members. The view has been expressed that the threat of the banks to organise a "Black Bourse" of their own was mere bluff, and that such a scheme would prove unworkable. We do not suppose that the banks have any intention of setting up a market for the exchange of all classes of securities, but there is no doubt in our mind that a great volume of business in the gilt-edged market could be done outside the Stock Exchange if the banks chose to set up a market in conjunction with the insurance companies, building societies and other savings institutions. The resentment which has been caused among many members of the House is natural, seeing that the orders of the joint stock banks generally go to a select number of the large firms of brokers. The smaller firms do little or no business with the joint stock banks, and depend much more upon outside half-commission men. It is to be hoped that in this heated discussion the interests of the investor will not be overlooked. Dealing on the Stock Exchange has become too expensive and charges ought to be reduced, but unless there is some reduction in half-commission allowances there is little chance of lower charges being secured by the investing public. We therefore trust that the banks and the Stock Exchange Committee will get together again and agree upon some compromise which will be satisfactory to the investing public.

The Gilt-edged Market and Conversion.—According to a statement issued to the Press at the end of last week, the total conversion applications from holders of 5 per cent. War Loan have risen to £1,885 millions and applications for cash to £88 millions. These figures compare with £1,850 millions and £48 millions a month previously. It will thus be seen that there has been a lull in conversion since the close of the bonus period. From now until September 30th, when the final decision of holders must be given, there should be rather more activity. There remains only some £112 millions, the destination of which is uncertain. It is understood that by far the greater part will apply for conversion or will be automatically converted. According to the statement of General Seely, who is in charge of the conversion scheme publicity, many holders of unassented War Loan refrained from converting during the bonus period for patriotic reasons and decided to allow their stock to be converted automatically. As General Seely remarked, the overwhelming success of the operation is now patent to everyone, and the confidence which the Government feels in the position is shown by its action in giving notice to repay other loans amounting to £150 millions on December 1st. No doubt, for the prestige of the Government, a great effort will be made to secure the conversion of the remaining portion of War Loan so that cash repayments will be well below £100 millions. The remarkable success of the conversion scheme has given further

stimulus to the gilt-edged market. Assented War Loan has again risen above 100, and other long-dated stocks have appreciated in like manner. There is a general confidence that the market will rise to new high levels on the conclusion of the conversion operation. General Seely points out that after the Goschen conversion scheme of 1888 the price of Consols, which stood around par when the scheme was announced, fell as low as 94 in November, 1894, but then afterwards recovered till in June, 1896, it reached 113½, remaining well above par until the outbreak of the South African War in October, 1899. It is not clear whether General Seely intended to mean that the new 3½ per cent. War Loan is likely to remain at a considerable premium until war breaks out in eleven years' time.

The Status of League Loans.—The various loans issued from time to time under the auspices of the League of Nations have had, for the most part, a chequered history. Defaults and rumours of defaults have largely undermined the confidence of investors, and the lowest quotations of 1932 were often only a small fraction of the issued prices. The following table of recent movements suggests that, while appreciable rises have occurred from the lowest of the year, the market still prefers to take a conservative view of the position.

Loan.	Issue Price.	High, 1932.	Low, 1932.	Price, Sept. 16, 1932.	Price, Sept. 21, 1932.
Austrian 6% Guar.	80	100½	76	99½	100
Bulgarian 7% Ref.	92	35	15½	31	31
7½% Stabilisation	96	38	15	32	32
Danzig (Free City) 6½% ...	91	76	35	75	75
Danzig (Munich) 7%	90	77	40½	82x	82
Estonian 7%	94½	72	40	68x	68
Greek 7% Refugee	88	81½	29	47½	48½
Greek 6% Stabilisation ...	89	66	20½	39½	36½
Hungarian 7½%	88	70	29½	57½	57½

The publication by a special committee of memorials to the British Government and the League, the nature and the implications of which are discussed in a Note of the Week on page 544, has not so far resulted in any marked improvement in prices.

The Gaumont-British Group.—The position of the Gaumont-British Picture Corporation and those of its cinema theatre subsidiaries, Denman Picture Houses and General Theatres, is discussed at length in our leading article this week, which contains a statement showing the earnings and distribution of profits for the past two years. It will be seen that in the last financial year the net profits of Denman Picture Houses showed a fall of 8½ per cent. and those of General Theatres 10.8 per cent., which compares with a decline of 12.8 per cent. in the net profits of Provincial Cinematograph Theatres, which is the oldest established of the cinema-theatre circuits of the Gaumont-British group. This comparison may not be exact, seeing that the net profit figures are arrived at after making widely different allowances for taxation. Thus, if the special allowance of £53,000 for taxation in the income account of Provincial Cinematograph Theatres (against nothing in the previous year) is eliminated, the fall in net profits for this company would be under 4 per cent. In spite of the decline in earnings which have followed upon the increased taxation and the smaller attendances at picture houses, Denman Picture Houses is still covering its interest charges and paying in addition a dividend of 2½ per cent. on its ordinary capital. General Theatres, after meeting its debenture interest, is only able to earn its preference share dividends, so that its ordinary shares are virtually earning nothing. The Gaumont-British Company showed earnings of 10.4 per cent. on its nominal capital, but if allowance is made for the cash premiums subscribed by the shareholders to various issues of the ordinary shares and for the loan capital and secured bank loan, it will be found that the net profits represent only 6.1 per cent. return on the capital employed. The

balance sheets of the Gaumont companies disclose the following cash position:—

	Gaumont-British.	General Theatres.	Denman Picture Houses.
Quick Assets.	£	£	£
Cash in hand	36,155	101,804	129,935
Debtors	123,501	30,443	5,138
Total	159,656	132,247	135,073
Current Liabilities.			
Overdraft	34,955	...	...
Creditors	410,986	120,003	53,811
Prof. divs. accrued ...	35,156	35,156	...
Deb. int. accrued ...	11,306	50,687	22,469
Total	492,403	205,846	76,280
Deficit (d) or Surplus (s)	332,747*d	73,599d	58,793s

* In addition, there is a secured bank loan of 130,000.

It will be seen that the financial position of these companies is not impressive. As regards the future prospects of the cinema theatres in this country, Mr John Maxwell, the chairman of the British International Pictures, at the shareholders' general meeting on Wednesday, spoke hopefully, but dwelt on the heavy increase on the entertainments tax which was imposed in November last year. Until this increase was made, cinema seats at prices up to and including 6d. were not subject to entertainment tax. There could be no question, he said, that the tax upon these cheaper seats has been a grievously heavy burden upon the poorer classes, whose spending power has already been greatly reduced. In the large industrial areas the effect of this tax upon attendances had been most marked. He urged the Government to consider the removal of the tax upon the cheaper seats.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
RESERVE FOR EXCHANGE CONTINGENCIES	£664,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

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

Joint General Managers in South Africa—James S. Shiel, W. K. Robertson, Francis R. King.
Deputy General Manager in South Africa—Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
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Bylands' Revised Scheme.—In the *Economist* of June 25th last we ventured to criticise the scheme of arrangement recommended by the directors of this old-established warehouse business on the ground that it would lower the income of preference shareholders at a time when ordinary shareholders had not ceased to receive dividends. Consultations with representative shareholders have since taken place, and have resulted in a revised scheme. According to the latest proposals, a participating dividend of 2 per cent. above the suggested fixed cumulative dividend of 6 per cent. is given to the preference shareholder, commencing when the dividend to the ordinary shareholder exceeds 5 per cent. in any one year. The reduction of dividend from 8 per cent. to 6 per cent. is postponed until September 30, 1932. The premium of 2s. to be paid as compensation for the loss of dividend has been increased to 2s. 8d. less tax, which represents the loss of dividend (2 per cent.) on the remaining capital in the company for a period of ten years. Additional voting rights are also granted to preference shareholders as long as the amount distributed to them is less than 8 per cent. It is proposed to return to preference shareholders the same amount of capital as under the former scheme—viz., £500,000, or 6s. 8d. per £1 share. In short, therefore, for every three preference shares at present held, holders will receive two new 6 per cent. cumulative participating preference shares of £1 and £1 6s. in cash. The scheme has clearly been placed on a much more equitable basis, and it is significant that the mover and seconder of the resolution for adjournment on July 12th have both approved it in its new form.

The Eastwoods Group.—In a somewhat subdued progress report published early in February, the board of Eastwoods, Limited, brick manufacturers and dealers in building materials, announced that, while there had been some reduction in turnover and profits, the company had obtained its share of the available trade. The accounts for the financial year to March 31st last show that gross profit declined from £78,431 to £66,178, a fall of 15½ per cent. After deduction of expenses and other charges, including £1,286 on account of loss through sale of War Loan, net profit at £46,000 compares with £58,825. The 7 per cent. preference capital again absorbs £10,500, while the distribution on the 300,000 £1 ordinary shares is reduced from 10 per cent. to 7½ per cent. Allocations to reserves include £10,000 to general reserve (which stands at £107,500), £1,638 to investment reserve and £1,287 to taxation reserve. The balance sheet reveals a thoroughly liquid position:—

	Year to March 31,		
	1930.	1931.	1932.
Profit	88,101	78,431	66,178
Expenses	9,691	7,732	7,696
Directors' fees	2,300	1,126	1,260
Depreciation, &c.	8,700	10,748	11,222
Net profit	67,240	58,825	46,000
Brought forward	11,011	10,251	11,076
Preference dividend	10,500	10,500	10,500
Ordinary dividend:—			
Amount	37,500	30,000	22,500
Earned %	20.8	17.9	11.9
Paid %	12½	10	7½
Reserve	20,000	17,500	12,926
Carried forward	10,251	11,076	11,150

Trading profits of the subsidiary, Eastwoods Cement, are down from £32,664 to £28,742, but the report states that the cement industry has seen a considerable recovery since the recent absorption of the Red Triangle group, and that the latest accounts do not reflect the real extent of the improvement. Dividend is maintained at 6 per cent., less tax. Current trading operations are expected to show better results. The production and sale of Fletton bricks manufactured by Eastwood Flettons at their new works in Bedfordshire have been substantially increased, and development continues. Trading profit shows a small advance from £23,659 to £25,117. Preferred ordinary dividend is increased from 7 per cent. to 8½ per cent. and

the £9,300 deferred capital participates in surplus to the extent of £660. There seems no reason to doubt that the group is in an excellent position to take advantage of any resumption in constructional activity which may occur. The ordinary £1 shares of Eastwoods Limited are quoted at par.

Harrisons and Crosfield.—The profits of this well-known company of Eastern traders have again been adversely affected by the continued fall in commodity prices. Net income for the year to June 30th last is £182,032, compared with £236,845 for the previous twelve months. The preference and preferred ordinary dividends are still comfortably covered by earnings, but for the fourth year in succession the deferred dividend is reduced, the distribution being 5 per cent. against 12½ per cent. The carry-forward is slightly increased at £108,978:—

	Year to June 30,		
	1930.	1931.	1932.
Net profit	352,004	236,845	182,032
Brought forward	104,472	106,587	100,329
Preference dividend	37,800	37,800	37,800
Preferred ordinary dividend ...	100,000	100,000	100,000
Management dividend*	39,030	17,500	16,250
Deferred ordinary dividend:—			
Amount	73,059	47,803	19,333
Paid %	20	12½	5
Written off investments	100,000	...	...
Reserve	...	40,000	...
Carried forward	106,587	100,329	108,978

* Including directors' remuneration.

According to the report, investments in tea, rubber, and other produce companies have continued to depreciate to largely nominal levels. Although the directors do not regard the fall as permanent, they have nevertheless decided to transfer a further sum of £150,000 from general reserve to investment reserve, bringing that item to £550,000. The financial position, as disclosed by the balance sheet, remains very strong. A resolution to convert the £1 shares into £1 stock units will be submitted at the general meeting. The £1 deferred shares were quoted on Wednesday at £2½, to yield about £2 6s. 6d. per cent., allowing for the final dividend.

Selfridge Provincial Stores.—The businesses controlled by this company showed an aggregate profit of £215,712 for the year to August 31st last, including a profit of £18,605 on the sale of a property, compared with £248,508 for the previous twelve months. Dividends received were only £138,832, against £151,028, but net profit was slightly higher at £98,426, compared with £96,719. The £3,000,000 of ordinary capital again receives 2½ per cent. The sum of £50,000 is allocated to writing off the balance of preliminary expenses, and the carry forward is reduced from £9,887 to £1,563.

	Year to August 31,		
	1930.	1931.	1932.
Net profit	162,974	96,719	98,426
Brought forward	569	793	9,387
Ordinary dividend:—			
Amount	162,750	58,125	56,250
Earned %	7.0	4.2	4.4
Paid %	7	2½	2½
Preliminary expenses written off	10,000	30,000	50,000
Carried forward	793*	9,387	1,563

* After crediting £10,000 contributed by Selfridge and Co.

The consolidated balance sheet of the subsidiary companies reveals few changes, and the position of the group remains liquid. Stock in trade is somewhat reduced at £599,863. The £1 ordinary shares are quoted around 7s., yielding about £7 14s. per cent., allowing for the dividend.

Anglo-Siam Corporation.—The report of this old-established forestry company indicates that the demand for teak, in common with all other commodities, has shown no alteration for the better during the past year. The saw-mill was closed for a considerable period, while stocks of cut timber accumulated and sales of rough timber ceased. The effects of declining trade have been minimised by a substantial reduction in management expenses, while as a further measure of economy business has been more or less centralised at Singapore and Shanghai. Including the amount brought forward from the previous year and transfer of £10,000 from the equalisation of dividends fund, the sum available for distribution, after providing for bad and doubtful debts, etc., is £91,220. Interim dividends have already absorbed £12,275, so that the balance is £78,945. The directors recommend a final dividend on the ordinary shares of 12½ per cent. and 3½ per cent. on the preference shares, leaving £50,170 to be carried forward.

	1930.	1931.	1932.
Net profit	62,137	35,504	29,536
Brought forward	55,643	53,229	51,684
Equalisation of dividend fund	...	10,000	10,000
Preference dividend	4,550	4,550	4,550
Ordinary—			
Amount	55,000	40,000	35,000
Earned %	26.3%	14.2%	11.7%
Paid %	27.5%	20%	17.5%
Provident Fund	5,000	2,500	1,500
Carried forward	53,229	51,684	50,170

The liquid position of the company is very strong—nearly one-half of the assets (£475,818) are represented by British Government and other securities, although the report does not show what proportion the "other securities" bear to British Government bonds. The £1 ordinary shares are quoted at £2½ to yield £8 4s. 6d., less tax, allowing for the final dividend of 12½ per cent.

The "Johnnies" Report.—The general body of shareholders in this well-known Kaffir house will doubtless be agreeably surprised to observe a recovery in the profits. This is obviously attributable chiefly, if not entirely, to the increase in dividends received from the company's gold-mining subsidiaries. Most of these have held or more than held their ground. As pointed out in our columns a few weeks ago, the Transvaal diamond undertakings have been under a cloud for some time past. The "Johnnies" Northern Rhodesian copper interests have so far provided no return. Fortunately the outlook for both has lately become better. Transvaal undertakings have felt the effects of the prevailing depression. It may be recalled that in respect of 1930-31 the policy was followed of meeting part of the depreciation on investments by the appropriation of £300,000 from reserve. The present report states that the depreciation, which has again been "exceptionally heavy," has been "provided for"—presumably out of revenue. In view of currency complications, £150,000 has been transferred from profit and loss to special currency reserve, together with £350,000 from reserve. Thus the former fund stands at £500,000 and the latter at £300,000. A four-year contrast is appended:—

	Year ended June 30.			
	1929.	1930.	1931.	1932.
Stocks and shares	4,569,530	4,609,690	4,540,180	4,325,920
Mining properties and advances	132,200	156,790	176,460	217,150
Real estate and buildings	295,660	296,680	293,580	294,390
Loans on mortgage	219,900	219,340	214,720	178,040
Loans at short call	14,750	3,220	31,610	3,470
Sundry debtors and dividends	685,340	951,500	492,640	445,750
Cash	261,810	88,580	120,520	283,960
† Sundry creditors	1,055,650	1,227,720	1,108,960	849,150
Net profit	593,200	565,190	308,750	359,680
Dividend	592,500	592,500	296,250	220,710
Rate per cent.	15%*	15%	7½%	7½%
To reserve	...	...	...	150,000
Carried forward	181,500	154,190	166,690	155,650

* Tax free.

† Including dividend.

The reduction in the amount required to provide the same rate of dividend as before arises, of course, from the fact

that it is payable in sterling. A satisfactory feature is the improvement which has taken place in the financial position. Twelve months ago there was a deficiency of approximately a quarter of a million. A surplus of £62,000 is indicated at June 30th last. "Johnnies" are quoted around 32s., as against 20s. a year ago.

New Modderfontein.—In the note on last year's report of this veteran Witwatersrand gold undertaking emphasis was laid upon the point that a progressive decrease in profits would have to be faced. During the financial session lately ended the crushing of a record tonnage at a substantially reduced cost ratio was more than counterbalanced by decline in average yield, the operating profit falling off by not very far short of £200,000. This necessitated a cut in each of the half-yearly distributions, the rate for the December six months being 55 per cent. and for the June period 52½ per cent. The total falls 17½ per cent. short of that for the preceding period, which in turn was 12½ per cent. down. We contrast the results of the three past years.

	1929-30.	1930-31.	1931-32.
Ore crushed	1,811,000 tons	1,934,000	2,000,000
Revenue	41/-	36/11	33/7
Costs	16/10	16/-	15/4
Profit	24/2	20/11	18/3
Total working profit	£ 2,188,180	£ 2,017,770	£ 1,822,050
Dividends	£ 1,925,000	£ 1,750,000	£ 1,505,000
Rate	137½	125	107½
Carried forward	£ 251,980	£ 242,080	£ 220,250
Ore reserves available	7,431,900 tons	6,789,000	6,009,500
Value per ton	8.6 dwt.	8.0	7.7

In 1931-32 a record development footage was performed, and about one quarter of the material milled came from reclamation. Despite this the ore reserves show a fresh reduction of more than three quarters of a million tons, with a shrinkage of 0.3 dwts. in value, the proportion of payable ore opened up being less than before in both quantity and value. Owing to the number of different reefs now being exploited, the development details are rather complicated. A study thereof leads to discouraging conclusions regarding the outlook. Allowance being made for sorting and for the continuance of substantial contributions from reclamation, the reserves as per latest estimate would last for nearly 4½ years, but "there is a considerable tonnage of low-grade ore not included in the reserve which can be mined at a profit while costs remain at their present low figure." Little work remains to be done on the principal ore body, the Main Reef leader. In the case of the subsidiary deposits, a considerable amount of ground remains to be tested. Altogether the estimates of ten to twelve years' remaining "life" appear to have been optimistic.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Rhokana Corporation, British International Pictures, and Initial Services (1928). At the meeting of Rhokana Corporation, Sir Auckland Geddes said it had always been known that cobalt was present in N'Kana ores, but until recently it had not been certain that this metal could be economically extracted. Recent investigations had proved that they would soon be able to produce cobalt in the form of a high-grade iron-cobalt alloy which should find a ready and profitable market. Presiding at the annual meeting of Initial Services, Mr A. P. Bigelow said that the very favourable results for the year under review had been made possible by the

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solid foundation on which the business had been built during nearly thirty years. The nature of the business was such that a very large alteration in turnover was required to make much difference to the net results, but the directors had taken all necessary steps to profit by improved conditions. Reference is made to the meeting of British International Pictures in a Note on page 561.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Sept. 17, 1932, excluding conversions, £162,665,325†
Total recorded, Jan. 1 to Sept. 17, 1932, including conversions, £291,409,990.

National Savings Certificates.
Net receipts, week ended Sept. 17, 1932, Nil.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Nil	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Lipton, Ltd., £500,000 44%					
Deb. Stock, 1945-70, at rate of 24 1/2% 9d per cent. for each £100 holding of 6 per cent.					
Debenture Stock	600,000	600,000	...	...	...

Total offered to Shareholders only, week ended Sept. 24, 1932

Jan. 1 to date—	Including Conversions.	Excluding Conversions.	Whole year—	Including Conversions.	Excluding Conversions.
1932	292,009,990	162,665,325†	1931	114,290,666	102,044,291
1931	109,142,104	98,265,119	1930	454,888,784	267,800,700
1930	286,140,421	192,589,190	1929	488,764,940	285,239,400
1929	230,483,270	193,157,670	1928	693,100,056	369,058,073
1928	462,585,817	290,485,194	1927	...	355,165,970
1927	249,854,426	192,589,190	1926	...	232,214,500
1926	154,970,501	125,000,000	1925	...	209,326,101
1925	160,941,475	125,000,000	1924	...	...

Nature of Borrowing

January 1 to date—	Debtors, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
1932	151,012,581	8,045,682	3,607,062	162,665,325
1931	75,165,274	6,223,059	16,876,786	98,265,119
1930	157,669,408	14,817,138	20,102,644	192,589,190

Whole year—	1932	1931	1930	1929	1928	1927	1926	1925	1924
1932	74,835,599	6,911,859	20,296,833	102,044,291	227,548,800	24,593,300	267,800,600	137,670,300	131,543,400
1931	137,670,300	11,543,400	118,025,700	285,239,400	218,817,900	45,062,600	111,177,600	228,958,000	36,836,600
1930	228,958,000	39,393,200	46,209,500	230,782,600	145,180,000	...	...	...	...

† Includes £107,589,168, the whole amount of accepted tenders for 3% Treasury Bonds.

By Stock Exchange Introduction.

Amount previously recorded	9,011,750	...	9,756,857
Total, week ended September 24, 1932	Nil	...	Nil
Total to date, 1932	9,011,750	...	9,756,857
Total to date, 1931	8,057,183	...	8,432,058

Calls Due Next Week.

The grand total of calls falling due in September, 1932, is £5,103,125, which compares with £5,161,600 which fell due in September, 1931. The following calls fall due in the week from September 26th to September 30th, 1932, inclusive, and are calculated on the amount of stock or shares offered.

	Date of Call.	Call.	Already Paid.	No. of Shares or Amount.	Amount of Call.
Alberta (Province of), 5% Redeemable Stock, 1952-57, offered at 96%	Sept. 28	50%	48%	£1,000,000	500,000
British Waterways, 5% Consolidated Preference Stock, offered at minimum of 107%	Sept. 30	40%	60% + 7%pm.	£250,000	100,000
Highgate Electro Chemical Process, 5% Participating Preference Shares, offered at minimum of 100%	Sept. 30	1/-	19/-	250,000	12,500
Great Western Water, 5% Debenture Stock, offered at minimum of 100%	Sept. 30	20%	30% + 6%pm.	£8,050	11,610
London Corporation, 4% Redeemable Stock, 1952-72, offered at 100%	Sept. 26	38%	85%	£1,000,000	350,000
Koppe Mines (Kinta), 1s. Shares, offered at 100%	Sept. 30	1d.	11d.	1,789,760	3,728
Malayan Tea, 7% Debenture Stock, offered at par	Sept. 30	1d.	1/11	599,993	2,500
North Eastern Power, 6% Cumulative Preference £1 Shares, offered at 100%	Sept. 30	40%	10%	£12,300	4,920
North Eastern Power, Ordinary £1 Shares, offered at 25s.	Sept. 30	7/6	12/6 + 3/-pm.	600,000	225,000
York Corporation, 4% Redeemable Stock, 1952-72, offered at 94%	Sept. 30	25%	44%	£800,000	125,000

† On minimum price.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Sept. 16, 1932. (c) Week ended Sept. 17, 1932.		Miles Open.	Gross Receipts, week ended Sept. 19, 1932. (000's omitted.)						Aggregate Gross Receipts, 37 weeks. (000's omitted.)					
			1932.						1931.					
			Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.		
Great Western	1932	3,761	216	164	93	257	473	7,733	6,102	3,643	9,745	17,477		
(c) L. & N.	1931	3,761	233	187	103	290	523	8,429	6,998	3,891	10,889	19,119		
Eastern	1932	6,353	317	267	199	466	783	11,538	10,631	7,897	18,528	30,066		
L. M. & D.	1932	6,353	338	338	226	564	899	12,443	12,428	8,542	20,970	33,411		
Scottish	1932	6,949	478	410	207	617	1,095	17,730	15,503	8,278	23,581	41,311		
Southern ...	1932	6,946	512	404	249	724	1,286	18,780	16,162	9,022	26,184	44,968		
	1931	2,181	303	64	29	94	397	10,558	2,304	1,121	3,426	14,082		
	1932	2,180	319	76	34	110	429	11,676	2,689	1,162	3,851	15,527		
Total...	1932	19,244	1,314	905	528	1,434	2,748	47,697	34,340	20,939	55,280	102,937		
	1931	19,240	1,399	1,075	612	1,688	3,087	51,328	39,276	22,617	61,894	113,222		
(c) Metro-politan	1932	59	29	3	...	3	32	6	...	...	...	...		
(c) Under-ground B.R.	1932	59	29	3	...	3	34	6	...	...	...	...		
(c) Green Buses, &c.	1932	...	284.8	...	...	...	284.9	107.22	...	...	125.6	1213.3		
(c) L. & S.b. Group	1932	...	303.3	...	...	...	303.3	1211.9	...	...	...	...		
(c) Belfast	1932	...	35	...	...	...	35	1,169	...	...	...	...		
(c) D. & Co. Down	1932	...	44	...	...	...	44	1,607	...	...	...	...		
(c) D. & Co. Down	1932	...	46	...	...	...	46	1,649	...	...	...	...		
(c) D. & Co. Down	1932	80	2.5	...	...	...	0.5	101.3	...	...	23.2	1,644		
(c) D. & Co. Down	1932	80	2.7	...	...	...	0.7	105.2	...	...	25.2	1,374		
(c) D. & Co. Down	1932	562	11.4	...	...	...	10.6	22.0	...	...	430.9	858.3		
(c) D. & Co. Down	1932	562	11.5	...	...	...	14.4	26.5	...	...	5,281.9	975.7		
(c) D. & Co. Down	1932	562	11.5	...	...	...	26.6	53.1	...	...	12,158	2215.5		
(c) D. & Co. Down	1932	2,182	26.5	...	...	...	41.3	67.8	...	...	14,956	2484.9		

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	20	Aug. 20	1,330	3,14,600	6,016	60,98,034	13,95,810
Barsi L. R.	21	27	202	24,700	2,900	7,37,400	1,82,300
Bengald-N.Western	20	27	2,114	4,73,251	14,686	1,33,92,756	4,54,113
Bengal-Nagpur....	20	27	3,274	10,55,000	65,448	2,59,01,969	21,69,651
Bombay Bar. & G.I.	24	Sept. 17	3,084	17,38,000	1,87,000	4,48,69,000	3,14,000
Madras & S. Mahr.	21	Aug. 27	3,230	12,92,000	99,417	2,96,25,990	28,90,263
Rohilk'd&Kunمون	21	27	572	76,086	5,707	25,60,667	67,303
South Indian	21	27	2,528	10,51,278	58,994	2,28,51,586	4,05,140

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	36	Sept. 14	20,340	2,870,408	780,812	98,415,224	25,678,322
Canadian Pacific	36	14	15,903	2,649,000	380,000	82,946,000	18,743,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia).....	37	1932.		£ 8,390	—	£ 5,950	—	£ 391,890	—	£ 261,960
Argentine N.E.	11	Sept. 17	804	13,800	—	—	—	145,300	—	8,000
B.A. and Pacific	11	17	783	106,000	15,000	—	—	1,101,000	—	244,000
B.A. Central	12	18	2,806	11,873	—	235	—	125,365	—	3,080
B.A. Gt. Southern	11	17	5,076	175,000	—	8,000	—	1,702,000	—	245,000
B.A. Western	11	17	1,926	65,000	10,000	—	—	663,000	—	132,000
Central Argentine	11	17	5,505	196,000	31,000	—	—	2,228,000	—	317,000
Central Uruguay	11	17	273	14,647	—	5,546	—	150,983	—	34,157
C. Urug. (N. Ext.)	11	17	311	2,641	—	835	—	29,288	—	6,712
C. Urug. (W. Ext.)	11	17	185	1,591	—	593	—	18,047	—	6,603
Cordoba Central	11	17	211	1,620	—	814	—	14,439	—	3,752
Entre Rios	11	17	1,218	45,000	—	8,000	—	555,000	—	131,000
G. West. of Brazil	37	17	1,052	17,800	—	1,800	—	194,600	—	35,100
Leopoldina	37	17	1,918	8,000	—	2,100	—	319,300	—	77,600
Leopoldina Term.	37	17	—	38,814	15,637	—	—	1,036,540	—	164,166
Nitrate	37	17	—	251,000	—	1,000	—	9,848,000	—	209,000
Paraguay Central	11	15	4,115	1,097	—	4,103	—	31,524	—	86,343
Salvador	10	17	274	2,850	—	200	—	32,830	—	7,280
San Paulo	37	17	1,532	11,619	10,132	—	—	1,027,432	—	6,118
United of Havana	11	17	1,567	15,006	—	3,413	—	169,807	—	62,864

† Months.

OTHER OVERSEAS.

Egyptian Delta Light Railway	22	Aug. 31	820	6,864	775	87,039	9,989
Egyptian Markets	36	Sept. 8	...	1,400	80	54,408	889
Gr. Southern of Spain	10	10	104	50,734	10,207	1,880,445	883,025
Mexican Railway	10	14	483	£159,203	15,300	1,576,500	336,700

TRAMWAYS WEEKLY GROSS RECEIPTS.

1932.				WEEKLY GROSS RECEIPTS.			
	Sept. 16	18	22	£	£	£	
Anglo-Argentina ...	37		329	66,337	4,781	2,446,862	—
B. Aires Lacrosse ...	12	18		9,996	369	111,990	234,512
Isle of Thoset Elec.	36			4,699	258	115,147	786
Liverpool Corp. ...	24	14	124	27,832	2,034	681,116	32,734
Madras Electric ...	25	15		Rs. 54,970	2,431	8,71,580	31,216
L.O.C. Tramways ...	25	22	166	78,150	2,004	1,935,309	64,736
				£	£	£	
				166	2,004	1,935,309	64,736
				166	2,004	1,935,309	64,736
				166	2,004	1,935,309	64,736
				166	2,004	1,935,309	64,736
				166	2,004	1,935,309	64,736
				166	2,004	1,935,309	64,736
				166	2,004	1,935,309	64,736
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				166	2,004	1,935,309	64,736
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† Months.

MONTHLY TRAFFICS.

Company.	Months.	Ending 1932.	De- scrip- tion.	Receipt for Month.		Receipts to Date.	
				1932.	+ or -	1932.	+ or -
British Columbia Power Corp.	2	Aug. 31	Gross	\$1,047,553	- 144,819	2,113,509	- 274,295
Hydro-Electric	12	July 31	Net	\$273,677	- 80,582	573,466	- 109,628
Securities	12	July 31	Gross	\$9,935,018	- 1,188,879	141,196,611	- 12,634,712
Manchester Ship Canal	8	Aug. 31	Net	\$14,196,611	- 12,634,712	66,833,796	- 6,663,760
			Gross	\$81,215	- 10,373	771,406	- 5,882

COMPANY MEETINGS, &c.

RHOKANA CORPORATION, LIMITED.

DEBENTURE CONVERSION SCHEME APPROVED.

An extraordinary general meeting of the Rhokana Corporation, Limited, was held, on the 21st instant, at Southern House, London, for the purpose of submitting resolutions designed to enable the directors to carry out a debenture conversion scheme.

The Right Hon. Sir Auckland C. Geddes, P.C., G.C.M.G., K.C.B. (the chairman), presided, and, in the course of his speech, said:—Debentures amounting to £4,500,000 in 7 per cent. twenty-year convertible debentures were issued in May, 1931, at par. The principal and interest on the debentures, and any premium that may be payable by the corporation in exercising its rights to redeem the debentures, are payable not only in sterling, but at the option of the holders in dollars at \$4.86 to the pound, or in florins at Fl. 12.11 to the pound. In 1931 England went off the gold standard. This has cast a burden upon the corporation in regard to the payments of interest, principal, or premium not fully envisaged at the time the debentures were issued.

The present conversion is designed to afford some immediate relief to the corporation by ridding it of a great part of its heavy obligation in respect of the annual interest charge, and further relief by extinguishing the liability for heavy redemption payments. The yearly amount payable in sterling by way of interest, instead of being £315,000, is, at the ruling rates, over £400,000.

A very large majority of debentures are held by Rhodesian Anglo-American and by Rio Tinto Company, Limited, or its associates. These debenture holders have agreed, if the resolutions are passed to-day, to convert their debentures into ordinary shares of the corporation, and it is hoped that some of the other debenture holders will follow the lead.

TERMS OF THE OFFER.

In determining the rate of conversion the object was to fix terms which should be fair both to debenture and to shareholders. What is proposed is that an offer should be made to debenture holders to purchase as at December 31, 1932, their holdings of debentures at a price of £120 sterling per cent., and that this price should be satisfied by the allotment of fully-paid ordinary shares of £1 each of the corporation at the rate of one ordinary share for every £5 of such surrender price.

The only way in which the corporation can compulsorily redeem its debentures prior to October 1, 1940, is by paying off the whole of the principal moneys owing in respect of the debentures, together with a premium at the rate of £20 per cent. As the principal moneys are payable in dollars at \$4.86 to the pound, or in florins at Fl. 12.11 to the pound, the amount that would have to be paid in any compulsory redemption per £100 face value would be something in the neighbourhood of £168 sterling at the present rates of exchange. The conversion price of £120 sterling per cent. would seem to be a fair price in the circumstances. I should perhaps add that it seems the most improbable, if this scheme goes through, and if some of the debentures remain unconverted, that the corporation will take any steps towards redeeming the outstanding debentures at a premium.

In cases where the debenture holders accept the offer which is made to them the transaction will be completed in January next. The corporation will pay interest on debentures for the six months ending December 31, 1932, and immediately thereafter the debentures will be surrendered for ordinary shares. These ordinary shares will rank *pari passu* with the existing ordinary shares of the corporation. If the resolutions are passed to-day it is intended that the offer to debenture-holders should be made immediately, and the offer will allow a period of one month for its acceptance.

CURRENT YEAR'S RESULTS.

The report to shareholders giving the results for the first six months of this year showed costs for the second quarter of £25.92 per long ton of copper contained in blister copper, delivered London or European ports, including every cost except debenture interest and depreciation. During July and August, with copper productions of 3,911 and 4,152 long tons respectively, the costs calculated as above came out at £23.17 and £22.52 per long ton, corresponding to 3.59 cents and 3.5 cents American currency per pound, with an exchange ratio of \$3.48 to the £1. A further reduction of costs is confidently anticipated by our technical staff.

It has always been known that cobalt was present in N'Kana ores, but until recently it has not been certain that this metal could be economically extracted. Recent investigations have proved that we will soon be able to produce cobalt in the form of a high-grade iron-cobalt alloy, which should find a ready and profitable market.

The resolutions authorising the redemption of the debentures and increasing the capital of the corporation having been proposed by the chairman, and seconded by Mr Francis L. Gibbs, were passed unanimously.

INITIAL SERVICES (1928), LIMITED.

TRADING PROFITS MAINTAINED.

The fourth ordinary general meeting of the Initial Services (1928), Limited, was held, on the 21st instant, at Winchester House, London, Mr A. P. Bigelow (chairman and managing director) presiding.

The Chairman, in the course of his speech, said the trading profit for the year under review amounted to £210,603, and the total profit carried to the balance sheet was £210,951, compared with £210,542 for the previous year. The liquid assets amounted approximately to £294,000, as against £264,000 at June 30, 1931, and the market value of their British Government securities, which stood at £179,146, was in excess of the balance-sheet figure. The balance of the profit and loss account brought forward from the previous year was £17,309, and the available balance was £118,937. The directors recommended the transfer of £45,000 to general reserve, increasing that account to £145,000, and the payment of a final dividend on the ordinary shares of 4d. per share, less tax, leaving £17,687 to be carried forward. The directors hoped the shareholders would think it satisfactory the trading profits

REDUCED RATES for LIFE ASSURANCE for the NEXT FIVE YEARS

for those who want to obtain immediate and adequate life assurance protection, but whose present incomes are either temporarily restricted or small in relation to future prospects.

Write to-day for full particulars (state age for quotation purposes) to THE

LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY, LTD.

LIVERPOOL (Head Office) LONDON (Chief Office)
1, Dale Street. 1, Cornhill, E.C.3.

BRITISH INTERNATIONAL PICTURES, LIMITED.

SATISFACTORY RESULTS.

The fifth ordinary general meeting of British International Pictures, Limited, was held, on the 21st instant, in London.

Mr John Maxwell (the chairman), after dealing with the changes in the balance sheet, said that when they last met he had been able to tell them that so much of the financial year as had then passed had shown them an increase in the company's returns from the hire and sale of its films, and that he felt encouraged to look forward to a reasonably prosperous year, but the effects of the financial crisis and the drastic remedies which the Government had found it necessary to apply had been felt throughout the country, and had affected the film industry in common with others, and in the circumstances he felt that the results, showing a trading profit of £112,283, after making the necessary provision for income tax, must be regarded as satisfactory.

Their studios had reached a stage of technical skill of which they might feel justly proud. As to the outlook, they were largely dependent on the general improvement in industrial conditions which many authorities would have them believe was on the way. If they were right he felt confident that the company's fortunes would show steady improvement. Their pictures were being shown more widely than at any stage of their history.

The report was unanimously adopted.

Presiding at the fourth ordinary general meeting of Associated British Cinemas, Limited, which followed, Mr. Maxwell, after dealing with the accounts, said that the trading profit was £373,131, and the results shown were satisfactory. They had felt the effect of the additional burden of taxation which the Government had found it necessary to apply in the increase in income tax, and also in the further turnover tax, which particularly affected cinema-owning companies. The effect of the increase in the entertainment tax had been immediately felt in all entertainment companies, and efforts had been made so to rearrange admission prices as to mitigate as far as possible the natural effect of the tax in reducing attendances.

In the great industrial areas the effect of that tax upon attendances had been most marked, and he felt that the Government would be taking a step which would be welcomed wholeheartedly by all classes if it could see fit as early as possible to remove the tax on all seats up to 6d., thereby removing a legitimate grievance of the lower wage-earning classes.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended September 17, 1932, amounted to £10,265,700 against ordinary expenditure of £12,944,400. After allocating £290,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £468,631 the operations for the week, as shown below, increased the National Debt by £2,500,000 to £7,675,476,000:—

(000's omitted.)	
£	
Treasury Bills	+10,330
	£
Public Department Advances ..	6,350
Road Fund	1,080
P.O. & Telegraph Money	400
	£
	+10,330
	7,830

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Sept. 17, 1932.	April 1, 1931, to Sept. 19, 1931.	Week ended Sept. 17, 1932.	Week ended Sept. 19, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	260,000,000	45,040,000	51,031,000	729,000	401,000
Super-tax, including Arrears of Super-tax	66,000,000	10,160,000	15,560,000	210,000	260,000
Stamps	76,000,000	36,490,000	32,740,000	1,000,000	680,000
Excise Profits Duty and Corporation Profits Tax	23,000,000	6,070,000	6,140,000	100,000	440,000
Land Tax and Mineral Rights Duty	1,200,000	...	...	...	...
Total Inland Revenue	427,000,000	97,920,000	105,631,000	2,039,000	1,781,000
Customs and Excise—					
Customs	174,570,000	75,848,000	60,316,000	2,721,000	2,725,000
Excise	125,430,000	56,595,000	55,900,000	4,995,000	6,200,000
Total Customs and Excise	300,000,000	132,443,000	116,216,000	7,716,000	8,925,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,258,000	1,206,000	108,000	...
Post Office (Net Receipts)	11,700,000	7,850,000	6,150,000	400,000	...
Crown Lands	1,250,000	560,000	590,000	...	...
Receipts from Sundry Loans	4,350,000	3,236,047	12,083,798	...	...
Miscellaneous Receipts	17,500,000	10,632,943	6,576,544	2,723	2,371
Appropriation from Rating Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	253,899,990	252,353,342	10,265,723	9,758,371
SELF-BALANCING REVENUE.					
Post Office	59,188,000	24,150,000	25,550,000	600,000	1,850,000
Motor Vehicle Duties appropriated to Road Fund	22,910,000	6,796,000	6,590,000	...	...
Total Self-Balancing Revenue	82,098,000	30,946,000	32,140,000	600,000	1,850,000
Total	...	284,845,990	284,493,342	10,865,723	11,608,371

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Sept. 17, 1932.	April 1, 1931, to Sept. 19, 1931.	Week ended Sept. 17, 1932.	Week ended Sept. 19, 1931.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt	276,000,000	135,914,354	146,792,490	394,354	1,995,456
Payments to Northern Ireland Exchequer	6,800,000	2,675,207	2,367,574	...	20,500
Other Consolidated Fund Services	3,500,000	931,525	948,928	...	205,774
Total	286,300,000	139,521,086	150,108,992	394,354	2,221,730
Total Supply Services (excluding Post Office)	447,210,000	200,190,786	192,436,304	12,550,000	5,800,000
Total Ordinary Expenditure	733,510,000	339,711,872	342,545,296	12,944,354	8,021,730
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	24,150,000	25,550,000	600,000	1,850,000
Road Fund	22,910,000	6,796,000	6,590,000	...	...
Total Self-Balancing Expenditure	82,098,000	30,946,000	32,140,000	600,000	1,850,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	370,657,872	374,685,296	13,544,354	9,871,730
New Sinking Fund (1932)	32,500,000	12,436,396	18,707,573	290,000	465,000
Total (including New Sinking Fund)	...	383,094,268	393,392,869	13,834,354	13,336,730

The aggregate revenue and expenditure to September 17, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to SEPTEMBER 17th, 1932. (000's omitted.)			
Expenditure	£	Revenue	£
New Sinking Fund	339,712	Decreases in balances	253,900
	12,436	Net amount borrowed	3,273
	352,148		94,978
			352,148

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Sept. 19, '31.	Mar. 31, '32.	Sept. 17, '32.	Movements since Sept. 17, '32.
Advances by Bank of England.....	36,350,000	7,500,000	16,850,000	— 6,350,000
Advances by Public Departments	645,195,000	804,455,000	864,095,000*	+ 10,325,000
Treasury Bills outstanding				
Total Floating Debt	681,545,000	811,955,000	880,945,000	+ 3,975,000

* Includes £7,000, the proceeds of which were not carried to the Exchequer within the period of the account.

* Includes £7,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on September 16, 1932, and the total amount applied for was £75,440,000. Tenders were accepted for bills at three months, dated Monday

to Saturday at £99 17s. 7d., about 88 per cent. and above in full. The amount allotted was £46,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.	£	£	£ s. d.
Aug. 26	45,000,000	64,715,000	0 16 7-45
Sept. 2	45,000,000	67,790,000	0 13 4-99
Sept. 9	45,000,000	77,895,000	0 12 11-7
Sept. 16	50,000,000	75,440,000	0 9 7-39

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, September 21, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£
In Circulation	359,265,655	Other Government Securities	250,535,081
In Banking Department	55,155,558	Other Securities	18,638,341
		Silver Coin	3,811,478
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	239,422,213
	£414,421,213		£414,421,213

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Public deposits	14,555,000	Other Securities	70,998,094
Bankers' deposits	3,681,146	Discounts and Advances	£12,005,785
Public Deposits	23,915,204	Securities	£18,526,871
Other Deposits	£82,586,050	Notes	30,532,656
Other Accounts	£32,904,327	Gold and Silver Coin	55,155,558
	115,490,377		954,704
T-Day and other Bills	1,285		
	£157,641,012		£157,641,012

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

Both Departments.	Amount, Sept. 21, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
RESOURCES.	£	£	£
Note circulation	359,265,655	+ 3,019,164	+ 6,590,118
Public deposits	23,915,204	+10,982,351	+ 897,156
Bankers' deposits	82,586,050	+ 7,241,261	+17,670,990
Other deposits	32,904,327	+ 252,208	+18,058,591
Seven-day bills	5,811,285	+ 355	+ 53,840
Total outside liabilities	498,672,521	+ 469,363	+ 7,099,053
Capital and reserves	18,234,146	+ 566	+ 62,493
Government debt and securities	332,548,275	+ 96,640	+ 33,517,412
Discounts and advances	12,005,785	+ 46,312	+15,573,380
Other securities	28,165,212	+ 267,246	+30,089,132
Silver coin in issue department	3,811,478	+ 2,979	+230,629
Gold and bullion (bank's reserve)	140,375,917	+ 154,202	+ 5,402,289
Reserve of notes and coin in banking department	56,110,262	+ 3,073,366	+ 1,187,829
Proportion of reserve to outside liabilities—			
(a) Banking department only	40 1/2 %	+ 1 1/2 %	- 1 %
(b) Gold stocks to deposits and notes ("reserve ratio")	28 1/2 %	Nil	+ 1/2 %

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to September 7	19,136,242	1,110,600	1,845,262	22,092,104
Week ended September 14	449,783	24,659	43,338	517,780
Week ended September 21	454,986	25,624	46,617	527,227
Total to date, 1932	20,041,011	1,161,083	1,935,217	23,137,311
Total to date, 1931	25,150,675	1,231,620	2,006,454	28,388,749
Increase or decrease in 1932	- 5,109,664	- 70,537	- 71,237	- 5,251,438
	- 20-3 %	- 5-7 %	- 3-5 %	- 18-4 %
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17-9 %	- 7-9 %	- 7-1 %	- 17-8 %

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Reserve & Proportion.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.	£	£	£	£	£	£	%
Aug. 17	413,728	365,987	9,806	89,754	34,464	165	2
24	413,728	365,987	22,203	79,946	34,429	Nil	2
31	413,906	365,287	20,727	79,549	35,407	178	2
Sept. 7	414,031	365,122	7,618	91,507	33,287	125	2
14	414,292	362,285	12,933	89,827	33,157	261	2
21	414,421	359,266	23,915	82,586	32,904	128	2

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Reserve & Proportion.
	Govt. Debt and Securities.	Other Securities.	Gold and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.		
1932.	£	£	£	£	£	£	%
Aug. 17	248,960	22,223	139,602	70,164	14,685	18,709	48.64
24	248,787	22,392	139,596	71,273	13,266	19,510	50.74
31	248,895	22,294	139,806	71,149	12,159	19,083	49.51
Sept. 7	259,979	11,210	139,958	69,333	12,274	18,611	49.83
14	261,549	9,597	140,222	70,863	12,052	18,301	53.07
21	261,550	9,638	140,376	70,998	12,006	18,527	56.110

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

No. of working days	Week ended September 17.		Month of August			Aggregate Totals, January 1 to September 17.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
£	£	25	26	£	£	£	£
BIRMINGHAM	1,492	1,758	7,953	8,921	+12-1	80,378	81,864
BRADFORD	441	591	2,707	2,961	+ 9-3	26,591	28,698
BRISTOL	1,057	976	4,403	5,247	+27-8	41,157	42,651
DUBLIN	4,024	5,072	...	...	...	182,007	198,102
HULL	591	644	2,819	2,789	- 1-0	26,629	26,427
LEEDS	691	777	2,383	3,018	+ 1-1	31,340	31,038
LEICESTER	521	699	2,078	2,080	+ 0-09	22,838	23,620
LIVERPOOL	4,088	5,565	22,744	25,835	+13-5	203,238	212,725
MANCHESTER	7,214	8,041	35,683	38,745	+ 8-5	333,889	348,344
NEWCASTLE	979	897	5,225	5,280	+ 1-0	47,096	45,444
NOTTINGHAM	311	368	1,651	1,647	- 0-2	16,300	16,307
SHEFFIELD	584	556	3,000	2,785	- 7-1	27,807	26,655
Total	21,999	25,944	90,946	99,308	+ 9-1	1,039,330	1,081,866

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

ASSETS.	Sept. 18, 1931.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.
Gold	58,575,183	82,239,201	82,230,928	82,400,237	82,507,942
Foreign assets					
Sight deposits	14,617,197	3,307,658	3,323,934	2,979,524	2,929,212
Bills	12,921,361	2,081,799	2,082,689	2,080,959	...
Home bills	4,437,228	3,466,731	2,733,648	3,947,055	...
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,768,335	2,760,646	2,844,351	2,804,895	2,796,785
Negotiable bonds					
Sinking Fund Dept.	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Other assets (excl. ing forward exch.)	7,343,274	5,678,597	5,847,567	5,936,902	...
LIABILITIES.					
Notes in circulation	77,575,132	79,912,398	81,383,414	80,680,750	80,281,042
Public deposits	1,177,331	3,981,749	3,878,892	3,974,780	3,735,269
Private deposits	18,084,162	23,100,007	21,262,631	22,876,788	22,736,045
Other liabilities	2,673,341	2,361,173	2,359,033	2,438,148	...

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

ASSETS.	Sept. 15, 1931.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.
Gold	1,372,078	768,308	768,436	781,207
Of which deposited abroad	99,551	63,353	63,353	63,351
Reserve in foreign currencies	356,165	156,836	157,181	144,561
Bills of exchange and cheques	2,886,988	3,045,744	2,966,496	2,858,869
Notes and other claims	95,288	188,594	206,896	235,636
Notes of other German banks	9,949	2,858	7,245	9,733
Advances	163,741	207,376	103,502	117,515
Investments	103,029	365,051	365,002	365,002
Other assets	919,520	768,672	784,702	788,150
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserve	537,551	417,426	417,426	417,426
Notes in circulation	4,249,580	5,818,926	5,688,799	5,597,378
Notes of other German banks	493,440	407,622	388,510	413,269
Other daily maturing obligations	775,837	111,465	114,727	722,600
Other liabilities	40.8%	24.2%	25.1%	25.7%

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

ASSETS.	Position, May 26, 1931.	Sept. 17, 1931.	Aug. 18, 1932.	Sept. 2, 1932.	Sept. 15, 1932.
Gold	163,092	1,625,980	2,615,333	2,615,157	2,594,893
Foreign bills and balances abroad	232,650	831,360	80,284	61,294	61,586
Silver and other coin	697,600	24,559	60,284	61,294	61,586
Securities		832,570	658,363	677,675	701,055
LIABILITIES.					
Notes in circulation	934,150	3,335,040	3,644,785	3,651,740	3,598,897
Current account	112,125	288,984	134,011	155,153	116,007

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

ASSETS.	Position, May 30, 1931.	Sept. 14, 1931.	Aug. 22, 1932.	Sept. 5, 1932.	Sept. 12, 1932.
Gold	163,092	64,669	1,030,650	1,031,943	1,034,580
Foreign bills and balances abroad	4,436	35,465	19,478	18,820	17,814
Home bills	253,504	10,053	45,118	41,081	40,598
Foreign bills		228,168	71,336	71,336	71,336
Loans and advances in current acc.		89,658	84,315	81,681	80,030
LIABILITIES.					
Notes in circulation	316,832	944,425	982,964	996,232	1,002,812
Deposits	5,016	171,661	287,152	277,497	263,265

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

ASSETS.	Position, May 30, 1931.	Sept. 19, 1931.	Aug. 27, 1932.	Sept. 5, 1932.	Sept. 10, 1932.	Sept. 17, 1932.
Gold	22,971	110,311	149,410	149,180	149,410	148,600
Silver	29,785	40,694				
Discounts, advances, and other investments	77,567	112,990	85,310	85,900	88,660	84,920
LIABILITIES.						
Notes in circulation	109,499	238,899	216,210	218,090	222,260	218,930
Deposits and bills payable	11,250	35,122	36,510	33,240	31,770	31,300

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

ASSETS.	Position, May 31, 1931.	Sept. 15, 1931.	Aug. 23, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.
Gold	171,175	1,215,079	2,637,505	2,643,592	2,637,508	2,637,510
Foreign bills and Balances abroad		566,582	59,148	59,273	65,303	64,692
Discounts		32,312	14,337	14,240	13,979	13,920
Advances		103,000	48,665	42,176	41,718	40,605
LIABILITIES.						
Notes in circulation	275,925	1,737,597	1,501,466	1,560,910	1,535,372	1,511,179
Deposits	33,750	680,540	1,255,955	1,202,391	1,224,455	1,248,596

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

ASSETS.	Sept. 20, 1931.	Aug. 10, 1932.	Aug. 20, 1932.	Aug. 31, 1932.	Sept. 10, 1932.
Gold, coin and bullion	5,733,700	5,715,000	5,737,100	5,750,000	5,768,900
Foreign bills and balances abroad	3,438,200	1,388,600	1,392,600	1,393,900	1,395,800
Other cash	259,000	337,000	336,900	335,700	334,000
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,132,300	4,763,600	4,725,100	4,698,000	4,634,500
Advances	1,347,500	893,800	951,300	1,206,900	1,098,100
LIABILITIES.					
Notes in circulation	14,641,200	13,420,800	13,148,000	13,382,000	13,348,300
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,542,100	1,429,900	1,530,600	1,343,700	1,290,400
Ratio of reserve to note and sight	53.46%	46.89%	47.60%	47.54%	47.96%

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

ASSETS.	Sept. 19, 1931.	Aug. 27, 1932.	Sept. 3, 1932.	Sept. 17, 1932.
Gold reserve	229,510	205,985	205,987	205,979
Government securities—Swedish	3,042	218,420	218,420	218,364
Other Swedish bonds quoted on foreign bourses	127	94	94	94
Bills payable in Sweden	281,147	139,120	138,283	123,378
" abroad	21,823	61,749	61,723	61,778
Balance abroad	43,391	109,655	111,086	111,580
Advances	30,763	68,466	67,597	64,295
LIABILITIES.				
Notes in circulation	541,083	608,158	585,103	530,921
Government deposits	110,984	86,134	76,407	68,073
Public deposits	23,313	115,752	80,160	96,624

* The sum of the items "Bills payable in Sweden" and "Advances" excludes discounts and cash credits which are not available at cover for the note issue.

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

ASSETS.	Position, May 31, 1931.	Sept. 15, 1931.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.
Coin and bullion—Gold	44,224	146,313	142,397	142,397	142,397
Reserve abroad and foreign bills	28,533	9,092	12,540	14,243	22,925
Notes and Foreign Government securities	8,816	53,318	27,123	27,123	27,153
Discounts and loans	76,911	184,612	272,642	269,985	266,592
LIABILITIES.					
Notes in circulation	113,484	284,954	315,876	309,356	304,293
Deposits at sight	7,188	54,295	75,603	78,174	88,466

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

ASSETS.	Position, May 30, 1931.	Sept. 19, 1931.	Aug. 27, 1932.	Sept. 3, 1932.	Sept. 17, 1932.
Gold	521,775	2,276,519	2,256,678	2,256,823	2,256,915
Silver	728,600	566,282	585,190	582,205	583,346
Loans & Discounts	800,725	3,197,356	2,913,012	2,911,134	2,909,074
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000
LIABILITIES.					
Notes in circulation	901,550	5,077,011	4,777,383	4,825,772	4,807,725
Deposits	477,500	1,044,098	1,000,461	950,890	937,334

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

ASSETS.	Aug. 3, 1932.	Aug. 10, 1932.	Aug. 17, 1932.	Aug. 24, 1932.	Aug. 31, 1932.
Gold	394,304	394,779	395,353	395,920	396,485
Reserve abroad	556,514	558,490	559,392	560,194	565,108
Discounts	315,621	324,203	333,229	347,285	345,731
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.					
Notes in circulation	1,901,606	1,891,171	1,881,751	1,868,782	1,929,366
Government deposits	138,438	134,008	88,595	88,720	70,642
Bankers' deposits	191,473	207,911	238,837	280,767	235,619
Other deposits	23,196	34,445	71,599	70,049	57,951

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

ASSETS.	Sept. 15, 1931.	Aug. 23, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.
Cash Reserve	189,539	149,476	149,476	149,476	149,476
Gold coin and bullion	142,567	40,024	39,941	39,944	39,768
Other foreign exchange	124,327	115	115	115	115
Bills discounted	604,932	850,526	872,467	862,260	854,687
Govt. debt	95,647	91,577	91,577	91,577	91,577
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,803	10,803	10,803
Notes in circulation	989,999	834,229	915,087	865,099	866,599
Deposits	172,789	217,057	164,514	210,058	212,079

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

ASSETS.	Sept. 15, 1931.	Aug. 23, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.
Metal reserve	104,787	96,530	96,530	96,530	96,532
Gold coin and bullion	12,760	10,228	10,616	10,938	11,572
Drafts and notes	4,152	10,800	10,457	9,810	10,193
Silver coin and bullion	373,615	415,675	442,359	433,984	425,729
Inland bills, warrants and securities	56,511	52,497	52,497	52,497	52,497
Advances to Treasury	34,756	34,756	34,756	34,756	34,756
LIABILITIES.					
Share capital (gold crowns 30,000,000)	374,972	339,889	376,039	360,369	341,922
Notes in circulation	127,482	86,712	75,536	78,796	87,132

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Sept. 15, 1931.	Aug. 23, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.
Gold	1,527,672	1,639,990	1,639,980	1,639,911	1,640,540
Balance abroad and foreign currency	1,308,291	1,078,293	1,078,639	1,079,950	1,095,013
Discounts and advances	1,056,125	1,158,273	1,158,273	1,158,273	1,158,273
State notes debt balance	3,269,076	2,712,981	2,712,981	2,712,981	2,712,981
Other assets	679,653	349,827	398,715	404,442	381,721
LIABILITIES.					
Bank notes in circulation	6,364,422	5,364,092	6,144,078	5,824,015	5,625,055
Check account balances	563,844	901,396	488,459	820,792	822,891
Other liabilities	401,540	247,265	247,265	247,588	252,375

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

ASSETS.	Sept. 15, 1931.	Aug. 23, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.
Cash reserve	1,782,888	1,782,888	1,782,888	1,782,888	1,782,888
Gold at home and abroad	472,370	243,815	243,815	243,815	243,815
Foreign exchange	90,502	82,665	84,252	84,252	84,252
Bills and advances against security	1,691,294	2,416,459	2,431,111	2,437,858	2,437,858
Government advances	1,824,419	1,808,703	1,809,080	1,809,080	1,809,080
LIABILITIES.					
Notes in circulation	4,955,053	4,836,335	4,868,324	4,772,484	4,772,484
Right deposits	469,091	715,781	695,796	793,200	793,200

BULLION.

The following statistics of imports and exports of gold for week ended September 22, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Iraq.....	16,755	Poland.....	12,960
Brazil.....	52,880	Germany.....	478
British West Africa.....	88,474	Netherlands.....	105,226
British South Africa.....	999,186	Belgium.....	1,075,177
Anglo-Egyptian Sudan.....	2,890	Egypt.....	2,130
Kenya.....	78,169	United States of America.....	278,500
British India.....	553,314		
Straits Settlements.....	32,265		
Australia.....	48,890		
New Zealand.....	7,236		
Other countries.....	1,278		
Total declared value of imports.....	1,861,137	Total declared value of exports.....	1,479,321

GOLD MOVEMENTS.

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

1932.	ARRIVALS.	£	1932.	WITHDRAWALS.	£
Sept. 16.....	Nil		Sept. 16.....	Nil	
" 17.....	Nil		" 17.....	Nil	
" 19.....	Nil		" 19.....	Nil	
" 20.....	Nil		" 20.....	Nil	
" 21.....	Nil		" 21.....	Nil	
" 22.....	Nil		" 22.....	Nil	
Total.....	Nil		Total.....	Nil	

Messrs. Samuel Montagu and Company write on September 21, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,292,183 on the 14th instant, as compared with £139,031,386 on the previous Wednesday. On the 15th instant, the Bank announced the purchase of £128,376 in bar gold. In the open market, substantial amounts of gold were available, and were bought for the United States of America and the Continent.

Quotations during the week:—

	Per fine ounce.	Equivalent Value of £ sterling.
September 15.....	118s. 6d.	14s. 4-1d.
" 16.....	118s. 7d.	14s. 3-9d.
" 17.....	118s. 6d.	14s. 4-1d.
" 19.....	118s. 6d.	14s. 4-1d.
" 20.....	118s. 8d.	14s. 3-8d.
" 21.....	118s. 10d.	14s. 3-6d.
Average.....	118s. 7-2d.	14s. 3-9d.

SILVER.

Demand has continued poor, and the market could offer very little resistance to re-selling by the Indian Bazaars; consequently, prices were inclined to sag, 17½d. for cash and 17½d. for two months' delivery being quoted on the 17th instant. Selling from America had been evident on most afternoons, but offers were not forthcoming at the lower prices, and with China disposed to give support the market showed more steadiness, with a slight recovery in quotations. Although the tone of the market is steady at the decline, buyers do not yet seem attracted to a sufficient extent to indicate any rapid improvement.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 12th instant to mid-day on the 19th instant:—

IMPORTS.	£	EXPORTS.	£
Germany.....	14,950	British India.....	20,695
Belgium.....	15,730	Sweden.....	10,300
Japan.....	16,581	France.....	2,477
France.....	5,447	Germany.....	2,381
Other countries.....	3,467	Other countries.....	4,688
	56,175		40,541

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.		Bar silver per oz. std.	
Cash	Two Months' delivery.	Cash	Two Months' delivery.
Sept. 15.....	17½d.	Sept. 14.....	28
" 16.....	17½d.	" 15.....	27½
" 17.....	17½d.	" 16.....	27½
" 19.....	17½d.	" 17.....	27½
" 20.....	17½d.	" 19.....	27½
" 21.....	17½d.	" 20.....	27½
Average.....	17-698d.		17-812d.

The highest rate of exchange on New York recorded during the period from the 15th instant to the 21st instant was \$3.48, and the lowest \$3.46.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Sept. 15.	Sept. 7.	Aug. 31.
Notes in circulation.....	17,526	17,520	17,558
Silver coin and bullion in India.....	11,477	11,466	11,502
Gold coin and bullion in India.....	1,123	1,111	1,111
Securities (Indian Government).....	4,926	4,943	4,945

The stocks in Shanghai on the 17th instant consisted of about 114,000,000 ounces in sycee, 242,500,000 dollars and 4,060 silver bars, as compared with about 109,000,000 ounces in sycee, 242,500,000 dollars and 3,940 silver bars on the 10th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver Cash.
		Cash	Forward		
1932.	s. d.	d.	d.		d.
Sept. 16.....	118 7	17½	17½	Sept. 24, 1926	27½
" 17.....	118 6	17½	17½	" 23, 1927	25½
" 19.....	118 6	17½	17½	" 27, 1928	26½
" 20.....	118 8	17½	17½	" 26, 1929	23½
" 21.....	118 10	17½	17½	" 25, 1930	16½
" 22.....	119 1	18½	18½	" 24, 1931	15½

NOTICES.

Barclays Bank Limited announce the opening of a new sub-branch at Holbrooks Lane, Foleshill, Coventry.

It is officially announced that Mr Colin Cooper, of Barnwell Castle, Barnwell, Northants, has been elected a director of the National Provincial Bank, Ltd.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay-ment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Bank of Scotland	18*	Oct. 15	Less tax	...	...
OTHER COMPANIES.					
Aird and Coghill	5½%†	...	...	%	%
Alex. Duckham	4%†	...	Less tax	...	...
Allopp and Sons (7% cum. pref.)	3½%†	...	...	...	...
Balkis	5½%†	...	...	...	...
Callender's Cable	2½%†	Nov. 2	...	...	...
City and Internat. Trust	2½%†	...	...	...	...
C.L.R.P. Investment Trust	2½%†	...	...	...	...
Eagle Star	5%†	...	...	...	...
Gaumont British	6%†	...	...	6	6
Glasgow Workmen's Dwellings	2½%†	...	...	...	...
Henry Tomlinson	2½%†	...	...	...	...
International Auto Tel.	2½%†	...	...	...	...
International Paint	3%†	...	...	...	...
Liebig's Extract	5%†	Oct. 1	...	...	...
London County Freehold	2½%†	...	Less tax	...	...
London and Provincial	4½%†	...	...	...	...
Marlee Steering	5%†	...	...	5	5
Mid-Kent Gas	2½%†	...	...	...	...
Perrett's Brick and Tile	12½%†	...	...	...	...
Sheepbridge Iron	3½%†	...	...	...	...
Slough Estates	4½%†	...	Less tax	...	...
South Kent Water	6%†	Sept. 30	Less tax	...	...
Staveley	5%†	...	Tax free	...	...
St. James' Court	2½%†	...	...	5	6
Sun Electric	2½%†	...	...	...	...
Walth Gold	20%†	Nov. 1	Tax free	5	7½

AUSTIN MOTOR COMPANY, LTD.—At a meeting of the board, held at Longbridge Works on September 20th, the directors decided to recommend the payment of the following dividends and bonus: Dividend of 20 per cent. on the preferred ordinary shares for the year to July 31, 1932 (less income tax at 5s. in the £), £150,000; dividend of 25 per cent. on the ordinary shares for the year to July 31, 1932 (less income tax at 5s. in the £), £37,500; bonus of 25 per cent. on the ordinary shares for the year to July 31, 1932 (less income tax at 5s. in the £), £37,500—£225,000. The payment of these dividends is subject to the passing of the resolutions which will be submitted at the annual general meeting of shareholders to be held on Monday, October 3rd, and if approved the dividend warrants will be posted on October 31, 1932. The trading profit was £1,078,145 against £1,375,244.

BUENOS AYRES GREAT SOUTHERN RAILWAY.—The board of directors of the Buenos Ayres Great Southern Railway regret to announce that they are unable to recommend the payment of a dividend on the ordinary stock for the year ended June 30, 1932. The directors' report and accounts will be issued on October 17th, and the annual ordinary general meeting of the company has been fixed for October 26th, on which date warrants for the payment of dividends on the 5 per cent. and 6 per cent. preference stocks will be posted.

BUENOS AYRES WESTERN RAILWAY, LTD.—The board much regret to announce that they are unable to recommend a dividend on the ordinary stock of the company for the year ended June 30, 1932. The annual general meeting of the company will be held on Tuesday, October 25th next, at mid-day. The warrants for the dividends on the preference shares will be posted on the evening of that day.

SUMMARY OF BALANCE SHEETS.

GAUMONT-BRITISH PICTURE CORPORATION, LIMITED.			
March 31, 1932.			
LIABILITIES		ASSETS	
Amount.	Compared with March 31, 1931.	Amount.	Compared with March 31, 1931.
7½% cum. pref. £1 1,250,000	...	Cash.....	36,155 - 163,263
Ord. shares (10s.) 2,500,000	...	Stocks.....	48,165 + 37,364
6½% deb. stk. 950,583	- 26,316	Investments in subsidiaries.....	5,810,751 + 47,368
Int. accrued.....	11,306 - 703	Debtors.....	913,092 + 175,669
Forfeited shares.....	17	Properties and plant.....	1,218,843 - 52,587
Bank loan.....	164,955 - 105,045	Shares in other cos.	353,927 + 16,569
Loans from subsidiaries.....	127,859 - 65,696	Deb. stk. of subsidiary co. at cost.....	12,959 - 11
Creditors.....	410,986 + 186,608		
Prof. shareholders.....	35,156 -		
Leaseholds reserve.....	110,608 + 28,514		
Debs. acc. sinking fund.....	55,191 + 22,151		
Reserve.....	255,000 + 50,000		
Profit and loss.....	237,228 + 2,768		
Total.....	8,393,892 + 91,109	Total.....	8,393,892 + 91,109

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.			Corresponding Period Last Year.	
					Dividend.		Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefce. Amount.	Ordinary. Amount. Rate.			
Breweries.		£	£	£	£	%	£	£	%
Dailuaine-Talisker Distill. ...	June 30	18,484	13,562	32,046	3,914	6,017 7½	...	22,115	15,059 15
Gas.									
Alliance and Dublin Consumers'	June 30*	36,523	53,021	89,544	...	59,165 7½	...	30,379	61,908 7½
Iron, Coal and Steel.									
Sheepbridge Coal and Iron	June 30	87,260	82,691	169,951	8,368	58,558 5	20,000	83,025	74,344 5
Staveley Coal and Iron ...	June 30	107,144	219,280	326,424	...	169,268 5½	50,000	107,156	286,130 6½
Rubber.									
Anglo-Java Rubber	Mar. 31	63,023	2,439	65,462	7,002	...	...	58,460	14,933 ...
Banteng (Selangor) Rubber	Apr. 30	12,024	Dr. 731	11,293	...	...	...	11,293	926 ...
Bernam-Perak Rubber	June 30	1,280	Dr. 3,037	Dr. 1,757	...	...	...	...	Dr. 3,869 ...
Federated (Selangor) Rubber	Mar. 31	4,496	Dr. 2,626	1,970	...	...	Dr. 108	2,078	Dr. 2,972 ...
Kalidjereok Rubber	Mar. 31	Dr. 237	Dr. 1,947	Dr. 2,184	...	...	...	Dr. 2,184	Dr. 3,995 ...
Padang Jawa Rubber	Mar. 31	2,067	Dr. 1,097	970	...	...	...	970	Dr. 2,452 ...
Parit-Bruas (Malay) Rubber	June 30	Dr. 532	57	Dr. 525	...	...	Dr. 982	457	Dr. 2,512 ...
Seaport (Selangor) Rubber	June 30	19,014	Dr. 39	18,975	...	...	...	18,975	Dr. 2,579 ...
Shops and Stores.									
British Overseas Stores ...	June 30	5,622	16,781	22,403	15,156	...	3,600	3,647	43,404 6
Other Companies.									
Anglo-Siam Corporation ...	Mar. 31	51,684	29,536	81,220	4,550	35,000 17½	Dr. 8,500	50,170	35,504 20
Cohen Weenen and Co. ...	July 2	46,554	101,014	147,568	54,000	36,000 36	10,000	47,568	100,890 36
Dartmoor China Clay Co. ...	Dec. 31	2,980	2,330	5,310	...	...	...	5,310	...
Dorman (W. H.) and Co. ...	Mar. 31	Dr. 47,244	Dr. 12,169	Dr. 59,413	...	...	...	Dr. 59,413	Dr. 6,615 ...
Eastwoods, Ltd.	Mar. 31	11,077	46,000	57,077	10,500	22,500 7½	12,926	11,151	58,825 10
Eastwoods Cement, Ltd. ...	Mar. 31	8,228	14,068	22,296	...	12,000 6	2,000	8,296	17,587 6
Eastwoods Flettons, Ltd.	Mar. 31	4,548	22,187	26,735	...	14,520 (a)8½ (b)7	7,000	4,555	20,724 7
Fletcher and Cartwrights...	July 31	12,388	27,817	40,205	...	16,800 7	5,500	17,905	27,317 7
Gaumont-British Pict. Corp.	Mar. 31	84,461	379,231	463,692	93,750	150,000 6	132,713	87,229	380,419 6
Keystone Knt. Mills (1928)	June 30	Dr. 27,385	20,662	Dr. 6,723	...	...	...	Dr. 6,723	12,841 ...
Lactagol, Ltd.	June 30	516	3,670	4,186	1,475	1,125 3	1,050	536	4,201 3
Qualcast, Ltd.	June 30	42,046	16,967	59,013	...	18,750 15	...	40,263	25,235 15

* For half-year.

† Free of income tax.

(a) Preferred ordinary shares;

(b) Deferred shares.

REPORTS AND NOTICES.

MISCELLANEOUS.

UNION-CASTLE MAIL STEAMSHIP COMPANY, LTD.—Sir Francis Vernon Thomson, K.B.E., has been appointed a director of the Union-Castle Mail Steamship Company, Ltd. At the recent annual general meeting the chairman (Mr Robertson F. Gibb) intimated that the board contemplated the appointment of an additional director having large experience of shipping and finance, who he felt sure would be acceptable to the preference shareholders. Sir Francis Thomson is chairman of the King Line, Ltd., and is of the London Maritime Investment Company, Ltd., and is chairman of the Baltic Shipping Exchange, a member of the Committee of Lloyd's Register, the Council of the Chamber of Shipping, &c.

WARING AND GILLOW, LTD.—On September 14th the court in the action by the first debenture holders of the company sanctioned a contract for the sale of the company's business and practically the whole of the assets to Mr. Ivan Couper Sanderson, who has been chairman of the company since 1930. Mr Sanderson is taking steps to complete the purchase at the earliest possible date and for this purpose is forming a new company with substantial working capital. It is intended that the new company should continue the business under the present management and staff. The purchase price will be satisfied by the issue of debentures and shares in the new company. These will consist of £600,000 5½ per cent. mortgage debenture stock, £355,000 7 per cent. A income stock, £38,000 B income stock, and £380,000 7 per cent. second non-cumulative preference shares. An issue of 150,000 10 per cent. non-cumulative first preference shares of £1 each will be offered for subscription in cash. Mr Sanderson will take up firm 100,000 of these, but the whole 150,000 will be offered to the shareholders of the present company for subscription at par. A total of 390,000 £1 ordinary shares will be created and two of these will be issued as a bonus with each one of the first preference shares subscribed.

Commercial Reports.

MARKET SUMMARY.

After last week's reaction, the tendency of prices of primary products at the principal markets has once more been upwards. Wednesday's quotations in the United States of the chief commodities

ties nearly all show a rise on the week. Among non-ferrous metals copper was firmer, but lead, spelter and tin were easier. On the other hand, the last three metals all rose in London. Among textile raw materials, cotton was firmer. Rubber, too, recovered a little. Cereals were all dearer, sugar and coffee were also firmer, but cocoa suffered a slight setback. Reports from various industrial centres reveal a slight improvement in the coal trade on the East Coast. Activity in the iron and steel industry, though still on a low level, is expected to improve soon, as a result of an increase in orders. The cotton and rayon trades are severely hampered by the strike, and business in wool manufactures remains quiet.

THE COAL TRADE.

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square,
 London: 5, Walbrook, E.C.4 and 4, St. James's Street, S.W.1

under the pressure of Spanish colliery owners and miners, is contemplating the prohibition of the importation of foreign coals for the service of the Spanish railways. A decree to this effect has not yet been promulgated, but an assurance has been received that, when it is issued, it will exclude current contracts. For all large grades of coal, prices are at the minimum schedule figures, but quotations for dry nuts are 2s. 6d. per ton higher than they were a week ago, while those for washed smalls for bunker consumption have also been raised by at least 6d. per ton. The opinion of the market is that these increases are the first fruits of the policy of the new Welsh Associated Mines which was recently formed to eliminate inter-competition and secure a greater measure of co-ordination in the marketing of South Wales coals. It is also reported on the market that definite quotas have been allotted to the members of the new combination in the Italian market. There was a slight increase last week in the quantity of coal shipped from the South Wales ports, but on Wednesday morning 28 tips were idle and 56 in operation. The agitation of local Labour leaders against the policy of the Great Western Railway Company in the administration of the docks under their control has collapsed, and it is not likely that any further representations will be made to the company with a view of increasing the number of appliances at the Cardiff Docks. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; second, 18s. 9d. to 19s. 4d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; best anthracite large, 38s. to 39s. 6d.; Red Vein large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rully culm, 11s. to 11s. 6d.; special foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 19s. to 19s. 6d.

NEWCASTLE-ON-TYNE.—This week there has been a better supply of tonnage at most of the loading points on the North-East Coast. The Northumberland steam market remains steady with a confident undertone. At present there are a number of Scandinavian inquiries, the principal being 100,000 tons of steam coal for the Danish Railways, 15,000 tons for the Finnish Railways, and 40,000 tons for the Riga Municipality. With the reported financial difficulties of the Polish coal industry, it is expected that all this trade will come to this country, and Northumberland will receive its share. In Durham the position remains fairly quiet for all the various classes of coking coal, and until there is a much improved demand for iron and steel there cannot be much activity in this section of the market. There are no changes in the f.o.b. prices for export, which are as follows:—*Northumberland.*—D.C.B. screened steam, 13s. 6d., smalls, 8s. 6d.; Howards, Bentinek, Newbiggin screened, 13s., smalls, 8s.; Tyne Prime large, 12s. 9d., smalls, 9s.; Hartley Main large, 12s. 6d., smalls, 8s. *Durham.*—Lambton, South Hetton screened steam, 15s., smalls, 11s.; Wear Special unscreened gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d., second-class gas, 13s., coking unscreened or smalls, 12s. 6d.; Prime unscreened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.; Prime Foundry coke, 16s.; Newcastle and District gas coke, 18s.

IRON AND STEEL.

MIDDLEBROUGH.—The optimism that was aroused in the iron and steel market about a fortnight ago has not been maintained and business has recently been quieter. Although there was a somewhat increased volume of business put through when the move first started, very few consumers had the courage to purchase pig iron for delivery ahead and most of the Cleveland foundry iron sold up to now has been for early delivery. The fact is that prices are considered too dear. There was only a small attendance at Tuesday's weekly market and trade was quiet. Official prices for Cleveland iron were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t., with important concessions to Scotch consumers. In hematite not much forward buying has taken place so far, but a move in this direction is looked for now that the prospects in the steel trade are better. Prices were inclined to harden a little about a fortnight ago, but as the enthusiasm on the market was not maintained they fell back again to 60s. for ordinary mixed numbers for early delivery, with slight premiums for periods ahead. There are still fair inquiries on the market for hematite and the position is being closely watched by consumers who have requirements to cover. Following the two furnaces just blown in on hematite at Ayresome Works, one has been changed over from Cleveland to hematite at Skinningrove Works, which makes a total of six now producing this class of iron in the district. In the finished trades there is more business moving and prospects are considered much brighter. Steel prices for home under the rebate scheme are unchanged, viz.: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Among other products are heavy steel rails, £8 10s.; iron crown bars, £8 15s.; galvanised corrugated steel sheets, 24-gauge, £9 10s.; black sheets, 24-gauge, £8, all for home use. Shipments of pig iron this month are about level with last month, the clearance of all kinds to 20th inst. being 5,213 tons, compared with 5,799 tons to August 20th. In the ore market one or two spot cargoes of best

rubio have been recently sold for special purposes, but consumers' requirements were speedily supplied and there are no further orders on the market. The nominal price for best rubio for prompt is 14s. 6d. c.i.f., but it is stated that this price was shaded slightly for one of the cargoes sold. The rate of freight Bilbao/Middlesbrough is 4s. 3d. Coke continues in plentiful supply and good furnace qualities are offering at 14s. 6d. per ton delivered consumers' works. Most large users have ample supplies for their own ovens, and seldom need to buy outside supplies. The number of blast-furnaces in operation in the district remains at seventeen.

SHEFFIELD.—The more active conditions in some of the lighter steel branches reported last week continue, but progress is slight and the movement is insufficient at present to warrant the belief in a substantial and permanent improvement. Nevertheless people are hopeful of continuous revival in the winter months even if normality is not attained. The latter can only be possible when Governments overseas remove their currency restrictions and shipping and railway business pick up. Depression is acute in heavy steel forgings and castings. Activity can be found among makers of hacksaws, permanent magnets, engineering precision tools, and expensive steels used in aircraft construction. The extension of Government credit on Russian debts should prove helpful to firms having Russian orders in hand, but it will not further the placing of new business, because the amount allocated for this purpose was exhausted a long time ago. Trade is expanding slowly in the cutlery and plate branches, but orders generally are on a retail scale.

GLASGOW.—While business in the heavy iron and steel industries in the West of Scotland remains exceedingly quiet, there is a slight increase in the volume of work placed and overseas buyers are showing more interest. It will be some time before steel makers will benefit from the contracts which the Admiralty have placed with Clyde yards during the present week, but much gratification is felt that so much work has come to this district and the announcement has vastly brightened the outlook for workers in the Clyde shipyards and engineering works, as it is understood these contracts will provide sufficient work for some 2,000 to 3,000 men for about two years. The continued advance in Continental prices is helping to shut out Continental semis, and while there is not a great deal of business to be placed by local users, such small lots as are required are being placed with home manufacturers. In the sheet trade the position is rather better this week, tonnage booked being greater than for a few weeks past, and there has been a slight increase in the operating plant. Prices for home trade are steady, but for export business prices have been shaded slightly.

CARDIFF.—There has been no material improvement during the past week in the state of business in the South Wales tinplate trade. Production has been adjusted to the diminished demand, and prices are firm up to 15s. 6d. per basis box, with the usual extras for canning sizes. Shipments from Swansea last week totalled 87,163 boxes, compared with 59,128 the previous week, and 61,318 boxes in the corresponding week last year, but stocks are nearly 11,000 boxes greater than they were a week ago and 48,000 boxes less than a year ago. There has been an increase in the imports of foreign steel bars recently, but South Wales bars are unchanged at 95s. per ton net. The prices of galvanised sheet bars are unaltered.

OTHER METALS.

TIN.—The market in tin opened weak on Monday and turnover was small. On Tuesday, demand improved and prices rose steadily, closing on Wednesday a shade higher than a week ago. Sales on the London Metal Exchange were 350 tons on Monday, against 400 tons last week; 850 tons on Tuesday, against 1,150 tons last week; and 450 tons on Wednesday, against 500 tons last week. The New York quotation on Wednesday was 24.70 cents per lb., against 24.85 cents a week ago and 23.00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £151 15s. to £152, compared with £150 10s. to £151 17s. 6d. last week. Stocks in London and Liverpool at the end of last week were 31,955 tons, a decrease of 246 tons on the week.

COPPER.—Little interest was shown in copper at the beginning of the week, but on Wednesday buyers were more in evidence and prices rose a little in sympathy with the firmer tone in Wall Street. Sales at the London Metal Exchange were 750 tons on Monday, against 800 last week; 850 tons on Tuesday, against 2,250 last week; and 1,100 tons on Wednesday, against 1,250 last week. Domestic spot was quoted 6½ cents per lb. in New York on Wednesday, against 6¼ cents a week ago and 5½ cents a month ago. Wednesday's official closing price for standard cash in London was £34 15s. to £34 16s. 3d., compared with £33 5s. to £33 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,690 tons, show an increase of 1,153 tons, and stocks of rough copper, at 1,501 tons, an increase of 17 tons.

LEAD.—Lead opened easier on Monday in London, was dull on Tuesday, but improved a little on Wednesday, despite the decline of prices in New York, owing to the scarcity of sellers. Sales at the London Metal Exchange were 550 tons on Monday, against 250 tons last week; 800 tons on Tuesday, against 1,700 tons last week; and 600 tons on Wednesday, against 800 tons last week. The New York quotation on Wednesday was 3.40 cents per lb., against 3.60 cents a week ago and 3.40 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £12 18s. 9d. for September shipment, compared with £12 15s. last week.

SPELTER.—Spelter, like other metals, was neglected on Monday, but improved on Tuesday and Wednesday under the influence of a better demand. Sales were 500 tons on Monday, against

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

REPORT OF DIRECTORS.—To be submitted to the Shareholders at a Meeting to be held in the Board Room, Johannesburg Consolidated Investment Company, Limited, Consolidated Building, Fox Street, Johannesburg, on Tuesday, the 22nd November, 1932, at 11 o'clock in the forenoon.

ACCOUNTS.—1. The Directors submit the Company's Balance Sheet and Profit and Loss Account for the financial year ended 30th June, 1932. As the Company is incorporated in the Union of South Africa, the Accounts now submitted are on a South African currency basis, with the exception of the Company's stocks and shares, including British Government securities and Fixed Assets in London, which appear in the Balance Sheet at their British sterling value. As regards these assets, the difference in currency value has been provided for in the aggregate by placing £500,000 to a Special Currency Reserve, for which purpose £150,000 has been provided from Revenue and £350,000 from the General Reserve.

PROFIT AND LOSS.—2. The revenue of the Company has been well maintained, although it has not altogether escaped the effects of the prevailing depression. After providing for depreciation in stocks and shares and all other charges, the net profits amount to £359,675 18s. 7d. This sum, together with £166,685 2s. 11d. brought forward from the previous year, brings the total amount available to £526,360 3s. 6d.

DIVIDEND.—3. On the 14th July the Directors declared a Dividend of 1s. 6d. per share, in British currency, less United Kingdom Income Tax. This distribution will absorb £220,706 5s. 0d., and after placing the sum of £150,000 referred to above to the credit of a Special Currency Reserve Account, there remains a Balance of £155,653 18s. 6d. to be carried forward to next account.

RESERVE FUND.—4. As indicated above, £350,000 has been transferred to a Special Currency Reserve Account, which leaves the Reserve Fund at £300,000. The purpose for which the Special Currency Reserve Fund of £500,000 is created has already been explained, and it will be available, if and when required.

VALUE OF SHAREHOLDINGS.—5. Unrelieved industrial and economic depression has continued during the year under review, in consequence of which depreciation in the value of stocks and shares has been exceptionally heavy. This depreciation has been provided for, and the shareholdings of the Company appear in the books at market prices current on the 30th June last, or at cost, whichever is the lower.

At present these assets show a substantial surplus over the amount at which they stand in the Company's books.

FINANCIAL POSITION.—6. The financial position of the Company is strong, and its assets include £1,000,000 in British Government securities. **MINING INTERESTS.**—7. The Reports issued by the Gold Mining Companies of the Group give full details of their operations, but a brief summary is given hereunder, from which it will be noted that the results of the Government Gold Mining Areas (Modderfontein) Consolidated, Limited, New State Areas, Limited, and The Randfontein Estates Gold Mining Company, Witwatersrand, Limited, have been particularly noteworthy.

The supply of native labour to the Mines has been adequate for all requirements. The value of the gold produced by the Mines of the Group for the twelve months to 30th June last was, approximately, £13,380,000 in South African currency.

GOVERNMENT GOLD MINING AREAS (MODDERFONTEIN) CONSOLIDATED, LIMITED.—The tonnage mined during 1931 amounted to 2,435,000 tons, and resulted in a working profit of £2,733,117, of which the Union Government's share was £1,458,998. The Union Government has now been paid a total sum of £15,911,084 under the terms of its Lease to the Company. Dividends totalling 90 per cent. have been paid for the twelve months to 30th June last.

The Ore Reserves at the end of the year were estimated to amount to 10,510,000 tons, with an average value of 8.9 dwts. over a stowing width of 60 inches.

While the results for the year compare closely with those of the previous year, the gold recovered, revenue and profit for the year, constitute records in the history of the Company.

THE LANGLAATJE ESTATE AND GOLD MINING COMPANY, LIMITED.—The tonnage mined during 1931 amounted to 945,000 tons, resulting in a working profit of £370,376. Dividends totalling 20 per cent. were paid for the year to 30th June last.

The Ore Reserves at the end of the year were estimated to amount to 1,190,000 tons, with a value of 7.2 dwts. over a stowing width of 44 inches.

NEW STATE AREAS, LIMITED.—For the year ended 31st December last, 958,000 tons of ore were treated, resulting in a working profit of £658,411, of which the Union Government received £552,732. The profit share were paid for the year to the 30th June last. Dividends totalling 20 per cent. were paid for the year to the 30th June last.

The Ore Reserves at the end of the year were estimated to amount to 2,737,000 tons with an average value of 8.9 dwts. over a stowing width of 50 inches.

The position at the Mine is very satisfactory, and the monthly profits have shown a steady and progressive increase.

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED.—The tonnage mined amounted to 2,751,000 tons for the year to 31st December last, and showed a working profit of £598,628. Both these figures were considerably higher than those of the previous year.

The development work of the year was gratifying, in the continued flattening of the strata ore reserve position substantially strengthened, but the intense flattening of the strata in depth confirmed the belief that all the payable reef on the property will lie at a workable depth, and thus a long life for the mine of dividends during the year, and two distributions, totalling 14 per cent., were paid to 30th June last.

The Company resumed the payment of dividends on 30th June last.

The Ore Reserves at the end of the year were estimated to amount to 6,324,000 tons, with an average value of 6.2 dwts. over a stowing width of 49 inches.

VAN RYN DEEP, LIMITED.—The ore treated during 1931 amounted to 753,000 tons, and showed a working profit of £337,909. Dividends totalling 22½ per cent. were paid for the year to 30th June, 1932.

BALANCE SHEET, 30th JUNE 1932.									
Dr.					Cr.				
These Accounts (other than Stocks and Shares and Fixed Assets in London) are expressed in Union of South Africa currency.					ASSETS.				
CAPITAL AND LIABILITIES.					£ s. d.				
Authorised Capital—									
(Under Resolution of 23rd November, 1909)...	£	s.	d.						
of which £4,345,000 is Registered Capital.	4,345,000	0	0						
Capital Issued	650,000	0	0		3,950,000	0	0		
Capital Reserve	350,000	0	0						
Less Transfer to Special Currency Reserve					300,000	0	0		
Special Currency Reserve	350,000	0	0						
Transfer from Reserve Fund					500,000	0	0		
Transfer from Appropriation Account					628,448	19	8		
Sundry Creditors including Reserves for Contingencies									
Dividend (No. 40) of 1s. 6d. per Share (British currency) less United Kingdom Income Tax, declared 14th July, 1932					220,706	5	0		
Appropriation Account—									
Balance					155,653	18	6		
Contingent Liabilities—									
Uncalled Capital on Investments and Sundry Guarantees	243,767	9	8		£5,754,809	2	9		

We report to the Shareholders that we have audited the accounts of the Johannesburg Office of the Johannesburg Consolidated Investment Company, Limited, dated 30th June, 1932, and have obtained all the information and explanations we have required. The Audited Accounts of the Johannesburg Office have been properly incorporated in the above Balance Sheet and Profit and Loss Account, and, in our opinion, the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company. We have also verified the securities in Johannesburg. The Company has kept proper books and records.

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1932.									
Dr.					Cr.				
To Directors' Fees, Salaries and other Expenses, less Amounts received from other Companies					By Profits realised on Stocks and Shares, Dividends and Sundry Revenue, less provision for Income Tax and Amounts written off				
					26,611	18	9		
					359,675	0	7		
					£386,286	19	4		

APPROPRIATION ACCOUNT.									
Dr.					Cr.				
To Dividend No. 40 of 1s. 6d. per share (British Currency) less United Kingdom Income Tax, declared 14th July, 1932					By Balance of Profit and Loss Account at 30th June, 1931				
					220,706	5	0		
					160,000	0	0		
					£386,653	18	6		
					£598,360	8	6		

We report to the Shareholders that we have audited the Accounts of the London Office of the Johannesburg Consolidated Investment Company, Limited, dated the 30th June, 1932, and have obtained all the information and explanations we have required. The Audited Accounts of the Johannesburg Office have been properly incorporated in the above Balance Sheet and Profit and Loss Account, and, in our opinion, the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company. We have also verified the securities in London. The Company has kept proper books and records.

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1932.									
Dr.					Cr.				
To Directors' Fees, Salaries and other Expenses, less Amounts received from other Companies					By Profits realised on Stocks and Shares, Dividends and Sundry Revenue, less provision for Income Tax and Amounts written off				
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					220,706	5	0		
					160,000	0	0		
					£386,653	18	6		
					£598,360	8	6		

150 a week before; 500 tons on Tuesday, against 1,400 the week before; and 800 tons on Wednesday, against 1,100. The New York quotation on Wednesday was 3.25 cents per lb., against 3.50 cents the week before, and 2.75 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 17s. 6d. for September shipment, against £14 16s. 3d. last week.

OTHER NON-FERROUS METALS.—The tendency of other non-ferrous metals whose price is not controlled was slightly easier. Aluminium was again £95 per ton. Nickel was unchanged at £240 to £245. Quicksilver was slightly lower at £9 6s. to £9 14s. per flask, against £9 7s. 6d. to £9 15s. a week ago. Platinum was reduced from £9 15s. per ounce to £9 5s. per ounce. Foreign antimony was again unchanged at £25 to £25 10s. per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, September 14th to 21st (inclusive), are 41,346 bales, of which 15,251 bales are American, 5,500 Peruvian, 4,768 Argentine, 12,517 Egyptian, 886 African, 1,406 East Indian, and 1,018 sundries.

Manchester.—Trading in the market during the past week has been very difficult. Buyers have been nervous, partly owing to the further fall in values, and the continuance of the weavers' strike has prevented makers from being able to guarantee deliveries, and numerous customers have not been prepared to grant a strike clause in contracts. On the whole, most abnormal conditions have prevailed, and in the circumstances activity could not be expected. A fair amount of inquiry has been met with in piece-goods for India, and scattered sales have taken place, chiefly in light goods and fancies. Standard makes for China have attracted very little attention, but occasional lines have been reported in dyed goods. Stock lots have been in request for certain minor outlets East and West, and some home trade buyers have displayed rather more interest in prices. No improvement in the position can take place until production in the weaving section is resumed. Considerable satisfaction has been expressed by merchants at the reduction in bleaching charges. There has been a good deal of irregularity in American and Egyptian yarn quotations, and a limited turnover has occurred in home counts. A fair demand has been met with in export numbers for India and the Continent.

Cotton Prices.

	1932.				Corresponding Date.	
	Aug. 31.	Sept. 7.	Sept. 14.	Sept. 21.	1930.	1931.
Raw Cotton—Mid. American	d. 6.72	d. 7.00	d. 6.15	d. 5.67	d. 5.98	d. 4.49
" Sakellaridis Fully Good Fair Egyptian	d. 8.90	d. 9.40	d. 8.85	d. 8.50	d. 10.20	d. 6.95
Yarns—32's twist	d. 10 1/2	d. 10 1/2	d. 10 1/2	d. 10 1/2	d. 10 1/2	d. 8 1/2
" 40's twist	d. 10 1/2	d. 11 1/2	d. 10 1/2	d. 10 1/2	d. 10 1/2	d. 8 1/2
" 60's twist (Egyptian)	d. 15 1/2	d. 16 1/2	d. 16 1/2	d. 16 1/2	d. 16 1/2	d. 15
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 19 0	s. d. 19 9	s. d. 19 6	s. d. 19 3	s. d. 19 7	s. d. 17 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	d. 21 6	d. 22 3	d. 22 0	d. 21 6	d. 22 0	d. 18 9
36-in. ditto, 38 yds., 18 by 18, 10 lb.	d. 11 1	d. 11 5	d. 11 4	d. 11 3	d. 12 3	d. 10 6
39 in. ditto, 37 1/2 yds., 16 by 16, 8 1/2 lb.	d. 9 10	d. 10 3	d. 10 2	d. 10 1	d. 11 0	d. 9 5

THE WOOL TRADE.—Bradford.—According to our correspondent, the sixth series of London sales which commenced last Tuesday have demonstrated the soundness of wool values. The demand for 64's quality upwards is about equal to the supply; for 56-58's it is more than can be satisfied; there is an improved call for 50's, and lower qualities are still waiting for a further improvement. Fine crossbreds are going into hosiery and in substitution for merinos, and this may eventually be expected to be reflected in lower qualities. In this way, all descriptions of wool are holding their own. The bulk of the London demand has been on Continental account, with Germany the principal buyer. So far as it has been possible to estimate cost at this juncture, average 64's tops are costing 25d. This leaves buyers on Bradford account rather dissatisfied, though against this there is the compensation that considerable weights of wool have been sold privately to the Continent from this district, and good profits must have been made. The advance in wool prices since the commencement of the current selling season, and in tops in Bradford, do not make either commodity too dear for manufacturing purposes, and whilst spinners have been making low bids for merinos tops, the prospect is that business will continue to be done somewhere between prices bid and the present maximum of cost represented by the buying basis in London. Continental firms operating on a 25d. basis in Coleman Street means that, in their own currency, they are getting the wool at substantially less. Coincidental with this, the marketing and consumption of wool stocks is likely to continue, and to leave the sellers with a good profit. The advance in London compared with the close of the July series is around 12 1/2 per cent. for greasy merinos, and up to 15 per cent. for fine crossbreds, with medium wools 10 per cent. dearer, and low crossbreds 7 1/2 per cent. upwards. The Bradford market is quiet. The advance in London has already been discounted here, but quotations for all quantities of tops are firm.

THE JUTE TRADE.—Dundee.—Conditions have again become very slow in the jute industry. A declining tendency on the part of raw-jute prices has been detrimental to business in the other sections of the trade, and buyers, having formerly purchased to a fair extent, are now awaiting further developments. With cheaper jute in view, producers of yarns and cloth are inclined to be more willing to shade their terms. The raw-material position, however, is still very sensitive and fluctuations in prices occur,

occasionally being firmer, at which times buyers of jute goods increase the volume of inquiry, which leads to the opinion that there are many wants to fulfil. The Calcutta goods market has been very quiet, with prices following those of raw jute. Sellers of the fibre have reduced their prices to £20 for First Marks, £18 15s. for good Lightnings, and £17 10s. for best Hearts, while grade qualities are quoted at £18 10s. for Firsts, £17 15s. for Lightnings, and £17 for Hearts, September-October. Daisie assortment full group has been sold down to £17 5s., threes quoted at £17, and fours at £16 5s., while Tossa assortment rules at £18, threes at £17 15s., and fours at £17, October-November. Only a few small sales have been recorded, as spinners are receiving little incentive to purchase. Jute yarns have ruled very quiet, but the quoted rates of spinners have remained unchanged in general. Common 8-lb. cops are named at 2s. 1d. and 8-lb. spools at 2s. 2d., but offers of business at less would not now be refused. Twist has been sold at 3 1/4d. for 3-ply 8-lb., and sacking yarns are offered at 2 1/4d. for 24-lb. weft and 3 1/4d. for 8-lb. chains, while rove could be obtained at £19 15s. for 48-lb. and £16 15s. for 200-lb. The finer yarns have come in for some attention for export to Brazil, fourth grade Rio weft being sold at 2s. 3 1/4d. and warp at 2s. 4 1/4d. for quick delivery. Second quality 8-lb. warp is quoted at 2s. 9d. and third at 2s. 6d. Carpet yarns have been purchased very sparingly at from 3 1/4d. for 14-lb. warp. Only trifling lots of jute cloth have been bought, but in the case of the wider widths manufacturers have been able to adhere to their terms. The narrow widths are badly off for orders, though there are not so many of these being made in Dundee now, Calcutta makes being preferred by buyers on account of the cheaper prices. In the widths 45 in. and over, Dundee goods are quoted at 3d. for 10 1/2-oz. 40-in. and 2 1/4d. for 8-oz. Linoleum hessians are of small interest, and heavy goods are dull. Calcutta goods prices have come back to 20s. 3d. for 10-oz. 40-in. and 15s. 4 1/4d. for 8-oz., September, 19s. 10d. and 15s. 6d. respectively, October-December, and 19s. 3d. and 15s. 3d. for January-March. Liverpool twills are quoted at 58s. and "B" twills at 51s. 3d., September, 57s. and 50s. 9d. for October-December, and 56s. 9d. and 50s. for January-March. Spot prices of 10-oz. and 8-oz. hessians are 21s. and 16s. 6d. respectively.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has undergone little change during the past week. This week's rise in prices is due to the renewed upward movement in Wall Street, i.e., it reflects a change in sentiment rather than an improvement in the wheat outlook. Nevertheless, crop reports continue to influence the course of prices. Russia's probable exports are estimated by Mr Broomhall at not more than 5 million quarters, against 9 million quarters exported during the past season. On Wednesday, September futures were quoted in Chicago at 52 1/2 cents per bushel, against 48 1/2 cents the week before, and 50 1/2 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. 6d. per 496 lbs., against 29s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 28s., against 28s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 28s. 3d.; Australia, ex ship, 30s. 6d., against 30s. 3d. a week ago.

WHEAT FLOUR.—Business in flour has been a little more active. North American shipments were 155,000 sacks, compared with 118,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 26s. per 280 lbs., against 26s. last week; delivered London, 25s., at both dates. Manitoba patents, ex store, 24s. 3d.-27s. 3d., against 24s. 6d.-27s. 6d. Australian, ex store, 20s. 6d.-21s., against 20s. 6d.-21s. last week.

BARLEY.—The market in feeding barley has been quiet in this, and in most Continental countries. October futures were quoted in Winnipeg on Wednesday at 29 1/2 cents, against 29 1/2 last week and 31 1/2 a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 24s., against 24s. a week before.

OATS.—Foreign oats have been in small demand in this country. Other importing countries whose supplies are met chiefly by Canada and Argentina report a quiet trade. In Chicago, September futures were quoted at 16 1/2 cents, against 15 per bushel a week before and 15 1/2 a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 6d. per 320 lbs., against 18s. 9d. a week ago; "River Plate," ex ship, 17s. 6d.-17s. 9d., against 17s. 9d.; "Chilean White," landed, 23s.-24s. 6d. at both dates.

MAIZE.—The market in maize has been steady, and, as Argentine exports are expected to decrease in the near future, prices have hardened a little. September futures in Chicago were quoted on Wednesday at 28 1/2 cents against 27 1/2 cents on Wednesday of last week and 30 1/2 cents a month ago. Quotations in London, Wednesday: "Plate," landed, 21s. 3d. per 480 lbs., compared with 21s. 6d. last week; "Plate," ex ship, 20s. 6d., as against 20s. 6d.; "Plate," September-October, 20s. 9d., as against 20s. 9d. Yellow maize, ex wharf, was quoted at £6 2s. 6d. per ton, against £5 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat	Owts. 133,328	Owts. 52,386	Owts. 176,086	Owts. 421,436
1 week to September 17	341,960	160,003	489,117	960,379
3 weeks to September 17				
Average price of English wheat per cwt.	s. d. 5 8	s. d. 4 8	s. d. 7 2	s. d. 9 9

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 10, 1932.....	Cwts. 118,467	Owts. 55,087	Owts. 45,968	s. d. 5 8	s. d. 8 6	s. d. 6 7
Sept. 17, 1932.....	133,328	137,074	42,175	5 8	9 2	6 6
Sept. 15, 1928	266,589	284,104	79,428	9 2	12 4	9 0
Sept. 14, 1929	309,088	205,624	52,131	9 11	11 5	7 11
Sept. 20, 1930	176,086	267,255	45,992	7 2	9 2	5 11
Sept. 19, 1931	52,386	151,358	24,468	4 8	9 9	5 7

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Sept. 23, 1931.	Jan. 4, 1932.	Sept. 14, 1932.	Sept. 21, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148 1/2	56 1/2	54 1/2	62 1/2	51 1/2	52 1/2
Chicago (No. 2 Winter) —Cents per 60 lb.	130 1/2	79 1/2	48 1/2	55 1/2	48 1/2	52 1/2

The visible supply of wheat in Canada, at 69,399,000 bushels, shows an increase on the week of 4,265,000 bushels. Supplies a year ago stood at 47,115,000 bushels.

OTHER FOODS.

SUGAR.—Lack of activity in the raw sugar markets, which was partly responsible for last week's decline in quotations, has given way to a slightly better demand on Wednesday when prices rose a few points in New York. September futures were quoted in New York at 1.06 cents per lb. on Wednesday, against 1.03 cents a week before and 1.07 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 6 1/2d. to 5s. 9d. per cwt., against 5s. 11 1/2d. to 5s. 11 1/2d. a week before, and "March, 1933," at 5s. 9 1/2d. to 6s., against 6s. 2 1/2d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
London	Tons. 2,079	Tons. 2,532	Tons. 738	Tons. 2,178	Tons. 13,718	Tons. 19,981
Liverpool	19,206	14,510	13,970	61,805	69,034	
Total	2,079	21,738	15,248	16,148	75,523	89,015
Last week ...	20,482	1,387	15,438	13,839	88,692	83,425

COFFEE.—In New York, the market in coffee was active, and prices advanced further. On Wednesday, Rio No. 7 (cash) was quoted at 9 1/2 cents per lb., against 9 1/2 cents per lb. on the corresponding day a week ago. Demand was active at Tuesday's London sales and prices were firm to dearer. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 41 bags; exported, 327 bags; stocks, 14,779 bags, against 2,273 bags a year ago. Central American, landed, 386 packages; delivered for home consumption, 1,340 packages; exported, 2,917 packages; stocks, 84,991 packages, against 88,538 last year. Other kinds: Landed, 253 packages; delivered for home consumption, 1,990 packages; exported, 1,178 packages; stocks, 61,907 packages, against 74,455 last year.

COCOA.—The sharp advance in cocoa prices which took place recently has given way to a reaction. September futures were quoted at 4.50 cents in New York on Wednesday, against 4.56 cents a week ago and 4.43 a month ago. Accra, November-January, at 28s. 3d. c.i.f. Continent, shows a fall of 1s. 9d. on the week. Last week's movements of cocoa in London were as follows: Landed, 593 bags; delivered for home consumption, 6,203 bags; exported, 496 bags; stocks, 137,049 bags, against 195,367 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 60,180 packages of Indian and 31,526 packages of Ceylon tea. Monday's "Indian" offerings met with a better demand, which was maintained during the "Ceylon" sales on Tuesday and during the "Indian" auctions on Wednesday. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	
Sept. 17, 1931.....	14.39	8.23	16.23	7.84	6.47	6.55	13.59						
Aug. 25, 1932.....	10.50	6.65	8.22	5.22	4.53	5.34	8.64						
Sept. 1, "	11.67	6.64	8.84	5.05	4.50	5.74	9.46						
Sept. 8, "	10.61	6.34	8.48	4.72	4.46	6.36	8.81						
Sept. 15, "	10.16	5.90	8.61	4.37	3.89	5.49	8.71						

RICE.—The market in rice has been quiet. The spot quotation was maintained at 10s. per cwt., but forward positions were easier at 8s. 3d. per cwt., against 8s. 4 1/4d. a week ago. Movements in London during the past week were as follows: Landed, 16 tons; delivered, 144 tons; stock, 1,816 tons, against 1,165 tons a year ago.

CONSOLIDATED MAIN REEF MINES & ESTATE, LIMITED.

(Incorporated in the Union of South Africa.)

Extracted from the Annual Report for the Year ended 30th June, 1932.

Capital, £1,247,602 in 1,247,602 Shares of £1 each (all issued).
NOTE.—Of the above Issued Capital 35,267 ex-Enemy Shares are held by the Company.

DIRECTORATE.

F. RALEIGH (Chairman).
MAJOR C. S. GOLDMAN. W. H. A. LAWRENCE. A. A. AURET.
DR. W. S. McCANN. J. MARTIN. W. A. MACKENZIE.
SIR ABE BAILEY, Bart., K.C.M.G.

Tonnage Milled, 820,100.

Total Working Revenue	£1,169,783 17 2	Per ton milled.	£1 8 6
Total Working Expenditure	589,145 4 5		1 4 1
Working Profit	£180,638 12 9		£0 4 5
Total Profit for the year			£187,144 6 11
Balance unappropriated at 30th June, 1931			128,584 15 7
This amount has been dealt with as follows:—			£315,729 2 6
Net Expenditure on Capital Account for the Year	£6,021 4 9		
Mines' Pensions—Provision on account of Outstanding Liability as at 31st July, 1931	14,614 0 0		
Government and Provincial Taxes	17,831 13 2		
Forfeited Dividends Account	13 11 9		
			38,480 9 8

Dividends declared during the year:—
Nos. 44 and 45 of 6 1/2 per cent. each £277,248 12 10
Leaving a balance unappropriated of £151,541 17 6

Ore Reserve.—The available Ore Reserve, as re-estimated at 30th June, 1932, is as follows:—

	Tons.	Value, Dwt.	Stopping, Inches.
Main Reef Leader	1,045,800	7.8	41.6
South Reef	395,130	6.2	43.4
Bird Reef	352,810	4.5	68.2
Total	1,793,740	6.8	45.5

In addition, there is a total of 383,770 tons of payable ore developed, of an average value of 6.5 dwt. per ton, standing in shaft and safety pillars. The Full Report and Accounts (with Plans of Workings) may be obtained from the London Secretaries, A. MOIR AND CO., No. 1 London Wall Buildings, London, E.C.2.

POTATOES.—The demand for potatoes was a little more active and prices were steady. At the London Borough market, "King Edward," light soil, were again quoted at 4s. 9d. to 5s. 3d. per cwt. **SPICES.**—The spot market in pepper has been quiet, and "Black Singapore" was again quoted at 6 1/2d. per lb. on Wednesday. Forward positions were steadier. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 9 tons; stock, 269 tons, against 607 a year ago. White, landed, 25 tons; delivered, 32 tons; stock, 395 tons, against 486 a year ago.

MEAT.—Beef prices at the Smithfield market show little change on the week. On the other hand, both English and New Zealand mutton was slightly dearer. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 11d. to 4s. 4d. per 8 lbs., as compared with 3s. 8d. to 4s. 4d. last week. New Zealand frozen mutton was 2s. 4d. to 3s. per 8 lbs., against 2s. 4d. to 2s. 10d. a week ago. According to the Smithfield market official report, supplies during last week amounted to 8,645 tons, against 8,771 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.3 per cent. of the beef supplies, against 84.8 per cent. a year ago. Imported mutton, mainly New Zealand, formed 73.9 per cent. of the total supply of mutton and lamb, against 72.8 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Much quieter conditions prevail, and there is an all-round easing of values. Business also is very slow and confined to very small compass. The advance in linseed occasioned by adverse crop reports in Argentina and an improved outlook for the American crop has evaporated, and in sympathy with wheat prices have eased, Plate afloat falling to £9 5s., and for October shipment to £9. Moreover, heavy shipments of late have increased the quantity on passage to Europe to the large total of 218,400 tons, which compares with only 123,300 tons a year ago. Shipments to Europe so far this year are close upon 1 1/2 million tons, and are at least 100,000 tons in excess of a year ago, but shipments to the United States are 125,000 tons less. Current values of Plate afloat are £9 7s. 6d., and to the end of the year £9 2s. 6d. to £9 5s. according to position. Trade in cottonseed has been somewhat better, and old crop Egyptian is steady around £7 5s., while for new crop, September loading, £7 7s. 6d. has been conceded. Vegetable oils are quiet, and little business is passing. Linseed oil is easier and in poor demand, raw oil for September delivery quoting £16 15s. per ton naked ex Hull mill, and October-December £16 10s. Cotton oil is firm but inactive, crude Egyptian ex Hull being held for £23 10s., and refined (technical and edible) for £26. Oilcakes are in moderate demand, and mill prices remain unchanged.

HIDE, LEATHER AND ALLIED TRADES.—Hides from home-slaughtered cattle were again slightly firmer at the auctions held

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed per lb.				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes, 56 lbs. 48				" Lincoln hog, washed				Best cow			
Wheat—				POTATOES—				Queensland, scd. super cmbg.				Best calf			
No. 2, N. Man. 496 lb.				Good English, per owt. 4 9 5 3				N.S.W. greasy, super				INDIGO—			
Eng. Gas. av., per owt. 5 8				SPICES—				N.Z., gray, half-bred 50-56				Bengal gd. red-vio. to			
Barley, Eng. Gas. av., 9 2				Pepper, per lb.—				Tops—				fine—per lb.			
Oats, " 6 6				Black Lampong				Merinos 70's				LEATHER—			
Maize, La Plata, landed				Mintok, fair White				Crossbred 40-44				Sole Bonds 8/14 lb.			
480 lb. 21 3				Cinnamon—1st sort, per lb.				64's				per lb.			
Flour, Lon. stan. ex mill.				Cloves—Zanzibar per lb.				Crossbred 48's				Bark Tanned Sole			
480 lb. 23 9				Ginger—per owt.				11				Shoulders fm DS Hides			
Rice, No. 2 Burma, per owt. 8 3				African				24				Do. Eng. or WS do.			
Tapioos, per owt.				Jamaica, ord. to good.				57 6				Do. Eng. or WS do.			
Fair Flakes, Singapore.				Mace				1 5				Dressing Hides			
11 3				Nutmegs 65s				1				Ro. Rng. Calf, 20/30 lb.			
MEAT—				SUGAR—				IBON AND STEEL—				Aust. Bonds			
Beef, per 8 lbs.—				(Duty, 11s. 8d. per owt.)				No. 3, ton 58 6				Limeoil, salted, p. ton net			
English long sides				B.W.L., crystallised				16 0 18 6				Rape, refined			
Argentine chilled hinds				Java, white, c. & f. India				8 0				Cotton-seed, crude			
4 0 5 0				Aug-Oct.				8 0				23/10/0			
Mutton, per 8 lbs.—				REFINED—London—				Yellow Crystals				Palm			
English wethers				Cubes				18 7 1/2				Oil Cakes, Linseed, Rng.			
N.Z. frozen				Crushed				23 0 23 6				7/10/0			
Port, English, per 8 lbs.				Granulated				21 0 21 6				Turpentine, per owt.			
4 10 5 4				Home Grown				19 0 19 10 1/2				PETROLEUM PRODUCTS—			
OTHER FOODS.				TEA—				Acid, a/c, per lb. less 5%				Motor spirit, No. 1, Lon-			
BACON—				Indian—per lb.—				Nitric				don			
Irish				Pekoe				0 5 1 3 1/2				Petroleum, Amer. std.			
Daneish				Broken Pekoe				0 5 2 4 1/2				bri. London per gal.			
Dutch				Orange Pekoe				0 5 2 10 1/2				Fuel oil, in bulk, for			
HAMS—				Broken Orange Pekoe				0 5 2 4 1/2				contracts, ex instal.			
Canadian				Ceylon—per lb.—				0 5 2 1 1/2				Thames			
Butter—				Pekoe				0 5 2 1 1/2				Furnace			
Australian				Orange Pekoe				0 5 2 1 1/2				per ton			
106 0 108 0				Broken Orange				0 5 2 1 1/2				Lubricating oil ex store,			
New Zealand				TOBACCO—				Sulphate				London—per ton—			
112 0 116 0				(Duty 9/6-10/6) per lb.				5 5 10				Pales			
Daneish				Empire growths, 7/54-				5 5 10				Rods			
124 0 126 0				8/34 per lb.)				5 5 10				10/0/0 16/15/0			
CHEESE—				Virginia leaf				Arsenic, lump				ROBIN			
Canadian				Common to fine				Bleaching powder, per owt.				American			
per owt.				Rhodesian leaf				8/0/0 8/10/0				per ton			
66 0 68 0				Do. powder				Sulphate				RUSSIAN			
New Zealand				Nyasaland leaf				Borax, gran.				St. ribbed smoked sheet			
60 0 61 0				Do. strips				per owt. 13 0				per lb.			
English Cheddars				East Indian leaf				Sulphate				Fine Hard Para per lb.			
98 0 100 0				Do. strips				Sulphate				0 24 0 24			
Dutch				Sulphate				Sulphate				SHELLS—			
59 0 69 0				Sulphate				Sulphate				W. Aust. M. o. P.			
COCOA—				Sulphate				Sulphate				TALLOW			
(Duty, British grown,				Sulphate				Sulphate				Swedish u/s 3 x 8			
11s. 8d.; foreign, 14s. owt.)				Sulphate				Sulphate				per std. 16 0 0			
Acacia, f.f.				Sulphate				Sulphate				Can'dn Spruce, Dis			
per owt. 26 0 30 0				Sulphate				Sulphate				Pitchpine			
Trinidad				Sulphate				Sulphate				per load 9 0 0			
42 0 48 0				Sulphate				Sulphate				Rio Deals			
Granada				Sulphate				Sulphate				per std. 32 0 0			
33 0 38 0				Sulphate				Sulphate				Honduras Mahg. logs			
COFFEES—				Sulphate				Sulphate				c. ft. 0 10 6			
(Duty, British grown,				Sulphate				Sulphate				Amer. Oak Boards			
11s. 8d.; foreign, 14s. owt.)				Sulphate				Sulphate				Ash			
Santos sup., c. & f. owt.				Sulphate				Sulphate				English Oak Planks			
66 0 100 0				Sulphate				Sulphate				Ash			
Colombian, good				Sulphate				Sulphate				Ash			

$\frac{3}{4}$ per cent. provided that the dates are suitable. This has given rise to an impression in the market that the banks are evading their declared minimum rates, and in one sense this is true, for the purchase of a fortnight's bill from a bill-broker is equivalent to a loan to him for that period. On the other hand, most of the banks have been for some time prepared to buy these short bills, and so it would be wrong to say that the banks have in any way changed their practice. The real point is that the fall of discount rates below the banks' minimum loan rate has created an anomalous position, and the banks cannot be blamed if in these circumstances their operations become equally anomalous.

There is, however, no doubt that the money market is working at a loss, and it is thought that one or two of the smaller firms have begun to pay off part of their weekly fixtures. The significance of this move lies in the fact that both the banks and the bill-brokers regard weekly fixtures as being almost equivalent to permanent loans, for the banks rarely call them, while if a broker pays them off, the banks are free to replace them with weekly fixtures elsewhere, so that the broker cannot as a rule re-borrow on these terms. Thus most brokers as a whole prefer to keep their fixtures open against the time when their employment will again become profitable, and their repayment rather suggests that a broker is being driven to make a permanent contraction in his business.

Hitherto the banks have had no difficulty in finding fresh fixtures to replace those paid off, but there is a limit to the amount they can replace, and so ultimately the banks may think it desirable to reduce both their minimum short loan rate and the London deposit rate. There is probably little chance of all the banks agreeing to pay no interest upon London deposits, but a reduction in the loan rate to $\frac{1}{2}$ per cent. and the deposit rate to $\frac{1}{4}$ per cent. cannot be entirely ruled out of the question. It is almost certain, however, that the banks will wait until the Government's refinancing operations are complete, in case that brings about a stiffening in money and discount rates.

	Sept. 8, 1932.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2 (June 30, '32)
Banks' Deposit Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount (Call)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses (Notice ..)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate ("hot" ..)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Treasury bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' ..)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (stand- ..)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
still bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...

In the meantime the discount market is almost completely idle. Last week's Treasury bills went at the record low rate of 7s. 11.16d. per cent., in spite of the fact that £50.0 millions of bills were offered and £48.0 millions allotted. Most of the bills applied for are to be paid for on Saturday, October 1st, for as January 1st is a Sunday, these bills mature on December 31st in readiness for the turn of the half-year. No shortage of money is expected next Saturday, as the market had already foreseen these dates and had arranged for most of this week's maturities to be repaid on Saturday. Returning to this week's experience, the banks have been willing to buy Treasury bills of all dates at $\frac{1}{2}$ per cent., but the market has been holding out for $\frac{3}{4}$ per cent., and so business has been limited and irregular. The governing factor, indeed, has been money. If a broker has had loans to pay off, it has paid him better to sell at the banks' price than to borrow from them at 1 per cent., but otherwise it has not paid him to sell his bills if he can only relend the proceeds of his sale at the outside rates of $\frac{1}{2}$ down to $\frac{1}{4}$ per cent. Three months' bank bills were quoted at $\frac{1}{2}$ per cent. and standstill bills at $\frac{1}{2}$ per cent.

The foreign exchange market was dull and inactive again this week, and most of the principal currencies

moved in varying degrees against sterling. New York went sharply against sterling from 3.46 $\frac{1}{2}$ to 3.45 $\frac{1}{2}$, it is suggested as a result of heavy purchases of cotton on the settlement of the cotton dispute, coupled with European purchases of American securities. Some official intervention was reported on Thursday, to prevent the rate falling below 3.45. Paris moved less sharply from 88 $\frac{1}{2}$ to 88 $\frac{1}{4}$. Brussels was unchanged at 24.90. Milan improved by $\frac{1}{4}$ to 67 $\frac{1}{4}$. Madrid was steady at 42 $\frac{1}{4}$. Amsterdam went from 8.61 to 8.59 $\frac{1}{2}$ and Berlin gained a point at 14.50, as did Switzerland at 17.91. The Scandinavian currencies were all dearer in terms of sterling, Stockholm being quoted at 19.46, Oslo at 19.85 and Copenhagen at 19.27. The South American exchanges are still nominal and stood at last week's levels, Rio at 5 $\frac{1}{2}$ d. sellers, Buenos Aires at 34 $\frac{1}{2}$ d., and Montevideo at 28.90d. The Far Eastern currencies were all firm, the rupee being unchanged at 1s. 6 $\frac{1}{2}$ d., while the yen hardened to 1s. 4 $\frac{1}{2}$ d. and Batavia gained two points at 8.65. In the forward market dollars were rather more on offer at wider discounts of $\frac{1}{4}$ cent for one month and $\frac{1}{2}$ cent for three months. Paris was harder at 1 $\frac{1}{2}$ centimes and 6 centimes discount, against 2 and 7 centimes last week. Brussels one month delivery was unchanged at 8 centimes discount, but three months' improved by three points to 20 centimes discount. Milan was weaker at $\frac{1}{2}$ lira discount for one month and $\frac{1}{4}$ lira discount for three. Milan was unchanged at $\frac{1}{2}$ peseta and $\frac{1}{4}$ peseta discount for one and three months respectively. Amsterdam one month fell away by $\frac{1}{4}$ to $\frac{1}{2}$ cent premium, but was unchanged at $\frac{1}{2}$ cent premium for three months. Switzerland remained at $\frac{1}{2}$ centime and one centime premium. Silver prices were unchanged on balance at 17 $\frac{1}{2}$ d. for cash and 17 $\frac{1}{2}$ d. for forward, India and China buying being offset by sales from the Continent and America. Among the China silver exchanges Hongkong remained at last week's level of 1s. 4d., while Shanghai was $\frac{1}{2}$ d. cheaper at 1s. 9d.

During the past few months foreign exchange brokers in the London market have agreed to quote wider rates, and the margin between the buying and selling rate is now $\frac{1}{2}$ cent for New York and $\frac{1}{4}$ fr. for Paris. It has also been decided between the various members of the market that sales and purchases for delivery up to seven days ahead of each transaction shall be done at these margins. These changes in practice have been made with the object of checking speculation, for it had been found that some operators had been taking advantage of narrow margins to snatch a small turn out of a big turnover of funds, while others had been trying to develop a forward market in exchange for settlement a week ahead. At times like these it is desirable that operations of this kind, which might cause harmful movements in the exchanges, should be checked, even at the sacrifice of some of the normal freedom and fluidity of the market. It is understood that every effort is being made to provide legitimate traders with exchange at reasonable rates, and that the wide margin—which incidentally is of no advantage to banks and other dealers—is being used solely to restrict very fine arbitrage dealings of the character referred to above.

New York money rates are again unchanged, call money being quoted at 2 per cent. and 90-day bankers' acceptances at $\frac{1}{2}$ per cent. The improvement in the dollar referred to above is reflected in further gold arrivals and releases of gold earmarked upon foreign account. Imports for the week ended Wednesday last amount to \$5.7 millions, of which \$2.8 millions came from Holland, \$2.0 millions from Canada and \$850,000 from England. The decrease in earmarkings during the same period amounted to \$9.0 millions, making a total gain on the week of not quite \$15 millions.

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THE END OF AN EXPERIMENT.

THE resignation from the Government of Lord Snowden and Sir Herbert Samuel and the Liberal colleagues of the latter marks the end of a great experiment; it is one which justified itself and will probably rank in history as an outstanding proof of the sound political sense of the British people. At the end of August, 1931, the enemy, in the form of grave financial crisis, was at our gates. At the enemy's approach the Labour Prime Minister and several of his leading colleagues, boldly risking their political lives and future, appealed to men of good will and to leaders of the other parties to come together and form a Government of national safety. The appeal was answered, as it always will be answered in this country when real national danger threatens. Conservative and Liberal leaders threw their persons and their whole influence into the formation and maintenance of a national Administration. In one respect the effort was too late. World distrust of the British position had gone so far that the gold pound could not be saved. But in other respects quick and decisive success followed. The Budget was balanced, the dissipation of national resources checked, the currency saved from a deterioration which might have assumed menacing proportions, and, generally speaking, the ship of State was righted from a dangerous list to an even keel. Away back last autumn the way was paved by heroic finance for the triumph of War Loan Conversion recently accomplished.

In one respect the experimenters erred. We have never changed our view that the Emergency Government, formed to face a crisis, should have continued in office until its most urgent and critical tasks were completed, and then, and only then, should have laid down its powers and given the country the opportunity in a calmer atmosphere to elect the Government of its deliberate choice. Other counsels, however, prevailed. While the atmosphere was still full of crisis and hysteria, the National Government, as such, appealed to the country to be returned for five years. A mixture of fear psychology and the patriotic instinct yielded the Government in name, but the Conservative Party in fact, a majority of overwhelming and unhealthy size. Thereafter the difficulties of the Liberal Ministers began in earnest. Elated by electoral success and reinforced by the fiscal concessions of Mr. Runciman, the Conservatives, perfectly naturally, pressed hot and hard along the road of Protection. As they pressed on, Liberal Ministers' embarrassments grew, until the introduction of the Import Duties Act—Britain's first comprehensive Tariff—goaded them into resignation. They were, however, persuaded to remain in the Government, in return for the concession of the "right to disagree" on tariffs—a right which was used by Sir Herbert Samuel with vigour and decision. Here was another experiment. Politically the Liberal Ministers may have made a mistake in trying it, but the fact that it was tried at all is, we admit, a wonderful tribute to the decencies of our public life and the willingness of politicians of varying parties and views to place what they considered to be the public interest before considerations of their own personal inclination or advantage. Nevertheless, the days of this second experiment were always numbered. Backed by a huge Conservative majority the policy of the Government inevitably developed along protectionist lines, and unless this tendency could have been kept within very narrow limits, it was only a matter of time before the breaking point was reached. Ottawa brought matters to a head. The agreements made there, signing away our fiscal independence, saddling this country with substantial food taxes (contrary to explicit election pledges), raising our own tariff schedules in return for problematical benefits, and limiting our freedom in commercial negotiations with other countries, were too vital and far-reaching and too permanent to permit of being dealt with by temporary agreement to disagree.

So, in our view, Lord Snowden, Sir Herbert Samuel and their colleagues have taken the only course honour-

ably and properly open to them. What next? They will be replaced. Indeed, the work of replacement has already been largely accomplished. Sir John Gilmour goes to the Home Office, his place at the Ministry of Agriculture being taken by Mr. Walter Elliot, while a "Simonite" in the person of Sir Godfrey Collins replaces Sir Archibald Sinclair as Secretary for Scotland. Thus, Mr. MacDonald's Administration will go on. The Government car has been fitted with a new cylinder in place of one which was not firing; the brakes can hardly function worse than before; the steering gear has been tightened by the insertion of a few more Conservative screws. Technically, the machinery of Government will work more smoothly. The Cabinet will not be the weaker for the removal of internal dissension, and should indeed benefit from the presence in Parliament of a group pledged to eschew factious opposition, but to offer constructive criticism. There may perhaps be a temptation to drive faster in the wrong direction, though we are hopeful that Mr. Baldwin and many of his colleagues will appreciate the force of the argument of the *Times* that it is even more urgent than before for the Government to take a national and not a party view of its responsibilities. But, even so, from the point of view of the country, the step taken by the dissentient Ministers is to be welcomed. Had they remained in office longer, on any terms and conditions, they would have become progressively more impotent to influence the course of Government policy in progressive directions; while as it is they will provide a rallying point and a mouthpiece for the growing volume of public opinion, hitherto all too inarticulate in the present Parliament, which regards with increasing distrust a tendency to drift towards nationalism both in the domestic and in the international sphere. It is high time that enlightened criticism of these policies should be authoritatively voiced at Westminster and studied by the country. Had the dissentient Ministers remained inside the Ministry, impotent to guide its actions, British policy in the coming crucial months would have developed without effective public discussion and criticism in the House of Commons. The great merit of the resignations is that they restore freedom of discussion and ensure that, in crucial matters the Government threatens to blunder, the bright light of criticism will be turned upon them by a responsible Opposition.

The crisis to face which the National Government was formed was mainly domestic. In its most pressing phases it has been faced and brought under control. Crisis faces us still, but its roots lie in the international field. The urgent problems of to-day are world problems. The return of prosperity to Britain, and all other countries, depends first and foremost on the achievement of sane international agreements to relieve the burden and the increase of armaments, to remove the incubus of debts, to remedy the causes which have thrown the currencies of half the world into the melting pot, and to cut the bonds which strangle international trade. If by staying in the Government Sir Herbert Samuel and Lord Snowden could have influenced their colleagues towards a forward and constructive policy in this vast field, we have no doubt that they would have stayed. Unhappily, the Government, by their latest essay in diplomacy, have aggravated the international tension in Europe, and have contributed nothing towards a solution of the armament deadlock. At the same time, so far from doing anything to help the frozen trade streams of the world to thaw, they have thrown fresh and formidable impediments in the way of the commerce which still manages to trickle through the barriers. While following these courses, they have been immune from frank and outspoken criticism, and the country is not yet awake to the truth. If the Liberal ex-Ministers, while supporting the Government fully on all agreed matters, can arouse the country to a gravity of the world situation and draw attention to the weak points in the Government's policy, they will deserve well of their country and of the world.

AT LOGGERHEADS ON DISARMAMENT.

SINCE we continued the chronicle of the armaments controversy last week, a fresh chapter has been added. Monsieur Herriot made a speech on Sunday and Herr von Papen issued a reply on Tuesday. The controversy goes on, but disarmament comes no nearer. In fact, the project of disarmament is visibly and most alarmingly receding. Disarmament is what people want—in France, in Germany, in England, everywhere. Yet disarmament is one of the things that the politicians of this post-war world seem unable to achieve. Each of them professes the most excellent intentions, but finds in the attitude of his contemporaries in other countries an insuperable obstacle to any definite action. All this curious manoeuvring would be a fine comedy if it did not happen to be a serious tragedy as well.

There is, indeed, a touch of comedy in Monsieur Herriot's oration. When he tells us that "it is one of the grievous sorrows of the present time to see the new generations—those which ought to have profited by the cruel experience of their fathers—broken in to exercises and habituated to gestures which are far from favourable to moral disarmament and peace"; and when he asks "how people can bring themselves to teach children the art of killing"—when we read these words, we begin to wonder whether, at long last, a prophet has arisen in Israel. But only for a moment; for the context shows that the "people" in question are only German people, and that there is somehow a difference without a distinction when the same things are done by the French. "France has escaped this contagion and is directing her national education towards other ends." For the Frenchman, "national defence is simply one form of civic duty"—whatever else it may be for the foreigner, the aggressive Swiss or the ambitious Dane. Again, when Monsieur Herriot tells us that France stands for the policy of the League of Nations, and that this is a policy of equality of status between all nations great and small, he almost surprises us into forgetting for an instant that this very equality of status is the essence of Germany's claim in the burning question of disarmament.

But Monsieur Herriot's speech has also its serious side, both for good and for evil. It is all to the good that Monsieur Herriot should have freely confessed in his speech—as Sir John Simon did not quite admit in his Note—that the premises contained in the preamble to Part V of the Versailles Treaty, and in Monsieur Clemenceau's interpretative letter, constitute moral obligations even though they do not possess legal binding force. On the other hand, it is all to the bad that he should virtually accuse Germany now of trying to get round the treaty limitations upon her armaments by technical adroitness once again, as she did in 1806-1813. And, from the point of view of practical action, it is, if possible, worse that he should once again insist that disarmament has to wait upon the attainment of "security." For although this is a truism if "security" is interpreted in its natural sense—the sense in which the heart of security is confidence and its only true guarantee disarmament itself—it is also unfortunately true that the stock French formula implies the postponement of disarmament to the Greek Kalends if "security" is interpreted in the esoteric French sense; for this *secured à la française* is manifestly a programme which cannot possibly be realised as far as we can see ahead.

Perhaps Monsieur Herriot is conscious of this himself; for, in his speech, he does not define his security in his own words. He takes as his text a French Socialist statement of 1917; and the passages which he quotes from this document (and himself endorses) contain stipulations, not only for an international regime in the nature of the Geneva Protocol, but also for "a great international force au service du droit"—in other words, for the French demand which was presented at the opening of the Disarmament Conference by Monsieur Herriot's predecessor in office.

If Monsieur Herriot has really adopted this programme as his own, he has in effect declared that France will not disarm further, and so brought the whole disarmament

movement to an end. When he protests that this is not "a pretext that masks an unwillingness to disarm," we must remind him that hitherto, whenever France has been given some measure of the kind of security that she demands, she has each time ignored what she has obtained and has insisted, as vehemently as ever, that security does not exist for her unless she obtains something further. Given the Covenant, she demands the Protocol; and given the Locarno Pact—which is the Protocol as far as France and Germany and England and Italy are concerned—she demands the international force. How can we assume that, even if we gave her the Protocol for the Eastern half of Europe, and the international force into the bargain, France would really be satisfied? The plain fact which we see is that France, on one pretext or another, is refusing to honour an admitted moral obligation to reduce the present disparity between French and German armaments.

And having said this of the French Government, we have some pertinent questions to put to our own Government. In the first place, is there not some justification for the French suspicion that Great Britain does not take her obligations under the Covenant and the Locarno Pact altogether seriously? Have we taken steps to remove this French fear? Have we convinced the French that they can at least rely upon our honouring those international obligations for the maintenance of other people's security—and, incidentally, of our own—that we have already undertaken? Again, supposing a miracle were to happen and Monsieur Herriot were to declare next Sunday that France was satisfied with the Locarno Pact and would disarm substantially forthwith, so long as other countries disarmed *pari passu*: would this sensational news make the British Government glad or sorry? Would they joyfully hasten to scrap the British battle fleet in return for the scrapping of their neighbour's submarines? Or would they mutter to one another that Herriot was really very tactless and that this sudden conversion of the French Government to disarmament was very inconvenient? We ask these questions because the suspicion undoubtedly exists that French and English politicians alike are not prepared boldly to grapple with the service view that French and British armaments cannot safely be reduced. This is a suspicion from which the Governments of "the more heavily armed Powers" (to use Sir John Simon's phrase) ought to clear themselves promptly if they can. For if the suspicion is justified this situation of stalemate will have disastrous consequences.

The consequences will be fearful because they will entail the definitive defeat of the moderates in Germany, and the victory of elements which really will pursue the aims which Monsieur Herriot unwarrantably accuses Herr von Papen of pursuing now. We hold no brief for General von Schleicher, whose speeches have not only been "untimely," but have been calculated to defeat the declared policy of the Government of which he is a leading member. Nor is it a sufficient excuse that his vigorous words were intended for internal consumption. We have all learned by painful experience that it is not possible for public men to speak with one voice to the public at home and with another to the rest of the world. But the fact is that, just as in the decade before the war, the forces of militant nationalism are at grips with the powerful forces—more powerful in every country than ever before—making for moderation and understanding. The supreme task of international statesmanship is to encourage the latter and enlist them in support of civilisation. This is particularly the case in dealing with Germany to-day.

The declared policy of the von Papen Government, as the Chancellor insisted in his reply to France, is unquestionably a moderate one—indeed, remarkably so when we have regard to the uneasy temper of the German people. They ask that the limitation on German armaments shall be placed on the same legal footing as that of other national armaments; they ask that the weapons forbidden to Germany in the Versailles Treaty as aggressive shall be renounced by all countries, though if this is refused they undoubtedly wish to have some of such weapons included in their permitted armaments as an indication of their equal status; and they ask that the general disarmament convention in which this equalisation of status is to

be embodied shall have only a limited duration in so far as it perpetuates the present disparity in the size of national armaments. What the von Papen Government does not demand, here and now, is equality in strength, in addition to equality in status forthwith. For equality in strength they are willing to wait patiently; and they will apparently accept something like the present disparity in strength for the time being provided they can organise some form of militia training as an alternative to the present medley of privately organised "armies." Whether this demand would be persisted in if there were a substantial reduction of effectives by Germany's neighbours we do not know; but surely this is not an attitude that deserves to be rebuffed on the French and British side? And if it is rebuffed now, is it ever likely to be repeated? The decisive moment—decisive for future peace or war—has come.

THE INTEREST RATE AND PROSPERITY.

EARLY this year Mr Keynes, who has for some time past held the view that the long-term rate of interest was inevitably tending to fall, expressed the opinion that there was no reason why the yield of British Government long-term securities should not fall to a $3\frac{1}{2}$ per cent. basis within the year. Though we were in general agreement with Mr Keynes about the long-term trend, the pages of the *Economist* will show that we were less bold than he; as late as the beginning of May we shared the conviction of most commentators that at all events a large portion of the 5 per cent. War Loan would have to be converted to a 4 per cent. basis. We are only too glad that Mr Keynes has proved the truer prophet. In the circumstances a very special interest attaches to his article in the current number of the *Economic Journal* in which, speaking of the yield on Government securities, he says that "there is now no reason why they should not fall gradually to a much lower basis than this ($3\frac{1}{2}$ per cent.), and every reason in the world why we should wish them to do so." But, if this is to happen, it will, in his opinion, require the combination of deliberate purpose with the organised co-operation of the principal factors involved.

The possibilities in this direction are not, at the moment, our main concern, and in this connection we would only remark in passing that, in order to meet the generally recognised need of providing a market with securities of varying types and maturities, Mr Keynes is a little concerned at the colossal amount which is due to be exchanged into the new long-term $3\frac{1}{2}$ per cent. stock, and is of opinion that shorter dated bonds at a lower rate of interest than $3\frac{1}{2}$ per cent. should be offered fairly soon to holders both of "assented" as well as "dissented" War Loan. There is much to be said for this particular suggestion as part of the policy of exploiting the present situation to the full.

But the very remarkable change that has so quickly taken place suggests some reflections on more general questions, such as whether the present trend may be relied upon to continue, and what its economic effects are likely to be. As to the first question, it is clear that we cannot assume that the occurrence of this remarkable phenomenon means that it has come to stay. It is equally true of long-term as of short-term rates that a fall may come about as a result of conditions of distress and dislocation. If there are no new borrowers in the market whose prospects enable them to offer reasonable security—if, for example, as is largely the case to-day, very few Governments or public authorities in the world have sufficient credit to tempt the investor, while the future economic situation is still so uncertain that no industrial or territorial development could safely be undertaken—a very small margin of savings seeking a permanent home will drive down the rate of interest while these conditions last. Indeed, this clearly represents the present phase of events. Savings are certainly small; for though in present circumstances it is more than usually difficult to get any accurate idea of the amount that is now being saved in any country, there can be little doubt that during the last two years net savings out of income—represented by the surplus of national income over consumption—must have

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fallen immensely below normal, and in some cases may even have become negative.

The ease of money and idle deposits do not disprove this; for a great increase of funds in every country accumulating at the banks or lying idle and apparently available for investment at times like these represents to a large extent the squeezing out of circulating capital from productive processes owing to the shrinkage of economic activity. It is at the moment a common phenomenon in enterprise of all kinds to find the cash position extremely strong and liquid owing to the reduction in the magnitude of the funds required to finance work in progress or raw material now being handled at much lower prices. Such conditions are the common phenomena of a period of depression. But though savings are now small, they will rapidly recover with a rise of prices—indeed they are probably reviving already—and we see no reason to suppose that the demand for new capital will rapidly overtake them. Hence, in our view, though prophecies of interest rates even a year ahead are speculative, we find ourselves in agreement with Mr Keynes' expectations of very "cheap" money for some little time to come.

Looking farther ahead, we get deeper into the realm of speculation; but there are substantial grounds for thinking that we need not expect over a period of years to see an upward trend in the rate of interest. It is arguable, for example, that the rate of capital equipment in the world will slow down in the next decade. There are enormous quantities of industrial plant in many countries of the world some of which are definitely over-equipped, while that other great form of capital investment which consists in the opening up of new countries has nothing like the same scope as in the nineteenth century. Whether, taking a very long view, this is a true diagnosis is more doubtful. The area of the world available for development, it is true, is limited; but the scope for capital equipment in backward countries is stupendous and even in developed countries new forms in which wealth may be permanently embodied are almost infinite. The argument, however, may quite reasonably be admitted in respect of the next decade. In any case, it is probable that the price of those categories of goods on which capital is mainly expended is likely to fall relatively to goods for consumption, particularly, for example, foodstuffs, and that, therefore, capital needs will be met comparatively cheaply. On the other hand, there is no ground for doubting that the proportion of the national income that is saved in different countries will recover to something like the ratio which has existed hitherto in normal times. While, therefore, the long-term rate of interest may be subject to changes from time to time, as psychological or market conditions stimulate the rate of investment, we are disposed to take the view that the underlying tendencies will permit a low rate of interest for some time to come.

If this view, which we propounded a considerable time ago in a series of articles, is correct, it has important economic consequences. The ways in which a low level of the long-term rate influences economic life are many. The fact that it is not possible to any substantial extent to modify the rates on existing capital—except by arbitrary action, which may have harmful effects on confidence and on the free movement of capital—means that it takes a very long time before a low level influences the social

structure by affecting the distribution of the national income. It is fortunate for the nation that a large part of the National Debt has been contracted on terms which give the Government the right to convert. But this right is not general. We have no such right, for example, for a long time to come in respect of the great amount of capital which has been invested during the past decade in rehousing the nation. If we had been able to borrow for this purpose at $3\frac{1}{2}$ per cent. instead of 6 per cent., or were now in a position to convert to such a basis, the national, municipal or private debts incurred in this great effort, the problem of how to let decent houses at an economic rent would not exist. The importance of this consideration is illustrated from the opposite point of view by the case of the British railways. These great organisations are patently in a difficult enough situation; but their finances would long ago have become impossible if their immense fixed charges had been contracted at $5\frac{1}{2}$ or 6 per cent. instead of at 3 or 4 per cent., at which price they were able to raise the funds for a great part of their construction.

But though the fall in the interest rate only affects the past to a very small extent, it holds out the possibility in the future of greater elasticity than the conditions through which we have been passing in the last decade, while it affords a hope of starting in the immediate future a normal movement of capital. This brings us to practical considerations of present policy. Many enterprises which were hitherto speculative and whose profitability was doubtful can, on a low-interest basis, be classed as definitely remunerative; and it cannot be too clearly emphasised that, whether we are thinking of public or private capital expenditure, it is to the public advantage that at this stage investment should recommence as quickly as possible and over a broad field. We are not alarmed at the fear that investors will be led astray by wild-cat schemes. The lessons of the crisis are far too recent and too painful for that. On the contrary, the danger is that we shall suffer for a long time to come from an excess of caution. The one definite step that can be taken to help matters along is to lift the embargo on new issues in the London market as quickly as possible. Our quarterly record of new issues referred to in another column shows practically a clean sheet. The magnitude of our conversion operation undoubtedly required very exceptional measures to ensure success, but if this great accomplishment is to be exploited to the full, it is important to avoid the impression that the advantages of low-interest rates are limited to a particular kind of security. We hope, therefore, that at the end of December our capital issues record will tell a very different story.

STRESA AND THE DANUBE.

(BY A CORRESPONDENT).

THE decision at Lausanne that the financial and economic difficulties of the Central and South-Eastern European countries should be reviewed at a special conference, and reconstruction schemes thus prepared for the subsequent World Economic Conference, was welcomed by the Governments and peoples of the more or less bankrupt Danubian countries. The psychological effect of the news that a conference was accordingly being convened at Stresa, where the representatives of both the creditor and debtor nations were to discuss the situation, was good; and, in spite of the recent failure of the Tardieu plan, hopes ran high again and the average man in the street in every Danubian country began to envisage the possibility of an early economic revival. The delegates of the Danubian countries, in fact, went to Stresa with the hope that the creditor nations' delegates would help them to liquidate the past and so pave the way to recovery.

Unfortunately, it became soon enough obvious in Stresa that the schemes sponsored by the creditor nations, though often desirable in themselves, did not go far enough to face the unpleasant realities arising out of the excessive borrowing of the past; and thus very little was done to meet the immediate difficulties and even less to lay the foundations of a better future. Disappointment in

all Danubian countries naturally followed. The one concrete proposal of the Conference, to set up an Agrarian Fund to help the depressed agriculturists of Hungary, Roumania, Yugoslavia, etc., is not only vague, but needless and futile: there is no wheat surplus this year, and the disposal of other agricultural products could be solved in a far more satisfactory and simple manner if Germany, Italy, France, Switzerland, Czechoslovakia and Austria did not bar their markets to these products by quotas and prohibitions. The Danubian agricultural countries could easily sell their maize and barley surplus in Germany and Czechoslovakia—they would not even need preferential treatment—if only they were not excluded by prohibitive measures; and the same is true of livestock and slaughtered animals, vegetables and fruit. What is needed is not the grant of subsidies or theoretical preferences, but free markets, which Stresa has failed to provide.

The future welfare of the indebted agricultural Danubian countries cannot be achieved by artificial attempts to keep up prices. The financial difficulties of the Danubian countries have been intensified by efforts to maintain artificial price levels, by high tariffs, and other "pegging" interventions, rendered possible temporarily by excessive borrowing from abroad. Instead of holding out idle hopes of further artificial "higher price" schemes, Stresa should have given the Danubian countries practical encouragement to reconstruct their public finances and banking structure on a freer trade basis. But even the financial recommendations of the Conference were not helpful in this respect. The suggestion that "Danubia" should remove currency restrictions is theoretically sound, but it is impracticable without the previous settlement of the foreign debts problem. For instance, in the case of Hungary, the value of the total merchandise exports in the first eight months of 1932 was less than 200 million pengö; but the annual foreign debt service is about 300 million pengö, which means that in the first eight months the total exports would just have sufficed to pay the foreign debt service if it had been possible to shut out all merchandise imports. Quite apart from the fact that Hungary could not exist without imports, as she lacks the essential raw materials such as timber, cotton, etc., her exports could not have been maintained even at this very low level without a contra-item of imports, for the simple reason that her chief purchaser, Austria, could not buy without paying with goods.

The view that the removal of the currency restrictions would put an end to the most harmful and unnatural price discrepancies which exist as between the Danubian countries is also questionable. The present situation of balances of foreign payments would render the premature removal of the restrictions useless, because the volume of unconsolidated foreign short-term debts, coupled with a flight probably from the national currency, would create exchange chaos before trade could benefit from the otherwise desirable free play of economic forces. For instance, Hungary's foreign short-term obligations amount to 1,800 million pengö (more than \$300 millions at gold par value), and, given exchange freedom, a *saute qui peut* on the creditors' part would almost certainly produce serious depreciation of the pengö; trade would again be paralysed.

The resolution of the Stresa Conference that arrangements should be made between creditors and debtors with regard to short-term debts and that means should be adopted for the utilisation of short-term credits at present "frozen" was apparently directed at Hungary, because the major part of the Austrian short-term debts relate to the Credit-Anstalt, and no solution other than State-guaranteed long-term bonds with very moderate interest rates can be expected, in this case, by the creditors. The short-term obligations of Czechoslovakia need not be interfered with (Czechoslovakia is the only solvent country in the Danube valley); and those of Roumania and Yugoslavia are comparatively small. On the other hand, of Hungary's unconsolidated short-term debts, about one-third are banking credits. Hungary's representatives at Stresa made it plain that while Hungary was anxious to conclude standstill agreements with her foreign creditors, the utilisation of the present "frozen" credits is practically impossible, because it would drive the country into

a wholesale bankruptcy without benefiting the foreign creditors.

The lessons of the Stresa Conference for the Danubian countries are that they can no longer expect miracles from international conferences, and the only hopeful sign is that at last they begin to realise it. On the other hand, it is well to point out that the reluctance of the foreign creditors to face the inevitable consequences of national insolvencies arising out of the radical change of the price level and excessive foreign debt service may lead to grave consequences. The recent Cabinet crisis in Hungary, where Count Károlyi has resigned on account of the exorbitant demands of the agrarian politicians, who clamoured for one-sided action in the matter of the scaling down of the debt service, should warn the foreign creditors that, apart from the financial troubles, there are political and social dangers ahead in the distressed Danubian countries with which they must reckon. They can hardly hope for either principal or interest on the "frozen" debts from Hungary for a long time to come, and the prospects in Austria, Roumania and Yugoslavia are not much rosier. Only when budgets have been balanced and normality of trade restored can foreign creditors hope that the service on external obligations will be properly met.

PEACE TERMS IN LANCASHIRE.

ON Tuesday evening of this week, not without some last-minute hesitations on the part of the weavers, the terms of settlement of the dispute in the manufacturing section of the cotton textile industry were finally signed; on Wednesday morning the mills were reopened, and a welcome end was put to a stoppage which is estimated to have cost the county something like £12 millions in lost wages and orders. In the protracted and hard-fought negotiations which led up to the settlement the officials of the Ministry of Labour played a conciliatory part to which full tribute should be given; and though, as we write, the joint negotiations on wages in the spinning section of the industry have yet to reach agreement, the foundations appear to have been laid of better understanding and closer co-operation between employers and employed in Lancashire. For the peace terms give the satisfactory impression of being not merely a patched-up truce in relation to the isolated question of the precise reduction now to be made in wages, but of containing, for the adjustment of disputes in wider issues, the nucleus of machinery whose inauguration is of good promise for the future.

The terms of settlement are embodied in a lengthy memorandum signed jointly by the Cotton Spinners' and Manufacturers' Association, the Textile Trades Federation and, on behalf of the Ministry of Labour, by Mr Leggett, the independent chairman of the negotiating committee. The agreement, which came into operation on September 27th, provides that wages shall be reduced by approximately $8\frac{1}{2}$ per cent. With regard to the "more looms" system, it is agreed that the firms working on that system shall not make any reduction on the prices for piecework paid immediately before the stoppage; that matters under dispute on the question of price and conditions for the "more looms" system shall be referred to the revised conciliation machinery now to be set up; and that, pending a settlement, which it is hoped may be reached within two months, there shall be no further extension of the application of the system. As for the remaining immediate issue in dispute—the reinstatement of operatives displaced during the guerilla warfare which preceded the general stoppage—the employers undertake strongly to recommend their local associations "in a spirit of goodwill to persuade all their members, as well as the firms immediately concerned, to offer employment as speedily as possible to operatives who have been displaced." If any difficulties still exist at the end of two months, the situation is to be jointly reviewed.

The wage settlement, it will be seen, is in effect a "splitting of the difference" between the 10 per cent. reduction demanded by the employers and the $6\frac{1}{2}$ per cent. which the operatives had offered to concede before the stoppage began. Whether such a reduction, when translated into costs and selling prices, will increase appreciably

the demand for Lancashire's goods is in present circumstances problematical; and the outsider may well feel inclined to deplore the fact that the heavy price of a month's stoppage should have been necessary to bridge the difference between the employers' and the operatives' figures. Equally, it is difficult to see why, in the name of human sanity, it was necessary to wage a month's industrial war before a decision could be reached to refer the "more looms" question to the procedure of conciliation or to adopt a "goodwill" basis for the re-absorption of the displaced operatives. The milk, however, is spilt; and to-day the question which side has "won" is much less important than the consideration whether the sections of the agreement dealing generally with the future of labour relations in the industry contain the promise of mutual advantage to both sides alike.

It is in this respect that the settlement is most satisfactory. Starting from the premise that industry requires the effective operation of collective agreements throughout its ambit, and that nothing but harm can result from the unfair competition which arises when general agreements are broken by individual elements, the memorandum provides that all the agreements governing hours and wages and methods of collective bargaining which existed prior to their abrogation on June 11, 1932, shall be restored. In addition, there is to be established a Conciliation Committee consisting of not less than three or more than five representatives aside of the employers' and employees' organisations; and this Committee is to have an independent standing chairman nominated by agreement between the parties or, alternatively, by the Minister of Labour, together with two independent members (one to be appointed by each side) who shall be associated with the chairman for consultative purposes. In the event of any dispute arising, the Committee is to endeavour to settle the matter by agreement, but, failing settlement, the standing chairman, after consultation with the independent members, shall make a recommendation; and the chairman, if invited to do so by both sides, shall have authority to make a definite award.

This procedure, whose functioning is to be supplemented by the constitution of a Standing Joint Committee of the industry to meet at regular intervals and examine "economic and legislative matters both at home and abroad which affect the industry" appears to us to be calculated to contribute usefully to the creation and maintenance of better industrial relationships in Lancashire. The experience of the past few years has proved that the cotton industry's conciliation machinery, lacking a neutral element, has been consistently failing to regulate points of dispute with the success which it attained in this direction in the easier days existing before the war. The proposed new machinery, while avoiding the rigidity of compulsory arbitration in every case—and neither side of the industry would be prepared to accept such conditions—will bring to any deadlock the friendly assistance of impartial opinion and, with commendable flexibility, will enable the industry to avail itself of arbitration if arbitration is desired. We welcome, too, the establishment of the Standing Joint Committee for mutual study of the general situation of the industry from both the domestic and the foreign point of view. As we have emphasised throughout the recent unhappy stoppage, the problems of reconstruction and adjustment to the fundamentally changed conditions which Lancashire has to face go far beyond the mere palliative of this or that percentage reduction in piece-rate wages. Not only does the whole system of wage payments in the industry require careful re-examination, but, whether the solution be the wider extension of the "more looms" system or orderly contraction on other lines of the industry's personnel and numbers of productive units, the post-war reconstruction of Lancashire is patently a task which has yet barely been begun. It will, we hope, prove to be the great gain of an otherwise disastrous conflict that this week's settlement, by restoring and re-emphasising the validity of the industry's collective agreements and by providing more efficacious machinery for the adjustment of future disputes, may prove to be the prelude to more vigorous tackling of difficulties on jointly agreed lines of constructive policy.

RUSSIAN IMPRESSIONS.—I.

(BY A CORRESPONDENT.)

Russia has always been an enigma to the West, and the traveller to-day finds the land of the Soviets no less perplexing than his predecessor a generation ago, found the land of the Czars. Intourist, the State-owned and official travel agency, conducts the visitor to the great institutions of social welfare, shows him the factories and power-plants and farms which embody the outward and visible results of the Five Year Plan, explains the rationale of the Communist State, and displays the background of autocracy and revolution without which Soviet Russia cannot be understood. But though Intourist may plan the traveller's route, it cannot close his eyes to the common everyday tell-tale things. Obviously, a great social and economic experiment is in progress in Russia, characterised by schemes of unexampled scope and aimed at bettering the conditions of the workers. But since the best intentions can never guarantee success, the traveller finds himself continually asking whether the schemes will be realised, whether the foundations will support the towering superstructure that is being erected on them, whether Russia really can sustain the vast commitments she has undertaken.

There is ample evidence that the Five Year Plan is being at least partially carried out. The cities are filled with buildings just completed or under construction. Roads are being repaired or metalled for the first time. Factories are now working which a few years ago existed only on paper. The new administration building at Kharkov, the tractor factories at Kharkov and Stalingrad, the agricultural machinery works at Rostov-on-the-Don, the great Ford plant at Nijni-Novgorod—these are only a few examples of what has in fact been done already under the Five Year Plan. Perhaps the Plan's outstanding triumph in European Russia is Dnieprostroi. This world-famous hydro-electric scheme, carried out where in former days the Zaporozhian Cossacks had their island fastness, comprises a great dam and lock, which together have raised the level of the Dneiper 150 feet and make the river navigable throughout its length; a turbine house where four 90,000 h.p. turbo-alternators are already working and five more are being installed; an industrial area, some 80 square miles in extent, in which coke ovens, blast-furnaces and steel furnaces, a ferro-alloy plant and an aluminium works are in process of construction; and a new city, already partly built, to house the numerous workers required by this great industrial complex. Dneiprostroi alone would be enough to confute the sceptics who question utterly the Five Year Plan's translation from theory to practice; and when to Dneiprostroi are added the other new plants which Russian pride exhibits to visitors there can be no doubt at all that substantial strides have been made towards converting the Plan's industrial schemes from paper into brick and steel and stone.

Factories are useless, however, unless they work efficiently and produce goods of good quality in sufficient volume; and though the holiday traveller naturally cannot gather exhaustive evidence about the operating efficiency of the Soviet plants, he soon realises something of the nature, magnitude and complexity of the difficulties which still have to be overcome. The first difficulty is transport. It would not be true to say that in Russia trains never start or arrive on time. We started promptly at least twice, and once we arrived promptly. But these occasions were exceptions that proved the Russian rule of unpunctuality. Ordinarily our trains were anything up to an hour late in starting and an indefinite number of hours late in arriving. River transport is often no better. On the Volga our boat reached Nijni-Novgorod fourteen hours late and left for Stalingrad about ten hours late; and we gathered that this was not unusual. Russian transport arrangements appear, indeed, to be based on the Chinese proverb that it is better to travel than to arrive; but however this principle may affect people, the fact remains that where goods are concerned it creates dislocation and delay and often throws entire factories out of gear. Quite apart from unpunctuality and disorganisation, transport in Russia is backward in material equipment. On the rail-

ways the permanent way is generally ballasted with sand or dirt and only very rarely with metal. The rails, which are usually light, are not set in chairs but are spiked to the sleepers. Most of the rolling stock is old and much of it is in bad repair. Consequently trains cannot go fast; and the volume of goods and passenger traffic is correspondingly reduced. Road transport is worse. Roads are bad, rarely paved and full of pot-holes. Motor cars and lorries are few. The customary means of road transport is still the wagon commonly drawn by horses little larger than Shetland ponies and carrying an incredibly small load at a snail's pace. Many of these defects are due, of course, to years of war and revolutionary struggle. They are naturally recognised by the Russians. On the railways there have been campaigns to improve the organisation and increase efficiency; and the Second Five Year Plan is understood to contain large schemes for extending and bettering the transport system as a whole. But whatever may be done in the future, at present transport constitutes a bottleneck which blocks industrial production, raises costs, and seriously hampers output.

The second great industrial difficulty is lack of skill. The shortage of trained industrial workers is serious. Before the war Russian industry was small in scale and included some 2½-3 million workers. Though the statistics are hard to interpret, there are now at least five million industrial workers, and, according to some calculations, fifteen millions. The larger figure certainly includes other categories besides factory workers; but even the smaller total represents a tremendous increase over the pre-war aggregate. The majority of the new recruits to industry were formerly peasants, completely ignorant of factories, machines or organisation. The task of training them merely to mind machines engaged on the simplest operations is prodigious. But besides unskilled machine minders, modern mass production methods require large numbers of highly skilled men as foremen, supervisors, shop and works managers; and in these grades the shortage of trained men is even more severe.

The Russians have tried to solve this problem in four ways. They have engaged large numbers of foreign engineers and specialists to supervise construction and train Russian successors. Selected Russian workers have been sent abroad to study foreign plants and have been given responsible posts on their return. Russians who have lived abroad have been drafted into the industries where they worked in other countries—a category which includes many emigrants returned from the United States. Finally, formal training has been organised on a large scale, both in factory schools, which all factory workers are urged to attend, and in technical high schools and universities where students are paid during their period of study. Training will doubtless produce enough skilled workers in the long run, though the scanty information which was all the traveller could glean suggests that the general standard of training is low and that quality is at present sacrificed to numbers. In the meantime, the lack of skilled technicians and organisers, combined with the industrial inexperience of peasant workers only yesterday drawn from their villages, is having grave effects on efficiency and output. In general, the factories visited seemed to be over-manned, and two or three workers were frequently engaged on operations where one should have been ample. Naturally this was not always the case; sometimes the tempo of work was high and jobs were being very efficiently carried out. But as a rule, even in the most modern factories, there was evidence that vital details had been overlooked, that organisation was faulty. For example, material was often manhandled where the installation of a crane would have saved time and labour. Aisles and gangways were frequently cluttered up with parts which had finished one process and were waiting for the next. Stores were often in great confusion, and frequently piles of worked parts were rusting out of doors in uncovered stacks or dumps. Delays were numerous and much complained of. Many machines seemed to be working much below capacity. Costly plant, even when quite new, was often damaged by lack of skill. Under such conditions depreciation is naturally high, and the life of plant is certainly much shorter than in the West.

The traveller's opinions about the quality of output must necessarily be limited to what he saw, and what one traveller sees may not be a fair sample of the whole. But the views of the competent observers in our party were pretty unanimous. The new buildings, with rare exceptions, were roughly built. Bricks were frequently not true and often badly laid. Doors and windows and their frames were poorly finished. Electrical work in the new houses was crude, and an electric cable seen in Nijni-Novgorod was primitively made and badly insulated; though it should be added in fairness that the new automatic telephones in Moscow, while cheaply constructed, seemed to work well. The clothing worn in the streets appeared to be made from poor materials, and such boots and shoes, coats and caps as we were able to inspect more closely were shoddy. After watching the work in the factories we were not surprised by complaints about tractors breaking down. On the other hand, some products were much better. For instance, the trains of new tank cars which rumbled through Rostov Station with a load of Baku oil seemed to be well made, and peasant woodwork in the shops for foreign visits was exquisite in finish and workmanship. And occasionally a building would be seen—the new G.P.U. apartment house in Moscow is one notable example—which was both well executed and well designed.

The Soviet authorities are naturally well aware of the existing shortcomings, though perhaps less keenly sensitive to the quality of current output. Devices of every kind are being used to raise efficiency. Piece rates are paid whenever possible—in Russia piece rates are said to be free from the disadvantages attaching to them in capitalist countries. Competitions between shops and factories are frequent. So-called shock brigades of enthusiastic young Communists go wherever the need is greatest in order to speed up operations. Factory newspapers and wall newspapers bring defects home to the workers and stimulate improvement. The whole vast propaganda machine of the Soviets is being used to stimulate enthusiasm and increase efficiency. But though colossal energy is being devoted to the task, the *vis inertiae* of millions of peasant workers, the high labour turnover, the shortage of technicians and organisers, above all the enormous scale of what is being attempted simultaneously over a vast area are obstacles to achievement which have not been overcome. Output often remains far below the plan; depreciation is heavy and costs are high. Thus, whatever may be the possibilities of the future, at present the traveller comes away from the factories with an uneasy feeling that the industrialisation of Russia is still a matter of promise rather than of performance.

THE POONA AGREEMENT.

LAST week witnessed the achievement of a reconciliation within the Hindu community which time may show to have been the greatest feat in Mahatma Gandhi's career and the most important event that has occurred in the history of Hinduism for centuries. At noon on Tuesday, September 20th, Mr Gandhi began the "fast till death" which he had announced his intention to make unless the British Government's Communal Award was rescinded in so far as it assigned special electoral constituencies to the Depressed Classes of the Hindu community. Now the British Government rightly felt that it ought not to deprive the Depressed Classes of the constitutional safeguards provided for them in the Award except in exchange for some alternative settlement freely negotiated, on an equal footing, between the representatives of the Depressed Classes themselves and the leaders of the Caste Hindus. In these circumstances, Mr Gandhi's decision seemed like an act of perversity which was likely to have a tragic ending. It seemed perverse because, to non-Indian eyes, the arrangements made in the British Award for the protection of the Depressed Classes seemed the soundest point in the whole settlement—arrangements which must be even less open to criticism than the arrangements for the protection of the Muslims and Sikhs and other Minorities, inasmuch as the Depressed Classes were more at the mercy of the Hindus than any of these,

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and were also subject to almost intolerable social conditions already. When Mr Gandhi declared that he was doing what he was doing for the sake of the Depressed Classes in particular, as well as for Hinduism as a whole, no one doubted his sincerity; yet, to any non-Hindu, his position must have seemed a paradox. How could Mr Gandhi be helping the Depressed Classes by opposing the British Government's efforts to protect them? And how could he maintain that it would be a misfortune for the Depressed Classes to have their separation from the Caste Hindus expressed in constitutional terms, considering that this separation was a hard fact, centuries old, which was of the Caste Hindus' own doing? As non-Hindu observers watched Mr Gandhi take his stand, they had to confess that they could not follow the workings of the Hindu mind. Yet the *dénouement* has shown that Mr Gandhi knew what he was about. So far from the fast ending tragically, it has produced an agreement between the two sections of the Hindu community which is undoubtedly far better, not only for Hinduism as a whole but also for the Depressed Classes in particular, than the Award which the British Government had been constrained to make in the absence of agreement between the two parties directly interested.

The sequence of events was rapid and dramatic. The *impasse* created by Mr Gandhi's decision to fast to death, combined with the unwillingness of the British Government to rescind their award except in exchange for a satisfactory agreed settlement, promptly stimulated the leaders of the Caste Hindus to make a revolutionary change of attitude and policy towards the Depressed Classes—a change which, until the other day, would have seemed quite beyond the range of practical politics. Earnest and strenuous negotiations were started; and by last Saturday—the fifth day of the fast—an agreement had been reached under which the Depressed Classes are to forego their separate electorates and content themselves solely with the general Hindu electorates (in which, of course, they were already included, as well, by the terms of the British Award)—subject to important safeguards which the Caste Hindus are to concede to them. In the first place, they are to have specific numbers of reserved seats among those assigned by the British Award to the Hindu Community in the various Legislatures. In the second place, they are to elect, by themselves, four candidates for each reserved seat—the Hindu general electorate being confined, in its subsequent choice, to one of these four. The settlement as a whole is to last until altered by common agreement. The Depressed Classes' primary elections are to last for a maximum period of ten years.

This Poona Agreement has been accepted by the British Government in lieu of the relevant parts of its Award—subject to reservation of judgment on points in the Poona Agreement that fall outside the scope of the Award. Upon receipt of a telegram from the Prime Minister conveying the Government's decision, Mr Gandhi broke his fast on Monday. And thus Mr Gandhi has removed an obstacle in the path of India's progress towards self-government that had loomed as large as any mountain. Nor is this all. For the political agreement between Caste Hindus and Untouchables, which Mr Gandhi has brought about, has evoked a movement among the Caste Hindus for abolishing the social disabilities upon the Untouchables out of which the whole political problem arises. If this further

movement gathers momentum, it may have an almost magic effect in reforming Hindu practice and rejuvenating the Hindu spirit. This is the Indian way of doing great deeds, and it certainly seems very un-Western. Let us imagine, for instance, that the present Democratic candidate for the American Presidency, Mr Franklin Roosevelt, were to announce his intention of fasting to death unless the Southern Democrats abolished "Jim Crow Cars" and allowed their coloured fellow-citizens a genuine exercise of the vote. In that event, Mr Roosevelt would be a doomed man. He would just starve—and no inter-colour convention would meet in the South and make a sensational agreement in order to prevent the tragedy from being enacted to the bitter end.

To find parallels in our Western history one must go back very far indeed. But in the 5th century of our era there actually was a Stylite saint who threatened to come off his pillar (a sacrifice of holiness which was felt to be worse than death itself) unless the Emperor renounced a heresy. The Emperor, being a Roman and an Occidental, waited for the saint to come down before he gave in. But when Daniel the Stylite really did come down and hobbled into the Imperial presence, the whole of Christendom was so deeply stirred that the Emperor had to conform in a hurry under imminent peril of losing throne and life. That long-lost atmosphere of Christendom is still the atmosphere of Hinduism to-day, as Mahatma Gandhi's achievement shows us. But the rôle which Daniel the Stylite had to play was straightforward. He had to deal with one man—albeit an Emperor. Mr Gandhi, on the other hand, has to deal with a great democracy in the West and with all the complexities of a nascent democracy in the East—complexities so great that he may be pardoned if he wishes sometimes to retire to the Stylite pillar and stand aloof from the turmoil of politics.

Notes of the Week.

The American Election.—As far as one can judge from this distance, the tide of popular opinion continues to flow in favour of Mr Roosevelt. The shock of the Maine elections spurred the Republicans on to redoubled efforts, but the effect of their intensified labours is not yet visible; and while Mr Hoover remains at the White House issuing statements and directing the course of the campaign from behind the fighting line, Mr Roosevelt has plunged boldly into the trenches and is arousing enthusiasm by the energy of his personal raids on the enemy's lines. Omens favourable to Mr Roosevelt are indeed so many that betting in Wall Street has turned in his favour. He has definitely gained prestige from his handling of the case of Mayor Walker; his eloquent plea to the electorate to "try a change" seems to be getting home; and even Wall Street, where sentiment is always predominantly Republican and in this case recently very definitely anti-Roosevelt, appears to have liked one or two of Mr Roosevelt's later speeches, and reconciled itself (after a fit of nerves following on the Maine results) to the probability of a Democratic President. Only five weeks or so are now left before the votes will be cast, and probably a great preponderance of the electorate has already made up its mind which ticket to support. If that is so, Mr Hoover's only chance would seem to be that some new emergency should arise to shock public opinion and create an unwillingness to "change horses." But we can hardly imagine that Mr Hoover would so far play with fire as to work up the growing Japanese-American tension for electoral purposes; and it is not clear from what other quarters a shock is to be produced.

The Week at Geneva.—At Geneva, the Bureau of the Disarmament Conference and the Council of the League and the Assembly have all come into session during the last ten days. The Bureau of the Disarmament Conference opened on the 21st, but Sir John Simon and Monsieur Paul Boncour, between them, have reduced the session

to nullity, in spite of the efforts of Mr Henderson—ably and unfactiously supported by Monsieur Litvinov—to get the really important issues discussed—first and foremost among them the German Government's refusal to participate. The Bureau has now adjourned; and in the light of the Disarmament Conference's present predicament, the Assembly's decision to appoint no disarmament sub-committee this year, on the ground that the Disarmament Conference itself is in session, reads rather ironically. Nor will this Assembly discuss the Lytton Report. For the League Council, which met on the 23rd, decided next day to grant Japan's request for a delay in the consideration of the Report by the Assembly; and the Lytton Report is accordingly to come before an extraordinary session of the Assembly on November 14th. On this occasion the President of the Council, Mr de Valera, expressed frankly the Council's regret that Japan should have anticipated the discussion, and even the publication, of the Report by recognising and entering into treaty relations with Manchukuo. He spoke equally frankly, though in more general terms, in his opening address to the thirteenth ordinary session of the Assembly on Monday. What Mr de Valera said on this occasion has been wrongly interpreted in some quarters as an attack on the League. It was rather an attack upon the national Governments of which the membership of the League is composed, and upon whose loyalty—or enlightened sense of their own self-interests—the efficacy of the League depends. "There was a suspicion," Mr de Valera said, "that the action of the League in the economic sphere would be paralysed by the pressure of powerful national interests, and that if the hand that was raised against the Covenant were sufficiently strong, it could smite with impunity." This needs saying; for until the peoples of the world are aroused to the necessity for exacting good international behaviour from the Governments, we shall never get the international order which the peoples need and desire. On Tuesday, the Council accepted Sir Eric Drummond's resignation from the Secretaryship-General, which he has held since the League came into existence. One wonders what the first Secretary-General thinks of these last dozen years in retrospect, and how the present prospect will appear to his successor.

New Governments in Europe.—The past year has witnessed changes in the Governments of all the major European Powers except Italy. During the past week, there has been a crop of similar changes in smaller European countries. In Hungary, for example, September 21st saw the fall of Count Károlyi's administration. Count Károlyi has done well financially and his fall seems to have been brought about by his resistance to certain extravagant policies in regard to exchange restrictions and to agrarian relief, which are advocated by his former supporters. So this change is to be reckoned a misfortune. On the other hand, in Sweden a Socialist Ministry has just come into office with the programme of breaking down Customs barriers, cutting down Swedish national armaments, and working for the international limitation of armaments, both military and economic. In Greece, a general election was held on Sunday which has resulted in something very near a tie between Monsieur Venizelos's Liberal Party and Monsieur Tsaldaris's Popularists—owing to the system of proportional representation, which Monsieur Venizelos has reintroduced for the occasion, the definitive result may not be known for some days. This Greek election seems largely to have been fought on personal issues and on memories of a past which has now little meaning except in the minds of the older generation of Greek politicians. Monsieur Venizelos is a brilliant and masterful personality who inevitably arouses a certain amount of opposition. Monsieur Tsaldaris and his supporters inherit the traditions of the former Royalists—though Monsieur Tsaldaris has emphatically declared that he does not now contemplate any change of regime, and has deprecated Monsieur Venizelos's tactics of representing his own party's cause as identical with the cause of the Republic. As for Monsieur Venizelos's record during these

last four years of office, it has been conspicuously successful in the field of foreign affairs. His reconciliation with Turkey, for instance, has changed the whole face of the Near Eastern situation. In home affairs, his Government has found the world economic crisis as difficult to cope with as all governments have found it everywhere. What is surely wanted in Greece now is some working arrangement between the two strongest parties to carry the country through these difficult times. And this is the solution to which the results of the election point, as far as these results are yet apparent.

The Ills of Latin America.—More and more Latin America seems to be feeling the economic pinch, and the political explosions in which she expresses her *malaise* go on spluttering like fireworks that will not go off and yet will not go out either. In the once stable and sensible Chile, the past fortnight has seen another revolution come and go. The Provisional President, Señor Davila, who had so lately returned to his presidential post, was deposed in the small hours of the morning of September 13th by the Commander of the Air Force and the Director-General of the Navy. Thereupon, the Army rose up against the Air Force, only to find that the bird had flown. By the 15th, however, the flight had ended in a surrender, and the surrender had been followed by a reconstruction of the Government, which does not appear to have made much appreciable difference in the Chilean situation. Meanwhile, in the heart of Brazil, a civil war which commands much larger forces and also apparently arouses much deeper feelings is being carried on stubbornly, with trench warfare and intensive artillery bombardments. The war between Bolivia and Paraguay in the Gran Chaco also goes merrily on, in spite of the sincere and strenuous efforts of all the neutral Powers to stop it. Bolivian chauvinism seems to have been encouraged by the armament firms of the world, who are reported to have been furnishing Bolivia with admirably deadly weapons at wonderfully moderate prices. But there seems to be some hope that Bolivian ardour may be damped by the tropical rains, which will impede the operations of tanks and artillery in the Gran Chaco more effectively than diplomatic representations, and will also try the health of the aggressive Bolivian highlanders more severely than that of the Paraguayan natives, who must be regarded as being, on the whole, the less offensive of the two parties. This week Salvador, though through no fault of her own, has become a source of embarrassment to Anglo-American relations. The Government of General Martinez, an ex-Minister of War, who seized the reins of Government forcibly last December, has been recognised by the British Government, in the face of a strong plea for non-recognition made by the States Department at Washington. This action, which is reported to have caused an unpleasant sensation in Washington, clearly needs explanation; and the Foreign Office should state their reasons. For it is scarcely a propitious moment, to say the least of it, to administer a gratuitous rebuff to America.

The British War Debt.—Surprise appears to have been occasioned in some quarters by the fact that Great Britain did not exercise on September 15th her right under the funding agreement to give notice that she intends to postpone the payment of the annual instalment on account of amortisation of the principal of her war debt (amounting to \$30 millions) falling due to the United States on December 15th. In this connection it may be convenient to recall that under the Anglo-American debt settlement Great Britain may postpone any payment of principal for not more than two years, provided that the payment of principal falling due in the next succeeding year cannot be postponed for more than one year until the sum first suspended has been paid. Similar clauses appear in the United States' agreements with other war debtors, so that in respect of the year 1932-33 the position of the

payments due by the principal debtors under the agreements is as follows:—

DUE TO U.S.A., JULY, 1932-JUNE, 1933.			
Debtor.	Total Annuity. \$'000.	Postponable Portion. \$'000.	Remainder Payable. \$'000.
Great Britain.....	171,500	30,000	141,500
France.....	60,000	21,477	38,523
Italy.....	14,791	12,300	2,491
Belgium.....	8,250	...	8,250
Poland.....	6,627	1,125	5,502

In the case of Britain's settlements with her war debtors the postponement conditions differ. Taking the two chief debtors—i.e., excluding sums due from Greece, Portugal, Yugoslavia and Roumania—France has the right to postpone for three years half of each half-yearly instalment, cumulation not to continue beyond two years, and Italy may postpone for not more than two years such part of any half-yearly instalment as exceeds £2 millions. In respect of these debts, therefore, in 1932-33 the position is as under:—

DUE TO GREAT BRITAIN, JULY, 1932-JUNE, 1933.			
Debtor.	Total Annuity. £'000.	Postponable Portion. £'000.	Remainder Payable. £'000.
France.....	12,500	6,250	6,250
Italy.....	4,437	2,437	2,000

These are the facts as they exist under the debt funding agreements; but it would be a quite mistaken interpretation of the British Government's intentions to assume that failure to exercise the right of postponement notice means that we intend to pay to the United States on December 15th both the principal and interest, or either. It is fully recognised on both sides of the Atlantic that the whole matter will be raised after the American election. In the meanwhile, an announcement of the postponement of the sinking fund payment might well have been regarded by American opinion as committing us to payment of the interest provided in an agreement, the revision of which, it was made clear at Lausanne, would be suggested to America in due course.

Australia's Conversion Loan.—With the completion of the final stage of the 5 per cent. War Loan conversion and with the stage now set for the refunding by the Australian Government of the £12.4 millions of New South Wales 5½ per cents. which fall due on November 1st, the question of the yield basis on which this refinancing is to be effected appears to be leading to a sharp difference of opinion between the Commonwealth and the London market. Australia apparently argues that her efforts at setting her house in order merit a generous reciprocal gesture from London, and that a conversion rate higher than 4 per cent. would be a keen disappointment to the Australian public, who would feel that their sacrifices had been in vain. If the terms of the forthcoming issue proved to have reactions in Australia which led to any slackening on her part in the task of her financial rehabilitation, it would be profoundly regrettable. On the other hand, it is surely not unreasonable to ask the Australian taxpayer to bear in mind the following considerations: (1) Striking though the measure of Australia's recovery has been during the past twelve months, both in respect of her balance of payments and of her budgetary position, the British holder of her securities has still a lively recollection of his very recent anxieties over the extreme depreciation of Commonwealth stocks. Moreover, having regard to the fact that Australia's export surplus of £34 millions in the twelve months ended June last was achieved only by the abnormal process of forcibly reducing her imports to one-third of what they were two years ago, he must ask himself whether the restoration of Australian equilibrium can be taken as permanently assured unless and until there is a further recovery in the price of her staple exports. (2) By the continuance of the present official embargo on the new capital market the Australian Government has been given a specially favoured position in regard to her present refinancing. (3) In view of the magnitude of the later conversions which Australia hopes to carry out, it is imperative that this initial opera-

tion should be a complete success, and that there should be no risk of the forthcoming issue being placed at a figure which either proved unacceptable or, if the operation just "went through" in the present circumstances of an artificially limited market, led to subsequent depreciation of the stock. After all, Australia is still rated as a 5½ per cent. risk in New York, and the improvement in her credit in London from a yield basis of over 6½ per cent. at the beginning of this year to the present figure of about 4½ per cent. should in itself be a matter for real gratification in Australia. When all is said, the business of the City is not to make "reciprocal gestures," however genuine may be its appreciation of Australia's efforts and her achievements, but to advise on the rate at which the Australian Government can hope in a capitalist world to reborrow from individual investors, who, in many cases, have responsibilities either to their dependants or as trustees. If, as opinion in responsible City circles appears to suggest, the minimum rate which Australia can achieve is 4½ per cent., or a shade higher, we hope that Australia will not mistake for lack of sympathy what is, in fact, a necessary recognition of the realities of the situation. The alternative is to borrow on a short-term basis or to wait and see what are the possibilities, say, a year hence.

Our Growing Tariff.—The September issue of the Bank of England's *Statistical Summary* contains, in addition to its usual features, an important analysis of the volume of trade affected by the duties imposed by the Import Duties Act of 1932. The trade returns of 1930 are taken as the basis of calculation, and it is shown that after the application of that Act only £223.2 millions, or 30.2 per cent., of goods remained on the Free List out of total imports valued at £739.9 millions. The value of goods previously subject to duty was £130 millions, while the Act imposed new duties on imports valued at £386.7 millions, or 52.3 per cent. of our total imports. This figure of £386.7 millions of goods subjected to duty by the Act is analysed in relation to the levels of duties imposed. On imports to the value of £249.1 millions the duty is 10 per cent. *ad valorem*; a 15 per cent. duty applies to £18 millions, 20 per cent. to £94.9 millions (or 12.8 per cent. of our total imports), 25 per cent. to £5 millions, 30 per cent. to £2.7 millions, and 33½ per cent. to £16.9 millions. That was the position before Ottawa. Under the Ottawa agreements it is proposed to impose duties on wheat, unwrought copper and linseed entering Britain from foreign countries. This will have the effect of removing from the Free List, according to our own calculations, goods to the value of £86.5 millions—on the basis of 1930 trade. This means that, if the Ottawa agreements are implemented, the Free List will (on the basis of 1930 figures) be reduced to less than £187 millions, out of a total of £739.9 millions. Few people, perhaps, realise that so huge a field has already been covered by our "experiment" in Protection; or how substantially the Ottawa agreements will raise the incidence of duties imposed by the Import Duties Act. On butter, cheese and eggs, and condensed milk the duty is to be lifted from 10 per cent. to 15 per cent. or over on the basis of current prices. Duties on raw fruits, at present 10 per cent., are similarly to be raised to levels ranging from 15 to 31 per cent. The duty to which unwrought copper is to be subjected works out to-day at over 50 per cent. Where is all this going to end?

The Copenhagen Exhibition.—At Copenhagen this week the Prince of Wales opened the most comprehensive exhibition of British goods which has ever been seen on the Continent of Europe. The event is peculiarly timely. Ottawa has concentrated attention upon trade with the Empire. Copenhagen reminds us of our huge trade interests in foreign countries, and of the necessity to sell more wherever we can, if our factories are to absorb the existing millions of idle hands. The disparagement of this exhibition by those fanatics who regard it as wicked to trade with foreign countries merely serves to refresh the minds of all thinking people of this inevitable necessity. It will, let us hope, remind them, too, that if we are to sell to foreign countries, we must also buy from foreign

countries, and cause them to bear this in mind in judging the Ottawa agreements. We want and need to sell our goods to Denmark, and in return we want to buy from Denmark the bacon and butter which she can sell us to mutual advantage because it is of good quality, cheap and close at hand. Of all the services which the Prince of Wales has performed as an Ambassador of trade, by no means the least is his visit to Denmark this week.

The Forty-hour Week.—The special session last week of the Governing Body of the International Labour Organisation was held to discuss a proposal of the Italian Government that a forty-hour working week in industry should be immediately instituted by agreement in all countries. Whereas previous proposals for the shortening of hours by international conventions have had as their objective the humanitarian purpose of improving the status of employed workers and their opportunities for greater leisure and recreation, the Italian scheme, it is interesting to observe, has for its aim primarily the reduction of the hours of enforced leisure of the unemployed or, in other words, a redistribution of employment. The last I.L.O. conference instructed the Governing Body to study this question; and the immediate task of last week's meeting was to decide procedure. By 16 votes to 7 it decided that the matter should be referred to a preparatory technical committee to meet at Geneva in January. Prominent among the dissentient votes were those of the representatives of the British employers and of the British Government. The latter disclaimed any desire to stereotype long working hours, but they attacked the Italian proposal as being "superficially alluring," but calculated merely to lead to "the preparation of a convention which in practice would not be ratified and would therefore be useless in alleviating the unemployment evil." This, we suggest, is a questionable attitude open to serious misconception. The question whether it is practicable by an international hours convention to break up to some extent the present "frozen pools" of unemployment brestles with difficulties too complicated to be discussed here; but this was not the occasion nor the subject for a blank *non possumus* in regard to a proposition for emergency action which raises quite different issues to those involved in the unratified Washington Hours Convention.

London Transport Peace.—We are glad to be able to record that the strike of London omnibus workers, threatened for September 23rd, has happily been averted. The company, it will be recalled, at first proposed that, in addition to the introduction of new speeded-up running schedules which were calculated both to affect earnings and create a certain redundancy of staff, the basic rate of wages for omnibus men should be reduced by 3s. 4d. per week in the case of drivers and by about 3s. in the case of conductors. This proposal was subsequently modified, and the reductions asked for limited to 1s. 6d. and 1s. a week respectively for the two grades. Finally, however, considerable further concessions were made by the company; and the Executive Committee of the Transport and General Workers' Union recommended to the omnibus men for acceptance an agreement which provided that there should be no change in the standard rate of pay; that the new running schedule should be introduced as from January 1st for an experimental period of six months; that redundant staff should be "carried" by the company and absorbed with the introduction of the next summer schedule; and that there should be no reduction of wages in the case of the "inside" staff, whose work will be affected by reorganisation and re-grouping of garages. Though there appears to have been considerable opposition to the acceptance of what must strike the outside observer as a very good agreement for the workers, a delegate conference of the omnibus men decided last Friday by 39 votes to 21 to accept the terms of settlement. Londoners, who are grateful to their busmen yet consider them, not without justice, to enjoy a position which compares favourably with that of railway men and other analogous workers, were relieved to find that they would not be forced to walk to work as victims of a needless conflict now sensibly composed.

The Milk Settlement.—The danger of the serious public inconvenience which must have attended a general withholding of milk supplies from the usual distributors has now been averted by a compromise. The farmers are to receive 14s. per dozen gallons instead of the 14s. 4d. which they asked, or the 13s. 9d. which the distributors offered, so that the average price of liquid milk will be just over ½d. per gallon higher than last year. The percentage of milk which is to be sold at "manufacturing" prices remains unchanged, but the farmers have secured a valuable concession in the shape of a guarantee that this price shall not fall below 5d. The "manufacturing" price is based upon the price of Colonial cheese. In view of the fact that British cheese manufacturers are concerned to a large extent with more luxurious cheeses whose prices, especially since they have been to some extent protected against Continental competition, do not necessarily move with those of Colonial cheese, this basis seems somewhat out of date. There is, however, a prospect that the present clumsy system of milk price-fixation may be superseded, or modified, when the Milk Reorganisation Commission has completed its labours. The problem of reorganising the system of milk distribution is so complex that one would not wish it unduly hurried, but if a workable scheme could be produced in time to save a recurrence of this dispute next autumn, it would be very welcome.

The Quarter's New Capital.—The monopolisation of the London capital market by the War Loan conversion operation is reflected strikingly in the statistics of new capital issues during the past quarter. As will be seen from the following table, all operations together resulted in a debit figure of £1 million. This represents £1.5 millions net encashments of National Savings Certificates—a figure which compares with £4.4 millions in the previous quarter—less £500,000 of other issues:—

NEW CAPITAL ISSUES.
(£ million.)

	Total.	British Government.	Foreign and Colonial Govts.	British Colonial and Foreign Corps.	Foreign Railways.	Mines, Finance, and Exploitation.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1927	355.1	66.0	67.5	37.9	5.4	33.2	11.0	134.1
Total whole year, 1928	369.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
Total whole year, 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
Total whole year, 1931	102.1	10.7	32.2	8.0	2.9	12.2	0.2	35.9
1932—1st quarter ...	17.7	Dr. 3.0	4.1	9.8	NH	0.5	0.4	5.9
1932—2nd quarter ...	145.9	106.2	12.0	17.2	NH	...	...	10.5
1932—3rd quarter ...	Dr. 1.0	Dr. 1.5	...	...	...	...	...	0.5

Practically all the quarter's financing other than that of the British Government took the form of offers to shareholders only, and was made up of one iron and steel issue of ordinary shares, calling for £378,000, a small debenture issue for a colonial railway, two small tin mining issues and one or two issues of relatively negligible dimensions for miscellaneous manufacturing concerns. For the nine months to date the total new capital raised in the London market amounts to £162.7 millions, of which £145.2 millions were destined for this country and £17.5 millions for British Possessions. With the exception of a few thousand pounds, foreign issues in 1932 have not figured in the picture.

Franco-German Commercial Relations.—Our Paris correspondent writes:—Reports from Geneva, asserting that private *pourparlers* are in progress there, on French initiative, between representatives of the two countries in regard to the replacement of the present Franco-German commercial treaty by one more in accord with the changed circumstances, are causing deep interest here. Assertions that denunciation by France of the existing treaty is imminent appear to be unfounded, but there is every probability that the French are preparing some action in the matter. From the French point of view the existing treaty, which was signed in 1927, was based on Germany's demands that, in order to be able to comply with the conditions of the Young Plan, it must be made possible for her to increase her export trade. Thanks to

the new treaty, German exports to France during the first seven months of this year were 2,256,000,000 francs in value, while French exports to Germany were only 979,000,000 francs. The French argument is that, now that German reparation payments have been wiped out, there is no reason why France should favour German exports, when Germany is doing her utmost to keep out French products, and particularly when France is quite well able to do without German goods, even when exported under the dumping system. There are indications that unless Germany is prepared to agree to more or less reciprocal tariff conditions, the present agreement will be denounced.

The Australian Gold Bounty.—Further details regarding the suspension of the Commonwealth Government bounty in respect of excess gold production are now available in a recent statement by the chairman of the Gold Producers' Council. The original Bounty Act was passed in December, 1930, and provided that during the following ten years a bounty of £1 (Australian) per ounce of fine gold should be paid on the yield in excess of the average production for the three years 1928-30. Later an amending Act was passed, reducing the bounty to a minimum of 10s. per ounce, but providing for an increase of 1s. per fine ounce for each three points by which the exchange on London fell below 130. Thus, if and when the Australian pound returned to parity with sterling, the original bounty of £1 per ounce would be automatically restored. When early this year it appeared likely that the Australian Government would abrogate or suspend the bounty, meetings were held of representatives of the mining companies registered in Great Britain, which between them are responsible for over four-fifths of Australia's gold production. These meetings recognised that both the need for economies in Australian public expenditure and the increase in the price of gold consequent upon the British suspension of the gold standard removed the present case for the bounty, but they decided to press for its suspension as opposed to its cancellation, and for the automatic restoration of the bounty without further legislation or parliamentary authorisation in the event of the price of gold falling below a specified level before the end of 1940, the original ten-year term provided for in the 1930 Act. These principles have been conceded by the Australian Government, and after consultations between Mr Bruce and Australian mining interests in London, the budget has been amended to provide that the bounty becomes payable in the event of the sterling price of gold falling to £5, provided that the price in Australian currency is not above £5 10s. per fine ounce. At these prices the bounty becomes payable at the rate of 16s. per ounce upon excess production, increasing to £1 per ounce, if the Australian pound returns to parity with sterling. This settlement is regarded as satisfactory by the industry; for it ensures a substantial minimum premium over the standard price for at least the next eight years. It is equally satisfactory to the Government, for as there is no early prospect of the sterling price of gold falling low enough to make the terms of this agreement operative, they are relieved of this charge upon the Australian budget for an indefinite period.

Commonwealth Bank of Australia.—As was to be expected, the report of the Commonwealth Bank for the half-year ended June 30th is unusually interesting and informative. On the question of public finance, it points out that the objective of the Premiers' Plan, to attain Budget equilibrium for the whole of the Australian Governments by June 30, 1934, has been jeopardised by the unfortunate condition of affairs that existed until recently in New South Wales. This not only involved that State in a deficit of £13.5 millions, against an estimated deficiency of £5.5 millions, for 1931-32, but also impaired the ability of New South Wales to budget according to the Premiers' Plan for 1932-33. This, in turn, entails the exercise of additional efforts, if equilibrium is to be attained by the designed date. The cumulative effect of this has been to place an increased strain upon the Australian banking system, pointing to the necessity of obtaining relief

from other internal sources. The report next discusses the Commonwealth Bank's exchange policy. It emphasises the need of complete freedom for the Bank from outside interference. The Bank, however, has accepted the Government's view that in its exchange operations it should have regard to the "economic aspect of the position," as well as to the narrower aspect of fluctuations in Australia's overseas balances. Furthermore, on the advice of the Bank, the Government has passed legislation authorising the Bank to hold, as legal reserve against its note issue, either gold or sterling, or a combination of both. The Bank justifies its advice by pointing out that the retention of physical gold reserves had become a luxury beyond Australia's needs; that their conversion into sterling meant turning a sterile asset into a working asset; and that, as external debts are in practice settled upon a sterling basis, the holding of the note reserves in sterling is not inimical to Australian external credit. During the first six months of this year the Bank maintained a stable rate of exchange on London of £125 Australian per £100 sterling, so that the Australian pound fluctuated with sterling against gold and gold currencies. Deposit rates paid by the Australian banks were reduced during the half-year from 3 to 2½ per cent. for three months' money, and from 4 to 3½ per cent. for two years' money, with equivalent reductions for intermediate terms. Advance rates have also tended downwards, and on July 1st the Commonwealth Bank fixed its own advance rate at a maximum of 5 per cent. As regards general conditions, the report lays stress upon the Australian unemployment, and points out that other means of employment must be found for the large element in the population which formerly found work on Government and other schemes financed out of loans which have now been definitely terminated.

Overseas Correspondence.

LEAGUE OF NATIONS.

Assembly — Disarmament — Lytton Report.

(FROM OUR CORRESPONDENT.)

GENEVA, September 27.

It is difficult to see what the League Assembly will have to do on the matters of most urgent importance. The two great questions of the moment, disarmament and Manchuria, are in the hands of the Disarmament Conference and of the Special Assembly which meets later, and it is not yet obvious what further can be done with regard to the World Economic Conference. The Preparatory Committee of experts has been set up, and the indications are that the Conference will not meet much before February of next year. This Assembly, therefore, will have its general routine work to go through; apart from that, its main value should be to provide the opportunity for general exchanges of views, and for conversations regarding the German claim. On this point there is not yet any progress to report. Sir John Simon has talked with the German Foreign Minister and with M. Herriot; and Mr Henderson has also seen Baron von Neurath, but nothing positive has arisen, and M. Herriot's speech on Sunday, which caused some consternation here, has not provided much ground for hope.

Whether any initial progress can be made depends upon what France and Great Britain are prepared to offer. But the official attitude of the United States is not exempt from criticism. The view that it is a purely European problem which does not concern the United States, as they are not signatories of the Versailles Treaty, is neither helpful nor strictly accurate. Part V of the Treaty, which is here concerned, was incorporated in the separate treaty which the United States made with Germany, so that the Versailles Treaty cannot in this case be conveniently cited as an excuse for disinterestedness. On the general issue of the disarmament problem as a whole, which will be so definitely determined by the final response to the German claim, no Government anxious for substantial reduction on the lines proclaimed by the United States could reason-

ably hold aloof. If the United States want the Hoover Plan to go through, they must fight for it; the fact that they have not been doing so in any convincing manner provides opportunities for others to spread the idea that the United States are not enthusiastic about their own plan. This inaction does not absolve either the British or the French Governments from their grave responsibilities; but the world has a right to expect something more than a dormant attitude from the one great State which has launched drastic proposals.

As for M. Herriot's Sunday speech, it was found here unexpectedly harsh in tone, and his final proposition for the regulation of armaments in proportion to the degree of security has been read with some weariness of spirit by those who have heard this repeatedly since the first days of the League. However, some consolation is being drawn from the fact that he mentioned M. Clemenceau's promise to the Germans, and the speech is being excused as a bargaining move. It is hard to discover its bargaining points, but his reference to "eminent people" who are studying the security point—a reference that appears to have puzzled many people—means apparently that some further political plans will be put forward. There have been signs of this here, and the speech of the President of the Assembly, M. Politis, lent colour to the suggestion. There is not much promise in this direction; but, if it is pursued, it would be an appropriate moment for the British Government to remind M. Herriot of what he and the French people seem entirely to have forgotten: that the British Government entered into very serious commitments of this nature in the Locarno agreements. What more does France expect? Does she anticipate the promise of armed British support in every conceivable circumstance? Possibly M. Herriot will give the Assembly some further indications. The temporary absence of Sir John Simon and the departure of the German Foreign Minister at least for a time on Thursday will prevent any fruitful conversations for the present.

The report of the Lytton Commission will be published here on Saturday or Sunday, and the Council has acceded to the Japanese request not to discuss the report until six weeks after its publication, in order, ostensibly, to allow the Government time to study its contents and to send its representative with instructions to Geneva. The Council is to meet to consider the report on November 14th, unless the Acting President considers it necessary to meet a little later, up to November 21st. This was not done without protest from the Chinese representative in a spirit of gentle irony; and Mr de Valera, who presided, stated with candour the reluctance felt in acceding to the Japanese request, which would have been ungrudgingly accepted if Japan, even before the Lytton Commission's report was received, had not recognised the so-called Manchukuo Government. This was also emphasised by M. Madariaga (Spain), but no other support for the President's rebuke to Japan was forthcoming. While this rebuke must be considered as the voice of the Council, it was a matter of comment that all the representatives of the Great Powers remained absolutely silent throughout. Sir John Simon evidently felt content to leave the leadership to Mr de Valera, who, both at this meeting of the Council and in his opening speech at the Assembly, scored a considerable personal success. His outspoken address to the Assembly was couched in moderate terms; amidst a curious silence, he told the Governments that the testing time had come and that the public opinion of the world must be shown that the Covenant of the League was a solemn pact "with obligations that no State, great or small, would find it possible to ignore." The sole alternative, he said, to competitive armaments was a security for national rights afforded by "uncompromising adherence to the principles of the Covenant."

This is certainly one of the moments when *uncompromising* is the appropriate word. What the report contains or what will be done by the Council is not known, but it is certain that calculated support for Japan is diminishing, and there is scarcely an intervention by the Japan representative in Geneva or an act by the Japanese Government in Manchuria which does not tend still further to isolate Japan from the rest of the world. A

small sign of this was the result of the election of the six Vice-Presidents of the Assembly. It has always been the rule to include the heads of the delegations of the five Great Powers. On this occasion the chief delegates of Great Britain, France, Italy and Germany received over forty votes, and the head of the Japanese delegation was the last to be elected with thirty-four votes, or four votes below the representative of Nicaragua.

UNITED STATES.

Bonds — Banking — Business — Prices — Politics.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 21.

WITH the abatement of speculation in the stock and commodity markets the tone has turned steadier. It has been particularly noticeable that the banks, with the commercial demand for credit still slow and with little net gain in loans against securities, are turning rather strongly to the gilt-edged bond market to employ their funds. Currency hoarding is definitely a thing of the past, and gold continues to come in. The Federal Reserve system is offsetting the natural increase in member bank reserves by constantly contracting its own credit outstanding, but the excess of funds continues high.

United States Government bonds are at the best prices of the year, in spite of the growing deficit and the demand for bonus legislation. New capital issues have been scarce in recent weeks, but another attempt to sound the market and to make a gesture of confidence is expected soon. Meanwhile, in no well-informed quarter is it expected that any change in Federal Reserve Bank policy will follow a possible change in national administration. Cheap money, it seems, is having some beneficial effect in arresting the course of depression. Present policy is likely to continue until the business or financial situation dictates a change. The gold stock went up \$23 millions last week, and the currency fell \$57 millions, partly owing to the return of money from holiday circulation. Total Reserve Bank credit dropped \$18 millions, and this measures the reduction in member bank borrowing.

The rise of \$62 millions in brokers' loans last week was virtually all accounted for by loans of banks to dealers and others subscribing to the new Treasury one-year certificates and five-year notes. The remainder is explained by borrowing to meet the quarterly taxes. Reporting city member banks cut their loans on securities in all but the New York district, and there was a sharp fall in the so-called commercial loans. This item fell largely under the influence of loan liquidation which took place on the change of a large Chicago bank from a State to a national institution.

It is nevertheless true that business still is failing to receive more credit directly from the banks. This does not necessarily mean that it is having to go without that which it wants or that there is taking place no increase in activity. The R.F.C., the National Credit Corporation, the Railroad Credit body, the Commodities Credit organisation and other semi-public credit institutions are taking over much of the lending ordinarily handled by the commercial banks. As a result, the banks are putting more of their funds into securities. City member banks for the week show a rise of \$38 millions in investments.

An analysis of the loans other than those on security collateral made by New York City member banks of the reserve system shows that the bankers' acceptances included in the item termed "all other loans" amounted at the end of August to \$424 millions out of a total of all other loans of \$1,819 millions. During the month the rise in bills held by the banks was \$16 millions, against a drop in strictly commercial loans of \$48 millions.

In its current bulletin the Federal Reserve Board publishes figures showing the improvement in the financial situation. Bank failures in August fell to 85, the smallest since last May. In the same month 20 banks re-opened, with deposits virtually as large as those of the 85 banks

which closed. In 27 States no bank failures occurred last month.

The bulletin also points out the rapidity of the return of currency from hoards. Between July 6th and August 31st, approximately \$85 millions in currency returned from circulation. However, in the same period Treasury currency rose \$53 millions, on the expansion of national bank note circulation, so that the net reversal in hoarding (except for gold coming out of hiding) was \$32 millions. This country's gold stock was placed by the Federal Reserve Board at this time at \$4,086 millions. Since the middle of June the gain has been around \$200 millions.

Business news is faintly encouraging. Electrical output is still rising, as are railroad freight car loadings, with the exception of the Labour Day holiday week. The rise last week was about 11 per cent. over the previous week. The steel industry is disappointed at its failure to improve more rapidly, but the operating rate is now up to around 16 per cent. of capacity. Motor makers are making larger inquiry and the railroads, spurred mainly by their desire to help employment, are taking more loans from the R.F.C. to spend for the purchase and repair of equipment.

Building permits in August were 4½ per cent. higher in August than in July, according to the Bureau of Labour. Employment in sixteen industrial groups in August rose 0.5 per cent. over July, although payrolls fell 1 per cent. For manufacturing industries, the increase in employment was 1.4 per cent. and in payrolls 0.3 per cent.

Commodity prices rose about 1 per cent. in August, according to the Bureau of Labour Statistics index, which stood at 65.2, against 64.5 in July. The decline from a year ago was 9½ per cent. The principal rise was that of 2½ per cent. in farm products. A comparison by groups follows:—

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

	August, 1931.	July, 1932.	August, 1932.
All commodities	72.1	64.5	65.2
Farm products	63.5	47.9	49.1
Foods	74.6	60.9	61.8
Hides and leather products	88.7	68.6	69.7
Textile products	65.5	52.7	54.0
Fuel and lighting materials	66.5	72.3	72.1
Metals and metal products	83.9	79.2	80.1
Building materials	77.6	69.7	69.6
Chemicals and drugs	76.9	73.0	73.3
House-furnishing goods	84.9	74.0	73.6
Miscellaneous	68.3	64.3	64.6
Raw materials	64.1	54.7	55.7
Semi-manufactured articles	68.3	55.5	57.9
Finished products	76.4	70.5	70.7
Non-agricultural commodities	73.9	68.0	68.5
All commodities other than farm products and foods	74.2	69.7	70.1

Much of the renewed reassurance in markets is due to the conformity to orthodox economic doctrine of Mr Franklin Roosevelt as indicated in his Western campaign speeches. His outline of a farm relief programme differs in no particular essential from that of the Republicans, except that he condemns the Farm Board, as does nearly everybody. Mr Roosevelt's remedy, at bottom, is the hollow promise of a tariff—a nostrum applied with poor results repeatedly by the Republicans. On the railroad situation Mr Roosevelt has taken a stand which meets with general approval in Wall Street, although with much reason the Republicans claim that he has virtually stolen their thunder. No radical proposals are made. Mr Roosevelt cites the need of larger revenues, of living wages for employees, of reduced capitalisation in some instances, of regulation of competition, of the retention of receiverships and the hastening of consolidations. It is anticipated that he also will shortly make a conservative statement of his stand on public utilities, reassuring those who have feared his alleged ideas of Government ownership or overstrict regulation. Moreover, gossip in Wall Street and in the Press attributes to Governor Roosevelt the intention before long publicly to declare against a soldiers' bonus at this time. Being largely Republican and conservative in its political sentiments, Wall Street naturally has taken heart at the sharp setback to the radical La Follette regime in Wisconsin.

FRANCE.

Politics — Conversion — Foreign Trade.

(FROM OUR CORRESPONDENT.)

PARIS, September 28.

ACCORDING to present arrangements, the Chambers will re-assemble for the autumn session on or about October 24th, when outstanding matters to be dealt with will include the Budget for 1933, and, it is expected, the thorny question of Germany's demand for equality of armament status. In view of the fact that the Socialist leader, M. Léon Blum, has frequently expressed views of the latter question which are entirely in agreement with the thesis put forward by the present Cabinet in Germany, it seems practically certain that the fate of the Herriot Ministry will depend largely on the line which it adopts in the Chamber in regard to the German demand. In political circles three contingencies are discussed: (1) That M. Herriot may suffer defeat at the hands of the Socialists, with a large proportion of the Right Centre and Right either abstaining (for tactical reasons) or voting against him; (2) that the fall of the Government may be brought about from within, by another revolt of the "advanced" wing of the Radical Party; (3) that this, although it might bring about the temporary advent of a Radical-cum-Socialist Cabinet, might subsequently bring a closing of the present gap between the bulk of M. Herriot's followers and the rest of the Centre Parties and lead to the formation of a strong Ministry of Republican Concentration. In this connection the possibility of a definitely Moderate Cabinet, headed by M. Caillaux and including both M. Herriot and leaders of the parties which supported M. Tardieu, is being mentioned.

The great Rentes Conversion operation resulted, according to provisional figures, in direct conversion into new $4\frac{1}{2}$ per cent. stock of 81,000,000,000 francs (or a shade over $95\frac{1}{2}$ per cent.) of the 85,000,000,000 francs of 5, 6 and 7 per cent. issues involved. Total demands for repayment were 4,000,000,000 francs, or less than $4\frac{1}{2}$ per cent. of the whole. These payments were compensated to the extent of one-half by subscriptions for the new stock, from non-holders of the old, of rather over 2,000,000,000 francs. The operation resulted, therefore, in a success to the extent of over $97\frac{1}{2}$ per cent. So far as the public debt situation is concerned, 85,000,000,000 francs of high-interest stock has been transformed into 88,000,000,000 francs of new $4\frac{1}{2}$ per cent. scrip, at an immediate cost of 2,000,000,000 francs, plus a further 400,000,000 francs or so representing payment of the accrued portion of redemption premiums, due on conversion of 17,000,000,000 francs of 1927 Redeemable 6 per Cents. and some 2,500,000,000 francs of outstanding 7 per Cent. Treasury Bonds.

The effort was really a Treasury operation, but was carried out mainly at the cost of the Caisse d'Amortissement, which found the financing of the matter perfectly within its resources, so that no Treasury Bond issue has been required. The amount advanced by the Caisse merely represents extinction expenditure which would have been incurred had conversion not been applied, though probably the corresponding amount of normal extinction would have been spread over a longer period. In this way the Treasury will receive, at no cost to the Budget (except for extra printing and personnel), the entire benefit of the operation. This, it is estimated, will represent Budget economy of 828,000,000 francs a year, in addition to a saving of 492,000,000 francs a year by the Caisse d'Amortissement. The cost to the Treasury for extra machinery was met from a credit of 20,000,000 francs opened under the current Budget.

The amounts of the reimbursements and of subscriptions of fresh money were both larger than had been expected. Repayments on Monday were only 60,000,000 francs, and on Tuesday, Wednesday and Thursday not over 200,000,000 francs per day. On Friday, however, demands totalled 1,000,000,000 francs, and on the closing day represented over 2,000,000,000 francs, which came as a complete surprise. The vast majority of the demands for repayment, it was noted, came from the industrial districts

(especially those identified with export trade) and the wine-growing centres, which in both cases have suffered seriously from the present crisis. The widespread anxiety as to pending complications with Germany was also admittedly an adverse factor. In other directions doubts were entertained as to the balancing of the Budget in the near future.

M. Germain-Martin insists that reports that only the minority of the convertible issues was in the hands of the general public are unfounded, and asserts that barely one-third of the stock involved in the operation was held by the Caisse des Dépôts, the Caisse d'Amortissement, the insurance companies and the banks.

There is little doubt that the remarkable success of the French conversion scheme has been largely due to its extreme simplicity. French State issues are, to a very large proportion, in the hands of the humbler classes. The simplest possible conditions are thus always obligatory, if conversion operations in this country are to be successful. The huge mass of peasant holders are asserted to have accepted conversion practically unanimously, in spite of the serious reduction in yield. The celerity of the conversion was remarkable. Within eight clear days from the meeting of the Chambers and the disclosure of the conditions the whole operation of converting some £950,000,000 of stock, held by millions of persons, had been completed. The technical basis of the operation erred, if at all, on the side of sound finance. The greater portion of the stocks involved consisted of irredeemable issues (totalling 55 per cent. of the whole), and it says much for the improvement latterly in French public debt policy that the Government resisted the temptation to convert at least the half, if not the whole, into scrip that would relieve the Budget (especially just now) of heavy annual sinking fund charges. As it is, the whole issue must be extinguished (by annual drawings or buying in on the Bourse) within 75 years.

The foreign trade returns for August (issued this week) indicate a drop on the month of 114,000,000 francs in imports and of 4,000,000 francs in exports, and the totals under both headings were the lowest registered for over ten years. Imports were 2,274,000,000 francs, against 3,188,000,000 francs in August last year and 4,051,000,000 francs in August, 1930. Exports were 1,426,000,000 francs, as compared with 2,810,000,000 francs in the previous August and 3,127,000,000 francs in August, 1930. Exports since January 1st have been 88 per cent. less in value and 26 per cent. smaller in tonnage than in the corresponding period of last year, and imports 33.6 per cent. less in value and 20 per cent. lower in tonnage.

GERMANY.

Import Quotas — Interest Reduction — Employment.

(FROM OUR CORRESPONDENT.)

BERLIN, September 27.

BERLIN, September 27.

HERR VON BRAUN, the Food Minister, has announced, in a speech to the Bavarian Agricultural Council, the long-awaited agricultural programme of the Government, which consists of quota limitation of imports of agricultural products, and a reduction of the rate of interest on agricultural debts. In both the Government have endeavoured to limit the concessions to agriculture in such a way as to avoid unduly harmful effects on the rest of the community, but parts of their programme are none the less questionable from the standpoint of the general economic interest.

The list of goods covered by the new quotas includes, among other things, vegetables (peas and cabbage), tomatoes, fruit, hewn softwood and pulpwood, animals for slaughter, butter, bacon and lard. No cereals are included; cereals are subject to prohibitive duties, and, in addition, the use of breadstuffs of domestic origin is enforced by regulation, so that the desire of farmers for control of imports is already met. The consequent increase in the price of grain, however, is precisely one of the reasons why those farmers who are compelled by considerations of soil and climate to confine themselves to cattle raising and fruit production, and are only receiv-

ing very inadequate prices for their products, are urgently demanding some measures of relief in respect of their products. This demand is now to be met by the new quotas, for it is considered that very little would be effected by new duties on these goods.

Most of the proposed quotas have, however, very little importance for agriculture as a whole. Vegetable cultivation has, indeed, spread very considerably in Germany during recent years, but in comparison with grain, meat and especially with dairy products, it still plays a relatively small part. The removal of Dutch, Italian and French competition, which in some cases was very keen, will come as a great relief to certain specialised farms, but the bulk of peasant holdings will gain practically nothing from it. The same is true of fruit growing. In this case, in particular, the most serious competition, that of tropical fruits, will not, with the exception of bananas, be affected at all by the new restrictions. The timber quotas are primarily of fiscal importance, as the German forests are for the most part owned by the States and Communes. Meat is one of the most important products of German agriculture, and an effective increase in meat prices would, therefore, be very advantageous to the industry, but 99.2 per cent. of the German consumption of meat and animal fats is met out of home production, so that, obviously, nothing worth mentioning is to be gained by German agriculture by a limitation of imports. Fresh milk, too, which plays an exceedingly important part in German agriculture, is not imported to any great extent, so that it has not been put on the quota list. Butter, however, is on the list and the practical effect of the new measures depends, more than anything, on the way in which the butter quotas are administered.

There has been a butter quota for some time, but imports were permitted in excess of the quota, though under an almost prohibitive duty, whereas under the new system they are to be prohibited. Germany has already been in negotiation with the principal exporting countries, Holland, Denmark and Scandinavia, on the question of the allocation of the butter quotas, as the apportionment had turned out to be unfair. An agreement had virtually been reached, but it is not yet known whether the new regulations will necessitate its being scrapped, or whether it will be incorporated in the new system. The German Government, in their communiqué on butter, particularly stressed their intention of endeavouring to reach an agreement with the exporting countries. In any case, however, and this greatly reduces the force of the objections to the new quotas, a German delegation is to get into touch with the principal countries concerned, in order to endeavour to secure a corresponding modification of the trade agreements. Germany considers herself strictly bound by her treaty obligations, and is not trying, as many people have feared, to put her restrictions in force regardless of treaties. That reduces the danger of reprisals from abroad. It is true that the feeling of irritation, especially in the northern countries, is strengthened by these measures, and it is precisely the danger of this programme that while it does not give very much to German agriculture (because it does not take a very great deal from other countries), it none the less provides valuable material for the protectionist agitation abroad, and thereby injures German exports. Its introduction at this moment is due mainly to political consideration for the mood of the farmers, but this mood is largely determined by the erroneous belief that the price of German agricultural products is depressed primarily by foreign competition, whereas really the low prices are primarily a consequence of the inadequate purchasing power of the town populations, and thus ultimately, of the economic crisis.

In the other relief measure, the reduction of interest, a repetition of the compulsory conversion undertaken by the Brüning Government last December has been avoided. The rates of interest on all securities are unchanged, but the interest on mortgages owed by farmers is reduced by 2 per cent. They are not, however, to be reduced below 4 per cent. (most mortgages bear 6½ per cent. at present). The reduction is not to be final and is made in the first place for two years, though the possibility of a prolongation is hinted at. The sum saved is to be repaid towards the

redemption of the mortgage. In order to prevent the credit institutions, which must maintain the service of their mortgage bonds, from becoming involved in difficulties, the Reich will make good, by the issue of Treasury bonds, the losses of those of them whose mortgages consist to the extent of over 10 per cent. of farmers' debts. The interest lost by the "Landschaften," the co-operative real estate credit institutions of the large landowners, which are already in a very difficult position, will also be made good by the Reich. The total mortgage debt of German agriculture amounts to Rm. 7,000 millions, so that the annual saving in interest amounts to Rm. 140 millions. The creditors are almost exclusively Germans.

Interest on personal credits is also to be reduced. That follows, to some extent, from the reduction in the Reichsbank rate from 5 to 4 per cent., but the Government wishes to affect a more extensive reduction than that involves. The details of what they have in mind are not yet clear, but the way is to be paved for it by a reorganisation of the rural credit societies. The rural credit system was transformed only recently when the two leading organisations, the Raffeisen Association and the Allgemeiner Genossenschaftsverband were amalgamated. This already revealed the necessity of a reform of the credit societies, but meanwhile more of the personal credits granted by the societies to farmers have become unrepayable. The Reich is now to place 100 to 200 million marks, in the form of Treasury bonds, at the disposal of the societies, by handing over these bonds, in the first place, to the Preussische Zentralgenossenschaftskasse, which will write off the debts of individual societies to a corresponding amount. This will save the societies from the necessity of procuring from their sound debtors the funds wherewith to write off the doubtful credits, and it is hoped that this will enable them to reduce their rates of interest.

The protection of farmers against compulsory sale of their property and the special provisions for facilitating agreements between agricultural debtors and their creditors, which are due to expire shortly, are prolonged, and in addition the conditions upon which protection against distraint may be claimed, and a composition with the majority of the creditors be put into effect, are made less exacting.

The number of unemployed in Germany has increased very little during the last few weeks, though a heavy increase is usual at this season. Economists are not agreed as to the explanation. The optimists see in it the first symptom of an improved outlook for business, but the sceptics point out that the changes in the insurance regulations have made the statistics unreliable. The decree of last July disqualifying many persons from benefit on the ground that, although unemployed, they had other means of subsistence. These people, who formerly presented themselves regularly at the unemployment exchanges, as benefit is only paid to those who apply there for work, now in many cases no longer take the trouble to go there, as the prospect of finding work is so small. All persons over 60 have also been excluded from the unemployment statistics, as they are no longer deemed capable of work. As, however, the increase in the number of unemployed since July is over half a million less than during the same period of last year, it is very doubtful whether the cause is not actually to be found in a movement of the trade cycle.

How far the Government programme is giving rise to increased employment it is not yet possible to say, as very few figures are yet available. It is, however, already plain that the reductions in wages provided for by the emergency decree are meeting with great difficulties. The workers say they are willing to put up with a reduction in their earnings as long as it arises only from a reduction in working time to 40 hours per week without any increase in hourly rates, and gives rise to a corresponding reabsorption of unemployed workers, but as soon as the employers try to go further, and reduce hourly wages, according to the terms of the decree, in spite of existing tariff agreements, they proceed in very many cases to strike. The strikers are financially supported by the unions, and are also helped by the refusal of the unemployed to accept

work in the establishments where the strike obtains. The usual result is that the employer gives way in order to keep his factory going, and to secure at least the Rm. 100 subsidy for each additional worker employed. The Minister of Labour recently called the attention of the unions to the fact that the support of strikers in such cases is illegal, as the object of the strike is to render nugatory the provisions of the emergency decree. The unions, however, take the line that the decree cannot prevent them from holding their employers to the terms of their agreements by means of a strike. There is a danger that a serious conflict may develop out of this difference of opinion, and the Communists, Social Democrats and National Socialists are at one in defending that trade union point of view.

POLAND.

Unemployment Relief — Finance — Bourse.

(FROM OUR CORRESPONDENT.)

WARSAW, September 18.

WITH the approach of winter, increasing concern is being felt over the unemployment problem, despite the fact that the official figures show that the number of registered unemployed has declined from a peak of 860,081 at the end of March to 215,000 in the middle of August. The concern is over those who are not registered and so not eligible for relief under the law. The Ministry of Finance on September 1st accordingly announced a series of supplementary taxes, the proceeds of which are to be used solely for unemployment relief. These supplementary taxes are placed on theatre tickets, sugar, beer and other beverages, pari-mutuel tickets, electric light bulbs, apartment rents, restaurant bills and safe deposit rentals. It is hoped that a revenue of about 20 million zlotys will thereby be realised, and that the Exchequer will be able to supplement it to the extent of 40 million zlotys, so that a special fund of 60 million zlotys will be available to keep the unemployed this winter from actual starvation. The major difficulty is that these supplementary taxes no longer realise anything like the amount anticipated. Taxation is already excessive, and additional burdens merely bring about further contraction.

The Bank of Poland has withdrawn from circulation 10-zloty banknotes, against which the statutory gold cover had to be maintained, and the Ministry of Finance is replacing them with 10-zloty metal coins containing a percentage of silver. The present silver coins of 1, 2 and 5 zlotys are also being withdrawn by the Ministry, to be replaced by coinage of a more convenient size—meaning, no doubt, less silver. The law requires that an increase in bullion circulation beyond 820 million zlotys must be approved by the Bank of Poland. The circulation of bullion increased from 240 million zlotys at the end of July, 1931, to 268 millions one year later. It is believed to have increased much more rapidly during the past month, and it is now reported to be the intention of the Ministry of Finance—the consent of the Bank of Poland having already been obtained—gradually to increase the volume of bullion to about 400 millions, mainly by the issue of the new 10-zloty pieces. It is asserted in this connection that previous currency laws contemplated a metallic circulation of approximately 12 zlotys per inhabitant, and that the rise in population from 27 to 33 million zlotys since stabilisation was last effected justifies a substantial increase in the issue of metal coins. It is quite true that the contraction in banknote circulation (from 1,254 million zlotys on July 31, 1931, to 1,089 million zlotys one year later) has gone too far, and business rather welcomes the experiment in "controlled inflation" now being carried out. It is, of course, assumed that no serious threat to the maintenance of the gold standard is implied in this ingenious action of the Ministry of Finance in making itself a present of about 100 million zlotys just when the Budget so badly needs it.

Following the Budget deficit of 58 million zlotys contracted during the first quarter of the present financial

year, the preliminary figures for July show revenue as 172 million zlotys and expenditure as 189 million zlotys. The deficit for the year to date, therefore, is 75 million zlotys. Although the Ministry of Finance during July increased its non-interest bearing overdraft at the Bank of Poland by 20 million zlotys (the total at the end of the month being 70 millions), this sum is included in the preliminary Budget figures as income, so that the actual deficit in July was greater by that amount than the amount shown. Since there appears to be no likelihood under present conditions either of securing an external loan or of contracting expenditure to the diminishing revenue, the Minister of Finance must now resort to such expedients as increasing the circulation of metal coins to keep the Exchequer solvent.

ROUMANIA.

Agricultural Conversion — Finance — Exchange — Stock Market.

(FROM OUR CORRESPONDENT.)

BUCHAREST, September 15.

ONE of the first tasks of the newly-elected Parliament was to be the revision of the Agricultural Conversion and Judicial Liquidation Acts, but after a month of parliamentary activity nothing is yet accomplished. There are serious differences of opinion in the ranks of the Government party and in the Cabinet itself on these problems. The latest formula which is submitted to the direction of the Government party for consideration preparatory to its introduction into Parliament as an amendment to the Agricultural Conversion Act provides an agricultural debt moratorium of eighteen months in order to give time for financial arrangements without which the measure cannot be carried through and also to give opportunity to the debtors and creditors to come to a settlement by direct negotiation.

Meanwhile, the Government is continuing in its efforts to find funds for the most pressing needs. The Minister of Finance is now asking Parliament for authority to issue a new Government loan of 6,000 million lei, carrying interest of 4½ per cent. per annum, to be redeemed in sixty years by half-yearly drawings or by purchase in the open market. The loan will be exempt from all taxation, including income tax, and will be received at its nominal value in payment of taxes to the extent of 10 per cent. of the tax payable on condition that the remaining 90 per cent. is paid in cash at the same time. The loan is to be issued in payment of the floating debt of the State and will be calculated for this purpose at its nominal value. On the basis of the present prices of Government Stock on the Bourse the creditors should be able to realise their bonds at about 80 per cent. to 85 per cent. of their nominal value. A Bill has been introduced authorising the Government to revise the budgets of all public departments and autonomous institutes. Drastic cuts of expenditure are to be made, the aim being the realisation of an economy of at least 800 million per month. The collection of taxes is to be accelerated, but certain agricultural taxation is to be reduced.

To judge by the attitude of the National Bank of Roumania it is increasingly difficult for this institution to meet the legitimate trade requirements of foreign exchange. Demands for cheques or transfers, backed by the most complete documentary evidence, are held over without apparent justification for more or less long periods, and the amounts granted are doled out in instalments stretching over weeks. The latest regulation coming into effect on September 15th requires import declarations to be at least three months old, before the request for foreign exchange for the payment of the goods concerned can be considered. This amounts to the enforcement of a three months' credit in favour of Roumania. For goods imported in 1931 and before on the cash against delivery system foreign exchange is no longer to be granted. All these restrictions, of course, interfere considerably with trade, and as a result, the clandestine exchange market is exceedingly active. As far as its weekly returns show, the National Bank has not improved its situation at all.

The following figures compare the gold and exchange reserve and the sight liabilities at the end of May (the first restrictions came into force on May 18th) with those appearing in the statement of August 20th:—

	End May, 1932.	August 20, 1932.
	(In millions of Lei).	
Gold holding	6,071	6,254
Gold abroad	3,345	3,222
Foreign exchange	152	687
Total reserve	9,568	10,163
Note circulation	21,982	20,854
Other sight liabilities	4,729	7,500
Total sight liabilities	26,711	28,354

Proportion of reserve to sight liabilities 35.82% 35.84%

The bank gained in the three months about 600 million lei in exchange. The whole increase took place in the week covered by the last statement, and is undoubtedly due to the loan arrangement with the Swiss banking syndicate. The proportion of the reserve to the sight liabilities improved only by 0.02 per cent. Considering that the Stabilisation Law stipulates a proportion of not less than 35 per cent., the margin in the hands of the National Bank is not reassuring. The authorities apparently hope that the autumn exports of cereals will relieve the situation. A Bill is in preparation imposing very heavy penalties on clandestine dealing in foreign exchange.

SPAIN.

Property Redistribution — Catalonia — Railways — Trade.

(FROM OUR CORRESPONDENT.)

MADRID, September 15.

THE excitement of the military rising has now died down and things have outwardly become normal once more. The number of political prisoners taken, including members of the wealthiest and most aristocratic families in Spain, shows up the widespread character of the rebellion and this has given the Government an opportunity of applying very severe measures to the aristocracy in general and at the same time facilitating the application of the Agrarian Reform Law, which has just been passed. The lands of all those implicated in the rising are to be confiscated without compensation and this measure is to be extended, in principle, to all Grandees of Spain. Whether this radical redistribution of property will produce the results anticipated by the Government is somewhat doubtful in view of the state of mind of those who are supposed to benefit by the innovation—a consequence of the Bolshevik propaganda amongst agricultural labourers—and in any case the application of the new law is likely to cause considerable confusion, for the time being at least.

The military rising facilitated the passing of the Catalan Statute, which has now been definitely approved and will be put into force at once. As a result there was an outburst of optimism on the Barcelona Stock Exchange which became decidedly bullish, but the movement was stopped by Madrid pessimism consequent on the seizure of the big country estates by the Government. The reaction affected state issues which had hitherto been consistently firm; furthermore it is known that Treasury receipts have not come up to expectations and it is feared that a further application may have to be made to the market to cover the deficiency. The city of Bilbao is about to make a public issue of bonds amounting to 17,000,000 pesetas, the proceeds of which are to be applied to public works. The interest will be 5½ per cent. per annum, or slightly higher.

A recent law established an active intervention by the State in the management of all Spanish railways, the Government officials being empowered not only to inspect the books but also to veto any agreement of the boards of such railways, should they think fit. A rather curious clause of this law states that no bank director may become a director of a railway company, the idea being, presumably, to prevent the control of the company from passing into the hands of a banking group, and also to

eliminate possible opposition to the Government's plans concerning the railways. It is thought that this principle may eventually be extended to other spheres where banks wield considerable influence, not only on account of their own holdings of shares but also owing to the large numbers of blank proxies which are usually received by them before the shareholders' meetings. This is another indication of the socialistic tendency of the present Government, but although the latter has apparently declared war on the Grandees, the idle rich and even some of the industrious rich, apart from this they are proceeding cautiously and are making it very clear to the working classes that they must not expect easy times just because Spain has become a Republic. This means that they have now to contradict some of their own pre-revolutionary propaganda.

The favourable balance of trade, which in May amounted to 14,100,000 gold pesetas, has not been maintained in the subsequent months. The figures for June show that the balance is now on the other side to the extent of 27,200,000 gold pesetas. The following is a comparison of the results of the first six months of the last three years:—

	Imports.	Exports.	Total.
	(In millions of ptas. gold.)		
First half-year 1930	1,249.7	1,137	2,386.8
" " 1931	682.5	571.9	1,254.4
" " 1932	482.7	409.3	892.1

The decreases in exports during the first half of the present year were: raw materials, from 86 to 53.8 millions; manufactured goods, from 74.1 to 51.3 millions; and foodstuffs from 382.7 to 302 millions of gold pesetas. Of the imports, raw materials show the largest drop, amounting to about 25 per cent.

ARGENTINA.

Finance — Trade.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, September 17.

EXCEPT in New York, there was but little depreciation of Argentine bonds when the news of the Santa Fé moratorium was published, and subsequently, following Dr. Hueyo's declaration that neither emission nor a moratorium entered into the calculations of the National Government, prices on the European bourses recovered at once and, in certain instances, Argentine bonds were quoted fractionally higher than they were prior to the premature action of Santa Fé.

The statement on public finance published on September 16th is at first sight decidedly reassuring. Once more the Minister of Finance affirms it as his considered opinion that there is no need for Argentina to take extreme measures in order to set its finances on a firm footing. It is maintained that revenue steadily increases and that overdue accounts including salaries are being gradually reduced. The figures for January 1st to September 15th are as follows:—

Revenue.	Paper \$ 1931.	Paper \$ 1932.
Revenue in cash	473,942,315	506,405,093
Custom House	187,430,998	177,150,438
Land tax, licences, &c.	70,091,028	94,930,610
Inland revenue	77,984,151	94,359,276
Tax on transactions	...	13,184,677
Income tax	...	3,349,548
Posts and telegraphs	27,073,192	24,662,950
Sanitary works	24,652,943	13,788,401
Revenue from bonds	2,804,516	5,913,349
Miscellaneous	83,915,477	79,065,844
Negotiation of bonds	80,541,404	258,075,049
Bonds sold	58,484,480	17,973,615
Bonds for payment accounts ..	249,228	16,760,953
Bonds cancelling bills	2,536,105	2,545,183
Treasury bills	16,248,284	5,349,185
Patriotic Loan	...	215,450,133
Other loans	3,023,307	...
Totals	554,483,719	764,484,142
Expenditure.	Paper \$ 1931.	Paper \$ 1932.
Salaries	240,924,691	289,825,861
Expenses	41,401,293	50,120,008
Cancellation or amortization of credits ..	6,009,549	21,092,469
Debt services	159,718,311	202,752,108
Accounts from private firms and transport companies ..	22,192,240	26,504,126
Subsidies to provinces	316,800	377,520
Council of Education	46,182,933	59,168,763
State Railways	3,200,295	22,767,692
Subsidy of B.A. and National Territories ..	2,801,258	7,681,193
Sanitary funds	2,074,052	8,137,064
Municipal works	12,330,167	13,404,607
Public works	31,529,015	40,265,666
Armament laws	3,074,951	2,044,322
Totals	571,755,555	750,141,399

Local comment on the foregoing is guarded, but the following quotation from *La Nacion* is illuminating:—"Treasury receipts were \$549,034,029 from all sources, plus \$215,450,113 from the Patriotic Loan. But the estimated receipts for the whole year were \$852,328,027, and the loan has brought in about \$260 millions. There is thus a shortage of some \$300 millions, and even so the Treasury has still \$45 millions to receive on account of the loan. Income tax, down to yield \$51 millions, has only brought in \$3,349,548. Customs dues, estimated at \$290 millions, have given \$177,150,348. Internal revenue, down for \$151,900,000, brings in \$94,359,276. The tax on transactions, estimated to bring in \$45 millions, has not given more than \$13,184,677. Admittedly, the estimates are for the whole year, whereas the figures given above refer only to collections for the period ending September 15th, but they serve to give a general idea of what results will be and the amount of optimism justifiable under such circumstances." No one doubts for a moment the honesty of purpose of the Minister of Finance, but the figures themselves make it abundantly plain that the additional funds come from the Patriotic Loan, and its partial rediscount in the Conversion Office. The heavy increase in expenditure is naturally explained by the efforts of the Government to use the funds brought in by the loan for the purpose of meeting past due indebtedness. What troubles the situation at the present time is the fact that this local indebtedness is still very far from being satisfied, and that, unless funds can be found to put the Government account straight without further loss of time, no real improvement in the local situation can be expected.

As regards the exchange situation, the outlook is decidedly better. There is more cover available now for local remittances than there was a couple of months ago. Produce prices are up and international demand for Argentine goods is more general. The Exchange Control Committee have not relaxed their restrictions, nor are they likely to do so for some time to come. This is a grave error, seeing that large numbers of private individuals, finding themselves unable to obtain comparatively insignificant remittances, cedula interest, pensions, house rents, and so forth, have undoubtedly made up their minds to withdraw the whole of their capital as soon as that may be conveniently done. As far as can be gathered locally the Exchange Control Committee has not exercised diplomatic discretion in dealing with the remittances made for account of the small *rentier* resident abroad, whereas it is notorious that wealthy Argentines with political connections have found means to meet all their requirements. It is to be feared that this phase of exchange control will be found to have done great harm to Argentine interests if ever the time comes for this country to borrow abroad. For undoubtedly the person who has been most hit by exchange restriction is the small investor.

The most notable feature of Argentina's trade is its heavy shrinkage, the total volume of imports and exports for the first seven months of 1932 amounting to \$581,763,544 gold, as against \$719,681,511 gold for the corresponding period of 1931. Her imports are less by \$127,721,272 gold, while her exports are down by \$10,196,695 gold. These figures show that the favourable balance of trade, \$167,898,838 gold, cannot be regarded as evidence of returning prosperity. For the plain truth appears to be that, unless very drastic measures are taken without delay, Argentine business will have reached such a low level that recovery cannot be brought about, by anything short of a miracle, for several years to come.

CANADA.

Crops — Business — Railways Problem — Parliament — Wheat Pool — Soviet Relations — Trade.

(FROM OUR CORRESPONDENT.)

OTTAWA, September 6.

THE Bureau of Statistics has not yet hazarded any forecast of volume of the Western wheat crop, but estimates compiled by other organisations place it between 400 and 450 million bushels. This means that Canada will have

to find a market for an additional 140 million bushels of wheat as compared with last year, and in view of the fact that Germany, France and Italy are reported to be harvesting excellent crops and maintaining their restrictions on wheat imports, the problem of finding the necessary markets presents obvious difficulties. Wheat prices have been dropping as the majority of the prairie farmers are so hard pressed for ready cash to meet urgent obligations that they want to dispose of their wheat as soon as possible. The stocks of Canadian grain in store on September 9th were estimated at 125,789,882 bushels, as compared with 111,689,572 at the parallel date in 1931. The grain harvest in Eastern Canada is now finished except in a few upland areas, and the yield is rather below the average. The Maritime provinces have recently been visited by severe hurricanes and they have done very serious damage to the apple crop in the Annapolis Valley in Nova Scotia and other places. Apple production in Canada promises to be smaller than in 1931.

Some signs of improvement in general business conditions are now being claimed, and it is reported that autumn business shows a distinct gain as compared with either of the past two years. An increasing demand for merchandise as the result of the marketing of the new crop is helping to stimulate industrial activity, especially as retailers' stocks had been reduced to a very low level. Autumn orders for the textile and boot and shoe factories show a decided gain, and the sales of agricultural implements are better. A sharp advance in the price of raw cotton has been responsible for an upward adjustment in the price of finished cotton goods and the Canadian cotton companies will not be faced with the necessity of taking losses on inventories such as they have been confronted with in recent years. The building trades are still very idle, and the value of the new building permits in August was only \$3,331,278, as compared with \$4,227,673 and \$8,201,979 in August, 1931, and 1932 respectively. On August 1st the employment index of the Bureau of Statistics had fallen to 86.3, as compared with 88.7 on July 1st and 105.2, 18.8 and 127.8 on August 1, 1931, 1930 and 1929 respectively. It is therefore quite plain that during the coming winter the various authorities will again be faced with heavy expenditure for unemployment relief.

The downward trend in commodity prices seems at last to have been checked, for the Bureau of Statistics' wholesale index number in August rose to 66.8 from 66.6 in July, 80 quotations were higher, 65 lower and 357 remained unchanged, but the gain marked the first rise since November, 1931, when the index stood at 70.7.

Railway earnings have shown a little improvement as the result of the heavier movement of grain, but the general situation of both the great railway systems is still very unhappy, and the report of the Royal Commission on Transport, now completed, is awaited with intense interest. It is now taken for granted that it will not recommend any scheme of amalgamation, but will content itself with suggesting some plan whereby duplication of services can be eliminated and other economies effected. Whatever its contents are, the report is certain to provoke sharp controversy, and when the Bennett Ministry begins to embody its recommendations in legislation some stiff parliamentary battles are anticipated.

The Federal Parliament has been summoned to meet for its regular session on October 6th and the Cabinet is holding regular meetings to discuss its sessional programme. It is expected to bring down the measure of tariff revision which will implement the fiscal agreements concluded at the Imperial Conference without delay as business is being checked by the unwillingness of manufacturers and merchants to make further commitments until they know the new tariff schedules. The Opposition will decide upon its attitude once it is apprised of the exact character of the tariff concessions, but it is likely in general to take a critical line towards the Conference. Meanwhile, the first opportunity of testing public sentiment about the Conference and its works is being afforded by a by-election in the South Huron division of Ontario, necessitated by the death of the sitting Liberal member. Normally, in view of the continuance of depressed con-

ditions for agriculture the Liberals would have had little difficulty in holding a rural seat which has been traditionally Liberal, but the situation is complicated by considerable signs of agrarian insurgency, boding ill for the prospects of the Liberal party at the next general election. The new third party, styled the Co-operative Commonwealth Federation, which was organised in the West two months ago, is trying to draw into the net a variety of agrarian labour and Socialist bodies, and its sponsors profess to be gratified by the encouragement which they are receiving in their campaign of organisation.

The Federal Government has again found it necessary to renew guarantees to the banks for advances to be made to the wheat pools in connection with the handling of this year's wheat crop. Pressure was apparently brought upon Mr. Bennett to set up a national wheat marketing board, but he declined to do so. The pools, despite their misfortunes, seem to have retained the loyalty of their members in remarkable fashion, and are still a very important factor in the Western grain trade, but the banks, in view of their previous experiences, are very chary about advancing them money without guarantees.

The trade relations of the British Commonwealth with Soviet Russia bulked very large in the more controversial discussions of the Imperial Conference, and in light of the Canadian Government's insistent demands for an embargo upon Russian imports into Britain, considerable speculation and surprise was occasioned last week by the arrival of a Danish tanker in Montreal with a cargo of Russian oil from Batum. The mystery was solved by the disclosure that it was part of a transaction whereby the Aluminium Company of Canada, which is a subsidiary of the American Aluminium Company, and, like it, is con-

trolled by the Mellon interests of Pittsburg, had contracted with the Soviet authorities to supply them with aluminium products, chiefly wire and cables, for their electrification programme, and to take in payment crude oil. The oil was consigned to the La Salle Petroleum Company, which, after refining and distributing it, will pay the proceeds to the Aluminium Company. Oil does not figure in the list of Russian products covered by the embargo, but it is understood that the consent of the Bennett Ministry to the transaction was secured and a permit authorising the discharge of the cargo was given by the National Revenue Department. The value of the company's contract with the Soviet Government has not been disclosed, but it is stated to amount to a substantial sum, and as a result the company has been able to take on 300 additional hands at its plants at Shawinigan Falls and Arvida in Quebec, to the relief of the local unemployment situation. Moreover, it is announced that another vessel, with 14,000 tons more oil, is on its way to Canada, and that another shipment is expected before the close of navigation upon the St. Lawrence.

The foreign trade returns for August are given below:—

	August, 1930.	August, 1931.	August, 1932.
Exports	\$ 69,290,228	\$ 48,763,652	\$ 41,314,120
Imports	77,906,294	47,308,079	36,527,262

They reveal a favourable balance of \$4,786,858, which is comforting to the protectionists. The figures for July and August also show a notable change in the trend of Canadian exports; during these months Canada exported to the British Commonwealth goods valued at \$40,255,935, and to the United States goods valued at \$24,714,432, whereas during July and August, 1931, the respective figures were \$36,738,057 and \$43,330,000.

Books and Publications.

BOOKS OF THE WEEK.

World Production.

THE League of Nations has for some time past published an annual volume dealing with the movements of world production and trade. In the current issue* the body of information has been considerably expanded, and its presentation improved. There is a good deal more about manufacturing output, as well as the production of food-stuffs and raw materials; some information is given about particular countries and products; and a rough estimate is now given for the movement of world production as a whole. As far as the incidence of the world slump can be measured in figures, this volume provides a better measurement than is available from any other source. The League's statisticians possess the art of presenting their information in a readily intelligible form, without too much "smoothing" or parade of statistical method; and they are not afraid of putting forward tentative conclusions even where the data are admittedly defective. They are, of course, at the mercy of the national statistical agencies which exist in the various countries. Some badly-needed figures are missing altogether, and even others suspect of being little better than guesses; and even where figures are most abundant they are often not readily comparable on an international basis. Still, the League statisticians do their best with what they can come by; and it is on the whole a very good best, and steadily better from year to year.

In the present volume, the basis used is the average of the years 1925-1929—that is, the period of rapidly expanding production, especially in Europe, which preceded the world slump. On this basis, the world's production of primary goods rose from 95 in 1925 to 106 in 1929. The output of industrial raw materials alone rose much more rapidly than this—from 92 to 111, although one conse-

quence of the rapid technical changes in industry was that more finished goods were being made with a given quantity of crude material. Yet the output of finished industrial goods only about kept pace with that of industrial materials—rising from about 92 to 112. This was partly because the accumulation of stocks was beginning even before the slump set in; but it may be also partly due to the less representative character of the statistics of industrial output, which are based on a far smaller number of countries than the figures for primary products. Certainly between 1925 and 1929 total world production rose a good deal more sharply than the figures for primary products would suggest; for the output of foodstuffs, which bulk largely in the total, rose much less than that of either industrial materials or finished manufactures. Moreover, during these years the volume of services, which are not counted at all in the figures of production, probably rose most rapidly of all.

Over the same period the volume of world trade also advanced rapidly, from 91 in 1925 to 110 in 1929; and there was a noticeable shift in the character of this trade, the proportion of manufactured goods in the total tending to grow at the expense of primary products. With the advance in industrial development of new countries, world trade was tending to assume a more complicated form, as a complementary exchange of finished or semi-finished goods, and no longer so largely an exchange of finished goods for crude materials. World tariffs were rising even then, but not fast enough to interfere with this tendency, or seriously to check the total growth of trade.

The figures for the years since 1929 present a very different picture. World output of all primary products has indeed fallen only from 106 in 1929 to 96 in 1931. But whereas the output of foodstuffs is only down from 103 to 99, that of industrial raw materials has dropped from 111 to 91, and manufacturing industrial production from 112 to about 85, the discrepancy being again partly accounted for by the huge increase of accumulated stocks. For the volume of world trade in 1931 the League does

* "Review of World Production, 1925-1931." League of Nations Economic and Financial Intelligence Service. G. Allen and Unwin.

not venture on a precise estimate; but it puts the decline in the neighbourhood of 20 per cent. from 1929 to 1931.

This decline is, of course, like the advance of the preceding years, very unevenly distributed over the various parts of the world. In total production of primary goods, Africa and Oceania show, even in 1931, only a slight decline as compared with Europe and North America, the fall being heaviest in the United States, and Russia alone of all countries recording a continued rapid advance. Industrial activity fell in the United States from 108 in 1929 to 74 in 1931, or by more than 30 per cent., and the decline in Germany was of equal magnitude, whereas in Great Britain the fall was about 20 per cent., and in France not more than 10 per cent.

The "Review" also includes a valuable survey of price movements, both generally and in relation to particular classes of goods. This brings out clearly both the general widening of the gap between wholesale and retail prices, and the divergent effects of currency and tariff policies on price-movements in the different countries. It also shows the remarkable changes which have occurred in the "barter" terms of trade, owing to the heavy fall in the prices of foodstuffs and materials; and it gives useful tables for Germany and Austria comparing the movements of the prices of cartellised and non-cartellised goods. Indeed, this section dealing with relative prices may be regarded as the most important part of the "Review"; but it is not of a nature to be readily summarised in a few lines. As an intelligent commentary on the influence of divergent price-movements on the course of economic events it is invaluable to all students of the underlying factors of the world depression.

SHORTER NOTICES.

"Women's Work Under Labour Law." No. 2. (London). P. S. King. 264 pp. 6s.

THE study of protective legislation for women in industry and agriculture recently issued by the International Labour Office is of considerable interest, despite its forbidding appearance. It also, we must confess, should be a source of shame to some of its more "civilised" readers, when they compare the record here coldly set out of the extent to which the various Governments have either ratified or put into effect international conventions relating to women's labour. Over and over again, in this Report, we read that "among fifteen States which have ratified" a particular convention, Great Britain is not included; and while it is certainly arguable that ratification by, say, a minor South American State, even if the State also passes what would be considered very advanced legislation, does not necessarily mean much, that is not a full defence of either Great Britain or the United States. The State of Peru may possibly enforce its very comprehensive law for prohibiting women's night work no more effectively than the early British Factory Acts were enforced; but even a half-enforced Act must be better than the position in the United States, which can point to no legislation at all. Nor can any member of the Nordic races, we should imagine, look with pride upon the situation as regards maternity and childbirth when he compares the provisions made for working women during this time by the Soviet Union with the state of things in Great Britain and America, both of which lay down a short period during which employment is forbidden, the Americans paying nothing whatever to help the mother, and the British only the questionably adequate sums laid down in the Health Insurance Acts. Furthermore, as regards the protection of women from sweated wages, the United States Supreme Court seems to be steadily disallowing such legislation as has been passed by the separate

States of the Union, except in cases (such as Massachusetts) where the law does not lay down any penalty for the employer.

The whole of the summaries of legislation upon various aspects of women's work, indeed, makes very interesting reading, which ranges from the difficulties presented in the regulation of wages to States in which the married woman is still legally in whole or in part under the power of her husband to the problems of "moral protection of women" and that somewhat excessively grandmotherly country which specifically debar women from assisting in the production of obscene literature. Apart, however, from the apparently slow rousing of the countries which are commonly called advanced, the most interesting information comes from the Soviet Union, which, to its credit, makes elaborate and generous arrangements for rest periods before and after confinement, for nursing of infants during factory employment, and for the adequate maintenance of nursing mothers, and has recently initiated a plan for the partial reservation of certain occupations for women workers—an idea which had previously occurred to no State but Cuba. To what extent the Soviet regulations are actually enforced is not stated in the Report, whose information is, naturally enough, much fuller for States which are members of the League of Nations than for those that are not. It is, nevertheless, interesting to see that at any rate one country which is in process of rapid industrialisation and is endeavouring to put its greatest effort into the production of capital goods rather than the improvement of the standard of life has not thought it necessary, as in the days of the industrial revolution it was thought necessary in Great Britain, to build up its capital equipment at the expense of the bodily health of the generation which is to reap its fruits.

M. I. C.

"Moody's Manual of Investments." Edited by John Sherman Porter. In 5 Vols. (London and New York). Moody's Investors' Service, Ltd. 28 per vol.

THESE elaborate American volumes are well known as constituting a complete and invaluable encyclopedia for the investing public. The 1932 editions, which deal in turn with Government, public utility, railroad and banking, industrial insurance and investment trust securities, maintain their previous high standard and bring up to date all available information of interest to the investor. The industrial volume includes an interesting statistical analysis of America's basic industries, while that devoted to Government securities contains chapters on reparations and war debts, foreign trade by countries, and statistics of gold holdings and note issues. Special features of the other volumes are sections on the Federal Reserve System, the Federal Farm Loan System, the Bank for International Settlements, and surveys of railroad and public utility progress. The series should prove an indispensable work of reference for all banking, insurance and other financial or industrial institutions.

OTHER BOOKS RECEIVED.

Lotteries and Sweepstakes. By C. L'Estrange Ewen. (London) Heath Cranton. 388 pp. 15s.

An interesting and well-documented account of their development since the sixteenth century.

Poley's Law and Practice of the Stock Exchange. Fifth edition. By R. H. Code Holland and John N. Werry. (London) Sir Isaac Pitman and Sons. 433 pp. 15s. net.

All recent important cases are included in this revised edition, while the Stock Exchange Regulations are printed as an appendix.

The State and Economic Life. (Paris) International Institute of Intellectual Co-operation. 184 pp.

A record of the First International Study Conference on this subject held at Milan in May last.

International Review of Agriculture, July, 1932. (Rome) Treves, Teccani, Tumminelli, 32, Via Michelangelo Caetani.

OFFICIAL PUBLICATIONS.

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

Finance Accounts of the United Kingdom for the Financial Year ended March 31, 1932. 1s. 3d. net.

Moral and Material Progress and Condition of India during the Year 1930-31. 7s. 6d. net.

Report on the Finances, Administration and Condition of the Sudan in 1931. Cmd. 4159. 2s. 6d. net.

Report of the Land Division of the Ministry of Agriculture and Fisheries for the Year 1931. 1s. net.

Board of Trade: Statistics Relating to Mortality in the Mercantile Marine. 1s. 6d. net.

Road Vehicles—Great Britain: Return Showing the Number of Mechanically-propelled Vehicles Registered for the First Time under the Roads Act, 1920, by each Licensing and Registration Authority during the Month of July, 1932. 2s. 6d. net.

The Stock Exchange.

WOOLLEN TEXTILE COMPANIES.

In the *Economist* of September 17th we examined the position of the cotton textile companies. Turning to the woollen textile trades, we find less evidence in the overseas trade returns of the benefits of a depreciated £ and the boycott of Japanese goods in China. The lower exchange certainly favoured exports of woollen tops and yarns—comparing the eight months of this year with the corresponding period of 1931 the exports of tops have increased by 46½ per cent. and those of yarns by 17.8 per cent.—but the exports of woollen manufactures have been actually 15 per cent. lower this year than last, as will be seen from the following table:—

	Eight Months ended		
	1930.	1931.	1932.
Wool tops	1,943,854	1,296,593	1,899,903
Woolen and worsted yarns	6,915,302	4,614,242	5,611,494
Woolen and worsted manufactures (except apparel)	19,170,168	12,559,569	10,667,333

In a few directions exports of woollen goods have increased this year, notably to Scandinavia, Holland, the Irish Free State, India and New Zealand, but it is disappointing to find that exports to the British Empire as a whole have declined, while there has been something like a slump in sales to South America. Business with France has also declined. This may be a reaction of the new import duties which has killed the women's dress trade between London and Paris fashion houses. The exports of woollen and worsted tissues to individual groups are shown in the following table:—

EXPORTS OF WOOLLEN AND WORSTED TISSUES.

	Volume.			Value.		
	Eight Months.			Eight Months.		
	1930.	1931.	1932.	1930.	1931.	1932.
British Empire	Sq. yds. 25,896,000	Sq. yds. 17,380,900	Sq. yds. 19,180,200	£ 4,048,884	£ 2,423,116	£ 2,321,412
Central and South America	17,078,200	12,505,800	8,552,900	4,017,532	2,533,717	1,537,135
Other countries	36,678,900	28,869,500	28,905,500	8,275,350	5,982,882	5,287,551
Total	79,653,100	58,756,200	56,638,700	16,341,766	10,939,715	9,146,098

It will be seen that, comparing the first eight months of this year with the corresponding period of 1931, exports to Central and South America have fallen by nearly 40 per cent., those to the British Empire by over 4 per cent., and the world total by 16 per cent.

Fortunately the woollen textile companies are much less dependent on the export trade than is the cotton textile industry. Indeed, the protection of the home

market, in addition to the indirect protection of the depreciated exchange, created something like a boom in the woollen textile trades last autumn. Under the Abnormal Importations Act a 50 per cent. protection was provided, but later the duties on woollen piece goods were reduced to 20 per cent. and those on woollen yarns to 10 per cent. There are, of course, manufacturers who maintain that these duties are not sufficient to keep out foreign imports, but it appears that Yorkshire is still securing the bulk of the trade in woollen goods which in the past were automatically imported from the Continent. Looking back on the heavy buying which took place last autumn, it is now evident that optimism was overdone, for the manufacturing section of the industry produced more material than the wholesale section could dispose of, and stocks are still on hand which cannot be cleared. If, however, raw wool prices remain firm—and this is generally expected—the confidence of the industry will gradually be restored. Thus trading conditions should remain reasonably satisfactory for the industry as a whole.

The trading results of the leading woollen textile companies for the past two years are shown in the table at the foot of this page. Actually many of the largest firms in Yorkshire are private companies whose names are scarcely known in London. Of the wool-combing section of the trade, Isaac Holden and Woolcombers, Ltd., are the best known, and being public companies have shares quoted on the London Stock Exchange. As these two firms work on a commission basis, they are not affected by fluctuations in the prices of raw wool. Woolcombing should be the first section to feel the benefit of any improvement in general trade. In 1931, the results of Woolcombers, Ltd. already showed remarkable improvement, the net profits being more than doubled. In the spinning section, Illingworth Morris do a large and varied trade, so that unless general conditions are good, the company is never fully employed. At the moment, it is benefiting from the increased demand for worsted cloths for China and has orders in hand for the supply of yarns from the manufacturers in this trade. For the ten months to March 31, 1932, the company's profits were higher, which was attributed by the directors to the depreciation of the £ and the import duties, but in June at the general meeting the chairman complained of difficult trading conditions and deplored the reduction in the import duties. It may be recalled that in 1927 this company reduced its capital by writing 5s. off the £1 preference shares and 16s. off the then £1 ordinary shares, while arrears of preference dividends to March, 1927, were cancelled. Payment of preference dividends are again in arrears since March, 1928.

Messrs. Patons and Baldwins are the leading manufac-

	Year Ended.	Net Profits.	Deb. Interest.	Pref. Divs.	Ord. Shares.				
					Earned for Ord.	% Earned.	% Paid.	Reserve.	Carry-Forward.
Woolcombers.....	Dec., 1930 Dec., 1931	£ 46,812 111,689	£ 16,250 16,250	£ 15,750 15,750	£ 14,812 79,689	3.7* 19.9*	11.25* 11.25*	Nil 90,000	£ 44,025 38,714**
Illingworth, Morris.....	May, 1931 Mar., 1932†	50,342 54,382	42,383 32,816	Nil Nil	7,959† 21,566†	Nil Nil	Nil Nil	Nil Nil	14,425 35,991
Patons and Baldwins	Apr., 1931 Apr., 1932	125,186 300,005	13,000 13,000	68,482 65,168	43,704 221,837	2.7* 13.9*	2.5* 7.5*	Nil 100,000	40,182 42,072
Salts (Saltaire)	Mar., 1931 Mar., 1932	70,000 67,771	62,943 61,548	Nil Nil	7,057† 6,223†	Nil Nil	Nil Nil	Nil Dr. 36,030	Dr. 223,064 Dr. 180,811
Winterbotham, Strachan and Playne	Jan., 1931 Jan., 1932	41,880 29,598	Nil Nil	11,625 11,250	30,255 18,348	10.9 7.0	8.0 5.0	5,000 5,000	19,938 20,161
Wolsey, "A" ord.	Dec., 1930 Dec., 1931	90,932 94,042	Nil Nil	75,000 75,000	15,932 19,042	1.6 1.9	3.0 3.0	Nil Nil	62,841 51,883

* Tax free.

† Preference dividend passed.
** After bringing in £50,000 from Fire Insurance Fund.

‡ Ten months' results.

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turers of knitting wools and hosiery yarns in the country and have now extended their operations to Angora rabbit wool spinning. They have factories also in Canada, Australia and New Zealand. The company's mills are all efficiently run, large sums having been spent on bringing them up to date. The profits for the year to April 30, 1932, showed an increase of no less than 140 per cent., but comparison with the results of the preceding year is not altogether valid, seeing that the latter were affected by losses over the Australian exchange. The company has been considerably helped by the bigger home demand for hand knitting yarns—for the knitting craze has affected all classes of the female population and woollen materials in general are enjoying a great vogue. The company's overseas factories have also been more actively employed.

Salts (Saltaire), spinners and worsted stuff manufacturers, a firm which covers every section from the processing of the raw wool to the finished fabrics, reported a sharp improvement in business as the result of the departure from the gold standard, but the chairman, in his speech in June, referring to the present lack of orders, complained that an insufficient protection was given to the worsted industry by the present duties. The company has effected considerable economies in its operating expenditure and has steadily improved its position in the last few years.

Winterbotham, Strachan and Playne, the West of England woollen manufacturers, dyers and spinners, have derived some benefit from the depreciated exchange, although the slump in purchasing power abroad has affected the general volume of their export sales. The import duties have conferred no advantages on this company as there is no foreign competition in the class of cloth which it produces. Steady dividends have been paid by this combine since its formation in 1920.

Wolsey, Ltd., the well-known manufacturers of hosiery and woollen underwear, showed a slight increase in profits in 1931, but the total was still 30 per cent. below the level of 1929. At the general meeting in March the chairman looked to a great improvement in the domestic hosiery trade as a result of the import duties and reported that in spite of the serious decline in the export trade the output from the company's factories had been greater than ever.

Turning to the market valuations of the "equities" of these woollen textile companies, we find that the Stock Exchange apparently takes an optimistic view of the future earnings and dividends of the leaders. The next table gives the lowest prices of the year, the present market prices, the current dividends and dividend yields:—

	1932 Prices.				Div. %	Yield %
	Lowest.	Present.	Divs.	Div.		
Woolcombers £1	51/3	72/6	11½ free	£ s. d.	3 2 0	free.
Illingworth Morris & Co. ...	1/8	3/-	Nil	4	2	9 free.
Patons and Baldwins £1	24/6	39/6	7½ free	5	1	3 free.
Salts (Saltaire) £1	1/6	3/9	Nil	Nil		
Winterbotham, Strachan & Playne £1	17/6	17/6	5	5	14	3
Wolsey "A" £1	9/10½	13/9	3	4	7	3

The woollen and worsted industry is now making its claim to the Import Duties Advisory Committee for a higher measure of protection, but it must realise that it cannot live and prosper on the home market alone, and that, without an expansion of international trade, its future prospects are limited. It is difficult to avoid the conclusion that near future prospects have been adequately discounted in the market prices of the dividend-paying companies.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
October 4. October 6.

DISPITE the virtual settlement of outstanding industrial disputes over the week-end, markets again bore a hesitant appearance, and in face of the continued lack of international understanding abroad and the break-up of the

"National" Cabinet at home, dealers were not inclined to increase their commitments. The funds were fairly well maintained, Assented War Loan being quoted at a new high record, but less was heard of market talk, to which reference was made in this column last week, regarding the possibility of the Treasury meeting forthcoming calls without resorting to a new issue.

Gilt-edged stocks suffered initially from profit-taking, but by mid-week quotations were again improving. Assented War Loan went ahead steadily. Conversion 3½'s proved a strong spot, while a renewed demand was experienced for Treasury 3 per cents. India Loans remained firm and Australian issues were persistently buoyant in anticipation of the terms of the conversion offer which is shortly to be made to holders of New South Wales 5½ per cent. Stock. Commonwealth Fives were also firmer.

In the Foreign market, Japanese loans suffered from nervous selling, due to renewed fears regarding the outcome of the Manchurian problem, but Chinese commanded considerable support. German bonds were steady, and Austrian Sixes were maintained, while the Sevrens enjoyed and maintained an improvement. Argentine stocks revealed fresh strength, and Buenos Aires issues were mostly higher. The San Paulo Coffee Loan weakened and Chileans were out of favour.

The feature of the Home Rail market was the substantial demand for the Prior stocks, resulting in rises of a point or two, accompanied by corresponding liquidation of the "equities," the week's traffics being once again extremely unimpressive. Foreign rails were in no better shape, the Argentine "Big Four" having a heavy aspect.

In the Industrial Share market quotations generally had no decided trend, and the influence of Wall Street was erratic. Trans-Atlantics strengthened in mid-week after early irregularity, Cables and Wireless being helped by a strong speculative demand on Thursday. Home issues were inclined to sag in the absence of support. Iron and steel shares were quiet, but among coal shares Amalgamated Anthracite found favour. Textiles again lost ground, and rayons were on offer, Courtaulds losing a fraction. British Aluminium improved on provincial buying, while among other miscellaneous issues Imperial Airways were a good feature and Harrisons and Crosfield were in demand. Criterion Restaurants reflected the cut in the interim dividend.

Despite the receipt of worse news regarding the position of the American oil industry, the oil share market was only slightly reactionary. Paris came in a seller, and fairly large lines of Shell and Royal-Dutch shares changed hands, the latter emanating mainly from Brussels. The news on Thursday of a reduction of 1 cent per gallon in the price of petrol by the Standard Oil Company of New York weakened sentiment. Cheap buyers were in evidence for rubber shares at one time, but transactions were hardly sufficiently numerous to test values. Tea shares were mainly steady, though there was little activity.

In the Mining section quotations had no decided trend despite an improvement in metal market prices in mid-week. A large turnover occurred in Gold Fields, and although there were several rumours as to the cause of the spurt no official explanation was forthcoming. Durban Deep were purchased from the Cape. Diamond shares were dull and Rhodesian copper shares experienced little change. Wiluna enjoyed a rise on Tuesday and this im-

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provement was largely maintained. Champion Reef advanced among Indian gold shares.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Sept. 22, 1932.	Sept. 23, 1932.	Sept. 24, 1932.	Sept. 25, 1932.	Sept. 26, 1932.	Sept. 27, 1932.	Sept. 28, 1932.	Sept. 29, 1932.
Government and Municipal Loans	1,647	1,588	911	1,556	1,815	1,794	1,876	
Transport, Communications, and Public Utilities	1,096	1,016	477	1,122	934	1,032	1,065	
Commercial and Industrial	2,312	1,985	834	2,025	2,011	2,087	1,969	
Banks, Insurance and Financial	609	604	237	514	532	600	543	
Mines (Including Nitrate)	844	669	283	714	745	630	695	
Oil	403	313	187	318	293	276	295	
Rubber, Tea and Coffee	185	155	156	173	116	147	122	
Total	7,101	6,330	2,985	6,422	6,446	6,566	6,565	

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

	Highest of 1932. (Sept. 8)	Lowest of 1932. (June 1)	Sept. 22, 1932.	Sept. 23, 1932.	Sept. 24, 1932.	Sept. 25, 1932.	Sept. 26, 1932.	Sept. 27, 1932.	Sept. 28, 1932.	Sept. 29, 1932.
	66.6	51.3	65.5	65.4	65.6	65.7	65.5	65.1	65.1	65.1

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Business on the New York Stock Exchange was fairly well maintained, but the manner in which quotations fluctuated indicated that dealers and public alike were taking a reserved view of the much-advertised "revival," preferring to wait for further evidence of an improvement in commodity prices and a clarification of the political situation. Markets opened with a considerable amount of profit-taking, particularly in Rails. A sharp break occurred in Drug Incorporated on the announcement of that company that they would undertake drastic reorganisation unless the landlords of their chain stores effected reductions in rents. American Can was also depressed by its failure to pay an "extra dividend," though the regular payment was maintained. Railroads had a firmer appearance in mid-week following President Hoover's appeal that wage reduction discussions should be postponed until the New Year. Operators with bullish inclinations took heart from the Federal Reserve's encouraging review of business conditions, an improvement in the industrial situation of more than seasonal proportions being reported for the first time for months. Industrial statistics again bore a mixed appearance. Commodities were inclined to weakness where changed, but preliminary figures of car loadings suggested that a further substantial improvement has taken place. Steel production was reported at 17½ per cent. of capacity, against 16 per cent. the previous week. Electric power production for the past week showed a decline of 10.2 per cent. compared with the similar week of 1931, but the previous return showed a fall of 11.2 per cent. The New York Times' Business Index was 54.2 for the week ended September 17, against 54.5 for the preceding week.

	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	Natl. Biscuit	39½	42½
Do. 4½% 32-47	101½	101½	101½	Phelps Dodge	7½	7½
Do. 4½% 32-47	101½	101½	101½	Pullman	21	24
Do. 4½% 33-38	103½	103½	103½	Sears-Roebuck	20½	23½
Atchafalpa	51½	56½	54½	Studebaker	8½	9½
Ches. & Ohio	21	24½	24½	Un. Fruit	22½	23½
Erie	7	9½	8½	U.S. Leather	6½	7½
Illinois Central	15	20	19½	U.S. Rubber	6½	7½
N.Y. Central	24	30½	29½	U.S. Steel	41½	43½
Pennsylvania	17½	20½	19½	Westinghouse	30	34½
Southern Pacific	26½	30½	28½	Woolworth	36½	38½
Southern Ry.	10½	13½	12½	Am. Tel. & Tlg.	110½	114½
Union Pacific	72½	77½	75½	Interboro R.T.	38	44½
Am. Can.	51½	55½	54½	Int. Tel. Teleg.	108	121½
Amer. Smelting	18	19½	18½	Radio Corp.	8½	9½
Anacosta	12½	13½	12½	Utilities P. & L.	5½	6½
Bethlehem Steel	22½	23½	23	W. Union Tlg.	36½	38½
Chrysler Motor	16	18½	18½	Associated Gas "A"	3½	3½
Corn Producers Ref.	46½	53	53	Pan. Amer. B.(New)	13½	13½
Eastman Kodak	53	57½	56½	Shell	14	14
Gen. Electric (New)	17½	19½	18½	Shell Union	7½	7½
Gen. Motors	16	17½	17½	Std. California	25½	25½
Int. Harvester	22½	26½	28½	Do. N.J.	31½	32½
Mont. Ward	11	14	15½			

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Sept. 21.	Sept. 28.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	56.5	55.1
33 Rails	89.1	145.6	31.7	105.7	32.2	35.7	35.1
34 Utilities	153.2	267.4	90.6	187.6	81.8	92.8	90.7
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	59.1	57.7
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.07%	5.18%

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

	Highest of 1932. (Sept. 7)	Lowest of 1932. (June 27)	Sept. 21, 1932.	Sept. 22, 1932.	Sept. 23, 1932.	Sept. 24, 1932.	Sept. 25, 1932.	Sept. 26, 1932.	Sept. 27, 1932.	Sept. 28, 1932.
	72.3	35.2	65.8	63.5	64.4	65.5	61.9	62.6	64.4	64.4

TOTAL DEALINGS IN NEW YORK.

	Sept. 23, 1932.	Sept. 24, 1932.	Sept. 25, 1932.	Sept. 26, 1932.	Sept. 27, 1932.	Sept. 28, 1932.	Sept. 29, 1932.
Stock Exchange—Shares (Thous.)	2,200	1,300	2,100	1,400	1,400	1,300	1,300
Bonds (Value Thous. \$) ...	11,200	7,000	11,000	8,700	9,200	10,400	10,400
Over-the-Counter—Shares (Thous.)	210	130	210	170	160	160	160

* 2-hour session.

PARIS.

The Bourse opened with a heavy appearance, but after the session had progressed for a time prices tended to rise only to be followed by another reaction. French Rentes were adjusting themselves for conversion reasons, while convertible stocks declined to their repayment value. Business showed no inclination to revive in view of the uncertain political outlook. Canadian Pacific scored a sharp gain on Monday, but Suez Canal were liquidated. Banking shares fell, Bank of France falling 195 to 11.970 on Wednesday.

	Sept. 22, 1932.	Sept. 23, 1932.	Sept. 24, 1932.	Sept. 25, 1932.	Sept. 26, 1932.	Sept. 27, 1932.	Sept. 28, 1932.	Sept. 29, 1932.
Banque de France	12,500	12,000	12,000	Wagons Lits	84	82	80	80
Crédit Lyonnais	2,190	2,100	2,090	Mexican Eagle	43	42	40	40
Suez Canal	14,870	14,410	14,610	Chartered	90	88	85	85
Chargeurs Réunis	243	226	220	Ford	125	121	118	118
Rio Tinto	1,615	1,562	1,510	De Beers	118	118	118	118
Royal Dutch	17,400	17,000	16,750	"Johnnies"	144	142	138	138

BERLIN.

News that the Government would not decree a fresh cut in interest rates was received with satisfaction, but business remained at a very low ebb. Uncertainty was (Continued on page 604.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

MOODY'S INVESTORS SERVICE LIMITED,

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Tel.: Mansion House 7685.

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

In calculating yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are not redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices 1931.		Prices Year 1932 (Jan. 1 to Sept. 28) Inclusive.		Name of Security.		Price Sept. 21, 1932.		Price Sept. 28, 1932.		Rise or Fall.		Yield.	
High- est.	Low- est.	High- est.	Low- est.			High- est.	Low- est.	High- est.	Low- est.				
British Funds.													
60 1/2	49 1/2	73 1/2	54 1/2	Consolidated 2 1/2 %	73	73 1/2	+	1	3	8	0	21	8
95 1/2	67 1/2	100 1/2	81 1/2	Consolidated 3 1/2 %	107 1/2	107 1/2	+	1	3	15	2	70 1/2	70 1/2
104 1/2	88 1/2	110 1/2	93	Do. 4 1/2 % 1940-44	110 1/2	110 1/2	+	1	3	10	0	150 1/2	150 1/2
108 1/2	93 1/2	117	99	Do. 5 1/2 % 1940-44	117 1/2	117 1/2	+	1	3	9	0	94 1/2	94 1/2
97 1/2	78 1/2	110 1/2	83	Funding 4 1/2 % 1960-90	110 1/2	107 1/2	-	3	11	0	0	2 1/2	2 1/2
...	...	102 1/2	101 1/2	3 1/2 % Treasury Bonds	102	102 1/2	+	1	3	18	0	6	6
...	...	107 1/2	101 1/2	War Loan 5 1/2 % 1929-40	107 1/2	107 1/2	+	1	3	14	0	5/9	5/9
104 1/2	90 1/2	103 1/2	98 1/2	(Amortized)	107 1/2	107 1/2	+	1	3	14	0	8/9	8/9
...	...	101 1/2	96 1/2	Local Loans 3 %	86	86 1/2	+	1	3	9	0	12 1/2	12 1/2
70 1/2	57 1/2	86 1/2	60	India 2 1/2 %	59	59 1/2	+	1	3	9	0	37 1/2	37 1/2
46 1/2	29 1/2	60	36	Do. 3 %	70	70 1/2	+	1	3	9	0	31 1/2	31 1/2
55 1/2	34 1/2	71 1/2	42 1/2	Do. 4 %	82	82 1/2	+	1	3	9	0	23 1/2	23 1/2
64 1/2	43 1/2	80 1/2	54 1/2	Do. 5 %	103	104	+	1	3	9	0	65 1/2	65 1/2
64 1/2	43 1/2	80 1/2	54 1/2	Palestine 4 1/2 % 42-47	113	115 1/2	+	2 1/2	4	5	0	19 1/2	19 1/2
106 1/2	94 1/2	115 1/2	97 1/2	Uster 4 1/2 % 45-75	105 1/2	105 1/2	+	1	3	8	0	6 1/2	6 1/2
99 1/2	87 1/2	107 1/2	87 1/2	Dom. & Colonial Govts.	103	105	+	2	4	9	9	18 1/2	18 1/2
...	...	105 1/2	77	Australia 5 1/2 % 1945-75	103	105	+	2	4	9	9	18 1/2	18 1/2
...	...	105 1/2	77	Canada 4 1/2 % 1940-60	102	103	+	1	3	14	0	17 1/2	17 1/2
101 1/2	87 1/2	107 1/2	91	Orion 6 % 1935-51	108	108	...	...	...	...	...	9 1/2	9 1/2
105 1/2	90 1/2	111 1/2	94 1/2	Gold Coast 4 1/2 % 1936-60	108	108	...	...	...	...	...	43 1/2	43 1/2
104 1/2	92 1/2	112 1/2	93 1/2	Kenya 5 1/2 % 1948-58	110	110 1/2	...	...	...	...	...	45 1/2	45 1/2
90 1/2	64 1/2	102 1/2	58	Nigeria 5 1/2 % 1950-60	112	112	...	...	...	...	...	47 1/2	47 1/2
102 1/2	85 1/2	112 1/2	88	N.S. Wales 5 1/2 % 35-55	100	101	+	1	4	19	0	5 1/2	5 1/2
102 1/2	85 1/2	112 1/2	88	N. Zealand 6 1/2 % 1946-56	106	106	...	...	...	...	...	11 1/2	11 1/2
102 1/2	85 1/2	112 1/2	88	Queensland 5 1/2 % 40-60	100	102	+	2	4	14	0	...	...
102 1/2	85 1/2	112 1/2	88	S. Africa 5 1/2 % 1945-75	109	109 1/2	+	1	3	8	0	...	...
100 1/2	85 1/2	103 1/2	88 1/2	Strat. Sett. 4 1/2 % 35-45	103 1/2	103 1/2	...	...	...	...	...	...	...
Foreign Governments.													
...	...	...	...	Argentina 4 % Recias	66	70	+	4	7	11	2	...	...
105 1/2	87 1/2	100 1/2	76	Austrian 6 % 1923-43	100	99 1/2	-	1	6	2	0	...	...
98 1/2	75 1/2	100 1/2	71	Do. 7 % Int. by 1957	50	51	+	1	...	...	...	...	...
98 1/2	75 1/2	100 1/2	71	B. Aires (Prov.) 3 1/2 %	35	37	+	2	...	...	...	...	...
112 1/2	89 1/2	112 1/2	94	Belgian 7 % red. by 1956	109	110 1/2	+	1	9	10	0	...	...
83 1/2	36 1/2	38	15	Bulgaria 7 1/2 % Loan	32	31	-	1	23	8	6	...	...
75 1/2	43 1/2	69	60	Brazil 6 % Fund, 1914	52	51	-	1	9	12	3	...	...
19	28	46	28	Do. 6 1/2 % (1927)	30	30	...	...	...	...	...	...	...
84	30	30	9	Chili 6 % (1923)	19	20 1/2	+	1	...	...	...	...	...
92 1/2	33 1/2	37	33	Do. 4 1/2 % (1912)	41	44 1/2	+	3 1/2	10	12	0	...	...
70 1/2	58 1/2	69	52	Do. 5 % (1913)	65	68	+	3	...	...	...	...	...
113 1/2	78	106 1/2	61 1/2	Czechoslovakia 8 %	106	106 1/2	+	1	...	...	...	...	...
86 1/2	70	83 1/2	67	Danish 3 %	75	75	...	...	...	...	...	...	...
87 1/2	58	76	38	Danish 6 %	75	75	...	...	...	...	...	...	...
85 1/2	66 1/2	95 1/2	78	Egypt United 4 %	95	94 1/2	-	1	4	6	13	...	...
75 1/2	45 1/2	70	40	Greece 6 % 1932	68	68	...	...	...	...	...	...	...
92 1/2	70	83 1/2	57	Finland 6 % 1923	82	82 1/2	...	...	...	...	...	...	...
31 1/2	20 1/2	28	23	French 4 % (British)	27 1/2	27 1/2	...	...	...	...	...	...	...
30 1/2	20 1/2	29 1/2	25	Do. 5 %	28 1/2	28 1/2	...	...	...	...	...	...	...
106 1/2	83 1/2	90	82	German 7 %	82 1/2	85	+	2 1/2	8	4	9	...	...
104 1/2	73 1/2	72	62	Do. 5 1/2 % 1930	70	72 1/2	+	2 1/2	7	13	0	...	...
85 1/2	55 1/2	66	48	Greek 6 % 1926	36	38	+	2	...	...	...	...	...
104 1/2	73 1/2	81 1/2	28 1/2	Greek 6 % 1926	45	45 1/2	...	...	...	...	...	...	...
103 1/2	82	70	30	Hungary 7 %	57 1/2	55	-	2 1/2	13	7	0	...	...
111 1/2	83 1/2	100 1/2	64	Japanese 5 1/2 % 1935-65	81	86	+	5	6	11	0	...	...
105 1/2	77 1/2	93 1/2	56	Do. 6 % (1924)	70	78	+	8	8	0	6	...	...
14 1/2	8	10 1/2	4	Mexican 5 % (1899)	8	7 1/2	-	1	...	...	...	...	...
78 1/2	58	78	58	Norwegian 5 % 1911	97 1/2	98 1/2	+	1	4	1	0	...	...
84 1/2	50	55	28	Peru 7 1/2 % 1923	30	30	...	...	...	...	...	...	...
104 1/2	92 1/2	103 1/2	79 1/2	Poland 7 %	78 1/2	77	-	1	25	0	0	...	...
89 1/2	75	85	70	Stamess 6 % 1934-64	103	103	...	...	...	...	...	...	...
76 1/2	39	67	49	Swedish 3 1/2 % 1908	85	85	...	...	...	...	...	...	...
102 1/2	4	8	4 1/2	S. Paulo Coffee 7 1/2 %	50	50	...	...	...	...	...	...	...
80	45	50	35	Turkish 4 % Unified	7	8	+	1	5	0	0	...	...
...	...	...	...	Uruguay 5 % 1919	45	45	...	...	...	...	...	...	...
Corporation Stocks.													
84 1/2	24 1/2	62	25	Berlin 6 % 1932-57	50 1/2	50 1/2	...	...	...	...	...	...	...
107 1/2	96	115 1/2	99 1/2	Birmingham 5 % 1946-56	111	111	...	...	...	...	...	...	...
105 1/2	90	112 1/2	91	Bristol 5 % 1948-58	113	113	...	...	...	...	...	...	...
...	...	...	...	Central Electricity Bd.	108	108	...	...	...	...	...	...	...
...	...	...	...	Do. 5 1/2 % 1950-70	82	82	...	...	...	...	...	...	...
95 1/2	65	82	44 1/2	Danish 7 %	82	82	...	...	...	...	...	...	...
101 1/2	83 1/2	106 1/2	90	L. London 5 % 1960-70	104 1/2	104 1/2	...	...	...	...	...	...	...
108 1/2	97 1/2	106	98	Johanning 5 1/2 % 1937-52	104	104	...	...	...	...	...	...	...
71 1/2	67	86	59 1/2	L.G.O. 3 %	85	85 1/2	+	1	3	10	0	...	...
73 1/2	67 1/2	80 1/2	60 1/2	Met. Wat. Bd. B. 3 %	86	86	...	...	...	...	...	...	...
109 1/2	97 1/2	117 1/2	97 1/2	S. E. 7 1/2 % 1935-50	113	113	...	...	...	...	...	...	...
112 1/2	87	110	88 1/2	Selne 7 % 1935-50	109 1/2	107 1/2	+	1	3	17	6	...	...
77	62	98 1/2	68	Sydney 6 1/2 % 1964	97 1/2	98 1/2	+	1	5	6	0	...	...
British Railways.													
...	...	...	...	G. Western Ord. Stk.	33	33 1/2	+	1	8	17	9	...	...
...	...	...	...	L. & N. E. & N. Def. Stk.	4	5	+	1	...	...	...	...	...
...	...	...	...	B. & Pacific Ord. Stk.	17 1/2	15 1/2	-	2 1/2	...	...	...	...	...
...	...	...	...	B.A. Gr. Stk. Ord. Stk.	31	26 1/2	-	4 1/2	...	...	...	...	...
...	...	...	...	B.A. Western Ord. Stk.	23 1/2	20	-	3 1/2	...	...	...	...	...
...	...	...	...	C. Argentine Ord. Stk.	25 1/2	21	-	4 1/2	...	...	...	...	...
...	...	...	...	C. Argent. Mnt. G. (1925)	16	15	-	1	...	...	...	...	...
...	...	...	...	Can. Nat. 1937 Gen. %	24	24 1/2	+	1	6	5	0	...	...
...	...	...	...	Cordoba Central Cons.	77	77	...	...	...	...	...	...	...
...	...	...	...	Costa Rica Ord. Stk.	19	19	...	...	...	...	...	...	...
...	...	...	...	Entre Rios Ord. Stk.	23 1/2	21	-	2 1/2	...	...	...	...	...
...	...	...	...	6 % Cons. Pref. Stk.	37	36	-	1 1/2	...	...	...	...	...
...	...	...	...	Do. 4 1/2 % 1948-58	25	23	-	2	...	...	...	...	...
...	...	...	...	G. W. of Brazil 12 %	26	23	-	3	...	...	...	...	...
...	...	...	...	In. Ry. C. Am. No par	84	84	...	...	...	...	...	...	...
...	...	...	...	Leopoldina Ord. Stk.	15 1/2	16 1/2	+	1	...	...	...	...	...
...	...	...	...	Do. 5 1/2 % Cons. Pref. Stk.	33 1/2	33 1/2	...	...	...	...	...	...	...
...	...	...	...	Nitrate Ry. (1910)	22 1/2	27 1/2	+	5 1/2	...	...	...	...	...
Foreign Ry. - cont.													
...	...	...	...	Paraguay Cons. D. Def.	7 1/2	7 1/2	...	...	...	...	...	...	...
...	...	...	...	Salvador Ord. (1910)	70 1/2	70 1/2	...	...	...	...	...	...	...
...	...	...	...	San Paulo Ord. Stk.	91 1/2	87 1/2	-	4	...	...	...	...	...
...	...	...	...	Talita Ry. Ord. 5 %	20 1/2	20 1/2	...	...	...	...	...	...	...
...	...	...	...	Utd. Havana Ord. Stk.	5 1/2	5 1/2	...	...	...	...	...	...	...
Banks.													
...	...	...	...	Anglo-French (61)	6 1/2	6 1/2	...	...	...	...	...	...	...
...	...	...	...	Anglo Internat. (61)	9 1/2	9 1/2	...	...	...	...	...	...	...
...	...	...	...	Anglo S. { A \$10 5/5 pd	5 1/2	5 1/2	...	...	...	...	...	...	...
...	...	...	...	American B 1 1/2 fy pd	6 3/4	6 3/4	...	...	...	...	...	...	...
...	...	...	...	Bank of N. Zealand 61	51 1/2	52 1/2	+	1	5	11	0	...	...
...	...	...	...	Bank of Persia (61)	31 1/2	31 1/2	...	...	...	...	...	...	...
...	...	...	...	Barclay B. (61)	26 1/2	26 1/2	...	...	...	...	...	...	...
...	...	...	...	Barcl. (Dom. & A) \$1	26 1/2	26 1/2	...	...	...	...	...	...	...
...	...	...	...	Bk. of Australasia (65)	8 1/2	8 1/2	...	...	...	...	...	...	...
...	...	...	...	Bk. of Montreal (100)	65 1/2	65 1/2	...	...	...	...	...	...	...
...	...	...	...	Bk. of N.S.W. (820)	25 1/2	25 1/2	...	...	...	...	...	...	...
...	...	...	...	British Overseas A 5 %	14 1/2	14 1/2	...	...	...	...	...	...	...
...	...	...											

† Free of Income Tax

Price Year 1932 (Jan. 1 to Sept. 28) Inclusive.				Price Year 1933 (Jan. 1 to Sept. 28) Inclusive.				Price Year 1932 (Jan. 1 to Sept. 28) Inclusive.				Price Year 1933 (Jan. 1 to Sept. 28) Inclusive.			
Price	Lowest	High	Low	Price	Lowest	High	Low	Price	Lowest	High	Low	Price	Lowest	High	Low
1931.	1931.	1932.	1932.	1931.	1931.	1932.	1932.	1931.	1931.	1932.	1932.	1931.	1931.	1932.	1932.
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
Name of Security.															
Oil.															
4/3	1/4	5/8	1/9	Raidwin 4/1	2/6	2/6	...	11/7	5/11	14/-	5/-	Anglo-Bouadouria 11/	13/6	13/6	...
17/	8/9	12/6	4/9	Bengal Iron 4/1	4/3	4/3	...	56/104	20/108	58/52	24/04	Anglo-Egyptian B 11/	36/3	36/3	+2/6
19/9	10/9	20/6	15/11	Beyer Peacock 1/1	7/6	7/6	...	12/6	5/6	19/3	9/3	Anglo-Perian 11/	55/7	55/7	+7/4
4/6	1/1	2/6	6d	Bolover Collyer Ord. 1/1	20/-	20/-	...	2/9	11/4	5/11	10/4	Arco (Trinidad) 5/-	12/-	12/-	...
8/1	2/6	7/11	4d	Brown John Ord. 1/1	1/3	1/3	...	12/6	30/9	70/111	33/9	Brit. Control (W.T.O.) 1/1	4/7	4/7	+1/4
65/14	4/6	61/3	47/6	Canal Iron 1/1	5/9	5/9	...	9/3	4/7	8/3	4/1	Burnah Oil 1/1	68/1	68/1	...
7/3	2/6	4/6	2/5	Canal Iron 1/1	60/-	60/-	...	3/2	1/1	4/4	1/04	Camden Eagle, no par	7/7	7/7	...
2/6	2d	1/6	3d	Carlton, Long 1/1	3/6	3/6	...	30/-	12/6	4/6	1/04	Canal River Oil 10/-	4/-	4/-	...
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	5/6	5/6	...	10/9	3/6	14/11	3/	Lothos Oilfields 1/1	44/3	44/3	-1/9
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	6d	6d	...	22/6	5/4	14/11	3/	Merton Eagle (11/0/6)	8/9	8/9	...
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	14/-	14/-	...	76/3	26/3	55/5	27/6	Royal Dutch (11/100)	13/10	13/10	-7/4
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	5/-	5/-	...	30/10	10/-	51/6	21/3	Shell 1/1	41/9	41/9	...
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	2/-	2/-	...	35/11	15/6	36/6	16/3	Trinidad Leasehold 1/1	49/4	49/4	+1/10
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	15/3	15/3	...	20/6	16/1	25/3	18/3	V.O.O. Ord. 1/1	35/-	35/9	-1/3
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	19/4	19/4	...	33/3	15/-	16/9	12/-	Anglo-Bread 1/1	23/9	23/9	...
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	3/9	3/9	...	17/9	7/3	17/4	7/3	Agar Cross 1/1	15/-	15/-	...
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	6/3	6/3	...	17/9	7/3	17/4	7/3	Alger Newspapers 1/1	16/3	16/3	...
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	1/-	1/-	...	3/9	2/3	4/1	2/4	Amal. Dental Def. 5/-	3/9	3/9	-3d
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	5/-	5/-	...	17/9	12/-	17/3	11/9	Amal. Metal 1/1	16/3	16/3	...
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	20/6	12/-	18/3	10/11	Amal. Press (10/-)	15/-	15/-	...
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	7/6	7/6	...	11/6	5/1	18/3	16/3	Arny Oil 1/1	23/9	23/9	...
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	26/3	26/3	...	11/6	5/1	18/3	16/3	Assoc. London Secur 1/1	17/6	17/6	...
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	15/-	15/-	...	20/9	9/9	18/9	9/4	Assoc. Womans, D.F. 1/1	17/6	17/6	...
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	15/3	15/3	...	27/6	18/6	27/-	21/9	Assoc. P. Cement 1/1	25/9	25/9	-3d
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	2/-	2/-	...	65/-	52/6	73/-	53/1	Barker (John) 1/1	71/5	72/6	+1/3
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	7/3	7/3	...	43/1	23/1	38/3	22/6	Barry & Staines Lino.	37/6	37/6	...
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	12/6	12/6	...	16/1	8/1	11/6	5/1	Boots & Staines Drug 1/1	7/4	7/4	...
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	7/6	7/6	...	3/9	2/3	29/4	33/3	Boyd's Def. 1/1	27/6	27/6	...
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	15/3	15/3	...	31/3	18/9	29/9	19/4	British Aluminium 1/1	23/9	23/9	+1/3
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	26/3	26/3	...	26/3	20/3	27/9	18/9	British Match 1/1	27/6	27/6	...
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	10/5	10/5	...	65/9	26/9	9/9	68/1	Brit.-Am. Tobacco 1/1	97/-	98/9	+1/9
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	24/6	24/6	...	16/1	8/1	11/6	5/1	Carlton Hotel 1/1	10/1	10/1	...
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	3/9	3/9	...	31/3	18/9	29/9	19/4	Chitane Bng & Co. 1/1	5/4	5/4	...
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	20/6	20/6	...	12/6	11/6	4/3	22/	Chitane Manufg. 1/1	26/10	26/10	...
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	5/7	5/7	...	1/6	2/1	9/1	2/4	Debenham Sec. (5/-)	1/10	1/10	...
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	39/-	39/-	...	21/6	7/6	21/6	7/6	Dunlop 1/1	18/9	18/9	-9d
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	49/7	49/7	...	17/12	23/6	7/7	7/7	Elgin & James Ltd. 1/1	15/10	15/10	-7/4
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	23/5	23/5	...	4/3	5/1	25/2	36/3	Essex Realty 1/1	28/10	28/10	...
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	16/3	16/3	...	2/3	3/9	2/	2/	Finlay & Munro & Co. 1/1	4/6	4/6	-2/6
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	14/6	14/6	...	7/4	10/10	6/3	3/9	Frederick Hotels 7/6	9/4	9/4	...
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	4/-	4/-	...	7/6	4/4	4/4	4/4	Gaumont-Brt. (10/-)	9/4	9/4	...
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	25/6	25/6	...	25/3	25/3	25/3	25/3	Goodwin & Wallis Co. (10/-)	7/6	7/6	...
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	15/3	15/3	...	5/3	9/9	4/6	4/6	Harrison & Cross, Def.	43/9	43/9	-2/6
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	42/6	42/6	...	59/3	59/3	59/3	59/3	Harrods (S.A.) 15/-	8/1	8/1	...
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	15/6	15/6	...	11/3	12/9	13/9	12/9	Harrods (S.A.) 15/-	8/1	8/1	...
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	17/13	17/13	...	23/9	13/-	13/-	13/-	Hornsea & Colonsial Stores	22/	22/	+1/10
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	8/7	8/7	...	11/	11/	11/	11/	Imperial Airways 1/1	22/	22/	+1/10
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Oil 1/1	21/6	21/6	...
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	72/6	72/6	...	83/1	83/1	83/1	83/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/14	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
24/3	10/11	17/5	9d	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
8/1	2/6	7/11	4d	Do. % Non-Ord. P.F. 1/1	2/6	2/6	...	6/9	3/7	3/7	3/7	Imperial Tobacco 1/1	93/9	93/9	+1/3
65/14	4/6	61/3	47/6	Do. % Non-Ord. P.F. 1/1	8/1	8/1	...	5/1	5/1	5/1	5/1	Imperial Tobacco 1/1	93/9	93/9	+1/3
7/3	2/6	4/6	2/5	Do. % Non-Ord. P.F. 1/1	11/3	11/3	...	23/9	13/-	13/-	13/-	Imperial Tobacco 1/1	93/9	93/9	+1/3
2/6	2d	1/6	3d	Do. % Non-Ord. P.F. 1/1	21/3	21/3	...	8/7	8/7	8/7	8/7	Imperial Tobacco 1/1	93/9	93	

† Free of Income Tax.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 21, 1932.	Price, Sept. 29, 1932.
Alberta 5% 1962-67	98 2/-	ty. pd.	3 1/4-4 1/4 pm	104-105
Bristol Greyhound Racing 2 1/2-	95	ty. pd.	7/3-7/9	7/9-8/3
Cyprus 4% Ins. Stk. 1956-66	95	ty. pd.	103-104	101-104
South Shields Greyhound Stadium Ord. 2/-	95	ty. pd.	3/0-3/3	3/0-3/3
Taken Electric £1	95	ty. pd.	3 1/4-3 1/2	3 1/4-3 1/2

(Continued from page 601.)

felt regarding the measures of relief promised to German agriculture. Prices were fairly well maintained at first, but later in the week the Bourse was again attacked by depression, and most leading shares fell. Fixed-interest securities were early in demand, while Reichsbank found support after early weakness.

	Sept. 15, 1932.	Sept. 26, 1932.	Sept. 29, 1932.		Sept. 15, 1932.	Sept. 26, 1932.	Sept. 29, 1932.
Reichsbank	129.00	127.50	128.00	A. B. G.	31.25	33.50	31.50
Disconto	76.00	75.50	75.00	Siemens & Halske ..	135.25	135.25	128.00
Dresdner (New) ..	63.00	62.25	61.75	A. K. U.	54.60	61.30	56.75
Norddeutscher Lloyd	18.80	18.60	18.00	Hamburg-Amer. ("Hapag") ..	18.10	17.75	17.10

AMSTERDAM.

The Bourse was very listless all the week. There was a slight activity in Rubbers on news of a further reduction in English stocks, though prices were unaltered on balance. Royal Dutch, however, suffered an early decline. There was a slight general advance on Wednesday, but the improvement was not maintained. Industrials were largely neglected, an exception being provided by sugar shares, which displayed considerable firmness in the later sessions. Tin shares were steadier.

	Sept. 22, 1932.	Sept. 26, 1932.	Sept. 29, 1932.		Sept. 22, 1932.	Sept. 26, 1932.	Sept. 29, 1932.
2 1/2% Dutch Loan ..	67 1/2	67 1/2	67 1/2	Steel Common ..	45 1/2	45 1/2	44 1/2
5% German	48 1/2	48 1/2	49 1/2	A. K. U.	50	51 1/2	48 1/2
Unilever N.V.	122 1/2	120	118 1/2	Ford Motor.	124	122 1/2	120 1/2
Philips Lamps	129 1/2	125 1/2	125	Dell Batavia	148	148	148
Netherlands Ship ..	69 1/2	70	67	Royal Dutch	171	166	163
Union	142	137	136	Handels Amst.	203	198	198
Java Outour							

OTHER CENTRES.

The tone of the minor European Bourses was quiet and dull. Paris was a seller of several issues for the account at Brussels, while at Stockholm the general tendency was heavy, and falling prices were the rule, though an improvement occurred in the later sessions. Rayon shares were weak at Frankfurt, where otherwise quiet and inactive conditions prevailed.

INVESTMENT NOTES.

The Coming Government Issue.—The gilt-edged market remains firmer on the completion of the War Loan conversion operation, prices tending upward in anticipation of a coming British Government issue. Whether this issue will be made before the Australian conversion loan, the prospects of which are considered in an article on page 587, remains to be seen. Actually the Australian Conversion Loan is more urgent, for the £13 millions of New South Wales 5 1/2 per Cent. 1922-32 Bonds mature on November 1st. The British Government maturities on December 1st include £140,800,000 4 1/2 per Cent. Treasury Bonds, £12,800,000 4 1/2 per Cent. War Loan and the unconverted balance, which is expected to be under £100 millions, of the 5 per Cent. War Loan. To what extent the 4 1/2 per Cent. Treasury Bonds are held in the hands of Government Departments is, of course, unknown, but it is believed that the Government holdings have lately been switched into this issue. As the Treasury is believed to have something left over from the issue of 3 per Cent. Treasury Bonds, it has been suggested that the Government might be able to provide for the cash repayment of these maturities without making an immediate long-term issue. It is, however, doubtful whether the Government would be wise to cause any further increase in the floating

debt, which now stands at £881 millions, as compared with £612 millions at the end of March, 1932, and £681 1/2 millions a year ago. Moreover, it is likely that the Government will desire to make a new issue of Government stock to provide not only for the December 1st maturities, but for the £114,600,000 of 5 per Cent. Treasury Bonds, 1933-35, which can be called for redemption on February 1st next year. As regards the terms of the issue, the gilt-edged market inclines to the view that a medium-term issue would be desirable. Looking forward to near maturities, we find £105,000,000 of 4 per Cent. Treasury Bonds which may be called on April 15, 1934, on three months' notice, £378,000,000 of 4 1/2 per Cent. Conversion, which may be called after January 1, 1940, on three months' notice (repayable finally on July 1, 1944), and £323,000,000 of 5 per Cent. Conversion Loan, which can be called on three months' notice after May 1, 1944 (repayable finally on May 1, 1964). It would, therefore, be to the advantage of the Government to issue a loan repayable not earlier than, say, 1942 so that a ten-year loan might perhaps suit the Treasury requirements. It is thought that a 3 per cent. stock at 96 might be issued, which, if repayable in 10 years' time, would allow a redemption yield of about £3 8s. 6d. per cent. and a running yield of just over £3 2s. This would compare not unfavourably with the existing redemption yields on the medium-dated stocks:—

	Redn. Date.	Price.	Yield per cent. With Redn.
Long-dated stocks:—			
Consols 2 1/2%	Perpetual	73 1/2xd	3 8 1
War Loan Assented 3 1/2%	1952 or after.	101 1/2	3 10 2
Funding 4%	1960-90	107 1/2xd	3 13 10
Conversion 3 1/2%	1961 aft.	99 1/2xd	3 10 5
Local Loans 3%	Perpetual	86 1/2xd	3 9 6
Medium-dated stocks:—			
Conversion 4 1/2%	1940-44	110 1/2	4 1 10
Conversion 5%	1944-44	115 1/2	4 6 5

It will be seen that a 3 per cent. 10-year loan at 96 1/2 would yield slightly more on redemption than Conversion 5 per Cent. and about 7s. per cent. more than Conversion 4 1/2 per Cent. It should thus be popular with private investors as well as with the joint-stock banks.

The U.S. Rail Merger.—The four-party plan for the consolidation of the Eastern trunk lines of America, which had been approved after revision by the Inter-state Commerce Commission, has now received the sanction of the heads of the four groups concerned. The plan provides for the consolidation of the Eastern railroads system into four groups, comprising the Pennsylvania, Baltimore and Ohio, the New York Central and the Chesapeake and Ohio-Nickel Plate, with a joint capital of over \$8,000 millions. Negotiations for this merger have been going on for the past twelve years, and it is expected that a considerable time will elapse before the specific consolidations now approved of are accomplished. The composition of the merger will be as follows: (1) The New York Central system will absorb the Pittsburgh and Lake Erie, the Delaware, Lackawanna and Western, the Indiana Northern, the Michigan Central, the Toledo and Ohio Central and about fifty-two short lines, together with one-fourth interest in the Pittsburgh and West Virginia. (2) The Pennsylvania system will include the Long Island, the Norfolk and Western, the Wabash, the Baltimore and Eastern, the Baltimore, Chesapeake and Atlantic, the Cumberland and Pennsylvania, the Lehigh and New England, and over fifty more short lines. (3) The Baltimore and Ohio will include the Reading, the Jersey Central, the Western Maryland, the Chicago and Alton, the Buffalo-Rochester and Pittsburgh (which it already controls), the Lehigh and Hudson River, the Maryland and Pennsylvania, and about forty short lines, together with one-fourth interest in the Lehigh and New England. The Chesapeake and Ohio will include the Erie, the Pere Marquette, New York, Chicago and St. Louis ("Nickel Plate"), the Lehigh Valley, the Wheeling and Lake Erie, the Hocking Valley, the Chicago and Eastern Illinois, certain important lines in the Pittsburgh industrial area,

and various minor lines of local importance. Certain amalgamations will be carried out almost immediately, possibly the merger of the Erie and Pere Marquette with the Chesapeake and Ohio, and possibly the Lackawanna with the New York Central. The "Nickel Plate" is, as everyone knows, in serious financial difficulties. The Reconstruction Finance Corporation has advanced sufficient cash to enable it to meet its October 1st interest regardless of the outcome of the negotiations for an extension of 75 per cent. of the notes maturing on October 1st, which are regarded as the final effort of the company to avoid receivership. When the consolidations are completed, it is expected that great economies will be derived, for 300 lines, with a mileage of 53,000, will in future work as four groups. But the main problems of an American railroad will remain, viz., competition from unregulated road carriers, unbalanced capitalisation and high wage costs. Whether debt capitalisation will be reduced as a result of the mergers remains to be seen. As regards the labour unions, their representatives last week refused to meet the committee of railway managers to consider a further reduction in wages on the ground that since they gave their assent to the last agreement for a wage reduction designed to increase employment, employment in the railway industry has actually declined by 37 per cent. The unions are now proposing to forward a request to Congress that legislation should be passed to preserve railway workers' jobs regardless of the consolidations. The present market prices of the leading lines compared with the lowest prices this year are as follows:—

	1932. High.	Low.	Sept. 23.	Sept. 29.
(a) New York Central	38 1/2	8 1/2	31 1/2	30 1/2
Delaware Lackawanna	44	8 1/2	44	41 1/2
(b) Pennsylvania	23 1/2	6 1/2	20 1/2	20 1/2
Wabash	44	1 1/2	2 1/2	3
Norfolk and Western	135	57	102	107 1/2
(c) Baltimore and Ohio	21 1/2	3 1/2	18	18 1/2
Reading	51	9 1/2	40	43
(d) Chesapeake and Ohio	31 1/2	8 1/2	25 1/2	25 1/2
New York, Chicago and St. Louis ..	9 1/2	1 1/2	5 1/2	5 1/2
Erie	11	2	9 1/2	9 1/2

As three of the four big systems in the merger have had to go to the Reconstruction Finance Corporation for help, while the fourth is tied to several weak lines, the merger has naturally not aroused very great enthusiasm in the stock market.

Gaumont-British Picture Corporation.—At the general meeting of the Gaumont-British Picture Corporation which was held this week, the speech of the chairman, Mr Mark Ostrer was remarkable for its omissions rather than for its disclosures. It gave, however, a few details of the production activities of the group. The company has now acquired voting control of Gainsborough Pictures (1928), Limited, a film-producing company with which it had been associated for some considerable time. Gaumont-British and the Gainsborough will now make full use of the new studios which were opened last May at Shepherd's Bush. Mr Ostrer claimed that British films, thanks to the pictures produced and sponsored by the Gaumont-British, now occupied the premier position on the screens of British cinema theatres. He might, however, have added that this was due partly to the fact that the quality of American films had deteriorated as the result of the financial upsets in Hollywood. With regard to the theatre-owning subsidiaries of the group, Mr Ostrer stated that the theatres and cafés owned and controlled by the company now exceeded 300, and extended from Aberdeen to the English Channel and from the east coast to the west. Theatre takings during the summer months had fallen below the average, which he attributed to the exceptionally fine weather, the reduced spending power of the people and the additional entertainments tax. The winter months formed the peak period of the cinema theatre business and, provided there was no trade setback, Mr Ostrer hoped that the company would make good the decline in the average takings of the summer. The accounts of the Gaumont-British were fully analysed in

our leading article last week. It is to be regretted that Mr Ostrer did not say more about the profit-earning capacity of the company, for, as we showed, the net profits last year represented only 6.1 per cent. net on the loan and share capital, plus share premiums. Mr Ostrer was significantly silent regarding the settlement in the action brought by the Fox Film Company against Mr Isidore Ostrer in regard to the contract for the purchase of a 49 per cent. interest in the Metropolis and Bradford Syndicate, which holds control of Gaumont-British. That this action has an interest for the shareholders of Gaumont-British is obvious to everybody, and it is a pity that Mr Ostrer did not take the shareholders into his confidence.

Austin Motor.—The disappointment caused in market circles last week by the announcement that the Austin ordinary distribution was to be halved has been to some extent mitigated by the publication of the full report, which suggests that the reduction was a precautionary and conservative measure rather than one dictated by financial necessity. Trading profit, it is true, has fallen by nearly 22 per cent., but this cannot be regarded as abnormal in view of the difficult conditions prevailing. Net profit, at £390,387, provides ample cover for preference and preferred ordinary dividends and earnings of 182.2 per cent. on the £150,000 of ordinary capital. The ordinary distribution is 50 per cent., against 100 per cent. A further sum of £100,000 is added to reserve account, while the carry-forward is increased from £270,489 to £319,220:—

	1930.*	1931.	1932.
Profit	858,137	1,376,244	1,078,145
Income tax	150,000	250,000	156,000
Directors' fees	2,375	2,375	2,964
Maintenance	180,131	391,941	292,655
Depreciation	62,539	107,696	101,139
Debt interest, &c.	78,750	135,000	135,000
Net profit	384,342	489,232	390,387
Brought forward	75,952	279,820	270,489
Preference dividends	42,911	73,563	72,906
Preferred ordinary dividend	67,813	112,500	112,500
Ordinary dividend:			
Amount	69,750	112,500	56,250
Earned %	235.4	269.5	182.2
Paid %	60 1/2	100	50
Reserves	Nil	200,000	100,000
Carried forward	279,820	270,489	319,220

* Seven months.

† Actual for seven months, or 102.8 per cent. for year.

The trend of motor-car sales as a whole is demonstrated by the fact that whereas the number of new registrations of cars taxed on horse power during the first seven months of 1930 was 104,908, the comparative figure fell to 94,804 in 1931 and 91,952 in 1932. The Austin record is remarkable, since, though there were fifty-one manufacturing concerns supplying cars for sale in Great Britain, the company took 50 per cent. of all home sales in the 8 h.p. to 13 h.p. class, 40 per cent. in the 14 h.p. to 16 h.p. six-cylinder class, and 20 per cent. in the 24 h.p. class. Sales in the export market were approximately equal to those of last year, while the sale of vans was considerably increased. The report states that orders

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to date for all the new season models are well ahead of those obtained in the corresponding period last year. During the year the sum of £166,148 was expended on new plant and £61,393 on new buildings. The balance sheet is strong, liquid assets including £1,148,821 in cash, £121,155 in debts, and £105,221 in marketable securities having a market value of £113,180 on July 31, 1932. Current liabilities total £748,171. The 5s. ordinary shares yield about £9 10s. 6d. per cent. at their present price of 28s. 9d., allowing for the dividend of 50 per cent. The highest quotation so far for 1932 is 25s. 6d.

Brazil Funding Plan Extension.—Messrs M. L. Rothschild and Sons announce that they are advised by the Brazilian Minister of Finance that the economic position of his country will necessitate the continuance of the Funding Plan for a second year. Details of the original plan were published in the *Economist* of March 19th last. The scheme provided for the suspension of interest on some twenty-two loans during a period not exceeding three years. For that period interest was to be provided by the issue of 5 per cent. funding scrip, the interest and sinking fund of which are payable in cash. Under an arrangement made by the Brazilian Government with the Board of Inland Revenue, scrip issued in exchange for coupons falling due between October 1, 1932, and September 30, 1933, both inclusive, of the suspended sterling loans is to be issued free of British income tax, no such tax being payable by the recipient or repayable by the Revenue in respect of the value of the scrip or funding bonds to be issued in exchange. Liability to surtax in respect of the value of the scrip on funding bonds will not, however, be affected by this arrangement, nor will the arrangement affect the liability to income tax or surtax in respect of the periodical interest payable thereon.

The Anglo-Siam Meeting.—Interesting references to the financial position of Siam were made by Mr J. M. Ryrie at the annual meeting of Anglo-Siam Corporation this week. A study of the full financial statement of the country, he said, left the impression that Siam had come through her trials better than most countries, in spite of the fact that her finances had been disturbed by Great Britain's departure from the gold standard, most of her currency reserve and a large part of her debt redemption fund being in sterling. Siam had been able to meet all her obligations without borrowing and without using up the whole of her accumulated reserves, and in the circumstances it was to be anticipated that the *tical* would be maintained on a parity with sterling. With regard to the trading position of the corporation, Mr Ryrie struck a cautious note, but pointed out that, while trading profit had declined by £16,654, net profit for the year was only £5,968 less. The report issued last week mentioned economies resulting from the concentration of business at Singapore and Penang (not Shanghai, as was stated in last week's *Economist*), and there has also been an increase in dividends and interest. The chairman declared that as a result of the "May" Commission's report, a duty of 10 per cent. had been levied on imports of *Siamese teak* into this country, and as a result of the Ottawa Conference that duty might be increased and extended to other markets. The large British interests in the *teak* industry of Siam were going to suffer from these preferential duties. Having regard to the duty of 25 per cent on shipments to India, and the additional advantage which Burma enjoyed in the matter of exchange, the marketing of *teak* was not going to be easy. We have been asked to point out that the figure of £81,220 which appeared in "Summary of Profit and Loss," on page 571 of last week's *Economist*, under the heading "Amount Available for Distribution," did not include the sum of £10,000 transferred from "Equalisation of Dividend Fund," which would raise the total to £91,220.

Sheepbridge Coal and Iron.—The results of this Midland colliery and iron-producing company for the financial year to June 30th last reveal a gratifying stability. Gross profit is up slightly at £140,125, while after deduction of the usual charges, net profit stands at £82,692, compared with £74,344 for the previous twelve months. The preference and ordinary shares again receive a dividend of 5 per cent., absorbing £8,368 and £58,558 respectively, while after £20,000 is placed to reserve account the carry-forward shows a drop of £4,234.

Year to June 30.	1930.	1931.	1932.
	£	£	£
Gross profit	150,452	134,415	140,125
Depreciation	20,000	24,100	23,106
Directors' fees	3,906	4,000	4,133
Debiture interest	32,823	31,971	30,194
Net profit	93,723	74,344	82,692
Brought forward	103,045	99,842	87,260
Preference dividend.....	8,368	8,368	8,368
Ordinary dividend:—			
Amount	58,558	58,558	58,558
Earned %	7.6	5.7	6.6
Paid %	5	5	5
Reserve	30,000	20,000	20,000
Carried forward	99,842	87,260	83,026

The directors are of the opinion that the operations of the Coal Mines Act have so far been to the general advantage of the collieries and that its renewal for a further period of five years will result in additional benefits. The market for pig iron has been unsatisfactory and "stocks are accumulating throughout the country." The company has decided to surrender its leases of the Cottesmore Ironstone Mines in favour of the Frodingham Iron and Steel Company on terms which the board regard as satisfactory. The balance sheet reveals a strong liquid position, while the reserve fund stands at £300,000. The £1 ordinary shares are quoted around 17s. to yield about £6 15s. per cent., allowing for the final dividend of 3½ per cent.

Staveley Coal and Iron.—The accounts of this company, which, besides being interested in coal and ironstone mines, owns coke ovens, by-product plants and blast furnaces, make less satisfactory reading than those of its neighbour, Sheepbridge Coal and Iron. Gross profit, as a result of "fierce competition" and lower prices, has declined from £432,074 to £372,292, and net profit from £286,180 to £219,279. The distribution on the £3,385,356 of issued capital is lowered from 6 per cent. tax free to 5 per cent. tax free.

	1930.	1931.	1932.
	£	£	£
Profit	408,167	432,074	372,292
Depreciation	135,773	139,492	146,346
Directors' fees	6,300	6,452	6,667
Net profit	266,094	286,130	219,279
Brought forward	111,162	99,135	107,143
Ordinary dividend—			
Amount	203,122	203,122	169,267
Earned %	7.9*	8.5*	6.5*
Paid %	6*	6*	5*
Reserve	75,000	75,000	50,000
Carried forward.....	99,135	107,143	107,155

* Tax free.

This conservative step has permitted the addition to reserve account of a further £50,000 and the maintenance of the carry-forward at £107,000. The balance sheet is strong, revealing an adequately liquid position, while general reserve totals £850,000. The company continues to undertake new development schemes, including the setting up of an up-to-date installation for the manufacture of bleaching powder and the erection of plant for the manufacture of blacking. The £1 ordinary shares are quoted at £1½ to yield about £3 18s. per cent., tax free, allowing for the final dividend of 2½ per cent., tax free.

Pritchard's Restaurant Deal.—It is announced by Messrs. Grahams, Rintoul, who have been acting on behalf of certain holders of preference shares in Pritchard's Restaurants, that the preference shareholders who took exception to the terms offered in the directors' circular of September 14th, have already received sufficient support to defeat the proposals. The directors' circular stated that an offer had been received to purchase, for cash, the whole of the issued preference and ordinary shares of the company at a price of 10s. and 5s. 6d. respectively, free of commission stamps and transfer duty. The purchasers stipulated that to make the offer effective it must be accepted, on or before the 30th of the month, by 75 per cent. of the preference shareholders—or such less number as the purchasers might fix—and all the ordinary shareholders. Several large holders of preference stock (chiefly Trust Companies) opposed the scheme on the ground that the sale of the company's business on the terms set out in the circular did not provide a sufficient sum to satisfy the preferential rights of the preference shareholders, who were not consulted before such terms were agreed to. It was also pointed out that the suggested division between ordinary and preference shareholders was not an equitable one, since the ordinary shareholders were to receive, under the offer, £30,000 in cash, while, under existing conditions, the present value of their shares is nil. The preference shareholders appear to have a sound case, and, in view of the large support which the objections have received, it seems probable that an amended scheme will be forthcoming.

Industrial Profits.—During August we received 69 company reports, aggregate profits showing a decline of 26.66 per cent., compared with 34.31 per cent. in July:—

Reports.	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
Published in 1931—		%
July	185	— 39.46
August.....	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59
December	157	— 68.54
1932—		(1932 compared with 1931).
January	127	— 19.65
February	211	— 6.81
March	210	— 13.37
April	244	— 13.66
May	196	— 33.30
June	235	— 21.80
July	152	— 34.31
August	69	— 26.66

We set out below the figures for various industrial groups, according to reports received during July and August:—

INDUSTRIAL PROFITS—JULY AND AUGUST, 1932.

Group.	No. of Companies.	Net Profit (after Payment of Dividend Interest).		Increase or Decrease.
		Reports received during Months of July and August, 1932.	1930-31.	
			1930-31.	1931-32.
			£	£
Breweries	18	8,183,496	6,214,015	— 24.06
Canals and Docks	1	6,000	6,000	—
Electric Lighting and Power	1	16,626	19,190	+ 15.44
Financial, Land and Investment	13	380,767	284,842	— 25.18
Gas	4	17,351	13,795	— 20.55
Hotels and Restaurants	1	89,617	42,850	— 52.19
Iron, Coal and Steel	15	339,322	Dr. 29,949	— 108.83
Motor and Cycle	2	68,498	Dr. 30,967	— 145.20
Oil	2	211,943	23,649	— 88.85
Rubber	42	Dr. 134,094	Dr. 241,049	— 44.54
Shipping	5	543,844	404,931	— 25.54
Shops and Stores	8	464,280	459,541	— 1.02
Tea	16	1,441	Dr. 60,580	—
Telegraphs and Telephones	11	1,850,129	784,124	— 57.62
Textiles	2	187,293	506,398	+ 170.37
Tramways and Omnibus	15	144,750	Dr. 376,287	—
Trusts	4	629,310	526,027	— 16.41
Waterworks	57	21,978	19,908	— 9.41
Other companies	57	3,338,249	2,558,737	— 23.35
Total	221	16,360,800	11,125,175	— 32.00

August was naturally a period of partially suspended animation as regards the issue of company statements, and

the month's figures have a less representative character than those of earlier months. The brewery reports, which accounted for more than half the profits shown in the above table, showed a uniform falling off in earnings, due to decreased national purchasing power and a significantly increased taxation. The month's textile reports, on the whole, showed a marked improvement in earning power since the devaluation of sterling, higher profits being reported, *inter alia*, by Isaac Holden, Tootal Broadhurst Lee, William Fulton, Leigh Mills and Calico Printers (although the figures of the last-named do not appear in our August compilation).

Sherwood Starr.—The annual report of this Rhodesian enterprise affords confirmation of the market rumour that an increase in the ore reserves would be shown. The total at June 3rd last is 246,000 tons, against 151,300 tons twelve months previously. Unfortunately, this agreeable feature has been to some extent counterbalanced by decrease in grade, the average value now being 44.5s. as compared with 46.6s. Present tonnage represents about four years' supply for the mill. In view of the position of the mine in this respect, the extension of the treatment plant was decided upon; completion is expected in November. Last year's capital expenditure totalled £31,900. The balance sheet shows a cash deficiency of almost corresponding amount. Presumably the outlay on plant will have to be refunded before any expansion in profits will be available for distribution. For each of the past two financial periods the dividend has totalled 30 per cent. Current price of the 5s. shares being 18s., the yield indicated is approximately 8 per cent.

Consolidated Main Reef.—Publication of the preliminary ore reserve figures, showing a fairly appreciable decline, was accompanied by a fall in the price of the shares. The issue of the full text of the report to June 30th

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THE EASTWOOD GROUP.

EASTWOODS LIMITED.

INADEQUACY OF TARIFFS.

Presiding at the meeting of Eastwoods, Ltd., held, on the 28th ultimo, Sir T. Cato Worsfold, Bt., LL.D., J.P., D.L. (Chairman), said that since the issue of the directors' interim report, issued on February 1st, informing the shareholders of the general situation, there had been some return of confidence in financial circles, and the announcement of the Government's policy of economy and retrenchment, as foreshadowed in the conversion proposals, had led to a gradual resumption of the flow of business generally, though the holding up of the erection of public buildings has retarded the sale of bricks and the employment of those engaged in this particular industry.

After allowing for the adjustments in prices, the volume of business handled had been well maintained.

The company remained in an excellent position to take advantage of the resumption of activities following the recent period of financial stringency and economy in public finance—a resumption which, he believed, was slowly but surely returning to this country.

MANAGING DIRECTOR'S STATEMENT.

Mr Horace Boot. (Vice-Chairman and Managing Director), referring to the heavy taxation in this country, observed how many people, when investing in gilt-edged securities, realised that the investment itself never earned its interest, but that they were taxed to pay their own dividend. On the other hand, money invested in industry actually earned the dividends which were distributed, thus increasing the wealth of the individual and providing further funds for investment. The high taxation to which industrialists were subject had done incalculable harm, because not only had it robbed them of the means of keeping their plant and machinery up to date, but they were called upon to pay tax on any reserves which might be put aside for a "rainy day," thus automatically reducing those funds by 25 per cent. A wise and courageous remedy would be to reduce the income tax on investments in ordinary shares of industrial companies to 2s. 6d. in the £, which should have the effect of inducing the investor to support industry instead of putting his money into gilt-edged securities.

The report and accounts were unanimously adopted.

EASTWOODS FLETTONS.

At the annual meeting of Eastwoods Flettons, Ltd., Mr Horace Boot (Chairman) said for a considerable number of years the British brick manufacturer has been suffering from unrestricted imports of foreign bricks, which had come mainly from Belgium and France. It would be readily appreciated by the shareholders that the company had really never been competing on the same basis owing, as he had said, to the generally better conditions and higher taxation ratios ruling in this country.

The 10 per cent. duty originally imposed, did not represent even the extra cost in this country of National Health and Unemployment Assurance, leaving outside the additional social services and welfare schemes, plus the enormous difference in wages paid to the foreigner. Was it a surprise, therefore, that the English works are closing and foreign importations go on merrily? The surprise was that under the "present circumstances" foreign importations of bricks were not prohibited. Again it is the British workman who suffers owing to the short-sighted policy of our legislators.

The report and accounts were adopted.

EASTWOODS CEMENT.

At the annual meeting of Eastwoods Cement, Ltd., Mr Horace Boot (Chairman) said that the economy measures of the new National Government led to the drastic curtailment, if not the actual suspension, of development work of every kind. The wisdom of that course in its application to the activities of local authorities was immediately contested by the manufacturing interests. It was seen at once that unless certain public works in progress were permitted to proceed, the savings on the one hand would be more than offset by expenditure of a vicious and unproductive nature on the other. Further, the building societies, who in the past had done so much for this country, found it desirable to embark on a restrictive policy for their own protection. Consequently, for a considerable period, until confidence was restored, many important contracts were wholly or partially suspended, and new work was postponed for more propitious times.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended September 24, 1932, amounted to £7,960,900 against ordinary expenditure of £5,121,600. After allocating £425,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £313,342 the operations for the week, as shown below, reduced the National Debt by £2,101,000 to £7,673,375,000:— (000's omitted.)

Treasury Bills	£ 734	Public Department Advances	£ 2,700
Road Fund	135		
	734		135
			2,835

A complete analysis of the National Debt at June 30, 1932, was printed in the *Economist* of July 2, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer			
		April 1, 1932, to Sept. 24, 1932.	April 1, 1931, to Sept. 26, 1931.	Week ended Sept. 24, 1932.	Week ended Sept. 26, 1931.
ORDINARY REVENUE.					
Inland Revenue					
Income Tax	260,000,000	45,728,000	51,898,000	688,000	867,000
Sur-tax, including Arrears of Super-Tax	66,000,000	10,420,000	15,820,000	260,000	260,000
Stamps, &c., Duties	76,000,000	37,460,000	34,170,000	1,430,000	1,430,000
Excise	23,000,000	6,070,000	6,360,000	220,000	220,000
Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	160,000	...	...
Total Inland Revenue	427,000,000	99,838,000	108,408,000	1,918,000	2,777,000
Customs and Excise					
Customs	174,570,000	80,007,000	63,697,000	4,159,000	3,381,000
Excise	125,430,000	59,750,000	56,255,000	3,155,000	355,000
Total Customs and Excise	300,000,000	139,757,000	119,952,000	7,314,000	3,736,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,167,000	1,206,000	Dr 91,000	Dr 91,000
Post Office (Net Receipts)	11,700,000	6,600,000	5,700,000	Dr 126,000	Dr 126,000
Crown Lands	1,250,000	600,000	620,000	40,000	30,000
Receipts from Sundry Loans	4,350,000	3,236,047	12,083,798	29,895	534,100
Miscellaneous Receipts	17,500,000	10,662,838	7,110,644	...	...
Appropriation from Rating Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	261,860,885	258,980,442	7,960,895	6,627,100
SELF-BALANCING REVENUE.					
Post Office	59,188,000	26,250,000	27,000,000	2,100,000	1,450,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	6,887,000	6,590,000	91,000	...
Total Self-Balancing Revenue	82,098,000	33,137,000	33,590,000	2,191,000	1,450,000
Total	...	294,997,885	292,570,442	10,151,895	8,077,100

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Sept. 24, 1932.	April 1, 1931, to Sept. 26, 1931.	Week ended Sept. 24, 1932.	Week ended Sept. 26, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	136,282,157	147,855,514	367,803	1,063,024
Payments to Northern Ireland	6,800,000	2,675,207	2,569,360	...	201,786
Other Consolidated Fund Services	3,500,000	985,275	1,002,678	53,750	53,750
Total	286,300,000	139,942,639	151,427,552	421,553	1,318,560
Total Supply Services (excluding Post Office)	447,210,000	204,890,786	198,901,304	4,700,000	6,465,000
Total Ordinary Expenditure	733,510,000	344,833,425	350,328,856	5,121,553	7,783,560

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32):
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Receipts into the Exchequer			
		April 1, 1932, to Sept. 24, 1932.	April 1, 1931, to Sept. 26, 1931.	Week ended Sept. 24, 1932.	Week ended Sept. 26, 1931.
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	26,250,000	27,000,000	2,100,000	1,450,000
Road Fund	22,910,000	6,887,000	6,590,000	91,000	...
Total Self-Balancing Expenditure	82,098,000	33,137,000	33,590,000	2,191,000	1,450,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	377,970,425	383,918,856	7,312,553	9,233,560
New Sinking Fund (1928) ...	32,500,000	12,861,396	19,332,573	425,000	625,000
Total (including New Sinking Fund) ...	...	390,831,821	403,251,429	7,737,553	9,858,560

The aggregate revenue and expenditure to September 24, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to SEPTEMBER 24th, 1932.		(000's omitted.)	
Expenditure	£ 344,833	Revenue	£ 261,861
New Sinking Fund	12,861	Decreases in balances	2,960
		Net amount borrowed	92,873
	357,694		357,694

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing—	Sept. 26, '31.	Mar. 31, '32.	Sept. 24, '32.	Sept. 24, '32.
Advances by Bank of England	3,000,000	7,500,000	14,150,000	2,700,000
Advances by Public Departments	32,797,000	604,455,000	864,825,000*	+ 730,000
Treasury Bills outstanding	604,615,000	...	...	...
Total Floating Debt	640,412,000	611,955,000	878,975,000	— 1,970,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on September 23, 1932, and the total amount applied for was £65,230,000. Tenders were accepted for bills at three months, dated Monday at £99 18s. and above in full. Dated Tuesday to Saturday at £99 18s., about 92 per cent. and above in full. The amount allotted was £48,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Sept. 2	45,000,000	67,790,000	0 13 4.99
Sept. 9	45,000,000	77,895,000	0 12 11.7
Sept. 16	50,000,000	75,440,000	0 9 7.39
Sept. 23	50,000,000	65,230,000	0 7 11.16

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and illness. Fidelity Guarantees. Employers' Liability. Public Liability. Burglary. Fire. Motor Cars. Bolters, Engines, Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Executorships and Trusteeships.

Head Office: 36-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, September 28, 1932.

ISSUE DEPARTMENT.		LIABILITIES.	
Notes Issued:—		Government Debt	£ 11,015,100
In Circulation	359,784,231	Other Government Securities	250,488,838
In Banking Department	54,636,982	Other Securities	9,683,530
		Silver Coins	3,812,532
		Amount of Fiduciary Issues	275,000,000
	£414,421,213	Gold Coins and Bullion	139,421,213
			£414,421,213
BANKING DEPARTMENT.		LIABILITIES.	
Proprietors' Capital	£ 14,553,000	Government Securities	£ 69,918,094
Reserve	3,677,446	Other Securities	...
Public Deposits	23,417,643	Advances	£ 12,069,350
Other Deposits	...	Securities	£ 18,072,412
Bankers' Accounts	£ 80,626,456	Notes	£ 30,141,762
Other Accounts	£ 33,397,175	Gold and Silver Coins	£ 54,636,982
1-Day and other Bills	114,023,631		976,167
	1,285		
	£155,673,005		£155,673,005

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

Both Departments.	Amount, Sept. 28, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 359,784,231	+ 518,576	+ 2,575,549
Public deposits	23,417,643	+ 497,561	+ 6,672,447
Bankers' deposits	80,626,456	+ 1,959,594	+ 17,984,167
Other deposits	33,397,175	+ 492,848	+ 19,167,505
Seven-day bills	1,285	—	477
Total, outside liabilities	497,226,790	+ 1,445,531	+ 5,279,713
Capital and rest	18,230,446	+ 3,700	+ 47,979
Government debt and securities	331,422,032	+ 1,126,243	+ 15,990,981
Discounts and advances	12,069,350	+ 63,565	+ 2,704,208
Other securities	27,755,942	+ 409,270	+ 22,622,021
Silver coin in issue department	3,812,532	+ 1,054	+ 230,150
Coin and bullion (bank's reserve)	140,397,380	+ 21,463	+ 4,237,686
Reserve of notes and coin in banking department	55,613,149	+ 497,113	+ 1,662,137
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	40 1/2 %	+ 1/4 %	+ 3 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	28 1/2 %	+ 1/4 %	+ 1 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Aug. 24	413,728	363,882	22,203	79,946	34,429	Nil	2
Sept. 1	413,906	365,287	20,727	79,549	35,407	178 in	2
Sept. 7	414,031	365,122	7,618	91,507	33,297	125 in	2
14	414,292	362,285	12,933	89,827	33,157	261 in	2
21	414,421	359,266	23,915	82,585	32,904	128 in	2
28	414,421	359,784	25,418	80,626	33,397	Nil	2

(000's omitted.)

Date.	Issue Department.		Both Depts.			Banking Department.		Reserve & "Proportion."
	Govt. Securities.	Other Securities.	Gold Coin and Bullion.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	Ratio.	
1932.								
Aug. 24	248,787	22,392	139,596	27 1/2 %	71,279	13,266	19,510	50.714 %
Sept. 1	248,893	22,294	139,806	27 1/2 %	73,149	12,159	19,083	49.519 %
Sept. 7	259,979	11,210	139,958	28 1/2 %	69,933	12,274	18,611	49.835 %
14	261,589	9,597	140,222	28 1/2 %	70,863	12,052	18,301	50.377 %
21	261,550	9,638	140,376	28 1/2 %	70,998	12,006	18,527	56.110 %
28	261,504	9,684	140,397	28 1/2 %	69,918	12,069	18,072	55.613 %

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to September 14	19,586,025	1,135,259	1,888,600	22,609,884
Week ended September 21	454,986	25,824	46,617	527,427
Week ended September 28	477,971	25,609	43,250	546,810
Total to date, 1932	20,518,982	1,186,692	1,978,447	23,684,121
Total to date, 1931	25,631,911	1,257,979	2,050,066	28,939,956
Increase or decrease in 1932	-5,112,929	-71,287	-71,619	-5,255,835
	= 19.9%	= 5.6%	= 3.5%	= 18.1%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,541	43,558,264
Total for year 1929	46,966,769	1,444,294	2,112,422	50,523,485
Increase or decrease in 1931	= 17.9%	= 7.9%	= 7.1%	= 17.8%

[October 1, 1932.]

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

	Oct. 1, 1931.	Sept. 8, 1932.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.
Total gold reserves	1,124,880	819,140	899,530	915,410	941,730
Total bills discounted	53,520	90,530	81,450	76,740	70,840
Bills bought in open market	155,370	10,900	11,070	10,680	10,550
Total U.S. Govt. securities	225,700	711,290	725,790	718,790	718,790
Total bills and securities	446,200	816,940	820,220	809,100	803,040
Deposits—Memberbank—reserve account	1,078,050	994,990	1,109,670	1,086,680	1,120,350
Ratio of total res. to dep. and Federal Res. note liabilities combined	76.0%	54.0%	55.9%	56.9%	57.9%

FEDERAL RESERVE MEMBER BANKS.

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

	Sept. 16, 1931.	Aug. 17, 1932.	Aug. 24, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 14, 1932.
Loans	14,263	10,909	10,828	10,796	10,812	10,766
Investments	4,265	671	7,671	7,743	7,752	7,790
Demand deposits	13,134	10,819	10,862	10,982	11,011	11,232
Time deposits	6,895	5,633	5,635	5,633	5,622	5,610
Due from banks	1,358	1,278	1,266	1,288	1,347	1,462
Due to banks	3,078	2,744	2,717	2,758	2,875	2,997
Federal reserve borrowings	113	162	150	158	153	148

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted).

	June 30, 1931.	Mar. 31, 1932.	Apr. 30, 1932.	May 31, 1932.	June 30, 1932.
Cash and bank balances	356,488	317,654	311,294	313,949	337,916
Bank balances abroad	120,041	95,864	108,673	108,190	103,107
Call and short loans	290,143	218,949	195,515	179,116	183,535
Securities	694,974	671,562	666,246	663,422	669,332
Loans in Canada	1,271,658	1,274,611	1,274,243	1,259,356	1,233,375
Loans abroad	214,598	188,762	184,563	187,082	174,896
Other assets	180,645	186,565	189,868	186,490	186,017
LIABILITIES					
Note circulation	142,559	132,568	137,353	131,073	136,296
Deposits					
Government	84,159	139,079	117,302	99,296	97,582
Public in Canada	2,051,104	1,888,999	1,887,530	1,885,014	1,862,203
Foreign	355,930	308,122	304,809	308,937	308,221
Bank balances					
Canadian	12,917	10,138	9,483	10,859	11,038
Foreign	77,517	62,425	59,477	56,296	57,091
Bills payable, &c.	77,939	53,007	53,550	50,154	49,686
Capital and res.	306,500	306,500	306,500	306,500	306,500
Other liabilities	5,630	3,729	3,798	5,754	3,001

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

	Sept. 4, 1931.	Aug. 5, 1932.	Aug. 12, 1932.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.
Gold coin and bullion	6,315	6,061	6,733	6,722	7,093	6,014
Subsidiary coin	369	518	624	533	539	534
LIABILITIES						
Bills discounted: Domestic and Union Gov. Treasury	805	2,416	2,270	2,300	2,362	3,023
Bills discounted: Foreign	5,990	6	3	1	1	1
Investments	1,935	2,037	1,965	1,763	1,834	2,049
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	802	9	9	9	9	9
Notes in circulation	7,875	7,452	6,715	6,316	6,588	7,845
Government deposits	846	1,074	1,201	1,593	1,386	998
Bankers' deposits	4,816	4,027	4,126	4,051	4,146	4,205
Ratio of cash reserves to liabilities to public	47.3%	48.5%	52.6%	54.3%	54.9%	48.1%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loans, namely, £792,916, has been written off Reserve.

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

	Sept. 4, 1931.	Aug. 5, 1932.	Aug. 12, 1932.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.
Total assets	32,42,95	27,76,51	27,14,61	27,62,17	27,78,86	28,30,05
Loans	9,96,02	7,60,72	7,61,97	9,24,23	7,50,49	7,49,97
Cash credits	26,63,27	22,91,42	22,24,26	22,43,44	22,08,61	21,52,18
Inland bills	2,40,54	1,95,81	1,67,79	2,06,33	1,67,87	1,67,87
Foreign bills	43,57	25,69	12,65	9,37	9,37	9,37
Dead stock	2,72,97	2,65,01	2,65,09	2,65,17	2,65,44	2,65,44
Bal. with other banks	2,71	15,22	14,87	30,43	25,64	67,69
Cash	17,94,24	26,03,42	26,95,77	27,76,31	28,95,96	27,03,96
LIABILITIES						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,42,50	5,15,00	5,15,00	5,15,00	5,15,00	5,15,00
Total deposits	80,75,50	77,88,92	77,21,83	70,68,10	79,76,78	77,94,32
The above include:						
Deposits in London	861	1,163	1,137	1,169	1,232	1,380
Advances in London	870	1,307	1,238	1,249	1,318	1,120
Cash, &c. at other Banks in London	23	117	114	231	195	510

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

	Sept. 25, 1931.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.	Sept. 23, 1932.
Gold	59,346,170	82,230,928	82,400,237	82,507,942	82,631,795
Foreign assets					
Bills discounted	12,363,636	3,323,934	2,979,524	2,929,212	2,911,834
Bills, &c.	12,829,951	2,082,649	2,080,959	2,080,737	2,081,337
Home bills	5,880,429	2,733,648	3,947,055	3,130,230	3,622,438
Advances against sec. to the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Negotiable Bonds	2,754,051	2,844,351	2,804,895	2,796,785	2,752,066
Banking Fund Dept.	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Other assets (excluding forward exch.)	7,398,123	5,847,567	5,936,902	5,787,015	5,782,808
LIABILITIES					
Notes in circulation	78,773,082	81,383,414	80,680,750	80,281,042	80,200,291
Public deposits	7,356,526	3,878,892	3,874,780	3,735,269	3,667,943
Private deposits	18,034,988	21,262,631	22,876,788	22,736,045	23,397,732
Other liabilities	2,773,238	2,369,032	2,438,148	2,300,459	2,327,206

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

	Position, May 28, 1931.	Sept. 24, 1931.	Aug. 25, 1932.	Sept. 1, 1932.	Sept. 15, 1932.	Sept. 22, 1932.
Gold	232,650	2,492,101	2,615,187	2,619,249	2,694,893	2,580,962
Foreign bills and balances abroad						
Silver and other coins	697,600	26,484	61,294	61,588	63,012	64,125
Securities		859,758	677,876	701,055	648,229	633,908
LIABILITIES						
Notes in circulation	934,150	3,456,651	3,681,740	3,686,897	3,642,176	3,616,730
Current account	112,125	250,502	185,183	118,007	135,106	132,171

(a) In thousand francs.

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

	Sept. 23, 1931.	Sept. 7, 1932.	Sept. 15, 1932.	Sept. 23, 1932.
ASSETS				
Gold	1,374,409	781,436	781,436	761,599
Of which deposited abroad	99,551	63,353	63,353	63,353
Reserve in foreign currencies	297,803	157,181	157,181	146,241
Currents of exchange and cheques	3,003,317	2,966,496	2,966,496	2,889,675
Silver and other coins	124,588	206,898	235,636	266,429
Notes of other German banks	12,243	7,245	9,733	12,087
Advances	141,165	103,502	117,515	102,525
Investments	103,075	365,002	365,002	362,359
Other assets	933,140	764,702	788,150	794,804
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Reserve	337,331	417,426	417,426	417,426
Notes in circulation	4,173,886	3,688,799	3,597,378	3,504,592
Other daily maturing obligations	540,291	388,510	413,269	357,960
Other liabilities	788,232	714,727	722,600	725,741
Cover of note circulation	40.0%	25.7%	25.7%	26.5%

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

	Position, May 30, 1931.	Sept. 2, 1931.	Aug. 29, 1932.	Sept. 5, 1932.	Sept. 12, 1932.	Sept. 19, 1932.
ASSETS						
Gold	163,092	703,131	1,033,943	1,033,371	1,034,680	1,034,702
Silver	8,436	33,112	18,820	17,896	17,814	17,559
Home bills discounted		64,842	41,081	40,588	41,418	41,215
Foreign bills		231,206	71,336	71,336	71,336	71,336
Loans and advances						
Current account		112,052	83,376	81,681	80,030	78,859
LIABILITIES						
Notes in circulation	316,632	988,962	996,232	1,002,812	985,652	978,557
Deposits	5,016	207,948	277,497	263,265	280,838	285,974

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

	Position, May 30, 1931.	Sept. 2, 1931.	Aug. 29, 1932.	Sept. 5, 1932.	Sept. 12, 1932.	Sept. 19, 1932.
ASSETS						
Gold	22,971	126,150	149,180	149,410	149,600	148,800
Discounts	29,785	40,282				
LIABILITIES						
Notes in circulation	77,567	92,819	85,900	88,560	84,920	82,800
Deposits and bills payable	109,499	237,745	218,090	222,260	218,330	216,230
	11,250	31,451	33,240	31,770	31,300	32,660

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

	Position, May 31, 1931.	Sept. 23, 1931.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.	Sept. 22, 1932.
ASSETS						
Gold	171,175	1,365,461	2,643,592	2,637,508	2,637,510	2,637,499
Foreign bills and Balances abroad		478,179	59,273	65,303	64,692	63,475
Advances		33,043	14,240	15,979	13,920	14,299
LIABILITIES						
Notes in circulation	103,000	47,292	41,718	41,452	40,605	39,089
Deposits	275,925	1,299,172	1,560,910	1,535,372	1,511,179	1,506,652
	33,750	726,582	1,202,591	1,224,455	1,248,596	1,248,512

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

	Sept. 26, 1931.	Sept. 3, 1932.	Sept. 10, 1932.	Sept. 17, 1932.	Sept. 24, 1932.
ASSETS					
Gold reserve	217,274	205,987	205,978	205,979	205,979
Government securities—Swedish	3,042	218,420	218,420	218,364	236,364
Other Swedish bonds	8,910				
Foreign bonds	113	94			
Bills payable in Sweden	354,062	138,283	123,378	118,174	115,100
Discounts	1,460	61,723	51,776	51,776	51,776
Balance abroad	28,005	111,085	111,857	113,480	115,152
Advances	30,177	67,597	63,262	64,295	65,205
LIABILITIES					
Notes in circulation	538,295	565,103	530,921	535,394	522,756
Government deposits	98,844	76,407	74,622	68,073	82,640
Private deposits	9,439	80,160	88,632	96,624	108,737

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

BALANCE SHEET OF THE FEDERAL RESERVE BANK OF NEW YORK					
ASSETS.					
	Position, May 30, 1931.	Sept. 2, 1931.	Sept. 10, 1932.	Sept. 17, 1932.	Sept. 24, 1932.
Gold	521,775	2,276,557	2,256,823	2,256,915	2,257,037
Silver	589,000	589,000	589,000	589,000	589,000
Loans & Discounts	800,725	3,190,717	2,951,134	2,909,074	2,908,008
Spanish 4% stock.	344,475				
Advances to Treasury	160,000	160,000	160,000	160,000	160,000
U. S. GOVERNMENT					
Notes in Circulation	901,850	5,024,755	4,825,772	4,849,631	4,807,725
Deposits	47,475				4,784,333

OVERSEAS BANK RATES.

Changed	From To	Changed	From To
Albania	July 1, 1931	Madrid	July 8, 1931
Amsterdam	Aug. 18, 1932	Paris	Sept. 1, 1932
Athens	Aug. 8, 1932	Prague	Oct. 11, 1932
Batavia	Mar. 10, 1932	Pretoria	Nov. 13, 1931
Belgrade	July 20, 1931	Reval	Jan. 28, 1932
Bombay	Sept. 22, 1932	Riga	Oct. 1, 1930
Brussels	Jan. 13, 1932	Rome	May 2, 1932
Bucharest	Mar. 3, 1932	Sofia	May 16, 1932
Buenos Aires	July 1, 1932	Stockholm	Sept. 1, 1932
Calcutta	May 30, 1932	Swiss Bank	
Copenhagen	July 12, 1932	places	Jan. 22, 1931
Danish	Apr. 19, 1932	Vienna	Aug. 17, 1932
Helsingfors	Apr. 4, 1932	Warsaw	Oct. 3, 1930
Kobe	Apr. 4, 1932	Irish	June 30, 1932
Lisbon	Apr. 4, 1932		
New York Federal Reserve	June 23, 1932		

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

Sept. 30, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 14, 1931.	Sept. 21, 1931.	Sept. 28, 1931.
Call money	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days' mixed coll.)	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances:—					
Members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Intelligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept., 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

London—	Par Level.	Sept. 30, 1931.	Sept. 14, 1932.	Sept. 21, 1932.	Sept. 28, 1932.
60 days		3-86	3-4662	3-4475	3-4425
Cable		3-92	3-4787	3-4612	3-4512
Cheques		3-914	3-4787	3-4612	3-4512
Paris		13-90	13-98	13-86	13-87
Brussels		19-30	19-61	19-30	19-28
Switzerland		5-263	5-15	5-124	5-124
Italy		23-82	23-35	23-78	23-80
Berlin		14-07	...	...	...
Vienna		19-30	9-00	8-04	8-18
Madrid		40-28	40-16	40-18	40-17
Amsterdam		22-30	18-10	18-05	17-95
Copenhagen		22-30	17-53	17-45	17-43
Oslo		23-15	17-85	17-75	17-73
Stockholm		26-80	...	...	...
Athens		1-297	1-284	0-614	0-604
Montreal		100	89	914	894
Yokohama		49-85	49-35	24	24
Hong Kong		...	30-25	...	...
Shanghai		...	29-00	26-37	26-20
Calcutta		36-50	183-35	...	...
Buenos Aires		103-65	5-50	...	...
Rio de Janeiro		11-96	...	...	...
Valparaiso		12-125	...	...	...

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.
South Africa	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on:—		
Rhodesia	99 16 3	99 15 0
South Africa	72 1 3	72 0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Soles to £	24-3325	Sight London	(a) 25-25
Colombia (Bogota)	Pesos to £	25-2215	"	3-64(4)
Costa Rica	Colonos to £	4-8665	"	(a) 8-38
Guatemala	Quetzales to £	9-73	90 days	(a) 13-33
Honduras	Colonos to £	13-33	90 days	(a) 13-33
Managua	Colonos to £	13-33	90 days	(a) 13-33
Medan	Colonos to £	13-33	90 days	(a) 13-33
Montevideo	Colonos to £	13-33	90 days	(a) 13-33
San Pedro de Macoris	Colonos to £	13-33	90 days	(a) 13-33
Santiago	Colonos to £	13-33	90 days	(a) 13-33
Valparaiso	Colonos to £	13-33	90 days	(a) 13-33

(a) No rates available. (b) Rates calculated on basis of New York cross rates. † Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.	Australia and New Zealand on London.*
	Buying.	Selling.
	Ans.	New Zealand.
T.T. ...	125	109
Sight ...	125	109
30 days ...	125	109
60 days ...	125	109
90 days ...	125	109

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

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending Sept. 24, 1932.	From Apr. 1 to Sept. 24, 1932.
Sterling purchased in India	475,000	8,438,000
Sterling taken over in London	...	715,000
Net transfer to Home Treasury	...	...
From paper currency reserve in England	...	...
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve	...	3,750,000

Net remittance to Home Treasury

BULLION.

The following statistics of imports and exports of gold for week ended September 29, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Iraq	Poland
British South Africa	Germany
Kenya	Netherlands
Anglo-Egyptian Sudan	France
British India	Switzerland
Straits Settlements	United States of America
Australia	Other countries
New Zealand	
S.S. Egypt	
Other countries	
Total declared value of imports	Total declared value of exports

GOLD MOVEMENTS.

ARRIVALS.	WITHDRAWALS.
Sept. 23	Sept. 23
" 24	" 24
" 25	" 25
" 26	" 26
" 27	" 27
" 28	" 28
" 29	" 29
Total	Total

Messrs Samuel Montagu and Company write on September 28, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,421,213 on the 21st instant, as compared with £139,292,183 on the previous Wednesday. Moderate supplies came on offer in the open market and included about £40,000 saved from the s.s. "Egypt." The amounts available during the week were again taken for the United States and the Continent. Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
September 22	119s. 1d.	14s. 3-2d.
" 23	118s. 11d.	14s. 3-5d.
" 24	118s. 11d.	14s. 3-5d.
" 25	119s. 1d.	14s. 3-2d.
" 26	119s. 3d.	14s. 3-0d.
" 27	119s. 5d.	14s. 2-7d.
Average	119s. 1-3d.	14s. 3-2d.

Large shipments of gold, totalling over £1,400,000 were made from Bombay last week; the s.s. "Malwa" carries £390,000 consigned to London and the s.s. "President Monroe" £1,041,000 consigned to New York.

SILVER.

Following a general advance in the New York markets, the week opened with an upward movement in silver prices, which, on the 22nd instant rose 1/2d. to 18 1/2d. for cash and 18 1/4d. for two months' delivery. The improvement, however, was not maintained and, in the absence of support, quotations declined 1/2d. on the following day to 17 1/2d. and 17 1/4d. for the respective deliveries. Subsequent fluctuations have been very small and the market quiet. America has shown little interest, but China seems disposed to sell at any advance in prices; the Continent sold moderately, but a measure of support has been given by the Indian bazaars and speculators.

At the present level the market is quite steady, and there are no indications of any important change at present.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 19th instant to mid-day on the 26th instant:—

IMPORTS.	EXPORTS.
Germany	Poland
Aden and Dependencies	British India
Canada	Germany
British West Africa	France
Syria	French Possessions in India
Iraq	Other countries
Other countries	

44,872

133,869

Quotations during the week:—

	IN LONDON.	IN NEW YORK.
	Bar silver per oz. std. delivery.	Cents per Ounce .999 fine.
September 22 ...	18 1/2d.	28
" 23 ...	17 1/2d.	27 1/2
" 24 ...	17 1/2d.	27 1/2
" 25 ...	17 1/2d.	27 1/2
" 26 ...	17 1/2d.	27 1/2
" 27 ...	17 1/2d.	27 1/2
" 28 ...	17 1/2d.	27 1/2
Average	17-792d.	17-917d.

The highest rate of exchange on New York recorded during the period from the 22nd instant to the 28th instant was \$3.47 and the lowest \$3.44 1/2.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Sept. 22.	Sept. 15.	Sept. 7.
Notes in circulation	17,553	17,526	17,520
Silver coin and bullion in India	11,507	11,477	11,466
Gold coin and bullion in India	1,123	1,123	1,111
Securities (Indian Government)	4,923	4,926	4,943

The stocks in Shanghai on the 24th instant consisted of about 116,500,000 ounces in sycee, 240,000,000 dollars and 3,960 silver bars, as compared with 114,000,000 ounces in sycee, 242,500,000 dollars and 4,060 silver bars on the 17th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash	Forward	Cash.
1932.	s. d.	d.	d.	d.
Sept. 23	118 11	17 1/2	17 1/2	Oct. 1, 1926
" 24	118 11	17 1/2	17 1/2	Sept. 30, 1927
" 25	119 1	17 1/2	17 1/2	Oct. 4, 1928
" 26	119 1	17 1/2	17 1/2	" 3, 1929
" 27	119 3	17 1/2	17 1/2	" 2, 1930
" 28	119 5	17 1/2	17 1/2	" 1, 1931
" 29	119 4	16 1/2	16 1/2	" 15 1/2

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.						Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.	
					Prefce.	Ordinary.						
						Amount	Amount.					Rate.
Financial Land, &c.		£	£	£	£	£	%	£	£	£	%	
Caledonian Property Invest.	July 31	...	3,219	3,219	...	1,657	5½	1,562	...	3,229	5½	
Read's Drift Land Co.	Mar. 31	6,955	Dr. 3,639	3,416	...	...	...	...	3,416	Dr. 617	...	
Whitehall Court	June 30	13,261	21,228	34,489	...	20,000	10	6,175	8,314	35,886	12½	
Hotels, Restaurants, &c.												
Queen Anne Residential Mansions and Hotel Co....	June 24	28,139	13,336	41,475	8,750	...	...	2,000	30,725	23,726	15	
Rubens-Rembrandt Associ- ated Hotels	June 30	2,510	Dr. 3,225	Dr. 715	...	...	...	...	Dr. 715	3,496	...	
Iron, Coal and Steel.												
Manvers Main Collieries ...	June 30	13,946	41,084	55,030	11,000	...	...	25,000	19,030	1,736	...	
New Monckton Collieries ...	June 30	24,505	17,102	41,607	5,100	7,437	2½	...	29,070	21,989	2½	
Ransome and Marles Bearing	June 30	26,626	21,154	47,780	...	18,750	5	5,000	24,030	18,406	4½	
Ward (Thos. W.), Ltd.	June 30	31,892	Dr. 23,604	8,288	...	...	...	Dr. 10,000	18,288	Dr 62,796	...	
Motor and Cycle.												
Austin Motor	July 31	270,489	317,481	587,970	...	{ 112,500 56,250	20(4) 50(4)	100,000	319,220	489,231	{ 20(4) 100(4)	
Guy Motors	June 30	116,056	Dr 130,425	Dr 114,369	...	...	...	130,077	Dr 244,446	...	...	
Rubber.												
Layang Rubber Plantations	June 30	13,099	Dr. 46	13,053	...	...	...	...	13,053	Dr. 1,488	...	
Malayalam Plantations ...	Mar. 31	116,399	Dr. 29,258	87,141	...	...	...	...	87,141	2,530	...	
Shipping.												
London-American Maritime Trading	July 31	3,695	Dr. 5	3,690	...	...	...	...	3,690	3,695	...	
Thompson Steamship Co....	July 31	4,307	1,088	5,395	...	...	...	...	5,395	10,567	...	
Shops and Stores.												
Selfridge Provincial Stores	Aug. 31	9,388	98,426	107,814	...	56,250	2½	50,000	1,564	96,719	2½	
Tea.												
Hornsey Tea Estates	June 30	846	3,836	4,682	600	1,800	15	350	1,932	2,463	20½	
Textiles.												
Hepworth (J.) and Son ...	July 31	19,725	67,444	87,169	41,000	24,375	5	3,000	18,794	76,066	7	
Trust.												
Capital and National Trust	July 31	8,292	19,754	28,046	11,062	3,750	2½	...	13,234	24,402	5	
City and International Trust	Aug. 31	22,309	43,483	65,792	30,000	10,000	2½	...	25,792	60,172	5	
C.L.R.P. Investment Trust	Aug. 31	4,602	20,087	24,689	13,163	4,500	2½	2,000	5,026	29,363	5	
Other Companies.												
Associated Fire Alarms ...	June 30	1,841	1,227	3,068	...	2,145	5	...	923	4,881	8	
Assoc. Prov. Picture Houses	May 31	56,381	80,805	137,186	7,500	70,000	10	10,000	49,686	91,935	10	
Brooks Wharf & Bull Wharf	June 30	11,348	13,227	24,575	8,899	2,781	2½	2,250	10,645	18,764	5	
Brooks Wharf & Gilbert	June 30	14,611	19,236	33,847	1,218	14,250	15½	...	18,379	21,570	17½	
Brown, Hopwood & Gilbert	May 31	...	31,704	31,704	27,000	...	...	...	4,704	Dr 123,751	...	
Bucknall (Henry) and Sons	June 30	15,292	58,636	73,928	16,875	6,000	2	34,473	16,580	56,660	Nil	
Clyde Paper Co.	June 30	129,635	102,699	232,334	...	83,777	4	...	148,557	99,820	4	
Elder, Smith and Co.	June 30	100,329	167,034	267,363	137,800	20,584	5	...	108,979	231,406	12½	
Harrisons and Crossfield.....	June 30	6,815	42,537	49,352	14,063	16,875	9	10,000	8,414	41,003	8	
Leethams (Twilt)	June 30	10,560	3,831	14,391	6,000	...	...	...	8,391	Dr 26,741	...	
Leyland and Birm. Rubber	June 30	3,453	13,791	17,244	...	6,250	5	2,000	8,994	Dr 19,795	Nil	
Theatre Royal, Drury Lane	June 30											

a price basis. In cloth for India the business offering has been encouraging and very fair sales have been arranged in dhooties for Calcutta, light whites for Karachi and Madras, and fancies for Bombay and the up-country markets. Grey and white shirtings have attracted very little attention for China, but dyed goods have been sold in moderate lots for Shanghai and Hong Kong. A little more activity has shown itself in bleaching cloths for Egypt and the Near East and printing and finishing styles have been wanted for South America, North and West Africa and the Continent. Some manufacturers have had a rather better week in home trade fabrics. Throughout the manufacturing section there is more optimism than for some time back. Quotations in American and Egyptian yarns have been generally firm and spinners have dealt with a larger inquiry. Rather more orders have been placed for quick delivery and delivery instructions against old contracts have come in more freely. Fine yarns continue in request for the Continent.

Cotton Prices.

	1932.				Corresponding Date.	
	Sept. 7.	Sept. 14.	Sept. 21.	Sept. 28.	1930.	1931.
Raw Cotton—Mid. American per lb.	7.00	6.15	5.67	6.10	5.70	4.44
Sakelard's Fully Good Fair Egyptian per lb.	9.40	8.85	8.50	8.80	9.75	6.95
Yarns—32's twist per lb.	104	104	104	104	104	84
40's twist per lb.	111	104	104	104	104	94
60's twist (Egyptian) per lb.	163	163	163	163	163	163
32-in. Printers, 116 yds., 16 by 16, 32's and 60's a. d.	19	9	6	19	9	17
34-in. Shirtings, 75 yds., 19 by 19, 32's and 40's a. d.	22	3	22	0	21	9
34-in. ditto, 38 yds., 18 by 16, 10 lb. a. d.	11	5	11	3	11	5
39-in. ditto, 37 yds., 16 by 15, 8 lb. a. d.	10	3	10	3	10	3

THE WOOL TRADE.—Bradford. — Though wool values in London and Australia have suffered a slight setback, writes our correspondent, the position must still be regarded as quite sound. According to cable information, apparently emanating from Sydney early this week, there was a 5 per cent. decline in all descriptions, and this had a somewhat disturbing effect in Bradford, though there was not the slightest justification for it. The cable failed to state whether the decline was compared with the previous week or the commencement of the season, and it has since transpired that it was intended to apply only to Continental style wools. Even then it was not regarded as being strictly correct, and though the Sydney market is admittedly slightly easier than at the commencement of the season, there is not now, nor likely to be, anything in the nature of a serious fall. Bradford topmakers state very emphatically that they need wool at a reasonable price to enable them to bring tops in at cost, though they would be prepared to follow the market upwards if there were justification for it. Firms who produce some of the best merino tops obtainable in Bradford have stated that they have been unable to obtain their types in Sydney at much, if any concession in the cost of the raw material. Though the time does not now seem opportune for any further upward movement, steadiness is fairly well assured. The London sales this week are, if anything, doing rather better than last, though it is impossible to say that prices are maintained at the opening level. Owners have been more disposed to meet the market, and withdrawals have consequently not been so large. This is one of the best features of the sales this week, and it is understood that there are further buying orders in the market on Bradford account. Continental competition is still very largely setting the pace, but if that section drops out Bradford will probably be able to buy big enough weights to cancel any possible ease. The market in Bradford is quiet. Quotations for all qualities of tops are steady. Small weights of average 64's can be bought for spot delivery at 23½d. Spinners are still bidding 22d. for next year's delivery, but are not able to place any orders. Good deliveries of tops are being made from the combs, and some spinners of white botany yarns are rather busier.

BARCLAYS BANK LIMITED

HEAD OFFICE: 54, Lombard St., London, E.C.3
and over 2,050 Branches in England and Wales.

TRUSTEE DEPARTMENT

CHIEF OFFICE: 37, King William St., London, E.C.4

The Bank has power to act as EXECUTOR and TRUSTEE under Wills and Settlements, and as Trustee for Debenture Holders. A Pamphlet stating terms and conditions for transacting business may be obtained from the Manager of the Trustee Department, or from the Manager of any Branch of the Bank.

AGENTS IN CANADA:
BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

THE GRAIN MARKETS.

WHEAT.—Wheat prices have moved within narrow limits, and the general wheat situation is scarcely changed on the week. Canada again supplied the lion's share of importers' requirements, but international trade is on a relatively small scale. The two factors chiefly responsible for this are the satisfactory yield of the crops of the chief European importing countries and the severe import restrictions imposed by many of these countries. Under these circumstances, a substantial rise in wheat prices in terms of other commodities seems improbable in the near future, despite the fact that Russia is exporting smaller quantities than a year ago. According to Mr. G. Broomhall, the world's visible supplies on September 1st last, amounted to 432 million bushels, as compared with 500 million bushels a year ago. On Wednesday, December 5th, the week before, and 58½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. 9d. per 496 lbs., against 28s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 28s. 3d., against 28s.; No. 3 Northern Manitoba, Vancouver, ex ship, not quoted, against 27s. 6d.; Australia, ex ship, 30s., against 30s. 6d. a week ago.

WHEAT FLOUR.—The volume of international trade in wheat flour has been a little larger. North American shipments were 158,000 sacks, compared with 121,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 26s. per 280 lbs., against 26s. last week; delivered London, 25s., at both dates. Manitoba patents, ex store, 24s. 3d.-27s. 6d., against 24s. 3d.-27s. 3d. Australian, ex store, 21s.-21s. 6d., against 20s. 6d. 21s. last week.

BARLEY.—Feeding barley has been a quiet market. October futures were quoted in Winnipeg on Wednesday at 25½ cents, against 29½ last week and 34½ a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 24s. against 24s. a week before.

OATS.—The demand for foreign oats in importing countries has been quiet. In Chicago, December futures were quoted at 17½ cents, against 18½ per bushel a week before and 19½ a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 6d. per 320 lbs., against 18s. 6d. a week ago; "River Plate," ex ship, 17s. 3d.-17s. 6d., against 17s. 6d.-17s. 9d.; "Chilean White," landed, 23s.-24s. 6d. at both dates.

MAIZE.—The demand for maize has fallen off, and, as the decline in Argentine shipments has been largely made good by increased supplies from Russia and Danubian countries, prices gave way a little. December futures in Chicago were quoted on Wednesday at 28½ cents against 29½ cents on Wednesday of last week and 35 cents a month ago. Quotations in London, Wednesday: "Plate," landed, 21s. per 480 lbs., compared with 21s. 3d. last week; "Plate," ex ship, 20s., as against 20s. 6d.; "Plate," December-January, 21s., as against 21s. 6d. Yellow maize, ex wharf, was quoted at £6 per ton, against £6 2s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to September 24	188,043	59,230	157,614	354,216
4 weeks to September 24	530,003	219,233	646,731	1,680,106
Average price of English wheat per cwt.	s. d. 5 8	s. d. 4 6	s. d. 7 2	s. d. 9 6

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 17, 1932	133,328	137,074	42,175	s. d. 5 8	s. d. 9 2	s. d. 6 6
Sept. 24, 1932	188,043	188,535	53,055	5 8	8 9	6 6
Sept. 22, 1928	314,112	277,402	91,159	9 2	11 4	9 1
Sept. 21, 1929	421,436	346,753	67,143	9 9	10 10	7 11
Sept. 27, 1930	187,614	188,550	48,269	7 2	8 7	6 0
Sept. 26, 1931	59,230	223,719	35,024	4 6	8 5	5 7

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

NEAREST FUTURE	Jan. 2, 1930.	Jan. 2, 1931.	Sept. 30, 1931.	Jan. 4, 1932.	Sept. 21, 1932.	Sept. 28, 1932.
Winnipeg (No. 1 Manitoba) Cents per 60 lb.	148½	56½	53½	62½	52½	50½
Chicago (No. 2 Winter) Cents per 60 lb.	130½	79½	44½	55½	52½	52½

The visible supply of wheat in Canada, at 78,901,000 bushels, shows an increase on the week of 9,502,000 bushels. Supplies a year ago stood at 51,238,000 bushels.

"I do like
Cadbury's new
food drink"

THE 'GOOD-NIGHT' DRINK THAT BECOMES
TOMORROW'S ENERGY...

9d
Guaranteed 1/5 net
GUARANTEED 1/5 NET

90% of its
nourishment can
be turned to human energy in a few hours

Everybody is saying it. "I do like Cadbury's new food drink." They like the delicious flavour. And they like Cadbury's Bourn-vita because it does them so much good. This perfect food-drink, so easily digested, induces peaceful, refreshing sleep at night and builds new energy for the morning.

FEEL THE BENEFIT TO-MORROW!

Even by to-morrow you will benefit by taking Cadbury's Bourn-vita to-night. The main ingredients used—fresh full-cream milk and eggs from British farms with British malt and Empire cocoa—are combined according to a formula which ensures a scientifically calculated balance of nourishing elements essential to good health, but often inade-

quately provided by ordinary diet.

THE FOOD DRINK PERFECTED

All the experience of Cadburys, who have specialised in food-drinks for over 100 years, has contributed to the perfecting of this new Cadbury product. Add two teaspoonfuls of Cadbury's Bourn-vita to a cup of hot milk and your "good-night" drink is ready. Very good for you! And very enjoyable.

Cadbury's
BOURN-VITA

Obtainable from all grocers

OTHER FOODS.

SUGAR.—Towards the end of last week the New York "futures" market became easier, but by Wednesday last the points lost had been regained as a result of an improvement in demand. December futures were quoted in New York at 1.08 cents per lb. on Wednesday, against 1.08 cents a week before and 1.15 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 9d. to 5s. 10½d. per cwt., against 5s. 8½d. to 5s. 9d. a week before, and "March, 1933," at 6s. to 6s. 1d., against 5s. 9½d. to 6s. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	2,252	179	1,498	1,180	14,472	18,980
Liverpool	8,386	3,900	14,094	14,858	58,097	58,076
Total	10,638	4,079	15,592	16,038	70,569	77,056
Last week ...	2,079	21,738	15,248	16,148	75,523	89,015

COFFEE.—Quotations of Brazilian coffee in New York continued to advance under the influence of a good demand. On Wednesday, Rio No. 7 (cash) was quoted at 9½ cents per lb., against 9½ cents per lb. on the corresponding day a week ago. Tuesday's auctions in London, comprising 4,000 packages, were characterised by keen competition and many grades realised higher rates. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 373 bags; exported, 75 bags; stocks, 14,331 bags, against 2,173 bags a year ago. Central American, landed, 355 packages; delivered for home consumption, 1,911 packages; exported, 4,444 packages; stocks, 78,991 packages, against 85,625 last year. Other kinds: Landed, 4,076 packages; delivered for home consumption, 1,811 packages; exported, 1,783 packages; stocks, 62,389 packages, against 71,072 last year.

COCOA.—The market in cocoa has been a little steadier since the beginning of this week. December futures were quoted at 4.44 cents in New York on Wednesday, against 4.64 cents a week ago and 4.88 a month ago. Accra, November-January, at 28s. 3d. c.i.f. Continent, shows no change on the week. Last week's movements of cocoa in London were as follows: Landed, 2,451 bags; delivered for home consumption, 4,526 bags; exported, 688 bags; stocks, 134,286 bags, against 190,758 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 63,411 packages of Indian and 31,914 packages of Ceylon tea. Monday's "Indian" offerings met with keen competition at higher rates for common and low medium grades. At Tuesday's "Ceylon" auctions all except medium grades were firm. On Wednesday, common and low medium "Indian" varieties recorded a further advance. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
Sept. 24, 1931	d. 5-66	d. 9-27	d. 16-74	d. 8-14	d. 7-32	d. 5-85	d. 14-40
Sept. 1, 1932	d. 11-67	d. 6-64	d. 8-84	d. 5-05	d. 4-50	d. 5-74	d. 9-46
Sept. 8, "	d. 10-61	d. 6-34	d. 8-48	d. 4-72	d. 4-46	d. 6-36	d. 8-81
Sept. 15, "	d. 10-16	d. 5-90	d. 8-61	d. 4-37	d. 3-89	d. 5-49	d. 8-71
Sept. 22, "	d. 10-09	d. 6-04	d. 9-25	d. 4-82	d. 4-10	d. 5-32	d. 9-02

RICE.—The market in rice was steady. The spot price rose from 10s. per cwt. to 10s. 3d. per cwt., while the forward quotations at 8s. 3d. per cwt. remained unchanged. Movements in London during the past week were as follows: Landed, 400 tons; delivered, 96 tons; stock, 2,120 tons, against 1,134 tons a year ago.

POTATOES.—There was a good demand for potatoes, but in view of ample supplies, prices are scarcely changed on the week. At the London Borough Market, "King Edward," light soil, were quoted at 4s. 9d. to 5s. 6d. per cwt., against 4s. 9d. to 5s. 3d. a week ago.

SPICES.—The market in spices was quiet. Spot pepper, "Black Singapore," was again quoted at 6½d. per lb. on Wednesday. Forward positions were steadier. Movements of pepper in London during the past week were as follows: Black, landed, 32 tons;

delivered, 25 tons; stock, 276 tons, against 590 a year ago. White, landed, 80 tons; delivered, 37 tons; stock, 438 tons, against 525 a year ago.

MEAT.—A good demand for meat at the Smithfield Market was met by ample supplies, and prices are scarcely changed on the week. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 6d. to 4s. 4d. per 8 lbs., as compared with 3s. 11d. to 4s. 4d. last week. New Zealand frozen mutton was 2s. 4d. to 3s. per 8 lbs., against 2s. 4d. to 3s. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,523 tons, against 8,857 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.2 per cent. of the beef supplies, against 85.6 per cent. a year ago. Imported mutton, mainly New Zealand, formed 72 per cent. of the total supply of mutton and lamb, against 69.6 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets are very quiet indeed and the tendency is markedly downward, supplies being more than ample and demand almost non-existent. Large quantities of linseed are pressing for buyers, but crushers here and on the Continent appear to have sufficient seed to meet the poor demand for oilcake. Plate on spot and afloat for Hull has dropped to 28, shipment quoting from 28 17s. 6d. to 29 5s. according to position. Calcutta is steady but neglected, shipment to London offering at 21 1s. without finding buyers. The quantity afloat for Europe has increased to 225,700 tons, or 7,300 tons more than last week, and compares with only 127,700 tons a year ago. Though shipments to Europe are 100,000 tons better than at this time last year the United States has taken 140,000 tons less, and that available for export from Argentina and India to the end of the year is estimated at 600,000 tons, as against something over 400,000 tons shipped in the remainder of 1931. There is little demand for cottonseed, which is easier, old crop Egyptian offering freely at 27. New crop is now coming on the market, current value for early shipment being around 27 2s. 6d. Linseed oil is in extremely poor demand and prices have fallen in sympathy with seed. Raw oil for September delivery ex Hull mill has declined to 116 and October delivery to 116 5s. Cotton oil is lower, crude Egyptian being now 223 and refined (technical or edible) 225 10s. ex Hull mill. Other seed oils are in slow demand as are also oilcakes.

HIDE, LEATHER AND ALLIED TRADES.—Generally speaking, the demand for hides and skins remains good, but the advance tendency of the market is not so evident as it has been for several weeks past. At the auctions held in Manchester this week all weights and classes of ox and heifer hides, together with cows and bulls, changed hands at the previous week's figures, but there was a slightly firmer tone in regard to calfskins, two weights of which sold for 4d. per lb. more money. There has been some small improvement in the inquiry for sheepskins, and here also rather better prices have been realised. Business in connection with imported hides has not been quite so brisk, but quotations, with the exception of those for South American wet-salted hides, have been maintained at about the level of the previous week. In Argentine ox, sales have been made at 4½d., while cows have changed hands at up to 5½d. and Montevideo ox at a fraction over 5½d. The market for dry hides from the same origin has been somewhat irregular, with only a moderate amount of business done. B.A. Americanos are being offered at 6½d.; Inservibles at 4d.; Cuyabanos at 5½d.; and M.V. Americanos at 6½d. African hides have remained very firm in price, with 5½d. asked for heavy unbathed Adis Abebas, 5½d. for Mombasas, and 6½d. for Nigerians. Business has been done in dry Capes at 6½d. and 5½d. for firsts and seconds, while drysalted in the same selections have realised 1d. less for 20-30 lbs. and 1½d. less for 30-40 lbs. Inquiry for Australian hides has been rather less, with prices fractionally lower. Turnover of sole leather has been of fairly respectable dimensions, and although the inquiry may not have been good for all descriptions, aggregate sales have been maintained at a reasonable level. Shoe manufacturers have been interested in certain lines of dry hide bends, and in the light and medium weights fair parcels have changed hands. English and wet-salted bends, however, have been the best market and with the exception of heavy weights, good business has been forthcoming for most selections. Demand for pinned bellies and shoulders has been up to the average of recent weeks, and, in addition, the market for rough bellies has improved. In the upper leather section inquiry has again been confined chiefly to box and willow calf and glacé kid, for both of which descriptions of leather a steady business has been done. Some improvement has been experienced in sales of patent, and there has also been slightly more interest taken in reptile skins. Dressed kip and hide leather appears to be accounting for rather more business, although at the moment individual orders are still confined to small quantities.

THE TIMBER TRADE.—The bad state of the building industry in the Metropolitan area (28 per cent. unemployed in August, compared with 16.9 per cent. last year), and the general average of unemployed building trade workers last month of 27.37 per cent., against 19.2 per cent. a year ago, have been a great handicap to all spot traders in timber. Imports of European building and joinery woods have been kept well down within recent weeks, and in conformity with the decline in this year's demand. Stocks on the market are light for early autumn, but moderate when considering the actual consumption. The stocks position here is viewed with optimism in supply countries, shippers having firm up their quotations, but United Kingdom importers do not seem inclined to buy freely until actual consumptive demand warrants that course. Hence, large winter supplies are not yet assured for consumers' benefit. Canadian shipments of eastern sawn pine

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY
CEREALS AND MEAT.

GRAIN, &c.	4.	5.	6.
Wheat	4.	5.	6.
Barley, N. Man. 496 lb.	28	3	
Eng. Gas. av. per cwt.	5	8	
Barley, Eng. Gas. av.	8	9	
Oats	6	6	
Maize, La Plata, landed	21	0	
480 lb.			
Flour, Lon. stan. ex mill.	23	9	
Rice, No. 2 Burma, per cwt.	8	3	
Taploca, per cwt.	12	0	
Fair Flake, Singapore.	12	0	
MEAT—			
Beef, per 8 lbs.	4	0	5
English long sides	3	6	4
Argentine chilled hinds	3	6	4
utton, per 8 lbs.	3	8	5
English wethers	3	8	5
N.Z. frozen	2	4	5
Pork, English, per 8 lbs.	4	8	5

[OTHER FOODS.]

BACON—	per cwt.	82	0
Irish		82	0
Danish		68	0
Dutch		54	0
HAMS—			
Canadian		74	0
American		66	0
BUTTER—			
Australian		105	0
New Zealand		110	0
Danish		120	0
OBSESS—			
Canadian		65	0
New Zealand		59	0
English Cheddars		96	0
Dutch		58	0
COCOA—			
Duty, British grown		11s. 8d.	
Acors, f.f.		26	0
Irishland		42	0
Grenada		33	0
COFFEE—			
Duty, British grown		11s. 8d.	
Santos sup. c. & f. cwt.		66	0
Colombian, good		62	0
Costa Rica, med. to good		90	0
East Indian		88	0
Kepya, medium		85	0
ROSES—			
English		120	0
Danish		14	0
FRUIT—			
Oranges—			
South African		11	0
Brazilian		10	0
Lemons, Sicilian		15	0
Malaga		30	0
Apples: Amer. (var.)		24	0
Almeria		10	0
Onions—			
Valencia, case, 4s.		7	0
Argentine Bags		8	0
Grapes, Lisbon		8	0
Almeria		11	0

LARD—	s	d.	s	d.	WOOL—						
Irish bladders	50	0	66	0	English South-down, greasy per lb.	10					
American, boxes, 56 lbs.	49	0	50	6	" Lincaln hog, wasted	6					
POTATOES—					Queensland, seed, super embg.	19					
Good English, per cwt.	4	9	5	6	N.S.W. greasy, super	12					
SPICES—					N.Z., grey, half-bred 50-44	11					
Pepper, per lb.—					Tape Crossbred 40-66	12					
Muntok, fair White	0	7	¾		Merinos 70's	25					
Black Lamporg	0	6	½		" 64's	24					
Cinnamon—1st sort, per lb.	0	6	½		Crossbred 48's	11					
Cloves—Zanzibar per lb.	0	7	½		" 46's	10					
Ginger—per cwt.	24	6			OOAL—		s	d.	s	d.	
African	57	6	90	0	Welsh, best grade	19	6				
Jamaica, ord. to good	10	11			Durham, best grade f.o.b.	16					
Mace	1	0	11		" Tyne	14	6				
Nutmegs 65s	1	5			Sheffield, best house, at	22	0	22	6		
SUGAR—					" pits	22	0	22	6		
(Duty, 11s. 8d. per cwt.).					IRON AND STEEL—						
B.W.I. crystallised	16	0	18	6	Pig, Cleveland No. 3, ton	58	6				
Java, white, c. & f. India	8	0			Barns, "Browns"	195	0				
Aug-Oct.	8	0			Steel Bar, heavy	170	0				
REFINED—London—					Tin Plates, per box	15	9	16	3		
Yellow Crystals	18	7	¾		METALS—		s	s.	d.	s.	d.
Cubes	23	0	23	6	Copper, Electrolytic, ton	38/10/0				39/0/0	
Crushed	21	0	21	6	Sheets (strong)	68/0/0					
Granulated	19	0	19	10	Standard	12/6				34/13/9	
Home Grown	18	6	18	9	Lead, B.B. pig, per ton	15/0/0					
TEA—					Soft Foreign	12/18/9					
Indian—per lb.—					Spelter G.O.B.	15/6/3					
Pekoe	0	5	½	1	Tin—English ingots	156/0/0					
Broken Pekoe	0	5	½	2	Standard case	153/10/6					
Orange Pekoe	0	5	½	2	MISCELLANEOUS.						
Broken Orange Pekoe	0	5	½	3	CHEMICALS—		s	s.	d.	s.	d.
Ceylon—per lb.—					Acid, citric, per lb., less 5%	0	10	¼	0	10	¼
Pekoe	0	5	½	2	Alum.	0	24	0	4	0	
Broken Pekoe	0	5	½	2	Oxalic, net	0	4	0	4	0	
Orange Pekoe	0	5	½	2	Tartaric, English less 5%	0	10	¼	0	10	¼
Broken Orange Pekoe	0	5	½	3	Alcohol, Plain Ethyl—	12	0				
Ceylon—per lb.—					Alum. lump						
Pekoe	0	5	½	2	Carb.						
Broken Pekoe	0	5	½	2	Aluminate						
Orange Pekoe	0	5	½	2	Sulphate						
Broken Orange	0	5	½	2	Arsenic, lump						
TOBACCO—					Bleaching powder, per cwt.	8/0/0				8/10/0	
(Duty 9/6-10/6½ per lb.,					Borax, gran.						
Empire growths, 7/5½					Carb. powder						
8/3½ per lb.)					Nitrate of Soda, per cwt.	9	0	9	6		
Virginia leaf—					Potash—Chlorate, net	0	4	0	4	0	
Common to fine	0	10	0	3	Sulphate						
Rhodesian leaf	0	10	0	3	Sal-Ammoniac						
Nyasaland leaf	0	6	1	6	Soda Bicarb.						
" strips	0	8	2	6	Crystals						
East Indian leaf	0	5	0	10	Sulphate of Copper, per ton	16	5	16	10		
" strips	0	5	½	1	CEMENT, London—						
COTTON—					Portland, best Eng. pr. ton						
MID-AMERICAN					In jute sacks (11 to ton)	44	9	46	9		
Sakellaridis f.g.f.	6-10				In free paper bags (20	46	0	48	0		
Yarns, 32's twist	8-80				to ton)						
60's twist	10-14				COBRA—						
12's twist	16-12				S.D. Straits a.f., per ton	14/17/6					
FLAX—		s	s.	s	Smoked South Sea	13/17/6					
Livorian 2K	per ton	47	0		DRUGS—						
Pernau HD		45	0		Camphor—						
Slanetz Medium 1st sort		51	0		Japan, refined						
HEMP—					Castor oil						
Italian P.O.	per ton	44	0		Ipecacuanha						
Manila, Sept-Oct. "J 2"	per lb.	29	0		Peppermint, Wayne Co.						
Slan.		15	5	15	HIDES—						
JUTE—					per lb.	12	0	12	6		
Native 1st nks.	per ton				Wet salting—Australian						
c.i.f. H.A.R.B.					per lb.	0	¾	0	¾		
October-November	£17/10/0				West Indian	0	¾	0	¾		
Dec 2/3 c.i.f. Dundee					Cape	0	¾	0	¾		
October-November	£17/10/0				Dry and Drysalted Cape	0	5	½	0		
SILK—		s	d.	s							
Canton	per lb.	7	0	9							
Tussah		3	6	4							
Japan		9	0	11							
Italian—raw, fr.		8	6								

Market Hides, London—	s. d.	s. d.
Best heavy ox and heifer	0 4½	0 5½
Best cow	0 4	0 4½
Best calf	0 3½	0 5½
INDIGO—		
Bengal g.d. red.-vio. to dye—per lb	5 6	
LEATHER—		
Sole Bends 8/14 lb.— per lb.	0 10½	1 10
Bark Tanned Sole	1 9	2 9
Shoulders fm DS Hides	0 6	0 8
Do. Eng. or WS do.	0 8	1 0
Bellies from DS do.	0 4½	0 5½
Do. Eng. or WS do.	0 5½	0 8½
Dressing Hides—	1 0	1 7
Ro. Eng. Calf, 20/50 lb.	2 3	3 3
Aust. Bends	1 0	1 4½
VEGETABLE OILS—		
Linseed, naked, p. ton net		17/2/8
Rape, refined		26/0/0
Cotton-seed, crude		23/10/0
Coconut, crude		23/11/0
Palm—		16/15/0
Oil Oakes, Linseed, Eng., per ton		7/10 0
Oil Seeds—Linseed—		
La Plata, p. ton	8/17/5	
October-November	16, 6 3	"
Osoutta—per ton—	s. d.	
Turpentine, per cwt.	63 6	
PETROLEUM PRODUCTS—		
Motor spirit, No. 1, London		1 6½
Petroleum, Amer. std.		0 9½
Do. London per gal.		
Fuel oil, in bulk, for contracts, exc instal., Thames—		
Furnace ... per ton	60 0	
Diesel " " "	67 6	
Lubricating oil ex store, London—per ton		8
Rails	9/10/0	25 0 0
Peas	10/0/0	16/15/0
Cylinder	10/10/0	29/10/0
ROSIN—		
American	per ton	15/0/0 23 10 0
RUBBER—		
St. ribbed smoked sheet	s. d.	s. d.
Per lb.	0 2½	0 2½
Pine Hard Para per lb.	0 5½	
SHELLAC—		
TN Orange	per cwt.	65 0 66 0
SHELLS—		
W. Aust. M. o.p.	s. d.	s. d.
	4 0	13 0
TALLOW—		
London Town per cwt.	s. d.	41 6
TIMBER—		
Swedish u/s 3 x 8	per std.	18 0 0
" 2½ x 7	"	15 0 0
" 2 x 4	"	14 0 0
Can'dn Spruce, Dis	"	24 0 0
Pitchpine	per load	9 0 0
Pio Deals	per std.	32 0 0
Teak	per std.	28 0 0
Honduras Mahg. logs	a. ft.	10 6 0
African	"	6 6 0
Amer. Oak Boards	"	0 6 0
" Ash	"	0 6 0
English Oak Planks	"	0 6 0
" Ash	"	0 7 6

Wednesday's spot price for rubber, at 3½ cents per lb., shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2½d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for April-June, 1933, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,323 tons; delivered, 2,537 tons; stocks at the end of last week, at 102,990 tons, show a decrease of 1,214 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.
(New York quotations, unless otherwise stated.)

(New York quotations, unless otherwise stated.)

	August 31.	Sept. 21.	Sept. 28.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	52½	52½	52½
Maize, nearest future, Chicago, per bushel	30½	28½	26½
Oats, nearest future, Chicago, per bushel	17½	16½	15½
Rye, nearest future, Chicago, per bushel	31½	33½	33½
Coffee, Rio No. 7, cash, per lb.	8½	9½	9½
Santos No. 4, cash, per lb.	12½-13	15	16
Cocoa, Accra, nearest future, per lb...	4-60	4-50	4-44
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-18	3-15	3-15
Cotton, middling, spot, per lb.	9-40	7-50	7-40
Rubber, smoked sheet, spot, per lb...	4½	3½	3½
Petroleum, Pennsylvania crude, stan- dard grades, per barrel	175-197	175-197	175-197
Copper, "Electrolytic," Domestic, spot, per lb.	5½	6½	6½
Copper, "Electrolytic," Copper Ex- porters, Inc., spot, per lb.	5½	6½	6½
Spelter, East St. Louis, spot, per lb....	2-95	3-25	3-25
Lead, spot, per lb.	3-60	3-40	3-00
Tin, "Straits," spot, per lb.	23-80	24-70	24-75

Banks, &c.—Continued.**THE HONGKONG & SHANGHAI BANKING CORPORATION.**

(Incorporated in the Colony of Hongkong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony.)

AUTHORIZED CAPITAL	£50,000,000
ISSUED AND FULLY PAID UP	£20,000,000
RESERVE FUNDS (STERLING)	£6,500,000
RESERVE FUNDS (SILVER)	£10,000,000
RESERVE LIABILITY OF PROPRIETORS	£20,000,000

Head Office—Hongkong.
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 T. B. PHAROE, Deputy-Chairman.
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 M. T. JOHNSON. T. H. B. SHAW.
 J. P. WARREN.
CHIEF MANAGER: V. M. GRAYBURN.

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MANAGERS IN LONDON:
 H. D. C. Jones. R. M. N. Paddfield
 Accountant: A. Moncur.
 9, GRAOCHURCH STREET, LONDON, E.C.3.

THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED.

Established 1834.
 Incorporated in New South Wales with Limited Liability. With which is amalgamated

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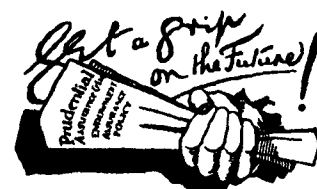
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THE MONEY MARKET.

ALTHOUGH the payment of dividends upon the 3½ per cent. Conversion Loan, 2½ per cent. Consols, Local Loans and certain Indian stocks liberated a certain amount of funds, money this week has been a little more usable. Renewals have remained at ½ per cent., but rates of ¼ and ½ per cent. have been paid for new money, and a little more clearing bank money was taken at the minimum rate of 1 per cent. The usual week-end ease was absent last

Saturday, as heavy payments for new Treasury bills and maturities of old bills caused a big turnover of funds. The Australian issue this week did not have much effect upon the supply of money, because the initial call was only 5 per cent., and the money so collected was at once re-lent to the market. The Stock Exchange, however, has been borrowing a little more freely, and in some cases brokers have been able to obtain day-to-day money at the low rate of $\frac{1}{2}$ per cent.

A definite change has occurred in the discount market during the past week. Immediately before the Treasury bill issue of September 30th the clearing banks decided to raise their tender rate, and according to one report they put in their tenders at $\frac{1}{2}$ per cent., in contrast to the previous week's average tender rate of 7s. 11.16d. per cent. There was no particular significance about this decision, for the bills offered on September 30th were January maturities, and so it did not pay the banks to tender for them at the inordinately low rates previously in force. The market, however, was apparently taken by surprise, with the result that the various tenders submitted exhibited unusually wide variations in rates. In the end the market rather than the banks got most of the £48 millions of bills allotted out of the original offer of £50 millions, and the average tender rate worked out at 11s. 8.15d. per cent., or just under $\frac{1}{2}$ per cent.

This rise of nearly $\frac{1}{2}$ per cent. in the tender rate, as compared with the previous week, has naturally caused a general revision of market discount rates, and for a time it was difficult to find a basis for quotations. In the end it transpired that the banks were not prepared to buy "hot" Treasury bills at less than $\frac{1}{8}$ per cent., and this decision has naturally restricted business, and has also caused the rate on "hot" bills to harden to that figure. It was also expected that the bills issued on October 7th would go at a higher rate, and $\frac{1}{2}$ per cent. or more was on Thursday a very general estimate. The banks bought a few October and November bills at $\frac{1}{8}$ per cent., again a substantial advance upon the previous week's rates. Three months' bank bills were quoted at $\frac{1}{2}$ - $\frac{3}{4}$ per cent., and standstill bills at 1-2 per cent. upwards.

	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.	Oct. 6, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12 '32)
Discount { Call.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12 '32)
Houses { Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12 '32)
Market rate ("hot" ..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' ..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (stand- ..	1-2	1-2	1-2	1-2	...
still bills)	1-2	1-2	1-2	1-2	...

Whereas last week it had been rumoured that the banks might be going to reduce their minimum rates on short loans below 1 per cent., it now appears that instead they have decided to raise discount rates; and there is no doubt that, up to a point, they can give effect to such a decision, for to-day bank tenders form an important part of the weekly applications for Treasury bills. This is in contrast to the practice of the banks only a few years ago, which was to leave it to the market to tender for new Treasury bills, and to buy shorter bills from the brokers for such dates and in such quantities as they required. Many bill brokers would like the banks to revert to their previous practice, and so leave the discount market free to perform its proper function to supply the banks' needs, but so long as the banks have so much surplus cash at their disposal it is difficult to see how they can do so. In the meantime the market is naturally pleased that the banks are modifying their previous anomalous practice of continuing to lend money at not less than 1 per cent. and at the same time competing with the market for bills at rates well under their minimum.

This week's Bank return shows a moderate increase of £2.7 millions in the note circulation, a change which is readily explained by the public's cash requirements for the end of the month and also for quarter day. As the Bank's gold stocks are unchanged, the Reserve is lower by the same amount. Dividend payments referred to above have reduced Public Deposits by £11.7 millions from £23.4 millions to £11.7 millions. Not all the money so released, however, has gone into Bankers' deposits, for the expansion in the note issue has absorbed £2.7 millions, while securities held by the Banking Department have been reduced by £3.3 millions. Furthermore Other Deposits have increased by £1.3 per cent. Thus Bankers' Deposits have only expanded by £5.0 millions to £85.7 millions. The payment of the Bank's dividend has reduced the Rest from £3,677,000 to £3,085,000. The proportion of the reserve to the Banking Department's outside liabilities stands at 40.0 per cent.

The Foreign Exchange market was dull and inactive during the past week, and business remained very limited. The fact is that the New York and Paris rates are now both pegged for all practical purposes, with the result that speculative operators have transferred their activities to Paris. New York was quoted 3.45 $\frac{1}{2}$ at the close, after rising to 3.46 on October 1st, and was thus unchanged on the week. Paris was also approximately at last week's level, closing at 88 $\frac{1}{2}$. Brussels improved to 24.85, as did Amsterdam to 8.59, while Milan was unchanged at 67 $\frac{1}{2}$. Switzerland was 17.89, Spain depreciated to 42 $\frac{1}{2}$, and Berlin was slightly on offer at 14.54. The Scandinavian currencies were steady and showed no quotable change. The South American exchanges remained at last week's levels, but were largely nominal. Among the Far Eastern exchanges the rupee was unchanged at 1s. 6 $\frac{1}{2}$ d., but the yen fell away on the publication of the Lytton Report to 1s. 4 $\frac{1}{2}$ d., though it recovered later to 1s. 4 $\frac{1}{2}$ d. Batavia was 8.57. In the forward market dollars were in better demand, principally on American account, at discounts of $\frac{1}{2}$ cent for one month and $\frac{3}{4}$ cent for three months. Paris forwards also improved to par for one month and 1 centime discount for three months. Forward belgas were wanted on account of Belgian inquiries at discounts of 6 and 16 for the respective periods. Milan forwards improved to discounts of $\frac{1}{2}$ lire and $\frac{1}{2}$ lire. Amsterdam was at premiums of $\frac{1}{2}$ cent for both dates. Forward Switzerland was unchanged at last week's levels, as was forward Madrid. In the silver market prices were steady on a quiet market until Wednesday, when Continental bear covering caused a slight rise to 17 $\frac{1}{2}$ d. for cash and 17 $\frac{1}{2}$ d. for forward delivery. Hong Kong was 1s. 4 $\frac{1}{2}$ d. and Shanghai 1s. 9 $\frac{1}{2}$ d.

Including additional imports for the previous day, announced on Thursday of last week, total gold imports into the United States for the week ended October 5th came to \$4.7 millions. \$1.4 millions came from Holland, \$1.3 millions from India and \$1.2 millions from England. Gold ear-markings upon foreign account were reduced by \$8.9 millions. New York money rates are unchanged at 2 per cent. for call money and $\frac{1}{2}$ - $\frac{3}{4}$ per cent. for 90-day bankers' acceptances. Loans by the Reconstruction Finance Corporation from its inception on February 2nd to the end of August are returned at \$1,182 millions for business and agricultural purposes (including \$64 millions lent to farmers), and \$34 millions for the relief of distress. Loans to railroads amount to \$243 millions, while those to banks and trust companies come to \$784 millions, plus \$39 millions lent to liquidators and receivers of closed banks. Other loans include \$80 millions to building loan associations, \$72 millions to insurance companies, and \$83 millions to mortgage loan companies.

With this week's issue of the "Economist," we publish our Autumn Banking Supplement, containing among other features, a discussion of the present British banking position, and reviews of banking conditions throughout the Empire, and in the United States, Scandinavia and South America.

THE LYTTON REPORT.

THE Lytton Report, which was published at Geneva on October 1st, is an admirable piece of work, well-informed, impartial, constructive, and—above all—inspired throughout with manifestly sincere goodwill, untainted by a single touch of animus. It is, in fact, a State paper that is worthy of the distinguished members of the Commission and of the able experts by whom they have been assisted; and, at the same time, the Commission are to be congratulated upon their success in having done work of this high standard under peculiarly difficult conditions. They have had to take their evidence and form their judgments in an atmosphere of excitement, suspicion and hatred and under local conditions of turmoil and disorder and violence. And they have had a heavy responsibility on their shoulders. For the despatch of the Lytton Commission to the Far East was the one substantial contribution that the League of Nations had been able to make towards the settlement of the Sino-Japanese conflict during the first three months after its outbreak on the night of September 18-19, 1931. Since the appointment of the Commission on January 14th last, in pursuance of the League Council's resolution of December 10, 1931, it has depended on the Commission to find a way out of the international impasse and to reconnoitre a new road for the settlement of the Sino-Japanese conflict by pacific international action. In our belief, the Commission has successfully carried out this formidable enterprise. We believe that the constructive proposals with which the Report concludes do offer a satisfactory and a practicable solution of the Sino-Japanese problem. And we take this view without ignoring the "accomplished facts" which have been brought about—and deliberately brought about by the Japanese military authorities—in Manchuria while the Lytton Report has been in preparation. We may add that the Commission itself, in the text of the Report, anticipates everything that has happened up to date, including the treaty between Japan and "Manchukuo," and has made its recommendations with all these facts in mind. Thus there is no warrant whatever for dismissing the Commission's proposals as out of date. They stand commended by their evident merits; and if the statesmen of the world—following their all too frequent habit of piling up trouble at compound interest for to-morrow in order to avoid the trouble of to-day—now throw away the opportunity, offered by the Report, of making a supreme effort to achieve a Far Eastern settlement, their responsibility for the grave consequences that will follow for the whole world will indeed be a heavy one at the bar of history.

The League Council set the Lytton Commission a dual task:—

"(i) An examination of the issues between China and Japan which were referred to the Council, including their causes, development and status at the time of the inquiry;

"(ii) A consideration of a possible solution of the Sino-Japanese dispute which would reconcile the fundamental interests of the two countries." (Report, page 10.)

In the nature of the case, the exposition of the issues and the facts occupies more space in the Report than the recommendations for action; and these recommendations can only be understood and appreciated in the light of the historical background. At the same time, it is, of course, these constructive and concrete suggestions for a solution that are the most interesting and important part of the Commission's work.

On the issues and the facts, the Report is devastating to Japan. After a manifestly able and impartial examination of the evidence, the Commission conclude that "the military operations of the Japanese troops during" the night of September 18-19, 1931, "cannot be regarded as

measures of legitimate self-defence" (page 71); that the new State of "Manchukuo" "could not have been formed" without "the presence of Japanese troops and the activities of Japanese officials, both civil and military," so that "the present regime cannot be considered to have been called into existence by a genuine and spontaneous independence movement" (page 97; *cp.* page 99); and that the feeling of the Chinese population of Manchuria is solidly opposed to the Japanese and to their faked Manchurian Government (pages 107-111). Of 1,550 letters received by the Commission from individual inhabitants of Manchuria, "all except two were bitterly hostile to the new 'Manchukuo Government' and to the Japanese"! This is really portentous, when we consider that the Chinese and the Sinified Manchus in Manchuria account for about 28 millions out of an estimated total population of 30 millions (page 25), and that "the social and economic Chinese organisation in Manchuria is a transplanted society which has kept the customs, dialect and activities of its home" (page 124). The cumulative effect of these three conclusions is decisive; and the moral impression is vastly heightened by the studiously moderate and conciliatory language in which the evidence and the conclusions are presented; by the conspicuous absence of anti-Japanese bias; by the handsome recognition of Japanese economic and even strategic interests in Manchuria; and by the searching exposure of the long-drawn-out anarchy in China and of the provocation which the Japanese have received at Chinese hands—including an illuminating discussion of the rights and wrongs of the boycott.

So much for the way in which the Commission has acquitted itself of the first part of its mandate. When it comes to the second part, it proposes both a procedure and a basis for a settlement. The basis proposed is the maintenance in principle of the territorial and administrative integrity of China, combined with the grant of a large measure of autonomy to Manchuria and the recognition of Japan's interests in Manchuria, which should be defined and secured by the establishment of new treaty relations between China and Japan. In detail, "it is suggested that a special gendarmerie should be organised, with the collaboration of foreign instructors, which would be the only armed force within the three Eastern Provinces," and that "an adequate number of foreign advisers" should "be appointed by the chief executive of the autonomous Government, of whom a substantial proportion should be Japanese" (page 134). Alternative suggestions are offered for solving the problem of Japanese rights of settlement in Manchuria and for co-ordinating the local Chinese and Japanese railway systems.

This, very briefly, is the gist of the Lytton Commission's proposals. In the light of the Lytton Report, what is the world going to do about the Far Eastern situation, and what is Japan going to do about it? The interests of the world are pointed out by the Commission in a passage which deserves quotation in full:—

"Any real and lasting solution by agreement must be compatible with the obligations of [existing multilateral treaties], on which is based the peace organisation of the world. The considerations which actuated the representatives of the Powers at the Washington Conference are still valid. It is quite as much in the interests of the Powers now as it was in 1922 to assist the reconstruction of China and to maintain her sovereignty and her territorial and administrative integrity as indispensable to the maintenance of peace. Any disintegration of China might lead, perhaps rapidly, to serious international rivalries, which would become all the more bitter if they should happen to coincide with rivalries between divergent social systems. Finally, the interests of peace are the same the world over. Any loss of confidence in the application of the principles of the Covenant and of the Pact of Paris in any part of the world diminishes the value and efficacy of those principles everywhere" (page 129).

The interests of the world are sufficiently explained in this passage, which is possibly the most important single paragraph in the whole Report.

And what about the interests of Japan? When the

Japanese militarists already had the draft of the report in their hands, they deliberately sought to "queer the pitch" before its publication by rushing through the treaty between Japan and "Manchukuo." This is a Japanese *fait accompli* which the rest of the world evidently cannot afford to accept. And can Japan herself really afford to go on repeating "J'y suis, j'y reste"? There are many cogent considerations in the negative which must surely carry weight in Japanese minds on second thoughts. To begin with, the Japanese *fait accompli* is only accomplished on paper. If it is true that resolutions passed at Geneva are impotent to remove the Japanese army from Manchuria, it is equally true that a treaty signed at Changchun between Japan and a fictitious "Manchukuo" Government is impotent to bring Manchuria *de facto* under effective Japanese military control. At present, the Japanese troops control only a fraction of the country; the armed resistance to them is visibly gathering strength; and their local Chinese adversaries are now effectively raiding the Japanese railway zone and railway towns, which were practically immune from attack until the Japanese overthrew the old order in Manchuria a year ago. And even supposing that Japan were able eventually to subjugate effectively the whole of Manchuria at the formidable cost in blood and treasure and time which that undertaking would undoubtedly involve, what would she have gained, either economically or strategically? Economically "Osaka . . . has always depended more on Shanghai than on Dairen," and "Japan depends for the bulk of her commerce far less on Manchuria than she does on the United States of America, China Proper and British India" (page 123). Strategically, Japan can only make herself mistress of Manchuria at the price of eventually drawing down upon herself a counter attack from China and Russia in combination; of incurring the suspicion and hostility of all the white nations that have seaboard on the Pacific; and of possibly finding herself in the position of Germany in another world war.

These are considerations which should give pause to even the hottest-blooded militarists in Japan, while China's present predicament should bring down even the most exalted Chinese Nationalists from the clouds. The Lytton Report offers a possible basis for a Far-Eastern settlement at the eleventh hour. No party—not Japan, not China, and not the world at large—can afford to let this last opportunity for saving the future peace of the world go by.

LABOUR AT LEICESTER.

ONLY ten days remain before the curtain rises on a further act at Westminster, and a rather restless audience is peeping somewhat anxiously to see what it can of the resetting of the political scene. The Free Trade Ministers have left the Government and have declared in set terms that they have done so because that Government is pursuing a purely Tory policy in the matter of tariffs. The Conservative conference at Blackpool has been busy framing a *tu quoque*, and averring that it is only the Liberals who are thinking in terms of party, while they, the Conservatives, recognising the enduring need for national unity, continue patriotically to sink their political identity in the common cause.

To our mind these charges and counter-charges of partisanship are largely unreal. The times, indeed, are far too serious for pure faction, and none of the protagonists would willingly put party before the State. At the same time, our problems are equally too serious for complacent abstention from criticism of policies believed to be wrong, especially if they are calculated to have enduring results; nor is it a suitable time, we should have thought, for maintaining the pretence of national unity regarding major policies and measures, when, in fact, such unity does not exist. Those who have left the Government have pledged themselves to support the Government so long as it acts nationally, and, on the other hand, have promised no factious opposition, but a constructive criticism on matters of grave controversy. At the moment both sides are setting out the reasons which led to the parting of com-

pany; but here, too, there is a distinct air of vagueness. For until we are told what the Ottawa agreements contain—and they are not to be published until the middle of the month—there is really little to be added to the reasons given in the resignation letters of the Liberal Ministers and Lord Snowden. The only further point of importance that has emerged is Mr Neville Chamberlain's confident assertion to the Conservative Association meeting at Blackpool that the Ottawa agreements will not debar us from making trade agreements with other countries. But he does not tell us what the nature and effect of those agreements will be. Clearly, agreements with this or that country for slight modifications in regard to particular articles which specially concern them are always possible. But are agreements possible which will lead to a widespread and a substantial reduction of tariff levels? Has the Government a plan for this purpose? It is of the greatest importance from the point of view of the future evolution of the world crisis that there should be a clear answer to this question.

Meanwhile, what of his Majesty's Official Opposition? A year ago the Labour Party, judged both by membership in the House of Commons and by votes cast at the polling booth, was numerically the strongest in the country. Eleven months ago it was shattered by a combination of circumstances and forces which is hardly likely to be repeated. It has now passed through the first stage of bitter recrimination and is slowly approaching the task of building up a new programme which it hopes will be acceptable to the masses and will serve to carry it not merely into office but into power. The party has been holding its annual conference at Leicester this week, and its proceedings have been watched with more than usual interest by those who are anxious to find out how far it has progressed in the task of reconstruction, and what are the evidences of the political direction in which it appears to be moving. From one aspect the most interesting point which emerges from Leicester is the common recognition of the failure of the last Labour administration. This acknowledged failure seems to have done two things. First, it has raised acute dissent as to whether in future Labour should agree to form a minority Government—a question on which much heat and verbiage will doubtless be expended for the next year or two—and, secondly, it seems to have taught the Labour leaders (though not as yet "the movement") that a disillusioned people can no longer be attracted by airy preachings of the millennium; if the support of the majority of the country is to be won back by Labour, the party must first evolve a policy for immediate application.

There is a distinction, however, between a policy which is to be "immediately applicable," and one which satisfies the electorate as being practicable in the immediately existing world, and a feature of the Leicester Conference has been the convincing evidence which it gives that the rank and file are in a far greater hurry than their leaders, are on the whole inclined to swing to the Left, are likely to drive the party into the pledged acceptance of the widest application of doctrinaire State Socialism, and, finally, that they exhibit not merely a lack of enthusiasm, but even a lack of patience, for Mr Henderson's emphatic support of democratic as distinct from revolutionary procedure. This trend of opinion in the Labour movement was manifested very clearly and in several important ways. The Executive, in pursuit of the task of gradual programme building, have so far produced reports covering the fields of banking and currency, transport, electricity and agriculture, whose general bearing lies, as might be expected, in the direction of large extensions of State control on *planwirtschaft* lines. For example, the Policy Report on Currency and Banking favours price stabilisation as the objective of monetary policy, "public ownership and control" of the Bank of England, and the creation of a National Investment Board, manned on "suitable grounds of ability." Similarly, the Electricity scheme, which contemplates bringing distribution as well as generation under "control," proposes the establishment of a National Board, "appointed on appropriate grounds of ability" to co-ordinate development; and the conception of expert boards or commissions—roughly analogous to the existing

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Central Electricity Board but with wider powers—permeates also the plans for Transport and Agriculture.

There is much in this "Neo-Socialism" which, with some modifications in detail, would elicit support from influential sections of opinion not directly connected with the Labour Party; but it was significant that the resolutions based on two of these reports failed to satisfy the delegates. Whereas the Executive were content to advocate "public control" of the Bank of England, the Conference insisted on including under the resolution the whole banking system of the country; and so the project of the nationalisation of every bank and acceptance house bids fair to become a definite plank in the official policy of the Labour Party. The resolution on transport gave the Conference another opportunity to tell the Executive that, in failing to provide for a measure of "workers' control," they were not moving fast enough or far enough in the direction of pure Socialism, and Mr Morrison, late Minister of Transport in the Labour Government, was compelled to withdraw the official resolution and to promise reconsideration.

Even these two definite acts of rebellion against party authority were not enough for the Conference. In the face of the strongly-phrased opposition of Mr Henderson himself, a resolution was passed to the effect that the Parliamentary Labour Party on assuming office, either with or without power, must immediately promulgate definite Socialist legislation and that the party should stand or fall in the House of Commons on the principles of Socialism. The party, indeed, seems to have got the bit between its teeth and is in no mood at present to heed the ineffective whip-cracking of leaders whom it regards as largely discredited by the events of last autumn. We are still too near to the election of 1931 to be able to see whether this development is in part a reaction to the persistent smart of defeat or whether it really represents the definite demarcation of the new road on which the Labour Party is to march in future. From the Labour Party's own point of view, a crucial and dangerous point would seem to have been reached; and of this the leaders seem to be well aware. Had the party been content to frame reasoned policies practically applicable to the main economic problems of our times, and put that programme forward in a spirit which recognised that Rome was not built in a day, then it might have attracted to its ranks a very large body of people who, although their progressive instincts revolt against policies of reaction and restriction, are yet not convinced that the application of rigidly doctrinaire Socialism is likely to bring about a Utopia.

The final reflection which arises from the Leicester debates is that there is both room and need for a constructively progressive democratic party whose programme of peace and reform is not marred by the undesirable planks of reckless expenditure and schemes whose adoption would be revolutionary in effect, if not in avowed intention.

RAILWAY WAGE RATES.

IN many interested quarters the bearing of the depreciation of sterling on the level of wages in this country has probably led to not a little confusion of thought. It being fairly common ground that British wages eighteen months ago were, in many instances, and indeed on the average, at a level which rendered our selling costs "uncompetitive" in relation to those of other manufacturing countries, our enforced departure from the gold standard was accepted in many quarters with a sense of relief that, whatever disadvantages might attend the cutting adrift of sterling from gold, the step at least bade fair to solve the problem of the British wage level, while obviating the need for painful adjustments of nominal wages. The expectation was that in relation to "gold" prices sterling wholesale prices and, to a considerably less extent, the cost of living would rise; that the decrease in our "gold" costs of production would enable us to secure not merely a relatively increased share of world trade but an absolute expansion of industrial activity; and that at the price of a fall in real wages, which would not be severely felt, or perhaps even clearly recognised, by the recipients, British industry would be placed on a reasonably competitive basis in international markets. This forecast has been largely falsified by the event: not only have steadily mounting impediments to world trade robbed us of any appreciable absolute economic revival, but a pronounced fall in gold prices has left sterling prices, both wholesale and retail, in much the same position as that in which they stood a year ago, while the active deflation of wage rates abroad has eliminated to a considerable extent the initial competitive advantage bestowed on this country by the fall in the exchange value of the pound. In short, though it might not be true to say that, from the point of view of comparative wage rates, we have lost all the advantages of exchange depreciation, the events of the past year have certainly not witnessed, as many hoped would be the case, the complete solution of the British wage problem.

If these considerations are borne in mind, one point at least of possible misunderstanding may be avoided when the railway companies' present application for a further wage reduction comes up for examination by the industry's conciliation machinery. Whatever be the rights of the case, it is clear that the merits of the companies' proposals must be judged in relation to a general position which the suspension of the gold standard has done little to modify; and, so far as the immediate particular situation of the railways is concerned, no one who has glanced at this year's traffic returns will be inclined to deny that there are at least *prima facie* grounds for considering that some reduction of labour costs, however socially regrettable, may be economically imperative. In the statement which they issued last Saturday, the companies pointed out that the traffic receipts of the four groups this year up to date are £10.6 millions below the corresponding period of last year and £21.8 millions below a similar

period of 1930. The companies, it is claimed, have continued their efforts to attract and create new traffics, and have tried to offset the reduction of gross revenue by economies and improved methods of working. The increasing seriousness of the situation, however, has now compelled them to ask for further substantial relief from the present burden of wage costs; and it is accordingly proposed that the reductions which were made under the National Wage Board's award in March, 1931—namely, 2½ per cent. on all earnings with a "super-cut" of a further 2½ per cent. on earnings in excess of forty shillings—should be replaced by a general reduction of 10 per cent. on all earnings, provided that a full week's wages shall in no case fall below thirty-eight shillings.

Strong opposition by the Unions to these proposals is a foregone conclusion; and it may safely be anticipated that the issue will be carried in due course to the National Wages Board. To judge by the proceedings before that tribunal at the beginning of 1931, the Unions will probably submit—with an emphasis made the greater by the 1931 reductions—that present wage rates are not "unduly" high; that the railways are over-capitalised, and that the stock-holders should first be called upon for further sacrifices; and that, unless the companies can guarantee that the benefit of lower working costs will be passed on to the railway user, there is no case for wage reductions. The case so stated requires to be fully and sympathetically met; and we trust that there will be no more reference by the companies to their "right" to the "standard revenue" as determined by the statutory Railway Rates Tribunal. The truth is that neither stock-holder nor railway worker has any "right" to draw, by what is in fact a toll on the community, any fixed, supposedly "just" remuneration. Moreover, the salient fact of the situation to-day is that, though it might be difficult to prove that a reduction in railway charges would produce any substantial revival of traffic, the traffic does not now exist in sufficient volume to stand the burden of meeting both the present wage bill and the railway companies' debenture interest and prior charges. To seek an increase of gross revenue by means of higher rates would certainly be suicidal; the efficiency of operation has undoubtedly been raised in recent years—to a level perhaps the highest in the British railway companies' history; and the scope for further economies in face of diminishing revenue is now probably very small. Thus, quite apart from the consideration that an actual reduction in railway wages would tend greatly to promote, though it could not guarantee, an improvement in the general position of British industry, the crux of the problem to-day is how a drastically diminished cake is to be cut up and distributed as between railway capital and labour.

The position from this point of view can be illustrated by a few simple figures. In the following table we show for 1913, 1930, 1931 and, in the form of a very rough estimate, for 1932, the total receipts of the four railway groups, the expenditure on wages and other items, and the balance available for the holders of railway debentures, prior charges and equity stocks:—

	(Million £.)	1913.	1930.	1931.	1932 (Est.)
Total receipts*		129.1	196.5	180.1	165
Wages.....		47.0	109.2	102.0	100
Other expenses		36.9	49.7	44.7	40
Available for stockholders		45.2	37.7	33.4	25

* Including all miscellaneous revenue.

Even from these aggregate figures, which do not reveal the relatively greater difficulties of certain groups as compared with others, it will be seen how great has been the change since 1913 in the proportions of the gross revenue accruing to the stock-holders and the wage earners respectively. Even if we accept the Unions' contention that the railways are "over-capitalised" on the basis of their net earnings during, say, the past five years—it would be most difficult to argue that they are "over-capitalised" on the basis of replacement costs—the fact remains that the maintenance of a £100 million wage bill bids fair to represent not merely the wiping out of railway "equity," but the expropriation of the great proportion of the railways' fixed capital and prior charges. These call for a

service of £33 millions a year, and interest on debentures alone absorbs £11 millions.

Is the painless extinction of the railway rentier an objective for which the Unions are prepared to press, or whose approval by the National Wages Board they would seek to justify? Observing from the companies' statement that, even after the proposed reductions, the general level of railway wages would still be 99 per cent. above the pre-war level, the general public will await with interest the Unions' reply to the proposal which the managers have lodged. However opposed one may be on general grounds to the insensate policy of wage reductions for reduction's sake, it is difficult not to feel that, responsible and sometimes dangerous as is the work of much railway labour, and justifiable though the Unions' claim may be that pre-war wages were meagre, a strong *prima facie* case for further retrenchment in labour costs has to be answered.

TEXTILE FIBRES—WOOL.

In common with that of most raw materials the price of the principal textile fibres at the beginning of the current year stood at a level at which production had become unprofitable to the majority of producers. There has since been a slight recovery in values; but the future is by no means easy to forecast, and we propose to survey the position of the chief textile raw materials in a series of articles. As the following table shows, the relative importance of the various fibres has undergone considerable changes since the war:—

	WORLD PRODUCTION (in million lbs.).	Average, 1909-13.	Average, 1926-30.	Quantity.	Percentage increase on earlier period.
Wool (in grease) ..	3,086	3,617	18		
Cotton (ginned) ...	11,663	14,018	20		
Silk (raw)	65*	125	93		
Rayon (yarn)	19	331	1,610		

* Average 1911-1915.

The disparity between the increase in the production of the two "old" staple fibres and that of silk and rayon is striking. The competition of rayon with wool and cotton fibres has recently become increasingly severe, and during the past year the output of rayon yarn reached almost 500,000,000 lbs. Wool, it will be seen, records the smallest increase of all in the post-war period. A statistical presentation of the raw wool position is notoriously difficult, as the production figures for many countries are incomplete and often unreliable, while an estimate of stocks is almost impossible except in the case of the chief producing countries. In a recent survey, however, the Empire Marketing Board has rendered a valuable service to the wool textile industry by collecting such statistics as are available, and by bringing them together in a comparable form.* A summary of the development of wool production in the chief countries during recent years is given below:—

	Wool Production, in the Grease (in millions of lbs.). (c)	Period.	Australia.	Argentina.	New Zealand.	South Africa.	U.S.A.	United Kingdom.	World.
1909-13	728	332	171	158	314	136	5,086		
1925	834	312	238	234	315	112	3,267		
1926	924	352	254	246	336	117	3,481		
1927	888	332	262	276	357	123	3,543		
1928	958	335	272	285	384	124	3,735		
1929	938	311	272	309	400	122	3,737		
1930	901(a)	329	265	290	434	121	3,587		
1931	950(g)	333	257	335	435	124(a)	(b)		

(a) Provisional.
(b) Not yet available.
(c) Including wool shorn in the spring in the Northern Hemisphere, and during the last few months of the same calendar year in the Southern Hemisphere.

There has been a substantial increase in the production of wool in Australia, New Zealand, South Africa, and in the United States. On the other hand, Argentina, Russia, Uruguay and the United Kingdom record no advance, as compared with their pre-war level of production. Australian growers, who produce the bulk of the finer grades of wool, commonly known as "merino," have made substantial progress in improving both the quality and the

* Wool Survey. Prepared by the Statistical and Intelligence Branch of the Empire Marketing Board. Price 2s. net.

yield of this raw material. The yield per sheep has increased from 6 lbs. in 1891 to about 9 lbs. during the season 1928-29. Similar progress has been recorded in some of the other countries, notably South Africa and New Zealand. The climatic conditions in the latter country are less suitable for the production of fine wools, but they are eminently favourable to the rearing of cross-bred sheep, and therefore to mutton production. The attempt to combine wool and mutton has been increasingly successful in recent years, and accounts for the diminishing proportion of "merino" wool in the world's total output.

The next table, though incomplete, suggests that there has been no accumulation of wool in producing countries on a scale comparable with the enormous increase in stocks of other fibres, particularly cotton:—

STOCKS OF RAW WOOL AT END OF SEASON
(in millions of lbs.).

	Australia. (a)	Argentina (b).	New Zealand(a).	South Africa(a).
	In store at selling centres.	All centres.	All centres.	At Ports only (sold and unsold).
1926 ...	10.5	11.0	24.0	Not available
1927 ...	8.0	4.0	19.0	
1928 ...	9.9	19.0	18.8	6.0
1929 ...	13.7	25.0	27.5	8.0
1930 ...	32.8	20.0	81.5	5.0
1931 ...	16.6	9.0	95.5	14.0
1932 ...	44.5	(c)	116.0	20.0

(a) Season ended June 30th.

(b) Season ended September 30th.

(c) Not yet available.

In relation to the total output of these countries, the stocks remaining at the end even of recent seasons are unimportant. Indeed, the feature of the wool position in 1928-32 has been that producers have made no serious attempt to hold stocks off the market. Although no figures are available showing stocks of raw wool in the chief consuming countries, these, too, are believed to be of small proportions. Further, stocks of tops, at the principal Commission Combing Houses in Belgium, France, Germany and Italy do not appear to be abnormally heavy. The total stocks of "merino" tops in these four countries amounted to 22.3 million lbs. at the end of the past calendar year, as compared with 26.1 million lbs. in 1930 and 20.7 millions lbs. in 1929. "Crossbred" tops stood at 20.7 million lbs. at the end of 1931, against 26.2 million lbs. and 31.7 million lbs. at the end of the two preceding years. Nevertheless, as the next table (taken from the "Weekly Wool Chart") shows, the decline in prices since 1928 has been disastrous:—

PRICE INDICES (JULY, 1914 = 100).

	Period.	Wool.	Tops.	Yarn.	Group Average.
Average, 1925		162	163	177	167
" 1926		133	138	155	142
" 1927		140	142	158	147
" 1928		153	158	169	160
" 1929		116	125	143	128
" 1930		75	84	107	88
" 1931		57	68	90	72
1932, January		59	71	93	74
" June		49	61	81	64
" July		54	65	82	67
" August		56	66	83	68
" September		61	70	86	72

As a result of the increase in the proportion of "crossbred" wool to total production, the fall in the price of this type has been more pronounced than that of other varieties. According to the Empire Marketing Board, the price index for "crossbred" wool in December, 1931, was 53 (1909-13=100), while that of merino wool was 69, and the figure for carpet wool was 95. Despite this collapse in wool prices, no appreciable reduction in output has become noticeable, partly because production cannot be readily adjusted, and partly because the larger proportion of sheep are reared to yield mutton as well as wool. Moreover, as already stated, concerted policies of restriction of sales have not been adopted. The slight advance in sterling wool prices following the suspension of the gold standard was soon lost, and in June, 1932, values reached

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a low record. A turning point, however, came when the new clip came on the market in July, and prices recorded a substantial recovery between June and September, though some of the gains have already been lost at the London auctions.

As far as can be judged from preliminary estimates, the new Australian clip has again been heavy, but the market for wool, contrary to that of most other textile fibres, is not clogged by a heavy carry-over from the previous season. Although it would be over-sanguine to predict a further rise in raw wool prices under present circumstances, it nevertheless appears that, thanks to the absence of artificial "stock-holding" schemes, the wool position is at the moment more favourable than that of many other raw materials.

RUSSIAN IMPRESSIONS.—II.

(BY A CORRESPONDENT.)

RUSSIAN industry, the Red Army and the G.P.U., administration and all other urban activities taken together occupy at most a quarter of the Russian population—a generous estimate which includes families and dependants as well as actual workers. Three-quarters or more of Russia's 160,000,000 inhabitants are still peasants and dwellers on the land, and the agricultural side of the Five-Year Plan is, therefore, at least as important as the industrial side. From many points of view, indeed, it is much more important; for, having regard merely to the magnitude of the two undertakings, the socialisation of agriculture is obviously an immensely greater and more difficult task than the socialisation of industry.

In the Caucasus and the Ukraine the Russians had bad luck with weather this year, both in the spring and during the harvest. Between Stalingrad and Rostov, as well as through the Central Ukraine to Kharkov, many fields seen from the train were filled with cocks of blackening rye which could not be brought in owing to hard daily rains. Expert travellers who had ranged farther afield reported poor crops in other important districts normally producing a surplus of grain. Though we naturally could not check the reports, we were told by reliable informants that in certain factories the bread ration of some groups of workers at least had been reduced, and that in other districts ration cards were no longer available for dependants, who consequently had to buy their food at high prices in the free markets. Russia is so vast and transport as a whole is so bad that want in some areas is quite compatible with plenty in others. For instance, last August, fruit and vegetables were scarce in Leningrad and Moscow, though on the Volga and in the South, melons, cucumbers and similar products were plentiful. Apart from gherkins, which are commonly pickled, the summer fruits cannot be preserved for winter use. On the whole, our net impression was that the current grain harvest will be small in total and low in yield in comparison with previous years; and this view was supported by such official figures and reports as were available at the time, and has subsequently been confirmed by the extension of rationing to foreign journalists resident in Moscow. What a bad harvest will mean for Russian grain exports we were unable to estimate.

But although in many areas this year's poor harvest may be largely due to bad weather, the accounts we

received from informed observers suggested that mistakes in the application of the policy of socialising agriculture were at least partly responsible. The agricultural side of the Five-Year Plan falls into three main parts. First, so-called technical crops are being developed. These comprise products like cotton, sugar, tea and *tau-saghi*, a rubber substitute. We saw nothing of these crops on our trip, but we were told that the cotton experiment was progressing well and that, apart perhaps from small Egyptian imports, Russia now produces enough cotton for her domestic needs. Reports about tea and *tau-saghi* were also favourable. One the other hand, the beet sugar crop was said to be suffering extremely from weeds and caterpillars. A recent investigation has shown the whole sugar situation to be highly unsatisfactory; and, following severe criticism by the Bolsheviks themselves, the officials responsible for the mistakes and failures have been removed and the entire organisation of the sugar industry is being thoroughly overhauled.

The second side of Soviet agricultural policy is the development of State farms. Enormous tracts of land, sometimes carved out of virgin prairie, these farms are worked by thousands of labourers and use machinery to the fullest possible extent. Verblud, a State farm near Rostov, was included in our itinerary. It covered some 250,000 acres, employed 8,800 workers, served, in addition, as a training ground for 1,200 students, and, including dependants, housed a population totalling some 10,000 souls. The workers lived in blocks of two- or three-roomed flats, which were airy and clean. The usual communal kitchens, assembly halls, crèches, schools and other social services were provided; and living conditions on the farm were generally much better than in the old-fashioned village. But Verblud was thick with problems. Roads were bad and transport difficult. The organisation of work was complicated and cumbersome. Weeds were plentiful; and, although much machinery was employed, the sight of peasant women in a barn winnowing the weeds from the grain by hand provided an eloquent commentary on mechanical farming under the conditions prevailing locally. In general, the State farms have proved to be white elephants: they have been unmanageably large and many of them have had to be split up; capital charges on buildings and on machinery which can be used only for part of the year are high and overload costs. Miscalculations seem to have been made about the potentialities of machinery; for, at all events in certain areas, wheeled tractors get mired in the fields, caterpillar tractors are not available in sufficient numbers, and the combined harvester-and-threshers, which need dry clean grain to operate successfully, are often choked by weeds and rendered unusable owing to rain during the harvest period.

Though technical crops and large State farms may take pride of place, the collectivisation of peasant holdings is by far the most important phase of agricultural policy. Collectives are of several kinds, and vary from associations for the cultivation of privately-owned fields by collectively-owned means of production to pure "Kolhozi," which own land and machinery and work throughout on a collective basis. Some of the dairying collectives which we visited appeared to be well run and efficient. Much naturally depends on personalities, and where a collective is lucky with its members and its land the results are often happy.

Particular successes apart, however, collectivisation has produced consequences grave in character and lasting in influence. Thus, a large proportion of Russia's live stock were slaughtered by peasants who refused to contribute their animals to the collectives. In one district of the Ukraine—an area formerly noted for its livestock—killings totalled 60 per cent. of the horses, 70 per cent. of the cattle, 75 per cent. of the pigs and 90 per cent. of the sheep. The loss of horses is particularly serious; for while 4,000,000 are believed to have been slaughtered throughout Russia, only 600,000 h.p. in tractors have been available in their place. On the mechanical side, tractors have been disappointing because they are easily damaged by peasants totally unused to complex machinery, but not so easily repaired. Doubtless the peasants will become mechanically educated in time, but meanwhile their lack of skill and the shortage of horses reduces agricultural pro-

ductivity. Moreover, even if the tractor programme were amply fulfilled, and if peasants understood machinery, horses would still be needed for technical reasons, and they will have to be bred again. Indeed, the replacement of her flocks and herds is one of the most serious agricultural problems which Russia now faces. For this to be done, time is needed above all. On a favourable estimate, it will take five to seven years before her livestock are again as numerous as when collectivisation began.

Apart from the livestock problem, other complications can fairly be charged to collectivisation. It was carried out at too swift a pace, and Stalin himself was obliged to curb his subordinates' zeal in his famous "Exuberance of Success" speech. The campaign against the Kulaks, or relatively well-to-do peasants, however justified by the canons of Bolshevik theory, in fact, stripped the villages of many intelligent and enterprising workers. Under collectivisation the quality and quantity of work is said to have fallen; and, though in farming piece rates are notoriously hard to administer, they are being widely used to replace the incentives of private ownership. The serious shortage of finished consumers' goods which, under the Five-Year Plan, have been sacrificed to industrial development, has weakened the peasant's desire to produce. Heavy taxes and the low prices fixed by the State for requisitioned grain have further discouraged him. Last spring seed corn was eaten in many districts. Peasants are said to be complaining more and more openly. During August a decree was passed penalising theft of corn from the fields with death; and even during our short stay the decree was executed. Nevertheless, stealing continues, and one traveller returning from the relatively prosperous Crimea reported a grim encounter with hungry peasants, who were kept from molesting his party only because it was armed.

It would be unfair to attribute all of Russia's present agricultural troubles solely to collectivisation. In any event, the need to reform the old strip system in the interests of efficient farming partially justifies the policy, while the age-old tradition of the *mir* probably makes collectivisation more palatable to the Russian peasant than it could conceivably be to the far more individualistic farmers of other countries. Moreover, time is needed for the change to prove its benefits. No individual traveller can describe the state of Russian agriculture as a whole, or accurately disentangle the full consequences of Bolshevik agricultural policy. But when every allowance has been made, the final impression remains that this year's harvest will be bad, that the coming winter will be hard and hungry, and that many of the agrarian difficulties which have been experienced under the Five-Year Plan have yet to be overcome.

Notes of the Week.

Whitehall and Dublin.—The agreement to open negotiations in London on October 14th in regard to the financial issues in dispute between the British Government and that of the Irish Free State, offers grounds for hope, if not for very sanguine optimism. In one sense, last Wednesday's announcement came as a surprise. Having succeeded in securing the exit from the Irish scene of the Governor-General—albeit by procedure which showed a curiously punctilious regard for the Imperial constitution—Mr de Valera, it was thought, might have been still less inclined than before to abate his somewhat rigid attitude with regard to the annuities; and, though it remains to be seen whether he is entering these negotiations with the intention of securing the best possible compromise or of creating yet another deadlock by insistence on complete cancellation, it is significant that the President is no longer talking of an arbitral award from an international tribunal. On the other side, the British Government have eased matters by making what is in fact a large concession. They have agreed that the discussions shall include not merely the land annuities, whose payment is now in suspense, but all other sums in dispute, such as, presumably, the Royal Irish Constabulary pensions and payments arising

from various Telegraph Acts. The negotiations bid fair to be neither short nor easy; little will be gained by British insistence on the letter of the financial agreement signed by Mr Cosgrave, but not formally ratified by the Dail; and if the basis is to be found for a compromise acceptable on both sides of the St. George's Channel there will clearly have to be give and take by both parties. It may be that the loss and disorganisation already wrought in Ireland by the British punitive tariff have brought Mr de Valera to realisation of the fact that a settlement must be reached if he is to avoid having the Free State in such economic chaos as to give the White Army a favourable opportunity for a *coup d'état*. On the other hand, his scope for retreating from the position he has taken up on the financial issue is limited. Apart from the fact that in many cases the land annuities are no longer being, and under present circumstances, cannot be, collected, there is a very real political obstacle in that the great majority of those who voted for Fianna Fail at the last election did so, undoubtedly, in the belief that Mr de Valera would secure not merely formal severance of the tie with the British Crown, but suppression of the whole of what is popularly, if erroneously, regarded as "tribute to England." Mr de Valera, in the midst of his economic anxieties, may be prepared to counsel his supporters to have patience, but he cannot afford to run flatly counter to their wishes.

Mr Hoover's Campaign.—The course of events in the American Presidential election contest has forced Mr Hoover to abandon his intention of conducting his campaign from the seclusion of the White House; and on Tuesday he delivered a speech at Des Moines, Iowa, with the object of stemming the flow of the tide. At first sight he seems to have had little success, for Wall Street (which is overwhelmingly Republican in sentiment) promptly registered its disappointment at the absence of any new proposal likely to turn the fortunes of the election, and a sharp market reaction took place. In so far as it concerned domestic affairs, the President's speech consisted of a striking description of the grave dangers through which the United States has been passing, and of an emphatic defence of the measures taken by his Administration to avert disaster at successive stages of the crisis. In logic this defence is powerful. Politically it may well prove ineffective. One's mind goes back to the British election of May, 1929. The Conservative Party had been in office for four years and their record, in the eyes of the country, was not impressive. The party looked to Mr Baldwin's chief campaign speech for inspiration. It got instead a review of his four years' record and the appeal:—"Send us back and we will continue this record." The country, in search of something new, swung towards Labour. May history not be repeating itself in this way in the American campaign? It must, of course, be remembered that Mr Hoover was addressing a farming audience, which may have been more pleased than Wall Street at the promises of still higher protection, if need be; and other impending speeches may possibly restore Mr Hoover to favour with other sections. On the other hand, there is little present indication that the Des Moines speech has done much to improve the Republican chances, while Mr Roosevelt's position has this week been further strengthened by his reconciliation with Mr Al. Smith, which marks an important closing of the Democratic ranks at a crucial moment. As regards international subjects, Mr Hoover declared himself (like the Democrats) against the "cancellation" of debts—a declaration which does not rule out negotiation for readjustment. Cabled summaries of this passage in his speech are brief, and their brevity probably accounts for the suggestion that Mr Hoover advocated the use of war debt receipts for subsidising American exports. It can hardly be supposed that he would make in so crude a form a proposal so economically unintelligible. In any case, it is well to remember that the speech was made for domestic campaign purposes, and therefore possesses the minimum of international significance.

VIEWS

Imperial and Parochial

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The Armaments Crisis.—There are two outward events in the history of the armaments crisis to be recorded this week. The first is the publication on Tuesday of an article by Senator Borah in which he expresses the opinion "that Germany's demand for equality is natural, and not only natural, but essentially and fundamentally just"; that "the time is extremely opportune to raise these post-war problems and adjust them on the basis of peace"; that "this question of equality is wholly within the control of the other Powers"; and that, "if the Conference fails, the fault will rest with the Allied and Associated Powers, and not with Germany." In the same article, Senator Borah incidentally urges the recognition of the Soviet Government by the United States. The other important event—for which the ground has been prepared by Sir John Simon's flittings between London, Geneva and Paris—is the announcement that the British Government have been in communication with the Governments of France, Germany and Italy for the purpose of ascertaining whether the difficulties which have arisen from Germany's withdrawal from the Disarmament Conference could be made the subject of an exchange of views between them; and that the British Government have also intimated that, if this course were found feasible and were generally approved, they would be willing to arrange a meeting for this purpose in London. At the moment of going to press, Italy has accepted, and it looks as though the German Government might be ready to fall in with this suggestion provided some less negative formula than the Simon Note can be found; but the attitude of France is more doubtful. At the same time, there are signs of an imponderable but none the less distinctly perceptible change of opinion in France. It looks as if the majority of the French electorate which brought Monsieur Herriot into power at the last general election was now rousing itself to demand that its mandatory should really carry out the mandate that was given to him by the electorate on foreign affairs, instead of carrying on the policy of the Tardieu Government which the electorate turned out of office. While Monsieur Herriot is still fumbling with schemes for "security" by way of "sanctions" which are not really within the range of practical politics, the French Press of the Left is telling him that something must be done to prevent a renewal of the competition in armaments; and French Liberal opinion is apparently beginning to come round to the view that the solution lies, after all, in some substantial reduction in the armaments of "the more heavily-armed Powers." As we record these symptoms, we have a feeling that they are almost too good to be true; still, it is such a propitious gleam from such a vital quarter that we cannot refrain from recording it as, at any rate, a good omen.

The New Government in Hungary.—A new Government was formed in Hungary last Friday by General Gömbös. The General's advent to power may perhaps be taken as indicating decisively the end of the temporary phase of French influence over Hungary—a phase which began last year when Count Bethlen had to retire in favour of Count Karolyi. General Gömbös is *persona grata* to the Regent, Admiral Horthy. In fact, his relation to him can be described in terms of Herr von Papen's relation to President von Hindenburg. At the same time, Gömbös, and for that matter Horthy himself, is the Fascist kind of reactionary and not the Legitimist. When the late King Charles made his second *Putsch*, Gömbös co-operated with Horthy in taking active military measures to prevent the ex-king's return to the Hungarian throne. Gömbös is also reported to be no friend of the Hungarian landed-interest—though there is no mention of agrarian reform in the statement of policy which he broadcast on Tuesday. He did, however, announce his intention to introduce the secret ballot—a long-overdue reform in Hungary, where open voting has been one of the principal instruments of political terrorism for half a century. In foreign politics, General Gömbös is reputed to be friendly to Fascist Italy and also to Yugoslavia. (The Magyar minority under Yugoslav rule is very small compared to the subject Magyar minorities in Roumania and Czechoslovakia; and Hungary needs Yugoslavia's goodwill in order to secure access to the sea.) In the field of foreign affairs, General Gömbös announces that his Government proposes to seek the revision of the Peace Treaty of Trianon—albeit by peaceful means—and that he is ready to play his part in an economic rapprochement between all the Danubian States, on the understanding that the rights of the Magyar minorities in the "Successor States" are scrupulously respected. General Gömbös's epiphany, following upon that of Herr von Papen, is another symptom that the European system based on the unequal peace treaties is nearing its end; and that the ex-victors have the choice of coming to an agreement with their ex-adversaries whilst they are in the way with them, or else seeing Europe re-divide into two rival armed camps which would inevitably try conclusions sooner or later in another Great War—a fearful alternative, of which no one can foresee the outcome, if things are allowed to drift into the current which sets towards that maelstrom.

A Turn of the Tide in Latin America?—The unrest in Latin America continues, and in particular the war between Bolivia and Paraguay in the Gran Chaco still drags on. Yet in two of the most important Latin-American countries, namely Brazil and Chile, there have been developments during the last few days which may conceivably point to a turn in the social tide that has been flowing on a revolutionary course for more than two years. In Brazil we have a rare example of a Latin-American insurrection ending in a victory for the Government in office. The revolt of the State of San Paulo against the Brazilian Federal Government, headed by Provisional President Vargas, collapsed last Sunday; and there are welcome indications that the Vargas Government is making a moderate use of its military success, and is thinking more of permanent reconciliation than of the immediate reassertion of its own power. The Federal authorities have announced, for example, in their first proclamation, that they do not intend to humiliate San Paulo; and the extreme legal penalty for military offences in war-time has been commuted from death to imprisonment with hard labour for thirty years. The City of San Paulo is not to be occupied militarily by the victorious Federal forces; there is to be an amnesty for all except the actual promoters of the insurrection; and the Constitution of 1891 is to be in force pending new elections—a provision which should mean, on the face of it, a reversion from military to civilian rule. Meanwhile, in Chile, a movement of civilian protest against military interference in politics has started at Antofagasta and has already produced sufficient effect throughout the country to bring about the resignation of General Blanche, the Provisional President of the moment. Chile, after all, is a country that has been

accustomed to an orderly civilian Government for many decades; so that this new movement is as natural as it is timely. If only the "A.B.C." group of Latin-American countries can now recover their normal degree of political stability, we shall be able to look forward to the beginnings of economic recovery, not only in those particular countries, but throughout the Latin-American world.

The F.B.I. and the Salter Report.—The Federation of British Industries have submitted to the Minister of Transport a statement of their views on the proposals of the Rail and Road Conference. Starting from the premise that "industry must have the cheapest and most efficient system of transport possible upon an economic basis"—for which purpose both rail and road are, of course, indispensable—they proceed to criticise most of the proposals of the Conference. The objections taken to the specific recommendations—which are concerned in the main with a new scheme of licence duties and conditions of control of road transport—do not, however, seem to us to be well founded or to face the problems for which the Conference had to find a solution. While admitting that some redistribution of the burden of taxation between heavy and light vehicles and between petrol and non-petrol vehicles is necessary, the F.B.I. think that a duty on the latter equal to the petrol tax is excessive. They desire, on the contrary, to keep some differentiation as a protective element in favour of home-produced fuels—and, in particular, of coal for steam wagons. We doubt, however, whether there will be much public support for letting such vehicles off with less than their fair share of road maintenance, particularly in view of the damage, discomfort and loss of speed to general traffic which they commonly involve on roads often unsuited to carry them. Again, though the Federation are not opposed to the exclusion of certain kinds of vehicles from specified roads, they are against the right of the Minister of Transport to prohibit certain classes of traffic being carried by road. In commenting on the Salter Report, we suggested that such powers must be exercised with very great discrimination, but there is no reason to suppose that the Minister will not so use them or will be obstructive to reasonable claims. Indeed, the tone of the F.B.I. objections suggests to us that they have not fully recognised that certain kinds of road transport are now being subsidised by the public, and are given undue competing advantages owing to lack of organisation and control; and that this subsidy is making more difficult the problem of the sound adaptation of the railways to present conditions. The F.B.I. would meet the situation not by imposing new restrictions on road transport, but by relieving the railways from the restrictions under which they work. They point out, for example, that the Act of 1921, which aims at fixing rates so as to give the railways a "standard revenue," is unsuited to present conditions. This doctrine at first sight seems plausible. But it really involves a misapprehension. The Act of 1921 was devised in the spirit of the nineteenth century to prevent the railways from exploiting their monopoly by charging excessive rates. These provisions, for all practical purposes, are a dead letter. The railways to-day cannot hope to earn their standard revenue, and are forced by circumstances—as the most far-sighted experts foretold at the time—would be the case—to charge "what the traffic will bear." And in a very large number of cases it will bear very little. There is no reason to suppose that if the relevant clauses of the Act of 1921 were swept away the railways would earn for their shareholders a penny more, or charge the members of the F.B.I. a penny less, than they do at present. It is more to the point to call attention, as the Federation do, to the lack of co-ordination involved in the fact that, while rates are under the review of a rates tribunal, the wage costs of the railways are reviewed by an entirely different body, which has no jurisdiction in the matter of rates. We have always maintained that there was a strong case for a joint body, which would deal with the railway industry as a whole. It is, also, highly relevant to emphasise—as, indeed, we pointed out when the conference report appeared—that taxation and control deal only

with the negative side of the problem, and that the positive task that is waiting to be tackled is the efficient organisation and co-ordination of transport facilities. But, whatever may be done hereafter in this direction, it does not render it any the less necessary to put an end to the subsidising of certain forms of transport by the revision of an out-of-date basis of taxation, and to restrain by some measure of control the present chaotic conditions in road transport. The unanimous proposals of the rival interests meeting under a neutral chairman hold the field; we cannot see that the F.B.I. have brought forward any valid grounds for setting them aside.

New Issue Control.—The announcement of the final figures of the 5 per cent. War Loan conversion result last Friday, showing £165 millions, or 8 per cent. of the total, to be redeemed in cash on December 1st—a result on which we comment further in an Investment Note on page 650—was accompanied by an official statement with reference to the embargo on new issues. It was intimated that the Chancellor of the Exchequer feels that no further restrictions on new issues are required, with the exception that until further notice (1) there are to be no foreign issues, i.e., issues on behalf of borrowers domiciled outside the Empire or issues whose proceeds would be remitted abroad; (2) there are to be no issues involving either underwriting or an invitation to subscribe new cash for the optional replacement of existing issues; and (3) it is requested that, with a view to co-ordinating the requirements of intending borrowers and so preventing the congestion of the market, no issue ranking as a trustee security shall be made without prior consultation with the Bank of England regarding its amount and date of issue. We find it difficult to appreciate the motives behind this curiously illogical interference with the freedom of the market. So far as (1) and (3) are concerned, a ban on foreign issues is under existing circumstances palpably otiose, while the improbability of trustee issues being made without due precautions to prevent clashing of dates and over-congestion need hardly be emphasised. As for (2), it passes belief that the Treasury should appear to favour the issue of capital for any "new" purpose, however economically useless or undesirable, while making it difficult, and in many cases impossible, for high-grade industrial concerns to take advantage of existing low interest rates to lighten their fixed charges by refunding operations, which in any case could not diminish the aggregate amount of capital available for general investment. It was precisely because it foreshadowed the filtering down of cheaper money to industry and, not least, to concerns now carrying a heavy burden of "dear" debentures, that the success of the War Loan conversion was doubly welcome, apart from its eventual assistance to the Budget. The retention of this partial embargo is, on the face of it, so wrong-headed and ridiculous that it gives colour to the suspicion that the Treasury may have some doubts in its mind as to the ability of the gilt-edged market to maintain a yield basis of 3½ per cent. should the restoration of complete freedom for high-grade industrial refinancing lead to any considerable "switch over" by investors from Government stocks to new and—from the earnings' point of view—slightly more attractive debentures of proved concerns. If this be so—and we are a little sceptical with regard to a "flood" of new issues for conversion—we would suggest that the Treasury's tenderness towards holders of British Government stocks is mistaken. In the long run it is desirable, from every point of view, that interest rates should be allowed to find their true level in a free market.

Australia's Conversion Loan.—The impasse created, as we observed last week, by the reluctance of the Australian Government to assent to the only terms on which the City considered that the £12 millions of New South Wales maturities could be refunded on a long-term basis, has

been solved in the way which we suggested last week was the only alternative, namely, re-financing on a short-term basis. Holders of the 5½ per cent. New South Wales stock due for payment on November 1st were offered on Tuesday an equal amount of Commonwealth Government 3½ per cent. stock 1936-37, plus £2 10s. per cent. in cash, while cash subscriptions were also invited for the new stock at 97½. Though we have yet to learn the amount of conversions, the new bonds with a currency of four to five years were naturally attractive to banks and the money market; and the lists were closed almost immediately. The result appears to have caused gratification in the Commonwealth, where the difference between refunding on an unacceptable long-term basis of slightly over 4½ per cent. and short-term refinancing at a figure which offers a running yield of about £4 1s. per cent. is doubtless not unduly stressed and "3½ per cent." is made to look attractive to the debtor. With the probable influence of this operation on the price of other Commonwealth stocks, having regard to other early Australian maturities, we deal more fully on page 650. From a broad point of view the conclusion must be that, if the rate of interest continues to fall during the next four years, the present decision may be justified by the event. But, when regard is had to the already somewhat unwieldy bulk of Australian short-term indebtedness, we are disposed to think that, if political considerations had permitted, it would have been worth while for the Commonwealth to accept London's terms for the sake of getting this volume of debt out of the way.

The Half-Year's Revenue.—Although it is impossible to draw any definite conclusions from the figures of national revenue and expenditure during the first half of the financial year (printed in full on page 636), the results to date throw some light at least on the question whether the Chancellor's Budget forecast is likely, in the main, to be realised. Excluding the self-balancing items, ordinary revenue in the first six months of the year amounted to £268.5 millions, an increase of £5.1 millions as compared with the corresponding period last year, while ordinary expenditure totalled £359.5 millions, or £2.4 millions less than in 1931-32. In view of the fact that revenue and expenditure were estimated in the Budget to drop during the year by £4.2 millions and £4.6 millions respectively, these gross figures seem on the whole to be moving in the right direction. On the revenue side, income tax amounts to £47.3 millions and surtax to £10.7 millions, showing reductions of £6.2 and £5.2 millions respectively, as compared with the April-September period last year. These reductions are doubtless accounted for largely by the "tax-drive" of January last, which reduced substantially the amount of arrears to be collected in the first half of the current financial year. Estate duties, at £39.0 millions, are £4.6 millions higher. In April last Mr Chamberlain's estimate of an increase of £11 millions for this item seemed to us somewhat optimistic, but in view of the recent appreciation in gilt-edged and other

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stocks, there now seems more likelihood of his expectations being realised. Receipts from Stamps, at £8.8 millions, reveal only a small increase of £880,000, and it seems very unlikely that the estimated increase for the year of nearly £6 millions will be forthcoming. Customs amount to £82.4 millions, an increase of £17.4 millions over last year's figures; and it seems probable that the estimated increase of £38.4 millions will be realised, as the first half-year's receipts suffered somewhat from forestalling of the new duties at the beginning of April. Excise, at £60.5 millions, shows a rise of only £3.9 millions, and has considerable leeway to make up if the increase of £15.5 millions is to be realised by the end of the year. Turning to expenditure, the estimated saving of £13.5 millions on national debt interest has, thanks to low Treasury bill rates, already been achieved, save for £1½ millions, and should in all probability be largely exceeded. Supply Services, at £217.3 millions, show an increase of £9.2 millions, whereas the total estimated increase for the year was put at only £8 millions. The danger point in the accounts seems to lie within this item, owing to the increased cost of unemployment relief, the total burden of which, it will be recalled, was transferred to Supply under the Emergency Budget of last autumn. Introducing his Budget last April, Mr Chamberlain admitted that his estimates for this particular item were based on the expectation of a continued reduction in the numbers on the unemployment register, which then stood at about 2.6 millions. In view of the recent considerable increase in this figure, however, and its probable growth during the coming winter months, it is not unduly pessimistic to anticipate that the Exchequer will have to provide at least an additional £12 millions to meet this liability. Although much depends on the course of events during the next six months, it looks at the moment as though the Chancellor's forecast has, on balance, a fairly reasonable chance of fulfilment, when allowance is made for the reduced interest charge of the National Debt.

Ministers at the Microphone.—Radio having now occupied an accepted place in the scheme of modern democracy, it was natural that the British Broadcasting Corporation should afford representatives of the Government and of the resigning Ministers the opportunity to state their case to the country. The case for the former was put on Friday by Mr Baldwin and on Saturday by Sir John Simon, while the latter were represented by Lord Snowden and Sir Herbert Samuel respectively. The broadcast speeches of the retiring Ministers consisted of an amplification of their letters of resignation already published. Lord Snowden, with the incisiveness which recalls his fateful broadcast speech on behalf of the National Government less than a year ago, repeated his plea that the Government's policy was pure Conservatism, with no concession whatever to the points of view of other parties. Sir Herbert Samuel laid particular emphasis on the reasons why the resignation of himself and his colleagues had not taken place before. On the other side, Mr Baldwin argued that just as a year ago "All hands to the pump" was the motto, so to-day it was equally essential to "Stick to the ship." Sir John Simon concerned himself mainly with the argument that the "agreement to differ" made last spring would properly have covered all present differences; and as regards the Ottawa agreements in particular he asked the country to "wait and see." It may be that in the country at large more influence has perhaps been exerted by the reasoned defence of the retiring Ministers made by Lord Grey than by the aerial polemics of the "Stickers" and "Quitters." Some comment has been directed to the fact that no official representative of the Labour Party was invited to participate in this national discussion of national politics. In this particular case, the B.B.C. would appear to be on firm ground in regarding the points in dispute as lying exclusively between the Government and the seceders. When the Ottawa agreements come before Parliament the leader of the Parliamentary Labour Party will be offered his chance at the microphone.

New Zealand's Budget.—According to Mr Forbes's Budget statement, New Zealand's revenue for the past year amounted to £22,719,733 and expenditure to £24,860,552. There was thus a deficit of £2,140,819, which Mr Forbes ascribed, firstly, to a shortfall of £1,946,000 in revenue below the original estimate—this being mainly due to a drop of £846,000 in Customs revenue as a result of the steps taken to restrict imports and correct the trade balance; and, secondly, to the increased cost of London remittances caused by the depreciation of the New Zealand pound against sterling. To deal with this prospective deficit, a Committee on National Expenditure was appointed some time ago, and in his Budget statement Mr Forbes said that the Government had adopted economies recommended by this Committee to the amount of £2,100,000, and also further miscellaneous economies totalling £405,000. The suspension of war debt payments to Great Britain under the Hoover moratorium would permit of a further saving of £825,000, but, on the other side, there were certain unavoidable increases in expenditure amounting to £975,000. The net saving came to £2,355,000, which was nearly sufficient to balance the Budget without any increases in taxation, the final estimates for the coming year being expenditure £22,507,000 and revenue £21,630,000. The main item of expenditure is £10,012,000 for debt service, while social services require £8,870,000. The principal sources of revenue are Customs, £5,700,000; income tax, £3,400,000; Stamps and Estate duties, £2,900,000 and interest receipts, £2,550,000. The total estimated revenue also includes an item of £2,500,000, "transfer from reserve," and it is clear both from these accounts and from the general tenor of Mr Forbes's speech that the Budget has only been approximately balanced, and that with difficulty, and with the continued imposition of heavy burdens upon the people. The amount available for public works this year is £2,700,000, which is a substantial reduction below last year's figure of £4,794,000. Mr Forbes insisted that not only was it uncertain if additional funds could be raised overseas at a reasonable cost, but also that the Dominion could not afford to increase its debt charges, even if capital could be obtained. Mr Forbes referred to the loan of £5,000,000 floated in London last April, and stated that £4,000,000 of this sum had been used for the repayment of Treasury bills in London, and the balance for public works. He added that the £5,000,000 of bonds issued in London in 1931 should be redeemed so soon as conversion could be secured upon favourable terms, as these were costing over 6 per cent; but he intimated that the average rate of interest upon New Zealand's internal debt was below the present effective borrowing rate, so that the scope for the reduction of debt charges by conversion was limited. In conclusion, he announced the intention of the Government to introduce a Central Bank Bill on the lines recommended by Sir Otto Niemeyer. The general impression left by the Budget is that it is the best the Government can do under the present adverse circumstances, but that some of the revenue estimates take a somewhat optimistic view of the outlook for the coming year. There is no doubt that under prevailing conditions New Zealand's public debt constitutes a terribly onerous burden.

Cotton Spinners' Wages.—It was believed in Lancashire cotton trade circles, writes our Manchester correspondent, that after the settlement of the strike in the weaving section there would not be much difficulty in reaching agreement with regard to wages in the spinning branch; but the negotiations between the Master Spinners' Federation and the trade unions have so far failed, and there is a danger of a crisis at the end of next week. When deadlock in the negotiations was reached, the position was that the employers had reduced their claim to 15½ per cent. off standard lists, equal to 1s. 8½d. in the £ off current earnings, or the same percentage as agreed upon in the weaving section. The operatives, however, refused to go beyond their previous proposal of a reduction of 7½ per cent. off standard lists, equal to rather less than 10d. in the £ on current earnings. An important development occurred on Tuesday, when the Wages Committee of the

Master Spinners' Federation decided to recommend the General Committee to instruct their members to post notices of a wages reduction of 15½ per cent. from standard lists, the new rates to come into force on the making-up day in the week commencing October 10th. It is anticipated that this recommendation will be approved. There have been rumours of some dissension amongst the employers as to the wisdom of forcing this issue to the point of a stoppage of machinery, but Mr Fred Mills, the President of the Federation, has stated that there is complete unanimity on the question of pressing the demand. It was thought at one time that it would be necessary under the rules of the Federation to take a ballot of the members and obtain an 80 per cent. majority in favour before drastic action could be taken, but the Federation has now announced that there is no intention of taking such a ballot. As a lock-out cannot begin until the end of next week there is plenty of time for a resumption of negotiations between the employers and the trade unions, and it is fully expected in trade circles that arrangements will be made for a further joint conference early next week. It is understood that the leaders of the workpeople are determined to resist a cut in wages similar to that in the weaving section, but for many years it has been usual for wages in both branches of the industry to move up and down to the same percentage.

Sterling and International Prices.—The recession in the price level which set in after the "peak" reached on September 7th, has made further progress during the past fortnight. Our index of international gold prices shows a fall on the fortnight of 4.3 per cent., that of the sterling price of primary products a decline of nearly 2 per cent., while the complete *Economist* index has receded by 1.2 per cent. :—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsanst., Germany.
	British Composite (sterling).	British Primary Products (sterling).	International Gold Prices.				
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.3
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 29th ...	97.4	99.3	80.5	86.4	91.5	89.5	88.1
July 13th ...	97.5	101.3	82.6	87.3	91.3	89.2	88.0
July 27th ...	99.5	103.5	84.1	88.5	91.3	88.5	88.1
Aug. 10th ...	101.0	108.6	88.5	89.3	89.0	89.3	87.1
Aug. 24th ...	102.5	111.8	94.7	91.7	89.0	91.5	87.9
Sept. 7th ...	107.1	120.2	89.3	90.5	89.7	91.2	87.1
Sept. 21st ...	105.0	117.4	89.6	90.2*	89.7	90.9*	87.2*
Oct. 5th ...	104.6	115.3	85.7	90.2*	89.7	90.9*	87.2*

* These figures relate to September 28th.

Movements of British sterling prices again show some irregularity, but the predominant trend has been downwards—copper, most of the textile materials, butter, meat, bacon, maize and flour being prominent in the decline. The sectional figures are given below :—

"ECONOMIST" INDEX.
(1927 = 100).

	Sept. 18, 1931.	Sept. 21, 1932.	Oct. 5, 1932.
Cereals and meat	64.5	66.6	64.7
Other foods	62.2	64.4	64.0
Textiles	43.7	52.4	51.5
Minerals	67.4	76.1	76.1
Miscellaneous	65.8	62.5	62.5
Complete index	60.4	64.0	63.2
1913 = 100	83.1	88.1	87.0
1924 = 100	52.2	55.3	54.7

With regard to the foreign index numbers reprinted in the first table, it will be noted that American prices are now falling again—a fact which has contributed not a little to this week's severe reaction in Wall Street.

Lancashire Cotton Corporation.—During the last month or two there have been signs of a change of policy in the Lancashire Cotton Corporation, the combine which was floated early in 1929 for the purpose of amalgamating about 100 spinning mills containing about 10,000,000 spindles. The developments have come to a head with the resignation from the board of Sir Kenneth D.

Stewart, the late chairman, Mr John L. Tattersall, the vice-chairman, and Mr John Ryan, the managing director. Since its inception this large organisation has been worked on a basis of centralisation through the head office in Manchester, and the individual units have had very little power. It has been evident for some time that the system adopted was not proving successful and that a change in methods was desirable. The resignations from the board now announced mean that the three executive directors have had to give way to the new policy, which consists of decentralisation and the placing of increased responsibility upon the managers and officials of individual mills. A month or two ago, writes our Manchester correspondent, Mr John Grey, one of the best-known leaders in the industry, and Mr Frank Platt, a director of several mill companies, were elected to the board, and it is understood that the policy now being adopted is largely due to the latter's influence. The Corporation from the start has had to meet strong criticism from all sections of the cotton industry, and the latest developments have brought significantly few expressions of regret from certain quarters. The situation as it now stands, however, gives some support to the opinion held by many people in Lancashire that individual mills efficiently run are superior to and more economical than any big combine. The financial year of the Corporation is from November 1st to October 30th, and it is expected that the accounts for the past twelve months will be published early in 1933. The Corporation undoubtedly derived considerable benefit from the increased trade which came after this country went off the gold standard, but their trading experience during the last six months is not likely to have been very satisfactory.

Coal Mining Results.—The latest quarterly statistical summary issued by the Mines Department reveals a slight seasonal deterioration in the coal-mining industry during the second quarter of the current year :—

Period.	Tonnage Disposed (Mill.).	Costs per Ton.		Proceeds per Ton.	Profit per Ton.	Output per Man-shift.	Earnings per Man-shift.
		Wages.	Total net.				
1930.		s. d.	s. d.	s. d.	s. d.	cwts.	s. d.
1st quarter	60.0	9 2	13 4	14 5	1 1	21.94	9 3
2nd "	51.6	9 5	14 1	13 11	— 2	21.32	9 3
3rd "	50.1	9 5	13 11½	13 9	— 0 2½	21.34	9 4
4th "	52.6	9 3	13 7½	14 1½	0 6	21.84	9 4
1931.							
1st quarter	52.2	9 2	13 6	14 3	0 9	21.78	9 2
2nd "	47.5	9 3½	13 11	13 10	— 0 1	21.44	9 2
3rd "	45.3	9 4½	14 0	13 10	— 0 2	21.35	9 2½
4th "	50.9	9 1½	13 6	14 1	0 7	21.86	9 2
1932.							
1st quarter	49.6	9 1	13 6½	14 0½	0 6½	21.98	9 2
2nd "	46.1	9 1½	13 10	13 8	— 0 2	21.78	9 2

As compared with the first quarter of 1932, the total quantity of saleable coal raised, at 50.1 million tons, showed a decline of 3.8 million tons, and the disposable tonnage fell from 49.6 millions to 46.1 millions. Total proceeds were £31,550,607, against £34,895,165 in the previous quarter. The net cost of production amounted to £31,916,768, as compared with £33,557,790 in the January-March period, leaving a debit balance of £366,161, against a credit balance of £1,337,375. This unfavourable result was due to the increase in costs per ton from 13s. 6½d. to 13s. 10d., coupled with a reduction in proceeds per ton from 14s. 0½d. to 13s. 8d. The output per man-shift declined from 21.98 cwts. to 21.78 cwts. Out of nine coal-mining districts, only Yorkshire, North Derbyshire and Nottinghamshire, South Derbyshire, and Lancashire showed a small credit balance. As the situation in the coal trade deteriorated further during July and August, the results for the third quarter will probably be still less favourable than those for the April-June period.

Irish Free State Banking.—The Irish Free State Currency Commission has filled a gap in Irish banking statistics by beginning the issue of a quarterly return showing the position of the eight shareholding banks and the National City Bank, Limited. The return represents an average of figures for a selected date in each of the

THE REVENUE.

I.—An ACCOUNT of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1933, as compared with the corresponding periods of the preceding year.

	Quarter from July 1 to September 30, 1932, compared with the corresponding Quarter of the preceding Year.				Period from April 1 to September 30, 1932, compared with the corresponding Period of the preceding Year.			
	Quarter ending Sept. 30, 1932.	Quarter ending Sept. 30, 1931.	Increase.	Decrease.	Period ending Sept. 30, 1932.	Period ending Sept. 30, 1931.	Increase.	Decrease.
Ordinary Revenue.								
Inland Revenue—								
Income Tax	£ 28,805,000	£ 33,661,000	...	£ 4,876,000	£ 47,341,000	£ 53,499,000	...	£ 6,158,000
Sur-tax, including Arrears of Super-tax	3,630,000	4,710,000	...	1,080,000	10,650,000	15,890,000	...	5,240,000
Rate, &c., Duties	20,030,000	14,850,000	5,180,000	...	39,030,000	34,480,000	4,550,000	...
Stamps	4,450,000	3,800,000	650,000	...	6,760,000	6,380,000	380,000	...
Excise Profits Tax	...	...	...	...	...	...	...	...
Land Tax and Mineral Rights Duty	40,000	50,000	...	10,000	160,000	180,000	...	20,000
Total Inland Revenue	56,955,000	57,091,000	5,830,000	5,966,000	103,941,000	110,429,000	4,930,000	11,418,000
Customs and Excise—								
Customs	42,327,000	36,107,000	6,220,000	...	82,360,000	64,967,000	17,393,000	...
Excise	31,100,000	29,300,000	1,800,000	...	60,500,000	56,600,000	3,900,000	...
Total Customs and Excise	73,427,000	65,407,000	8,020,000	...	142,860,000	121,567,000	21,293,000	...
Motor Vehicle Duties (Exchequer share)	494,000	419,000	75,000	...	1,167,000	1,208,000	...	39,000
Post Office (Net receipts)	2,150,000	3,250,000	...	1,100,000	6,950,000	6,550,000	...	500,000
Crown Lands	340,000	350,000	...	10,000	600,000	620,000	...	20,000
Receipts from Sundry Loans	2,178,693	2,699,883	...	521,190	3,236,047	12,083,798	...	8,847,751
Miscellaneous Receipts	10,109,783	1,341,848	8,767,935	...	10,674,261	7,110,644	3,563,617	...
Appropriation from Rating Relief Suspense Account	...	3,900,000	...	3,900,000	...	3,900,000	...	3,900,000
Total Ordinary Revenue	145,654,476	134,458,731	22,692,935	11,497,190	268,528,308	263,466,442	5,061,866	24,724,751
Self-Balancing Revenue.								
Post Office	14,400,000	14,450,000	...	50,000	27,750,000	27,550,000	200,000	...
Motor Vehicle Duties apportioned to Road Fund	3,277,000	3,110,000	167,000	...	6,887,000	6,590,000	297,000	...
Total Self-Balancing Revenue	17,677,000	17,560,000	167,000	50,000	34,637,000	34,140,000	497,000	...
Total	163,331,476	152,018,731	23,859,935	11,547,190	303,165,308	297,606,442	5,558,866	24,724,751
			£11,195,745 Net Increase.				£5,061,866 Net Increase.	

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Period ending September 30, 1932, as compared with the corresponding period of the preceding year.

RECEIPTS.	Period ending Sept. 30, 1932.	Period ending Sept. 30, 1931.	ISSUES.	Period ending Sept. 30, 1932.	Period ending Sept. 30, 1931.
Ordinary Revenue, as shown in Account I.	£ 268,528,308	£ 263,466,442	Ordinary Expenditure.	£ 138,102,483	£ 150,108,859
Self-Balancing Revenue as shown in Account I.	34,637,000	34,140,000	Interest and Management of National Debt	2,907,886	2,569,360
Total Revenue	303,165,308	297,606,442	Payments to Northern Ireland Exchequer	1,108,535	1,081,168
Temporary Advances Repaid—			Other Consolidated Fund Services	142,118,904	153,799,387
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	...	Supply Services—		
Under the Unemployment Insurance Acts, 1920 to 1931	...	...	Army, Navy and Air Votes	51,360,000	54,410,000
Road Fund	...	...	Civil and Revenue Votes (excluding Post Office)	165,978,286	153,707,304
Money Raised by Creation of Debt—			Total, Supply Services (excluding Post Office)	217,338,286	208,117,304
(a) For Capital Expenditure Issues—			Total Ordinary Expenditure	359,457,190	361,876,691
Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	3,950,000	4,200,000	Self-Balancing Expenditure		
By Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	...	Post Office	27,750,000	27,550,000
Under the Housing Act, 1914	1,822	...	Road Fund	6,887,000	6,590,000
(b) Under the Unemployment Insurance Acts, 1920 to 1931	...	28,610,000	Total Self-Balancing Expenditure	34,637,000	34,140,000
(c) For other Issues—			Total Ordinary & Self-Balancing Expenditure	394,094,190	396,016,691
By Treasury Bills	1,778,796,000	1,294,183,000	New Sinking Fund (1928)	13,179,583	19,766,406
By National Savings Certificates	22,700,000	81,486,525	Total, including New Sinking Fund	407,273,773	415,783,097
By British Government Loans Abroad	107,531,643	...	Temporary Advances—		
By 3% Treasury Bonds	771,890,000	369,035,000	Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	8,612	8,612
(d) Ways and Means Advances			Under the Unemployment Insurance Acts, 1920 to 1931	...	28,610,000
Repayments—			Road Fund, under Section 27 of the Finance Act, 1928	3,244,000	6,048,000
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	70,046	72,993	Issues under Section 1 (3) of the Purchase of Land (Ireland) Act, 1891	102,621	...
	2,986,104,819	2,099,443,960	Issues under Section 29 (1) of the Irish Land Act, 1903, and Section 2 (4) of the Irish Land Act, 1909	1,039,798	...
			Issues to meet Capital Expenditure—		
			Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	3,950,000	4,200,000
			Under the Capital Expenditure (Money) Act, 1904	1,822	...
			Under the Housing Act, 1914	...	...
			Unemployment Insurance Acts, 1920 to 1931—		
			Repayment of Amounts Borrowed	...	...
			Redemption of Debt—		
			Treasury Bills paid off	1,515,075,000	1,246,200,000
			Principal of 4% War Loan, 1929-42, paid off	...	150,000
			Principal of National Savings Certificates paid off	24,650,000	18,500,000
			Principal of Treasury Bonds paid off	69,492,452	...
			Principal of British Government Loans Abroad	33,798,439	5,888,521
			Issues to National Debt Commissioners under Section 3 (3) of the War Loan Act, 1919	1,918,000	...
			Securities surrendered for Duties under Section 34 of the Finance Act, 1917	117	...
			Ways and Means Advances Repaid	759,590,000	377,238,000
			Issues under Section 24 of the Finance Act, 1932	150,000,000	...
			Issues under Sections 11 (4) and 17 (1) of the Finance (No. 2) Act, 1931	18,892,000	...
				2,989,036,634	2,102,826,230
Balance in Exchequer on 1st April—			Balance in Exchequer—		
Bank of England	5,334,959	5,296,468	Bank of England	2,172,606	2,108,096
Bank of Ireland	470,181	695,075	Bank of Ireland	707,719	501,177
	5,805,140	5,991,543		2,873,325	2,609,273
	2,991,909,959	2,105,435,503		2,991,909,959	2,105,435,503

Mem.—Floating Debt, outstanding March 31st, 1932

	1932. September 30.	1931. September 30.
Ways and Means Advances outstanding—		
Advances by Bank of England	19,800,000	16,297,000
Advances by Public Departments	866,180,000	618,110,000
Treasury Bills outstanding	885,980,000	634,407,000
Total Floating Debt outstanding	1,861,960,000	1,408,814,000
Net Increase	£274,025,000	

Treasury, September 30, 1932.

* Includes £33,000 the proceeds of which were not carried to the Exchequer within the period of the account.

three months of the quarter. We reprint below the data for the June quarter of 1932:—

LIABILITIES.			
	Within Free State.	Elsewhere.	Total.
1. Capital paid up	£ 6,290,113	£ 1,772,135	£ 8,062,248
2. Reserve fund and carry-forward	6,829,759	1,972,684	8,802,443
3. Notes in circulation	5,063,955	2,986,653	8,050,608
4. Current, deposit and other accounts	127,699,548	40,273,336	167,972,884
5. Acceptances	6,316	2,258,996	2,265,312
6. Other liabilities	3,405,542	...	3,405,542
	149,295,233	49,297,172	198,592,405
ASSETS.			
	Within Free State.	Elsewhere.	Total.
1. Cash and balances with London agents and other banks	£ 5,705,607	£ 8,163,641	£ 13,869,248
2. Money at call and short notice	4,000	10,220,051	10,224,051
3. Bills			
(a) Government	1,000,000	2,266,691	3,266,691
(b) Other	6,138,606	1,836,365	7,974,971
4. Loans and advances	45,387,537	27,734,116	73,121,653
5. Investments:			
(a) Government	2,114,523	74,059,748	76,174,271
(b) Other	1,917,886	3,986,982	5,904,868
6. Premises	2,014,580	1,072,614	3,087,194
7. Liability of customers for acceptances, &c.	6,316	33,368	39,684
8. Other assets	1,432,419	3,497,355	4,929,774
	65,721,474	132,870,931	198,592,405

The return shows that the banks have a ratio of cash to deposits of 12.1 per cent., which is slightly above the normal English cash ratio. Advances amount to 43.5 per cent., and investments to the high ratio of 48.7 per cent. of deposits. Bills form an unimportant part of the banks' assets. The geographical division of the banks' assets and liabilities is particularly interesting, for while 76 per cent. of the banks' deposits come from within the Free States, 67 per cent. of their total assets fall within the "elsewhere" category, while the insignificant amount of call and short money lent within the Free State boundaries denotes the complete absence of an Irish money market. These facts show how difficult it would be to separate Irish banking and finance from that of the British Isles as a whole. We welcome this addition to the general body of banking information, and the only suggestion we would like to make is that this very valuable return should be compiled monthly instead of quarterly.

The 1930 Census of Production.—Volume XVIII of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers the coke and manufactured fuel, carriage, plate and jewellery, watch and clock, fur, and fish-curing trades. The following summary shows the gross value, the net value (gross values, less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee	
	1924.	1930.	1924.	1930.	1924.	1930.
Coke and by-products and manufactured fuel	Thous. £ 26,296	Thous. £ 16,550	Thous. £ 5,421	Thous. £ 3,609	£ 267	£ 223
Carriages, carts and wagons	3,733	2,145	1,997	1,035	189	166
Plate and jewellery	10,952	8,058	5,445	4,281	183	180
Watches and clocks	626	722	378	400	192	187
Furs	5,413	3,747	1,903	1,355	281	243
Fish-curing	6,858	5,737	1,465	1,218	189	169

With the exception of the watch and clock trade, the returns for this group of industries reveal a substantial decline both in gross and in net value of output between the two census years. The quantity of foundry coke made in 1930 was 11,616,000 tons, valued at £9,664,000, as compared with 12,782,000 tons, valued at £16,810,000 in 1924. The output of manufactured fuel in 1930, at 1,144,000 tons, shows a reduction of 111,000 tons on the earlier year, and its value declined from £1,751,000 to £1,185,000. Among by-products, the production of crude and refined tar increased from 508,400 tons to 516,900 tons, but its value declined from £1,487,000 to £871,000.

The total value of by-products decreased from £6,898,000 in 1924 to £4,677,000 in 1930. As was to be expected, there was a substantial fall in the number of carts and carriages made for animal traction. Quantitative comparison of the output of plate and jewellery between the two census years is not possible, owing to the diversity of the articles made, but the reduction in the average number of employees from 29,759 to 23,759 suggests a considerable decline. The total weight of fish cured in 1930 was about 16 per cent. less than in 1924. The weight of herrings alone decreased by 22 per cent. from 4,845,000 cwt. to 3,763,000 cwt.

Our Growing Tariff.—In a Note of the Week in last week's issue, commenting on an analysis in the Bank of England's Statistical Summary of the volume of trade affected by the Import Duties Act, we compared a remaining Free List of £223 millions with "total imports" of £740 millions. The figures related, of course, to total imports from foreign countries; shipments from the Dominions, amounting in 1930 to just over £300 millions, did not figure in the picture which we were concerned to examine. Similarly, the percentages to the "total" represented by imports covered by various grades of duty relate also to total from foreign countries. We trust that any shortcomings in the clarity of our Note have not given rise to misconceptions on the part of readers.

Overseas Correspondence.

LEAGUE OF NATIONS.

Lytton Report — Germany's Equality claim — Preparing the World Conference — The Stresa Proposals — Iraq joins the League.

(FROM OUR CORRESPONDENT.)

GENEVA, October 5.

THE Report of the Lytton Commission has given rise to many reflections, but it is generally agreed to be one of the best, both in substance and form, that has been submitted to the League. It is regarded as a standard by which the action of the League and of the Governments of the world will be finally judged, and the mere production of such a report is a fact whose significance is apt to be overlooked in these times of criticism and depression regarding the efficacy of the League.

It is surely unprecedented that an impartial and responsible commission should have been called upon to enter into a detailed inquiry involving the vital interests of two Great Powers; that it should also have produced a report with such definite conclusions on the main issues, ungoverned by political prejudices and wirepulling, establishes the value of this new international method. These observations are valid whatever subsequent action may be; the situation has been diagnosed, and conclusions have been convincingly stated. The general view here is that Japan has been condemned before the world. Unfortunately it is also clear that those who, for various reasons, dislike such objective study of responsibilities, are continuing as though nothing could ever be established against the correctness of Japan's conduct. Yet none of the steps proposed should be impossible, given the proper political spirit. Japan's actual needs and interests could be met far better by the Commission's plans than by military occupation and attempts to separate this vast territory from China proper; in fact, the Commission says that the present Japanese method cannot settle the problem satisfactorily either for Japan or anyone else.

These are all conclusions stated categorically by a body of men who have been driven to them by the logic of facts as they themselves have seen them on the spot. Their Report is a challenge to the world. No amount of narrow political calculation, and no amount of prejudice against

the existence of the League of Nations can affect this salient point. It ought to strengthen the hands of the Members of the League, working, as they can do, in full co-operation with the United States of America. Unhappily, no one here is confident that all of these States will like their hands so to be strengthened, and the sequel to the Report, either in Geneva or in the East, is uncertain. At the same time, it will be far more difficult, undoubtedly, for some of the statesmen to maintain any longer an "open mind"; the time is coming for a decision, and the material for judgment is ready. The Members of the Council and Washington will have an opportunity for reflection before the Council begins its examination sometime between November 14th and 21st. It is not certain whether in passing the Report on to the Special Assembly, the Council will do so with or without observations, but it is expected that the Assembly will not be able to approach its serious task until about the middle of December. Japan will not look at the Report, but the Commission has already spiked her guns concerning her excuse that the Report no longer holds now that Manchukuo has been recognised. The Report puts Japan more and more in an isolated position, whatever the Assembly may do, and Japan's growing economic and financial difficulties are corroborative evidence of the Commission's assertion that the policy that Japan is now pursuing is bound ultimately to fail.

The only criticism so far raised is that the procedure suggested by the Commission implies negotiations while Manchuria is under military occupation, and gives loopholes for legal side-stepping. This may be so, but on any reasonable interpretation of the Report, the negotiations would not be entered upon until after the acceptance of the principles upon which the negotiations should take place. These principles are perfectly clear, and the procedure suggested is only a means of putting them into contractual form. But whatever may be said about the Report, the grave double problem now before the Council and the Assembly of the League is the preservation of peace in the Far East and of every principle for which the League stands.

It is understood that Mr Ramsay MacDonald is endeavouring to arrange for a conference in London between four or five of the Great Powers to deal with the German claim for equality of armaments status. There seems no reason why the Germans should be more content to go into conference in London than in Geneva, but it may quite well be so, and the fact of having a limited conference for this purpose would in itself be something like a step towards a concession. For that reason it seems more probable that the French would be unfavourable to the idea. Meanwhile, there is no progress on the substance of the question, and there are no conversations going on at Geneva.

UNITED STATES.

Deficit — Railroads — Industrial Earnings.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 28.

TREASURY financing has presented no great difficulties owing to the extreme ease in short-term money, but it is still doubtful whether a long-term issue will be attempted this year, unless the market recedes to a 3 or 3½ per cent. basis. The most recent discount bill issue for \$100 millions was sold on an interest basis equivalent to 0.28 per cent., the lowest obtained since the system of discount bills was put into effect. Canada also is taking advantage of our excessively cheap short-term market. A Canadian one-year note issue of 4 per cents. sold at par was quickly snapped up this week, and represented virtually the only new financing in the past fortnight.

The United States Treasury will have to provide for \$300 millions of maturing certificates in the middle of October. It is expected to do so with another short-term issue. Meanwhile the rate at which expenditure is outturning receipts is causing increasing expectation of higher taxes, and perhaps of the adoption of the sales

tax. Obviously the Budget cannot be balanced by the Revenue Act of the last Congress. Since the beginning of the fiscal year, July 1st, the deficit has been steadily growing. If the present rate continues, the Treasury at the end of the year will have a deficit of fully \$500 millions. The deficiency is due in part to lower income-tax yield, but the chief disappointment has come from the low yield of the so-called "nuisance" taxes—the levies on cheques, oil, tyres, radios, gasoline, beverages, electric energy and the like. These taxes last month fell about 40 per cent. below the Treasury estimates, and they promise for the half-year to fall short by at least \$350 millions of the hoped-for collections.

A transport commission has been appointed, composed of ex-President Calvin Coolidge; ex-Governor of New York, Alfred E. Smith; Mr Alexander Legge, President of the International Harvester Company, and formerly chairman of the Federal Farm Board; Mr Bernard M. Baruch, capitalist; and Mr Clark Howell, editor of the *Atlanta (Georgia) Constitution*. These men have undertaken to study the whole transport problem at the behest of investment bankers' associations, insurance companies, and organisations interested primarily in railroad securities. The large deficits sustained by most railroads in the past few months have been due only in part to the general business depression, and an improvement in trade can scarcely effect a complete cure. In many cases management has been too rigid and somnolent, and has ignored too long the growth of motor and other forms of competition. Financial direction also has been partly at fault in permitting a constant addition to capital long after the roads had ceased to increase their carriage of freights and passengers. Moreover, the railroads are confronted with new conditions. The survey is expected to result in a report and recommendations to be made after the election, to cover necessary legislation to change rate-making practice, facilitate mergers, regulate motor, airway, waterway and pipeline competition, and to suggest capital reorganisation. The character of the men on the Commission insures public support for its recommendations.

Railroad traffic is enjoying some seasonal improvement. A rise has been in progress for the past few weeks, the increase in freight car loadings for last week being over 2 per cent., but still well below the total of a year ago. In keeping with the increase in rail-carried goods, there is a continued increase in electric energy output and a slow expansion in steel-making operations. The steel industry has risen to between 17 and 18 per cent. of capacity, and a further increase is expected; but not many companies are likely to be able to increase their output sufficiently to operate at a profit during the remainder of this year. Wall Street is still undecided about the fate of the United States Steel Corporation's preferred stock dividend. It is felt that if trade is showing real improvement and a good prospect when the board meets at the end of October, the full rate will be voted for at least another quarter, in spite of the operating deficit; otherwise a reduction will be ordered.

Company earnings for the third quarter will be poorer than those of the second three months, but the markets have been expecting that for a long time. As an offset, the trend now is slightly upward in various lines, and business failures as well as calls for aid from the Reconstruction Finance Corporation have declined. Railroad earnings in August were about 50 per cent. under those for the same month of last year, and for the eight months are down about 56 per cent.—the showing, poor as it is, indicating some improvement for August. The railroad situation is, nevertheless, difficult. Two large roads—the St. Louis-San Francisco and the New York, Chicago and St. Louis (Nickel plate)—are both advising noteholders to deposit under what amount to reorganisation plans, in order to insure sufficient aid from the Reconstruction Finance Corporation and to stave off receivership.

President Sloan, of the General Motors Corporation, appointed to head a commission for the study of international debts, has long held the view that reduction of indebtedness to this country would stimulate our trade.

No report is likely to be made, however, on this delicate subject until after the elections. Incidentally, Mr Sloan asserts that some real improvement in motor car buying is taking place. As yet this increase, if it is general, has not affected orders for steel, nor the rate of operations for Ford and some of the smaller companies. Motor production in August, according to the Department of Commerce, was 94,391 vehicles in this country and Canada, compared with 118,613 in July and 191,741 in August, 1931. For the first eight months output was only 1,072,000 units, against 2,053,000 a year ago.

The oil situation is becoming worse, with illegal production in areas subject to State regulation. The refining of gasoline from this alleged surreptitious production is depressing the price, already weakened by the decline in consumption which has been noticeable in the past two months. Further steps may be taken to hold output in check in the South-Western States, or a general breakdown in the price structure will result. Copper shipments are rising a little and some decline in stocks for September is predicted, and one or two large buyers of copper, including Westinghouse, have come into the market.

FRANCE.

Conversion — Deficit — Industry — Unemployment.

(FROM OUR CORRESPONDENT.)

PARIS, October 5.

THE Finance Minister, M. Germain-Martin, yesterday informed the Cabinet Council that the final figures show that the great Rentes conversion operation, for the transformation of outstanding 5, 6 and 7 per cent. war and post-war issues into 4½ per cent. stock, has proved appreciably more successful than was indicated by the provisional figures announced last week. The total volume on October 31st last of the outstanding issues involved was 85,874,000,000 francs, which by September 9th last, when the conversion operation began, had been brought down, by the normal operation of the sinking fund and by buying in for extinction, to about 85,500,000,000 francs. Of this total 81,000,000,000 francs, in round figures (or about 95 per cent. of the whole), was directly converted into the new 4½ per cent. stock. The demands for reimbursement, therefore, were equivalent to 4,500,000,000 francs (slightly over 5 per cent.). Subscriptions for the new scrip, which, it was reported last week, had totalled 2,000,000,000 francs, have since been found to amount to 2,935,000,000 francs. This fresh money furnished substantially more than half the amount required for reimbursements, and brought the net amount required to meet reimbursements down to the comparatively negligible total of 1,565,000,000 francs. Analysis of the distribution of the convertible issues indicates that the proportion held by the banks, insurance companies, savings banks and other great organisations was nearer 25 per cent. of the total than the one-third estimated last week. By the operation the debt involved has been reduced from 85,500,000,000 francs to 88,900,000,000 francs.

The problem facing the Chambers, when the Budget for 1933 will have to be dealt with, soon after Parliament resumes its sittings towards the end of the month, appears likely to prove even more difficult of solution than was forecast a few weeks ago. At the beginning of the summer it was generally considered, in competent quarters, that the deficit to be met would be in the neighbourhood of 7,000,000,000 francs. In official financial circles it is now estimated that the shortage will be much more likely to amount to 10,000,000,000 francs. This probable larger figure is confirmed by practically all periodical statistical data made public during the past three months, and is likely to be emphasised by the September figures when published. The monthly revenue returns showed that recoveries in July were 12 per cent. below Budget estimates, and that for August the proportion was in the near neighbourhood of 14 per cent., the total deficit for the first five of the nine months' financial year being nearly

1,450,000,000 francs. Recoveries of direct taxation make a specially poor showing. Down to August 31, 1931, demand notes levied for income tax totalled 8,288,600,000 francs, of which recoveries to date were 2,627,000,000 francs. At the same date in the current year demand notes levied were 7,198,700,000 francs, and recoveries only 1,765,000,000 francs, or 24 per cent. (against 31½ per cent. last year). In the circumstances, with only three months of the year still to run, there is reason to estimate that the yield from taxation of all kinds will show a shortage of at least 3,000,000,000 francs, and possibly 3,500,000,000 francs. Unless some marked improvement occurs in the general economic situation in the near future, this deficit will necessarily be larger during 1933, as the coming financial year will comprise the full twelve months. Further, the current nine-months' year has benefited from some 3,000,000,000 francs of exceptional resources, which will not be available or replaceable during 1933, while France, during the coming financial year, will be deprived of the net balance of about 2,000,000,000 francs which would remain at her disposal out of the Young Plan annuity had not German reparation payments been suspended.

Provision for meeting an appreciable portion of this possible deficit of anything between 9,000,000,000 francs and 10,000,000,000 francs has already been assured. Economies of something like 2,300,000,000 francs appear to be counted on from the operation of the Emergency Finance Act of last July (imposing, among other things, cuts in all departmental expenditure), but past experience of attempts to reduce expenditure by Government departments confirms the view that there is little chance of this figure being reached. Directly and indirectly, the Budget should benefit from the recent conversion operation to a total of something like 2,000,000,000 francs. These two factors, therefore, may possibly bring down the potential deficit by about 4,000,000,000 francs, leaving a balance of something approaching 6,000,000,000 francs still to be found (equivalent to about 15 per cent. of total Budgetary expenditure, if we omit public debt charges, no further reduction of which appears to be practicable for some years to come). So far no definite proposals have been mooted as to how the difficulty is to be met. The Socialists are clamouring for more stringent measures to prevent fiscal frauds, which the bearer bond system—universally operative in France—renders comparatively easy. All sections of opinion appear to be agreed that any serious further increase of taxation is unthinkable, and recent experience has demonstrated that any economy based on cuts in the pay of the public servants, similar to those adopted in most other countries, would be foredoomed to fiasco. The only hint of a method that may be adopted was dropped by M. Herriot last week, in a speech in which he suggested a massive public works' loan, ostensibly for the purpose of helping both capital and labour. Fears are already expressed, however, that such a measure would possibly lead to the inclusion of a good deal of essentially current Budgetary expenditure under programmes of economic re-equipment, designed to be financed by the loan, and would thus result in the actual deficit being masked, instead of being made definitely to disappear.

Revenue returns for August, which were made public last Thursday, indicate total recoveries from all Budgetary sources (exclusive of revenue diverted to the Caisse d'Amortissement) of 3,205,455,000 francs, of which 3,157,000,000 francs (against 3,230,000,000 francs in August, 1931, and 3,331,000,000 francs in August, 1930) were drawn from "normal and permanent" sources. "Direct taxation" (almost entirely income tax) produced 1,009,000,000 francs, and "indirect" taxes (which in this country include a good many imposts regarded as "direct" in Great Britain), 2,137,000,000 francs; the balance being revenue of between 10 and 11 millions derived from landed and other property belonging to the State. Indirect taxes and State monopolies yielded 362,368,000 francs, or 15 per cent., less than in August last year. Taxes on motor spirit and benzole produced about 10 per cent. more than in the corresponding month, and the yield from taxes on Bourse operations, owing mainly to the activity in the Rentes market, was nearly 20 per cent. better. Yield from taxes on securities was

over 65 per cent. less than a year ago, and from turnover taxes 14 per cent. down. The yield from income tax was nearly 25 per cent. higher in August than in the corresponding month of 1931, although recoveries from this source were over 25 per cent. lower than in the corresponding period of 1931.

Coal production figures for August show a total output during the 26 working days of 3,868,000 tons, as compared with 3,796,000 tons in the previous month (25 days) and 4,011,500 tons in August, 1931 (25 days). Output of metallurgical coke by the colliery plants was 272,144 tons, against 453,429 tons in the previous month and 406,011 tons in August last year. Imports of coal during August included 484,256 tons from the Saar district, 752,000 tons from Great Britain, 346,500 tons from Germany, 152,787 tons from Belgium and Luxembourg, 84,900 tons from Holland, and 48,328 tons from Poland.

The weekly unemployment return issued for the period ending September 24th indicates that the total number of workless in receipt of unemployment allowances through the various departmental and other labour bureaux was 259,956, as compared with 262,843 in the previous week. Unemployment, after a steady fractional rise for some weeks, now again appears to be decreasing.

GERMANY.

Quota Negotiations — Wages — Bond Interest — Karstadt.

(FROM OUR CORRESPONDENT.)

BERLIN, October 4.

THE German delegation which is to negotiate the incorporation of the new German quota system in the commercial treaties with Holland, Belgium, France and Italy—according to the latest news the Commission intends also to go to London, although the Anglo-German Commercial Treaty can hardly be directly affected by Germany's intention—has begun by reaching an agreement with Belgium. This does not, indeed, mean very much, for Belgian interests were only injured to a very inconsiderable extent, and, in addition, Belgium has received as compensation a slight concession in respect of her coal exports to Germany. In the countries which are more severely hit, the announcement of the German proposals has so far been unfavourably received. There has for some time been a difference of opinion with Italy on the subject of exchange regulation, and it appears that the impression made there by the new quota system has been so strong, perhaps because they have been wrongly interpreted, that forcible measures were considered necessary. Last Sunday Italy practically put an end to all monetary transactions with Germany. Germany had denounced the clearing treaty with Italy as from October 1st, and Italy immediately undertook reprisals, but this seemed to her merely an interlude before the establishment by agreement of new regulations. Suddenly, however, the Reichsbank was notified that its holdings in Italy, which it kept available for distribution to German importers, were no longer at its disposal. That amounted to a declaration of commercial warfare, and Germany promptly sent a special Commission for the Regulation of Foreign Exchange to Rome, and in addition ordered the Quota Delegation to proceed to Rome from The Hague.

What will happen if the German delegation comes back without having secured the consent of the other parties to the German proposals, or at least to a great part of them? Herr Warmbold, the Minister for Economics, Herr von Neurath, the Foreign Minister, and Count Schwerin-Krosigk, the Finance Minister, can all be trusted to refuse to take part in any violation of existing treaties, but it is impossible to see how the von Papen Cabinet can keep itself in existence if it is not able to fulfil its promises to the farmers. On the other hand, a Cabinet crisis at present would be incapable of any solution. One can, therefore, only hope that it may still prove possible to reach a compromise with the agricultural export States, and that should prove the more possible in that the scope of the

German measures is not really very great, and the opposition is, to a large extent, a psychological matter.

The opposition of workpeople to wage reductions which the emergency decree made possible even during the currency of existing agreements still persists. So far, however, no very large firms have been affected, and the total number of strikers is not very large. The employers' lack of resisting power is, however, very noticeable, for in most cases they accept the demands of the unions or try to come to some agreement with them. The Minister of Labour has issued, at the request of the employers' associations, a new decree, which does away with any doubt that strikes aimed at preventing a reduction of wages in accordance with the emergency decree are illegal. It is doubtful whether that means much in practice. At all events, the employers can only bring actions for damages, if they wish to take legal steps to prevent strikes, as any form of criminal proceedings is just as impossible as before.

In spite of the difficult position of many mortgage institutions and communes, all interest payments due on September 30th, one of the most important payment days in Germany, were functionally met, but the capital payments which fell due on that date could not be redeemed. Treasury bills of the City of Cologne to the amount of Rm. 40 millions, and Rm. 30 millions Treasury bills of Frankfurt-am-Main were due, and in order to save these cities from bankruptcy, and the public sale of their property for the benefit of the creditors, the Government issued an emergency decree prolonging the Treasury bills for three months. The same emergency decree paves the way for negotiations between debtors and creditors. Hitherto only debenture holders of industrial companies have had the power of meeting and taking legally effective decisions altering the terms of a loan. This power is now extended to the holders of municipal loans. The three months' prolongation of the Cologne and Frankfurt Treasury bills is thus decreed with the intention that meetings of the holders of these loans shall be held in the meantime, and a decision reached as to the conversion of the Treasury bills into a new loan. Such a decision requires a three-quarters majority, however, and this will be very difficult to secure, for the cities, which have no ready money, are hardly in a position to offer a conversion premium. A new issue for voluntary conversion is quite out of the question in the present state of the capital market, while the German communes can hardly hope for short-term bank credits, as practically all of them are so heavily indebted that their bank creditors have for a long time had to confine themselves to prolonging their credits as they fell due. None the less the calling of these meetings is to be welcomed, for it shows that the German Government has no desire to relieve debtors of their obligations by one-sided decrees, but wishes to secure voluntary agreements between debtors and creditors.

This attitude of the Government is important in connection not only with internal debt, but also with Germany's foreign debt. The Rudolph Karstadt A.G., the first company to declare itself unable to meet the interest payments on its foreign debt, has just announced that in spite of the difficulties of its position, it will meet the interest payments due on November 1st punctually in dollars. It does not wish to make the negotiations, now pending with the holders of its loans, more difficult by a one-sided breach of its obligations. In one respect, however, Karstadt is not fulfilling the conditions of its loan. Its 25 million dollar loan is redeemable by annual drawings at par on November 1st. The necessary funds for the drawings now due, amounting to about \$200,000, have been placed at the disposal of the company by an American trustee, but the drawings are not to take place, for it would be unfair to the mass of the holders if a few of them who were lucky in the lottery received 100 per cent., while at the same time the terms of the loan were changed. (The bonds stand at present at 25.) The company is at present negotiating with the representatives of the bondholders for the redemption of the loan, not only by drawings, but also by repurchase. In addition, the company would like to secure a reduction, for the duration of the crisis, of the 6 per cent. rate of interest.

HUNGARY.

Politics — Finances — National Bank.

(FROM OUR CORRESPONDENT.)

BUDAPEST, October 3.

THE uncertainty which has dominated Hungarian politics since the resignation of Count Bethlen came to an end with the fall of the Károlyi Cabinet. The relations between Count Bethlen's majority party and Count Károlyi have never been cordial during the latter's thirteen months of administration, and in the last three or four months they became definitely hostile. Parliamentary government bade fair to become impossible, and Count Károlyi decided to go. He is blamed by the Opposition, where he was always more popular than in his own party, for not asking the head of the State to dissolve Parliament and to appeal to the electorate. Count Károlyi declared that in view of the general discontent of the rural population owing to economic distress, he did not consider such a course to be in the interest of the country. Probably he was right, because the electioneering slogan of the rival parties on the land, "To hell with the creditors," would have undoubtedly made the position even more difficult. Count Károlyi brought a much-needed asceticism into Hungarian public life—he is constantly referred to as the Gentleman Premier—but, unfortunately for the country, he could not tackle the financial problems awaiting urgent solution, because his party did not support him. So he left this task to his successor, General Gömbös, who was called upon by the Regent to form a Cabinet after Count Bethlen, the leader of the majority party, declined the offer in view of the coming Eastern Reparation Conference, where the much-disputed Optants' case will come once more into the forefront of international politics. Count Bethlen, being an Optant himself, could not go to this Conference without being attacked at home; so he judged it wiser to recommend General Gömbös, his former Minister of National Defence.

General Gömbös's designation was not unexpected. It was obvious that after a weak administration a strong hand is needed to bring the country back to realities. General Gömbös is what is called in Continental political language "Realpolitiker." He has many opponents; first of all, the Legitimists, who want Otto Hapsburg to return to the throne of his ancestors; then the Liberals, Socialists, etc. But it is too early to say what the political situation will be, because the crystallisation process, which was bound to come after the end of the long administration of Count Bethlen, but was postponed owing to the hesitation of Count Károlyi where to turn for support, will certainly soon produce important political changes. One thing is certain, however, that General Gömbös need not and will not submit himself to the dictation of the majority party, because if the party will not bend to his will he can find a majority elsewhere. It is significant that not one member of General Gömbös's Cabinet belongs to the aristocracy, and the domestic Press attaches great importance to the fact that this is the first Hungarian Government since 1867 without "magnates." Time alone can tell whether the Gömbös administration can cope with the difficult financial and political problems awaiting both in the domestic and in the international spheres.

The recent report of the League Financial Committee to the Council on Hungary's finances is a timely reminder that there is a huge budget deficit in the current financial year, which will in all probability amount to more than 100 million pengő. The Committee believes that further substantial savings can be made, and points to the danger involved in the protection of certain categories of agricultural debtors. This partial agricultural moratorium expires at the end of October and the new Government is endeavouring to alter its provisions so as to save the economic life of the country from the unnecessary obstructions. Recent statistics collected by reliable financial institutes show that not more than 10 per cent. of the indebted estates are insolvent, whereas a general agricultural moratorium must prove ruinous to the majority of landowners.

The end of September return of the National Bank

reflects the abnormal credit situation brought about by the financial crisis. The note circulation amounted to 372.2 million pengő, as against 382.8 million pengő a year ago. The credit facilities granted by the National Bank increased to 606 million pengő, as against 533 million pengő a year ago, an increase of 73 million pengő, corresponding very nearly to the amount paid into the "Foreign Creditors' Fund" at the National Bank. The abnormal height of the bill portfolios of the National Bank cannot decrease until the long delayed banking reorganisation is carried out, and in all probability the only help the State can give will be that a considerable part of the present "frozen" bills will be taken over as State obligations, because a great deal of the bank's immobile assets, refinanced by the National Bank, are State or municipal debts, which cannot be met otherwise.

JUGOSLAVIA.

Harvest — Public Finance — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BELGRADE, September 17.

CONDITIONS have improved somewhat during July and August, although it would be difficult to say whether this improvement is more than seasonal. It may, at any rate, be described as a stiffening of resistance against economic pressure. The wheat harvest has been definitely poor, with 17,600,000 quintals as against 27 millions last year, and will allow for export only the equivalent of the reserve from last year, 15,000 trucks. Barley, with 3,800,000 quintals, and rye with 2 millions, approximate last year's yield, while oats have fallen from 3,100,000 to 2,500,000 quintals. On the other hand, maize, for which final figures are not yet available, has given a bumper harvest, and so has fruit. Home prices of these are therefore ruinously low; maize fetches 25-30 dinars per quintal, plums 30-35 dinars, wine one dinar per litre, brandy four dinars. As a compensation, however, this abundance and cheapness will allow the substitution of maize for wheat and for the fattening of export pigs. Other raw materials have slightly stiffened in price, and the index has risen for the first time in July to 65.6 from 64.4 in June, as against 74.4 in July, 1931.

The remaining economic data offer a similarly mixed picture. On one hand there is an increase in the number of bankruptcies and compulsory settlements, as well as the application of the clause of suspended payments to 12 banks. On the other, building has become exceedingly brisk, and there is a latent firmness in all State securities. The general note of slight improvement is also characteristic of State finance. Official statistics show that the low ebb for receipts was reached in June, since when the inflow has improved. The total receipts for the months April-July were 2,846 million dinars (budget, 4,025 millions), of which 1,707 millions were derived from taxation, monopolies and general sources, and 1,139 million dinars from State enterprises (railways, posts, estates). The expenditure during the same period was cut down to 3,012,600,000 dinars, thus leaving a Treasury deficit of only 166 million dinars, which actually means a reduction of the Treasury deficit at the end of June, when it was 203 million dinars. Preliminary reports show that August receipts were by about 40 million dinars better than those for July.

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The Government is continuing its efforts to increase receipts and thus ensure the balance of the budget. High imposts have been introduced on sugar and electricity; the tax on business turnover has been raised from 1 per cent. to 2 per cent.; and an extensive list of luxury articles has been published which will have to pay an additional tax of 10 per cent. either on import or on sale if home-produced. The Government is also making a profit from the minting of 500 million to 600 million dinars' worth of silver coins of 10, 20 and 50 dinars, part of which have already been let into circulation. This profit which had previously been earmarked for repayment of a further instalment of the debt to the National Bank, is now being used for budgetary purposes.

Equally important is the concession granted by the French Government, by which all payments on loans from one Government to another are to be suspended for one year. The concession applies to the 5 per cent. armament loan of 300 million French francs of 1924, and to the 250 million French francs advance of October, 1931, payments for which, to the amount of 185 million French francs, ought to have been made between October, 1932, and October, 1933. In the meantime, a special agreement is being drafted by which Yugoslavia will be enabled to increase her exports, and especially those of timber, to France. The agreement is thus envisaged as a solution of the transfer problem and provides for the payment of debt in goods.

The particular importance of the French concession lies naturally in the fact that it reduces the sum required by the Yugoslav Government for payments abroad to only 450 million dinars during the budgetary year 1932-33, and thus greatly eases the transfer problem. It is for this reason that much was expected from the Stresa conference, and only moderate satisfaction is felt at its meagre results. Imports during the first seven months amounted to 1,589 million dinars, as against 2,970 millions in 1931 and 4,056 millions in 1930. Exports during the same period were 1,544 million dinars, as against 2,667 millions in 1931 and 3,876 millions in 1930. The deficit is therefore 45 million dinars as against 302 millions in 1931 and 180 millions in 1930.

JAPAN.

Relief Measures — Trade — Business — Finance.

(FROM OUR CORRESPONDENT.)

TOKYO, September 8.

THE short emergency session of the Diet, convened for remedial legislation, was adjourned on Monday. All the Government measures obtained Parliamentary approval, with the single exception of the farmers' debt settlement guild scheme. The official relief proposals are a combination of many varied items, consisting of the extension of construction works, public highways and harbour and river improvement, the placing of a large Government order with munition works, encouragement of building of new ships and scrapping of old ones under the subsidy scheme, increased grants-in-aid to primary education, and several others. Supplementary estimates for the cost of the relief schemes totalling 163.4 million yen were also approved. Apart from the immediate expenditure, the rice stabilisation funds have been increased by 130 million yen to keep up the price of rice, and a low-interest loan of 201.2 million yen will be arranged from the Treasury to help the liquidation of mortgage debts and co-operative societies' loans. The funds for the execution of these relief schemes are all to be met by a new loan, and inflation is now inevitable.

Besides remedial legislation, the Government has used all its powers and influence to give effect to the credit expansion programme, and has inaugurated a cheap money policy. The Post Office Savings Bank was instructed to lower the interest rate allowed on deposits drastically from 2 per cent. to 8 per cent. on and after October 1st. The Bank of Japan's official minimum was changed from 5.11 per cent. to 4 per cent. on August 18th. On August 26th the Tokyo and the Osaka clearing banks reduced their

deposit rate by $\frac{1}{4}$ per cent. from 4.7 per cent. to 4.2 per cent. in the case of big banks, and from 5.2 per cent. to 4.7 per cent. in the case of lesser banks. The savings banks followed suit as from the same day with a reduction of $\frac{1}{4}$ per cent.

The upward movement in the general level of commodity prices, which developed in July, was both rapid and substantial during last month. The Bank of Japan's wholesale index number for August registered a sharp advance of $5\frac{1}{2}$ per cent. on the month, recovering to the level of the corresponding month of last year. The rise was general, though the commodities which enter into international trade played a large part in the general advance. Raw silk led the list with a rise of $48\frac{1}{2}$ per cent., followed by cotton yarn with $26\frac{1}{2}$ per cent., wheat with $17\frac{1}{2}$ per cent., copper with $12\frac{1}{2}$ per cent., and sugar with 10 per cent. The sharp upturn may obviously be explained largely by the heavy fall in the yen and the rally in a number of the principal commodities in the United States.

Apparently assisted by the fresh fall in the yen exchange, the foreign trade returns for last month disclose a distinct improvement. The August returns show that imports contracted to 73,352,000 yen, while exports expanded to 136,626,000 yen, the largest monthly figure for many months, revealing a fairly large favourable balance of 63,774,000 yen. As compared with August, 1931, imports fell by 18,634,000 yen, or 16 per cent., while exports rose by 28,905,000 yen, or 27 per cent. The decline in imports is general, with the exception of raw cotton and machinery. On the export side the increase is largely accounted for by textiles, though many other staples have done rather well. Among the textile goods, the expansion in the cotton trade is most prominent; there was an increase of 7,946 piculs (35 per cent.) in yarns, and of 22,546,000 square yards (34 per cent.) in piece-goods.

The national accounts for the fiscal year ended March 31st disclosed a surplus of 19,193,000 yen, revenue amounting to 1,581,082,000 yen and expenditure to 1,511,889,000 yen. The disclosed surplus, however, has been only realised by a raid of 44 million yen on the sinking fund and "loans for Budget deficits" of 21 million yen, and when these figures are eliminated the accounts show a deficit of 46 million yen. As compared with the preceding year, receipts from taxation alone show a heavy decline of 99.5 million yen.

Letters to the Editor.

OTTAWA.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your issue of October 1st, in the article headed "The End of an Experiment," you use these words: "Ottawa brought matters to a head. The agreements made there, signing away our fiscal independence, saddling this country with substantial food taxes (contrary to explicit election pledges)..." Free Traders in the past have made too many long-period treaties which limited our fiscal independence for them to be able to raise this as a serious argument. So far as food taxes are concerned, I do not understand why the word "saddling" is used, because the substantial ones that have been in operation now for several months have not saddled the people of this country with any disadvantage, but have already led in a number of cases to important expansions of production, very remarkable indeed having regard to the seasonal nature of agricultural production. These food taxes differ from the old Free Trade food taxes in that, so far as one can find out, the burden of them has not fallen on the British consumer in the way that the old Free Trade food taxes invariably did.

So far as "explicit election pledges" are concerned, the writer of your article found it much easier to use the phrase than he would find it to prove the accuracy of it.

I write more in sorrow than in anger, because I, like everyone else, respect the *Economist* as a great journal, and am only sorry that on one great controversy ancient economic prejudices forbid a clear intellectual examination of the facts of the situation.—Yours faithfully,

351, Abbey House,
Victoria Street, S.W.1.
October 3, 1932.

H. G. WILLIAMS.

Books and Publications.

BOOKS OF THE WEEK.

Education for the Young.

THE text-books, and particularly the school text-books, at present in use in this country, provide a very interesting indication of the extent to which normal school education is out of touch with the problems with which the adults of the country are presently concerned. To take one example, the nation's economic affairs have got into such a state that the ordinary member of the reading public realises their importance and is prepared actually to read with avidity books on economic questions. Books on economics are bought, and bought so eagerly that they have even been known to be listed as "best sellers" in the Sunday papers. But, for all this, there is practically no economic teaching in schools. Few children leave school with any clear idea of how either their own living or that of the country as a whole is provided. It is the same with international affairs. The fact that the world is one whole is being forced upon us more and more every day; but the school text-books, for the most part, still confine themselves to a narrow interpretation of English history; and it is really quite difficult even to find a book, suitable for a child, which deals at all adequately with French history, or which gives any description other than a purely geographical description, of any foreign country. Here again the food supply of the children has lagged behind that of the adults; though the enormous success of Mr Wells's *Outline of History* should have shown the way. In science the position is still not adequately covered, and the history of science is still not adequately covered, and there is room for a great deal more to be written for children on biology and physiology.

This being so, it will be a matter of great interest to follow the fortunes of the children's omnibus which the joint enterprise of Mr Victor Gollancz and Mrs. Naomi Mitchison has produced. * This work, which both in bulk and in production is a very handsome return for its price, is divided into three sections. The first section, headed *Science*, contains chapters on the history of science and on its limitations, on physiology, psychology (rather a weak effort), biology, chemistry, physics with astronomy and mathematics, and a brief essay on "The Structure of the Earth." This section is by far the best. The second section, which is entitled *Civilisation*, is divided into thirteen chapters, covering history, social organisation, present-day government, and economics, and including a present-day government called "Problems and Solutions," which is probably intended to be a guide to the future of the world. Finally, there is a short section called *Values*, with chapters on dancing and drama, on art, architecture, writing (an odd and interesting essay, which gets a long way from its subject), and on music.

It will be seen from this summary that the purpose of the book is almost entirely cultural in the widest sense. This at once differentiates it sharply from the various Children's Encyclopædias which have from time to time been published, and which abound in "useful and curious facts" and "practical hints." There is here no assistance offered in making a wireless set or a rabbit-butch, nor are the young readers told the height of St. Paul's or how many pennies it would take to stretch from here to the moon, or anything of that sort. Not that there are no facts in the book; there are enough to provide most children with reading for a very long time, and even to secure for it, we should imagine, a fairly wide public among parents whose schooldays, for the reasons mentioned above, did not acquaint them with any of these facts. But its main purpose is clearly to give its young readers food for thought, to provide them, within necessary limits, with an idea of the shape and scope of life,

* "An Outline for Boys and Girls and their Parents." Edited by Naomi Mitchison. (Gollancz.) 928 pp. 8s. 6d.

and with an introduction to the most important of the problems and preoccupations which they will find there. Its purpose, in a word, is education rather than instruction or amusement.

In fulfilling this purpose, Mrs. Mitchison has done her work admirably. Her writers, who include among them some very distinguished names, have written in terms which will be understood by young readers without "writing-down" or using the infantile expressions which disfigure some modern "children's books" and which nobody resents more than the children themselves.

Where there is such a generally high level, both of writing and of editing, it is hard to single out contributions for special praise; but one may instance Mr John Pilley's temperate and sensible introduction to the scientific part, Dr. Winifred Cullis's *Physiology*, which could hardly be better done; the two sections on biology by Dr. J. R. Baker and Mr N. W. Pirie; and Mr Richard Hughes' magnificent attempt to make the mysteries of modern physics and mathematics intelligible to young minds. These names all occur in the first section: in the others stand out a balanced and concise account by Mr Delisle Burns of "The Peoples of the World," an admirably lucid but all too short essay by Mr. G. R. Mitchison on "Law and Government," and two excellent chapters on architecture and music by Mr Williams-Ellis and Mr J. B. Trend. The illustrations are the weakest part of the book, and some of the portraits are, frankly, unrecognisable; but this is a minor blemish. Time alone will show the demand of the younger generation for culture; meanwhile, we can but congratulate editor and publisher on their enterprise.

SHORTER NOTICES.

"Scientific Investment," by Hargreaves Parkinson. With an introduction by Sir Walter Layton. (Sir Isaac Pitman and Sons.) 10s. 6d.

We commend this book warmly to our readers, for it is a real contribution to a cause which the *Economist* has always had at heart—making the business of investment less of a gamble and more of a science than it is to-day. Mr Parkinson brings to bear on the subject a wide experience of investment problems, a sound knowledge of economics and a specialised training in the methods of statistical analysis. In his own words: "The object of the present work is to discuss certain methods by which statistical analysis and commonsense may be brought to bear on investment problems and to formulate some of the 'laws' of investments which emerge. The treatment is severely practical. Wherever possible, the illustrations used are based upon the published figures of well-known companies and all the conclusions reached are designed to be of concrete service to the wayfaring investor and his professional mentors."

The book proceeds to analyse the merits as investment media of debentures, preference shares and ordinary shares. A technique for measuring the value of the equity shares is put forward which every investor, lay and professional, should study. The chapters on the "gear ratio" of ordinary shares and "priority percentages," revealing the real earnings cover for debenture stocks and preference shares, are constructive contributions to the study of investment as a science which everyone should read, and we commend to the company director as well as the shareholder the chapter on "Reserves." It is satisfactory to see the "nest-egg" theory so skilfully exploded.

The chapters we have been discussing are the most valuable part of Mr Parkinson's book. They do not cover the whole field of investment, for Government and Municipal bonds are not considered. Other chapters are included which are extremely readable and entertaining. We are in general agreement with Mr Parkinson's criticisms of company directors (he supports the proposal of a specialised finance director) and his suggestions for Stock Exchange reform are everything which the reformist should desire. Mr Parkinson has done an important work in resolving investment into a study of the concept of earning-power, a study which he has made of practical usefulness by his statistical methods of analysis.

The Stock Exchange.

COUNTY OF LONDON ELECTRIC—I.

THE County of London Electric Supply Company, Ltd., in spite of its reputation as one of the most profitable and rapidly progressing systems in the country, is somewhat of an enigma to the investing public. An important part of its undertaking comes within the scope of the London Electricity Act (No. 1) of 1925, which provides for the regulation of dividends by a sliding scale in connection with prices charged, and ultimate transfer to the London Home Counties Joint Electricity Authority in 1971. Since no separate accounts are published, the effect of this statutory limitation of dividends is by no means clear. At the same time, the company possesses a "controlling," but otherwise indefinite, interest in a number of other undertakings, which represents a very important part of its total assets, and with respect to which no consolidated accounts are published.

Little information is available about the County Company's holdings in subsidiaries, but it is believed to have a controlling interest, directly or indirectly, in the companies whose names are set out, with their respective capitals, at the head of the opposite page. All the companies in question, with the exception of the Bournemouth and Poole, its subsidiary the Blandford Forum Company, and the Coatbridge and Airdrie Company (which serves a district near Glasgow), are situated in the South-East England area, and both the South London and the South Metropolitan companies come within the scope of the same (No. 1) Act of 1925, as the County Company itself.

Apart from the three outlying subsidiaries, the area of the system extends over 3,200 square miles. In the Metropolitan area it includes parts of Finsbury and Holborn, and all London south of the Thames with the exception of Battersea, Deptford and Woolwich, and parts of Bermondsey and Southwark. Outside London, the retail distribution area includes the greater part of the counties of Kent and Essex and parts of Surrey and Sussex, the most important districts being, in the south—Chipstead, Coulsdon, Purley, Horley, Chatham, Rochester, Sittingbourne, Sevenoaks, Folkestone and Deal; and in the north—Wanstead and Woodford, Dagenham, Romford, Epping, Chipping Ongar, Wickford and Rayleigh. Most of the Essex area was obtained by the 1927 Act, which gave the County of London distribution rights over the greater part of the county where a supply was not then available. The company subsequently formulated a comprehensive five years' scheme of development, involving the provision of supply to every community in this area with a population in excess of 500, which is now being actively pursued.

The bulk supply areas of the system include Ilford, Leyton, Bromley, Caterham, Beckenham, Bexley and Dartford, Brentwood, Chelmsford, Colchester, Chatham, Canterbury and Whitstable. The dimensions of the area covered by the company and its subsidiaries in London and the Home Counties (omitting that of more distant subsidiaries like the Bournemouth and Poole) is indicated on the map opposite.

The franchise of the County of London gives the company perpetual distribution rights over a large part of its area outside London, whilst the rights of local authorities to purchase various of the subsidiary undertakings are not sufficiently extensive to constitute a serious danger to the system. In this connection, the refusal of the Electricity Commissioners to allow the purchase of the Folkestone undertaking by the Town Council is not without significance as a possible indication of a new policy, directed against any further multiplication of authorities responsible for the supply of electricity.

Though the area served by the system is predominantly residential, the industrial load is more substantial than might be expected. It accounts, in fact, for almost

one-third of the revenue from the sale of energy and serves to give a useful diversity to the whole. It is common knowledge that new industrial development is proceeding more rapidly in the Home Counties than elsewhere, so that this area has the advantage both of a more stable load and the prospect of satisfactory future development. The table below gives the latest available figures of sales of energy by classes for the County system:—

COUNTY OF LONDON AND SUBSIDIARIES: CONSOLIDATED FIGURES.

	1927.	1928.	1929.	1930.
Lighting and Domestic—				
Units sold.....(000's)	68,373	79,500	95,765	120,230
Average price.....d.	5.40	5.00	4.19	3.45
Revenue.....£	1,540,905	1,637,487	1,671,787	1,723,507
Power—Kent Power Co.—				
Units sold.....(000's)	60,941	80,685	98,656	101,577
Average price.....d.	0.565	0.425	0.401	0.429
Revenue.....£	143,026	142,604	164,709	181,282
Power—Other parts of system—				
Units sold.....(000's)	109,782	127,326	139,269	160,266
Average price.....d.	1.45	1.22	1.13	1.07
Revenue.....£	662,389	647,355	658,740	712,844
Bulk Supply—				
Units sold.....(000's)	54,007	60,832	67,051	88,572
Average price.....d.	0.661	0.660	0.643	0.632
Revenue.....£	148,372	167,763	179,950	233,463
Traction—				
Units sold.....(000's)	20,648	37,423	41,775	44,428
Average price.....d.	0.664	0.469	0.435	0.473
Revenue.....£	57,086	73,000	75,888	87,229
Public Lighting—				
Units sold.....(000's)	674	743	1,007	1,160
Average price.....d.	2.37	2.27	2.30	2.23
Revenue.....£	6,660	7,022	9,662	10,792
All classes—				
Units sold.....(000's)	314,425	386,509	443,523	516,233†
Average price.....d.	1.68	1.50	1.50	1.37†
Revenue.....£	2,558,438	2,695,231	2,760,736	2,949,117†
All classes (excluding Traction and Kent Power)—				
Units sold.....(000's)	232,836	268,401	303,092	370,228
Average price.....d.	2.43	2.22	2.00	1.74
Revenue.....£	2,358,326	2,479,627	2,520,139	2,680,606

† Figures for 1931 are, respectively: 557,609; 1.36; £3,160,831. See text below.

The power sales of the Kent Electric Power Company have been segregated from the rest of the power sales of the system. The Kent Company's figures have grown at a remarkably rapid rate (although the rate of increase slackened appreciably in 1930), and there is reason to believe that they consist principally of sales to cement and paper industries on the Thames and Medway. The average price received by this company is very low. Whatever the direct profit may be, however, the load undoubtedly serves to keep the general cost of generation for the system at a low figure. It is scarcely to be expected that consumers of such great magnitude can be obtained with frequency and regularity. We have, therefore, shown the power load of the Kent Company separately, since to have included it in the general power sales would have distorted the picture of the growth of the system as a whole. For similar reasons the figures showing the growth of load of the system as a whole are given after the elimination of the traction load in all areas.

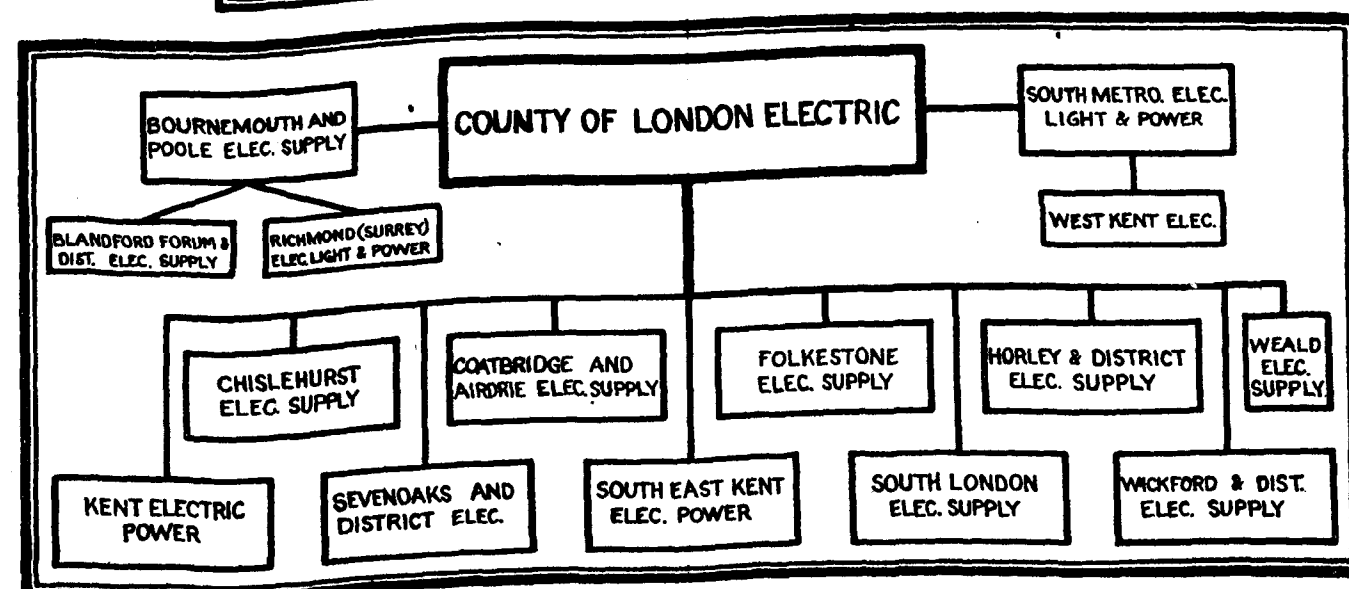
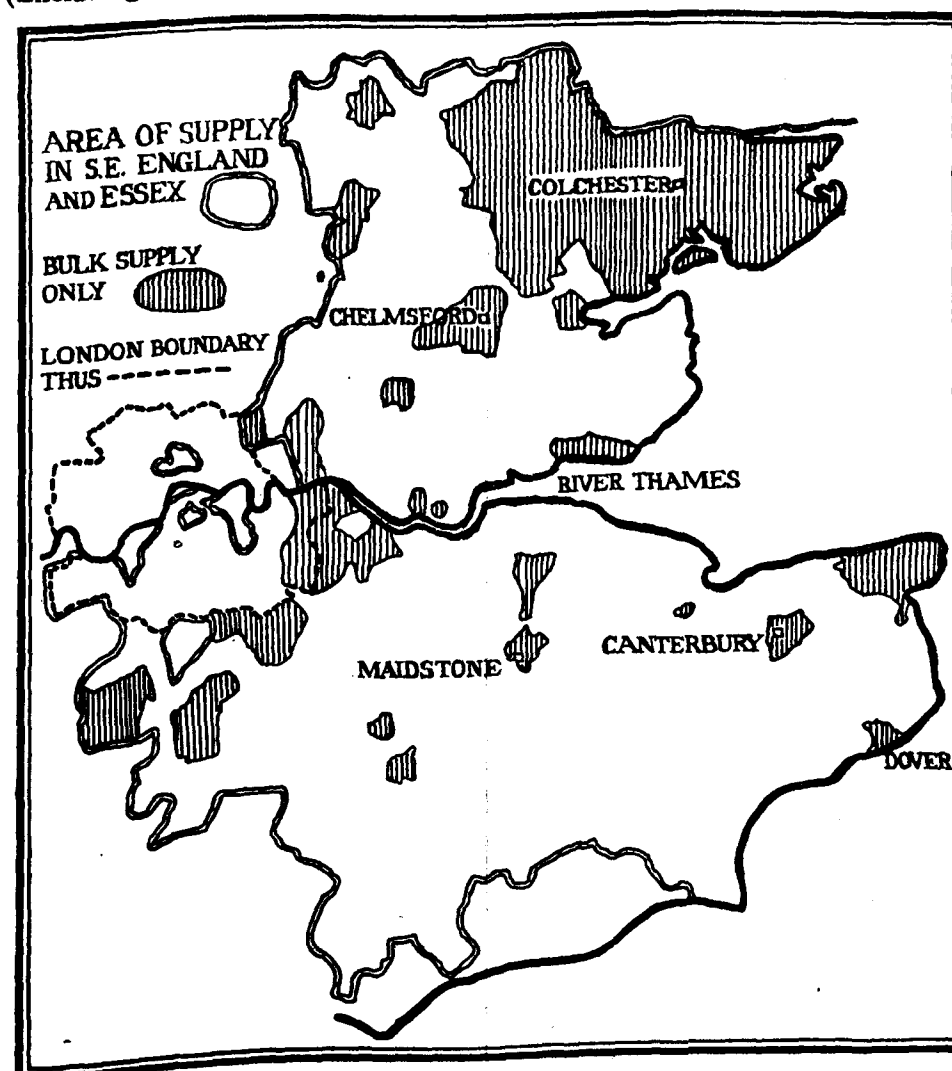
The rate of increase for the County group is consistently higher than that for the London Home Counties Electricity District, though the latter is itself one of the most rapidly progressing in the country. Since 1927 the total units generated in this area have increased by over 100 per cent., against an average, for the country as a whole, of approximately 70 per cent. An indication of the relative immunity of the South-Eastern England area from the effects of depression is afforded by the fact that, in the year ended December 31, 1931, its total of units generated increased by 7.69 per cent. as compared with 1930, whereas the increase for Great Britain as a whole was only 8.89 per cent., and predominantly industrial regions, such as Central Scotland and North-East England,

COUNTY OF LONDON ELECTRIC GROUP.

	Loans and De- bentures £	Preference £	Ordinary £		Loans and De- bentures £	Preference £	Ordinary £		Loans and De- bentures £	Preference £	Ordinary £		
County of London Electric Supply Co., Ltd.	5,500,000	3,381,925	5,690,547		Coatbridge and Airdrie Electric Supply Co., Ltd.	...	...	158,200		South London Electric Supply Corp., Ltd.	300,000	30,000	494,000
Bournemouth and Poole Electricity Supply Co., Ltd. .	187,500	250,000	720,000		Folkestone Elec- tricity Supply Co., Ltd.	92,830	50,000	175,000		South Metropolitan Electric Light and Power Co., Ltd. ..	500,000	250,000	600,000
Controlling: Blandford Forum and District Electric Supply Co., Ltd., and Richmond (Surrey) Electric Light and Power Co., Ltd.	...	...	10,722		Horley and District Electric Supply Co., Ltd.	66,000	...	20,640		Controlling: West Kent Electric Co., Ltd.	320,193	...	10,077
Chislehurst Electric	...	...	15,000		Kent Electric Power Co.	445,782	56,770	192,900		Wickford and District Electric Supply Co., Ltd.	6,500	1,500	8,500
					Sevenoaks and District Electric Co., Ltd.	88,000	64,596	55,052		Weald Electricity Supply Co., Ltd. (acquired recently)	100,000	...	245,504
					South East Kent Electric Power Co., Ltd.	53,500	...	25,000					

AREA SERVED IN HOME COUNTIES

(Excluding Bournemouth and Poole, and Coatbridge and Airdrie systems).



showed decreases of 9.01 per cent. and 7.26 per cent. respectively.

The rapid progress of the County system may be appreciated by a comparison of the recent figures with those of the London Home Counties Areas as a whole:—

	Rate of Increase in Units Sold.				Proportion of Gross Revenue derived from each Class (1930).	
	1930 compared 1929.		Average Rate of Increase during 3 years to 1930.		County of London.	London Home Counties Area.
	County of London.	London Home Counties Area.	County of London.	London Home Counties Area.		
Lighting—Domestic ...	+25.5	+20.2	+20.7	+14.4	58.4	68.2
Power—Kent Power Co. ...	+3.0	...	+19.2	...	6.1	...
Other ...	+15.1	+4.0	+13.5	+11.2	24.2	25.2
Bulk supply ...	+32.0	...	+18.3	...	7.9	...
Total ...	+16.4	...	+18.1	...	...	...
Total (excluding Kent Power and traction loads)	+22.1	+11.1	+16.8	+14.0	...	...

The figures so far examined suggest that the group of interests, of which the County of London Company is the head, is of undoubted importance, from the viewpoint of the electricity industry in general, and of the investor in electrical supply shares in particular, that its recent record, on the supply side, has been distinctly progressive. We propose, in a succeeding article, to examine its financial structure, and to discuss its present earning capacity and future prospects.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKETS. ACCOUNT.
October 18. October 20.

THE markets having lost all speculative momentum, prices tended slowly to ebb, under the influence of lower commodity prices, weakness in New York and a general absence of "something to go for." Hopes of an early economic revival had already been tacitly abandoned, and the markets prepared rather to dig themselves in for another winter of depression. The final War Loan Conversion figures were not quite as good as had been expected, and the absence of any announcement of an early Treasury issue to cover the December 1st payments resulted in a withdrawal of some speculative funds from gilt-edged stocks for employment in connection with pending new issues, following the raising of the embargo. The position of the railways remained disquieting, and though there was little selling of home industrial shares, the tone throughout the week was hesitant. The more speculative markets reflected the concern of operators, particularly in America and on the Continent, over the decided check to the upward movement in commodity prices.

Profit-taking in gilt-edged stocks particularly affected Assented War Loan and Victory Bonds. Confidence in the market's prospects was unabated, but a temporary setback, of moderate dimensions, was believed to be inevitable at the beginning of the effective reopening of the new issue market. India stocks, by contrast, were consistently firm, but Commonwealth loans, which gained fresh ground before the week's new offer, were subsequently easier.

Foreign bonds generally showed a steady tendency, but business remained narrow. Japanese were lowered after the Lytton report, and, having recovered slightly, became dull again on the large appropriation for Manchurian military costs in the coming year's Budget. Brazilian issues sharply responded to the news of peace and the reopening of the port of Santos. German bonds improved on slight speculative buying.

The week's traffic returns confirmed the gloomy financial picture but forward in the railways' memorandum, last week-

end, in support of their policy of wage reduction. Selling, at first confined mainly to equity stocks, affected many of the less secure prior charges in the latter part of the week. Argentine stocks continued to be offered, the market being lifeless under the influence of uniformly unfavourable traffic returns. Brazilian railways, however, shared in the improvement of Government bonds on the cessation of civil war.

A new account in the industrial market opened without enthusiasm. A certain amount of support served to prevent any considerable weakness, but no indications were available of any early resumption of last month's activity. "International" and "transatlantic" counters were easier, with the exception of Brazilian Traction, which reflected the better news from overseas. A steady enquiry was received for electric supply shares, several companies being credited with the intention of obtaining cheap funds by early public issues. Austin improved on the chairman's speech (discussed on page 652), but other motor shares were quiet, and steel shares dull, without exception. Apart from Courtaulds, which were particularly active in the provinces, textile shares made little headway. Tobacco and brewery shares were steady. A strong speculative movement developed in Cables and Wireless, the unfortunate recent decision of the board to suspend monthly traffic figures having left the way open for exaggerated market reports of an undoubted increase in revenue over the last few weeks.

The rubber share market was almost entirely without support, and the absence of considerable selling alone prevented a widespread fall in prices. Tea shares remained idle and neglected, the public being unimpressed with the stronger tone of quotations for the commodity at the week's auctions. The oil market resisted aggressive bear tactics, and strong buying was recorded of Trinidad Leaseholds and Apex. The undertone, however, was noticeably less confident, anxiety prevailing as to the stability of the American price structure.

Demand for mining shares was intermittent and selective. Randfontein and West Rand were firm on unofficial rumours of favourable developments, and Central Mining and Rand Mining were helped by the advance in Trinidad Leaseholds. Paris was an uncertain factor, selling one day and buying back the next. Tin shares were dull in sympathy with the reaction in the commodity, and copper shares tended to lose ground. Among West Australian issues Wiluna again attracted speculative attention.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Sept. 29, 1932.	Sept. 30, 1932.	Oct. 1, 1932.	Oct. 3, 1932.	Oct. 4, 1932.	Oct. 5, 1932.	Oct. 6, 1932.
Government and Municipal Loans	1,876	1,957	1,034	1,613	2,087	2,070	2,080
Transport, Communications, and Public Utilities	1,065	1,137	513	908	1,375	1,099	1,337
Commercial and Industrial	1,969	1,882	944	1,890	1,937	1,968	2,021
Banks, Insurance and Financial	543	556	226	566	531	435	647
Mines (including Nitrate)	695	779	346	676	602	716	731
Oil	295	308	114	353	265	237	208
Rubber, Tea and Coffee	122	118	47	100	85	89	127
Total	6,565	6,737	3,251	6,306	6,682	6,664	7,111

* Including iron and steel and breweries.

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

	Highest of 1932. (Sept. 8)	Lowest of 1932. (June 1)	Sept. 29, 1932.	Sept. 30, 1932.	Oct. 1, 1932.	Oct. 3, 1932.	Oct. 4, 1932.	Oct. 5, 1932.	Oct. 6, 1932.
	66.6	51.3	65.1	65.1	64.8	64.7	64.6	64.7	64.5

FOREIGN STOCK EXCHANGES.

NEW YORK.

After a quiet opening, with trading mainly professional, prices broke sharply on Wednesday, individual losses ranging up to eight points. The main factor in the break was disappointment over the absence of the promised improvement in business, which caused the public first to withdraw and subsequently to come in as a seller. The

speculative fraternity was influenced by the weaker tendency of commodity prices, Wednesday's decline of two cents a bushel in wheat, in particular, having a disproportionately unfavourable effect on sentiment. The progress of the election campaign was scarcely helpful to Wall Street, which, by tradition, training and temperament, viewed the growing omens of a Democratic victory as most decided bear factors. Mr Hoover's speech at Des Moines, Iowa, was regarded as impeccable from a party point of view, but unlikely to influence any large number of votes. A meeting of railroad executives was held to consider the President's request for suspension of wage reduction demands until the New Year, and was disposed to compromise on a continuance, if possible, of the existing 10 per cent. cut after February 1st. An application was made by a noteholder for a receivership for the "Nickel-Plate" Railroad (the New York, Chicago and St. Louis) on the failure to pay principal or interest on the notes which matured on October 1st. It was expected, however, that the Court would grant a moderate delay, for further efforts to obtain Reconstruction Finance Corporation assistance. Business recovery has proceeded slowly, and may shortly be arrested, since the latter part of October normally marks a seasonal peak. It has significantly failed to penetrate to the heavy industries, steel operations, for example, having risen only to 18 per cent. of capacity. The increase in car-loadings also remains of small dimensions, the total loadings for the week ended September 24th being 595,639, an increase of 8,400 over the previous week.

	Sept. 29, 1932.	Sept. 30, 1932.	Oct. 1, 1932.	Sept. 29, 1932.	Sept. 30, 1932.	Oct. 1, 1932.
U.S. 3½% T. Rds.	102½	102½	102½	Natl. Biscuit	42½	41½
Lib. Ls. 3½% '32-47	101½	101½	101½	Phelps Dodge	7½	7½
Do. 4½% '32-47	102½	102½	102½	Pullman	24½	27
Do. 4½% '33-38	103½	103½	103½	Sears-Roebuck	23½	21½
Atchafalpa	56½	54½	46	Studebaker	24½	20½
Ohio & Ohio	24½	24½	21½	Un. Fruit	6½	5½
Erie	9½	8½	16½	U.S. Leather	6½	5½
Illinois Central	20	19½	16½	U.S. Rubber	7	6½
N.Y. Central	30½	29½	17	U.S. Steel	43	42½
Pennsylvania	20½	19½	22½	Westinghouse	34½	32½
Southern Railway	30½	28½	24½	Woolworth	38½	37½
Union Pacific	77½	75	67	Am. Tel. & Tlg.	114½	111½
Am. Can.	55½	54½	51½	Interboro R.T.	12½	11
Amer. Smelting	19½	18½	16½	Int. Tel. Teleg.	12½	12½
Anacostia	13½	12½	10½	Radio Corp.	9½	9½
Bethlehem Steel	23½	23	20½	Union P. & L.	6½	5½
Chrysler Motor	18½	18½	15½	W. Union Tlg.	38	39½
Corn Produce R.	53	53	48½	Associated Gas "A"	3½	2½
Rastman Kodak	57½	54½	52½	Pan. Amer. E. (New)	13	11½
Gen. Electric (New)	19½	18½	16½	Shell	14	17
Gen. Motors	17½	17½	15½	Shell Union	7½	6½
Int. Harvester	26½	26½	24½	Std. California	21½	25½
Mock Ward	14	15½	13½	Do. N.J.	32½	30½

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Sept. 28.	Oct. 5.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	55.1	49.4
33 Rails ...	89.1	145.6	31.7	105.7	32.2	35.1	29.1
34 Utilities ...	153.2	267.4	90.6	187.6	91.8	90.7	83.2
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	57.7	58.8

Average yield of 50 Industrial Common Stocks

4.15%	5.95%	9.37%	5.11%	9.29%	5.18%	5.17%
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DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

	Highest of 1932. (Sept. 7)	Lowest of 1932. (June 27)	Sept. 28, 1932.	Sept. 29, 1932.	Sept. 30, 1932.	Oct. 1, 1932.	Oct. 3, 1932.	Oct. 4, 1932.	Oct. 5, 1932.
	72.5	35.2	64.4	62.1	62.1	62.6	61.8	61.7	56.7

TOTAL DOLLARS IN NEW YORK.

	Sept. 30, 1932.	Oct. 1, 1932.	Oct. 3, 1932.	Oct. 4, 1932.	Oct. 5, 1932.	Oct. 6, 1932.
Stock Exchange—Shares (Thous.)	1,100	300	1,000	1,200	3,000	1,900
Bonds (Value Thous. \$) ...	8,200	4,300	7,800	8,900	8,500	7,700
Curb—Shares (Thous.)	170	50	130	150	360	250

* 3-hour session.

PARIS.

The Bourse opened with a heavy tone and the volume of transactions, which fell considerably at the end of last week, declined afresh. Prices gave way gradually, but later a decidedly heavy tendency developed owing to an absence of fresh buying. Rentes again lost ground, but other Government issues remained more or less unchanged. Among Banking shares, Bank of France rose to 11,800, but receded later to 11,585. There was a small improvement later in the week owing to reports that fresh efforts were to be made in the Franco-German armaments question, and purchasers showed more willingness to buy. Oils, with the exception of Royal Dutch, were cheerful. Young bonds were up 9 at 594. Mining shares were a bright feature, Rio Tinto gaining 11 at 1446 and Central Mining 34 at 985. The market closed steady with a firmer tendency in most directions.

	Sept. 29, 1932.	Oct. 3, 1932.	Oct. 6, 1932.	Sept. 29, 1932.	Oct. 3, 1932.	Oct. 6, 1932.
Banque de France	12,000	11,585	11,535	Wagons Lits	80	76
Crédit Lyonnais	2,090	2,015	2,010	Mexican Eagle	40	37
Suez Canal	14,610	14,415	14,535	Chartered	85	82
Chargers Réunis	220	218	215	Ford	118	114
Rio Tinto	1,410	1,435	1,430	De Beers	376	336
Royal Dutch	16,750	16,250	15,650	"Johnnies"	138	132

BERLIN.

Without any apparent cause the Bourse opened weak and prices continued to recede throughout the session. Among Banking shares Reichsbank fell 2 to 125, but subsequently recovered to 125½. Fixed Interest securities, which have usually proved resistant, joined in the general set-back. Towards the end of the week an optimistic tone set in and fortunately there was no excessive unloading of shares. Mines showed a general upward tendency, but Hoesch lost ½ to 35½. In Lignites, Rheinische Braunkohlen rose 1½ to 173½. Rayon shares showed a marked recovery, J. P. Bemberg advancing 3½ to 53½.

	Sept. 29, 1932.	Oct. 3, 1932.	Oct. 6, 1932.	Sept. 29, 1932.	Oct. 3, 1932.	Oct. 6, 1932.
Reichsbank	128.00	125.00	124.00	A. B. G.	31.50	31.25
Disconto	75.00	75.00	75.00	Siemens & Halske	128.00	115.00
Dresdner (New)	61.75	61.75	61.75	A. K. U.	56.75	55.50
Norddeutscher Lloyd	18.00	17.00	17.80	Hamburg-Amer. ("Hapag")	17.10	16.60

AMSTERDAM.

The tone of the Bourse was dull throughout the week, and nearly all shares suffered from lack of support. Royal Dutch were a particularly weak feature, falling 6½ points on the week to 157. Industrials also suffered, Unilever N.V. falling 1½ to 116½ and Philips Lamps 1 to 125½. Rubbers were dull at first, but slightly improved later in the week, Amsterdam Rubbers rising to 66. Tobacco shares were better than in the previous week, and Tins

(Continued on page 650.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

MOODY'S INVESTORS SERVICE LIMITED.

King William Street House,
Arthur Street, E.C.4.
Tel.: Mansion House 7685.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Price Year 1931.		Price Year 1932 (Jan. 1 to Oct. 5) inclusive.		Name of Security.	Price Sept. 28, 1932.	Price Oct. 5, 1932.	Rise or Fall.	Yield.	Price Year 1931.		Price Year 1932 (Jan. 1 to Oct. 5) inclusive.		Name of Security.	Price Sept. 28, 1932.	Price Oct. 5, 1932.	Rise or Fall.	Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
British Funds.																	
60 1/2	47 1/2	74 1/2	54 1/2	Consols 2 1/2%	73 1/2	73 1/2	—	3 1/2	8 0	21	8	6	Paraguay Cent. D. Db.	7 1/2	7 1/2	—	NU
97 1/2	111 1/2	112 1/2	112 1/2	Consols 4%	107 1/2	107 1/2	—	3 1/2	10 0	70 1/2	70 1/2	—	Salvador Ord. (10)	7 1/2	7 1/2	—	NU
100 1/2	111 1/2	111 1/2	93	Do. 4 1/2% 1940-41 ..	110 1/2	111 1/2	—	3 1/2	4 0	157 1/2	117 1/2	87 1/2	San Paulo Ord. Stk.	27 1/2	27 1/2	—	7 10 3 1/2
100 1/2	93 1/2	111 1/2	99	Do. 5% 1944-45 ..	115 1/2	115 1/2	—	3 1/2	9 0	66 1/2	20 1/2	10 1/2	Taipei Ry. Ord. 25	20 1/2	20 1/2	—	12 10 1/2
97 1/2	78	110 1/2	83 1/2	Funding 4% 1980-90 ..	107 1/2	107 1/2	—	3 1/2	11 0	24 1/2	1	1	Utd. Havana Ord. Stk.	5 1/2	5 1/2	—	NU
92 1/2	85	107 1/2	89 1/2	3 Treasury Bonds ..	102 1/2	102 1/2	—	3 1/2	18 0	16 1/2	5 1/2	6 1/2					
92 1/2	85	107 1/2	89 1/2	War Loan 5% 1932-33 ..	107 1/2	107 1/2	—	3 1/2	14 0	11 1/2	8 1/2	9 1/2					
70 1/2	57 1/2	87 1/2	60 1/2	Local Loans 3%	86 1/2	86 1/2	—	3 1/2	9 0	25 1/2	12 1/2	15 1/2	Angle-Internat. (31) ..	6 1/2	5 1/2	+1/-	NU
64 1/2	29 1/2	61	36	India 2 1/2%	59 1/2	61 1/2	+1 1/2	4 2	0	55 1/2	31 1/2	34 1/2	Angle 8. (A \$10 85 pd)	5 1/2	5 1/2	—	—
64 1/2	34	73 1/2	42 1/2	Do. 3%	70 1/2	73 1/2	+2 1/2	4 2	0	27 1/2	230	323	American (B \$1 1/2 pd)	5 1/2	5 1/2	—	—
64 1/2	41	85 1/2	49 1/2	Do. 3 1/2%	82 1/2	85 1/2	+2 1/2	4 2	0	58 1/2	43 1/2	47 1/2	Bank of New Zealand \$1	52 1/2	52 1/2	—	5 11 0
64 1/2	55	105 1/2	67 1/2	Do. 4% 1938-39 ..	104 1/2	105 1/2	+1 1/2	4 2	0	26 1/2	19 1/2	27 1/2	Bank of Bk. Stk.	31 1/2	32 1/2	+7	3 14 3 1/2
106 1/2	94 1/2	107 1/2	87 1/2	Do. 4 1/2% 1938-39 ..	111 1/2	111 1/2	—	4 5	0	26 1/2	19 1/2	27 1/2	Barcl. (Dom. Co.) \$1	26 1/2	26 1/2	+9 1/2	4 1 0
99 1/2	87 1/2	107 1/2	87 1/2	Do. 5% 1938-39 ..	111 1/2	111 1/2	—	4 5	0	63 1/2	4 1/2	5 1/2	Bk. of Australasia (85)	9 1/2	9 1/2	—	3 13 0
85 1/2	58	107 1/2	77	Do. 5 1/2% 1938-39 ..	105 1/2	105 1/2	—	4 0	6	26	18 1/2	26 1/2	Bk. of Montreal (\$100)	52 1/2	52 1/2	—	5 15 0
96 1/2	75	103 1/2	69 1/2	Australia 5% 1945-75 ..	105	106	+1 1/2	4 8	11	31 1/2	34	34	Bk. of N.S.W. (\$30)	25 1/2	25 1/2	—	6 7 0
101 1/2	87 1/2	108 1/2	89 1/2	Canada 4% 1940-60 ..	103	102	-1 1/2	3 14	0	17 1/2	9 1/2	14 1/2	Chad. of India (\$5)	14 1/2	14 1/2	—	6 6 4
101 1/2	87 1/2	108 1/2	89 1/2	Ceylon 6% 1936-61 ..	108	108	—	3 16	0	14 1/2	9 1/2	14 1/2	Com. Bk. of Aus. 10/-	15 1/2	16 1/2	+1/-	5 2 0
101 1/2	87 1/2	108 1/2	89 1/2	Gold Coast 4 1/2% 1936-	108	108	—	3 16	0	66 1/2	43 1/2	65 1/2	District A \$5, \$1 pd	65 1/2	65 1/2	—	5 2 0
101 1/2	87 1/2	108 1/2	89 1/2	Kenya 4 1/2% 1936-37 ..	110 1/2	111 1/2	+1 1/2	4 0	0	42 1/2	38 1/2	46 1/2	Do. B \$1 fully pd	47 1/2	47 1/2	—	5 4 0
101 1/2	87 1/2	108 1/2	89 1/2	Nigeria 5% 1950-60 ..	112	112	—	4 1	0	38 1/2	38 1/2	46 1/2	Eng. Soot. & Aust. \$5, \$5 pd	4 1/2	4 1/2	—	4 18 0 1/2
80 1/2	46 1/2	102 1/2	58	N.S. Wales 5% 35-55 ..	101	102	+1 1/2	4 5	6	11 1/2	9	11 1/2	Hor. & Aust. \$2, \$2 pd	6	6	—	7 10 0
102 1/2	85	111 1/2	84	N. Zealand 5% 1946 ..	106	108	+2 1/2	4 5	6	63 1/2	38 1/2	58 1/2	Lloyds & Wals. \$1 pd	56 1/2	56 1/2	+6 1/2	4 15 0
81 1/2	48	104 1/2	70	Queensland 5% 40-60 ..	102	103	+1 1/2	4 1	0	63 1/2	38 1/2	58 1/2	Midland \$1, fully pd	78 1/2	78 1/2	+6 1/2	5 4 0
108 1/2	82	113 1/2	86 1/2	R. Africa 5% 1945-75 ..	103 1/2	110 1/2	+7 1/2	3 8	6	53 1/2	13	28 1/2	Nat. of Egypt \$10	28 1/2	28 1/2	—	6 5 0
100 1/2	85 1/2	105 1/2	86 1/2	S. Africa 5% 1945-75 ..	103 1/2	103 1/2	—	3 8	6	53 1/2	13	28 1/2	Stat. of India \$2, \$2 pd	44 1/2	44 1/2	+2 1/2	5 19 0 1/2
Foreign Governments.																	
85 1/2	63	77	57 1/2	Argentina 4% 1934-35 ..	70	72 1/2	+2 1/2	7 5	3	31 1/2	27 1/2	34 1/2	Westminster \$4, \$1 pd	77 1/2	77 1/2	+9 1/2	4 12 0
105 1/2	87	100 1/2	76 1/2	Austria 6% 1923-43 ..	99 1/2	99 1/2	—	6 3	0	14 1/2	9	14 1/2					
98 1/2	33 1/2	60 1/2	25 1/2	Do. 7% Int. by 1957 ..	51 1/2	51 1/2	—	4 15	0	357	295	400					
98 1/2	29 1/2	41 1/2	18	B. Aires (Prov.) 5%	31 1/2	31 1/2	—	4 15	0	144	9	11 1/2					
113 1/2	98	113 1/2	94	Belgian 7% Ref. by 1936	110 1/2	111 1/2	+1 1/2	4 17	0	80 1/2	47 1/2	80 1/2					
98 1/2	56	78	38 1/2	Bulgaria 7 1/2% Loan ..	31 1/2	31 1/2	—	23 8	6	21 1/2	16	24 1/2					
75 1/2	43	69	50	Brasil 5% Fund. 1914 ..	51	59	+8	8 9	6								
79 1/2	28	46	28	Do. 6% (1927) ..	30	36	+6										
94 1/2	20	30	9	Chili 6% (1929) ..	20 1/2	20 1/2	—	11 18	3	13 1/2	9	12 1/2					
52 1/2	33	47	31	China 5% (1912) ..	43 1/2	43 1/2	—	11 18	3	24 1/2	16 1/2	21 1/2					
98 1/2	68	69	63	Do. 5% (1915) ..	63 1/2	63 1/2	—	16	11	15 1/2	11	15 1/2					
113 1/2	78	106 1/2	61 1/2	Czechoslovakia 5%	106 1/2	103 1/2	-3 1/2	7 12	0	19 1/2	28	28					
98 1/2	70	82	61 1/2	Danish 3%	75	80	+5	3 15	0	35 1/2	26	35 1/2					
87 1/2	58	78	38 1/2	Danish 6%	75	75	—	8 13	3	16 1/2	12 1/2	17 1/2					
88 1/2	66 1/2	95 1/2	79 1/2	Egypt United 4%	94 1/2	95 1/2	+1 1/2	4 4	0	13 1/2	9 1/2	14 1/2					
76 1/2	35	70	40	Estonia 7% 1927 ..	68	68	—	11 14	0	14 1/2	9	16 1/2					
92 1/2	60	82 1/2	47	Finland 6% 1924 ..	82 1/2	80	-2 1/2	7 9	0	24 1/2	17 1/2	25 1/2					
90 1/2	20	32 1/2	28	French 4% (British) ..	28 1/2	28 1/2	—	4 5	1	40 1/2	28 1/2	45 1/2					
90 1/2	20	29 1/2	25 1/2	Do. 5%	28 1/2	28 1/2	—	4 5	1	40 1/2	28 1/2	45 1/2					
106 1/2	83	90	52 1/2	German 7%	85	85 1/2	+1 1/2	8 4	9	8 1/2	6 1/2	8 1/2					
81 1/2	37 1/2	76 1/2	42	Do. 5 1/2% Stg. Bd. 1930	72 1/2	76 1/2	+4 1/2	7 6	9	3 1/2	3 1/2	3 1/2					
83 1/2	69 1/2	86 1/2	22 1/2	Greek 6% Stab. Ld. ..	38 1/2	38 1/2	—	3 1/2	2 1/2	3 1/2	2 1/2	3 1/2					
104 1/2	82	104 1/2	68 1/2	Do. 7% Refugees ..	46 1/2	46 1/2	—	13 7	0	14 1/2	11 1/2	16 1/2					
111 1/2	83	100 1/2	64 1/2	Hongkong 5%	86	86	—	6 11	0	14 1/2	11 1/2	16 1/2					
105 1/2	77 1/2	93 1/2	56 1/2	Japan 5% 1935-55 ..	78 1/2	78 1/2	—	8 3	6	29 1/2	22 1/2	24 1/2					
14 1/2	6	10 1/2	4	Do. 6% (1924) ..	78	78	—	8 3	6	29 1/2	22 1/2	24 1/2					
98 1/2	78	98 1/2	78	Mexican 5% (1899) ..	78	78	—	8 3	6	29 1/2	22 1/2	24 1/2					
83 1/2	40	58 1/2	28 1/2	Norwegian 4% 1911 ..	98 1/2	98 1/2	—	4 1	0	21 1/2	10 1/2	14 1/2					
84 1/2	54	80	24 1/2	Peru 7 1/2% 1922 ..	30	30	—	26	0	28 1/2	17 1/2	23 1/2					
106 1/2	92	103 1/2	79 1/2	Rumania 6% 1934-34 ..	77	78	+1 1/2	11 10	1/2	18 1/2	15 1/2	18 1/2					
89 1/2	75	85	70	Sweden 3 1/2% 1908 ..	85	85	—	4 2	4	17 1/2	10 1/2	13 1/2					
76 1/2	39	67 1/2	49 1/2	S. Paulo Coffee 4% ..	50	55	+5	13 12	9	18 1/2	15 1/2	18 1/2					
102 1/2	4	8	4	Turkish 4% Unified ..	8	8	—	5 10	0	32 1/2	23 1/2	24 1/2					
80 1/2	48	60	36	Uruguay 5% 1919 ..	45	50 1/2	+5 1/2	10 0	0	42 1/2	33 1/2	38 1/2					
Corporation Stocks.																	
107 1/2	94	114 1/2	98	Berlin 6% 1932-57 ..	50 1/2	50 1/2	—	11 15	0	31 1/2	23 1/2	24 1/2					
107 1/2	96	115 1/2	99 1/2	Birmingham 5% 1946													

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 29, 1932.	Price, Oct. 6, 1932.
Bristol Greyhound Racing 2/-	2/-	2/-	7/9-8/3	6/6-7/-
South Shields Greyhound Stadium Ord.	par.	ty. pd.	3/0-3/3	2/10-3/14
Taken Electric £1	£3	£3	3 1/2-3 3/4	3 1/2-3 3/4

(Continued from page 647.)

were well maintained. Sugars opened quietly but improved later, Amsterdam Trading closing 3 higher at 196.

	Sept. 29, 1932.	Oct. 5, 1932.	Oct. 6, 1932.		Sept. 29, 1932.	Oct. 5, 1932.	Oct. 6, 1932.
2 1/2% Dutch Loan	67 1/2	69	68 1/2	Steel Common	44 1/2	43 1/2	38 1/2
4% German	49 1/2	51	48 1/2	A. K. U.	48 1/2	45 1/2	43 1/2
Unilever N.V.	118 1/2	117	114	Ford Motor	120 1/2	120	120
Phillips Lamps	125	124 1/2	120	Deli Batavia	140	140	137
Netherlands Ship Union	67	68	64 1/2	Royal Dutch	163	169	153
				Handels Ams.	198	194	189

OTHER CENTRES.

Business on the minor European Bourses was very quiet. Brussels opened with a dull tone and the majority of prices were lower. Professionals liquidated many of their holdings, which tended to force prices down further. The market rallied at the close of the week, but lack of support caused quotations gradually to fall backwards. Budapest opened with prices somewhat erratic, but finished steady on the week. There was little of interest at Frankfurt, Vienna or Stockholm.

INVESTMENT NOTES.

Conversion Results.—It is a curious fact that, measured in percentages, the result of the War Loan conversion operation has been the same as in the Goschen conversion scheme of 1888. Approximately £1,920 millions of the £2,085 millions have been converted, leaving only £165 millions, or 8 per cent., to be redeemed in cash on December 1st. On the occasion of the Goschen conversion scheme £514 millions out of a total of £558 millions were converted, the proportion of unconverted stock being also 8 per cent. Actually, the success of the Goschen conversion may be said to have been more remarkable, for the amount of Consols then tackled represented a greater proportion of the total national debt than is represented to-day by 5 per cent. War Loan. But, having regard to the magnitude of the present operation, the results of the Chamberlain conversion scheme cannot be held to be other than remarkable. It is true that the market was somewhat disappointed, for it had been expecting the cash redemptions to be under £100 millions. Apparently very little progress was made in conversions in the last two months. When the figures were taken out for the actual conversions up to the end of July, in respect of which a bonus of £1 was payable, it was found that £1,885 millions had been converted. Thus £85 millions have been converted in August and September. The amount due for repayment on December 1st—£165 millions—in addition to the £140.8 millions 4 1/2 per cent. Treasury Bonds and £12.8 millions War Loan, a total of £318.1 millions, make it obvious that a Government issue of stock will have to be made this month, the probable terms of which we discussed in an Investment Note of our last issue. Having regard to the restrictions still imposed on the new issue market, which are criticised in a Note on page 682, the sooner the terms of the forthcoming Government loan are announced the better.

Australian Conversion Loan.—The issue of the Australian conversion loan—which took the form of a Commonwealth 3 1/2 per cent. stock, 1936-37—met with a good response from the market, the list being closed after a few minutes. The stock was offered to the holders of the £13,860,959 5 1/2 per cent. stock at par plus £2 10s. per cent. in cash and to the public for cash subscriptions up to the amount unconverted at 97 1/2, the Commonwealth

having the option to repay at par on or after November 1, 1936. As the market is ill-supplied with short-dated bonds of this type, the banks and discount houses ensured the success of the issue. The issue, however, does nothing to improve the prospects of converting the high interest-yielding Australian stocks, which may be repaid at the borrower's option at the present time. These loans, in point of interest burden, are more important than the New South Wales maturity, as will be seen from the following table:—

£15,000,000	Commonwealth 6% 1931-41.
2,980,400	New South Wales 5 1/2%, 1924-34.
4,901,233	New South Wales 5 1/2%, 1925-35.
6,427,465	New South Wales 6 1/2%, 1930-40.
9,527,090	New South Wales 6%, 1930-40.
2,000,000	Queensland 6%, 1930-40.
2,982,500	South Australia 6 1/2%, 1930-40.
2,977,800	South Australia 6%, 1930-40.
2,000,000	Tasmania 6 1/2%, 1930-40.
2,980,848	Victoria 5 1/2%, 1924-34.
3,906,800	Victoria 5 1/2%, 1930-40.
1,049,993	Western Australian 5 1/2%, 1930-40.

£56,734,129
Loans bearing 5 per cent. interest which also carry an option to repay at the present time are as follows:—

£5,633,900	South Australia 5%, 1932-42.
3,979,050	New South Wales 5%, 1932-42.
1,150,000	Tasmania 5%, 1932-42.
13,875,800	Victoria 5%, 1932-42.

£24,638,750

Some critics consider that the Commonwealth would have been better advised to refund the New South Wales maturity on a long-dated basis on terms favourable enough to whet the appetite of the investor for forthcoming conversion issues. Success in the first instance would have ensured success on terms more favourable to the Australian borrower in later issues.

Decline in Railway Traffic.—The dreary showing made by the weekly gross traffic figures of the four main-line railways is causing trepidation among British investors. The junior stocks were all prominent in the recent rise in equity shares. In the last fortnight, however, they have shown a perceptibly declining tendency, although some prior charges have better held their ground, in sympathy with the firmness of gilt-edged stocks. We deal in a leading article on page 627 with the outlook for British railways generally, in the light of the proposals for further wage reductions brought forward by the managements, as a partial set-off to the decline in revenue. The latter has been the more discouraging since its intensity has increased as the present year has proceeded. In the first three months of 1932 it was relatively moderate, but the contrast with 1931 became more unfavourable after Easter, and has been still further accentuated since the beginning of August. This is clearly brought out by the following table:—

AVERAGE WEEKLY LOSS OF GROSS TRAFFIC.
(1932 compared 1931—000's omitted.)

	London, Midland and Scottish.	London and North Eastern.	Great Western.	Southern.
First 11 weeks (to Mar. 20)	£ 70	£ 68	£ 24	£ 24
Next 18 weeks (to July 24)	106	99	59	46
Next 10 weeks (to Oct. 3)	126	109	62	39

Too much should not be made of the apparent increase in traffic losses during the last ten weeks, which cover the height of the holiday period. It is regrettable, however, that the figures for the three most recent weeks, during which the importance of holiday traffic has fallen off, show no sign of improvement. The railway and the Ministry of Labour unemployment returns have shown fairly close correlation. It is generally admitted that the movement of railway traffic this year reflects unfavourable trade developments (including, possibly, the effect of import tariffs on inward traffic) rather than unduly heavy losses to the roads. Whatever amelioration the railways may eventually secure by way of further wage concessions,

new relations with road transport, under the Salter Report, etc., such changes obviously cannot affect the financial position for 1932. The figures given in our leading article indicate that the junior prior charges on the two larger and the equity stocks of the two smaller railway ways will have a negligible earnings cover. The following table shows how prices for leading stocks have lately fluctuated:—

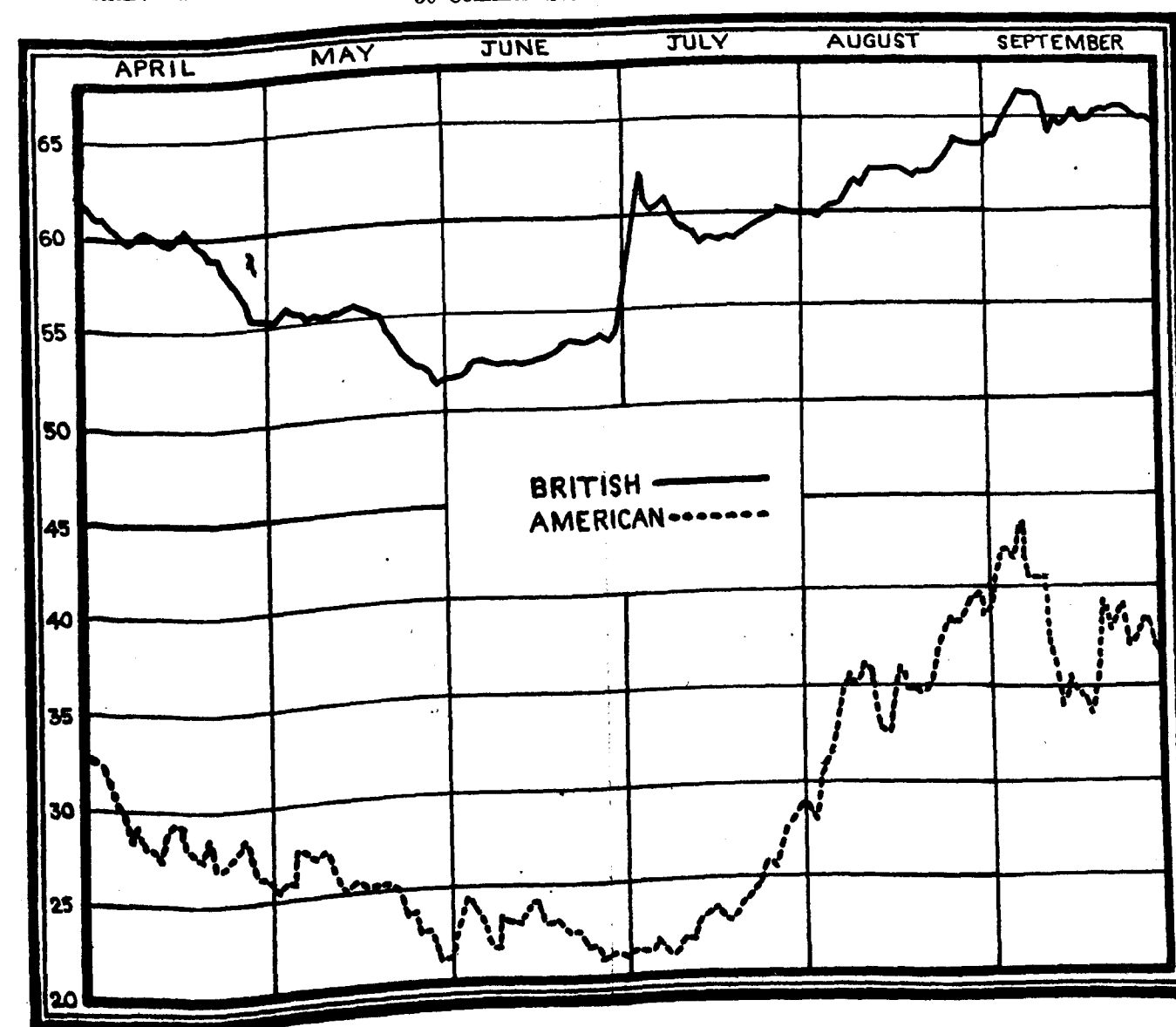
	Highest, 1932.	End March, 1932.	End July, 1932.	Begin. Oct., 1932.	Yield on 1931 Dividends. £ s. d.
L.M.S.R.—					
Ordinary	20 1/2	17 1/2	11 1/2	15 1/2	1 12 0
4% preference (1923)	38 1/2	35 1/2	16	25 1/2	15 13 8
4% debentures	93	80 1/2	87 1/2	91	4 8 11
L.N.E.R.—					
Preferred ordinary	14 1/2	9 1/2	6 1/2	9	Nil
4% Second guaranteed	59 1/2	58 1/2	42	52 1/2	7 12 6
3% debentures	65	56 1/2	60	63	4 16 0
G.W.R.—					
Consolidated ordinary	48 1/2	42 1/2	26	33 1/2	8 19 1
5% Consol. preferred	79 1/2	78 1/2	59 1/2	76 1/2	6 11 7
4% debentures	98 1/2	85 1/2	97	99 1/2	4 1 3
S.R.—					
Preferred ordinary	40 1/2	35 1/2	15 1/2	27	14 16 3
5% redeemable preference (1964)	83 1/2	80 1/2	60	73	7 1 8
5% guaranteed	102 1/2	94 1/2	99 1/2	102 1/2	4 17 7

The net recovery in market quotations in the last three months has been of faith rather than substance. It has already discounted a considerable trade recovery in the case of many junior stocks.

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, April to September, 1932.

(1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



The Insull Charges.—It has come as a surprise to the British investor to hear that indictments against Mr Martin Insull and Mr Samuel Insull have been returned by a Chicago Grand Jury on charges of embezzlement. The first indictment is against Mr Martin Insull in respect of \$344,000 belonging to Middle West Utilities, and the second and third, in which both are involved, are in respect of embezzling \$56,000 from Middle West Utilities and \$104,000 from Mississippi Valley Utilities. The indictments cover embezzlement, larceny, and larceny as a bailee, and the District Attorney in the case is advised that, under the extradition laws, he will be able to secure the return of Mr Samuel Insull, who is now in Paris, and Mr Martin Insull, who is now in Canada. It will be recalled that Mr Samuel Insull resigned his directorships in June on the appointment of receivers for the holding companies in which he was interested, Mr Martin Insull having resigned earlier in the year. The Insull group was the largest of the "pyramid" structures in the public utility industry. The two investment trusts which exercised control over the so-called "Insull Utility Empire," namely, Insull Utility Investment and Corporation Securities of Chicago, were declared bankrupt last month. The judge expressed the opinion that there was no chance of reorganisation and no possibility that the assets of the two corporations would be sufficient to bring stockholders any return whatsoever. Over \$300 millions had been invested in these two holding company trusts. So far, it has been possible to keep the major operating companies of the trusts in existence. The case will be followed with particular interest on this side of the Atlantic, as both Insulls were born in England, Samuel in 1859, and Martin in 1869. Mr Samuel Insull went to America at the age of 22 and became private secretary to the late Thomas Edison.

Austin Meeting.—We commented last week on the distinctly moderate decline in the Austin Motor Company's profits during the difficult year which ended on

July 31st last, and on the directors' prudence in limiting the dividend to 50 per cent. on the company's small ordinary capital, though earnings were at the rate of over 180 per cent. At last Monday's meeting, Sir Herbert Austin wisely wasted no time in formal defence of this step, which, he inferred, was to be related to the uncertainty of the general economic outlook. The greater part of the speech was concerned with two matters—the productive capacity of the Austin Company, and its position in the export markets. It is clear that the recent tendency of home light car demand to shift from the lowest horsepower groups to the low-medium categories has not shaken the position of the "Seven," which continues to be manufactured in greater numbers than any other model in the country. The company is catering for new public tastes, at the same time, by the manufacture of two fresh models, from which much is expected, and is simultaneously extending its interests in the light commercial vehicle section. Indeed, it may be questioned whether the company, like others in the industry, is not being unduly generous in the choice offered to purchasers. A total of 26 different models, ranging from 7 to 20 horsepower, argues relatively high production and plant costs. As regards foreign markets, the company's considered policy of special sales campaigns appears to be bearing fruit, even under present unfavourable conditions. European sales have increased, particularly as regards countries like Spain and Denmark. In Calcutta, which is representative of other parts of India, the company's cars have ousted those of American manufacturers from first place—an achievement which may be portentous. It would appear, however, that foreign demand is centred less on the higher-powered than on the small cars, especially the "Seven." This typically British product may have potentialities for city and "runabout" work abroad, which, even yet, have not been fully explored. In the territory of the heavy car, however, the American producers still seem firmly entrenched, and in this respect the continuance of onerous petrol taxation, by driving home demand (on which the programme of every manufacturer must chiefly be based) towards the lower-powered models, is a grave disadvantage.

Electricity Merger in the North-East.—Early this year the Newcastle-upon-Tyne Electric Supply Company applied for permission to absorb several companies (operating chiefly in Durham), with which it had been associated for many years. After a comparatively easy passage, the Bill giving the necessary authority to carry out the amalgamation has been passed and the merger has now been carried through. For many years the Newcastle company has supplied power to an area of over 4,760 square miles, mainly in the industrial district of the North-East coast. The total share capital outstanding is £7,116,698 and total loan capital £4,410,908. For the past five years the company has paid a dividend of 6 per cent. on the ordinary shares, but for the year 1931 the dividend earned was only 4.9 per cent. The company has changed its name to North-Eastern Electric Supply Company, Limited—a title appropriate to the increased area over which the company's activities will extend. A new issue of capital is foreshadowed, which will, presumably, be used mainly for development purposes, since the Newcastle company already owned the whole or the major part of the capital of the companies taken over.

China Clay Fusion.—The preliminary announcement of a merger agreement between English China Clays, Lovering China Clays and H. D. Pochin and Company, three of the leading companies in the trade, will cause little surprise. It has long been evident that some measure of consolidation was imperative if production was to become, even in a small way, profitable. Proof of the critical condition of the industry is supplied in the last reports of the three companies. English China Clays has an issued capital of £1,496,591 in ordinary shares and £399,070 in 7 per cent. cumulative preference shares.

The dividend on the preference shares is in arrear from 1930, and the last ordinary dividend of 4 per cent. was paid in 1929. The last dividend payment of Lovering China Clays was 5 per cent., paid in 1930. Heavy losses were made by all companies last year, after a further decline in prices. A holding company, to be known as "English Clays, Lovering, Pochin and Company, Limited," is to acquire from the vendor companies, on a valuation, the leases of their clay lands, with such other assets as relate to the production and selling of china clay and its kindred products. The purchase price will be paid in fully-paid preference and ordinary shares of £1, the preference shares being entitled to a 7 per cent. dividend and being redeemable at 21s. at the option of the company on six months' notice. To ensure adequate working capital, each of the vendors has agreed to subscribe in cash at par for 100,000 preference shares in an agreed proportion. The scheme appears to promise the elimination of wasteful competition, but its effective consummation demands an act of faith by the shareholders concerned, who may be required to subscribe new money without obtaining any specific charge on the merger assets.

African and Eastern Reconstruction.—An informal meeting of large shareholders of the African and Eastern Trade Corporation was held last Wednesday in order to "sound" opinion regarding the main heads of a scheme of reconstruction prepared by the board. The meeting was not unanimous, but it is understood that sufficient support was received to allow of a completion of the scheme's details, which will be published in due course. The company has had a melancholy experience since it merged its African interests with those of the Niger Company, in 1929, to form the United Africa Company. Depression in West Africa had begun somewhat earlier, the company's regular 8 per cent. ordinary dividends having ceased abruptly in 1927. The company's chief assets now consist of a minority interest in the United Africa Company. The latter has never paid a dividend since its inception, and a few months ago was found to be in need of substantial working capital to permit of the effective continuance of its activities. Its capital was reduced last April to £7,500,000, and, as the African and Eastern was unable to raise its due share of the new money, its interest in United Africa was reduced from 45 per cent. to 20 per cent. The reconstruction of African and Eastern is clearly inevitable. It is understood that the plan under consideration contemplates the writing off of 19s. from each of the 4,000,000 £1 ordinary shares and of 10s. from each of the 3,066,165 cumulative "B" preference shares. The latter's real dividend rights, however, will be unaltered, since it is proposed to double the rate of interest on the reduced preference capital. Holders may, possibly, also be given one 1s. ordinary share per "B" preference share, as a compensation for the waiving of four years' arrears of dividends. The smaller issue of 800,000 £1 6 per cent. "A" cumulative preference shares will not be affected. The scheme appears, if these forecasts are accurate, unduly favourable to the "B" preference shareholders, at the expense of the ordinary shareholders.

Sub Nigel.—The past year's results, writes our mining correspondent, have borne out the favourable view we expressed a year ago. New records were set up in tonnage crushed, profits earned and development footage performed. A setback in yield—due partly to the mining of ore below the average of the reserves—was more than offset by reductions in the cost ratio. Capital expenditure absorbed £69,950, in place of £101,240, and the Government's participation in profits £61,300, as against £79,260. Taxation called for the increased sum of £141,050. We contrast the results of the past three years:—

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SCOTTISH WIDOWS' FUND



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	1930.	1931.	1932.
Ore crushed	323,800 tons	378,000	435,700
Yield per ton.....	69/10	74/9	72/11
Cost per ton.....	44/-	37/5	34/11
Profit per ton	25/10	37/4	38/-
Total working profit	£418,760	£705,650	£827,900
Dividends, amount	300,000	450,000	£562,500
Dividends, per cent.....	40	60	75
Development footage	45,290	58,140	61,650
Ore reserves	965,000 tons	1,206,000	1,320,000
Average value	18-0 dwts.	17-3	17-6

Although the ore opened up last year showed a somewhat smaller percentage of payability than in 1930-31, the value was appreciably higher, and favourably affected the average of the reserves as a whole, though these are calculated over a stopping width of 29 inches instead of 27 inches. Moreover, a general improvement occurred in the tenor of development throughout the mine in areas outside those containing the main ore shoots. This is described by the consulting engineer as the "most important feature" of the year's underground operations. That official forecasts a material increase in profits for the current year—granted a continuance of "reasonably normal development disclosures." Some months ago a distinct effect was produced upon the quotation of the shares by the news of the acquisition of the undermining rights of 2,027 claims. These are to be tested in the first case by an extension of two drives from the main area. A study of the mine plans suggests that it would be unwise to attach too much importance to this ground until a fair amount of exploratory work has been performed. At the current quotation of 5½ for the 1s. shares Sub Nigels give a yield of 7 per cent., irrespective of exchange considerations.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Manila Railway, City and International Trust, City of San Paulo Improvements and Freehold Land, Malayalam Plantations, Leyland and Birmingham Rubber, D. Gestetner, and Leethems (Twilfit). Presid-

"BP"
PLUS

Plus what?

*Plus a little
something
some others
haven't got*

In default of any agreed restriction the board estimated the crop of tea for the current year would amount to about 10,000,000 lbs. which they hoped to produce at a still lower cost than last year. If the present prices for tea continued the company must again make a loss this year. Everything possible was being done to mitigate the loss or to turn it into a profit, and it was perhaps some small comfort that with the improvement effected in the cash position and the various economies effected it appeared that even in the unlikely event of prices remaining for another two or three years

at their present low levels the company would be able to carry on without raising further capital.

There were many grounds for hope that within the next year or two they would see the re-establishment of the remarkable upward trend of the last 10 years in the world demand for rubber and an increase in its price to a level which would permit of profitable production by plantation producers generally.

The report and accounts were adopted, and a resolution authorising the conversion of the capital of the company from shares of £1 into stock was unanimously approved.

D. GESTETNER, LIMITED.

COMPANY'S STRONG POSITION.

The ordinary general meeting of D. Gestetner, Limited, was held, on the 30th ultimo, at the company's offices, Aldwych House, London.

Mr Sigmund Gestetner (chairman and managing director) said that the past year had been a difficult one for trading, but the directors hoped that, taking all the circumstances into account, the shareholders would be comparatively satisfied with what had been achieved.

Referring to the assets side of the balance sheet, the Chairman said that at the end of August, 1931, they had cash at bank £197,937, whereas this year their total cash resources, including sinking fund policies, amounted to the comforting figure of £365,000. After mature reflection they had invested a considerable sum in British securities, and had also purchased sinking fund policies with various insurance companies.

It was satisfactory to be able to report that the volume of home trade in the year under review was practically the same as in the preceding year. The principal cause of the reduction in their turnover, and consequently in their trading profit, was the falling away in the export market, and in the light of common knowledge he did not think it necessary to enlarge on their difficulties in that respect.

In spite of the difficulties, they were preserving their goodwill throughout the world, and all their subsidiary companies, concessionsaires, and agents were still distributing the company's products in their various territories. The directors were taking the long view, knowing that, if they continued to give the attention and service to their customers for which they were famous, when trading conditions again became normal they would reap to the full the benefit of that continuity of their policy.

The general position of the company, as reflected in the balance sheet and trading account, was one of great strength. They had a sound and steady business and, with their large cash resources, they would be in a position to take advantage of any opportunities that might arise. If world conditions improved in the near future they would immediately feel the benefit.

The report and accounts were unanimously adopted and the proposed final dividend of 5 per cent., less tax, making 10 per cent., less tax, for the year, on the ordinary shares, and a capital bonus of 6d. per share on the ordinary shares were approved.

LEETHEMS (TWILFIT), LIMITED.

ALL ROUND PROGRESS.

The annual general meeting of Leethems (Twilfit), Limited, was held, on the 4th instant, in London, when the report and accounts were unanimously adopted and the retiring director and the auditors were re-elected. Sir John Rowland, J.P. (the chairman and managing director of the company), presided.

The comments of the chairman on the accounts for the year stated that, taking into consideration the discouraging conditions of the year, he thought shareholders had no cause to complain. The directors were gratified to be able to record an increase in the turnover of the company, and an increase in the profits earned. The new factory, referred to a year ago, had been completed and equipped during the year, and the company had had the benefit of the occupation of the new premises for some weeks.

As to Leethems (Ireland), Limited, the trading and profits of that company showed an improvement over last year. Provision for depreciation of assets and additions to reserves had again been of a liberal character, and the creation of reserves in the accounts of that company had enabled it to finance its own subsidiary, the Dublin Underwear Manufacturers, Limited, without increasing the financial advances the parent company had made to Leethems (Ireland), Limited. When embarking upon the new venture, the board had not anticipated that the trading of the first year of the Underwear Company would be profitable. During the early part of 1932 a substantial improvement arose in the demand for manufactures of that company, and before the close of its financial year at June 30th they had every reason to believe the business had reached a profit-earning

stage. A reserve more than sufficient to meet the loss on the Underwear Company had been made before arriving at the profits of their Irish subsidiary. The board were pleased with the manner in which La Mascotte, Société Anonyme, incorporated in Belgium to comply with the requirements of Belgian law, had maintained the sales of its own productions and with the progress made in Belgium in the manufacture and sale of corsetry bearing the "Twilfit" mark.

Generally, the company was fully equipped and in a position to avail itself of any advantage which might arise. The economic crisis and depression in the world of business still persisted, but the board would continue to study the requirements of their customers and maintain to the full the system of frequently visiting the company's friends in the United Kingdom and on the Continent of Europe. No effort would be spared to increase business.

LEYLAND AND BIRMINGHAM RUBBER COMPANY, LIMITED.

MOST CREDITABLE RESULT.

ATTACK ON BOARD REBUTTED.

Presiding at the ordinary general meeting of this company held, on the 6th instant, in Preston, Mr R. T. Byrne said that hitherto their meetings had been harmonious, and he thought they would have continued so, but for the agitation provoked by Mr Berry and his friends, culminating in his attempt to secure seats on the board for himself and his two friends. On the issue depended continued success or utter failure. Excepting motor tyres they manufactured practically every article in the trade, their manufactures were sold all over the world and they had large vested interests. To direct successfully a business of this magnitude required men with great technical knowledge and experience.

The year's trading profit was £24,448, making, with amount brought forward, £14,391, after deducting depreciation, reserves for discounts, etc. The balance of £8,391 remaining after payment of preference dividend it was proposed to carry forward. The result, compared with a loss of £26,741 for the previous year, reflected the greatest credit on the whole management, especially when the world depression was taken into account.

It was painful to refer to the attack upon the directors, but he could not find that Mr Berry had any experience of the business, and he hoped that gentleman would indicate what would be the policy of himself and his friends if they succeeded in gaining seats on the board—would he continue the services of the present administrative directors whom he had characterised as little more than mere puppets? He could not have it both ways. A chaotic state of affairs would ensue if Mr Berry achieved his object.

Mr Berry charged the directors with having acted "ultra vires" in the arrangement with the British Moulded Hose Company. The opinion of leading counsel, however, was that the directors had acted properly. If Mr Berry and his friends considered that the directors had contravened the articles in any way, application could be made to the Law Courts. Directors who acted "ultra vires" were open to very serious penalties.

After prolonged debate the report and accounts were adopted, with a proviso (accepted by the chairman) that goodwill be reduced at the earliest opportunity. By show of hands the re-election of the retiring directors was negative, and a proposal that Messrs H. Berry, P. R. Ward, and A. J. Lomax be appointed directors was adopted. On both resolutions the chairman demanded a poll to be taken at the company's offices at Leyland on the 13th inst., between noon and 4 p.m.

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

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the six days ended September 30 1932, amounted to £6,667,400 against ordinary expenditure of £14,623,800. After allocating £318,200 to Sinking Fund and having allowed for an increase in Exchequer Balances of £28,471, the operations for the period, as shown below, increased the National Debt by £8,303,000:—

(000's omitted.)

Public Department Advances	£ 5,650	National Savings Certificates ..	£ 100
Treasury Bills	1,325	Royal Fund	270
P.O. Telegraph	1,850	Income under the Finance Act, 1931	152
			— 522
	+ 8,825		

A complete analysis of the National Debt at September 30, 1932, is shown below:—

NATIONAL DEBT—(Million £).

	Aug. 1, 1914.	Dec. 31, 1914.	Mar. 31, 1915.	Mar. 31, 1916.	Mar. 31, 1917.	Mar. 31, 1918.	Mar. 31, 1919.	June 30, 1920.	Sept. 30, 1921.	Sept. 30, 1922.
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300	300
Term Annuities	30	20	12	12	12	12	12	12	12	12
4½% Consolidated Loan	...	...	204	354	353	342	403	403	403	403
3½% Conversion Loan	...	...	432	811	790	770	750	750	750	750
Other Funded Debt	15	15	14	14	14	14	14	14	14	14
4½% Conversion Loan	...	...	221	223	267	317	373	373	373	373
5% Conversion Loan	...	...	...	...	323	323	323	323	323	323
3½% War Stock	63	13	13	13	13	13	13	13	13	13
5% War Stock	2,047	2,253	2,264	2,171	2,087	2,085	2,085	2,085	2,085	2,085
National War Bonds	1,509	194	...	...	...	...	...	...	...	...
4% Funding Loan	409	385	381	378	374	370	370	370	370	370
4½% Victory Bonds	360	261	246	235	219	210	210	210	210	210
Treasury Bonds	20	323	361	358	372	382	382	382	382	382
Exchequer Bonds	267	362	361	358	372	382	382	382	382	382
National Savings Certs.	...	1,306	1,087	1,076	1,068	1,092	1,086	1,087	1,087	1,087
Other Debt	...	...	...	...	...	...	...	...	...	...
American Loan (Anglo-French)	15	51	...	700	589	570	604	1719	1866	1866
Treasury Bills	1	243	162	37	49	25	8	158	320	320
Temporary Advances	...	...	...	...	...	...	...	...	...	...
Other Capital Liabilities	654	8,033	7,528	7,500	7,470	7,413	7,433	7,671	7,708	7,708
Treasury Bills	57	46	103	120	127	170	169	168	**182	**182
Total Liabilities	711	8,079	7,631	7,620	7,597	7,583	7,602	7,839	7,890	7,890

* Includes debt to American Government.

† Includes United States and French credits to British Treasury.

‡ Including borrowing of £160 millions for Exchange Equalisation Fund.

§ Includes £19 millions issued in respect of 5% war loan conversion bonus.

|| Includes £3.6 millions of National Saving Bonds.

The aggregate revenue and expenditure to September 30, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to SEPTEMBER 30th, 1932.

(000's omitted.)

	Revenue	Expenditure
Revenue	268,528	268,528
Expenditure	2,352	2,352
New Sinking Fund	10,177	10,177
	372,637	372,637

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing—	Sept. 30, '31.	Mar. 31, '32.	Sept. 30, '32.	Sept. 30, '32.
Advances by Bank of England	1,500,000	1,500,000	1,500,000	1,500,000
Advances by Public Departments	16,297,000	604,455,000	866,180,000*	1,355,000
Treasury Bills outstanding	618,110,000	604,455,000	866,180,000*	1,355,000
Total Floating Debt	634,407,000	611,955,000	868,980,000	7,005,000

* Includes £35,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on September 30, 1932, and the total amount applied for was £73,290,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 16s. 5d. and above in full. Dated Saturday at £99 16s. 6d., and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Sept. 9	45,000,000	77,895,000	0 12 11.7
Sept. 16	50,000,000	75,440,000	0 9 7.39
Sept. 23	50,000,000	65,230,000	0 7 11.16
Sept. 30	45,000,000	73,290,000	0 11 8.15

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 5, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	11,015,100
In Circulation	362,521,272	Other Government Securities	249,035,250
In Banking Department	51,900,262	Other Securities	11,129,044
		Silver Coin	3,820,606
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	139,421,534
			£414,421,534

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 67,708,094
Reserve	3,084,802	Other Securities	...
Public Deposits	11,688,989	Discounts	...
Other Deposits	...	Advances	£11,675,618
Bankers'	£85,689,527	Securities	£17,387,194
Other Accounts	£34,632,764		
1-Day and other Bills	120,322,291	Notes	29,062,812
	1,390	Gold and Silver Coin	51,900,262
			£9,304,340
	£149,650,472		£149,650,472

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

OVER ONE HUNDRED YEARS OF SERVICE.

SCOTTISH UNION & NATIONAL
INSURANCE COMPANY.

ASSETS EXCEED - £15,600,000

FIRE. LIFE. ACCIDENT. MARINE.

Edinburgh: 35, St. Andrew Square.
London: 5, Walbrook E.C.4 and 4, St. James's Street, S.W.1

Both Departments.	Amount, Oct. 5, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 362,521,272	+ 2,737,041	+ 3,196,953
Public deposits	11,688,989	+ 11,728,654	+ 1,095,265
Bankers' deposits	85,689,527	+ 5,063,071	+ 6,830,856
Other deposits	34,632,764	+ 1,235,589	+ 17,246,394
Seven-day bills	1,390	+ 105	+ 21,788
Total, outside liabilities	494,533,942	+ 2,692,848	+ 6,124,108
Capital and rest	17,637,802	— 592,644	— 7,569
Government debt and securities	327,758,444	— 3,663,588	+ 19,839,873
Discounts and advances	11,675,618	— 393,732	— 5,222,545
Other securities	28,515,238	+ 760,296	+ 24,373,601
Silver coin in issue department	3,820,606	+ 8,074	— 2,573
Gold and bullion (bank's reserve)	140,400,838	+ 3,458	+ 3,836,169
Reserve of notes and coin in banking department	52,879,566	— 2,733,583	+ 639,216
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	40%	— 1%	+ 3½%
(b) Gold stocks to deposits and notes ("reserve ratio")	28½%	+ 1%	+ 1½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Reserve & the "Proportion."
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Aug. 31	413,906	365,287	20,727	79,549	35,407	178 in	2
Sept. 7	414,031	365,122	7,618	91,507	33,297	125 in	2
14	414,292	362,285	12,933	89,827	33,157	261 in	2
21	414,421	359,266	23,915	82,586	32,904	128 in	2
28	414,422	359,784	23,418	80,628	33,397	Nil	2
Oct. 5	414,422	362,521	11,689	85,690	34,633	Nil	2

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1932.							
Aug. 31	£ 248,893	£ 22,294	139,806	27	73,149	12,159	£ 49,519
Sept. 7	259,979	11,210	139,958	28	69,933	12,274	49,835
14	261,589	9,597	140,222	28	70,863	12,052	49,307
21	261,550	9,638	140,376	28	70,998	12,068	49,310
28	261,504	9,684	140,397	28	69,918	12,069	49,313
Oct. 5	260,950	11,129	140,401	28	67,708	11,676	49,380

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to September 21	20,041,011	1,161,083	1,935,217	23,137,311
Week ended September 28	477,971	25,609	43,230	546,810
Week ended October 5	537,684	36,757	57,560	632,001
Total to date, 1932	21,056,666	1,223,449	2,036,007	24,316,122
Total to date, 1931	26,235,490	1,297,303	2,115,176	29,647,969
Increase or decrease in 1932	— 5,178,824	73,854	79,169	5,331,847
	— 19.7%	— 5.7%	— 3.7%	— 17.9%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,531	43,558,354
Increase or decrease in 1931	— 6,966,769	— 144,294	211,422	7,322,485
	— 17.9%	— 7.9%	— 7.1%	— 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended October 1.		Month of September			Aggregate Totals, January 1 to October 1.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days	£	£	26	26		£	£
BIRMINGHAM	2,819	2,342	7,509	7,987	+ 6·3	84,723	85,728
BRADFORD	1,178	847	2,526	2,827	+ 11·9	28,348	30,762
BRIGHTON	1,511	1,229	5,024	5,118	+ 1·8	43,668	44,900
DUBLIN	782	5,046	2,071	2,785	+ 8·3	190,885	207,610
HULL	1,080	683	2,805	2,963	+ 5·6	27,851	27,600
LEEDS	736	651	2,308	2,519	+ 9·1	33,056	32,300
LEICESTER	...	...	20,743	25,478	+ 22·8	24,673	24,673
LIVERPOOL	11,297	11,128	33,578	36,814	+ 9·6	352,184	366,800
MANCHESTER	1,286	1,435	4,466	4,392	- 1·6	47,446	47,400
NEWCASTLE	683	484	1,515	1,701	+ 12·2	17,252	17,252
NOTTINGHAM	1,046	616	2,520	2,578	+ 2·3	29,261	27,700
SHEFFIELD	...	...	...	...	...	...	...
Total.....	...	...	85,565	95,162	+ 11·2	...	...

[October 8, 1932.]

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia, Danish and Denmark appeared in the Economist for September 10; Finland in September 17; Czechoslovakia and Jugoslavia in September 24; Spain, Chili, Bulgaria, Poland, Estonia, Lithuania, Canada, Egypt, Latvia and Japan in October 1.

BANK FOR INTERNATIONAL SETTLEMENTS.
(In Millions of Swiss Francs.)

ASSETS.	Sept. 30, 1931.	June 30, 1932.	July 31, 1932.	Aug. 31, 1932.	Sept. 30, 1932.
Cash	9.1	17.9	17.5	14.9	13.6
Time funds	127.1	51.6	65.8	91.4	40.4
Bills and acceptances:					
Commercial bills	359.4	453.7	436.9	384.0	355.4
Treasury bills	161.4	177.4	148.6	150.8	127.6
Time funds:					
Not exceeding 3 months	396.8	248.2	247.6	247.6	245.6
Between 3 and 6 months	208.8	153.5	153.5	153.2	153.0
Sundry investments	11.0	7.6	7.1	7.6	6.7
Other assets	108.5	125.0	125.0	125.0	125.0
LIABILITIES.					
Capital paid up	5.8	9.4	9.4	9.4	9.4
Reserves:					
Special deposits:					
Annuity trust account	153.8	153.8	153.8	153.8	153.8
German Government deposit fund	76.9	76.9	76.9	76.9	76.9
French Government guarantee fund	68.6	68.6	68.6	68.6	68.6
Time deposits of Central Banks:					
Not exceeding 3 months	307.6	210.3	84.3	90.2	85.8
For account of others	90.3	30.4	24.2	25.3	13.1
Other deposits	1.5	...	...	...	...
Sight deposits of Central Banks:					
For their own account	319.9	396.3	490.6	463.6	371.2
For account of others	123.5	30.4	24.2	25.3	13.1
Other deposits	2.0	6.0	6.7	6.5	6.4
Miscellaneous items	20.2	23.6	27.5	30.2	32.3

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

RESOURCES.	Oct. 8, 1931.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.	Oct. 6, 1932.
Total gold reserves	3,036,950	2,832,630	2,864,690	2,878,650	2,912,530
Total bills discounted	463,390	401,930	359,020	339,650	333,430
Bills bought in open market	581,360	33,730	33,650	33,600	33,270
Total U.S. Govt. securities	738,340	1,850,930	1,851,550	1,853,680	1,851,320
Total bills and securities	1,801,220	2,892,010	2,848,620	2,823,810	2,823,920
Total resources	5,705,030	5,947,560	5,879,390	5,862,080	5,903,580
LIABILITIES.					
Federal Reserve notes in actual circulation	2,269,990	2,789,120	2,759,140	2,720,990	2,744,870
Deposits—Memberbank—reserves	2,277,430	2,243,820	2,210,590	2,268,520	2,283,960
Total deposits	2,486,030	2,586,610	2,515,090	2,555,140	2,544,990
Capital paid in and surplus	441,210	412,490	412,410	412,410	412,410
Total liabilities	5,705,030	5,947,560	5,879,390	5,862,080	5,903,580
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	67.1%	59.6%	60.4%	60.8%	61.1%

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

RESOURCES.	Oct. 8, 1931.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.	Oct. 6, 1932.
Total gold reserves	396,320	899,630	915,410	941,790	942,180
Total bills discounted	15,440	81,450	76,740	70,840	68,310
Bills bought in open market	317,160	11,070	10,680	10,550	10,440
Total U.S. Govt. securities	225,700	723,790	718,790	718,790	716,290
Total bills and securities	528,290	820,220	804,900	803,040	798,930
Total resources	983,650	1,109,670	1,086,680	1,120,350	1,114,690
LIABILITIES.					
Federal Reserve note liabilities combined	68.9%	55.9%	56.9%	57.9%	57.8%

FEDERAL RESERVE MEMBER BANKS.

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

ASSETS.	Sept. 23, 1931.	Aug. 24, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 14, 1932.	Sept. 21, 1932.
Loans	14,228	10,828	10,796	10,812	10,766	10,729
Investments	7,844	7,671	7,743	7,752	7,790	7,821
Time deposits	12,885	10,862	10,982	11,011	11,232	11,100
Due from banks	6,837	5,635	5,633	5,622	5,610	5,627
Due to banks	1,247	1,266	1,288	1,347	1,462	1,431
Federal reserve borrowings	2,905	2,717	2,758	2,875	2,997	2,762
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserves	802	9	9	9	9	9
Notes in circulation	6,997	6,715	6,516	6,588	7,845	6,903
Government deposits	975	1,201	1,593	1,586	998	1,139
Bankers' deposits	4,711	4,126	4,051	4,146	4,205	4,047
Ratio of cash reserves to liabilities to public	47.9%	52.6%	54.3%	54.9%	48.1%	50.9%

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

ASSETS.	Sept. 11, 1931.	Aug. 12, 1932.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.
Gold coin and bullion	6,171	6,733	6,722	7,093	6,014	6,030
Subsidiary coin	375	524	533	539	534	541
Bills discounted: Domestic and Union Govt. Treas.	315	2,270	2,300	2,362	3,023	2,372
Bills discounted: Foreign	6,204	1,965	1,763	1,834	2,049	2,021
Investments	1,935	1,965	1,763	1,834	2,049	2,021
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserves	802	9	9	9	9	9
Notes in circulation	6,997	6,715	6,516	6,588	7,845	6,903
Government deposits	975	1,201	1,593	1,586	998	1,139
Bankers' deposits	4,711	4,126	4,051	4,146	4,205	4,047
Ratio of cash reserves to liabilities to public	47.9%	52.6%	54.3%	54.9%	48.1%	50.9%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loan, namely, £792,916, has been written off.

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

ASSETS.	Sept. 11, 1931.	Aug. 12, 1932.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.
Total securities	32,514.3	27,14.1	27,62.17	27,78.86	28,30.05	30,13.96
Loans	10,55.80	7,61.97	9,24.23	7,50.49	7,49.97	7,92.46
Cash credits	26,73.18	22,24.26	22,43.44	22,08.61	21,52.18	20,68.22
Island bills	1,67.79	1,67.79	1,67.79	1,67.79	1,67.79	1,67.79
Foreign bills	38.07	32.32	2,06.32	2,00.43	1,67.87	2,10.44
Bank stock	2,73.11	2,65.09	2,65.17	2,66.44	2,66.54	2,65.61
Deal with other banks	6.54	14.87	30.43	25.64	67.69	25.86
Cash	15,45.85	26,95.77	27,76.31	28,95.96	27,03.96	24,26.81
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,42.50	5,15.00	5,15.00	5,15.00	5,15.00	5,15.00
Total deposits	79,41.52	77,21.83	70,68.10	79,76.78	77,94.52	76,60.61
Ratio of cash reserves to deposits	8.60	1,137	1,169	1,132	1,130	1,112
Ratio of cash reserves to deposits and advances	8.89	1,238	1,249	1,318	1,120	1,127
Ratio of cash reserves to deposits and advances and other liabilities	8.8	114	231	195	810	197

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

ASSETS.	Oct. 2, 1931.	Sept. 9, 1932.	Sept. 16, 1932.	Sept. 23, 1932.	Sept. 30, 1932.
Gold	59,813,614	82,400,237	82,507,942	82,621,795	82,681,339
Foreign assets:					
Sight deposits	13,829,768	2,979,524	2,929,212	2,911,834	2,895,283
Bills, etc.	12,808,411	2,080,959	2,080,737	2,081,337	...
Home bills	6,613,226	3,947,055	3,130,230	3,622,438	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,915,856	2,804,895	2,796,785	2,752,066	2,783,323
Other advances	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
LIABILITIES.					
Notes in circulation	81,513,755	80,680,750	80,281,042	80,200,291	82,459,144
Public deposits	7,606,025	3,974,780	3,735,269	3,657,943	3,009,836
Private deposits	17,554,888	22,876,788	22,736,045	23,337,732	21,613,339
Other liabilities	2,822,924	2,438,148	2,300,459	2,327,206	...

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

ASSETS.	Sept. 30, 1931.	Sept. 15, 1932.	Sept. 23, 1932.	Sept. 30, 1932.
Gold	1,300,789	781,207	761,599	796,339
Of which deposited abroad	100,486	63,351	63,351	63,351
Reserve in foreign currencies	138,751	144,561	146,241	132,899
Bills of exchange and cheques	3,669,494	2,858,869	2,869,675	3,029,842
Notes of other German banks	69,252	235,636	256,422	147,437
Advances	2,454	9,733	12,087	9,225
Investments	300,504	117,515	102,525	242,008
Other assets	103,075	365,002	362,359	362,361
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,609,219	3,597,378	3,504,522	3,794,562
Other daily maturing obligations	613,387	413,269	357,960	450,624
Other liabilities	818,643	722,800	725,741	730,502
Cover of note circulation	31.2%	25.1%	26.5%	24.7%

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

ASSETS.	Position, May 28, 1914.	Oct. 1, 1931.	Sept. 1, 1932.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 29, 1932.
Gold	232,650	2,496,958	2,619,249	2,594,893	2,580,982	2,582,411
Foreign bills and balances abroad	27,895	81,586	63,012	64,125	63,891	63,891
Silver and other coin	697,600	843,356	701,055	648,229	633,908	655,251
LIABILITIES.						
Notes in circulation	934,150	3,555,597	3,586,897	3,542,176	3,613,730	3,631,088
Current account	112,125	136,278	116,007	135,106	132,171	131,182

(a) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Sept. 28, 1931.	Sept. 5, 1932.	Sept. 12, 1932.	Sept. 19, 1932.	Sept. 26, 1932.
Gold	163,092	702,480	1,033,371	1,034,680	1,034,702	1,034,708
Silver	8,436	17,857	17,857	17,857	17,857	17,857
Home bills discounted	109,852	40,588	41,418	41,418	41,418	41,418
Foreign bills	218,833	71,336	71,336	71,336	71,336	71,336
LIABILITIES.						
Notes in circulation	516,632	1,034,898	1,002,812	985,652	978,557	973,815
Deposits	5,016	186,597	263,265	280,838	285,974	294,385

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

ASSETS.	Position, May 30, 1914.	Oct. 3, 1931.	Sept. 10, 1932.	Sept. 17, 1932.	Sept. 24, 1932.	Oct. 1, 1932.
Gold	22,971	125,137	149,410	148,600	148,800	149,130
Silver	22,785	42,758	149,410	148,600	148,800	149,130
LIABILITIES.						
Notes in circulation	109,499	239,508	222,260	218,930	218,230	217,430
Deposits and bills payable	11,250	27,507	31,770	31,300	32,660	29,990

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

ASSETS.	Position, May 31, 1914.	Sept. 30, 1931.	Sept. 7, 1932.	Sept. 14, 1932.	Sept. 21, 1932.	Sept. 28, 1932.
Gold	171,175	1,698,709	2,637,508	2,637,510	2,637,499	2,637,500
Foreign bills and balances abroad	...	340,665	65,303	64,692	63,475	59,822
Discounts	...	68,299	13,979	13,920	14,299	13,490
Advances	103,000	55,390	41,492	40,605	39,089	42,541
LIABILITIES.						
Notes in circulation	275,925	1,461,981	1,535,372	1,511,179	1,506,652	1,574,958
Deposits	33,750	715,884	1,224,455	1,248,596	1,248,512	1,186,885

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

ASSETS.	Sept. 20, 1931.	Aug. 20, 193
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* For half-year.

REPORTS AND NOTICES.

ANGLO-SIAM CORPORATION, LTD.—In connection with our "Note" last week, it should be clearly understood, as regards the concentration at Singapore and Penang, that only the Malayan business is affected, the corporation's interests in Siam and India being carried on as before.

BANKS

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK.—The statement of the Chase National Bank of the City of New York for September 30, 1932, shows an all-round increase in the important balance-sheet items since June 30, 1932, the last quarterly statement date. Total resources of the bank have risen from \$1,731,509,127 on June 30th to \$1,855,616,518 on September 30th. Cash and due from banks at \$377,210,936 represents an increase of \$77,266,200 as compared with the June statement. Investments in United States Government securities at \$249,899,379 are up by \$31,825,885. State, municipal and other securities maturing within two years at \$120,393,930 show an increase of \$13,882,444 over the June figures. Other bonds and securities, including stock in the Federal Reserve Bank, amount to \$90,371,216, compared with \$99,847,100 on June 30th. Loans and discounts total \$860,923,954, against \$880,848,464. On the liabilities' side, the capital and surplus of the bank at \$148,000,000 and \$100,000,000 respectively remain unchanged. Undivided profits at \$18,335,062 show an increase of \$953,912 since June 30th. Reserve for taxes, interest, contingencies, etc., amounts to \$14,540,979, against \$12,170,961. Deposits at \$1,420,221,444 compare with \$1,302,456,350 on June 30th.

WIENER BANK-VEREIN.—According to a decision taken at the general meeting of shareholders held on August 19, 1932, the shares of this institution of a nominal value of Sch. 20, at present in circulation are to be stamped with a rubber stamp recording the reduction of the nominal value to Sch. 10, the shares being henceforth described as series B. Shareholders are invited to deposit their share-warrants between October 1 and December 31, 1932, at the following places during the usual office hours, for the purpose of having this stamp affixed thereto: In Vienna, at the Wiener Bank-Verein; in London, at the Banque Belge pour l'Etranger, S.A. (limited company incorporated in Belgium), 4 Bishopsgate, E.C.2. Shares deposited in London must be listed on forms to be obtained on application to the Banque Belge pour l'Etranger, S.A.

MISCELLANEOUS.

ELDER DEMPSTER AND COMPANY, LTD.—Profit for the year 1931 was £34,127. After charging interest, £68,549, interest on calls in arrear, £57,606, losses of subsidiaries, £131,416, and debenture interest £100,000, there is a debit balance of £323,444 against a loss in the previous year of £147,442. The auditors call attention to the fact that certain securities included in investments show a shrinkage of £2,031,239. The directors also draw attention to an over-valuation of shares in subsidiary and associated companies which will have to be adjusted when conditions permit of a complete reorganisation of the loan and share structure of the company.

Commercial Reports.

MARKET SUMMARY.

Last week's irregular tendency of the prices of the principal raw materials has given way to a definite downward movement in values. In view of the absence of any response from industry to the recent advance, the downward movement is not surprising. According to quotations in the United States, the chief non-ferrous metals have been easier, with the exception of lead, which gained a few points. Raw cotton prices receded further, and rubber was also sold at a lower level. Among cereals, wheat, maize, oats and rye all recorded a decline. Similarly, cocoa suffered a further setback, and coffee was easier, following the cessation of hostilities in Brazil. Sugar, however, was maintained. According to reports from various industrial centres in this country, the coal trade continues to improve, but the iron and steel industries are making little headway. The cotton trade reports an increase in the volume of enquiries, and the demand for rayon fabrics is expected to improve. Business in wool manufactures continues limited.

THE COAL TRADE.

SHEFFIELD.—There has been a steady call for best steams for export absorbing the whole of limited output. Prices continue firm at 17s. 6d. to 18s. f.o.b. There is little or no improvement in sales for industrial uses, except in the coke department. The improved demand for this class of fuel, however, is mainly due to its use for central heating. Prices of blast furnace coke range from 10s. to 10s. 9d. at ovens. Trade in house and gas coals is more active. Best South Yorkshire house coals commands from 22s. 6d. to 24s. at pits, prices being somewhat irregular.

GLASGOW.—The expanding tendency of business is more pronounced, and while as yet the curtailed output has been sufficient for requirements, export prices have a much steadier appearance. Washed nuts remain scarce and strong, demand being good for Scandinavian and South of England markets. The former are also responsible for a good part of the increase in large coal business. Higher prices are easily obtained for fuel for inland use. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s.; splint best, 14s. 9d.; splint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s.; steam, 12s. 6d.; trebles, 12s. 6d.-14s.; doubles, 11s. 6d.-12s.; singles, 10s.-12s. 6d.; pearls, 9s.; dross, 8s. 9d. **FIFE.**—Screened navigation,

16s. 6d.; first-class steam, 12s. 9d.; third-class steam, 11s.; trebles, 16s.-17s.; doubles, 12s.; 13s. 6d.; singles, 10s. 6d.-11s.; pearls, 9s. **LOTHIANS.**—Prime steam, 10s. 9d.-11s.; secondary steam, 10s. 6d.; trebles, 14s.; doubles, 12s.; singles, 10s.; pearls, 9s. 6d. **AYRSHIRE.**—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 11s. 6d.; trebles, 14s.; doubles, 12s.; singles, 10s. 6d.; pearls, 9s. 6d.; dross, 9s.

NEWCASTLE-ON-TYNE.—The firmness of the Northumberland screened steam market continues to be the feature of the North-East. Blyth collieries are well stemmed for the next two or three weeks, and for shipment three or four months ahead the D.C.B. collieries are now quoting 3d. above their minimum of 13s. 6d. Trade from Scandinavia improves, and this week an order of 130,000 tons of gas coal has been booked by Newcastle merchants for Durham coal shipment to the Copenhagen gasworks. Foundry coke remains steady on the basis of 16s. for the prime brands. To-day's f.o.b. prices for export are as follows: **NORTHUMBERLAND.**—D.C.B. screened steam, 13s. 9d.; smalls, 8s. 6d.; Howards, Bentinck, Newbiggin screened, 13s.; smalls, 8s.; Tyne prime large, 12s. 9d.; smalls, 9s.; Hartley Main large, 12s. 6d.; smalls, 8s. **DURHAM.**—Lambton, South Hetton screened steam, 15s.; smalls, 11s.; Wear special unscreened gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s.; coking unscreened or smalls, 12s. 6d.; prime unscreened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.; prime foundry coke, 16s.; Newcastle and District gas coke, 18s.

CARDIFF.—Anthracite and dry steam coals have maintained a firm tone on the South Wales coal market, and during the past week there has been a slightly better tendency also in the demand for steam coals. The recent rise in the homeward rates from the Plate has led to the recommissioning of about thirty Cardiff-owned idle vessels, and this circumstance has increased temporarily the demand for bunker grades, and an increased proportion of the tipping appliances at the local ports has, therefore, been in operation. Stocks in wagons, particularly of small coals, have been reduced, while sized grades are firmer than ever at the recently improved prices. The aggregate volume of demand, however, remains well within the reduced quota for the December quarter, and it is unlikely that there will be any application to the Central Council for an additional allocation as was the case a year ago. Shipments of anthracite coals to Canada at Swansea and Port Talbot continue active, while it is anticipated that South Wales will benefit from the increase of 100,000 tons in the French import quota for household coals. Provisional returns of exports from the South Wales ports during September record a smaller volume than that for any other month since January, 1931, when the South Wales coalfield was idle for practically three weeks owing to a wages dispute. The total shipments to foreign destinations were only 1,219,640 tons, compared with 1,316,982 tons in August, and 1,687,842 tons in the corresponding month last year. The principal losses compared with a year ago were to France (137,000 tons), Italy (158,000 tons), South America (84,000 tons), and the coaling depots (82,000 tons). On the other hand, exports to Canada were roughly 35,000 tons, or practically 35 per cent. more than a year ago. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 10s. 9d. to 11s.; special foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 18s. 9d. to 19s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—Although an optimistic tone has recently existed in regard to the pig-iron markets, some disappointment is beginning to be felt at the slow recovery that is taking place. Local consumption of pig iron is on a poor scale, and there are no indications of any substantial improvement in the near future, while deliveries to Scotland are considerably curtailed owing to the depressed state of the foundry trades in that area. Further, the demand for iron for the Continent is now reduced to almost negligible proportion, so that altogether the position cannot be regarded as at all promising, and it is not surprising that stocks are increasing. The shipments last month of pig and manufactured material were about 5,000 tons below the previous month of August, viz.:—

	1932 September.	1932 August.
Pig iron	5,639	7,296
Manufactured iron	991	689
Manufactured steel	23,702	27,407
	30,332	35,392

There was only a moderate attendance at Tuesday's weekly market, and the business transacted was of small extent. Official prices for Cleveland iron were unchanged, viz.:—No. 1, 61s.; No. 3, f.o.t., but special concessions are still offered to Scotch consumers. The demand for hematite has fallen off recently, and purchases are again mostly restricted to early requirements. Ordinary mixed numbers are offered by makers for early delivery at 69s. per ton, and this price has been shaded in odd instances. In the constructional trades a few orders are coming to hand which will absorb a fair amount of steel material. Dorman, Long & Company, Ltd., are expecting to get final details arranged at once in connection with the big Danish bridge that will allow work to commence immediately. Prices for steel materials for home consumption under the rebate scheme are unchanged, viz.:—Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other materials are iron Crown bars,

£9 15s.; heavy steel rails, £8 10s.; 24-gauge galvanized corrugated sheets, £10; and 24-gauge black sheets, £8 5s. per ton; sheets f.o.b. or f.o.t., others 10s. less for export. The ore market is very quiet, and imports against contracts are on a poor scale. Best Bilbao rubio is nominally 14s. 6d. c.i.f., and the current freight Bilbao/Middlesbrough is 4s. 3d. Imports of all kinds of ore into Middlesbrough during September amounted to 29,013 tons, against 37,612 tons for the previous month. Coke continues in plentiful supply, and good blast furnace qualities are offering at 14s. 6d. per ton delivered at consumer's works. The number of blast furnaces in operation in the district is unaltered at seventeen.

SHEFFIELD.—Conditions in the steel industry continue to show signs of improvement in sections, but the heavy branches fail to develop. Tariffs, combined with exchange differences, are diverting a good deal of trade in special alloy steels from the Continent to Sheffield. These imported steels have been in the past extensively used in motor construction. As the cost of the imported steel is now nearly as high as that of home made, motor firms are now buying the latter. At the same time, British makers are the reverse of busy, owing to the poverty of the home market for tool and alloy steels. Makers of engineers' and mechanics' small tools are not badly employed at the moment, but keen competition among themselves for the limited amount of business available in the home market has brought down prices to an unremunerative level. Export trade to Australia and South Africa is expanding, but is stagnant to foreign markets. Output of open-hearth steel is slightly better, but depressed in heavy engineering forgings and castings is as acute as ever. The position of pig iron and wrought iron is no better. The market for steel scrap is slightly stronger with prices still considerably below normal. A valuable Russian order for steel rolling mills has been booked by a Sheffield firm which specialises in such machinery. The September trade in plate and cutlery has not come up to expectations, and these trades are still being carried on unremuneratively.

GLASGOW.—During the present week there has been no decided change in the situation in the West of Scotland. During recent months there has been a considerable amount of important ship-repairing work carried on in Clyde yards, but there are now fewer vessels in the repairers' hands. The need of shipbuilding specifications is much felt at the steel plants, and while on the whole there has been a rather better demand for other material, there is only sufficient work coming in to keep a very small proportion of the plant operating. Sheet makers continue to do a steady business in both black and galvanized sheets, and the improvement recently noted in the export demand for blocks is being maintained, and although there are still a number of idle mills, there is some increase in the number of tube makers, who, during the past few weeks have been somewhat busier, are now finding a slackening off. In

the manufacturing trades a number of the smaller shops have been exceedingly well employed during recent months, and a steady business is being maintained. Things remain very quiet with makers of wrought iron and re-rolled steel bars are also in very poor demand.

CARDIFF.—Demand for tinplates was slightly less active on the Swansea Metal Exchange on Tuesday, but prices were steady at round about 16s. per basis box, while, as the result of last week's heavy shipments of 122,033 boxes, stocks were reduced to 107,532 boxes, compared with 145,325 boxes the previous week, and 189,445 boxes in the corresponding week last year. Steel bars have recently been imported in increased quantities at 82s. per ton delivered, while local bars have remained unchanged at 95s. per ton. Galvanised sheets are quoted at from £9 10s. to £10 per ton, but trade in them continues restricted.

OTHER METALS.

TIN.—On the publication of the world's tin stocks at the end of September, which, at 57.2 metric tons, show a decline of only 0.5 metric ton on the month, the market became slightly easier. Turnover was not large, and Wednesday's quotations show a fall of more than £2 per ton on the week. Sales on the London Metal Exchange were 350 tons on Monday, against 575 tons last week; 575 tons on Tuesday, against 300 tons last week; and 275 tons on Wednesday, against 375 tons last week. The New York quotation on Wednesday was 24.35 cents per lb., against 24.75 cents a week ago and 26.625 cents a month ago. Wednesday's official closing quotation in London for standard cash was £151 5s. to £151 10s., compared with £153 10s. to £153 12s. 6d. last week. Stocks in London and Liverpool at the end of last week were 31,430 tons, a decrease of 268 tons on the week.

COPPER.—Copper opened firm on Monday, but, in the absence of a sustained demand, prices weakened on Tuesday. On Wednesday, however, the metal regained most of the ground lost on the previous day, but closed about £1 per ton below the level of a week ago. Sales at the London Metal Exchange were 700 tons on Monday, against 700 tons last week; 1,100 tons on Tuesday, against 1,100 last week; and 600 tons on Wednesday, against 700 last week. Domestic spot was quoted 6½ cents per lb. in New York on Wednesday, against 6½ cents a week ago and 6½ cents a month ago. Wednesday's official closing price for standard cash in London was £33 12s. 6d. to £33 13s. 9d., compared with £34 12s. 6d. to £34 13s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 22,724 tons, show an increase of 2,157 tons, and stocks of rough copper, at 1,851 tons, an increase of 95 tons.

LEAD.—The demand for lead in London was quiet on Monday and Tuesday, but on Wednesday the market was favourably influenced by the rise in the New York quotation. Sales at the

A SAFEGUARDED INDUSTRY.
Since 1920 selling prices reduced 68%

AUSTIN MOTORS

YEAR TO JULY 31st, 1932.

Dividends { 20% on Preferred Ordinary Shares
50% on Ordinary Shares

TRADING PROFIT £1,078,145

Brought Forward 270,489
£1,348,634

TO MAINTENANCE AND DEPRECIATION .. £393,794
" RESERVE £100,000
" SINKING FUND RESERVE £55,000
" INCOME TAX ACCOUNT & FEES .. £158,964
(£156,000 payable Jan., 1934.)
" DEBENTURE INTEREST £80,000
" DIVIDENDS (On all classes of shares) Net £241,656
" CARRY FORWARD £319,220
£1,348,634

SIX FINANCIAL PERIODS (70 MONTHS).

	1st Oct., 1926, to 31st July, 1932.	Average PER ANNUM.
Gross Trading Profit	£6,433,748	£1,102,928
Capital Expenditure	£1,549,168	£265,572
Maintenance and Depreciation	£2,279,106	£390,704
Income Tax	£878,177	£150,545
Deb. Int. & Divs. (Inc. Arrears)	Net £1,992,574	£341,584

THE ACID TEST:—QUALITY—RESULTS.

Export Sales were approximately equal to last year.

There were 51 Manufacturers supplying Cars for Sale in Great Britain.

Our proportion of all Home Markets Sales in the types of Passenger Cars we manufacture was:—

Treasury { 8 H.P., 10 H.P. and 13 H.P. (4 cyl.) 1 in 2.
(10 H.P. since June, 1932.)
Ratings { 14 H.P. and 16 H.P. (6 cyl.) ... 2 in 5.
24 H.P. (6 cyl.) ... 1 in 5.

Orders to date are well ahead of last year.

Expenditure on New Plant and Buildings £227,541.

TOTAL ASSETS £5,297,345
LIQUID ASSETS £2,580,617
CASH & MARKETABLE SECURITIES £1,383,403
RESERVES AND CARRY-FORWARD £866,203

London Metal Exchange were 500 tons on Monday, against 800 tons last week; 600 tons on Tuesday, against 1,000 tons last week; and 500 tons on Wednesday, against 500 tons last week. The New York quotation on Wednesday was 3.25 cents per lb., against 3.00 cents a week ago and 3.60 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £12 13s. 9d. for September shipment, compared with £12 18s. 9d. last week.

SPELTER.—The market in spelter was dull on Monday. Cheaper offerings induced buyers to come forward on Tuesday. On Wednesday business was on a large scale and quotations rose a little. Sales were 350 tons on Monday, against 350 a week before; 750 tons on Tuesday, against 250 the week before; and 1,200 tons on Wednesday, against 600. The New York quotation on Wednesday was 3.10 cents per lb., against 3.25 cents the week before, and 3.30 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 6s. for September shipment, against £15 6s. 3d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium was quoted at £100 per ton, against £95 per ton a week ago. Nickel was unchanged at £240 to £245. Quick-silver was slightly lower at £9 5s. to £9 10s. per flask, against £9 5s. to £9 12s. 6d. a week ago. Platinum was again quoted at £9 6s. per ounce. Foreign antimony was again unchanged at £25 to £25 10s. per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool. Imports for the week September 29th to October 5th (inclusive) are 28,915 bales, of which 8,368 are American, 189 Brazilian, 4,276 Peruvian, 2,745 Argentine, 7,231 Egyptian, 541 African, 4,929 East Indian, and 656 sundries.

Manchester.—The market during the past week has continued to be well supplied with inquiry, but actual business has been rather irregular and some spinners and manufacturers have expressed disappointment at the failure of demand to mature on satisfactory lines. The ups and downs in raw-cotton rates from day to day have had a rather disturbing effect upon trade. Although the labour situation is still a factor of importance, there is very little fear of a stoppage in the spinning section. Some makers of piece-goods suitable for India have experienced a reduced demand compared with the previous week, but a fair turnover has taken place in light whites, prints and fancies for Calcutta, Karachi, Madras and the up-country markets. Offers have been reported for fairly substantial quantities of dhooties for Calcutta, but transactions have been very difficult to arrange. There has not been any particular move on the part of exporters to China, but white shirtings and dyed goods have been wanted for Hong Kong. A few more lines have been put through in bleaching styles for Egypt and the Near East, and fine fabrics have attracted increased attention from Switzerland and Scandinavia. Business has been done from day to day in printed and dyed cloths for South America and West Africa. Buying in home trade goods has been rather patchy. There has been some irregularity in American and Egyptian yarn quotations, and no free buying has been reported. Spinners are still making determined efforts to maintain their improved margin. Fine yarns for the Continent have attracted rather less attention.

Cotton Prices.

	1932.				Corresponding Date.	
	Sept. 14.	Sept. 21.	Sept. 28.	Oct. 5.	1930.	1931.
Raw Cotton—Mid. American..... per lb.	6.15	6.07	6.10	5.86	5.58	4.49
" Sakellaridis Fully Good Fair..... per lb.	8.85	8.50	8.80	8.35	9.45	7.00
Yarns—32's twist..... per lb.	10.1	10.1	10.1	10.1	9.1	8.1
" 40's twist..... per lb.	10.1	10.1	10.1	10.1	9.1	8.1
" 60's twist (Egyptian)..... per lb.	16.1	16.1	16.1	16.1	17.1	16.1
32 in. Printers, 116 yds., 16 by 16, 32's and 50's.....	19 6	19 3	19 9	19 6	19 0	17 9
36 in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	22 0	21 6	22 0	21 9	21 4	19 6
38 in. ditto, 34 yds., 18 by 18, 10 lb.	11 4	11 3	11 5	11 4	11 10	11 0
36 in. ditto, 34 yds., 16 by 16, 8 lb.	10 2	10 1	10 3	10 2	10 7	9 9

THE WOOL TRADE.—Bradford.—According to our correspondent some conflicting reports have been published this week about the movement of wool values at the London sales, but the position is fairly sound and encouraging. One disappointing feature of the auctions has been the fairly large withdrawals of second-hand wool. Owners were induced by the improvement in manufacturing conditions and the advance in prices to offer them for sale, but in many cases have found the experiment rather disappointing. It looks as if patience will have to be exercised if all the wool now in stock in London and elsewhere is to be disposed of profitably, either in the saleroom or by being turned directly to manufacturing purposes. The position with regard to the sales in London seems to be that the finest greasy merino wools have shown the greatest ease. Average merino and fine crossbreds have lost very little ground since the opening, and in no case is the fall more than 5 per cent. The selling of the latter wools was not marked at the opening by such a big advance as in others, and home and foreign buying has prevented any very marked fall. It is still estimated by those who have definite buying orders in London, that warp 64's tops are costing 24½d., and as this price is not realisable in Bradford, it is small wonder that very little business is being done there. This week the sales have been characterised by 60's wool remaining very dear against 64-70's. There has also been a good demand

on Continental account for New Zealand and Punta Arenas 56-60's, and ordinary wools of 46's to 50's qualities. Although there have been very large offerings of slipes, these have been cleared with scarcely any ease at all. The Bradford market is quiet. It is almost impossible to get any response at all from spinners. There is still a big output of tops from the combs, and as these are being readily taken up, top-makers have no surplus lots to offer on spot account; 23½d. is quoted for average 64's, but this is a protective figure, and spinners are still refusing to talk about more than 22d. for delivery next year.

THE JUTE TRADE.—Dundee.—Business continues very quiet in all sections of the jute trade. Prices of the raw material have shown a tendency to decline, in consequence of which buyers of yarns and cloth have withheld their orders in anticipation of lower terms. Values of Calcutta goods have also disclosed weakness, and even the fact that the stocks of both hessians and sackings were considerably reduced at the end of September compared with end of August has had no influence in checking the downward movement of prices. Stocks of hessians at the end of September were 112,440,000 yards and sackings were 82,721,500 yards, compared with 127,279,000 yards and 123,465,000 yards respectively at the end of August. During this month there will be a number of holidays in Calcutta and production will be curtailed on this account, which should result in a further reduction of stocks by the end of October. The imports of raw jute into Calcutta are fairly large compared with those of last season at this period, in spite of the fact that a short crop was forecasted. Prices have fallen recently until £19 10s. is the value of good First Marks, £18 5s. for good Lightnings and £16 to £17 10s. for Hearts, according to quality, October/November shipment. Full group of Daisee-2/3 has been sold on several occasions at £16 15s. and fours at £16 5s., while Tossa assortment is quoted at £17 15s., threes at £17 10s. and fours at £16 17s. 6d., October/November. Spinners here are purchasing very sparingly. There is little incentive to buy raw jute on account of the lack of demand for jute yarns. Only trifling quantities of hessian qualities are being bought at 2s. for common 8-lb. cops and 2s. 1d. for 8-lb. spoils. Twist rules at from 3½d. for 3-ply 8-lb., and sackings yarns are readily obtainable at from 2½d. for 24-lb. web and 3½d. for 8-lb. chains. Rove has been sold at £18 for 72-lb., £19 10s. for 48-lb., and £16 10s. for 200-lb., which are all under recent limits. Fine yarns are in demand for Brazil, but the difficulty is to get delivery in time for shipment to arrive before November 20th, on which date the concession of 50 per cent. on tariffs on imported yarns into that country expires. Prices are from 2s. 8d. for second quality 8-lb. Rio warp, 2s. 5d. for third and 2s. 3d. for fourth. Orders for jute cloth are usually small and prices are not being seriously tested. For 104-oz. 40-in. hessians 2½d. would quickly be accepted and 2½d. for 8-oz., though in the case of the wider widths ½d. more is usually required. Linoleum hessians are quiet and only a small trade is passing in heavy goods. Calcutta goods prices have declined to 19s. 9d. for 10-oz. 40-in., October, 19s. 8d. for November/December and 19s. 3d. for January/March, with 8-oz. at 15s. 9d. in all positions. Spot business has been done at 20s. for 10-oz. and 16s. for 8-oz.

THE GRAIN MARKETS.

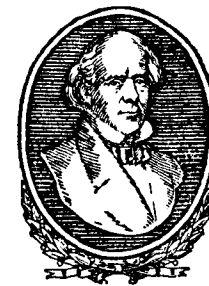
WHEAT.—The international wheat position has taken a turn for the worse during the past week. International trade in wheat has again been on a small scale, owing to the fact that the chief Continental importing countries have practically "closed the door." Canada has again supplied the largest proportion of requirements, but favourable crop reports from Argentina and Australia suggest that these two countries will soon become an important factor in the market. Meanwhile, prices have been easier, and there are scarcely any prospects of an early improvement in values. On Wednesday, "December" futures were quoted in Chicago at 52 cents per bushel, against 54½ cents the week before, and 58½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. 6d. per 480 lbs., against 28s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 28s., against 28s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 9d.; Australia, ex ship, 29s. 3d., against 30s. a week ago.

WHEAT FLOUR.—International trade in flour has again been on a relatively small scale. North American shipments were 161,000 sacks, compared with 158,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 25s. per 280 lbs., against 26s. last week; delivered London, 24s., at both dates. Manitoba patents, ex store, 24s.-27s., against 24s. 3d.-27s. 3d. Australian, ex store, 21s.-21s. 6d., against 21s.-21s. 6d. last week.

BARLEY.—Feeding barley has been in poor demand, and prices showed a declining tendency. "October" futures were quoted in Winnipeg on Wednesday at 23½ cents, against 25½ last week and 32½ a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 22s. against 24s. a week before.

OATS.—The market in oats has been quiet. In Chicago, "December" futures were quoted at 16½ cents, against 17½ per bushel a week before and 19½ a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 6d. per 320 lbs., against 18s. 6d. a week ago; "River Plate," ex ship, 17s. 3d.-17s. 6d., against 17s. 3d. 17s. 6d.; "Chilean White," landed, 23s.-24s., against 23s.-24s. 6d. a week earlier.

MAIZE.—There has been a marked decrease in the demand for maize, and, despite smaller shipments from Argentina, prices became easier. "December" futures in Chicago were quoted on Wednesday at 20½ cents against 28½ cents on Wednesday of last week and 33½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. 9d. per 480 lbs., compared with 21s. last week; "Plate,"



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

THE CHASE NATIONAL BANK of the City of New York

Statement of Condition September 30, 1932

RESOURCES		LIABILITIES	
Cash and due from Banks.....	\$377,210,936.43	Capital	\$148,000,000.00
U.S. Government Securities.....	249,899,379.05	Surplus	100,000,000.00
State and Municipal Securities maturing within two years.....	75,852,165.49	Undivided Profits	18,335,062.15
Other State and Municipal Securities	6,066,783.53	Reserve for Taxes, Interest, Contingencies, etc.	14,540,979.77
Other Securities maturing within 2 years	44,541,764.80	Dividend payable October 1, 1932	3,700,000.00
Federal Reserve Bank Stock	8,160,000.00	Deposits	1,420,221,444.73
Other Bonds and Securities	76,144,432.96	Circulating Notes	21,182,650.00
Loans and discounts	860,923,954.01	Acceptances.....	\$115,659,285.52
Real Estate	33,061,917.83	Less Amount in Portfolio ...	4,523,454.55
Redemption Fund—U.S. Treasurer	1,059,632.50	Liability as Endorser on Acceptances and Foreign Bills	636,237.21
Customers' Acceptance Liability	\$113,528,487.07	Other Liabilities	17,864,313.58
Less amount in Portfolio	4,523,454.55		
Other Assets	109,005,032.52		
	13,690,519.29		
	\$1,855,616,518.41		\$1,855,616,518.41

This Statement does not include the Statements of any of the organizations affiliated with The Chase National Bank

London Offices:
10 MOORGATE, E.C.2 & BUSH HOUSE, W.C.2
Incorporated with Limited Liability under the Laws of the U.S.A.

ex ship, 19s. 9d., as against 20s.; "Plate," December-January 20s. 6d., as against 21s. Yellow maize, ex wharf, was quoted at, £5 17s. 6d. per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to October 1	Qwts. 290,494	Qwts. 59,230	Qwts. 157,614	Qwts. 354,216
5 weeks to October 1	820,497	219,233	646,731	1,680,106
Average price of English wheat per cwt.	s. d. 5 7	s. d. 4 6	s. d. 7 2	s. d. 9 6

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 24, 1932.....	Qwts. 188,043	Qwts. 188,535	Qwts. 53,055	s. d. 5 8	s. d. 8 9	s. d. 6 6
Oct. 1, 1932	290,494	324,483	70,617	5 7	9 1	6 5
Sept. 29, 1928 ...	369,737	438,279	100,862	9 1	11 1	8 10
Sept. 28, 1929 ...	365,511	356,172	82,921	9 8	10 0	7 11
Oct. 1, 1930 ...	132,144	293,072	47,121	7 0	9 3	6 0
Oct. 3, 1931 ...	61,910	390,676	38,956	4 10	9 3	5 9

[October 8, 1932.]

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

WHEAT FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Oct. 7, 1931.	Jan. 4, 1932.	Sept. 28, 1932.	Oct. 5, 1932.
Wheat (No. 1 Manitoba)	148½	56½	52½	62½	50½	48½
Chicago (No. 2 Winter)	130½	79½	46½	55½	52½	52

The visible supply of wheat in Canada, at 86,280,000 bushels, shows an increase on the week of 7,379,000 bushels. Supplies a year ago stood at 49,304,000 bushels.

OTHER FOODS.

SUGAR.—The outstanding feature of the past week has been the signing of a decree by the Cuban President providing for the segregation of 700,000 tons of raw sugar until July 1, 1933, after which date it is to be released in equal monthly quantities during July-December, 1933. The chief raw sugar markets have been quiet during the week and prices fluctuated within narrow limits. December futures were quoted in New York at 1.06 cents per lb. on Wednesday, against 1.08 cents a week before and 1.13 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 10d. to 5s. 11½d. per cwt., against 5s. 9d. to 5s. 10½d. a week before, and "March, 1933," at 6s. 1½d. to 6s. 2d. against 6s. to 6s. 1d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports		Deliveries		Stocks	
	1932	1931	1932	1931	1932	1931
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	101	19	1,061	2,597	13,512	16,402
Liverpool.....	12,545	4,670	13,838	23,314	54,799	39,425
Total	12,646	4,689	14,899	25,911	68,311	55,827

Last week 10,638 4,079 15,592 16,038 70,569 77,056

COFFEE.—Following the cessation of hostilities in Brazil and the re-opening of the port of Santos, coffee prices have been easier in New York. On Wednesday, Rio No. 7 (cash) was quoted at 9 cents per lb., against 9½ cents per lb. on the corresponding day a week ago.

At Tuesday's London auctions, demand was poor and most parcels realised lower prices. Last week's movements of coffee in London were as follows: Brazilian, landed, 131; delivered for home consumption, 801 bags; exported, 7,164 bags; stocks, 8,497 bags, against 2,320 bags a year ago. Central American, landed, 2,252 packages; delivered for home consumption, 2,111 packages; exported, 4,497 packages; stocks, 74,835 packages, against 82,459 last year. Other kinds: Landed, 1,016 packages; delivered for home consumption, 1,854 packages; exported, 2,718 packages; stocks, 58,833 packages, against 68,930 last year.

COCOA.—Following last week's improvement, the market in cocoa has again been under the influence of a weaker tendency. December futures were quoted at 4.19 cents in New York on Wednesday, against 4.44 cents a week ago and 5.03 a month ago. Accra, November-January, at 27s. 6d. c.i.f. Continent, shows a fall of 9d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 4,668 bags; delivered for home consumption, 7,077 bags; exported, 272 bags; stocks 131,606 bags, against 182,242 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 84,071 packages of Indian and 31,774 packages of Ceylon tea. Monday's "Indian" auctions again encountered keen competition at rising prices, particularly for common and low medium varieties. The improvement was maintained at Tuesday's "Ceylon" sales and at the second "Indian" auctions on Wednesday. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

	AVERAGE PRICE PER LB.					
Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Total.
Oct. 1, 1931	15-74	11-17	18-08	9-00	7-89	15-07
Sept. 8, 1932	10-61	6-34	8-48	4-72	4-46	8-81
" 15, "	10-16	5-90	8-61	4-37	3-89	8-71
" 22, "	10-09	6-04	9-25	4-82	4-10	9-02
" 29, "	10-75	6-28	10-05	4-74	4-09	9-57

RICE.—The market in rice was steady. The spot price was again 10s. 3d. per cwt., while the forward quotations at 8s. 1½d. per cwt. show a decline of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 139 tons; delivered, 286 tons; stock, 1,993 tons, against 1,278 tons a year ago.

POTATOES.—With the advance of the season, the pressure of supplies is beginning to decrease, and consequently a slight rise in prices has already become noticeable. At the London Borough Market, "King Edward," light soil, were quoted at 5s. 6d. to 6s. per cwt., against 4s. 9d. to 5s. 6d. a week ago.

SPICES.—Business in spices was small. Spot pepper, "Black Singapore," was again quoted at 6½d. per lb. on Wednesday. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 15 tons; delivered, 22 tons; stock, 269 tons, against 569 a year ago. White, landed, 49 tons; delivered, 31 tons; stock, 456 tons, against 499 a year ago.

MEAT.—The outstanding feature of the past week at the Smithfield Market has been the decline in both English and Argentine beef prices. English mutton was also easier, but "New Zealand" has been maintained. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 5d. to 4s. 2d. per 8 lbs., as compared with 3s. 6d. to 4s. 4d. last week. New Zealand frozen mutton was 2s. 4d. to 3s. per 8 lbs., against 2s. 4d. to 3s. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,599 tons, against 9,145 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.5 per cent. of the beef supplies, against 84.6 per cent. a year ago. Imported mutton, mainly New Zealand, formed 69.4 per cent. of the total supply of mutton and lamb, against 71.2 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Trade has been on exceptionally quiet lines, crushers buying oilseeds only from hand to mouth to meet the demand for cakes (which is very poor), in view of the uncertainty as to what may happen to the Ottawa proposals to tax linseed in order to give a preference to India. This, coupled with lower Plate options and heavy supplies afloat, has depressed the market, and seed on passage to Hull has been done down to 88 15s. There is, however, a steadier tone and Plate afloat and for October shipment offers at 88 17s. 6d., with later positions at a slight progressive premium. Calcutta is also easier, and October-November to London is reported at 89 1s. 3d. The quantity of linseed afloat to Europe is heavy, and at 224,000 tons compares with 132,200 tons a year ago. World shipments this year to date are 50,000 tons in excess of a year ago and there is yet available for export to the end of the year over half a million tons and 150,000 tons more than was actually shipped in the remainder of 1931. Business in new Egyptian cottonseed, October-December loadings, has been transacted at 88 17s. 6d. Vegetable oils are a slow market and there is little or nothing doing in any direction. Raw linseed oil for October-December delivery is quoted around 116 15s. per ton ex Hull mill. Cotton oil is easier, crude Egyptian ex Hull being obtainable at 222 10s. and refined at 225 prompt. Oilcakes are in poor request and, with the exception of linseed, mill prices are 5s. per ton lower.

HIDE, LEATHER AND ALLIED TRADES.—No auctions of market hides and skins are being held this week, because the bulk of the buyers are in attendance at the London Shoe and Leather Fair which, at the time of writing, is in full swing. Demand for all

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.

CEREALS AND MEAT.

GRAIN, &c.—	s.	d.	s.	d.
Wheat—				
No. 2, N. Man. 496 lb.	28	0		
Eng. Gaz. av., per cwt.	5	7		
Barley, Eng. Gaz. av.	9	1		
Oats, "	6	5		
Maize, La Plata, landed,	20	9		
Flour, Lon. stan. ex mill,	22	9		
280 lb.				
Rice, No. 2 Burma, per cwt.	8	1½		
Tapioca, per cwt.				
SUGAR—				
Fair Flake, Singapore.	12	0		
MEAT—				
Beef, per 8 lbs.—				
English long sides	3	10	4	6
Argentine chilled hinds	3	5	4	2
Mutton, per 8 lbs.—				
English wethers	3	0	4	4
N.Z. frozen	2	4	3	0
Pork, English, per 8 lbs.—	4	4	5	0

OTHER FOODS.

BACON—				
Irish	82	0	62	0
Danish	60	0	52	0
Dutch	48	0	52	0
HAMS—				
Canadian	74	0	76	0
American	66	0	68	0
BUTTER—				
Australian	103	0	105	0
New Zealand	108	0	116	0
Danish	118	0	120	0
CHEESE—				
Canadian	67	0	68	0
New Zealand	60	0	61	0
English Cheddars	96	0	100	0
Dutch	56	0	68	0
OOO—				
British grown,				
11s. 6d.; foreign, 14s. cwt.				
Acra, f.f., per cwt.	26	0	30	0
Trinidad	42	0	48	0
Grenada	33	0	38	0
OFFEE—				
British grown,				
11s. 6d.; foreign, 14s. cwt.				
Santos sup., c. & f. cwt.	70	0		
Colombian, good	80	0	95	0
Costa Rica, med. to good	88	0	112	0
East Indian	88	0	112	0
Kenya, medium	80	0	95	0
EGGS—				
English	16	0	16	9
Danish	14	0	14	3
FRUIT—				
Oranges—				
South African	10	0	15	6
Brazilian	10	0	14	0
Lemons, Sicilian	15	0	40	0
Malaga, cases 420, No. 1	24	0	26	0
Apples: Amer. (var.)	23	0	35	0
(var.) boxes	9	6	11	0
Australian				
Onions:—				
Valencia, case, 4s.	7	6		
Argentine, bag				
Grapes, Lisbon ½ boxes				
Almeria	10	0	30	0

LARD—				
Irish bladders	50	0	66	0
American boxes, 56 lbs.	48	0	49	0
POTATOES—				
Good English, per cwt.	5	6	6	0
SPICES—				
Pepper, per lb.—				
Muntok, fair White	0	7½		
Black Lampung	0	7½		
Cinnamon—1st sort, per lb.	0	6½		
Cloves—Zanzibar per lb.	0	7½		
Ginger—per cwt.—				
African	24	6		
Jamaica, ord. to good	57	6	90	0
Mace	0	10	1	11
Nutmeg, 65s.	1	5		
SUGAR—				
(Duty, 11s. 8d. per cwt.)				
B.W.I., crystallised	16	0	18	6
Java, white, c. & f. India				
Oct-Dec.	8	1½		
REFINED—London	18	10½		
Yellow Crystals	23	3	23	9
Cubes	21	3	21	9
Crushed	19	3	21	9
Granulated	18	2	19	0
Home Grown	18	2	19	0

TEA—				
Indian—per lb.—				
Pekoe	0	5½	1	10½
Broken Pekoe	0	5½	2	6
Orange Pekoe	0	5½	2	2
Broken Orange Pekoe	0	5½	3	11
Ceylon—per lb.—				
Pekoe	0	5½	2	5
Broken Pekoe	0	5½	1	8½
Orange Pekoe	0	5½	2	6
Broken Orange Pekoe	0	5½	3	10½
TOBACCO—				
(Duty 9/6-10/6½ per lb.)				
Empire growths, 7/5½				
(8/1 per lb.)				
Virginia leaf—				
Common to fine	0	10	3	6
Rhodesian leaf	0	10	3	0
Nyasaland leaf	0	6	1	6
24s. (per lb.)	0	8	2	6
East Indian leaf	0	5	0	10
strips	0	5½	1	6

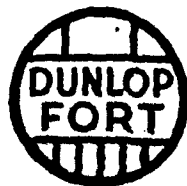
TEXTILES.				
COTTON—				
Middle-American	5	86		
Sakelidia, f.g.f.	8	35		
Yarns, 32's twist	10			
60's twist	16			
FLAX—				
Livonian ZK	47	0	48	0
Pernau ID	46	0		
Slater Medium 1st sort	53	10		
HEMP—				
Italian P.C.	44	0		
Manila, Oct-Dec. "2"	19	0		
Sisal, African, Oct-Dec.	14	15	15	10
JUTE—				
Native lat mks. per ton				
October-November	£17/2/6			
Dailee 2/3 c.i.f. Dundee	£16/15/0			
October-November				
SILK—				
Canton	7	0	10	0
Tussah	3	6	4	6
Japan	9	0	11	0
Italian—raw, fr.	8	6	11	0

WOOL—				
English Southdown, greasy per lb.	10			
" Lincoln hog	19			
Queensland, acd. super combg.	11			
N.S.W. greasy, super	11			
N.Z., gray, half-bred 50-56	11			
Topes—				
Crossbred 40-44	6			
Mertinos 70's	25			
64's	23½			
Crossbred 48's	11			
46's	10½			
COAL—				
Welsh, best Aul'ry, ton	19	6		
Durham, best gas, f.o.b.	14	6		
Tyne	14	6		
Sheffield, best house, at	22	6	24	0
IRON—				
Pig, Cleveland No. 3, ton	58	6		
Bars, M'brough	195	0		
Steel Rails, heavy	170	0		
Tin Plates	16	3		
METALS—				
Copper, electrolytic, ton	37	15	0	
Copper, (strong)	38	0	0	
Standard	33	12	6	
Lead, Eng. Pig	14	15	0	
Soft Foreign	12	13	9	
Spelter G.O.B.	15	5	0	
Tin—English Ingots	154	0	0	
Standard cash	151	5	0	

Lead, Eng. Pig., per ton	14/15/0			
Soft Foreign	.....	12/13/9		
Spelter G.O.B.	.....	15/5/0		
Tin—English ingots	.....	154/0/0		
Standard cash	.....	151/5/0	151/10/0	
MISCELLANEOUS.				
CHEMICALS.				
Acid, citric, per lb., less 5%	0	s. d.	s. d.	
Nitric	.....	0 10½	0	10½
Oxalic	.....	0 2½	0	4
Tartaric, English, less 5%	0	0 10½	0	10½
Alcohol, Plain Ethyl	.....	12	0	
		s. d.	£ s.	
Alum, lump	 per ton	8	10	8 15
Ammonia, carb.	 ton	30	0	31 0
Sulphate	 ton	5	5	5 10
Arsenic, lump	 ton	35	0	40 0
Bleaching powder, per cwt.		8/0	8/10	0
		s. d.	s. d.	
Borax, gran.	 per cwt.	13	0	
Do., powder		14	6	
Nitrate of Soda	 per cwt.	9	0	9 6

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A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXV.

SATURDAY, OCTOBER 15, 1932.

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THE MONEY MARKET.

MONEY became a little easier towards the end of last week, and the usual week-end conditions prevailed with $\frac{1}{2}$ per cent. charged for both old and new money. On Monday the absence of Treasury bill maturities made credit a little less plentiful, and by Thursday money had become definitely firmer, with $\frac{1}{2}$ per cent. the most common rate for new money. Some calling for making-up purposes was also noticeable on Thursday for the first time this week, and the market had to borrow a little clearing bank money at the minimum rate of one per cent. Renewals, however, were still effected at $\frac{1}{2}$ per cent.

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As had been expected, last week's Treasury bills went at a definitely higher rate, and although applications amounted to the very high figure of £100.8 millions for the £50 millions of bills on offer, the average tender rate worked out at 10s. 11.24d. per cent., compared with 11s. 8.15d. per cent. the week before. All the bills were allotted. Since then business in the discount market has been restricted, as the banks are still trying to raise discount rates, and so are reluctant to buy at less than about $\frac{1}{2}$ per cent. for January (including "hot") Treasury bills and $\frac{1}{4}$ per cent. for shorter dates. A certain outside demand for January Treasury bills has been noticeable at $\frac{3}{4}$ and occasionally at $\frac{1}{2}$ per cent., but on Thursday afternoon when money was more wanted, it was easy to obtain hot bills at $\frac{1}{2}$ per cent. Three months' bank bills were quoted on Thursday at $\frac{3}{4}$ per cent. and standstills at 1-2 per cent.

	Sept. 22, 1932.	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2 $\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount (Call)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses (Notice)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot") ..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Marketrates (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	1-2	1-2	1-2	1-2	...

The new 2 per cent. Treasury bond issue was welcomed by the market on the ground that it is a good short-dated maturity from the market point of view. It is, of course, not yet known how many cash applications will be accepted, as the list for applications to convert 1932-34 Treasury bonds remains open until Monday. If all the outstanding £140 millions of Treasury bonds are converted, only £10 millions of new cash will be required, and additional uncertainty as to the effect of the issue upon the money market arises from the belief that £80 or £100 millions of the 1932-34 Treasury bonds are held internally by Government Departments, who may decide either not to convert at all or alternatively to convert and subsequently sell the new bonds.

This week's Bank return records comparatively few changes. Part of the quarter-day notes have returned from circulation, for against last week's expansion in the note issue of £2.7 millions there is a contraction this week of £1.1 millions. Gold coin and bullion held in the Issue Department is unchanged, so that the reserve is higher by £1.1 millions. Public Deposits have expanded by £3.4 per cent., no doubt as a reflection of the incidence of Treasury bill payments and maturities. Bankers' Deposits consequently are reduced by £2.1 millions to £88.5 millions. The Proportion is 40.3 per cent.

The September averages of the nine English clearing banks show a continuation of the trend of banking figures during recent months. Deposits are again higher and advances lower, so that the banks have had to add still more to their holdings of bills and investments. The further contraction in advances and acceptances shows that so far there has been no improvement in trade.

	Sept., 1931.	June, 1932.	July, 1932.	Aug., 1932.	Sept., 1932.
Capital and reserves	132.1	122.8	122.8	122.8	122.8
Acceptances	118.3	93.2	84.5	78.7	74.8
Deposits (including undivided profits, &c.)	1,675.7	1,726.8	1,765.5	1,812.7	1,826.6
Total liabilities	1,926.1	1,942.8	1,972.8	2,014.2	2,024.2
Coin, notes, balance at bank, and cheques in course of collection	218.2	235.9	233.6	234.1	228.3
Money at call	104.2	108.9	117.9	112.8	108.4
Investments	313.4	348.5	356.6	371.3	390.8
Discounts	234.5	275.8	315.6	372.5	290.4
Loans and advances	895.0	836.8	820.5	800.7	787.3
Over for accept., premises, &c.	160.8	136.9	128.6	122.8	119.0
Total assets	1,926.1	1,942.8	1,972.8	2,014.2	2,024.2

It is of interest to compare last month's banking position with that of September, 1931, which was the month in which the drain of funds from London culminated in the suspension of the gold standard. Since then the banks

have steadily recovered their lost deposits, so much so that the increase during the year is as much as £140.9 millions. Cash, too, is £10.2 millions higher on the year, but bad trade and lack of enterprise have reduced advances by £107.7 millions and acceptances by £43.5 millions, while the banks have had to increase their bills by £155.9 millions and their investments by £77.4 millions. Provision for the depreciation of investments in the autumn of last year has reduced published capital and reserves by £9.3 millions, but this amount must have since been more than recovered through the appreciation of the bulk of their investments.

The Foreign Exchange market was inactive. New York moved from 3.45 $\frac{1}{2}$ to 3.44 $\frac{3}{4}$. Montreal was 3.78 $\frac{1}{2}$. Paris was at 87 $\frac{1}{2}$, a gain of $\frac{1}{4}$ on the week. Brussels was 7 points better at 24.78. Milan was fractionally better at 67 $\frac{1}{2}$ and Madrid gained $\frac{1}{2}$ at 42.00. Amsterdam improved by 3 points to 8.56, Berlin by 5 to 14.49, and Switzerland by 6 to 17.83. The Scandinavian currencies were little changed, Stockholm being quoted at 19.46, Oslo at 19.86, and Copenhagen at 19.28. The South American currencies were nominal and steady, Buenos Aires being quoted at 34 $\frac{1}{2}$ d. and Rio at 5 $\frac{1}{2}$ d. (offered). In the Far East the rupee was steady at 1s. 6 $\frac{1}{2}$ d., as was the yen at 1s. 4 $\frac{1}{2}$ d. Batavia was 8.55. In the forward market dollars were unchanged at $\frac{3}{4}$ cent and $\frac{3}{4}$ cent discount for one and three months respectively. Paris one month was unchanged at par, but the three months' rate went to 1 centime premium. Brussels was at discounts of 4 and 10 centimes. One month's Milan was fractionally weaker at $\frac{3}{4}$ lira discount, three months' being unchanged at $\frac{1}{4}$ lira discount. Madrid was $\frac{1}{2}$ peseta discount for one month and $\frac{3}{4}$ peseta discount for three months. Amsterdam was unchanged at $\frac{1}{2}$ cent premium for three months' delivery, but weakened by $\frac{1}{4}$ to $\frac{3}{4}$ cent premium for one month. Switzerland was $\frac{1}{2}$ centime premium for both deliveries. The silver market was quiet and inactive, small offers from the Continent being offset by Chinese and some Indian buying. Prices advanced by $\frac{1}{4}$ d. for both deliveries, cash being quoted at 17 $\frac{1}{2}$ d. and forward at 17 $\frac{1}{2}$ d. The China silver exchanges were fairly steady, Hong Kong being unchanged at 1s. 4d., while Shanghai fell away by $\frac{1}{4}$ d. to 1s. 9 $\frac{1}{2}$ d.

The chief movement in the exchanges during the past week has been the fall in the dollar as a result of Mr Hoover's Iowa speech, followed by its subsequent recovery against sterling. The fall in the dollar against the gold exchanges was due to purely speculative operations, and its extent is explained in the following paragraph dealing with conditions in New York. The subsequent depreciation of sterling against the dollar and other gold exchanges is in part seasonal, but may also represent preparation for repayment on December 1st of foreign holders of Dissented War Loan. It is conceivable that a fair amount of foreign exchange will be required for this purpose, and so it is possible that steps are already being taken to accumulate it in advance.

This week the inflow of gold into New York has fallen away, for imports only amounted to \$1.1 millions and releases from foreign earmark to \$2.9 millions. No exports were reported. The Treasury at Washington reports a decrease of \$38.8 millions during September in the total currency in circulation, the closing figure for the month being \$5,653 millions. The effect upon the leading foreign exchanges of Mr Hoover's Iowa speech, in which he recorded the danger the United States was in during the spring of having to suspend the gold standard, is shown by last week's fluctuations, for the Paris rate rose from 3.91 $\frac{1}{2}$ to 3.93 $\frac{1}{4}$ cents, the Swiss rate from 19.27 $\frac{1}{2}$ to 19.89 $\frac{1}{2}$ cents, and the Dutch rate from 40.16 to 40.37 $\frac{1}{2}$ cents. This movement was largely speculative, and early this week there was a recovery, so that on Tuesday, immediately before Columbus Day, Paris was quoted at 3.92 $\frac{1}{4}$ cents, Switzerland at 19.81 $\frac{1}{2}$ cents, and Amsterdam at 40.22 cents. It is now announced that the Reconstruction Finance Corporation loans during August included \$68.9 millions for "cotton stabilisation." This brings the month's total to \$198.2 millions.

THE MEANING OF OTTAWA.

THE long-awaited disclosure of the details of the agreements signed at Ottawa in August between the representatives of His Majesty's Governments in the United Kingdom and the Dominions was made on Wednesday night. The official papers comprise so great a mass of complicated detail that a final or comprehensive review is impossible, without prolonged study of the tariff schedules of the Dominions before Ottawa and of the effects of the Ottawa changes upon extensive individual categories of trade. Nevertheless, subject to the interpretation of detail, we now know the broad truths; and it can be stated at once, that those who hoped to find in the full documents a serious reduction of tariffs—not revealed in the earlier summaries—will be completely disappointed.

While the bargaining was at its height in August, we suggested in the *Economist* that there were three major principles to which stubborn adherence by the British delegates was essential in the interests both of this country and of the progress of world recuperation. We propose to adopt these as a criterion to be applied to the agreements now published. They are as follows:—

1. The essence of any bargain must be a drastic lowering of tariff schedules. A widening of British preferences unaccompanied by substantial reductions in general tariff rates is unacceptable.

2. No agreement must be signed which would so far tie Britain's hands as to ruin her chance of successful bargaining in forthcoming negotiations for lower tariffs in the European zone. Any forward fiscal move at Ottawa must be complementary to, and not exclusive of, future agreements between Britain and her chief foreign customers.

3. Britain cannot afford to make any concessions which would have the effect of raising substantially the cost of living and the costs of production in this country.

None of these principles have been honoured in the Agreements. In no case, either in the texts themselves or in the actions subsequently taken by the Governments at home, with the exception of the abandonment by Australia of certain emergency restrictions, is there any sign that steps are being taken by any Dominion to lower the rates of their general tariffs. It has to be remembered that in the past decade the British Dominions have been in the forefront of the high tariff movement, and in the last few years have been active in repeatedly raising their schedules. Ottawa's first failure is that it contributes not one iota towards reversing this policy or reducing the general tariffs of the Dominions towards the outside world to levels which will widen the channels of trade or set an example to the world. Indeed, one of the features of the statistics which we print on later pages is the number of cases in which, in order to increase the British Preference, the general level of duty is increased.

Judged by our second criterion, the agreements equally stand condemned. Not only has no progress been made at Ottawa towards the general lowering of tariffs; but, in return for concessions of wider preference margins, Britain has given her promise not to upset the existing arrangements for five years, thereby depriving the British Parliament of its freedom in fiscal policy and restricting, to say the least of it, the opportunity of this country to lead the way in negotiation for the downward revision of the economic barriers which are stifling the world's trade.

To what extent the third principle has been violated cannot yet be precisely estimated. We are told that the meat quota need not raise the retail price of this necessity in the British market, but is to raise the receipts of the producer in the Dominions. How this feat is to be accomplished we do not know. But two things at any rate are clear. We have promised Australia and Canada that we will interfere with our former and natural supplies of meat in the one case and bacon in the other—and incidentally we have promised to reserve for Canada some of the bacon market hitherto supplied by Denmark, thereby helping to stultify the recent exhortation made at Copenhagen that the Danes should buy British goods. The second point that is clear is that, as we have shown in recent issues of the *Economist*, the Government has undertaken to impose substantial duties

on an important range of necessary foodstuffs. To measure the precise effect of these steps is not yet possible; but though their effect may be delayed by the fall in gold prices or masked for the moment by crisis conditions, their general tendency can only be to increase the cost of living and production in this country relatively to the level obtaining in other countries.

On later pages we attempt to disentangle from the complicated schedules the most important items and the most important changes, and the figures there presented will serve as preliminary data for drawing up a profit and loss account as between the Mother Country's concessions in the matter of taxes on foreign foods and materials and the preferential margins now offered by the Dominions. Of the British sacrifices, the details (except as regards the meat quota) have long been available. We are now able to see roughly what we are to get in return.

Much play will doubtless be made with the considerable list of British exports which Canada places on the free list, and also of the increase in the margin of preferences which she makes. The benefit to be derived by this country from these measures cannot in any case be anything like what it might appear at a first cursory glance. In the case of many goods placed on the free list we do not enjoy, and cannot hope to enjoy, any substantial trade in Dominion markets. The most prominent case of this is the entry of motor cars on the free list. If American manufacturers can surmount both our own tariff and our currency depreciation, and sell their cars in the British market, is it likely that British manufacturers will be enabled to compete in Canada with the locally-manufactured Buicks and Fords? Many of the Canadian concessions are illusory for another reason, namely that even after existing reductions, the British preference rate remains at a prohibitive level. For the most part the changes—for example, in the steel schedules—will result in some transfer of trade to an extent which is only a matter of guesswork, from other countries, in particular from the United States—to Great Britain. But total trade will not be increased, for when such reductions as have been made in the British preference rate are set against the higher duties imposed both by us and by the Dominions, the mass of tariff barriers is without any doubt at all much greater than before.

It is true that the situation as regards Australia cannot be accurately assessed as yet. Many people in Australia now frankly recognise that the high protection that has existed in that country for the last decade is largely responsible for the artificial conditions which precipitated the crisis there, and it may be that some recognition of Australia's urgent need will be shown in the tariff review that is to take place. Indeed, at the end of August some remission of emergency surcharges and reductions of the duty on certain classes of goods was made on the recommendation of the Tariff Commission, while Australia, like other Dominions, has undertaken that where goods cannot suitably be produced in Australia, nothing more than revenue duties shall be applied. What remissions will actually be made the future alone can show; but so far as firm undertakings are concerned, the actual promise we receive from Australia in return for our concession of a meat quota and, among other things, a duty on foreign wheat and butter, is nothing more specific than a formula, which, while it may lead in some cases to a widening of the British preferential margin, gives only one definite assurance, namely that its application shall not raise the tariff against foreign nations above the modest level of 75 per cent. The changes, therefore, that are being announced this week are merely to give effect to the formula and will mean a raising of the foreign duty until such time as further reports are presented by the Tariff Board. The will of the Australian people to release themselves from the thicket in which they have enclosed themselves has yet to be proved. From the New Zealand and South African agreements little, if anything more, is to be expected, nor are matters made better by the provision that

Dominion duties on British goods will be adjusted "to give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production." This plan of basing tariffs on differences in costs of production is both vicious in principle and unworkable in practice, and its insertion in the Ottawa documents sets a deplorably bad example to the world.

Here is the upshot of the whole matter. Some British industries may sell a little more in the Dominions, although against any such advantage will have to be set intensified competition in foreign markets. That is the sole gain which Ottawa brings to Britain, and the extent of it is problematical. To achieve this Britain restricts her freedom in fiscal policy for five years, sacrifices her vastly important right to buy her food supplies whenever and wherever it suits her best, and submits to taxes on foodstuffs and raw materials which must tend to raise relative production costs and endanger the competitive power of her manufacturers. Above all, our Government has surrendered in the first skirmish of the battle for lowering world tariff barriers; and has debased the Imperial connection into a system of mercantile bargaining. Time will show, we fear, that Ottawa is a liability, not an asset, to the world. As regards Britain herself, she has got, if we may invert the old political phrase, fourpence for ninepence. Indeed, we can find nothing in these agreements to refute the charge of the retiring Liberal Ministers who complained at the Queen's Hall of Wednesday that at a moment when it was, above all things, necessary to check the national tendencies that are rampant in the world, this country was following the bad example of the Dominions and turning her face in the wrong direction.

THE TROUBLE IN JUGOSLAVIA.

THIS week the outer world has begun to hear news of internal disturbances in Yugoslavia which have evidently become too serious to be concealed by the Yugoslav Government's censorship. The Croat half of the Serbo-Croat population of Yugoslavia has been growing more and more restive ever since the morrow of the Peace Settlement, when they woke up to discover that they had only got rid of the old Magyar whips at the cost of being handed over for chastisement by Serbian scorpions. It was a rude awakening; for the Croats, in their exasperation at the chauvinism of the Magyars, whom they knew, had persuaded themselves before the war that the Serbs—whom they did not know at first hand until after the collapse of the Hapsburg monarchy in 1918—were their own long-lost brethren who were coming to liberate them. In 1918 the Serbian liberators duly arrived in Spalato and Zagreb with flags flying and drums beating, and, ever since, the Croats have had to take the consequences. For the Serbs are a rough people to begin with; and their experience in the Great War—a terrible ordeal ending in a dazzling victory—has added to their roughness a note of grimness and of military arrogance. This is the guise in which the Serb has presented himself to the Croat ever since the Armistice, since he has been quartered in Croat towns and villages as a military officer or a *gendarme*. The Croats have found this Serbian domination odious, and they have reacted against it in various successive ways.

The first Croat reaction was Stephen Radic's campaign of non-violent non-co-operation, and this had no effect. The next reaction was an attempt to take advantage of the ostensibly democratic post-war constitution of the Serb-Croat-Slovene kingdom by making the weight of Croat numbers felt in the Parliament at Belgrade and entering into political alliances with the other non-Serb elements which had been incorporated in Yugoslavia by the treaty-makers—Germans and Magyars and Muslims and Macedonian Bulgars. This second Croat reaction succeeded well enough to move King Alexander and the Serbian Corps of Officers to sweep the Constitution aside and to substitute for it a military dictatorship. Under this military regime the very existence of "tribal" political organisations—i.e., parties representing either the Croats or any of the other non-Serb nationalities in Yugoslavia—

has been prohibited. In addition, the internal administrative geography of Yugoslavia has been recast on revolutionary lines which deliberately efface the historic boundaries between the old territory units—Croatia and Dalmatia and Bosnia and Serbia, and so on—of which post-war Yugoslavia is composed. In fact, the object of this regime has been to "Serbise" the whole of Yugoslavia by force. The regime has lingered on and on; for the road into dictatorship is notoriously a "one-way street," out of which it is virtually impossible to back without a smash. Accordingly, King Alexander's half-hearted attempts to return to some diluted form of parliamentary government have come to nothing. The military dictatorship in Yugoslavia, once established, has in effect persisted; but, while persisting, it has wholly failed to produce the result which was the object of its establishment. Its failure is manifest in this week's news. For it is now apparent that the ultimate result of the attempt to repress the Croats by force has been to evoke yet a third Croat reaction which is neither passive nor parliamentary, but militant.

We now learn that a regular Croat insurrection has broken out against the Serbian military rule. The insurgents, who are called Ustasi, are organised, uniformed and armed with modern weapons; they have the sympathy and support of the Croat peasantry; and their tactics are to attack and destroy the Serb *gendarmes* posts. The Croats have as formidable a fighting tradition as the Serbs themselves. They used to produce some of the best regiments in the old Hapsburg Army. If their tempers are now aroused and their hands equipped, they may succeed in making trouble which will tax all the Serbian Army's resources.

The districts in which the insurrection has raised its head are the forbidding Lika district of Croatia—a tangle of bare limestone mountains overhanging the Adriatic coast; the adjoining coast of Northern Dalmatia, which is the same kind of terrain; and the open country of Eastern Slavonia, in the neighbourhood of Ossijek. All these three districts are close up against the national boundary line between the Croats and the Serbs; and all three have been the scene of the historic border warfare between the Hapsburg and the Ottoman Empires which was waged during the centuries when the Croats were subject to the Austrians and the Serbs to the Turks. It looks as if the old historical factors were somehow reasserting themselves in this part of Europe against the artificial arrangements which have been introduced by the late peace settlement. In this light, the Croat insurrection presents itself as one part of a much wider movement; for at this moment "the regime of the peace treaties" is crumbling and cracking at many points. Reparations have gone already; inequality in armaments is going (either through a reduction in the armaments of the ex-victors or through a re-armament of the ex-vanquished nations); and now these events in Yugoslavia are a symptom that the revision of the peace treaties may not stop short of their territorial clauses.

The fate of Yugoslavia is a matter of general interest, because the creation of Yugoslavia has been an extreme experiment in what one may call "linguistic nationalism": that is, the doctrine that, because people happen to be speakers of the same mother-tongue, it follows that they ought to be citizens of the same State. This doctrine, which would make German citizens out of Alsations and British subjects out of Americans *a priori*, is refuted by some very glaring historical facts. It has been applied, however, in the post-war European peace settlements; and the post-war Yugoslavia and Czechoslovakia and Greater Rumania are the outcome. The history of all these countries during these post-war years suggests that this doctrine of "linguistic nationalism" needs a good deal of overhauling if it is to be made to work.

There is, of course, much to be said for making political and administrative areas coincide geographically with linguistic areas in these days of democratic government and universal education. From the standpoint of a technician in public administration, it is no doubt easier to hold elections, or to organise primary schools, in a State which embraces all the speakers of some single vernacular language, and no speakers of any other vernacular lan-

guage, than it is in a State which includes fragments of several different linguistic groups. But there are evidently limits to the price which it is wise to pay for this technical convenience. On the other hand, we have the spectacle of Switzerland, where the French-speaking and German-speaking and Italian-speaking Swiss get on together much more comfortably, in spite of their linguistic diversity, than the Serb and Croat citizens of Yugoslavia who speak the same Serbo-Croat mother-tongue. On the other hand, this Serbo-Croat case in point brings out the fact that the linguistic factor is only one of a number of factors that have to be taken into account in practical politics.

Inspection shows that, in post-war Yugoslavia, there are two pertinent facts which count for more than the fact that the Serbs and the Croats happen to speak the same language. The first of these other relevant facts is that, ever since the Dark Ages, the Serbs and the Croats have been divided from one another by differences of religion, culture and political allegiance. The Croats have been Catholics and Westerners and subjects of the Hapsburgs; the Serbs have been Orthodox Christians and Byzantines and subjects of the Osmanlis. Even with the aid of a common language it would have been, in any case, a difficult problem in political engineering to bring these two disparate elements together so suddenly into a single political unit. But the problem might still not have proved insoluble if the union had been achieved on the initiative of the more civilised of the two elements that were to be united, and on the basis of this element's initial ascendancy over the other. The unification of Italy, for example, was more or less imposed by the progressive Piedmontese and Lombards and Tuscans and Romagnols upon the backward Romans and Neapolitans and Sicilians. In the post-war unification of Yugoslavia, however, it has been just the other way round: the initiative and ascendancy have lain not with the relatively progressive Croats, but with the relatively backward Serbs, and this has made the experiment of unification an impossible *tour de force*. It would seem as though this post-war Yugoslavia could only survive on condition of the Serbs conceding to the Croats, at this eleventh hour, the fair share in the government of this synthetic State to which the Croats are entitled in virtue of their civilisation and their numbers.

THE WHEAT OUTLOOK.

FOR four years wheat growers have been unable to dispose of their crops except at prices unremunerative to a large proportion of them and ruinous to many. The resulting shrinkage in their purchasing power has contributed in no small measure to the deepening of the world crisis. Low prices, the normal corrective, have failed to restore the equilibrium between supply and demand, because of the advent of the world depression in 1929, the emergence of Russia as an exporter during the season 1930-31, the increase in tariffs and acreage in many importing countries, and the "stock-holding" schemes adopted in some of the principal exporting countries, notably in Canada and the United States. The development of world supply, "disappearance" (i.e., increase in "invisible" stocks plus consumption) and prices during recent years is shown in the following tables, based on a recent publication of the Food Research Institute of Stanford University, California:—

Season.	Available Supplies (Million Bushels).				Average Price No. 1 Manitoba Winnipeg Dollars per Bushel.
	Stocks, July.	Crops (excl. China and Russia).	Russian Exports.	Total.	
1921-22.....	476	3,104	...	3,580	1.35
1922-23.....	507	3,156	...	3,663	1.11
1923-24.....	461	3,481	21	3,963	1.05
1924-25.....	578	3,081	27	3,686	1.68
1925-26.....	419	3,312	49	3,780	1.51
1926-27.....	482	3,371	7	3,860	1.46
1927-28.....	521	3,593	...	4,114	1.24
1928-29.....	590	3,911	10	4,511	1.24
1929-30.....	858	3,421	112	4,391	0.65
1930-31.....	809	3,687	80(a)	4,576(a)	0.59
1931-32.....	904	3,624(a)	...	...	...

(a) Preliminary.

(In Millions of Bushels.)

Season.	Disappearance plus normal "carry-over."			Estimated Surplus (+) or Deficiency (-)	Net Exports of World's Exporting Countries.
	Disappear- ance.	Normal "carry-over."	Total.		
1921-22.....	3,073	450	3,523	+ 57	...
1922-23.....	3,202	460	3,662	+ 1	...
1923-24.....	3,385	470	3,855	+ 108	...
1924-25.....	3,240	480	3,720	- 61	...
1925-26.....	3,276	490	3,766	- 8	848
1926-27.....	3,381	500	3,881	+ 21	825
1927-28.....	3,531	510	4,041	+ 80	943
1928-29.....	3,643	520	4,163	+ 338	627
1929-30.....	3,480	530	4,010	+ 279	829
1930-31.....	3,704	540	4,244	+ 364	795(a)
1931-32.....	3,720(a)	550	4,270(a)	+ 338	...

(a) Preliminary.

It will be seen that demand failed to keep pace with the growth of production since 1929. On the one hand, enormous stocks have been held off the market in North America (the holdings of the Grain Stabilisation Corporation amounted to 257 million bushels on July 1, 1931). On the other hand, many European importing countries, including France, Germany and Italy, prevented the increase in consumption, which normally would have followed the decline in world wheat prices, by raising their tariffs. Although the estimated surplus of supplies over consumption and a normal "carry-over" was less than 10 per cent. of the total supplies during the past four years, it was very large in relation to the quantity entering international trade. As the correlation between "surplus" and prices is therefore relatively close, the world wheat problem can hardly be solved until the "carry-over" at the end of the wheat year is reduced to a normal level. In the absence of simultaneous crop failures in some of the chief producing countries, the level of stocks can only be reduced by an increase of consumption, or, alternatively, by a reduction in the acreage under wheat. As has been shown above, an increase in demand has been prevented by means of tariffs, and the reduction in acreage has been retarded by deliberate attempts to raise prices in the principal exporting countries as well as by the absence of alternative uses of the land. Consequently, the season ended July 31st has brought no relief to the wheat grower, though prices during the past year have been more stable than those of many other primary products.

Owing to unfavourable crop reports and a spurt in international trade, wheat prices in Winnipeg (No. 1 Manitoba) rose from a monthly average of 53 cents per bushel in September, 1931, to 66 cents per bushel in February last. But a decline in the takings of the chief European importing countries, coupled with more favourable crop reports, soon shattered all hopes of an improvement in prices. In August, wheat prices were again carried upwards on the crest of the general advance in raw-material prices, but, as the fundamental situation had undergone no change for the better, quotations relapsed again, averaging only 52 cents per bushel in September. They have since fallen further, touching a new low level of 48 cents per bushel in Winnipeg on October 11th.

Although the world's supplies for the current crop year can so far only be estimated, it is already clear that a permanent and substantial rise in wheat prices in terms of commodities in general is highly improbable. It is generally agreed that production will at least equal last year's yield. Further, although the "carry-over" outside Russia at the end of the past season may have been about 50 to 100 million bushels below the figure of a year ago, a large proportion of the stocks is concentrated in exporting countries, particularly in Canada and in the United States. It is generally believed that Russia's exports will fall below the level of last season (Mr G. Broomhall estimates probable shipments from that source at 40 million bushels, against 72 million bushels shipped a year ago), and that the crops in the chief Danubian countries have been a failure. These favourable factors are, however, largely offset by the large crops harvested in the principal European importing countries. According

to the International Institute of Agriculture, the crops of the Northern Hemisphere have been as follows:—

(Millions of bushels.)				
	1929.	1930.	1931.	1932.
Europe (23 countries)	1,433	1,348	1,418	1,488
North America (3 countries)	1,124	1,297	1,216	1,190
Asia (4 countries)	375	448	400	389
Africa (4 countries)	77	62	70	70
Total	3,009	3,155	3,104	3,137

Actual yields per acre increased from 29.0 bushels to 33.0 bushels in Germany, from 20.5 bushels to 25.0 bushels in France, from 20.5 bushels to 21.9 bushels in Italy, and from 11.9 bushels to 16.2 bushels in Spain. As, in addition, all these countries have a prohibitive tariff on wheat, the prospects of an expansion in the international wheat trade are not bright. While, therefore, farmers can scarcely expect an increase in world consumption during the current season, their only hope lies in a substantial reduction in the acreage to be sown, coupled with an effort to reduce costs to the lowest possible level.

THE MOTOR INDUSTRY.

I.—Private Cars.

(BY A CORRESPONDENT.)

THE Annual Motor Show is held this year in circumstances which hold elements of considerable difficulty for the British motor industry. The number of new registrations of private cars totalled 132,764 for the eleven months October, 1931, to August, 1932. This figure compares not unfavourably with 135,097 for the corresponding months of 1930-31 and 159,847 for the record year of 1928-29, but the motor industry must have lost heavily from the declining average h.p. per car and the small number of new large cars sold. New registrations of cars of 20 h.p. and over numbered only 7,092 for the ten months October/July, compared with 11,975 in 1930-31 and 16,136 in 1928-29, and the relative fall in registrations of cars of 15/19 h.p. was equally great. The available information further suggests that there has been an absolute decline in the number of large cars on the roads. There are in all approximately 100,000 cars of 20 h.p. or over still in use, against 7,000 new registrations per year at the present rate. An annual replacement of some 12,000 vehicles is necessary to keep 100,000 vehicles permanently on the road, so that a further decline in the use of large cars may be predicted.

There has also been a slowing down of demand at the other end of the scale. Registrations of cars up to 8 h.p. totalled 29,981, a decline of 17.3 per cent. on 1930-31, as compared with a general decline of only 3.7 per cent. This tendency became accentuated during the summer, when the introduction of the Austin "Ten-Four" transferred the lead in respect of the biggest number of new registrations from the 8 h.p. to the 10 h.p. category. The rest of the loss incurred by "Baby" cars of 8 h.p. has been the gain of the 9 h.p. category, which shows 15,077 new registrations, an increase of 28.3 per cent. over the previous year. The true "Baby" car of 8 h.p. or less, the distinctively British contribution to cheap motoring, is, in fact, losing its popularity on the home market, although not on the foreign markets; the reason is to be found in the development in the last two years of cheap cars combining the economy in running costs of the "Baby" car with the general appearance and comfort of a larger vehicle.

It is to be hoped that British manufacturers will succeed in maintaining in the new fashion for these light cars the lead which they established so successfully in the past with "Baby" cars. Their manufacturing policy is, however, open to criticism; the concentration of competition on the 9/10 h.p. range is very great and cannot but be uneconomic, since the tendency is still to increase the number of models in the cheap range. Under present circumstances this inevitably means reducing the demand for each model. The manufacturers of the once popular 8 h.p. cars have introduced new models at either 9 h.p. or

10 h.p., while retaining their 8 h.p. models in production, and, in addition, some manufacturers who previously were only interested in the larger cars have been compelled, on account of the falling off in demand for luxury products, to enter the small-car market with competitive models in order to keep their works open. Between 1930-31 and 1931-32 there was a net increase of eight models in the ranges of the twelve most popular manufacturers, and the increase in the current season is apparently of the same order. Furthermore, the increase in models is occurring mainly among cheap cars, which should be produced along mass-production lines. This would normally lead to a price-cutting campaign in the 9/10 h.p. range, but the power of each individual manufacturer to cut prices must, under the circumstances, be seriously diminished by the increased number of models over which his production is spread. Both the individual firms and the industry must suffer from the expenditure to which comparatively small firms are driven to set up the machinery for the production of more and more models, while, at the same time, owing to the fickleness of fashion and the fact that each year only two or three models prove best sellers and real financial successes, the chance of any particular model selling on a sufficient scale to cover its production costs is diminished directly with the increase in the choice provided for the public. The reaction of the manufacturer is too often to produce five instead of four models, and hope that among them one at least will prove a best seller and enable him to recover his outlay on the others. This weakness can never be overcome until production has been concentrated in the hands of fewer groups; and at present there are no signs of any considerable movement in this direction. Details of registrations are appended:—

NEW REGISTRATIONS OF CARS, OCTOBER-JULY.

	1930-31.	1931-32.	Inc. or Dec.
Up to 8 h.p.	36,241	29,981	17.3 Dec.
9/14 h.p.	45,884	66,813	45.6 Inc.
15/19 h.p.	35,444	20,817	41.3 Dec.
20 h.p. and over	11,975	7,092	40.8 Dec.
	129,544	124,703	3.7 Dec.

The second great problem which faces the motor industry to-day is how to maintain the replacement demand for cars, as, under existing circumstances, the possibility of inducing fresh strata of the population to become motorists is extremely limited. The average life of a car has in the past been just under eight years, so that, on a total of 1,200,000 cars in operation, an annual replacement demand for 150,000 vehicles might be expected under normal circumstances. This figure is rather in excess of the total present absorption capacity of the home market, the discrepancy between the actual and theoretical replacement demand being partly accounted for by the high proportion of "young" cars on the roads, but even more by the trade depression, which is having the effect of making buyers postpone the purchase of new vehicles and thus increase the average age at which old vehicles are being scrapped. It would appear more than ever advisable from the manufacturers' point of view to explore the possibilities of a co-operative scheme for removing from the "used-car" market all vehicles above a certain age, which could, in fact, be done quite cheaply, or alternatively, to follow the example of Ford in America, and break up all second-hand cars returned to the trade in "part exchange" for new cars. The former scheme would be a modification of a plan proposed some time ago by M. André Citroën for regulating the position in certain importing countries. It should be comparatively easy to organise such a scheme in Great Britain now that imports of foreign cars have fallen to negligible proportions. The cost of eliminating old vehicles would not exceed a few pounds each, part of which would be recoverable expenditure. The support which a move of this kind would give to the used car market, which is now being choked by the plethora of very old cars, and the improvement it would bring in the demand for new vehicles, would fully justify any small immediate sacrifice of profits its adoption might entail. The prospects of such a scheme would be greatly improved if manufacturers would agree on a proper standardisation of agents' com-

missions on all cars and so stop the common abuse of the agent sharing the commission with the buyer through making an excessive allowance in respect of a "used car" offered in "part exchange."

The position of the British motor industry, nevertheless, compares extremely well with that of the American industry. American production of passenger cars for the first half of the current year amounted to 825,395 units, compared with 1,499,945 units last year and 3,188,241 in 1929. The increasing relative weight of overhead charges on the American industry, combined with the stimulus to exports given to the British manufacturer by the abandonment of the gold standard, have vastly improved the position of the British light car, owing to the peculiar circumstances of the depression, which has driven Governments all over the world to increase motor taxation and petrol taxes as an easy way of balancing their budgets, is competing in the foreign, and particularly the Continental, markets under conditions which have now become very similar to those which have prevailed on the British market for many years. It is not surprising, therefore, that, in spite of the reduced world purchasing power available for quasi-luxury products such as cars, British exports of private cars and chassis increased from 11,574 units, valued at £1,868,150, for the first eight months of 1931, to 17,467 units, valued at £2,177,881, for the corresponding period of 1932. A considerable proportion of this increase is attributable to the capture of markets in the non-motor manufacturing countries of Europe.

INDUSTRIAL PROFITS.

THE number and importance of the accounts of joint-stock undertakings published during the third quarter of the year are always considerably less than is the case with other quarters; but, with this reservation, the aggregate figures disclosed by our analysis covering the three months ended September 30th point clearly to a continuance of the downward trend. The net profits revealed by the reports of 303 companies which have reached us during the past quarter amount to £14.7 millions, as compared with £20.6 millions a year ago, a percentage decline of 28.6. This figure compares with 24.2 per cent. in the previous quarter and a fall of 26.5 per cent. on the average for the year ended June 30th last.

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Companies.	Reports published in		Increase (+) or Decrease (-).	
		1930.	1931.		
Third quarter	320	£ 24,793,702	£ 15,996,685	— 8,797,017	— 35.5
Fourth quarter	474	26,460,390	12,292,859	— 14,167,531	— 53.9
		1931.	1932.		
First quarter	548	63,463,727	54,314,815	— 9,088,912	— 14.3
Second quarter	675	74,997,272	56,832,591	— 18,164,681	— 24.2
Third Quarter	303	20,628,079	14,722,754	— 5,905,325	— 28.6

In the next table the aggregate results are analysed by groups of undertakings. The single exception to the pronounced recession is to be found in the textile group, whose trebled net earnings, reflecting notably the better results shown by the Calico Printers' Association, are evidence of the temporary benefit which textile concerns enjoyed as a result of the depreciation of sterling. For the rest, the picture is almost uniformly depressing. The rubber group shows a serious increase in the rate of loss; a small profit in the case of tea is converted into an appreciable debit balance; and, thanks mainly to the adverse showing of Harland and Wolff, whose accounts related to the year ended December 31st last, the iron, coal and steel group registers on balance a loss of £250,000, as compared with a profit of nearly £500,000 a year ago. The net earnings of shops and stores were relatively well maintained, but the contraction of consumers' purchasing power is reflected in the 24 per cent. decline shown by the brewery group; and it is significant that the large miscellaneous group, which forms a rough index of the earnings of a wide range of British undertakings not separately

classified, records a fall of 31 per cent., as compared with a decline of 17 per cent. on the average for the four previous quarters:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Cos.	Reports published in Quarter ended September 30.		Increase.		Decrease.	
		1931.	1932.				
Breweries	20	£ 8,264,963	£ 6,271,369	...	...	£ 1,993,594	% 24.1
Financial, land, &c.	16	419,265	305,750	...	...	113,515	27.1
Gas	5	79,259	66,816	...	...	12,443	15.7
Hotels, restaurants, &c.	3	116,839	52,961	...	...	63,878	54.7
Iron, coal and steel	25	485,538	Dr 256,269	...	...	741,807	152.8
Motor and cycle	5	538,452	239,948	...	...	298,504	55.4
Oil	2	211,943	23,649	...	...	188,294	88.8
Rubber	55	Dr 141,678	Dr 279,418	...	...	137,740	97.2
Shipping	7	558,106	406,014	...	...	152,092	27.3
Shops and stores	10	604,403	574,748	...	...	29,655	4.9
Tea	17	3,504	Dr 56,744	...	...	60,648	1,555.5
Textiles	15	309,951	924,672	614,721	198.3	...	...
Trusts	20	863,060	716,204	...	...	146,856	17.0
Waterworks	4	21,978	19,908	...	...	2,070	9.4
Miscellaneous	99	8,292,096	5,713,146	...	...	2,578,950	31.1
Total	303	20,628,079	14,722,754	...	...	5,905,325	28.6

After the heavy drafts made on reserves during the last two quarters of 1931, a welcome feature of the first six months of this year was the reversion to a sounder ratio borne to total profits by the amount "ploughed back." The past quarter, however, saw a reversal of this satisfactory trend, and the reserved proportion, as will be seen from the following table, fell from 11.1 to 3.2 per cent.:—

DISTRIBUTION OF PROFITS.

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
1931.	£ 15,996,685	£ 11,479,274	% 76.9	£ 4,517,411
Third quarter	12,292,859	9,462,779	76.9	2,830,080
Fourth quarter	12,292,859	9,462,779	76.9	2,830,080
1932.	£ 14,722,754	£ 11,479,274	% 78.3	£ 3,243,480
First quarter	54,314,815	37,438,571	68.9	16,876,244
Second quarter	56,832,591	31,983,074	56.3	24,849,517
Third Quarter	14,722,754	9,702,398	65.9	5,020,356

A further analysis of the distribution of profits is given in the next table, which divides the aggregate into the various groups of undertakings. It will be seen that a high proportion was "put back into the business" by shops and stores, shipping companies, textiles and trusts. At the other end of the scale the iron, coal and steel group, regarded as an aggregate, trenched heavily upon reserves for the payment of dividends, though it should always be borne in mind that these group figures must not be read as implying that individual concerns which made losses nevertheless disbursed dividends to shareholders. The true position is that the group's aggregate profits, less the dividends paid out by individual companies showing a net surplus, left a debit balance:—

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The ratio of net profits to capital in the past quarter was 4.2 per cent., as compared with 4.6 per cent. in the third quarter of 1931 and 8.8 per cent. in the corresponding period of 1930. The average rate of ordinary dividend works out at 4.3 per cent., as compared with 5.4 per cent. in the third quarter of 1931 and 8.3 per cent. two years ago. On page 713 will be found our usual tables showing the average rates of debenture interest and preference and ordinary dividend over a period of years, together with an analysis of the rates paid by individual groups during the past quarter.

RUSSIAN IMPRESSIONS—III.

(BY A CORRESPONDENT.)

RUSSIA is extremely poor, goods for immediate consumption are short, and, if incomes were all equal, life would be universally unpleasant. But forty-eight hours in Russia are ample to convince the traveller who uses his eyes that incomes are by no means equal. The officials who ride in the rare motor cars, the high army officer with his smart uniform who occupies one of the few places in the *wagon-lit*, the comparatively well-dressed men and women who lunch, dine and even dance on the hotel roof-garden are clearly very different mortals from the artisans and clerks who throng the streets lined with shabby rococo buildings. Our guide assures that "classes"—in the Marxian sense—have been abolished. Well, we think, what's in a name? There are more ways than one of differentiating between people; money incomes are unequal in Russia; unskilled workers, for example, get as little as 65 roubles a month, whereas a high civil servant is paid 800 roubles or more; and the technique of distribution has been so arranged that real incomes are much more unequal than money incomes.

The Soviet technique of distributing commodities is outstandingly important for everyone in Russia and for all foreigners who wish to appraise Bolshevism objectively. The full ramifications of the distributive system are exceedingly complicated, but the underlying principles are simple and clear. Under the Soviets, status vests individuals with the right to purchase goods at specified co-operatives; each co-operative admits only individuals possessing designated qualifications (or accredited members of their family) and excludes all others; within any co-operative the goods an individual may buy are rationed; and all other purchases whatsoever must be made, if at all, on the free market or at a Torgsin, where purchases must be paid for in valuta or gold. Goods bought in the free market cost, say, five to ten times as much as goods obtainable in a co-operative.

The co-operative to which an individual is assigned is determined by his position and work. Thus, higher officials of the G.P.U.—the notorious and efficient secret police—belong to one co-operative; the administrative officers at a factory, the skilled artisans, and the unskilled workers will be assigned to several different co-operatives. All workers receive ration cards nominally entitling them, for instance, to certain quantities of bread, meat, sugar, tea, cloth and so on; but by the simple device of having the limited supply of existing commodities actually available in certain shops and not in others, specific groups are favoured as regards both quantities and qualities, while others whose co-operative does not stock what is on their cards are unable to buy what they are nominally entitled to procure. The application of similar arrangements to meals served in factory kitchens or equivalent institutions, to housing accommodation, to resthouses and sanatoria effectively differentiates in these cases also. For although the "free" market is theoretically accessible to everyone, in fact only people with relatively high money incomes can have recourse to it to supplement their rationed supplies; the poorest paid workers cannot afford to buy many even of the limited goods which the free market offers at the dear prices charged for them. To be driven to the free market is, therefore, no joke; but certain categories of people receive no ration cards, have no access to any co-operative, cannot buy even bread at low co-operative prices, and consequently suffer the most extreme hardship. On the other hand, the most-favoured groups are able to buy the best of whatever goods may be available in quantities which are not wholly inadequate. To this category belong the top grade of commissars, civil servants, factory officials, foreign specialists, the heads of the Red Army and the G.P.U. All other categories suffer more or less from the extreme shortage of commodities of all kinds, which the Bolsheviks so far have been quite unable to remedy. In the outcome the poorest grade of workers live practically on brown bread alone, supplemented perhaps by an occasional cucumber or sausage, with a few ounces of tea and sugar as rare luxuries. Peasants are worse off as regards all goods except food-stuffs; and the persistent lack of manufactured articles has

for years proved a serious deterrent to agricultural efficiency. Indeed, the only bright spot in the system is the provision of certain social services, such as sickness and maternity benefit and holidays in resthouses and sanatoria, which are available, though not for the entire population, at least for a sufficient number of workers to relieve somewhat the drab monotony of deep general impoverishment.

Our party were keenly interested in the Bolshevik technique of planning and profoundly disappointed in what we learnt about it. Our principal informant was the Vice-President of the State Planning Commission. From him and others we gathered that, once the general "directives" had been laid down, planning was essentially a form of budgetary forecasting. Appropriate returns of anticipated output and requirements for material, labour and machines were requested by the central planning bodies situated in Moscow or local capitals, and were prepared by the enterprises concerned. The central planning bodies, though empowered to expand or reduce the proposals and requisitions of individual works, as a rule discussed amendments beforehand with the factory directors concerned. A rough effort was made to relate production to capacity. In the end, after mutual discussion between all the relevant authorities, an annual scheme for each plant was agreed and approved for action, and the yearly programme was broken down in turn into quarterly statements. The areas and authority of the various planning bodies were naturally somewhat complicated. All-Union factories—such as the Stalingrad tractor plant—dealt direct with Moscow through the appropriate commissariat and the State Planning Commission. But such factories also dealt with their own original planning body, which likewise exercised direct control over smaller undertakings. Still smaller enterprises, which, however, accounted in the aggregate for a large volume of economic activity, were not planned to any important extent by any planning authority. The total needs of all planned undertakings for machinery or for materials such as steel or coal or concrete, and the total projected output according to the programmes laid down, were ultimately consolidated and approved by the State Planning Commission in Moscow, which acted as a final clearing house for all the regional planning bodies and industrial commissariats.

Some such machinery is, of course, obviously necessary for planning of any kind, and differs only in scale from the machinery used by any large company with a centralised organisation in planning its yearly output subject to market demand. What was disappointing was that the Bolsheviks have apparently evolved no technique for overcoming the difficulties inevitable between plan and performance. We asked what happened if demand for a particular article were wrongly estimated; but we got no reply at all—perhaps because all goods are too scarce for this situation to have arisen. We asked what criteria were employed to reapportion goods when supplies were short, and were told that this was done "by considering the totality of the situation"! We asked what margins were worked to, and what percentage of accomplishment was regarded as satisfactory. The answer was that, as programmes were revised every quarter, there could never be any discrepancy—which did not exactly square with what we found in the factories, which were filled with complaints of shortages of essential parts and materials, lack of workers, bad transport and so on. These difficulties were well illustrated at Kharkov, where 500 tractors stood in a park, complete except for their radiators, which had not arrived from the factory which made them. Further conversations also brought to light the important facts that position, authority, influence and personality played an important part in determining the programme of output agreed on and a still more important part in getting supplies; that rationing at best was highly arbitrary; and above all, that political interference was common and detrimental at practically all stages of planning.

To some extent the difficulties of planning were due to a severe shortage of adequately trained and educated personnel—which may be overcome in time, though mean-while it is a serious obstacle to satisfactory and economic production. But the inner meaning of the Five Year Plan is not to be found in the machinery of planning; and defects in this machinery, though they definitely hamper

accomplishment, are unimportant compared with the Plan itself.

The Five Year Plan is an instrument for ensuring the success of Bolshevism by industrialising Russia, collectivising her agriculture, and so raising the general standard of life. The Plan is also affected by many factors of a non-economic character. Nationalism and war psychosis are deplorably conspicuous in Russia, and travellers are told wild tales about the hostile designs of capitalistic Powers. The Bolsheviks therefore argue that Russia must not merely be industrialised but must also be made self-sufficient, dependent on the goodwill of capitalistic countries neither for machines nor technical aid nor raw materials. Such influences divert the Plan from purely economic ends, and are partly responsible for the present fierce tempo. The pace which has been set can only be maintained over the long run if enthusiasm holds out and if discipline and the power of organisation increase rapidly enough to make production efficient. Perhaps they will. If so, then mankind will have taken a great stride towards better things. But whatever the ultimate possibilities, the terrific problems now confronting a population unorganised, unskilled, only yesterday roused from the sleep of barbarous ages, threatened this winter through a short harvest with fresh privation terrible to contemplate, make the immediate prospects dark and troublous. Meanwhile, year by year, three and a half million new mouths clamour for bread.

THE OTTAWA SCHEDULES.

A SUMMARY of the proceedings and the text of the trade agreements concluded at the Ottawa Conference have now been published (Cmd. 4174, price 1s. 6d.). In our issue of August 27 we printed a full analysis of the agreements, in so far as they were then disclosed. Except for details of the meat-import regulation scheme (new particulars now revealed are discussed in a "Note of the Week" on page 681 of this issue), the undertakings by Great Britain were fully described, and there is nothing which need now be added. In the case of the Dominions' undertakings, however, there were certain important omissions in the preliminary announcement. The broad lines of the Dominions' future tariff concessions were adumbrated: there were to be increased preferences for British goods; and Tariff Boards were to review existing rates and apply the "compensatory principle" when assessing the Dominions' requirements by way of protection against British imports. But details of immediate tariff changes were not disclosed.

The present statement to some extent fills in the gaps; and we have endeavoured to make a preliminary analysis of the new data.

The Canadian Tariff.

The Canadian tariff consists of some 800 items, of which 215 are affected by the new agreement. In 132 cases the British preferential tariff is lowered (in 79 cases to zero). In 83 cases the tariff against foreign imports is increased, the British preferential tariff remaining unchanged. In 1931-32 Canada's imports were—

	\$ million.
From Great Britain	106.4
From other countries	472.1
Total	578.5

It is estimated, semi-officially, that, on the basis of the above figures, the British preferential tariff will be—

	Total Imports.	British Share.
	\$ Mill.	\$ Mill.
Reduced to zero in the case of	31.2	8.3
Lowered in the case of	58.9	37.4
And the foreign tariff will be raised in the case of	35.1	8.8

We give below some indication of the effects of the new schedules, selecting the most important items of trade.

COTTON TEXTILES.

In most cases the existing *ad valorem* British preferential and general tariff rates, which range from 12½ per cent. and

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22½ per cent. respectively on yarns not more advanced than singles, to 25 per cent. and 35 per cent. respectively on clothing and fully manufactured fabrics, remain unchanged, but the specific duty of 3 cents per lb. in the British preferential tariff is reduced to 2 cents per lb., the specific duty in the general tariff remaining unaltered at 4 cents.

Other changes are summarised below:—

	Present Rates.		Proposed Rates.	
	Brit. Pref.	General.	Brit. Pref.	General.
Mercerised yarns and warps No. 40 and finer, imported for further manufacture	Free	Free	Free	25% (Till end 1933). Free (Thereafter).
Do. unmercerised	12½% + 3 cts. per lb.	22½% + 4 cts. per lb.	Free	15% + 4 cts. per lb.
Woven fabrics with cut pile	22½% + 3 cts. per lb.	Free	Free	15% + 4 cts. per lb.
Seamless cotton duck for hosepipe....	Free	Free	Free	15% + 4 cts. per lb.
White cotton bobinet	15%	25%	Free	25%
Woven fabrics of yarns of counts 100 or more	17½% to 32½% + 3 cts. per lb.	25% to 32½% + 4 cts. per lb.	Free	32½% + 4 cts. per lb.

In many cases the British preferential tariff on cotton goods will remain higher than before the 1930 tariff. The reduction of the specific duty is trivial in comparison with the total duty (including the anti-dumping duties) charged, and the cases in which an appreciable advantage is given to Lancashire represent an inconsiderable volume of trade.

WOOLLEN TEXTILES.

Typical changes are illustrated below:—

	Present Rates.		Proposed Rates.	
	Brit. Pref.	General.	Brit. Pref.	General.
Yarns and warps imported for further manufacture	10% + 10 cts. per lb.	20% + 17½ cts. per lb.	10% + 7½ cts. per lb.	20% + 17½ cts. per lb.
Woven fabrics not exceeding 6 ozs. weight to square yard	20% + 12½ cts. per lb.	30% + 20 cts. per lb.	20% + 9½ cts. per lb.	30% + 20 cts. per lb.
Clothing	30% + 25 cts. per lb.	40% + 35 cts. per lb.	30% + 18½ cts. per lb.	40% + 35 cts. per lb.
Socks and stockings.....	30% + \$1 per doz.	35% + 22½ cts. per doz.	30% + 75 cts. per doz.	35% + \$1.50 per doz.
Blankets	22½% + 20 cts. per lb.	35% + 30 cts. per lb.	22½% + 10 cts. per lb.	35% + 30 cts. per lb.
Italian linings	10%	25%	Free	25%

Here, as in the case of cotton goods, the effect on British exports is likely to be negligible, since the revised duties still represent extremely high protection.

OTHER TEXTILES.

British Linen Thread, formerly taxed 15 per cent., is to be placed on the free list, as are also a substantial range of linen fabrics, now charged from 15 per cent. to 22½ per cent. The general tariff will remain on a range from 25 per cent. to 35 per cent.

Woven fabrics of jute, now charged 15 per cent., are to be placed on the free list, the general tariff remaining at 25 per cent.

COAL.

In the case of anthracite coal, of which in 1931 875,000 tons were imported from the United Kingdom as compared with 2½ million tons from the United States, British imports continue, as before, on the free list, but the general tariff is raised from 40 cents to 50 cents per ton.

IRON AND STEEL.

Changes illustrating the trend of the new Canadian iron and steel duties are given below. Broadly, the impression created is that articles subject to international cartel arrangement are unaffected, that duties remain prohibitive in classes where the Canadian manufacturers can supply the market, and that, in cases where imports are essential, some advantage is given to British producers by changes designed to divert purchases from the United States.

	Existing Rates.		Proposed Rates.	
	British Pref.	General.	British Pref.	General.
Steel ingots, blooms, &c., not made in Canada and imported solely for further manufacture	Free	\$2.50 per ton.	Free	\$3 per ton.
Bars and rods, &c., weighing less than 60 lb. per yard, hot rolled	\$4.25 per ton.	\$7.0 per ton.	Free	12½% per ton.
Plates not more than 66 inches width	\$4.25 per ton.	\$7.0 per ton.	\$4.25 per ton.	\$8.0 per ton.
Ditto, over 66 inches width	Free	\$5.0 per ton.	Free	\$6 per ton.
Sheets tin-coated, not made in Canada	Free	5%	Free	15%
Sheets cold-rolled, for manufacture of tinplate	5%	10%	Free	15%
Angles, beams, &c., weighing not less than 35 lbs. per yard	\$2.0 per ton.	\$3.0 per ton.	Free	\$3 per ton.
Barbed wire fencing	Free	Free	Free	10%
Steel tyres, in the rough	Free	7½%	Free	10%
Cutlery:—				
Table knives and forks	20%	30%	15%	35%
Penknives	20%	30%	Free	30%
Spoons	20%	30%	15%	35%
Scissors	20%	30%	Free	30%

LEATHER.

Typical changes are summarised below:—

	Present Rate.		Proposed Rate.	
	British Pref.	General.	British Pref.	General.
Belting leather	15%	25%	12½%	27½%
Tanned leather in whole hides	10%	15%	Free	15%

The volume of Anglo-Canadian trade in leather of all sorts amounted in 1931 to only \$1.2 millions out of total Canadian leather imports of \$7 millions.

MISCELLANEOUS ARTICLES.

The following changes illustrate the trend:—

	Present Rate.		Proposed Rate.	
	British Pref.	General.	British Pref.	General.
Cocoon butter (Previous imports almost wholly from Holland.)	Free	2 cts. per lb.	Free	3 cts. per lb.
Cigarettes (1931 imports, 1931, were \$95,000.)	25%	25%	25%	25%
Bottled beer, &c. (Total imports, 1931, were \$397,000, whereof \$328,000 were from Great Britain.)	\$4.10 per lb.	\$4.10 per lb.	\$3.50 per lb.	\$4.10 per lb.
Books, &c. (1931 imports, \$591,000, almost entirely from U.S.A.)	42 cts. per gall.	42 cts. per gall.	30 cts. per gall.	50 cts. per gall.
Soap (laundry) (1931 imports, \$288,000, mainly from U.S.A.)	5%	10%	Free	10%
Scrap (laundry) (1931 imports, \$591,000, almost entirely from U.S.A.)	65 cts. per cental.	\$1 per cental.	50 cts. per cental.	\$1.50 per cental.
Printing ink (1931 imports, \$288,000, mainly from U.S.A.)	12½%	20%	12½%	25%
Oatmeal and oil, when imported for further manufacture (Total imports, 1931, \$854,000, whereof \$285,000 from U.K. and \$569,000 from U.S.)	Free	Free	Free	10
Tableware of china, &c. (1931 imports, \$3,000,000, whereof \$2,400,000 from U.K.)	Free	30%	Free	35%
Window glass (1931 imports, \$741,000, whereof \$549,000 from Belgium and \$47,000 from U.K.)	17½%	25	Free	15%
Aluminium, crude and semis	Free	Free	Free	30%
Aluminium manufactures	15%	25%	15%	30%
Particlers, manufactured (1931 imports, \$477,000, whereof \$17,000 from U.K.)	5%	10%	Free	10%

In addition, British preferential duties are lowered on a number of chemicals, and preference margins increased on others.

The Australian Tariff.

The agreement with Australia does not make specific provision for any reductions in the British preferential tariff. It is provided, however, that British goods shall enjoy certain minimum preferences graded according to the duties chargeable upon them in accordance with the following formula:—

When the duty on U.K. goods is—

Free to 19% *ad valorem*.
19% to 29% *ad valorem*.
Over 29% *ad valorem*.

The minimum margin of preference will be—
15% *ad valorem*.
17½% *ad valorem*.
20% *ad valorem*.

The 20 per cent. margin of preference is not to be applied so as to result in a rate of duty exceeding 75 per cent. *ad valorem*.

The formula is not to apply to goods not commercially produced in the United Kingdom, nor to goods in respect of which it may be agreed that the application is unnecessary. Nor is it to apply to a specified list of goods in whose case the existing preference, or a new preference indicated below in brackets, is to operate. These are, chiefly:—

Velvets, Plate glass.
High-grade carbon steels, &c. Certain medicines.
Iron and steel tubes or pipes (12½%). Playing cards (3s. per dozen packs).
Linotype and printing machines (20%). Vacuum cleaners (20%).
Traction engines (12½%). Explosives.

Subject to the above, existing preferential margins in favour of Britain are to be maintained, but they may be reduced as shown below on the following list of goods:—

Goods.	Maximum Reduction <i>ad valorem</i>
Silk piece-goods	2½%
Lace, embroidery, trimmings	5
Clothes	5
Cutlery	5
Glassware and lamps	5
Fancy goods	5

As we go to press the effect of applying the formula to the Australian tariff is not known and we must therefore reserve further comments until next week.

The New Zealand Tariff.

The existing surtax of nine-fortieths of the Customs duty now payable on British goods covered by the New Zealand tariff (this amounts on the average to a duty of 5 per cent. *ad valorem*) is to be abolished.

The New Zealand Government undertakes that existing margins of preference now enjoyed by British goods shall not be reduced except that where the margin of preference now exceeds 20 per cent., it may be reduced to that figure.

The following changes are to be made in the British preferential tariff:—

	Rate of Duty.	
	Existing.	Proposed.
Confectionery	30	27½
Clothing	32½	27½
Hosiery	32½	27½
Silk and rayon piece-goods	10	Free

On the basis of 1930 figures, the value of the United Kingdom trade covered by the abolition of the surtax is £10 millions a year and that affected by the changes of rates given above is £2.4 millions.

The South African Tariff.

The South African Government undertakes:—

(1) To secure to the United Kingdom new or increased preferences on a short list of manufactured articles of which the most important are locomotives, tractors, typewriters, machinery, electrical batteries, soap, radio apparatus and vacuum cleaners. It is not stated whether these increased preferences are to be secured by lowering the British preferential or raising the general tariff.

(2) To impose new duties on certain foreign textiles, leaving the existing British preferential tariff unchanged.

(3) Not to lower existing margins of preference enjoyed by British goods on a considerable list of manufactures. The present differentiation is in most cases 5 per cent. *ad valorem*. It is semi-officially estimated that on the basis of 1931 trade figures the range of imports covered by the tariff changes is as under:—

	Total Imports. £ million.	Imports from the U.K. £ million.
Goods on which existing preferences are maintained	7.4	4.3
Goods on which new or increased preferences are given	7.2	3.1

The Indian Tariff.

The Government of India will invite the Legislature to give a long list of British goods a rate of preference amounting to 10 per cent. *ad valorem*; exceptionally, motor-cars are to

have only 7½ per cent. *ad valorem*. The preferences are not, however, to apply to (a) classes of goods admitted free of duty or (b) goods subject to protective duties—these being separately dealt with. Since, therefore, the goods on which a preference is to be given are in the main those now subject to revenue duties, it remains to be seen whether India can afford to give the preferences without a countervailing increase in the general tariff.

With regard to goods now subject to protective duties, the Government of India undertakes that, except where the protective duties are directed against United Kingdom goods as a result of the recommendations of the Tariff Board, a preferential margin of 10 per cent. shall be accorded on some classes of cotton and rayon goods and certain classes of apparel. These preferences may be given either by a reduction in the duties on United Kingdom goods or by an increase of the duties on foreign goods, or by a combination of both methods. It is estimated on the basis of 1930-31 figures that the volume of trade affected by the proposed new preferences amounts to about £32 millions, of which £13 millions represent imports from the United Kingdom. It is further provided that Indian imports of galvanised sheet shall be tariffed as follows:—U.K. sheet made from Indian steel 30 Rs. per ton; other U.K. sheet 53 Rs. per ton; foreign sheet 83 Rs. per ton.

Southern Rhodesia Tariff.

The Southern Rhodesian Government undertakes to secure the following margins of preference on British goods:—

Electrical material	10 per cent.
Batteries, typewriters, radios and glassware	15 " "
Cutlery	20 " "

There is no provision for any reduction of existing rates on British imports. These new margins represent increased preferences ranging from 5 to 10 per cent., but the volume of trade affected is small.

The Newfoundland Tariff.

The Newfoundland Government undertakes to afford British goods, which in 1930-31 represented imports of \$1.6 millions out of \$6 millions from all sources, a 10 per cent. preference as from July, 1933, subject to the right to grant a lesser margin if a 10 per cent. preference would involve loss of revenue.

Notes of the Week.

The Herriot-MacDonald Conversations.—Messieurs Herriot and MacDonald—pale shades of the two confident and liberal-minded statesmen of 1924—are conferring again on the perennial subject of Disarmament and Security in sadly different circumstances from those in which they met and collaborated eight years and more ago. In the interval, both of them—in fact, though not in form—have become prisoners in the Conservative camp; and we fear that their freedom of negotiation may be cramped, this time, by conditions imposed upon them by their respective political lords and masters. We profoundly hope that our fear may be belied by the event, and we cannot pretend to prejudge the issue, since the conversations are still going on at the moment of writing. We will, therefore, take stock, this week, of the more hopeful elements in the momentary state of the armaments problem. The most hopeful element of all is the whole-some effect which the spectre of German re-armament has at last begun to produce in Europe—particularly in the small countries and this not only among the ex-neutrals, but also, apparently, in some of the "successor-states" that are the military allies of France. It seems now to be generally recognised that in some mysterious elusive way, the virtue has gone out of the European peace treaties. They have lost their coercive force. For, although the reactionary forces in France may still be able for a little longer to prevent the French people's undoubted longing for peace and quiet from being translated into constructive measures of disarmament all round, it is also fairly evident that, if this negative French official policy does result in the re-arming of Germany, it will be beyond the power of the French reactionaries to induce the French workmen and peasants to sacrifice their lives in fighting a "preventive war," or even to mobilise them for a reoccupation of the Rhineland and the Ruhr. Therefore, wise men in France itself, as well as wise men

in Belgium and Denmark and Czechoslovakia, are coming to realise that a drastic measure of disarmament on the part of the heavily-armed Powers is the only way out of the *impasse*; and if the Herriot-MacDonald conversations can conduce to this, they will have been very much worth while. The problem is to devise a scheme of security, in the French sense of the term, which will be acceptable to British and American opinion and will at the same time reassure French opinion to a sufficient extent to enable the French Government to propose a measure of French disarmament which will satisfy the German *desiderata*. M. Herriot has apparently brought in his pockets a whole set of proposals which are designed to fulfil these complicated and delicate conditions. He is reported to contemplate the negotiation of no less than five diplomatic instruments: A general convention of disarmament; a general consultative pact; a regional pact of assistance, security and control; a pact for the progressive formation of an international force; and a protocol embodying the principle of equality of states in the matter of armaments. It is good news that the regional pact—which is to include of equality of status in the matter of armaments. Herriot's project, to the Continental countries. At the same time, the Germans are reported to have devised a clever formula. They will ask for the abolition of offensive weapons and for equality in defensive weapons; and they will leave it to the other parties to decide which weapons to assign to which category! On the whole the prospects of disarmament do not look quite so desperate as they looked a week ago.

Disorder in the Far East.—While the Lytton Report lies on the table of the League Assembly at Geneva, pending the receipt of the Japanese Government's observations, it is already receiving a most effective commentary in the shape of the actual course of events in the region with which it deals. Everything that is happening in the Far East at this moment bears out the Lytton Commission's description and analysis of the situation there and gives reason to the Commission's recommendations. Day by day it is becoming clearer that, in Manchuria alone—not to speak of the endless hinterland into which the Manchurian adventure may draw them on—the Japanese have "bitten off more than they can chew." The latest news is that a local Chinese commander astride the north-westernmost sector of the Chinese Eastern Railway, between the Khinggen Mountains and the Russian frontier, has risen against the Japanese and against their puppet "Manchukuo" and has seized the 200 Japanese residents at Manchuli, the frontier station, as hostages. In this direction the nearest Japanese military post is at Tsitsihar, some 400 miles away; and a punitive expedition of this distance, to the further side of a mountain range, would presumably be impracticable unless the whole Japanese Army of Occupation in Manchuria, behind the striking force, were strengthened in proportion to the extension of the area which it would have to hold down. In these circumstances is the Japanese Army likely to make another forward move? The experience of the past year suggests that there is really no folly of which the Japanese Army is incapable—the fact being that, in the Japanese Army to-day, the power and the initiative are in the hands of secret associations of young officers, who are able to impose their will upon the "big-wigs." It is not impossible that the Japanese Army may march on Manchuli; and, more than that, if the League Assembly adopts the Lytton Report, they may march on Jehol and Tientsin and Peking into the bargain. But this would indeed be a hazardous step, for already their occupation of Chinese territory has reached an extension at which it is bringing in diminishing military and political returns; and if they march on into the blue they will assuredly court, in the end, the discomfiture which overtook the Allied and Associated Powers when they marched into the heart of Russia in 1918-20, and the Greeks when they marched into the heart of Turkey in 1920-22. The forecasts of the naval and military estimates for the forthcoming Japanese Budget give a glimpse of the abyss towards which Japan is heading under military leadership. The Army is reported to be asking for 560,000,000

yen in place of last year's 189,000,000; the Navy for about the same amount in place of last year's 211,000,000. This scale of increase in unproductive public expenditure is something which Japan, in her present grave economic and financial situation, simply cannot afford. The figures must rejoice the heart of any Chinaman who reads them. Yet any tendency towards elation on the Chinese side will be damped by the news of a fresh outbreak of Chinese civil war in Shantung. This news gives point to those passages in the Lytton Report which draw a faithful picture of the Chinese anarchy. These passages have been as ill-received in China as the rest of the Report in Japan; but this new outbreak of the chronic Chinese malady to which the Lytton Report draws attention must surely impress upon China the urgent necessity of putting her own house in order. For unless she helps herself in this way, she will be making it next to impossible for the League to help her. In fact, both China and Japan would do well to consider, in the light of current events, whether the Lytton Report does not provide, for both of them, the obvious way out of an increasingly serious predicament.

The U.S. Election and the Dollar.—Mr Hoover's election speech at Des Moines, to which we made reference last week, caused a commotion which, we imagine, must have surprised even its author. Unfortunately, the speech has been inadequately reported on this side; but it appears that in elaborating his defence of the steps taken by his administration to meet the crisis at various stages, Mr Hoover painted with a thick brush the imminent peril that at one time beset the stability of the dollar. Presumably, it was the President's purpose to emphasise the fact that the measures which he took had definitely steered the dollar back to safety. Rather curiously Continental centres reacted in a very different manner. It appears to have been argued in speculative quarters that if the dollar has recently been in imminent peril, there is nothing to prevent a recurrence of danger. For a couple of days something like a scare developed, and the dollar depreciated *vis-à-vis* certain Continental currencies to a level very near gold export point. This scare, which is already passing off, was illogical and unjustifiable. At the time to which Mr Hoover was referring, the development of international distrust of the dollar might ultimately have led to hurried withdrawals of foreign funds on a very large scale. To-day the situation is fundamentally different. The volume of foreign, especially French, funds in New York has been reduced to a level which is probably not far in excess of a working minimum. A fresh wave of distrust might, it is true, bring about foreign selling of Wall Street securities, but it cannot be imagined that the volume of such selling could reach proportions sufficient to menace the dollar, or even to make any serious drain on America's large holdings of gold. The much-criticised French action over gold withdrawals from New York during the summer, in fact, left America's currency position essentially stronger. There is every reason to believe that there is now no external factor which can be expected in any foreseeable circumstances to drive the dollar off gold. If such an event were to occur, it could only come from a lack of confidence by the American public themselves leading to large scale hoarding; and this danger is very much more remote than it was in the spring and summer before bank failures had ceased and before Lausanne had given an impetus to recovery of public confidence. Mr Hoover's supporters, we see, in particular Senator Reed, are endeavouring to make political capital out of this unexpected incident. The Senator is endeavouring to make the electors' flesh creep by telling them that the result of Mr Hoover's defeat would be to bring the dollar once more into its old peril. We doubt very much whether such electoral tactics are likely to prove profitable. It is less from this incident than from the reported progress of the Socialist candidate's progress that the Democrats would appear to have any reason for a setback in their recently growing confidence. For in so far as the Socialist polls, he will clearly draw most of his votes away from Mr Roosevelt.

The F.B.I. on Commercial Policy.—At a moment when the country is weighing up the balance sheet of the Ottawa agreements, the F.B.I. has issued its *pronouncement* on the policy which, in its view, we should follow in making commercial agreements. Its statement is a very instructive document, for it illustrates the dilemma of those who still believe in a protectionist system as a definite and permanent policy for this country, but at the same time are compelled by the object lessons of events to recognise the vital interest of a supreme effort to get trade going again. The Federation starts, for example, by regretting that it should be necessary at this moment for Great Britain to negotiate with foreign countries at all. Certain British industries are just beginning to enjoy the benefits of protection, others are asking for more, and everyone is knocking at the door of the Advisory Committee for concessions of one kind or another. What a pity that we should have to make terms with foreign countries at a moment when the game is only just beginning! But almost in the same breath the Federation recognises that our primary object must be to restore the freedom of world trade, and that we must take active steps to remove abnormal restrictions and re-establish the international exchange of goods on a satisfactory basis. This, the Federation quite correctly says, may be achieved in two ways:—(1) By laying down general principles of negotiation applicable to all countries (whether initiated by this country alone or agreed at a World Conference), and (2) by proceeding on a less ambitious plan of separate negotiations. The Federation recognises the desirability of working towards the larger plan, but there are many practicable difficulties, including the indeterminate attitude of many countries at the present moment. Therefore, without abandoning the ultimate objective, they feel that much can be done with provisional arrangements, first of all with those countries who, either as a result of history or their complementary trade development, are willing to co-operate with this country in establishing an area of freer interchange. In this connection, much of what the F.B.I. has to say is sound sense. It suggests, for example, that in this matter the following principles should apply:—

1. The basic objective should be to increase trade between the negotiating countries by every practical means.
2. The magnitude of our purchases from any country should be regarded as definitely entitling us to specially favourable treatment from that country. This may involve some departure from the strict principles of unconditional M.F.N. treatment, but in the present stage of the world it does not appear possible to regard these principles as sacrosanct.
3. Negotiations with countries whose basic development for some time to come is likely to be complementary to our own should be given precedence, both as offering a more promising field for a substantial advance towards freer interchange, and the fewest technical difficulties in negotiation.

Whether they are as wise in suggesting that on account of the state of uncertainty now obtaining this agreement should be terminable at very short notice, is less certain. If other countries are to make substantial modifications of policy which unquestionably mean that they must be ready to substitute the interchange of goods for some forms of production which have been artificially fostered, they will want to be sure that the access to markets, which is offered to them as an inducement, will not be arbitrarily blocked. In suggesting that these negotiations must cover the state of the exchanges, all forms of restriction, double taxation, foreign investment and trade policy generally, the Federation is on sound ground, and we have no fault to find with the suggestion that it should be made possible for British manufacturers to make arrangements for the more stable organisation of their industries, nationally and internationally—provided always that the conditions suggested at the World Economic Conference for safeguarding the interests of the consumer are observed. Fortunately the Federation recognises that circumstances demand that all this should be attempted now. Those members of the Grand Council who fear that their hope of organising a permanent system of protection may be limited by these negotiations, must recognise that conditions of crisis have created a situation which offers greater opportunity of making a real change than has presented itself for a very long time past. Whether the Government has the determination or has thought out a plan for profiting by it, is another matter.

The Debt Charge.—In commenting a week ago on the revenue returns for the first six months of the current financial year, we expressed the view that a considerable prospective excess of expenditure on Supply Services, as compared with the Budget estimate, would in all probability be offset by a substantial saving on the debt charge, though it should be borne in mind that, from the point of view of Treasury book-keeping, any saving on the cost of debt interest and management would go automatically to augment the sinking fund, for which £32.5 millions were provided in the Budget out of a total debt charge of £308.5 millions. The situation of the debt charge, present and prospective, merits a little further examination. According to the return made up to October 8th, the saving on interest which has accrued so far this year amounts to £14.6 millions. Of this amount, £13.5 millions represents, of course, the non-payment of the British war debt to America, for which no provision was made in the current Budget, but which figured, in so far as concerns the June instalment, in the accounts for 1931-32. That is to say, up to the present lower interest charges have yielded a net saving of only £1 million, the smallness of the amount saved so far being accounted for by the greater volume of Treasury bills outstanding and, apparently, by the fact that more accrued interest on National Savings Certificates encashed has had to be paid out than was the case at this period in the last financial year. It should, however, be borne in mind that the September-April period of 1931-32 witnessed a great increase in the cost of financing Treasury bills, which absorbed altogether in that year £20.7 millions. In the summer of 1931 the rate was barely 2 per cent., but it had risen by the following winter to well over 5 per cent., whereas the Chancellor will probably be justified in expecting an average rate this year of not much over 1 per cent. throughout. Even allowing for an increase of nearly £200 millions in the average volume of Treasury bills outstanding this year as compared with last, it seems reasonable to expect that the cost to the Treasury of short-term financing in 1932-33 will show an actual saving by the end of March of not far short of £10 millions. This would bring the debt charge, exclusive of the sinking fund, down to the neighbourhood of £265 millions, but it has to be remembered that the Budget estimate makes no provision for the payment of the December 15th instalment of the war debt due to America, which totals \$106.9 millions, or £31.1 millions at the current rate of exchange. The extent to which this payment would upset Mr Chamberlain's Budget calculation requires no emphasis.

The Meat Quota.—It will be recalled that when the preliminary announcements of the Ottawa results were made it was stated that the British Government had agreed with the Australian Government to arrange for the regulation of imports of foreign meat in accordance with "an agreed programme." This programme for import control is now published. The maximum quantities of foreign meat to be allowed to be imported into the United Kingdom during each quarter of the period from January 1, 1933, to June 30, 1934, are shown in the following table, expressed as percentages of the quantities imported in the corresponding quarters of the twelve months ended June 30, 1932:—

Meat.	1933.				1934.	
	Jan.-March.	April-June.	July-Sept.	Oct.-Dec.	Jan.-March.	April-June.
Chilled beef	100	100	100	100	100	100
Frozen beef (boned) ..	90	85	80	75	70	65
Frozen mutton and lamb	90	85	80	75	70	65

In 1931 our sources of supply were as follows:—

	(Million Cwt.)			
	South America.	Australia.	New Zealand.	Others.
Chilled beef	9.3	Nil	Nil	Nil
Frozen beef	0.9	1.1	0.4	0.3
Frozen mutton and lamb ..	1.8	1.5	3.5	0.3

It would appear, therefore, that by the middle of 1934 the Government intend to contract the British imports of foreign frozen beef by about 400,000 cwt., and those of frozen mutton and lamb by about 700,000 cwt. Since total British consumption annually of beef is about 28.3 million cwt., and of mutton about 12.6 million cwt., these curtailments will tend to produce a rise in prices—to the advantage of the home producer but at the cost of a serious addition to working-class budgets—except in so far as Dominion supplies are augmented. In this connection, the Australian Government undertakes to ensure that in 1933 frozen beef shipments from the Commonwealth to this country shall not increase by more than 10 per cent., i.e., roughly 100,000 cwt.; and there can be no increase in "chilled" alternative supplies from the Argentine. Hence, by as misguided a piece of artificial price-rigging as could well be imagined, the whole scale of beef prices, from "frozen" to "home-grown," will be raised against the consumer. In the case of mutton and lamb the intentions of the Antipodean Governments are not so precisely stated; but there can be little doubt that, with the British Government's express approval, a similar policy of shortened supplies and higher prices is projected.

Nine Months' Overseas Trade.—Like the September returns of unemployment and bank advances and acceptances, the overseas trade figures for that month show that last August's hopes of an impending trade revival are far from being fulfilled. Imports of food show an increase of £2.4 millions compared with August, but imports of raw materials have fallen to £11.2 millions, which is nearly the worst figure of the year. Thus the increase in total imports from £53.3 millions for August to £54.3 millions for September means nothing. Exports were even more disappointing, for the September figure of £26.2 millions was a new low record since the war. The comparison with previous years is given below:—

MONTH OF SEPTEMBER. (000's omitted.)					
	1932.	Increase or Decrease as compared with			
		September, 1931.		September, 1930.	
Imports	£ 54,267	— £ 14,027	— 20.5	— £ 24,323	— 30.9
British exports	26,229	— 3,617	— 12.1	— 16,512	— 38.6
Re-exports	2,902	— 859	— 22.8	— 2,492	— 46.2
Total exports	29,130	— 4,477	— 13.5	— 19,004	— 39.5
Excess of imports over total exports	25,137	— 9,504	— 27.5	— 5,319	— 17.4

Coming now to the returns for the first nine months of the year, imports show a reduction since last year of £101.1 millions, of which £24.7 millions can be ascribed to foodstuffs, £69.5 millions to manufactured goods and only £4.4 millions to raw materials. Exports of British goods have declined by £21.9 millions and re-exports by £9.2 millions, so that the adverse visible trade balance, excluding gold movements, has improved by £70.6 millions.

FIRST NINE MONTHS. (000's omitted.)					
	1932.	Increase or Decrease as compared with first five months of			
		1931.		1932.	
Imports	£ 520,215	— £ 101,132	— 16.3	— £ 264,813	— 33.7
British exports	271,107	— 21,883	— 7.5	— 170,008	— 38.6
Re-exports	39,028	— 9,227	— 19.1	— 28,650	— 42.3
Total exports	310,136	— 30,510	— 9.1	— 198,658	— 39.0
Excess of imports over total exports	210,079	— 70,622	— 25.2	— 66,155	— 23.8

Exports of British goods for the past nine months show varying results as compared with last year. In general the heavy industries, including coal, iron and steel, machinery, locomotives and railway material, show decreases, which are particularly large in the last two instances cited. Textiles, with the chief exceptions of woollen and worsted piece-goods, are better, and the improvement in exports of cotton yarn and cloth is very striking. The leather and boot trades show up badly, but

mission for the imports necessary to establish it. This will give the Government control of the extension of industry, which has proved essential as there is at present a great tendency to unnecessary reduplication. Meanwhile all existing factories can import freely for their needs. Further, the Minister may "intervene executively" to bring about the export of Turkish products against the import of goods outside the quotas. Carpets, mohair, essence of rose, tortoiseshell, building wood, sleepers and tobacco are the products whose export in exchange for imports outside the quotas is authorised. These regulations, together with the activity of the new Minister of Commerce, have restored confidence and brightened the outlook.

The Australian Budget.—Our Melbourne correspondent writes:—The Commonwealth Budget presented to Parliament by Mr Lyons on September 1st shows a surplus for 1931-32 of £1,314,091 and an estimated deficit of £1,301,622 for 1932-33, the estimated surplus for the two years together being shown as £12,469. The form of the accounts is complex, but on a gross basis the total estimated expenditure for 1932-33 is £92,787,622, against £94,799,838 for 1931-32, and total estimated receipts £91,486,000 against £96,118,929. These totals include expenditure for interest on State debts (for which the Commonwealth has undertaken full responsibility) estimated at £33,084,912, towards which the States contribute £25,500,000 and the Commonwealth £7,584,912. Interest payable by the Commonwealth on its own account is estimated at £15,350,000, which includes £10,000,000 on War Loans. The accounts for 1931-32 and 1932-33 show the effect of the suspension of interest and sinking fund payments on indebtedness to the British Government, but for which the accounts would have been worse by about £5½ millions per annum. Income-tax collections during 1931-32 were £13,481,982, or about £3½ millions above the estimate; but for 1932-33 only £10,000,000 is estimated, the assessable incomes having been reduced by the depression. Alterations in taxation consist of some minor adjustments of the tariff, but any changes resulting from the Ottawa agreements are not yet disclosed in detail. With regard to the general character of the latter, Mr Lyons stated that the reduction of a number of duties will reduce revenue from the importation of the present volume of British goods, and that the substitution of British for foreign goods will result in lower duties being payable on these imports. Although details are not yet available, anxiety is being displayed in protectionist circles lest alterations in duties should be against manufacturing interests. In dealing with expenditure, the Government has made various economies, the largest individual item being invalid and old-age pensions, which are estimated at £10,500,000 for 1932-33, against £11,125,956 for 1931-32. This form of expenditure has grown rapidly, the above figures comparing with £4,484,804 in 1919-20 and £2,592,201 in 1913-14. The total public debt of the Commonwealth and States at June 30, 1932, was £1,187,827,868, against £1,156,086,118 a year ago, or an increase of £31,791,750. The interest payable has fallen from £58,169,435 to £51,747,114 as the result of the internal conversion.

Commercial Bank of Sydney.—Bad trade, low prices, and the reduction in bank interest rates consequent upon the execution of the Premier's Plan have made it inevitable that there should be a shrinkage in Australian banking profits for the current year; and it is easy to appreciate the causes of the fall in the net profits of the Commercial Bank of Sydney from £441,816 for the year ended June 30, 1931, to £253,866 for the following year. To compensate for this loss the board have had to reduce the dividend for the year from an average of 8½ per cent. to one of 5½ per cent., and also to encroach upon undistributed profits to the extent of £7,000. The carry-forward, however, remains at £117,445, which is a fully adequate figure. The balance sheet of the bank for

June 30, 1932, shows that deposits have been well maintained at £44,466,000, against £44,014,000. The year's additional borrowings by the Commonwealth Government upon Treasury bills are reflected in an increase in this item from £1,550,000 to £4,700,000—an increase which underlines the wisdom of the Commonwealth Bank's contention that there must be a limit to the assistance of this kind to be expected from the banks. Discounts and advances are slightly lower at £34,043,000, against £35,891,000, while investments, including British and Australian Government stocks, are also fractionally lower at £4,989,000, against £5,019,000. To compensate for the increased short-term requirements of the Commonwealth Government, cash has been reduced from £7,829,000 to £5,899,000, but call money is higher at £1,035,000, against £700,000. The fact, however, cannot be overlooked that this year an unusual proportion of the bank's liquid assets consist of advances to the Government.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — International Loans — Budget — Secretariat.

(FROM OUR CORRESPONDENT.)

GENEVA, October 11.

THERE is a general feeling here that it would be imprudent to press too hard at this moment for a meeting in London or elsewhere on the German equality claim. Active conversations and exchanges of view are valuable and necessary, and provided the question is not allowed to stagnate there are advantages (having so far failed to persuade Germany to return to the Bureau of the Disarmament Conference) in not unduly insisting upon a set meeting until the German elections take place. Apart from that, opinion is at least divided about the methods pursued by Mr MacDonald. He is credited, rightly or wrongly, with dislike for the Geneva institution, and, perhaps with greater justification, with the feeling that only the Great Powers and the great men really matter. While there are some who take the reasonable view that the main thing is to get out of the impasse without bothering about procedure, others criticise the MacDonald methods not only because they feel they are unlikely to lead to success, but because they show a lack of regard for the interests of others and a too conscious tendency to work outside the League. If this were a calculated step—as is contended—it would certainly be serious. The normal thing for such a conference between a restricted number of Powers, if deemed advisable, would be to meet in Geneva, and there is therefore some sympathy with France's reluctance to attend a meeting elsewhere; the French seem determined to make their propositions in their own time at Geneva. The revised French scheme now under their consideration has been disclosed in only very general terms, and so far as it can be judged it has the character rather of a tactical move. Nevertheless, France would be in a position of considerable strength if she put forward an offer of drastic reduction provided she obtained satisfaction on security. The struggle that seems to be approaching is between American and British pressure for reductions pure and simple (throwing the onus on France) and the French offer of drastic reduction on security conditions (throwing the onus on America and Great Britain).

As for the controversy over Mr MacDonald's supposed undertaking to Germany at Lausanne to support her equality of status claim, it can only be said that the report has been consistently spread by the Germans for some weeks. Whether or not the so-called undertaking is supposed to have been given in writing or merely recorded in writing is not clear. In view of the emphatic denial of the whole story by the Foreign Office in London, the German Government should either produce its

evidence or corroborate the denial of the Foreign Office. For the matter to be left as it is would only accentuate the distrust already far too prevalent.

The Bureau of the Conference has not yet met, but whether it meets on October 17th or 19th it will only be to take account of the progress of work by the various committees now in session. One of the most important of these is on the trade in and manufacture of arms: although a definite advance is manifest in the way of regulation and control, there is a refusal on the part of the Great Powers to contemplate the suppression of private manufacture, despite determined efforts by France and a number of smaller States to eliminate what they properly regard as one of the fundamental dangers to peace. Until a brake is put on the activities of armament firms all the world over, the armaments problem will remain. The United States is specially obstinate in this respect, but the activities of Mr Norman Davies indicate a healthy sign of more positive leadership from the United States in pushing forward the Hoover plan. Incidentally, it is assumed that Mr Davies' conversations in Geneva, Paris and London do not exclude the Far Eastern situation.

Sir Austen Chamberlain, representing the London League Loans Committee, was heard by a committee of the Council, which eventually adopted a report underlining the serious obligations assumed by the borrowing States, calling upon them to make every effort at the earliest possible date to carry out their engagements, and making provision for close watch on the situation. Sir Austen, receiving the Press at his hotel, said in answer to a question that the possibility of conversion operations in respect of these loans might perhaps be a matter for the world financial and economic conference. In connection with this conference, various general discussions have taken place, and some consternation has been caused by repeated observations by British delegates strongly advocating reduction of tariffs as one of the essential means of a return to general prosperity, and citing the Ottawa Conference results as an example and help. It is a paradox which has baffled everybody.

Difficult and confused debates have taken place in the Budget Committee of the Assembly, where the necessity for economies has been the great topic. This committee, since the beginning of the League, has always commanded more keenness and devotion on the part of delegates than any other League committee. This year it is more important, not only because of the failure of a good many States to pay what the Secretary-General publicly described as their debts of honour (that is to say, their contributions to the League), Germany being one of the chief offenders, but also because of the political problem of the reorganisation of the Secretariat of the League. This has to be settled before the Council appoints a successor to Sir Eric Drummond as Secretary-General—an appointment to be made in time for the approval of the Special Assembly which meets later in the year. The main point concerns the four undersecretaries-general, all of whom are due to retire, and it affects the whole character and make-up of the Secretariat. At present, the Secretary-General and the Under Secretaries-general are nationals of the Great Powers, and the smaller powers are anxious to do away with the Under Secretaries-general on political grounds and also on grounds of economy. But the Great Powers are fighting obstinately for their retention, and will probably succeed. Administratively there is little or no case to be made for their retention, and, as they are the most highly paid officials, the abolition of the posts, without diminishing the efficiency of the staff, would help towards those economies which the British and other leading Governments have been so eager to achieve. Running through all the discussions of the Assembly in recent years is an insistence on the international character of the functions of officials, and it is a cynical commentary on the sincerity of those provisions that regarding the one category where the Great Powers feel they have a political hold, they should with one accord fight to retain it, at the same time showing no compunction in advocating the abolition of other really useful administrative posts.

UNITED STATES.

Money — Finance — Railroads — Business.

(FROM OUR CORRESPONDENT.)

NEW YORK, October 4.

THE rising tide of surplus credit is sending short-term money rates to new record low points and stimulating the market for gilt-edged bonds, but it is making itself felt only gradually in trade. Excess reserves of member banks of the Federal Reserve system are now around \$400 millions, admittedly the highest figure yet seen, but perhaps not a record in proportion to total credit. Since this reserve would support a credit expansion of approximately \$4,500 millions, the condition of the market is extremely easy. Money on call on the Stock Exchange is maintained at 2 per cent., but this is simply an agreed upon rate set by the banks months ago. It governs the charge which brokers make to their customers on debit balances, but actually little money changes hands at that figure, and it is not necessary for any borrowing to be done at that rate. Outside the Stock Exchange call funds are plentiful at as low as one-half per cent. on the best collateral, that is for United States Government bonds. Time funds dropped this week to 1½ per cent. up to six months' maturity, and commercial paper for the best names was reduced to 1½ per cent., the lowest on record.

The redundancy of credit has naturally given birth to reports of a change in Federal Reserve policy, but such stories are premature. The system has steadily reduced the volume of credit since the week ended July 20th, when total reserve bank credit outstanding reached \$2,438 millions. The total last week was \$2,241 millions. Reduction has been effected by holding Government bond and bill portfolios stationary and allowing member banks to pay off discounts, largely with reserves obtained from gold imports and the return of currency from circulation. Eventually, of course, the reserve banks will cut down their Government bond holdings, now totalling \$1,854 millions, but probably before that time the commercial banks will begin to build up their loans and general investments and sell Government bonds. A strong factor militating against net reduction in Reserve Bank bond holdings is the certainty of heavy Treasury borrowing over the next few months. Calls on the Treasury for cash to meet Reconstruction Finance Corporation loans are being made at a less rapid rate, but even the banks are still adding to their borrowings slightly on balance.

It is expected that within a short time the Reconstruction Finance Corporation will enjoy a net reduction in its loans to banks, inasmuch as the rising bond market and the end of hoarding are putting an end to failures. On the other hand, the Reconstruction Finance Corporation is exploring the field of loans for social purposes, such as loans to corporations to be spent merely in aiding employment, buying wheat to send to China, and the like. Apart from the heavy demands of the Reconstruction Finance Corporation, the Treasury is running far behind in its ordinary receipts. In the first quarter of the fiscal year, July-September, the deficit amounted to \$402 millions, mostly because of the disappointing collections from the new miscellaneous taxes. Even if the soldiers' bonus ghost is laid at the next session of Congress, new sources of revenue must be discovered. Signs point to a general sales tax, and until the problem is solved the

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recovery in business necessarily will be hampered. The publication of loans made by the Reconstruction Finance Corporation in its second month of operation under the new appropriations law still is being held up on a squabble over the legality of publicity. Meanwhile the chairman, Mr Atlee Pomerene, has declared that the fear of publicity has prevented a good many banks from asking for money. This fear seems to have been misplaced, but in any event Wall Street has recovered from its first doubts as to the wisdom of publishing the names of borrowers and now thinks the matter unimportant.

The shadow of railroad receiverships has again fallen over the security markets, in spite of aid given by the Reconstruction Finance Corporation and recent assurances that no major defaults would occur during the remainder of this year. The New York, Chicago and St. Louis (Nickel Plate) system failed to secure sufficient funds to meet an October 1st maturity of \$20 millions and had to default. It offered a refunding plan, giving 25 per cent. in cash and new securities, and about three-fourths of the old noteholders have agreed to the plan. A holder of a small amount of the defaulted notes has brought receivership proceedings. In view of the success of the St. Louis-San Francisco Railway in avoiding receivership in similar circumstances, hope is still held out for the Nickel Plate, but the affair has injured the market for railroad bonds and shares.

The harm chiefly lies in the assumption by a section of the public that the bankers are no longer willing or able to help railroads with which their names have long been associated. This, of course, ignores the great help already extended and the obvious duty of the Interstate Commerce Commission and the Reconstruction Finance Corporation. Once the most important of the Van Sweringen system of eastern roads, the Nickel Plate was retired a few years ago to a minor place, and the strong Chesapeake and Ohio given the head of the proposed consolidated system. Actual receivership for the Nickel Plate would doubtless delay the merger of Chesapeake, the Erie, the Pere Marquette and the Nickel Plate, but it could scarcely prevent the union.

The Coolidge-Smith Commission to study the railroad and general transportation problem will hold its first meeting this week, when the views of numerous railroad executives and others will be heard. No report is expected until after the November elections. Railroad traffic continues to rise in response to seasonal factors, and freight car loadings for the week of September 24th reached the best total for the year, but were still far lower than a year ago. Shippers estimate requirements for the fourth quarter at only 10 per cent. under 1931, against an actual decline in the third quarter of 30 per cent. These estimates, unfortunately, usually turn out to be too optimistic by 50 per cent. A seasonal decline in freight traffic will probably begin in another month.

Railroad executives have not yet decided on what course to pursue on wages. It had been generally decided to post notices of a 20 per cent. cut immediately, so as to have new pay rates go into effect on the expiration of the present agreement, which will be February 1st. However, President Hoover's appeal to postpone action until the New Year has thrown the matter into uncertainty. No promises have been made, and much annoyance is felt in railroad circles as to what is regarded as an act of political strategy by President Hoover, who has been asked by the unions to intercede.

Most business indices show some moderate improvement. Electric power output is up again and the steel trade has advanced its operating rate to around 18 per cent. of capacity. September dividend reductions and omissions were the smallest for any month and business failures have declined. Last month the country gained \$102 millions in gold, following an increase of \$114 millions in August, most of the rise being release from earmark. There were no exports last month, and imports were about \$20 millions. In its monthly bulletin the New York Federal Reserve Bank notes an increase in industrial production of more than seasonal proportions in September, the principal rise being in the textile industry.

Disclosures regarding the Insull public utility and holding company operations have increased nervousness in public utility markets. It is feared that the state of affairs now being revealed will increase pressure for drastic regulation of holding companies which, while perhaps a good thing in the long run, may result first in a heavy market for public utility securities, if the great holding companies have to sell.

Apart from the Insull and Nickel Plate affairs, the market for new securities has improved to the point where much talk is heard of giving it a fresh trial. The Canadian \$60 millions loan went well, and the market could probably take substantial new offerings of the best grade. The success of the British conversion scheme has done a world of good to confidence, and the Australian proposals are being closely watched. The market has been full of rumours of the early return of sterling to gold, but most people in Wall Street regard it as mere gossip, and pay no attention to alleged deals in debt reduction. Meanwhile the view broadcast in the Hearst press that there is no middle ground between full international debt payments and complete cancellation is strongly resented in intelligent quarters.

FRANCE.

Deficit — Prices — Industry — Wheat Crisis.

(FROM OUR CORRESPONDENT.)

PARIS, October 12.

It is now becoming apparent that the Government proposes to solve the Budget problem neither by the imposition of a substantial amount of additional taxation—which, indeed, there is every reason to believe would be impracticable, in view of the general economic situation of the country—nor by massive reductions in expenditure, but by resorting to the time-honoured French expedient of a large internal loan. Unusual reticence is being observed by the Government as to its programme, but it is officially announced that at last night's Cabinet Council, prior to M. Herriot's departure from London, a large proportion of the sitting was devoted to "further study of the balancing of the Budget, and of the programme of re-equipping the national economic plant." This may doubtless be taken as meaning that the Government proposes to get over its Budget troubles, as well as certain other problems, by the application of a further great programme of public works, in which will be embodied a substantial proportion of development expenditure which has at present to be met from Budget sources. A similar expedient was adopted a year or two ago, it may be recalled, when some 1,900,000,000 francs of annual debt burden, hitherto met from the Budget, were handed over to the Caisse d'Amortissement. This relief enabled a more or less balanced Budget to be arrived at, although it is not surprising that the expedient was somewhat severely criticised on the grounds that it suspiciously resembled a raid on the Sinking Fund, and also that it came perilously near to an infringement of the special Constitutional Law adopted, on the initiative of M. Poincaré, for the express purpose of placing the Caisse d'Amortissement out of the reach of Financial Ministers in difficulties.

So far no definite programme seems to have been drawn up, but it is already fairly certain that it will not be found possible to raise by means of the proposed public works loan more than a portion of the 8,000,000,000 francs of deficit which will have to be wiped out if a really balanced Budget is to be voted. The unprovided balance, there is reason to suppose, will be obtained by a variety of means, of which much sterner methods for preventing evasion of taxation will be among the most important. It is notorious that a large proportion or perhaps the majority of French incomes at present escape taxation, and the same is generally admitted in regard to payment of succession duties. It is possible the new Finance Act will include stipulations for the declaration of the exact amount of cash deposits in banks, and that it will no longer be possible, thanks to the universal prevalence of the bearer form of securities in this country, for such a large proportion of income de-

rived from dividend coupons to escape the fiscal net. The imposition of the famous *carnet des coupons*, vainly proposed some years ago by a Poincaré Cabinet, is more than possible. It is also probable that stricter control will be introduced over the incomes of members of the liberal professions, whose earnings under the present system are difficult to establish.

All this will undoubtedly be acceptable to both the Socialistic Radicals and the Marxian Socialists, who recently combined in successful opposition to the somewhat bold programme originally put forward by M. Germain Martin, in which he ventured to propose cuts in pensions, Civil Service salaries, etc. Pensions of all kinds, it is reported, are to be handed over bodily to the charge of an autonomous Caisse de Pensions, modelled on the Caisse d'Amortissement and entirely independent of the Treasury and the Budget. It is probable, further, that the Government, notwithstanding their recent unfortunate experience, will venture to bring forward (although in a substantially different form) proposals for reductions, on a sliding scale ranging from 5 to 10 per cent. in the pay of public servants, and also perhaps the stopping of pensions to war widows who have remarried. Such proposals, if they are ultimately brought forward under the pending Finance Bill, promise another exceptionally lively Budget debate, but it is unlikely (in view of the present foreign situation) that this can now begin until late in November.

The index for wholesale prices in France at the end of September (July, 1914 = 100) is 397—equivalent to 81 gold—against 394 (80) in August, and 437 in September last year. The increase was due to a sudden jump of 4 points in the last week of the month, due to the improvement in raw material quotations. The figure for French products stands unchanged on the month at 445, while that for imported goods shows a rise of 5 points on the month to 309. The increase in the figure for raw materials from 358 to 363 was due to rises of 9 points in minerals and metals and of 10 points in sundry products, the index for textiles having declined 6 points. The figures show a drop of approximately 300 points in world prices below the mean in 1929, while domestic wholesale prices of French goods have declined only 200 points in the same period.

Industrial production index figures for August show a fractional improvement on the month. The general index is 93 (1913 = 100), against 92 in the previous month, 121 in August, 1931, 140 in 1930 (the peak year) and 139 in 1929. Industrial rubber output moved up 11 points on the month (to 612) and textiles recovered a point (to 59). Engineering remained unchanged at 93 for the fourth month in succession, and leather output at 95. Output in the extractive and paper industries dropped 2 points on the month (to 92 and 98 respectively). Metallurgical output (71), and building (92), both declined a point, and motor-car output was 3 points smaller in volume. The index of electrical power consumption in the Paris area during August (1913 = 100) is 91.4 gross (96.6 adjusted), as compared with 98.3 and 97 respectively in July, and 103.8 and 114.7 in August last year.

Iron and steel production figures for August, issued by the Comité des Forges de France, show a minor fractional improvement in tonnage on the month under both headings. Total pig-iron production was 457,000 tons, against 453,000 tons in July and 680,000 tons in August last year. The number of blast furnaces in activity was 82, against 81 in the previous month, and 113 in August, 1931. Crude steel production totalled 468,000 tons, against 465,000 tons in the previous month, and 644,000 tons in August last year. Iron-ore output in September is returned as 2,222,000 tons, against 2,205,000 tons in the previous month, and monthly averages of 3,232,000 tons last year. Potash output (K₂O) in August was 24,600 tons, as against 25,000 tons in July, and monthly averages of 30,600 tons in 1931 and 42,200 tons in 1930. Railway receipts in August averaged 243,000,000 francs weekly, against 240,000,000 francs in the previous month, 270,000,000 francs in August, 1931, 298,000,000 francs in 1930, and 289,000,000 francs in 1929. Loaded trucks averaged 43,400, against 44,000 in July, 51,700 in August last year, and a weekly average of 65,400 in 1930.

The Government stocking proposals, as a solution of the wheat problem, are exciting enormous opposition in the agricultural districts, where discontent is taking the form of wholesale resignations of the mayors. Ninety mayors of communes in the Eure-et-Loire wheat-growing area resigned last Saturday, and over 100 have since followed their example, as a protest against "the inadequacy of the Government measures to stop the catastrophic fall in wheat prices." It is alleged, in furtherance of this form of protest-strike, that every ministerial decision in this connection merely opens the doors to a fresh attack by wheat speculators, to the direct detriment of the farmers. There have also been several demonstrations by angry wheat-growers on the floor of the Paris wheat market. The index representing official wheat quotations on the Paris Produce Market, which was returned as 654 last May, had dropped by September to an average of 392, as the direct result, it is alleged, of illicit speculative manipulations and misleading reports circulated among the growers as to the over-abundance of this year's harvest and predictions of a substantial drop in selling rates. Spot quotations on the Paris market to-night closed at 113-114 per quintal, as against 100 francs quite recently, whereas the average normal return demanded by growers would be somewhere around 120-125 francs. As matters stand, a large proportion of the growers have urgent need to dispose of their stocks forthwith, in order to be able to carry on, and are faced with the almost certain loss of their profit unless steps are taken to allay wholesale illicit speculation. The situation is complicated by the drop in the selling price of bread and by the fact that in most of the wheat departments large stocks of flour are being sold at rates from 10 francs to 15 francs below official flour quotations, and in many districts at still lower prices.

GERMANY.

Steel Trust — Disarmament — Economic Improvement.

(FROM OUR CORRESPONDENT.)

BERLIN, October 11.

The Government are at present considering how they can best supervise those firms which have become financially dependent upon the State in consequence of the measures taken for their assistance during the past year. In particular there is the question of government influence on the largest German steel producers. The Reich acquired this spring the majority of the shares of the Gelsenkirchener Bergwerks A.G., which itself, though certainly in conjunction with certain other partners, has a majority holding in Vereinigte Stahlwerke. At present the Reich has no influence over Vereinigte Stahlwerke, but such an influence is to be established, perhaps by means of a reduction in that company's capital.

Opinions differ, however, as to the necessity of the probable extent of the rectification of the German steel trust. During the current year German steel production has so far averaged 470,000 tons monthly, whereas the capacity of the steel works is some 1½ million tons. Leading directors of Vereinigte Stahlwerke have, however, made public statements last week to the effect that the very low proportion of their capacity which is at present being utilised justifies them in hopes for the future. Domestic consumption of iron at present is only a quarter of that in 1927. It cannot remain at the present low level, for a higher consumption is necessary even for the most indispensable repair purposes. A relatively small improvement in the steel market would be enough to restore steel production to a profitable basis. In the course of the last year the works have been technically perfected, and production costs reduced, so that even if they were to work at 50 per cent. of capacity there could scarcely be any more talk of a need for "rectifying" the German steel trust.

Even if it is assumed, however, that an increase in the output of steel to six or seven thousand tons monthly is well within the bounds of possibility, a reduction in the capital of Vereinigte Stahlwerke might be impossible to

avoid. The company, which is burdened with about Rm. 500 millions for foreign loans, cannot pay anything on its Rm. 800 millions ordinary shares within any measurable distance of time. In addition, losses on investments and, for the time being, also on current working, have to be met. The annual report of Klöckner-Werke, another large German steel company, which reveals a loss of Rm. 10 millions for 1931-32, shows that these works cannot at present cover their costs of production, expenses and interest charges out of the proceeds of their sales. In all probability therefore the question of "rectifying" Vereinigte Stahlwerke will be postponed, and perhaps when times are better it will be possible to do it in such a way as to render superfluous any increase in the influence of the Reich over the concern.

Germany's complaisant attitude to the British conference proposal has made evident a fact which was never doubted by people who understood German policy, namely, that Germany desires not the right to arm but general disarmament. Everything which the German Government have done, even to their withdrawal from the Conference, was done only with the purpose of promoting this ideal. Any other policy on Germany's part would be rank insanity, for she would not be able, for financial reasons, to avail herself within any measurable period of the right to arm. She can therefore only attain her object, a greater equality of armaments, by bringing about the disarmament of other countries. This is in no way altered by the unfortunate speeches of Cabinet Ministers, for the position is independent of the wishes of military experts or the representatives of any political tendencies. Germany must be prepared to promote anything which will help to overcome the deadlock in the disarmament negotiations, and the London Conference seems to offer an opportunity for so doing. Herr von Neurath and his expert colleague, Herr von Bülow, are much too wise and moderate to allow the internal political atmosphere to cloud their vision of the national need. The fault of the von Papen Cabinet in occasionally accompanying its movements in foreign politics by gestures which are designed to produce an effect at home is one which they share with other European Governments, but it does not affect the essentials of their foreign policy.

Statistics of unemployment have recently shown a very favourable development. This is not a result of the recent measures taken by the Cabinet, for the development began before these measures had had time to take effect, and according to the Government's own figures the number of workpeople who have been given employment as the result of the emergency decree is so far only 20,000. The improvement is evidently a reflection of the general world economic recovery, and perhaps also a sign that the consequences which the credit crisis of 1931 brought about within Germany are gradually being overcome. At all events, there is no doubt that the decline in the unemployment figures which always sets in in summer has lasted much longer this year than usual. In September there was a further fall of 163,000, whereas in September, 1931, there was an increase of 31,000. Whereas the number of unemployed at June 30, 1932, was still 1½ millions higher than at June 30, 1931, at September 30th it was only 745,000 more than at the corresponding date of 1931. Whereas the unemployment curve has steadily risen since the autumn of 1927, so that a new record was set up every year, the curve is now showing a clear tendency to revert to the level of last year. Doubts have been cast on the statistics, and references made to "invisible unemployment," and there is no doubt that this does actually exist. The Konjunkturinstitut has recently calculated that Germany has not 5.2 million unemployed, the figure shown by the official statistics, but 7.1 millions. Many of the unemployed, who have long lost hope of obtaining work, no longer go to the exchanges, since the emergency decree deprived of the right to relief those who have other means of support. It must therefore be assumed that, although the German unemployment statistics are the most complete in the world, they cannot be completely relied upon in times of crisis.

While, however, the unemployment statistics produce too favourable an impression, the calculations of the Konjunkturinstitut, which are based on the membership statistics of the health insurance societies, err in the opposite direction for technical reasons. Even those figures, however, show, if not a decline, at least no increase in the numbers of unemployed. That is, politically as well as economically, a very impressive circumstance for a country in which people have long been accustomed to ever-recurring wage reductions, budget deficits and taxation increases, all of which were symptoms of a perpetual contraction of economic activity. Already the Government, though, of course, they are influenced by election considerations, have informed the Nationalist Party leaders that they are considering the restoration of part of the cuts in benefit. It is very doubtful, however, whether the improvement in the labour market will influence the result of the elections. The Nationalists, the only party which can be regarded as a Government party, will probably make gains for other reasons, but their influence on those sections of the community which are directly hit by unemployment is very small. Perhaps even the Government will fail to profit by the improvement, for it is very clear that it was not brought about by their measures. It may, however, be expected that such a well-founded hope of an early economic recovery will strengthen all the forces of peace and moderation, and reduce the number of supporters of any policy of adventure.

ITALY.

Interest Reduction — Supertax — Commercial Retaliation — Cartellisation — Crops.

(FROM OUR CORRESPONDENT.)

TURIN, October 3.

A most important agreement was reached during August between all ordinary and savings banks under the auspices of the Governor of the Bank of Italy and the Finance Minister. The rate on current accounts, deposits and correspondents' balances was reduced as from October 1st to a maximum of from 2½ to 3 per cent., and on time deposits to 3 to 4 per cent. Signor Olivetti, Secretary to the General Confederation of Industry, states that the agreement aims at putting an end to the unwholesome practice which arose during the war of paying high rates of interest for current and time deposits up to 4, 5 and even 6½ per cent. Banking deposits thus changed from temporary utilisations of uninvested resources to permanent investments of new savings; and banks were forced to incur the risk of investments, with ominous consequences during times of crisis. The reduction of bank interest rates will aid the general policy of freeing banks from the investment business so that they can go back to the time-honoured tradition of current liquid discounts and advances to trade and industry.

This is a sound move, but it is doubtful what its consequences will be in the present mood of savers. Even before the reduction of interest rates a certain shifting of deposits from higher to lower interest paying banks was noticeable. Putting banks in the order of the rates of interest presumably paid, we get the following results:—

	Deposits (million lire).	
	On December 31, 1928.	On the last available date (April to June, 1932).
Eight largest ordinary banks	4,695.3	4,789.7
Regional banks	3,037.3	3,066.0
People's banks	1,013.3	1,053.0
Ordinary savings banks	15,684.8	18,259.3
Postal savings banks	10,819.4	15,421.7
		Per cent. Increase.
		%
		2
		0.9
		3.9
		16.4
		42.5

The increases in deposits in ordinary and regional banks, which paid the highest rates, were negligible; and even popular banks, many of which erred in a less degree on the same side, increased their deposits by less than 5 per cent. Only savings banks and postal banks markedly increased their holdings. The comparison is not wholly correct, inasmuch as ordinary, regional and popular banks do not put, for fiscal reasons, the greatest part of the sums

received under the deposits head, but classify them instead as correspondents' balances; but the figures are significant of the savers' trend in favour of banks which pay low rates.

Investments in Consols, other State securities and securities to bearer enjoyed until to-day a practical exemption from supertax, as fiscal authorities were bound to calculate the income subjected to supertax exclusively by adding incomes already assessed in virtue of taxes on land, houses, industry, professions and other incomes. Incomes from Consols, being exempted from the income tax, could therefore be assessed for supertax purposes only on the basis of voluntary confessions by taxpayers, and such confessions were, as it appears, exceedingly rare. In virtue of a recent decree, fiscal authorities will be able, henceforward, to make supertax assessments on the basis not only of direct taxation, but also of other assumptions, mainly that of the taxpayer's standard of living. As the chain leading from investments in Consols and other "securities to bearer" to supertax assessments is long and loose, it is thought that the new taxation system will not react unfavourably on Consols quotations. The Treasury hopes for an increase in revenue of from 300 to 500 million lire, owing to this change.

Restrictions on the slaughtering of foreign cattle having provoked complaints from export countries, especially from Hungary, Yugoslavia and Roumania, negotiations have been entered into with the interested States. The have been entered into with the interested States. The outcome is that restrictions are revoked, but new duties are imposed. Obstacles to international trade are progressively intensifying. The German restrictions on payments to foreign importers have immediately provoked retaliation by the Italian Government. As soon as the German Government notified their intention not to prolong the validity of current agreements after September 30th, a Decree was issued in virtue of which importers of German goods can make payments to their creditors only through the agency of Italian accounts held in Germany to the credit of Italian creditors, thus freeing those frozen credits to the benefit of Italian exporters. If these accounts are not sufficient to allow full payment for German imports to Italy, banks can provide *disegni* to the maximum of 25 per cent. of the sums due. The balance must be paid by the importers and deposited by the bank in a suspense account, without interest, opened by the Exchange Institute. These sums may be disposed of only as far as new accounts to the credit of Italian citizens in Germany can be utilised. Reichsmark transfers on suspense credits into the Institute's fund are held to be legally valid against foreign creditors. Violation of these restrictions renders the offender liable, in addition to the usual sanctions, to a fine equivalent to the full value of the imported goods. On September 22nd another Decree extended the above rules to Yugoslavia. On September 24th the *Official Gazette* published a Decree of September 19th in retaliation against the special turnover tax on foreign imports enacted in France. As the new French tax increases progressively from raw materials to intermediate and finished goods, the Italian retaliatory tax was likewise arranged. At the same time a refund of the internal turnover tax was granted on all Italian goods exported to France. All these measures, while suited to the militant logic now prevalent in international economic relations, certainly do not pave the way to the next Economic Conference and are not helping the re-establishment of normal conditions in business.

Cartellisation or rationalisation of industry seems to be progressing in a haphazard way. The dissolution of the sulphur consortium seems to have been short-lived. A new voluntary consortium, having as its scope the sale of sulphur produced in Sicily, has already been constituted among all the bigger Sicilian producers. In the cotton industry there are authoritative demands for cartellisation. Roughly the situation may thus be summarised: spindles in existence, 2,860,000 double shift and 3,223,000 single shift; spindles in activity, 1,656,000 and 2,263,000 respectively. Looms are 150,000, of which half are idle. Even before the war 600,000 spindles and 40,000 looms were

idle. The addition of 1,000,000 spindles and 30,000 looms during the war and the immediate post-war years made the situation much worse. Reorganisation is now widely regarded as essential in order to save the industry, but opinions differ as to the means. Some people advocate the abolition of double shifts in order to spread employment; while others are in favour of concentration of production in the best equipped mills.

In the beer industry, on the other hand, there are angry protests against the present reservation agreement. In 1926 an agreement was reached by brewers, in which they bound themselves not to encroach upon one another's customers. The retailers sought escape from this dependence, and they took in many instances to selling wine and other beverages and to importing foreign beer. Consumption thus decreased from 1,500,000 hectolitres in 1923-24 to about 400,000 in the current year; a decrease not wholly due to bad times, but said to be partly the result of the discontent of retailers with the brewers' agreement.

Contrary to pessimistic forecasts, Signor Mussolini was able to announce to the last meeting of the Wheat Committee that the wheat crop for 1932 had reached the record figure of 7,515,000 tons, with an average product per hectare of 1.52 tons. The average production for 1909-16 was 4,927,300 tons, with a yield per hectare of 1.04 tons, the corresponding figures for 1919-22 being 4,528,600 and 0.99, and those for 1926-31 6,160,721 and 1.26. Prices, too, are good. Thanks to a 750-lire per ton duty on foreign imports and to a scale of variable proportions of maximum millable foreign wheat, the price, which in August, 1931, was 940 and 1,020 lire per ton for soft and hard wheat respectively, reached in August, 1932, a level of 1,100 and 1,250 lire. Maize production is estimated at 3 million tons, against 2 millions in the past year and an average of 2.27 millions in 1927-31. The yield and prices of cocoons were bad, but the vintage, if somewhat belated, is held to be 15 per cent. over that of past year. The increase in the cereal production is not due to any appreciable increase in the area sown (4,952,000 hectares in 1932, against 4,737,000 in 1870-74 and 5,099,000 in 1905-09), but to better yields: 1.52 tons in 1932, against 0.86 and 0.92 in the above said periods. The self-sufficiency ideal is no longer beyond the realm of realisations, but it may involve a fall in the price to a level wholly unremunerative to agriculturists. To maintain prices at the present level a system of bounties on exports must be evolved, with what reaction on foreign policies it is difficult to foretell.

AUSTRIA.

Exchange Restrictions — Budget — Industry — Prices.

(FROM OUR CORRESPONDENT.)

VIENNA, October 10.

On October 9th the Austrian foreign currency restrictions were one year old. Both industry and commerce took this opportunity to bring forward with great intensity their demands for some relief from this imposition. Although the rigidity of the original regulations has been mitigated, there are still numerous obstructions to trade. For example, export against payment in schillings is completely prohibited, and Austrian export trade is declining steadily and rapidly. The causes are to be sought, apart from the diminished purchasing power of foreign markets, in the foreign exchange difficulties and also to some extent in the measures of protection with which foreign countries have responded to the Austrian import prohibitions. In the months of May to August (the import prohibitions came into force on May 1st) exports fell by 45 per cent. as compared with the corresponding period of the previous year, while imports sank by only 40 per cent., in spite of the strict application of the prohibitions.

The prohibition of the export of merchandise against Austrian schillings is the principal object of attack by the industrialists, while in regard to commercial treaty policy the attitude is not so clearly marked, as some

branches of industry are satisfied with the protection of the home market. On the other hand, protests are being made that in the according of private clearing arrangements the National Bank is often guided by considerations of commercial treaty policy. For this reason it is demanded that the right of the National Bank to permit private clearings should be revoked.

A further cause of great resentment is the fact that out of the proceeds of export 15 per cent. has to be handed over to the National Bank at the compulsory rate of exchange, which means a loss of at least 20 per cent. to the industrialists. The National Bank states that this percentage corresponds to the "raw material quota" of the goods, but it is objected that, with the exception of very small sums, which amount to about a million schillings, the National Bank has for months allotted no foreign exchange for the purchase of raw materials. There is great dissatisfaction among Austrian merchants.

The provisional arrangements between Austria and Hungary have now lapsed, and the tariff war has broken out again. At the same time, the trade treaty negotiations between the two countries are meeting with great difficulty. Trade between Austria and Hungary is steadily shrinking, and it must be admitted that the embargo upon imports from Hungary is having an unpleasant effect, because supplies of certain articles, which were previously imported chiefly from Hungary, are beginning to fail. Negotiations in regard to preferences are shortly to begin with Germany, Poland and France. As the Stresa Conference did not create the preliminary conditions necessary for preference treaties, it is uncertain whether these negotiations will lead to success. In any case, only a timorous attempt will be made, as preferential duties are to be agreed upon for no more than six to eight articles, in order that it may be seen what attitude the most-favoured States will take.

It is still uncertain when the proceeds of the Lausanne Loan, amounting nominally to 300 million schillings, will be available. So far, the consent of the States has been obtained for no more than 250 million schillings. It is, however, possible that the amount will be brought up to the sum of 300 millions through agreement on the part of the B.I.S., which has a short-term call upon the Austrian National Bank for 90 million schillings, to accept repayment of 40 million schillings and conversion of the remaining 50 millions into a long-term credit. Immediately the proceeds are available the Bank of England is to receive payment of the 100 million schillings it advanced. The sum remaining after the short-term commitments have been paid will be used in part to settle various items in the Budget of 1932.

The estimates for 1933, which will shortly be submitted to Parliament, will for the first time for many years contain no deficit, which means not only considerable retrenchment, including a further reduction of the civil service, but also complete cessation of all State investment. The most important budgetary question is that of unemployment. Already it is reported that the 100 per cent. increase in the merchandise turnover tax, which is destined exclusively for the support of the unemployed, is not sufficient, and that a further increase of the merchandise turnover tax may be anticipated. In the second half of September the number of persons in receipt of unemployment benefit in Austria rose by 5,100 to 275,800, which is very bad for this time of the year, and represents an increase of 73,000 persons, or about 35 per cent., as compared with the corresponding level of last year. The army of unemployed who receive no benefit is also increasing. In spite of the fact that reports from some branches of industry are improving, the unemployment figures continue to rise, the principal explanation being that the building trade is badly hit through the conclusion of the State housing scheme. The coal mines, however, are in a position to take on more hands, and there are other signs of a slight improvement in the heavy industries from the low level at which they have been. There is also an improvement in the automobile industry. In the textile industry things are slackening slightly, and it is fortunate that the fears, which attached to the suicide of a prominent textile industrialist on account of the fate of the

important textile firm of Herr Pollack's Sons, do not seem to be justified. The firm owes certain Austrian and foreign banks about six million dollars, but it has always met its obligations in full, and, in view of the state of trade, it is hoped it will again do so when the next payment becomes due in 1933.

Since the foreign exchange regulations were issued in October, 1931, Austrian prices have not been following the downward trend of world market prices. For industrial articles the price level in Austria is 80 to 85 per cent. higher than prices abroad, and for farm produce the level is as much as 80 to 100 per cent. higher, for in this line the increases of Customs duties and the suppression of importation permit the farmers to make monopoly prices. The Institute for Commercial Research has recently made investigations as to whether the removal of the foreign exchange restrictions would involve danger of further rises in prices. From a broadcast lecture given by the Director of the Research Institute, it appears that it is assumed at the Institute that the price level of Austria already fully corresponds to the depreciation of the schilling on foreign money markets (about 20 per cent.), and that a price need hardly be feared, the likelihood being that prices would ease slightly.

The most conflicting reports of the foreign tourist traffic in Austria have been current this year. Up to July it was assumed that the foreign season would be extraordinarily bad. The hotel keepers in Vienna were most pessimistic about the absence of foreign visitors. But as early as July an excellent foreign season set in. Owing to this development, it was feared at the beginning of summer that the balance of payments would be able to show no revenue worthy of mention from the foreign tourist traffic. By the middle of September, however, it was clear from the foreign reports of the Austrian banks that about 800 million schillings had flowed back to Austria under the heading of foreign tourist traffic. As the good season still keeps on and in Vienna even shows improvement, it is hoped that the above figure will be exceeded.

ROUMANIA.

Russian Negotiations — Stresa — Financial Report.

(FROM OUR CORRESPONDENT.)

BUCHAREST, October 8.

It is imperative in the interests of the Government that the negotiations now proceeding with M. Litvinoff should be crowned with success. They are of a particularly delicate nature owing to the Bessarabian problem, and, in addition, ever since the treaty of non-aggression between Poland and Russia was signed and similar negotiations were carried on between the latter country and France, Roumania has felt left out in the cold. Public opinion has been distinctly uneasy. If France and Poland considered it necessary to supplement the Kellogg-Briand Pact by a direct treaty it is argued that Roumania also stands in need of the additional safeguard of a special understanding with the Soviet Government. The relations with Russia have occupied the succeeding administrations in Roumania off and on for the last 14 years. All negotiations, however, direct and indirect, have so far broken down, as no satisfactory formula regarding the status of Bessarabia could be found. It is now decided to leave the Bessarabian problem entirely on one side, and to limit the issue to an agreement on general lines to the effect that no litigious questions are to form the pretext for an armed attack by either of the powers concerned, but even so, it will be difficult to find a formula which is acceptable to both sides.

M. Magearu was Roumania's representative at the Stresa conference. He is now charged by the block of agrarian countries of Central and South-Eastern Europe to defend their interests before the League of Nations. In the main the recommendations of the Stresa conference were the establishment of a preferential régime for the cereals of the countries concerned and the creation of an international fund for the revalorisation of cereals. It

will be M. Magearu's task to obtain from the League of Nations the recognition of this programme and some concrete assistance towards its realisation. In view of Russian and overseas competition and the restrictions on foreign trade introduced lately by most European countries, the success of M. Magearu's mission is exceedingly doubtful. It has long been recognised by unbiassed observers that, in so far as Roumania is concerned, the remedy for the present unsatisfactory agricultural situation lies not so much in Utopian international agreements as in internal effort and organisation, improvement of quality and yield, and better transport facilities.

Of yet more immediate interest is the manner in which the Financial Committee of the League of Nations will receive its experts' report on the financial situation of Roumania, and here again M. Magearu will have a difficult task if he wishes to realise the extravagant hopes of assistance held in this country. Roumania's finances are in desperate straits. Only by makeshifts—some of the arrangements bordering dangerously on currency inflation—has it been possible to provide funds for the payment of salaries during the last few months. Treasury receipts are dwindling day by day, and it is unlikely that much more than 60 per cent. of the Budget estimates will be collected by the end of the year. Evidently, to grant a further loan would mean throwing money into a bottomless pit, quite apart from the inadvisability of placing further charges on the Exchequer which could not possibly be met. It is hoped to obtain the suspension for a few years of the amortisation service on the foreign debt and the cancelling of the war debts. The relief would be appreciable but hardly sufficient. It would have to be supplemented by internal economies and a thorough reorganisation of the public departments, and in the light of past experience any recommendation which the League might make to this end would have to be safeguarded by some kind of effective control. M. Rist's report on the financial administration of Roumania since the stabilisation of the currency and that of M. Auboin, covering the last nine months, should be sufficient warning to make this stipulation an essential condition of any assistance that may be given.

The report of M. Auboin, the financial adviser of the National Bank under the stabilisation arrangements, came out a few days ago. It is devastating in its criticism of the former Government's administration. M. Auboin states that, while at the beginning of the year it seemed probable that Roumania might weather the storm of the financial and economic crisis, the policy since followed by the Government has turned to naught any prospects of improvement that may have existed. He condemns especially the Agricultural Debts and Judicial Liquidation laws, and proves that these laws caused (1) a complete cessation of the sale of "devisen" resulting from exports; (2) an active demand for foreign exchange and a flight of capital; (3) a complete disregard of their obligations by debtors; and (4) an increasing difficulty in collecting taxes. He points to the provisional arrangements made by the Government to secure funds for the most immediate needs, and goes on to state that the monetary mission of the National Bank has been seriously jeopardised by these measures. He further shows that the total means of payment which were in circulation on September 3rd, i.e., bank notes, token money and current accounts, amounted to 29,647 million lei, representing an increase of 5,000 millions against 1931 and of 6,000 millions against 1930. This circulation, he proceeds, is artificial and exaggerated and shows not progress but a great danger. It is a sign of lack of confidence and of hoarding. He concludes by saying that Roumania suffers from defective financial methods, i.e., chronic budget deficits, exaggerated expenditure, lack of short-term credit facilities, and that these methods must be changed if real progress is to be made. The report is a beacon of warning. Reading it together with other signs, such as the remarkable activity at the Bourse of Bucharest, where the prices of shares are soaring, one may draw the conclusion that in spite of all measures of defence taken so far the sinister threat of the depreciation of the currency is looming high above the horizon.

SWITZERLAND.

Foreign Trade — Industry — Railways.

(FROM OUR CORRESPONDENT.)

GENEVA, September 23.

FOREIGN trade returns for the first half-year reflect the acuteness of the economic crisis now prevailing in Switzerland. Imports reached a value of 905,709,588 francs, compared with 1,108,779,539 francs in 1931. That drop of 203,069,951 francs—or about 18 per cent.—is due not only to reduced demand, but also to the import restrictions set with a view to protecting home industry. Exports totalled 416,465,240 francs, as against 709,823,978 francs in 1931, a decrease of 293,358,738 francs, or nearly 41 per cent. The adverse balance is therefore 489,244,348 francs, or about 54 per cent., while it was 398,955,541 francs, or nearly 36 per cent. in 1931. It will not be made good by invisible exports, as banking receipts are likely to be much lower, and the earnings of the hotel industry will be very poor owing to bad weather in July and the small number of tourists who visited the country.

In examining these figures, one should take into account the fact that prices have dropped considerably. Imports decreased much less than exports, a sign of the resistance of the home market. While the value of imports dropped by, roughly, 203 million francs as compared with 1931, the quantities increased by about 200,000 tons. On the other hand, the drop in the value of exports was 293 millions and in quantity about 130,000 tons. The exports of the four chief industries—watch-making, silk, cotton and machines—have been dwindling month after month, and the aggregate figures for the first half-year show a drop of nearly 50 per cent. from the corresponding period of last year.

Conditions seem to be somewhat better at present, but it is too early to say whether the tide is turning, or whether this is only a temporary improvement. It is true that there is a renewed activity on the Bourses and in banking in general, that prices of raw materials are rising, that there is more work in the watchmaking industry, and passenger traffic on the railways has been increasing since the middle of August. The number of unemployed has fallen from 41,441 in June and 45,448 in July, to nearly 41,000.

Profiting by the low money rates, many Cantonal Governments have issued conversion loans, most of them at 3½ per cent. instead of 5 and 5½ per cent., and the Confederation, which already issued two conversion loans of 150,000,000 francs, each at 3½ per cent., is now issuing a new one of 125,000,000 francs at 3½ per cent. for the Federal Railways. It is estimated that, by means of these different conversions, the Federal Government will be able to make a yearly economy of 5,000,000 francs in the service of the Public Debt.

The situation of the Federal Railways during the first half-year is by no means brilliant. Receipts during that period totalled 194,640,000 francs, as against 220,117,000 francs in 1931, and the surplus was 40,468,000 francs, compared with 61,763,000 francs last year. During the first six months of the year, the railways transported 66,216,000 passengers and 8,719,000 tons of goods, as against respectively 73,854,000 and 10,000,000 last year. The situation of the other railways and transport undertakings is even worse, as they suffer more from the competition of motor cars.

"RUMANIA" Price 6/- NET

By

G. CLENTON LOGIO

A probing criticism of her economic policy and
a survey of her history, politics, agriculture,
commerce, industry, etc.

SHERRATT & HUGHES, MANCHESTER

IRISH FREE STATE.

Foreign Trade — Finance — Railways.

(FROM OUR CORRESPONDENT.)

DUBLIN, October 10.

THE economic war between Great Britain and the Free State has not been suspended during the negotiations that are taking place between the statesmen of the two belligerents. It is obvious that the discussions will not be confined to the narrow issue of the monetary payments, which are the immediate cause of the quarrel, but will be extended to cover many constitutional and political issues besides. In view of the complexity of the problems involved and of the intransigence of some of the parties, it requires a good deal of optimism to hope that the negotiations will succeed in bringing the present deplorable situation to an end.

Meanwhile, the tariff war is being waged with undiminished intensity. The recently-published trade returns show that, while imports from Great Britain have been greatly reduced in the last two months, exports have been reduced to a much greater degree. It is difficult to see in what way the war is benefiting either of the belligerents. Great Britain is collecting, by means of the new duties, only a trivial fraction of the unpaid annuities and is losing a valuable export market, while the Free State is paying more for many of its imports and is playing havoc with its vital export trade in live stock and live-stock products. It is true that live-stock prices would have slumped this autumn, war or no war; but they would not have slumped nearly as seriously had normal conditions of trading prevailed. The growing "adversity" of the balance of trade is naturally alarming, and pressure on the exchange would long since have begun to appear if it had not been for the exceptionally large sterling assets available in the Free State.

The Government is attempting to assist the export trade by granting bounties on agricultural exports sufficient to neutralise the effect of the British tariff. Needless to say, such a measure is very costly and can be regarded only as an emergency expedient, which could be frustrated at any time by an increase in the rate of duties imposed by Great Britain. Even at the existing rates of duty, the cost of bounties sufficient to maintain a normal year's trade is estimated at £2,500,000. Clearly, a sum of this magnitude could not be met from ordinary revenue sources, and it would probably be provided, if it were needed, from the

emergency fund voted by the Dail before the adjournment. Whether the withheld land annuities will be used to feed this fund will depend upon the course of the negotiations; if they are not available, resort may be had to borrowing.

Apart from abnormal expenditure incurred in connection with the economic war, the financial position is satisfactory. The half-yearly Exchequer return issued on October 1st shows that both revenue and expenditure are higher than last year. The increased revenue, however, is the result of new taxation rather than of heavier yields. The substantial increases in Customs, Excise and Stamp duties reflect the intensification of the protective policy of the Government, the tax on petrol and the levy on the sweepstake funds. The increase in income tax is quite small in spite of the fact that the rate was increased twice in the last year, and it looks as though further pressure on the direct taxpayer might produce disappointing results. Taking the figures as a whole, however, there is nothing to suggest that the Government is in the slightest financial difficulties.

Possibly the most difficult domestic problem with which the Government is faced is that of the railways. A multitude of conflicting interests must be regarded, and, if possible, reconciled. The shareholders, the road-users, the trade unions and the general public are all interested in the future of the transport system. The present situation is impossible and cannot be allowed to drift on; and any action that is taken is bound to be unpalatable to some of the interests concerned. The Labour Party is clamouring for nationalisation, but it is understood that this demand has been definitely rejected by the Government. It is rumoured that a Bill will be introduced early in the coming session of the Dail giving the railway companies a monopoly of all transport by rail and road, subject to close public regulation and control. Such a measure would be welcomed by the railway shareholders, who are very numerous, and whose voting power is not to be despised, but would be anathema to the Labour Party, who are committed to nationalisation.

An interested political situation might arise if the Labour Party were to vote against the Government's railway Bill in the Dail. Mr Cosgrave would then have it in his power to defeat the Government and force an election. Whether he would do so if the occasion arose is extremely doubtful. To throw out the Administration on a sound and constructive Transport Bill might be unwise, or the time might not appear propitious for an appeal to the country.

Books and Publications.

BOOKS OF THE WEEK.

The Psychology of Industry.

It is thirteen years now since, in the words of the first of these books,* "the first of such conferences (for the formation of an institute of psychological research in industry) was arranged for Dr. Myers by Mr G. D. H. Cole at the Fabian Hall," and at that conference Dr. Myers and his future colleagues showed that they had at any rate a grasp of the psychology of workers in industry which had been denied to some of their predecessors in the field. For the conference was originally called under a title which suggested that the term "Scientific Management" was somewhere lurking in the background; and it is greatly to the credit of Dr. Myers that he saw at once, from the attitude of the trade unionists present, that the practices of Taylor in America had rendered this term an object of bitter suspicion to industrial workers, and that his new institution, if it was to gain their confidence, must adopt a title which conveyed no suggestion of Taylor's systems.

* "Ten Years of Industrial Psychology." By Henry J. Welch and Charles S. Myers. London. (Pitman's.) 142 pp. 6s.
"Industrial Psychology in Practice." By Henry J. Welch and George H. Miles. London. (Pitman's.) 242 pp. 7s. 6d.
"Business Rationalisation." By Charles S. Myers. London. (Pitman's.) 73 pp. 3s. 6d.

This may seem a small point; but it is symptomatic of the Institute of Industrial Psychology, whose career is here introduced to the public by Mr Welch and Dr. Myers, and whose work is related in more detail in the second volume by Mr Welch and Dr. Miles. Taylor was an efficiency engineer whose engineering may have been very efficient, but whose knowledge of common or garden psychology was so sadly lacking as almost to destroy the value of his work; the heads and the staff of the Institute of Industrial Psychology have throughout displayed that knowledge of human psychology which enables one to advise and assist another in such a tone as makes it probable that the advice will be taken. Figures speak loudly, especially where they concern voluntary bodies; and the rise in the fees received by the Institute for investigations from zero in 1921 to over £20,000 in 1931 speaks loudly indeed; but casual accounts of the tactful methods employed by the investigators (as, for instance, in inducing the miners of a certain pit of their own volition to ask for heavier lamps which gave a better light) bear witness also to their intelligence.

Much of the detailed advice given to firms, which is collated in *Industrial Psychology in Practice*, will be found of great interest by those whose job it is to see how the monotonous and unpleasing tasks of industrialism can be made comparatively palatable to those who have to per-

form them. In particular, we may instance the series of cases reported in which tools quite unsuitable and in certain cases dangerous were being used for purposes for which suitable tools could with a little effort be found; and the restaurant in which the nerve-strain caused by the continued bellowing of orders (and who has not heard it?) resulted in an outrageous number of breakages, which was greatly reduced by the installation of a silent indicator. The plates and diagrams are also admirable, as are the reproductions of Safety First posters and the criticisms of them; and we note with pleasure that the Institute appears nearly to have freed itself from the temptation to quote elaborate statistics in proof of what everybody knows—though there is one table, indicating that miners who live very far from their pit are more liable than those who live near to "voluntary absenteeism," which might with advantage have been omitted.

Dr. Myers and his colleagues have, in fact, shown beyond all possibility of doubt that, even with the deep clash of motive which exists in present-day industry, much can be done with the aid of intelligent and sympathetic persons, to improve efficiency and increase output. Not even the most class-conscious workman really desires to work under uncomfortable and energy-wasting circumstances; and once he can be assured that the desire of the investor is not—as Taylor's was—to find a plausible means of reducing his wages, he is very willing to co-operate in any device which may render his work pleasanter and easier and therefore more productive.

There remains, however, a real problem, which is only just touched by Dr. Myers in his reprinted lectures on *Business Rationalisation*. The final purpose, to the employer, of industrial psychology is to save costs, and particularly labour costs; the purpose of rationalisation is to achieve the same end, but on a much wider scale and by more drastic means. If the result of these two combined is, while not reducing the wage of the employed worker, to throw more and more out of employment because of the inability of the market to absorb the goods produced by a rationalised system of production, how is the co-operation of the about-to-be discharged worker to be procured? Dr. Myers touches the fringes of this problem, but does not solve it, save by a gentle hope that industry will become more and more the servant of the community. How come more and by what means? are the questions to which it will take more than his admirable Institute to provide the answer.

SHORTER NOTICES.

"Montagu Norman: A Study in Financial Statesmanship." By Paul Einzig. Kegan Paul. 10s. 6d.

Mr Montagu Norman's critics and his admirers will agree on one point at least—namely, that his work and his personality will have a prominent place in the history of the troubled years which have followed the Treaty of Versailles. The man and his work, in this environment, deserve, and will surely receive at the proper time, the balanced and considered treatment of a practised biographer. But Mr Einzig cannot wait. He rushes in now while Mr Norman is not only living but also in full activity in his great office; and although Mr Einzig professes no personal knowledge of his subject, and has not even asked his permission, he claims to take us "behind the scenes" and reveal the inner reality of this great "mystery banker" against the background of portentous events. What is the result? Up to a point Mr Einzig performs his self-appointed task with real skill. His is a readable book which combines clever penmanship with most industrious research into such correspondence of Mr Norman as has been publicly reported. We are even prepared to believe that he has written a "best seller." Nevertheless, we cannot commend his book. Big events in which Mr Norman has figured are too sketchily recorded, and often we are convinced Mr Einzig's information is at variance with the facts. Often again we are left with the feeling that the author gets hardly within nodding distance of the actual truth—as, for instance, in the account of such affairs as the Credit-Anstalt's "rescue" and the crisis of September, 1931. In such circumstances any condemnation of Mr Norman, had Mr Einzig's mind moved that way, would have been little heeded by the careful thinker. As it happens the author's purpose is nearer to adulation. This equally is unsatisfying under the circumstances. While congratulating

Mr Einzig on a clever piece of journalism, we could wish that he had left his important and attractive theme to a greater, a later, and a more intimate pen.

"An Introduction to Finance." By T. E. Gregory, D.Sc., Professor of Banking in the University of London.

"An Introduction to Economics." By Maurice Dobb, M.A., Lecturer in Economics to the University of Cambridge. Gollancz. 1s. 6d. each.

These two pleasantly-produced little books are reprinted from the massive Outline of Modern Knowledge which Messrs Gollancz published a year ago. In both cases the space allowed is too short to admit of any comprehensive treatment, and both introductions must be regarded rather as essays than as text books even of the most elementary kind. Professor Gregory's Introduction to Finance is a highly competent brief survey of banking and the money market, including also a short reference to the problems of public finance. It is admirably lucid and much more simply written than most of Professor Gregory's work. Mr Maurice Dobb in his Introduction to Economics had a far harder task, because the foundations of economic theory have of late been so severely shaken that it is exceedingly difficult to present in a short essay even a clear view of what the economist is attempting to do. Mr Maurice Dobb is a Marxist who combines his Marxism with recognition that the orthodox economist can arrive at valid conclusions within the scope of his assumptions. Mr Dobb believes these assumptions to be the wrong starting point for an economic theory that will serve to interpret the outstanding phenomena of the modern world. His method of treatment in this Introduction is mainly critical and historical. As a criticism of the classical and modern orthodox schools it is excellent; but it fails as a satisfactory introduction because Mr Dobb, after dismissing the accepted theories, refrains from clearly stating his own, and therefore leaves the reader in the end suspended in mid-air.

OTHER BOOKS RECEIVED.

Bankers' Profits from German Loans. By R. R. Kaczynski. (Washington, D.C.) The Brookings Institution. 227 pp.

An attempt, based largely on the hearings of the Senate Committee on Finance, to ascertain the profits accruing to bankers from German loans in the United States.

Business Statistics. By Joseph Lyons Snider. Second edition. (London and New York) McGraw-Hill Book Co. 496 pp. 30s. net.

The book deals in turn with the forecasting of commodity prices, the statistics of various leading industries, measures of business conditions, and the general bases of business forecasting.

American Railroads. By Winthrop M. Daniels. (London) Oxford University Press. 120 pp. 9s. net.

A discussion of the railroads in the light of their relations to Wall Street, Congress, the White House, and the public.

The Punjab Peasant. By M. L. Darling. Third edition. (London) Oxford University Press. 276 pp. 11s. 6d. net.

This revised edition contains a considerable amount of new material relating to the agricultural debt of the Punjab.

Why Buy British? By Sanford Cole. (London) Wishart and Company. 41 pp. 1s. net.

A plea for greater international co-operation and the abandonment of economic nationalism.

Some Aspects of the Indian Problem. By Rt. Hon. Lord Irwin. (London) Oxford University Press. 31 pp. 1s. net.

A reprint of the inaugural Massey lecture delivered before the University of Toronto in April last.

Handbook of New York City Banks. Edited by F. Edmonds Tyng. Third edition. (London) London General Press. 141 pp.

A useful collection of data on the history, mergers and capital changes of New York banks.

Character and Personality, September, 1932. (London) George Allen and Unwin. 87 pp. 2s.

An international quarterly edited by Robert Saudek.

City of Manchester: Abstract of Accounts, 1931-32. (Manchester) Henry Blacklock. 833 pp.

A complete analysis of the city's finances.

OFFICIAL PUBLICATIONS.

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

Imperial Institute: Report on Lithium. 6d. net.

Ministry of Health: On the State of the Public Health. 4s. net.

Agricultural Statistics, 1931. Part I. Report on the Acreage and Production of Crops and Number of Live Stock in England and Wales. 1s. 3d. net.

First and Second Reports from the Select Committee of Public Accounts. 1932. £1 net.

The Stock Exchange.

COUNTY OF LONDON ELECTRIC.—II.

In our last week's issue we discussed the identity, scope and capitalisation of the companies included in the group headed by the County of London Electric Supply Company, Limited. We showed that, while an important part of the company's own undertaking came within the scope of the London Electricity Act (No. 1) of 1925 (which provides, *inter alia*, for transfer to the London Home Counties Joint Electricity Authority in 1971), its system, with that of its subsidiaries, covered an area of over 3,200 square miles (including large parts of Kent and Essex), in addition to the areas of outlying companies like the Bournemouth and Poole and the Coatbridge and Airdrie. We adduced figures of sales of energy, computed for the system as a whole, and showed that they compared extremely favourably with those of the country generally. We propose to complete our survey by a discussion of the group's financial position.

The earning power of the system is difficult to determine, for the parent company publishes no consolidated appropriation accounts or balance sheets. Its own figures for the last five years may be summarised as follows:—

COUNTY COMPANY'S FIGURES.

	1927.	1928.	1929.	1930.	1931.
	£	£	£	£	£
Gross revenue.....	1,714	1,859	1,874	2,092	2,309
Ordinary shares { Earned (%) ...	15.5	18.2	15.8	11.1	11.0
{ Paid (%)	7½	10	11	11	10½
Issued ordinary capital.....	3,103	3,103	3,320	4,482	4,482*

* Since increased to £5,690,547.

The investor, however, in the long run, is more closely concerned with the earning power of the group as a whole than with the figures of the holding company. In framing our estimates of the system's receipts we have of necessity made one or two possibly arbitrary assumptions. For example, in order to obviate the disturbing effect of new acquisitions on the figures, we have consolidated the accounts of the various companies (excluding the Weald Company, which has only been recently acquired) on a uniform basis from 1927 onwards. We have assumed that the County Company owns half the ordinary share capital of the Bournemouth and Poole, South Metropolitan, South London and Richmond Companies, and all the ordinary shares of the other companies mentioned last week, with the exception of the Blandford Forum Company and the West Kent Company, whose capital is assumed to be entirely held by their respective parent companies. This does not conflict with the County Company's own balance sheet statement regarding investments in subsidiary companies, and would seem to give a reasonably fair picture of the position.

The table in the next column sets out the consolidated income account of the system, for the last five years, on this basis. The figures in the last line may be compared with the earnings percentages of the earlier table, disclosed in the County of London Company's accounts. Popular impression has always credited a large surplus of undisclosed earnings to the company, and this surplus, as the table shows, was very substantial in the early years. Subsequently, however, it has shown a sharp falling off. Capital expenditure on new development, however, has lately been very heavy, and while a "forward" policy is being pursued it is not unreasonable to expect a temporary contraction in earnings. As recent expenditures come into full bearing, the fall in earnings will probably be more than recovered.

Between 1927 and 1931 the gross revenue of the system shows an impressive gain of £625,000—a natural corollary of the increase in unit sales of current, upon which we

COUNTY COMPANY SYSTEM—CONSOLIDATED FIGURES.

	1927.	1928.	1929.	1930.	1931.
	£	£	£	£	£
Gross revenue from sales of current and meter rentals	2,629	2,772	2,839	3,027	3,254
Total cost of current, generated and purchased*	901	893	873	1,067	1,119
Gross profit.....	1,727	1,929	1,947	1,961	2,135
Distribution Expenses—					
Repairs and maintenance.....	51	58	59	85	109
Depreciation	296	335	350	450	511
Other distribution expenses†...	380	423	490	527	627
Net profit	1,001	1,113	1,047	899	889
Additional credit items‡.....	305	331	384	402	429
Total available for fixed charges	1,306	1,444	1,431	1,301	1,318
Debt service, &c., service	216	290	327	322	317
Income tax	217	228	205	241	302
Preference dividends	183	185	188	185	181
Earnings (net) on ordinary capital	690	741	711	552	519
Minority shareholders (dividends and surplus).....	190	190	160	128	101

Available (net) for County London ordinary	500	551	551	424	418
Earnings on County ordinary cap. 20.1 22.2 21.2 13.1 12.5					

* Including fuel, repairs and maintenance, other costs, rates, &c., on generating plant, interest and depreciation on generating plant, and cost of current purchased.

† Including management, &c., rent, rates and taxes, and other costs.

‡ Including other operating revenue, non-operating income, interest charged to capital re Barking Supply, and interest on generating expenditure.

commented last week. The increase in gross profit is £407,000, but the real expansion is less than this figure suggests, comparison being affected by the excessive cost of fuel in 1927, after the coal stoppage, which may be put at about £100,000. It would seem, therefore, that more than half the increase in gross revenue since 1927 has been swallowed up by increased generating costs. This result, doubtless, reflects the fact that the new Barking Station is as yet by no means developed to capacity.

As a result of the increasing proportion of load taken by the Barking Station, the fuel consumption has dropped from 1.88 lbs. per unit generated in 1927 to 1.45 lbs. in 1931. The operating costs of generation have been correspondingly reduced from 0.3725d. per unit generated to 0.869d. However, during the same period the capital costs of generation rose from 0.1104d. to 0.1388d., whereas normally they might have been expected to fall. In sum, therefore, in spite of the impressive economy in fuel consumption, the overall cost per unit generated has not fallen proportionately.

This state of affairs, however, may be regarded as temporary. Under the Central Board scheme, Barking will be used as a base-load station for the South of England, and will operate at a high percentage of capacity more or less continuously all the year round. This, together with the normal development of the County Company's load, should bring down the cost of generation appreciably below the present figure.

The figures of net profit show an even more marked divergence. There has been an actual fall, over the period, of £112,000, due to an aggregate increase in distribution expenses of £520,000, or over 70 per cent. The greater part of this rise is accounted for under the headings of depreciation and repairs and maintenance, which may have been at an unusually low level in 1927, and have since increased by £272,000, or 78 per cent. Rents, rates and taxes account for £100,000 of the increase in distribution costs, and general management expenses for a

further £120,000. The latter item probably may be related to the increased overhead charges necessitated, both by the development of new areas which have still to contribute their proportionate share of gross revenue and by the policy of active stimulation of domestic load throughout the area as a whole, which has probably not, as yet, borne full fruit. Even so, management expenses remain slightly below the average for twenty of the largest electric supply companies in the country.

Altogether, the result of the more rapid growth in expenses than in gross revenue, and the increased requirements of debenture and taxation changes, has been a decrease over the period in the amount earned (net) on ordinary capital, of some £170,000—the greater part of which is attributable to the County Company itself. The fall in the amounts shown for minority shareholders in 1930 and 1931 reflects chiefly the effect of the consumers' rebates given by the South Metropolitan and South London companies. A special word is necessary as to the position of these companies. Under the 1925 Act, these London companies are entitled to pay certain fixed dividends. If the revenue actually received from the sale of current is below what it would have been if the company had charged certain "standard prices" per unit sold, the difference is entitled "consumers' benefit." "Fixed" dividend (or reserves) may be augmented, if the earnings are available, by a sum equal to one-sixth of the earnings after 1931 the fixed dividends will be reduced to 7 per cent. on the ordinary capital, after capitalisation of reserves. The standard prices will also be revised downwards, so that the scope for earning consumers' benefit, and therefore "extra" dividends may be diminished for a few years.

The position of these two companies under the Act is by no means clear, but up to 1930 neither company was entitled to distribute, or to put to reserve, any earnings over and above its fixed dividends, although both companies had substantial surplus earnings, amounting, in 1929, together, to as much as £100,000. As a result of the accumulation of these non-distributable earnings, the carry-forward of the companies had begun, by 1930, to exceed the statutory limits imposed by the Act. They were therefore obliged to reduce them by giving substantial rebates to their consumers in 1930 and 1931. This not only eliminated their surplus earnings for these years, but also put them into a position to earn "extra" dividends under the sliding scale. In 1931 these amounted to approximately £36,000. In for the two companies to approximately £36,000. In effect, therefore, the consolidated accounts above, up to 1930, include as earnings of the system substantial amounts attributable to these two companies which were not, apparently, distributable. In 1930 and 1931 this no longer applied.

As regards the County Company itself, the position is even more complicated, owing to the lack of relevant data. If, however, an attempt be made to separate its accounts into two parts, relating respectively to the area controlled by the 1925 Act and the rest of the undertaking, it appears that in 1930 (the latest year for which an estimate is possible), the shareholders' proportion of consumers' benefit was approximately £140,000, as against £100,000 in the previous year. At the same time, the estimated net earnings available for ordinary dividends on the "London" undertaking were approximately £120,000 in excess of the "fixed" dividend. It is probably safe to conclude, therefore, that in 1930 the County Company was entitled to distribute all its earnings. In 1931 the actual earnings declined and as the amount of "shareholders' proportion of consumer's benefit" probably rose substantially, it seems fair to assume that there was again no excess of earnings over the amount which the company will be revised downwards, and *prima facie*, there should be at least a temporary fall in the amount of divisible earnings in respect of that part of the company's undertaking in London.

So far, apparently, the County Company has become entitled to most of its "extra" statutory dividends in respect of its bulk supplies. Its opportunities, in this respect, after 1931, will be materially diminished, but the

company will probably be able to earn "consumers' benefits" in respect of supplies to domestic and industrial consumers on a much greater scale than hitherto, so that the effect of the 1931 revision may be less than would appear at first sight.

We may sum up the position by saying that the apparent trend of earnings, shown by the consolidated figures, is somewhat misleading, since earnings in the early years were exaggerated by the low scale of depreciation, maintenance and repairs, and by the inclusion of the non-divisible surplus of the South Metropolitan and South London companies. By 1930, however, these factors had been eliminated, and at present the distortion is in the opposite direction. The development of the Barking Station, and the new policy of domestic load stimulation have temporarily depressed earnings. Finally, the post-1931 revision of "fixed" dividends and "standard prices" will introduce another temporarily disturbing element into the immediate prospects of the company. The development of the Barking Station, however, and the probability of increased earnings from the new areas recently opened up by heavy capital expenditure, should result in improved figures in the next few years.

If the investor is clearly to understand the company's future position, it is essential that official information be forthcoming on two points—namely, the extent of the company's own undertaking, respectively, subject to and outside the 1925 Act, and its holdings in subsidiaries. The Metropolitan Electric Supply Company, in a similar position, presents full information to its shareholders. Why should the County Company, with its satisfactory earnings and finance, be more reluctant to take its proprietors into its confidence?

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
October 18.	October 20.

The markets were influenced this week primarily by monetary considerations. The view found increasing acceptance that low interest rates were likely to continue, for good or ill, over an indefinite period. The new Treasury bond issue was a money market rather than a Stock Exchange security, but its immediate over-subscription induced a buoyant tone, first in the gilt-edged market and subsequently throughout the list of good-class stocks. Gilt-edged quotations advanced rapidly on a considerable volume of business, short intervals of profit-taking being invariably followed by further gains. Assented War Loan advanced to 102½ on Thursday—the price, however, including the 2½ per cent. December

(Continued on page 698.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

MOODY'S INVESTORS SERVICE LIMITED,

King William Street House,
Arthur Street, E.C.4.
Tel.: Mansion House 7685.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.				Prices Year 1932 (Jan. 1 to Oct. 12) inclusive.				Name of Security.	Price Oct. 5, 1932.	Price Oct. 12, 1932.	Rise or Fall.	Yield.	Prices Year 1931.				Prices Year 1932 (Jan. 1 to Oct. 12) inclusive.				Name of Security.	Price Oct. 5, 1932.	Price Oct. 12, 1932.	Rise or Fall.	Yield.						
High.	Low.	High.	Low.	High.	Low.	High.	Low.						High.	Low.	High.	Low.	High.	Low.													
British Funds.																Foreign Ry. cont.															
60 1/2	49 1/2	77 1/2	54 1/2	Consols 2 1/2 %	73 1/2	77	+3 1/2	3 4 11	21	8	8	8	Paraguay Con. D. Db.	7 1/2	7 1/2	...	...	...	...	...	...	...	...	...	...	...					
97 1/2	77 1/2	111 1/2	81 1/2	Consols 4 %	107 1/2	108 1/2	+1 1/2	3 14 7	70	70	70	70	Salvador Ord. (810)	70 1/2	70 1/2	...	...	...	...	...	...	...	...	...	...						
104 1/2	88 1/2	112 1/2	93 1/2	Consols 4 1/2 %	108 1/2	109 1/2	+1 1/2	3 10 0	150	94 1/2	117	87 1/2	San Paulo Ord. 8 1/2 %	94 1/2	94 1/2	...	...	...	...	...	...	...	...	...	...						
104 1/2	88 1/2	112 1/2	93 1/2	Do. 5% 1944-44	111 1/2	112 1/2	+1 1/2	3 10 0	65	20	25	10 1/2	Taitai Ry. Ord. 8 1/2 %	20 1/2	20 1/2	...	...	...	...	...	...	...	...	...	...						
97 1/2	77 1/2	111 1/2	81 1/2	Do. 5% 1944-44	115 1/2	117	+2 1/2	3 5 2	9 1/2	24	6	1	Utd. Havana Ord. 8 1/2 %	5 1/2	5 1/2	...	...	...	...	...	...	...	...	...	...						
98 1/2	78 1/2	112 1/2	82 1/2	Funding 4 1/2 % 1960-90	107 1/2	108 1/2	+1 1/2	3 10 0	16 1/2	9 1/2	6 1/2	2 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	3% Treasury Bonds	102 1/2	103 1/2	+1 1/2	3 14 1	11 1/2	8 1/2	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Victory Bonds 4 1/2 %	107 1/2	108 1/2	+1 1/2	3 14 1	16 1/2	9 1/2	6 1/2	2 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	War Loan 4 1/2 % 1933 Bids.	102 1/2	103 1/2	+1 1/2	3 14 1	11 1/2	8 1/2	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	5% (Assented)	100 1/2	101 1/2	+1 1/2	...	6 1/2	14	37 1/2	6 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Local Loans 3 %	86 1/2	88 1/2	+2 1/2	3 7 6	25 1/2	12 1/2	15 1/2	15 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	India 3 1/2 %	61 1/2	64 1/2	+3 1/2	3 18 3	55 1/2	31 1/2	55 1/2	55 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 3 %	73 1/2	76 1/2	+3 1/2	3 19 0	27 1/2	23 1/2	41 1/2	23 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 2 1/2 %	85 1/2	88 1/2	+3 1/2	3 19 6	45 1/2	35 1/2	65 1/2	35 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 4 1/2 % 1938-38	105 1/2	107 1/2	+2 1/2	4 3 6	58 1/2	48 1/2	78 1/2	48 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Palestine 5 % 42-67	113 1/2	115 1/2	+2 1/2	3 4 6	9 1/2	9 1/2	9 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Uster 4 1/2 % 45-75	105 1/2	105 1/2	...	4 0 6	63 1/2	47 1/2	53 1/2	47 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
Dom. & Colonial Govts.																Insurance.															
...	...	...	...	Australia 5 % 1945-75	106 1/2	106 1/2	...	4 8 11	6 1/2	34	58 1/2	34	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Canada 4 % 1940-60	102 1/2	103 1/2	+1 1/2	3 11 3	17 1/2	9 1/2	14 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 5 % 1935-51	108 1/2	108 1/2	...	3 12 6	14 1/2	9 1/2	14 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Gold Coast 1935	106 1/2	106 1/2	...	4 16 4	66 1/2	43 1/2	66 1/2	43 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Kenya 5 % 1944-56	111 1/2	111 1/2	...	4 0 0	42 1/2	36 1/2	47 1/2	36 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Nigeria 5 % 1950-60	112 1/2	112 1/2	...	4 0 0	42 1/2	36 1/2	47 1/2	36 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	N.S. Wales 5 % 35-55	102 1/2	102 1/2	...	4 5 6	8 1/2	6 1/2	13 1/2	6 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	N. Zealand 5 % 1946	108 1/2	108 1/2	...	4 6 5	113 1/2	93 1/2	116 1/2	93 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Queensland 5 % 40-60	103 1/2	104 1/2	+1 1/2	4 6 5	63 1/2	38 1/2	53 1/2	38 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	S. Africa 5 % 1945-75	110 1/2	110 1/2	...	3 9 0	80 1/2	60 1/2	80 1/2	60 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Strait Settlements 5 % 35-65	103 1/2	103 1/2	...	3 9 0	80 1/2	60 1/2	80 1/2	60 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
Foreign Governments.																Investment Trusts.															
...	...	...	...	Argentina 4 % Radium	72 1/2	74 1/2	+2 1/2	6 17 6	43 1/2	27 1/2	42 1/2	27 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Austrian 6 % 1923-43	99 1/2	100 1/2	+1 1/2	6 3 6	14 1/2	9 1/2	14 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 7 % Int. by 1957	51 1/2	51 1/2	...	...	35 1/2	29 1/2	40 1/2	29 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	B. Aires (Prov.) 5 1/2 %	111 1/2	111 1/2	...	8 15 0	14 1/2	9 1/2	14 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Bulgarian 7 1/2 % 1896	101 1/2	101 1/2	...	4 17 0	80 1/2	47 1/2	80 1/2	47 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Bulgarian 7 1/2 % 1904	31 1/2	31 1/2	...	23 8 6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Brasil 5 % Fund. 1914	59 1/2	58 1/2	-1 1/2	8 11 0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 6 1/2 % (1927)	56 1/2	56 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Chili 6 % (1929)	20 1/2	20 1/2	...	...	13 1/2	9 1/2	13 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	China 5 % (1912)	42 1/2	43 1/2	+1 1/2	11 15 0	24 1/2	16 1/2	24 1/2	16 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 5 % (1915)	103 1/2	103 1/2	+2 1/2	7 13 3	15 1/2	11 1/2	15 1/2	11 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Colombia 5 %	80 1/2	80 1/2	...	3 15 0	26 1/2	19 1/2	26 1/2	19 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Danish 3 %	75 1/2	75 1/2	...	8 13 3	16 1/2	12 1/2	16 1/2	12 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Egypt United 4 %	95 1/2	99 1/2	+3 1/2	4 2 6	13 1/2	9 1/2	14 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Estonia 7 % 1927	68 1/2	73 1/2	+5 1/2	9 14 6	14 1/2	9 1/2	14 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Finland 6 % 1923	80 1/2	82 1/2	+2 1/2	7 14 6	24 1/2	17 1/2	25 1/2	17 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	French 4 % (British)	27 1/2	27 1/2	...	4 0 0	40 1/2	28 1/2	49 1/2	28 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 5 % (1924)	118 1/2	118 1/2	...	...	6 1/2	4 1/2	6 1/2	4 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	German 7 %	85 1/2	87 1/2	+2 1/2	8 0 0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 5 1/2 % Stg. Bds. 1930	76 1/2	76 1/2	...	7 6 0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Greek 6 % Stab. Ln.	36 1/2	38 1/2	+2 1/2	...	3 1/2	2 1/2	3 1/2	2 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 7 % Refugee	46 1/2	46 1/2	...	...	5 1/2	4 1/2	5 1/2	4 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Hungary 7 1/2 %	55 1/2	59 1/2	+4 1/2	15 3 0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Japanese 5 % 1915-65	86 1/2	85 1/2	-1 1/2	6 12 6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Do. 6 % (1924)	76 1/2	75 1/2	-1 1/2	8 6 0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Mexican 5 % (1899)	8 1/2	8 1/2	...	...	23 1/2	24 1/2	21 1/2	24 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...						
...	...	...	...	Norwegian 4 % 1911	98 1/2	100 1/2	+1 1/																								

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 6, 1932.	Price, Oct. 13, 1932.
Australia 3½, 1936-1937	97½	5	...	5-3½ p.m.
Bristol Greyhound Racing 2½	2½	2½	6/6-7/-	6/11-6/7½
Covent Garden Properties, 4½ debentures	98	20	...	1½-1½ p.m.
Quinalast 7½ cum. prof., £1	51	10/-	...	3/5-3/9 p.m.
Southend Stadium deferred (4½)	1/-	...	...	1/7½-1/10½
Do., preferred (10/-)	10/-	...	...	1/6-6d. dis.
Telsen Electric £1	53	53	3/8-3/8	3/8-3/8

(Continued from page 695.)

dividend. Three-and-a-Half per Cent. Conversion Loan and Four per Cent. Consols were also strong. Local Loans were prominent. Long-dated India stocks were in keen demand for their relatively attractive yields. Among Dominion issues, interest centred in the new Commonwealth 3½ per cent. scrip, which opened at 1½-2 premium. Home corporation issues were popular.

The improvement in the gilt-edged markets tended to overflow into foreign bonds. The Dawes and Young Loans were in request, and both Austrian Sixes and Sevens improved. Roumanians were weak, however, on the external debt relief proposals (referred to on page 701), but quotations strengthened a little in mid-week. Japanese bonds were initially heavy, but improved later, the market seeing in the parlous budgetary situation a possible inducement to a less intransigent attitude over Manchuria.

Home rails had a better appearance, a recrudescence of small orders coinciding with a slightly improved batch of traffic returns. Modest gains were recorded throughout the list. Among overseas railway stocks Canadian Pacific was a little harder, but the poor appearance of Argentine traffic reacted unfavourably on the quotations of the "Big Four." Leopoldina, whose traffic returns showed an improvement, were, nevertheless, marked down.

The better tone in the industrial share market was confined at the outset to prior charges, but the improvement became less discriminative as the week advanced. The Ottawa agreements were a negligible factor. Transatlantic issues were mainly dull. A steady investment demand was in evidence for electrical supply shares, West Gloucestershire Power being prominent on amalgamation rumours. Babcock and Wilcox were weak before declaring a reduced interim dividend, and a sharp fall occurred in Telsen. Rayon shares were depressed at first, but orders increased in mid-week, though the announcement of litigation between Celanese and Courtaulds was unwelcome. Among miscellaneous shares, a sharp advance occurred in United Dairies £1 units, on an unexpected increase in the ordinary dividend. Imperial Airways suffered a setback for an opposite reason. British Oxygen, whose merger scheme is discussed on page 703, enjoyed a moderate improvement. Bank and insurance shares were consistently in demand in sympathy with the firmness in gilt-edged issues.

Considerable activity was experienced in the oil share market, higher prices being received from America following the news that the Consolidated Oil Corporation was raising crude oil prices in all fields. Later, however, Shell and Royal Dutch fell back on Continental selling, and Eagle issues, similarly, failed to maintain an initial rise. A trickle of selling continued in the rubber share market, but prices were only affected in a few instances. The speech of the Harrisons and Crosfield chairman was, on the whole, bearishly interpreted. Some substantial buying orders were received for tea shares, and prices tended to advance on renewed talk of an early restriction scheme.

Business in the mining share market showed signs of increasing, but the volume of activity was not impressive. Johannesburg was inclined to be selective in its purchases, and Paris turned a seller of Kaffirs in the later sessions. Gold Fields, however, were a good feature, and City Deep, and Mines and Grootvlei were in request. Moderate support was forthcoming for diamond shares. Tin shares advanced with the metal. "Chartered" were slightly better, but the Rhodesian market generally was inclined to be dull. Among Western Australian issues, Wiluna made a further sharp advance, the market showing signs of manipulation.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Oct. 6, 1932.	Oct. 7, 1932.	Oct. 8, 1932.	Oct. 10, 1932.	Oct. 11, 1932.	Oct. 12, 1932.	Oct. 13, 1932.
Government and Municipal Loans	2,050	2,012	924	1,616	2,134	2,025	2,206
Transport, Communications, and Public Utilities	1,337	1,106	552	979	1,243	1,199	1,280
Commercial and Industrial*	2,021	2,037	936	1,981	2,333	2,364	2,641
Banks, Insurance and Financial ...	647	589	298	659	713	728	729
Mines (including Nitrate)	721	686	311	716	725	768	826
Oil	208	254	94	261	208	218	198
Rubber, Tea and Coffee	127	100	28	78	152	142	112
Total	7,111	6,784	3,153	6,289	7,508	7,444	7,992

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 50 INDUSTRIAL ORDINARY STOCKS.
(1928 = 100.)

Highest of 1932. (Sept. 8)	Lowest of 1932. (June 1)	Oct. 6, 1932.	Oct. 7, 1932.	Oct. 8, 1932.	Oct. 10, 1932.	Oct. 11, 1932.	Oct. 12, 1932.	Oct. 13, 1932.
66.6	51.3	64.5	64.3	64.2	64.1	64.3	64.7	64.8

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.
(1928 = 100.)

Highest of 1932. (Oct. 13)	Lowest of 1932. (Sept. 30)	Oct. 6, 1932.	Oct. 7, 1932.	Oct. 8, 1932.	Oct. 10, 1932.	Oct. 11, 1932.	Oct. 12, 1932.	Oct. 13, 1932.
125.8	90.6	122.5	122.7	122.7	123.3	124.5	125.2	125.8

FOREIGN STOCK EXCHANGES.
NEW YORK.

The markets broke sharply last week-end, after a slump in cotton prices on a disappointing Government crop report. A substantial volume of selling came from Europe, whose financial interest now lies mainly in the security markets. This liquidation, however, applied mainly to equities, foreign demand for high-grade bonds, particularly public utility prior obligations, being little affected by day-to-day changes in sentiment. The week opened badly, but part of Monday's losses were recovered before Wednesday's Columbus Day holiday. Further all-round weakness was evinced on Thursday. The behaviour of prices, altogether, suggests that professionals and public alike are anxious not to take up new positions until the elections were over. A really bad break may force out further large selling, but the outlook otherwise promises dull rather than depressed business for the next two or three weeks. The general economic background has changed little recently. There are few signs of a resumption of the upward movement in commodity prices. General trade, similarly, gives no indication of a decisive turn. The continuous decline in car loading figures has been definitely checked, but the small increases recorded in the last few weeks have been seasonal, and nothing more. This week's rise in crude oil prices follows immediately on the enactment of another sharp production cut in Texas by the State Railroad Commission, and has no bearing on the broad question of economic recovery. The renewal rate for call money on the Stock Exchange was reduced on Thursday to 1 per cent. from 2 per cent., at which it had stood since July 7th.

	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.		Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.
U.S. 3½ T. Bds.	102½	102½	102½	Natl. Biscuit	41½	38½	35½
Do. 4½	102½	102½	102½	Phillips Dodge	27	22	20
Do. 4½ 33-38	103½	103½	103½	Pullman	27	22	20
Alcohol	54½	46	37½	Sears-Roebuck	23½	21½	17½
Chem. & Ohio	24½	21½	18½	Studebaker	8½	7½	6½
Erie	8½	7	6	Un. Fruit	23½	20½	18½
Illinois Central	19½	16½	12½	U.S. Leather	5½	4½	4
N.Y. Cent.	29½	24½	19½	U.S. Rubber	49	38	34
Pennsylvania	19½	17	13½	U.S. Steel	49	38	34
Southern Pacific	28½	22½	16½	Westinghouse	34½	32½	25½
Southern Ry.	12½	10½	8	Woolworth	38½	37½	34½
Union Pacific	75	67	57				
Am. Can.	54½	51½	47½	Am. Tel. & Tlg.	111½	107½	99½
Amer. Smelting	18½	16½	13½	Interboro R.T.	4½	4	3½
Anacosta	12½	10½	9	Int. Tel. Teleg.	12½	11	8½
Bethlehem Steel	18½	15½	12½	Radio Corp.	98	85	81
Chrysler Motor	18½	15½	12½	Utilities P. & L.	58	5	4
Corn Produce Bldg.	53	48½	42½	W. Union Tlg.	39½	34½	25½
Eastman Kodak	54½	52	48				
Gen. Electric (New)	18½	16½	15	Associated Gas "A"	28	24	2
Gen. Motors	17½	15½	12½	Pan. Amer. B. (New)	11	11½	11½
Int. Harvester	28½	24½	19½	Shell	17	16½	15½
Mont. Ward	15½	13½	11½	Shell Union	63	61	54
				Sid. California	25½	24	24
				Do. N.J.	30½	29½	28½

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print

the following index figures of American values calculated on closing prices (1928 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Oct. 5.	Oct. 11.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	49.4	46.3
33 Rails	89.1	145.6	31.7	105.7	32.2	29.1	25.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	83.2	76.1
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	58.8	47.8
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.17%	6.26%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1928 = 100).

Highest of 1932. (Sept. 7)	Lowest of 1932. (June 27)	Oct. 5, 1932.	Oct. 6, 1932.	Oct. 7, 1932.	Oct. 8, 1932.	Oct. 10, 1932.	Oct. 11, 1932.	Oct. 12, 1932.
72.3	35.2	56.7	57.0	53.9	52.2	50.0	53.2	*

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Oct. 7, 1932.	Oct. 8, 1932.	Oct. 10, 1932.	Oct. 11, 1932.	Oct. 12, 1932.	Oct. 13, 1932.
Stock Exchange—Shares (Thous.)	2,300	1,500	2,300	1,700	Holiday	1,200
Bonds (Value Thous. \$) ...	8,600	6,500	8,100	9,600		8,500
Curb—Shares (Thous.)	270	200	290	250		180

* 2-hour session.

PARIS.

The Bourse opened with a listless tone owing to an absence of any stimulating features. Later in the week, however, London buying helped to restore confidence, but the persistent weakness of Wall Street reacted unfavourably, and there was a good deal of unloading. Rumours of fiscal measures in connection with the 1933 Budget, coupled with a falling off of arbitrage business with banking shares received some support from unknown quarters, but eased towards the close. German bonds were firm, Young bonds rising from 595 to 599 to finish unchanged at 586. Dawes loan was higher, rising from 7,400 to 7,505. Oils opened cheerfully but lost value later, Royal Dutch falling from 1534 to 1528. Industrials were irregular, but Internationals, after being affected by New York news, closed better.

	Oct. 6, 1932.	Oct. 10, 1932.	Oct. 13, 1932.		Oct. 6, 1932.	Oct. 10, 1932.	Oct. 13, 1932.
Banque de France	11,535	11,600	11,580	Wagons Lits	75	73	74
Crédit Lyonnais	2,010	2,025	2,015	Maritime Eagle	37	35	37
Suez Canal	14,535	14,600	14,770	"Chartered"	83	81	85
Chareurs Réunis	219	210	212	Ford	116	112	112
Rio Tinto	1,430	1,410	1,400	De Beers	365	352	364
Royal Dutch	15,650	15,000	15,525	"Johnnies"	139	138	142

BERLIN.

The last few weeks have seen a sobering-down of hopes on the Stock Exchange in Berlin as elsewhere. The big rise lasted from about August 25 to September 6. Then, after a short setback for about two weeks, there followed a period of relative firmness. The eagerness of the public to buy was not, indeed, maintained, and turnover declined, but most rates held. Since the end of September, however, the Stock Exchange has been very weak, so that most of the gains of the previous month have been lost. In addition to the weakness in New York, a decisive influence was the feeling that a rapid improvement in the cycle was not, after all, to be expected. In connection with the Government programme for the revival of employment, but so far there is no sign of any increase in capital expenditure by industry. Further, there are anxieties both at home and abroad—impending elections, the disarmament conflict, and, above all, the effects of the German agricultural policy. The projected quota system for German imports of agricultural products is giving rise

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to anxiety in respect of the export of industrial manufactures, and the turnover and profits of many German industrial companies depend upon their exports. Electricity shares especially have declined during the last few weeks. A.E.G., which rose from 80 to 46 in August and September, have lost the entire increase, for a severe reduction of capital is expected. Siemens and Halske have fallen from 145 to 114 in the last four weeks, and the company will probably reduce its dividend, which was 9 per cent. last year, very substantially for the year ended September 30, 1932. Coal and steel shares were rather better maintained. Fixed interest securities kept up better than shares, as fears of a compulsory reduction of interest have not been fulfilled, but even these have given way a point or two recently. The best rentes still yield 9 per cent. at current quotations.

	Oct. 6, 1932.	Oct. 10, 1932.	Oct. 13, 1932.		Oct. 6, 1932.	Oct. 10, 1932.	Oct. 13, 1932.
Reichsbank.....	124.00	122.00	125.50	A. E. G.	32.10	31.60	34.60
Disconto.....	75.00	75.00	75.00	Siemens & Halske	114.50	113.50	117.50
Dresdner (New)...	61.75	61.75	61.75	A. K. U.	54.10	53.25	56.75
Norddeutscher				Hamburg-Amer			
Lloyd	17.80	17.30	17.75	("Hapag") ...	16.80	16.75	17.00

AMSTERDAM.

The Bourse continues to be weak, though prices generally display a good resistance. Business on Monday was almost negligible, the Jewish holiday, Yom Kippur, causing many absences. Royal Dutch shares were a bright feature of the week owing to favourable oil price rumours. Rubbers opened listlessly, but became stronger towards the close. Among industrials, Philips Lamps improved 1 to 126½, and Unilever N.V. 1 to 114. Tobaccos fluctuated sharply, but ended a few points higher. Sugars were strong throughout the week.

	Oct. 6, 1932.	Oct. 10, 1932.	Oct. 13, 1932.		Oct. 6, 1932.	Oct. 10, 1932.	Oct. 13, 1932.
2½% Dutch Loan	68½	68½	67½	Steel Common ...	38½	38½	37½
5½% German	48½	48½	52½	A. K. U.	43½	43½	46½
Unilever N.V.	114	112½	116	Ford Motor.....	120	115	114
Philips Lamps	120	126	128½	Dell Batavia	137	128	149
Netherlands Ship				Royal Dutch	153	147	151
Union	64½	61½	64	Handels Ams.....	189	187	192

OTHER CENTRES.

The minor European Bourses exhibited little or no activity. At Brussels, the result of the municipal elections proved a depressing factor, but although the tone remained dull throughout the greater part of the session a few prices closed better on balance. Vienna and Budapest were closed on Monday. Business at Stockholm was erratic, and there was a general decline in prices at the close.

INVESTMENT NOTES.

Two Per Cent. Treasury Bond Issue.—The issue of 2 per cent. Treasury Bonds, 1935-38, at par, on Tuesday of this week, took the market by surprise, and some Stock Exchange optimists immediately began to discuss the prospects of a 2½ per cent. yield basis for long-dated British Government stocks. It was, however, quickly appreciated that this issue of £150 millions was a special "money market" offer, intended primarily to meet £140.8 millions 4½ per cent. Treasury bonds maturing on December 1st. Holders of these bonds will receive a cash payment of 10s. per cent. on conversion. No commission is offered on cash subscriptions bearing the stamp of stockbroking firms or banks, the commission of 2s. 6d. per cent. being allowed only in respect of conversion applications from holders of the 4½ per cent. Treasury Bonds. The market is keenly discussing the prospects of a medium term issue to deal with the £185 millions of 5 per cent. War Loan and £12.8 millions of 4½ per cent. War Loan maturing on December 1st. In our issue of October 1st we suggested that a ten-year issue of 8 per cent. bonds at 98 would be attractive to the market. In view of the further rise in gilt-edged prices it is suggested that a 15-20 year issue of 8 per cent. bonds at a small discount would prove acceptable. The rise in the gilt-edged market

which has taken place this week is shown in the following statement:—

	Price, October 6.	Price, October 13.	Rise.
Assented War Loan.....	100½	102½	1½
Consols 2½%	73½	77	3½
Consols 4%	107	108½	1½
Conversion 3½%	98½	100½	2
Conversion 5%	114½	117½	2½
Funding 4%	107	108½	1½
Local loans 3%	86	88½	2½
Australia 5%, 1945-75	106	106½	½
India 3½%	85	89½	4½

It will be seen from this table that stocks such as Consols 2½ per cent. and Local Loans 3 per cent., which are below their par values, have enjoyed the largest rise. No doubt some prophets see Local Loans 8 per cent. at par in the near future.

Wall Street Prospects.—Before adjourning for its Columbus Day holiday on Wednesday, the New York Exchange had lost approximately half the rise in common stocks recorded between July 8th and September 21st. The position is best shown by the following Dow Jones indices:—

	July 8.	Sept. 21.	No. of points Rise.	Oct. 11.	No. of points Fall.
Industrials	41.22	75.16	33.94	58.47	16.69
Utilities	16.53	33.01	16.48	25.51	7.50
Railroads.....	13.23	36.22	22.99	23.63	12.59

It will be seen that the most striking recovery was enjoyed by the railroad market, which is, however, proving most vulnerable to the more chastened views now being taken of the autumn recovery in business. The prospects of the railroad market, however, are not entirely unfavourable. The organisation of a non-partisan railroad commission, with Mr Calvin Coolidge as chairman, backed up by every bank, insurance company and business institution, is intended to convince Congress of the need for immediate legislation to protect the financial foundations of the railroad industry. Railroad car loadings last month made a better showing than was anticipated. Another reassuring factor was the denial of a receivership for the "Nickel Plate" system by the court, the company being given a respite in which to obtain further deposits of bonds under its scheme for the extension of its notes maturity. As regards utility shares, little more has been heard of Governor Roosevelt's attack on the rates of the big utility companies. There is, however, a disposition to avoid the shares of the complex holding companies, whose popularity has suffered through the Insull-Middle West Utilities liquidation. As regards industrial shares, the market is now entering a sensitive period of important dividend declarations, which will largely decide sentiment. The dividend announcements due in the next three weeks include those of Woolworth, National Biscuit, Liggett and Myers, U.S. Steel, American Tobacco, Consolidated Gas Company of New York and Standard Oil Companies, and General Motors. The business indices are now at the highest levels since June. According to a survey made by the banking house of Lehmann Brothers, a majority of 100 business leaders, whose opinions were canvassed, expressed the view that the low point of the depression was passed in the summer of 1932, but that unemployment was not likely to abate until the "Business" index rose some 15-20 per cent. above the present level. No great rally in the stock markets is expected until either commodities turn upwards or the bond market recovers its recent firmness. Moreover, the shadow of the November election now falls across every prospect.

No Referendum on "Commissions."—The Committee of the Stock Exchange have chosen a somewhat unfortunate method of defending an entirely sound decision. They have refused this week to accede to the request of 1,678 petitionaries in the "House" for a referendum, by secret ballot, on the relative merits of the Committee's own proposals for a 50 per cent. return of commission to

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banks and 33½ per cent. to all other agents, and the counter proposals of an unofficial committee that banks should receive only 33½ per cent. and all other agents 25 per cent. Many of the more conservative members of the "House" are at one with the official Committee, both in their regret at the banks' intransigence and their conviction that a trial of strength would be disastrous. The banks, strategically posted in every town and village, have exploited their security business with energy and determination as an admittedly profitable side line. At present, from 50 to 60 per cent. of all business done on the Stock Exchange is subject to division of commission, and appreciably more than half such orders are received through the agency of the banks. Some dissatisfied members complain that the banks' security dealings on their own behalf, which are generally large, go to a few favoured firms, while those on behalf of customers, which are frequently small, though numerous, are more evenly distributed. It is not uncommon for a broker's expenses on such small orders to swallow up the greater part of the 50 per cent. commission which he retains. In these days of restricted business, this presses hardly on the smaller firms and the "free lances" of the Stock Exchange. Bank business, however, appears likely to increase further rather than to decline, for the banks (unlike the Stock Exchange, which has no guarantee fund) offer their customers a complete indemnity against default. The Committee has rightly taken a serious view of its responsibilities, but appears to have been over-reluctant to explore the possibilities of further negotiations with the banks. It is understood, for example, that at one stage the banks threw out a hint that brokers should include a non-divisible "expense charge" in their accounts rendered to clients, over and above the "divisible" commission, and that the Committee actually asked the "unofficial committee" to consider the possibilities of a flat 5s. "expense charge," but subsequently dropped the idea. The ostensible grounds for rejecting this week's referendum petition, however, may tend to arouse strong feeling on a point which, after all, is irrelevant to the main issue. A proportion of signatories, to total members, of 42½ per cent., is sufficiently large to deserve every consideration. What is more, the fact that signatories in the former group were nearly twice as numerous as those in the latter, and represented nearly 40 per cent. of the total membership in their group, was an argument against immediate rejection of the referendum proposal. The and decisive rejection of the Rules will presumably be confirmed next Monday, and come into force immediately. The question, however, may be destined to figure, for good or ill, in the Stock Exchange elections next March.

Building Society Dilemma.—Sir Enoch Hill, president of the Halifax Building Society, has considered it necessary to issue a denial of a wild rumour that certain building societies unknown are in some way connected with

an alleged £2,000,000 syndicate for the purchase of corporation housing estates. This report obviously carries its own refutation. Greater interest attaches to a considered statement of policy, made by the Abbey Road Society (the largest of the societies with metropolitan headquarters, and the second largest society in the country) in its official organ, regarding probable future interest rates. The society accepts the view that the Treasury's successful War Loan conversion has placed British Government credit "practically on a 3½ per cent. basis," and appears to have accepted its implication—namely, that there must be a general lowering of interest rates. The statement, however, is disappointingly vague as to the effect of the new regime on the society's own future policy. It refers to the reduction of a half per cent. already effected in new mortgage rates, but refuses to commit itself, directly or indirectly, to any promise to revise rates upon existing mortgages, until "adequate experience" has been obtained of the effect of changed conditions. Possibly, a reference elsewhere to an inquiry, now proceeding, regarding the continuance or otherwise beyond December 31st next, of the present rate of interest on existing fully paid shares in the society (the rate on deposit accounts and on new fully paid shares has already been reduced) may have a bearing on this matter. The changed interest situation, indeed, has placed all building societies on the horns of a dilemma. They cannot well reduce their receipts of mortgage interest without a corresponding adjustment in outgoings by way of payment to investors and depositors, particularly in view of recent additions to their effective liability to income tax. Their deposit and share rates are admittedly on the high side, under present conditions, and would probably attract much more money than the societies would care to handle, were it not for the somewhat arbitrary limitations on the amount of new investments, etc., which have been imposed by some leading societies. On the other hand, an abrupt downward revision might provoke a volume of withdrawals by their less well-informed clients, which the societies would be anxious to avoid at all costs. It is probable that, once the societies are agreed that present interest levels are more than a temporary phenomenon, it will endeavour to make the necessary adjustments gradually but effectively. In the meantime, it is clear that new lending on house property cannot be expected, in coming months, to reach anything like the dimensions of the last two or three years, if present conditions endure.

Roumanian Bond Position.—The visit of M. Virgil Madgearu, the Roumanian Minister of Commerce, to London was widely interpreted as presaging proposals for some relief of the burden of Roumania's external debt service. The plan of the Roumanian Government provides for a complete suspension of sinking fund payments for five years. Under its terms interest on the 4 per cent. consolidated loan and the 4 per cent. external loan will be paid in full, but the service of the 7 per cent. loan of 1929 and the 7½ per cent. loan of 1931 will be met, it is understood, by paying only half the interest in cash, the other half being paid into a blocked leu

account with the National Bank of Roumania. As regards the pre-war loans, including the Roumanian share in the Austro-Hungarian debt, a temporary reduction of 50 per cent. will be effected. Recent movements of quoted Roumanian loans are shown in the table below:—

Loan.	Amount Outstanding.	High, 1932.	Low, 1932.	Price, Oct. 7.	Present Price.	Yield. %
Roumania 4½% Gold Loan, 1913	£ 1,221,022	34½	14	28½x	24½x	£ s. d. 18 7 4
4% Ext. Loan, 1922, Sterling Bonds	1,554,640	63½	30	61½	57½	6 19 3
4% Cons. Loan, 1922 (British issue)	13,718,700	36½	12	26½x	24½x	16 6 8
7% Monopolies Institute Guaranteed Loan, 1929	1,871,900	71	23	54½	49½	14 2 10

x = ex dividend.

Under the scheme British holders will be affected only to a minor extent, since their main interest is in the 4 per cent. consolidated loan of 1922. The redemption of this issue is carried out by purchases in the open market, and the Government has purchased the annual amounts three years ahead. The position as regards the 7 per cent. loan of 1929, however, is more obscure. Hambros Bank and Lazard Brothers, through whom the sterling portion of the loan was issued, announced in mid-week that they had not been approached on the subject by the Roumanian Government, and that "in the meantime" statements should be disregarded. It was suggested, however, that as the loan was arranged and the greater part of it placed in Paris, the Roumanian Government was probably discussing the provisional modification of its terms in that city before notifying the London issuing houses. It is understood that a conference will be held in Paris on October 24th to discuss the details of the proposals. A Roumanian Government announcement regarding the position of the 4 per cent. loan will be found on another page.

New Fixed-Interest Stock Index.—The *Financial News*, whose daily index of the average values of 30 leading British industrial stocks is widely used as a market "pointer," has now initiated a companion index, showing the movement of 20 representative fixed-interest stocks. In view of the activity in gilt-edged and high-grade industrial bonds, the new index starts at an opportune time. The computations of other authorities, like the Actuaries, the *Investors' Chronicle*, and the *Bankers' Magazine*, are published only at monthly intervals. The all-important consideration of speedy calculation involves the taking of short cuts, but the new index, though not an instrument of precision, should admirably serve its purpose as a short-period ready reckoner. Its components include six "long" British Government stocks, four Home Corporations, three Public Boards, three Home Railway Debentures and four British Industrial Prior Charges. Thus, it is predominantly a "trustee" index. No attempt, unfortunately, will be made to allow for accrued interest in any stock, but the components have ex dividend dates spread fairly evenly over the year, the maximum distortion being put at 0.2 to 0.3 points in the index. Recent figures make the following comparison with those of the Actuaries' Index, which are, necessarily, more detailed and more "delicately" compiled:—

End of Month.	Financial News (Average 1928 = 100.)		Actuaries (Dec. 31, 1928 = 100.)	
	20 Fixed Interest Stocks.	3 British Govt. ment.	5 Home Corporations.	45 Industrial De-benture.
Dec., 1929...	95.1	94.7	93.8	94.1
June, 1930...	98.6	98.8	98.5	95.5
Dec., 1930...	102.9	104.6	103.6	98.1
June, 1931...	105.6	108.4	105.9	96.1
Sept., 1931*	90.6	90.0	93.6	89.6
Dec., 1931...	91.7	92.9	93.4	89.4
June, 1932...	111.0	115.0	112.7	95.2
Sept., 1932...	122.4	123.1	130.8	105.8
Oct. 12, 1932	125.2	...	...	...
Oct. 13, 1932	125.8	...	...	...

* After departure from Gold Standard.

The *Financial News* index closely follows the "British Government" and "Home Corporation" indices of the Actuaries. It contains, however, too few industrial prior charges to serve as an adequate guide for this section of

the market, which has lagged behind in the recent rise. We propose to publish the *Financial News* figures, each week, in our "London Stock Exchange" column (see page 698).

Motor Company Finance.—The vitality of the British motor industry requires no other testimony than that provided by the Annual Motor Show which opened this week at Olympia. Investors may be recommended to study the facts and figures set out in a survey of the industry, from the sales side, on page 674 of this issue. Financially, the industry is one of paradoxes and sharp contrasts, as the following table suggests. The figures cover fourteen companies, whose reports have been published since the beginning of this year:—

Name of Company.	Net Profit, 1930-31.	Ord. Div.	Net Profit, 1931-32.	Ord. Div.	Present Price.	Yield.
	£	%	£	%		%
Albion Motors (£1)	45,195	7½	Dr. 18,266	Nil	13/9	£ s. d. 18 7 4
Austin Motor Co. (5/-)	489,232	100	390,387	50	30/-	8 13 3
Crossley Motors (10/-)	Dr. 49,823	Nil	Dr. 25,659*	Nil	2/6	Nil
Ford Motor Co. (£1)	790,353	10	Dr. 134,489	Nil	22/6	Nil
Leyland Motors (£1)	412,229	20	252,098	10	25/-	8 0 0
Morris Motors, 7½% cum. pref. £1	955,402	10†	568,880	5†	25/-	6 0 0
P. Napier and Son (5/-)	169,905	15	80,233	Nil	4/-	Nil
Rolls Royce (£1)	97,171	10	99,197	10	42/6	4 15 0
Singer and Co. (£1)	16,140	2½	Dr. 22,062	Nil	5/6	Nil
S.T.D. Motors (6/8)	42,792	Nil	Dr. 11,298	5	7/6	13 6 9
T.S. Motors (8/-)	53,014	Nil	Dr. 62,754	Nil	9/-	Nil
Vauxhall Motors, 6% cum. pref. (£1)	4,211	Nil	Dr. 73,775	Nil	1/6	Nil
Willys Overland Crossley, pref. ord. (12/-)	Dr. 88,536	Nil	56,040	Nil	12/-	9 12 0
	Dr. 62,263	Nil	Dr. 47,134	Nil	2/6	Nil
	2,875,022	...	1,048,554	...	...	...

* 14 months.

† Tax free.

(a) After writing down share values in subsidiaries by £58,000.

The fall in aggregate earnings of more than 60 per cent. does not reflect the current outlook of the trade, which is on tiptoe for any sign of revival in world markets. The table, nevertheless, suggests that there has been a great deal of capital expenditure in the industry which can never be adequately productive, and will have to be eliminated before a healthy financial condition is attained. As we go to press the Standard Motor Company announces a jump in profits from £70,298 to £201,698 for the year ended August 31, 1932. The ordinary shareholders receive a dividend of 10 per cent. and a bonus of 5 per cent. The previous payment was 10 per cent. for 1925-26.

Murex.—Interest has been taken in the report of Murex, Limited, a small, but progressive, company in the chemical industry, engaged in welding, the manufacture of alloys, and ore separation. This company acquired some of its subsidiaries—Thermit, Limited, and Premier Electric Welding Company—from the Imperial Chemical Industries, which is represented on the board of both Murex, Limited, and Murex Welding Processes, Limited. No information is given in the report as to the proportion of profits derived from the company's various activities, but the accounts show that the results have been uniformly successful. Trading results for the past two years are shown:—

	Years to June 30, 1931.	1932.
Total income	£ 49,674*	£ 76,332
Earnings for dividend	35,193	54,256
Shares:		
Earnings %	24.8*	38.8
Paid %	35	35
Carry forward	28,908	34,204

* After deducting £33,198 loss on forward contracts for raw materials entered into before June 30, 1930. But for this exceptional loss, the earned ratio for 1931 would have been 48.2 per cent.

The company holds half the capital of American Murex Corporation, but this is not shown separately in the balance sheet. The total value of shares in subsidiary companies is given as £265,210, and goodwill and patent rights as £15,000. The balance sheet shows a liquid financial position. The company has been working on a small capital of £186,517, but an issue of £50,000 7 per cent. cumulative preference shares was made in April last at 21s. per share. The ordinary shares of the company are quoted at 39s. 8d., and allow a yield of nearly 8 per cent., on the basis of existing dividends.

Oxygen Merger.—The announcement that the British Oxygen Company is proposing to buy the undertakings and assets of Metal Industries and Oxygen Industries marks a further step in the co-ordination of those businesses which are primarily concerned with the manufacture of oxygen and plant for the cutting and welding of metals. British Oxygen was formed as far back as 1886, and has steadily increased its interests at home and abroad. It now has a controlling interest in Sparklets, Limited, owns all the share capital of Oxygen, Limited, practically the whole share capital of Liquid Air, Limited, and since December, 1930, has absorbed the businesses of Allen Liversidge and its subsidiaries, the Dissolved Acetylene Company, and Imperial Light. Recent profit figures reflect the difficult trading conditions which have been experienced, the ordinary dividend for the year to December 31st last being only 3 per cent., against 6 per cent. for 1930. The proposed agreement, which is conditional on its acceptance by an extraordinary general meeting to be held on October 27th, authorises the purchase by British Oxygen of Metal Industries and Oxygen Industries' assets so far as they relate to the manufacture of and dealing in the commodities in which the company and trades. The purchase consideration is to be satisfied almost wholly in ordinary shares, but the terms of the agreement are not to be made known until the general meeting. Partly for the purpose of meeting the purchase consideration and partly in order to maintain a reserve of unissued ordinary capital for future contingencies, the nominal capital of the company is to be raised to £2,250,000 by the creation of a further 250,000 ordinary shares. The company already has 805,900 ordinary shares authorised but unissued. It is a condition of the agreement that three of the present directors of the vendor companies shall join the board of British Oxygen.

First Co-operative Investment Trust.—As at July 31, 1932, the investments of the First Co-operative Investment Trust stood in the books at £1,731,761, and had a market value of £778,966. This represented a depreciation of 55 per cent. as compared with 52 per cent. at January 31, 1932, and 41 per cent. at July 31st, 1931. It is to be considered whether an investment trust faced with a depreciation of this abnormal amount, should not immediately propose to its shareholders a reconstruction or writing down of capital. That a depreciation of 55 per cent. will ever be recovered is unlikely, for the company's mistaken policy (long since abandoned) of paying high dividends before adequate reserves had been accumulated, resulted in the earlier purchase of high-yielding and speculative securities, many of which must now be unsaleable. The portfolio shows a fairly orthodox distribution by type—35.87 per cent. in ordinary shares, 16.78 per cent. in preference shares, and 47.35 per cent. in bonds and debentures, but the geographical distribution discloses the factures that nearly 40 per cent. of the trust's investments are located in European countries outside Great Britain, 18½ per cent. of the total fund being accounted for by investments in Germany. The directors argue that the market valuations do not afford a full measure of value, but investments to an investment trust are worth what they will earn. The accounts for the half-year ended July 31st, 1932, showed net revenue of £30,916, as compared with £36,874 in the half-year July 31, 1931. Thus earnings amounted only to 1.8 per cent. on the capital invested, an interim dividend of 1 per cent. being paid. If a writing-down of capital were arranged, there would be two advantages for the shareholders. First, it would not be necessary to transfer such large sums to reserve. Secondly, the restrictions upon the withdrawal of shares might be removed. In our issue of August 20th we drew attention to the remarkable conversion scheme for the trust's preference shares. The trust's official organ now states that holders of about 75 per cent. have accepted conversion of their 5½ per cent. preference shares into new 4 per cent. preference shares. The same proportion of acceptances has been received from preference holders in the Third and Fourth Trusts. Some 50 per cent. of the Second Trust's preference shareholders have, similarly, accepted the chairman's dogma that 4 per cent. "should be attractive enough."

United Molasses.—The interim half-yearly report to June 30th shows that the company, after its troubles, is at last working at a profit once again. For the last six months the trading profit—including receipts from subsidiaries—was £255,000, and after allowing for depreciation at customary rates and the cost of molasses run to waste, the net profit was approximately £45,000. The company has been heavily handicapped by the depreciation in sterling, its purchase contracts in the East being in gold currencies while the bulk of its sales are in sterling. Unhappily, there is no evidence that the company has really turned the corner yet. There has recently been a falling off in demand in various markets, particularly in the United States, and the results for the second half of the year are likely to be less favourable. Despite the continued fall in the price of molasses, the company has been able to add to its liquid assets, but there is no prospect whatever of an early resumption of dividends, and capital reorganisation is inevitable, sooner or later.

Cam and Motor.—At the normal price of gold last year's profit fell slightly short of the total for 1930-31. By reason of Rhodesia's currency being linked to sterling, an additional £127,000 net was derived, giving a disposable balance of £327,650, as against £191,800. A substantial portion of the windfall is devoted to strengthening the balance sheet, £86,000 now being applied to depreciation and the like, as compared with £40,500 in respect of the preceding period. After the payment of dividends totalling 22½ per cent., or 5 per cent. more than before, the substantially enhanced balance of £38,340 remains to go forward. The feature of last year's treatment operations was a reduction of 2s. 6d. per ton in costs, the difference more than counterbalancing a decline in average yield. A cut of fully 3,000 feet in the development footage was accompanied by an increase of 122,000 tons in the ore reserves to a round million tons. The expansion in quantity has been accompanied by a further shrinkage in values, the average now being 44s. per ton, as against 48s. at the end of June, 1931, and 50.8s. in 1930. Three years' supply for the mill is indicated and recent developments at depth have been of an encouraging nature. As the company will obtain the benefit of the "gold premium" for the whole of the current financial session, the earnings should advance further. The necessary measures are now to be taken for making the 7s. 6d. return of capital foreshadowed at the last annual meeting. This sum is exactly equivalent to the amount of the assessment levied in 1919. It is seldom that shareholders in a reconstructed enterprise are so fortunate.

CAPITAL ISSUES.

THE advertised "avalanche" of new issues shows no signs of excessive momentum. The Treasury has floated a highly successful 2 per cent. Bond issue, which is discussed in some detail on page 700. The remaining offers have all been of modest amount, the borrowers including two industrial companies and yet another greyhound enterprise. *Hugh Stevenson and Sons, Limited*, is an old-established cardboard-box manufacturing business.



SECURITY FIRST

FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL
North John St.

LONDON
Lombard St.

Its debenture stock, after a further issue, to be made later, will be covered by assets 2½ times (a moderate but not generous proportion) and will yield a shade over 6 per cent. This figure itself puts the issue into the second-line debenture category, but the stock may appeal to investors for "mixing" purposes. The 7 per cent. preference shares of *Qualcast, Limited*, are a reasonable industrial proposition, covered over five times by progressive profits. *The Blackpool Greyhound Stadium and Racecourse, Limited*, offer, like all in its class, is a speculative gamble. As the company's entire share capital is no more than £47,500, the market in the 2s. shares is bound to be narrow. Despite the impediments imposed by the Treasury ban, a number of important conversion issues are being undertaken. *The Phoenix Assurance Company* is converting its 5 per cent. registered debenture stock to a 4 per cent. basis, holders being offered a bonus of 2 per cent. by way of additional inducement. *Dickins and Jones, Limited*, controlled by Harrods, similarly, is converting its 6 per cent. First Mortgage Debenture stock to a 4½ per cent. basis. Neither of these operations involves underwriting, or an appeal to the public for cash with which to pay off dissenting holders.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Oct. 8, 1932, excluding conversions, £163,593,325.7
Total recorded, Jan. 1 to Oct. 8, 1932, including conversions, £307,232,205.

National Savings Certificates.
Net receipts, week ended Oct. 8, 1932, Dr. £50,000.

To the Public.	Conver- sions or New Money Sub- scrip- tion.	First Payment.	Further Liability.
£150,000,000 2% Treasury Bonds, red. 1935-40, issued April 15, 1932, at par (Issued to repay £140,312,914 4½% Treasury Bonds).	150,000,000	150,000,000	7,500,000 142,500,000
<i>Qualcast, Ltd.</i> , 75,000 7% Cum. Pref. £1 at par	75,000	75,000	18,750 56,250
<i>Blackpool Greyhound Stadium and Racecourse</i> , 385,000 Ord. 2s. at par.	38,500	38,500	9,625 28,875
<i>Hugh Stevenson and Sons</i> , £125,000 6% Mt. Deb. Stk. at 99, red. at 102½%	125,000	123,750	12,500 111,250
Total offered to the Public, week ended October 15, 1932	150,238,500	150,000,000	237,250 7,540,875 142,696,375

To Shareholders only.	Conver- sions or New Money Sub- scrip- tion.	First Payment.	Further Liability.
<i>Dickins and Jones, Ltd.</i> , £973,980 New 4½% Debenture Stock, red. Feb. 1, 1948, at 102 or 101 on March 31, 1933, with cash payment of £2½ in exchange for 6% Mt. Deb. Stk.	973,980	954,422	...
<i>Portsmouth and Brighton United Breweries</i> , £410,000 4½% 1st Mt. Deb. Stk., red. finally June 30, 1933. (Issued to repay 6% Deb. Stk. on Jan. 1, 1933.)	410,000	410,000	...
Total offered to Shareholders only, week ended Oct. 15, 1932	1,383,980	1,364,422	...

Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	£	Whole year—	£	£
1932	458,783,877	163,780,575	1931	114,290,666	102,044,291
1931	108,601,179	97,724,194	1930	454,888,784	267,800,700
1930	395,603,286	215,502,055	1929	488,764,940	285,239,400
1929	238,033,495	200,707,895	1928	693,100,056	365,058,073
1928	490,052,417	317,951,794	1927	...	355,165,970
1927	...	237,980,211	1926	...	230,782,600
1926	...	181,636,326	1925	...	232,214,500
1925	...	183,230,147	1924	...	209,326,101

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

Nature of Borrowing.	Debtures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	151,966,331	8,150,682	3,605,562	163,722,575
1931	74,099,549	6,746,059	16,876,786	97,722,394
1930	178,701,108	15,479,638	21,321,309	215,502,055
Whole year—	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,811,900	45,062,600	111,177,600	375,051,100
1927	228,958,900	36,836,600	98,381,400	364,176,900
1926	145,180,000	39,393,200	46,209,500	230,782,600

† Includes £107,589,166, whole amount accepted tenders for 3% Treasury Bonds

By Stock Exchange Introduction.

Amount previously recorded	Capital Introduced.	Price Dealings Began.	Cash Involved.
9,011,750	...	...	9,756,857
Total, week ended October 15, 1932	Nil	...	Nil
Total to date, 1932	9,011,750	...	9,756,857
Total to date, 1931	8,757,183	...	8,883,558

Public Offers.

2 per cent. Treasury Bonds 1935-38.—Issue of £150,000,000 2 per cent. Treasury Bonds, 1935-38, at £100 per cent. The loan is a trustee investment. If not previously redeemed, the bonds will be repaid at par on April 15, 1938, but the Treasury reserve the right to redeem in whole or part at par at any time on or after April 15, 1935, on three months' notice. Holdings of 4½ per cent. Treasury Bonds, 1932-34, may be surrendered in whole or part, in multiples of £100, in exchange for a like amount of 2 per cent. Treasury Bonds, 1935-38. Holders who accept this offer will receive a cash payment at the rate of 10s. per cent. on the amount of the holdings surrendered and will be entitled to receive on December 1, 1932, four months' interest on such holdings due on that date.

Hugh Stevenson and Sons.—Issue of £125,000 6 per cent. mortgage debenture stock at 99 per cent. A trust deed will provide that the company shall maintain its liquid assets, consisting of stock, work in progress, sundry debtors and cash, at a figure not less than 40 per cent. of the nominal amount of the stock for the time being outstanding. The stock will be redeemed on or before March 1, 1962, by means of a cumulative sinking fund commencing on March 1, 1934, which is to be applied in the purchase of stock at or below 102½ per cent. or in drawings at 102½ per cent. The company reserves the right to redeem the stock at any time after March 1, 1938, at three months' notice. The company was formed in 1920 to acquire the undertaking and assets of Hugh Stevenson and Sons, cardboard box manufacturers. The proceeds of the issue will be applied to extending factory premises and acquiring additional plant for the production of certain essential raw materials. The company will later issue further stock, ranking *pari passu* with the present issue, to redeem the existing 6 per cent. and 7 per cent. mortgage debenture stocks. Profits, before charging maintenance and depreciation (£11,555 for the last complete year), have been as follows:—1927-28, £58,350; 1928-29, £69,374; 1929-30, £56,914; 1930-31 (15 months), £73,644. Service of outstanding debenture stock (including the present issue) requires £17,029.

Qualcast.—Issue of 75,000 7 per cent. cumulative preference shares of £1 each at par. The company was incorporated as a private company in January, 1920, under the title of Derwent Foundry (1920) to acquire the business of ironfounders carried on at the Derwent Foundry, Derby. The company was converted into a public company and the name changed to the above in June, 1928. Profits, before charging income tax, interest, directors' fees, bonus to staff, and expenses of removal to new works in 1930, were:—1928, £25,053; 1929, £28,243; 1930, £30,151; 1931, £34,762; 1932, 32,215. Average profits thus covered the dividend on the preference shares over 5½ times. No part of the issue has been underwritten.

Blackpool Greyhound Stadium and Racecourse.—Issue at par of 385,000 ordinary shares of 2s. each. The company has been formed to acquire the lease of property and to lay out and equip the property as a greyhound racecourse and sports stadium. The location of the site is regarded as very favourable. The purchase consideration is £15,000, payable as to £6,000 in cash and to the balance by the allotment of 90,000 shares of 2s. each.

South Staffordshire Waterworks.—Offer for sale by tender of £200,000 ordinary stock, Class B, at a minimum price of £150 per £100 stock. Statutory maximum dividend is 7 per cent., on which basis the stock yields £4 13s. 4d. per cent. The proceeds will be used for the repayment of bank loans and for development. Ordinary dividends have been at the rate of 7 per cent. per annum for the past nine years.

Cranbrook District Water.—Sale by tender of £25,000 5 per cent. irredeemable debenture stock, minimum price £105 per £100 stock, yielding at that price £4 15s. 2d. per cent.

Pending Issue.
J. G. Graves.—Offer for sale of 800,000 Participating Preferred Ordinary Shares of 5/- each at 14/- per share. The prospective dividend yield is approximately 9 per cent. The lists open on Tuesday next.

Stock Exchange "Introductions."

Nor-Rust Liquid Lead Company.—Issued capital £17,210 in "A" shares of £1 each and £1,250 in "B" shares of 1s. each. The company was incorporated in December, 1929, with the object of carrying on the business of manufacturing rust-proof metallic and other paint and varnish. For the financial period April 19, 1931, to June 30, 1932, a profit of £1,674 was shown.

Calls Due Next Week.

The grand total of calls falling due in October, 1932, is £4,827,802, which compares with £2,397,913 which fell due in October, 1931. The following calls fall due in the week from October 17th to October 22nd, 1932, inclusive, and are calculated on the amount of stock or shares offered:—

Date of Call.	Already Paid.	No. of Shares.	Amount of Call.
Bristol Corporation 4½% Red. Stock 1952-62 at 100% Oct. 17 30½ 70% £2,225,000 686,250			
Waterfall (Annam) Tea Estates 10% Non Cum. Pfg. Pref. £1 Oct. 19 10/- 5/- 20,000 10,000			

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate per Annum, except where marked % or Stated in Cash.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.				
Bengal Doonars	5%†	Subject to tax at 2/7	% 7	% 8
INSURANCE.				
Commercial Union Assurance	20½%*	Nov. 7	Less tax	tax.
Royal Exchange	10%*	Nov. 7	Less tax	tax.
OTHER COMPANIES.				
African City Properties	4%*	Nov. 1	Less tax	...
Albert Baker	2½%*	Nov. 1	Less tax	...
Anglo-American Debenture	4%*	Nov. 15	...	...
Anglo-Portuguese Tel.	5%*	Nov. 1	...	...
Austin Reed	2½%*	Nov. 1	Less tax	2½
Bajoe Kidol	2½%*	Oct. 31	...	...
Browne and Engle	6%*	Oct. 22	Tax free	...
Bryant and May	1½%*	Oct. 22	...	...
Can. and Foreign Invest. Trust	5%*	Nov. 1	...	...
Dubarry Perfumery	5%*	Nov. 1	...	...
Elec. Fin. and Sec.	5%*	Oct. 24	Less tax	...
E. Robinson and Sons	5%*	Nov. 1	...	...
Gallaher	2%*	Nov. 1	...	...
Hope Bros.	4%*	Nov. 1	...	...
Industrial and General	2%*	Oct. 22	...	...
Jas. W. Cook and Co.	5%*	Nov. 15	...	...
Lawsons	4%*	Nov. 1	Tax free	...
North Met. Electric	4%*	Nov. 1	...	...
Orbital Telephone	3%*	Nov. 1	...	...
River Plate Elec.	11½%*	Nov. 1	...	7 12
Scottish and Donipans Trust	4%*	Nov. 1	Tax free	5
Second Edinburgh Invest. (Def.)	4%*	Nov. 1	Less tax	5
Shanghai Electric	5%*	Nov. 1	Less tax	5
Simons and Co.	5%*	Nov. 1	Tax free	5
Southall Bros. and Barclay	5%*	Nov. 1	Less tax	5
Tecka (Argentina) Land	5%*	Oct. 15	...	...
Trent Traction	4%*	Nov. 1	...	...

SUMMARY OF BALANCE SHEETS.

STAVELEY COAL AND IRON COMPANY, LIMITED.

LIABILITIES.	June 30, 1932.	ASSETS.	June 30, 1932.
Amount.	£	Amount.	£
Ord. shares, £1 ...	3,385,356	Properties	3,490,717
Creditors	226,868	Shares in subsidiary	103,259
Due to subsidiaries	2,109	Shares in other cos.	216,241
Insurance funds, &c.	282,645	Shares in Industrial	1,500
Depreciation re-	...	Association	...
serve	572,409	517,460 £1. with	103,492
General reserve	850,000	4s. called & paid	530,820
Profit and loss	241,790	Stocks	342,526
		Debtors	63,397
		Advances	49,281
		Cash	8,344
		Total	5,561,177
		Compared with June 30, 1931	32,639

SHEEPBRIDGE COAL AND IRON COMPANY, LIMITED.

LIABILITIES.	June 30, 1932.	ASSETS.	June 30, 1932.
Amount.	£	Amount.	£
Pref. shares, £1	112,275	Properties, &c.	1,020,637
D.O. &c. paid	55,090	Investments	940,926
Ord. shares, £1	1,171,157	Industrial Housing	30,000
Debtors	508,200	Stocks	151,142
Int. accrued	7,571	Debtors	129,302
Creditors	67,390	Loans	105,926
Royalties	41,660	Cash	95,828
Reserve for pen-	64,170		
sions, &c.	300,000		
Reserve fund	146,248		
Profit and loss	4,235		
Total	2,473,761	Total	2,473,761

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Oct. 7, 1932.	(c) Week ended Oct. 8, 1932.	Miles Open	Gross Receipts, week ended Oct. 10, 1932. (000's omitted.)	Aggregate Gross Receipts, 40 weeks, (000's omitted.)
			Passenger, &c.	Passenger, &c.
			Merchandise, &c.	Merchandise, &c.
			Coal and Coke	Coal and Coke
			Total	Total
Great Western	1932 3,761	183 175	57 272	455 8,323
Western	1931 3,761	194 202	108 510	504 9,000
(c) L. & N.	1932 6,353	291 282	212 494	785 12,440
Eastern	1931 6,353	306 340	244 584	890 13,390
L. M. & S.	1932 6,949	457 424	242 666	1,123 19,130
Scottish	1931 6,949	480 511	249 760	1,240 20,263
Southern	1932 2,181	261 55	26 81	342 11,747
	1931 2,180	271 72	30 102	373 12,526
Total...	1932 19,244	1,192 936	577 1,513	2,705 51,367
	1931 19,240	1,251 1,125	631 1,756	3,007 55,239
(c) Metro-	1932 59	28 8	...	3 1 31 9
politan	1931 59	20 5	...	3 6 34 2
(c) Under-	1932 283	...	...	...
ground, R.	1931 306	...	...	...
(c) Green	1932 31	...	...	...
Buses, &c.	1931 31	...	...	...
(c) L. & S.	1932 43	...	...	...
Group	1931 43	...	...	...
(b) Belfast	1932 80	...	...	...
& Co. Down	1931 80	...	...	...
(b) Great	1932 562	10 2	...	...
Northern	1931 562	10 6	...	...
(b) Great	1932 2,182	22 9	...	...
Southern	1931 2,182	22 4	...	...

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Week.	Ending.	Gross Receipts for Week.	Total Gross Receipts.
			1932.	1932.
			+ or -	+ or -
INDIAN.				
Assam Bengal	23	Sept. 10	1,330	Rs. 70,55,294
Barsi L. Ry.	24	17	202	8,07,400
Bengal & N. Western	24	17	2,114	1,49,05,525
Bengal-Nagpur	25	10	3,274	2,50,71,888
Bombay Bar. & C. I.	26	Oct. 1	3,084	16,48,000
Madras & S. Mahr.	24	Sept. 17	3,230	13,38,000
Rohilk'd & Kumaon	24	17	572	78,303
South Indian	24	17	2,528	11,27,147

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Name.	Week.	Ending.	Gross Receipts for Week.	Total Gross Receipts.
			1932.	1932.
			+ or -	+ or -
Canadian National	40	Oct. 7	20,340	\$ 3,433,001
Canadian Pacific	40	7	19,692	3,168,000

SOUTH AMERICAN.

			1932.	£	£	£	£
Antofagasta (Chili and Bolivia)	40	Oct. 9	804	6,440	9,770	17,400	280,800
Argentine N.E.	14	8	783	12,400	600	182,200	30,000
B.A. and Pacific	14	8	2,806	92,000	33,000	1,388,000	335,000
B.A. Central	15	9		8,765	2,478	155,990	12,940
B.A. Gr. Southern	14	8	5,076	154,000	25,000	2,174,000	314,000
B.A. Western	14	8	1,926	50,000	20,000	829,000	186,000
Central Argentine.	14	8	3,505	158,000	67,000	2,743,000	465,000
Central Uruguayan	14	8	273	13,743	7,513	192,565	42,500
C. Urg. (East Ext.)	14	8	650	11,321	36,961	26,961	8,313
C. Urg. (N. Ext.)	14	8	185	1,504	449	22,654	7,000
C. Urg. (W. Ext.)	14	8	211	1,321	421	18,975	5,390
Corrientes Central	40	8	1,218	40,000	7,000	673,000	156,000
Entre Rios	40	8	1,052	16,500	4,800	243,200	48,600
G. Westn. of Brazil	40	8	1,918	12,700	1,700	351,800	82,000
Leopoldina	40	8		41,943	15,656	1,166,431	216,864
Leopoldina Terminal	40	8		27,800	9,800	10,619,000	28,000
Nitrate	40	Sept. 30	4,115	2,227	385	33,751	85,955
Paraguay Central	14	Oct. 8	274	3,050	190	42,120	7,190
Salvador	13	8		1,133	539	23,885	6,550
San Paulo	40	8	1,532	14,787	15,065	1,062,782	65,174
United of Havana	14	2	1,367	11,639	4,600	206,572	79,570

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 12, 1932.

ISSUE DEPARTMENT.

Notes Issued :-	£	Government Debt	£
In Circulation.....	361,414,469	Other Government Securities.....	248,998,735
In Banking Department	53,007,625	Other Securities.....	11,169,534
		Silver Coin.....	3,816,831
		Amount of Fiduciary Issue.....	275,000,000
		Gold Coin and Bullion	139,422,094
	£414,422,094		£414,422,094

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	3,100,994	Other Securities	68,108,094
Public Deposits	15,032,475	Discounts and Advances.....	£11,643,753
Other Deposits		Securities.....	£17,724,673
Bankers'	£83,534,251	Notes	29,368,426
Other Accounts	£35,236,289	Gold and Silver Coin	53,007,625
7-Day and other Bills	1,115		973,979
	£151,458,124		£151,458,124

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

Both Departments.	Amount, Oct. 12, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Notes in circulation.....	£361,414,469	+ 1,106,803	+ 4,704,878
Public deposits	15,032,475	+ 3,343,486	+ 591,258
Bankers' deposits	83,534,251	+ 2,155,276	+ 13,435,388
Other deposits	35,236,289	+ 603,525	+ 16,073,490
Seven-day bills	1,115	+ 225	+ 5,330
Total outside liabilities	495,218,559	+ 684,651	+ 2,652,704
Capital and reserves	17,653,994	+ 16,192	+ 2,012
Government debt and securities.....	£328,121,929	+ 363,785	+ 25,295,876
Discounts and advances	11,643,753	+ 31,865	+ 2,433,898
Other securities	28,998,007	+ 377,769	+ 23,668,166
Silver coin in issue department	3,816,831	+ 3,775	+ 195,667
Coin and bullion (bank's reserve)	140,396,073	+ 4,765	+ 3,652,547
Reserve of notes and coin in banking department.....	£53,981,604	+ 1,102,038	+ 1,152,331
Proportion of reserve to outside liabilities.....			
(a) Banking department only ("proportion")	40 1/2 %	+ 1/2 %	- 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	28 1/2 %	- 1/2 %	+ 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.	£	£	£	£	£	£	%
Sept. 7	414,031	365,122	7,618	91,507	33,297	125 in	2
14	414,292	362,285	12,933	93,827	33,157	261 in	2
21	414,421	359,266	23,915	82,586	32,904	128 in	2
28	414,421	359,784	24,418	80,626	33,397	Nil	
Oct. 5	414,422	362,521	11,689	85,690	34,633	Nil	
12	414,422	361,414	15,032	83,534	35,236	Nil	

(000's omitted.)

Date.	Issue Department.		Both Depts.		Ranking Department.			
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	%	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1932.	£	£	£	%	£	£	£	£
Sept. 7	259,979	11,210	139,958	28½	69,933	12,274	18,611	49,835
14	261,589	9,597	140,222	28½	70,853	12,052	18,301	53,037
21	261,550	9,638	140,376	28½	70,998	12,006	18,527	56,110
28	261,504	9,684	140,397	28½	69,918	12,069	18,072	56,613
Oct. 5	260,050	11,129	140,401	28½	67,708	11,676	17,387	52,880
12	260,014	11,169	140,396	28½	68,108	11,644	17,725	53,982

BANKERS' CLEARING RETURNS (000's omitted.)

	Towns.	Metropolitan.	Country.	Total.
1932.				
January 1 to September 28.....	20,518,982	1,156,692	1,978,447	23,654,121
Week ended October 5	537,684	36,757	57,560	632,001
Week ended October 12.....	526,108	32,449	54,660	613,217
Total to date, 1932	21,592,774	1,255,898	2,090,667	24,929,339
Total to date, 1931	25,712,567	1,328,676	2,168,067	30,209,310
Decrease or increase in 1932	- 5,123,793	- 72,778	- 77,400	- 5,279,971
	- 19.2 %	- 5.5 %	- 3.7 %	- 17.4 %
Total for year 1931.....	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930.....	38,782,577	2,963,631	4,558,354	46,304,562
Decrease or increase in 1931	- 6,966,769	- 1,444,294	- 2,111,422	- 10,522,485
	- 17.9 %	- 7.9 %	- 7.1 %	- 17.8 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended October 8.		Month of September			Aggregate Totals, January 1 to October 8.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days	26	26					
BIRMINGHAM	£ 1,935	£ 2,315	£ 7,509	£ 7,987	+ 6.3	£ 86,558	£ 88,101
BRADFORD	733	877	2,526	2,827	+ 11.9	29,981	31,108
BRISTOL	1,092	1,202	5,024	5,118	+ 1.8	47,760	46,106
DUBLIN	5,043	4,574				195,928	212,570
LEEDS	656	734	2,571	2,785	+ 8.3	28,575	28,420
LIVERPOOL	729	930	2,805	2,963	+ 5.6	33,785	33,245
MANCHESTER	511	645	2,308	2,519	+ 9.1	24,575	25,436
NEWCASTLE	5,897	5,946	20,743	25,478	+ 22.8	222,193	230,505
NOTTINGHAM	9,358	10,014	33,578	36,814	+ 9.6	361,542	376,815
SHEFFIELD	1,184	1,410	4,466	4,392	- 1.6	50,631	49,135
	393	556	1,515	1,701	+ 12.2	17,845	17,657
	630	910	2,520	2,578	+ 2.3	29,891	28,653
Total.....	28,161	30,113	85,565	95,162	+ 11.2	1,125,264	1,167,751

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia, Danzig and Denmark appeared in the Economist for September 10; Finland in September 17; Feroe-Gladia in September 24; Chile, Canada, Egypt, Poland, Estonia, Latvia, Lithuania and Japan in October 1; Bank for International Settlements, Roumania, Greece and Turkey in October 8.

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

	Oct. 15, 1931.	Sept. 22, 1932.	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.
RESOURCES.					
Total gold reserve	2,836,010	2,864,690	2,878,650	2,912,530	2,931,960
Total bills discounted.....	627,580	559,020	339,650	333,430	327,670
Bills bought in open market	730,410	33,650	33,600	33,270	33,280
Total U.S. Govt. securities.....	727,430	1,851,550	1,853,680	1,851,320	1,850,900
Total bills and securities.....	2,104,440	2,448,620	2,231,810	2,233,920	2,217,260
Total resources.....	5,926,490	5,879,390	5,862,080	5,903,580	5,914,400
LIABILITIES.					
Federal Reserve notes in actual circulation	2,321,820	2,759,140	2,720,990	2,744,870	2,737,840
Deposits—Memberbank—re-serve account.....	2,223,020	2,210,590	2,268,520	2,243,960	2,245,790
Total deposits	2,519,340	2,315,090	2,353,140	2,344,990	2,357,100
Capital paid in and surplus.....	445,020	412,410	412,390	412,390	412,460
Total liabilities	5,926,490	5,879,390	5,862,080	5,903,580	5,914,400
Ratio of total reserve to deposits and Federal Reserve note liabilities combined	61.8 %	60.4 %	60.8 %	61.1 %	61.3 %

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

	Oct. 15, 1931.	Sept. 22, 1932.	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.
RESOURCES.					
Total gold reserve	892,200	915,410	941,790	942,180	937,000
Total bills discounted.....	205,940	76,740	70,840	68,310	63,480
Bills bought in open market	200,740	10,680	10,550	10,440	10,350
Total U.S. Govt. securities.....	245,260	718,790	718,790	716,290	716,290
Deposits—Memberbank—re-serve account.....	657,890	809,100	803,040	799,530	794,030
Total bills and securities.....	942,790	1,086,680	1,120,350	1,114,690	1,079,370
Ratio of total res. to dep. and Federal Res. note liabilities combined	61.8 %	56.9 %	57.9 %	57.8 %	58.2 %

FEDERAL RESERVE MEMBER BANKS.

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

	Sept. 30, 1931.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 14, 1932.	Sept. 21, 1932.	Sept. 28, 1932.
Loans.....	14,191	10,796	10,812	10,766	10,739	10,708
Investments.....	7,916	7,743	7,752	7,739	7,821	7,821
Demand deposits	13,227	10,982	11,011	11,232	11,100	11,229
Time deposits	6,775	5,633	5,622	5,610	5,627	5,640
Due from banks	1,282	1,288	1,347	1,462	1,431	1,448
Due to banks	5,071	2,758	2,875	2,997	2,762	2,991
Federal reserve bor-rows.....	154	158	153	148	113	101

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

	Sept. 18, 1931.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.
ASSETS.						
Gold coin and bullion.....	£9,131	£1,932	£1,932	£1,932	£1,932	£1,932
Subsidiary coin.....	5,913	6,722	7,093	6,014	6,030	6,482
Bills discounted: Domestic and Union Gov. Treas. Bills	382	533	539	534	541	550
Bills discounted: Foreign.....	134	2,300	2,362	3,023	2,372	2,168
Investments.....	6,426	1,763	1,834	2,049	2,021	1,806
LIABILITIES.						
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	802	9	9	9	9	9
Notes in circulation.....	6,552	6,316	6,588	7,845	6,903	6,389
Bankers' deposits.....	2,730	1,593	1,386	998	1,139	1,612
Ratio of cash reserves to liabilities to public	48.1 %	54.3 %	54.9 %	48.1 %	50.9 %	54.8 %

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loan, namely, £792,916, has been written off Reserve.

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

	Sept. 18, 1931.	Aug. 19, 1932.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.
ASSETS.						
Total securities.....	37,781	27,621	27,786	28,305	30,132	30,654
Loans.....	10,069	9,243	7,509	7,437	7,925	7,587
Cash and other assets.....	26,749	22,434	22,061	21,521	20,682	20,306
Foreign bills.....	3,051	2,063	2,004	1,677	2,104	1,820
Dead stock	3,585	12,655	7,125	9,375	12,755	20,025
Bal. with other banks	2,730	2,657	2,654	2,654	2,651	2,651
Cash	14,744	27,763	28,956	27,036	24,261	24,460
LIABILITIES.						
Capital paid up	5,620	5,620	5,620	5,620	5,620	5,620
Reserve.....	5,420	5,150	5,150	5,150	5,150	5,150
Total deposits	77,102	70,680	79,767	77,942	76,601	75,700
The above includes:						
Deposits in London	89	1,369	1,232	1,380	1,412	1,385
Advances in London	868	1,249	1,318	1,120	1,427	1,442
Cash, &c., at other Banks in London.....	112	231	195	510	197	144

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. SEPTEMBER, 1932.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England	37,938	1,559	3,032	37,329	8,190	42,092	3,027	27,636	28,468	3,384	192,655
Balances with and cheques in course of collection on other banks in the United Kingdom	6,630	476	685	6,122	1,660	6,283	158	6,346	6,286	1,302	36,048
Items in transit	21,407	2,171	3,769	20,287	5,714	17,139	5,295	15,476	17,997	4,478	113,733
Money at call and short notice	68,633	3,482	398	89,557	10,435	90,815	1,818	59,277	64,897	2,914	392,226
Bills discounted	76,558	4,315	11,088	56,841	28,031	74,007	15,866	48,303	59,365	8,606	382,980
Investments	159,247	8,072	10,832	152,943	30,220	177,506	15,431	125,436	110,921	12,082	802,690
Advantages to customers and other accounts	5,128	561	1,713	24,253	3,302	12,934	19	5,798	19,541	1,562	74,811
Liabilities of customers for accept- ances, endorsements, &c.	7,265	412	695	7,938	2,948	10,810	772	7,193	5,864	1,047	44,944
Bank premises account	6,694	...	...	4,171	...	7,294	...	2,514	2,992	...	23,665
Investments in affiliated banks...	389,500	21,048	32,212	401,646	91,130	438,880	42,386	297,979	316,431	35,375	2,066,587
Ratio of cash to current, deposit and other accounts	10·58	8·43	10·57	10·54	10·14	10·51	7·84	10·06	10·16	10·86	10·44
LIABILITIES.	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Capital paid up	10,250	1,000	530	7,500	2,900	11,500	1,030	8,000	7,500	800	51,010
Reserve fund	358,264	18,487	28,670	354,078	80,752	400,198	38,571	274,702	280,058	31,138	1,864,918
Current, deposit and other ac- counts	5,128	561	1,713	24,253	3,302	12,934	19	5,798	19,541	1,562	74,811
Acceptances, endorsements, &c....	...	...	...	5	16	...	1,266	...	12	...	1,299
Notes in circulation	...	...	...	...	...	...	...	...	...	...	239
Reduction of bank premises ac- count	389,500	21,048	32,212	401,646	91,130	438,880	42,386	297,979	316,431	35,375	2,066,587

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

ASSETS.	Position, May 31, 1931.	Sept. 30, 1932.	Sept. 15, 1932.	Sept. 22, 1932.	Sept. 30, 1932.
Cash and bullion—Gold	44,224	118,005	142,397	142,396	142,396
Balance abroad and foreign bills	28,533	35,495	22,925	25,765	28,712
Norwegian and Foreign Government securities	8,816	41,678	27,153	27,153	27,153
Discounts and loans	76,911	217,581	266,592	260,128	260,511
LIABILITIES.					
Notes in circulation	113,484	302,392	304,293	302,360	311,037
Deposits at sight	7,188	81,179	88,466	87,460	83,412

* Includes an amount of Kr. 24,156,000, which the Bank has at its disposal abroad.

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

ASSETS.	Position, May 31, 1931.	Oct. 3, 1932.	Sept. 10, 1932.	Sept. 17, 1932.	Sept. 24, 1932.	Oct. 1, 1932.
Gold	521,775	2,276,792	2,256,915	2,257,037	2,257,037	2,257,219
Silver	728,600	549,683	582,205	583,346	585,373	587,462
Loans & Discounts	800,725	3,329,729	2,909,074	2,914,076	2,908,008	2,985,852
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Notes in circulation	901,550	5,068,107	4,849,631	4,807,725	4,784,333	4,816,356
Deposits	477,500	1,096,626	937,334	957,775	920,637	929,175

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

ASSETS.	Aug. 17, 1932.	Aug. 24, 1932.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 14, 1932.	Sept. 21, 1932.
Gold	395,353	395,320	396,485	396,712	397,045	397,548
Balance abroad	559,392	560,194	565,108	561,352	559,148	553,956
Discounts	333,229	347,285	345,731	339,902	339,698	337,555
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.						
Notes in circulation	1,881,751	1,868,782	1,929,366	1,930,050	1,918,330	1,903,614
Government deposits	88,595	88,720	70,642	68,582	62,588	74,770
Bankers' deposits	232,837	260,767	235,619	228,533	248,425	252,642
Other deposits	71,599	70,049	57,591	56,212	54,342	45,216

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

ASSETS.	Oct. 7, 1932.	Sept. 15, 1932.	Sept. 23, 1932.	Sept. 30, 1932.	Oct. 7, 1932.
Cash Reserve	189,539	149,476	149,476	149,476	149,476
Gold coin and bullion	112,301	39,768	39,762	39,615	39,549
Foreign exchange	57,088	115	115	115	115
Other foreign exchange	736,171	854,687	829,004	866,944	861,103
Bills discounted	95,647	91,577	91,577	91,577	91,577
Govt. debt					
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,802	10,802	10,803
Notes in circulation	1,091,115	856,599	817,253	902,048	861,615
Deposits	110,634	212,079	226,154	172,765	212,354

† In dollar and sterling only.

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

ASSETS.	Oct. 7, 1932.	Sept. 15, 1932.	Sept. 23, 1932.	Sept. 30, 1932.	Oct. 7, 1932.
Metal reserve	104,888	96,532	96,532	96,532	96,532
Gold coin and bullion	9,083	11,572	11,767	11,487	10,770
Silver coin and bullion	3,848	10,193	10,601	9,943	9,085
Inland bills, warrants and securities	373,904	425,729	422,776	452,666	441,958
Advances to Treasury	58,486	52,475	52,475	52,475	52,453
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	367,580	341,922	327,138	372,232	360,442
Current accounts, deposits, &c.	124,310	87,132	98,058	80,757	80,287

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Sept. 30, 1931.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.	Sept. 30, 1932.
Gold	1,520,298	1,639,980	1,639,911	1,640,540	1,659,014
Balance abroad and foreign currencies	1,177,197	1,078,639	1,079,950	1,093,013	1,097,817
Discounts and advances	1,721,593	1,489,198	1,494,103	1,317,778	1,627,881
State notes debt balance	3,257,838	2,712,827	2,710,560	2,703,839	2,700,883
Other assets	701,569	395,715	404,442	381,721	441,123
LIABILITIES.					
Bank notes in circulation	7,172,261	6,144,078	5,824,015	5,625,054	6,218,337
Check account balances	308,717	488,459	820,792	822,891	579,106
Other liabilities	386,612	247,251	247,588	252,375	292,704

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

ASSETS.	Sept. 23, 1931.	Aug. 31, 1932.	Sept. 7, 1932.	Sept. 15, 1932.	Sept. 23, 1932.
Gold and silver holdings	1,508,714	1,516,682	1,516,771	1,516,785	1,516,954
Balance abroad and foreign currencies	475,886	268,105	269,298	265,317	259,700
Discounts and advances	832,505	690,494	729,129	725,722	787,224
Advances to the Treasury	3,055,822	2,967,852	2,959,574	2,954,567	2,949,567
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,184,334	1,192,753	1,192,763	1,192,870	1,192,335
Bank notes in circulation	3,347,369	2,657,907	2,693,296	2,730,576	2,761,121
Sight liabilities	1,255,227	1,620,203	1,591,031	1,523,282	1,518,564
Deposits	252,408	226,508	226,795	226,387	226,360

LONDON RATES.

	Oct. 6, 1932.	Oct. 7, 1932.	Oct. 8, 1932.	Oct. 10, 1932.	Oct. 11, 1932.	Oct. 12, 1932.	Oct. 13, 1932.
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bank' drafts	1	1	1	1	1	1	1
3 months' do.	1	1	1	1	1	1	1
4 months' do.	1	1	1	1	1	1	1
6 months' do.	1	1	1	1	1	1	1
Discount Treasury Bills—							
3 months'	1	1	1	1	1	1	1
6 months'	1	1	1	1	1	1	1
Loans—Day-to-day	1	1	1	1	1	1	1
Short	1	1	1	1	1	1	1
Export allowances: Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1	1	1	1	1	1	1

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
Sept. 22	1	1	1	1	2	2	3
Oct. 6	1	1	1	1	2	2	3
Oct. 13	1	1	1	1	2	2	3

RATES OF EXCHANGE.

London on	Unit.	Par.	Oct. 15, 1931.	Oct. 6, 1932.	Oct. 13, 1932.
New York	dollars to £1	Cable	4.866	3.453	3.443
Montreal	dollars to £1	Cable	4.866	3.453	3.443
Paris	francs to £1	T.T.	124.21	984.4	984.4
Berlin	marks to £1	T.T.	20.43	161.17	14.50-14.55
Amsterdam	florins to £1	T.T.	12.107	91.9	8.58-8.60
Brussels	belgas to £1	T.T.	35.00	271.9	24.83-24.88
Zurich	lire to £1	T.T.	92.46	744.7	674.6-674.7
Copenhagen	krone to £1	T.T.	25.224	191.9	17.87-17.92
Stockholm	krone to £1	T.T.	18.159	171.9	19.80-19.90
Oslo	krone to £1	T.T.	18.159	171.9	19.80-19.90
Madrid	pesetas to £1	T.T.	25.224	431.9	424.24
Lisbon	escudos to £1	T.T.	110	1094-110	1091-1104
Vienna	schillings to £1	T.T.	34.591	29.30	28.31
Prague	koruna to £1	T.T.	164	130-132	116-117
Belgrade	dinars to £1	T.T.	276.316	205-230	225-245
Budapest	pengo to £1	T.T.	27.82	18-21	19-21
Bucharest	lei to £1	T.T.	813.6	630-650	570-590
Sofia	leva to £1	T.T.	675.659	510	470-500
Albania	drachmas to £1	T.T.	375	295-310	570-590
Constantinople	piastres to £1	T.T.	110	725	720
Moscow	roubles to £1	T.T.	9.46	7.492-507	6.70-6.72
Warsaw	zlotys to £1	T.T.	43.38	33-37	304-307
Heidelberg	marks to £1	T.T.	193.23	190-194	230-235
Kyoto	yen to £1	T.T.	48.66	34-36	34-36
Reval	kroon to £1	T.T.	18.159	12-14	12-14
Riga	late to £1	T.T.	25.224	17-19	17-19
Buenos Aires	piastres to £1	T.T.	974	974	974
Rio de Janeiro	pence to peso	T.T.	47.622	32.1	32.1
Montevideo	pence to peso	T.T.	5.899	5.899	5.899
Valparaiso	pence to peso	T.T.	20.21	20.21	20.21
Lima	soles to £1	T.T.	17.3	13.70	18.50
Bombay	pence to rupee	T.T.	1/6	1/6	1/6
Calcutta	pence to rupee	T.T.	1/6	1/6	1/6
Madras	pence to rupee	T.T.	1/6	1/6	1/6
Hong Kong	ster. to dollar	T.T.	1/13	1/13	1/13
Shanghai	ster. to dollar	T.T.	1/13	1/13	1/13
Singapore	ster. to dollar	T.T.	1/13	1/13	1/13
Kobe	ster. to yen	T.T.	24.5824	24.5824	24.5824
Manila	ster. to peso	T.T.	24.0664	24.0664	24.0664
Mexico	pence to peso	T.T.	9.76	10.50-11.00	10.75-11.25
Siam	ster. to baht	T.T.	21.824	1/9	1/9

OVERSEAS BANK RATES.

Changed From To	Changed From To
Albania July 1, 1931 9 6	Madrid July 1, 1931 6 6
Amsterdam Apr. 18, 1932 3 24	Olo Sept. 1, 1931 4 4
Batavia Aug. 8, 1932 11 10	Paris Oct. 1, 1931 2 4
Belgrade Mar. 10, 1930 5 4	Prague Sept. 26, 1932 5 4
Berlin Jan. 20, 1931 6 7	Pretoria Oct. 8, 1932 6 8
Brussels Sept. 22, 1932 5 4	Reval Jan. 28, 1932 6 8
Bucharest Jan. 15, 1932 24 3	Riga Oct. 1, 1930 7 7
Bombay July 1, 1932 6 5	Rome May 2, 1932 6 5
Calcutta July 7, 1932 5 4	Sofia May 16, 1932 9 8
Copenhagen Oct. 12, 1932 4 3	Stockholm Sept. 1, 1932 4 3
Danish July 12, 1932 5 4	Swiss Bank Jan. 22, 1931 24 2
Heidelberg July 12, 1932 5 4	Tokio Aug. 17, 1932 5 11
Kyoto May 19, 1932 7 6	Vienna Aug. 23, 1932 7 6
Lisbon Apr. 4, 1932 7 6	Warsaw Oct. 1, 1930 6 7
New York Fed. Reserve June 23, 1932 3 24	Irish June 30, 1932 3 3

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

	Oct. 14, 1931.	Sept. 14, 1932.	Sept. 21, 1932.	Sept. 28, 1932.	Oct. 5, 1932.	Oct. 11, 1932.
Call money	2	2	2	2	2	2
Time money (90 days' mixed coll.)	2	2	2	2	2	2
Bank acceptances—						
Members—eligible, 90 days	2	2	2	2	2	2
Non-members—eligible, 90 days	2	2	2	2	2	2
Indisputable, 90 days	2	2	2	2	2	2
Commercial accept., 90 days	2	2	2	2	2	2

Rates of Exchange, New York on—

London—						
60 days						
Cable						
Cheques						
Paris.....cheques	Dollars for £1	4.8666	3.82½	3.4425	3.4437	3.43
Switzerland ..	Cents for 1 franc	3.918	3.89	3.4512	3.455	3.44
Switzerland ..	Cents for 1 Belg	13.90	14.05	13.87	13.88	13.89
Italy	Cents for 1 lire	19.30	19.61	19.28	19.28	19.31
Berlin	Cents for 1 mark	5.263	5.18	5.12½	5.12½	5.12
Vienna	Cts. for 1 Austrian sh.	23.82	23.00	23.80	23.77	23.76
Madrid.....	Cents for 1 peseta	19.30	9.00	8.18	8.16½	8.19
Amsterdam ..	Cents for 1 guilder	40.195	40.59	40.17	40.18	40.21
Copenhagen ..	Cents for 1 kroner	26.80	22.00	17.95	17.95	17.90
Stockholm ..			22.25	17.43	17.41	17.36
Athens			23.85	17.73	17.75	17.69
Montreal	Cents for 1 draachma	1.297	1.254	0.60½	0.60½	0.60
Yokohama	Cents for 1 Yen	100	89	20½	21	20½
Hong Kong ..	Cents for 1 Hong \$	49.85	49.35	24	23½	23.65
Shanghai	Cts. for 1 Shing. tal		32.50			
Calcutta	Cents for 1 rupee	36.60	29.00	26.20	26.25	26.18
Buenos Aires ..	Gold pesos for 100	103.65	183.33	...	...	...
Elo de Janeiro ..	Cents for 1 milreis	11.98	5.50	...	...	...
Valparaiso	Cents for 1 nota	12.12½	...	...	...	...

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver Cash.
		Cash	Forward		
1932.	s. d.	d.	d.		d.
Oct. 7.....	119 6	17½	17½	Oct. 15, 1926	25½
" 8.....	119 8	17½	17½	" 14, 1927	25½
" 10.....	119 7	17½	17½	" 18, 1928	26½
" 11.....	119 6	17½	17½	" 17, 1929	23
" 12.....	119 9	17½	17½	" 16, 1930	16½
" 13.....	119 9	17½	17½	" 15, 1931	17

Company News.

REPORTS AND NOTICES.

Wm. Cory and Son, Ltd., announce that Mr W. Valder has retired from the board. Mr A. G. Stanfield has been elected a director and appointed a managing director of the company.

Mr Samuel Courtauld has joined the board of directors of the Week End Review, Ltd.

INSURANCE.

PHENIX ASSURANCE COMPANY.—A meeting is called for October 25th of the holders of the 5 per cent. registered debenture stock (1922) for the purposes of securing the assent of the stockholders to a modification of their rights by which the interest payable thereon, as and from December 15, 1932, would be reduced from 5 per cent. to 4 per cent. per annum. If this is agreed to it is proposed to pay by way of additional interest a bonus of 2 per cent. on the amount of stock held, and further, the date on which the company is entitled to give notice of intention to redeem the stock or any part thereof at £105 per £100 will be postponed from January 1, 1932, to January 1, 1942.

WESLEYAN AND GENERAL ASSURANCE SOCIETY.—The society's directors have decided to reduce the rate of interest chargeable in respect of new advances under its house-purchase scheme to 5 per cent. per annum. The rate recently charged for such advances was 5½ per cent., and the society has already made advances under the scheme of over £2,000,000.

MISCELLANEOUS.

EBBW VALE STEEL CAPITAL.—The Ebbw Vale Steel Iron and Coal Company announces that the voting on the scheme of arrangement submitted to meetings of the preference and ordinary share-

holders and holders of six per cent. debentures and eight per cent. unsecured notes held on September 29, 1932, resulted as follows:—

Holders of	For scheme.		Against scheme.	
	No.	Representing.	No.	Representing.
Preference	1,788	485,040	60	13,280
Ordinary	2,169	1,330,962	112	28,211
6% debenture	513	433,700	61	62,000
8% unsecured notes	1,065	835,775	67	27,875

The scheme provides, *inter alia*, for the reduction of the share capital from £3,700,000 to £425,000 by writing 15s. off each £1 preference and 19s. off each ordinary share. The £1,673,125 of notes held by the public are to be exchanged for 814,254 "A" participating preference shares in the proportion of one £1 "A" participating preference for every £3 principal and interest accrued on the notes. Interest on the six per cent. mortgage debentures is to be paid at the reduced rate of 3 per cent. per annum for five years.

SKANDINAVISKA KREDITAKTIEBOLAGET.—We have been asked by the Skandinaviska Kreditaktiebolaget to give prominence to an addendum which Messrs Price, Waterhouse wish to make to a report recently issued by them, viz.: "The following paragraph appearing on page 44 [page 48 in the printed edition] of this report was to some extent based on a letter addressed by Kreuger and Toll to the Skandinaviska Kredit A.B. The liquidators have now informed us that according to information now provided by the bank to them, a statement contained in this letter is inaccurate and a misleading representation of the facts and, in those circumstances, we wish to expunge the paragraph in question which reads as follows: 'Even allowing for this, it is nevertheless evident that the Skandinaviska Kredit A.B. knew definitely that the operation involved no subscription of new money and that the issue had not been fully subscribed and it would therefore be abnormal procedure if, as a member of the underwriting syndicate, it did not enlighten the other members as to the true results of the issue.' Price, Waterhouse and Co., Stockholm, September 27, 1932."

STE. MADELINE SUGAR COMPANY.—At the annual meeting on October 13th, Mr G. Moody Stuart said that the past year had been the worst ever known for sugar in the world's open market. The average price since their last meeting had been £4 6s. 3d. per ton c.i.f. on the gold basis, and all the big producing countries had adhered to that and had suffered disastrous losses. During May and June the price did not exceed £3 8s. c.i.f. per ton. The fact that the company had come through the year with something on the right side was due, in the first place, to the abandonment of the Gold Standard, and, in the second place, to the increase in the preference by £1 6s. 8d. per ton given them in the Budget last April. The prospects for the coming year were more favourable.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.			Corresponding Period Last Year.	
					Dividend.		Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefer.	Ordinary.			
					Amount.	Amount.	Rate.		Dividend.
Breweries.		£	£	£	£	£	%	£	%
McEwan (William) and Co. Financial Land, &c.	June 30	79,061	73,071	152,132	25,000	50,000	10	3,033	74,099
Argentine Land and Invest.	June 30	24,571	73,876	98,447	...	41,075	4	33,000	24,372
Balkis Limited	Aug. 31	7,988	2,645	10,633	...	4,381	5	...	6,252
Leach's Argentine Estates ..	Mar. 31	...	60,057	60,057	...	...	...	60,057	...
Tecka (Argentina) Land ...	June 30	9,270	5,253	14,523	...	10,000	5	...	4,523
Rubber.									
Bajoe Kidool Rubber	Mar. 31	43,293	2,788	46,081	...	5,454	2½	...	40,627
British Borneo Para Rubber	Apr. 30	Dr. 1,243	Dr. 1,711	Dr. 2,954	...	...	...	Dr. 2,954	Dr. 1,945
Sungei Tukong Rubber	June 30	2,356	Dr. 1,734	622	...	...	...	400	222
Shipping.									
Elder Dempster and Co. ...	Dec. 31	Dr. 20,225	Dr. 323,445	Dr. 343,670	...	...	...	Dr. 343,670	Dr. 147,442
Tea.									
Ceylon and Indian Planters Trust.	June 30	5,780	3,862	9,642	1,500	...	...	1,100	7,042
Electro Trust, Ltd.	June 30	7,531	13,881	21,412	7,965	3,600	4	2,000	7,847
Mid-European Corporation	July 31	73,989	81,766	155,755	30,250	38,000	4	11,922	75,583
Southern Stockholders Investment Trust.	Sep. 15	8,152	24,880	33,032	...	18,750	2½	5,062	9,220
Windsor Trust, Ltd.	Sep. 30	3,033	1,159	4,192	...	1,200	60	...	2,992
Other Companies.									
British Moulded Hose Co. ...	July 31	Dr. 16,871	77	Dr. 16,794	...	...	...	Dr. 16,794	Dr. 17,118
Burt, Boulton and Haywood	June 30	13,918	45,800	59,718	10,500	42,660	8	...	6,558
Decca Record Company ...	Mar. 31	Dr. 173,037	Dr. 68,837	Dr. 241,874	...	...	...	Dr. 241,874	Dr. 97,223
Francis Cementation Co. ...	Mar. 31	44,330	9,420	53,750	15,000	...	...	6,000	32,750
Glenboig Union Fire-Clay Co.	Aug. 31	140	Dr. 6,948	Dr. 7,088	...	...	...	Dr. 7,088	...
Hodeman (George) and Sons (1928).	June 30	2,443	2,017	4,460	3,200	...	...	1,260	412
Hurst, Nelson and Co.	July 16	9,965	25,655	35,620	9,000	22,500	7½	...	1,260
London United Laundries...	June 25	4,099	7,192	11,291	...	3,025	5	3,019	4,120
Murex Limited	June 30	28,908	69,206	98,114	3,500	60,410	35	...	5,247
Rosario Drainage Co.	June 30	73,646	52,089	125,735	7,200	...	...	...	34,204
Simons and Co.	June 30	5,822	16,118	21,940	8,297	7,500	5	...	118,535
									39,727
									6,143
									19,194

INDUSTRIAL PROFITS.

(See Article on page 675.)

AVERAGE RATES PAID.

	On Debenture Capital.				On Preference Capital.				On Ordinary Capital.			
	1929.	1930.	1931.	1932.	1929.	1930.	1931.	1932.	1929.	1930.	1931.	1932.
1st quarter	4.89	4.89	4.82	4.8	5.4	5.8	5.6	4.3	10.9	10.0	8.5	8.7
2nd "	5.10	4.94	4.36	5.01	5.9	6.3	5.8	4.9	9.8	10.3	8.3	5.7
3rd "	4.88	5.36	5.24	5.09	6.0	5.0	4.5	3.6	10.3	8.3	5.4	4.3
4th "	5.39	5.19	5.18	...	4.7	4.5	3.8	...	10.6	8.4	3.9	...
Year ...	5.15	5.39	5.01	...	5.5	5.7	5.2	...	10.5	9.5	7.2	...

ANALYSIS OF RATES, THIRD QUARTER, 1932.

	Debenture Capital.	Rate of Interest.	Preference Capital.	Rate of Interest.	Ordinary Capital.	Rate of Interest.	Rate of Dividend a Year Ago.
Breweries	14,204,749	4.6	14,730,084	4.7	33,316,225	14.7	18.2
Financial Land, &c. ...	5,627,995	4.9	1,071,179	2.3	6,572,557	4.6	4.1
Gas	187,000	4.0	...	...	980,125	7.3	7.4
Hotels, Restaurants, &c.	920,768	4.9	672,562	6.1	753,065	3.3	...
Iron, Coal and Steel ...	4,543,255	4.9	14,340,373	0.7	22,872,235	1.7	2.7
Motor and Cycle	1,238,220	6.5	2,330,681	1.0	2,006,137	9.7	...
Oil	Nil	...	...	...	4,282,267	...	0.1
Rubber	3,076,322	5.1	295,679	2.4	14,064,490	...	1.8
Shipping	2,108,963	5.9	4,370,000	1.3	9,845,464	2.2	...
Shops and Stores	376,150	4.1	4,173,330	4.7	7,714,420	2.3	6.2
Tea	105,450	7.6	766,000	0.6	2,650,562	2.1	3.4
Textiles	5,091,649	4.1	7,084,704	4.4	9,216,064	4.5	4.1
Trusts	6,796,194	4.6	7,033,785	3.4	7,353,117	5.0	5.2
Waterworks	55,081	4.4	9,405	5.8	305,770	6.6	8.4
Miscellaneous	23,745,115	5.7	67,901,874	4.2	104,382,199	2.5	2.9
Total	68,136,909	5.1	124,779,656	3.6	225,694,699	4.3	5.4

OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of September are as follows: Production of oil, 48,650 tons; deliveries, 49,770 tons. The totals for the year ended September 30, 1932, are: Production of oil, 546,680 tons; deliveries, 544,850 tons, which compare with the previous year's figures of: Production of oil, 624,925 tons; deliveries, 520,250 tons.

HAMILTON'S OIL CONCESSIONS (ROMANIA), LTD.—Production for the month of September, 1932: 13,944 tons, equal to 97,608 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LIMITED.—The total production during the month of September amounted to 65,195 barrels, or approximately 9,314 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended September 10, 1932, was 258,000 barrels. Production for the week ended September 17, 1932, was 263,000 barrels. Production for the week ended September 24, 1932, was 257,000 barrels. Production for the week ended October 1, 1932, was 254,000 barrels.

Commercial Reports.

MARKET SUMMARY.

The reaction in the price of the principal primary products a week ago has proceeded further. According to quotations in the United States, the price of the chief non-ferrous metals continued to decline. Copper, lead, spelter and tin were all cheaper. Raw cotton again lost a few points on the publication of a "bearish" crop report in the United States. Among cereals, wheat, oats, and rye declined again, but maize was fractionally higher. Coffee and cocoa receded further, while raw sugar advanced on an active demand. Reports from various industrial centres in this country show a seasonal improvement in the coal trade. The iron and steel industries, on the other hand, fail to show any signs of an early improvement. The decline in raw cotton prices has had an unsettling effect on the demand for Manchester goods, while the demand for woollen manufactures, though limited, remained steady.

THE COAL TRADE.

SHEFFIELD.—The market for prompt business in best steams for export is quiet, but supplies are none too plentiful and prices continue to harden. Current quotations are firm at 17s. 6d. and 18s. The forward position is improving. Demand for gas coal is below former levels. The position of industrial fuel is unsatisfactory, but slightly better than of late. Foundry coke is in demand for heating, and there is rather more forward buying for the blast-furnace trade. Good qualities command 10s. at ovens.

GLASGOW.—The development of the winter demand is resulting in increasing business in the Scottish coal market, and last week's shipments, at some 263,000 tons, were the highest this year. With production curtailed—the quota has again been reduced—there is distinct indication of scarcity, and values in the East of Scotland

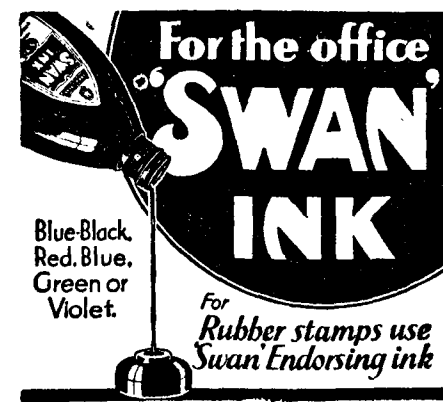
are especially firm. Although Lanarkshire has not shared to the same extent in the expansion in export business, prime splints are well booked, and of course the inland demand is on a larger scale. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s.; splint best, 15s. 3d.; splint second, 13s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 12s. 6d.; trebles, 14s.-14s. 6d.; doubles, 12s. 6d.; singles, 10s. 6d.-10s. 9d.; pearls, 9s. 6d.-9s. 9d.; dross, 9s. FIFE.—Screened navigation, 16s. 6d.; first-class steam, 13s. 6d.; third-class steam, 11s.-11s. 6d.; trebles, 16s.-17s. 6d.; doubles, 12s. 6d.-14s.; singles, 10s. 6d.-11s.; pearls, 9s. 6d. LOTHIAN.—Prime steam, 11s. 6d.-12s.; secondary steam, 11s.; trebles, 14s. 9d.; doubles, 12s.-13s.; singles, 10s. 6d.-10s. 9d.; pearls, 9s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 16s. 6d.; steam, 11s. 6d.; trebles, 14s. 6d.; doubles, 12s. 6d.; singles, 10s. 9d.; pearls, 9s. 9d.

NEWCASTLE-ON-TYNE.—Northumberland screened coal is well booked for some weeks ahead, and inquiry for shipment over the winter months, both from home and abroad, is above the average for this time of the year. Hastings/Hartley Main classes are particularly well stemmed and are selling at the price of 12s. 6d. per ton, which is 6d. above the minimum. Smalls are still difficult to dispose of, but shipments during the last few weeks have shown a little improvement, and there is more inquiry for ahead. The Durham position is fairly steady, but collieries producing coking brands would welcome more trade. There has been a better arrival of tonnage for "bunkers only," which has given the prime brands a steadier appearance, but all other classes are in abundant supply. To-day's f.o.b. prices for export are as follows: NORTH-UMBERLAND.—D.C.B. screened steam, 13s. 6d.; smalls, 8s. 6d.; Howards, Bentinck, Newbigin screened, 13s.; smalls, 8s.; Tyne Prime, large, 12s. 9d.; smalls, 9s.; Hartley Main, large, 12s. 6d.; smalls, 8s. DURHAM.—Lambton, South Hetton screened steam, 15s.; smalls, 11s.; Wear Special unscreened gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s.; coking, unscreened or smalls, 12s. 6d.; Prime unscreened bunkers, 13s. 6d.; second-class unscreened bunkers, 13s.; Prime foundry coke, 16s.; Newcastle and District gas coke, 18s.

CARDIFF.—There has been a little more activity in inquiries on the Cardiff coal market this week, and it is understood that the Egyptian State Railways are about to place an order for 22,000 tons of sized grades. They are also in the market for supplies of large coals, and it is anticipated that contracts will be placed for at least 50,000 tons for delivery as from December 1st next. The Great Western Railway Company's fuel export returns for the four weeks ended September 25th last show an increase of 130,000 tons, or about 8 per cent., over those in the four preceding weeks, but in spite of this improvement the exports of coal, coke and briquettes in the four weeks ended September 25th were 192,000 tons, or more than 11 per cent., below those in the corresponding period last year. It is anticipated, however, that the October trade will compare favourably with that in September, and that under the amended conditions of the French import licensing scheme shipments to France will show a substantial increase. Prices are very firm for sized and washed coals, but for all other grades they are ruling on the basis of minimum schedule. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 35s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stovo nuts, 36s. 6d. to 45s.; rubbly culm, 10s. 9d. to 11s.; special foundry coke, 32s. 6d. to 35s.; patent fuel, 20s.; pitwood, ex ship, 19s. 3d. to 19s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The past week has been somewhat disappointing as regards the volume of business transacted both in Cleveland and hematite, and the expansion that was confidently predicted a few weeks ago has failed to mature. The foundry trades are depressed both here and in Scotland, with a consequent reduced demand for foundry iron, and the same applies to other home consuming centres, in fact there is not a single instance where the consumption of iron is not at present adversely affected. Substantial concessions are still offered to Scottish consumers with the object of attracting more business from that area, but the result is unsatisfactory, and the small production is more than sufficient to meet requirements. At the weekly market on Tuesday the business



In Cleveland foundry iron reported was small in volume, with little inquiry. Official prices were unchanged, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t., with the usual concessions to Scotch consumers. Transactions in hematite are also on the short side, consumers buying no more than is actually required, and not going further ahead than is actually necessary, which is rather surprising considering the low price at which the iron is obtainable. Ordinary mixed numbers are offered by makers at 59s. per ton for prompt delivery, and might even be got at a trifle less if immediate shipment can be taken. Shipments of pig iron this month so far are only poor, the total of all kinds cleared to 11th inst. being 2,816 tons, against 4,887 tons to same date in September. In the finished trades, the negotiations in connection with the details of the big Danish bridge are proceeding satisfactorily, and are expected to be finally completed almost immediately. A few orders of fair importance are reported to have been secured recently, one of which involves 900 tons of steel work in connection with a power station in Scotland. There is no change in the ore market, and practically no new purchases are being made. Best rubio remains nominally 14s. 6d. c.i.f., and the current freight Bilbao/Middlesbrough is 4s. 3d. Coke is plentiful in supply, and good blast-furnace qualities are offering at 14s. 6d. per ton delivered consumer's works. The number of blast furnaces in operation in the district is unchanged at seventeen.

SHEFFIELD.—Conditions in the steel industry have varied but little over a period of three or four months, and the absence of feature continues to be conspicuous. Large combined firms report no change in the total of turnovers for a long period. Spurts of new business in one or other departments occur from time to time, but as a rule they do not last long. There is a noticeable absence of substantial and forward buying. In the finished sections, turnovers both in the overseas and home markets exceed those of a year ago, but low and often unremunerative prices continue to be a bugbear. The market for ferro-alloys used in special steels is rather stagnant, and prices have sunk to an unremunerative level. This state of things, however, fails to induce forward buying. This week, prices of tungsten have been reduced twopence per pound, and have now reached the lowest point since the war. A considerable amount of trade in special steels has been diverted from Continental to Sheffield firms since the duties on foreign steel were imposed. Certain automobile makers who have bought their steel from abroad in the past are now using Sheffield material. The higher tariff on foreign steel expires on the 20th inst. Consultations between the steel makers and the Tariffs Advisory Committee are taking place, and it is expected that the tariff will be renewed for a lengthy period.

GLASGOW.—Business in the West of Scotland is very quiet this week, but on all sides it seems to be expected that there will be some improvement when more information is forthcoming regarding the Ottawa agreements. At the steel plants there is still only a very small proportion of the plant in operation, and specifications are few, and only for small quantities. In the sheet trade things in Glasgow are also quiet, particularly in the galvanised sheet trade, and there are fewer of the local mills operating than for some weeks past. Structural engineers have booked only a small tonnage during the present month, although a number of important inquiries are on the market, and local firms are tendering. Tube makers are also poorly employed, and practically every branch of the iron and steel industry in this district is experiencing a quiet spell at the moment.

CARDIFF.—On the Swansea Metal Market on Tuesday, tinplates were a shade easier, but nominally quotations were unaltered on the basis of 16s. per basis box. Galvanised sheets were also stationary at from £9 15s. to £10 per ton f.o.b. Foreign steel bars continue to arrive at the South Wales ports, and are delivered to works at round about 82s. per ton, but local bars are maintained at 85s. per ton delivered. Shipments of tinplates at Swansea last week were relatively small, totalling only 78,885 boxes, compared with 122,033 the previous week, and stocks have consequently increased to 115,384 boxes.

OTHER METALS.

TIN.—At the end of last week tin prices reacted on the lack of demand. On active support quotations began to rise again on Tuesday and closed on Wednesday at last week's level. Sales on the London Metal Exchange were 450 tons on Monday, against 350 tons last week; 450 tons on Tuesday, against 575 tons last week; and 350 tons on Wednesday, against 275 tons last week. The New York quotation on Tuesday was 24.05 cents per lb., against 24.35 cents a week ago and 24.80 cents a month ago. Wednesday's official closing quotation in London for standard cash was £151 10s. to £151 12s. 6d., compared with £151 5s. to £151 10s. last week. Stocks in London and Liverpool at the end of last week were 31,429 tons, a decrease of 1 ton on the week.

COPPER.—The market in copper opened dull on Monday, remained inactive on Tuesday, but prices advanced a little on Wednesday in sympathy with the improved tone in Wall Street. Sales at the London Metal Exchange were 1,200 tons on Monday, against 700 tons last week; 500 tons on Tuesday, against 1,100 tons last week; and 500 tons on Wednesday, against 600 tons last week. Domestic spot was quoted 6½ cents per lb. in New York on Tuesday, against 6½ cents a week ago and 6½ cents a month ago. Wednesday's official closing price for standard cash in London was £32 8s. 9d. to £32 11s. 3d., compared with £33 12s. 6d. to £33 13s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 23,661 tons, show an increase of 937 tons, and stocks of rough copper, at 2,451 tons, an increase of 600 tons.

LEAD.—Despite the reduction in the price of this metal in New York, the market in London was active at prices slightly below those of last week. Sales at the London Metal Exchange were 1,600 tons on Monday, against 500 tons last week; 600 tons on

Tuesday, against 600 tons last week; and 450 tons on Wednesday, against 500 tons last week. The New York quotation on Tuesday was 3.00 cents per lb., against 3.25 cents a week ago and 3.60 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £12 2s. 6d. for September shipment, compared with £12 13s. 9d. last week.

SPELTER.—Spelter reacted under selling pressure on Monday, but was steadier on Tuesday and Wednesday, owing to the attitude of reserve adopted by sellers. Sales were 600 tons on Monday, against 350 a week before; 500 tons on Tuesday, against 750 the week before; and 1,200 tons on Wednesday, against 600. The New York quotation on Wednesday was 3.10 cents per lb., against 3.25 cents the week before, and 3.30 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 5s. for September shipment, against £15 6s. 3d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium was again quoted at £100 per ton. Nickel was unchanged at £240 to £245. Quicksilver was slightly higher at £9 7s. 6d. to £9 15s. per flask, against £9 5s. to £9 10s. a week ago. Platinum was again quoted at £9 5s. per ounce. Foreign antimony was lower at £23 to £23 10s. per ton, against £25 to £25 10s. per ton a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week October 6th to 12th (inclusive) are 31,609 bales of which 18,052 are American; 4,752 Peruvian; 4,653 Argentine; 3,978 Egyptian; and 174 East Indian.

Manchester.—The market during the past week has been rather unsettled, owing to the easier movement in raw cotton prices following the bearish crop report of the American Government. It has been necessary for spinners and manufacturers to revise their quotations. The general inquiry in piece goods has kept up fairly well. Irregular buying has taken place for India, most of the contracts being in light bleaching descriptions and fancies. Numerous offers have been met with in dhooties for Calcutta, but only occasional sales have taken place. Prints and fancies have been in request for Bombay and the up country markets. A few more offers have been met with in white shirtings for China, and rather more demand has been about in dyed goods for Hong Kong. Only occasional transactions have been put through for Egypt and the Near East, but the recent improvement in the demand for the Continent has been well maintained, and some makers of printed and dyed goods have booked moderate lots for South America and West Africa. Home trade buyers have displayed rather more interest in prices. At the beginning of the week a feature of interest in the yarn market was the desire of users to secure larger supplies owing to the possibility of a strike in the spinning section, but in view of the intervention of the Ministry of Labour the pressure for deliveries has fallen off. A fair amount of new business has been done in American and Egyptian counts but export demand has been rather poor.

		1932.				Corresponding Date.	
		Sept. 21.	Sept. 28.	Oct. 5.	Oct. 12.	1930.	1931.
Raw Cotton—Mid. American	per lb.	5.67	6.10	5.88	5.69	5.75	4.78
" Sakellaridis Fully Good Fair	per lb.	5.50	5.80	5.35	5.30	5.50	4.50
Yarns—12½ twist	per lb.	10.10	10.10	10.10	9.80	9.50	7.40
" 40's twist	per lb.	10.10	10.10	10.10	9.80	9.50	7.40
" 60's twist (Egyptian)	per lb.	16	16	16	15½	17½	16
32 in. Printers, 116 yds., 16 by 16, 32's and 50's	per lb.	19	19	19	19	19	18
36 in. Shirtings, 75 yds., 19 by 19, 32's and 40's	per lb.	19	19	19	19	19	18
38 in. ditto, 38 yds., 18 by 16, 10 lb.	per lb.	21	22	21	21	21	19
38 in. ditto, 38 yds., 18 by 16, 10 lb.	per lb.	21	22	21	21	21	19
38 in. ditto, 38 yds., 18 by 16, 10 lb.	per lb.	21	22	21	21	21	19

THE WOOL TRADE.—Bradford.—Though, writes our correspondent, there has been some irregularity in wool values in Australia within the past week, and it has taken fully a fortnight of selling at the London sales to bring prices on to a fairly reliable basis for the home trade, a big quantity of all descriptions of raw material has been disposed of. Both on the Continent and in the West Riding of Yorkshire there has been a very large consumption by combing, spinning and other machinery. It is evident that though there are big supplies of wool, and the adjustment of prices between buying and selling interests is still almost as difficult as ever, there is no real danger of wool accumulating to such an extent as to exert much, if any, depressing effect upon its market value. An outstanding feature of the season so far has been the comparatively small purchases on home trade account in Australian and South African centres. Foreign competition has largely led the way, and credit must be given to these for the improvement in values compared with last season. So far as the home trade is concerned, there have been "bear" influences at work during the past month. This has come from spinners who have been under no immediate necessity to buy tops, but all the time there has been a big consumption for hosiery manufacturing purposes, and encouraging sales of wool for export. The latter is still in evidence. Medium and low Colonial crossbreds are wanted by Continental users. This demand is rather pressing, and the prices offered come so near sellers' ideas that only the remote possibility of a relapse in the market can prevent business being done. In London the opening advance has not been maintained, but all descriptions of wool are dearer than at the close of the July auctions; 5 to 7½ per cent. in merino greasy combing, 7½ to 10 per cent. in fine crossbreds,

and 5 per cent. in medium and low. The Bradford market is quiet, but prices for tops and yarns are steady. Spinners are still trying to buy average merino tops at 22½, and there may be an inclination here and there to accept it, but it is not likely that there will be any big movement much before the next series of London sales.

THE GRAIN MARKETS.

WHEAT.—In the absence of any bullish factors, wheat prices weakened further under the influence of heavy selling pressure, particularly in Canada. Another weakening factor was the reaction in the price of commodities in general. Information relating to the probable supplies of wheat during the current season, though still incomplete, are now sufficient to show that they will be almost equal to those available last year. Under the circumstances, an early substantial improvement in prices seems unlikely unless the acreage under wheat in the chief exporting countries will be reduced considerably. On Tuesday, "December" futures were quoted in Chicago at 49½ cents per bushel, against 52 cents the week before, and 54½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. per 496 lbs., against 28s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 28s.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 3d., against 27s. 9d.; Australia, ex ship, 28s., against 29s. 3d. a week ago.

WHEAT FLOUR.—There has been a reduction in international trade in flour during the past week. North American shipments were 127,000 sacks, compared with 161,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 25s. per 280 lbs., against 25s. last week; delivered London, 24s., at both dates. Manitoba patents, ex store, 23s. 6d. to 25s. 6d., against 24s. to 27s. Australian, ex store, 20s. 6d. to 21s. 6d., against 21s. to 21s. 6d. last week.

BARLEY.—The market in barley was dull. "October" futures were quoted in Winnipeg on Wednesday at 24½ cents, against 23½ last week and 29½ a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 22s., against 22s. a week before.

OATS.—Continental countries continue to absorb the bulk of Argentine shipments. In Chicago, "December" futures were quoted at 16½ cents on Tuesday, against 16½ per bushel a week before and 17½ a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 3d. per 320 lbs., against 18s. 6d. a week ago; "River Plate," ex ship, 17s. 3d., against 17s. 3d.-17s. 6d.; "Chilean White," landed, 23s.-24s. 6d., against 23s.-24s. a week earlier.

MAIZE.—An increase in offers by Argentine shippers, unaccompanied by an improvement in demand, had a depressing effect on prices. "December" futures in Chicago were quoted on Wednesday at 27½ cents, against 26½ cents on Wednesday of last week and day at 27½ cents a month ago. Quotations in London, Wednesday: 30½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. 3d. per 480 lbs., compared with 20s. 9d. last week; "Plate," ex ship, 19s. 3d., as against 19s. 9d.; "Plate," December-January, 20s., as against 20s. 6d. Yellow maize, ex wharf, was quoted at £5 15s. per ton, against £5 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat:				
1 week to October 8	333,392	68,580	129,267	285,327
6 weeks to October 8	1,153,889	349,723	908,142	1,965,433
Average price of English wheat per cwt.	s. d. 5 8	s. d. 5 4	s. d. 7 0	s. d. 9 6

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 1, 1932	Octa. 290,494	Octa. 324,483	Octa. 70,617	s. d. 5 7	s. d. 9 1	s. d. 6 5
Oct. 8, 1932	333,392	246,045	80,464	5 8	7 11	6 3
Oct. 6, 1928	374,763	509,878	98,190	9 2	10 10	8 10
Oct. 5, 1929	354,216	565,878	78,951	9 6	10 6	7 10
Oct. 8, 1930	129,267	305,812	50,234	7 0	9 5	6 1
Oct. 10, 1931	68,580	354,479	52,639	5 4	9 3	6 2

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

NAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Oct. 14, 1931.	Jan. 4, 1932.	Oct. 5, 1932.	Oct. 11, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	55½	62½	47½	48½
—Cents per 60 lb.						
Chicago (No. 2 Winter)	130½	79½	50	55½	52	52
—Cents per 60 lb.						

The visible supply of wheat in Canada, at 91,544,000 bushels, shows an increase on the week of 5,264,000 bushels. Supplies a year ago stood at 47,567,000 bushels.

OTHER FOODS.

SUGAR.—Following the recent period of inactivity in the chief raw-sugar markets, buyers have shown more interest and prices have consequently shown a firmer tendency. December futures were quoted in New York at 1.11 cents per lb. on Tuesday, against 1.06 cents a week before and 1.03 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 11½d. to 6s. per cwt., against 5s. 10d. to 5s. 11½d. a week before, and "March, 1933," at 6s. 2½d. to 6s. 3d. against 6s. 1½d. to 6s. 2d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932	1931	1932	1931	1932	1931
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	—	222	1,256	3,937	12,256	12,687
Liverpool	11,870	13,194	12,423	13,185	54,246	39,434
Total	11,870	13,416	13,679	17,122	66,502	52,121

Last week 12,646 4,689 14,899 25,911 68,311 55,827

COFFEE.—The reaction in coffee prices has continued during the past week in New York. On Tuesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 9 cents per lb. on the corresponding day a week ago. At Tuesday's London auctions demand was poor. Last week's movements of coffee in London were as follows: Brazilian, landed, 408; delivered for home consumption, 74 bags; exported, 76 bags; stocks, 6,755 bags, against 2,104 bags a year ago. Central American, landed, 217 packages; delivered for home consumption, 1,824 packages; exported, 2,893 packages; stocks, 70,135 packages, against 77,718 last year. Other kinds: Landed, 2,986 packages; delivered for home consumption, 2,588 packages; exported, 1,442 packages; stocks, 57,789 packages, against 64,545 last year.

COCOA.—The weaker tendency in the market for cocoa noticeable a week ago persisted during the past week. December futures were quoted at 4.18 cents in New York on Tuesday, against 4.19 cents a week ago and 4.88 a month ago. Accra, November-January, at 26s. 9d. c.i.f. Continent, shows a fall of 9d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 9,008 bags; delivered for home consumption, 6,335 bags; exported, 1,449 bags; stocks, 132,830 bags, against 176,604 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 62,122 packages of Indian and 31,174 packages of Ceylon tea. Monday's and Wednesday's "Indian" auctions were characterised by keen competition, but the "Ceylon" grades offered on Tuesday showed occasional easiness. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	Total.
Oct. 8, 1931	d. 14.43	d. 10.43	d. 17.66	d. 8.39	d. 7.51	d. 7.09	d. 14.31
Sept. 15, 1932	10.16	5.90	4.37	3.89	5.49	8.71	8.71
" 22, "	10.09	6.04	9.25	4.82	4.10	5.32	9.02
" 29, "	10.75	6.28	10.05	4.74	4.09	NH	9.57
Oct. 6, "	10.25	6.50	10.45	5.22	4.34	5.69	9.54

RICE.—The spot market was steady, but forward positions declined further. The spot price was again 10s. 3d. per cwt., while the forward quotations at 8s. per cwt. show a decline of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 139 tons; delivered, 266 tons; stock, 1,993 tons, against 1,276 tons a year ago.

POTATOES.—Although there was a good demand for potatoes at the principal markets, the slight advance in quotations noticeable a week ago was maintained. At the London Borough Market, "King Edward," light soil, were quoted at 5s. 6d. to 6s. per cwt., against 5s. 6d. to 6s. a week ago.

SPICES.—The market in spices was quiet but steady. Spot pepper, "Black Singapore," was again quoted at 6½d. per lb. on Wednesday. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 11 tons; delivered, 5 tons; stock, 276 tons, against 599 a year ago. White, landed, 65 tons; delivered, 64 tons; stock, 547 tons, against 585 a year ago.

MEAT.—Meat prices at the Smithfield market have scarcely changed on the week. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 4d. to 4s. 2d. per 8 lbs., as compared with 3s. 5d. to 4s. 2d. last week. New Zealand frozen mutton was 2s. 4d. to 3s. per 8 lbs., against 2s. 4d. to 3s. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,868 tons, against 9,851 tons in the corresponding week last year. Imported beef, principally Argentine, formed 81.9 per cent. of the beef supplies, against 84.4 a year ago. Imported mutton, mainly New Zealand, formed 72.4 per cent. of the total supply of mutton and lamb, against 75.3 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets are extremely quiet and generally easy, there being no disposition on the part of consumers or operators to do business pending the disclosure of the full purport of the Ottawa agreements and a study of the schedules attached thereto. Linseed, with large supplies still pressing on the market, is definitely easier. Plate on passage and for shipment to December has declined to £8 15s., the market being entirely without support. Calcutta to London is quoted down to £10 17s. 6d. for October-November shipment. The quantity of

OVERSEAS TRADE RETURNS.

	Imports (Value C.I.F.).		Exports (Value F.O.B.).	
	Month ended September 30.	Nine Months ended September 30.	Month ended September 30.	Nine Months ended September 30.
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	5,661,723	4,921,727	38,887,206	43,013,076
B. Feeding stuffs for animals	435,841	578,277	3,572,489	4,830,748
C. Meat	7,549,568	6,635,281	70,358,987	61,290,758
D. Animals, living, for food	1,531,453	574,138	10,577,952	7,605,131
E. & F. Other food and drink	17,382,995	16,991,293	167,160,524	151,088,477
G. Tobacco	1,045,695	895,170	7,409,512	5,467,876
Total, Class I.	33,607,275	30,595,886	297,966,670	273,296,066
II.—Raw Materials and Articles				
A. Coal	3,042	1,244	24,682	20,113
B. Other non-metallic mining and quarry products and the like	275,889	281,431	2,937,302	2,613,253
C. Iron ore and scrap	117,253	103,740	1,791,925	1,441,281
D. Non-ferrous metalliferous ores and scrap	443,861	255,633	5,501,039	4,550,821
E. Wood and timber	3,159,115	2,465,178	21,113,511	18,770,205
F. Raw cotton and cotton waste	994,608	1,954,137	17,403,205	18,407,703
G. Wool, raw and waste, and woolen wares	1,137,073	1,210,949	27,952,115	26,221,172
H. Silk, raw, knaps and noils	120,509	110,623	321,042	1,061,535
I. Other textile materials	301,289	300,027	4,576,435	5,083,598
J. Oil seeds, nuts, oils, fats, resins, and gums	1,675,484	1,755,084	19,472,597	17,270,198
K. Hides and skins, undressed	904,027	843,894	8,569,220	9,751,247
L. Paper-making materials	869,927	770,562	6,922,683	7,022,661
M. Rubber	203,189	190,562	3,682,901	1,953,798
N. Miscellaneous raw materials and articles mainly unmanufactured	1,013,767	985,495	6,778,790	5,909,161
Total, Class II.	11,219,033	11,229,565	127,647,297	123,236,947
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	542	1,295	11,542	14,833
B. Earthenware, glass, abrasives, &c.	828,749	452,491	6,797,880	3,655,210
C. Iron and steel and manufactures thereof	1,493,217	526,071	13,501,301	7,078,147
D. Non-ferrous metals and manufactures thereof	1,603,375	1,162,232	15,502,660	10,597,533
E. Outfitter, hardware, implements, and instruments	608,612	404,428	4,985,691	3,161,773
F. Electrical goods and apparatus	588,361	285,739	3,878,076	1,868,176
G. Machinery	1,042,154	600,441	10,617,637	7,842,737
H. Manufactures of wood and timber	586,808	355,708	5,285,065	4,206,802
I. Cotton yarns and manufactures	920,086	222,430	6,417,175	1,271,570
J. Woolen and worsted yarns and manufactures	1,381,294	230,740	9,876,907	1,631,393
K. Silk and silk manufactures	820,341	280,462	6,519,707	3,019,394
L. Manufactures of other textile materials	1,355,237	723,496	11,020,796	6,647,109
M. Apparel	2,006,051	622,593	15,477,398	5,388,400
N. Chemicals, drugs, dyes, and colours	1,041,709	779,320	9,226,947	7,212,154
O. Oils, fats, and resins, manufactured	1,980,933	2,232,658	21,870,078	23,467,359
P. Leather and manufactures thereof	1,016,862	514,257	9,075,032	5,923,294
Q. Paper and cardboard	1,471,202	1,081,336	11,451,215	9,791,671
R. Vehicles (including locomotives, ships and aircraft)	811,745	205,172	3,286,978	2,452,090
S. Rubber manufactures	284,323	155,621	2,467,084	1,325,647
T. Miscellaneous articles, mainly or wholly manufactured	2,776,534	1,302,363	20,571,466	11,747,243
Total, Class III.	22,618,135	12,138,853	187,850,635	118,302,535
IV.—Animals, not for food	378,325	106,454	2,725,442	1,921,830
V.—Parcel Post	471,231	195,894	5,156,984	3,457,848
Total.	68,293,999	54,266,652	621,347,028	520,215,226

linseed afloat for Europe has increased to 234,600 tons (including 6,400 tons from India), which is 10,500 tons more than last week, and compares with 141,300 tons a year ago. There is still available for export from Argentina and India over half a million tons, or 180,000 tons more than was actually shipped during the remainder of 1931. Cottonseed is without buyers, and new crop Egyptian (black) to Hull has dropped to £6 15s. for shipment. Trade in vegetable oils is only poor, consumers for the most part holding off. Linseed oil has declined in sympathy with seed, and for October delivery ex Hull is quoted £16, and November-December, £16 5s. per ton naked. Cotton oil is neglected. Crude Egyptian ex Hull offers at £22 and refined at £24 10s. without attracting buyers. Other vegetable oils are quiet and in several instances are lower on the week. The demand for oilcakes and meals is below normal for the period of the year.

HIDE, LEATHER AND ALLIED TRADES.—The sales of hides and skins from home-slaughtered cattle were resumed this week after an interval of a fortnight, and for some classes it was noticed that the market was easier. At the Manchester auctions there was no change in the prices realised for ox and heifers, cows and bulls, but at the Leeds market several weights in the former (both clear and warbled hides) changed hands at from 4d. to 4½d. per lb. less money. Cows and bulls were fairly steady. Inquiry for calfskins continues moderately active and prices are inclined to take an upward course. Slightly weaker conditions characterise the position of the imported hide market, with no great amount of business done in any direction. Turnover in regard to South American hides has shown signs of contraction and for most types fractionally lower figures are being mentioned. In wetsalted orders have been placed for Argentine ox at a shade over 4½d., while small sales have been made in cows at 4½d. and Montevideo

EXPORTS OF PRODUCTS AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Exports (Value F.O.B.).		Imports (Value C.I.F.).	
	Month ended September 30.	Nine Months ended September 30.	Month ended September 30.	Nine Months ended September 30.
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	239,278	199,835	2,431,833	2,654,627
B. Feeding stuffs for animals	152,533	89,212	1,558,965	1,244,106
C. Meat	89,072	79,721	869,947	767,940
D. Animals, living, for food	13,090	1,728	132,200	88,636
E. & F. Other food and drink	1,826,103	1,796,390	16,722,008	15,476,740
G. Tobacco	423,844	307,081	4,075,710	3,209,703
Total, Class I.	2,743,920	2,473,967	25,790,663	23,441,752
II.—Raw Materials and Articles				
A. Coal	2,942,983	2,338,082	25,595,020	23,632,252
B. Other non-metallic mining and quarry products and the like	93,077	65,896	839,879	638,572
C. Iron ore and scrap	33,122	14,993	330,650	135,570
D. Non-ferrous metalliferous ores and scrap	45,046	83,466	345,336	413,820
E. Wood and timber	10,356	9,611	164,289	93,695
F. Raw cotton and cotton waste	21,851	51,094	228,755	354,088
G. Wool, raw and waste, and woolen wares	220,939	246,869	2,488,963	2,217,241
H. Silk, raw, knaps and noils	1,604	474	7,752	8,546
I. Other textile materials	12,011	31,455	143,684	227,285
J. Oil seeds, nuts, oils, fats, resins, and gums	158,334	134,957	1,827,737	1,262,464
K. Hides and skins, undressed	32,231	30,845	574,403	351,445
L. Paper-making materials	44,673	53,548	516,432	511,955
M. Rubber	7,005	6,764	74,384	85,400
N. Miscellaneous raw materials and articles mainly unmanufactured	103,153	110,039	1,802,068	1,775,203
Total, Class II.	3,732,385	3,178,133	34,699,332	31,807,636
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	265,958	250,166	2,028,072	1,883,772
B. Earthenware, glass, abrasives, &c.	661,087	534,248	6,313,996	5,571,101
C. Iron and steel and manufactures thereof	2,100,699	1,867,277	22,663,545	20,787,554
D. Non-ferrous metals and manufactures thereof	492,982	510,722	5,307,448	4,812,289
E. Outfitter, hardware, implements, and instruments	414,240	403,688	3,962,959	4,053,475
F. Electrical goods and apparatus	441,734	432,872	5,799,764	4,131,534
G. Machinery	2,448,150	1,891,549	24,307,625	22,654,449
H. Manufactures of wood and timber	102,664	84,242	1,062,650	897,036
I. Cotton yarns and manufactures	4,092,553	4,752,661	42,716,920	48,309,520
J. Woolen and worsted yarns and manufactures	2,055,426	1,875,210	19,229,327	18,154,037
K. Silk and silk manufactures	83,737	74,820	810,959	781,050
L. Manufactures of other textile materials	908,556	917,959	9,688,337	9,732,065
M. Apparel	1,013,583	1,013,583	10,558,453	9,018,338
N. Chemicals, drugs, dyes, and colours	1,208,740	1,104,104	12,813,511	13,100,645
O. Oils, fats, and resins, manufactured	333,367	394,597	3,986,574	3,724,881
P. Leather and manufactures thereof	259,613	230,332	2,418,661	2,073,206
Q. Paper and cardboard	524,390	489,129	4,659,529	4,836,190
R. Vehicles (including locomotives, ships and aircraft)	2,148,218	1,178,597	24,376,610	15,379,868
S. Rubber manufactures	146,993	142,034	1,651,147	1,460,947
T. Miscellaneous articles, mainly or wholly manufactured	1,979,551	1,613,187	16,610,733	15,459,644
Total, Class III.	22,223,326	19,750,987	221,067,030	206,832,201
IV.—Animals, not for food	57,267	46,956	760,239	487,113
V.—Parcel Post	1,089,159	778,623	10,073,337	8,538,774
Total.	29,846,057	26,228,666	292,390,601	271,107,476

ox at 5½d. Business in regard to dry South American hides is confined chiefly to the Continent with B.A. Americanos selling at 6d., Inservibles at 3½d., and M.V. Americanos at 6½d. Moderate business has been done in dry and drysalted Capos at round about the figures which were ruling last week, but for some other sorts of African hides the tendency of the market is inclined to be a little weaker. The Australian market is quiet with prices fractionally lower. There has been no great movement of leather this week, but at the same time inquiry for stock is going around all the time and it is hoped that orders from this will mature very shortly. English and wetsalted bonds continue to be the best feature of the trade done, and there is a steady call for these in most weights. Shoe manufacturers are also taking up supplies of medium and light weight dry hide bonds, but there is little call for the heavier turnover. Producers and distributors of upper stock are meeting with a moderate amount of business all the time for glauc kid and box and willow calf, with most other lines in request to a lesser degree.

RUBBER.—The market in rubber has been dull during the past week. Liquidation was in evidence and prices were slightly easier. In New York, Wednesday's spot price for rubber, at 3½ cents per lb., shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2½d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. for April-June, 1933, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 434 tons; delivered, 955 tons; stocks at the end of last week, at 102,712 tons, show a decrease of 521 tons as compared with the preceding week.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				COTTON—			
CEREALS AND MEAT.				Irish bladders 50 0 66 0				English Southdown, greasy per lb. 10				Dry and Dressed Cape... 0 54 0 62			
				American, boxes, 56 lbs. 46 0 47 6				" Lincoln hogs, washed 19				Market Hides, London... 0 4 0 54			
				POTATOES—				Queensland, seed, super cmbg. 5 1/2				Best heavy ox and halfer 0 4 0 4			
				Good English, per cwt. 5 6 5 0				N.S.W. grey, super... 11 1/2				Best cow 0 4 0 4			
				SPOICES—				N.Z., grey, half-bred 50-56 11				Best calf 0 32 0 54			
				Pepper, per lb.—				" Crossbred 40-44 5 1/2				INDIGO—			
				Mustok, fair White 0 7 1/2				Merinos 70's 24				Bengal g.d. red-vio. to			
				Black Lampong 0 6 1/2				" 64's 23				fine—per lb. 5 6			
				Cinnamon—1st sort, per lb. 0 6 1/2				Crossbred 48's 11				LEATHER—			
				Cloves—Zanzibar per lb. 0 7 1/2				" 46's 10				Sole Bends 8/14 lb.—			
				Ginger—per cwt.—				COAL— MINERALS. s. d. s. d.				Bark Tanned sole 0 10 1 10			
				African 24 6				Welsh, best Ad'ly, ton 19 6				Shoulders fin DS Hides 0 6 0 8			
				Jamaica, ord. to good, 57 60 0				Durham, best gns, f.o.b. 14 6				Do. Eng, or WS do. 0 8 1 10			
				Mace 10 10 2 1				Sheffield, best house, at				Bellies from DS do. 0 4 0 8			
				Nutmegs, 65s. 1 5				pits 22 6 24 0				Do. Eng, or WS do. 1 1 1 8			
				SUGAR—				IRON AND STEEL—				Dressing Hides 2 3 3 3			
				(Duty, 11s. 8d. per cwt.).				Pig, Cleveland No. 3, ton 5 6				Ro. Eng. Calc, 20/30 lb.			
				B.W.I., crystallised..... 16 3 18 9				Bars, M'brough 17 0				Aust Bends 1 0 1 14			
				Java, white, c. & f. India 8 1 1/2				Steel Rails, best, 170 0				VGETABLE OILS—			
				Oct.-Dec. 8 1 1/2				Tin Plates per box 15 9 16 3				Linsed, naked, p. ton net 16/15/0			
				REFINED—London—				METALS—				Rape, refined 21/15/0			
				Yellow Crystals 18 10 1/2				E. s. d. E. s. d.				Coconut, crude 23/0/0			
				Cubes 23 3 23 9				Copper, Electrolytic, ton 36/10/0 37/0/0				Oil Cakes, Linsed, Eng.,			
				Crushed 21 3 21 9				Sheets (strong) 68/0/0				per ton 7/10/0			
				Granulated 19 3 19 1 1/2				Standard 32/8/0 32/11/3				Oil Seeds—Linsed—			
				Home Grown 18 7 19 0				Lead, Eng. Pbg., per ton 14/0/0				La Plata, p. ton 8/12/6			
				TEA—				Soft Foreign 12/2/6				October-December			
				Indian—per lb.—				Spelter G.O.B. 14/17/6				Calcutta—per ton— 10/18/9			
				Pekoe 0 5 1/2 1 11				Tin—English ingots 154/0/0				a. d.			
				Broken Pekoe 0 5 1/2 5 1/2				Standard cash 151/10/0 151/12/6				61 9			
				Orange Pekoe 0 5 1/2 4 1/2				MISCELLANEOUS.				Turpentine, per cwt.....			
				Broken Orange Pekoe... 0 5 1/2 3 1/2				CHEMICALS—				PETROLEUM PRODUCTS—			
				Ceylon—per lb.—				Acid, citric, per lb., less 5% 0 10 0 10 1/2				Motor spirit, No. 1, Lon- 0 4 0 4			
				Pekoe 0 5 1/2 2 6 1/2				Nitric 2 1/2 0 1 1/2				Doa 1 6 1/2			
				Broken Pekoe 0 5 1/2 2 0				Oxalic, net 0 0 4 1/2				Petroleum, Amer. rigal.			
				Orange Pekoe 0 5 1/2 2 7				Tartaric, English, less 5% 0 10 0 10				brl London per gal. 0 9 1/2			
				Broken Orange 0 5 1/2 3 0 1/2				Alcohol, Plain Ethyl..... 12 0				Fuel oil, in bulk, for			
				TOBACCO—				Alum, lump per ton 8 10 8 15				contracts, ex instal.,			
				(Duty 9/6-10/5 1/2 per lb.)				Ammonia, carb. ton 30 0 31 0				Thames 60 0			
				Empire growths, 7/5 1/2- 5 5 10 0				Sulphate per ton 35 0 40 0				Diesel 67 6			
				8/3 1/2 per lb.)				Arsenic, lump per cwt. 8/0/0 8/10/0				Lubricating oil ex store, £ s.			
				Virginia leaf				Bleaching powder, per cwt. 8/0/0 8/10/0				London—per ton—			
				Common to fine 0 10 10 3 6				Borax, gran. per cwt. 13 0				Palest 9/10/0 25/0/0			
				Rhodesian leaf 0 10 10 3 6				Do., powder 14 6				Rangoon/15/0 16/15/0			
				Nyasaland leaf 0 8 2 6				Nitrate of Soda per cwt. 4 9 0				Cylind 10/10/0 29/10/0			
				East Indian leaf 0 5 0 10				Potash—Chlorate, net 0 4 0 4 1/2				ROBIN—			
				" strips 0 5 1/2 1 6				Sulphate per cwt. 11 0 11 6				American per ton 14/15/0 23/10/0			
				" strips 0 5 1/2 1 6				Sul-Ammoniac per cwt. 42 6 45 0				RUBBER—			
				COTTON—				Soda Bicarb. per cwt. 9 0 10 6				St. ribbed smoked sheet			
				Mid-American per lb. 5-69				Crystals per cwt. 5 0 5 3				Fine Hard Para per lb. 0 2 1/2			
				Sakellariadis, f.g.f. 8-30				Sulphate of Copper, per ton 15 10 16 0				SHELLAC—			
				Yarns, 32's twist 9 1/2				CEMENT London—				TN Orange per cwt. 62 6 64 0			
				60's twist 15 1/2				Portland, best Eng. pr. ton—				SHELLS £ s. s.			
				FLAX—				In jute sacks (11 to ton) 44 9				W. Aust. M.-o.-P 3 10 12 10			
				Livonian ZK per ton 47 0 48 0				In free paper bags (20 to ton) 46 0				TALLOW—			
				Siamat HD 53 10 54 0				COPRA—				London Town per cwt. 21 6			
				Pernat Medium 1st sort... 53 10 54 0				S.D., Stralts c.i.f. per ton 14/17/6				TIMBER—			
				HEMP—				Smoked South Sea 13/13/9				Swedish u/s 3 x 8 ... per std. 16 0 0			
				Italian P.C. per ton 44 0				DRUGS—				" 2 1/2 x 7 15 0 0			
				Manila, Oct.-Dec. " J 2 18 15				Camphor s. d. s. d.				Can'dn Spruce, Dis 24 0 0			
				Sisal, African, Oct.-Dec.. 14 10 15 0				Japan, refined per lb. 2 3 2 6				Pitchpine per load 9 0 0			
				JUTE—				Castor-oil per lb. 85 5 90 0				Rice per std. 32 0 0			
				Native 1st mks. per ton c.i.f. H.A.R.B. £16/0/0				Ipecacuanha per lb. 5 6				Teak per load 28 0 6			
				October-November..... £16/0/0				Peppermint, Wayne Co. per lb. 12 0 12 6				Honduras Mahg. logs c. ft. 0 10 0			
				Daisee 2/3 c.i.f. Dundee... £16/0/0				HIDES—				African 0 6 0 6			
				October-November..... £16/0/0				Wet salted—Australian per lb. 0 4 1/2 0 4 1/2				Amer. Oak Boards 0 6 0 6			
				SILK—				West Indian 0 3 1/2 0 4				English Oak Planks 0 6 0 6			
				Canton per lb. s. d. s. d.				Cape 0 4				" Ash 0 7 0 0			
				Tussah 7 0 9 6											
				Japan 9 0 11 0											
				Italian—raw, fr. Milan 8 6 11 0											

Banks, &c.—Continued.

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Vol. CXV.

SATURDAY, OCTOBER 22, 1932.

No. 4,652.

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THE MONEY MARKET.

AFTER being easy over the week-end, money has shown a tendency to become firmer during the current week. On Saturday last $\frac{1}{2}$ per cent. was quoted for both new money and renewals, but the absence of Treasury bill maturities on Monday made new money a little more usable at rates of $\frac{1}{2}$ and $\frac{3}{4}$ per cent., and by Wednesday most borrowers were having to pay $\frac{3}{4}$ per cent. The following day money was again firm, and during the whole week a certain amount of clearing bank money had to be borrowed at

the minimum rate of one per cent. The result of last week's Treasury bill tender came as a disappointment to the market, which had confidently expected a higher rate than the one of 15s. 0.84d. per cent. actually achieved. As a result most of the £46 millions of bills allotted last week missed the market. Early in the week "hot" Treasury bills were quoted at $\frac{1}{2}$ per cent., but the rate gradually stiffened under the influence of firmer money until by Thursday afternoon it was a full $\frac{1}{2}$ per cent. November and December Treasuries were quoted on Thursday at $\frac{1}{2}$ - $\frac{3}{4}$ per cent., and three months' bank bills at $\frac{1}{2}$ - $\frac{1}{4}$ per cent. Standstills were quoted at $\frac{1}{2}$ -2 per cent.

	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	2 $\frac{1}{2}$ (June 30 '32)
Banks' Deposit Rate...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12 '32)
Discount / Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses / Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$ - $\frac{3}{4}$	$\frac{1}{2}$ - $\frac{3}{4}$	$\frac{1}{2}$	$\frac{1}{2}$ - $\frac{3}{4}$	...
Market rate (standstill bills)	$\frac{1}{2}$ -2	1-2	1-2	$\frac{1}{2}$ -2	...

This week's Bank return records a further contraction of £2.2 millions in the note circulation, which has now returned to its September level. As the Bank's gold holdings are unchanged, the Reserve is higher by the same amount. The main changes in the Banking Department are an increase of £15.7 millions in Public Deposits and a decrease of £11.6 millions in Bankers' Deposits. These two movements are complementary, the difference of £4.1 millions between them arising chiefly from the return of notes from circulation and the rise in the Reserve. As usual this transfer of funds to Public Deposits probably represents discrepancies between Treasury bill payments and maturities.

The foreign exchange market was more active this week, and fluctuations were wider and more frequent. A heavy movement set in against sterling. The New York rate went from 3.44 $\frac{3}{4}$ to 3.39 after touching 3.35, from which it was pulled up by official intervention, and Montreal went from 3.78 $\frac{1}{2}$ to 3.70. Paris improved by 1 $\frac{1}{2}$ francs to 86 $\frac{1}{2}$. Brussels went from 24.78 to 24.35. Milan gained a point at 86 $\frac{1}{2}$, and Madrid $\frac{1}{2}$ at 42 $\frac{3}{4}$. Amsterdam went from 8.56 to 8.42 and Berlin from 14.49 to 14.25. Switzerland appreciated sharply to 17.54. The Scandinavian exchanges all moved against us, but in far less degree, Stockholm going from 19.46 to 19.40, Oslo from 19.86 to 19.80, and Copenhagen from 19.28 to 19.26. The South American exchanges are still nominal, Rio being quoted at 5 $\frac{1}{2}$ d. (sellers), or no change from last week; Buenos Aires at 34 $\frac{1}{2}$ d.; and Montevideo at 29d. In the Far East the rupee was steady at 1s. 6 $\frac{3}{4}$ d., as was the yen at 1s. 4 $\frac{1}{2}$ d. Batavia gained 13 points at 4.42. In the forward market dollars went to premium quotations of $\frac{3}{4}$ cent for one month and $\frac{1}{2}$ cent for three months. Paris from par and one centime premium went to 5 and 8 centimes premium for one and three months respectively, these changes indicating the speculative nature of the operations. Milan was unchanged at $\frac{3}{4}$ lira and $\frac{1}{4}$ lira discount, but Madrid was better by $\frac{1}{16}$ at $\frac{1}{16}$ peseta discount for one month and by $\frac{1}{8}$ at $\frac{1}{8}$ peseta discount for three months. Amsterdam firmed up to $\frac{1}{4}$ and $\frac{3}{4}$ cent premium, whilst Switzerland was unchanged at $\frac{1}{4}$ centime premium for both deliveries. The silver market was quiet, but inclined to improve with the decline in sterling, cash prices rising by $\frac{1}{16}$ d. to 17 $\frac{1}{2}$ d., and forward by $\frac{1}{8}$ d. to 18d. on some Indian and Chinese buying. Of the China silver exchanges Hongkong was unchanged at 1s. 4 $\frac{1}{2}$ d., but Shanghai improved by $\frac{1}{8}$ d. to 1s. 9 $\frac{1}{2}$ d.

The main event of the week, therefore, has been the fall in sterling, and it is inevitable that it should have given rise to many rumours. Most of these can be dis-

missed at once. Thus it was suggested that the Government had decided that they would have to resume the American war debt payments next December, and such a rumour is well calculated to give rise to considerable misgivings on the Continent as to the whole debt and reparations question. Here it is sufficient to recall that no provision for war debt payments was made in the Budget accounts, and that in his speech last April the Chancellor stated that if the international debt situation—which he had described as one of balance between incomings and outgoings—were changed and any action were required by us as the result of the Lausanne Conference, he would bring the matter again before Parliament. Another suggestion, to which we alluded a week ago, was that a fair amount of exchange would be needed on December 1st to cover cash repayments to foreign holders of dissented War Loan. The facts of the case are that the bulk of the foreign-owned dissented War Loan belongs to big holders, who not only covered the exchange forward at the time they decided to dissent, but, indeed, based their decision upon the relative level of interest rates at home and abroad and the state of the forward exchange market at that time. In other words, most of the exchange needed to cover foreign War Loan repayments was bought prior to the expiry of the conversion offer on September 30th.

The chief explanation of the fall in sterling is the very simple one of seasonal influences. The fact that sterling had been held by the authorities at between \$3.45 and \$3.50 since the middle of August gave rise to the dual belief that the exchanges had been pegged at that level, and that this week it had been found impossible to keep the peg in any longer. It is arguable that the authorities were a little too rigid in their operations, and continued them to a point which created a false impression; but the plain truth is that the authorities never had any intention of maintaining a rate of \$3.45 or any other fixed rate during the whole of the autumn pressure, and the most that will be done is to smooth out speculative fluctuations and leave sterling free to find its natural level from time to time in an orderly fashion. Circumstances may quite easily arise that will cause sterling to fall by another 10 or even 20 cents during the winter, and such a decline need not cause the slightest alarm. Even if speculative operations affect the course of the exchange at times, in the long run they will cancel out, while temporary intervention will always be practicable in order to keep such operations within bounds. In short, while the authorities have ample resources at their disposal in order to deal with temporary subversive fluctuations, it was not intended that these resources should be used to stabilise the pound at a particular and arbitrary rate at a time when it is as yet quite impossible to determine the long-term normal level of the pound.

While the New York Reserve Bank's rediscount rate remained unchanged at 2 $\frac{1}{2}$ per cent., on Thursday of last week a general reduction was made in other money rates. The official rate on call money was reduced from 2 to 1 per cent., the first change since July 7th; while the rate for 90-day time money was reduced from 1 $\frac{1}{2}$ to $\frac{1}{2}$ per cent. Open market discount rates on 90-day bankers' acceptances were simultaneously reduced by $\frac{1}{4}$ per cent. from $\frac{3}{4}$ - $\frac{1}{2}$ per cent. to $\frac{1}{2}$ - $\frac{1}{4}$ per cent., but the rate on commercial paper remained at 1 $\frac{1}{2}$ - $\frac{1}{2}$ per cent. These reductions in rates are regarded as a belated recognition of the existing plethora of money, and bring the official rates into closer conformity with actual conditions. Even so the "outside" call rate is now only $\frac{1}{2}$ per cent., or the same as the record low point touched in periods of acute trade depression during the past fifty years. The exchanges improved early in the week, but reacted again slightly on Wednesday. The gold influx, however, has again been resumed. For the week ended October 19th, imports amounted to \$3.2 millions and releases from earmark to \$10.1 millions. On Wednesday a small export to Switzerland was reported, representing the first shipment since the middle of August. This was an isolated and insignificant movement, and left the total gain for the week at \$13.8 millions.

PARLIAMENT AND OTTAWA.

THE fate of the Ottawa agreements at the hands of the British Parliament has, of course, never been in doubt; for the Government is in a position to be certain of an overwhelming majority for any measures which proceed along the lines of Conservative or Protectionist policy. In a sense, therefore, the long processes of debate initiated in the House of Commons on Tuesday are only of academic importance. Nevertheless, they will be robbed of some of the unreality which they would otherwise have possessed by the fact that the Liberal Ministers, now free in the specific case of Ottawa to perform the true functions of an Opposition, will use their freedom to shine the full light of public criticism not merely upon the broad policy and the consequences which it entails, but upon the many disquieting details which, in the absence of such criticism, might never have been brought to the attention of the country.

In opening the discussion on Tuesday, Mr Neville Chamberlain endeavoured to present a comprehensive sketch of the Ottawa landscape. His picture when finished was an attractive portrayal of Imperial progress and unity, holding promise of similar progress and co-operation among the nations of the world at large. In the Special Supplement which we publish this week, we present our own picture, which attempts to present the real effects of Ottawa against a hard background of economic and statistical facts. No observer, we are afraid, would recognise that the two pictures were two attempts to treat the same subject.

We do not propose here to retread the ground covered by our Supplement, nor even to marshal into summary conclusions the lessons which the facts and figures teach. We propose rather to follow Mr Chamberlain on to the broad ground which he deliberately chose for his opening essay in the Ottawa discussions. Placing less emphasis than might have been expected upon the supposed specific benefits to be derived by British industry, the Chancellor devoted his main effort to an attempt to prove that the meaning of Ottawa is increased and freer trade in the British Commonwealth leading to greater Imperial co-operation and to Imperial prosperity, which will help in turn to restore prosperity to the world. In the forefront of his speech—one might almost call it his text—he placed the resolution, which he quoted verbatim, in which the participating Governments record their conviction that "by the lowering or removal of barriers among themselves provided for in these agreements the flow of trade between the various countries of the Empire will be facilitated and that by the consequent increase of purchasing power of their peoples, the trade of the world will also be stimulated and increased." The fact is that the terms of this resolution, with which Mr Chamberlain expressed so much satisfaction, represent a vital surrender by the British Government to the high tariff proclivities of the Dominions, and the fact that they were unable to obtain the inclusion in the resolution of a commitment by the nations of the Commonwealth to pursue a policy of general tariff reduction is the first and crowning failure of Ottawa. Mr Baldwin, at any rate, cannot profess to share in the Chancellor's satisfaction. Speaking as the leader of the British Government delegation at the opening session of the Conference, Mr Baldwin explained that there were two possible methods by which existing preferences between members of the Commonwealth could be increased. This could be effected, he explained, "either by lowering barriers among ourselves or raising them against others." He continued, "This choice should largely be governed by local considerations, but subject to them it seems to us that we should endeavour to follow the first rather than the second course, for, however great our resources, we cannot isolate ourselves from the world." But the "local considerations" have clearly had the best of the argument; and a comparison of the agreements with these words is sufficient to show that the result of Ottawa is very far from that which Mr Baldwin set out to achieve. Readers of our Supplement will discover as one of the main features of the agreements the wide extent to which the Dominions have had recourse

to raising their tariff rates against the rest of the world in order to increase the margin of British preference. It is impossible, therefore, to claim that Ottawa has done anything in the direction of leading us towards the restoration of freer trade conditions throughout the world. Its contribution has been in the opposite direction.

The implied answer which Mr Chamberlain's speech gives to this line of argument is that Ottawa will lead to increased prosperity within a huge composite group of nations and that this prosperity will spread abroad. There have been many times during the last decade when those who despaired of the possibility of ever securing general all-round tariff reductions by separate national action have discussed the possibility of dividing the world into economic groups, such, for instance, as the British Commonwealth, the United States of Europe and the United States of America. It has been forcefully argued that these or other large regional agreements might be a tolerable second-best in the event of more general economic co-operation between the nations proving to be impossible. But, even ignoring for the moment the formidable difficulties which such grouping presents to Britain, who occupies a peculiar dual position as both a European and Imperial Power, it is clear that the formation of large groups—and this applies to any preferential system whatsoever—can only redound to the general advantage if two conditions are fulfilled.

The first of these is that the internal barriers within the group must be so drastically reduced that the principle of division of labour between the groups can be carried much farther than would otherwise be the case and thus increase the efficiency of production. If this condition is not realised there will be no increased prosperity. The Ottawa agreements only go a very little way in this direction. Indeed, Mr Mackenzie King is of opinion that so far as Canada, at all events, is concerned they go no distance at all, for in his view the tariff remains substantially on a prohibitive level even against Great Britain. The second condition is that the tariffs of the group against the rest of the world should be so moderate that those outside the group can buy and sell freely enough with its members to be able to share some of its prosperity and thus offset the loss which they must inevitably suffer through the diversion of trade from its former channels. This greater liberality of policy towards the outside world has certainly not been achieved by Ottawa. There is no hopeful approach to the restoration of world prosperity or of the prosperity of Britain, who, if her present standard of living is to be maintained, must depend upon the largest possible intercourse with the world at large, by dividing the globe into hostile economic camps trading as much as possible within their own borders and as little as possible outside. The group with the moderate external tariff wall is a conceivable *pis aller* under certain circumstances. The group entrenched behind a high fence raises a vista of economic warfare likely to lead to political warfare; and so far as this country is concerned membership of such a group threatens a permanent curtailment of world commerce by which alone we can ever hope to live prosperously. In so far as Ottawa has created a group, it has created the worst of these two types.

For the rest, this week's debate followed expected lines. Mr Lansbury scanned the agreements in vain for any hope of more work for the unemployed. Sir Herbert Samuel slightly elaborated his reasons for resignation and for opposition to the Ottawa legislation. Mr Hannon voiced the blessings of the arch-protectionists, and from the Liberal and Labour benches came the unanswerable question: "How will Ottawa help the British farmer?" It was left to the Prime Minister to claim that the pledge given before the election that the fiscal problem would be "studied" before any permanent tariff system was adopted had been fully observed. For ourselves, we have never heard of any systematic examination of the problem, such as that which millions of free traders believed to be promised, and in consideration of which they were persuaded to give their support to the "National" cause.

THE DANGER TO EUROPE.

THE gleam of light which seemed to flicker for a moment over the gloomy European landscape last week has proved, apparently, to have been a will-o'-the-wisp. The illusion only lasted so long as the upshot of the Herriot-MacDonald conversations remained unknown; for the official *communiqué* on the results made it clear at once that this conclave had equalled in ineffectiveness, the more fruitless of the many consultations between statesmen that punctuated the course of the crisis last year. Last week, as always, an agreement was reached. That is common form when statesmen are transported long distances in order to confer with one another. *Tantus labor non sit cassus*. Unfortunately, however, this agreement, like so many of the kind that have gone before it, has left unsolved the very problem with which the MacDonald-Herriot conversations were intended to deal. The problem was—and is—to find ways and means of satisfying the German demand for equality of status and equity of treatment in the matter of disarmament, with a view to inducing Germany to reconsider her decision to hold aloof from all further proceedings of the Disarmament Conference. Apparently M. Herriot and Mr MacDonald were sufficiently impressed with the need of solving this problem to think it worth while to meet in order to talk it over. But, when they had talked they announced an agreement with which—as was immediately revealed—Germany's concurrence, which it was their primary object to secure, would not be forthcoming. They decided to convene a four-power conference; but in the same breath they decided that the place of meeting should be Geneva—thus inviting the Germans to come to the place which they had already refused to visit, in order to discuss whether the visit was to be paid! "Distinguo," Sir John Simon may retort. "In inviting the Germans to a conference at Geneva we are not demanding their re-attendance at the Disarmament Conference, for Geneva is not one of those points that have position but no magnitude. There is room in its hotels for two perfectly distinct conferences to take place simultaneously." But, alas for this argument, the ground has been cut from under the British Foreign Secretary's feet by the French Prime Minister's statement—made before he left London—that Geneva would be the best place for the projected four-power conference, because "that would be the place to discuss" a "problem which naturally falls within the framework of the Disarmament Conference." If the German Government's refusal had not been decided upon already, these words of M. Herriot's would have sufficed to make it a certainty.

Thus we are back in the familiar situation in which every statesman is in a position to assure his constituents that it is all the foreigner's fault. Herr von Papen can represent last week's abortive Anglo-French agreement as a French device for getting Germany to eat her own words and return to the Disarmament Conference by a roundabout route without having secured those assurances which the German Government has publicly declared to be a *sine qua non*. So von Papen can congratulate himself on having exposed and frustrated M. Herriot's knavish little trick! On the other side, M. Herriot can represent the German Government's refusal to attend, at Geneva, a four-power conference which it is willing to attend at London or at The Hague, as a frivolous display of childishness, on the best construction, and at worst as a deliberate act of sabotage which is intended to give the Disarmament Conference its *coup de grâce* and thus to open the way for Germany to re-arm. In insisting upon Geneva, M. Herriot can say to his countrymen he has stoutly stood up for the cause of France, which is identical with the cause of the League and the cause of the small countries. As for Mr MacDonald, he can now say to the majority in Parliament, on whose support he depends, that he has done his level best—as indeed both he and the Foreign Secretary have done—to bring the French and Germans together, but that, pending a Franco-German *entente* he does not feel it timely to initiate any fresh scheme of disarmament. Thus, as usual, the statesmen emerge from their latest performance all admirably

covered as far as their personal political standing is concerned, while the peoples—whose life and property and happiness are the stakes of the diplomatic game—emerge in greater danger than ever.

How is the mess to be cleared up? There are two immediate alternative courses. The first is for the French and British Governments to pluck their brand from the burning by consenting to some other city than Geneva—and, while they are about it, to some other country than Switzerland—as the place where the four-power conference is to meet. On their own showing, they have no shadow of excuse for allowing the conference to fall through on account of Anglo-French intransigence on this point. For if it is a good thing (and they have committed themselves to this thesis) that the German case should be discussed outside the Disarmament Conference at all, then it cannot be a bad thing to conduct the discussion at any place that Germany may prefer. On the other hand, if M. Herriot is right in saying that the problem ought to be discussed "within the framework of the Disarmament Conference," then he has no excuse for having agreed to a separate four-power conference, either at Geneva or elsewhere. In our view the best course now is to retrieve the four-power conference by consenting to hold it outside Switzerland, on the understanding that the whole purpose of the four-power conference is to bring about the resumption of the Disarmament Conference at Geneva, with the full participation of Germany, at the earliest possible date.

The alternative course is to let the proposal for a four-power conference drop and to resume the work of the Disarmament Conference, with Germany conspicuous by her absence. The advocates of this course are calculating that Germany's menacing absence would stimulate the heavily armed Powers to agree among themselves to such drastic reductions of their own armaments that Germany would subsequently be willing to return to the fold. To this argument we can only reply, "Remember the Peace Conference of Paris!" Did Germany's absence from the Peace Conference conduce to a good peace settlement? The question answers itself; and, indeed, it was obvious that in diplomacy, which always lives from hand to mouth, "out of sight is out of mind." If the Disarmament Conference re-assembles without German participation, the other delegates will assuredly agree. We take that for granted. Only—if Germany is out of the room they will courteously and generously concede to each other a scale of armaments that will put Germany's concurrence out of the question once and for all. In fact, another session of the Disarmament Conference under these conditions would merely reproduce the results of last week's conversations in London on the grand scale.

We hold, then, that the French and British statesmen ought to meet the German and Italian statesmen at any place which the Germans may find agreeable, and ought then to offer so substantial a reduction in French and British armaments that the Germans cannot but feel that their claim has been fairly and squarely met. What is wanted now is a Franco-British gesture in the manner of the American gesture which assured, at the outset, the success of the Washington Conference eleven years ago. And there is no uncertainty about the kind of offer which the French and British Governments ought to make. It is set out simply and forcibly in the National Memorial on the Disarmament Conference, published this week, which has been presented to the Prime Minister by a number of authoritative and representative British signatories.

The Disarmament Conference must be saved; for the picture of what Europe will be like, if the statesmen fail to save it, is being fast filled in, and its features are appalling. A Germany throwing the whole peace settlement to the winds by re-arming and recalling the Hohenzollerns; a Russia alienated once more from a capitalist world with which she had been gradually coming to a *modus vivendi*; an open conspiracy between the militarists in every country to play into one another's hands; that is not the Europe which the people of this country want, or the people of France or Germany either. The peoples are the statesmen's true constituents, and the peoples have given the statesmen a clear mandate. The statesmen's true

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interest, as well as their plain duty, is to carry this mandate out before it is too late. The time factor is so serious that every day's delay renders a settlement gravely more difficult. A few weeks ago the German Government were willing, and politically able, to consent to a *de facto* inferiority in armaments for a period of years, provided the principle of the right to equality of status was fully conceded. But the situation is changing fast—and for the worse. It is not merely that exasperation at the quibbles and delays of the diplomatic game is having a progressive effect upon the temper of the German people. A further factor has begun to operate. There is a growing belief in Germany that fears of German re-armament may cause Poland to decide upon making an attack upon East Prussia before her opportunity passes. The rapidity with which this belief (right or wrong) is spreading, means that every successive day of disarmament deadlock makes it more and more difficult for the German Government to adhere to their offer to accept, temporarily, *de facto* armament inferiority. If they are forced to abandon it, the fat is in the fire. Delay, therefore, is something that the world cannot afford. The Franco-British statesmen must set aside trivial issues and agree at once to talk with the German statesmen anywhere and at once.

THE PRESIDENTIAL CAMPAIGN.

(BY AN AMERICAN CORRESPONDENT.)

THE next President of the United States will be elected on November 8th. No Republican candidate at this late stage of the campaign has ever looked so badly beaten as President Hoover. The straw vote of the *Literary Digest*—in previous years it has shown no more than a 10 per cent. margin of error—gives Franklin D. Roosevelt, the Democratic candidate, a three to two lead. Out of the 2,500,000 straw votes recorded by the middle of this month Mr Hoover had received 973,367 to Roosevelt's 1,473,446. In this poll Mr Hoover was ahead in only the six New England States and New Jersey. A slight improvement in Republican chances set in this month as a result of the President's tour of the middle west, and this undoubtedly is not yet reflected in the poll. But the gains he must make to draw level are almost impossibly large.

The earliest pointer towards the defeat of President Hoover was the loss of the mid-term congressional elections two years ago. Only twice in the history of American elections has the party which won the mid-term congressional elections failed to capture the Presidency two years later. On one of these occasions—the Hayes-Tilden campaign of 1876—the Democrats, after winning the congressional elections two years before, saw Tilden pile up a popular majority of 250,000, and lose the Presidency by one vote in the electoral college. In 1914 the Democrats lost the congressional elections, but re-elected President Wilson in 1916. But here the fight was close and the issue was determined by a Republican defeat in California

through an unexpected turnover of a few thousand votes. The national crisis of the war unquestionably saved Mr Wilson from defeat. The Republicans for the past two years have been hoping that the national crisis of the economic depression would save Mr Hoover too. But it is not the nature of an economic crisis to popularise governments. When there is distress people vote against the government of the day.

This, as has always been foreseen, is the great factor in the American election; and no other issue, not even the liquor question, has changed the fundamental character of the campaign. The truth is that President Hoover is losing the election; Mr Roosevelt is not winning it. Mr Roosevelt is not proving to be an especially popular candidate. Though a Roosevelt, he cannot claim quite the magnetism of his distant cousin. He is failing to arouse any great enthusiasm. But he is not anxious on that account, since President Hoover's unpopularity, whether deservedly or not, is very widespread. Mr Garner, the Democratic candidate for the Vice-Presidency, was asked by a reporter if he were not going to make more speeches. "We have got this election won now," he replied, "and I'm not going to do anything to lose it."

In the matter of defining policy the Democrats have been consistently cautious since the beginning of the campaign, and indeed during the period when he was working for nomination Mr Roosevelt was equally cautious. His caution kept him from siding against Tammany and hauling Mayor Walker of New York before him in the fruitful days of the Seabury investigation, and his long-delayed intervention, which ended in Mr Walker's resignation, while an act of courage, was also a recognition that he could not afford to be inactive any longer. His attitude on the soldier's bonus, it is now promised, will soon be revealed, and Wall Street the other day had a happy spell of rising prices on the rumour that he would be against it. "Al" Smith has made peace with Mr Roosevelt publicly, greeting him in the presence of a throng of reporters with: "How are you, you old potato?" Mr Smith, an impulsive man, has been against the bonus consistently, and has written against it in the heat of the campaign. Possibly a pledge from Mr Roosevelt to follow his example will be the outcome of this reconciliation. But Mr Roosevelt has so far done nothing to prevent him from getting support from the American Legion under their assumption that he is their man.

This temporisation is a familiar strategy, and many a candidate in America, Republican and Democrat, has employed it before. But it reveals a quality in Mr Roosevelt, a quality of patience, which Europe, if it has to deal with him in the White House, may have to take into account. *Life*, the humorous weekly, said bitterly of Mr Roosevelt: "He reminds us of Jack Dempsey. Dempsey has three great gifts, bobbing, weaving and punching. Mr Roosevelt has two of these." Lack of the "punch" no doubt explains why Mr Roosevelt has not been a more popular candidate. It need not mean that he is weak in public office, and his record denies that he has been. He was

decisive enough when he did finally come to grips with Mayor Walker. As Governor of New York he has left a better history than his detractors and even some of his friends predicted for him. This has been his story ever since he was a young man. He has invariably done better than was expected of him. He is cautious, and he wants time to find his own mind. But he has the wisdom to know what it is he does not understand, and the willingness to seek advice.

The reconciliation with Mr Smith has been a great boon to Mr Roosevelt, since it gives him a united party. He has had further good fortune in winning the open support of the progressive Republicans, Senator Norris of Nebraska and Senator Johnson of California. The help of Senator Johnson probably means that the Democrats will carry this, President Hoover's home State. Senator Norris, as the ablest of the insurgents, will bring him many scattered votes which otherwise might have gone to Norman Thomas, the Socialist candidate. It must not be forgotten that, if Mr Roosevelt is elected, it will be by votes which normally are Republican. In the *Literary Digest* poll, of every hundred who voted for Mr Roosevelt, only about 56 had voted for Mr Smith in 1928. The other 44 were disgruntled Republicans. There are disgruntled Democrats too, but they make up less than 7 per cent. of Mr Hoover's votes.

The elected President does not take office until March 4th, and, if President Hoover is defeated, America, and Europe too, must face the inconvenience of dealing with a "lame duck" administration for four months. It has been suggested that President Hoover, if defeated, will at once name Mr Roosevelt Secretary of State, then resign along with Vice-President Curtis. According to the constitution, Mr Roosevelt would then at once become President. This convenient procedure is hardly likely to be followed, though the American people may be more ready now to amend the constitution and put forward the date of the inauguration. The gap between election and inauguration was made so large only because of the long time of travel by stage coach and horseback in the eighteenth century from the outer reaches of the then thirteen States.

An immediate question would be raised by Mr Hoover's defeat as to whether this would affect the date of the World Economic Conference. If America were to be represented by a delegation which did not command the full support of the Roosevelt administration, the Conference might better be deferred until the new President could name his own representatives. But the question in reality will not arise, as Mr Hoover could be trusted to let Mr Roosevelt choose his own Democrats to the delegation. Narrow partisanship in foreign affairs is fast disappearing in America, as is evidenced by the presence in London at this moment of Mr Norman Davis, a Democrat, representing the United States in disarmament talks with the British Government. So far as the American position counts, the World Economic Conference can be held as soon as would otherwise be found convenient. The American delegation, one imagines, would be much the same whichever candidate wins the election.

THE MEANS TEST.

The statement made by the Prime Minister on Wednesday night that the Government's policy with regard to the Means Test would be announced next week is evidence of the Cabinet's realisation that the system inaugurated a year ago has given rise to serious difficulties and discontent. In the following article a correspondent who is closely conversant with the problems involved reviews the situation and suggests lines of reform. Some of his suggestions will arouse considerable controversy, but we print the article as a pertinent contribution to an urgent and important discussion.

A storm of controversy is blowing up on the question of the Means Test as now applied to about a million of our unemployed citizens. Indeed, reports from various parts of the country show that the critics will find plenty of

grievances to go upon, and the Opposition in Parliament are audibly sharpening their knives for an attack. The question is whether they will spoil their case by the extravagance of their demands. How have the difficulties arisen? To understand them it is necessary to recall the events of a year ago. Faced by the financial crisis, this country had somehow to make economies in the vast unemployment benefit charges which were piling up against the Exchequer. Nor was there any doubt as to what had to be done. The practice of paying fixed rates of benefits as a legal right for unlimited periods could not continue; a term had at last to be put to the ten-year-old confusion between contractual insurance and a national relief scheme for the unemployed. Preceding Governments had glanced at the grim necessity, but all had turned away to less invidious tasks. The crisis, however, precipitated matters, and the National Government took the plunge.

On November 12, 1931, by Orders-in-Council, two kinds of restrictions were imposed. Firstly, a cut of 10 per cent. was made in the fixed rates of standard benefits, the effect of which was to grant 15s. 3d. a week, instead of 17s., to a man over 21. Secondly, a duration limit of 156 days was fixed, and those applicants who had not paid 30 contributions in two years (that is, had not had insured work on one or more days in each of 30 weeks) ceased to be entitled to any benefits as a right. For them and for those who had exhausted their 156 days a new form of State aid was started, called Transitional Payments, which could be drawn, not as a right, but, like ordinary outdoor relief, only in proportion to unsatisfied basic needs. The assessment of need and the determination of payments was entrusted (by voluntary agreement, not as a statutory duty) to the Local Authorities. Payments were still to be made at the exchanges; they were to be wholly in money and free from any condition as to task work; they were never to exceed the new rates of standard benefits; but otherwise they were to be assessed by the same local committees and on the same local standards as ordinary outdoor relief for the able-bodied class. Only those between 18 and 65 years of age were eligible, and all the usual tests of genuine unemployment had to be satisfied at the exchanges. To these payments no duration limits were fixed.

Apart from its immediate effects, this new policy had some historical significance. At the end of twenty years of persistent effort by the State to take over direct responsibility for unemployment and to put relief on a national rather than a local basis, the Local Authorities had, after all, to be recalled to take a large share in the task. Similarly the desperate expedients which had been adopted in order to extend the right to a fixed rate of benefit to all the unemployed who had ever worked in an insured trade had at last to be abandoned. Relief on a basis of rights had to be helped out by relief on a basis of needs.

To the unemployed, and especially to those who had suffered long spells of enforced idleness, the change came as something of a shock. They resented the new inquiry into their family circumstances, coming on top of the cuts in their rates of benefit. Moreover, certain Local Authorities adopted a low level of assessments in harmony with their local tradition of a strict Poor Law. On the other hand, in some areas, where Labour elements were in control of local policy they said, "We will not treat these unemployed men as if they were applying for outdoor relief. We refuse even to cross-question them as to their means. Let them all, or nearly all, be assessed at the full rate."

The trouble was, patently, that the Minister of Labour had no adequate control. Like the Minister of Health in respect of the Poor Law administration, he had taken no powers to regulate, but only to supersede local Public Assistance Committees. And the weapon of an auditor's surcharge was denied to him, because the local authorities were to bear no financial responsibility. Even their costs of administration were paid by the Exchequer. So there has, really, been nothing, except the maximum rate, to curb the freedom with which some 200 independent bodies

have been spending a national fund during the last twelve months.

Having said that, one has to admit that, on the whole, the emergency scheme has worked surprisingly well. All but about a dozen authorities have so far sympathetically observed the spirit of the Order in Council and co-operated with the Ministry of Labour. A year's experiment suggests that, in principle, the plan is a good one. It should be mended, not ended. There is no necessity for setting up a wholly new national scheme, which, while it might dispense with all local aid, would duplicate existing local machinery. What is indicated is a still closer partnership between the central and local bodies. Let it be the statutory function of local Public Assistance Authorities to co-operate with the Ministry of Labour in carrying out a reasonably uniform scheme of payments, "Needs Test" and all; and let some fraction of the cost be borne upon local funds. In London, the London County Council, which is playing its part as well as any Council, is said to be willing to fall in with such a plan, even with the financial side of it. Other authorities would doubtless follow suit? But, what of the depressed areas in Wales and in the North? Admittedly there are localities that could not afford any new burden, but even hard cases might be met in a carefully adjusted and not illogical scheme. Above all, it is desirable that the Ministry of Labour or a Statutory Commission should lay down the broad lines of a uniform "Needs Test" and the limits within which variations could be permitted.

The important thing to remember is that a new and probably permanent social service is now in the making. It will be a complicated task. How should this relief scheme be related, on the one hand to the national services, like Employment Exchanges and Unemployment Insurance, and, on the other hand, to the local administration of the Poor Law, Education and Public Health? Before long we shall hear what the Royal Commission on Unemployment Insurance has to say on the matter, and their conclusions should be carefully examined before the new legislation is presented to Parliament. Meanwhile the whole idea of a "Means Test" is condemned in some quarters; the Labour Party has already implied that sentiment in its proposed Vote of Censure. This sweeping condemnation, however, is unreasonable. Outside the limits of contributory insurance benefit, no legal right to fixed rates of payment, with allowances for dependents, can properly be given to all kinds of persons, whose only common circumstance is that they are willing to work for wages. Some adjustment of relief to meet the widely varying needs of individuals and families is essential. And that there is a real danger of giving money where it is not needed is proved by the experience of the last year. About 20 per cent. of the applicants for transitional payments have been found to have sufficient resources and have received what is called a "nil determination." Instances of considerable possessions have not been few. Nor is it at all likely that the local authorities have recklessly made "nil determinations"; for the only sequel would be demands for Poor Law relief, the cost of which is a local charge.

A reasonable estimate, based on the figures given in the *Labour Gazette*, is that little more than half the claimants during the year have been assessed as needing the full rate of payment. Altogether, it will probably be found that some £20,000,000 will have been saved to the Exchequer. Economy is not everything in dealing with a vital social problem, but savings of this order are not lightly to be thrown away. If, therefore, the present dual arrangement of a limited insurance benefit, backed by a locally administered relief scheme for the non-benefited, can be improved in detail and dove-tailed with the other social services, it should be retained; but public opinion will never accept the second part of the arrangement unless it can be made to work fairly as between man and man and with reasonable uniformity in all parts of the country.

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THE MOTOR INDUSTRY.

2. Commercial Vehicles.

(BY A CORRESPONDENT.)

THE commercial vehicle manufacturers have been less successful than the manufacturers of private cars in maintaining demand at its pre-depression level, although the past year 1931-32 is the first year which has shown any material falling off in new registrations. The slight shrinkage in the previous year was more than counterbalanced by the increasing average weight of the new vehicles. New registrations of goods vehicles amounted to 43,077 for the eleven months October, 1931, to August, 1932, a decrease of 9.9 per cent. on the previous year, when the total was 47,336. New registrations of passenger vehicles of nine seats and upwards showed a much more serious decrease of 35.2 per cent. for the eleven months from 6,981 for 1930-31 to 4,653 for 1931-32, while registrations of new taxicabs fell from 1,122 to 657 over the same period. The change in the position over the past year, however, is not by any means entirely attributable to the trade depression. Omnibuses and motor-coaches have, since April, 1931, been under the jurisdiction of the Area Traffic Commissioners, whose policy has broadly been to forbid any extension of road services, except in areas where the question of competing with the railways does not arise, and rigorously to prune down the many services begun between the passing of the Road Traffic Act in August, 1930, and the appointment of the Traffic Commissioners the following April. The result has been that the home demand for large passenger vehicles is now mainly a replacement demand, and the market is still glutted with the large number of vehicles which have been taken off the roads through the withdrawal or amalgamation of the services on which they were operating. The reduction in new registrations in the different classes of passenger vehicles is shown in the following table:—

NEW HACKNEY REGISTRATIONS, OCTOBER TO AUGUST.

	1930-31.	1931-32.	Percentage Inc. or Dec.
Up to 4 seats	966	562	41.8 Dec.
5-8 seats	156	95	39.1 "
Taxicabs	1,122	657	41.4 Dec.
9-14 seats	554	140	74.7 Dec.
15-20 "	931	902	3.1 "
21-26 "	561	174	69.0 "
27-32 "	2,070	1,419	31.4 "
33-40 "	482	310	35.7 "
41-48 "	409	411	0.5 Inc.
49-56 "	1,921	1,025	46.6 Dec.
Over 56 seats	53	272	413.2 Inc.
Omnibuses and coaches	6,981	4,653	33.2 Dec.

The decrease is more marked for vehicles of under 26 seats than for vehicles of greater seating capacity, and there has been an actual increase in the largest class of 56-seaters and upwards. The explanation is that, where services have been limited by the Traffic Commissioners, operators are putting on bigger vehicles, so that, in spite of a shrinking vehicle-mileage, they may maintain their seat-mileage and revenue-earning capacity. This tendency will probably be intensified on all the denser traffic routes, and the manufacturers of the bigger vehicles should benefit from it as soon as the replacement demand assumes larger proportions. At present a very considerable percentage of the largest classes of passenger vehicles are manufactured by two firms, A.E.C. and Leyland, and

the steady absorption of the smaller omnibus operators by a few groups of holding companies will probably increase the proportion of the industry in the hands of the more powerful manufacturers. There is, under present circumstances, no reason to expect any further reduction in the rate of sales of omnibuses and motor coaches; at the existing level new registrations are barely sufficient to keep a fleet of 48,000 public service vehicles permanently on the road by filling up the gaps, and, as the demand for passenger road transport facilities is being extraordinarily well maintained, and the tendency has recently been for fares to harden slightly, operators are for the most part in a good financial position to carry out a proper programme of replacement, and once the present temporary excess of vehicles has been absorbed, the home market should provide a regular and stable demand; this will be less than in the years of rapid expansion which culminated with the appointment of the Traffic Commissioners, but will supply a bread-and-butter basis of home supply from which the export trade can be attacked. The high standard of development in this country in both the design of omnibuses and the organisation of the omnibus industry should be a great advantage to British manufacturers.

The future of the goods vehicle industry will depend very much on how far the proposals of the Salter Committee become the basis for the next transport legislation. Any steeply-graded taxation on the larger vehicles based on an increased licence duty may be expected to have the effect of increasing the annual mileage of these vehicles which continue in use, in order to reduce the tax cost per mile. There may be a tendency to increase the use of lorries of three to four tons, the tax on which will either remain the same or only be increased by a moderate amount, if the Salter proposals are adopted, at the expense of the larger vehicles. But on the other hand the increasing proportion of lorries of over five tons unladen weight, which has been characteristic of new registrations over the past year or two, is by no means entirely due to the relatively low licence duty payable by such vehicles; it is to an even greater extent attributable to the extremely rapid technical advance in the design of heavy lorries, which, by increasing their potential life and reducing their repair bills, has had the effect of substantially reducing their running costs compared with the position two years ago. It is significant that, in spite of the publication of the Salter Report in July, there was an increase in new registrations of vehicles of over five tons in August. The rapidly increasing popularity of Diesel-engined vehicles, of which there are now over eight hundred in use, the majority of them coming into the "over five ton" class of lorry, is also tending to focus the attention of buyers on large vehicles, although a further decline in new registrations of steam lorries must be set against the comparatively healthy registrations of internal combustion engined vehicles.

REGISTRATIONS OF NEW GOODS VEHICLES, OCTOBER TO AUGUST

	1930-31.	1931-32.	Percentage Inc. or Dec.
Showmen's vehicles	12	2	83.3 Dec.
Agricultural vehicles	153	183	19.6 Inc.
Other goods (internal combustion):			
Not exceeding 12 cwt.	3,889	5,577	43.4 Inc.
12 cwt.-1 ton	8,093	6,419	20.7 Dec.
1-1½ tons	10,095	6,320	37.4 "
1½-2 "	16,517	15,238	7.7 "
2-2½ "	3,568	4,723	32.4 Inc.
2½-3 "	1,489	1,443	3.1 Dec.
3-4 "	1,243	850	31.6 "
4-5 "	1,077	801	25.6 "
Over 5 tons	1,365	1,323	3.1 "
Total	47,336	42,694	9.8 Dec.
Steam-driven	244	145	40.6 "
Electrically-propelled	52	53	1.9 Inc.
Total—all goods vehicles	47,797	43,077	9.9 Dec.
Tractors	388	310	20.1 Dec.

Some compensation for the decline in the home market may be found in the improvement in exports, in quantity if not in value. Over the eleven months October to August, exports amounted to 6,785 vehicles and chassis, valued at £1,847,257 in 1931-32, compared with 5,066

units, valued at £1,729,861 in 1930-31. Although new registrations of lorries up to three tons would not be affected by an increase in taxation of the heavy-weights, the licensing proposals of the Salter Committee, if brought into force, might nevertheless have serious reactions on the manufacturers of the lighter classes, as the recommendations would in fact mean that the haulage industry would be prevented from expanding, in the same way as the omnibus industry, since licences would be refused where it could be shown that alternative transport facilities were adequate, or that congestion would be aggravated if the licence were granted. There might even conceivably be a reduction in the scope of the haulage industry, as apparently vehicles would be restricted to particular routes by the licensing system, whereas a large proportion, probably the majority, of haulage vehicles do not at present work on regular routes, but get loads where they can and take them anywhere. The haulage industry is said to embrace 30 per cent. of the goods vehicles in operation, and, on account of the fact that hauliers usually operate the heavier types of vehicle and run larger mileages than private owners, it is probable that considerably more than 30 per cent. of the annual output of goods vehicles, especially if measured in value, is absorbed by the haulage industry. There was an increase in August, 1932, of 8,000 in the number of goods vehicles in use, compared with August, 1931, the total being now 357,000, and the loss of this annual expansion would be a serious blow to lorry manufacturers, who, like the omnibus manufacturers, would be compelled to rely entirely on the replacement demand to keep their works employed.

ASQUITH.

Not a great part of this fine life* of Asquith which his latest biographers (an ideal combination) have presented to the public deals with his activities in the world of finance and economics. That is natural; because the things for which he fought there have become so generally accepted that they seem now, rather unfairly, dull and uninteresting. The main themes of his three Budgets, economy, debt reduction, the graduation of income tax, "cuts" in the fighting services, the cautious financing of social reform schemes, even the reduction of taxation whenever possible upon essential foodstuffs, like sugar, are almost commonplaces in the modern Chancellor's lips. Some of them were by no means so commonplace in the first years of the century, some were fiercely criticised and resisted. Even the fundamental Free Trade argument, never more lucidly and incisively stated from any public platform than by Asquith, has ceased largely to be challenged. What the intelligent protectionist to-day does is to pay lip service to the doctrine and then declare it inapplicable to the abnormal conditions of a world in chaos. This journal may claim to have had some part in the formulation of his ideas on such subjects as these; for in earlier years at the Bar he spent some of his leisure time on serious journalism, and from 1880 to 1884 contributed a regular weekly article to the *Economist*, usually on some prominent topic in the realm of foreign politics. Researchers into the *Economist* files of those years may not find it difficult, although his articles were unsigned, to detect his penmanship and to note the remarkable control over the English language which afterwards developed into the great asset of one of the foremost of parliamentary orators.

Asquith's first Budget really was "humdrum." He took a penny off tea, abolished the tax of a shilling a ton on exported coal, and made a beginning of economy by a cut of £1,500,000 in the Naval Estimates (which greatly alarmed and angered the Admiralty). But the Budget of 1907 was notable in its way because it witnessed the beginnings of the distinction, much criticised

* "The Life of Henry Herbert Asquith, Lord Oxford and Asquith." By J. A. Spender and Cyril Asquith. Hutchinson & Co. 36s.

at the time, between earned and unearned income. By means of a temporary addition to the sinking fund, Asquith laid the financial foundations in this Budget for his future old-age pensions scheme. He did one thing more.

"In 1907 he was looking ahead to yet another task which he assigned himself for the following year, and that was, as he told the House, to 'sweep away root and branch' the whole system by which assigned revenue, the proceeds of Imperial taxes were intercepted from the Exchequer and handed over to local authorities; and to substitute for it the payment of equivalent grants based on the existing receipts but not dependent on or absorbing the yields of particular taxes. To release the Treasury from this bondage Asquith held to be imperative, and his achievement of that object may be reckoned still as one of his principal contributions to Treasury practice."

His third and last Budget (introduced as Prime Minister after he had ceased to be Chancellor) rounded off and completed the work of the previous two. He reaped the reward of his debt reduction and revenue building in a realised surplus (for 1907-08) of £4,726,000 and an estimated surplus for the following year of £4,901,000. On the strength of this he not only introduced his old-age pensions scheme but he reduced the sugar tax from 4s. 2d. to 1s. 10d. per cwt. at a cost of £3,400,000 to the Exchequer. The loss of this money, as a matter of fact, was severely felt when the naval scare before the next Budget led to new large demands from the Admiralty; and his own hesitation about the wisdom of this reduction was justified by the event. But at the time the caution and providence of his finance generally were widely recognised and acclaimed; and not unjustly.

It all looks a little small and unpretentious by the side of the 1909 Budget and the colossal figures of post-war finance. But these three Budgets undoubtedly paved the way for Mr Lloyd George's famous financial adventure; and Mr Lloyd George himself has testified that but for Asquith's emphatic and rather unexpected support in the Cabinet, his own scheme (especially the land taxes) might never have been accepted.

The most important new light which the book sheds on public events bears on the relation of the Crown and the Prime Minister during the constitutional crisis arising out of the struggle with the peers. Asquith's difficulty, as a meticulous constitutionalist, was to avoid even seeming to infringe the King's prerogative by anticipating and announcing beforehand what the King would do in certain circumstances; and at the same time to hold in check the reasonable suspicions and fears of his followers that in the end they might be defeated by a refusal of the Crown to create peers. Asquith handled this very delicate situation with the skill of a virtuoso. He strained the patience of his supporters to the utmost; but the event in this case justified his patient wisdom, and the whole story (now fully told for the first time) illustrates a strain of fineness and scrupulosity in his character which won for him deservedly the respect of one Sovereign, the affection of another, and the unquestioning confidence of both.

If he was not a great War Minister, it was perhaps never reasonable to suppose that he would be. He was over sixty years of age when the war broke out. He was essentially a Parliamentarian, who had lived all his life on the assumption of government by consent; and war is the negation of this assumption. He was a lawyer, who could never bring himself to believe that great bodies of responsible men would deliberately set themselves to defy the law. This incredulity hampered him fatally in dealing with the miserable Ulster business, culminating in the Curragh mutiny (the clearest account of this yet published appears in this book). Yet it is possible to undervalue his usefulness in the early days of the war before opinion had hardened and the problem became purely military. It is very doubtful whether any one else could have kept together so relatively successfully a Cabinet containing such an extraordinary variety of such highly combustible elements. His stolid, strictly civic courage—his sturdy contempt for the terrified financiers weeping into their teacups—were great public assets. He was admirably industrious, and he could act quite decisively when he chose. Where he failed was in his utter incapacity to

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make the emotional appeal which in times of strain is essential for successful leadership. "In war," Mr Bonar Law told him with one of those flashes of insight of which he was sometimes capable, "you must not only be active; you must seem active." But Asquith could not pose. The disability was part of his greatness; it was also the cause of his downfall.

To that rather grim story the book adds little. The ultimate truth can never be known. Lord Beaverbrook's picture of a dark Machiavelli craftily using all the resources of his position to trap and crush his enemies is out of drawing with any recognisable picture of Asquith: but the vision revealed to his extreme supporters of a just man fallen among thieves, the helpless victim of his own innocent confidence in unworthy colleagues, is not much more convincing.

The outstanding success of the book is the vividness and skill with which the real Asquith, as distinct from the humorless, passionless, equable Sphinx of the popular imagination is presented. The lover of P. G. Wodehouse was not humorless. The man who thinks the writer of the wonderful letters to Margot passionless does not know what passion means. He was equable: and his equanimity was based on a form of intellectual loftiness, which "would not choose what many men desire"; but it was at bottom a very human loftiness, far removed from the monstrous insensibility of Parnell, for example. His epitaph is well written in the fine prose of his biographers. "As time passes, his detractors fall into the background, and his figure is seen in massive outline, embodying the qualities which Englishmen most like to think of as their own, fortitude, dignity, honesty, generosity, the equal mind in arduous affairs."

Notes of the Week.

A New Political Chapter.—Although, in the technical sense, the reopening of Parliament last Tuesday was not the beginning of a new session but only the resumption of an old one, it definitely marked the opening of a new chapter in the life of the Government. So long as the Government included in the persons of Sir Herbert Samuel and his colleagues the accredited representatives of the Liberal Party, it could, despite the absence of representatives of the official Labour Party, claim that it had at least something of a national complexion. After the secession of the Liberals and the Labour Chancellor, Mr MacDonald faces the House of Commons as Prime Minister of a Government whose overwhelming Conservative colour is not concealed by the retention in office of two or three Ministers who previously belonged to the Labour Party, or by the concession to the followers of Sir John Simon of a greater proportion of offices than their numerical strength could justify. This position inevitably gives rise to the question how long Mr MacDonald will be willing to retain so uncomfortable a saddle, or, alternatively, how long a restive horse will refrain from throwing off a jockey not of its own stable. The past week has given no indication of the answer to these particular questions, but it would probably be rash for Mr Mac-

Donald to interpret the carefully staged ovation given to him in the House of Commons on Tuesday by his Conservative followers as an indication of durable and patient loyalty. But at any rate, the Prime Minister has given the Conservative Party nothing to complain of. His defence of Ottawa followed the most approved lines of neo-Protectionism, while his so-called "policy" speech delivered on the eve of the session studiously avoided the promulgation either of definite doctrines or of definite policies which might be unacceptable to the partisan. Nevertheless, the Parliamentary weeks that lie ahead of us may present difficulties not so easily overcome. As Ottawa details come to be dissected, with their disclosures of duties upon the essentials of life, and as problems such as the application of the "Means Test" and the overhaul of the unemployment insurance system obtrude themselves, as they must very shortly, upon the attention of Parliament and the public, it will become increasingly difficult to preserve an appearance of unanimity between two schools of thought so fundamentally opposed as those, let us say, of Mr MacDonald and of Lord Hailsham. In judging the political future, it must be remembered that although the Government is so predominantly Conservative, the retention of other elements gives it something of the natural weaknesses that we have learned to be inherent in all coalitions. By this we do not mean to suggest that another general election is in sight, even on the horizon, but it would seem probable that the retirement of Lord Snowden and the Liberals is only the first step in the ultimate and inevitable passage from a National to a Party Government.

Irish Deadlock Unsolved.—After the prolonged nature of last week-end's conversations in London between Mr de Valera and British Ministers, it came as a disappointment to the public to hear that no progress whatever has been made towards a composition of the most unfortunate quarrel between Britain and the Irish Free State. In the House of Commons on Tuesday, Mr J. H. Thomas summarised the discussions and the reason for their failure, and revealed the fact that Mr De Valera, so far from confining himself to the possibility of a bargain over the annuities in immediate dispute, ranged back into the realms of distant history, denied the validity of the agreements on which the recently suspended payments are based, asserted that no ultimate financial settlement between the two countries was ever made, and claimed that a new and final settlement should be discussed in connection with which, he alleged, the over-taxation of Ireland ever since the Act of Union of 1801 should be taken into account. Irish claims based on past chapters of history long closed, were said by Mr Thomas to be in the region of four hundred million pounds. Although allowance must be made for Mr De Valera's well-known proclivity for living mentally in the past, it is difficult to believe that he could seriously hope to advance the solution of the present dispute, by opening up so vast a field of historical and financial controversy. In the course of this dispute, we have, on several occasions, been severely critical of the policy and action of the British Government. But if Mr Thomas's statement in the House of Commons is a fair summary of the representations on the Irish side, it is clear that the blame for the latest breakdown must rest upon Mr De Valera. And we cannot say that the latter's statement in the Dail on Wednesday does anything towards changing that conclusion. But the apportionment of blame helps neither Britain nor Ireland; while both countries continue to suffer from the continuation of this most deplorable deadlock.

Anglo-Russian Agreement Denounced.—The denunciation by the British Government of the Anglo-Russian trade agreement, signed in April, 1930, is, as Mr J. H. Thomas explained in the House of Commons on Tuesday, an automatic consequence of the Anglo-Canadian Agreement at Ottawa. Article 21 of this agreement runs as follows:—

This agreement is made on the express condition that, if either Government is satisfied that any preferences hereby granted in respect of any particular class of commodities are likely to be

frustrated in whole or in part by reason of the creation or maintenance directly or indirectly of prices for such class of commodities through State action on the part of any foreign country, that Government hereby declares that it will exercise the powers which it now has or will hereafter take to prohibit the entry from such foreign country directly or indirectly of such commodities into its country for such time as may be necessary to make effective and to maintain the preferences hereby granted by it.

The inclusion of this article, which of course is aimed principally against Russia, was inserted as the result of the vigorous insistence of Mr Bennett, the Canadian Prime Minister. In order to be in a position to implement it, the British Government regards itself as being compelled to free itself from the operation of Article I of the Anglo-Russian Agreement the purpose of which is to assure to Russian imports into Britain treatment equally good as that given to other foreign imports. The salient passage reads as follows:—

The natural produce and manufactures of the United Kingdom shall enjoy in the U.S.S.R., and the natural produce and manufactures of the U.S.S.R. shall enjoy in the United Kingdom, all the facilities, rights and privileges which are at present or may be hereafter accorded to the natural produce and manufactures of any other foreign country, in all that relates to the prohibition and the restriction of imports and exports, customs duties and charges, transport, warehousing, drawbacks and excise.

Article 21 of the Anglo-Canadian Agreement, though aimed at Russia, obliges the British Government to put itself in a position to prohibit cheap "dumped" imports from any foreign country, if such dumping is facilitated by State subsidies or other forms of State assistance. The question arises whether Article 21 will not lead the Government into the denunciation of trade agreements with other countries. May it not lead to something near a wholesale denunciation of all British treaties which include the most-favoured-nation clause? That question opens up a wide vista. For the moment the step taken in the case of Russia, while not necessarily causing any big immediate reduction in Anglo-Russian trade, or indeed making trade operations more difficult so long as "dumping" is not resorted to, will create fresh suspicion in the relations between the two countries, which in turn will prove a hindrance to mutual trade.

A Decade of Fascism.—Signor Mussolini and his fellow-Fascists have just been celebrating the tenth anniversary of the March on Rome; and foreigners, as well as Italians, may well pause to take stock of the results, for good and evil, which this decade of Fascist rule in Italy has produced. For Fascism is more than a parochial phenomenon. What has happened in Italy since the war is simply the classic example of a tendency which has declared itself in some degree, and with some measure of success, in a number of countries that have found themselves more or less in Italy's situation. Very broadly, we may say that Fascism, like Bolshevism, is a reaction to a sense of failure to hold one's own "under the strenuous conditions of the modern world." A people which feels itself hopelessly out of the running is tempted to break away and seek to move, henceforward, in a separate orbit. A people which feels that it could catch up with the vanguard by making an effort is tempted to try a short cut; and it is this second reaction which is represented by Fascism. The Fascist movement is a short cut towards modern efficiency; and it is in this aspect that we can best understand its good and its evil, its strength and its weakness. On a short cut, one has to jettison cherished possessions—especially if the path leads through bushes and briars, up hill and down dale. Italian Fascism has jettisoned Mercy and Liberty. And even at such a price one may not, after all, achieve one's object. Instead of regaining the high road abreast of the foremost runners in the race, one may fall romantically over a precipice or prosaically lose one's way. And either of these adversities may still befall Italy in the race which still lies before her over the arduous Fascist track. We need not dwell on the bloodshed and violence and illegality through which Fascism came into power; and we will not dwell, either, on the black incident of the murder of Matteotti, and the almost stifled by Fascist brute force; for these things belong

to the past. The vital issue is this: Is the negation of liberty by which Fascism rules really essential for the performance of the great practical constructive achievements that Fascism undoubtedly has to its credit; and, secondly, if the necessity for this repression is proved, then are these Fascist achievements worth the price? Perhaps the answer depends on whether we take a short view or a long view. On a short view we may shrug our shoulders and say *Primum vivere, deinde philosophari*. Liberty, political or intellectual, is a luxury for good times. In bad times, national salvation comes first, and liberty must not stand in the way. On a longer view, we may reflect that without liberty no nation can truly save itself. Fascism may be justified if in ten years, or in twenty, Italy finds her way back into the open road, with her pre-Fascist time-lag made up. But what if the Fascist short cut should end in a *cul-de-sac*?

Political Crisis in Roumania.—Last week there were symptoms of unrest to be recorded in one South-East European country, Yugoslavia. This week there are symptoms in a neighbouring country, Roumania, which are milder in their nature, but which point, nevertheless, to the same fundamental disease. What is wrong with all the South-East European "Successor-States" is the imperfection of the Peace Settlement, which has created a number of small territorial units that are unworkable economically on the post-war principle of "autarchy." And the worst of it is that this economic sacrifice which has been laid upon the altar of political self-determination has not after all availed to exorcise the political discontents and dangers of the old regime. For the new map, in removing one set of political wrongs, has created another. These points are all illustrated by the present case of Roumania, who is suffering at this moment from a combination of two troubles: the economic trouble which is common to all the agrarian countries of the Danubian region, and the peculiar political trouble with which Roumania is burdened in Bessarabia. These two troubles between them have been responsible for the fall of M. Vaida Voevod's Government at Bucharest this last Monday. His ministry had been shaken by the prospect of having to carry out the drastic economies in public expenditure which have been recommended by the experts who have been investigating Roumania's financial situation; and the final blow has been struck by M. Titulescu, who could not see eye to eye with M. Vaida Voevod over the policy to be pursued in the delicate matter of Bessarabia. It will be remembered that the ex-Russian province of Bessarabia was occupied in the war by the Roumanian army during the interregnum created by the Russian Revolution. This action was justified in Roumanian eyes by the fact that the majority of the inhabitants of Bessarabia are Roumanians by nationality. But the occupation and subsequent annexation of the province were carried out by Roumania—and afterwards approved by the Principal Allied Powers—without asking the leave of any Russian Government, White or Red; and the Soviet Government has never recognised the *de facto* situation, with the result that there has never been any resumption of official relations between Russia and Roumania. The Bessarabian question perpetually crops up, and it has cropped up last over the question of the negotiation of a Russo-Roumanian Pact of Non-Aggression. The Russians, apparently, are willing to conclude such a pact without raising the Bessarabian question so long as the fact that they have refrained from raising this question in this connection is recorded in the text. M. Vaida Voevod and M. Titulescu differ on the question of how far Roumania shall go to meet this distinctly conciliatory Russian offer; and, unfortunately, M. Titulescu, who stands for a policy of pedantic intransigence, has won. His victory will perhaps serve to drive home, in France, the rapidly growing conviction that East European allies are liabilities rather than assets.

The Personnel of the League.—Nationalists who gird at the League should recollect that they are blackening their own faces; for the League is an association of some fifty or sixty national—and mostly nationalist—States, and the record of the League is determined by the standards of its members. When the record is bad, it is these national standards that are exposed to criticism. This reminder is perhaps needed at the moment, *à propos* of the rather questionable arrangements that have just been sanctioned by the League Assembly in regard to the personnel of the Secretariat. On the one hand, economy has been sought through a reduction of 10 per cent. in the salary scale—a reduction which is to apply to new appointments or to future changes, following promotions, in the salaries of present members of the staff. On the other hand, the self-same Assembly has decreed that the League shall carry on its budget no less than six senior posts, involving high salaries, which are admittedly superfluous—and indeed positively harmful—from the standpoint of the Secretariat's efficiency. The explanation is frankly political. Each of the five Great Powers that are League members insists upon always having on the Secretariat one national of its own in a high official position. Assuming that the Secretary-General himself is a national of one of the "big five," this means that four deputy secretary-generalships or assistant secretary-generalships must always be provided for the other Great Powers. But the small countries have now made good their claim that they, too, shall have at least one post of the kind between them if the Great Powers are always to have one each. So the total number of senior posts that is demanded by the exigencies of politics is six; and this means that the Secretary-General must always be surrounded by five deputies or assistants, each fitted out (at the League's expense) with a staff of his own nationals, and each regarding himself in fact, whatever the theory may be, as commissioned primarily to look after his own country's interests and only secondarily to do the League's work. In fact, these are national ambassadors masquerading as international officials; and the honest and open course would be to give them the status of ambassadors—to be paid by their own Governments and to be accredited to the Secretariat without being enrolled in its staff. The actual arrangement is wrong; and it is particularly unfortunate at a moment when the League is on the point of losing the services of its original Secretary-General, Sir Eric Drummond. The vacancy is being filled—as it were, automatically—by the promotion of Monsieur Avenol, who possesses the qualification of what the American machine-politicians call "availability," because he is the present Assistant Secretary-General and because he is a Frenchman. Monsieur Avenol has had financial experience which may no doubt be timely in the present state of the world's economic affairs. But, of course, the financial ability which the League Secretariat requires can be provided—as it has always been particularly well provided hitherto—in the Financial and Economic Section. What is needed in the Secretary-General at all times, and most urgently of all to-day, is the political gifts for dealing with the world's political

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problems. The difficulty of these political problems is reflected, within the microcosm of the Secretariat, in the political issues on which we have just been commenting. And it is by its success or failure in dealing with this part of its task that the League will stand or fall in the critical years ahead.

Mr Henderson Resigns.—Mr Arthur Henderson this week resigned his position as leader of the official Labour Party. There are abundant reasons to explain his action in doing so without searching for any deep political meaning. It has been traditional for the leader of the Labour Party in Parliament to be the leader of the party in the country, a system which has many advantages and to which the party was bound to revert before long, either through the return of Mr Henderson to the House of Commons or by the transfer of his office to Mr Lansbury. The decision has presumably been delayed in the hope that Mr Henderson would find an opportunity to seek re-election to the House of Commons, and that it is taken now is a recognition that such a course is precluded in the near future by Mr Henderson's absorption with his duties as President of the Disarmament Conference. While resigning the leadership, "Uncle Arthur" retains both the secretaryship and the treasurer's office of the party, a fact which demonstrates the absence of political disagreement between himself and his colleagues. All the same, it is possible that the proceedings of the recent Labour Party conference at Leicester, of which the chief feature was the impatient temper of the rank and file of the party, may have hastened Mr Henderson's decision to hand over responsibility for its supreme guidance for the time being.

Sterling and International Prices.—The price level has again receded during the past fortnight, but it is still considerably above the lowest figures reached last June, the complete index, the primary products, and the international gold prices index being still respectively 5.7, 8.0 and 5.3 per cent. higher. During the last fortnight our international gold prices index has receded by nearly 2 per cent. and that of the sterling price of primary products by 2.6 per cent., while the complete *Economist* index shows a fall of 1.4 per cent.:

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsanst., Germany.
	British Complete Index (sterling).	British Primary Products (sterling).	International Gold Prices.				
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.8
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th ...	103.8	105.4	83.6	89.6	97.0	95.3	90.5
June 1st ...	100.2	101.0	79.8	83.3	94.0	91.7	88.5
June 22nd ...	97.4	99.3	80.5	86.4	91.5	89.5	88.1
July 13th ...	97.5	101.3	82.6	87.3	91.3	89.2	88.0
July 27th ...	99.5	103.5	84.1	88.3	91.3	88.5	88.1
Aug. 10th ...	101.0	108.6	88.5	89.8	88.4	88.5	88.0
Aug. 24th ...	102.5	111.8	89.3	89.8	89.0	89.3	87.1
Sep. 7th ...	107.1	120.2	94.7	91.7	89.0	91.5	87.9
Sep. 21st ...	106.0	117.4	89.6	90.5	89.7	91.2	87.1
Oct. 5th ...	104.6	115.3	85.7	89.6	89.9	93.2	87.1
Oct. 19th ...	103.1	112.3	84.0	88.9*	...	93.1*	86.9*

* These figures relate to October 12th.

The majority of movements in British sterling prices has been downwards, there being only seven rises as against twenty-six decreases—barley, bacon, jute, lead, copper, spelter and linseed oil featuring largely in the declines. The sectional figures are given below:—

"ECONOMIST" INDEX.

(1927 = 100).

	Sept. 18, 1931.	Oct. 5, 1932.	Oct. 19, 1932.
Cereals and meat	64.5	64.7	62.2
Other foods	62.2	64.0	63.8
Textiles	43.7	51.5	50.4
Minerals	67.4	76.1	75.3
Miscellaneous	65.8	62.5	62.4
Complete index	60.4	63.2	62.3
1913 = 100	83.1	87.0	85.7
1924 = 100	52.2	54.7	53.8

It will be noticed from the first table that the decline in prices is general with the exception of France, whose index number is still rising slightly.

More Import Duties.—The frequent White Papers issued by the Import Duties Advisory Committee, which add bit by bit to our new tariff structure, remind us forcibly of the advertisement for a well-known "elastic bookcase"—"always growing but never complete." This week's dose of increased protection* consists of the imposition of additional duties upon light railway wagons and rubber boots and shoes. The class of wagons selected for this favour is described as "wagons for use on railways not exceeding 3 ft. in gauge"—in fact, the type of wagon most commonly used in this country for mining, quarrying and road-making and for public works. On such wagons and on the parts thereof, the existing duty of 10 per cent. *ad valorem* is raised to no less than 33½ per cent. on the argument that the British engineering industry is capable of supplying home requirements. There is no indication whatever that the Commissioners have considered what exports we have been sending to the countries which supply us with these wagons, or how far the imposition of this duty may limit our sales to the countries involved. The boot and shoe duty, which already, before the present order, was at the level of 20 per cent., is increased by the addition of 3d. per pair when the footwear in question covers the ankle, and 2d. per pair where it does not rise so high. This means that in the case of rubber boots, the equivalent of an additional 17 per cent. import duty is imposed. The reasons which the Commissioners give for this recommendation are rather curious. For instance, they say "recently there have been marked changes in the sources of supply, accompanied by a pronounced fall in the price level of the imported goods." They also admit that imports in 1931 slightly declined. We seem to remember promises that the interests of the consumer would be carefully studied in framing our tariff, but, in this case, the complaint seems to be that the man in the street has been obtaining essential articles of clothing too cheaply. Another step, albeit a small one, in the process which our new tariff is bringing about of increasing the cost of living and of industrial production relatively to those of competing industrial nations.

Cotton Trade Wages.—Further negotiations have taken place at the Midland Hotel, Manchester, this week between the operatives and employers in the spinning section of the cotton industry regarding the employers' claim for a wage reduction equal to 1s. 8½d. in the £. Mr F. W. Leggett, of the Ministry of Labour, has throughout acted as independent chairman of the committee. The two sides have reached a decision maintaining a 48-hour week, and the question of cleaning and oiling time and certain anomalies are to be dealt with by the new conciliation machinery which is to be set up after the present discussions have ended. On Tuesday and Wednesday the whole of the time was spent in negotiating the wages issue. The operatives have improved their offer of a wage reduction to a fraction more than 1s. 1d. in the £, as against their last offer of 9½d. in the £. The employers, however, continue to hold out for a reduction of 1s. 8½d. in the £, and this is the position at the time of writing. The employers' notices do not expire until Saturday noon, and failing a settlement the mills will not re-open on Monday. There is time, therefore, for agreement to be reached.

Railway Wages.—As had been anticipated, the immediate reply of the railway trade unions to the application by the four trunk railways to substitute for the present deductions from railwaymen's standard wages a general deduction of 10 per cent. was a refusal. At a meeting held on October 16th representatives of the three railway unions formally stated that they would not accept the companies' proposal, and Sir Ralph Wedgewood, the chairman of the general managers, intimated that the companies were compelled by prevailing circumstances to forward their proposal to the Central Wages Board for its consideration. It is expected that the Central Wages Board will meet at an early date to consider the proposal, and as this board consists of equal numbers of representatives of the companies and the unions it is unlikely to be

* Cmd. 4176. H.M. Stationery Office, 3d.

able to arrive at an unanimous decision. If so, the matter will be referred automatically to the National Wages Board, which is expected to give a decision within a month. In speeches delivered at the week-end, Mr Dobbie, the president of the National Union of Railwaymen, insisted that the men's answer to the companies must be an emphatic "No," while Mr Cramp said that it was time to call a halt to the downward trend of wages, and that railway capital must be reorganised and also bear a greater part of the depression. The controversy is thus proceeding along familiar lines, and the position has not changed during the past week. The real points of interest will emerge when the companies and men meet before the National Wages Board, probably in a few weeks' time, when it will have to be seen whether the representatives of the unions are able to recognise the implication of the general economic situation and its bearing upon the railway wage question as discussed in the *Economist* a fortnight ago, and if so to what extent. At the moment there is no reason for supposing that agreement will not be reached.

Co-operative Trade.—A correspondent writes:—Close association with the distributive trade of the country has convinced the directors of the Co-operative Wholesale Society that there has been no easing of the intense depression from which the country has suffered so long. Nor do they observe any prospects of material improvement. During the first thirteen weeks of this year they recorded an increase of 3½ per cent. in the turnover, but the continued decline in the average prices of the principal commodities handled, coupled with the reduced purchasing power of co-operators, has wiped out that increase and the sales of £39,953,630 for the six months ended July 9th were a shade below the corresponding period of 1931. There was an increase of half a million pounds in the supplies of groceries in London and the south; but this was counterbalanced by decreases in the coal, drapery, woollens, readymades, shoes and leather and furnishing departments. The distributive trade from the Manchester headquarters was £18,999,278, a fall of nearly 1 per cent.; in the Newcastle district it was £4,522,644, a decrease of 3½ per cent. The advance of London and the south has continued and an increase of 2½ per cent. has brought the turnover to £14,045,094. The Metropolitan societies are becoming increasingly important customers of the C.W.S. and they, with the societies in the west of England, are looking to greater recognition in the movement generally. The trading results are re-echoed in the deposits and withdrawals from the C.W.S. Bank which dropped 5½ per cent. to £327,364,657. Not only has the C.W.S. felt the depression in the Home Market, but its export sales fell to £615,351 from the £645,080 of the corresponding period of last year. The most encouraging note in the report which will be brought before the delegates' meetings this month relates to the better inquiry from retail societies for the productions from the co-operative works. The supplies were £11,618,482, an increase of £190,262. This is small, but is in advancing ratio to the total sales which declined £182 and is regarded as proof of the trend of the retail societies towards greater preference for stocks from their own factories than for those from outside firms. The supplies from the ten flour and provender mills of the C.W.S. were £3,583,646, while the sales of tea reached £1,958,510, and amounted to over 1,031,000 lbs. weekly. Biscuits, preserves, and margarine are other well-supported co-operative industries. In soap, too, the turnover of the three works was £1,225,205. The most conspicuous success of C.W.S. co-operation has been in the supply of foodstuffs. Out of its half-yearly turnover of nearly £40 millions, practically £30 millions was in grocery and provisions. The aggregate production of its two flannel mills and three weaving sheds was £361,000, while the output of its six clothing factories, three shirt factories, and hosiery, corset, mantle and underclothing factories totalled £832,570. From its eight boot and shoe works the supplies were £739,879, and the five cabinet works had a production of £249,544. These are sections of co-operative enterprise which are now being developed through departmental stores and emporia which are being

opened by retail societies in large towns—notable examples having recently been provided in Newcastle, Burslem, Bristol, Liverpool and Stafford. Meanwhile, the C.W.S. is increasing its productive capacity and will shortly open a new furniture factory at Ponder's End, another printing works at Reading, and a works for the production of milk bottles at Newark.

Iron and Steel Production in September.—Production of pig iron in September amounted to 260,400 tons, a slight improvement over the August figure of 259,400 tons since this figure was for 31 days; the number of furnaces in blast at the end of September (59) was two more than at the beginning of the month. Steel production amounted to 430,300 tons, compared with 361,500 tons in August, which was, however, unduly low on account of the holidays. Both pig iron and steel production were slightly higher than in the corresponding month a year ago. Imports of iron and steel at 107,100 tons were practically the same as in the previous month, but exports declined by 29,200 tons to 127,000 tons, largely owing to the completion of the Russian orders, for the exports of plates and sheets declined by 8,200 tons to 12,100 tons, and of hoops and strips by 7,600 tons to 2,100 tons. Imports of tinplates and sheets also showed a substantial reduction. The following table compares the production, imports and exports of iron and steel in each quarter of 1932 with the corresponding quarter of 1931.

U.K.—PRODUCTION, IMPORTS AND EXPORTS OF IRON AND STEEL. QUARTERLY 1931 AND 1932

	Production of		Imports.	Exports.	Board of Trade price index 1913 = 100 (at end of each quarter)
	Pig Iron.	Steel Ingots and Castings			
	(In thousands of tons)				
1931—					
1st quarter	1,012.5	1,388.7	609.4	481.2	107.3
2nd quarter	993.5	1,261.4	667.5	518.0	103.9
3rd quarter	840.9	1,186.5	653.2	451.6	101.8
4th quarter	911.2	1,342.0	922.0	529.8	103.9
Total, 1931	3,758.1	5,178.6	2,852.1	1,980.6	...
1932—					
1st quarter	989.2	1,373.1	552.9	473.5	104.3
2nd quarter	943.6	1,309.5	414.6	479.0	102.9
3rd quarter	812.4	1,230.2	330.9	441.4	103.0

While pig iron production in the first nine months of this year has been slightly lower than in 1931, steel production has been slightly higher. Imports in the first three-quarters of this year amount to 1,298,000 tons, compared with 1,930,000 tons in the first three-quarters of last year, while exports amount to 1,394,000 tons, compared with 1,451,000 tons last year. In each of the last six months exports have exceeded imports. The improvement in Continental prices which began in August was continued in September; for instance, sheet bars which at the end of July were 38s. per ton f.o.b. Antwerp (on a gold basis) increased to 39s. 6d. at the end of August and to 40s. at the end of September; merchant bars rose from 43s. at the end of July to 47s. 6d. at the end of August and 48s. 6d. at the end of September, while heavy plates rose from 52s. to 55s. in August and 57s. 6d. in September; they are still, however, less than 50 per cent. of the corresponding level at September, 1929. British prices remain steady, the Board of Trade price index number for September being 103.0 (1913 = 100) compared with 102.6 in August.

Liverpool Cotton Statistics.—The annual circular of the Liverpool Cotton Association published this week contains a mass of valuable statistics relating to the cotton season for 1931-32. The average price of middling American cotton during the twelve months was 4.82d. per lb., against 5.71d. per lb. in the previous year and 9.09d. per lb. in 1929-30. With regard to Egyptian cotton the average price of fully good fair Sakel during last season was 6.80d. per lb., against 9.06d. per lb. in the previous season and 14.52d. per lb. in 1929-30. The total stock of all kinds of cotton in Liverpool at the end of last season

was 590,279 bales, against 778,676 bales a year earlier and 705,974 bales two years ago. The imports of raw cotton into Great Britain during last season were 2,412,498 bales, against 2,288,134 bales in the previous year, and 2,748,012 bales in 1929-30. The consumption of all kinds of cotton in Great Britain last season was 2,539,914 bales, against 2,023,798 bales in the previous year and 2,610,221 bales in 1929-30. The circular contains a valuable table showing the proportional distribution of the American crop and it is significant that Great Britain for the two-year period 1930-32 took only 8.99 per cent., against 25.22 per cent. in the five-year period of 1905-10. The United States now uses 43.95 per cent. of the crop.

Anglo-South American Bank.—The changes of last June, when a London banking consortium took over certain of the bank's nitrate assets amounting to £7,500,000 and also an equivalent liability of the bank in exchange for £1,000,000 of 5 per cent. new preference shares and the assumption of a deferred liability for this amount of £7,500,000 by the bank, have vested the new balance sheet of the Anglo-South American Bank with unusual interest. As was to be feared, the latest report and balance sheet form a disappointing document, for in addition to the appearance for the first time of the new preference shares and the deferred liability of £7,500,000, which is a contingent guarantee ranking after all other outside liabilities of the bank, the accounts show that both the general reserve and the special reserve created a year ago to provide for the depreciation of foreign assets have entirely disappeared. The current report states that both funds have been applied in making provision for depreciation of investments, for all known bad debts, and for all debts which in present conditions appear to involve the possibility of loss. The report further adds that owing to the general dislocation of the exchanges and the contraction of trade throughout the world, it is very difficult, even after the strictest scrutiny, to make accurate estimates of the amounts required for doubtful debts. The salient features of the accounts for the past three years are summarised below:—

	June 30th.	1930. £ thous.	1931. £ thous.	1932. £ thous.
Liabilities:—				
Issued capital:—				
"A" shares		4,367	4,367	4,367
"B" shares		1,265	1,265	1,265
Preference shares		...	...	1,000
Reserve fund		3,275	1,000	...
Legal reserves abroad		107	133	72
Special reserve fund		...	2,275	...
Acceptances		9,402	12,490	3,208
Deposits		49,814	40,640	25,564
Bills for collection		8,202	5,822	4,648
Assets:—				
Cash		7,997	6,789	4,356
British Government securities		7,219	4,507	380
Foreign securities		2,147	1,887	1,553
Bills receivable		9,020	6,275	4,401
Acceptances		9,402	12,490	3,208
Advances		31,411	27,134	15,988
Net profits		491	461	466
Contingent liability		...	...	7,500

The general contraction in the chief items on both sides of the balance sheet is an eloquent commentary upon the general position of the areas served by the bank, even though £7,500,000 of the contraction represents the assets and liabilities taken over by the banking consortium. The report further alludes to a depreciation of £1,414,875 in the bank's foreign assets, arrived at after revaluing them at current market or official rates of exchange on June 30th last, whichever rate is applicable. This amount, the report adds, cannot be dealt with in a definite manner until more normal conditions are restored. Net profits for 1931-32 amount to £466,000, but £450,000 has been required to make further provision for bad and doubtful debts, so that no dividends are paid even on the new preference shares; nor is any sum apparently allocated towards the reduction of the bank's contingent liability, though the agreement of last June provided that half the free profits of the year should be so used. The general impression left by the accounts is that the bank is finding it an arduous and slow business to get clear of its accumu-

lated difficulties; but that, thanks to the help afforded last June, the latest balance sheet presents a far truer picture of the real position than those that have appeared since the bank's present difficulties began.

Commonwealth Bank Policy.—In an address in London last Tuesday to the Royal Empire Society, Mr. E. C. Riddle, the Governor of the Commonwealth Bank of Australia, gave an interesting and valuable account of the history and policy of the bank. After reviewing the foundation of the bank and its gradual development into the central bank of the Dominion, he made reference to the part played by the bank during the serious difficulties of the past few years. In 1929, when the approach of the depression was foreseen, the bank advised the Government to give it power to marshal the gold holdings of Australia. At that time the trading banks held about £18,000,000 of gold, and by arrangement they transferred £17,000,000 of this to the Commonwealth Bank in exchange for notes or credit with the Commonwealth Bank. In practice they surrendered all notes they received in excess of their till-money requirements, so that their cash came to consist largely of balances with the Commonwealth Bank. The next problem the bank had to deal with was that of governmental deficits, and Mr Riddle claimed that it was the pressure put by the Commonwealth Bank upon the Loan Council which resulted in the calling of the various Premiers' Conferences and the formulation and adoption of the Premiers' Plan. In the meantime the Commonwealth Bank provided temporary finance for the Governments by taking up Treasury bills. To avoid inflation the trading banks agreed to take over many of these bills with the right of rediscount, and thus also provided the trading banks with a remunerative form of reserve. The Commonwealth Bank next had to direct its attention to the unfavourable exchange position, due to the trade depression, the adverse trade balance, and the closing of the overseas loan market to Australia. To meet this emergency, the bank organised a pool agreement under which the trading banks earmarked sufficient of their purchases of London funds to provide for Government requirements. For a time this created difficulties for ordinary traders to whom remittances abroad were for a time restricted or denied, and the position was rendered more serious by a moderate flight of capital, so that the exchange premium of sterling rose to 30 per cent. Fortunately by this time Australia had begun to tackle her financial problems, with the result that the year 1931-32 left her with a favourable trade balance of £3 to £4 millions after providing for external debt service. As a result the exchange premium fell by 5 per cent. and all restrictions upon commercial exchange transfers could be removed. Mr Riddle concluded an interesting and valuable address with a warm tribute to the wholehearted co-operation of the trading banks. He took an optimistic view of Australia's future, and said that provided that a moderate increase in commodity prices could be achieved, Australia should soon be in a position to increase her imports both from the Empire and from the rest of the world.

Overseas Correspondence.

UNITED STATES.

Gold — R.F.C. — Trade — Railroads.

(FROM OUR CORRESPONDENT.)

NEW YORK, October 12.

WALL STREET was taken aback by the reception given abroad to that section of President Hoover's speech at Des Moines which touched on fiscal policy. Everyone here was much surprised at the President's statement that, at one time, he had been informed by the Secretary of the Treasury that, unless urgent measures were taken, the country might be forced off the gold standard in two weeks.

It was recognised that the strong outflow of gold which began a year ago, combined with the growth of currency hoarding and demand abroad for American gold coins and paper currency, might, especially if the budget were not balanced, at least on paper, put the fiscal system to some strain. However, in good quarters no one seriously believed at any time that the country would be forced off gold, and no examination of the figures, either for last February, when the Glass-Steagall Bill was passed, allowing substitution of bonds for gold as part backing for currency notes, or later in the summer when currency hoarding reached its peak, justifies the statement that at any time we were so close to leaving gold.

Since the middle of last June the monetary gold stock has risen nearly \$300 millions and is now \$4,201 millions. Under the Glass-Steagall Bill free gold is approximately \$176 millions, while even under the old provisions the deficiency in free gold is only about \$89 millions. Present indications are that the Glass-Steagall provisions will soon no longer be needed, but it is expected that the Act will be extended next March. Wall Street, while surprised at and critical of President Hoover's warmth in defending the efforts of his party to maintain the gold standard, had considered the reference a mere bid for votes.

The error of the statement is now apparent, but the financial district is quite without alarm over the country's fiscal future. The recent issue of \$450 millions of 4½-year 3 per cent. notes was over-subscribed eighteen times, and the latest discount bill issue was taken on a .19 per cent. interest basis. For all that, the floating debt is mounting and additional taxes will have to be provided for at the next session of Congress. The public debt with the note issue will be \$20,331 millions, of which nearly \$6,000 millions is in notes, certificates and bills. At the end of the 1930 fiscal year the debt was under \$16,000 millions.

Calls for help from the Reconstruction Finance Corporation continue to decline. Loans made in August were \$186 millions, of which \$64 millions was for relief and cotton purchases. In the month there were a good many cancellations and repayments, and no important bank, except one Cleveland institution, received help. Loans for September were only \$62 millions. It is expected that in another month the R.F.C. fund will become a revolving one, with payments equalling new loans, thanks to repayments by the banks. This means a lightening of the load on the Treasury.

At the end of the last fiscal year, June 30th, the Treasury had provided \$500 millions for capital of the R.F.C., and in addition bought \$267 millions of R.F.C. debentures. Funds paid for debentures are not included in figures showing Treasury deficit, amounting in effect to an "extraordinary budget." Since June 30th the R.F.C. has taken out of the Treasury on debenture account \$280 millions (including September 30th). In addition to spending its capital stock of \$500 millions, the R.F.C. has distributed from debenture issues about \$560 millions. If all the loans made by the R.F.C. were to be added to the Treasury's deficit that would be now around \$680 millions instead of the \$402 millions shown.

Net expenditure on loans from R.F.C. debenture proceeds, which measures the drain on the Treasury for R.F.C. loans, has been as follows:—

	\$
June	245,000,000
July	150,000,000
August	116,000,000
September	15,000,000

On a number of days recently repayments have exceeded fresh loans. The 5½ per cent. charge to the banks for loans is acting as a spur to repayments, and the publicity feature is restraining applications. A method of repayment of R.F.C. loans now much used is for the banks to obtain large Treasury deposits through subscription to the new Treasury note and certificate issues. The banks then sell the new Government securities in the market at a profit, after pledging other securities than the new Treasury notes as security for the deposits, and use the proceeds to repay the R.F.C. Deposit with-

drawals then are met by bank borrowing, which with the current huge total of excess reserves is simple. Treasury deposits, incidentally, are almost double the normal figure.

Bankers estimate that foreign balances subject to withdrawal here are around \$500 millions less than normal, and likely to rise rather than decline. Against this figure, only a portion of which is central bank money, is a sum of over \$500 millions of American cash balances employed in foreign countries. Much of this is in the gold standard countries. Gold held under earmark here is down to \$129.3 millions. At the end of last year earmarked gold amounted to \$429.6 millions.

The so-called raid on the dollar of the past several days was, in the opinion of Wall Street, given imaginative colouring by those abroad who were poorly informed of the situation and others here who sought to make political capital out of it.

Trade improvement retains enough momentum to carry somewhat further. Railroad traffic, as measured by car loadings for the week ended October 1st, rose sharply, and was the best of the year. Ordinarily the first of this month marks the peak in traffic, but this year, owing to the delayed grain movement and retarded coal shipments, it may come later. The steel trade has risen to about 20 per cent. of capacity, and it now turns out that steel ingot production in September was at the average rate of over 17 per cent. of capacity. The United States Steel Corporation's unfilled orders for September rose 15,000 tons, and while the figure seemed to come as a disappointment to Wall Street there had been no reason for expecting anything better. The Federal Reserve Board reports a rise in retail trade last month.

The commission formed to study transportation problems, headed by ex-President Calvin Coolidge, has held its first meeting, announced its purposes, and expects to have a report ready about the first of the New Year. The New York, Chicago and St. Louis Railway (the Nickel Plate) has failed to meet a \$20 millions note maturing on October 1st, and a bondholder has asked the Courts to appoint a receiver, which so far they have refused to do, pending the road's efforts to secure the consent of noteholders to take new obligations for 75 per cent. and cash for 25 per cent. of the maturity. Meanwhile work is progressing slowly on railroad mergers in Eastern territory. It will probably be several years before any of the proposed four trunk line consolidations are achieved.

FRANCE.

Elections — Budget — Foreign Trade.

(FROM OUR CORRESPONDENT.)

PARIS, October 19.

THE triennial senatorial elections, for the renewal of one-third of the Upper House, took place last Sunday, the net result of the 111 contests indicating a very slight further trend to the Left. The real significance of the leftward movement, however, was that it was wholly to the advantage of the Radical Party, which is at present in power, and, at the same time, to the detriment of the Marxian Socialists. The candidates of the Gauche Démocratique group in the Senate, which corresponds in doctrine and practice to the Socialistic Radical Party in the Chamber, gained nine seats, bringing their total strength to 57, equivalent to over one-sixth of the Upper House. Three-cornered contests were numerous. The Cartel system of mutual support between Socialists and Radicals was successfully applied in second and third ballots in many of the constituencies, but failed markedly in the Grenoble area, where the local Radicals included in their list a Marxian Socialist, who was defeated by one of M. Herriot's leading supporters from Lyons.

The reassembly of the Chambers for the Autumn Session, which was postponed till after the Senate elections, was yesterday officially decreed for Tuesday next, but it is

understood that the resumption of Parliamentary business will be purely formal, except for a full-dress debate on foreign policy, which is expected to occupy the rest of the week. The Chambers will then, according to present arrangements, adjourn until November 8th, to enable the Premier and the other Parliamentary members of the Radical Party to take part in their National Congress, which is to be held at Toulouse from November 3rd to 6th.

The suspension of a French Parliamentary Session in order to allow Ministers and their principal supporters to attend a party caucus shows the importance attached to the Toulouse Congress by the Cabinet. Opinion is inclined to regard the pending Toulouse gathering as likely to be marked by a decisive contest between the Moderate and Advanced sections of the Radical Party; to settle whether M. Herriot will continue to depend on a majority of the Left, or will definitely throw over his Socialist semi-allies and reconstitute his Ministry on the basis of a strong concentration of the combined Centre Parties. The matter, at any rate, will require very delicate handling. There is some nervousness lest, if the present Ministry were overthrown, M. Lebrun would not feel compelled to entrust M. Léon Blum, as the leader of the next largest party in the Chamber, with the formation of a new Cabinet, and that the Socialists might find it possible, with the aid of the more Socialistically-inclined Radicals, to assume office—for a brief period, it is possible, but sufficiently long, perhaps, thanks to the play of constitutional practice, to throw confusion into financial and economic conditions and again annihilate confidence.

Meanwhile, the Chamber Finance Commission re-assembled yesterday for an informal preliminary consideration of the Budget situation. The dominant problem seems to be, not so much the measures to be adopted to wipe out the important deficit as to find means of inducing the Chamber, in view of the lack of any really stable majority, to accept any safe programme that may be put forward to meet the present abnormal financial situation. The Finance and Budget Ministers are obviously anxious to solve the problem by sound and practicable methods, as their abortive efforts last summer proved. It will be remembered that M. Germain Martin's economy proposals, although endorsed by the Cabinet, were rendered impossible of application from the moment they were made public by the determined opposition instantly manifested by the Socialists and the Advanced section of M. Herriot's own party. These had the powerful support of 770,000 public servants, the army of old soldiers, pensioners, and other organised bodies, whom the Marxian Socialists declare were prepared to take revolutionary action unless proposals for fractional reductions in their pay and allowances were immediately dropped. The Opposition programme appears to be limited in effect to "More taxation for the rich, more doles from the public purse, State control (if not ownership) of banks and insurance companies, reduction of expenditure for national defence to the vanishing point, and massive loan issues for the balance." The main items in the Budget proposals are to be considered by the Cabinet this week. Unofficial reports state that these will include a revival, in a modified form, of the cuts in public servants' pay and civil and military pensions, vainly proposed in July, the elimination to a great extent of pension charges from the Budget (which will apparently involve a large special loan), a 50-franc tax on owners of wireless apparatus (who hitherto have contributed nothing but the necessary cost and upkeep of their appliances), a huge public works loan (involving substantial relief of the Budget) and possibly a further great loan for direct Budget relief, plus a massive conversion operation for the consolidation of the recent heavy issues of Treasury Bonds into funded debt.

M. de Chappedelaine, Vice-President of the Chamber Finance Commission and a recent Budget Rapporteur, in a strongly-worded article entitled "The Loan Mirage," insists that, in spite of the 3,000,000,000 francs of additional revenue for 1933 provided by the Emergency Finance Act of last July, and the saving of 1,300,000,000 francs expected to result from the recent great Rente conversion operation, the deficit to be met has again risen to

the level of the 8,000,000,000 francs at which it was estimated last March, owing to the ever-increasing diminution of revenue from taxation, due to the prolongation of the economic crisis. M. de Chappedelaine estimates that the deficit on the present nine months' Budget by the end of December will be at least 4,000,000,000 francs, and predicts that during the course of next year the Government will have to borrow at least a further 20,000,000,000 francs, which will completely wipe out the results of the efforts of the Caisse d'Amortissement since its creation six years ago.

Prospective loans, either already authorised or for which authority must be asked in the near future, are stated to include 7,000,000,000 francs for conversion of recent Treasury Bond issues into funded debt; 3,000,000,000 francs for the State Railway, cheap housing and the Post Office; 4,000,000,000 francs for the proposed public works programme; between 4,000,000,000 francs and 5,000,000,000 francs to meet the deficit in the common fund of the railways as a whole; 2,000,000,000 francs to finance the proposed new organisation to take charge of national pension obligations; 1,500,000,000 francs to recoup the Caisse d'Amortissement for the excess of reimbursements over demands for new stock, in connection with the Rente conversion operation; 500,000,000 francs for the *sinistres*; 2,000,000,000 francs for extensive new public works projected by the City of Paris; between 1,000,000,000 francs and 2,000,000,000 francs for financing the new Compagnie Nationale du Rhone, which is to carry out the important scheme for electrification, irrigation and navigation based on the transformation of the Rhone into a great inland waterway. Loans for Algeria, 1,500,000,000 francs; Morocco, 1,000,000,000 francs at 4½ per cent., issued at 970; and Tunis 200,000,000 francs, have already been authorised. The Crédit Foncier is expected to announce a further new issue of 1,000,000,000 francs early in 1933.

Foreign trade returns for September show a slight improvement on the month. Exports were 1,625,703,000 francs, or 200,000,000 francs better than in August (although still 648,000,000 francs below August last year and 1,512,000,000 francs, or nearly 50 per cent. less than in August, 1930). Imports in August were 2,228,000,000 francs, against 2,274,000,000 francs in the previous month, or 960,000,000 francs less than in August, 1931, and 1,732,000,000 francs below August, 1930. Exports during the first nine months were 38 per cent. less in value and 24 per cent. smaller in weight, sales of French manufactured goods abroad having fallen off on the year by 36 per cent. in value and 24 per cent. in weight. Imports during the same period declined 34 per cent. in value and 22 per cent. in weight (including a drop in coal from 21,790,000 tons to 15,392,000 tons), total tonnage of raw material imports having been over 25 per cent. smaller. Imports of manufactured goods during the nine months were 2,694,000,000 francs, or 37½ per cent. less. The adverse balance on the nine months was 7,607½ millions, as compared with 9,983½ millions for the corresponding period of last year.

GERMANY.

Chancellor's Speeches — Quotas — Italian Agreement —
Luther and Schacht.
(FROM OUR CORRESPONDENT.)

BERLIN, October 18.

THE Chancellor has made speeches in Paderborn and Dortmund, both in the north-west industrial area, of almost identical content. He has made no new political statement; on the political side, his speeches, like that in Munich, were a polemic against parliamentarianism. The emphasis was upon economic and social policy. In his speeches the Chancellor joined issue with the leaders of the Catholic trade unions, who had addressed to him an open letter which touched him particularly on the raw because it came from a quarter which is generally sup-

posed to be very close to him. The Catholic labour leaders, all of them clericals, had written:—

"We declare that never, even during the months of collapse, was the labouring population stirred by such profound unrest, such bitterness and ferment. This causes us the greatest anxiety, not only on account of our workers, but also on account of the State and of Christendom. We therefore feel in conscience bound to declare to you as our firm conviction that you cannot serve the Fatherland along these lines. In order to carry out your economic programme you have taken powers to transform and destroy the entire structure of workers' protection and social services which took sixty years to build. We cannot avoid the impression that forces are now at work which are aiming at the complete expulsion of 'welfare' from the State."

This is a reference to the first announcement of the Papen Cabinet, which declared war on the "welfare state." The Chancellor has now, however, in Paderborn, very decidedly denounced as false the impression "that we are trying completely to banish welfare from the State." Herr von Papen is obviously anxious to oppose the idea that he is opposed to the workers. This is evident from his announcement at Paderborn of an increase in unemployment and other benefits, which has since been put into effect.

The new increases, which probably represent a burden of some 50 millions, chiefly affect families with large numbers of children. They are to be met out of the savings in unemployment benefit and other expenditure for the relief of the unemployed which will accrue from the improvement in the labour market whose beginning is already perceptible. It is, of course, a somewhat bold policy to anticipate such savings, but that it seemed to the Chancellor a political necessity is the easier to understand as the action of the Catholic labour leaders was followed by a sort of official declaration of war by the Centre Party through the mouth of the Prelate Kaas. The former Minister of Labour, Herr Braun, also a member of the Centre, has also announced himself strongly opposed to the Government. Social policy is playing a very large part in this storm, while a recently published letter from Herr Löbe, the ex-President of the Reichstag, to Herr von Hindenburg complains particularly of the doubt which Herr von Papen has allowed to arise over his attitude to the constitution.

In the Paderborn speech Herr von Papen, almost contrary to expectation, defended the proposed quotas for agricultural products. It had been supposed, during the last few weeks, that the difficulties which the German delegation had encountered at The Hague and in Rome, when they wished to negotiate on the quotas, would have pretty well wrecked the plan. There is no doubt that the almost unanimous resistance of industry to the quotas, which was expressed, *inter alia*, in a telegram from the Ruhr coal syndicate, made a profound impression on several members of the Cabinet. The warning letter of the directors of the Reichsbank may have strengthened this impression, but these protests have evidently aroused fresh zeal among the agricultural organisations. The "green front," a committee of agricultural unions of all complexions, have demanded that the Chancellor should not wait for the outcome of the negotiations with the other parties to the treaties but should set the quotas in force forthwith. That will certainly not be done, but what will happen if the delegation returns with only small success is once more far from certain. The decision will probably have to be taken during October.

The negotiations between Germany and Italy have led to no understanding on questions of commercial policy, and the quota delegation has gone on to Paris armed with contingent proposals from Italy which are of little value. An agreement has, however, been reached on the exchange question. Until October 1st a sort of clearing agreement was in force between the two countries. German and Italian importers were to pay cash to the extent to which they were allotted marks or lire by their central banks within the frame of the exchange rationing system. Beyond that, German imports from Italy would be covered by the payment of Reichsmarks to the Reichsbank, and Italian imports from Germany by the payment of lire to the Banca d'Italia, these accounts

being then set off against each other. The only condition was that the recipient of payments should declare himself ready to wait until an adequate contra-item was available. This agreement was denounced by Germany, partly for reasons connected with the system of aid to agriculture, partly because this arrangement only allowed Germany additional exports to the extent that she was able to buy additional imports from Italy, whereas Germany had hitherto had a large export balance with Italy. Under the influence of the impression created by the German quota measures, Italy had replied to the denunciation of the agreement by a complete embargo on exchange dealings with Germany. The new arrangement, which was agreed upon with the Italian Government by a commission headed by a representative of the Reichsbank, restored the old procedure, but with the alteration that in the supplementary trade the proportion between imports and exports which obtained in 1931 should be approximately retained. This clause is also embodied in a similar agreement between Germany and Sweden. Germany is obliged to strain every nerve to maintain her export surplus in the trade with her European neighbours, for only so can she keep her balance of payments in order. This surplus is necessary for the purchase of raw materials from overseas countries which cannot take corresponding quantities of German goods, and also for the maintenance of her debt service. As the Chancellor said in his Paderborn speech, "The creditor countries can only count on the payment of Germany's foreign debt if they are ready to take German goods in payment of it." This sentence, which seems to have caused some uneasiness abroad, merely refers to a general and indisputable law, and does not in any way indicate a change in the attitude of the German Government to the Standstill Agreement or to any aspect of the debt question.

The decided opposition of the Reichsbank directors to the quota policy has rekindled the opposition to Dr. Luther. As some months ago Dr. Luther allowed himself to be used as a shield against demands for inflation and devaluation, so he has now against the commercial policy of self-sufficiency, and he has thereby made those who stood to gain by the proposals into his deadly enemies. It is proposed to replace Dr. Luther by his predecessor, Dr. Schacht. Since the Papen Government assumed office there have been many efforts to get Dr. Schacht into public office again under some form or another. The motives for this are obscure and complicated. Many possibilities of finding a sphere of influence for Dr. Schacht have been canvassed during the last four months, and the possibility was at first discussed of making him a trustee for the large Reich participations in banks, heavy industry, shipping, etc. Then it was suggested that he might be given the special task of solving the foreign debt problem, and finally it was proposed to make him banking commissioner. While the first two of these offices would have had to be specially created, the third is at present held, and held, moreover, by Herr Ernst, who has, since July, combined it with the office of Trade Commissar in Prussia, and enjoys universal confidence. It appears that none of the three posts satisfied Dr. Schacht, and that he would, in particular, only have accepted the post of Commissioner of Banking if the powers attached to the office had been

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greatly extended, and this the Government could not have done without coming into conflict with the Reichsbank. Apart from this, there was, of course, no lack of opposition to Schacht, especially among industrialists. The fight, however, is still going on. The President of the Reichsbank cannot be removed as long as the Young Plan is in force; that is to say, as long as the Lausanne Agreement remains unratified. The normal term of office of the President runs till the spring of 1934. By then not only may the political position have cleared up, but the big financial questions which are to-day in dispute may have been decided.

SOVIET RUSSIA.

Food Distribution — Industry — Foreign Trade.

(FROM OUR CORRESPONDENT.)

Moscow, October 5.

THE provision of an adequate food supply for the population is the most urgent of the internal problems confronting the Soviet Governments. The system of widespread rationing of the city population, accompanied by virtual requisitioning of the peasants' surplus produce at fixed prices, never very satisfactory, broke down badly last winter and spring, partly as a result of the poor harvest of 1931, partly because of the stocking of foodstuffs for possible military emergencies in the Far East. During the spring the Government issued a number of decrees which relaxed without abolishing the requisitioning system by reducing the amounts of grain, meat, fruit and vegetables which the peasants were obliged to deliver at fixed prices and affirming their right to trade freely on private markets with the remainder. At the same time, with a view to giving the peasants more material incentive to bring their goods to market, factories were instructed to devote part of their time and material to the manufacture of furniture, cutlery and other small articles for everyday use, and the *artels*, or co-operatives, of handicraft workers were freed from some of the former bureaucratic regulations which had hampered them in buying raw materials and selling their wares on a commercial basis.

These measures may bear fruit in the future, but they have not yet yielded the flow of foodstuffs to the markets which it was hoped would bring about an automatic lowering of the fantastically high prices. At present on the Moscow markets a pound of butter costs about sixteen roubles. A pound of meat costs nine or ten roubles if it is bought from a private dealer and six or seven if the purchaser has time and patience to stand in a queue at a booth where a collective farm is selling its produce at somewhat lower prices. Ten eggs command a price of seven or eight roubles; a chicken, depending on size, ranges from ten to fifteen roubles, and other foodstuffs, in so far as they are obtainable at all, are priced proportionately. These are extreme scarcity prices, whether measured by the nominal value of the Soviet roubles (over two shillings at par) or by the prices which prevailed before the Five-Year Plan was inaugurated in 1928, or, most important of all, by the Soviet wage and salary level. The average wage of the industrial worker in the Soviet Union is in the neighbourhood of a hundred roubles a month. (It is somewhat higher in Moscow and the larger industrial centres, somewhat lower in the smaller provincial towns.) On the free market this monthly wage is equivalent to a little over six pounds of butter or a little over ten pounds of meat.

Last spring it seemed that the Soviet authorities saw a temporary remedy for the food shortage in the permission of freer private trade, pending the development of greater productivity on the State cattle, dairy, pig and fruit farms. Last month, however, a draconic decree threatened all "speculators," or middlemen, with penalties of five or ten years of imprisonment in a concentration camp. This decree may quite conceivably undo much of the effectiveness of the concessions which were made to the peasants earlier as a means of promoting freer

circulation of foodstuffs, for the individual peasant is often unable or unwilling to take the trouble to come to a city market and sell his few products, whereas he would dispose of his produce to an enterprising middleman. The deterioration of the food situation had led to many rumours that the plenary session of the Communist Party Central Committee would announce some momentous decisions in regard to agrarian and food distribution policies, but nothing of the kind happened. What the session really offered was not a new programme but rather a lecture on efficiency. In the field of trade the main recommendations were: more attention to the needs of the consumer, the release of more goods for the broad general market and at least a partial abandonment of the old practice of tying up large quantities of goods for the needs of definite institutions, more emphasis on decentralised food collections, improvement in the material and living conditions of the employees of the co-operatives and trading agencies. The results of the freer trade which was permitted last spring were described as "insufficiently successful," and a reduction of the "abnormally high prices" on the new collective farm markets was urged.

Official figures indicate that the Soviet industries, in spite of gains in quantity output, are far behind the year's plan. This is especially marked in the iron, steel and coal industries. Up to the end of August the Soviet Union had produced 4,006,000 tons of pig iron and 3,761,200 tons of steel. There is obviously little prospect that the year's programme of 9,000,000 tons of pig iron and 9,500,000 tons of steel will be fulfilled, even if there is an improvement during the last months of the year. The coal output is also lagging badly, with a figure of 42,289,000 tons for the first eight months, against a year's plan of 90,000,000 tons. It is already quite clear that the widespread Soviet slogan, "The Five-Year Plan in Four Years," will not be fulfilled in the iron, steel and coal industries, while food output, in which the Plan promised improvement, has definitely deteriorated by comparison with 1928. There has been as yet no intimation of any intention of postponing the inauguration of the second Five-Year Plan, which goes into effect on January 1, 1933, regardless of the fact that some rather important aims of the first Plan will not have been realised by that time.

During the first seven months of 1932 Soviet industries as a whole, increased output over the corresponding period in 1931 by 17.1 per cent. The rate of increase slowed down in the summer months and was 4.7 per cent. in July. As has been the case in Russia for many years, the lion's share of the production gains fall to industries which do not minister directly to the everyday needs of the consumer. The output of such products as pig iron, coal, tractors, lorries, although not up to plan, shows an appreciable increase over 1931 as a result of the opening of new plants and the expansion of the productive facilities of others. On the other hand, the July figures show a decline, by comparison with July, 1931, in the output of goods for immediate consumption. The food industries produced 78.9 per cent. of the July, 1931, figure, while the so-called light industries (textiles and clothing, boots, furniture, household goods, etc.) were 2.8 per cent. below their output in July, 1931.

The most formidable problem which looms up at the present time is perhaps the definitely discouraged morale of the peasants, especially in Ukraine, as a result of unduly heavy requisitions last year which left many country districts in a decidedly hungry condition in the spring. This lowered morale has been reflected in a decrease of the Ukrainian planted area and still more, perhaps, in very indifferent cultivation of the fields. Apparently it is believed that an intensive effort to produce goods for immediate consumption will revive the peasants' will to work and that more attention to the training of suitable managers for the collective and state farms will raise the quality of agriculture. Two measures in this direction are the transformation of the Communist universities into higher agricultural schools and the creation of a new Commissariat for the management of the state farms, leaving to the Commissariat for Agriculture responsibility for the collective farms.

The recent publication of the Soviet foreign trade figures for the first half of 1932 indicates that in this field, at least, the Soviet Union is feeling the full blast of the world depression. Soviet exports amounted to 275,160,000 roubles (about £28,000,000 at par), as against 366,256,000 roubles for the corresponding period in 1931. Imports declined from 517,279,000 roubles to 405,273,000 roubles. These figures point to a probable decline of about 25 per cent. in Soviet exports for 1932, as against 1931, when there was a decline of 21.7 per cent. by comparison with 1930.

During the first half of 1932 there was a tremendous drop in Soviet purchases in the United States, which went down from 142,652,000 roubles to 19,261,000 roubles. Unfavourable credit conditions in America, and England's departure from the gold standard, which made it more profitable for the Soviet commercial agencies to spend in England the proceeds received from sales to England were the main causes of this precipitate decline. England's balance of trade with the Soviet Union improved, Soviet sales to England declining in value from 92,276,000 roubles to 65,305,000 roubles, while Soviet purchases in England grew from 33,051,000 roubles to 51,793,000 roubles. Germany enjoyed the lion's share of Soviet foreign trade during the first six months of 1932.

HOLLAND.

Budget — New Issues — Trade Negotiations.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, October 5.

IN the third week of September the outstanding event of importance in this country is always the opening of the Dutch Parliament and the presentation of the Budget by the Government. According to the Budget figures the expenditure for 1933 is estimated at 572,857,868 guilders and the revenue at 518,223,483 guilders, showing accordingly a deficit of 54,633,885 guilders. This deficit does not make an alarming impression in comparison with those of 1931 and 1932, when the debit balance on the Budget was 49.5 and 48.8 millions respectively. In the explanatory memorandum to the 1933 Budget, however, the Minister of Finance pointed out that the deficit of over 54,000,000 guilders on the ordinary services is simply a hypothetical figure. Originally a deficit of 147,600,000 guilders was forecast. The Government proposes to work off that deficiency by means of retrenchment in expenditure to the extent of 57 millions, and by augmenting the revenue by means of an increase of 30 per cent. on import duties and beer tax. The general import duty in the Netherlands will accordingly become 13 per cent.; with a view to averting abnormal imports the increase is to be made effective retrospectively from September 29th. In addition, another increase in the super tax is proposed, as well as the introduction of a luxury tax. By the operation of these measures, the deficit would be reduced to only 22.1 million guilders still uncovered, which deficiency is occasioned by losses sustained by the Dutch railways, which have to be borne by the State.

It is not surprising that these Budget figures were accorded a favourable reception, and tended to induce greater confidence in State loans, with the result that even the 4 per cent. State Loan was quoted above par. This stimulated the entire investment market, so that municipal loans also recorded a pronounced advance and numerous new issues were placed on the market. The municipality of Amsterdam, for instance, succeeded in issuing 10 million guilders' worth of 5 per cent. bonds, and the Dutch East Indies are now issuing 5 per cent. bonds to the amount of 106,500,000 guilders at 97½ per cent. The revival of the issuing business in the Netherlands is assuming quite important proportions already. This is also apparent from the figures for September, 1932, when issues totalled 20.9 million guilders, as against 12.3 millions in the preceding month and 3.5 millions in September, 1931. Practically all the loan flotations were marketed successfully. The satisfactory results have encouraged the issue houses to show

more activity than they have ventured to display so far. The possibility is again being discussed of placing their issues with syndicates, thus transferring the risk of the issue to them. The course of events has already induced some issuing houses to undertake foreign issues, and in the course of the past month a loan for account of the Grand Duchy of Luxembourg was issued here, and meanwhile a flotation on behalf of the Belgian telegraph and telephone régime is announced. It is hardly necessary to say that so far the flotations have been confined entirely to issues of bonds.

The state of affairs in trade and industry in the Netherlands, indeed, shows no sign of recovery as yet. The strike in the Dutch mercantile marine has ended, but this only means that the existing agreements as to wages and working conditions are to continue until March 31, 1933. In the meantime negotiations are to take place between the parties, who are to apply conjointly to the Government for the purpose of securing co-operation with the object of providing more employment in the shipping trade.

The difficulties in commercial politics are still present. As regards the negotiations with Belgium, nothing new has been reported. In Luxembourg the negotiations consequent upon the treaty of Ouchy were resumed at the end of September and agreement has been reached, so that within a few weeks a new commercial treaty will be signed, operating parallel with the Treaty of Ouchy in regulating the economic relationships between the three signatory powers. In addition, conferences with representatives of the German Government, which took place at The Hague, in connection with Germany's new quota policy for safeguarding her agricultural interests, involving a serious menace to our exportations of agricultural and horticultural produce. In consequence of the proposals, there is already agitation in the quarters concerned for boycotting German goods. The preliminary discussions at The Hague with the German delegation provided no basis for further negotiations, so that the German visitors departed without having achieved anything. The import quota for shoes into Holland has again been extended by six months till April 1, 1933; the percentages remain unchanged, but there has been some modification in the basis years.

NORWAY.

Anglo-Norwegian Trade — Budget — Money — Bourse.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, October 8.

THE general business outlook in Norway has not undergone any material change during the last four or five weeks. Special attention continues to be focussed on the trade relations with foreign countries, of which Great Britain undoubtedly ranks first in importance to this country. While there is still no direct step taken with regard to a trade agreement with Great Britain, Norway has recently signed new commercial treaties with the United States on the basis of most-favoured-nation principle, and with Iceland, the latter also including a shipping treaty. Meanwhile, Germany has introduced a very heavy duty on the import of salt herrings from Norway, the rate having been raised from 3 to 9 marks a barrel. Our export of salt herrings to Germany amounts to about 10-11,000 tons a year on an average, and the value in 1930 aggregated about 2 million kroner. The amount, certainly, is not itself very important, especially not in comparison with the amounts representing German imports of herrings from Holland and Great Britain, but quite important enough to make the increased duty felt as a hard blow to Norwegian fishers and exporters. In comparison, the duty of 10 per cent. recently introduced in England on Norwegian fish seems quite reasonable, and at least not of such a prohibitive character as the German one.

It has often been said, and it is certainly quite true, that in Great Britain Norway finds the chief markets for her export articles, but it is likewise a truth, although perhaps not so commonly acknowledged, that Norway is

one of Great Britain's best customers in Europe. According to a resumé recently published in the *Aftenposten*, Norwegian exports to England in 1930 amounted to 178.2 million kroner, and her imports from England to 274.3 million kroner, e.g., an import excess of 101.1 million kroner. Curiously enough, however, British statistics reveal the fact that, in the same year, British exports to Norway exceeded imports from Norway by £964,000, viz., about 18 million kroner only. This seeming discrepancy is chiefly accounted for by the method of compiling the statistics, which is somewhat different in the two countries. For instance, while the English statistics take into consideration the place of destination (or consignment) of the goods only, Norwegian statistics always take into consideration the country where the goods are bought.

According to the foreign trade figures for August last, the excess of imports over exports only amounted to about 1.5 million kroner, practically speaking a balance. The export value has not been higher in any month during the last two years (except in March, 1931), and the value of imports is 11 million kroner lower than for the same month last year, while there is an increase of 8.3 million kroner compared with July last. Compared with last year, the value of imports during the first eight months of the year has been reduced by 102.3 million kroner, and compared with the same period in 1930 the reduction even amounts to 242 million kroner. Whether this contraction of the import figures signifies a favourable development viewed from a national economic standpoint, may perhaps be disputed, but it is at any rate an unmistakable sign of reduced activity among trade and business circles in the country.

Although it was generally known last autumn that the State accounts for the Budget year of 1931-32 would show a considerable deficit, the final result, which has just been published, was rather disappointing. It appears that revenues are about 12 million kroner lower than estimated, while expenditure has exceeded the estimates by about 23 million kroner. Such a heavy deficit, of course, is not a peculiarity in Norwegian State accounts only, many other countries having—for various reasons—shared this fate when making up their accounts for that particularly difficult period. In Norway one of the chief reasons is the optimism which has been prevalent with regard to the country's ability to shoulder the numerous responsibilities and claims arising during the years of depreciation.

During the last four or five years the State debt has been gradually reduced by 105.5 million kroner, but the gold suspension not only brought this development to a standstill but suddenly increased the State debt by several times the above amount.

The money market has been rather easy during the last four weeks, the Norges Bank has been able to increase its balances abroad, and the krone has improved in proportion to the £ from 19/95 to 19/86. The Municipality of Oslo floated an 18 million kroner loan last month, which was over-subscribed in a few days. On the Bourse there has been much activity all through September, especially as far as bonds are concerned, transactions having taken place at steadily increasing prices.

FINLAND.

Money — Foreign Trade — Public Finances.

(FROM OUR CORRESPONDENT.)

HELSINGFORS.

THE state of the money market was affected in August and during the first half of September chiefly by the customary autumn stringency, which is a result of the credit requirements for financing the harvest and for the autumn imports. The tendency to be observed in foreign markets for prices to rise encouraged importers to supplement their small stocks and thus accentuated the usual seasonal movement. These tendencies, however, became apparent

not in increased credits by the Joint Stock Banks—on the contrary, credits fell off in August by 45.9 million marks—but in considerable withdrawals from the banks. The principal reduction was in the short-term deposits of the Joint Stock Banks on correspondents' and current accounts, which represent the accounts of the business world, by 173.7 million marks, compared with only 36.8 millions during the same month in 1931 and 73.3 millions in August, 1930. Deposits were also reduced by 64.8 million marks, against 58.5 and 45.5 millions in the same month in 1931 and 1930. The reason for this is to be found in unemployment and in the collection of the communal taxes. Altogether the deposits in the Joint Stock Banks fell in August from 7,687.6 to 7,449.1 million marks. As credits dropped simultaneously from 8,577.8 to 8,531.9 millions, the difference between credits and deposits in the Joint Stock Banks increased in August by 192.6 million marks to 1,082.8 millions. At the end of 1931 the corresponding figure was 1,819.8 millions.

The foreign position of the Joint Stock Banks grew weaker in August, for their foreign balances were reduced by 76.1 million marks to 101.7 millions, while their foreign indebtedness rose by 6.5 million marks to 157.7 millions. By this means the position was altered in such a way that, whereas they had a small net balance at the end of July amounting to 26.6 million marks, they had a net indebtedness to other countries of 56.0 millions at the end of August. The Bank of Finland, however, shows a rise in its foreign balances of 72.0 million marks in August to 510.5 millions. This increase was a consequence of the Bank raising its foreign credit from £500,000 to £1 million. In actual fact, therefore, the amount of foreign currency going out—chiefly on account of payment of foreign indebtedness—was in excess of the amount of foreign exchange received for exports. In regard to credits, there was an increase of 30.9 million marks in August, mainly in consequence of the Joint Stock Banks increasing their bills rediscounted at the Bank of Finland from 184.4 to 169.1 million marks. The note reserve remained more or less unchanged in August. During the first fortnight in September the tendency was approximately in the same direction. The total credits of the Bank of Finland increased by 61.3 million marks to 1,085.0 millions, principally as a result of a rise in rediscounted bills. The supply of foreign exchange was reduced by 10.3 million marks, while the note reserve fell off by 3 million marks to 568.5 millions.

Imports in August amounted to 332.6 million marks compared with 300.7 millions in July and 289.9 millions in August, 1931. Although exports were less than in July, their value amounted to 421.9 million marks and exceeded the value of imports by 89.3 millions. For the past eight months of the current year there was a surplus of exports amounting to 842.9 million marks in comparison with 562.7 millions at the same date last year and only 298.1 millions in 1930.

The Government has submitted its Budget estimates for 1933 to the Diet. Owing to the continued depression, it was necessary to anticipate that some items of revenue would not provide as much as in previous years. The Government was consequently obliged to cut down several items of expenditure still further. The total revenue, according to the Budget estimates, amounts to 2,825.7 million marks compared with 2,857.7 millions, according to the Budget adopted for the current year, while the expenditure totals 2,822.6 millions in comparison with 2,855.6 millions in the Budget for this year. The Budget estimates thus result in a surplus of revenue amounting to 3.1 million marks. This circumstance is all the more worth noting seeing that the revenue does not include any fresh taxation or loans, whereas in the expenditure higher grants must be estimated for interest and redemption of the foreign part of the National Debt. The financing of public works, for the greater part productive, instituted for the relief of unemployment, is not included in the Budget. According to the plans approved by the Diet, about 350 million marks are to be employed for this purpose up to next summer, the money being raised by means of internal loans.

CANADA.

Crop Conditions — The Hudson Bay Route — Reopening of Parliament — The Sun Life — Business Conditions.

(FROM OUR CORRESPONDENT.)

OTTAWA, October 6.

THE penultimate stages of the Western grain harvests have experienced somewhat variable weather, and in many districts heavy rains caused an interruption of threshing operations, although at the time of writing it has been possible to resume them in many localities. In Manitoba threshing is practically finished, and in Saskatchewan it is 90 per cent. completed, but in Alberta at the end of September about 35 per cent. remained to be done. In some areas the grain has lost colour as the result of exposure to the weather, but apparently a very substantial proportion of the crop is grading No. 1 and No. 2. Autumn ploughing is now in full swing in Manitoba, and a commencement has been made with it in Saskatchewan. The new grain is now pouring down to the seaboard, and the deliveries are greatly in excess of the volume at the corresponding period a year ago. Unfortunately, the majority of the Western farmers, after struggling along for months without any cash income, are so pressed for funds to meet their more urgent obligations that as soon as they have a marketable commodity like wheat they are almost forced to sell it; very few of them are able to hold their wheat, and the result has been a swamping of the markets and a demoralisation of prices, which on Saturday, October 1st, sank to a low level of 49½ cents (No. 1 Northern at Fort William). The necessity of securing funds regardless of the price of the product is also forcing down the price of other farm commodities; cattle, for instance, are being pushed upon the markets in large numbers, and prices are consequently falling. The consequence is that the purchasing power of the Canadian farmer promises to be considerably smaller than was anticipated a month ago, and its curtailment is bound to have an adverse effect upon general business. In Eastern Canada, however, the farmers, having more diversified crops and practising subsistence farming in many districts, are in a better position to withstand the prolongation of the agricultural depression than their Western brethren.

The high hopes which have been cherished in the West about the benefits of the new Hudson's Bay route as an outlet for grain have been somewhat dashed by the disaster which befell the grain boat "Bright Fan" on October 2nd. While passing through the Hudson's Straits with a very heavy cargo of wheat it struck an iceberg and foundered within a few hours, without, however, any loss of life. This wreck, disclosing the perils of navigating this route, will certainly tend to prevent any decrease of the special insurance rates levied for the route for which the Western papers have been clamouring.

The Federal Parliament reassembled on October 6th and will probably sit for six or eight weeks before adjourning for a long recess. The most important business of the early half of the session will be the ratification of the trade agreements concluded at the Imperial Conference, and, judging by speeches which Mr King and other Liberal leaders have delivered in a by-election campaign in the South Huron division of Ontario, they will adopt a very critical attitude towards them. They will be encouraged by the result of this by-election held on October 3rd, which the Liberal candidate won by a record majority of over 2,000, the actual figures being 6,808 to 4,775. The seat, which is largely rural, is traditionally Liberal, but the majority of the late member in 1930 was only 349, and had never before exceeded 1,200, and the result reveals widespread popular dissatisfaction, shared clearly by Conservative farmers, with the tariff and other policies of the Bennett Ministry. The seriousness of the rebuff from the Government's point of view is accentuated by the fact that five

Ministers took part in the campaign and all tried to make the Conference and its results the dominant issue.

A beginning has been made with the drafting of the legislation necessary to implement the recommendations of the Royal Commission on Transport problems, but the legislation may not be brought down until after the Christmas vacation. On the whole, the report has had a very sympathetic Press, but the Canadian Pacific Railway and its friends are not particularly pleased with it, and it is understood that they are not disposed to accept without a fight the plan for an arbitral tribunal which would have any definite control over the activities of the C.P.R.

A long campaign which a financial paper, *The Journal of Commerce*, has been conducting against the management of the Sun Life Insurance Company of Canada came to a culminating point on October 3rd, when, at the instance of Mr T. B. Macaulay, the president of the Sun Life, Mr James J. Harpell, the president of the Journal of Commerce Company, was arrested on a charge of criminal libel. The basis of the charge was an article in the last number of *The Journal of Commerce*, in which the careers of Mr Macaulay and the late Mr Ivar Kreuger were compared in parallel columns. Mr Harpell pleaded "not guilty," and was released on bail.

The claims that there is visible a certain improvement of a modest kind in the underlying business situation is partially sustained by the latest business survey of the Bureau of Statistics, for which the method of compiling the indices has lately been altered, and given below are weighted indices of the physical volume of business based on the monthly average for 1926 (= 100) and corrected where necessary for seasonal variation, with the data for July, 1932, and August, 1931, given in parallel columns:—

	August, 1932.	July, 1932.	August, 1931.
Forestry	59.6	55.9	75.0
Mineral production.....	84.8	83.4	89.5
Manufacturing	75.5	76.9	86.1
Construction	35.2	36.8	70.1
Electric power.....	137.1	129.0	139.9
Total industrial production....	78.1	78.3	90.3
	August, 1932.	July, 1932.	August, 1931.
Distribution.....	90.4	89.6	99.5
Trade employment	115.3	115.9	122.5
Car loadings.....	64.3	60.5	75.2
Imports	42.6	42.1	55.0
Exports	41.9	41.9	50.0
Bank debits	108.5	104.1	111.0
Shares traded	96.7	50.4	30.0

These data reveal that in a few spheres of business activity there has been some gain, and that in others the pace of the decline has been slowed down. There has been some further improvement in September, but the Speech from the Throne, while claiming that there are signs of a passing of the acuteness of the depression, admits that the economic situation still weighs heavily upon all classes of the community. Retail and wholesale merchants report that there is visible some improvement in the volume of orders from the country districts, but industrial conditions are still very unsatisfactory and comparatively few factories are working at more than 60 per cent. of their operating capacity. The slight upward turn in commodity prices which was noted in August has not persisted, and the wholesale price index of the Bureau of Statistics for September rose fractionally from 66.8 to 66.9, largely as a result of a drop in the price of vegetable products.

The Government has announced in the Speech from the Throne that decennial revision of the Canadian Bank Act, which was due to take place this session, will be postponed until the results of the World Economic Conference are disclosed, and accordingly Parliament is to be invited to renew the charters of the Canadian banks for another year. In a speech during the South Huron by-election campaign Mr Mackenzie King pledged the Liberal Party to press, at the revision of the Bank Act, for the establishment of a central bank of rediscount for Canada.

ARGENTINA.

Finance — Transport — Improved Outlook.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, October 1.

ARGENTINA'S determination to meet all her engagements, while refraining from recourse to expedients of doubtful eventual utility, has again been emphasised by the courageous pronouncement recently made before the Senate by Dr. Hueyo, Minister of Finance. Invited by that body to express the views of the Government on the proposed emission of special bonds by the National Mortgage Bank, these bonds to be discountable immediately at their face value in the Conversion Office, Dr. Hueyo declared that he spoke with the full weight of the Government behind him when he said that the Executive Power was entirely opposed to any such operation. In a brief but notable speech he outlined the antecedents of a fallacy that dates back to the time of John Law, and made a particularly telling point by quoting at some length from the declaration made on the 28 ventose An. IV., striking a parallel with certain paragraphs of the measure now awaiting the consideration of the Argentine Senate. It should be clearly understood that the danger has been postponed, not definitely removed, although after the remarks of the Minister of Finance it will be no easy

matter to find logical reasons for a revival of the plan when Congress meets anew, the ordinary sessions having closed on September 30th.

Congress has sanctioned the Road Transport Bill, which thereby definitely becomes law, and undoubtedly improves the outlook for the private railway interests, inasmuch as it will now be possible to co-ordinate transport by road and rail, in accordance with up-to-date modern practices. There is also every likelihood that liquidation of outstanding accounts owing by the Government to sundry railway companies for freight and passage during a prolonged period will be made early next year. The Government, by decree, have laid before Congress a measure asking for permission to pay such accounts, up to the amount of \$25 millions paper, in *Credito Argentino* 6 per cent. bonds, and it is possible that this matter may be dealt with during the Extraordinary Sessions of Congress, likely to be held during the latter half of October or at the beginning of November.

Thus with financial matters maintained on what one may describe as a sound conservative base, with crop prospects reasonably satisfactory throughout the greater part of the Republic, and with political tranquillity the desire of all parties, it is permissible to think that the outlook for Argentine affairs at the year-end is likely to be brighter all round than one would have thought possible three months ago.

Books and Publications.

BOOK OF THE WEEK.

Methodology and the Social Sciences.

EVERY student of the social sciences will wish to read a book by Mr and Mrs Sidney Webb on methods of research; for, even apart from their personal contribution (in the great works on English local government, trade unionism, co-operation, etc.) to the knowledge of nineteenth-century institutions, there is a mass of research work now being done in this country which practically owes its existence to the influence of the Webbs. It was Mrs Webb who demonstrated that a Government Commission could really be used as a means of social research; it was the Webbs who were directly responsible for setting up that small institute of research and study which has now grown into the enormous London School of Economics; and it is the Webbs who have done much to rescue economic and political science from the age of immense *a priori* generalisations and forced it to study objective fact. The generalisation, of course, remains and can be fruitful; it is the service of the Webbs to have made at any rate a provisional delimitation of the sphere of usefulness to be assigned to the broad generalisation and the detailed study.

As pioneers in this field, then, the experience of the Webbs in the practical organisation of research work, given in this book,* will be of great value to their followers. Of course, their methods, like those of all pioneers, are highly individual, and would not necessarily suit all types of research or research workers, though here again their personal experience of what can and cannot be achieved by various methods is very illuminating to the beginner. Indeed, much of the interest of the book is to be found in the intimate record, often extracted from diaries, of the Webbs' successes and failures. The sad story of the great trade union questionnaire, which could not be filled in by anyone who "did not combine the accuracy and zeal of a scientific worker with the trustfulness of a saint or a fool" leads to an analysis of the value of questionnaires for research work which many public bodies might read with advantage; there are many useful hints, which have the clear ring of authenticity, on the best method of interviewing ("Bear in mind that it is desirable to make the interview pleasing to the persons inter-

viewed," is one of the simplest yet most valuable); there are pungent and well-deserved criticisms of the methods of Royal Commissions, coupled with a resigned realisation that these bodies are commonly set up for political reasons and not for the ascertainment of fact.

It may be suggested that their method of note-taking, on which the authors lay so much stress, is one which happens to suit their particular habit of work, and would not necessarily suit others. It should also be noted that some types of research, particularly historical research, demand a greater knowledge, by the investigator, of the surrounding circumstances—what Mr Leonard Woolf would call the "matrix"—than the Webbs seem to require. Too much of the work done for University theses, for example, is vitiated by the fact that the writer seems to have soaked himself in his own speciality while ignoring the world around—to have written, for example, on the history of the northern miners' unions in oblivion of any miners' unions in any other part of the country or of any economic changes in the coal trade at large. The greatest omission, however, in the Webbs' book is one due to the authors' modesty: they have not stressed enough that passionate disinterestedness, that desire not to write a thesis which would lead to a Ph.D., not to become an "authority" on some obscure subject, but simply to find out, for directly social reasons, how and why the institutions of society worked, which has made their study fruitful and continuing. The Webbs are not exactly poetical stylists; but this spirit shines out clearly in passage after passage. And it is this spirit which makes social research socially valuable, and saves it from the barren heap labelled "Theses—Query, suitable for publication?"

SHORTER NOTICES.

"The Future of East and West," by Sir Frederick Whyte, K.C.S.I. (Sidgwick and Jackson.) 1932. 3s. 6d. net.

This little book is as good as one would expect it to be from the name of the author on the title-page. Sir Frederick Whyte enjoys a unique combination of qualifications for writing on this subject. He knows his own West as a former Member of Parliament and publicist; he was an observer at the Peace Conference; he was the first Speaker of the Indian House of Representatives at Delhi; and since then he has been political

adviser to the Central Government of the Chinese Republic at Nanking. In fact, he knows the ground; and it is therefore not surprising to find that, in handling his subject in small compass, he manages to bring home to his readers all the fundamental truths which lie at the heart of this "East-and-West" problem.

The first and simplest of these truths—which has, no doubt, been borne in upon the author by his own varied personal experience in India and in China—is that there is no such thing as "the East" or "Asia." As far as such labels have any meaning, they give a false appearance of positiveness to what is no more than a convenient negative term: the "non-West" in distinction from Western Christendom. The West, of course, is an entity and a unity: it is a society, it is an idea, it is an attitude and a tradition; and the social and spiritual influences radiating from the West have impinged, during the last few centuries, upon the whole non-Western remainder of the world. But this similar and simultaneous exposure to Western influence is really the only thing which the various components of the non-West have in common. The author justly insists that India differs far more profoundly from both China and Europe than China and Europe differ from one another.

Another important truth brought out in the book is that the impact of the West upon these non-Western societies has caused each of them to undergo simultaneously a number of different kinds of revolution which have all occurred in the West, but have occurred here in succession. In Europe we took the Renaissance before the Reformation, and the Reformation before the Political Revolution, and the Political Revolution before the Industrial, and so on. And, even so, we seem to have been leading a hectic life during the four or five centuries that have elapsed since the beginning of our modern era. How much more hectic must be the life of the Chinese of our own generation, who at this moment are going through all these revolutions all together!

Sir Frederick Whyte goes on to explain that the political revolution in China or India or Japan, which catches the eye and makes news for the Press, is really rather superficial. The non-economic revolution bites deeper into the lives of the non-Western peoples who are passing through it. But it is the spiritual or mental or cultural revolution that cuts deepest of all. It is on this field that the really decisive struggle is being fought out.

In this struggle, the two combatants are not, as is commonly supposed, the Western and the non-Western peoples. Sir Frederick Whyte takes the case of India, and shows that the ostensible conflict between Indians and English really masks a profounder conflict which is being waged by two parties of Indians with one another. The real missionaries of Western culture in the non-Western world are not the Westerners themselves, but the Indians or Chinese or Japanese who have become converts to Westernism. The real conflict is between these Westernised non-Western Westerners and the zealots who are up in arms to defend the old non-Western order against its enemies in its own household.

In this light the Western force which has been radiating out over the world is seen to be not a material force—not the power of Western weapons and other Western machinery, but rather the power of Western ideas and feelings and aspirations. It is these intangible but most potent emanations of the Western spirit, working in non-Western souls, that this brilliant little book reveals.

"The Greater Britain," By Sir Oswald Mosley. B.U.F. Publishing Company, 1 Great George Street, Westminster. 160 pp. 2s. 6d.

Sir Oswald Mosley has gained in clarity at least from his sojourn in the political wilderness. His new party, whose creed he enunciates in this little book, is now definitely defined as Fascist, and as having a policy which, where he describes it at all, resembles closely that of Italian Fascism. Further, his opening attack upon the present bankruptcy of British politics and institutions is more incisively written and better expressed than it has been before; there are some good and quotable phrases in his opening chapters, and the desire to promote "the Corporate State"—Machiavellianism up to date—which is the emotional basis of Fascism—is well stated. Beside this, however, there is little that is either new or definite in the book. Sir Oswald says that there is a Fascism suitable for Great Britain which is unlike Italian Fascism; but what it is and wherein it differs he does not tell us, beyond the statement that his party will probably not run Parliamentary candidates at the next General Election. If, as he seems to imply, the British Fascist revolution is to resemble other Fascist revolutions only as the change in 1832 resembled the French Revolution, some rather harder political thinking will be necessary. Sir Oswald, as ever, finds things too easy; a few figures dispose of the awkward problem of export trade; and he commits himself to a conception of the Empire as an economic unit

which is far less definite than that of the Empire Crusaders. In the Fascist programme this Imperial entity is to be strong, even iron-like, in its nature, and it would seem desirable to lay down a little more explicitly what exactly it is to be. Whether Sir Oswald has learned more about the art of effective propaganda since his resignation from the Labour Party remains to be seen; certain sentences in his book rather indicate that he is still unaware of the movements of the mass of English people, and has not yet realised that enthusiasm and rhetoric, even backed up by a certain amount of reasoning, are not a substitute for political common sense.

"William James Ashley. A Life by his Daughter," Anne Ashley. London. P. S. King. 171 pp. 8s. 6d.

The most interesting thing about the life of the late Professor Sir William Ashley was, perhaps, that, though his main pre-occupation and the main bulk of his work was, of course, academic, he was neither academic in origin nor at all wholly academic in his interests. The son of a journeyman hatter of Bermondsey, who actually suffered unemployment for some time as a consequence of technical changes in the trade, he retained throughout his life a recollection of the practical working of "economic laws" which may have tended, by making him distrustful of pure economic theory, to give him a strong bias towards economic history and practicality in the sense of political economics. One of the most exciting events in a quiet life seems to have been when he led the University of Birmingham to battle in the local elections on behalf of a political opponent whose work for Birmingham housing he considered ought not to be interrupted; and during the latter part of his life he was probably as well known for his work on Government Committees as for any academic honours. Ashley's contribution to economic history is so well known as to need no discussion. It is not everyone who can write, at so early an age, so undoubtedly a classic as his *English Economic History and Theory*, or who can also popularise a weight of learning in so easily readable a style as that of *The Economic Organisation of England*, for which every teacher of elementary students must bear him much gratitude. He founded no school, as Unwin did in Manchester, of writers and teachers who to this day bear the deep impress of Unwin's thought; but he has left much more of the written word than Unwin did. His life, here compiled by his daughter, is a grave and quiet story, sympathetically told, and Professor Muirhead contributes a chapter on the University of Birmingham which is of considerable interest to the student of the growth of economic study.

OTHER BOOKS RECEIVED.

Speeches and Documents on the British Dominions, 1918-1931. Edited by Arthur Berriedale Keith. (London) Oxford University Press. 470 pp. 2s. net.

A very useful pocket reference book.

The Tyranny of Gold. By W. R. Hiskett. (London) Williams and Norgate. 99 pp. 2s. 6d. net.

The author finds a remedy for the present world depression in the substitution of commodity bills (i.e., bills exchangeable into goods) for gold and bills of exchange.

Review of the Economic Councils in the Different Countries of the World. Prepared by Dr. Elli Lindner. (Geneva) League of Nations. 105 pp. 3s.

Contains information regarding the constitution, operations, rights and duties of economic councils in the leading countries of the world.

IMPERIAL ECONOMIC CONFERENCE AT OTTAWA, 1932

A Summary of Proceedings with copies of the Trade Agreements reached at the above Conference is now ready. This publication also includes a number of schedules listing a wide variety of goods on which changes of duty are to be brought into force.

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* "Methods of Social Study." By Sidney and Beatrice Webb. London. Longmans. 259 pp. 8s. 6d.

The Stock Exchange.

RAYON TEXTILE SHARES.

RAYON shares have been a much more active market, for some weeks past, than those of either the cotton or wool textile industries, whose prospects we have recently discussed (see the *Economist*, September 17 and October 1, 1932). The reason is not far to seek. There is a widely prevalent impression that the industry will be among the first to benefit from a trade revival. Quite a moderate rise of prices, indeed, might restore the industry to relative prosperity. Consumption is gradually increasing and manufacturing costs are being reduced. Protection in the home market, whether necessary or otherwise, has been added, both by way of a depreciated pound and a high tariff. In spite of world depression, demand for rayon yarns continues to expand as quality and usefulness reach higher standards. Rayon, in fact, is becoming more and more a "utility" textile whilst retaining its decorative appeal. Not only is it in increasing demand for the cheaper classes of textile goods, but it is now being used in conjunction with other fibres in the more expensive dress materials. In the furnishing trades new uses are continually being found.

In the period following the departure from the gold standard, British consumption of rayon reached unprecedented levels. While there has been some reaction in the summer months, consumption is still substantially higher this year than in either of the two preceding years. The recovery in the export trade this year is shown by the following table:—

EXPORTS (PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM).
(Nine Months ended September 30).

	Volume.			Value.		
	1930.	1931.	1932.	1930.	1931.	1932.
Art. silk yarn	5,163,439	3,447,222	5,025,134	£ 893,518	£ 463,728	£ 536,331
Manufactures (excluding apparel)	9,367,379	6,337,392	8,139,688	£ 3,899,033	£ 2,214,458	£ 2,492,137
Stockings and lingerie	...	...	...	£ 423,687	£ 262,309	£ 269,206
				£ 5,216,238	£ 2,940,495	£ 3,297,674

Though it is not to be expected that exports will be resumed on the scale of a few years ago, before Japanese competition became acute, the present low exchange is undoubtedly stimulating our export trade.

As regards protection of the home market, the depreciation in the pound sterling has naturally restricted the import trade, particularly in woven piece goods. Under the Abnormal Importations Acts imports, so far as mixture goods were concerned, were practically shut out, being subjected to a 50 per cent. *ad valorem* duty in addition to the already existing duty of 3s. 6d. per lb. The revised

duty on all rayon fabrics or mixture goods is now 3s. 6d. per lb. plus 10 per cent. *ad valorem*. As British manufacturers, however, pay an excise duty of 25 per cent. on their raw material, and the import duty by weight is comparatively small, it is expected that certain fabric goods will continue to be imported in some volume. However, new duties have been imposed since May on rayon knitted stockings and garments, which are now subject to 43 per cent. *ad valorem*, or 5s. per lb., whichever is the greater. In some cases the duty on weight works out at 100 per cent. *ad valorem*, and in many others it is more than 50 per cent. The home market has therefore been protected effectively against the imports of the cheaper rayon stockings and garments. British manufacturers have not been slow to take advantage of this favoured position. Courtaulds have led the way by introducing a mass-produced yarn for the cheaper hosiery lines. Several of the smaller manufacturing firms are now working on similar yarns. With the increase in raw silk prices there is expected to be an increasing demand for the cheaper rayon stockings.

Investors should bear in mind, nevertheless, that conditions in the industry remain highly competitive. The house of Courtauld, which continues to dominate the industry, is not likely speedily to increase prices, and thus encourage the reopening of plants which have been closed down, and the flooding of the market by a surplus of inferior yarns and piece goods. It has been, and is, the policy of Courtaulds to keep prices low and to rely on a reduction of costs and an increase in turnover for the maintenance or recovery of profits. In America, where the rayon industry was more seriously affected than in this country by trade depression, Courtaulds' subsidiary was quick to take advantage of an increase in consumption this year by raising prices to a more remunerative level. This blessing, however, has been denied the home market. It has, consequently, been difficult for yarn-producing firms to dispose of their output on a remunerative basis, even when demand was at its height. Economies in operating expenditure have therefore been the only means of salvation. Much has, in fact, been accomplished—by way of higher machine speeds, fewer workers per machine and lower wages. The most interesting development of recent months has been the adoption by Courtaulds and British Enka of the practice of washing and bleaching the yarn while it is still in the spinning spot. This enables the yarn to be wound on to cones for the hosiery trade, and eliminates the costly process of reeling the yarn into hanks. This new system was evolved by Courtaulds to cater for the bulk trade which has grown up in cheap hosiery and underwear. So far the new direct winding process has not been commercially applied to

	Year Ended.	Net Profits.	Deb. Interest.	Prof. Divs.	Earned for Ord.	Ord. (%) Earned.	Ord. (%) Paid.	Reserve.	Carry Forward.
British Enka Art Silk	Dec. { 1930 1931	Dr. 151,979 Dr. 64,395	14,628 13,884	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Dr. 406,207 Dr. 484,486
British Celanese	July { 1931 1932	44,890 373,141	319,515 303,819	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Dr. 5,000 Dr. 44,854	Dr. 99,385 14,591
Cellulose Acetate	Mar. { 1931 1932	Dr. 53,474 50,015	Nil Nil	Nil Nil	Nil 50,015	Nil 7.0	Nil Nil	Nil Nil	Dr. 119,222 Dr. 69,207
Courtaulds, Ltd.	Dec. { 1930 1931	2,274,409 1,101,588	Nil Nil	400,000 400,000	1,874,409 701,588	7.8† 2.9	6 t.f. 5 t.f.	Nil Dr. 450,000‡	195,767 147,345
Harbens, Ltd.	Apr. { 1931 1932	22,543 29,329	9,800 9,433	Nil Nil	12,743† 19,896†	Nil Nil	Nil Nil	Nil Nil	31,839 51,735
Kirklees, Ltd.	June { 1931 1932	1,734 10,585	Nil Nil	Nil Nil	1,734 10,585	0.4 6.0	Nil Nil	Nil Nil	Dr. 37,195 10,585

† Earned for preference, no dividend being paid.
‡ 3.9 per cent. after deducting amounts written off Continental investments.
§ From contingencies reserve account.

weaving yarns, but this development is expected in the near future.

The table on the preceding page gives the trading results of the principal companies in the industry for the last two years. Courtaulds have been responsible for the bulk of the increase in production this year, and no doubt have been able to show better results than the rest of the trade on account of their larger turnover and lower overhead costs. In the early part of 1931, it may be recalled, the company was making no profit at all in spite of lower costs. In the autumn of 1931 a small profit began to be earned, and as the chairman in March stated that the company was then within measurable distance of full production, we may look for a fair increase in profits this year. Mr Courtauld, however, warned shareholders that capacity in the industry was still excessive, and that there was no near prospect of any rise in prices. It was the company's policy, he said, not to advance prices as long as they had any machinery standing idle. As regards the company's outside interests, the American Viscose is having a more profitable year, although the rise in yarn prices has not been fully maintained. The Canadian subsidiary is perhaps the most prosperous of the Courtaulds group, though it is still relatively unimportant financially. In spite of the more favourable trend of earnings this year the dividend policy of Courtaulds remains conservative. The interim dividend in July was 1½ per cent. against 2 per cent., free of tax, in the previous year. Last year a final of 3 per cent., tax free, was paid, and the market is hoping that this year at least 2½ per cent., tax free, will be paid, making 4 per cent., free of tax, for the year.

British Celanese, whose accounts have been issued this week and are analysed on page 749, has been able to increase its profits as a result of the active trade buying from October, 1931, to March, this year. The accounts, however, do not show the extent of the economies which have been effected, as an "adjustment of stock values" appears in the expense item. Thus the vital question on which the investment value of British Celanese shares largely depends, is left unanswered by the current report. There is no indication that the demand for acetate rayon is likely to decline. On the other hand, nothing points to a substantial increase. Acetate has certainly been used to a greater extent in the knitting trade, but the bulk business, both in weaving and knitting, remains with the viscose producers. Acetate and cuprammonium silks remain more or less in the category of speciality yarns.

The Cellulose Acetate Silk Company, the only one of the small acetate companies which is still alive, appears to be making reasonably good progress, although it has never been clearly revealed how far the company is indebted to damages awarded in a lawsuit for the rise in profits shown in the year to March, 1932. The chairman stated in July that British Celanese had started an action against the company for infringements of patents, but the company had been advised that it need have no apprehension as regards the result, and no fear in proceeding with its present manufacturing process.

With regard to the smaller viscose producers, British Enka, which suffered losses up to the year ended December, 1931, should show a more favourable result this year. The chairman stated last April that the company had recently purchased a number of spinning machines and other equipment from a company which had gone into liquidation. This new plant was then gradually coming into operation, and should materially help towards a reduction in costs.

Harbens (Viscose Silk Manufacturers) has been perhaps the most consistently efficient and successful of the smaller viscose companies. It actually increased its profits by 20 per cent. in the year to April 30th. The company is turning out a high-grade product and has no difficulty in clearing its full production, but it is not in a position to compete with Courtaulds and British Enka in direct winding yarns. Nor for that matter is Kirklees, a company which has made good technical progress in the last two years. The chairman of Kirklees stated in September that as the output had been raised considerably above that for which the spinning plant had been designed, the greater part of the profit had been absorbed in capital expendi-

ture upon the necessary equipment to deal with the increased production. The company's plant was at work on full capacity throughout the year to June 30th, 1932. Orders in hand in September were sufficient to absorb the whole output for a considerable period.

The market in the shares of the rayon manufacturers is confined chiefly to Courtaulds and British Celanese. An optimistic view is held of the prospects of Courtaulds, for the yield at the present price, even if a dividend of as much as 5 per cent., tax free, is paid, is only £4 2s. per cent. gross. In the case of British Celanese, optimism would appear to be taking an even higher flight. The 10s. ordinary shares, which are not within sight of a dividend in the near future, are valued at 9s. 6d., while the 7 per cent. first preference £1 shares are quoted at 9s. 3d. and the 7½ per cent. second preference £1 shares at 7s. 3d. Only a nominal market obtains in the shares of the smaller companies, but it is worthy of mention that there are no shares on offer of Harbens. Our final table gives the highest and lowest prices this year, the present price and the dividend yields (if any) of the shares of companies mentioned in this survey.

Ordinary Shares.	1932 Prices.			Last Dividend.	Dividend Yield (%).
	Highest.	Lowest.	Present.		
British Enka (£1).....	8/9	4/6	6/3	% Nil	£ s. d. Nil
British Celanese (10/-).....	11/3	4/9	9/6	Nil	Nil
Cellulose Acetate (£1).....	4/3	...	4/-	Nil	Nil
Courtaulds (£1).....	38/1	23/9	32/6	5% tax free	{ 3 1 6 free 4 2 0 gross
Harbens, Ltd. (4/-).....	3/6	1/3	3/3	Nil	Nil
Kirklees, Ltd. (5/-).....	3/3	...	3/-	Nil	Nil

It may be appropriate that the market should favourably regard the prospects of an industry whose chances of recovery on a moderate rise in selling prices are reasonably bright. It would appear, however, that the border line between reasonable expectation and excessive optimism has become somewhat blurred.

RISE IN GOLD MINING SHARES.

THE widespread activity of the market for gold mining shares this week may be related almost entirely to the fall in the sterling exchange. The more or less steady depreciation of the pound, after its spectacular rise early this year, has been strikingly reflected in our "Kaffir" share index:—

(DECEMBER, 1928 = 100.)

	1930.	1931.	1932.
End January	87.7	81.3	79.7*
" February ...	82.7*	76.6*	80.9
" March	88.8	78.6	77.3
" April	81.8	76.8	79.1
" May	84.4	77.7	81.3
" June	80.2	77.1	84.5
" July	81.4	76.6	86.8*
" August	77.5*	73.6*	90.7
" September ..	76.5	78.1	95.7
" October	75.1	80.2	100.8 (Oct. 15)
" November...	75.1	83.1	...
" December	76.6	88.8	...

* ex dividends.

The index is based on market quotations for sixteen South African mines which declared dividends in December, 1928, and had then estimated lives of ten years or more, the total market capitalisation (£70,292,000) at that date being taken as 100. The actual appreciation of quotations, since this country's departure from the gold standard, is greater than the table suggests, since our index excludes some shares which have risen more than the average, e.g., Randfontein, East Rand and West Rand, which paid no dividends in December, 1928, and newcomers like East Geduld and Daggafontein. Incidentally, the dividends declared by the sixteen companies in June were equal, in sterling, to 6.75 points of the index.

The rise in values, as the index suggests, has largely reflected the inevitable adjustment of sterling quotations to dividends paid in South African (gold) values. The Union has steadily refused to countenance the idea of currency devaluation, and this week's break in sterling

raised the South African exchange to a level representing a premium of well over 40 per cent. The dividends for the second half of 1931 were paid at 35 per cent. premium, and those for the first half of 1932 at 33½ per cent. premium. Obviously, much may happen between now and the distribution of the December dividends, but at present levels a dividend of 5s. per share in South African currency is worth over 7s. in sterling.

We show below the present prices of a representative selection of South African and miscellaneous gold shares, compared with the highest quotations of 1931. We also show the maxima of the preceding four years. These, unlike those of to-day, are quoted in gold prices:—

SOUTH AFRICAN MINES.				
	Highest, 1926-30.	Highest, 1931.	Present Price	(approx.)
Brakpan	104/-	1927 71/6	26/-	95/-
Consol. Main Reef	26/9	1927 26/-	28/-	28/-
Crown Mines (10/-)	78/9	1927 111/3	127/6	127/6
East Geduld	50/-	1927 69/6	85/-	85/-
East Rand Propy. (10/-)	29/3	1927 16/6	16/3	16/3
Geduld Propy.	98/9	1927 96/3	104/6	104/6
Government Areas (5/-)	181/3	1926 37/9	40/-	40/-
Modderfontein East.	43/6	1928 35/-	45/-	45/-
New Modderfontein (10/-)	129/6	1927 71/3	50/-	50/-
New State Areas	48/-	1926 56/9	67/6	67/6
Nourse	15/6	1927 18/9	19/6	19/6
Randfontein	17/3	1926 29/3	46/-	46/-
Springs	79/3	1928 79/6	95/6	95/6
Sub Nigel (10s.)	95/6	1927 80/6	124/-	124/-
Van Ryn Deep	67/-	1927 30/9	24/6	24/6
West Rand Consols. (10/-)	21/9	1927 13/-	19/-	19/-
West Springs	33/3	1927 15/9	31/3	31/3

MISCELLANEOUS MINES.				
Cam and Motor	59/-	1926 31/-	50/-	50/-
Globe and Phoenix (5/-)	19/3	1926 16/9	18/6	18/6
Sherwood Starr (5/-)	26/3	'26 & '29 15/3	18/6	18/6
Ashanti Goldfields (4/-)	40/-	1928 43/-	39/-	39/-
Champion Reef	16/-	1927 9/6	23/3	23/3
Great Boulder (2/-)	3/7	1928 2/-	8/-	8/-
Lake View and Star (4/-)	19/6	1928 12/-	17/9	17/9
Nundydroog (10/-)	19/6	1929 18/9	44/6	44/6
St. John del Rey	19/3	1930 21/3	27/-	27/-
Taqua and Abosso (4/-)	3/9	1927 6/3	9/6	9/6
Waihi Gold (5/-)	24/-	1927 16/9	15/3	15/3
Wiluna	36/9	1928 18/9	47/9	47/9

The rise in values among the South African mines has been steady, but not uniform. The same feature is disclosed by the comparative figures for companies operating outside South Africa, whose "benefits" as a result of the gold premium are expressed directly in higher sterling earnings and dividends. The dividends of the Cam and Motor, for its last financial year, for example, totalled 22½ per cent. as against 17½ per cent. in the previous year. The Champion Reef has recently declared an interim of 1s. 8d. per share, which compares with 1s. 6d. for the whole of 1931, and the Nundydroog of 2s., comparing similarly with 2s. 9d. Of the monthly profits of between £50,000 and £60,000 reported by the Ashanti (West Africa) something approaching one-half has been due to the enhancement in the price of gold.

It is not surprising, therefore, that many gold mining shares have now attained "record" high levels. In many cases they still offer attractive yields, especially for mixing purposes. Buyers for a further rise, however, should clearly realise that they are, in effect, "bears" of sterling, and exchange speculation is a dangerous activity for the amateur.

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THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.
TICKET. November 8. ACCOUNT. November 10.

THE strong tone of last week was not maintained at the opening of the three weeks' account. Political factors like the failure of the Anglo-Irish discussions and the subdued tenor of the Prime Minister's speech on Monday, combined with anxiety regarding the Anglo-American debt position to depress sentiment. By mid-week, however, markets were entirely dominated by the course of sterling. In spite of considerable fluctuations, the recession in gilt-edged stocks has been reassuringly moderate. The *Financial News*' daily index of fixed interest stock prices gave 122.7 for October 7th and 126.8 for October 20th, while the *Financial Times*' British Government securities index (which is now published on a daily basis) was 116.1 on October 7th and 117.8 on October 20th.

Gilt-edged prices were irregular with sterling. A heavy tone was apparent on Tuesday morning, and scattered selling continued in mid-week. Consols, Conversion 3½, Assented War Loan and Funding being all easier on Thursday. India long-dated stocks came in for considerable selling pressure, but made a striking recovery. Colonial stocks fluctuated uncertainly, the new Commonwealth 3½'s easing to 3 premium, while the New South Wales 5½ per cent. Loan lost ground.

There was a tendency for the foreign market to confine itself to "gold" bonds. The Boxer loan was a firm feature, demand being stimulated by approaching drawings. Japanese issues were dull. The Brazilian Funding loans were supported, and elsewhere San Paulo Coffee 7½'s improved. In the European section the Dawes loan was fairly active, but weakness set in on Thursday. A steady business was done in German municipal issues.

Home rails had a dull appearance, despite a batch of somewhat improved traffic figures. Southern Preferred attracted attention on the earnings statement contained in this week's debenture issue prospectus. The subscription list for the new stock was closed early. Argentine rails were conspicuous, prices advancing on the first reports of the "Big Four," but subsequently relapsing, the report of the Great Southern being regarded as less satisfactory than had been anticipated. Fresh support was forthcoming in mid-week and Central Argentine was prominent.

The industrial share market was affected by the fluctuations of sterling, home issues being in moderate demand, though interest was mainly confined to a few specialities. Internationals opened dull, with Cables and Wireless out of favour, and remained easy throughout the week. Spillers, Imperial Chemical, Carreras and Imperial Tobacco were among the favourites, Chemical being bought on provincial account. Turner and Newall were a feature, while Rayons reflected the encouraging results announced by British Celanese (summarised on page 749). The outlook for rayon shares is discussed in a leading article on an earlier page. Profit-taking set in among electricals after initial strength, but Victoria Falls Power remained strong, the market being short of the shares. Guinness, among breweries, was inclined to dullness at first in connection with the intensification of the Anglo-Irish tariff war, but the weakness was short-lived. Motor shares were in demand. Leyland and Rolls-Royce strengthened. Insurance shares continued to enjoy a steady investment demand.

The oil share market had an unpromising appearance in the early sessions, but a firmer tone supervened when New York prices advanced. A decline in United States crude production created a favourable impression, but the Continent proved to be a seller, and Royal Dutch fluctuated within narrow limits. Rubber shares were quiet, the number of transactions being again very limited in the absence of any new factor. Prices were assisted somewhat by the firmness of the commodity. Malayalam were inquired for, and Allied advanced. Tea shares were rather more active than of late, on restriction rumours (discussed on page 749).

The mining market enjoyed considerable popularity, stimulated by the break in sterling, the strength of

"Kaffirs," stimulated by the break in sterling, being one of the week's leading features. The position is discussed in a leading article on page 743. Other sections showed signs of strength, Lake View and Star, in the West Australian group, finding especial favour.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Oct. 13, 1932.	Oct. 14, 1932.	Oct. 15, 1932.	Oct. 17, 1932.	Oct. 18, 1932.	Oct. 19, 1932.	Oct. 20, 1932.
Government and Municipal Loans	2,206	2,169	1,015	2,063	1,934	2,053	1,854
Transport, Communications, and Public Utilities	1,280	1,305	620	1,243	1,289	1,336	1,136
Commercial and Industrial	2,641	2,572	1,215	2,735	2,653	2,813	2,908
Banks, Insurance and Financial	729	882	330	819	710	797	594
Mines (including Nitrates)	826	1,058	533	1,184	1,050	1,504	1,299
Oil	198	211	124	221	199	199	189
Rubber, Tea and Coffee	112	150	101	219	234	172	216
Total.....	7,992	8,347	3,938	8,484	8,069	8,874	8,196

* Including iron and steel and breweries.

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

Highest of 1932 (Sept. 8)	Lowest of 1932 (June 1)	Oct. 13, 1932.	Oct. 14, 1932.	Oct. 15, 1932.	Oct. 17, 1932.	Oct. 18, 1932.	Oct. 19, 1932.	Oct. 20, 1932.
66.6	61.3	64.8	65.2	65.7	65.7	66.1	66.3	66.0

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100.)

Highest of 1932 (Oct. 19)	Lowest of 1932 (Sept. 30)	Oct. 13, 1932.	Oct. 14, 1932.	Oct. 15, 1932.	Oct. 17, 1932.	Oct. 18, 1932.	Oct. 19, 1932.	Oct. 20, 1932.
127.0	90.6	125.8	126.5	126.7	126.9	126.9	127.0	126.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets turned firmer before the end of last week, Friday's gains of 3.5 points being consolidated on Saturday, after the publication of car-loading figures for the week ended October 8th showing a gain well up to expectation—due, however, entirely to the movement of coal. The markets this week have been mainly professional, but prices generally have held their ground. The volume of dealings has been modest. The uncertain and slightly downward trend of commodity prices has been a neutral, rather than a discouraging, factor. The public for the most part is remaining outside the market, owing to the absence of speculative stimuli of any kind at a period when the unsettling effect of the forthcoming election is nearing its maximum. Wall Street is becoming more resigned to the possibility of seeing Mr Roosevelt at White House. His attitude towards the Soldiers' Bonus, as was expected, has been studiously "correct," and he is regarded as leaning increasingly towards the conservative elements in the Democratic Party for support. The market's fears are now centred less on the effects of his return than on the possibility of stagnation during the interregnum before his prospective assumption of office in March. Third-quarter statements, as was expected, show a continued decline in earnings, Du Pont, for example, reporting 36 cents per share against \$1.12 in the third quarter of 1931, and National Biscuit 55 cents against 74 cents. General Electric net earnings for the first nine months were 34 cents per share against \$1.07 last year. Some liquidation of tobacco shares is in progress, in anticipation of a reduction in the standard 15-cent brands, whose trade is being cut into by the 10-cent brands of the smaller manufacturers, which are now estimated to

account for 20 per cent. of the total business. General trade shows no widespread change, but is moving, if anything, upward against the seasonal trend. Steel activity has now reached the neighbourhood of 19½ per cent. of capacity. The market closed heavy on Thursday.

	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.		Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	Natl. Biscuit	38½	35½	39½
Lb. Ld. 3½% '32-47	101½	101½	101½	Phelps Dodge	6½	5½	6½
Do. 4½% '32-47	102½	102½	102½	Pullman	22½	20½	22½
Do. 4½% '33-38	103½	103½	103½	Sears-Roebuck	21½	17½	20½
Atchafalpa	46	37½	45½	Studebaker	7½	6½	8½
Ches. & Ohio	21½	18½	23½	Un. Fruit	20½	18½	20½
Erie	7	6½	6½	U.S. Leather	4½	4½	4½
Illinois Central	16½	12½	15½	U.S. Rubber	5	5	5
N.Y. Central	24½	19½	24½	U.S. Steel	38½	34	38
Pennsylvania	17	13½	15½	Westinghouse	32½	25½	27½
Southern Pacific	22½	16½	21½	Woolworth	37½	34½	37½
Southern Ry.	10½	8	9½	Am. Tel. & Tlg.	107½	99½	106½
Union Pacific	67	57	68½	Interboro R.T.	4	3½	4½
Am. Can.	51½	47½	52½	Int. Tel. Toleg.	11	9½	9½
Amer. Smelting	16½	13½	14½	Radio Corp.	8½	6½	7½
Anacosta	10½	9½	9½	Utilities P. & L.	5	4½	4½
Bethlehem Steel	20½	16½	18½	W. Union Tlg.	34½	25½	29½
Chrysler Motor	15½	12½	15				
Corn Produce Rf.	48½	46½	52	Associated Gas "A" ..	2½	2	2
Eastman Kodak	52	48	52½	Pan. Amer. B. (New) ..	11½	11½	11½
Gen. Electric (New) ..	16½	15	15½	Shell	16½	15½	15½
Gen. Motors	15½	12½	13½	Shell Union	26	24½	25½
Int. Harvester	24½	19½	22½	Std. California	25	24½	25½
Mont. Ward	13½	11½	12½	Do. N.J.	29½	28½	30½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Oct. 11.	Oct. 19.
337 Industrials ...	98.2	174.1	51.4	114.7	52.2	46.3	49.1
33 Rails	89.1	145.6	31.7	105.7	32.2	25.2	28.7
34 Utilities	153.2	267.4	90.6	187.6	91.8	76.1	83.0
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	47.8	58.8
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	6.26%	5.86%

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

Highest of 1932 (Sept. 7)	Lowest of 1932 (June 27)	Oct. 12, 1932.	Oct. 13, 1932.	Oct. 14, 1932.	Oct. 15, 1932.	Oct. 17, 1932.	Oct. 18, 1932.	Oct. 19, 1932.
72.3	35.2	*	51.8	55.2	55.6	54.1	55.0	56.9

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Oct. 14, 1932.	Oct. 15, 1932.	Oct. 17, 1932.	Oct. 18, 1932.	Oct. 19, 1932.	Oct. 20, 1932.
Stock Exchange—Shares (Thous.)	2,000	600	800	1,000	1,300	1,100
Bonds (Value Thous. \$) ...	9,000	4,700	7,300	8,900	7,100	7,300
Curb—Shares (Thous.)	230	80	100	120	160	120

* 2-hour session.

(Continued on page 748.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

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LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 13, 1932.	Price, Oct. 20, 1932.
Australia 3½%, 1936-1937	97½	5	3-3½ pm.	2½-3½ pm.
Bristol Greyhound Racing 2½% debentures	2½	2½	6½-6¾	6½-6¾
Covent Garden Properties, 4½% debentures	98	20	1½-1¾	1½-1¾
Quaiest 7% cum. pref., £1	£1	10/-	1½-1¾	1½-1¾
Southend Stadium deferred (1/-)	1/-	...	1½-1¾	1½-1¾
Do., preferred (10/-)	10/-	...	1½-1¾	1½-1¾
Telsen Electric £1	£3	...	1½-1¾	1½-1¾
Treasury Bonds 2½% 1935-38	100	5	...	...

(Continued from page 745.)

PARIS.

Local and international developments had an adverse effect upon the Paris Bourse. Rumours regarding certain large banks and the difficulties of the French financial problem, as revealed by the special committee on the subject, causing considerable trepidation. The sharp fall in the pound also added to the general nervousness. Rentes were an especially weak feature, the unloading of full commitments having an adverse effect upon prices. Gold mining shares were a bright feature, but industrials fell to lower levels. Foreign securities were uncertain. Internationals rallied slightly at the opening, but fell away towards the close.

	Oct. 13, 1932.	Oct. 17, 1932.	Oct. 20, 1932.		Oct. 13, 1932.	Oct. 17, 1932.	Oct. 20, 1932.
Banque de France	11,580	11,360	11,135	Wagons Lits	74	71	70
Crédit Lyonnais	2,015	1,974	1,920	Mexican Eagle	37	36	34
Suez Canal	14,770	15,085	15,060	"Chartered"	85	85	87
Chargers Réunis	212	220	221	De Beers	112	108	103
Rio Tinto	1,400	1,328	1,245	"Johannes"	142	149	167
Royal Dutch	15,625	15,050	14,800				

BERLIN.

The nearness of the general election—only three weeks off—had a noticeable effect on all shares. Fixed-interest securities were weak, with the exception of provincial loans, which rose 2 per cent. The fall in sterling led to almost complete stagnation, many people fearing it would lead to another period of deflation. Dye Trusts were weak and Rseinsche Braunkohlen slumped sharply.

	Oct. 13, 1932.	Oct. 17, 1932.	Oct. 20, 1932.		Oct. 13, 1932.	Oct. 17, 1932.	Oct. 20, 1932.
Reichsbank	125.50	125.50	125.25	A. E. G.	34.60	33.50	32.00
Disconto	75.00	75.00	75.00	Siemens & Halske	117.50	119.50	116.00
Dresdner (New)	61.75	61.75	61.75	A. K. U.	56.75	57.10	54.50
Norddeutscher Lloyd	17.75	17.50	16.80	Hamburg-Amer			
				("Hapag")	17.00	17.50	16.60

AMSTERDAM.

Quiet conditions prevailed at the opening with a generally easier tendency owing to unfavourable comment on the German Chancellor's speech. Royal Dutch were moderately offered, but after a slight rally in mid-week relapsed, falling 4 to 148. Industrials were idle, Philips Lamps and Unilever falling 3½ to 127 and 4 to 115½ respectively. Rubbers were listless in spite of reduced London stocks, and sugars were a dull feature.

	Oct. 13, 1932.	Oct. 17, 1932.	Oct. 20, 1932.		Oct. 13, 1932.	Oct. 17, 1932.	Oct. 20, 1932.
2½% Dutch Loan	67½	67½	67½	Steel Common	37½	38	39½
5% German	52½	51	51½	A. K. U.	46½	46½	44½
Unilever N.V.	116	116½	116½	Ford Motor	114	119½	118½
Philips Lamps	128½	129½	128½	Deil Batavia	149	144	148
Netherlands Ship Union	64	65	64	Royal Dutch	151	148	146
				Handels Ams.	192	190	189

OTHER CENTRES.

The minor European bourses were dull throughout the week. Brussels opened with a weak tone, the fear of a new election causing a general decline in prices. There was, however, a certain amount of selling, but the volume of trading was not large. The market was steadier towards the close, but prices were still somewhat irregular at the end. Unsettled conditions prevailed at Budapest and Vienna. Frankfurt was steady, a quiet tone prevailing throughout the week.

INVESTMENT NOTES.

Sterling and the Markets.—The break in sterling came as a shock to the gilt-edged market, which had apparently been somewhat deceived by the recent stability of the exchange. Government stocks were marked down sharply, whilst British industrial shares were strong, gold shares "boomed," and international shares of gold currencies received speculative attention. On second thoughts, the market became firmer. Government stocks recovered most of their fall on Wednesday and finished on Thursday fractionally higher. India stocks encountered considerable selling pressure at the outset, but recovered with the rest of the market. The following table shows the prices ruling on Thursday evening as compared with those at the opening of business on Tuesday and the low levels touched on Wednesday morning:—

	Prices Low	Oct. 18th.	Oct. 19th.	Oct. 20th.
War Loan Assented.....	102½	101½	102½	102½
Consols 2½%	77½	76½	76½	76½
Consols 4%	109½	108½	109½	109½
Conversion 3½%	101	100½	100½	100½
Funding 4%	109½	109	109½	109½
Local Loans 3%	90	88½	89½	89½
Victory 4%	109	108	108½	108½

The recovery in the gilt-edged market shows that the volume of money seeking investment is still overwhelming. This is particularly evident in the buying of the "second line" stocks outside the British Government circle. Each week the stocks of local authorities and public boards show further appreciation, and even the debentures of the home railways have risen high enough to allow the Southern Railway to issue a 4 per cent. debenture stock at par. This investment buying has overflowed into the equity shares of the leading industrial concerns. It will be found that the shares of the leading electricity supply companies yield no more than 4 per cent. Outside the gilt-edged market the greatest activity has been seen in South African gold-mining market. We discuss this feature in a leading article on an earlier page.

Stock Exchange "Commissions."—The General Purposes Committee of the London Stock Exchange, at its meeting last Monday, duly confirmed the alteration to Rule 199, under which the proportion of commission, returnable by a broker to an agent, is reduced from one-half to one-third, except as regards: (a) remisiers or clerks in a broker's exclusive employment, and (b) "banks and banking houses carrying on business in the City of London" whose names appear on a register kept for the purpose. The new provisions, however, will not operate before January 1st next, and the interim should provide ample time for the making of necessary individual arrangements. Before the next Stock Exchange elections are held, in March, both parties in the recent controversy will have given careful consideration to the wider, non-personal issues which it has brought to light. The present Committee and their immediate predecessors, have, by general recognition, endeavoured to steer a difficult middle course between reform and the powerful traditions of a conservative institution. Their policy has been progressive whenever beneficial changes could be effected by internal action (as in the case of the regulations regarding Permission to Deal), and cautious where strong outside interests were likely to be antagonised. The unofficial proposal to alter the position of the banks, in the matter of half commission, was an issue precisely calculated, once started, to involve every major problem raised by the present constitution of the Stock Exchange—advertising, a guarantee fund, the relations of broker and jobber, the position of large and small firms, and, ultimately, dual control and the entire organisation of the "House" itself. The technique of postponement does not, naturally, contribute to the solution of urgent matters which events may compel the House to face in the relatively near future. It may be doubted, however, whether a Committee whose members' time must necessarily be occupied with depart-

mental duties, and has no special "mandate" for reform from its constituents, should be asked to undertake, unaided, the stupendous task of preparing a scheme involving such far-reaching issues. It may be asked whether the Stock Exchange might not advantageously break with tradition by setting up a special body to examine the entire question of reform in the greatest possible detail, and to present a report for approval by the whole body, after due consultation with every vested interest outside.

Tea "Restriction"?—The tea share market has been active since the turn of the month, on rumours of private discussions for a new output restriction agreement embracing producers in India, Ceylon and the Dutch East Indies. Quotations for many leading shares are not far below the highest of the year:—

	1932 Prices.				Yield on last Dividend (%)		
	High-est.	Lowest	Oct. 1	Pre-sent.	£	s.	d.
Assam Company (£1)	16/10½	7/6	12/6	16/3			Nil
Jhansi (£1)	29/-	17/-	22/6	26/3	3	0	0
Jokai (£1)	34/4½	19/4½	28/9	32/6	1	11	0
Kanan Devan (£10)	23	16½	18½	18½	6	15	0
Amalgamated (£10).....	8½	5½	7	8			Nil
Cons. Tea and Lands (£10)...	9½	4½	7	8			Nil
Eastern Produce (£1)	2½	1½	1½	1½	6	3	0

Restriction broke down after 1930 mainly because of the unwillingness of the Dutch Colonial authorities to inter-vene, in order to prevent an increase in native production, which, quantitatively, cancelled the restrictive efforts of the Dutch estate producers. The London market has been in a very disturbed state for the last few months. It is an open question, however, how far the depression which, despite spasmodic recoveries, has reduced the present average for Northern India teas to 10.57d. as compared with 1s. 1.73d. a year ago, and for all teas to 10.10d. against 1s. 1.96d., is due to "over-production," and how far to world trade difficulties in general and the effect of far to world trade difficulties in general and the effect of recent Budget changes on the buying side of the trade in particular. In view of the acute realisation that, at present values, some of the best, as well as of the worst estates cannot operate profitably, it would scarcely be surprising if the present restriction proposals had come from the British side, and had been encouraged by a more satisfactory response from the Dutch side than might have been expected even a few months ago. Statements purporting to give details or to suggest that agreement has even approximately been reached should be received, however, with caution. That there is a determination on the British side to secure a *modus vivendi*, on reasonable terms, may, however, be confidently assumed. In the meantime the share market has already discounted a very considerable recovery which, under the best conditions, must take a significant time to mature.

Goodson's Mantle—Capital Reorganisation.—This company, a holding concern interested largely in the retail drapery business, has a capital of £400,000 in 8 per cent. cumulative participating preference shares and £30,000 in 1s. ordinary shares, against assets which are now valued at only £215,479. Capital reorganisation being necessary, the directors have been in consultation with the larger preference shareholders, and the result is a scheme which holds the balance very fairly between the different interests concerned. In return for a reduction of the 8 per cent. £1 preference to 7 per cent. 10s. preference, and the cancellation of three-and-a-half years' dividend arrears, the senior shareholders are to receive, gratis, 600,000 preferred participating shares of 3d. denomination, entitled (a) to the first £8,000 of profits distributed each year after reduced preferential payments, and (b) to half the equity in remaining profits. The 10s. preference shares will rank for £1 in a winding up. The existing 1s. ordinary shares are to be written down to 3d. The effect of the scheme may be summarised along these lines:—

OLD CAPITALISATION.	NEW CAPITALISATION.
400,000 £1 8% cum. pref.	400,000 10/- 7% cum. pref.
600,000 1/- ordinary ...	600,000 3d. pref. participating
	600,000 3d. ordinary ...
430,000	215,000

DIVISION OF PROFITS.

<i>If net profits, before tax, are :—</i>	<i>Existing Pref. Holders Receive—</i>		<i>Existing Ord. Holders Receive—</i>	
<i>£</i>	<i>Old Style.</i>	<i>New Style.</i>	<i>Old Style.</i>	<i>New Style.</i>
10,000	10,000	10,000	£	£
25,000	25,000	22,500	Nil	Nil
50,000	32,000	35,000	18,000	2,500
100,000	32,000	60,000	68,000	15,000
				40,000

If future profits range under £44,000, existing preference holders will lose up to a maximum of £6,000 in annual dividends, but if the company regains its earlier prosperity their share in the equity will place them in a better position than before. The company's initial capitalisation, like that of all "shilling ordinary" concerns, was top-heavy and objectionable. The new arrangements, while ostensibly increasing the preponderance of preferential capital, in fact go far to redress the balance, so far as existing preference holders are concerned. The preference shares were last dealt in at 5s. 9d., and the ordinary at 3d.

British Celanese.—It is satisfactory to find that the prophets of British Celanese were not altogether vain. A 40 per cent. rise in profits is disclosed in the accounts for the year ending July 2, 1932, but once again the report of the directors is an unsatisfactory document, giving no real indication of the earning power of the business. What exactly, we may ask, is "the balance of trading account," which tops the credits in the profit-and-loss account? And why add "adjustment of stock values" to the item of expenditure? We give below the results of the past two years as far as we are able to compare them:—

	Year ending June 30, 1931.	July 2, 1932.
Trading balance	995,240	1,471,892
Other income	17,384	24,490
Total	1,012,624	1,496,382
Expenditure	795,035½	996,664*
Written off research and advertising expenditure and patents	172,699	126,577
Earned for fixed charges	44,890	373,141
Debt interest	283,886	268,015
redemption	35,629	35,804
Earned for dividends	Dr. 274,625	126,428†
Written off new issue expenses	—	12,452
Carry forward	Dr. 99,385	14,591

* Including unstated amount for "adjustment of stock values."
† Including sundry reserves and provisions for contingencies, no longer required of £57,106.
‡ Including sundry charges and adjustments of stock values of £57,350.

The company is now earning its debenture charges, but not its preference dividends (£6,250,000 of preference capital being issued), while its £2,211,333 ordinary capital seems as far away from dividends as ever. The balance sheet, however, shows a liquid position. The prospects of the company are discussed in our leading article. The 10s. ordinary shares are quoted at 9s. 3d.; 7 per cent. first preference shares at 9s. 3d., and the 7 per cent. first debenture stock at 107.

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Standard Motors.—The report and balance sheet for the year ended August 31st last suggest that the chairman's optimism at last year's meeting was better founded than in most other cases. Profits have increased from £70,298 to £201,698, and the shares re-enter the dividend list:—

	Years to August 31.		
	1930.	1931.	1932.
Profit	96,324	123,670	251,531
Interest charges, &c.	22,096	20,387	2,403
Directors' fees	1,500	1,500	1,500
Written off property, &c.	32,536	31,485	45,930
Net profit	40,192	70,298	201,698
Ordinary dividend:			
Amount	Nil	Nil	33,750*
Earned %	17.3	31.2	71.5
Paid %	Nil	Nil	15
General reserve	Nil	Nil	100,000
Taxation reserve	Nil	Nil	40,000
Benevolent fund	Nil	Nil	1,000
Brought forward	Dr. 123,698	Dr. 83,506	Dr. 4,514
Carried forward	Dr. 83,506	Dr. 4,514†	22,434

* After bringing in £8,694 from taxation account.

The board deserve every credit for the year's excellent recovery, which has completed the wiping out of a debit balance to profit and loss, which, a few years ago, had reached large proportions. Turnover last year showed an increase of 80 per cent. A bank overdraft of £59,056 has been replaced by a bank balance of £200,950. The £1 ordinary shares stand at 48s. 6d., to yield about £6 12s. per cent. gross.

Imperial Airways.—It is unfortunate that Imperial Airways, Limited, does not see fit to show separately its receipts from trading and from Government subsidies. The report for the year to March 31st last, otherwise, is a detailed and lucid document, packed with comparative statistics of passengers and freight carried, miles flown, etc. It includes both a consolidated balance sheet, summarising the assets and liabilities of the parent company and its fully-owned subsidiary undertaking, and a valuable commentary on the year's changes in assets and liabilities. Gross profit for the past year was £152,797, against £155,165. The directors have drawn on the carry-forward to the extent of £6,355 in order to repeat the previous year's 4 per cent. dividend, by way of a "gesture" of satisfaction with the increased receipts obtained (since the closing of the accounts) after the putting into service of the company's new fleet of aircraft. Unfortunately, the published figures give no indication whatever of the real earnings position. That the company receives subsidies from the Government, which last year may have been of the order of £500,000 to £550,000, is, of course, no secret. For various reasons, it has been considered necessary that the concern, until it hopes to become self-supporting in 1940, should be organised on a basis of "commercial" capital ownership and publicly assisted revenue. Why, then, should not the directors distinguish clearly between trading and subsidy receipts, seeing that, at present, dividends are being paid entirely out of the subsidy? Disclosure of the latter's amount would have no prejudicial effect on the company's credit. On the other hand, it would enable shareholders more accurately to estimate the prospects of the "commercial" side (on the earning power of which they will ultimately be dependent), and would give the taxpayer the satisfaction of learning how his money was being utilised.

Buenos Ayres Great Southern.—Operating receipts on this line in 1931-32 fell from £11,348,750 to £10,561,447 and operating expenses from £7,958,639 to £7,420,493. After heavy deductions for currency depreciation and exchange obligations and a larger debenture charge, net profit is down from £1,175,382 to £595,608. The full distribution is made on the preference capital, but the carry-forward is

reduced from £715,915 to £431,165. No payment is declared on the ordinary stock.

	Year to June 30.		
	1930.	1931.	1932.
Operating receipts	12,214,562	11,348,750	10,561,447
Operating expenses	8,782,900	7,958,639	7,420,493
Dividends and interest	404,760	273,647	180,150
Exchange	188,839	632,559	527,519
Sundry payments	533,208	552,289	524,126
Special allocations	Nil	430,892	631,657
Fixed charges	795,794	872,636	1,042,550
Net profit	2,318,581	1,175,382	595,603
Brought forward	344,088	309,641	715,915
Preference dividend	807,235	880,000	880,000
Ordinary dividend:			
Amount	1,920,000	320,000	Nil
Earned %	4.4	0.9	Nil
Paid %	6	1	Nil
General reserve	Dr. 150,000	Dr. 430,892	...
Carried forward	309,641*	715,915	431,165

* Including £150,000 from a contingency fund and £74,206 from a suspense account.

Allocations to the general renewal fund have been charged to revenue to the extent of £148,241. The total number of passengers carried during the year was 55,923,922, against 59,517,077, but goods traffic showed an increase of 89,958 tons. The 6 per cent. preference stock is quoted at 67½ to yield about £8 17s. 9d. per cent. The ordinary stock is quoted at 30.

Buenos Ayres Western.—In view of the extremely difficult trading conditions which have prevailed during the past year in the raw material producing countries, the results of this Argentine railway cannot be considered unsatisfactory. Operating revenue is down from £3,822,120 to £3,729,929, and as a result of economies, expenses have declined from £3,021,168 to £2,881,272. After all deductions, net profit at £191,570 compares with £20,649. Preference dividend is met in full, but again there is no distribution on the ordinary capital. The carry-forward item is increased from £62,853 to £91,927.

	Year to June 30.		
	1930.	1931.	1932.
Operating revenue	4,381,349	3,822,120	3,729,929
Operating expenses	3,309,942	3,021,168	2,881,272
Railway taxes	30,751	21,298	23,325
Rentals and other receipts	397,354	263,681	201,316
Rent charges	48,127	73,181	48,157
Exchange	76,532	300,887	291,583
General interest, &c.	...	164,844	11,564
Interest	483,774	483,774	483,774
Net profit	829,577	20,649	191,570
Brought forward	235,372	67,711	62,353
Preference dividend	129,855	129,855	129,855
Ordinary dividend:			
Amount	867,383	Nil	Nil
Earned %	4.0	Nil	Nil
Paid %	5	Nil	Nil
Reserve	Nil	Dr. 103,848	32,142
Carried forward	67,711	62,353	91,927

No allocation from the year's revenue has been made to the renewal funds, but as a result of the sale of the railway power house there has been liberated the sum of £216,256 standing to the credit of the renewal fund created in respect thereof. Exchange losses were heavy at £308,996, but the charge was lowered by the transfer of £32,142 from reserve for depreciation of currency, floating assets, written back. The 4½ per cent. preference shares of £10 each are at present quoted at 5, to yield £9 per cent., while the ordinary stock is quoted at 28½.

Buenos Ayres and Pacific.—This railway reveals a less satisfactory financial position than any of the Argentine "Big Four" which have so far published their results. Gross receipts are down from £7,067,293 to £6,478,812 and working expenses from £5,557,876 to £5,047,514.

Exchange charges are larger than last year. The company's fixed charges are heavier than those of the other major Argentine lines. Debenture interest absorbs £817,795, but £350,398 is unpaid under the scheme of arrangement. Neither the preference nor ordinary capital receives any distribution, there being a net loss after all charges of £608,698.

	Year to June 30.		
	1930.	1931.	1932.
Gross receipts	7,854,906	7,067,293	6,473,312
Working expenses	5,715,966	5,557,376	5,047,514
Balance of interest, &c.	292,782	190,553	47,134
Exchange	69,714	330,387	476,500
Debenture interest	767,795	812,461	817,795
Rents payable	815,658	807,643	663,696
Income tax	...	...	123,639
Net profit	718,553	Dr. 250,021	Dr. 608,698
Brought forward	769,510	586,396	91,933†
Preference dividend	201,666	145,000*	Nil
Ordinary dividend:—			
Amount	700,000	Nil	Nil
Earned %	5.2	Nil	Nil
Paid %	7	Nil	Nil
Carried forward	586,396	191,375	Dr. 516,765

* Half-year.

† After deduction of £99,442, exchange difference.

In the case of this line, passenger receipts were down by £216,728, while goods traffic was likewise less by £216,728, revealing a decrease of £214,724. The remunerative, revealing a decrease of £214,724. The 6 per cent. preference stock is at present quoted at 20, against a high level for 1931 of 99 and for 1932 to date against 40½. The ordinary stock is quoted at 15½. Mr Cecil Constantine Mallet has been appointed a director of the company. Mr Mallet has an intimate knowledge of Argentine conditions acquired during long residence in and business experience with that country.

The Uruguayan Railway Group.—Stagnation of trade, resulting from currency vagaries and the decline in demand for wool and meat, has struck a severe blow at the finances of the Uruguayan railways. Gross receipts of the largest line, the Montevideo, fell by no less than £498,518, from £1,191,023, the decline in gross expenditure (£383,032) being insufficient to counteract the drop in receipts. The complication caused by exchange factors is demonstrated by the fact that the loss sustained by the fall from parity on the remittance of funds to London during the year amounted to no less than £223,500. The comparative results of the group lines for the past two years are set out in the table below:—

Year to June 30.	Central Uruguay, Eastern Extension.		Central Uruguay, Northern Extension.		Central Uruguay of Montevideo.	
	1931.	1932.	1931.	1932.	1931.	1932.
Gross earnings	£ 226,259	£ 177,685	£ 117,777	£ 88,698	£ 1,191,023	£ 692,505
Working expenses	110,096	93,285	60,184	46,784	887,778	504,746
Other receipts	...	13,918	...	...	20,314	28,054
Other expenses	80,523	91,484	46,920	43,584	318,972	245,078
Net profit	35,640	6,854	10,673	Dr. 3,670	4,587	Dr. 29,265
Brought forward	9,359	Dr. 4,501	4,580	Dr. 9,747	77,976	60,566
Preference dividend	22,500*	Nil	...	...	22,000*	Nil
Ordinary dividend:—						
Amount	27,000	Nil	25,000	Nil	Nil	Nil
Earned %	...	Nil	1.1	Nil	Nil	Nil
Paid %	3	Nil	24	Nil	Nil	Nil
Carried forward	Dr. 4,501	2,333	Dr. 9,747	Dr. 13,417	60,566	31,300

* Interim only.

The Eastern Extension line suffered a fall in passenger receipts of 18 per cent., while, notwithstanding an increase of 15 per cent. in cattle and goods tariffs as from December 7th, gross receipts declined by 21 per cent. Passenger traffic receipts of the Northern Extension, which has an expenditure agreement with the Central Uruguay line, fell by 18 per cent., and goods traffic receipts by 24 per cent. None of the lines was able to pay a preference dividend or make a distribution on the ordinary capital, and the tone of the reports suggests that little recovery can be expected, at least until the end of 1933.

Broken Hill Proprietary.—Our mining correspondent writes:—The re-entry of this company to the dividend list, after more than three years' absence, came as a pleasant surprise to the shareholders, and had an altogether disproportionate effect upon the market for the shares. At the last annual meeting, held in Melbourne on August 26th, no hint was given of any payment in the near future, the directors coming in for some criticism on the point. After providing for depreciation the net profit for the year ended June 30th amounted to £103,700, against £83,300 in 1930-31 and £161,000 in 1929-30. Presumably the funds are being provided chiefly by income on investments. The mines at Broken Hill have been closed down since June, 1930, owing to low metal prices. Meanwhile, the company has taken a hand in prospecting for gold in various parts of Australia, more particularly Kalgoorlie. A point of importance has arisen in connection with the debenture redemption. Repayments are at the rate of £128,000 per annum; the "A" series will be extinguished within two years from now. On the advice of counsel the bonds presented in London were met in sterling. This procedure was confirmed by a legal decision, and the result of an appeal is now awaited. Obviously, payment at the current rate of exchange would impose a heavy additional burden upon the company.

CAPITAL ISSUES.

THE new issue market continues to be under- rather than over-active, judged by normal canons. None of the promised Colonial issues has yet made its appearance, the only trustee issue (under the Chancery Rules) to be floated this week being a redeemable debenture offered by the *Southern Railway Company*, with a maximum life of 35

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
RESERVE FOR EXCHANGE CONTINGENCIES	£664,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

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

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

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

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

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

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

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 19, 1932.

ISSUE DEPARTMENT.

	£	\$
Notes Issued:—		
In Circulation.....	359,217,903	Government Debt..... 11,015,100
In Banking Department.....	55,204,191	Other Government Securities..... 247,417,165
		Other Securities..... 12,756,593
		Silver Coin..... 3,811,142
		Amount of Fiduciary Issue..... 275,000,000
		Gold Coin and Bullion..... 139,422,094
	\$414,422,094	\$414,422,094

BANKING DEPARTMENT.

	£	\$
Proprietors' Capital.....	14,555,000	Government Securities..... 66,238,094
Reserve.....	3,110,432	Other Securities.....
Public Deposits.....	30,751,192	Discounts and Advances..... £11,606,495
Other Deposits.....		Securities..... £20,048,184
Bankers'.....	£71,933,830	Notes..... 55,204,191
Other Accounts.....	\$33,741,158	Gold and Silver Coin..... 993,953
7-Day and other Bills.....	1,305	
	\$154,090,917	\$154,090,917

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

Both Departments.	Amount, Oct. 19, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	359,217,903	— 2,196,566	+ 3,186,663
Public deposits.....	30,751,192	+ 15,718,717	+ 13,497,527
Bankers' deposits.....	71,933,830	— 11,600,421	+ 8,456,299
Other securities.....	33,741,158	— 1,495,131	— 18,903,585
Seven-day bills.....	1,305	+ 190	+ 3
Total outside liabilities.....	495,645,432	+ 426,789	+ 6,236,901
Capital and reserve.....	17,663,432	+ 9,438	+ 12,275
Government debt and securities.....	324,670,359	— 3,451,570	+ 19,605,851
Discounts and advances.....	11,606,495	— 37,258	+ 1,058,498
Other securities.....	32,804,777	+ 3,910,770	— 17,688,542
Silver coin in issue department.....	3,811,142	— 5,689	— 229,807
Gold and bullion (bank's reserve).....	140,416,047	+ 19,974	+ 3,478,626
Reserve of notes and coin in banking department.....	56,198,144	+ 2,216,540	+ 291,963
Proportion of reserve to outside liabilities.....			
(a) Banking department only ("proportion").....	41%	+ 11%	— 11%
(b) Gold stocks to deposits and notes ("reserve ratio").....	29%	+ 11%	+ 11%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.	\$	\$	\$	\$	\$	\$	%
Sept. 14	414,292	362,285	12,933	89,827	33,157	261 in	2
21	414,421	359,256	23,915	82,586	32,904	128 in	2
28	414,421	359,784	23,418	80,626	33,397	NH	2
Oct. 5	414,422	362,521	11,689	85,690	34,633	NH	2
12	414,422	361,414	15,032	83,534	35,236	NH	2
19	414,422	359,218	30,751	71,934	33,741	NH	2

(000's omitted.)

Date.	Issue Department.		Both Depts.	Banking Department.					
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve & the "Fraction" portion."		
1932.	\$	\$	\$	%			\$		
Sept. 14	261,589	9,597	140,222	28%	70,863	12,052	18,301	53,037	38%
21	261,550	9,638	140,376	28%	70,998	12,006	18,527	56,110	40%
28	261,604	9,684	140,397	28%	69,918	12,069	18,073	55,613	40%
Oct. 5	260,050	11,129	140,401	28%	67,708	11,676	17,387	52,880	40%
12	260,014	11,169	140,396	28%	68,108	11,644	17,725	53,982	40%
19	258,432	12,757	140,416	29%	66,238	11,606	20,048	56,198	41%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to October 5.....	21,056,666	1,223,449	2,036,007	24,316,122
Week ended October 12.....	226,108	32,449	54,660	613,217
Week ended October 19.....	635,524	31,669	51,726	718,919
Total to date, 1932.....	22,216,298	1,287,567	2,142,393	25,646,258
Total to date, 1931.....	27,178,660	1,360,250	2,223,900	30,762,810
Increase or decrease in 1932.....	— 4,962,362	— 72,683	— 81,507	— 5,116,552
— 18.3%.....		— 5.3%.....	— 3.7%.....	— 16.7%.....
Total for year 1931.....	31,815,808	1,667,882	2,752,209	36,235,899
Total for year 1930.....	38,782,777	1,812,146	2,963,831	43,558,754
Increase or decrease in 1931.....	— 6,966,969	— 144,264	— 211,422	— 7,322,465
— 17.9%.....		— 7.9%.....	— 7.1%.....	— 17.8%.....

PROVINCIAL CLEARING RETURNS (000's omitted.)

	Week ended October 15		Month of September				Aggregate Totals, January 1 to October 15	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.	
No. of working days	£	£	26	26	£	£	£	
BIRMINGHAM	2,171	1,923	7,509	7,987	+ 6.3	88,828	90,024	
BRADFORD	537	617	2,526	2,827	+ 11.9	29,618	31,725	
BRISTOL	1,183	1,119	5,024	5,118	+ 1.8	45,943	47,225	
DUBLIN	4,783	4,298	...	...	...	200,712	216,868	
HULL	798	590	2,571	2,785	+ 8.3	34,750	29,016	
LEICESTER	965	930	2,805	2,963	+ 5.6	34,750	34,176	
LIVERPOOL	708	617	2,308	2,519	+ 9.1	25,283	26,053	
MANCHESTER	5,627	5,709	20,743	25,478	+ 22.8	227,820	236,211	
NEWCASTLE	9,344	8,469	33,578	36,814	+ 9.6	370,886	385,284	
NOTTINGHAM	1,155	1,282	4,466	4,392	- 1.6	51,786	50,417	
SHEFFIELD	478	441	1,515	1,701	+ 12.2	18,123	18,099	
	709	600	2,520	2,578	+ 2.3	30,601	29,253	
Total.....	28,458	26,595	85,565	95,162	+ 11.2	1,153,635	1,194,348	

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia, Danzig and Denmark appeared in the *Rechnung* for September 10: Chili, Canada, Egypt, Poland, and Lithuania in October 1; Bank for International Settlements, Roumania, in October 8; Austria Hungary and India in October 15.

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

	Oct. 22, 1931.	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.
RESOURCES.					
Total gold reserve.....	2,764,120	2,978,650	2,912,530	2,931,960	2,955,600
Total bills discounted.....	698,310	339,650	333,430	327,670	313,540
Bills bought in open market.....	769,070	33,600	33,270		33,580
Total U.S. Govt. securities.....	727,000	1,853,680	1,851,320	1,850,900	1,851,000
Total bills and securities.....	2,224,400	2,231,810	2,223,920	2,217,260	2,203,560
Total resources.....	5,827,100	5,862,080	5,903,580	5,914,400	5,955,710
LIABILITIES.					
Federal Reserve notes in actual circulation.....	2,383,360	2,700,990	2,744,370	2,737,840	2,717,430
Deposits—Memberbank—reserve account.....	2,275,510	2,268,520	2,283,960	2,245,790	2,325,550
Capital paid in and surplus.....	2,507,260	2,353,140	2,344,990	2,357,100	2,391,810
Total liabilities.....	4,930,300	412,420	412,390	412,460	412,440
Ratio of total reserve to deposit and Federal Reserve note liabilities combined.....	59.9%	60.8%	61.1%	61.3%	61.7%

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

	Oct. 22, 1931.	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.
RESOURCES.					
Total gold reserve.....	1,001,680	941,790	942,180	937,000	971,990
Total bills discounted.....	159,030	70,840	68,310	63,480	60,300
Bills bought in open market.....	214,150	10,550	10,440	10,480	10,280
Total U.S. Govt. securities.....	241,700	718,790	716,290	716,290	713,790
Total bills and securities.....	629,560	803,040	798,930	794,030	788,300
Deposits—Memberbank—reserve account.....	1,029,660	1,120,350	1,114,690	1,079,370	1,124,140
Ratio of total res. to deposit and Federal Res. note liabilities combined.....	65.8%	57.9%	57.8%	58.2%	59.4%

FEDERAL RESERVE MEMBER BANKS.

	Oct. 7, 1931.	Sept. 7, 1932.	Sept. 14, 1932.	Sept. 21, 1932.	Sept. 28, 1932.	Oct. 5, 1932.
Loans.....	13,858	10,812	10,766	10,729	10,706	10,637
Investments.....	7,831	7,752	7,790	8,201	8,201	8,245
Discounts.....	12,739	11,011	11,232	11,100	11,229	11,208
Time deposits.....	6,624	5,622	5,610	5,627	5,640	5,644
Due from banks.....	1,131	1,347	1,462	1,431	1,448	1,539
Due to banks.....	2,881	2,875	2,997	2,762	2,991	3,198
Federal reserve borrowings.....	274	153	148	113	101	107

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

	Sept. 25, 1931.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.	Sept. 23, 1932.
ASSETS.						
Gold coin and bullion.....	6,541	7,093	6,014	6,030	6,482	6,845
Subsidiary coin.....	385	539	534	541	550	554
Bills discounted: Domestic.....						
and Union Gov. Treas. Bills.....	133	2,362	3,023	2,372	2,168	1,980
Bills discounted: Foreign.....	6,241	1,834	2,049	2,021	1,806	1,703
Investments.....	1,899					
LIABILITIES.						
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	802	9				
Notes in circulation.....	6,852	6,588	7,845	6,909	6,294	6,294
Government deposits.....	1,694	1,386	998	1,139	1,612	1,802
Bankers' deposits.....	4,809	4,146	4,205	4,047	4,181	4,303
Ratio of cash reserves to liabilities to public.....	50.2%	54.9%	48.1%	50.9%	54.8%	57.4%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss, namely, £792,916, has been written off Reserve.

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

	Oct. 15, 1931.	Sept. 23, 1932.	Sept. 30, 1932.	Oct. 7, 1932.	Oct. 14, 1932.
ASSETS.					
Gold.....	62,154,598	82,621,795	82,681,339	82,644,358	82,651,268
Foreign assets.....					
Sight deposits.....	17,078,597	2,911,834	2,895,293	2,899,894	2,909,677
Bills, &c.....	12,433,769	2,081,337	2,082,018	2,082,715	2,082,254
Advances against sec. To the State.....	7,391,846	3,622,438	2,604,200	2,808,544	2,934,559
Other advances.....	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Negotiable Bonds.....	2,811,753	2,752,066	2,783,323	2,780,388	2,753,970
Sinking Fund Dept. Other assets (exclud. LIABILITIES.).....	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
LIABILITIES.					
Notes in circulation.....	81,937,179	80,200,291	82,459,144	81,778,293	81,100,667
Public deposits.....	7,874,179	3,667,943	3,009,836	2,894,881	2,966,553
Private deposits.....	22,636,577	23,397,732	21,613,339	21,765,824	22,436,827
Other liabilities.....	2,844,404	2,327,206	2,271,170	2,367,802	2,404,078

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

	Oct. 15, 1931.	Sept. 30, 1932.	Oct. 7, 1932.	Oct. 15, 1932.
ASSETS.				
Gold.....	1,155,963	796,339	796,368	796,804
Of which deposited abroad.....	90,025	63,351	63,351	63,351
Reserve in foreign currencies.....	138,136	132,899	134,803	135,163
Bills of exchange and cheques.....	3,829,651	3,029,842	2,948,040	2,777,774
Silver and other coin.....	95,481	147,237	169,731	211,454
Notes of other German banks.....	8,808	242,008	101,504	92,109
Advances.....	102,884	362,361	362,208	362,227
Investments.....	841,752	790,203	820,100	812,687
Other assets.....				
LIABILITIES.				
Share capital.....	150,000	150,000	150,000	150,000
Reserve.....	337,331	417,426	417,426	417,426
Notes in circulation.....	4,526,676	3,754,562	3,618,318	3,518,998
Other daily maturing obligations.....	810,125	730,502	741,815	744,100
Other liabilities.....	28.6%	24.7%	25.7%	26.5%
Cover of note circulation.....				

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

	Position, May 28, 1914.	Oct. 15, 1931.	Sept. 22, 1932.	Sept. 29, 1932.	Oct. 5, 1932.	Oct. 13, 1932.
ASSETS.						
Gold.....	(a)	2,557,654	2,580,962	2,582,411	2,595,492	2,609,199
Foreign bills and balances abroad.....	232,650					
Silver and other coin		30,299	64,125	63,891	62,758	62,584
Securities.....		893,682	633,908	655,251	693,109	719,488
LIABILITIES	697,600					
Notes in circulation.....	934,150	3,598,641	3,615,730	3,631,088	3,681,030	3,665,641
Current account.....	112,125	262,106	132,171	131,162	139,439	184,922

(a) In thousand francs.

Rates of Exchange, New York on—		Par Level.	Oct. 21, 1931.	Oct. 5, 1932.	Oct. 11, 1932.	Oct. 19, 1932.
London—						
60 days			3.90	3.4437	3.43	3.3787
Cable			3.96	3.455	3.4412	3.3925
Cheques			3.93	3.455	3.4412	3.3925
Paris—						
Cheques			13.90	14.03	13.88	13.90
Switzerland—						
Cheques			19.30	19.60	19.28	19.32
Italy—						
Cheques			5.263	5.20	5.12	5.11
Berlin—						
Cheques			23.82	23.05	23.77	23.78
Vienna—						
Cheques			14.07	14.07	14.07	14.07
Madrid—						
Cheques			19.30	19.30	19.30	19.30
Amsterdam—						
Cheques			40.195	40.195	40.195	40.195
Copenhagen—						
Cheques			22.30	22.30	22.30	22.30
Oslo—						
Cheques			26.80	26.80	26.80	26.80
Stockholm—						
Cheques			23.45	23.45	23.45	23.45
Athens—						
Cheques			1.297	1.297	1.297	1.297
Montreal—						
Cheques			49.85	49.85	49.85	49.85
Yokohama—						
Cheques			24.90	24.90	24.90	24.90
Hong Kong—						
Cheques			32.12	32.12	32.12	32.12
Shanghai—						
Cheques			36.50	36.50	36.50	36.50
Buenos Aires—						
Cheques			103.65	103.65	103.65	103.65
Rio de Janeiro—						
Cheques			11.96	11.96	11.96	11.96
Valparaiso—						
Cheques			12.125	12.125	12.125	12.125

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	1% dis.	1% dis.	1% dis.	2% dis.	3% dis.
South Africa	1% dis.	1% dis.	1% dis.	2% dis.	3% dis.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia	99 16 3	99 15 0
South Africa	99 16 3	99 15 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Bombay	£100 to Rs.	24.3325	Sight London	20.347(f)
Bombay	Rs. to £100	25.2215	"	21.40
Bombay	£100 to Rs.	5	"	3.567(f)
Bombay	Rs. to £100	4.8665	"	(a)
Bombay	£100 to Rs.	9.75	"	8.14
Bombay	Rs. to £100	15.35	90 days	(a)

(a) No rates available. (f) Rates calculated on basis of New York cross rates. † Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.		Australia and New Zealand on London.*	
Buying.	Selling.	Buying.	Selling.
Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.
125	109	125	109
125	109	125	109
125	109	125	109
125	109	125	109
125	109	125	109
125	109	125	109

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

BULLION.

The following statistics of imports and exports of gold for week ended October 20, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Egypt	99,997	Poland	3,000
Iraq	18,883	Germany	1,332
British West Africa	71,812	Netherlands	109,523
British South Africa	968,127	France	661,015
Anglo-Egyptian Sudan	4,223	Switzerland	20,960
British India	602,568	Czechoslovakia	4,800
Strait Settlements	73,870	Other countries	495
Australia	49,109		
Salvage from s.s. "Egypt"	61,798		
Other countries	3,124		
Total declared value of imports	1,953,311	Total declared value of exports	801,025

GOLD MOVEMENTS.

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

1932. ARRIVALS.		1932. WITHDRAWALS.	
Oct. 14.	£	Oct. 14.	£
" 15.	NH	" 15.	NH
" 16.	NH	" 16.	NH
" 17.	NH	" 17.	NH
" 18.	NH	" 18.	NH
" 19.	NH	" 19.	NH
" 20.	NH	" 20.	NH
Total.	NH	Total.	NH

Messrs Samuel Montagu and Company write on October 19, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,422,094 on the 12th instant, as compared with £139,421,534 on the previous Wednesday. Substantial amounts of gold have been offered in the open market and most of the available supplies have been secured for a destination not disclosed. Higher prices have been quoted in consequence of the weakness of sterling, and to-day's quotation of 122s. 2d. per fine ounce is the highest since January 6th last.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
October 13.	119s. 9d.	14s. 2.3d.
" 14.	119s. 9d.	14s. 2.3d.
" 15.	119s. 10d.	14s. 2.1d.
" 17.	119s. 10d.	14s. 2.1d.
" 18.	120s. 0d.	14s. 1.9d.
" 19.	122s. 2d.	13s. 10.9d.
Average.	120s. 2.7d.	14s. 1.6d.

About £515,000 of gold was shipped from Bombay last week. The s.s. "Mantua" has £428,000 and £44,000 consigned to London and Holland respectively, and the s.s. "City of Cairo" £43,000 consigned to London.

SILVER.

Until to-day, the market had continued very quiet, with only small daily variations in prices. Moderate sales from the Continent were offset by China buying, whilst America also gave some support. The Indian Bazaars have not been active, but have carried forward contracts falling due.

To-day, firmer advices from China, following the appreciation of the dollar, were followed by buying orders from that quarter and prices rose 1d. for cash and 1/2d. for two months, being quoted at 17 1/2d. and 18d. for the respective deliveries.

In view of the factor responsible for the rise, the market is somewhat uncertain and may continue to be influenced by movements of the dollar/sterling exchange.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 10th instant to mid-day on the 17th instant:—

IMPORTS.		EXPORTS.	
	£		£
Germany	30,930	Czecho-Slovakia	50,900
Belgium	4,590	Yugoslavia	109,839
British India	12,900	Poland	23,275
Iraq	2,300	British India	22,325
British South Africa	2,625	Persia	3,000
New Zealand	1,602	Zanzibar and Pomba	2,000
Other countries	2,426	France	1,722
	57,373		220,728

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.			
Cash	Two Months'		
delivery.	delivery.		
October 13	17 1/2d.	October 12	17 1/2d.
" 14	17 1/2d.	" 13	17 1/2d.
" 15	17 1/2d.	" 14	17 1/2d.
" 17	17 1/2d.	" 15	17 1/2d.
" 18	17 1/2d.	" 17	17 1/2d.
" 19	17 1/2d.	" 18	17 1/2d.
Average	17.750d.	" 18	17.844d.

The highest rate of exchange on New York recorded during the period from the 13th instant to the 19th instant was \$3.44 1/2 and the lowest \$3.35.

The stocks in Shanghai on the 15th instant consisted of about 120,900,000 ounces in sycee, 237,500,000 dollars and 3,740 silver bars, as compared with about 120,900,000 ounces in sycee, 237,500,000 dollars and 3,760 silver bars on the 8th instant.

GOLD AND SILVER PRICES.

Gold		Silver—		Date.		Silver.	
Per Ounce.		Per Ounce.				Per Ounce.	
		Cash	Forward			Cash.	
1932.							
Oct. 14.	119 s. 9 d.	17 1/2 d.	17 1/2 d.	Oct. 29, 1926	24 1/2		
" 15.	119 10	17 1/2	17 1/2	" 28, 1927	25 1/2		
" 17.	119 10	17 1/2	17 1/2	" 25, 1928	26 1/2		
" 18.	120 0	17 1/2	17 1/2	" 24, 1929	23		
" 19.	122 2	17 1/2	17 1/2	" 23, 1930	16 1/2		
" 20.	121 10 1/2	17 1/2	17 1/2	" 22, 1931	16 1/2		

NOTICES.

The Banco Italiano di Lima (Peru) announce the opening of agencies at Huacho, Ica, Huancayo and Piura.

Company News.

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Months.	Ending.	Des- cription.	Receipts for Month.		Aggregate to Date.	
				1932.	Compared with 1931 + or -	1932.	Compared with 1931 + or -
Alabama Grt. Southern	7	July 31	Gross	\$ 287,643	- 231,000	\$ 2,400,095	- 1,347,943
Atlantic Coast Lines	8	Aug. 31	Gross	1,946,561	918,698	26,801,859	13,754,911
Atchafalaya	8	Aug. 31	Gross	11,736,335	- 5,325,550	87,898,480	- 36,966,630
Baltimore and Ohio	8	Aug. 31	Gross	9,807,184	- 4,995,409	84,468,372	- 34,954,396
Boston and Maine	8	Aug. 31	Gross	3,527,064	- 1,532,472	30,582,643	- 9,558,787
Chicago & N. Western	8	Aug. 31	Gross	6,362,601	- 3,195,594	47,982,275	- 23,573,731
Chicago & Burlington	8	Aug. 31	Gross	6,621,850	- 3,192,926	52,286,913	- 24,272,131
Chicago & Great Western	8	Aug. 31	Gross	1,206,026	- 589,666	10,055,836	- 3,436,526
Chicago Mil. St. Paul	8	Aug. 31	Gross	7,527,620	- 2,209,891	54,563,682	- 21,881,021
Colorado and Southern	8	Aug. 31	Gross	1,810,659	- 808,226	15,401,370	- 5,488,271
Delaware and Hudson	8	Aug. 31	Gross	1,459,593	- 285,207	10,255,222	- 4,632,981
Denver and Rio Grande	8	Aug. 31	Gross	6,061,794	- 1,699,255	48,743,915	- 13,238,083
Erie Railroad	8	Aug. 31	Gross	5,165,599	- 1,995,575	33,578,218	- 16,847,156
Great Northern	8	Aug. 31	Gross	504,005	- 251,266	5,905,685	- 3,700,988
Gulf Coast Lines	8	Aug. 31	Gross	20,345	- 119,921	1,041,790	- 478,779
Illinois Central	8	Aug. 31	Gross	929,035	- 493,027	6,385,882	- 4,544,435
International Gt. Northern	8	Aug. 31	Gross	70,566	- 272,221	74,485	- 2,044,298
Lehigh Valley	8	Aug. 31	Gross	1,087,716	- 347,239	1,160,166	- 2,008,859
Louisville and Nashville	8	Aug. 31	Gross	2,592,252	- 921,271	19,507,659	- 5,405,401
Long Island Railroad	8	Aug. 31	Gross	1,948,065	- 595,908	14,223,350	- 5,600,373
Minn. St. Paul and Sault	8	Aug. 31	Gross	2,754,866	- 1,191,235	25,420,746	- 5,560,282
Missouri, Kansas & Texas	8	Aug. 31	Gross	2,256,632	- 106,005	1,882,179	- 611,739
Missouri Pacific	8	Aug. 31	Gross	693,925	- 1,136,095	45,694,500	- 20,991,288
New York Central	8	Aug. 31	Gross	22,937,653	- 9,741,307	196,964,162	- 68,096,160
N. York, New Haven and Hartford	8	Aug. 31	Gross	5,656,419	- 2,604,391	50,966,012	- 18,432,151
N. York, Ontario & Wn.	8	Aug. 31	Gross	987,579	- 215,967	7,040,372	- 795,346
Norfolk and Western	8	Aug. 31	Gross	4,853,176	- 781,966	9,337,503	- 5,360,982
Northern Pacific	8	Aug. 31	Gross	24,572,566	- 13,194,659	218,676,137	- 91,626,329
Pennsylvania Railroad	8	Aug. 31	Gross	2,052,000	- 7,208,279	23,791,137	- 9,543,439
Reading Co. ...	5	May 31	Gross	4,423,805	- 1,197,118	29,904,929	- 11,950,486
Rock Island Lines	8	Aug. 31	Gross	509,700	- 480,444	Dr. 1,221,305	- 3,678,576
Seaboard Air Line	8	Aug. 31	Gross	2,578,617	- 1,678,187	3,760,791	- 1,160,828
Southern Pacific	8	Aug. 31	Gross	5,563,788	- 2,687,497	47,956,691	- 19,776,667
Southern Railway	8	Aug. 31	Gross	1,694,838	- 147,273	1,934,201	- 2,156,735
Texas and Pacific	8	Aug. 31	Gross	1,694,838	- 147,273	1,934,201	- 2,156,735
Union Pacific	8	Aug. 31	Gross	1,694,838	- 147,273	1,934,201	- 2,156,735
Wabash	8	Aug. 31	Gross	1,694,838	- 147,273	1,934,201	- 2,156,735

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Dividend Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.	Rate.				
					Amount	Amount.	Rate.				
Banks.		£	£	£	£	£	%	£	£	£	%
Anglo-South American Bank	June 30	153,070	465,893	618,963	...	...	...	460,000	158,963	461,383	6
Breweries.											
Highland Distilleries	Aug. 31	42,289	1,529	43,818	...	...	...	10,037	33,781	8,826	7½
Financial Land, &c.											
International Financial Soc.	Sep. 30	6,841	1,617	8,458	13,500	...	...	Dr. 5,042	...	23,460	6
Russian Corporation, Ltd.	Sep. 30	10,953	22,000	32,953	10,312	7,500	4	...	15,141	25,014	4
Iron, Coal and Steel.											
Lambert Brothers	June 30	94,897	23,792	118,689	13,750	...	...	...	104,939	Dr. 14,539	5
Stothert and Pitt	June 30	5,643	Dr. 15,183	Dr. 9,540	2,892	...	...	Dr. 12,500	68	6,684	2½
Motor and Cycle.											
Joseph Lucas, Ltd.	Aug. 7	58,556	229,150	287,706	10,214	146,295	20	60,757	70,440	208,813	20
Standard Motor Co.	Aug. 31	Dr. 4,514	201,698	197,184	...	33,750	15	141,000	22,434	78,993	Nil
Rubber.											
Bunter Rubber Estates	June 30	Dr. 1,432	Dr. 768	Dr. 2,200	...	...	...	...	Dr. 2,200	Dr. 2,897	...
Central Sumatra Rubber	June 30	...	Dr. 4,752	7,011	186	...	...	...	6,825	Dr. 4,033	...
Kamuning (Perak) Rubber	June 30	19,947	5,811	25,758	...	...	...	...	25,758	4,799	...
Karmen Rubber	May 31	12,000	614	12,614	...	...	...	...	12,614	1,744	...
K.M.S. (Malay States) Rub.	June 30	12,495	2,233	14,728	...	...	...	...	14,728	1,418	...
Kuala Peta Rubber	Feb. 29	326	Dr. 2,546	Dr. 2,220	...	...	...	...	Dr. 2,220	...	...
Laras (Sumatra) Rubber	Mar. 31	14,242	Dr. 6,158	8,084	...	...	...	...	8,084	Dr. 15,517	...
Morib Plantations, Ltd.	June 30	1,887	Dr. 216	1,671	...	...	...	...	1,671	242	...
Patani Para Plantations	June 30	8,421	211	8,632	...	...	...	...	7,132	990	...
Sablas (North Borneo) Rubber	Apr. 30	Dr. 12,846	Dr. 6,316	Dr. 19,162	...	...	...	...	Dr. 19,162	Dr. 13,323	...
Singapore Para Rubber	June 30	7,613	Dr. 1,100	6,513	...	...	...	...	6,513	Dr. 1,121	...
Shipping.											
Ellerman Lines, Ltd.	Dec. 31	2,139,692	22,894	2,162,586	161,731	...	...	...	2,000,854	45,127	...
Tea.											
Central Province Ceylon Tea	June 30	4,875	8,655	13,530	3,000	...	...	5,300	5,230	9,812	6
Textiles.											
British Celanese, Ltd.	July 2	Dr. 99,385	226,062	126,677	...	...	...	112,086	14,591	Dr. 27,462	...
Tramways and Omnibuses.											
Norwich Electric Tramways	June 30	1,520	22,308	23,828	...	13,200	5	10,000	628	26,831	5
Trusts.											
British Canadian Trust	Aug. 31	7,684	15,597	23,281	4,283	8,566	9	2,500	7,932	21,279	9
Second American Trust	Aug. 31	11,334	22,549	33,883	21,897	...	...	...	11,986	33,489	5
Second Edinburgh Invest.	Sep. 30	78,550	36,540	115,090	23,540	15,881	7	...	75,669	53,749	12
Other Companies.											
Bartholomew (London), Ltd.	Sep. 30	1,126	9,774	10,900	10,825	...	...	...	75	14,367	...
Birrell, Ltd.	July 16	11,285	24,559	35,844	24,500	...	...	...	6,344	33,037	5
Debenhams, Ltd.	July 31	...	292,621	292,621	280,000	...	...	...	12,621	...	...
Erinoid, Ltd.	July 31	3,704	37,214	40,918	...	18,750	10	...	15,468	15,005	5
Imperial Airways, Ltd.	Mar. 31	31,556	10,187	41,743	...	14,042	3	...	25,201	27,140	3
Morris (Herbert), Ltd.	July 31	37,011	51,687	88,698	14,425	...	...	...	10,000	41,773	Nil
Prices Tailors, Ltd.	June 30	12,455	78,363	90,818	14,750	...	...	...	21,380	87,652	10
Rayne (H. and M.), Ltd.	Aug. 20	10,253	16,239	26,492	...	13,728	12½	...	12,764	13,945	Nil
Sadler and Co.	June 30	4,658	4,920	9,578	...	6,339	5	...	3,239	7,586	5
San Paulo Coffee Estates	Dec. 31	963	Dr. 898	65	...	...	...	...	65	Dr. 36,418	...
Serck Radiators, Ltd.	July 31	9,065	15,054	24,119	...	11,250	12½	5,000	7,869	19,756	15
Works.											
Thomas Smith's Stamping	July 30	16,043	695	16,738	...	...	...	...	16,738	8,387	5
Tuck (Raphael) and Sons	Apr. 30	13,522	20,208	33,730	13,750	12,500	5	...	7,480	27,766	5
United Dairies, Ltd.	June 30	93,503	591,517	685,020	195,000	278,751	12½	110,000	101,269	548,739	11

REPORTS AND NOTICES.

The directors of the National Provincial Insurance Company, Limited, announce the appointment, as from November 1, 1932, of Mr J. H. Luxton to be manager of the company in succession to the late Mr Wilfred Gale. Mr J. H. Luxton, who was formerly London manager of the State Assurance Company, Limited, has also held important branch managerial positions in the service of the Royal Exchange Assurance. Mr J. H. Buchanan, who was due to retire on pension last month, has kindly consented to continue in the service of the company until the end of the year.

GOVERNMENT, &c.

KINGDOM OF ROUMANIA FOUR PER CENT. CONSOLIDATION LOAN, 1922.—From various communications that have reached us it is obvious that a certain number of bondholders of the Roumanian 4 per cent. External Loan, 1922, have misinterpreted the communication we recently made on behalf of the Roumanian Government in connection with the Roumanian Four per Cent. Consolidation Loan, 1922, as referring to the former loan. This is not the case. The Roumanian Four per Cent. External Loan, 1922, of which £1,554,640 is outstanding, is preferential in character, and in a different category from all other Roumanian loans. Fiscal Agents for the Roumanian Government, The British Overseas Bank, Limited. (Signed) Arthur C. D. Gairdner, Deputy-Chairman and Managing Director.

BANKS.

THE NATIONAL CITY BANK OF NEW YORK.—The statement of the National City Bank of New York at September 30, 1932, including domestic and foreign offices, shows assets totalling \$1,610,067,556,

comprising: Cash in vault and in Federal Reserve Bank, \$190,513,013; due from banks, bankers and United States Treasurer, \$130,501,277; loans, discounts and bankers' acceptances, \$665,181,883; United States Government bonds and certificates, \$310,373,464; State and Municipal bonds, \$31,506,289; stock in Federal Reserve Bank, \$6,600,000; other bonds and securities, \$110,200,747; ownership of International Banking Corporation, \$8,000,000; bank buildings, \$60,455,899; items in transit with branches, \$15,244,803; customers' liability account of acceptances, capital, \$124,000,000; surplus, \$76,000,000; undivided profits, \$6,554,883; reserves for contingencies, \$31,072,317; unearned discount and other unearned income, \$2,730,041; interest, taxes, other accrued expenses, etc., \$7,785,358; dividend payable October 1, 1932, \$3,100,000; liability as acceptor, endorser or maker on acceptances and bills, \$81,552,249; circulation, \$1,997,610; deposits, \$275,275,096; total, \$1,610,067,556.

MISCELLANEOUS.

A. W. GAMAGE, LIMITED.—In connection with the reorganisation of this company it is now announced that the board, under the chairmanship of Mr. J. T. Greenwood, has been strengthened by the inclusion of Major Sir William Prescott, C.B.E., J.P., D.L., chairman of the Metropolitan Water Board, and Sir Wm. Prescott and Sons; Mr G. H. Bullimore, F.C.A., of Messrs. Hogg, Bullimore and Company, Limited, C.A., who is also chairman of the Champion Cycle Company and Currys, Limited; Mr. M. R. Moritz, member of the London Stock Exchange, and ex-member of Gamages Shareholders' Committee.

LEVER BROTHERS, LIMITED. announce in connection with their recent conversion offer to holders of their 5 per cent. first mortgage debenture stock that applications received substantially exceed the

amount of new 4 per cent. consolidated debenture stock available. Allotment letters were posted on October 20.

UNITED DAIRIES, LTD.—Net profit for the year ended June 30, 1932, was £591,517. The dividend on the ordinary shares has been increased, and is now 12½ per cent., against 11 per cent. and 10 per cent. for the two preceding years. It is proposed to place £80,000 to the general reserve and £30,000 to a pension fund. The carry-forward is increased from £93,503 to £101,269. The meeting will be held on October 28th, at noon, at the Connaught Rooms, Great Queen Street, W.C.2.

Commercial Reports.

MARKET SUMMARY.

The downward tendency in the price of primary products at the principal international markets has not yet been arrested. The course of quotations in the United States during the past week shows a further decline in the principal non-ferrous metals. Raw cotton, too, is substantially lower on the week, and rubber failed to recover. Among cereals, wheat, maize and oats were cheaper, but rye has been maintained. Among other foodstuffs, coffee continued to decline in value and sugar was fractionally lower, but cocoa has been a little steadier. Sterling prices of commodities, which lend themselves to grading and therefore to international arbitrage, moved in sympathy with the decline in the gold value of sterling. An outstanding feature has been the improvement in tea prices at this week's London auctions. Reports from various industrial centres in this country are none too encouraging. The slight improvement in the coal trade is mainly seasonal, and expectations of an expansion in activity in the iron and steel trades have so far not been fulfilled. On the other hand, the demand for cotton and rayon manufactures has been a little better.

THE COAL TRADE.

SHEFFIELD.—A scarcity of best steams for export is due entirely to insufficient production quotas, and there is little forward business passing. Industrial consumption fails to expand. House coal trade is unsatisfactory. Due to the mild weather sales continue below last year's level and prices are irregular; in a number of cases the usual winter increase is not being charged. Best steams for export are quoted at 17s. 6d. to 18s. f.o.b., and best ordinary house at 23s. and 24s. at pits. Production of blast-furnace coke exceeds consumption, prices being easy round about 10s. at ovens.

GLASGOW.—The market maintains its more active condition, business on home, coastwise and foreign account being better than at any time this year. With the production quota reduced for the final quarter some classes of large fuel are already none too plentiful—smaller have, of course, been scarce for some time—and values have a definitely firmer trend. East of Scotland areas have benefited principally from the increase in business, and one or two pits in Fife have been closed so as not to exceed the allocated output. Fife has been closed so as not to exceed the allocated output. Shipments of best (f.o.b. district ports):—LANARKSHIRE.—Ell best 14s.; splint best, 15s. 3d.; splint second, 13s. 9d.; navigation, 14s. 14s. 3d.; navigation second, 13s. 13s. 3d.; Hartley, 15s. 6d.; steam, 12s. 6d.; trebles, 14s. 6d. 15s.; doubles, 12s. 6d.; singles, 10s. 6d. 10s. 9d.; pearls, 9s. 6d. 9s. 9d.; dross, 9s. FIFE.—Screened navigation, 16s. 16s. 6d.; first-class steam, 13s. 6d.; third-class steam, 11s. 11s. 6d.; trebles, 10s. 6d. 18s.; doubles, 12s. 6d. 14s.; singles, 10s. 6d. 11s.; pearls, 9s. 6d. LOTHIANS.—Prime steam, 11s. 6d. 12s.; secondary steam, 11s.; trebles, 14s. 9d.; doubles, 12s. 13s.; singles, 10s. 6d. 11s.; pearls, 9s. 6d. AYRSHIRE.—Unscreened navigation, 15s.; jewel, 16s. 6d.; steam, 11s. 6d.; trebles, 14s. 6d.; doubles, 12s. 6d.; singles, 10s. 9d.; pearls, 9s. 9d.; dross, 9s.

NEWCASTLE-ON-TYNE.—The Tyne coal and coke shipments during September amounted to 1,032,157 tons, as against 1,037,583 tons in September of last year, a decrease of 5,426 tons. In the nine months ending September the shipments were 9,315,778 tons, compared with 10,377,179 tons in the corresponding period of 1931, a decrease of 1,061,401 tons. The outlook, however, is more encouraging, inquiries being steady and inclined to expand. The Northumberland steam position is particularly healthy, the D.C.B. collieries firmly adhering to 14s., as against their minimum of 13s. 6d. In Durham, the coaling station shipments are better, and the number of vessels calling for "bunkers only" have been much greater. Some prime brands of bunkers are 3d. to 6d. per ton above minimum prices. To-day's f.o.b. prices for export are as follows:—NORTHUMBERLAND.—D.C.B. screened steam, 14s.; smalls, 8s. 6d.; Howards, Bentinck, Newbiggin, screened, 13s.; smalls, 8s.; Tyne prime, large, 13s. 3d.; smalls, 9s.; Hartley Main, large, 12s. 6d.; smalls, 8s. DURHAM.—Lambton, South Hetton, screened steam, 15s.; smalls, 11s.; Wear Special, unscreened gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second class gas, 13s.; coking unscreened or smalls, 12s. 6d.; Prime unscreened bunkers, 14s.; second-class unscreened bunkers, 13s.; Prime foundry coke, 16s.; Newcastle and District gas coke, 18s.

CARDIFF.—The persistent slackness of the demand for large steam coals continues the most unfavourable feature of business on the Cardiff coal market, and there are no indications of an improvement in this respect in the immediate future. Moreover, with the closing of the Canada season exports of anthracite are likely to decline. Collieries are working under the reduced December quarter output quota, but are unable to find outlets for all their large coals, and consequently many of the pits are working very irregularly. Quotations for sized and other small coals are firmly maintained at their recently enhanced levels, but little business is passing at these figures, the bulk of the deliveries being under contracts arranged at or about the minimum price schedule basis. Members of the

Executive Committee of the South Wales Coal Marketing Association have this week received the proposed amendment of the provisions of Part I. of the Coal Mines Act, which have been drafted by a committee of the Central Council. They include, *inter alia*, proposals for separate quotas for home consumption and export; the sub-division of the home quota of each district into (a) sales in its own geographical area, and (b) deliveries to other parts of the United Kingdom; the delegation to the Central Council of more definite powers for the co-ordination of district prices; the fixation of differing minimum prices for the same class of coal according to geographical position and class of consumer; and the introduction of a levy on home sales to assist the export trade. The amendments are of a tentative character, and they must receive the support of 85 per cent. of the output before they can be submitted to the Board of Trade for approval and enforcement under an Order in Council. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; best large anthracite, 36s. to 38s. 6d.; red vein, large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 10s. 9d. to 11s.; special foundry coke, 32s. 6d. to 34s.; patent fuel, 20s.; pitwood, ex ship, 21s. to 22s.

IRON AND STEEL.

MIDDLESBROUGH.—The volume of business passing in Cleveland iron shows no appreciable expansion, in fact trade becomes more restricted, and the position is causing some anxiety. The foundry trades locally are short of work, and the same applies to the Scotch area, where orders are very scarce, and much idle time is being experienced. Very little pig iron is at present going there from this district, despite the substantial concessions that are granted to Scotch users on the prices charged to our own local consumers. Indications do not point to any early change in the conditions and stocks in makers' hands seem likely to continue to increase. The weekly market on Tuesday was again quiet, and the business reported was only on a small scale. Official prices for Cleveland iron were again unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t., with usual concessions for Scotch consumers. The hematite market is steady in tone, but there is only a moderate business doing. Consumers are still chary about committing themselves to forward purchases, and restrict their operations to early requirements. A few contracts of this description have been made recently, for which producers have generally been able to obtain 59s., but in one or two instances they have shaded the figure a trifle where very prompt delivery could be taken. Makers are very anxious to secure some forward business for which they are asking a slight premium, but find consumers disinclined to operate except in very odd instances, and for small quantities. Shipments of pig iron this month are very moderate, the total cleared to 18th instant being 4,473 tons compared with 5,177 tons to same date in September. In the finished departments there is a little more business doing, and prospects are regarded as brighter. The British Steel Makers agreed last week to leave home and export prices unchanged. The former therefore remain: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s., subject to rebate. Other commodities are iron crown bars, £9 15s.; heavy steel rails, £8 10s.; 24-gauge galvanised corrugated sheets, £10; and 24-gauge black sheets, £8 5s., all for home consumption. The ore market remains very quiet. Best rubio is nominally 14s. 6d. c.i.f., and the current freight Bilbao/Middlesbrough for early loading is 4s. 3d. Coke is freely offered for early delivery at 14s. 6d. delivered consumer's work for good blast-furnace qualities, but the demand is short of supply. The number of blast-furnaces in operation in the district is unchanged at seventeen.

SHEFFIELD.—The present month has brought little or no revival of activity to the heavy steel branches of the city and the outlook is the reverse of encouraging. Substantial orders are few in number, and these, with oddments, scarcely suffice to maintain half-time operating at the works. Production in such circumstances cannot be remunerative. As regards special alloy steels, sales are maintaining former levels, but show only slow expansion. There has been a moderate influx of orders for various hand and engineers' small tools, some factories, at least, being busier than at any time during the last two years. All the makers, however, could deal with much more work than is coming forward. The most active line in Sheffield to-day is the manufacture of permanent magnets; the major part of the output of these articles is going into wireless loud-speakers. The position of cutlery and plate is extremely unsatisfactory, there being no sign at present of any buying movement in connection with the Christmas season trade. Fortunately the trade in safety razors more than maintains its ground at home and is constantly increasing its hold on the overseas markets. Scissors are in demand at home. Imports of

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cutlery have fallen to the lowest point ever recorded. The Ottawa agreement proposes than pen and pocket knives, scissors and razors shall be placed on the Canadian duty-free list. At present they are subject to 20 per cent. The duty on British spoons, forks and table knives is reduced from 20 to 15 per cent. The Canadian duty on hand tools is reduced from 20 per cent. to 10 per cent. on British goods, with a general tariff of 35 per cent. Sheffield best tool steels are on the free list.

GLASGOW.—At a number of plants in the West of Scotland a general overhaul is in progress, and it would seem that there is a disposition to get plant into good working order in anticipation of more work being available in the near future than has been the case for some time. In the heavy trades tonnages booked during the present week are not considerable, but there is a decided increase in the number of inquiries, and overseas buyers are evidently taking much more interest in our products. At the ship-repairing yards the amount of work on hand this week is quite important. Sheet trade bookings, particularly of black sheets, have been more satisfactory than for a number of weeks past, and there are more mills operating. Tube makers generally are not finding much improvement in demand, but at one or two of the works operatives are better employed than for some little time past. The demand for re-rolled steel bars remains poor.

CARDIFF.—There has been no improvement this week in the state of business in the South Wales tinplate trade. Prices have been a shade easier at from 15s. 9d. to 16s. per basis box, and shipments at Swansea last week were smaller than those recorded for some time past. They totalled only 61,073 boxes, compared with 78,885 boxes the previous week, and 89,410 boxes in the corresponding week last year. Production is below 60 per cent. of capacity, and stocks are again increasing. Galvanized sheets at about £10 per ton f.o.b. are also a quiet market. Welsh steel bars are quoted at 95s. per ton delivered and foreign bars at from 10s. to 13s. per ton lower. Total imports of foreign partly-manufactured iron and steel goods at the South Wales ports last week reached the exceptionally high figure of over 18,000 tons.

OTHER METALS.

TIN.—The market in tin was dull at the end of last week and the price gave way. On Tuesday prices advanced under the influence of the attitude of reserve adopted by sellers. Owing to profit-taking a further rise in quotations was prevented on Wednesday, but previous gains were maintained. Sales on the London Metal Exchange were 200 tons on Monday, against 450 tons last week; 225 tons on Tuesday, against 450 tons last week; and 650 tons on Wednesday, against 350 tons last week. The New York quotation on Tuesday was 24.10 cents per lb., against 24.05 cents a week ago and 24.70 cents a month ago. Wednesday's official closing quotation in London for standard cash was £153 2s. 6d. to £153 6s., compared with £151 10s. to £151 12s. 6d. last week. Stocks in London and Liverpool at the end of last week were 31,288 tons, a decrease of 141 tons on the week.

COPPER.—At the beginning of the week the demand for copper in London was poor and prices were sagging. On Wednesday, there was a slight spurt owing to the decline in the gold value of sterling. Sales at the London Metal Exchange were 300 tons on Monday, against 1,200 tons last week; 500 tons on Tuesday, against 500 last week; and 700 tons on Wednesday, against 500 last week. Domestic spot was quoted 6½ cents per lb. New York on Tuesday, against 6½ cents a week ago and 6½ cents a month ago. Wednesday's official closing price for standard cash in London was £32 6s. 3d. to £32 8s. 9d., compared with £32 8s. 9d. to £32 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 23,810 tons, show an increase of 149 tons, and stocks of rough copper, at 4,006 tons, an increase of 1,555 tons.

LEAD.—On Monday and Tuesday the market in lead was quiet and prices declined under selling pressure. A slight improvement in demand brought about a firmer tendency on Wednesday. Sales at the London Metal Exchange were 200 tons on Monday, against 1,600 tons last week; 450 tons on Tuesday, against 600 tons last week; and 800 tons on Wednesday, against 450 tons last week. The New York quotation on Tuesday was 3.00 cents per lb., against 3.00 cents a week ago and 3.40 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £11 18s. 9d. for September shipment, compared with £12 2s. 6d. last week.

SPELTER.—As in the case of other non-ferrous metals the demand for spelter was dull at the beginning of the week, but improved on Wednesday when prices advanced sharply. Sales were 500 tons on Monday, against 600 a week before; 350 tons on Tuesday, against 500 the week before; and 1,200 tons on Wednesday, against 1,200. The New York quotation on Wednesday was 3.00 cents per lb., against 3.05 cents the week before, and 3.25 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £14 18s. 9d. for September shipment, against £15 5s. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium was again quoted at £100 per ton. Nickel was unchanged at £240 to £245. Quicksilver was slightly higher at £9 10s. to £9 17s. 6d. per flask, against £9 7s. 6d. to £9 15s. a week ago. Platinum was again quoted at £9 5s. per ounce. Foreign antimony was unchanged at £23 to £23 10s. per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week, October 13th to 19th (inclusive), are 31,017 bales, of which 11,070 are American, 8,611 Peruvian, 1,876 Argentine, 5,605 Egyptian, 125 African, 3,214 East Indian, and 516 sundries.

Manchester.—The general inquiry in the market has continued rather more encouraging, but a certain amount of nervousness has prevailed with regard to the spinners' wages dispute. On the whole, however, it is expected that a settlement will be reached without any stoppage of machinery. A persistent demand has been met with in piece-goods for India. Rather freer operations have occurred in light bleaching descriptions for Karachi and the up-country markets, and a few more lines have been booked in dhooties for Calcutta. Inquiry for China has tended to broaden and in addition to isolated sales in bleached shirtings more activity has shown itself in printed and dyed goods. A rather more encouraging turnover has also taken place in fancies for Hong Kong, Java and the Straits Settlements. The offtake for Egypt and the Near East remains poor. Rather less demand has been about for South America, but useful orders have been secured for West Africa and the Continent. Moderate buying has taken place in home trade fabrics. Towards the close of the week yarn quotations have been more firmly held and some spinners have sold a little more freely in home counts. Demand in export numbers has been disappointing.

Cotton Prices.

	1932.				Corresponding Date.	
	Sept. 28.	Oct. 5.	Oct. 12.	Oct. 19.	1930.	1931.
Raw Cotton—Mid. American..... per lb.	6.10	5.86	5.69	5.57	5.87	4.90
" Sakellaridis Fully Good Fair..... per lb.	8.80	8.35	8.30	8.12	9.40	7.35
Yarns—32's twist..... per lb.	10½	10	9½	9½	9½	9½
" 40's twist..... per lb.	10½	10½	10½	9½	9½	9½
" 60's twist (Egyptian)..... per lb.	16½	16	15½	15½	17½	16
32 in. Printers, 116 yds., 16 by 16, 32's and 30's.....	19 9	19 6	19 3	19 0	18 9	18 0
36 in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	22 0	21 9	21 6	21 0	21 0	19 9
38 in. ditto, 38 yds., 18 by 18, 30's and 40's.....	11 5	11 4	11 3	11 1	11 9	11 2
39 in. ditto, 37½ yds., 16 by 16, 32's and 40's.....	10 3	10 2	10 1	9 11	10 7½	9 11

THE WOOL TRADE.—Bradford.—Fully a week having elapsed since the close of the sixth series of London sales, and further auctions having been held in Australia, it is possible, writes our correspondent, to give a fairly comprehensive review of the raw material situation. The first half of the selling season is now fairly well advanced, and the trade is getting closely to grips with the consumption of the current clip. In this respect the situation must be regarded as fairly encouraging. Big weights of wool are being consumed in the West Riding of Yorkshire and other manufacturing districts in this country, and there are indications of similar developments on the Continent. There need not therefore be any great anxiety about the future of values. A big weight of wool was cleared at the last London sales, and values for most descriptions have maintained a large part of the opening advance. Prices have been left on a slightly higher level than in July. Any modification in values between now and the end of the year can only be regarded as one of those phases through which the industry must pass in order to cope with supplies. For several weeks there have been possibilities for big business developing in the West Riding, spinners being prepared to place larger orders for tops. Now that wool and tops have come into line, and a considerable amount of forward business having been done in the latter, importing topmakers are able to buy the raw material in overseas markets on an approximately corresponding basis. The Bradford market is again quieter. For any business passing the price of good 64's is around 22½d., and for forward business it would be possible to buy at less. Combing machinery is busy, there being a bigger output of crossbred tops. Spinners have sold yarns fairly freely.

THE GRAIN MARKETS.

WHEAT.—The realisation that the size of the new world crop is such, that little reduction can be expected in the surplus carried over from last season, has had a depressing influence on wheat prices. Other adverse factors are the general economic position of the world and the heavy selling pressure of Canada. There is, of course, the possibility that the Far East will absorb increasing quantities, particularly if long-term credits can be arranged, and the practical certainty that Russia's exports will be considerably less than during the past season. On the other hand, crop prospects in Argentina and Australia have recently been improving. As these two countries usually market their exportable surplus readily, considerable pressure on the markets may be expected in the spring. On the whole, it is therefore unlikely that wheat prices will establish a substantially higher level in the near future. On Wednesday, "December" futures were quoted in Chicago at 49½ cents per bushel, against 49½ cents the week before, and 52½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. per 496 lbs., against 28s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 27s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 27s. 3d.; Australia, ex ship, 28s. 3d., against 28s. a week ago.

WHEAT FLOUR.—Business in flour has been quiet. North American shipments were 143,000 sacks, compared with 127,000 the week before. Wednesday's London quotations were: Straight delivered London, 2½s., at both dates. Manitoba patents, ex store, 23s. 6d. to 25s. 6d., against 23s. 6d. to 25s. 6d. Australian, ex store, 20s. 6d. to 21s. 6d., against 20s. 6d. to 21s. 6d. last week.

BARLEY.—The market in barley has been inactive and quotations gave way despite the fact that there was little selling pressure. "October" futures were quoted in Winnipeg on Wednesday at 25½ cents, against 24½ last week and 28 a month ago. Quotations in London on Wednesday were: "English feeding," i.o.r., per 448 lbs., 22s. to 24s., against 22s. a week before.

OATS.—Oats have been in poor demand, and Canadian exporters have had to accept lower prices. In Chicago, "December" futures were quoted at 16 cents on Tuesday, against 16½ per bushel a week before and 16½ a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 9d. per 320 lbs., against 18s. 3d. a week ago; "River Plate," ex ship, 16s. 9d., against 17s. 3d.; "Chilean White," landed, 23s.-24s., against 23s.-24s. 6d. a week earlier.

MAIZE.—Until recently, Continental Europe has readily absorbed the heavy quantities exported from Argentina. Demand has, however, fallen off, and prices have declined, despite smaller shipments from South America. "December" futures in Chicago were quoted on Wednesday at 25½ cents, against 27½ cents on Wednesday of last week and 28½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. 3d. per 480 lbs., compared with 20s. 3d. last week; "Plate," ex ship, 19s. 3d., as against 19s. 3d.; "Plate," December-January, 20s., as against 20s. Yellow Maize, ex wharf, was quoted at £5 15s. per ton, against £5 15s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to October 15.....	Cwts. 360,142	Cwts. 99,688	Cwts. 128,777	Cwts. 253,144
7 weeks to October 15.....	1,514,031	449,411	1,036,919	2,228,577
Average price of English wheat per cwt.	s. d. 5 8	s. d. 5 9	s. d. 6 11	s. d. 9 5

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

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 8, 1932.....	Cwts. 333,392	Cwts. 246,045	Cwts. 80,464	s. d. 5 8	s. d. 7 11	s. d. 6 3
Oct. 15, 1932.....	360,142	356,237	69,372	5 8	7 11	6 3
Oct. 13, 1928.....	327,756	624,356	98,264	9 5	10 10	8 8
Oct. 12, 1929.....	285,327	615,120	87,495	9 4	10 4	7 10
Oct. 18, 1930.....	128,777	411,536	56,509	6 11	9 8	6 2
Oct. 17, 1931.....	99,688	509,409	65,763	5 9	9 6	6 4

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

NEAREST FUTURE	Jan. 2, 1930.	Jan. 2, 1931.	Oct. 31, 1931.	Jan. 4, 1932.	Oct. 11, 1932.	Oct. 19, 1932.
Winnipeg (No. 1 Manitoba).....	148½	56½	59½	62½	48½	48½
Chicago (No. 2 Winter).....	130½	79½	53	55½	52	49½

The visible supply of wheat in Canada, at 91,991,000 bushels, shows an increase on the week of 447,000 bushels. Supplies a year ago stood at 45,717,000 bushels.

OTHER FOODS.

SUGAR.—The firmer tendency of raw-sugar values following an improvement of demand in the United States has not been maintained during the past week. December futures were quoted in New York at 1.08 cents per lb. on Tuesday, against 1.11 cents a week before and 1.06 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 11d. to 5s. 11½d. per cwt., against 5s. 11½d. to 6s. a week before, and "March, 1933," at 6s. 2½d. to 6s. 2½d. against 6s. 2½d. to 6s. 3d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	1	53	1,005	3,083	11,252	9,657
Liverpool.....	15,383	6,050	14,157	12,745	55,472	32,739
Total.....	15,384	6,103	15,162	15,828	66,724	42,396
Last week....	11,870	13,416	13,679	17,122	66,502	52,121

COFFEE.—There has been a further setback in coffee prices in the United States. On Tuesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8½ cents per lb. on the corresponding day a week ago. Tuesday's London auctions were characterised by a slow demand, and prices were barely maintained. Last week's movements of coffee in London were as follows: Brazilian, landed, 129; delivered for home consumption, 183 bags; exported, nil; stocks, 6,701 bags, against 2,039 bags a year ago. Central American, landed, 1,586 packages; delivered for home consumption, 2,067 packages; exported, 2,423 packages; stocks, 67,231 packages,

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against 76,734 last year. Other kinds: Landed, 3,006 packages; delivered for home consumption, 2,335 packages; exported, 1,986 packages; stocks, 56,474 packages, against 59,960 last year.

COCOA.—The market in cocoa has been dull, and prices failed to recover. December futures were quoted at 4.20 cents in New York on Tuesday, against 4.18 cents a week ago and 4.50 a month ago. Accra, November-January, at 26s. 9d. c.i.f. Continent, shows no change on the week. Last week's movements of cocoa in London were as follows: Landed, 1,102 bags; delivered for home consumption, 5,645 bags; exported, 179 bags; stocks, 128,108 bags, against 169,818 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 56,514 packages of Indian and 31,139 packages of Ceylon tea. Throughout the "Indian" and "Ceylon" auctions on Monday, Tuesday and Wednesday, competition was keen, and most varieties of tea realised higher prices. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Auction during past weeks:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.
Oct. 15, 1931.....	d. 13.73	d. 11.28	d. 18.57	d. 8.73	d. 7.44	d. 6.67
Sept. 22, 1932.....	10.09	6.04	9.25	4.82	4.10	5.32
Oct. 29, ".....	10.75	6.28	10.05	4.74	4.09	ND
Oct. 6, ".....	10.25	6.50	10.45	5.22	4.34	5.69
" 13, ".....	10.57	6.74	11.07	5.78	3.91	5.38

RICE.—Business in rice was not large, and forward positions declined further. The spot price was again 10s. 3d. per cwt., while the forward quotations at 7s. 10½d. per cwt. show a decline of 1½d. per cwt. Movements in London during the past week were as follows: Landed, 345 tons; delivered, 239 tons; stock, 2,198 tons, against 2,220 tons a year ago.

POTATOES.—The chief markets were abundantly supplied with potatoes, but demand was again good, and prices show little change on the week. At the London Borough Market, "King Edward," light soil, were quoted at 5s. 6d. to 6s. per cwt., against 5s. 6d. to 6s. a week ago.

SPICES.—The market in pepper was quiet. Spot pepper, "Black Singapore," was again quoted at 6½d. per lb. on Wednesday. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 15 tons; delivered, 20 tons; stock, 271 tons, against 405 a year ago. White, landed, 178 tons; delivered, 49 tons; stock, 586 tons, against 442 a year ago.

MEAT.—Beef prices at the Smithfield Market are scarcely changed on the week, but mutton—particularly "New Zealand"—was cheaper. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 4d. to 4s. 2d. per 8 lbs., as compared with 3s. 4d. to 4s. 2d. last week. New Zealand frozen mutton was 2s. 2d. to 2s. 8d. per 8 lbs., against 2s. 4d. to 3s. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,618 tons, against 9,486 tons in the corresponding week last year. Imported beef, principally Argentine, formed 82.3 per cent. of the beef supplies, against 85.5 a year ago. Imported mutton, mainly New Zealand, formed 72.3 per cent. of the total supply of mutton and lamb, against 67.0 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets are still overshadowed by the uncertainty of the fiscal situation, especially in the case of linseed, on which a tax of 10 per cent. is proposed under the Ottawa agreements when drawn from other than Empire sources. The great bulk of the United Kingdom supplies of this commodity is received from Argentina and very little indeed from India. The effect would be to give an advantage to Continental crushers who, it is presumed, would continue to import their seed free. At present there is a 10 per cent. duty on foreign linseed oil, and to offset the tax on seed it is suggested that this should be increased to 15 per cent. or higher. Until something definite is settled crushers are postponing purchasing as far as possible. Although some support has been forthcoming from the Continent, Plate linseed has further eased, current value for "afloat" and October loading being £8 12s. 6d., and November to March £8 15s. to £8 17s. 6d. The quantity afloat for Europe has dropped to 198,200 tons, which is 36,400 tons less than last week and compares with 147,200 tons a year ago. Cottonseed is neglected and easier, new crop Egyptian afloat to October being quoted £6 15s. to £6 17s. 6d. according to position. Vegetable oils are in only moderate demand. Raw linseed oil naked ex Hull mill is easier and for October delivery is quoted £17 and November-December £16 15s. Cotton oil is dull, crude Egyptian offering at £22 10s. and refined at £24 5s. ex Hull. Oilcakes are in poor demand and mill quotations are lower.

HIDE, LEATHER AND ALLIED TRADES.—Although the demand for hides from home-slaughtered cattle continues fairly satisfactory

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—			
CEREALS AND MEAT.				Irish bladders				English Southdown, greasy per lb. 10			
GRAIN, &c.—				American, boxes, 56 lbs. 47	0	66	0	Lincoln hog, washed	5	1	0
Wheat—				POTATOES—				Queensland, sd. super cmg.	19		
No. 2, N. Man. 49b lb.	27	6		Good English, per cwt. 5	6	6		N.S.W. greasy, super	11		
Eng. Gaz. ar., per cwt.	5	8		SPICES—				N.Z., grey, half-bred 50-56	11		
Barley, Eng. Gaz. ar.	7	11		Pepper, per lb.—				Tops—	5		
Oats, " "	6	3		Muntok, fair White	0	7		Crossbred 40-44	5		
Maize, La Plata, landed,	20	3		Black Lampong	0	7		Merino 70's	23		
480 lb.				Cinnamon—1st sort, per lb.	0	6		64's	22		
Flour, Lon. stan. ex mill,	22	9		Ginger—per cwt.	1	5		Crossbred 48's	10		
280 lb.				African	24	0		46's	9		
Rice, No. 2 Burma, per cwt.	7	10		Jamaica, ord. to good	57	6	90	COAL—			
Tapioa, per cwt.	11	6		Mace	10	2	1	Wish, best Ad'ly	19		
Fair Flake, Singapore ..				Nutmegs, 65s.	1	5		Durham, best gas, f.o.b.	14	0	14
MEAT—				SUGAR—				Typical	14	0	14
Beef, per 8 lbs.—				(Duty, 1s. 8d. per cwt.)	16	3	18	Sheffield, best house, at	23	0	24
English long sides	3	6	4	Java, white, c. & f. India	8	1		IRON AND STEEL—			
Argentine chilled hinds	3	4	4	Oct.-Dec.	8	1		Fig. Cleveland No. 3, ton	58	6	
Mutton, per 8 lbs.—				REVISED—London	18	7		Best, M'brong	195	0	
English wethers	3	4	4	Yellow Crystals	23	0	25	Steel Rails, heavy	170	0	
N.Z. frozen	2	2	2	Crushed	21	0	21	Thin Plates	15	3	
Pork, English, per 8 lbs.	4	6	5	Granulated	19	0	19	Copper, Electrolytic, ton	36/10/0		
OTHER FOODS.				Home Grown	18	1	19	Sheets (strong)	65/0/0		
BACON—				TEA—				Standard	32/6/3	32/8/9	
Irish	72	0		Indian—per lb.—				Leaf, Eng. Fig., per ton	13/15/0		
Danish	50	0	52	Pekoe	0	6	2	Soft	11/18/9		
Dutch	40	0	43	Broken Pekoe	0	6	2	Spelter G.O.B.	14/18/9		
HAMS—				Orange Pekoe	0	6	2	Tin—English Ingots	153/0/0		
Canadian	70	0	72	Broken Orange Pekoe ..	0	6	2	Standard cash	153/2/6	153/5/0	
American	58	0	62	Ceylon—per lb.—				MISCELLANEOUS.			
BUTTER—				Pekoe	0	6	2	CHEMICALS—			
Australian	98	0	101	Broken Pekoe	0	6	2	Acid, citric, per lb., less 5%	0	10	0
New Zealand	102	0	110	Orange Pekoe	0	7	2	Nitric	0	2	0
English Cheddars	59	0	100	Broken Orange	0	6	3	Tarlic, net	0	4	0
Danish	62	0	74	TOBACCO—				Tarlic, English, less 5%	0	10	0
CHEESE—				(Duty 9/6-10/6 per lb.)				Alcohol, Plain Ethyl	12	0	0
Canadian	67	0	68	Empire growths, 7/5				Alum, lump	8	10	8
New Zealand	59	0	61	8/3 1/2 per lb.)				Ammonia, carb.	30	0	31
English Cheddars	59	0	100	Virginia leaf				Argentine, lump	5	5	10
Danish	62	0	74	Common to fine	0	10	3	Armenia, lump	35	0	40
COCOA—				Rhodesian leaf	0	10	3	Bleaching powder, per cwt.	8/10/0		
(Duty, British grown,				Nyasaland leaf	0	6	1	Borax, gran.	13	0	0
1s. 8d.; foreign, 14s. cwt.)				strips	0	6	2	Dol., powder	14	6	0
Acara, f.f.	26	0	29	East Indian leaf	0	5	10	Nitrate of Soda	8	6	9
Trinidad	42	0	48	strips	0	5	1	Potash—Chlorate, net	0	4	0
Grenada	32	0	37	COFFEES—				Sulphate	11	0	11
(Duty, British grown,				Mid-American	5	57		Salt-Ammonio	42	6	45
1s. 8d.; foreign, 14s. cwt.)				Sakellaridis, f.g.f.	8	12		Soda Bicarb.	9	0	6
Santos sup'r. c. & f. cwt.	71	0		Yarns, 32's twist	9			Crystals	5	0	5
Colombian, good	78	0	95	50's twist	15			Sulphate of Copper, per ton	15	10	16
Oeste Rica, med. to good	88	0	112	50's twist	15			ORIENT—			
East Indian	90	0	112	50's twist	15			London	8	6	9
Kavira, medium	78	0	92	50's twist	15			Portland, best Eng. pr. ton—	44	0	44
BGGs—				50's twist	15			In free paper bags (25 to	44	0	44
English	120	1	13	50's twist	15			ton)	44	0	44
Danish	14	6	16	50's twist	15			COPIA—			
FRUIT—				50's twist	15			S.D. Straits c.f.f., per ton	14/15/0		
Oranges—				50's twist	15			DRUGS—			
South African	10	0	14	50's twist	15			Camphor	2	4	0
Brazilian	10	0	14	50's twist	15			Japan, refined	2	4	0
Lemons, Sicilian	18	0	30	50's twist	15			Pitchpine	24	0	0
cases	30	0	40	50's twist	15			Rio Deas	32	0	0
Malaga	22	0	24	50's twist	15			Teak	28	0	0
Apples: Amer. (var.) b'ls.	23	0	36	50's twist	15			Honduras Mahg. logs c. ft.	0	10	0
(var.) boxes	9	6	10	50's twist	15			African	0	6	0
" Australian				50's twist	15			Amer. Oak Boards	0	6	0
Onions—				50's twist	15			" Ash	0	6	0
Valencia, case, 4s.	7	0	7	50's twist	15			English Oak Planks ..	0	6	0
Argentine, bags				50's twist	15			" Ash	0	6	0
Grapes, Lisbon & boxes	12	0	25	50's twist	15						
" Almeria				50's twist	15						

values are again weaker this week. At the Leeds auctions the majority of ox and heifers sold at from 4d. to 5d. per lb. less money, while lower prices were paid for both cow and bull hides. The downward tendency of the market was not so pronounced at the Manchester sales, excepting in the case of cows, on which an all-round reduction of 1d. per lb. was recorded. Calfskins remain at fairly steady figures, but there has been some set-back in the position of the market for sheepskins. Generally speaking there has been no increase in the demand for imported hides, as, although slightly more interest has been taken in some sorts, other descriptions have accounted for less inquiry in spite of the lower basis of values which has been established. In the South American market wetsalted Argentine ox are now quoted at 4d., with a fraction over 4d. asked for cows and 5d. for Montevideo ox. Dry hides from the same source have also cheapened, B.A. Americanos being offered at 5 1/2d., Inservibles at 3 1/2d., and M.V. Americanos at 6 1/2d. Even at the figures mentioned no large business has been done, the only direction from which reasonable interest is forthcoming being the Continent. Moderate sales have been made of African hides and for these sorts there has been little change in values. Dry Capes still figure at 8 1/2d. and 5 1/2d. for firsts and seconds, with dry salted offered at 1d. less. Unbathed Adis Abebas are quoted at 5 1/2d. and Mombasas at 5d. There has been no improvement in the market for Australian hides, which continues weak. Consumption of sole leather on the whole has been moderate, as, although the inquiry for English and wetsalted bends continues satisfactory, shoe manufacturers show no great interest in dry hide bends. Light and medium weight goods are in request most, although some small business has been done in the heavier weights of English. Rough bellies and shoulders have not been responsible for any improved trade, but the inquiry for pinned sorts has progressed on steady lines. In the upper leather section orders are still mainly confined to box and willow calf and glacé kid, for which a fair amount of business is coming to hand all the time. Orders for reptile leathers are also maintained at a moderate level, in addition to which there has been rather more inquiry for parcels of suede and patent.

RUBBER.—The market in rubber has again been dull and inactive and prices moved within narrow limits. In New York,

Wednesday's spot price for rubber, at 3 1/2 cents per lb., shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2 1/2d. per lb., against 2 1/4d. per lb. on the corresponding day last week. In forward positions, business has been done at 2 1/2d. to 2 3/4d. for April-June, 1933, as against 2 1/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 655 tons; delivered, 1,807 tons; stocks at the end of last week, at 101,560 tons, show a decrease of 1,152 tons as compared with the preceding week.

COMMODITY PRICES IN UNITED STATES.

(New York quotations, unless otherwise stated.)

	Sept. 21.	Oct. 11.	Oct. 19.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	52 1/2	49 1/2	49 1/2
Maize, nearest future, Chicago, per			
bushel	28 1/2	27 1/2	25 1/2
Oats, nearest future, Chicago, per			
bushel	16 1/2	16 1/2	16
Rye, nearest future, Chicago, per			
bushel	33 1/2	32 1/2	32 1/2
Coffee, Rio No. 7, cash, per lb.	9 1/2	8 1/2	8 1/2
" Santos No. 4, cash, per lb.	15	12 1/2-13	12 1/2
Cocoa, Accra, nearest future, per lb.	4-50	4-18	4-20
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-15	3-18	3-15
Cotton, middling, spot, per lb.	7-50	6-80	6-45
Rubber, smoked sheet, spot, per lb...	3 1/2	3 1/2	3 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	175-197	142-164	142-16
Copper, "Electrolytic," Domestic,			
spot, per lb.	6 1/2	6 1/2	6 1/2
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	6 1/2	5-725	5-825
Spelter, East St. Louis, spot, per lb..	3-25	3-05	3-00
Lead, spot, per lb.	3-40	3-00	3-00
Tin, "Straits," spot, per lb.	24-70	24-05	24-10

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WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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THE MONEY MARKET.

MONEY was generally easy at the week-end, with 1/2 per cent. quoted for both old and new money, but on Monday the absence of Treasury bills maturities made funds more usable, and up to 3/4 per cent. had to be paid for new money. Rates of 1/2 to 3/4 per cent., in fact, have remained in force during the whole of this week, though renewals have been continued at 1/2 per cent. In order to prevent

money from becoming too stringent some special buying of early December Treasury bills has taken place at $\frac{1}{2}$ per cent., this date being presumably selected with the object of placing the authorities in funds at the time when they have the big December War Loan and other maturities to meet. These operations have been conducted in such a way as not to widen the existing adverse margin between money and discount rates, for in accordance with the usual practice the bills were only bought at the rates already in force.

The result of last week's Treasury bill issue was a disappointment to the market. As the movement of forward sterling from a premium to a discount has deterred foreign interests from applying for new Treasury bills at current rates, it had been hoped that in the absence of any foreign demand, the rate would rise above the previous week's level of 15s. 0.84d. per cent. Applications from the clearing banks, however, were in evidence and nearly five millions were cut off the original offer, and the result was that the average tender rate fell to 13s. 7.36d. per cent., or just under $\frac{1}{16}$ per cent. This week the banks have been heavy buyers of three-months' bank and Treasury bills at $\frac{1}{16}$ per cent. These rates represent selling rates, and the current market rates are $\frac{1}{16}$ per cent. for "hot" Treasury bills, $\frac{3}{4}$ per cent. for three months' bank bills, $\frac{1}{8}$ -1 per cent. for four months' and 1- $\frac{1}{2}$ per cent. for six months' bank bills. Standstills were quoted at 1-2 per cent.

	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	24 (June 30, '32)
Banks Deposit Rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount (Call).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses (Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate ("hot"	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months'	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	...
bank bills)	$\frac{1}{8}$ -1	$\frac{1}{8}$ -1	$\frac{1}{8}$ -1	$\frac{1}{8}$ -1	...
Market rate (stand-	1-2	1-2	1-2	1-2	...
still bills)	1-2	1-2	1-2	1-2	...

Very few changes are recorded in this week's Bank return. There is a slight decrease of £0.8 million in the note circulation, and with no gold movements a corresponding increase in the Reserve. There is a turnover of £5.3 millions from Public Deposits to Bankers' Deposits. This partly neutralises the converse movement of last week, and possibly reflects the special buying of Treasury bills already referred to, and also the official buying of 1933-35 5 per cent. Treasury bonds discussed below. The remaining items in the Banking Department's accounts show very little change. The Proportion stands at 41.8 per cent.

This week's revenue returns included a receipt of £3.8 millions, consisting of cash applications for the recent issue of 2 per cent. Treasury bonds. As 5 per cent. of the purchase price was payable on application, and as there is ground for believing that unsuccessful applicants received their money back before the returns were made up, this suggests that allotments for cash amounted to £76 millions. From this it follows that most of the £80 millions of maturing 4 per cent. 1932-34 bonds estimated to be held internally were not converted, for the total amount of the new issue was £150 millions. In any case, the Government will receive about £70 millions of new cash on December 1st, the day of the War Loan repayment. Meanwhile, heavy official buying of the 5 per cent. 1933-35 Treasury bonds is reported, and the market expects that on November 1st the prescribed three-months' notice will be given of their repayment on February 1st. It does not follow that a new Government issue will be made immediately, for it may well be decided to wait until Government securities recover from their present slight weakness, due to the depreciation of sterling.

The foreign exchange market was fairly active this week. After a steady opening, sterling became subject

to violent fluctuations and declined sharply, closing, however a little above the lowest levels touched. New York was 3.28 $\frac{1}{2}$ after 3.26. Montreal gained 8 points at 3.62. Paris, after 83, closed at 83 $\frac{1}{2}$, or nearly three francs dearer than last week. Brussels improved sharply to 23.60, as did Milan to 64 $\frac{1}{2}$. Madrid went from 41 $\frac{3}{4}$ to 40, and Lisbon from 109 $\frac{1}{2}$ to 108 $\frac{1}{2}$. Amsterdam was 8.16 against 8.42 last week and Berlin 13.80 against 14.25. Switzerland moved sharply against sterling to 17.00. The Scandinavian currencies went with the rest but less markedly against sterling, Stockholm moving to 19.18, Oslo to 19.60 and Copenhagen to 19.20. Helsingfors was 230, Bucharest 550 and Constantinople 690, offered. The South American currencies remain largely nominal. Rio improved by $\frac{1}{2}$ d. to 5 $\frac{1}{2}$ d., sellers, and Buenos Aires by $\frac{1}{2}$ d. to 35 $\frac{1}{2}$ d., Montevideo being unchanged at 29d. In the Far East the rupee was firm at 1s. 6 $\frac{3}{4}$ d. The yen fell away by $\frac{1}{2}$ d. to 1s. 4 $\frac{3}{4}$ d., but Batavia improved from 8.42 to 8.10. In the forward market dollars went from a premium for both deliveries to par for one month and $\frac{1}{2}$ cent discount for three months. Paris was at 4 and 9 centimes premium, and Brussels at one and 2 centimes discount. Milan, Madrid and Amsterdam were unchanged at last week's levels, but Switzerland improved sharply to 1 $\frac{1}{2}$ and 3 centimes premium. The silver market was quiet and prices rose for a time on the decline in sterling, closing at 17 $\frac{1}{2}$ d. for cash and forward, cash being unchanged on balance, whilst forward declined by $\frac{1}{2}$ d. The China silver exchanges were both better by $\frac{1}{2}$ d., Hongkong being quoted at 1s. 4 $\frac{1}{2}$ d. and Shanghai at 1s. 9 $\frac{1}{2}$ d.

So far as can be told, the official policy is still to let sterling find its natural level, and it is impossible to trace any evidence of intervention in either the spot or forward market. It is also becoming clear that other influences against sterling are being superimposed upon the original seasonal pressure. Thus the first break in the exchanges a week ago probably caused some hurried forward covering by commercial interests with foreign commitments to meet before the end of the year. This caused certain forward rates to move from a premium to a discount for sterling, and at once made it unprofitable for foreigners to hold Treasury bills, or sterling balances or other short-term investments. Thus in certain cases foreigners allowed their sterling bills to run off and withdrew their funds, and this has increased the pressure on the spot rate. In the meantime there has been some bear speculation in sterling in Continental centres, but it must be remembered that in the long run the effects of speculation will cancel out as speculative positions are closed. It is, in fact, possible that this week's improvement in the New York forward rate is due to forward covering by speculators.

New York money rates are unchanged, with call rate at 1 per cent. and open market discount rates at $\frac{1}{4}$ - $\frac{1}{2}$ per cent. for 90-day bankers' acceptances. Reconstruction Finance Corporation loans authorised during September are returned at \$139 millions. This total includes \$64 millions to banks, railroads and other financial institutions; \$18 millions for relief purposes; and loans of \$53.0 millions for self-liquidating projects. This raises the total of loans authorised since the creation of the Reconstruction Finance Corporation to \$1,500 millions. Gold imports during the week ended October 26th totalled \$5.5 millions. They include \$3.7 millions from India, and also \$1.0 millions from China and \$0.6 millions from Australia received at San Francisco. There were no exports, and releases from foreign earmark total \$25.9 millions, making a total gain of \$31.4 millions.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production and a series of indices of British trade activity.

UNEMPLOYMENT POLICIES.

It was a foregone conclusion that the vote of censure on the Government, moved from the Labour benches in the House of Commons on Tuesday, would be rejected by a huge majority. As it happened, that majority was swollen to over 400 by the unexpected decision of the "Samuelite" Liberals to support the Government in the lobby. The ground for this action was presumably the recognition that many of the Government's actions indicated in the motion of censure were taken while Sir Herbert Samuel was in the Cabinet, and that it was incumbent upon him to avoid giving the appearance of shirking responsibility which abstention from the lobby might have created. This was the only surprise in a disappointing debate, which did nothing to enhance the reputation of the House of Commons. When, on the threshold of a grim winter, with the evils of large-scale unemployment in no way abated, the elected representatives of the people meet to discuss "the conduct of the nation," the occasion surely calls for dignity and for constructive speeches. On Tuesday the latter were all too few, while the proceedings were enlivened, though not graced, by a welter of political badinage, which, though amusing no doubt, was out of keeping with the circumstances in which the debate was held.

The terms of the censure motion permitted the debate to range over a wide field; but, in fact, so much of it as was serious was concentrated on one main theme—unemployment. The effect of the speeches was to narrow down the indictment of the Government to two charges—first, the negative one that they have done nothing to increase employment, and, secondly, the positive one that, by imposing, harshly and inquisitorially, a "means test" on applicants for transitional payments, they have inflicted injustice and hardship upon a large section of the unemployed. So far as the first of these subjects is concerned, no participant in the debate brought forward any new proposals for the absorption of unemployed into useful work. Indeed, the only constructive contribution came from Mr Lloyd George, who, after a bout of political rallery at the expense of Sir John Simon and Sir Herbert Samuel, pleaded earnestly with the Government to adopt his own familiar plans for State financing of public works—slum clearance, telephones, land settlement, reclamation and reconditioning of derelict lands. We have, pleaded Mr Lloyd George, "millions of men idle, millions of acres idle, hundreds of millions of money idle. Cannot we bring the three together?"

This is not the place for the rediscussion of the plans which Mr Lloyd George has over and over again explained to the country, and whose merits have frequently been examined in these columns. Here we would merely remark that, as matters stand, there is a valid case against increased public expenditure which is financed out of rates and taxes; mere transference of purchasing power brought about by such an operation will do more harm than good. But the same objection cannot be raised against useful or reproductive capital expenditure financed by borrowing. The argument that this involves a corresponding diminution of the capital available for other forms of investment, and hence a corresponding contraction of other activities, may be sometimes a valid one; but at the present moment with abundant resources lying idle it is certainly not sound. Apart from the fact that money is now so abnormally cheap that the State could borrow to finance big schemes of housing, slum clearance, land settlement, etc., at rates which would ensure a reasonable prospect of an economic return upon the outlay of public funds, the paramount consideration to-day is that, in the absence of enterprise, savings are not merely lying idle; the processes whereby savings are created are paralysed. Even if State or municipal capital expenditure out of loans eventually involved some increase by way of interest charges, the stimulus likely to be given by the inception of useful works to-day would beyond doubt have economic advantages far outweighing the mortgaging of future revenue. Right and reason,

therefore, are with Mr Lloyd George when he demands either that some of his work plans should be adopted, or that the Government should produce plans of their own. We believe that the exigencies of the situation will compel the Government to take action, at long last, in this direction.

On the other most prominently topical aspect of the unemployment problem—the working of the "means test"—Tuesday's debate threw little new light. Indeed, so meagre was the discussion of this matter that the Minister of Labour, who attended the debate with a prepared speech in his pocket, decided to refrain from delivering it. Next week, however, the Government, who will soon have in their hands the long-delayed report of the Holman Gregory Commission, are to reveal their policy. In deciding upon their course of action, the Government can assume that on two major points there is something approaching general agreement. The first is that, despite the effective "combing out" of undeserving benefit recipients by the Anomalies Act, a "means test" in some shape or form must be retained. These are not days when the State can afford to hand out the taxpayer's money to citizens who can draw upon adequate private resources to keep the wolf from the door. In a recent answer to a parliamentary question the Minister of Labour stated that out of 936,757 initial applications for "transitional payments" between January 25th and September 3, 1932, no less than 289,726 were awarded payment at rates below the maximum, while 171,495 were refused altogether. No one would suggest that any change should be made which would incontinently restore these vast numbers to the maximum benefit scale. Equally it will be agreed that the machinery hastily improvised a year ago, by which the test is at present imposed, works inequitably as between different parts of the country, promotes grievance and resentment by frequent harshness in its application, and requires to be thoroughly overhauled.

The first prime necessity is the establishment of a uniform standard to be applied throughout the country. In formulating the standard the aim of the Government should be to combine the adequate safeguarding of the public purse with a degree of increased generosity sufficient to remove legitimate grievances; and we certainly regard it as a legitimate grievance that applicants should be compelled, as a condition precedent to the receipt of any payment, to sell necessary furniture at knock-out prices or to exhaust the meagre savings of a lifetime. Admittedly, it is not unreasonable to remind applicants for State payments who possess considerable assets that one of the main purposes of individual savings is to provide for just such "rainy days" as those through which we are now passing, and also that the Government has a duty to hold the balance justly between them and the hard-pressed taxpayer, who might be compelled himself to exhaust his savings or sell his possessions in order to meet the demands of the Exchequer. It is a delicate matter, but on the whole we should not quarrel with a decision to disregard altogether savings up to, say, £100 in considering applications for State payments, while in the case of the more elderly applicants, or those with numerous dependents, even larger amounts might well be disregarded, only the interest on the capital being taken into account. Some relaxation is certainly also necessary in the treatment of the question of family contributions to the upkeep of unemployed parents. It is surely questionable how far a married son should be compelled by the State to stint his own family's needs in order to support parents who brought him into this difficult world without his permission. Moreover, even in the case of young workers who live in their parents' house, it is only fair that a substantial proportion of their earnings should be regarded as retainable by them of right, before their contributions to the family income are included in the calculations of the parents' "means."

Reforms are needed in other directions also. There is, undoubtedly, widespread resentment at the searching

nature of the investigation which is at present being conducted into the means of applicants on the same lines as those followed in the case of applicants for Poor Law relief. If it is not considered practicable to confine the obligation of the applicant to the filling in of a "questionnaire" form, subject, of course, to heavy penalties for giving false information or withholding salient facts, then, at least, the Government should issue a set of regulations, drafted as humanely as possible, to direct the lines on which investigation should be permitted. Whether it prove advisable eventually to transfer the task of dealing with transitional payments from the Public Assistance authorities to some other body or not, a clearly desirable interim measure is the co-ordination and simplification of "tests" in such a way as to remove as far as possible the "Poor Law taint," which so many applicants consider to be involved in the functioning of the present machinery.

We are aware that the reforms and relaxations which we suggest will cost money. It has been estimated that the saving of public money arising from the imposition of the "means test" is of the order of £20 millions per annum. We are prepared to find that the sort of easements which we have in mind might reduce that figure to a saving of perhaps £15 millions. Even in the difficult budgetary circumstances of the moment, the price is not too high to pay for the removal of injustice and the assuagement of legitimate resentment. Some way in that direction, at any rate, the Government will be compelled to move; and when the statement of policy is made next week we hope that plans for "means test" reform will be coupled with even more necessary plans for stimulating employment and thereby reducing the numbers of those to whom the test will have to be applied.

INDIA: THE NEXT STAGE.

THE Indian Round Table Conference is to re-assemble again in London about the middle of next month; and the names of the Indian representatives who are to take part in this forthcoming session have been announced this week. We are thus on the eve of the next stage in the delicate and hazardous business of launching the Indian ship of state upon the high seas of self-government; and this seems a convenient moment for taking stock of the present situation and for peering—if we can—into the future.

One important fact is brought out at once by the actual list of names; for the list includes not only eighteen representatives of British India, but also eleven representatives of thirteen Indian States. This means that the Conference is expected this time to deal comprehensively with the whole problem of constitutional reconstruction—including the structure of the All-Indian Central Government as well as the structure of the Provincial Governments. And, in pursuance of this plan of operations, His Majesty's Government in Great Britain apparently intend, when the time comes for laying the recommendations of the Round Table Conference before the Parliament at Westminster, to embody the whole of the necessary draft legislation in a single Bill. This policy is manifestly right because it is straightforward. If the two elements were separated in the parliamentary proceedings here—if the provincial reforms were dealt with in one Bill at Westminster and the central reforms in another, without any certainty that the passage of the provincial Bill would be followed by the passage of the central Bill—then Indian public opinion would inevitably become suspicious again about the sincerity of British intentions, and the suspicion would be justified if the first Bill were eventually passed by Parliament and the second thrown out. On this account, the inclusion of both parts of the Indian reforms in a single parliamentary Bill is evidently the proper course. At the same time, the two elements in the scheme remain distinct in the sense that they present two different sets of problems, and these two sets of problems are not of the same order of magnitude.

By comparison with the central problem, the provincial problem is fairly plain sailing, though, on any other standard, this, too, might seem a difficult piece of navigation. In the Provinces, the change that has now to be

carried through—the change, that is, from dyarchy to responsible self-government within the limits of provincial powers—is, after all, a change in degree and not a change in kind. And when we examine how this problem of political construction stands on the technical side, we perceive that the Round Table Conference has, ready to hand, a considerable amount of building material which has already been hewn and shaped. The major problem here is that of the electorates; and the Round Table Conference has now before it in the Lothian Report, the British Government's Communal Award, and the agreed modification of this award as between the caste Hindus and the Depressed Classes, a set of proposals which cover the whole ground and have secured at least the passive acquiescence, if not the active approbation, of all parties concerned. With these materials to build with, the Round Table Conference and the Westminster Parliament, between them, should find no very formidable difficulty in framing that portion of the forthcoming Government of India Bill that will cover the affairs of the Provinces.

The formidable part of the task begins with the problem of the Central Government; for here there are two crucial difficulties that still have to be surmounted—the difficulty of arranging by agreement for the incorporation of the Indian States, side by side with the British Indian Provinces, in an All-India Federation, and the difficulty of finance.

The difficulty over the States is to find an acceptable means of substituting a federal relation between the States and the Provinces for the present treaty relation between the States and the Crown. The difficulty is patent; but it is perhaps unprofitable to speculate at this stage on the changes of surmounting it, for these chances depend upon the disposition of the Princes, and their disposition will only become apparent when the Conference gets down to work. All that can be said now is that, even in the untoward event of the Princes holding back from federation for the moment, this would not be a proper ground for dropping the whole scheme for a Federal Central Government. It should still be possible to arrange for the federation of the British Indian Provinces, with provision for the States to accede to the Federation later. Thus, even if the worst comes to the worst, the Central Government chapter of the forthcoming Bill ought not to fall through in respect of British India; and there is after all no reason to suppose that the scope of this chapter of the Bill will be reduced to that compass. The attendance of the representatives of the States at the session of the Conference next month is surely to be taken as an earnest of the Princes' intention to come into the federation on fair and reasonable terms.

When we come to the question of Central Government finance we are faced at once with the problem of guarantees. There are three principal points on which it has been suggested from the British side that guarantees, in the shape of continued control on the part of the Government at Westminster, may still be necessary. One point is the Government of India's existing obligations (bonds, contracts, pensions and the rest); another point is currency policy; and the third point is the upkeep of the Army. The first of these points should not be so difficult to settle; for "existing obligations" are, after all, something concrete, which can be scheduled and guaranteed, definitely, in articles of agreement between the British and the Indian Governments. The other two points are thornier, because, in both these other spheres, any kind of control would appear to involve day-to-day interference by one Government in the actions of another—and this on matters of high policy in which the essence of self-government is involved. In regard to the Army, for example, we may possibly succeed in defining a minimum standard of efficiency which an All-India Federal Government shall undertake to maintain; but can we possibly demand of a self-governing India that he shall implement this undertaking by allocating to the Army this or that annual amount, or this or that percentage of his annual budget? Similarly, in regard to currency policy, we may perhaps fairly stipulate that it shall be removed from the arena of politics by being placed in the hands of an autonomous reserve bank; but can we possibly dictate what the policy

of this bank shall be? What warrant shall we have for insisting upon a claim to determine the currency policy of India when we are so deeply divided among ourselves over our own currency policy in the United Kingdom. If we do insist upon this demand under these conditions, Indian opinion will interpret our insistence in only one way. It will be believed that we are insisting upon retaining our control in the interests, not of India, but of the United Kingdom. This reaction may be taken for granted, because this is the sense in which Indian opinion has already interpreted the currency policy that has been imposed on India by England since the war. Anyone who inquires into the motives that have rallied Indian industrial interests to the support of Congress will find that nothing has moved them more strongly than a conviction that the currency policy of the Government of India has been deliberately designed to favour the English manufacturer at the Indian manufacturer's expense. It will be seen that, in this matter of currency policy, the ground on which we have to tread is particularly dangerous and delicate.

Another aspect of the financial difficulty is the time factor—a factor which is also of the essence of the whole constitutional problem in every part of the world.

For the moment, and by comparison with the predicaments of other countries, the financial condition of India may be said to be fairly satisfactory. Thanks to the export of gold, it has so far proved possible to maintain the balance of India's foreign trade without the necessity of cutting down exports to a degree which would upset the balance of a budget that largely depends upon the Customs revenue. But when this has been said, it must be added that, although there is no reason to foresee that the current outflow of gold from India will cease, this is, nevertheless, a precarious unpredictable factor—a factor on which the Government of India cannot comfortably depend for weathering a world economic crisis which shows no signs of abating. And the crisis involves the time factor in the Indian financial problem, which can be formulated in the following way: it would be hard enough for the Government of India to weather the world crisis if there were no question of putting a strain on India's credit by transferring financial control from English to Indian hands. And, again, it would be hard enough for the Government of India to stand the financial strain which this transfer inevitably involves if there were no world crisis. But now the Government of India is being required to take the strain of the crisis and the strain of the transfer upon its shoulders at one and the same moment. Could Atlas himself stand up under so heavy a load as that?

The answer seems to be that Atlas must either stand the strain or perish; for the time factor has its political as well as its financial aspect; and for political reasons it is impossible to waste time on the road towards Indian self-government. For the moment, the position is, perhaps, as favourable politically as it is unfavourable financially for moving forward, because civil disobedience is temporarily in eclipse. But the movement towards civil disobedience will infallibly recur if the movement towards self-government is brought to a halt, or even if it is perceptibly slowed down. The truth seems to be that in this tremendous enterprise, standing still is the one thing that is undoubtedly more dangerous than moving forward.

SIR WALTER LAYTON AND THE GOVERNMENT.

IN view of the international policy that has been consistently advocated in these columns, the resignation of the Editor, Sir Walter Layton, from the Preparatory Committee of the World Economic Conference will come as no surprise to our readers. The reasons for this step are sufficiently explained in the following letters that have been exchanged between Sir Walter Layton and the Prime Minister:—

Letter of Resignation.

The Economist,
8, Bouverie Street, Fleet Street, E.C.4.
October 25, 1932.

DEAR PRIME MINISTER,—It is with very great regret that I find myself reluctantly compelled to ask you to accept my resignation from the Preparatory Committee of the World Economic Confer-

ence. When I agreed nearly three months ago to serve on the Committee, I did so subject to my being satisfied that the possibility of the success of the Conference would not be prejudiced by the policy of the Government. After discussing the matter with you on more than one occasion, I ventured in a letter, dated September 27th, to set out my views as to the plan of campaign to be adopted by Great Britain at the Conference itself and by her representatives at the forthcoming Preparatory Committee. I concluded by inquiring whether these general views were in accordance with those of the Government.

On Friday last I had the opportunity of discussing the points of my letter with the Chancellor of the Exchequer. The result of our discussion confirmed my apprehension that there was such a divergence of view between the Government and myself that I could not usefully represent it on the Committee.

On many important points there was common ground. We were agreed, for example—to quote the Basle Report of August, 1931—that "in recent years the world has been endeavouring to pursue two contradictory policies in permitting the development of an international financial system which involves the annual payment of large sums by debtor to creditor countries, while at the same time putting obstacles in the way of the free movement of goods." It follows—and here, I think, there is no difference between us—that at this critical juncture we must not repeat the mistake made ten years ago of trying to re-establish an international financial system without first making certain that the economic background is such that it can be maintained. It is also common ground that a settlement of the problem of war debts and the earliest possible removal of the special crisis measures that are causing a condition of virtual blockade in international trade are essential conditions for the smooth working of a new international financial arrangement.

But my interview with Mr. Chamberlain convinced me that there is a serious difference of opinion between the Government and myself as to what further action is required in order to restore reasonable freedom to the movement of international trade.

The Government view, I find, is that the desired result can be obtained through individual negotiations with foreign countries, within the limits set by the Ottawa agreements and subject to strict insistence on our most-favoured-nation rights.

Judging from past experience, however, I fear that the method of bilateral negotiation will make very little impression on the protectionist system of the world as a whole as it has grown up since the war. In my opinion, the financial situation in which Great Britain finds herself at this moment, taken in conjunction with the immense importance of the British market to the whole world, gives us a unique opportunity—in collaboration with countries already on a low tariff basis and those to whom the restoration of foreign trade is a vital necessity—to propound and press forward plans conceived on much bolder and broader lines.

Unfortunately, progress in the direction of effective action by a low tariff group is handicapped by certain features of Government policy. Among these handicaps—apart altogether from the growing tendency to introduce an element of permanence and rigidity into our tariff by various commitments—I would mention specially the introduction of the quota system in regard to meat, the implied endorsement in the Ottawa agreements with Australia and Canada of the principle of "compensatory" tariffs, and the unhelpful attitude adopted by Great Britain towards regional agreements in Europe, such as the Dutch-Belgian Convention initiated at Lausanne in July of this year.

As regards the purely financial matters that will arise at Geneva and, in particular, the monetary policy to be adopted in the immediate future, I do not anticipate that I should find myself at cross purposes with the Government. But financial and economic questions are inextricably interwoven. The answer to the problem, for example, whether, when and at what rate we should attempt to stabilise sterling depends essentially on the question whether we can secure a reasonable level of tariffs, or whether we must contemplate the indefinite continuance of conditions where international trade continues to be cribbed, cabined and confined.

Any attempt to deal with the monetary situation without a satisfactory solution of the commercial problem must sooner or later fail, and I personally have no confidence that such a solution can be reached along the lines which the Government are following.

In the absence of a radical change in the world's commercial policy—in which this country's attitude could be an almost decisive factor—I do not see the possibility of a really satisfactory outcome of the World Conference on the monetary side.

In the circumstances, it seems desirable that my place on the Preparatory Committee should be taken by someone who is in closer sympathy with the Government's policy.

Yours very sincerely,
W. T. LAYTON.

Premier's Reply.

10, Downing Street, Whitehall,

October 25, 1932.

MY DEAR LAYTON,—The Chancellor of the Exchequer and I have already told you how sorry we are that you feel that you cannot continue to represent us on the Preparatory Committee of the World Economic Conference. I was hoping that it would have been possible to have got your assistance, so that your known divergence of views, so far from hindering us, would really have helped us. Time is so short now that no immediate good could come out of a discussion as to whether the interpretation you put on various things in your letter is right or wrong. I think you are wrong on one or two rather important points, but I shall only mention one, lest, should I say nothing about it, the public may take that to mean that I agree with you.

You say that all we propose to do is to make commercial agreements with individual countries, using nothing but a strict insistence on our most-favoured-nation right to secure for us a maximum of good treatment. I cannot for a moment accept that as being accurate. I think the main difference between us is our varying estimates of securing progress on the lines you favour, which depends on the policy of other countries as well as of our own. I hope, however, as the Conference develops, that you will allow me to have your assistance on any points that may arise upon which I know you have well-considered views.

Believe me to be, yours always sincerely,

J. RAMSAY MACDONALD.

Three observations only need be added by way of personal explanation.

Firstly, the conditional acceptance of the invitation to serve on the Committee was given just after Mr Baldwin at Ottawa had clearly stated the desire of the British delegation, which in the event was not realised, to secure an improvement of international trade by a reduction of Empire tariffs as a prelude to effective action at the World Conference.

Secondly—as the dates mentioned in the correspondence show—an attempt was made over the last two months to obtain a definite statement of the commercial policy of the Government at the World Conference.

Finally, in order that there should be no question of lack of "accuracy" in the description of the Government's attitude in so important a matter, a draft of the letter of resignation was shown, on Monday last, to the Chancellor of the Exchequer, who accepted it as being a fair statement of the situation, suggesting only the omission of a single phrase which he thought might be misconstrued abroad. The draft was then submitted to the Prime Minister and was not sent in its final form until word had been received from his private secretary twenty-four hours later to say that he had no alteration to suggest.

W. T. L.

BRITISH BACON CONTROL.

THE general case, under existing and prospective world conditions, for the reorganisation and development of British agriculture is so overwhelming that, when any constructive proposals directed to that end are put forward, we are predisposed in advance to give them most favourable consideration. But since the Report of the Reorganisation Commission for Pigs and Pig Products, published this week by the Ministry of Agriculture, seems likely in many important respects to set a precedent for further schemes covering other branches of agriculture, the policy which it advocates demands scrutiny which is careful as well as sympathetic. If the impression which we derive from the perusal of the Report is that the proposals have many serious defects and involve elements of considerable danger, the reason is not that we dissent from all the recommendations—on the contrary, some points in the scheme commend themselves as sound—but that the Report fails to convince us that its signatories appreciate the damage which may be done to the country's interests if the Government, fortified by the expert opinion of such Commissions, proceeds with gusto to apply to agriculture the blessing of protective shelter regardless of considerations of economic efficiency.

The Commission was appointed under the Agricultural Marketing Act of 1931 to prepare a scheme "for regulating the marketing of pigs and any pig products," and it was instructed to investigate the manner in which the operation of any such schemes could be facilitated "by the quantitative regulation of imports." The situation which the Commission found to exist as regards the supplies of bacon and ham in the British market can be seen most clearly from the following table:—

U.K. BACON AND HAM SUPPLIES.
(Million Cwt.)

	Imports.					British Production.	Total Supplies.
	Danish.	Dutch.	Polish.	Other.	Total.		
1927	5.1	0.8	0.1	3.4	9.4	1.7	11.1
1928	5.4	1.1	0.1	3.2	9.8	1.7	11.5
1929	5.0	0.9	0.3	3.1	9.3	1.7	11.0
1930	6.1	0.8	0.5	2.8	10.2	1.7	11.9
1931	7.3	1.0	1.2	2.5	12.0	1.7	13.7

The figures point to a striking expansion in British consumption of bacon and ham during the past five years—an expansion based predominantly on a growth of imports from Europe, and particularly from Denmark, at prices which had fallen by July, 1932, to a level appreciably below those existing before the war. Since the decline in bacon prices has considerably outstripped that of the prices of pig-feed, the Commission are of opinion that the recent rate of Danish and other European output could not in any case be indefinitely maintained; but their view is that no progress can be made in the development of British bacon production unless the "readjustment to more normal price and supply levels" is brought about by positive steps of import regulation.

So far as domestic supplies are concerned, the Commission's proposals are complicated, but the general principles, with which we are now concerned, can be summarised fairly briefly. The Report suggests that, at the start, the pork market, in whose case the possibilities of expansion are held to be small, should be left unregulated, and that efforts at reorganisation should be concentrated on the market for bacon and hams. The Commission's aim is to secure both a development of British pig breeding and also a greater regularity of supplies. The main features of the recommended scheme are:—

(1) That a Pigs Marketing Board, representing producers, should negotiate with representatives of the bacon curers a national agreement on contract terms and prices, subject to arbitration in the event of disagreement by a Pig Industry Development Board. The contract price of pigs should be based on a minimum price formula "ex farm" for carcasses of standard specification, varying with the cost of feedstuffs in the four months preceding delivery, and including whatever additional sum representing the feeder's profit may be agreed by national negotiation.

(2) On the basis of the contract terms so arranged, farmers should be free to make contracts for the ensuing calendar year for delivery of pigs to any curer who is prepared to take the pigs. The Pigs Marketing Board should also retain a number of contracts with farmers in order to have a surplus pool from which to make good involuntary defaults by producers.

(3) The contracts thus concluded should be the basis for a home quota. The Pig Industry Development Board should report the sum total of home contracts to a Quota Advisory Committee who would make the home quota equal to the aggregate deliveries contracted for, subject to their right "to recommend an arbitrary increase or decrease in the home quota on grounds of public interest."

(4) Curers would not be permitted to purchase any home-produced pigs other than those covered by the contracts, whose voluntary non-fulfilment would be subject to penalties. Against the temptation of farmers to concentrate on the pork market, if pork prices were high just before the beginning of a contract year, there would be set the consideration that, the smaller the offers of bacon supplies, the lower would the home quota fall in the ensuing year.

The difficulty at once arises that the bacon curer is thus left in an unenviable position. He is to be required to purchase home-produced pigs at a price sufficient not merely to cover a "reasonably efficient" producer's costs and profit margin, but also to elicit greater home production; yet, in the absence of supplementary measures, he would have no guarantee that he would be able to sell his bacon in a free market at a price covering his own costs. Indeed, under the existing conditions of glut, with Continental producers under heavy pressure to maintain sales, he would be almost certainly involved in a serious loss. Accordingly it is proposed that the Quota Advisory Committee should determine annually the total United Kingdom requirements of bacon and hams and, having fixed the home quota, should recommend the import quota to be allocated by the Government to each exporting country. It is proposed that for the year beginning July 1, 1933, total supplies should be restricted to 10.7 million cwt., this being the average consumption in 1925-30. Quota certificates to foreign countries should be issued on a twelve monthly basis, at any rate for the present, and should be reduced in proportion as the home quota increases. It is suggested that the home quota should be permitted to increase automatically by 10 per cent. every four months, provided that the volume of contracts shows a corresponding increase. Finally, the Commission considers that "any preferential quota allocation given to a country in the British Empire should be at the expense of the foreign import quota and not of the home quota."

Reference to the foregoing table of supplies will show at a glance that even in the initial quota year a very considerable disturbance of imports is going to be involved.

In the first place, total imports will be reduced by some 3 million cwt. below their 1931 level. In the second place, Canada, whose shipments to this country in 1931 amounted to only 122,000 cwt., is to be accorded, under the Ottawa agreement, "free entry of Canadian bacon and hams of good quality up to a maximum of 2½ million cwt. per annum," while New Zealand, whose shipments were also negligible, is to be given "a reasonable share of the expansion made possible by the reduction of foreign imports" of bacon and hams. Thus, even if the initial home quota does not show any appreciable increase over the British production of recent years, it is evident that our imports from Europe must be drastically contracted.

This, however, is not the whole story. Given the present largely inefficient and badly organised methods of pig production in this country, as compared with those of Denmark and other European competitors, there will clearly be a constant pressure brought to bear by curers on the Quota Advisory Committee to safeguard their position by keeping foreign supplies so low as to make certain of an "adequate" rise in bacon prices. Thus, the scheme involves a serious risk that its application will result in deliberately starving the bacon market in the interests of the home producer; for the Commission themselves concede that though in their opinion 1931 supplies were abnormal, even larger quantities could without doubt be sold at a lower price level.

This being so, the final effect of this scheme must depend on the extent to which the economic development of British pig production is secured. What assurance is there that this objective will be realised? The Commission propose that the nationally negotiated contract should discriminate in price against carcasses of indifferent quality and unsuitable weight, and they recommend that every carcass should be graded and weighed by an official of the Pig Industry Board. They also recommend, *inter alia*, that the Pig Industry Development Board should undertake an educational campaign among farmers; that the Pigs Marketing Board should take steps to organise more orderly assembly and transport of contract pigs; and that the Development Board should be given powers to regulate the distribution of existing and new curing factories, and also, where necessary, to finance and construct bacon factories on public utility lines. All these suggestions are eminently sound, but it remains to be seen whether the Government, even if it accepts readily enough the very restrictive quota plans, will be prepared to push forward agricultural reconstruction, in the case of pigs or any other product, on lines which must involve, if action is to be effective, a considerable measure of State interference and guidance.

We are far from expressing satisfaction with a situation in which this country, with its appropriate agricultural resources, produces only 15 per cent. of its bacon requirements, and we are equally far from dissenting from the general propositions that the consumer cannot expect the indefinite continuance of supplies at prices below production costs. If better organisation on voluntary initiative is not forthcoming, we are prepared to see the State take a hand in stimulating it. But at best such action needs to be very carefully devised if it is not to end in subsidising in one form or another an industry whose competitive efficiency is left as defective as ever. The present scheme is open to the much graver general objection, that it sets out to improve the situation for a particular group of producers by deliberately reducing supplies and raising the price of a most important item in the dietary of the nation. This is, of course, a form of taxation of the consumer which reduces purchasing power in other directions as much as it increases the resources of the foreign and home producers of pigs; and it is particularly open to objection in this case because of the large proportion of imports which will be raised in price without even adding a penny to the revenue. From the point of view of our commercial policy as a whole, it involves an extension of the vicious quota system, the use of which by other countries is playing such havoc with our international trade. A direct subsidy would be a far smaller price to pay for the expansion of the British pig industry.

THE NATIONAL INCOME.

MANY definitions may be given of the National Income, but, for practical purposes and excluding minutiae, we may take it as being the value of the goods and services entering into consumption, plus additions to capital or to stocks and less deductions from stocks and allowances for depreciation and obsolescence; interest on internal Government debt and income paid to foreigners are deducted. It is clear that knowledge of income movements from period to period is of immense importance not only to politicians but to everyone concerned about the welfare of the community. Unfortunately, sufficient data for precise calculations are lacking, and the statistician has too frequently to utilise partial information which leads him sometimes to parlous estimates and occasionally forces him to make what are only intelligent guesses. When, however, we get consistent results from different authorities or obtained by different methods, and sufficient allowance is made for a range of error, we may consider that we have secured a proper measure. Thus, the estimate of £2,000 millions as the income of the United Kingdom in 1907, made by the Board of Trade in connection with the Census of Production, and the estimate of, roundly, £2,100 millions made by Professor Bowley for 1911, have generally been accepted as being in accordance with other current valuations.

Income estimates since the war begin with 1924, the year when industry appeared to be making a definite return to normality, but precise comparison with pre-war estimates is henceforward invalidated by the great change in values and, to a lesser degree, by the exclusion of the Irish Free State. For 1924 Sir Josiah Stamp and Professor Bowley, working on the income method, estimated (in 1927) that the national income (excluding pensions) of Great Britain and Northern Ireland lay between £3,700 millions and £3,900 millions, and in the following year Mr A. W. Flux, then head of the Statistical Department of the Board of Trade and President of the Royal Statistical Society, calculated that it was between £3,750 millions and £4,200 millions. The middle points of the two estimates differed by less than 5 per cent., and it is probably correct to say that most people have taken the two estimates as broadly confirming each other and as indicating that the national income in 1924 was in the neighbourhood of £3,800 millions or £3,900 millions.

Mr Colin Clark, University Lecturer in Statistics at Cambridge, in a recently published work ("The National Income, 1924-31," Macmillan and Company, 8s. 6d.) not only challenges the accuracy of the two previous estimates for 1924, but carries forward his own estimates for each year to 1931, except 1925. This implies no little daring, and Mr Clark has not only expended a vast amount of labour, but displays great ingenuity in devising ways and means for trying to bridge over those places where information ceases to be reliable. His book deserves the closest attention, and will no doubt receive it from his professional brethren, who will expound merits and demerits unseen to the ordinary reader, a person rather apt to take as authoritative all calculations. Here we can only indicate a few of the main points that come into consideration.

For 1924 Mr Clark gives an income of £3,586 millions, or over 6 per cent. less than the comparable Bowley-Stamp figure of £3,827 millions. It is worth while to try to bring these estimates closer together. Passing over the income-tax figures, where most people will be prejudiced in favour of Sir Josiah Stamp as an interpreter, we find that the main difference is caused by wages, which account for £1,600 millions in the Bowley-Stamp estimate and for £1,413 millions in Mr Clark's. The former utilised calculations based on the Population Census, but Mr Clark has substituted a very commendable analysis of the workers insured against sickness and unemployment, reaching a total of persons actually at work in 1924 nearly a million less than that estimated by his predecessors. We now know from Ministry of Labour figures that about a quarter of the difference is due to an underestimate by Sir Josiah Stamp and Professor Bowley of the number of unemployed persons, and, after allowing for unrecorded

unemployment, the remainder should be included in the class of persons who are neither wage-earners nor income-tax payers. This would lead to the conclusion that Mr Clark's estimate of the income of that class (£188 millions, instead of £267 millions) is too low. The Ministry of Labour's wage inquiries, together with other data as to wages of miners, railway servants, agricultural labourers, etc., afford a reasonable but incomplete base for calculations; but about a quarter of Mr Clark's total depends on estimates of the remuneration of domestic servants and miscellaneous classes of workers. On the other hand, the estimate of the Ministry of Labour that rates of wages in organised industries were 70 to 75 per cent. greater in 1924 than in 1914 also suggests that the Bowley-Stamp estimate was too high. Probably it will be best to take wages at about £1,500 millions and to maintain the Bowley-Stamp estimate for the intermediate class (here part of the discrepancy is only a matter of accounting). Total national income would then be between £3,700 millions and £3,800 millions.

Among Mr Flux's calculations Mr Clark is mainly concerned with the value of industrial production, put by Mr Flux as £2,478 millions at factory and free of excise duties, plus a possible addition of £19 millions. Mr Clark meticulously goes over several of the calculations (taking an unduly strict reading of Mr Flux's dealing with transport charges) and arrives at a total of £2,435 millions for the industrial output of 1924 free of Excise duties. This figure he seeks to confirm by calculating the values of the several classes of the final products of industry, a task which Mr Flux had declared to be impossible and in which Mr Clark seems to have under estimated the cumulative effect of repeated margins of error. Here, without disrespect, one may be pardoned for preferring to the academic statistician the distinguished official statistician who had a detailed knowledge of all the data collected in his department.

Passing away from 1924, Mr Clark calculates a gradually increasing income up till 1929, when it was £3,996 millions, or 11.4 per cent. above 1924; in 1930 there was a slight fall, and in 1931 a drop to £3,499 millions, or 2.4 per cent. below 1924. Between 1924 and 1931 wages are estimated to have fallen from £1,413 millions to £1,876 millions (or by 2.6 per cent.), profit and interest from £989 millions to £825 millions (or by 16.6 per cent.), and net income from overseas from £185 millions to £177 millions (or by 4.3 per cent.), while salaries rose from £741 millions to £808 millions (or by 9.0 per cent. on account of increased numbers), and rent from £258 millions to £313 millions (or by 21.3 per cent.). The small percentage reduction in the total income in 1931, and particularly the almost equally small reduction in the largest constituent, wages, must strike everyone as contrary to the general impression. It would seem that the London-Cambridge wage index, based on twenty occupations, which Mr Clark has used has been unrepresentative, and it is clear that, whatever may be the official difficulties, the Ministry of Labour must be forced to compile a comprehensive wage index; even if not absolutely complete, it would be better than the best efforts of private enterprisers.

Reading and re-reading his pages, one can only sympathise with Mr Clark over the estimates he is forced to make. He seeks to find confirmation for his income totals by carrying forward his estimates of industrial production based on the Censuses of Production. Unfortunately, he has used a price factor, "calculated separately for the final products of each industry from the average value of exported commodities." The assumption that the make-up of any category of exported goods is similar to, or represents, the make-up of the total British output of that class of goods is quite unsound, demonstrably so with regard to very many, if not most, classes, and if that assumption fails Mr Clark's confirmatory calculations fall to the ground. A great deal of work will have to be done before we can definitely accept Mr Clark's conclusions or reject them. Here we have only indicated a few points in dispute, but for the sake of comparison we note that the Board of Trade index of industrial production in 1931 was 6.2 per cent. below 1924 and the London-

Cambridge index was down by 15.7 per cent.; these indices do not cover the same ground, they are admittedly incomplete, and they represent volumes, but, at least, they offer presumptive evidence that Mr Clark has underestimated the fall in the money value of the national income in 1931.

It has only been possible to find space for a sketchy discussion of Mr Clark's main theme, and there are other chapters of his interesting book deserving and requiring examination which cannot be made here and now. Mention, however, should be made of his attempt to construct aggregate indices of "the price level of consumption goods and services and the price level of output as a whole." Three main points arise. For the gross cost of distribution he compares the Ministry of Labour's retail prices with wholesale prices, but the former relate to working-class trade, and (to take one example only) the averages of two cuts in the case of beef and mutton are not necessarily the true averages for the whole carcass sold retail. Secondly, for clothing and boots he has "calculated a wholesale price index from the average values of exported goods, reweighted according to their importance in internal consumption." But there is no reason to believe that the make-up of export categories is such that their average values indicate those of goods consumed at home. Thirdly, private services are valued on the basis of an investigation, of which he gives particulars; it is slender but praiseworthy, and the study group of the Royal Statistical Society should be helped to carry it farther. Finally, in his last chapter Mr Clark applies his preceding statistical work to Mr Keynes's theory of money, and, though he does not claim to have proved its validity, his attempt "to devise a statistical *experimentum crucis*" may be applauded.

TEXTILE FIBRES—RAW COTTON.

The past cotton season, ending on July 31st last, will be remembered by growers as the worst since the beginning of the century. The average price of "American Upland" during 1931-32 was 5.89 cents per lb., as compared with 17.24 cents per lb. during 1929-30, and a previous low record of 7.60 cents per lb. in 1899-1900. Two factors combined to bring about this disastrous situation. The world crisis had caused a drastic falling-off in the demand for cotton manufactures, while the yield of the world's cotton crop in 1931-32 was higher than in any year with the exception of 1925-26 and 1926-27. Official interference with the price mechanism in the United States and in Egypt proved of no avail in arresting the downward movement of prices. On the other hand, demand showed little response to the cheapness of the raw material.

The position is illustrated in the following table, showing world supplies, mill consumption and prices during recent years:—

(In Millions of Bales.)					
Season ended July 31st.	Supplies.			Mill Consumption (b)	Av. Price. New York Middling American cents per lb.
	Crop. (a)	"Carry-over." (b) (c)	Total.		
1924.....	20.3	5.1	25.4	20.4	31.1
1925.....	25.6	6.0	31.6	23.3	24.8
1926.....	28.7	9.7	38.4	24.7	20.6
1927.....	29.2	9.8	39.0	26.1	15.2
1928.....	24.8	7.8	32.6	25.5	20.4
1929.....	27.2	7.6	34.8	25.8	19.7
1930.....	27.1	8.8	35.9	25.2	16.6
1931.....	26.2	10.9	37.1	22.4	10.4
1932.....	28.3	12.2	40.5	22.3	6.4

(a) Bales of 500 lbs. (b) Actual bales. (c) Visible supplies plus mill stocks as reported by the Liverpool Cotton Association, Ltd., and by the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

The above figures are not strictly comparable owing to variations in the weight per bale, and because of the fact that "mill consumption" does not include domestic consumption in India, China, Egypt, and in the smaller producing countries. There are no accurate figures for domestic consumption, which is usually estimated at about 1,250,000 bales per annum; but despite these

statistical difficulties, the course of prices during recent years points eloquently to the failure of consumption to overtake production.

Raw cotton is, of course, not a uniform product, and each variety has its particular market. The bulk of the world's cotton crop is produced in the United States, in Egypt and in India. Egyptian cotton is of a better quality than American cotton, while the larger proportion of Indian cotton is inferior in grade as compared with the fibre produced in the United States. The production and mill consumption of these varieties is shown in the tables below:—

PRODUCTION (in millions of bales of 500 lbs.).

Season ended July 31st.	U.S.A. (a)		Egypt.	India.	World (including other countries).
	Production	Proportion of World Production.			
1924.....	10.1	49.8	1.3	5.2	20.3
1925.....	13.6	53.1	1.5	6.1	25.6
1926.....	16.1	56.1	1.6	6.2	28.7
1927.....	18.0	61.6	1.7	5.0	29.2
1928.....	13.0	52.4	1.2	6.0	24.8
1929.....	14.5	53.4	1.6	5.8	27.2
1930.....	14.8	54.6	1.7	5.1	27.1
1931.....	13.9	53.0	1.6	4.8	26.2
1932.....	17.1	60.5	1.3	4.2	28.3

(a) Excluding linters.

MILL CONSUMPTION (in millions of actual bales.)

Season ended July 31st.	American.		Indian.	Egyptian.	Other Varieties.	Total.
	Mill Consumption.	Proportion of World Consumption.				
1924.....	11.1	54.4	5.4	1.0	2.9	20.4
1925.....	13.3	57.1	5.5	1.0	3.5	23.3
1926.....	13.7	55.4	5.6	0.9	4.5	24.7
1927.....	15.8	60.5	5.2	1.0	4.2	26.1
1928.....	15.4	60.4	4.5	1.0	4.7	25.5
1929.....	15.1	58.5	5.2	1.0	4.6	25.8
1930.....	13.0	51.6	5.9	0.9	4.9	22.4
1931.....	10.9	48.6	6.1	1.0	4.4	22.3
1932.....	12.1	54.3	4.7	1.0	4.4	22.3

It will be seen that the United States is still the dominating factor in the world cotton situation, though the proportion of United States cotton consumed to world consumption decreased steadily from 1927 to 1931, chiefly owing to its relatively higher price. This tendency has been reversed during the past season because of the relative cheapness of American cotton, and owing to the good quality of the huge crop harvested in the United States a year ago. Whether the United States will be able in future to hold her own against "outside growths" only time can show. The demand for Egyptian cotton, on the other hand, has shown little variation during recent years.

In addition to the negative policy of holding stocks off the market, both the American and Egyptian Governments have recently aimed at a reduction in acreage; the argument was that, in the absence of an expansion in demand or a series of crop failures, this was the only solution of the problem of excessive supplies and unremunerative prices. As a result, the acreage under cotton has been reduced by about 10 per cent. in the United States, and by nearly 20 per cent. in Egypt. Although the "carry-over" of United States cotton at the end of the past season was higher than ever, the publication of the first official report of the probable yield of the new crop caused a sharp advance in prices which has not yet been entirely lost. The official October estimate indicates a crop of about 11,425,000 bales, as against an actual yield of 17,096,000 bales in 1931-32. The Egyptian crop estimate, too, shows a substantial reduction on last year's harvest, namely, from 1,288,000 bales to 869,000 bales. If last season's rate of consumption is maintained during the current crop year, a reduction in the "carry-over" of American and Egyptian cotton can be expected at the end of the current season. Although the world supplies and probable consumption cannot as yet be estimated, it appears unlikely that cotton prices will fall back to the low levels established earlier in the year. On the other hand, a substantial and

permanent rise of prices in terms of other commodities in the near future is ruled out by the existence of huge stocks, unless acreage in the United States and elsewhere is further reduced. In this respect the raw cotton situation differs fundamentally from the outlook for wool. As almost the whole wool clip has been marketed readily, there has been no abnormal accumulation of this fibre in producers' hands. The cotton grower (or the taxpayer in the United States) will have to pay heavily for the artificial restriction of supplies before his crop becomes once more remunerative to him.

OTTAWA AND THE COLONIES.

THE Colonies, Dependencies and Protectorates within the British Empire were not officially represented at the Ottawa Conference, nor were they directly parties to the agreements there concluded. In preparing for the Conference, however, the extension of inter-Imperial trade between the Dominions and the Colonies had been definitely regarded as one of the more important ends to be promoted. The extent to which the Dominions were interested in the markets of the Colonies and the Colonies in those of the Dominions had been fully explored. Possible preferential arrangements for the purpose of promoting Dominion-Colonial trade had been discussed with the Colonies themselves and their views ascertained. In the end the Ottawa Agreements embodied certain principles and proposed certain schedules of preferences which were intended to further this object. In order to obtain a complete picture of the Ottawa Conference and its consequences a brief examination of the decisions there made, as they will affect the Colonies, is thus necessary.

The broad principle governing the articles of agreement as they affect the trade relations between the different parts of the Empire is contained in the formula "What A grants to B shall be granted also to D, E, F"; the principle of inter-Imperial most-favoured-nation treatment. In certain instances reservations were made to its general application. The preferential arrangements concluded by the Customs Agreement of 1930 between the East African Colonies and the Union of South Africa were treated as forming a small inner Customs group, the mutual arrangements of which would not be affected. In other cases existing treaties with foreign countries, as in the instance of the Congo Basin Treaty, had to be observed. Apart from exceptions of this kind, the Ottawa Conference has undoubtedly strengthened and extended the observance of the most-favoured-nation principle as between the Colonies and the Dominions.

On the side of the non-self-governing Colonies the obligation arising from the agreements is expressed in uniform terms. Each Colony is "invited" to give to each of the Dominions any preference accorded to any other part of the British Empire. It may be taken for granted that the invitation will be accepted. In certain cases the Colonies enjoy virtual fiscal autonomy. In others fiscal policy is determined by the British Government. As regards the former, it may be assumed that assurances of acceptance have already been obtained.

The obligation undertaken by the Dominions towards the Colonies is not, however, identical in each case. The form of obligation recognised by Canada and New Zealand is to give to the Colonies to which British preferential rates are accorded such preferences as are given to Great Britain. There is nothing in the agreements to preclude one Dominion from entering into special preferential arrangements with another Dominion. If such arrangements were concluded there is no provision for their automatic extension to the Colonies. Further, no obligation is recognised to extend a preference to a Colony that gives no preference to the Dominion, or to a Colony that gives a greater preference to some other Dominion. In the cases of Australia and South Africa and India the obligation will not be automatically operative, but will be recognised if the British Government so request.

In 1930 the total exports from the countries of the overseas Empire were valued at £697 millions. Of this total, 38.1 per cent. was consigned to the United Kingdom and 11.6 per cent. to other countries within the Empire.

To what extent the agreements, by generalising the effect of preferences, will increase the trade of the Colonies cannot be estimated. At least it represents a step in the right direction. Of more immediate interest are the new and special preferences which are to be introduced as between the Dominions and the Colonies. These have been agreed as the result of bargaining, and these bargains have to be scrutinised before their true character is revealed. Unfortunately it is evident that in too many instances these new preferences will mean a very material addition to the level of duties charged by the Colonies upon non-Empire imports as a condition of affording a preference to the Dominions. According to Schedule D of the Canadian agreement, for example, a number of Colonies undertake to impose a specific duty of no less than 1s. per pair in addition to their general *ad valorem* tariff upon rubber boots. The shilling is to be the margin of preference in favour of the Dominion product and it is aimed against the cheap rubber shoe produced in Japan. Such shoes are rapidly becoming articles of necessity among the poorer sections of people in the East. To impose a preferential duty, that in many cases cannot be much less than 100 per cent. *ad valorem*, upon such articles in order to benefit the manufacturers of the Dominions is protection of the worst kind. The case of cotton hosiery is nearly as flagrant. Upon the existing *ad valorem* duties a new specific duty of 6d. per pair is to be imposed in order to give a preference to the Dominions. Upon low grade cotton stockings such a duty must impose an extremely heavy burden upon the consumer.

If the corresponding schedules, embodying the new preferences which the Dominions are to extend to the Colonies are studied, it will be hard to find instances of corresponding advantage to the Colonies, or, to put it more accurately, instances in which equal hardship is inflicted upon the Dominion consumer for the benefit of the Colonial producer. A margin of preference over the intermediate tariff upon oils or asphalt of 10 per cent., or of 50 cents per pound upon cigars, is scarcely equivalent to duties that will materially raise the cost of living for the poorer inhabitants of many of our Colonies.

The Ottawa agreements, in so far as they affect the Colonies, are very largely on all fours with those clauses which more particularly affect this country. They contain provisions that do homage to the sentiment of "more and freer trade," but when these provisions come to be applied they are found in almost all important cases to result in the raising of tariff barriers against the non-Empire producer in order to give a preference, often a very large preference, to the Dominion producer at the cost of the Empire consumers outside the Dominions. The true meaning of these agreements will be, not more and freer trade, but fresh imposts upon the necessities of life in the interests of Dominion manufacturers.

Notes of the Week.

The American Election.—As polling day draws near, the Presidential election campaign is working itself up to a crescendo of activity, and statements by both candidates are coming so thick and fast that supporters of each are reported to be advising their protagonists to "stop talking." Republican campaigners are in slightly better heart than a week ago and believe that a good effect has been produced by their new slogan: "We're through the worst of the crisis. If you elect Hoover, happy days will soon be back again." Nevertheless, there is little indication that the brightness of the Democratic chances has been seriously dimmed, despite the advocacy of Mr Hoover's claims made by men of such eminence as Mr Coolidge and Mr Ford. By way of compensation, Mr Roosevelt has had for the first time the powerful platform support of Mr "Al" Smith, while the candidate has done no harm to the Democratic chances either by his level-headed treatment of the War Bonus question or by his dramatic pledge to repeal the eighteenth amendment. The latest figures of the *Literary Digest's* "straw vote" point as strongly as ever to Mr Roosevelt's victory, and Mr Hoover, even

if he has ceased to lose ground, does not seem to be regaining what he has lost. From the point of view of the outside world the most important feature of the recent campaigning is the prominence given to the tariff problem. Mr Hoover has implied in more than one speech that, if re-elected, he will favour "more and higher" tariffs, and he has announced that he has instructed the Tariff Commission to investigate the cases of industries which are injuriously affected by the depreciation of foreign currencies. Mr Hoover's repeated insistence on the need for high tariffs is taken to reveal his belief that American public opinion is moving further and further towards policies of isolation, and that his only chance of redeeming his desperate electoral position is to appeal to that sentiment. An echo of this election feature was heard in this country towards the end of last week, when Mr Mellon, the American Ambassador, delivered at Manchester a studious defence of American tariff policy. Mr Mellon was at pains both to expound America's imperative necessity to "build up the purchasing power of her people," and also to minimise the restrictive effect on world trade exerted by the American tariff. It is becoming very clear that a Republican victory would be a signal for further raising and extension of the already formidable Smoot-Hawley barrier. We could wish that it were equally clear that a Democratic victory would be followed by a strenuous tariff reduction. Mr Roosevelt, it is true, continues to revile the existing tariff and to advocate the negotiation of trade treaties with other countries. But, while campaigning in the West, he was constrained to reassure American farmers that such protection as they enjoy would not be taken from them, and it is by no means certain that some of his most influential supporters share his enthusiasm for tariff reduction even in the case of manufactures.

The War Debts.—The various accounts of M. Herriot's statement to the Foreign Affairs Committee of the French Chamber have done little to dispel uncertainties as to when and how the question of war debt payments to the United States will be raised by the European debtors. All that is certain is that, whether the initiative is taken individually or collectively, the question will be raised; it may also, we think, be taken for granted that before any payment is made on December 15th, the matter must come before the Parliaments of both France and Great Britain. No indication has yet been given in any quarter of specific proposals that may be made. We assume, however, that in any representations made to the United States the disturbing influence upon the balance of payments of the large transfers involved, and their consequent effect in contributing to the world crisis, will play a large part, just as was the case in the reparations discussions at Lausanne. In this connection, the position of Great Britain supplies striking figures not merely of the magnitude of these payments as they figured at the time when the payment schedules were agreed, but of the great increase in their burden under the conditions that obtain to-day. Thus, whereas the annual dollar payment fixed in our case was equal in 1923 to about £33 millions sterling, rising in 1932-33 to £38 millions sterling, the latter figure has now increased to nearly £56 millions sterling, owing to the fall in the pound. Moreover, as prices have also fallen heavily in the meantime, this £56 millions is equal in terms of goods to nearly £90 millions in the currency of 1923—a figure equal to three-quarters of the maximum total German annuity under the Dawes Plan! Even more striking is the extent to which the shrinkage of trade, in which the American tariff has undoubtedly played an important rôle, has made it more difficult to pay in goods. Consider these figures: The first annuity which we paid to America in 1923 was £33 millions sterling; in that year we exported to the United States £61 millions' worth of goods; the annuity was therefore equivalent to little more than six months' exports. The annuity which we are due to pay the United States in the ensuing year is £56 millions; our exports in 1931 were £17 millions, and in 1932 will be less; the annual annuity to-day therefore represents from three to four years' exports. But, however cogent these considerations may be, the hard fact remains that every dollar by which these payments are reduced is

a dollar lost to the assets side of the American Budget. It is clear that the task of persuading America of the economic advantage, both to herself and to us, of modifying her debt claims will be immensely eased if at the same time we can reach a disarmament agreement sufficiently far-reaching to make a substantial reduction in the annual burden of armed forces upon the American taxpayer.

Germany on Election Eve.—A week before the date on which the Reich is to be put through another general election, the political situation in Germany is more obscure than ever. Apart from the complications introduced, as our Berlin correspondent observes this week, by the Leipzig judgment, there are many unanswerable questions. Is there any truth in the rumour of dissensions in Herr von Papen's Government between the civilian Ministers and General von Schleicher? And if this rumour is untrue, which policy is in the ascendant? The policy of re-arming, or the policy of patiently persevering in the effort to bring the heavily-armed Powers down gradually towards the German treaty level? Or is the burning question in Germany at this moment not Armaments at all, but Import Quotas? Is the Government's import quota policy alienating the German business world? Is a movement on foot for bringing Dr. Schacht back into some position of financial authority in order that he may set Germany's financial policy on a new course? Is the von Papen Government seriously threatened by the prospect of a Nazi-Zentrum alliance in the cause of constitutional Government? And how does the Nazi Movement stand in the country? To what extent will its undoubted setback be registered in the forthcoming election returns? And, if the Nazis do lose some millions of votes, to whose benefit will those votes accrue? Will the Communists pick them up, or the Hugenberg Nationalists, or Herr von Papen himself in his personal capacity? It is not even clear whether the Chancellor will solicit support for the Nationalist Party—the only Party which supports him—or whether he will come before the electorate with a personal ticket of his own. On the present German system of proportional representation and automatic transfer of votes, this last manoeuvre is easily performed. There is no necessity for Herr von Papen to organise a genuine party, with a local branch in every constituency in person, he has to do is to stand in every constituency in person, with a list of "dummies" after his name to catch and retain, in his favour, the superfluous votes that pass to them from the star performer himself. If Herr von Papen has really made so great an impression on the hearts and minds of the German people that the millions who voted for Hitler will now give their votes to him, he can turn his personal popularity to parliamentary account in this very simple and convenient way. Here is a string of questions; but we wonder how many people, even in Germany, are able at this moment to divine the answers.

Disarmament and the Herriot Plan.—The official progress towards disarmament plods its weary way, with one step forward in this place, one step backward in that, and little or no movement at all on balance. At Geneva, they are compulsorily marking time; in Germany, the National Board for the Physical Training of Youth, which was created by President von Hindenburg last month, has now been actually appointed, and we fear that this can only be interpreted as a step backward. If there is any advance to be registered at all, we must look—and perhaps look through a magnifying glass—at what has been happening in London and Paris. In London, there have been conversations, over the week-end, between Mr MacDonald and Sir John Simon with Mr Norman Davis, the American delegate who is on his way to Geneva. In Paris, there have been discussions of the Herriot Plan which is to be substituted for the Tardieu Plan as the official French proposal to the Disarmament Conference. *A propos* these discussions in Paris, there have been rumours of dissension between Monsieur Herriot and General Weygand, which are as difficult to appraise as the similar rumours with

regard to Herr von Papen and General von Schleicher. It goes without saying that the French military experts have been submitting the French Cabinet's scheme to a searching examination; and it may be presumed that any alterations which they have asked for are in the direction of less disarmament and not more. But there seems no sufficient ground for believing that there has been a head-on collision between the Chief of the General Staff and the Prime Minister; and the presentation of the scheme has not been delayed. As originally promised, it is to come before the Disarmament Conference on November 3rd. As for the gist of the Herriot Plan, all forecasts confirm the outline which has already been given, provisionally, in the *Economist*. It appears to be a scheme for the simultaneous promotion of Disarmament and Security (in the French sense of security) in successive stages; and genuine pains, one gathers, have been taken not to ask the impossible of other nations. The proposed system of regional pacts, involving military sanctions, is only to apply to Continental European States. Great Britain is not to be asked to make any commitments in this sphere beyond those which she has already made at Locarno. But Great Britain's present inhibition upon the use of naval sanctions is to be overcome by an attempt to remove its cause. On the strength of the statement which Mr Stimson made last August, the United States is to be asked to renounce its neutral right of trading with a belligerent if the belligerent has placed himself in the position of an aggressor. When the exact terms of the plan are made public, we shall no doubt find formidable difficulties in it; but we hope that, unlike the Tardieu Plan, the Herriot Plan may at least be found to provide a possible basis for constructive work.

Signor Mussolini's Speeches.—Signor Mussolini spoke at Turin last Sunday, and again at Milan on Tuesday; and both speeches are worthy of attention. We may perhaps remark in passing that the Duce has never failed to command attention since he first secured his platform; but, as the years have passed, the way in which the world attends to him has changed a good deal. There was once a time when every speech from the Duce's mouth caused a flutter in the dovecots—a flutter which often hovered on the verge of becoming an "incident" and which only died down again thanks to the little saving clause which was invariably to be found in every speech, tucked away unobtrusively in a corner. To speak quite frankly, those were the speeches of a demagogue who rattled his sabre for the delight of Italian ears, but always clipped a silencer on to the scabbard for the easement of foreign nerves. But gradually and imperceptibly the demagogue has turned into a statesman; and this statesman is listened to nowadays not because his language makes a sensation and causes a commotion, but because he has important and constructive things to say about the great international questions that involve the destinies of the world. Therefore, the world is now inclined to take his speeches seriously and to ponder what he says, even when it may not altogether accord with the views of other Governments and other nations. To take his recent speech at Turin, we may not agree with Signor Mussolini when he intimates that the League ought to confine its attention to Europe, and that even in Europe the four European Great Powers ought to rule the roost in private conclave. But his plea for peace and disarmament on a basis of real equality between ex-victors and ex-vanquished has not only retained all its force, but has continued to grow in cogency and in urgency since the Duce first proclaimed it in the summer of 1928. In this context his summing up of Germany's position, in the Turin speech, is both sensible and pithy. "The German demand for juridical parity is fully justified. This must be recognised, the more precisely the better. At the same time, while the Disarmament Conference lasts, Germany cannot ask to re-arm herself in any degree. But when the Disarmament Conference is finished, and if it has given a negative result, then Germany will not be able to remain in the League of Nations if this difference, which has lowered her standard so far, is not eradicated. We do not want hegemonies in

Europe." These brief sentences contain not only an admirable statement of the actual situation, but also a timely warning to both Germany and France. As far as Italy's own policy is concerned, Signor Mussolini has announced at Turin that he intends to maintain her membership in the League, and he has announced at Milan that he intends to grant an amnesty, at home, to political prisoners and deportees. The first announcement is good hearing, in view of the temper recently shown by the Fascist Grand Council. The second announcement should prove—if the Fascist Government only lives up to it—to be one of the most effective steps that Signor Mussolini has taken yet to strengthen the foundations of his own regime.

Church and State in Spain.—Señor Azaña has celebrated the anniversary of his coming into office by tabling a Government Bill in the Cortes to translate into administrative regulations the separation of Church and State which was approved in principle last year. It is a precept of the Constitution that property may be taken over by the State for the benefit of "social utility" or if it is not being administered in the interests of the community. Church property—artistic treasures, ornaments, missals, etc.—can easily be said to come under this heading. So that the cry of "hands off" which the Church Party, in the country and in the Cortes, is raising, is not likely to have any effect. The Government are proceeding in accordance with the Constitution. There is an Article, moreover, which expressly authorises the State by a special law to return in full or in part any such property or rights of which the original possessor may enjoy the usufruct. And, having established the principle, this the Government will probably do. There is more substance in the charge that, until the Law for the Defence of the Republic has been abrogated and the Court of Constitutional Guarantees established, the Constitution cannot really be said to be in force. But the party liveliness which in July seemed to indicate a change of Government—new elections and a new Cortes less to the Left than the present—has almost entirely subsided as a result of the Government's firm handling of the Sanjurjo coup at Seville. And no alternative to the Azaña Cabinet is in sight. The Socialists have recently held their annual Congress and have agreed by a considerable majority to stay in the Government until all the supplementary legislation for applying the principles of the Constitution has been passed.

The "Hunger March."—London has been given a grim reminder of the gravity of the unemployment problem by the arrival in the capital this week of small detachments of workless men and women who, travelling on foot, converged from every quarter of Britain, the final objective being to join with the London unemployed in a monster demonstration in Hyde Park on Thursday. It is arguable that the organisers of this march might have learnt a lesson from the episode of the Bonus Army's adventures at Washington. The profound sympathy of the whole country with those who face another idle winter does not need any such demonstrations to kindle it; nor is it thinkable that Parliament, any more than Congress, could be intimidated into ill-considered action by the threat of disturbances. We can see no way in which good can come out of the toils and tribulations of this long trek. Harm, indeed, has been caused by it already; for the outside world, especially the Continent of Europe, has been treated to the most lurid and exaggerated stories of the scope and meaning of the "march," and distrust of Britain's position has thereby been engendered. Nevertheless, no matter how logically we may deprecate the organisation of this assembly, or how greatly we may deplore the clashes with the police to which it led, the fact remains that evil generates evil. And the core of evil here is the growing mass of unemployment.

The Fall in Sterling.—The further fall below \$3.80 in the exchange value of sterling, to which reference has already been made in our Money Market notes, has inevitably been treated this week with a certain degree of sensationalism by some sections of the Press; and the effect of speculative operations by real or imagined foreign "gangs" has been ridiculously exaggerated. To a not inconsiderable extent, no doubt, there has been speculative sales of sterling both on British and foreign account; and in some centres abroad a succession of adverse rumours, on which we commented last week, culminating in highly-coloured versions of unemployment disturbances, has acted as a depressing influence. Nevertheless, the factor mainly responsible for the depreciation of sterling, since the authorities somewhat belatedly removed the "peg" a fortnight ago, appears to be a seasonal demand for *devisen* on commercial account. In this connection it should not be overlooked that, so far as can at present be estimated, the adverse balance of Britain's foreign payments which the Government's fiscal policy was to set speedily to rights has been modified to some extent compared with a year ago, but has by no means disappeared. It is true, of course, that figures relating solely to the United Kingdom are not a real measure of the pressure on sterling *vis à vis* gold currencies—for this purpose an estimate embracing the whole sterling area is required—but, with this qualification, we would suggest that at the end of the year the contraction in the debit balance on merchandise and bullion account is likely to be largely offset by the diminution of "invisible" receipts. When allowance is made for the further consideration that a proportion of the proceeds of exports has become frozen in "blocked" accounts abroad, there need be little surprise that the pound, once our authorities decided to allow it to find a "winter equilibrium" without more than occasional support, should sink to a somewhat lower level than the \$3.45 at which it was "pegged."

The Iron and Steel Tariff.—The latest report of the Import Duties Advisory Committee on the iron and steel tariff is a disappointing and disquieting document. Last April, it will be recalled, the Committee recommended not merely a 20 per cent. duty on a wide range of manufactured iron and steel products, but a temporary duty of 33½ per cent. on imported "semis." The latter duty was originally intended to have only a three months' duration, but by June the Advisory Committee had come to the conclusion that while "protection would not suffice to place the industry in a position to play its proper part in the national economy unless it was accompanied by a considerable measure of reorganisation," they deemed it advisable to continue the 33½ per cent. duty for a further three months, ending October 25th, "provided the industry was prepared to carry through a satisfactory scheme of reorganisation." At a conference on June 3rd with representatives of the industry, the Advisory Committee had arranged that a national committee, with area and sectional sub-committees, should be set up to prepare a reorganisation scheme. The Advisory Committee now make public the report, which they have received from the national committee. For reasons which seem to us singularly unconvincing the appendix to the report, summarising reorganisation progress, is suppressed. All that we are told in this connection is that "the arrangements with regard to prices and supply have proceeded more rapidly than the far more difficult and laborious process of reorganisation." The report claims that in the case of many crude products the foreign makers are still selling in the British market below their own cost of production and that, as a result, it is "impossible to secure the full co-operation of the consumers on a national basis," so that the producers, lacking "the volume of production such co-operation would provide, . . . are quite unable to proceed with their schemes of reorganisation." The suggestion is therefore made that "the desired result might perhaps be achieved by imposing temporary duties at specific rates supplementary to the general level of 33½ per cent." This suggestion the Advisory Committee have so far not adopted, but they appear to be sufficiently impressed with the

assurance of the national committee that "progress is being made," to feel justified in recommending a greatly extended continuance of the high 33½ per cent. duty. Though they admit that the imports to which the duty is applicable had declined in the third quarter of 1932 by more than 45 per cent. as compared with the corresponding period of 1931, nevertheless they are convinced that "the practical cessation of dumping of foreign iron and steel is an essential prerequisite" to reorganisation. Hence the duty is to be continued for a further two years, and "if by the time a satisfactory scheme is ready, the two years' extension has not achieved this result (i.e., the cessation of dumping) we shall proceed . . . to recommend such further protective measures as are necessary." Thus, a scheme of high protection, whose effects have been a drastic fall in imports combined with a substantial decline in home production and an appreciable though smaller shrinkage of exports, is to be fastened on the country for a very considerable period ahead. The spur towards reorganisation which was to be given by the temporary application of the tariff is immeasurably weakened; and we are apparently faced with the prospect that, so long as the iron and steel industry can convince this complaisant Advisory Committee that foreign competition is impeding its progress along the lines of internal reorganisation, the industry is entitled to claim the indefinite continuance of high, and possibly increased, tariff shelter.

Mr Norman's Speech.—After a break last year, due to the national crisis, the series of annual Bankers' Dinners was resumed at the Mansion House on Thursday of last week. In the absence of the Chancellor of the Exchequer, detained at the House of Commons, Sir E. Hilton Young delivered a review of the financial position, while the Governor of the Bank of England made one of his all too rare appearances as a public speaker. The main emphasis of Mr Montagu Norman's speech was laid upon the grave of obstructing the recovery of trade:—"Obviously one of the great things which we, speaking technically, wish to dispose of are the frozen credits throughout Europe. I think there is nothing which impedes the business and prospects of bankers to the same extent as those." Mr Norman did not propound any solution; but turned instead to make a plea for future co-operation among the bankers in the matter of making short-term loans abroad—a plea which we hope will not fall upon deaf ears. Unfortunately the peroration of Mr Norman's speech, dealing very briefly in general terms with the crisis and the outlook, was interpreted abroad as an expression of blank pessimism. "The difficulties," said Mr Norman, "are so vast, the forces so unlimited, so novel, and precedents are so lacking, that I approach this whole subject not only in ignorance but in humility. It is too great for me." In America, in particular, these words conveyed the impression of despairing defeatism. Had the whole speech been studied, this impression might have been softened, for the Governor expressed the hope that a year hence "we shall see clearly where we are going, and be sensible of the rapid pace towards the goal at which we are proceeding." And again, "I look forward in the near future to a growth, development and improvement in the industry of this country . . . upon which we can rebuild the eminence which we enjoyed and received from our fathers."

The Canadian Free List.—The Parliamentary debates on the Ottawa agreements have continued this week drearily and to little good purpose. Opposition criticisms of point after point were brushed aside unanswered, with the mere assertion that the Ottawa bargain was an integral whole not susceptible to any modification. On Wednesday night Mr Thomas explained that Irish imports would lose from November 15th their immunity from the taxes imposed under the Import Duties Act; these would be additional to those imposed for special "land annuities" collection. Otherwise few fresh features emerged. Meanwhile, however, a curious side-

light on the Ottawa agreements has been thrown by the decision of the Canadian Government to impose a duty on imports of regenerated cellulose. Hitherto imports from Britain have been admitted free of duty and foreign imports taxed 10 per cent. The new Order provides for a 20 per cent. tariff against British imports, with a 35 per cent. general tariff. Under Article 14 of the Ottawa agreement, the Canadian Government undertook "that no existing duty shall be increased on United Kingdom goods except after inquiry and the receipt of a report from the Tariff Board." Though this Article made no specific reference to British imports hitherto on the Free List, the general understanding created was that Canada, except after reference to a Tariff Board, would not raise further barriers against British goods. Apparently this is not the case, and the much-advertised Free List may be whittled down to nothing at the Canadian Government's discretion. The absence from the Canadian agreement of the provision agreed to by Australia that "no new protective duty shall be imposed" now takes on an unpleasant significance. Truly Mr Bennett has written a bonny postscript to his agreement.

Cotton Spinning Wages.—Our Manchester correspondent writes:—"The wages dispute in the spinning section of the Lancashire cotton industry was settled, at the eleventh hour, last Saturday, when the operatives' representatives accepted a reduction of 14 per cent. in standard piece price list rates, equal to a cut in earnings of 1s. 6.4d. in the £. The negotiations had lasted nine days, and on the last two days the negotiators sat continuously for 17½ hours and 14 hours respectively. The different trade unions whose members are involved in the spinning section held meetings this week to ratify the proposals, and the formal signing of the full agreement is expected to take place in Manchester on Monday, October 31st. On that date the wage reduction will come into operation. The two sides, however, have yet to discuss the question of reinstatement, though this is only a minor issue. The full agreement has not yet been finally drafted, but it will embody the following provisions:—

- (1) Agreement to set up a conciliation committee with an independent chairman and independent members to supplement the existing machinery for joint discussion.
- (2) The restoration of the 48-hour normal working week.
- (3) Agreement to discuss and settle under the new conciliation procedure means of securing maximum production, which means the deduction of oiling and cleaning time, which now takes from 2 to 3½ hours weekly, from working hours.
- (4) Agreement to consider without delay "claims to exceptional wage rates," and to review "anomalies in regard to working conditions."

Moves have been made this week in the manufacturing section to make arrangements for the reopening of discussions on the "more looms per weaver" question; but though wages and hours agreements have now been reached in both the spinning and manufacturing sections many questions have yet to be settled, and it will probably be months before every subject is finally cleared up. The two conciliation committees with independent chairmen have yet to be appointed, and the subjects which remain to be considered will first be dealt with by the existing machinery.

Idle Shipping.—The latest quarterly return of the Chamber of Shipping, giving the amount of tonnage laid up and out of commission in United Kingdom ports on October 1st, records no alleviation of the deep depression in the shipping industry. We give below the figures of unemployed tonnage in this country at quarterly intervals since the beginning of 1931:—

	(Thousand Net Tons).	
	1931.	1932.
January 1st	1,593	1,966
April 1st	1,890	1,800
July 1st	2,044	2,196
October 1st	2,089	2,182

Although the October figure shows a small improvement of 0.7 per cent. as compared with July, the increase on

the year is over 90,000 net tons, or 4.4 per cent. The total of 2,181,695 net tons includes twelve foreign vessels of 29,448 net tons, so that the British tonnage laid up in United Kingdom ports on October 1st consisted of 859 vessels of 2,152,252 net tons, representing nearly 3½ million gross tons, or about 5½ million deadweight tons. Included in the total figure are 330 vessels of 925,134 net tons which have been out of commission for a year or longer.

Anglo-South American Bank.—Sir Bertram Hornsby, the chairman of the Anglo-South American Bank, had a difficult task to perform at this week's annual general meeting. On the broad question of the causes of the bank's present difficulties, he pointed first to the unparalleled world depression and its consequences, but then proceeded to say, as his personal view, that the bank was working in countries where banking risks were much greater than they are in this country, that profits were proportionately greater, that it would have been more prudent to have allocated larger sums to reserves in the past, that the bank's liquid resources were not sufficiently large for the volume and kind of business it was doing, and consequently that when the storm broke the ship was overcrowded with sail. After expressing this frank view of the causes of the trouble, he said that as a consequence of the arrangements made last June by which the bank was relieved of a demand liability for a very large sum and new capital of £1,000,000 was put into the business by an important group of banks, the position has been very much altered for the better, and already in these last three months the board has had evidence of the good effects on the bank's trading which those arrangements have produced. Discussing the bank's balance sheet, Sir Bertram explained that the contraction of over £9 millions in acceptances was mainly due to the transference to the banking group of the £7,500,000 of the bank's nitrate liabilities, this being the main provision in the arrangement of last June. The fall in deposits was due in part to the various adverse rumours in circulation a few months ago, while the reduction in advances was due partly to collection of outstanding debts and partly to allowances for bad and doubtful debts. As regards the appropriation of both the general reserve and the special reserve created a year ago, Sir Bertram admitted that by June 30th last it had become clear that both sums would be required in their entirety, and also a substantial allocation from the current year's profits, to cover depreciation of investments and bad and doubtful debts, and that even so, an amount of £1,414,875 representing depreciation of capital employed abroad was still outstanding. On the other hand, last year's gross profit of £1,866,508 showed that the business still possessed an earning capacity, and while running expenses showed a reduction of only £28,000 below those of the previous year, their failure to show more was explained by the depreciation of sterling and also by the fact that the economies adopted last year had not had time to produce their full effect. Sir Bertram made no promise that the board would not make a call on the partly paid shares, and could only say once more that every effort would be made to avoid it. If shareholders supported the bank and refrained from panic selling, such a display of confidence would render a call less likely. The general impression left by Sir Bertram's speech is that while he has given a full and frank explanation of the bank's present difficulties and position, it will take even under the most favourable circumstances a long time for the bank to make good the losses of the past few years.

Chilean Finance.—A correspondent writes:—Since the coup d'état in Chile in June last, economic conditions have become so chaotic that legislative decrees have been issued almost daily to deal with the situation. For example, on August 20th last, a Decree (No. 295) was promulgated authorising the Banco Central de Chile to sell exchange for foreign countries up to a limit of 5,000,000 Chilean gold pesos in excess of the amount it may have purchased, for the sole object of effecting payments for the importation

of goods of prime necessity or raw materials, as approved by the International Exchange Commission and the Board of the Banco Central de Chile. In this connection, a further Decree Law (No. 646) was published on September 26th authorising the Banco Central to sell, during the current year, foreign exchange in excess of its purchases, such foreign exchange also to be utilised for acquiring articles of prime necessity. The "over-sold" drafts may not exceed 10,000,000 Chilean gold pesos, without prejudice to the authorisation granted by Decree Law No. 295, which remains in force. While the strict regulations for the control of foreign exchange transactions continue to be applied, transactions take place in the outside, or "street" market, at rates considerably higher than those officially quoted. For example, at the beginning of October, the official rate was 56.86 pesos per £1, but the "street" rate was 204, and the "barter" rate 207. The latter is the rate quoted by exporters who transfer the proceeds of their sales in foreign currencies to importers. The Control Commission does not interfere in the fixing of these rates, but must authorise the transaction. The Banco Central fixes official buying rates for United States dollars daily, and other foreign currency rates are based upon that quotation. Sales by the Central Bank take place each week on the basis of their average buying rate for the previous week. A charge of ½ per cent. is made on all purchases, but sales take place free of commission. Local banks charge ½ per cent. commission on purchases, of which ¼ per cent. is for account of the Banco Central. On sales they charge ¼ per cent., such sales being subject to the authorisation of the Exchange Control Commission. All rates quoted above are for sight drafts. Details of other Decrees are as follows:—Under Decree No. 596 of September 9th, the President of the Republic was authorised to contract loans to a total of 150,000,000 pesos, the maximum period being five years, with amortisation at the rate of 20 per cent. per annum payable at quarterly intervals, and interest at 3 per cent. per annum in respect of the bonds placed with commercial banks or the public. Operations made with the Banco Central will be subject to interest at the rate of 1 per cent. only. Subsequently, a further Decree Law (No. 645) was issued on September 29th, the purpose of which was to relieve commercial banks from any difficulty in respect to cash holdings arising from their participation in the above-mentioned loan. Treasury bills delivered to the commercial banks under the terms of Decree No. 596 may be discounted by the Banco Central, subject to the approval of the Superintendent of Banks. A Decree (No. 1,183) of August 8th last made provision for the application of the "Fomento" Law (No. 127) in respect to the Instituto de Crédito Industrial. This Decree authorised the Institution to discount or re-discount up to 40,000,000 pesos in bills or documents of industrial origin. The Decree also provides for advances to be made to various industries, including a sum of 10,000,000 pesos to the nitrate industry. The establishment of an autonomous institution to attend to the payment of principal and interest of both internal and external obligations of the State and Municipalities, was provided for by Decree Law No. 595, published on September 9, 1932, but, for the time being, the scheme outlined in this Decree remains in abeyance. Decree Law No. 592, of September 12th, contains provisions for increasing considerably the rates of income tax under various sections of the Chilean Income Tax Act No. 172 of February 24, 1932. The "additional" tax payable by absentees from Chile and upon profits earned in Chile by foreign companies, etc., is increased from 3 per cent. to 6 per cent. A further Decree (No. 594) placed heavy increases on Stamp Duties and particularly in regard to Stock Exchange operations, but, following suspension of operations by the Stock Exchange as a protest, the Decree was replaced by Decree Law No. 644 ameliorating the charges on Stock Exchange transactions, the tax on forward share operations being now 4 centavos per cent., instead of an increase to 25 centavos per cent. This new rate compares with an original basis of 20 centavos per mille. The tax on transfers of nominative shares has been changed to 10 centavos per cent., instead of an increase to 50 centavos per cent., and an original basis of 5 centavos per cent.

The 1930 Census of Production.—Volume XIX of the preliminary reports of the Census of Production of 1930 published in a recent issue of the *Board of Trade Journal*, deals with the drink industries. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms), and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924	1930	1924	1930	1924	1930
Brewing and malting ...	Thous. £ 157,578	Thous. £ 140,884	Thous. £ 121,641	Thous. £ 114,112	£ 797*	£ 725*
Spirit distilling	6,804	4,827	2,469	1,869	553	516
Spirit rectifying, com- pounding and methy- lating	5,842	5,524	944	674	1,140	931
Wholesale bottling	33,590	45,791	8,175	10,355	479	533
Aerated water, cider, vinegar and British wines	8,685	8,427	4,866	5,171	321*	317*

* Exclusive of duty.

The returns show a substantial decline both in the gross and in the net value of the output of the brewing and spirit distilling trades between the two census years. The quantity of beer, ale, stout and porter brewed in 1930, at 18,735,000 standard barrels, shows a reduction of 1,667,000 standard barrels on 1924, and the average number of persons employed in the industry declined from 65,916 to 59,754. The total quantity of spirits distilled in Great Britain was returned at 34,374,000 proof gallons in 1930 and at 34,882,000 proof gallons in 1924. The decline in the total value of the output of spirits is due chiefly to the fall in the average net selling value from 8.2 shillings per proof gallon to 2.3 shillings per proof gallon. The figures for the wholesale bottling industry show an increase in the quantity of beer, ale, stout and porter bottled from 52,901,000 gallons in 1924 to 82,318,000 gallons in 1930. Similarly, the production of table waters advanced from 26,732,000 gallons to about 35,000,000 gallons, and the output of cider and perry, at 6,486,000 gallons in 1930, shows an increase of 621,000 gallons on 1924.

Atlas Insurance Company.—This company was due to make a declaration of bonus at the beginning of this year in respect of the triennium ended December 31, 1931. In view of the very abnormal financial conditions then existing, however, it was decided to postpone the declaration but in the meantime to give interim bonuses at the rate of 48s. compound in respect of each of the years 1929, 1930 and 1931—but not for 1932. The directors have now announced that they have declared a bonus for the triennium 1929-31 at the rate of 48s. per cent. per annum compound. No reference has been made, however, to interim bonuses for the years 1932 and 1933, and some statement on this point will be awaited with much interest. The rate of bonus declared, the cost of which appears to be amply covered by the trading surplus of the triennium, would be considered unusually high even in more normal times; if the rates of interim bonus for 1932 and 1933 are on approximately the same level as the rate now declared the company's agents will be provided with a weapon of great competitive power. The declaration has been made as, in the opinion of the directors, the abnormal financial conditions existing at the beginning of the year have now passed, but the amount of the recovery in the market values of the assets is not mentioned. The total depreciation in the assets of the life fund in 1931 was £967,000, which was met by writing down book values to market values on December 31st and by establishing a temporary investment reserve fund of £500,000. Of this depreciation £400,000 is known to have been recovered by March 31st of this year and it is probable that little, if any, of the remaining depreciation still exists. After providing for the cost of the new bonus and cancelling the temporary investment reserve of £500,000, the present market values of the assets are probably sufficient to enable approximately £500,000 to be carried forward. Additional actuarial reserves exist, over and above those

provided by the published basis, of about £350,000. The sum of these two items, it is true, amount to less than the depreciation shown in the crisis year 1931, but most authorities would consider the position a strong one for all practical purposes. The company and its policyholders are to be congratulated on the excellent bonus which has been declared, not only because of its amount but chiefly because the current surplus earned and the condition of the life fund appear to justify the course that has been followed. Such a high rate of bonus can hardly be expected, in these times of falling interest yields, to continue indefinitely, but a similar difficulty must be faced by all life offices.

Transvaal Gold Output.—The output of gold of the mines of the Transvaal for the month of September amounted to 961,501 ounces of fine gold as compared with a record output of 991,322 ounces in August. The output during September, 1931, was 916,024 ounces of fine gold. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January	796,270	839,782	843,857	876,452	882,801	914,576	936,784
February	753,924	779,339	816,133	815,284	818,188	839,937	914,012
March	834,340	860,511	877,380	866,529	889,370	910,998	960,035
April	803,303	824,014	825,907	872,123	868,606	882,337	949,796
May	849,214	859,479	886,186	897,598	916,213	910,279	965,644
June	852,145	855,154	862,363	856,029	887,867	897,750	959,011
July	860,139	851,861	867,211	889,480	912,532	916,843	991,160
August	843,854	863,345	891,863	889,601	921,081	915,425	991,322
September	839,939	842,118	857,731	849,553	903,176	916,024	961,501
October	853,296	855,743	897,720	888,690	926,561	945,113	...
November	840,276	848,059	872,484	861,593	884,753	900,510	...
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total..	9,962,852	10,130,630	10,358,596	10,414,056	10,719,760	10,874,145	...

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

	Jan., 1932.	Feb., 1932.	March, 1932.	April, 1932.	May, 1932.	June, 1932.	July, 1932.	Aug., 1932.	Sept., 1932.
Gold mines	215,752	216,171	214,024	214,334	215,926	217,077	217,525	217,658	216,398
Coal mines	12,394	12,177	12,009	11,943	11,972	11,833	12,050	11,727	11,642
Diamond mines	1,598	1,363	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total..	229,744	229,711	226,033	226,277	227,898	228,910	229,581	229,385	228,040

The number of natives employed at the gold and coal mines showed a decline on the month.

Overseas Correspondence.

UNITED STATES.

Money Rates — Canadian Tariff — Foreign Trade — Prices.

(FROM OUR CORRESPONDENT.)

NEW YORK, October 19.

BUSINESS and most financial markets are merely marking time pending the outcome of the November election. No well-informed man in Wall Street expects the outcome of the election to make much real difference in business prospects, the argument being that while politicians may do something to bring on a trade slump, they can do nothing to change a depression into prosperity. At the moment Wall Street guessing is largely on the side of a victory for Mr. Roosevelt, but many think President Hoover is beginning to gain.

The increasing over-supply of short-term money has brought abandonment of the 2 per cent. call money renewal rate which had been posted on the Stock Exchange for several months, and a 1 per cent. charge has been substituted. Little, if any, money was borrowed at the pegged rate, and the same was true of the 2½ per cent. charge made from January to July. For months the

supply of call funds at from $\frac{1}{4}$ to $\frac{3}{4}$ per cent., depending on quality of collateral, has been much in excess of demand. In defence of the artificial rate it was said that bank deposits from interior institutions would be withdrawn if the market were allowed to take its course. If it ever were valid, this argument is no longer tenable.

A more potent reason for maintaining a fictitious charge for call money was the custom of brokers to charge on their clients' debit balances an interest rate corresponding to the average call money renewal rate as posted on the Exchange for the month, plus an additional "service charge." With a 2 per cent. posted renewal, the total charge to the customer trading on margin and with a debit balance ranged from $3\frac{1}{4}$ to 5 per cent., and this was in itself a source of revenue to brokers, who were able to secure all the accommodation they needed at 1 per cent. or under.

Time money has weakened with call funds, and is now available up to six months at three-quarters of 1 per cent., and a cut of a quarter of 1 per cent. has been made in bill rates, which are far below the New York Federal Reserve Bank's discount rate of $2\frac{1}{4}$ per cent. This official charge is "high and dry," but Wall Street is uncertain as to whether it will be changed in the near future. About the only practical effect would be the lowering of bank charges on customers' loans, and this sort of business is now at a minimum.

Announcement of the new tariff schedules by Canada was disliked by the markets, although, of course, the element of surprise was lacking. The chemical and steel trades fear they will be hurt, although steel makers think some offset will be found in their capacity to ship more promptly than British makers and their greater ability to meet the Canadian market requirements. Still, Wall Street holds the tariffs as another warning as to what this country must expect so long as it maintains its own high tariff walls. In effect, Governor Roosevelt, while advocating in a speech several weeks ago a lowering of tariffs via the conference route, has more recently said that he did not propose any lowering of tariffs against countries where labour costs were cheaper or living standards lower than in this country. Early action, even in the event of a Democratic victory, is scarcely to be expected. A new Congress will not meet until next year; and, assuming that a new Tax Bill is passed by the Congress which will convene this December, such matters as prohibition, foreign debt adjustments, relief appropriations, and the Soldiers' Bonus must necessarily delay work on a new tariff schedule.

Foreign trade figures for September were more favourable. Merchandise exports rose to \$132 millions, the best figure since last May, and imports were slightly higher than those for August, reaching \$98 millions. Larger exports had been foreshadowed by the gain in cotton exports reported for last month, and in any case a rise in September is seasonal. Exports were less than three-fourths those of the same month of last year and were less than half the shipments of 1930. The steel trade is endeavouring strenuously to invoke the anti-dumping provisions of the law to increase tariffs on steel.

Industrial activity has risen somewhat further, but apparently the peak of seasonal improvement has passed, and the advance is slackening. Steel mills are reported at around 19 $\frac{1}{2}$ per cent. of capacity, but the scrap iron market is weakening, and no early orders on a large scale are in sight. Railroad traffic has expanded two weeks beyond the usual seasonal top, carloadings for the middle week of October reaching the best figure of the year. Electric energy output also increased further for that week. The rise in railroad traffic finds reflection in the September earning statements now coming in. Several roads report modest gains in earnings. Conferences on wages have been postponed until after the November elections.

Industrial company reports for the third quarter are proving to be somewhat better on the whole than was anticipated, although none has come yet from the hardest hit industries, such as mining and steel. Some of the

food companies have done better than a year ago. Commodity prices, however, are somewhat shaky. For the first week in October the Bureau of Labor Statistics index fell from 65.4 to 64.9. The monthly average for September rose one-fifth of 1 per cent. to 65.3. Compared with a year ago prices were $8\frac{1}{4}$ per cent. lower.

FRANCE.

American Debt — Budget Problem — Tax Revenues.

(FROM OUR CORRESPONDENT.)

PARIS, October 26.

INTEREST in the political world is dominated by three great outstanding problems, namely, European debts to America, disarmament and the Budget position. As to the first of the three, all shades of opinion are in agreement (1) that Europe's debt has been so indissolubly bound up with German reparations payments, under the conditions embodied in the Young Plan and the Lausanne Agreements, that the cessation of reparation payments by Germany necessarily involves a suspension of European debts to America, and (2) that, just as Mr Hoover insisted that it was impossible to restore normal economic conditions to the world unless Germany's burden were lifted, regardless of the effect this might have on her creditors, so the American doctrine must with all the more justice be applied to the European debt to the United States. To this thesis the Herriot Ministry is irrevocably pledged, and any material weakening in this respect would almost certainly prove fatal to the present or any succeeding Cabinet. For the moment and at least until the American presidential election is over, the problem will for two reasons apparently remain unsolved. The first reason is that, notwithstanding the so-called European "single front" created at Lausanne, no agreement for common action appears yet to have been arrived at between Great Britain and France. Secondly, the French leaders realise fully the delicacy of the present situation, and are anxious at present not to raise positive issues unnecessarily. Opinion has been greatly relieved by unofficial assurances received here from reliable and friendly American sources asserting that the European debtor countries are already much nearer attaining their objective than they imagine.

The payment by France to the United States of \$19,261,000, which falls due on December 15th, is exciting enormous interest, as the line this country will take on the subject is regarded as indicating its probable future policy. Questioned closely on the subject by the Chamber Finance Commission during the past week, M. Herriot is understood to have bound the members of the Commission over to strict secrecy before replying, and this pledge has apparently been kept. The Finance Minister, M. Germain Martin, asked by M. Mandel on Friday what the Government's intentions were in regard to meeting the December payment, evaded a direct reply. M. Palmade, the Budget Minister, is understood to have assured the Commission that the Government fully recognises that it has in any case a moral obligation to seek the authorisation of the Chamber before the payment in question, or any other on the same account, is actually made, and that such authorisation will be demanded in the present instance. It is understood that the question will be brought formally before the Chamber early in December. In certain unofficial quarters it is suggested that a distinction shall be made between the "political" portion of the debt and the "commercial" part of it, as represented by the \$400 millions which France agreed to pay for the American war stocks left in Europe, the interest on which would approximate fairly closely to the payment due in December. This, however, is a mere coincidence. By the Mellon-Bérenger agreements of 1926 the French political and commercial debts were absolutely merged under one heading so that any attempt to tender an interest payment on a portion of the debt may be regarded as impracticable. More feasible are suggestions to the effect that, in order to keep the door open for positive negotiations, a provisional payment should be made in December pending definite settlement later; or that—as

appears to be in every way more suitable—agreement should be reached for a complete moratorium for a period of three years, to run parallel with that created at Lausanne for German reparation payments. The subsequent payment due under the Washington Agreement would be one of \$40,738,000 on June 15, 1933, which would complete the annuity of \$60 millions for the full twelve months.

No official detailed statement of the Government's Budget proposals will be made until November 10th, but it is announced that the programme drawn up by the Finance and Budget Ministers and discussed at length at last week's Cabinet Council, was, after certain modifications, approved for examination by the Chamber Finance Commission on Thursday last. M. Palmade, the Budget Minister, in his statement to the Commission, announced that the deficit to be met would be 12,000 million francs at least. Measures adopted before Parliament rose for the summer recess will provide, it is estimated, 4,000 million francs of new revenue during the coming year, which leaves a minimum of 8,000 million francs to be found. The following may be regarded as a fairly reliable forecast of the Government's proposals, as so far tentatively put forward for discussion:—

	Estimated Yield (Mill. frs.)
Reinforcement of control and repression of fiscal frauds, notably by verification of bank deposits, proof of identity by holders of coupons, &c.	1,000
Readjustment of succession duties and repression of frauds	200
Application of taxes on transport on roads by heavy motor waggons.....	800
"Sacrifices demanded from persons" (reduction of public servants' pay by from 2 to 10 per cent., &c.), administrative economies and pension revision.....	1,445
Elimination from the Budget of new capital expenditure on public works and (by transfer to a "Caisse des Pensions") of expenditure on war pensions.....	3,700
Estimated total.....	7,145

It will be noted that it is proposed to raise one-half of the amount needed by transferring existing Budget expenditure, partly to the new autonomous National Pensions Office (the cost of starting which will be the subject of a loan operation), and partly by incorporating present expenditure on public works in a programme for further new public works, which is to be financed by a separate loan. The proposal to raise 1,445 millions by "sacrifices demanded from persons" will have to face bitter opposition from the Socialists and an appreciable section of M. Herriot's own party, who last summer succeeded in forcing the Government to drop a series of similar proposals. It is understood that the words "revision of pensions" refers in part to a proposal to raise the qualifying age for pensions of *anciens combattants*, who fought in the war, from 50 to 55, and in the case of pensions of 1,200 francs a year to 60. This is likely to meet strong opposition from the huge army of former soldiers, as well as from postmen, State railway employees and other powerful bodies.

At the time of writing it appears probable that the expected full-dress debate in the Chamber on the Government's foreign policy will be postponed until after the pending National Congress of the Radical Socialist Party at Toulouse, which is expected to have considerable influence on the present Cabinet's future tenure of office. As matters stand, it does not appear to be possible for the Budget discussion to begin in the Lower House until the beginning of December, which will render a long series of *douzièmes provisoires*, or monthly votes on account, practically certain.

Meanwhile the revenue returns continue to reveal that the yield of taxation is suffering seriously from the increasing pressure of economic circumstances. Total recoveries in September, from "normal and permanent" sources, were only 2,510 million francs, as compared with 3,157 million francs in the previous month, 3,618 million francs in September last year, and 3,414 million francs in September, 1930. Total recoveries for the month were not only 1,100 million francs below September, 1931, but 579 million francs below Budget estimates, resulting in the

largest monthly deficit for many years past. The deficit for the first six months of the present nine months' financial year now totals 2,018 million francs, which will appreciably increased when the October returns are completed. The direct taxation yield in September was 746,500,000 francs (or over 65 per cent.) less than in the corresponding month of last year. Unofficial forecasts suggest a yield for the present financial year representing a deficit of around 4,000 million francs, and that a further deficit of 10,000 million francs may be expected during the twelve months beginning on January 1st next.

GERMANY.

Landesbank — Quotas — Leipzig Court's Award.

(FROM OUR CORRESPONDENT.)

BERLIN, October 26.

THE Landesbank of the Rhine Province got into difficulties in July, 1931, about the time of the Danatbank's troubles, chiefly through financing large loans to municipalities through short-term credits with banks and savings institutions. Not until now, some 15 months later, has a plan been submitted for rehabilitating it. The Reich and Prussia are willing to guarantee to the Landesbank a minimum income from interest and amortisation from the municipal debtors to the amount of 15 million marks for four years if the creditors consent to reduce their interest rate and to let the principal stand for that period. It is believed that the municipalities will be able to recuperate within that period sufficiently to discharge their capital obligations gradually. In addition, the Rheinischer Provinzialverband assumes as its own debt 50 millions which the Reich placed at the disposal of the Landesbank last year in one-year Treasury certificates, and thus increases by that amount the capital resources of the Landesbank. The Reichsbank will furthermore, through the Bank for Acceptances, grant further liquidation aid to the extent of 34 millions. From this 10 per cent. of their claims will be paid out to the creditor banks—but not to the savings banks. The claims of the banks amount to about 150 millions, so that some 15 millions will be required. The Landesbank participates in the "standstill" agreement to the sum of 50 millions. In addition, cash repayments are to be made to certain social insurance institutions. The largest part of the Landesbank's debts are not affected by this plan. These include especially the large deposits of the savings banks, against which, however, there still stand more than 700 millions of the Landesbank's claims against municipalities, the time of whose repayment cannot be predicted in view of the municipalities' great financial difficulties, which can be adjusted only with the help of a sweeping financial reform. It seems probable that the Government will compel these municipalities to sell a part of their holdings in plants and stocks of public utilities as soon as possible in order to pay off a part of their debts.

The crisis brought about in Germany's trade policies by the demand for import quotas has been alleviated by the conclusion of an agreement with Finland and Denmark for quotas of butter. Butter imports to Germany were subject to quotas before, but the quota could be exceeded on payment of heavier import duties. This is no longer possible. Germany has secured the right to establish fixed quotas, but these are more justly apportioned and the higher rates of the former import duties are abandoned. The duty is fixed in the case of Denmark and Finland at 750 marks a ton, whereas the amounts imported under the quota formerly paid 500 marks (proportionately increased for countries with a debased currency), and imports in excess of the quota paid 1,700 marks a ton. The rate of 500 marks would have been done away with sooner or later in any case. The fixing of the duty at 750 marks was plainly so important for both the countries with which the negotiations were carried on that they were willing to accept the drawbacks of the rigid quota. Imports of butter into Germany, which amounted in 1931 to 100,000 tons, and would undoubtedly have exceeded 70,000 tons in 1932, may in

future not exceed 55,000 tons—an amount which would obviously be very small in economically more favourable times. A special reason why Denmark consented to this figure is the fact that the new apportionment of the quotas is much more in accord with the interests of countries with heavy butter exports than was the previous regulation. It is probable that Holland for the same reason will not refuse to consent to the agreement. That country finds itself economically in a strong position in its battle against the German quotas for the reason that it is a very important buyer of German goods, but juridically and morally its position is weak because it has itself introduced quotas to a large extent, and as against Germany it has a legalistic argument in this question—on the basis of the most-favoured-nations clause—only as long as Germany does not abrogate in the case of other countries the obligations that stand in the way of introducing quotas.

Butter was from the beginning the most important of all articles affected by the quota policy. The other articles now under consideration in this connection are mainly vegetables, fruit and wood. The advantages which German agriculture can secure from the proposed quotas are at best so extraordinarily small that one can fairly expect that the Government, after the election, will be careful not to let the question develop into a trade conflict with other countries. Placing butter under quota restriction will probably soon lead to an increase in German butter prices. But this increase is likely to be small as long as no action is taken against margarine, the strong competitor of butter among almost all classes of the people. In view of this, the idea of a State monopoly for fats, which would restrict the production of margarine, is being canvassed. But the difficulties attending such a plan are extraordinarily great. Nevertheless, agriculturists and Government Departments are giving much time to its consideration.

The "Staatsgerichtshof" in Leipzig has given its decision in the dispute between the Reich Government and the former Braun-Hirtsiefer Prussian Cabinet. The judgment is of the greatest importance for the present political situation and also for the future development of the German Constitution. The Court, which is composed of members of the Supreme Court (Reichsgericht) and high judicial officers of the German States, with the President of the Supreme Court as presiding justice, finds that the President of the Reich acted legally in appointing a Reich Commissar and giving him the authority to administer Prussia's State business. It holds, however, that the Commissar acted in violation of the Constitution in trying to depose the Prussian Ministers, and in trying to deprive them of (a) the right to name and instruct the representatives of Prussia in the Federal Council, and (b) the right to appear before the Reichstag and the Council of State and to conduct negotiations with other German States.

Thus the Gerichtshof finds neither party completely in the right. For even though the former Prussian Government did not deny that the Reich had the right to name a Commissar, and, for example, to make the police force subject to him, it refused to regard as permissible the taking over of the Ministers' functions by the Commissar in matters not directly connected with the maintaining of public order, such, for instance, as the functions of the Ministries of Commerce, Public Welfare, etc. Of leading importance is the fact that the Staatsgerichtshof confirms the power of the Commissar to depose officials in the same circumstances as those under which the Constitution and other laws grant this power to the regularly appointed Ministers. On the other hand, a heavy blow is dealt to the Reich Government by the decision that the former Prussian Cabinet still exists as the legal State Government, even though it may have no other powers to exercise than to guard the rights of Prussia in legislative bodies.

The Court finds expressly that it was the intention of the Reich Government to depose the Braun-Hirtsiefer Cabinet finally, and it rules that the Government had no power to do this, since no duty owed by the Prussian Government to the Reich Government had been violated. The Reich Government obviously had not realised to the full the importance of this part of the Court's finding

when it announced, immediately after the verdict was made public, that "the judgment corresponds with the standpoint of the Reich Government."

The Court's decision will for the present make no change in the administration of Prussia's State affairs. But the Chancellor's authority is shaken, for it is now decided that he proposed to the President of the Reich a measure which is held by the highest Court to be in violation of the Constitution. In addition to this, new difficulties are created for the Government's plans in respect to a revision of the Constitution. The von Papen Cabinet expected to find support for these plans—against a Reichstag which will probably oppose them—in the Federal Council, which represents the States. If the Leipzig Court had held that the Commissar has the right to represent Prussia in the Federal Council, Herr von Papen would have been able to operate on a broad basis there. But now that this right is denied, the road for putting through his plans for constitutional reform is probably blocked.

Important as the case itself is, it has a further importance in that the decision undoubtedly strengthens the sense of law and justice in Germany. It shows that there is a tribunal which, paying no heed to the viewpoints of an erroneous *raison d'état*, adjudges as illegal the measures of the Reich Government, and even of the President of the Reich, when it finds them to be illegal. This would be a matter of course under normal conditions of a State's life, but it is important and noteworthy in the situation of Germany to-day, when, as a result of the supremacy of extreme parties, the people's representative body has become unable to function, and thus the powers of the executive branch of Government have increased to a degree limited only by the independence of the Courts.

AUSTRIA.

Budget — Bank Return — Unemployment.

(FROM OUR CORRESPONDENT.)

VIENNA, October 25.

WITHIN the last few days the Government have been exposed to various attacks in regard to the "agrarian course" of their economic policy. Against these reproaches the Cabinet has maintained that earnest measures have been taken or are being prepared with a view to protecting equally the interests of the whole country, among these being measures to balance the Budget and alleviate partially the foreign exchange restrictions.

As for the Budget, it is true that the estimates for 1933 include no fresh taxes or increases of taxes, the reason being that a supplementary Budget was accepted in August with considerable augmentation of taxation, including the doubling of the merchandise turnover tax. Nevertheless, the figures of the Budget are bigger than ever. As compared with the supplementary Budget for 1932, next year's expenditure and revenue are to rise from 1,965 to 1,974 million schillings, so that there will be a surplus of 0.2 million. The proceeds from taxes, duties and other imposts are to be increased from 848 to 883 million schillings. It is expected that the direct taxes will bring in less than in 1932, but a big increase in the revenue from the merchandise turnover tax is hoped for (not on account of any increase in turnover, but on account of the doubling of the tax itself), in addition to a considerable increase of revenue from the sugar tax, although the sugar consumption index in September was only 67.6 against 102 in August and was, therefore, the lowest recorded for years.

It remains to be seen to what extent these hopeful estimates are correct; and the expectation of an unaltered motor spirit tax revenue, a beer tax revenue only 20 per cent. lower and a scarcely reduced Customs revenue also indicates optimism. On the expenditure side the strong tendency to retrench is unmistakable, but this will have little effect, because social insurance calls for an increase of 26 millions, making this expenditure 167 million schillings. This is attributable chiefly to the special measures for the benefit of the unemployed, to the cost of the

voluntary labour service, and to the care of the aged. Another item of expenditure, on which the Governments have tried in vain to save, is the debt service. As it is hoped that the proceeds of the Lausanne loan will shortly be available, 30 million schillings has already been entered in the Budget for the service of this loan; and, in addition, the agreement, which has just come into force, concerning the conversion of the bill debt of the Credit-Anstalt into a State debt has run up costs of about 14 million schillings.

The heaviest burdens are the Federal Railways and the other State enterprises. The Federal Railways, it is true, are a so-called commercialised enterprise, but the State has to stand the deficit, which for next year is estimated at 80 million schillings. It is therefore no wonder that the demand should again be heard that the enterprises should cease to be under the State. Moreover, the estimates covering the enterprises are optimistic, for it is extremely doubtful whether the General Post Office, which records a marked falling off in the service as a consequence of the last increase in its charges, will be able to convert the deficit of 26 million schillings for the present year into a surplus of 0.05 million, in accordance with the estimates. It must further be remarked that the almost complete elimination of capital expenditure, which is not to exceed a total of six million schillings, may mean endangering the very existence of several branches of industry.

The other claim to merit, which the Government make, is less doubtful, for the foreign exchange regulations have certainly been made easier within the last few days. Previously, exporters had to surrender an average of 25 per cent. of their *devisen* proceeds to the National Bank at the official rate. The portion has in general now been reduced to 12 per cent. At the foreign exchange discount prevailing at the moment in Vienna, namely 22 per cent., this means to the exporters an effective loss of about 2½ per cent. of the invoice value. Further, the National Bank has made certain concessions in regard to exportation of merchandise against schilling invoices, which was previously expressly forbidden. In particular, this has set free for the purposes of export trade the schilling accounts which foreigners have in Vienna and which were previously "blocked." It must be said that many proofs are required and that the procedure is correspondingly complicated. Still, it is hoped that in this connection, too, concessions will also be made in time.

The National Bank took the above-mentioned steps, which undoubtedly mean an important concession to the wishes of business people and industrialists, just when it effected important changes in its return. The coming into force of the above-mentioned agreements between the bank and the State concerning the conversion of the bill debt of the Credit-Anstalt into a State debt, as also the simultaneous coming into force on October 12th of a change in the statutes, of which the most important is a reduction of the minimum cover from 24 to 20 per cent., give the return of the National Bank a completely different aspect. From the bill portfolio, which in the last return amounted to 870 million schillings, 571 million schillings, representing the acceptances of the Credit-Anstalt, have been taken out. For this sum the State formerly gave a guarantee, and it is now included, under three different headings, with the debt of the State to the National Bank, which recently stood at only 91 million schillings. A total of 261 million schillings can now figure as "cover," so that the ratio is increased from 19.2 to 23.3 per cent., which means that, in accordance with the new "cover" regulations, there is no further obligation to pay the banknote tax, to which 195 million schillings, or over 20 per cent. of the banknotes in circulation, were still subject at the beginning of October. Naturally, these changes are a mere matter of book-keeping, but the apparent improvement is of psychological importance. On the other hand, another figure, less favourable, unfortunately corresponds completely to the facts. Unemployment is increasing rapidly, for in the first half of October it has gone up by 7,000 to 285,000. This means an increase of 72,500 over the corresponding figure for last year. There is also an increase of 8,000 in the figure for the unemployed not in receipt of the dole.

POLAND.

Stresa Conference — Prices — Agricultural Debtors — Relations with Russia — Foreign Trade.

(FROM OUR CORRESPONDENT.)

WARSAW, October 22.

THE Polish press has found no cause for enthusiasm over the resolutions adopted by the Stresa Conference, the more so as several months at least must elapse before there can be any practical outcome of these resolutions. Every week now increases the danger of a complete economic collapse in Eastern Europe, and, in the opinion of many keen observers, if positive action is not taken soon to relieve the debtor countries—or, at least, to make it possible for them to pay their debts without adding to the intense poverty which now prevails—salvation will come too late.

Recent authoritative announcements have emphasised that the Polish Government are determined to continue the policy of maintaining the gold value of the zloty and forcing down the price of manufactured goods in order to narrow the wide disparity which still exists between agricultural and industrial prices. The latest data published by the Institute for Economic Research show the general index of wholesale prices as 64.9 (1928 = 100) with the index of goods sold directly by farmers as 44.6. The index of all industrial commodities is 67.7, cartelised raw materials and semi-manufactured industrial goods being 103.2. Articles bought by the farmers are indexed as 82.1. In brief, the domestic price structure is completely out of balance, with the scales weighted heavily against the agriculturist.

By a Decree published on September 30th powers have been conferred on the Ministry of the Interior to fix prices of a number of products in accordance with production costs. Concurrently, the alcohol, tobacco and salt monopolies have lowered their selling prices, and action has been started to persuade, if possible, or otherwise to compel, the industrial cartels to make their contribution to the deflationary movement. The latter now number more than 100, and comprise every industry of any importance in Poland. It is going to be no easy matter for the Government, therefore, to force price reductions throughout industry, especially as such action, if it is to be completely successful, must inevitably result in a large number of bankruptcies.

In the meantime relief has been made possible for agricultural debtors—and virtually all farmers in Poland to-day are debtors—by a series of decrees which have recently been promulgated. These decrees confer powers on district courts to lower interest rates on outstanding indebtedness, and even to suspend debt services in certain contingencies; they prevent forced sales of land and agricultural property; establish penalties against usury; and furthermore give agriculturists the same right as industrial and commercial concerns in applying to the courts for judicial surveillance when the debtor becomes insolvent. Debts and taxes owing to the State or to State financial institutions are for the most part exempt from what is virtually an indefinite moratorium for the farmers. While these measures are helpful to the farmer in respect of indebtedness already contracted, they make it extremely difficult for him to obtain new credits, since lenders and suppliers of goods are naturally reluctant to grant credits when the protection afforded to them by law in regard to previous credits is so weakened.

Since the signing of the Non-Aggression Pact between Poland and Soviet Russia last June there has been a noteworthy increase in orders secured by Polish concerns from the Soviet Government. Poland's exports to Soviet Russia increased rapidly from 1928 to 1930, attaining in the latter year 129 million zlotys, these exports being mainly iron and steel products from the Upper Silesian foundries. Exports in 1931, largely on contracts booked in the previous year, amounted to 125 million zlotys, but in the first seven months of the present year exports to Soviet Russia amounted to less than 9 million zlotys, Russia at the same time exporting to Poland 18 million zlotys' worth of merchandise. During the four years 1928-31 Poland imported from Soviet Russia goods to a value of 160 million

zlotys, exporting at the same time to the amount of 374 million zlotys. The German banking collapse in the summer of 1931 appears to have been primarily responsible for the check to Poland's exports to Russia owing to the fact that a substantial part of the Soviet notes received by the German-owned mills of Polish Upper Silesia were discounted in Berlin. Subsequently efforts to find a market for these notes in Paris and London were not successful, with the result that Soviet purchases in Poland from the middle of 1931 to June, 1932, were very much curtailed. The revival in business since the signing of the Non-Aggression Pact in June is due, apart from political reasons, to the ability and willingness of the Polish Government to facilitate the placing of Soviet notes with Polish banks—aided, no doubt, by the fact that paper obtained for shipments made in the latter part of 1930 and the early part of 1931 is now maturing in substantial amounts.

The foreign trade figures for the month of September show a surplus of exports over imports amounting to 23 million zlotys. The "active" balance in August was 19 millions, and for the first nine months of the present year the balance in favour of Poland amounted to 161 million zlotys—with exports at 793 and imports at 632 million zlotys. For the first nine months of 1931 exports amounted to 1,446 millions and imports to 1,154 millions, giving an "active" balance of 292 million zlotys. Despite Poland's ability so far to maintain a substantial surplus of exports over imports, notwithstanding the trade and exchange restrictions adopted by all her neighbours and many other countries, the Polish authorities are alive to the fact that official control over foreign trade is becoming increasingly imperative for the maintenance of an "active" balance. Numerous transactions of a barter character (notably with Austria, Brazil, Holland, Hungary, Norway and Soviet Russia) are now reported to be under consideration, and several organisations have recently been established for the purpose of arranging and facilitating merchandise-clearing transactions. Armed with the new Customs tariff published on October 10th (but which does not take effect until October 11, 1933), with the import contingent system now in force, and other restrictive measures at their command, the Polish Government is in a strong position to insist that imports into this country must be on a reciprocal basis.

GREECE.

Elections — Exchange Reserve — Trade Balance — Revenue.

(FROM OUR CORRESPONDENT.)

ATHENS, October 7.

As was foreseen, the elections held on September 25th under the proportional system did not give an absolute majority to any political party. Consequently, the formation of a new Cabinet has been difficult, and there is already talk of holding early next year new elections under the majority system. The election has had two important results, however, which will give a new turn to the political life of the country. The Venizelist Party, which in the preceding Chamber had 185 seats out of a total of 250 deputies, came out of the election with its forces reduced to 102 deputies, losing thus the control of Parliament. On the other hand, the Royalist Party, headed by Mr Tsaldaris, whose strength was 19 deputies only in the dissolved House, will have 91 members in the new one. The small parties of the Left will have 31 deputies (of whom 10 are Communists), against only 15 (with no Communists at all) in the foregoing Parliament.

According to a statement to the Press made by the Prime Minister, the reserve of the Bank of Greece in gold and foreign exchange amounted in the last part of September to \$11,062,000. The sum to be paid in cash to the holders of the foreign debt of Greece—30 per cent. of the year's interest—amounts to \$8,767,438. As a further sum of \$885,150 is required for other foreign obligations of the country, the reserve of the bank, after payment of all these liabilities, will be reduced to \$6,409,744. This reserve, it is hoped, will increase during the remaining

months of the year through the proceeds of exports, while no other transfer on account of interest on the debt will be made abroad up to the end of the year. Considering that, besides deferring the service of the debt, the country has, since the abandonment of the gold exchange standard, also postponed the payment of its commercial debts, or paying only small instalments on account, the transfer question remains unsolved, and cannot be solved save by new borrowing abroad.

Meanwhile efforts continue to be made to increase exports, and thus reduce the commercial deficit of the country, by bilateral commercial agreements. The latest development in this direction was the agreement signed a few days ago with Yugoslavia. In virtue of it, Greek exports to Yugoslavia will hereafter correspond to 35 per cent. of the value of Yugoslavian imports to Greece, against 7 per cent. only until now. Further, a committee has been set up to study the possibility of increasing exports to Turkey, which are at present entirely insignificant compared with imports from that country. Moreover, a syndicate has been formed by the Bank of Greece, the National Bank and the Agrarian Bank, with a view to fostering exports to Austria—with which country, as with some others, a "clearing" system is already in operation. As regards trade with the United Kingdom, the establishment of a working system to facilitate exchanges under the present regime of transfer restrictions is advisable. In this connection it is reported that the Government are studying a proposition submitted to them by an English firm, undertaking to supply to Greece coal up to a value of £1,000,000, to be paid for as to one-third by the proceeds of Greek exports (chiefly currants and tobacco) to the United Kingdom, and as to the other two-thirds by instalments within a period of one or, possibly, two years.

The improvement of the commercial balance continues in the meantime. Trade returns for August show imports of 134,520 tons of goods, of a value of Drs. 541 millions (against 197,470 tons, valued at Drs. 705 millions in August, 1931), and exports of 20,803 tons, valued at Drs. 228 millions (against 104,085 tons, valued at Drs. 189 millions in August, 1931). For the first eight months of this year imports totalled 1,627,153 tons, of a value of Drs. 4,886 millions, and exports 240,379 tons, of a value of Drs. 1,955 millions, against 1,641,761 tons, valued at Drs. 5,916 millions, and 871,670 tons, valued at Drs. 2,272 millions, of exports and imports respectively in the corresponding period of 1931. Thus the trade deficit was reduced from Drs. 3,644 millions to Drs. 2,931 millions.

The effects of the crisis are clearly reflected in the revenue receipts of the State's Budget. According to provisional returns just published, income from recurring revenue amounted in August last to Drs. 398 millions, against Drs. 446 millions in August, 1931. For the first five months of the current financial year revenue aggregated Drs. 2,856 millions, against Drs. 3,358 millions for the corresponding period of the past financial year. As regards the revenue assigned for the service of the foreign debt controlled by the International Financial Commission, receipts for the period January-August, 1932, totalled Drs. 2,201 millions, against Drs. 2,620 millions for the corresponding period of 1931. One of the first and more serious duties of the new Government will be to take the necessary measures for restoring the equilibrium of this year's budget.

In an extraordinary meeting of the shareholders of the National Bank of Greece, held the other day, the absorption, by purchase, of the Banque d'Orient was approved.

BULGARIA.

Balance of Payments — Foreign Exchange Holdings — Politics.

(FROM OUR CORRESPONDENT.)

SOFIA, October 22.

In connection with the investigation in Geneva into Bulgarian economic conditions, a statement of the balance

of payments was drawn up for the period 1929-1932, a summary of which is given below:—

(In million leva.)				
	1929.	1930.	1931.	1932. (6 mos.)
<i>A. Current items (merchandise, trade, services, interest, &c.)</i>				
Credits	7,202	7,036	6,055	2,025
Debits	10,415	6,686	6,449	2,518
	-3,213	+350	-394	-493
<i>B. Movement of capital.</i>				
Credits	3,491	1,240	1,160	495
Debits	278	1,590	766	2
	+3,213	-350	+394	+493

The balance under A is determined mainly by the balance of trade. The 1929 deficit was covered from the foreign exchange reserves of the National Bank of Bulgaria, as well as by sums received from post-war State loans and new trade and bank credits obtained abroad. The year 1930 shows a substantial decrease both in the trade deficit and the bank credits. It was during this year that the withdrawal of foreign capital began, but, thanks to the sums received from State loans, and the active trade balance, this did not cause serious inconvenience. The withdrawal of capital continued during 1931 and, together with the deficit of the balance of trade, absorbed the last sums received from State loans and the remainder of the foreign exchange reserves at the National Bank of Bulgaria. During 1932 the deficit in Part A of the balance of payments has been met by the new trade credits accruing from delayed transfers on commercial liabilities.

After careful study of the balance of payments, the Finance Committee of the League of Nations came to the conclusion that conditions have deteriorated since the beginning of the year. The Committee therefore recommended that the Bulgarian Government should negotiate with the holders of Bulgarian bonds for the extension of the period of relief, which came to an end on September 30th. An agreement has already been reached whereby the former agreement is extended until November 15th. The Committee expressed the opinion that the National Bank of Bulgaria has been strict in granting in foreign currencies, but it must be borne in mind that in grappling with this problem the Bank has been handicapped by the exchange policy of certain countries where Bulgarian holdings of *devisen* accruing from the import of goods have been continually "blocked," even when these holdings exceeded the obligations of Bulgaria. Thus on August 31st the net foreign exchange reserve (without the gold) amounted to 167 million leva. Bulgaria, however, has had at her free disposal only 58 million leva. The Committee is working in the right direction in recommending an agreement with the countries in question, with the stipulation that only part of the Bulgarian holdings should be "blocked" for the purpose of meeting the new and old trade liabilities of the country, and that the balance be placed at the free disposal of Bulgaria to enable her to meet her international obligations.

The Finance Committee has also insisted upon fresh attempts being made to balance the Budget. The Government is already considering measures that should be adopted, but, meanwhile, the development of political events has complicated its internal position. Particularly significant were the elections of the Sofia municipal councillors at the end of last month, when the Communists won by a clear majority. This success is easily explained by the fact that the 32,000 votes of the Bourgeois Parties were split up among many candidates, while the 16,000 votes of the Communists were united. At the same time the elections showed the strengthening of the Nationalist Party of M. Tzankoff. Although the elections in Sofia do not indicate the parties' strength in the country as a whole, they are, however, symptomatic. The Government has firmly decided not to deliver the municipality of the capital into the hands of the Communists. Far more important, however, is the question of the influence the results of these elections may have in general upon the internal policy of the Government and on the mentality of the whole Opposition.

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SOUTH AFRICA.

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(FROM OUR CORRESPONDENT.)

JOHANNESBURG, September 14.

In the general atmosphere of depression the position of the Transvaal gold mining industry stands out as a striking contrast. Owing primarily to the ample supply of native labour, but also to important advances in technical details in recent years, the industry is experiencing a level of activity unique in its history. Four months—March, May, July and August—in the present year have each yielded returns which were records at the time of declaration. The August return of 991,000 fine ounces may even yet be beaten. At the present rate of output the year's final figures should amount to some £48,000,000 at standard value. The tonnage crushed on the Witwatersrand to the end of August exceeds by 1½ millions the corresponding figure for last year and by three millions the figure for 1928. At the same time the number of natives employed is greater than ever before, while the number of Europeans was only slightly greater for a short while some twenty years ago at a time when there was a great deal of construction work in progress. Comparing the position to-day with that five years ago, there have been increases of 24 per cent. in a year's development, 13 per cent. in tonnage crushed per annum, and over 8 per cent. in numbers employed. In spite of the fall in the cost of living, the average wage-level of European employees remains stationary, with a tendency to increase. This, however, is probably due to the effect on the average of changes in the numbers of various classes of men employed, as there are constant developments in organisation, with a tendency to progressive mechanisation of the processes. As will be judged from the foregoing figures, the wage per unit of work done is decreasing with the increasing efficiency.

At the beginning of the month the Prime Minister opened a conference "to consider the relations between creditor and debtor." He expressed the opinion that the country is facing an improving situation, and dwelt on the importance of the restoration of confidence. It is rather fashionable, here as elsewhere, to dwell on the psychological aspects of the depression. Doubtless the point has its importance, but there are some very awkward facts in addition. Apart from mining, the business on which the Union mainly depends is farming. Many of the farms are mortgaged, and many more were bought at inflated land values. The farmer is therefore burdened with a load of fixed charges of which he cannot divest himself, although the amount of his produce which it represents is multiplied several times since he incurred it. It will take a good deal of conferring to dispose of this difficulty. Roughly 30 per cent. of the adult male population of the Union are farmers, according to the last Census figures. A large number of these are in ordinary

times indebted for more or less substantial amounts, though they are solvent and even prosperous. Apart from the farmers, South Africans are not exceptional among the citizens of new countries in being unduly optimistic as to the future, even if they are not actually improvident. Credit has in the past been sought and granted too freely. The conference was representative of financial, commercial, industrial and agricultural interests, and dealt with problems arising from indebtedness under bonds, overdrafts, bills of exchange and similar obligations. Broadly, its objects were to devise machinery for the assistance of the class of debtor, ordinarily in sound business, that the State regards as important to the country's welfare. The conference was held in committee, but apparently it is excluding from consideration any general debt or interest reduction, and also all moratorium proposals.

The agreement governing wages in the building trade in South Africa expired on August 17th, and in negotiations opened some time previously employers and men found themselves unable to agree on new levels. An arbitrator assisted by two assessors with experience of the trade has now given an award which approximates to a 10 per cent. reduction throughout the Union. In its details the award tends to reduce the differences previously existing in wage levels in different parts of the country. The argument of the building trade workmen against reduced wages was that they had not had any advantage from falling prices because of the increase in unemployment and broken time. Their spokesmen said that in the present state of credit in the country the increase in building likely to result from a moderate reduction in wages would be small. The ordinary citizen is bound to feel that the move is in the right direction. The new rates on the Witwatersrand are 9s. per hour for all trades except painting and glazing, which receive 2s. 10d. In Cape Town the rates are 2s. 8d. and 2s., and in Durban 2s. 10d. and 2s. 6d.

During the six months ended June 30th, European immigrants exceeded emigrants by 373, the figures being 1,642 and 1,269 respectively. British-born emigrants exceeded immigrants by 166. From a study of these figures over some years, it is apparent that the proportion of British blood in the population is slowly diminishing.

Letters to the Editor.

ARGENTINA AND OTTAWA.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Among the causes which have led to the present miseries of the United States is her treatment of her European debtors. Not understanding that debts could be discharged by the export of goods, and that these particular debts could not be discharged except by the export of goods, she adopted the contradictory policy of (a) demanding payment from Europe and (b) increasing by tariffs Europe's difficulty in delivering the goods. Not only did she help thereby to impoverish her own debtors, but she searched out the only path they could travel to pay her what they owed; and having found it, she barricaded it. The imprudence of her policy is agreed, I take it, not only by Free Traders but by such Protectionists as Mr Runciman and Sir John Simon.

Studying your most valuable Ottawa Supplement (on which, if I may, I would offer you respectful but very hearty congratulations) it occurred to me that what is admittedly folly as between New York and Europe may also be folly as between, say, London and the Argentine.

According to the D'Abernon mission the amount of British capital invested in the Argentine is between £500,000,000 and £600,000,000, as against £460,000,000 invested in Canada. On this vast sum the Argentine has to pay us interest and dividends which she can do only by exporting her goods; and of late she has (as most of us know to our cost) found it very difficult to keep her exports up to the required figure. Now our

statesmen have determined by artificial restrictions to increase her difficulty in paying us what she owes. From your Supplement I take the following figures of our imports from the Argentine which were taxed by us in 1930, the corresponding figures for 1932 before Ottawa, and again in 1932 after Ottawa:—

IMPORTS FROM ARGENTINA TAXED BY BRITAIN.			
	Value		Per cent. of whole imports.
	£		
1930	Nil	—	—
1932.			
Before Ottawa	9,812,000	17.3	
1932.			
After Ottawa	18,826,000	33.2	

And that is not all. In addition to the duties we are imposing a quota on Argentine meat of which we took in 1927 over £25,000,000 worth. In the future we shall not allow her to send us in payment of her debts more than a percentage of her 1931-32 shipments—a maximum of 100 per cent. of chilled meat and 65 per cent. of frozen. To show what this means I extract from the Annual Statement of the Board of Trade our imports of chilled and frozen meat from the Argentine since 1927:—

	Cwts.		
	Chilled.	Frozen.	Total.
1927	9,986,205	1,562,208	11,548,413
1928	8,644,551	768,512	9,413,063
1929	8,174,800	900,393	9,075,193
1930	7,713,349	750,082	8,463,431
1931	7,911,175	658,972	8,570,147

The effect of restricting our debtor to a percentage of unusually low figures is obvious. We have already suffered severely by the reduction of our invisible exports, and we are now deliberately closing the right of way to one of the most important of them. The barricade raised by the United States against her European debtors is now being raised by Great Britain against her Latin-American debtors and with this difference—that the United States politicians did not understand what they were doing.—Yours, etc.,

Lloyd's.

D. E. W. GIBB.

October 24, 1932.

COMPENSATORY TARIFFS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your "Ottawa Supplement" of October 22nd you express a view which, much as I agree with your general conclusions, I cannot but think will not bear critical examination. On page 19 of the Supplement you write: "We have given our approval to the vicious principle of 'Compensatory Tariffs,' a principle whose application, if logically carried out, would destroy the entire basis of all international exchanging of goods"; and the same view was expressed by Sir Arthur Salter in a recent letter to the *Times*, in which he claimed that, theoretically, compensatory tariffs would eliminate foreign trade *in toto*. Is this view correct? I assume that a compensatory tariff is one calculated to remove or adjust differences in selling price due to cost of production, locality, wages and cost of living. On that assumption it seems to follow from your argument that no two manufacturers of the same article in the same country, whose costs of production may be regarded as equal, could theoretically exist side by side. That is to say that a boot manufacturer in Leicester and another in a neighbouring town could not both supply the London market. This, of course, is patently untrue, and I submit that the same conclusion applies *mutatis mutandis* to two manufacturers, say one in England and another in Canada competing for the trade of, say, Montreal. It seems to me that there are two essential conditions under which international trade can be done—demand, on the one hand, and supply at an economic price on the other. I suggest with some diffidence, being always in general agreement with your views, that the theoretical result of compensatory tariffs by means of which prices are equalised, is not as you claim, the necessary destruction of international trade, but the division of trade between the producers of one country and those of another.

Despite this conclusion it need scarcely be said that I am not in any way an advocate of this comparatively new principle of "compensatory tariffs." I believe that the country imposing these tariffs stands to lose in exactly the same way as we should lose if we imposed a compensatory tariff say on West Indian pineapples in favour of our own home-grown hot-house variety, but I do deprecate the presentation of an argument which con-

fuses the true issue and needlessly puts a psychological weapon in the hands of the advocates of Protection and the opponents of Free Trade.—Yours, etc.,

FRANK MORRIS.

Constitutional Club,
Northumberland Avenue, W.C. 2.
October 25, 1932.

[We are glad that Mr Morris accepts the validity in practice of our conclusions; but, even so, he does less than justice to the "theoretical" argument. Firstly, the English and Canadian manufacturers competing for the Canadian market are not comparable with the boot manufacturers in two English provincial towns competing for the London market. The factor of proximity as between seller and buyer comes in. Would Lancashire boots sell in Leicester, if the Leicester tariff exactly equated their price?

Secondly, there is no such thing as a single English or a single Canadian cost for a given commodity. There is a whole range of costs dependent on (a) different degrees of productive efficiency, and (b) geographical selling point in the given market, in each case. If it brings up the most efficient English manufacturer's cost to the level at which the least efficient, farthest west Canadian producer can deliver at Canada's most easterly town, what scope remains in the Canadian market as a whole for the "compensated" English goods? This equating of the most "dangerous" (i.e., efficient) foreigners with the least efficient home producer is, in fact, what tends to happen. In practice a reduced volume of imports is at first permitted, but thereafter imports are gradually whittled down by convincing proof that some home producers are being undersold.—Ed., Econ.]

THE IRISH DEADLOCK.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In the present state of public information I suggest that it is premature to attempt to apportion blame for the breakdown of the recent Anglo-Irish negotiations. The White Paper dealing with the arguments on either side is yet to come.

But, upon the broader aspect of the controversy, is there not occasion for a fully informed judgment? I suggest that the following state of facts exists, and that it cannot, and will not, be ignored by those who are concerned with the discussions and the ultimate findings of the pending Economic Conference. Can it be denied

(a) that the old-established and very valuable Anglo-Irish trade is being destroyed by the tariff war between the two countries;

(b) that the introduction of tariff regulations discriminating against the one country only and for the enforcement of a political objective was the act of Great Britain and not of the Irish Free State;

(c) that Great Britain's complaint in regard to the Irish Free State relates to things done after notice and in pursuance of a claim of right which the Government of the Irish Free State declared itself willing to submit to impartial arbitration;

and, if it cannot be denied, who is to blame for the tariff war?

Let it be recalled that such tariffs as were previously imposed by the Irish Free State were imposed on financial and economic grounds, and were, I believe in all cases, mitigated by preferential rates in favour of British and Empire goods. Is it not a fact, then, that it has been the National Government, specially elected to combat the financial crisis caused by extreme economic depression, that is directly responsible for the sabotaging of Anglo-Irish trade in order that economic hardship may crush its small neighbour into submission?—I am, Yours faithfully,

Dublin.

HENRY HARRISON.

October 24.

THE TROUBLE IN JUGOSLAVIA.

TO THE EDITOR OF THE ECONOMIST.

SIR,—As your Yugoslav correspondent I feel bound to write to you about the article "The Trouble in Yugoslavia" in your issue of October 15th, which I sincerely feel to be too one-sided and partial to be consonant with the high standard of critical integrity set by the *Economist*.

It is not my intention to quarrel with the statement that the Serbs have been the dominant partner in the new kingdom, that they have frequently misused that position, and they have thus contributed to the present trouble. Those things are unfortunately true. It is a question, however, whether those things were not inevitable in a community in which the Serbs are the most numerous and compact group; in which they had

the initial advantage of a State with all the necessary machinery; in which the reactionary regime of Pashitch, which sowed the first seeds of mistrust, was maintained as much by foreign as by national aid as a bulwark against "The Reds"; and in which the Serbs are, after all, the most determined and vital, although slightly cruder element. Nor do I wish to quarrel with the statement that these initial mistakes have to be fully redressed before internal confidence can be restored and full equality attained.

But I feel bound to protest when these facts are painted in a distorted picture in which the Serbs are "rough people," "grim," "arrogant" and "scorpions" crushing under their heel the saintly Croats. Statements such as these and others throughout the article, in which the dice are again and again heavily loaded only against one side, are hardly calculated to help the reader in a critically constructive examination. Would it not, in fact, be just as easy to oppose to each statement a counter-statement? Would it not be possible to counter the accusation of political dominance by the Serbs by the fact that Croatian banks with the help of foreign capital have achieved just as important a dominance in industry and national economy? Could one not oppose to the statement that the present trouble in Croatia is chiefly one of political dissatisfaction the fact that much earlier this year, in April, similar conflicts occurred in Serbia proper between peasants and the police? Further, can one really, in apportioning blame for the present trouble, leave out the Croatian Opposition which, with an unparalleled political ineptitude which is the despair of all its well-wishers, has again and again let slip golden opportunities to achieve real constructive results which would have made much of the present friction unnecessary?

I do not wish to indulge in counter-recrimination; for, as a true Yugoslav, I am pained at least as deeply as your writer by the present happenings. Nor do I wish to enlarge upon the topic, since without a detailed presentation of the case I may run the risk of being misunderstood. All I hope to do is to show that the problem is by no means as simple and one-sided as your writer, in the wish to drive home his points, has represented.

One thing certainly is regrettable, and that is the presence of censorship. Were it not for its existence it might have been perhaps more easy to ascertain who is in the right—your writer, who believes that the present trouble is chiefly political and of a magnitude which might spell the disintegration of the Yugoslav State, or I, who believe that it represents a series of natural, spontaneous outbursts of peasantry in the poorest districts under the stress of economic difficulties, outbursts in which political reasons play but a secondary part, and are but a counterpart of similar outbursts in Serbia proper.

Yours, etc.,

YOUR CORRESPONDENT IN JUGOSLAVIA.

[We gladly publish this letter from our correspondent in Yugoslavia, and can assure him that we are free from any "anti-Serb" or "pro-Croat" bias. We addressed ourselves, in our article, to the Serbs, because the initiative lies in their hands as the politically dominant element, at the moment, in Yugoslavia. As we read his letter, we find that on many points he is not in disagreement with us, though he may be inclined, naturally enough, to use milder language in making the same statements of fact. He does differ from us in his suggestion that the present outbreak in Croatia is entirely due to economic causes and has no political motive; but on this point the Yugoslav Government appears to take our view rather than our correspondent's; for, while his letter was in the post, a welcome report appeared in the press to the effect that the Government in Belgrade was proposing to counter the revolt by offering a large measure of regional autonomy to the non-Serb parts of the kingdom. This, we feel sure, is the right solution.—Ed., Econ.]

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The Stock Exchange:

ARGENTINE RAILWAYS.

EVENTS, unfortunately, have confirmed the diagnosis which we made at this time last year, that the potentialities for immediate expansion of the leading Argentine railways had been sharply checked, and that their securities, pending a revival in general trade, must remain in the speculative category. Argentina, by general admission, has made the best showing of all the South American Republics during the last twelve months. The accession of General Justo to the Presidency, last February, marked the complete restoration of normal constitutional practice and internal tranquillity. The country has punctually honoured all its foreign obligations, though it has been compelled to issue an internal "Patriotic Loan" to cover a budgetary deficit. Its exports, in the twelve months to June 30th last, expanded in volume by over 27 per cent, but in value by only 8 per cent., thanks to the continued fall in prices of primary products which has been, and is, Argentina's greatest bugbear. The achievement, during the same twelve months, of an "export" balance of 237 million gold pesos, against an "import" balance of 46 million pesos in the preceding twelve months, has facilitated the meeting of overseas payments, but has been accompanied by a 37 per cent. decrease in the value of imports, and by stringent exchange control. The impoverishment of the farming community by low world prices, and the considerable decline in "inward" traffic fully account for last year's further reduction in railway receipts, which, even in the previous year, had dropped below the level of 1922-23.

The following comparison of the last two years' results on the four largest British-owned railways reveals the extent to which depression has prejudiced the position of junior stockholders:—

GENERAL RESULTS, 1930-32.

	B.A. Great Southern.	Central Argentine.	B.A. and Pacific.	B.A. Western.
Gross receipts:				
1930-31.....	11,348,750	11,196,659	7,067,293	3,822,120
1931-32.....	10,561,447	11,405,739	6,473,312	3,729,929
Inc. or dec. (%) in 1931-32.....	-6.9	+1.9	-8.4	-2.4
Working expenses:				
1930-31.....	7,958,639	8,181,904	5,557,376	3,042,466
1931-32.....	7,420,493	8,227,300	5,047,514	2,904,597
Inc. or dec. (%).....	-6.8	+0.6	-9.1	-4.6
Net receipts:				
1930-31.....	3,390,111	3,014,755	1,509,917	779,654
1931-32.....	3,140,954	3,178,439	1,425,798	825,333
Inc. or dec. (%).....	-7.3	+5.4	-5.6	+6.0
Earnings for fixed charges:				
1930-31.....	2,048,018	2,139,570	1,270,641	504,423
1931-32.....	1,637,800	2,018,236	872,793	653,203
Inc. or dec. (%).....	-20.0	-6.7	-31.3	+29.6
No. of times total deb. interest covered:				
1930-31.....	2.35	2.3	0.8†	1.0
1931-32.....	1.6	1.85	0.6†(a)	1.35
No. of times total pref. requirements covered:				
1930-31.....	1.17	1.62	NH(b)	0.2
1931-32.....	0.68	1.26	NH(b)	1.3
Ordinary stock:				
1930-31 (%).....	0.9	1.6	NH	NH
1931-32 (%).....	NH	0.7	NH	NH
Added to (+) or taken from (-) reserves and carry-forward:				
1930-31.....	-24,618	+177,901	-494,463	-109,206
1931-32.....	-284,760	+189,466	-424,832	+29,574

* After adding other income and deducting other expenses (interest, &c.) and exchange losses.
† "Rents payable" included with debenture interest.
‡ After deducting income tax, £123,639.
(a) Under scheme of arrangement, £350,398 of total debenture interest of £817,795, and £229,517 of total rents payable of £863,696, remain unpaid.
(b) In 1930-31, first preference received full year's dividend, other preference stock half-year's dividend. No preference payments were made in 1931-32.

None of the four railways earned as much as one per cent. on its equity capital last year. Two failed to earn their full preference dividends. One, the Buenos Ayres and Pacific, did not earn its debenture requirements, and

was compelled, last July, to carry a scheme for eighteen months' postponement of payments. The decline in gross receipts, in fact, was slightly less steep than in the previous year, when takings on the Buenos Ayres Great Southern dropped by 7.1 per cent., on the Central Argentine by 3.2 per cent., on the Buenos Ayres and Pacific by 10.0 per cent. and on the Buenos Ayres Western by 2.4 per cent. The Great Southern was the victim of general economic conditions, despite last season's good harvests. The Central Argentine achieved slightly higher receipts, mainly as a result of a 34 per cent. increase in the tonnage of maize transported. In the case of the Western, similarly, a very considerable recovery in the volume of goods traffic went far to offset a serious falling off in passenger receipts. This line, which took the impact of depression somewhat earlier than some of the other companies, has the lowest ratio of fixed charges to total capital of any of the four, while the Pacific Company has the highest. The last-named has had special troubles to bear. Last April, a tariff deadlock between Argentina and Chile resulted in the closure of the Transandine line, while last November the most disastrous frosts on record damaged over 90 per cent. of the wine harvest of the Province of Mendoza.

The most serious feature of 1931-32, however, from the viewpoint of stockholders, had no direct connection with railway operations. Our table suggests that in every case economies were effected in working expenses which were not incommensurate with the drop in revenue. Net receipts, consequently, showed a slight rise on the Central Argentine and the Western, and only a moderate fall on the Great Southern and the Pacific. If Argentina's currency had been maintained on a par with sterling, ordinary stockholders of the two largest railways would have suffered only a moderate recession of dividends during the last two years. Their position in this respect, indeed, would have compared favourably with that of the junior stockholders of most British railways. The great disparity, however, between the percentage decline in net receipts and in earnings for fixed charges, which is strikingly revealed by our table, is a measure, mainly, of the losses which stockholders are suffering through the depreciation of Argentina's currency. The average value of the peso was 37.67d. in the twelve months ended June, 1931, and 36.09d. in the twelve months ended June, 1932, against a parity of 47.62d. It is the practice of British-owned Argentine railways to publish their working accounts in sterling, taken at par of exchange, and subsequently to make adjustments for currency depreciation, not only in respect of remittances home, but also as regards floating assets. These exchange losses were particularly heavy seven or eight years ago, but at that time the railways were earning relatively high profits. Their recrudescence, on an almost unprecedented scale, in a period of diminished prosperity, has introduced an element of uncertainty into near future prospects, from the viewpoint of stockholders, which goes far to render nugatory any estimate based on probable operating results.

The extent of the last two years' exchange losses, both absolutely and as a percentage of ordinary capital, is shown in the next table:—

EXCHANGE LOSSES.

	B.A. Gt. Southern.	Central Argentine.	B.A. & Pacific.	B.A. Western.
Loss on remittances ... 1930-31	£ 635,560	£ 789,915*	£ 330,387	£ 197,039
... 1931-32	527,520	1,013,875*	476,500*	303,996
Other Exchange differences (depreciation of floating assets, &c.) ... 1930-31	430,892	...	99,442	103,848
... 1931-32	631,657	...	...	19,729
Total Exchange losses ... 1930-31	1,066,452	789,915	429,829	300,887
... 1931-32	1,159,177	1,013,875	476,500	323,725
Equivalent percentage 1930-31 (%) on ordinary capital	3.3	2.8	4.3	1.7
... 1931-32 (%)	3.6	3.6	4.3	1.9

* Includes all exchange differences.

If Argentina can avoid further depreciation of her currency, or can regain the improvement which, unfortunately, was checked last February, how far can investors look for further economies in railway expenditure, or a recovery in receipts? The following table throws some light on the first part of this question:—

WORKING RECEIPTS AND EXPENSES.

	B.A. Gt. Southern.	Central Argentine.	B.A. and Pacific.	B.A. Western.
	1931-32	Compared 1930-31	1931-32	Compared 1930-31
RECEIPTS.				
Passengers—				
Number (thous.)...	55,924	-6.0	47,585	-3.0
Receipts (£'000)...	2,676	-12.6	2,671	-11.2
Goods—				
Hay and grain (thous. tons)...	3,342	+22.8	6,331	+20.0
Total goods trans. (thous. tons)...	7,313	+1.3	10,024	+8.6
Total goods and livestock receipts (£'000)...	6,285	-4.4	7,736	+8.9
Total working receipts (including others) (£'000)...	10,561	-6.9	11,405	+1.9
EXPENSES.				
Locomotive running (£'000)...	2,204	-8.8	2,121	-3.2
Traffic expenses ... (£'000)...	2,058	-4.3	2,171	-0.5
Permanent way and works ... (£'000)...	940	-6.3	1,415	+2.6
Maintenance of locomotives, coaching stock and goods stock... (£'000)...	1,102	-4.4	1,431	+6.1
Total working expenses (including other items) (£'000)...	7,420	-6.7	8,227	+0.6

* Also wine, 478,000 tons, a decrease of 11.9 per cent.

The most serious drop in revenue occurred last year on the passenger side and was due much more to the impoverishment of the Argentine community than to road competition. In the preceding year the companies had largely succeeded in maintaining the volume of their passenger traffic, though the length of the average journey declined, and net receipts showed an appreciable fall. Last year, however, passenger traffic suffered a marked decline in volume. This tendency must needs be accentuated, if depression is prolonged. Less than one-third of total Argentine railway revenue, however, is normally obtained from passenger traffic, and the position on the goods side, depressed as it is, is relatively more reassuring. Livestock traffic, for the last three years, has held up higher in 1930-31 than in the previous year of bad harvests, and last year showed a further increase on every line. The decline in total goods receipts, in fact, may be attributed almost exclusively to Argentina's lower consumption of imported products and constructional materials. It follows that a revival in railway earnings must chiefly come, initially, by way of the restoration of Argentina's ability to import rather than to export. Whether, in the event of an appreciation of prices for primary products in the world market, the process of recovery may be facilitated by the granting of foreign loans and credits to Argentina is a question of intimate concern to railway stockholders.

Reference to the table reveals that reductions in expenses which may be directly related to the volume of traffic have been satisfactory but not spectacular. The railways have so far been unable to secure appreciable wage reductions, nor is it likely, given the present temper of organised labour, that they will be able to obtain, in the near future, much more than a reinstatement of the short-time arrangements which were instituted between August and November, 1931, and partially suspended at the end of last January. A year ago, almost all the companies reported large savings in maintenance charges, but further "cuts" last year were on a much more moderate scale. Scope for still further reductions is greatly limited, and though a somewhat lower standard of maintenance

may legitimately be applicable to bad times to good times, expenditure under this heading must now be regarded as having reached a condition of relative inelasticity, if the physical condition of railway properties is to be maintained unimpaired. The B.A. Western last year, indeed, made no allocation from revenue to renewal funds, and it is doubtful whether the board would have deemed itself justified in adopting this policy, in the absence of a windfall resulting from the sale of the Railway Power House, which allowed the strengthening of the renewal funds by £216,256.

The Stock Exchange is taking a more hopeful view of Argentine railway prospects to-day than a few months ago, as our final table shows:—

MARKET QUOTATIONS.

	Highest, 1929.	Highest, 1931.	1932.			Yield at Present Price.
			Highest.	Lowest.	Present.	
B.A. Gt. Southern:—						£ s. d.
4% Deb. Stk.	82	77½	75	47	74½	5 8 10
5% non-cum. Pref. Stk.	111½	96½	72	27	67½	8 17 0
5% non-cum. Pref. Stk.	95½	86	69½	28	67½	7 3 2
Ordinary Stk.	110½	71½	41½	14	30	NH
Central Argentine:—						
4% Deb. Stk.	82	76	76	43	75½	5 7 5
5% Red. Deb. Stk.	95½	89½	84	46	81½	6 2 8
4½% non-cum. Pref. Stk.	85	71½	60½	23	54	8 6 8
6% Cum. Conv. Pref. Stk.	110	95½	82	27	68	8 19 3
Ordinary Stk.	100½	65	42½	14½	25	NH
Deferred Stk.	96	38½	27	12	16½	NH
B.A. and Pacific:—						
5% (1912) Deb. Stk.	95½	83	52	14½	29	...
4½% Consol. Deb. Stk.	85	74½	55	15	30	...
6% Cum. Pref. Stk.	103½	99	40½	12	22	NH
Ordinary Stk.	106½	53½	26	7	15	NH
B.A. Western:—						
4% Deb. Stk.	81½	75	69	44½	74½	5 8 10
4½% non-cum. Pref. (£10) ...	88	68	52	24	54	8 11 6
5% non-cum. Pref. (£10) ...	94	84	62	34	64	7 8 2
Ordinary Stk.	100½	55	32½	13½	24	NH

Although quotations in every case have recovered very considerably from the lowest, the market is sharply differentiating between the stocks of the B.A. Pacific and of the other three systems. This tendency will continue so long as the company is unable to meet its full debenture charges. It may be inferred that the market, which values the senior debenture stocks of the other three lines on a yield basis of under 5½ per cent., is convinced of the unlikelihood that depression will penetrate sufficiently far to endanger their future service. Yields of 8 to 9 per cent. on preference stocks are eloquent of a near future "dividend risk." On the other hand, the quotation of prices, ranging up to 30, for ordinary stocks with no early prospects of a dividend, suggests that many investors have confidence in ultimate recovery, and are willing to pay more than mere option money for the equity.

The market's view is probably correct. Until economic conditions improve, it is difficult to see how the Argentine railways can avoid, at least, a moderate further decline in revenue. They possess, however, valuable and well-managed properties, in good physical condition, in the most stable State in South America. The latter may be expected to resume its natural economic expansion on the removal of unfavourable world conditions, not of its own making, which have reduced the value but not the volume of its productivity. A rise in the exchange value of the peso would be a natural concomitant of economic recovery. The currency position is not in itself unsound, for the present gold reserve represents as much as 44 per cent. cover for the note circulation. Till better times arrive, however, investors can only stand and wait. They will closely follow, meanwhile, the efforts of the various managements to secure operating efficiency. In particular, they will trust that the recommendations made by British and American railway experts to the boards of the Great Southern and the Western will be of tangible assistance in tiding over the waiting period.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
November 8. November 10.

THE continued weakness of the pound affected sentiment in all markets. Business tended to contract, but quotations remained much more stable than might have been expected. Between October 20th and 27th, the "Gilt-edged" index of the *Financial Times* declined by only 0.8 per cent. A certain amount of speculative support was withdrawn from the gilt-edged market, but there was no institutional selling and certainly no sign of a "flight" from fixed-interest stocks. How far the rallies which followed every drop of one-quarter or half-a-point in British Government stocks were "supported" was a question on which opinion was divided. It was generally agreed, however, first, that large investors were suspending action rather than selling, and, secondly, that judgment, in any case, should be suspended until after the American election.

In the gilt-edged market gains were recorded on Wednesday by Old Consols and the Conversion Loans, but Assented War Loan closed lower after going ex dividend. Quotations at Thursday's opening were about $\frac{1}{2}$ lower, but some recovery followed. India loans were irregular, several of the short-dated issues being marked down. Dominion stocks were fairly active, though leading Australian issues suffered from scattered realisations. Home corporation stocks were steady on the whole.

The Chinese salt loans were the brightest feature of the foreign market, but the Boxer Loan showed weakness on Wednesday after earlier strength. Japanese bonds were undecided. Some selling of Young Bonds was experienced. Austrian, Greek and Roumanian Seven per Cents. all found support. Argentine loans remained heavy under the influence of moratorium rumours, but Buenos Aires provincial issues were steady. Brazil bonds sagged. The new 40-year funding issue being noticeably weak.

A further heavy batch of home railway traffic losses put an end to talk of a belated autumnal improvement. The junior stocks relapsed further, interest being again transferred to the prior charges. The new Southern debentures established a small premium. Metropolitan were sold on reported fresh opposition to the carrying over of the Passenger Transport Bill to the next Session. This matter is dealt with in an Investment Note on page 794. Argentine rails developed marked weakness on further unfavourable traffic returns.

Industrial shares were irregular and inclined to weakness. Wall Street was undecided, and scattered sales came from the Continent, where exaggerated reports were current of the "Unemployed March" on London. Electric and Musical Industries fell sharply on the report, discussed on page 795. Cables and Wireless were dull. Textiles were helped initially by the settlement of the dispute, but prices turned reactionary later. Breweries had a stronger appearance, but tobacco shares lost ground. The Celanese group were on offer. Sudan Plantations responded to a favourable report (discussed on page 797). Decca Records declined following the publication of reconstruction proposals. Stanton Ironworks was a weak feature on reconsideration of the interim announcement, while Horden Collieries was also marked down following

OFFER TO NEW READERS.

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

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the dividend reduction. Woolworth found support. Bank shares were a shade easier, and insurance shares quiet.

The oil share market was heavy on the interim dividend announcements of leading oil companies (described on page 797). Moderate selling from Paris was sufficient to depress prices. Eagle issues were lower, and Anglo-Per-sian eased a fraction, while Shell and Royal Dutch both fell in mid-week. There was practically no public interest in rubber shares, and the commodity failed to give any lead. Tea shares reacted after the recent moderate improvement, the "restoration" negotiations being, apparently, at a less advanced stage than the market had anticipated.

Gold shares had a dull week in spite of the continued fall in sterling. Some improvement occurred on Wednesday and again on Thursday, but Johannesburg displayed more indifference than activity. Gold Fields and "Johnnies" were weaker, though Crown Mines and Sub Nigel both touched new high levels. Wiluna improved after initial weakness. Tinto were sold heavily at one time, but rallied subsequently on "bear" repurchases. Lake View and Star weakened on a disappointing dividend.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Oct. 20, 1932.	Oct. 21, 1932.	Oct. 22, 1932.	Oct. 24, 1932.	Oct. 25, 1932.	Oct. 26, 1932.	Oct. 27, 1932.
Government and Municipal Loans	1,854	1,699	825	1,708	1,817	1,652	1,519
Transport, Communications, and Public Utilities	1,136	1,172	488	1,083	969	1,125	1,001
Commercial and Industrial	2,908	2,751	1,105	2,570	2,239	2,630	2,155
Banks, Insurance and Financial	594	702	323	673	496	576	562
Mines (including Nitrates)	1,299	1,148	384	943	839	815	771
Oil	189	234	103	207	185	164	159
Rubber, Tea and Coffee	216	236	68	210	230	203	195
Total	8,196	7,942	3,296	7,394	6,775	7,165	6,362

* Including iron and steel and breweries.

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

	Highest of 1932. (Sept. 8.)	Lowest of 1932. (June 1.)	Oct. 20, 1932.	Oct. 21, 1932.	Oct. 22, 1932.	Oct. 24, 1932.	Oct. 25, 1932.	Oct. 26, 1932.	Oct. 27, 1932.
66.6	51.3	66.0	65.7	65.5	65.3	65.0	65.0	65.0	65.0

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.
(1928 = 100.)

	Highest of 1932. (Oct. 19.)	Sept. 30, 1931.	Oct. 20, 1932.	Oct. 21, 1932.	Oct. 22, 1932.	Oct. 24, 1932.	Oct. 25, 1932.	Oct. 26, 1932.	Oct. 27, 1932.
127.0	90.6	126.8	126.8	126.9	126.5	126.4	126.5	126.4	126.4

FOREIGN STOCK EXCHANGES.

NEW YORK.

The market is facing a quiet period until the elections are over. The volume of business has markedly fallen off, total daily share transactions being under the million. Prices, however, have changed little, on the average, over the last fortnight. The election campaign, following tradition, has become an affair of personalities rather than policies in its later stages. The market is already canvassing possible Cabinet names out of diverse elements making up the Democratic party, in the event of a Roosevelt victory. The Steel Corporation decision to pay its full preferred dividend, though better than had been expected in some quarters, caused little quickening of business. The fact that the Corporation reported a net third quarter loss of \$20,871,709, compared with a debit of \$20,452,173 in the second quarter and of \$3,973,835 in the third quarter of last year, was regarded as an indication that no real improvement in the steel trade had taken place. Current steel output remains just below 20 per cent. of capacity, but other indications suggest that business activity continues slightly to increase against the seasonal trend. Freight-car loadings for the week ended October 15th reached a new peak for this year at 650,400, an increase of 25,000 as compared with the previous week. Electric power production continues to improve, the textile industries are maintaining increased activity, and trade in some retail lines is back

approximately at the level of 12 months ago. Though bonds have been erratic and have tended to lose ground, railroad shares are firm in sympathy with the car-loading figures. Technically, the market in industrial equities appears to be stronger than for some weeks, and bear selling, in sympathy with the downward trend of commodity prices, has been absorbed without difficulty. Weakness, where prominent, has generally been due to special causes, this week's break in Drug Incorporated, for example, reflecting the difficulties which subsidiary companies are meeting in obtaining reductions in rentals.

	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.		Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	Natl. Biscuit	35½	35½	35½
Do. 4½% '32-47	101½	101½	101½	Phelps Dodge	58	58	58
Do. 4½% '33-38	103½	103½	103½	Pullman	20½	20½	20½
				Sears-Roback	17½	17½	17½
				Studebaker	64	64	64
Atchafalpa	37½	45½	42½	Un. Fruit	18½	20½	19½
Chas. & Ohio	18½	23½	23½	U.S. Leather	4½	4½	4½
Eric	64	68	64	U.S. Rubber	5	5	5
Illinois Central	124	15½	15½	U.S. Steel	34	38	35½
N.Y. Central	19½	24½	23½	Westinghouse	25½	27½	25½
Pennsylvania	13½	15½	14½	Woolworth	34½	37½	36½
Southern Pacific	16½	21½	19½				
Southern Ry.	8	9½	8½	Am. Tel. & Tlg.	99½	106	103½
Union Pacific	57	68½	64½	Int. Tel. Tel.	34	41	41
				Int. Tel. Corp.	8½	9½	9½
Am. Can.	47½	52½	51½	Radio Corp.	6½	7½	6½
Amer. Smelting	15½	14½	14½	Utilities P. & L.	4½	4½	4
Anaconda	98	94	88	W. Union Tlg.	25½	29½	28
Bethlehem Steel	16½	18½	17½				
Chrysler Motor	124	15	14	Associated Gas "A"	2	2	2
Corn Prods. Rf.	46½	52	50½	Pan. Amer. B. (New)	11½	11½	11½
Eastman Kodak	48	52½	49½	Shell	15½	15	14½
Gen. Electric (New)	15	15½	15½	Std. Union	5½	6½	6
Gen. Motors	12½	13½	12½	Std. California	24½	25½	24½
Int. Harvester	19½	22½	21½	Do. N.J.	28½	30½	30½
Mont. Ward	11½	12½	11½				

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Oct. 19.	Oct. 26.
337 Industrials	98.2	174.1	51.5	114.7	52.2	49.1	45.9
33 Rails	89.1	145.6	31.7	105.7	32.2	28.7	26.8
34 Utilities	153.2	267.4	90.6	187.6	91.8	83.0	78.4
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	58.8	48.2
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.86%	6.33%

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

	Highest of 1932. (Sept. 7.)	Lowest of 1932. (June 27.)	Oct. 19, 1932.	Oct. 20, 1932.	Oct. 21, 1932.	Oct. 22, 1932.	Oct. 24, 1932.	Oct. 25, 1932.	Oct. 26, 1932.
72.3	35.2	56.9	55.3	52.1	51.9	52.2	51.7	52.7	52.7

TOTAL DEALINGS IN NEW YORK.

	Oct. 21, 1932.	Oct. 22, 1932.	Oct. 24, 1932.	Oct. 25, 1932.	Oct. 26, 1932.	Oct. 27, 1932.
Stock Exchange— Shares (Thous.)	1,200	400	600	600	900	700
Bonds (Value Thous. \$)	7,700	4,100	6,700	6,800	6,600	7,400
Curb— Shares (Thous.)	150	50	120	120	120	110

* 2-hour session.

CANADA.

The markets have failed to sustain the upward movement which began early in August. Since the middle of September the decline in prices, though interrupted by short upward bursts, has been progressive and severe. A local adverse factor has been the fall in grain prices which has decreased the purchasing power of the rural community and impaired the prospects of better earnings for firms with Western interests. The report of the Duff Commission on transportation problems has not been interpreted as particularly favourable to the Canadian Pacific Railway. The tariff reductions announced on October 12th as part of the Anglo-Canadian fiscal agreement have been construed as a bearish factor for certain textile and other industrial stocks, but are expected to benefit companies in industries like lumbering, salmon packing and fruit canning. The bond market remained reasonably

strong until the end of September, but has since weakened, partly owing to the imminence of another Dominion Government issue. The mining market has also experienced a sharp setback. The Bureau of Statistics "Investors' Index" of all common stocks declined from 62.2 on September 8th to 53.6 on October 6th.

	July 27, 1932.	Sept. 26, 1932.	Oct. 26, 1932.		July 27, 1932.	Sept. 26, 1932.	Oct. 26, 1932.
Abitibi Power and Paper	183	188	183	Cockshutt Plow	6½	6½	5½
Bank of Montreal	245	265	245	Dominion Bank	135	135	159½
Bank of Nova Scotia	245	265	245	Dominion Steel & Coal B	1½	1½	1½
Bell Telephone of Canada	85	103	98½	Dominion Textile	50	55	50½
British Columbia Power	19½	23½	18½	Hollinger Gold Mining	6	6	5½
Do.	4	5½	5	International Nickel	4	4	4
Brazilian Traction	10	11	8½	Massey Harris	4	4	3½
Canadian Bank of Com.	149	166	156	Montreal Light, &c.	33½	35½	32½
Canadian Car	58	64	4	Royal Bank of Canada	146	165	161
Canada Cement	54	64	4	Shawinigan Water, &c.	12½	16½	11½
Canada Power and Paper	54	64	4	Steel of Canada	19	19	17
Canada Steamship	14½	3	2	Winnipeg Electric	2½	5½	3½
Canadian Pacific Ry.	18½	18½	15				

PARIS.

The weakness of sterling and unfavourable advices from abroad had a depressing effect upon the Bourse. The market opened with buyers nervous and inclined to await further developments before operating. Internationals sagged, and but for powerful official support of French Rentes, the market would have been seriously affected. Towards the close there was a large amount of profit-taking. This was chiefly caused by the withdrawal of official support for Rentes. In the industrial market, sellers predominated. At the close there was slight recovery in Internationals. Rio Tinto were a firm feature and moved up smartly on bear covering.

	Oct. 20, 1932.	Oct. 24, 1932.	Oct. 27, 1932.		Oct. 20, 1932.	Oct. 24, 1932.	Oct. 27, 1932.
Banque de France	11,135	10,995	11,150	Wagons Lit	70	70	67
Crédit Lyonnais	1,920	1,935	1,915	Mexican Eagle	24	32	31
Suez Canal	15,060	15,080	15,110	"Chartered"	87	82	78
Chargeurs Réunis	221	211	215	Pont	103	99	102
Rio Tinto	1,245	1,146	1,188	De Beers	389	355	350
Royal Dutch	14,800	13,750	14,050	"Johnnies"	167	160	151

BERLIN.

The Berlin Bourse opened dull and the continued drop in sterling further depressed the market. Buyers, except in the case of a few fixed-interest securities, were few. Pessimism was also aroused by large declines in certain Swiss investments. Reichsbank opened firm, but dropped back, recovering slightly towards the close. Practically all mines were lower. Rheinische Braunkohlen fell $2\frac{1}{2}$ to 158½. Dye Trust were better, but the market for electric shares was negligible.

	Oct. 20, 1932.	Oct. 24, 1932.	Oct. 27, 1932.		Oct. 20, 1932.	Oct. 24, 1932.	Oct. 27, 1932.
Reichsbank	125.25	125.50	125.80	A. E. G.	32.00	31.25	31.60
Disconto	75.00	75.00	75.00	Siemens & Halske	116.00	113.50	114.00
Dresdner (New)	61.75	61.75	61.75	A. K. U.	54.50	53.25	55.10
Norddeutscher	16.80	16.50	16.10	Hamburg-Amer.			
Lloyd				("Hapag")	16.60	16.10	15.60

AMSTERDAM.

Amsterdam was again weak, but, despite the fall in sterling, a better tone prevailed towards the close. Royal Dutch had another hectic week, falling to 113½ on the dividend decision. Rubbers were well maintained on news of reduction of London stocks, Amsterdam Rubber being quoted at 59½. Sugars were lower and Amsterdam Trading fell 2 to 176½. Among industrials Unilever N.V. gave way 1 to 112, and Philips Lamps 1 to 123. Tea shares were exceptionally firm on restriction hopes, and rose several points.

	Oct. 20, 1932.	Oct. 24, 1932.	Oct. 27, 1932.		Oct. 20, 1932.	Oct. 24, 1932.	Oct. 27, 1932.
2½% Dutch Loan	67½	68½	69½	Steel Common	39½	35½	36½
5½% German	67½	68½	69½	A. K. U.	44½	43½	42½
Unilever N.V.	116½	111½	114	Ford Motor	118½	117½	112½
Philips Lamps	128½	122	128½	Del. Batavia	148	142	141
Netherlands Ship				Royal Dutch	146	135	138
Union	64	61	64	Handels Ams	189	179	177

OTHER CENTRES.

Business on the minor European bourses was mostly dull. Milan was active and closed steady. Weakness again obtained at Brussels and price movements showed little change. Quotations moved only slightly during the week and were mostly downward. Frankfurt and Stockholm were quiet. A heavy tendency prevailed at Oslo and Copenhagen.

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

[illegible]

+ Free of Income Tax.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 20, 1932.	Price, Oct. 27, 1932.
Australia 3½%, 1936-1937.....	97½	5	2½-3½ pm	2½-2½ pm
Blackpool Greyhound 2/-.....	2/-	2/-	...	2½-2½ pm
Bristol Greyhound Racing 2/-.....	2/-	2/-	6½-7½	6½-7½
British Plaster Board ord.....	...	...	...	3-3½
Covent Garden Properties, 4½% debts.....	98	20	1½-1½ pm	1½-1½ pm
J. G. Graves Pty. pref. ord. 5/-.....	14/-	8/-	...	3-6½ pm
Lever Brothers 4½% debts.....	...	...	...	100½-101½
Lovell and Christmas 4½% debts.....	...	...	...	100-101
Qualcast 7% cum. pref., £1.....	£1	10/-	3½-3½ pm	3½-3½ pm
Southeast Stadium deferred (1/-).....	1/-	...	1½-1½ pm	2/--1/- dis
Do., preferred (10/-).....	10/-	...	1½-1½ pm	2/--1/- dis
Southern Railway 4½% debts, 1962-67.....	100	25	...	1-2 pm
Stevenson (Hugh) 6½% debts.....	99	10	...	2½-3½ pm
Tolson Electric £1.....	£3	£3	3½-3½ pm	3½-3½ pm
Treasury Bonds 2½% 1935-38.....	100	5	...	1-1½ dis
Wanderer Gold.....	...	£1	...	1-1½

INVESTMENT NOTES.

London Passenger Transport Bill.—The motion to suspend further proceedings on the London Passenger Transport Bill till the next session of Parliament was debated and carried in the House of Commons on Thursday. It is generally expected that this Bill will be passed next session, seeing that the main Conservative objection to the Bill as a Socialistic measure has been met by taking the appointment of the Transport Board out of the hands of the Minister of Transport and assigning it to a body of non-political public men, acting as a sort of voting trust. Nevertheless, there will undoubtedly be a good deal of opposition. The Motor Hirers and Coach Services Association have issued a statement this week against the Bill on the grounds that its keynote is the exclusion of competition. If this is the sole ground of opposition there is no doubt that the Bill will be passed, for it is designed to deal with the chaos to which unrestricted competition has reduced the streets and traffic ways of London. The main parties to the Bill are all in agreement. The Metropolitan Railway has secured terms enabling holders of its ordinary stock to receive £67 10s. of the "C" stock of the London Passenger Transport Board for every £100 Metropolitan, with the option to convert into a new guaranteed stock, of a nominal amount equal to the par value of their present holding, bearing interest at 3½ per cent. for fifteen years and 3½ per cent. for the next ten years. This option is a valuable one, and there is no doubt that the Metropolitan shareholders will join with the Underground group in pressing for the passage of the Bill. Since the Bill was first introduced, the decline in traffic receipts has made it all the more important for the Underground group to secure the co-ordination of London traffic. The original estimates, made by Sir William McIntock, of the receipts of the London Passenger Transport Board must, of course, be revised in the light of the trade depression and the decline in traffics. They allowed for a surplus, after meeting all fixed charges, of an amount sufficient to pay a dividend at the rate of 5 per cent. on the "C" ordinary stock for the first two years, increasing thereafter to 5½ per cent. and finally 6 per cent. These interest payments are dependent entirely on earnings, and it is not expected that the Board will be able to pay at the outset a higher dividend than 2½ per cent. to 3 per cent. The Underground Electric ordinary shares have fallen to 18s. 6d., following upon the reduction in the interim dividend from 3 per cent. to 2 per cent. in July. The final last year was 4 per cent., but it is not expected that more than 2 or 3 per cent. will be paid in respect of the current year. Metropolitan Railway ordinary stock has, however, been a firm market on account of the option accruing to holders under the terms of the agreement with the promoters of the Bill. In spite of the reduction of the interim dividend from 1 per cent. to ½ per cent. (a total of 2½ per cent. was paid in respect of 1931), Metropolitan ordinary stock remains about 65, which would not appear high if the guaranteed stock were issued in exchange.

"Cosach's" Problems.—At last Monday's meeting of shareholders of the Anglo-South American Bank the chairman, Sir Bertram Hornsby, recalled that the greater part of the capital depreciation suffered by the bank had arisen in Chile, but refrained from committing himself to any statement as to the bank's attitude in the negotiations with the Chilean authorities for the future of "Cosach," the unhappy nitrate combine. Sir Bertram's remark that the Chilean Government seemed unready to agree to a definite solution until a normal constitutional regime had been re-established has been interpreted in some quarters as an indication that the Government, at least, has refused to accede to the Guggenheim proposals, under which the bank's position would be anything but favourable. Meanwhile an informative contribution to discussion of the conditions which have led up to the present *impasse* has been made by a contributor to *The Financial News*, who signs himself "Amigo de Inglaterra," but is obviously no friend of "Cosach" under its present auspices. The writer frankly admits that on the outbreak of the great war the Chilean industry had become inefficient. He severely criticises the Chilean Government for maintaining the export tax at a time when other countries were building up their own synthetic nitrate industries. The allied blockade during the war and high freight rates for some years subsequently, lost Chile her best customer—Germany. Successive Chilean Governments continued to regard the industry as a milch-cow even when Chile's share had shrunk to 27 per cent. of the world's nitrogen output. The industry was endeavouring slowly and painfully to rationalise itself when the Guggenheims, hitherto interested only in Chilean copper, appeared on the scene with a new process. The latter, as an example of heat engineering, was impressive, but before the Maria Elena plant, run by the Anglo-Chilean Company which the Guggenheims had acquired, had been working long, two formidable difficulties became apparent. Capital costs were too high and the company's grounds were being worked out at an alarming rate. At this moment the large British-owned Lautaro Company found itself under an obligation to find £2,000,000 and to erect new plants capable of a large output, and, being unable to raise the money by other means, accepted an offer of the Guggenheims to supply the necessary funds in return for the handing over of virtual control to them. The compulsory imposition on the industry of a scheme involving the financing of stocks, by producers, through every stage to the retailer, resulted in the whole industry's becoming heavily indebted to the Anglo-South American Bank. The formation of Cosach apparently offered a way out of the difficulty, and was duly consummated, though neither the Anglo-Chilean nor the Lautaro companies were absorbed, but remained as separate subsidiaries. Unfortunately, the world crisis then supervened, and the policy of those in control, based on concentration of production in the Guggenheim plants, caused a heavy displacement of Chilean labour. The writer suggests that as the real interests in Cosach itself are mainly British, while those in the two subsidiaries are mainly American, the best solution of present difficulties would be the entire separation of the latter from the former, with an equitable distribution of assets and liabilities. The merger company, presumably, would endeavour to achieve its own salvation under British control, using the "Shanks" process, in order to employ the maximum of labour at a minimum cost, for part of its output. This proposed solution offers numerous difficulties, and would obviously encounter bitter opposition from the American side, but it would seem to deserve further consideration, particularly by the institutions which have guaranteed £7,500,000 of the Anglo-South American Bank's interest in the Chilean nitrate industry.

Protection for Shareholders.—Though the fraudulent promoter is by no means an extinct species, company history, ancient and modern, suggests that, in the long run, shareholders lose more as the victims of incompetence than of roguery. The figures of the Macmillan Report are still fresh in the public memory. They showed that in 1928 the total amount subscribed for the capital issues of 248 companies was £117,000,000. At May 31, 1931, the

total market value of these issues was £66,000,000, about 70 of the above companies had been wound up and the capital of 36 others had no ascertainable value. The investors' losses in these enterprises were not, of course, entirely due to mismanagement. Industrial and financial depression also contributed, but the figures are a striking commentary on the inability of individual shareholders, particularly small shareholders, to control inefficient directors. They emphasise the desirability of a body like the new Shareholders' Protection Association, formed last week. The Association's objects are excellent. It proposes (1) to obtain legal advice for its members; (2) to report on the management or accounts of companies in which they are interested; (3) to concern itself with all amalgamation or reconstruction schemes; and (4) to represent its members, as a proxy holder, at meetings. Where advice and assistance can be any use to a company the Association will gladly give it. Where, however, the policy of those in control is inimical to the interest of the shareholders, the Association will offer strong opposition. It is obvious, however, that if the Association is to be really effective a large measure of support will be needed. Unless the Association controls sufficient voting power to make itself unpleasant, it may receive scant consideration from directors of a certain type. The annual subscription is 10s., and if the scheme realises even a tenth part of the objects of those responsible for its inception, investors will consider their money well spent.

Investment Trusts.—The reports of investment trust companies which we have recently analysed make somewhat cheerless reading. Of seven companies whose financial years ended in July to September this year, only two disclosed any substantial "break-up value" for the ordinary stockholders on the market valuation of investments—and one of these, not because it had suffered less depreciation than the others, but because it had no preference capital. The following table gives the book value of the investments, the percentage depreciation and the break-up value of the ordinary stock, which is arrived at by deducting debentures, bank loans and preference capital from the market value of the investments:—

	Date of Formation.	Year Ended	Investments at Book Value.	Percentage Depreciation.	Break-up Value of Ord. Stock.
Second Edinburgh ...	1902	31/8/32	£ 1,793,625	21.4	33½%
Mid-European ...	1924	31/7/32	1,834,234	35.7	Nil
London and Strathclyde	1928	31/8/32	877,049	41.0	Nil
Southern Stockholders	1928	15/9/32	1,197,696	44.7	46.7%
Capital and National			970,112	42.2	Nil
Trust ...	1927	31/7/32	1,799,139	37.9	Nil
City and International...	1926	31/8/32	1,474,107	59.7	Nil
Second American ...	1926	31/8/32			

* Exclusive of holding in Lothbury Continental Company, whose investments showed a depreciation of 64.83 per cent.

The profit and loss accounts showed a reduction in net income varying from 17.8 per cent. in the case of Capital and National to 46.9 per cent. in the case of Southern Stockholders. In all cases ordinary stock dividends have been reduced to the level or below the level of current earnings, while in the case of Second American and London and Strathclyde, whose ordinary stock earnings were negligible, dividends have been passed entirely.

	Net Income.		(Last Two Years.)		Price.	Div. Yield %.
	1930-31.	1931-32.	Earned.	Paid.		
Second Edinburgh ...	£ 53,749	36,540	14.1	7.2	12.0	7.0
Mid-European ...	107,482	69,843	8.8	4.2	6.0	4.0
London and Strathclyde	19,881	12,520	5.4	0.7	2.5	Nil
Southern Stockholders	37,452	19,879	4.9	2.7	4.0	2.5
Capital and National ...	24,042	19,754	8.0	5.8	5.0	2.5
City and International...	60,933	43,483	8.6	3.7	5.0	2.5
Second American ...	35,498	22,549	6.2	0.4	5.0	Nil

* No London quotation.

The position of the companies analysed varies considerably. Mid-European Corporation was formed in 1924 to invest funds primarily in Central Europe. At the date of the last balance sheet 81½ per cent. of the portfolio was invested in Germany and 58.35 per cent. in all Euro-

pean countries, excluding Great Britain. City and International Trust is also heavily interested in European countries, which account for about 36 per cent. of the total portfolio. The directors, however, point out that the company's interests in Central Europe, although considerable, are by no means disproportionate, having regard to the main lines of the programme laid down at the time of the company's formation. Central Europe accounts for 28 per cent. of this company's funds, but over 80 per cent. of these holdings are in Government and Corporation loans. London and Strathclyde and Southern Stockholders have suffered chiefly from the fact that they were formed in June, 1928, nearly at the apex of the boom. Both these companies publish full lists of investments. The preceding table, giving the present market prices and dividend yields, shows that in all cases the market is valuing the ordinary stocks generously both from the point of view of earnings and break-up value. It is, however, fair to point out that the position of all these trusts has been greatly improved by the rise in security values since July. For example, the directors of Capital and National Trust point out that whereas the depreciation at July 31st was 42.16 per cent., on September 30th it was only 35.3 per cent.

Electric and Musical Industries.—Quondam shareholders of the Gramophone and Columbia Graphophone companies will reflect upon the mutability of prosperity on reading the first accounts of the merger company, Electric and Musical Industries, Limited. In the year to June, 1930, the Gramophone Company declared a profit of £841,931, and the Columbia Gramophone a profit of £580,159—a total of £1,422,090. For the period from April 20, 1931, to June 30, 1932, however, the merger company disclosed a net profit from dividends and other income of only £16,115. This was reduced to £2,315 by the payment of an interim dividend for the six months ended December 31, 1931, on the 6 per cent. preference shares. Even so, the aggregate losses of the Gramophone Company and Columbia Graphophone Company and their subsidiaries have been dealt with in the accounts of the respective companies out of reserves, and have not been taken into account in arriving at the diminutive profit shown in the trading of Electric and Musical Industries. The shareholders will not have been altogether unprepared for this bad showing. In an interim report issued on November 27, 1931, the directors of Electric and Musical Industries stated that profits had been seriously affected by the financial crises in various foreign countries. Nevertheless, substantial economies in manufacture had been effected and the profit for the year ended June, 1931, of the two merged companies amounted to £160,893, a dividend of 3s. per ordinary share having been paid by the two operating companies at the end of July. The deterioration in trading conditions since the date of this report must, therefore, have been rapid. According to the directors the business of the foreign subsidiaries has been

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affected by the smaller margin of profit and by the decreased purchasing power of the public. The effect of the depression has been less marked in the sales in Great Britain, but exports from the English as well as the foreign factories have been greatly diminished by embargoes, high tariff walls, quotas, fluctuating exchanges and restrictions in the movements of currencies. Altogether the losses of the wholly-owned subsidiaries for the year ended June 30, 1932, amounted to £741,084, which had been provided for out of reserves and surpluses, but no mention is made of the losses of the partly-owned subsidiaries. Further, £2,094,155 has been transferred in the books of the subsidiaries to contingency reserves in order to provide for exceptional losses on factories closed, depreciation of investments and writing-down of plant. A comparison of the results of the merger company with pre-merger results of the operating companies follows:—

	Year to July 30, 1930.	Year to June 30, 1931.	Period April 20, 1931, to Sept. 30, 1932.
Gramophone net profits.....	841,931		16,115*
Columbia Graphophone net profits	580,159	160,893	

* Exclusive of £741,084 trading losses and £2,094,155 to meet exceptional losses, provided for out of reserves in subsidiaries' accounts.

It is a matter for regret that the company does not see fit to publish a consolidated trading account of its subsidiaries. Under the Companies Act a holding company is not required to do so, and Electric and Musical Industries has clothed its operations with still greater secrecy by converting the Gramophone and Columbia Graphophone companies into private companies whose accounts will not be available to the public at all. However, a combined balance sheet of the Gramophone and Columbia Graphophone companies is given as at June 30, 1932. This shows a liquid financial position, cash being £190,389, Government securities £1,192,206, and debtors £596,655, a total of £1,979,251, as against creditors of £1,180,235, a surplus of £799,016. This, however, shows a big decline from the surplus on June 30, 1931, which was £2,175,756. The ordinary shares of the merger company have fallen to 10s. 9d., against a maximum of 23s. 6d. earlier this year.

United Dairies.—A further advance in profits is shown in the report and balance sheet of the United Dairies for the year ended June 30, 1932. Revenue has increased by £42,778, the actual figures being £548,739 and £591,517 respectively. The dividend on the ordinary shares has been increased, and is now 12½ per cent., against 11 per cent. and 10 per cent. for the two preceding years respectively:—

	To Years ended June 30.		
	1930.	1931.	1932.
Net profit	578,489	548,739	591,517
Preference dividend.....	195,000	195,000	195,000
Ordinary { Amount	222,797	245,300	278,750
{ Earned %	15.8	16.3	17.8
{ Paid %	10	11	12.5
Written off investments, &c.	100,000	79,850	...
Investment reserve.....	...	10,000	...
Reserve for pensions	...	20,000	30,000
Reserve fund	...	50,000	80,000
Inc. or dec. in carry-forward	+692	-51,411	+7,767

The liquid assets of the company are substantially higher than last year. Cash is up from £121,002 to £175,057. Investments in British Government securities stand at £222,318, an increase of £107,514. Fixed assets total £3,435,612, against £3,290,202. A noticeable feature of the report is that while it is proposed to place £80,000 to general reserve and £30,000 to a pension fund, nothing has been written off holdings, nor has anything been added to investment reserve account. The present price of the £1 ordinary shares is 50s., which, allowing for the final dividend of 7½ per cent., gives a yield of about £5 11s. per cent., less tax.

Waring and Gillow Position.—The task of dismantling and reconstructing this once-prosperous business was carried a step farther at the statutory first meetings of creditors and shareholders last week, when resolutions were passed appointing Mr H. G. Judd, C.A., as liquidator with a committee of inspection consisting of four creditors and two shareholders. Mr E. T. A. Phillips, the Official Receiver, referred to agreements between Lord Waring and the company, and gave particulars of its subsidiary activities, including its connections with the Prince's Theatre site, the Titchfield Syndicate, the Martinez Hotel, Cannes, and the Picardy Hotel. It was stated that various subsidiary companies have been formed, the principal being Waring and Gillow (Paris), Waring and Gillow (Brussels) and Pioneer Stores. Details were offered of Lord Waring's indebtedness to the company, which was returned at £97,815 on the books at January 31, 1931. Against this debt the company held various charges, and if realisation of his properties could be effected at the values placed upon them, there would apparently be enough to enable the company to recover the whole amount outstanding. It had been agreed after discussion that the company should obtain judgment for £75,000 with the right to argue the balance. Mr Sanderson, the purchaser of the goodwill and assets of the company, attributed the failure to trade depression, but the Official Receiver was disposed to the opinion that the collapse was largely due to the depletion of the company's resources by its activities in connection with property deals in subsidiary companies, and by financing its customers and one of its directors—all of which were outside the scope of its regular trade. It was stated that the prospects of any payment to the shareholders were non-existent, and their only hope of eventual return was by way of subscription for preference shares in the new company.

Pritchard's Restaurants Deal.—In the *Economist* of October 1st last we discussed the proposed sale for cash of the ordinary and preference shares of Pritchard's Restaurants to an unknown purchaser, and the opposition which certain features of the scheme had aroused among large preference shareholders. The directors of the company have now issued another circular, in which they state that the purchase of "more than 50 per cent. of the shares" has now been completed at the agreed prices, and voting control has passed into the hands of the new owners. As a measure of the directors' achievement, this announcement is not impressive, for "more than 50 per cent. of the shares" may mean little more than the whole of the ordinary shares, whose holders would naturally be expected to accept the proffered terms with alacrity. Messrs. Grahams Rintoul, who are acting for dissenting preference shareholders, affirm that the opposition represents over 50 per cent. of the preference capital and over 30 per cent. of the issued capital. They repeat that 10s. is an inadequate price for the preference shares in view of the fact that 5s. 6d. has been obtained for the ordinary shares and that "there appears no reason why under the new management the company should not be successful." The last business in the preference shares was effected on October 18th at 11s. 3d. Preference shareholders would appear to be well advised to retain their shares and await developments. As the potential buyers have now obtained voting control, their identity might well be disclosed.

Central Argentine Railway.—Earnings for the year to June 30th last would have provided a moderate dividend for ordinary stockholders had the company not found it necessary to provide no less than £1,013,875 to meet exchange differences. Gross receipts were £209,080 higher at £1,405,739, and net receipts rose from £3,014,755 to £3,178,438. After all deductions, however, net profit stood at £925,773, compared with £1,196,078 last year. No ordinary dividend is paid, but all preference requirements have been met:—

Year to June 30.	1930.	1931.	1932.
Gross receipts	11,567,717	11,196,659	11,405,739
Working expenses	8,639,856	8,181,904	8,227,301
Net receipts	2,927,861	3,014,755	3,178,438
Other income	37,539	22,713	8,560
Debenture interest	739,609	753,420	902,391
Western annuity	90,787	90,787	90,787
Interest on notes	99,285	99,285	99,285
General interest, &c.	...	107,983	154,887
Exchange	124,905	789,915	1,013,875
Net profit	1,910,814	1,196,078	925,773
Brought forward	312,174	285,230	553,131
Preference dividend.....	736,307	736,307	736,307
Consolidated ordinary dividend ..	1,409,348	281,870	Nil
Deferred dividend	40,590	Nil	Nil
Reserve	Nil	Nil	200,000
Carried forward	285,230*	533,131†	542,597

* After bringing in £248,487 from certain specific reserves.

† After bringing in £90,000 from certain specific reserves.

The company continues to extend its services. Additional electrified suburban lines were opened for traffic on December 1st last. A further 63 miles on the Villa del Rosario and Forres line were opened on December 17th and on August 20th the North and South sections of this extension were joined up. The position of the four leading Argentine railways is reviewed in a leading article on page 788.

Sudan Plantations.—An excellent recovery has been made in the twelve months to June 30th. Last season's cotton crops in the Gezira and at Zeidab were "highly satisfactory," the Gezira producing 168,198 bales, against 47,403 bales in 1930-31 from virtually the same area. Spot and forward sales of the Gezira crop have been up to expectations, and more than half the Zeidab crop has been sold:—

Year to June 30.	1930.	1931.	1932.
Revenue	442,007	209,356	443,189
Expenditure	205,739	198,388	179,221
Depreciation	8,921	432,919*	41,429†
Taxes	...	65,000	...
Net profit	227,347Dr.	486,951	222,539
Brought forward	484,605	486,951	Nil
Dividend—			
Amount	225,000	Nil	Nil
Earned %	10.1	Nil	9.9
Paid %	10	Nil	Nil
Carried forward	486,951	Nil	222,539

* Including £279,935 reserve against advances to Gezira tenants, £38,540 written off Gezira 1929-30 cotton stock, and £101,649 reserve for depreciation of investments.

† Including £32,000 reserve against advances to Gezira tenants.

Stocks of cotton unsold have been valued in the accounts on a conservative basis. Government securities have been taken at the market prices obtaining on June 30th, and the appreciation of £11,187 over book cost has been utilised in writing down other investments. The Kassala cotton subsidiary secured an exceptionally good yield at 5.17 kantars per foddan. Another subsidiary, Parana Plantations, is making headway, the extension of the Sao Paulo-Parana Railway having been completed to Jatahy, on the River Tibagy. The £1 shares of Sudan Plantations are quoted at 30s., against a high level for this year of 37s., and a low level of 16s.

Oil Dividends.—Following the precedent set last year, the Shell Transport and Royal Dutch are paying no interim dividends this year, though the cash resources of the group have continued to increase. It was hoped in the market that the recent increase of 8d. per gallon in the price of petrol would enable the companies to declare

a small interim. As the advance, however, has come at the end of the peak consumption period, only one-quarter of the expected increase in receipts will be realised this year. A well-known firm of brokers, reporting on the oil situation, expresses the opinion that the additional revenue which it is reasonable to expect from the new petrol prices in Great Britain represents the following percentages on the ordinary capitalisation of the two combines:—

	1932.	1933.
	3 months.	Full Year.
	Per cent.	Per cent.
Royal Dutch.....	1	4
Shell Transport.....	1.6	6.5
Anglo-Persian	5	20

These estimates of additional revenue are conservative, since they do not take into account increases in Continental and other markets. They are based, however, on the assumption that the 3d. advance in prices will be held for one year. This, of course, is guesswork, and it may be significant that the recent advance in Mid-Continent crude oil prices in America, which followed upon the tightening up of restriction, has not been followed by the major crude oil purchasing companies. On the strength of this increase in crude oil prices, the companies on the Eastern coast of America have advanced gasoline prices, but there is no strong feeling that the advance will be held in the winter months. On the whole, a conservative view is taken of the oil outlook. A pleasant surprise was, therefore, occasioned by the announcement of the Venezuelan Oil Concessions, Limited, that an interim dividend of 5 per cent. would be paid on the preference and ordinary shares in respect of the current year. Last year no interim dividend was paid and the market is canvassing the possibility of a total dividend of 10 per cent., or 12½ per cent. for the twelve months. The company sells its crude oil to the "Shell" group on the basis of fuel oil prices ruling in America, and the recent increase in fuel oil prices may have enabled the directors to revise their estimates of revenue. The decision of Mexican Eagle and Canadian Eagle to postpone consideration of preference share dividends due on October 31st came as a disappointment to the market. The preference dividends of both companies were originally postponed (the last payment having been in May, 1931) on account of a lawsuit with the Mexican Government regarding the company's titles in the Amatlan fields. It was understood that the company has lost its appeal in this case, but that some extra-legal agreement had been arrived at with the Mexican Government to enable the company to proceed with its production activities. Nothing, however, has been announced, and it may be presumed that the matter has not yet been finally settled.



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Industrial Profits.—During September we received 82 company reports, aggregate profits showing a decline of 15.69 per cent., compared with 26.66 per cent. in August:—

Reports.	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
Published in 1931—		%
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59
December	157	— 68.54
1932—		(1932 compared with 1931).
January	127	— 19.65
February	211	— 6.81
March	210	— 13.37
April	244	— 13.66
May	196	— 33.30
June	235	— 21.80
July	152	— 34.31
August	69	— 26.66
September	82	— 15.69

The returns for the whole of the past quarter were discussed in our issue of October 15 (page 675). The monthly figures, given for the sake of continuity, suggest that, despite the unfavourable nature of recent results, there has been a tendency for decreases in aggregate profits to "flatten out" during the last few weeks. In view, however, of earlier disappointments, and the relatively small number of companies included in the September returns, this suggestion should be received with caution.

Wiluna.—A Western Australian Minister of Mines, on a visit to London in 1928, declared that Wiluna was "an investment, not a speculation." The subsequent price record of the shares has not entirely justified that description, writes a correspondent. Holders, however, have had some recompense for numerous setbacks as a result of a movement which has carried the £1 shares up from 6s. 6d. to 48s. 6d. in the past twelve months. The New Consolidated Gold Fields, Ltd., in December, 1930, were left to take the major part of an issue of 10 per cent. notes, repayable at 20 per cent. premium in seven years, or alternatively convertible at holder's option into ordinary shares. The auditors signed the March 31, 1931, balance sheet subject to a reservation regarding the value of the company's interest in the subsidiary operating concern. Simultaneously power troubles, unexpected ore hardness and metallurgical difficulties appeared. Finally, poor developments on the East lode carried the price down to a few shillings in August, 1931. Mr Carl Lindberg was sent to report. He revised earlier estimates of proved tonnage and development in a downward direction, but expressed confidence in the outlook. Matters have since taken on a rosier aspect. The poor development on the East lode turned out to be only a bad patch, the West lode has shown good values, plant troubles have been largely overcome, and monthly profits in Australian currency have grown to the substantial figure of £29,136 (September). On this basis, dividend prospects on the 1,000,000 £1 shares are not unpromising, since £300,000 6 per cent. notes of the operating company and £300,000 10 per cent. notes of the Wiluna Corporation are, apparently, the only prior obligations. The market has been further encouraged by rumours that sections of the property (which has recently been added to, on the strength of development work, and covers a distance along the strike of the lodes of more than two miles) may be floated off separately. The depreciation in the Australian pound has also helped results. Last month some 28,339 tons were crushed at a cost of 20s. 9d. per ton (excluding forward development redemption). This represented a total working cost, in Australian currency, of £29,283. The yield of gold was 7,969 ozs., worth £38,868 at 85s. per oz. It would seem, therefore, that but for the currency premium and the gold bonus, actual results so far would still be well on the wrong side of the 1930 official estimates of a working profit of 10s. (gold) per ton.

Western Rand Extensions.—Our mining correspondent writes:—The publication last week-end of the details of the Gold Fields' activities in this region came as somewhat of an anti-climax. The official communiqué was certainly couched in conservative terms. It intimated that the extension of the main reef series had by geophysical survey been proved forty miles beyond its present known western limit; that the payability of the extension remained to be proved; that options had been acquired by the New Consolidated Gold Fields, which was offering participations to other Kaffir finance houses; and that a company with a capital of £500,000 would be formed to carry out the initial prospecting work. Actually, the existence of gold-bearing reefs in the district has long been known, and various undertakings have tried their luck. For example, the Potchefstroom Exploration and Gold Mining Company, founded in 1889, acquired 24,000 acres freehold, and after the expenditure of its working resources sat down and awaited the results of exploration on neighbouring properties. Later the Coronation Syndicate secured the lease of farm Luipaards Vlei No. 10, adjoining the Randfontein area. Owing to the unsatisfactory results, work was suspended. Part of the ground now under option to the Gold Fields was formerly owned by the Western Rand Estates. This company put down several boreholes with varying results; it went into liquidation in 1916 owing to the exhaustion of working capital. With modern mining methods and ample resources the new company will not succumb to the difficulties which brought down its predecessors. Even should exploratory work yield only one Randfontein the outlay will be amply rewarded. It is quite conceivable that the action of the Gold Fields may have been influenced to some extent by the flattening of the reef lately shown in several Western Rand properties. It is also conceivable that the official statement may have been designed to damp down ultra-optimistic anticipations. The co-operation of numerous finance houses is a particularly satisfactory feature.

Foreign Land Companies.—A falling off is inevitable in the revenue of companies exploiting large estates overseas during periods of intense economic depression. During recent months sales of land have proved less lucrative; rents have been more difficult to collect in full and investment income has diminished. The consequences for nine typical companies are shown in the table below:—

Name of Company.	Net Profit, 1930-31.	Ord. Div.	Net Profit, 1931-32.	Ord. Div.	Present Price.	Yield.
Argentine Land & Investment (£1)	£	%	£	%	£	% d.
Argentina Northern Land (1/-)	44,604	4	40,876	4	17/6	4 11 0
Australian Agricultural (4/5)	2,413	Nil	1,664	Nil	5/-	Nil
Australian Estates & Mort. (5/-)	1,065	2 1/2	Dr. 1,904	1 1/2	3 1/2	2 6 9
Forestal Land (£1)	Dr. 54,176	Nil	Dr. 622	Nil	25 1/2	Nil
Leach's Argentine Estates (10/-)	355,527	6 1/2	Dr. 131,788	Nil	7/-	Nil
New South Wales Land (10/-)	29,671	Nil	60,057	Nil	1/-	Nil
Port Madrya (Argentina) (10/-)	6,539	8	4,610	8	11/3	7 2 3
Rio Negro (Argentina) (£1)	6,209	5	4,004	5	6/3	8 0 0
Tecka (Argentina) Land (£1)	Dr. 7,838	Nil	Dr. 5,266	Nil	8 1/2	Nil
	4,326	5	5,253	5	17/6	5 15 0

Aggregate net profits have fallen from £388,340 in 1930-31, to a debit balance of £23,006 last year. The figures, however, are heavily weighted by the Forestal Land results, which were adversely affected by the necessity of allowing a liberal sum for depreciation of tanning extracts. Five companies have paid an ordinary dividend this year, against six last year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Buenos Ayres and Pacific Railway, Buenos Ayres Western Railway, Buenos Ayres Great Southern Railway, Central Uruguay Railway of Montevideo, Anglo-South American Bank, Russian Corporation,

Raphael Tuck and Sons, and Cam and Motor Gold Mining. At the annual meeting of Cam and Motor Gold Mining Mr L. E. B. Homan said that the tonnage milled had again constituted a record, and though they had discarded the oil flotation and the blast furnace, the total extraction had been approximately 1 1/2 per cent. higher, owing to the reduced percentage of antimony in the ore stoped and the free gold in the lower level development rock. Presiding at the annual meeting of the Anglo-South American Bank, Sir Bertram Hornsby told shareholders that as a consequence of arrangements made last June, by which the bank was relieved of a demand liability for a very large sum, and new capital of £1,000,000 was put into the business by an important group of British banks, the position had been very much altered for the better. Reference is made to the speech on pages 776 and 794. Referring to the difficulties which beset the railway at the annual meeting of the Central Uruguay of Montevideo, Mr Frank Henderson observed that a very disquieting feature was the recent appearance of large swarms of locusts, which had come over from the province of Entre Rios, in Argentina. The position of the Argentine railways is considered in a leading article on page 788.

CAPITAL ISSUES.

THE authorities are reported to be insisting that every large issue of trustee or equivalent character shall be absorbed before the next appears. Only one offer, this week, has followed the Southern Railway Company's loan of last week. The borrower is the Union of South Africa, which has made an issue of 3 1/2 per cent. stock with a maximum life of forty years at a price of 96 1/2. The running yield is £3 12s. 6d. per cent. and the yield, including redemption at the latest date £3 13s. 4d. per cent. Although South Africa is among the best regarded borrowers in London, the loan, on its first announcement, obtained a somewhat perfunctory welcome. It was suggested that the borrower, taking advantage of the admitted shortage of trustee stocks in the market, had cut the rate rather fine. Some unofficial quarters were inclined to stress the irony of a situation in which the largest of the world's gold-producing countries, which had resolutely refused to abandon the gold standard, was an applicant for resources (whose acquisition would certainly not reduce its ability to remain on that standard) from a country which had abandoned it, and was suffering many of the exchange difficulties attendant upon an inconvertible currency.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Oct. 22, 1932, excluding conversions, £169,110,729.7
Total recorded, Jan. 1 to Oct. 22, 1932, including conversions, £464,764,031.

National Savings Certificates.
Net receipts, week ended Oct. 22, 1932, £150,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Union of Sth. Africa £8,000,000	8,000,000	...	7,720,000	40,000	7,680,000
3 1/2% Inconvertible Stock, 1953- June 1, 1973, issued at 96 1/2%	8,000,000	...	7,720,000	40,000	7,680,000
Total issued to the Public, week ended October 29, 1932	8,000,000	...	7,720,000	40,000	7,680,000
To Shareholders only.					
Indian Copper, 1,600 7 1/4% First Mt. Conv. Debts. at par	160,000	...	160,000	160,000	...
Total issued to Shareholders, only, week ended October 29, 1932	160,000	...	160,000	160,000	...

	Including Conversions.	Excluding Conversions.		Including Conversions.	Excluding Conversions.
Total Offered for Subscription—			Whole year—		
Jan. 1 to date—	£	£	1931	114,290,665	102,644,291
1932	472,794,031	177,140,729.7	1930	454,888,784	287,800,600
1931	108,524,979	97,647,994	1929	488,764,940	285,239,400
1930	404,864,986	225,849,355	1928	693,100,056	369,058,073
1929	242,592,935	204,267,335	1927	...	355,165,970
1928	504,011,033	329,981,302	1926	...	230,782,600
1927	...	288,814,024	1925	...	232,214,500
1926	...	187,511,826	1924	...	209,326,101
1925	...	188,190,597			

Nature of Borrowing.

	Debtures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1932	164,746,331	8,710,682	3,683,716	177,140,729.7
1931	73,999,349	6,771,859	16,876,786	97,647,994
1930	187,048,408	15,479,638	21,321,309	223,849,355
Whole year—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,358,000	36,836,600	98,331,400	355,165,600
1926	145,180,000	39,393,200	46,209,500	230,782,600

† Includes £107,589,166, whole amount accepted tenders for 3% Treasury Bonds.

By Stock Exchange Introduction.

	Capital Introduced.	Price Dealings Began.	Cash Involved.
Amount previously recorded	9,011,750	...	9,756,857
British Plaster Board 100,000 Ord. shares £1	100,000	60/3	301,250
Total, week ended October 29, 1932	100,000	...	301,250
Total to date, 1932	9,111,750	...	10,058,107
Total to date, 1931	8,757,183	...	8,883,556

Public Offers.

Union of South Africa.—Issue of £8,000,000 3 1/2 per cent. inscribed stock, 1953-73, at 96 1/2 per cent., repayable in London at par on June 1, 1973, the Government of the Union of South Africa having the option to redeem the stock, in whole or part, at par, on or after June 1, 1953, on three months' notice. Trustees may invest in this stock. The loan is raised for railways, harbours and other public works. The net public debt of the Union is £244,000,000. Imports in 1931 were £53,015,058 and exports £71,839,814, including £46,190,715 of bullion and specie.

South Metropolitan Gas Company.—Issue by tender of £850,000 4 per cent. preference stock, minimum price £101 per £100 stock. The proceeds of the issue will be utilised for the repayment of loans and for general purposes. Profits available for distribution during the past five years have been: 1927, £41,435; 1928, £353,208; 1929, £479,313; 1930, £489,571; 1931, £469,621. The net revenue remaining after paying interest on the debenture stocks for the year 1931 was more than four times the amount required to pay the interest on the preference stocks, including the present issue.

Stock Exchange "Introductions."

Meccano Limited.—Issued capital £300,000 in 100,000 7 per cent. cumulative preference shares of £1 each, and 200,000 ordinary shares of £1 each. Issued and outstanding debenture stock, £200,000. Net profits, after income tax, for the past five years, have been: 1928, £58,702; 1929, £53,887; 1930, £30,715; 1931, £32,671; 1932, £40,617.

Wanderer Consolidated Gold Mines.—Issued capital £575,000 in 550,000 £1 shares, fully paid, and 50,000 £1 shares, 10s. paid. The company was registered in England in June, 1928, to acquire and work gold mining claims in the Selukwe district of Southern Rhodesia. Working profits for the twelve months to June 30, 1932, were £60,155.

Results of Issues.

J. G. Graves, Ltd.—The Charterhouse Investment Trust, Limited, announce that letters of acceptance of tenders in respect of their recent offer for sale of 800,000 25 per cent. participating preferred ordinary shares of J. G. Graves, Limited, have been posted. Owing to the very heavy over-subscription, allotments have had to be reduced very drastically.

South Staffordshire Waterworks Company.—Higginson & Co. announce that letters of allotment and regret in connection with the issue of £200,000 ordinary stock, class "B," have been posted. Tenders at prices in excess of £157 1s. 6d. have received a full allotment and those at that price have received a 90 per cent. allotment.

Sutton District Water Company.—Tenders amounting to £500,500 were received for the issue of £80,000 five per cent. debenture stock (irredeemable) of the Sutton District Water company. The average price obtained was £130 18s. 10 1/2d. per cent. and allotments ranged from £129 12s. 6d. to £132. Allotment letters were posted on October 22nd.

Calls Due on October 31st.

The grand total of calls falling due in October, 1932, is £4,827,802, which compares with £2,397,913 which fell due in October, 1931. The following calls fall due on October 31st, 1932.

	Due Date.	Call.	Already Paid.	No. of Shares or Amount.	of Call.
Chungloong Rubber Estate (1932), 2s. shares, credited with 1s. 6d. paid, offered to shareholders of Chungloong Rubber Estate	Oct. 31	2d.	1s. 8d.	200,000	1,666
Great Marlow Water, 2% Debenture Bonds, offered at minimum of 106%	Oct. 31	50%	50% + 6% p.m.	£8,050	4,025 1/2
Pedanaulia Rubber, preference £1 shares	Oct. 31	2/6	10s.	23,800	2,975
Tonghurst Rubber Estates (1932), 2s. shares, credited with 1s. 6d. paid, offered to shareholders of Tonghurst Rubber Estates	Oct. 31	2d.	1s. 8d.	275,000	2,391
Wiggins, Teape & Co. (1929), 7% cumulative preference £1 shares, offered at 23s.	Oct. 31	9s.	11/ + 3/ p.m.	270,000	121,500

COMPANY MEETINGS, &c.

THE ANGLO-SOUTH AMERICAN BANK, LIMITED.

SIR BERTRAM HORNSEY'S REVIEW.

The forty-fourth annual general meeting of the Anglo-South American Bank, Limited, was held, on the 24th instant, in London.

Sir Bertram Hornsey, C.B.E. (the chairman), in the course of his speech, said:—With one or two minor exceptions, in every country where we have branches there is some form of exchange control, of varying degree of severity. In addition to this strangulation of foreign trade, in some countries internal trade is gravely hampered by the existence of a moratorium which protects debtors against creditors—though banks generally remain liable to meet all the demands of their depositors. Moreover, in some cases discrimination against foreign creditors, either open or disguised, is not unknown. All these may be described as artificial attempts to evade or postpone the many real difficulties from which the whole world is suffering through a general fall in the price level. To that element of disturbance two others must be added: first, that until three years ago almost every country in South America was increasing its debt; and, second, that when some partial remedy might have been found in a general increase of the world's trade, exchange controls and import restrictions appear on the scene and play their disastrous part.

Compared with the previous year, the total of the balance sheet shows a very considerable reduction. This is due in part to the fact that assets amounting to £7,500,000, and liabilities for the same amount, were taken out of the accounts in virtue of the arrangement which I explained to you in June last, and in part to withdrawal of deposits in consequence of the various rumours which were in circulation a few months ago.

On the liabilities side of the balance sheet, deposits, notwithstanding the withdrawals which I have just mentioned, stand at over £25,500,000—which shows that our business holds well together. On the assets side, we have available in cash and other liquid assets £10,600,000.

PROVISION FOR DEPRECIATION AND DEBTS.

Last year the directors transferred a sum of £2,275,000 from the reserve fund to a "special reserve for depreciation of capital employed abroad and other possible losses." It then appeared that this sum would prove sufficient for the purpose. Since that time, however, conditions have deteriorated to a degree which could not have been foreseen. As soon as the branch returns for the half-year ended December 31st were available I caused a careful and independent examination of the position to be made, and it seemed from those returns that the balance of the reserve fund would have to be earmarked as further provision, but that with the removal of the nitrate accounts which formed the object of the June arrangement these two reserves would practically cover everything that could reasonably be needed. The final returns as at June 30th revealed, as much to my own disappointment as to that of anybody, that still further provisions ought in prudence to be made, which meant that though the reserves plus the allocation from this year's profits would cover what ought to be provided for depreciation of investments and for bad and doubtful debts, they would not cover the depreciation of capital employed abroad amounting to £1,414,875.

EVIDENCE OF EARNING CAPACITY.

The profit and loss account shows that even in a year such as that we have passed through the bank has been able to make a gross profit of £1,866,508. It is true that this figure makes no allowance for bad and doubtful debts, but nevertheless it does give evidence that you possess a business with earning capacity, and with possibilities of profit if abnormal bad debts can be avoided. The net profit of £465,892 has been dealt with as shown in the appropriation account. Charges show a decrease of about £28,000, but I should explain that the various measures of economy taken in the course of this last year have not yet begun to produce their full effect.

The situation with which shareholders are to-day faced cannot by any stretch of optimism be described as other than unfortunate for them, though perhaps not quite so unfortunate as the present market price of the shares would appear to indicate. As a consequence of the arrangements made last June, by which the bank was relieved of a demand liability for a very large sum and new capital of £1,000,000 was put into the business by an important group of banks, the position has been very much altered for the better, and already in these last three months we have had evidence of the good effects on the bank's standing which those arrangements have produced.

Shareholders themselves can play their part in maintaining the bank's position, by showing their own confidence in the future. Rightly or wrongly, the price at which a bank's shares are quoted

has an important effect on its credit and standing. Panic selling of shares, with the consequent fall in price, has had a very detrimental effect on your business. I know that the fear of a call has been the motive of many such sales. As to that, I can only say that your board is most anxious to avoid a call, and will make every effort to avoid it.

The report and accounts were unanimously adopted.

CAM AND MOTOR GOLD MINING COMPANY (1919) LIMITED.

SATISFACTORY POSITION AND PROSPECTS.

The ordinary general meeting of this company was held, on the 24th instant, at Winchester House, London.

Mr R. Roy Meldrum read the notice convening the meeting. Mr L. E. B. Homan (the chairman) said that the profit and loss account called for no comment beyond reference to the very satisfactory reduction in working costs to 19s. 6d., compared to 22s. the previous year and 23s. 1d. for the year before. The balance available for appropriation was £293,323. Mine development had been reduced to £89,424, so that the ore reserves of a million tons now stood in their books at less than 2s. per ton. Shareholders had received in dividends during the year £168,750, so there was a balance to carry forward of £38,342.

The feature of the year's development work had been the opening up of the various quartz reefs met within the crosscuts south from the circular shaft, on the twenty-third level Motor lode, and the proving of their existence down to the twenty-seventh level. The values exposed were high in the main, and would give satisfactory averages over the probable stoping width.

The ore reserve tonnage was 122,000 tons higher, and, even if the amount taken from the reserves each year was increased to 250,000 tons, they could see at least four clear years ahead of the mill, apart from what was below the present workings. The reduction in the value of ore reserves had as nearly as possible been met by a reduction in costs, which since June 30th showed a further reduction to 18s. a ton.

The tonnage milled had again constituted a record, and, though they had discarded the oil flotation and the blast furnace, the total extraction had been approximately 1½ per cent. higher, owing to the reduced percentage of antimony in the ore stoped and the free gold in the lower level development rock.

For the current financial year to June 30th development results at depth continued to be satisfactory; the cable published on the 18th instant had given news of a highly satisfactory nature. In the view of the directors the company's profits would continue at the present rate of about £16,000 per month, with something thrown in at the end of each half-year, and to those profits must be added at the end of each quarter the amount realised by way of premium on gold. Presuming that the premium lasted for a year or two, he would make bold to give a final forecast that the dividends would not only be maintained on their present basis, which had shown an improvement on all previous records, but that a position would be built up entitling shareholders to an even higher rate of dividend, a picture attractive enough for present purposes to all the shareholders in their great mine.

Analysing the past results of the company, the Chairman emphasised what the mine had done to support the Government of Southern Rhodesia and the country itself; and, while they had not cried out against the special taxation imposed for the current year—amounting to roughly 15 per cent. of the premium—the directors felt that a limit had been reached. They were thankful for the fact that Southern Rhodesia, following the lead of Great Britain, went off the gold standard, as that put them in a more favourable position than their neighbours, the Union of South Africa, shareholders in Rand companies enjoying only the exchange difference to note that this company was not only paying large sums to the Treasury, but was also providing a proportion of the money ex-crushing was expected to commence before the end of the year, and also in opening up a property known as the Gwangwaba Reef. The board felt that, in helping to explore new propositions, they might look for some return; but such work must always be of a speculative nature, and heavy taxation put a limit on the amount set aside for such purpose.

The report and accounts were unanimously adopted; and at an extra-ordinary general meeting a resolution providing for the reduction of the capital of the company from £750,000 in shares of £1 each to £468,750 in shares of 12s. 6d. each, and the return of 7s. 6d. per share to the shareholders, was unanimously approved.

RAPHAEL TUCK AND SONS, LIMITED.

REVIEW OF COMPANY'S ACTIVITIES.

The thirty-first annual general meeting of Raphael Tuck and Sons, Limited, was held, on the 26th instant, at Raphael House, Moorfields, London.

Mr Gustave Tuck (Chairman and Managing Director) said it would have been indeed surprising if this company, which did a world-wide business, had succeeded in evading the storms which had swept industry to an extent which he thought was unprecedented within living memory; and yet they had much to be grateful for, and, he ventured to suggest, much to give them cause for satisfaction and optimism. Whereas in distant countries overseas they had perforce felt the effects of trading restrictions, due to tariff barriers and political situations, which carried in their wake the fact that 35 nations had actually prohibited money leaving their countries, they had, so far as their home trade was concerned, almost maintained their turnover of the preceding year. This, he thought shareholders would agree, was gratifying.

CHRISTMAS AND NEW YEAR CARDS.

Referring to Christmas and New Year cards, the Chairman said that this, the oldest and most important, section of the business continued to maintain its progress, and the beautiful publications it issued were meeting with ever-growing demand.

The production of books for children was to-day an entirely different proposition from what it was when he first assumed the organisation of the company's book department. In those days children were children. Nowadays the child remained a child for nothing like as long. The company had kept this modern development well in view, and a glance at their list of children's books showed to what extent they had met this situation. Their old friends, "Tuck's Annual," now in its thirty-fifth year, and "Father Tuck's Annual for Little People," were as popular as ever, and, in their up-to-date guise, made ideal children's gifts. They had been privileged to publish four official books on the cathedrals of England—Westminster Abbey, Canterbury, York and Peterborough—and would shortly add Durham to this list. These books, each written by the appropriate and distinguished authority, and illustrated by magnificent photographs, specially taken, revealed with reverence and scholarship the historic interest and architectural beauty of the cathedrals.

CALENDAR DEPARTMENT.

A large staff of artists had again been busily engaged upon the production of the company's 750 different calendars. They had had the privilege of reproducing a portrait of Her Majesty the Queen, by A. T. Nowell, R.I.—the fine painting had a place of honour in Windsor Castle—and also excellent portraits of T.R.H. the Duke and Duchess of York, painted in his inimitable style by Philip de Laszlo. There was something distinctive and personal about a calendar. It was not merely a temporary greeting from friend to friend, but its presence on the wall or in the boudoir throughout the year was a continual reminder and token of friendship.

Having mentioned that Tuck's postcards continued to carry their share of the world's correspondence, the Chairman referred to the pictorial advertising department, and said he was glad to be able to report marked progress in this enterprising sphere of their activities. The standard of work it produced was the admiration of many of the largest advertisers in the country. The work they produced in the paperware department was unrivalled for quality and artistic excellence, and the beautiful gift boxes of doilies and serviettes.

Having dealt with the accounts and stated that it was proposed to pay a balance dividend, making 5 per cent. for the year, and to carry forward £7,480, the Chairman, in conclusion, said that the motto of Raphael Tuck had been at all times to produce the best and to give the best to the public, and from that policy they had never departed.

On the motion of the Chairman, seconded by Mr Desmond Tuck, the report was unanimously adopted.

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

BUENOS AYRES AND PACIFIC RAILWAY COMPANY, LIMITED.

VISCOUNT ST. DAVIDS ON CONDITIONS IN ARGENTINA.

The ordinary general meeting of the Buenos Ayres and Pacific Railway Company, Limited, was held, on the 27th instant, at Winchester House, Old Broad Street, London.

The Viscount St. Davids (the chairman) said that there was no disguising the fact that they were presenting to the shareholders a very bad report. There were general conditions that affected their railway like every other Argentine railway, and there were, however, two things in which their railway had had exceptional blows. In the November of last year, firstly, there was a terrible frost in the Mendoza Province which absolutely destroyed the season's harvest of grapes; and a second factor which had adversely affected their railway, but would not affect any other railway, was the trans-continental traffic—the tourist traffic. That had been affected, first of all, by the bad conditions in the United States, as no Americans were now travelling about the world on pleasure as they used to do, and also by the great political and economic troubles in Chile. They had put tariffs against the Argentine which had made it impossible to keep the Transandine Railway open, but there were signs that that state of things might end, and, if so, they might be able to open the line.

As to traffic figures, the big decreases in the amount of lime and bricks, and also of stone and gravel carried were worth noting as indicating that no building was being done, and that the municipalities had not the money to spend on paving. Those two things explained the whole picture better than anything else to which he could call attention. As against that, there were a few good points. In good times and bad times the planting of new fruit orchards in the Cuyo Province proceeded, the manufacture of dried fruits and preserves was steadily increasing, and the olives that were planted some years ago were now just coming into bearing, and a factory for the manufacture of olive oil was to be put up. Lastly, and perhaps more important still, a certain amount of development in petroleum and asphalt was going forward; the Government was taking the matter up and making borings. He would say no more at the moment than that prospects were favourable. If oil was developed in quantity at the very end of the Pacific line under the Andes, it might very soon put a new face altogether on the picture for them.

On the question of wages, the board had been advised by cable that one section of the workmen had agreed to arrangements which should secure some economy, while negotiations with the drivers were now taking place. As to the prospects, at the present moment wheat was looking well, but it was far too early to talk about maize. They were hearing great tales of locusts in the North of the Republic, and they could only hope the locusts would not come their way. In any case, he was afraid that, as far as could be judged, the estimated gross receipts for the year were likely to be less than the gross receipts for last year.

The report and accounts were adopted.

RUSSIAN CORPORATION, LIMITED.

DIVIDEND OF FOUR PER CENT. MAINTAINED.

The eighteenth ordinary general meeting of the Russian Corporation, Limited, was held, on the 27th instant, at 25-31 Moorgate, London.

Mr Norman Holden (the chairman) said that the corporation had suffered a reduction in interest and dividends, as net revenue was £19,702, compared with £25,013 for the previous year. The directors had come to the conclusion that, as the corporation had earned 5 per cent. on the ordinary stock, the dividend of 4 per cent. that had been paid for the last three years should be maintained. Although it was very probable that a further curtailment of their revenue would result in the current year, it was felt that as consistent a record as possible should be followed.

The auditors had made a note in their report to the effect that they were unable to form an opinion of the value of the Russian securities which were shown in the balance sheet at £25,000. As to their present value it was impossible to say, but as they consisted of £402,300 State of Moscow Treasury Bills and \$2,500,000 Imperial Russian Government Treasury one-year Notes, there was always a possibility that ultimately they might receive something from the Soviet Government.

The following analysis showed how their investments were spread geographically: British Empire, 32.57 per cent.; United States of America, 9.21 per cent.; Austria and Hungary, 4.74 per cent.; Germany, 11.30 per cent.; France, 1.08 per cent.; Italy, 1.02 per cent.; Russia, 3.90 per cent.; other European countries, 12.70 per cent.; South America, 21.03 per cent.; and China and Japan, 2.45 per cent. It was impossible to forecast what the future might

bring, but prices of securities had risen considerably from their lowest points and although there were few signs yet that there was any decisive improvement in world trade, he believed that the developments during the past year pointed to the probability that economic recovery, however halting it might prove to be, had begun, and a confident although conservative expectation existed that trade would be unmistakably on the up-grade in the not too far distant future.

The report and accounts were unanimously adopted.

BUENOS AYRES GREAT SOUTHERN RAILWAY COMPANY, LIMITED.

LARGE ECONOMIES EFFECTED.

Presiding at the annual meeting of this company, held on the 26th instant, Mr H. C. Allen, the chairman, said that economies in salaries and wages had been put into force, beginning at the top. The directors and the whole of the London office staff submitted willingly to an all-round reduction of 10 per cent. in their remuneration. The senior members of the staff of the railway in Argentina made a similar sacrifice. In numerous other directions economies were effected, so that the actual direct expenditure for the year showed a decrease of no less than £686,000 compared with the previous period. Against this they had to take into account contributions which they had made to the general renewal fund equal to the expenditure debited thereto during the year, so that the net decrease in working expenses amounted to £538,000.

In some quarters there has been a tendency to criticise the investment of money anywhere but within the British Empire and to attack and disparage external trade in foreign countries, however friendly. He hoped that the shareholders did not attach too much importance to such an isolated attack on British and Argentine interests. The bulk of the press of this country held broad and balanced views, and regarded with sympathy those British men and women who had taken the arts and crafts of British culture and the high standards of British commercial principles to lands outside the boundaries of the Empire. A greater amount of British capital had been invested in the Argentine than in any British Dominion, and it was the duty of the board and all other similar bodies to safeguard that capital to the best of their ability. As to the future, he said that past experience convinced him that as the world depression lifted Argentina would be one of the first countries to recover prosperity.

The report and accounts were unanimously adopted.

BUENOS AYRES WESTERN RAILWAY LIMITED.

BETTER CROP PROSPECTS.

The forty-third ordinary general meeting of the Buenos Ayres Western Railway, Limited, was held, on the 25th instant, at River Plate House, London.

Mr Follett Holt (the chairman), in moving the adoption of the report and accounts, said that the past financial year had proved to be a bad year for them in almost every direction. They were again unable to pay any dividend on the £17,000,000 of ordinary stock, which represented 54 per cent. of the total issued capital, and this was a result which no sane person either here or in the Argentine could point to with any form of satisfaction.

The traffic receipts again showed a decline, but this was more than retrieved by a further reduction in working expenses. The £45,000 thus gained was unfortunately more than swallowed up by an increase of £107,000 in loss in exchange on the funds remitted to this side, but, fortunately, other exchange differences charged to revenue were not so heavy. After having met all obligations and preference charges, the year ended with a slightly better balance to carry forward.

He thought the ordinary stockholders, although deprived, he hoped only temporarily, of their dividend, could take some measure of comfort from the fact that not only had no new charges been placed in front of them, but that prior charges had been substantially reduced during the past few years. Exchange during the year varied between 60.9 per cent. and 89.2 per cent. of its par value, the actual amount lost by the company in remitting funds reaching the high total of £304,000.

With regard to the current year, receipts so far had shown a further decline, and this had been expected, for, apart from the continued restriction of commerce, they were facing the results of a bad maize crop. Exchange, however, was now much better than at this time last year, and present prospects for the new crops were satisfactory, so that they hoped the present year would mark a turn in the fortunes of the Western Railway.

The report was unanimously adopted.

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CENTRAL URUGUAY RAILWAY COMPANY OF MONTEVIDEO, LIMITED.

EFFECT OF LOW EXCHANGE.

Presiding at the annual meeting of this company, held on the 25th instant, Mr Frank Henderson (chairman) said that one might search in vain through the annals of the company to find conditions parallel to those which had ruled throughout the past year. They showed for the past year decreases in practically every item of traffic, but the most important and the most damaging factor which affected their business was the depreciation in the sterling value of the Uruguayan dollar. In view of the adverse balance of trade, drastic measures were taken by the Government to reduce imports, and high Customs tariffs were put upon incoming articles that were not considered of prime necessity. A rigid control of the sale of sterling and foreign currencies was exercised, and a system of rationing was also adopted. These measures, whilst hampering trade on the one hand, certainly saved the country from something very much worse. Whilst, therefore, a calamity of major magnitude was averted, the loss the company had sustained by the low exchange had had a profound effect on the year's results. The total working expenditure was less by £383,000, or 43 per cent., compared with the previous year.

Finally, he said that he could not forecast future prospects. Much depended on a recovery in world conditions and commodity prices. All he could say was that Uruguay would quickly respond to any favourable reaction. A very disquieting feature was the recent appearance of large swarms of locusts which had come over from the province of Entre Rios, in Argentina.

What they all fervently hoped for was a speedy restoration of the currency value and a freer exchange market, which in themselves would imply an improvement in trade conditions.

The report and accounts were unanimously adopted, and corresponding resolutions were also carried unanimously at meetings of the Central Uruguay Northern Extension Railway Co., Ltd., and the Central Uruguay Eastern Extension Railway, Ltd., which followed.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended October 22, 1932, amounted to £13,728,000 against ordinary expenditure of £5,781,000. After allocating £164,600 to Sinking Fund and having allowed for an increase in Exchequer Balances of £236,553 the operations for the week, as shown below, reduced the National Debt by £7,546,000 to approximately £7,885 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

(000's omitted.)			
National Savings Certificates ...	£ 150	Public Department Advances ...	£ 4,850
2% Treasury Bonds ...	+ 3,800	Treasury Bills ...	- 6,611
		Nat. Savings Bonds paid off ...	- 35
	+ 3,950		- 11,496

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on October 21, 1932, and the total amount applied for was £72,415,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 16s. 6d., and above in full, and Saturday at £99 16s. 7d., and above in full. The amount allotted was £45,115,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Sept. 30	45,000,000	73,290,000	0 11 8-15
Oct. 7	50,000,000	100,325,000	0 16 11-24
Oct. 14	50,000,000	105,565,000	0 15 0 84
Oct. 21	50,000,000	72,415,000	0 13 7-36

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 26, 1932.

ISSUE DEPARTMENT.

£		£	
Notes Issued:—		Government Debt	11,015,100
In Circulation	358,430,512	Other Government Securities	248,069,604
In Banking Department	55,991,582	Other Securities	12,096,049
		Silver Coin	3,619,247
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	139,422,094
			£414,422,094

BANKING DEPARTMENT.

£		£	
Proprietors' Capital	14,553,000	Government Securities	66,998,094
Reserve	3,133,472	Other Securities:—	
Public Deposits	25,426,187	Discounts and Advances	£11,596,729
Other Deposits	£77,335,612	Securities	£18,434,037
Bankers'	£77,335,612		30,030,766
Other Accounts £33,588,205		Notes	55,991,582
		Gold and Silver Coin	1,018,859
7-Day and other Bills	110,923,817		
	2,825		
	£154,039,301		£154,039,301

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

Both Departments.	Amount, Oct. 26, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Week.
Note circulation	358,430,512	— 787,391	+ 2,399,272
Public deposits	25,426,187	— 5,325,005	+ 8,172,522
Bankers' deposits	77,335,612	+ 5,401,782	+ 13,858,081
Other deposits	33,588,205	— 152,953	+ 19,056,538
Seven-day bills	2,825	+ 1,520	+ 1,517
Total outside liabilities	494,783,341	+ 862,047	+ 5,374,864
Capital and reserve	17,686,472	+ 23,040	+ 10,765
Government debt and securities	326,082,798	+ 1,412,439	+ 21,018,290
Discounts and advances	11,596,729	— 9,766	+ 1,038,732
Other securities	30,530,086	— 2,274,691	— 19,963,233
Silver coin in issue department	3,619,247	+ 8,105	+ 221,702
Coin and bullion (bank's reserve)	140,440,953	+ 24,906	+ 3,503,532
Reserve of notes and coin in banking department	57,010,441	+ 812,297	+ 1,104,260
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	41½%	— ½%	— ½%
(b) Gold stocks to deposits and notes ("reserve ratio")	28½%	— ½%	— ½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Sept. 21	£ 414,421	£ 359,265	£ 23,915	£ 82,586	£ 32,904	£ 128 in	% 2
28	414,421	359,784	23,418	80,625	33,397	Nil	2
Oct. 5	414,422	362,521	11,689	85,690	34,633	Nil	2
12	414,422	361,414	15,032	83,534	35,236	Nil	2
19	414,422	359,218	30,751	71,934	33,741	Nil	2
26	414,422	358,431	25,426	77,336	33,588	Nil	2

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			Reserve and the "Proportion."
	Govt. and Securities.	Other Securities.	Gold Coin and Bullion Ratio.	and Reserve	Govt. Securities.	Discounts & Advances.	Other Securities.	
1932.								
Sept. 21	£ 261,550	£ 9,638	£ 140,376	28½%	£ 70,998	£ 12,006	£ 18,527	£ 56,110 40½%
28	261,504	9,684	140,397	28½%	69,918	12,069	18,072	55,613 40½%
Oct. 5	260,050	11,129	140,401	28½%	67,708	11,676	17,387	52,880 40½%
12	260,014	11,169	140,396	28½%	68,108	11,644	17,725	53,882 40½%
19	258,432	12,757	140,416	29½%	66,238	11,606	20,048	56,198 41½%
26	259,085	12,096	140,441	28½%	66,998	11,597	18,434	57,010 41½%

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing—	Oct. 24, '31.	Mar. 31, '32.	Oct. 22, '32.	Oct. 22, '32.
Advances by Bank of England	£ 7,500,000	£ 24,550,000	£ 4,850,000	
Advances by Public Departments	40,850,000	604,455,000	865,595,000	— 6,620,000
Treasury Bills outstanding	609,855,000	890,145,000	11,470,000	
Total Floating Debt	650,705,000	611,955,000	900,145,000	

† Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the account.

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to October 12	21,582,774	1,255,898	2,090,667	24,929,339
Week ended October 19	632,824	31,669	51,726	716,219
Week ended October 26	557,620	29,609	48,070	635,299
Total to date, 1932.	22,773,918	1,317,176	2,190,463	26,281,557
Total to date, 1931.	27,644,004	1,389,864	2,272,231	31,306,159
Increase or decrease in 1932	-4,870,086	-72,688	-81,828	-5,024,602
	-17.6%	-5.2%	-3.6%	-16.0%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,531	43,558,254
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS (000's omitted.)

No. of working days	Week ended October 22.		Month of September			Aggregate Totals, January 1 to October 22.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
	£	£	26 £	26 £	%	* £	£
BIRMINGHAM	1,845	1,996	7,509	7,987	+ 6.3	90,673	92,011
BRADFORD	731	647	2,526	2,827	+ 11.9	30,349	32,307
BRIGHTON	892	1,158	5,024	5,118	+ 1.8	46,835	48,381
DUBLIN	4,686	4,207				205,398	221,075
HULL	631	730	2,571	2,785	+ 8.3	29,986	29,747
LEEDS	613	848	2,805	2,965	+ 5.6	35,362	35,092
LIVERPOOL	516	667	2,308	2,519	+ 9.1	79,799	76,724
MANCHESTER	6,417	6,028	20,743	25,478	+ 22.8	234,231	242,242
NEWCASTLE	9,303	8,495	33,578	36,814	+ 9.6	379,380	394,581
NOTTINGHAM	1,017	1,432	4,466	4,392	- 1.6	52,803	51,847
NEWCASTLE	340	409	1,515	1,701	+ 12.2	18,464	18,658
SHEFFIELD	568	619	2,520	2,578	+ 2.3	31,168	29,871
Total	27,559	27,336	85,565	95,162	+ 11.2	1,180,454	1,202,338

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia, Danzig and Denmark appeared in the *Economist* for September 10; Yugoslavia in September 24; Chili, Egypt, Poland, Lithuania, Latvia and Japan in October 1; Bank for International Settlements, Romania, Turkey and Greece in October 8; Austria, Spain, Portugal and India in October 15; Switzerland and Italy in October 22.

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

	Oct. 29, 1931.	Oct. 5, 1932.	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.
RESOURCES.					
Total gold reserve	2,738,430	2,912,530	2,931,960	2,955,600	2,992,620
Total bills discounted	716,680	333,430	327,670	313,540	322,320
Bills bought in open market	724,680	33,270	33,280	33,580	33,690
Total U.S. Govt. securities	726,960	1,851,320	1,850,900	1,851,000	1,850,990
Total bills and securities	2,198,240	2,223,920	2,217,260	2,205,560	2,212,390
Total resources	5,731,550	5,903,580	5,914,400	5,955,710	5,940,110
LIABILITIES.					
Federal Reserve notes in actual circulation	2,383,950	2,744,870	2,737,840	2,717,430	2,686,870
Discounts—Memberbank—reserve account	2,228,870	2,283,960	2,245,790	2,325,550	2,411,950
Total deposits	2,460,060	2,344,990	2,357,100	2,391,810	2,469,990
Capital paid in and surplus	439,290	412,390	412,460	412,440	411,720
Total liabilities	5,731,550	5,903,580	5,914,400	5,955,710	5,940,110
Ratio of total resources to deposits and Federal Reserve note liabilities combined	59.9%	61.1%	61.3%	61.7%	61.9%

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

	Oct. 29, 1931.	Oct. 5, 1932.	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.
RESOURCES.					
Total gold reserves	1,007,740	942,180	937,000	971,990	1,008,710
Total bills discounted	138,550	68,310	63,480	60,300	62,630
Bills bought in open market	207,060	10,440	10,350	10,280	10,150
Total U.S. Govt. securities	243,940	716,290	716,290	713,790	738,290
Total bills and securities	588,240	794,930	794,030	783,300	811,000
Deposits—Memberbank—reserve account	1,004,310	1,114,690	1,079,370	1,124,140	1,214,190
Ratio of total resources to deposits and Federal Reserve note liabilities combined	67.1%	57.8%	58.2%	59.4%	59.2%

FEDERAL RESERVE MEMBER BANKS. In \$'s (000,000's omitted.)

	Oct. 14, 1931.	Sept. 14, 1932.	Sept. 21, 1932.	Sept. 28, 1932.	Oct. 5, 1932.	Oct. 12, 1932.
Loans	13,680	10,766	10,729	10,706	10,637	10,634
Investments	7,821	7,790	8,201	8,201	8,347	8,347
Demand deposits	12,587	11,232	11,100	11,229	11,208	11,309
Time deposits	6,536	5,610	5,627	5,640	5,644	5,660
Due from banks	1,155	1,462	1,431	1,448	1,539	1,570
Due to banks	2,787	2,997	2,762	2,991	3,198	3,189
Federal reserve borrowings	414	148	113	101	107	107

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted.)

	July 31, 1931.	Apr. 30, 1932.	May 31, 1932.	June 30, 1932.	July 31, 1932.
ASSETS.					
Cash and bank balances	321,714	311,294	313,949	337,916	310,274
Bank balances abroad	84,223	108,673	108,190	103,107	105,566
Call and short loans	267,972	195,515	179,116	183,535	187,574
Securities	693,818	666,246	66,422	669,332	674,061
Loans in Canada	1,266,031	1,274,243	1,259,356	1,223,375	1,192,201
Loans abroad	206,466	184,583	187,082	174,896	164,344
Other assets	173,173	159,868	156,490	156,017	155,787
LIABILITIES.					
Note circulation	137,099	137,353	131,073	136,296	134,570
Deposits	53,463	117,302	99,296	97,582	87,104
Government	2,012,550	1,887,530	1,885,014	1,862,203	1,825,259
Public in Canada	330,635	504,809	308,937	308,221	299,379
Foreign					
Bank balances	11,135	9,483	10,859	11,038	8,087
Canadian	71,094	59,477	56,296	57,091	57,453
Foreign	70,254	33,550	60,154	49,686	50,027
Bills payable, &c.	306,500	306,500	306,500	306,500	306,500
Capital and res.	4,192	3,798	5,754	5,001	5,411
Other liabilities					

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

	Oct. 2, 1931.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.	Sept. 23, 1932.	Sept. 30, 1932.
ASSETS.						
Gold and bullion	6,925	6,014	6,030	6,482	6,845	6,512
Subsidiary coin	375	534	541	550	554	549
Bills discounted: Domestic and Union Gov. Trans.	444	3,023	2,372	2,168	1,980	1,862
Bills discounted: Foreign	4,783	2,049	2,021	1,806	1,703	2,015
Investments	1,936	2,049	2,021	1,806	1,703	2,015
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	802	802	802	802	802	802
Notes in circulation	8,263	7,845	6,903	6,389	6,294	7,933
Government deposits	1,236	998	1,139	1,612	1,802	1,171
Bankers' deposits	4,311	4,205	4,047	4,181	4,303	3,997
Other deposits						
Ratio of cash reserves to liabilities to public	52.2%	48.1%	50.9%	54.8%	57.4%	52.0%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Res. Fund, namely, £792,916, has been written off Reserve.

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

	Oct. 23, 1931.	Sept. 30, 1932.	Oct. 7, 1932.	Oct. 14, 1932.	Oct. 21, 1932.
ASSETS.					
Gold	63,884,034	82,681,339	82,644,358	82,651,268	82,676,747
Foreign assets					
Sight deposits	15,631,320	2,895,293	2,899,894	2,909,677	2,910,102
Bills, &c.	12,703,855	2,082,018	2,082,715	2,082,254	2,082,254
Home bills	7,966,132	2,604,200	2,608,544	2,634,559	2,634,559
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,735,017	2,783,323	2,783,323	2,753,970	2,761,040
Negotiable bonds					
Sinking Fund Dept.	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Other assets (excluding forward (exch.))	6,037,928	6,486,422	5,970,008	5,755,503	5,755,503
LIABILITIES.					
Notes in circulation	81,768,790	82,459,144	81,778,293	81,100,665	80,548,581
Public deposits	8,824,841	3,009,836	2,894,881	2,966,553	2,892,219
Private deposits	22,664,839	21,613,339	21,765,824	22,436,827	23,267,150
Other liabilities	2,964,534	2,271,170	2,367,802	2,404,078	2,404,078

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

	Oct. 23, 1931.	Oct. 7, 1932.	Oct. 15, 1932.	Oct. 22, 1932.
ASSETS.				
Gold	1,144,572	796,368	796,804	796,805
Of which deposited abroad	100,454	63,351	63,351	63,351
Reserve in foreign currencies	142,886	134,803	135,163	137,227
Bills of exchange and cheques	3,667,010	2,948,040	2,777,774	2,639,679
Notes of other German banks	120,413	169,731	211,454	267,276
Advances	11,794	1,044	9,235	12,209
Investments	133,288	201,504	92,109	84,882
Other assets	102,884	362,208	362,227	362,242
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,372,769	3,616,318	3,518,998	3,413,977
Other daily maturing obligations	484,561	412,539	366,929	376,872
Other liabilities	817,180	741,815	744,100	750,002
Cover of note circulation	29.4%	25.7%	26.5%	27.4%

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

	Position, May 30, 1914.	Oct. 22, 1931.	Sept. 29, 1932.	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.
ASSETS.						
Gold	232,650	2,567,947	2,582,411	2,595,492	2,609,199	2,609,783
Foreign bills and balances abroad		32,884	63,891	62,758	62,584	63,332
Silver and other coin		934,526	655,251	693,109	719,488	691,966
LIABILITIES.						
Notes in circulation	934,150	3,579,172	3,631,088	3,681,030	3,665,461	3,634,052
Current account	112,125	305,653	131,182	139,439	184,922	189,243

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

	Position, May 30, 1914.	Oct. 19, 1931.	Sept. 26, 1932.	Oct. 3, 1932.	Oct. 10, 1932.	Oct. 17, 1932.
ASSETS.						
Gold	163,092	107,726	1,034,702	1,034,702	1,034,837	1,034,897
Silver	8,436	29,837	17,985	17,384	17,885	18,681
Home bills discounted		143,573	40,497	41,360	41,871	40,318
Foreign bills		101,258	71,336	71,336	71,336	71,336
Loans and advances						
In current acct.		117,982	78,673	80,942	74,982	75,503
LIABILITIES.						
Notes in circulation	316,632	1,046,762	973,815	1,014,335	990,908	976,948
Deposits	5,016	183,499	294,385	254,730	270,071	284,012

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

	Position, May 30, 1914.	Oct. 24, 1931.	Oct. 1, 1932.	Oct. 8, 1932.	Oct. 15, 1932.	Oct. 22, 1932.
ASSETS.						
Gold	22,971	132,441	149,130	148,570	149,750	150,250
Silver	29,785	43,405				
Discounts, advances, and other investments		77,567	84,573	80,160	85,260	84,980
Foreign bills					19,310	19,030
Other assets					28,350	30,990
LIABILITIES.						
Notes in circulation	109,499	238,216	217,430	222,030	219,260	214,790
Deposits and bills payable	11,250	28,652	29,990	28,190	29,810	31,830

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

	Oct. 24, 1931.	Oct. 1, 1932.	Oct. 8, 1932.	Oct. 15, 1932.	Oct. 22, 1932.
ASSETS.					
Gold reserve.....	213,451	205,097	205,969	205,969	203,926
Government securities—Swedish " " foreign— Other Swedish bonds quoted on foreign bourses	4,131	238,364	238,364	238,364	238,364
" "	...	...	...	...	...
Bills payable in Sweden	103	...	...	...	...
Balance abroad	349,953	149,368	131,939	116,903	103,600
Advances	396	62,273	62,759	62,933	63,000
" "	25,847	116,363	119,586	122,233	124,500
LIABILITIES.	30,538	74,735	65,229	62,454	64,000
Notes in circulation	615,598	621,270	550,034	532,882	508,000
Government deposits	95,398	67,122	61,454	70,826	75,000
Private deposits	27,483	86,929	134,310	124,000	124,000

SELLING RATES PER £100 (STERLING).				
	Sight.	Telegraphic.		
London on —	£ s. d.	£ s. d.		
Rhodesia	99 16 3	99 15 0		
South Africa	69 1 3	69 0 0		

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.
The Anglo-South American Bank, Limited, quotes the following rates of Exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucre to £	24.3325	Sight London	19.70†(d)
Venezuela	Bolivares to £	25.2215	"	19.55
Colombia (Bogota)	Pesos to £	5.8665	"	3.45†(d)
Nicaragua	Colonos to £	9.73	"	8.14
Salvador	Bolivares to £	13.33	90 days	(a)
Bolivia	Quoted in New York.			
Guatemala	Quoted in New York.			

(a) No rates available. (†) Rates calculated on basis of New York cross rates. † Nominal.

OVERSEAS DOMINION RATES.
COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.				Australia and New Zealand on London.*			
Buying.		Selling.		Buying.		Selling.	
Aus. tralia.	New Zealand.	Aus. tralia.	New Zealand.	Aus. tralia.	New Zealand.	Aus. tralia.	New Zealand.
T.T.	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	110 1/2	108 1/2
Sight	127 1/2	112 1/2	127 1/2	108 1/2	125 1/2	109 1/2	107 1/2
30 days ..	127 1/2	112 1/2	127 1/2	108 1/2	125 1/2	109 1/2	107 1/2
60 days ..	127 1/2	112 1/2	127 1/2	108 1/2	125 1/2	109 1/2	107 1/2
90 days ..	128 1/2	113 1/2	128 1/2	107 1/2	125 1/2	108 1/2	106 1/2

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

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending Oct. 22, 1932.	From Apr. 1 to Oct. 22, 1932.
Sterling purchased in India	1,190,000	12,376,000
Sterling taken over in London	...	715,000
Net transfer to Home Treasury	...	...
From paper currency reserve in England	...	...
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve	...	...
Net remittance to Home Treasury	1,190,000	9,341,000

India Office, S.W.1, Oct. 26, 1932.

BULLION.

The following statistics of imports and exports of gold for week ended October 27, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Germany	7,670	Poland	5,000
Belgium	2,297	Germany	272
Switzerland	6,192	Netherlands	344,400
Egypt	62,257	Belgium	12,500
Iraq	7,022	France	1,044,959
Brazil	54,000	Austria	4,830
British S. Africa	1,127,470	Other countries	970
Anglo-Egyptian Sudan	12,410		
British India	1,076,819		
Straits Settlements	27,400		
Australia	193,275		
Trinidad and Tobago	228		
Other countries	5,760		
Total declared value of imports	2,582,800	Total declared value of exports	1,412,951

GOLD MOVEMENTS.

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

1932.	ARRIVALS.	1932.	WITHDRAWALS.
Oct. 21	NIL	Oct. 21	NIL
" 22	NIL	" 22	NIL
" 23	NIL	" 23	NIL
" 24	NIL	" 24	NIL
" 25	NIL	" 25	NIL
" 26	NIL	" 26	NIL
" 27	NIL	" 27	NIL
Total	NIL	Total	NIL

Messrs Samuel Montagu and Company write on October 26, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,422,094 on the 19th instant, showing no change as compared with the previous Wednesday. The moderate amounts of gold available in the open market during the week have been taken for the Continent. As a result of the further weakness of sterling,

the price advanced rapidly and the quotation of the 25th instant—125s. 4½d. per fine ounce—was the highest since December 9th last, the price on that day being 126s. 6d.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
October 20	121s. 10½d.	13s. 11.3d.
" 21	121s. 7d.	13s. 11.7d.
" 22	121s. 11½d.	13s. 11.2d.
" 23	122s. 11½d.	13s. 9.8d.
" 24	125s. 4½d.	13s. 6.6d.
" 25	124s. 3d.	13s. 8.1d.
Average	123s. 0.0d.	13s. 9.8d.

Gold shipments from India last week amounted to about £749,000. The s.s. "President Garfield" carries £461,000 consigned to New York and the s.s. "Carthage" £242,000 consigned to London and £46,000 to Holland.

SILVER.

The week opened quietly and prices were inclined to ease on offerings from the Continent and resales by the Indian Bazaars, 17½d. for cash and 17½d. for two months being quoted on the 22nd instant. On the 24th instant, the next working day, the renewed weakness of sterling was followed by buying from China and America, which resulted in prices advancing sharply to 18d. and 18½d. for the respective deliveries. Although there was a further slight advance of ½d. in the forward quotation yesterday, a larger upward movement was anticipated in view of the situation with regard to the exchanges; buyers, however, did not press and both prices fell ½d. to-day, mostly due to a lack of support.

The tendency is uncertain, but owing to the heavy stocks, the market finds it difficult to maintain any appreciable advance in prices.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 17th instant to mid-day on the 24th instant:—

IMPORTS.		EXPORTS.	
Australia	33,530	Hong Kong	32,400
British West Africa	21,521	British India	29,900
Germany	23,050	Poland	23,275
Japan	20,628	Belgium	13,884
Trinidad and Tobago	16,387	Germany	5,054
French Somaliland	10,000	French Possessions in India	5,500
Canada	6,159	Other countries	6,846
Salvage from s.s. "Egypt"	4,307		
Other countries	2,500		
	141,191		116,859

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std. Cash Two Months' delivery.	std.	Bar silver per oz. std. Cash Two Months' delivery.	std.
October 20	17½d.	October 19	27 1/8
" 21	17½d.	" 20	27 1/8
" 22	17½d.	" 21	27 1/8
" 23	18d.	" 22	27 1/8
" 24	18d.	" 23	27 1/8
" 25	18d.	" 24	27 1/8
" 26	17½d.	" 25	26 1/8
Average	17.843d.		17.948d.

The highest rate of exchange on New York recorded during the period from the 20th instant to the 26th instant was \$3.40 and the lowest \$3.28.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Oct. 15.	Oct. 7.	Sept. 30.
Notes in circulation	17,558	17,540	17,577
Silver coin and bullion in India	11,465	11,491	11,529
Gold coin and bullion in India	1,144	1,134	1,134
Securities (Indian Government)	4,949	4,915	4,914

The stocks in Shanghai on the 22nd instant consisted of about 122,000,000 ounces in sycee, 240,000,000 dollars and 3,360 silver bars, as compared with about 120,900,000 ounces in sycee, 237,500,000 dollars and 3,740 silver bars on the 15th instant.

The following statistics of imports and exports of gold for week ended October 27, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

GOLD AND SILVER PRICES.

Gold		Silver—		Date.	Silver.
Per Ounce.	Cash.	Per Ounce.	Forward.		
1932.					
Oct. 21	121 7	17 1/2	17 1/2	Oct. 29, 1926	24 1/2
" 22	121 11 1/2	17 1/2	17 1/2	" 28, 1927	25 1/2
" 23	122 11 1/2	18	18 1/2	" 25, 1928	26 1/2
" 24	125 4 1/2	18	18 1/2	" 24, 1929	23
" 25	124 3	17 1/2	17 1/2	" 30, 1930	16 1/2
" 26	125 8	18 1/2	18 1/2	" 29, 1931	17 1/2

NOTICES.

The Midland Bank announces the retirement on October 31st next of Mr R. W. Taylor, joint general manager, after 47 years of highly valued service. Mr H. Dickinson, formerly an assistant general manager, has been appointed a joint general manager.

Company News.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Oct. 21, 1932.	(c) Week ended Oct. 22, 1932.	Miles Open.	Gross Receipts, week ended Oct. 24, 1932. (000's omitted.)					Aggregate Gross Receipts, 42 weeks (000's omitted.)				
			Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total.	Total for Week.	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total.	Total.
Great Western 1932	3,761	180	166	103	269	449	8,681	6,951	4,130	11,081	19,762	
Eastern 1931	3,761	180	166	103	269	449	9,438	8,005	4,422	12,427	21,865	
(c) L. & N. 1932	6,353	270	297	226	523	793	12,985	12,043	8,989	21,032	34,017	
Eastern 1931	6,353	270	297	226	523	793	13,569	14,205	9,767	23,972	37,941	
L. M. & S. 1932	6,946	422	418	233	651	1,073	19,389	17,394	9,422	26,816	46,405	
Scottish 1931	6,946	422	418	233	651	1,073	21,151	19,682	10,241	29,923	51,074	
Southern 1932	2,181	244	61	31	92	335	11,964	2,627	1,276	3,903	15,867	
Southern 1931	2,181	244	61	31	92	335	13,038	3,068	1,323	4,391	17,429	
Total... 1932	19,244	1,116	942	593	1,535	2,651	53,619	39,015	23,817	62,832	116,651	
Total... 1931	19,240	1,117	1,162	631	1,793	3,290	57,596	44,960	25,753	70,713	128,309	
(c) Metro-politan 1932	59	28.8	...	3.1	31.9	123.4	...	139.4	137.8	...	...	
(c) Under-ground & R. 1931	59	30.6	...	3.6	34.2	130.5	...	154.9	146.4	...	...	
(c) Green 1932	296.8	...	...	296.8	126.367	...	...	126.367	...	...	...	
(c) Green 1931	31.1	...	...	31.1	132.9	3	...	132.9	3	...	...	
Buses, &c. 1931	...	...	...	44.4	182.4	8	...	182.4	8	...	...	
(c) L. & S. 1932	44.4	...	...	44.4	187.5	6	...	187.5	6	...	...	
Group 1931	44.1	...	...	0.6	2.4	111.8	...	26.2	138.0	...	...	
(b) Belfast 1932	80	1.8	...	0.8	2.7	115.7	...	29.2	144.9	...	...	
(b) Belfast 1931	80	1.9	...	10.4	18.7	477.1	...	48.3	362.4	...	...	
(b) Great Northern 1932	562	3	...	14.8	24.5	499.2	...	603.7	1,102.9	...	...	
(b) Great Northern 1931	562	9.7	...	33.3	52.1	1,115.2	...	1,368.3	2,484.8	...	...	
(b) Great Southern 1932	2,182	18.8	...	46.3	67.8	1,115.2	...	1,725.2	2,840.4	...	...	
(b) Great Southern 1931	2,182	21.5	...	46.3	67.8	1,115.2	...	1,725.2	2,840.4	...	...	

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	27	Sept. 30	1,330	Rs. 3,62,700	- 15,913	Rs. 76,93,412	- 15,48,178
Barsi L. Ry.	27	Sept. 30	202	53,200	+ 4,300	8,60,600	+ 1,83,000
Bengal & N. Western	27	Sept. 30	2,114	8,93,617	+ 43,218	1,58,61,176	+ 8,47,520
Bengal-Nagpur	24	Sept. 30	17	3,274	- 11,33,000	6,741	3,02,04,888
Bombay, Bar. & C.I.	29	Oct. 22	3,091	18,22,000	- 1,23,000	5,35,23,000	- 7,47,000
Madras & S. Mahr.	26	Sept. 30	3,230	23,66,000	+ 1,78,105	29,74,633	+ 1,28,609
† Rohilk. & Kumaon	27	Sept. 30	572	1,48,715	- 1,28,636	2,61,61,219	- 2,06,347
South Indian	24	Sept. 30	17	2,528	- 11,27,147	1,28,636	2,61,61,219

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	42	Oct. 21	20,340	3,258,697	- 663,156	117,004,260	- 25,741,860
Canadian Pacific	42	Oct. 21	16,962	2,774,000	- 399,000	99,976,000	- 17,467,000

SOUTH AMERICAN.

Antofagasta (Chill and Bolivia).....	42	Oct. 23	804	8,090	3,760	205,800	166
Argentine N.E.	16	Oct. 22	783	11,700	3,900	1,569,000	400
B.A. and Pacific.....	17	Oct. 22	2,086	91,000	34,000	1,76,375	14
B.A. Central	16	Oct. 22	2,086	9,340	1,844	2,502,000	336
B.A. Q. Southern	16	Oct. 22	5,076	168,000	12,000	956,000	204
B.A. Western	16	Oct. 22	1,926	162,000	10,000	3,055,000	588
Central Argentine	16	Oct. 22	3,509	16,811	2,819	225,058	49
Central Uruguayan	16	Oct. 22	273	3,111	821	43,510	10
C. Uyg. (East Ext.)	16	Oct. 22	311	3,419	821	65,268	9
C. Uyg. (N. Ext.)	16	Oct. 22	185	1,931	605	26,289	6
C. Uyg. (W. Ext.)	16	Oct. 22	211	1,335	316	21,793	9
C. Uruguay (W. Ext.)	16	Oct. 22	1,218	41,000	5,000	751,000	167
Entre Rios	16	Oct. 22	1,052	16,100	4,300	274,000	101
G. Westn. of Brazil	16	Oct. 22	1,918	15,600	3,500	382,600	91
Leopoldina	42	Oct. 22	22	38,475	16,944	1,247,576	251
Leopoldina Termni.	42	Oct. 22	22	265,000	15,000	11,556,000	207
Nitrate	19	Oct. 15	4,115	182,71,000	18,000	1,08,90,000	2,222
Paraguay Central	16	Oct. 22	274	2,670	340	47,660	7
Salvador	15	Oct. 22	22	1,353	767	26,236	8
San Paulo	42	Oct. 16	1,532	21,336	3,383	1,091,296	94
United of Havana	16	Oct. 22	1,367	15,557	786	233,748	85

† Free of income tax

GLASGOW.—Shipments are maintained at the recently improved volume, and as inland demands show a seasonal expansion, washed nuts and screened coals are becoming increasingly scarce. In Fifeshire and the Lothians, particularly, supplies are eagerly taken, and some collieries have ceased operations for the time being so as to avoid exceeding the production quota, which in other areas also is proving a handicap to business. Prime splints are a firm Lanarkshire quality, but navigations are still plentiful. Shipment prices (f.o.b. district ports):—**LANARKSHIRE.**—Ell best, 14s. 6d.; splint best, 15s. 6d.-16s.; splint second, 14s.-14s. 6d.; navigation, 14s.-14s. 3d.; navigation second, 13s.-13s. 3d.; Hartley, 15s. 6d.; steam, 13s.; trebles, 14s. 6d.-15s.; doubles, 12s. 6d.; singles, 11s.;

SHEFFIELD.—Disappointment is felt at the continued absence of substantial orders for heavy steel castings and forgings and semi-manufactured steel. No considerable expansion can be reported, and the aggregate turnover of local industry this month is rather less than that of September and not much more than that of August—usually the quietest month of the year. There is still a fair inquiry for steels required in the newer industries of the country, these including cold-wrought steel for aeroplanes, stainless steels, permanent magnets, automobile forgings and castings,

machine knives, scissors and safety-razor blades. These departments are working nearly full time. There are also to be found a number of individual firms who are escaping the general depression, notably in tools. Unemployment shows no sign of abating. The publication of the tariff changes embodied in the Ottawa agreements have checked the transaction of new business temporarily in a good many cases. Plants supplying steel for ships, railways and collieries are extremely short of work. The cutlery and plate branches report little seasonal trade this year. Large quantities of cheap goods are in demand for the bazaar trade. Contracts for plate and cutlery for the coupon trade are below the levels of former years. Later developments indicate some improvement in the outlook. The restarting of two idle blast furnaces in Lancashire suggest an increasing demand for sheet and tinplate bars and other classes of steel. Steelmakers are showing increased interest in the market for the ferro-alloys which they use. In this department there is more inquiry and an expanding consumption. These symptoms have restored a good deal of lost confidence in the steel industry.

WORKINGTON.—The North-West Coast hematite pig-iron trade has taken a more favourable turn, demand having increased sufficiently to compel the lighting of an additional furnace at Millom, and there is a prospect of another furnace being required to be lighted next month in West Cumberland. All the iron needed for the steelworks at Barrow, where railway material has been rolled for several months on end, has been taken out of store, and at other plants, whether idle or in partial operation, stocks have also been reduced. The improvement in the position is due in some measure to the rise in local consumption, but it is also due to the expanding needs of the Midlands and other home markets. Unfortunately, however, trade with the Continent has diminished slightly and hardly any business is coming from the United States or Canada. Still, there is a considerable volume of overseas inquiry in circulation, and hopes are entertained that some of it will be translated into orders. The situation as a whole is one that enables makers to maintain their prices, and Bessemer mixed numbers are quoted this week at £3 12s. 6d. per ton at Glasgow, £4 1s. at Manchester, £4 3s. 6d. at Sheffield, and £4 4s. 6d. at Birmingham. Low-phosphorus iron is from 2s. 6d. to 5s. per ton above these figures, and malleable iron is a fair trade at £5 17s. 6d. per ton delivered at Birmingham, but ferro-manganese is dull at from £10 15s. to £11 5s. per ton home. In the steel market the tendency is likewise more favourable, and orders that have been booked are anticipated to yield three weeks' working in four of the rolling mills at Workington, which are engaged on South African sleepers and home rails, billets and slabs. Native ore, at from 16s. to 18s. per ton, is in stronger local request. What is going to the East Coast and to Scotland is only a negligible tonnage.

GLASGOW.—In this district the outlook in the iron and steel trades is brighter this week. In the heavy trades, tonnage placed by home consumers is greater than for some time past, and the impression is general that the announcement of the continuance of the import duties for a further period of two years has inspired confidence. Much satisfaction is felt that four of the West of Scotland steelmakers have secured a share of the Soviet Government's steel order. It is understood that the tonnage involved amounts to about 12,000 tons and that this will give regular employment to several thousand workers at the plants concerned for two weeks at the very least. The market for semis is not very considerable at present, but such business as is going is being secured by home makers, who in many sections are at the moment able to compete very favourably with Continental makers. Despite the increased prices of sheets for home consumers, the bookings of both black and galvanised show some increase this week, and export business also shows some advance, a pleasing feature being the demand for thin sheets for Eastern markets. It is announced this week that Messrs Denny, of Dumbarton, have secured an order from the Southern Railway Company for a passenger steamer having accommodation for some 900 passengers.

CARDIFF.—Under the influence of seasonal demand the prices of tinplates have hardened, and on the Swansea Metal Exchange on Tuesday they were quoted at from 15s. 9d. to 16s. 3d. per basis box. Exports last week totalled nearly 91,000 boxes, compared with 61,073 boxes the previous week, and 84,228 boxes in the corresponding period last year; but apparently production has increased, for stocks at Swansea now amount to 154,819 boxes, as against 138,975 boxes the previous week. Welsh steel bars are unchanged at 95s., but foreign bars have been a shade easier at round about 82s. Galvanised sheets are unaltered at £10 per ton f.o.b.

OTHER METALS.

TIN.—The market in non-ferrous metals was dull. Tin opened easy on Monday in London, improved a little on Tuesday following the decline in the gold value of sterling, but fell back on Wednesday to a level below that of the corresponding day a week ago. Sales on the London Metal Exchange were 160 tons on Monday, against 200 tons last week; 450 tons on Tuesday, against 225 tons last week; and 175 tons on Wednesday, against 650 tons last week. The New York quotation on Tuesday was 23.40 cents per lb., against 24.10 cents a week ago and 24.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £162 2s. 6d. to £152 5s., compared with £153 2s. 6d. to £153 5s. last week. Stocks in London and Liverpool at the end of last week were 31,245 tons, a decrease of 43 tons on the week.

COPPER.—There was a sharp break in copper prices in the United States, owing to the failure of demand to show any improvement. Despite the fall in the value of sterling, Wednesday's quotation in London showed a substantial decline on the week. Sales at the London Metal Exchange were 1,000 tons on Monday, against 300

tons last week; 900 tons on Tuesday, against 500 last week and; 500 tons on Wednesday, against 700 last week. Domestic spot was quoted 5½ cents per lb. New York on Tuesday, against 6½ cents a week ago and 6½ cents a month ago. Wednesday's official closing price for standard cash in London was £30 12s. 6d. to £30 13s. 9d., compared with £32 6s. 3d. to £32 8s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 25,134 tons, show an increase of 1,324 tons, and stocks of rough copper, at 4,946 tons, an increase of 940 tons.

LEAD.—Lead was in poor demand in London on Monday, but on Tuesday and Wednesday turnover was on a larger scale, and prices closed very slightly below the figure of a week ago. Sales at the London Metal Exchange were 300 tons on Monday, against 200 tons last week; 800 tons on Tuesday, against 450 tons last week; and 850 tons on Wednesday, against 800 tons last week. The New York quotation on Tuesday was 3.00 cents per lb., against 3.00 cents a week ago and 3.00 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £11 12s. 6d. for September shipment, compared with £11 18s. 9d. last week.

SPELTER.—Spelter, after a quiet market on Monday, encountered a better demand on Tuesday at higher prices. On Wednesday the market was slow, but the closing price stood above the figure for last week. Sales were 400 tons on Monday, against 500 a week before; 400 tons on Tuesday, against 350 the week before; and 450 tons on Wednesday, against 1,200. The New York quotation on Wednesday was 3.00 cents per lb., against 3.00 cents the week before, and 3.25 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 1s. 3d. for September shipment, against £14 18s. 9d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium was again quoted at £100 per ton. Nickel rose from £240-£245 per ton to £250-£255 per ton. Quicksilver was slightly higher at £9 15s.-£9 10s. per flask, against £9 10s.-£9 17s. 6d. a week ago. Platinum was again quoted at £9 10s. per ounce, against £9 5s. per ounce last week. Foreign antimony advanced from £23-£23 10s. per ton to £24-£24 10s. per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool. —Imports for the week, October 20th to 26th (inclusive), are 42,355 bales, of which 32,955 bales are American, 3,019 Argentine, 460 Peruvian, 5,413 Egyptian, and 508 East Indian.

Manchester.—Partly owing to the settlement of the spinners' wages dispute without a stoppage of machinery the market this week has presented a rather more cheerful appearance. More determined efforts have been made in certain sections to arrange contracts and the danger of deliveries being interfered with has been removed. The inquiry in piece-goods for abroad has been extensive and although numerous offers are still on a very low basis a very fair miscellaneous business has been done. India has again purchased light bleaching descriptions, prints and fancies from day to day, and a few more transactions have been put through in dhooties for Calcutta. There has not been any general activity for China and the response to prices wired out has been rather disappointing. Some useful lots in printed and dyed goods, however, have been booked for Hong Kong and the Straits Settlements. A few more offers have been mentioned in bleached goods for Egypt and the Near East and further buying has taken place in printing and finishing styles for the Continent. Some makers have experienced a rather improved turnover in home trade fabrics. Quotations in American yarns have been generally steady and a fair turnover has taken place in coarse and medium counts. A fair trade has been put through in Egyptian spinnings.

Cotton Prices.

	1932.				Corresponding Date.	
	Oct. 5.	Oct. 12.	Oct. 19.	Oct. 26.	1930.	1931.
Raw Cotton—Mid. American per lb.	5.66	5.69	5.57	5.52	6.39	5.03
" " Bakelara Fully Good Fair Egyptian	8.35	8.30	8.12	7.72	10.05	7.40
Yarns—32's twist per lb.	10	9½	9½	9½	10½	9½
" 40's twist per lb.	10½	10	9½	9½	10½	9½
" 60's twist (Egyptian) per lb.	16	15½	15½	15	18	16
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	19 6	19 3	19 0	19 0	19 2	18 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	21 9	21 6	21 0	20 9	21 4	19 9
38-in. ditto, 38 yds., 18 by 18, 10 lb.	11 4	11 3	11 1	11 0	12 0	11 2
39-in. ditto, 37½ yds., 16 by 16, 8½ lb.	10 2	10 1	9 11	9 10	10 10½	9 11

THE WOOL TRADE.—Bradford. —The outstanding feature of the wool trade, writes our correspondent, is the influence which the raw material exerts over every other department of the industry. A good deal of criticism could be made about the running of the spinning, weaving and other machinery. There is not the activity period there is seen among Bradford combers. For a considerable period these have been extremely busy turning out merino and fine crossbred tops, and have recently experienced an improvement in the output of medium and low qualities. Looked at from this standpoint, the situation is distinctly encouraging, for there is no accumulation of merino and fine crossbred tops, and it points to a very large consumption of wool. Reports from Australia and other overseas markets also show that there is still a good demand for wool, though Bradford is not responsible for forcing the pace. A good deal of reserve has been shown by that section this season, there apparently being a determination not to overstep the mark.

To be published on Tuesday November 1

The BRITISH INDUSTRIES NUMBER

of

THE TIMES

Fully Illustrated

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so far as the initial cost of the raw material is concerned. The depreciation in sterling has had a rather disturbing effect. It is making buying abroad more difficult, having apparently stopped operations in South America, though there cannot be much doing there until the new clip begins to be offered in about a fortnight. Bradford market presents a rather slack appearance. Merino tops have been sold this week at reasonable prices, though quotations have been advanced about 1d. per lb. There is plenty of inquiry both for wool and tops, and a good deal of the interest is still on export account. Medium and low crossbred tops are rather irregular.

THE JUTE TRADE.—Dundee.—Business in the jute trade is still of a retail character and prices are not receiving much of a test. The general tendency has been in a downward direction, but during the past day or two a steadying influence has been imparted through an advance in values of raw jute. Though the forecast figures estimated a short crop, the arrivals of the fibre into Calcutta this season so far have been fairly heavy and in excess of those of last year. The value of Daisee assortment went down to £15 10s. accepted for the full group, but recovery has been made to £16 2s. 6d., with fours quoted at £15 5s., while Tossa assortment rules at £17 2s. 6d., or 7s. 6d. advance on the lowest touched last week, and fours were sold at £15 12s. 6d., now named at £16 5s. October/November. Good First Marks were offered at £18 10s., but £18 15s. is now quoted, while Lightnings have risen from £16 15s. to £17 5s. for good marks, and Hearts offered at £16, October/November. Spinners have purchased a few thousands of bales in the fear that they might miss their market. Calcutta goods were again declining steadily until this week, but the tone has again become firmer. The lowest points touched were 18s. 10d. for 10-oz. 40-in. and 15s. 6d. for 8-oz., October, and 18s. 9d. and 15s. 4d. November/December, but the prices are now 19s. 1d. and 15s. 7d. respectively for October, and 18s. 10d. and 15s. 6d. November/December. The stocks of hessians in Calcutta at the end of September were reduced to 112,627,643 yards, and stocks of sackings to 82,636,411 yards, compared with 127,279,260 yards and 123,464,944 yards respectively at the end of August. The total production of the Indian jute mills during September this year was 69,530 tons of hessian and sacking, compared with 71,692 tons during August. Jute yarns have ruled very quiet and spinners have been unable to maintain their prices. Common 8-lb. cops can be bought at 1s. 11d. and 8-lb. spools at 2s., but only in a few cases, the majority still asking 2s. and 2s. 1d.

respectively. Twist has been sold at 3½d. for 3-ply 8-lb., and sacking yarns are quiet at from 2½d. for 24-lb. warp and 3½d. for 8-lb. chains. Several sales of rove have been carried through at from £16 for 200-lb. and £19 5s. for 48-lb., but the finer yarns are now more or less nominal in the absence of business at 2s. 8d. for second quality 8-lb. Rio warp, 2s. 5d. for third and 2s. 3d. for fourth. Carpet yarns are dull at 3½d. for 14-lb. warp. Only trifling lots of jute cloth are being bought to satisfy immediate needs. There has been an improved inquiry for light weight hessians, but buyers are reluctant to purchase larger quantities. Prices rule from 2½d. for 10½-oz. 40-in. and 2½d. for 8-oz., and the medium widths can be had at these rates, but anyone with a decent order for the narrow widths would be able to obtain concessions. Linoleum hessians and heavy goods are very quiet.

THE GRAIN MARKETS.

WHEAT.—The past week's break in wheat prices was not unsuspected. It was partly the result of a renewed wave of pessimism which drove down the prices of most primary products, and partly a consequence of the realisation that there is little probability of a decrease in the "carry-over" at the end of the season. Prices gave way under heavy liquidation and on the announcement that the Canadian Government would not renew the payment of a bonus to farmers for the 1932 crop. International trade has not been on a large scale. As very little wheat is offered for export by the United States in the hope of better prices in the future, and in the absence of substantial shipments from Russia, Canada continued to dominate the export market. On Wednesday, "December" futures were quoted in Chicago at 44½ cents per bushel, against 49½ cents the week before, and 52½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. 3d. per 496 lbs., against 28s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 9d., against 27s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 27s. 6d.; Australia, ex ship, 28s. 3d., against 28s. 3d. a week ago.

WHEAT FLOUR.—The demand for flour has been slow, although quotations in exporting countries were reduced in sympathy with the decline in wheat prices. North American shipments were 119,000 sacks, compared with 143,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 25s. per 280 lbs., against 25s. last week; delivered London, 24s., at both dates. Manitoba patents, ex store, 24s. to 25s., against 23s. 6d. to 25s. 6d. Australian, ex store, 20s. 6d. to 21s. 6d., against 20s. 6d. to 21s. 6d. last week.

BARLEY.—Business in barley has been limited. "October" futures were quoted in Winnipeg on Wednesday at 26½ cents per bushel, against 25½ cents last week and 27 cents a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r. per 448 lbs., 22s. to 24s., against 22s. a week before.

OATS. Foreign oats have been in poor demand in this country, but the Continent is still absorbing the larger proportion of Argentine shipments. In Chicago, "December" futures were quoted at 15½ cents per bushel on Wednesday, against 16 cents per bushel a week before and 15½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 9d. per 320 lbs., against 17s. 9d. a week ago; "River Plate," ex ship, 16s. 9d., against 16s. 9d.; "Chilean White," landed, 23s.-25s., against 23s.-24s. a week earlier.

MAIZE.—There has been no improvement in the demand for maize on the Continent, and Argentine exporters were obliged to accept lower prices. "December" futures in Chicago were quoted on Wednesday at 24½ cents per bushel, against 25½ cents on Wednesday of last week and 26½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. per 480 lbs., compared with 20s. 3d. last week; "Plate," ex ship, 19s., against 19s. 3d.; "Plate," December-January, 19s. 9d., against 20s. Yellow Maize, ex wharf, was quoted at £5 12s. 6d. per ton, against £5 15s. a month ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to October 22	Cwts. 357,285	Cwts. 99,688	Cwts. 128,777	Cwts. 263,144
8 weeks to October 22	1,871,516	449,411	1,036,919	2,228,577
Average price of English wheat per cwt.	s. d. 5 7	s. d. 5 9	s. d. 6 11	s. d. 9 5

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 15, 1932	Cwts. 360,142	Cwts. 356,237	Cwts. 69,372	s. d. 5 8	s. d. 7 11	s. d. 6 3
Oct. 22, 1932	357,285	384,157	67,487	5 7	7 9	6 3
Oct. 20, 1928	344,046	673,814	86,539	9 8	10 9	8 8
Oct. 19, 1929	263,144	624,463	79,442	9 5	10 3	7 10
Oct. 25, 1930	132,210	528,955	55,159	7 0	10 0	6 1
Oct. 24, 1931	98,451	429,907	66,381	6 1	9 0	6 5

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Oct. 28, 1931.	Jan. 4, 1932.	Oct. 19, 1932.	Oct. 25, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	56½	62½	62½	48½	45½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	57½	55½	49½	44½

The visible supply of wheat in Canada, at 92,576,000 bushels, shows an increase on the week of 585,000 bushels. Supplies a year ago stood at 48,135,000 bushels.

OTHER FOODS.

SUGAR.—After a period of steadiness lasting for several months, raw-sugar values gave way substantially under the influence of heavy selling by Cuban interests, liquidations, and hedging operations. December futures were quoted in New York at 0.99 cent per lb. on Tuesday, against 1.08 cents a week before and 1.06 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 9½d. to 5s. 10d. per cwt., against 5s. 11d. to 5s. 11½d. a week before, and "March, 1933," at 6s. 0½d. to 6s. 1½d., against 6s. 2½d. to 6s. 2½d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,158	...	1,306	990	11,104	8,667
Liverpool	16,094	2,715	14,610	12,916	56,956	22,538
Total	17,252	2,715	15,916	13,906	68,060	31,205
Last week ...	15,384	6,103	15,162	15,828	66,724	42,396

COFFEE.—The New York coffee market was dull and "Brazilian" quotations declined further. On Tuesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8½ cents per lb. on the corresponding day a week ago. Tuesday's London auctions were characterised by a steady demand, but prices were easier in sympathy with American quotations. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 24 bags; exported, nil; stocks, 6,677 bags, against 2,891 bags a year ago. Central American, landed, 2,507 packages; delivered for home consumption, 2,394 packages; exported, 2,000 packages; stocks, 65,344 packages, against 73,767 last year. Other kinds: Landed, 6,591 packages; delivered for home consumption, 2,339 packages; exported, 376 packages; stocks, 60,350 packages, against 56,048 last year.

COCOA.—Cocoa prices declined sharply during the past week, thus losing almost the whole of its advance during recent months. December futures were quoted at 3.99 cents in New York on Tuesday, against 4.20 cents a week ago and 4.44 a month ago. Accra, November-January, at 26s. 4½d. c.i.f. Continent, shows a fall of 4½d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 1,272 bags; delivered for home consumption, 4,632 bags; exported, 347 bags; stocks, 124,401 bags, against 162,409 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 60,695 packages of Indian and 30,691 packages of Ceylon tea. Keen competition at Monday's and at Tuesday's auctions drove up prices of most grades of tea, but at Wednesday's "Indian" sales the market was easier. The reason for the recent advance in tea prices is to be found in the renewed effort of a section of British and Dutch growers to agree on a restriction scheme. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.
Oct. 22, 1931	d. 12-91	d. 9-99	d. 18-15	d. 8-87	d. 7-41	d. 6-73
Sept. 23, 1932	10-75	6-28	10-05	4-74	4-09	Nil
Oct. 6, "	10-25	6-50	10-45	5-22	4-34	5-69
" 13, "	10-57	6-74	11-07	5-78	3-91	5-38
" 20, "	10-82	7-37	11-58	6-10	5-09	6-06

RICE.—The market in rice has been quiet and easier. The spot price was 10s. per cwt., against 10s. 3d. per cwt. a week ago, while the forward quotations at 7s. 10½d. per cwt. show no change. Movements in London during the past week were as follows: Landed, 553 tons; delivered, 243 tons; stock, 2,508 tons, against 1,253 tons a year ago.

POTATOES.—Although supplies of potatoes at the principal markets were ample, prices hardened a little. At the London Borough Market, "King Edward," light soil, were quoted at 6s. to 6s. 6d. per cwt., against 5s. 6d. to 6s. a week ago.

SPICES.—Pepper was in quiet demand at unchanged prices. Spot pepper, "Black Singapore," was again quoted at 6½d. per lb. on Wednesday. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 60 tons; delivered, 4 tons; stock, 317 tons, against 402 a year ago. White, landed, 75 tons; delivered, 68 tons; stock, 593 tons, against 424 a year ago.

MEAT.—There was a substantial decline in beef prices, particularly of Argentine meat, at the Smithfield market. Mutton failed to recover. Wednesday's quotation for Argentine beef, chilled

hindquarters, was 3s. to 3s. 10d. per 8 lbs., as compared with 3s. 4d. to 4s. 2d. last week. New Zealand frozen mutton was 2s. 2d. to 2s. 8d. per 8 lbs., against 2s. 2d. to 2s. 8d. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,834 tons, against 9,926 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.2 per cent. of the beef supplies, against 83.1 a year ago. Imported mutton, mainly New Zealand, formed 69.2 per cent. of the total supply of mutton and lamb, against 73.0 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions prevail, and on the part of consumers there is little or no disposition to do business beyond covering immediate requirements. In regard to linseed, interest centres on the Ottawa proposal to impose a 10 per cent. duty, and the demand of crushers that if this is carried into effect there must be an increase in the import duty of 10 per cent. now levied on foreign linseed oil and cakes. In anticipation of the latter, oil made on the Continent is pressing on the market, and large quantities have already come to hand. Linseed is quoted higher, following the depreciation in sterling, but is still easy, and in very poor demand. Current value of Plate affloat and shipment to December is around £8 12s. 6d., while new crop, January-February, is quoted somewhat lower. Good arrivals and moderate shipments have reduced the quantity affloat for Europe to 187,700 tons (including 6,600 tons from India), which is 10,500 tons less than last week, and compares with 155,000 tons a year ago. Cottonseed is neglected and easy, new Black Egyptian for November loading being quoted £6 12s. 6d., with later positions at a discount. Trade in vegetable oils is slow, and consumers hesitant or indifferent. Raw linseed oil for October-December delivery has declined to £16 per ton, naked, ex Hull mill, but demand is still small. Cotton oil is very quiet, and crude Egyptian offers at £22 and refined at £24 ex Hull. Other seed oils are about unchanged and quiet. Oilcakes and meal are in smaller demand than usual at this time of the year, owing presumably to the open weather and the reduced requirements of cattle rearers.

HIDE, LEATHER AND ALLIED TRADES.—Further reductions in the price of hides from domestic slaughtered cattle were recorded at the auctions held this week. At Manchester several weights in both the clear and warbled classes were from ½d. to ¾d. per lb. cheaper, while calfskins were generally steady at the previous week's figures. At the Leeds sales practically all weights and classes of ox and heifers, cows and bulls made ½d. per lb. less money, in addition to which there was a slightly easier tendency in regard to calfskins. The market for sheepskins also shows signs of weakening, prices being from 1d. to 2d. per skin lower. Although the tone of the foreign hide market has perhaps been a little better as compared with the last few weeks, values have again moved in favour of purchasers for many descriptions. For instance, wet-salted Argentine ox have been dealt in at a fraction under 4d., while Montevideo ox have changed hands at 4½d. Dry hides from the same origin also show a downward trend, as B. A. Americanos are now quoted at 5½d., Inservibles at 3½d., and Montevideo Americanos at 6½d. In the African market dry salted Capes have been offered at 5½d. and 4½d. for firsts and seconds, while dries are to be obtained at 6½d. and 5½d. Moderate business has been done in Mombasas, which have been selling at up to 5d. for heavies. Turnover in connection with sole leather has been rather less this week. Demand for English and wet-salted bends has been mostly for the medium weights and in these fair business has been done. Light dry hide bends have also received attention, in addition to which there has been a moderate call for rough shoulders and pinned bellies. Glacé kid and calf leather continue to be the most asked-for lines in the upper leather section of the market, but at the same time a regular call is experienced for reptile skins, and to a lesser degree for patent leather. Heavier types of upper stock remain a rather poor market.

THE TIMBER TRADE.—This year's importation of sawn softwoods is a trifle larger in volume than that of last year to date, whilst present stocks in the country are more moderate than has been the case for long past. But against that this year's consumption is smaller, principally on account of the exceptionally bad state of the building trade. The spot market for soft timbers has been fitful over the past month. Prices, which have been falling throughout the year, should have advanced weeks ago; and although the tone has been better of recent weeks, trade is disappointing to all sellers. At this time of year there is usually much to think of as regards buying for next year's delivery—especially what the Russian "cut" for the United Kingdom will amount to, who will handle it here,



PLAYER'S
NAVY MIXTURE
OR
NAVY CUT TOBACCO



COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—			
GRAIN, &c.—				Irish bladders				English Southdown, greasy per lb. 10			
Wheat—	s. d.	a. d.		American, boxes, 56 lb. 47	6	66	0	Queensland, scd. super cmbg.	19	0	5
No. 2, N. Man. 496 lb.	28	3		POTATOES—				N.S.W. greasy, super	11	0	5
Eng. Gaz. av., per cwt.	5	7		Good English, per cwt.	6	0	6	N.Z., grey, half-bred 50-56	11	0	5
Barley, Eng. Gaz. av.,	7	9		SPIGERS—				Tops—	5	0	5
Oats, " "	6	3		Pepper, per lb.—				Merinos 70's	23	0	5
Maize, La Plata, landed,	20	0		Muntok, fair White	0	7	1	Crossbred 40-44	5	0	5
480 lb. stan. ex mill.	22	9		Black Lampong	0	6	1	64's	22	0	5
280 lb. "	22	9		Cinnamom—lat sort, per lb.	0	6	1	Crossbred 48's	10	0	5
Rice, No. 2 Burma, per cwt.	7	10	1	Cloves—Zanzibar per lb.	0	7	1	" 46's	9	0	5
Tapiooa, per cwt.	11	6		Ginger—per cwt.—				COAL—			
Fair Flake, Singapore.	11	6		Beef, per 8 lbs.—				Welsh, best Ad'v. 19	6	0	10
MEAT—				English long sides	3	4	4	Durham, best grade, f.o.b.	14	0	14
Beef, per 8 lbs.—				Argentine chilled hinds	3	0	3	Tyne	14	0	14
English long sides	3	4	4	Mutton, per 8 lbs.—				Sheffield, best house, at	23	0	24
Argentine chilled hinds	3	0	3	English wethers	3	4	4	pit	23	0	24
Mutton, per 8 lbs.—				N.Z. frozen	2	2	2	IRON AND STEEL—			
English wethers	3	4	4	Fork, English, per 8 lbs.—	4	0	4	Pig, Cleveland No. 3, ton 58	6	0	10
								Barn, M'brow, 195	0	0	10
								Steel Rails, heavy	17	0	0
								Tin Plates	16	3	0
								METALS—			
								Copper, electrolytic, ton	35	0	0
								Standard	36	0	0
								Lead, Eng. Plk., per ton	30	13	9
								Soft Foreign	11	12	6
								Spelter G.O.B.	15	12	6
								Tin—English ingots	154	0	0
								Standard cash	152	2	6
								MISCELLANEOUS.			
								CHEMICALS—			
								Acid, citric, per lb., less 5%	0	10	0
								Alum, lump	8	10	8
								Ammonia, carb.	30	0	31
								Sulphate	5	5	10
								Arsenic, lump	35	0	40
								Bleaching powder, per cwt.	8	0	10
								Borax, gran.	11	6	11
								Do., powder	14	6	11
								Nitrate of Soda	8	6	9
								Potash chlorate, net	0	4	0
								Sulphate	11	6	11
								Sal-Ammonia	42	6	45
								Soda Bicarb.	9	0	10
								Crystals	5	0	5
								Sulphate of Copper, per ton	15	10	16
								CEMENT—			
								Portland, best Eng. pr. ton—	4	0	4
								In lute sacks (11 to 16) ton	44	9	0
								In free paper bags (20 to 40) ton	46	0	0
								S.O.P. Straits c.i.f., per ton	14	15	0
								Smoked South Sea	13	10	0
								DRUGS—			
								Camphor	2	4	0
								Japan, refined	2	3	2
								Castor-oil	85	0	95
								Ipecacuanha	5	6	0
								Peru bark	12	0	12
								Wet salted—Australian	0	4	0
								West Indian	0	3	0
								Cape	0	3	0

and the opening prices for Russian first-open-water goods, which affect quotations for other European timber. But with the National Government's notice of the ending of the trade agreement with Russia at the end of the statutory six months it is useless to think of such things. American hardwoods have been firmer for spot and forward business over the past month. That is no occasion for surprise; the demand is increasing in the U.S.A., dry stocks have decreased, and United Kingdom imports are declining. Japanese shippers are booked up with United Kingdom orders extending well into next year; they have not only the advantage of the U.S.A. exporters by being off the gold standard, but the yen is lower than sterling. Cheap European oak is being offered to British buyers, so that, and especially whilst the pound is so low compared with the dollar, the imports of States lumber are likely to rule low until conditions get nearer to normal. Of course, neither Europe nor Japan can supply the United Kingdom with anything like the quantities received from the States, but generally with the quiet demand here, and the competitive forces at work amongst the world's shippers, sufficient sawn hardwoods are likely to come forward at moderate rates. The upward movement in mahogany log imports from British Empire sources is still maintained, but the stocks in the country are not in sufficient volume to meet the increasing demand that is likely to arise with the gradual "come back" of mahogany (British) furniture, to the disadvantage of foreign oak. Teak and the choice woods from India are almost neglected, as well as the bulk of the fancy woods, whatever the source of origin. Of the Canadian shipments to the United Kingdom this year, the hardwoods have increased, but the softwoods, even with the 10 per cent. preference, have made but little progress in import compared with two years ago, last year's Canadian shipments to the United Kingdom being exceptionally low. Plywood is making a record year for imports—where it all goes to in these difficult times is a problem. But the bulk of it is mainly European, including much Russian material, hence business for futures cannot be healthy until the plywood trade—as the softwood trade—knows actually "the best" or "the worst," according to the respective viewpoints of its members.

RUBBER.—The market in rubber has been quiet but steady. In New York, Wednesday's spot price for rubber, at 3½ cents per lb.,

shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2½d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for April-June, 1933, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,299 tons; delivered, 2,118 tons; stocks at the end of last week, at 1,007,471 tons, show a decrease of 815 tons as compared with the preceding week.

COMMODITY PRICES IN UNITED STATES.

(New York quotations, unless otherwise stated.)

	Sept. 28.	Oct. 19.	Oct. 26.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	52½	49½	44½
Maize, nearest future, Chicago, per			
bushel	26½	25½	24½
Oats, nearest future, Chicago, per			
bushel	15½	16	15½
Rye, nearest future, Chicago, per			
bushel	33½	32½	28½
Coffee, Rio No. 7, cash, per lb.	9½	8½	8½
" Santos No. 4, cash, per lb.	16	12½	11½
Cocoa, Accra, nearest future, per lb.	4-44	4-20	3-99
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-15	3-15	3-08
Cotton, middling, spot, per lb.	7-40	6-45	6-40
Rubber, smoked sheet, spot, per lb.	3½	3½	3½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	175-107	142-104	142-104
Copper, "Electrolytic," Domestic,			
spot, per lb.	0½	0½	0½
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	0½	5-625	5-34
Spelter, East St. Louis, spot, per lb.	3-25	3-00	3-00
Lead, spot, per lb.	3-00	3-00	3-00
Tin, "Straits," spot, per lb.	24-75	24-10	23-40

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STRENGTH—STABILITY

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THE MONEY MARKET.

TREASURY bill maturities last week and dividend payments on November 1st have made money extremely comfortable, and practically no new money has had to be borrowed this week from the clearing banks. Over the week-end surplus balances were available at rates running down to ¼ per cent., and although the absence of Treasury

bill maturities on Monday and Tuesday made money a shade more usable early in the week, the big Funding Loan and 5 per cent. Conversion Loan dividend payments on the latter day quickly made money again very easy, with $\frac{1}{2}$ per cent. the general rate. Last week's Treasury bill issue again came as a disappointment to the market. All the £50.0 millions of bills on offer were allotted, but even so the average tender rate at 13s. 2.84d. per cent. showed a slight decline below the previous week's rate of 13s. 7.36d. per cent. Early this week hot Treasury bills were quoted at $\frac{1}{2}$ per cent., but the announcement of the new Conversion Loan offer was the cause of a gradual weakening of the rate, so that on Wednesday the clearing banks were able to buy a few bills at $\frac{1}{8}$ per cent., while on Thursday purchases by a bank were reported at $\frac{1}{4}$ per cent., while elsewhere sales at as low as $\frac{1}{8}$ per cent. were mentioned. Three months' bank bills were quoted on Thursday at $\frac{1}{8}$ to $\frac{1}{4}$ per cent., and standstills at 1-2 per cent.

	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2 $\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses' Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 $\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (standstill bills)	1-2	$\frac{1}{2}$ -2	1-2	1-2	...

This week's Bank return records several wide changes. In the Issue Department, the Bank's gold holdings are unchanged, but end-of-the-month currency requirements are responsible for an expansion of £3.0 millions in the note circulation. The Banking Department's Reserve has consequently fallen by the same amount. Other big changes in the Banking Department's assets and liabilities are an increase of £11.9 millions in Government Securities, a decrease of £18.4 millions in Public Deposits and an increase of £25.3 millions in Bankers' Deposits. The last item now stands at the very high figure of £102.7 millions. The total outside liabilities of the Banking Department have increased by £8.2 millions, so that, allowing for the contraction of £3.0 millions in the Reserve, the Proportion has fallen from 41.8 to 37.3 per cent.

Up to a point it is easy to see what has happened. The payment of the Funding Loan and 5 per cent. Conversion Loan dividends has forced the Government to draw upon its funds held on deposit at the Bank to the extent of £18.4 millions, and also to borrow upon Ways and Means, this last operation helping to explain the increase of £11.9 millions in Government Securities. Conversely, the encashment of the dividend warrants by recipients who are customers of the clearing banks has added substantially to Bankers' Deposits. The total dividend payments, however, only amount to about £15 millions, while the withdrawals from Public Deposits and additions to Government Securities together add up to £30 millions. There is thus a discrepancy of £15 millions, but this is probably explained by Treasury bill maturities towards the end of last week and by various Government disbursements, including some which customarily occur at the end of the month. The fact that these movements have left Bankers' Deposits at the very high figure of £102.7 millions means that the market can easily lose the application money on the Conversion Loan issue without feeling any stringency, especially as the prospectus provides that in case of partial allotment the balance of the application money will at once be refunded by cheque.

The foreign exchange market was less busy this week owing to holidays on the Continent, but fluctuations were at times frequent and wide, the general tendency, however, being in favour of sterling. The New York rate was especially erratic, and moved from 3.28 $\frac{1}{2}$ to 3.30, after

touching 3.26 and 3.33 $\frac{1}{2}$. Montreal lost two points at 3.64. Paris, after 84, went to 83 $\frac{3}{4}$, against 83 $\frac{1}{2}$. Brussels at one time touched 24.00, but closed at 23.62, a loss of two points on the week. Milan was $\frac{1}{8}$ cheaper at 64 $\frac{1}{2}$ and Madrid $\frac{1}{2}$ at 40 $\frac{1}{2}$. Amsterdam lost two points at 8.18, Berlin six at 13.56 and Switzerland five at 17.05. The Scandinavian currencies were variable, Stockholm gaining twelve points at 19.06, Oslo losing thirteen at 19.73 and Copenhagen only one at 19.21. The South American currencies remain at nominal quotations, Rio being $\frac{1}{2}$ d. weaker at 5 $\frac{1}{2}$ d. offered, Buenos Aires gaining $\frac{1}{2}$ d. at 35 $\frac{1}{2}$ d., and Montevideo being unchanged at 29d. In the Far East the rupee was steady at 1s. 6 $\frac{3}{4}$ d., but the yen weakened by a penny to 1s. 3 $\frac{3}{4}$ d. Batavia fell away from 8.10 to 8.22. In the forward market dollars were more on offer at $\frac{1}{2}$ cent and $\frac{3}{4}$ cent discount. Paris went from 4 and 9 centimes premium to one and three centimes discount. Brussels was less in demand at wider discounts of 4 and 12 centimes. One month's Milan was unchanged at $\frac{1}{8}$ lira discount, but was $\frac{1}{8}$ weaker at $\frac{1}{4}$ lira discount for three months. Madrid moved similarly, being unchanged for one month's delivery and weaker by $\frac{1}{8}$ at $\frac{1}{4}$ peseta discount for three. Amsterdam remained at $\frac{1}{2}$ cent premium for one month, but weakened by $\frac{1}{2}$ to $\frac{1}{4}$ cent premium for three months. Switzerland was weaker at 1 and 2 $\frac{1}{2}$ centimes premium. The silver market reacted chiefly to the movements of sterling, business being small. Cash was $\frac{1}{2}$ d. cheaper at 18 $\frac{1}{2}$ d. and forward unchanged at 18 $\frac{3}{4}$ d. The China silver exchanges remained at last week's levels, Hong Kong being quoted at 1s. 4 $\frac{1}{2}$ d. and Shanghai at 1s. 9 $\frac{1}{2}$ d.

With regard to the prospects of sterling, it is known that when the pound first broke a few weeks ago, there was an immediate rush by importers and others who needed dollars and other currencies towards the end of the year to cover their requirements forward; and the view is expressed that, as a result, most of this autumn's purchases of exchange have been compressed into the past few weeks. It must also be remembered that as banks and other sellers of forward exchange immediately cover themselves by buying spot, the impact of forward purchases falls on the exchange rate at the time when the deal is made and not at the time of settlement. It may, therefore, be the case that the worst of the seasonal pressure upon the pound is now over. At the same time foreign advices are to the effect that Paris expects a further fall in the pound, while Amsterdam is looking for a rise, and with these two centres pulling in opposite directions, further fluctuations may well occur. This week it is reported that the control in London was buying dollars at \$3.33 and reselling when the rate fell to \$3.30, though some of the resales were made for francs. It must not be inferred from the control's operations that any attempt is being made to peg the pound at the level indicated by the above rates.

Money rates in New York remain unchanged, with call loans quoted at 1 per cent., and 90-day bankers' acceptances at $\frac{1}{2}$ per cent. Gold movements this week were very limited. Imports amount to \$2.2 millions, of which \$1.5 millions were from Canada and practically the whole of the balance from China. Releases from foreign earmark were only \$1.4 millions, as compared with \$25.9 millions the week before. The National City Bank has just issued its calculations of industrial profits for the third quarter of the year. Reports of 205 companies show an aggregate loss of \$14.0 millions, compared with profits of \$90.0 millions for the third quarter of 1931. The figures for the first nine months of each year were profits of \$364 millions for 1931 and only \$18 millions for the current year.

With this issue of the "Economist" we publish an abridged version of the Lytton Report on Manchuria. Our supplement will be obtainable in pamphlet form from the usual booksellers on Monday, price 1s., or from the Publisher of the "Economist," 8 Boulevard Street, E.C.4.

THE PLAN OF CAMPAIGN.

THE task of preparing for the World Economic Conference has begun. The public will not be able to follow the course of the discussions of the Preparatory Committee which met this week, for the meetings are quite properly to be held in private, and we must therefore wait until the Committee's report is published before we can hope to judge of the prospects of the Conference itself. One point, however, has already emerged, namely, that the expectations of those who thought that this Committee could draw up an agenda in a few days, and thus enable the Conference to meet to put the world to rights before the end of the year or early in January, will certainly be disappointed. According to our correspondent in Geneva, it is expected that the present session will last three weeks, and that the Committee itself will adjourn until January, when it will put its report into shape. This, of course, means that the full Conference cannot be held before the spring.

The delay is unfortunate, for though there are a few small signs of a reassuring description in the economic outlook—for example, the check to the increase in unemployment in this country—the depression continues throughout the world on an appalling scale. Three great countries alone have between them over 20 millions—representing probably a population of 80 millions—in idleness. The indices of production in a number of countries show a curtailment of industrial activity of one-third; while the shrinkage of international trade, the figures of which we have frequently given, has resulted in the laying up of some 13 or 14 million tons of shipping, or rather more than the whole tonnage sunk during four-and-a-half years of war. Even of the ships that remain at sea a large proportion are half empty, and at the present rate the shipbuilding industry will soon be closed down altogether.

Nevertheless, the delay in the summoning of the World Conference is inevitable; it would be a mistake for it to assemble before conditions are ripe for co-operative action. The situation to-day in this respect does not differ very much from that which confronted the Wiggan Committee which met in Basle in August, 1931. That Committee was asked to inquire into the credit needs of Germany and the possibility of converting a portion of the large volume of her short-term credits into long-term credits, in the hope of staying the crisis. The Committee agreed that, in the general interest, as well as in that of Germany, a conversion of this kind was necessary. But the process could not begin until two conditions were satisfied. The first was that, until the political risk involved could be removed, there could be no assurance of continued and peaceful economic progress; the second was that the balance of Germany's international payments, swollen as they were by the great reparations charge, should be reduced to manageable proportions. These two problems have not yet been dealt with for the world as a whole, and until the politicians have done their part, an economic solution cannot be effectively adopted.

This means that the grave crisis of the world must be tackled in accordance with a carefully timed plan. The first item on the list is political appeasement. So long as a serious political risk continues, credits will not flow freely; so long as there is danger of war, nations will tend to hoard gold, instead of using it strictly in accordance with its proper function as the base of an international monetary system; so long as the nations think that they require war industries, they will hesitate to move in the direction of greater economic interdependence; and so long as the business world sees that Governments still envisage the possibility of war, there will be no confidence in a world revival, and that revival will, therefore, not take place. Finally, international strain is often a cause of internal political unrest, as has been the case recently in Germany; and this, in its turn, is fatal to recovery. The Disarmament Conference, therefore, with its associated problem of the recognition of Germany's equality of status—the latest phase of which is dealt with in the succeeding article—comes at the head of the agenda.

Next comes the question of the political debts. It would be idle at the moment to consider what form the discussions that must follow the Presidential election will take; but that the matter will be raised there can be no doubt, not merely because a failure to secure some revision of these debts would hold up, perhaps indefinitely, the ratification of the Lausanne Agreement on reparations, but chiefly because of the disturbing effects which they have had and will continue to have in increasing measure on the economic situation. We gave last week some figures illustrating the case of Great Britain the enormously increased burden of the payments involved and the difficulty of their transfer. The figures showed that whereas the annuity paid in 1923 represented a value equivalent to six months' exports of Britain to America, the annuity payable this year represents nearly four years' exports at the present rate. We may supplement these figures by considering the payment due from Britain in December. The half-year's interest plus principal amounts, at the current rate of exchange, to some £30 millions. In the last six months for which statistics are available we purchased imports from the United States worth nearly £44 millions, a volume of importation which makes us by far the largest customer of the United States. Our balance of payments with America is already heavily weighted against us, for against this importation we only sold to the United States British goods valued at £8 $\frac{1}{2}$ millions. This left an adverse balance of £35 millions to be liquidated by indirect trade through other countries, by the earnings of British shipping or by other invisible items. The payment of the sum due in December would approximately double this adverse balance, and there is nothing whatever in the statistics of our exports generally, or in the state of our shipping or other British activities to suggest where resources in foreign currency can be earned by us.

In any case it is obvious that, if the payment is made, it must be taken from our gold reserve or from our reserve of foreign currencies. If these are used to pay America, it will *pro tanto* diminish our resources for controlling the movements of sterling and delay the date of its stabilisation. This is one of many reasons for saying that a revision of the debt payment will be in the interests of the United States no less than that of the rest of the world. No plan of reconstruction can be launched till this matter is settled. But we have mentioned this problem as second, not first, on the agenda for the reason that, as we pointed out last week, it is evident that the American taxpayer will be more likely to take a broad view of the problem if at the same time he sees some relief to the American Budget through a reduction of armaments.

It is only when these two matters are out of the way that we can hope to get down to the problems of the World Economic Conference. The alignment of forces at that Conference is already apparent from the opening proceedings of the Preparatory Committee. As was to be expected, the first response to the suggestion that obstacles to international trade should be removed has been the demand that sterling should first be stabilised—which means, in effect, that it should be re-linked to gold.

We are not among those who have ever minimised the disturbance to the world of our departure from gold or the unsettling effect of uncertainty as to the future of sterling. It is true that we have suffered less from the last phases of the depression than some other countries; but there can be no doubt that our departure from gold, and still more the erection of our tariff system, have created new difficulties for other nations and plunged them farther into depression, and by so doing have increased our own difficulties. The position is very well revealed in the situation of our international payments account. The falling pound, together with the import duties, has greatly reduced our imports. But, as we foresaw a year ago, this has by no means corrected our adverse balance,

for though our exports have fallen rather less than our imports, our shipping earnings and other invisibles have undoubtedly slumped heavily through the growing difficulties of our customers and the shrinkage of trade. This does not mean that the pound sterling is now, or has ever been, a deficit currency *vis-à-vis* gold countries; for much of our adverse balance is in relation to countries such as Australia, which are either linked to sterling or are, at all events, detached from gold; and the current account between sterling and gold has therefore to be calculated on a much wider basis than that of British trade alone. The figures of our own trading account, however, serve to illustrate the fact that we cannot change the basis of trade without ourselves feeling very severe reactions.

But, however advantageous it might be to world trade if the pound was stabilised, we cannot undertake the responsibility of maintaining any parity with gold, even though disarmament and a revision of debts were achieved, until certain other conditions are realised. The chief of these on the monetary side are—that an upward movement of wholesale prices, measured in gold, should be at least under way, and an understanding reached that the monetary policy of the chief countries of the world shall be such as to permit a certain measure of reflation of prices; that, whether by the process of trade, or by lending or by their use in part as an international reserve, the excessive accumulations of the world's gold in a few countries must become more generally available; that there must be sufficient common action in the monetary policy of the different countries of the world to ensure that future movements in the world's monetary reserves shall correct the balance of payments by influencing the price level in different countries and not merely sterilise these reserves in one or two countries; and, finally, that the movements of short-term money between country and country must be much more fully revealed by means of adequate statistics than in the past, so that, if necessary, action may be taken before excessive credits become a menace to the whole system.

Even these conditions, however, will not suffice unless a reasonable freedom in the movement of goods is assured. This can only be brought about by the rapid abolition of crisis measures of restriction and control and by a much more liberal commercial policy than has obtained in the last decade. We shall have other opportunities of considering the way in which this last condition can be achieved. The correspondence published in the *Economist* last week showed a rather radical divergence between the policy of the *Economist* and that of the Government. It is, however, pertinent to observe that though a decisive rôle, in our opinion, could be played by Great Britain in initiating a new commercial policy, the course which we shall in fact pursue will unquestionably be influenced to a very large extent, by the attitude of foreign countries. It is true that our tariff policy has blocked their access to the greatest international market in the world; but whether this process is carried further or is relaxed will in the long run be determined by British opinion which, in turn, will be greatly influenced by the trend abroad. For this reason we welcome the statement recently made by the French Minister of Commerce, who has indicated this week his intention to bring about a new reorientation of French fiscal policy. The introduction of quotas by France last year, he told the Chamber, may have been necessary, but they have inevitably caused reprisals, from which it may be assumed that in his view France is losing more from a system which is "petrifying international trade" than she is gaining. But M. Durand went further and said that France is ready to adopt a more moderate tariff policy towards those countries which are prepared to treat her in a similar manner. This tendency is in line with the activities of the Union of Exporting Industries, noted in a later column. Such tendencies suggest that the lessons of experience are being learned; if the postponement of the World Conference enables them to gather strength the delay will be worth while, for it will enable opinion to crystallise, to become vocal and to influence Governments, so that the reconstruction of the world's economic life may yet be based on sure foundations.

THE HERRIOT PLAN.

M. HERRIOT's much-canvassed project for bringing about a reduction of armaments was presented to the French Chamber by the Prime Minister himself on the afternoon of Friday, October 28th; and in the small hours of last Saturday morning it received the approbation of the Chamber by a vote of 425 to 25. By the time the present issue of the *Economist* is in our readers' hands the Herriot Plan will probably have been expounded—at least in broad outline—by the French Minister of War, M. Paul Boncour, to the Disarmament Conference at Geneva. At present, we can only judge the proposals in the light of the reports of M. Herriot's speech in the Chamber. Taking these reports at their face value, we have the impression that the Herriot Plan seems likely to prove to be by far the most important step which any French Government has yet taken towards bringing about a really substantial measure of disarmament. We sincerely trust that this impression will be confirmed and strengthened, rather than impaired, when the full text is available for study. But, in this vital matter of disarmament, there is so many a slip between the cup and the lip that we cannot altogether dismiss the unpleasant possibility that optimism may be damped when fuller details of the Plan are known. With this caveat, we may now embark on the unusually pleasant task of enumerating the promising points which, on M. Herriot's showing, the Herriot Plan presents.

One supremely important fact seems certain. At last we have a French Government in office which is not simply taking its stand on the legal basis of the sanctity of the peace treaties. And this Government, in this new stand, has an overwhelming parliamentary majority behind it. The proposal to bring Germany back from a long-term professional army to a short-term conscript army basis is perhaps the most conspicuous point in which the Herriot Plan involves a modification of the Treaty of Versailles. M. Franklin Bouillon, the leader of the reactionary opposition to the Government in the Chamber, proposed an amendment to the effect that "all the stipulations of the peace treaties must be respected." The amendment was thrown out. This incident points to a psychological change in French political circles which is surely of profound importance.

Equally interesting are the grounds on which, in the course of the debate, M. Herriot defended his policy. He replied to M. Franklin Bouillon that, if France and her allies relied on force to defend the treaties, Germany and her friends could resort to force in their turn. The French could not be sure, he added, after the lessons of the late war, that the balance of force would always be in their own favour. It seemed to him that the greatest possible danger for France would be to find herself isolated in face of a free Germany, and this was why his reply to the new threat [from the German side] was a new effort to organise peace. If the Disarmament Conference were to fail, the French Prime Minister asked the French Chamber, could France compete in armaments against Germany, with her population and her industry?

The motives of policy which have thus been proclaimed by M. Herriot, together with the Chamber's vote, are evidence that, in putting forward the Herriot Plan, France is making a vigorous attempt to find the way to a solution of the disarmament problem. This conclusion is borne out by the terms of the Plan itself, as far as these are precisely known at the time of writing.

The essential features of the Plan seem to be the following. In the first place, France still adheres to her thesis that a reduction of French armaments can only be offered in exchange for a proportionate increase in French security—in the French sense of the term. On the other hand, France is not this time making any demands for additional security which are bound, *a priori*, to be rejected. There is, indeed, to be a new treaty under which the contracting parties will be bound to come to one another's assistance, with their armed forces, in case any one of them is a victim of aggression. But this new treaty is to be confined to the Continental countries of Europe. Great Britain is not to be asked to enter into any commitments

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of this kind beyond those which she has already undertaken in the Covenant of the League and the Locarno Pact. Again, the United States would simply be asked "to give the guarantees of security which they themselves have suggested." This apparently refers to Mr Stimson's statement of last August, in which he suggested that the status of neutrality was now obsolete. The French idea seems to be that, if and when a case of alleged aggression arises, the United States Government should be prepared to enter into consultation with the other parties and to go so far towards determining the aggressor as to intimate that it will not insist upon neutral rights if the other parties decide to treat such-and-such a country as the aggressor and to take coercive measures for bringing that party to book. The French do not expect the United States herself to join in such coercion, but they do expect that a waiving of neutral rights on the United States' part will set Great Britain free, without fear of American complications, to bring into action her power of blockade in implementation of her undertakings under the Locarno Pact and the League Covenant.

The Continental European States will be required to implement the new Continental pact of regional assistance by maintaining expeditionary forces, powerfully equipped with offensive weapons, for action against an aggressor. These striking forces are to form a combined international army for the suppression of aggression, under the direction of an international general staff; and they are only to be called out when the machinery of the collective system of security brings them into play. They are not to be employed by the nations providing them on these nations' own initiative as instruments of national policy.

Continental national armies, at the disposal of the national governments, are to be purely for the purpose of national defence and are to be so trained and equipped that they will be unsuitable for offensive use. These are to be short-service conscript armies, without offensive equipment. Their numerical strengths are not to be automatically in proportion to population, but are to be based on a calculation of the geographical position and defensive needs of each Power. Presumably this means that France is to have at least as big a national defensive army as Germany, though it is arguable that Germany's geographical position is more dangerously exposed than that of France.

As for Great Britain and the United States, they are not asked to substitute conscript armies for their existing professional armies, and they are not asked to contribute contingents to the international army, though it is hoped that Great Britain may voluntarily offer her Air Force for this service.

Countries possessing colonies are to be allowed to retain adequate colonial armies in addition to their home defence armies and their contingents in the collective army. Otherwise, all professional armies (e.g., the Reichswehr) and private armies (e.g., the Stahlhelm or the Fascist Militia)

on the Continent are to be disbanded except in so far as they may be incorporated in one or other of the two legitimate forces.

All States members of the League will be asked to honour their obligations under Article 16 of the Covenant, and to accept compulsory arbitration. There is to be a compulsory international control over all armaments; and to this all countries are to be subject without exception. The German claim to equality of military status is to be met by placing the German national defence army on the same footing of short-term conscription as all the other Continental armies of this class, and by allowing Germany to contribute a contingent to the international striking force.

On the face of it, this Herriot Plan is sincere and realistic. It refrains from asking the impossible of England and the United States; it gives Germany the essence of what she has demanded; and it opens the way for a really substantial measure of disarmament which ought to have beneficent psychological, political and economic effects. But before we can venture to give the Herriot Plan our blessing outright, we must perforce await the answer to certain pertinent questions. In the first place, what is to be the ratio between the national defence force and the national contingent of the collective striking force? Unless the striking force is to be kept down to a mere tithe of the defence force, and unless the total strength of the two forces in the aggregate is to be substantially less than the total strengths of existing national forces, then the proposed military reorganisation will—as a measure of disarmament—be illusory. In the second place, what is to be the basis of compulsory arbitration? Unless Article 19 of the Covenant, which provides for the revision of existing treaties by agreement, is at last brought out of cold storage, this arbitration clause may be a stumbling block. Finally, what measure of aggregate reduction of material does the Plan contemplate? These important queries, as well as a number of minor points, inevitably present themselves in our minds pending fuller light. Perhaps the light, when it comes, will dispel our doubts. We hope so, indeed; for the Herriot Plan, as we now see it in outline, seems so promising on the whole that it will be heartbreaking if it fails, after all, to stand the test of complete enlightenment.

AMERICA'S NATIONAL DEBT.

On the morrow of the election, early next week, of a new United States President, the vexed question of Anglo-American indebtedness arising out of the war, tacitly shelved in recent weeks out of consideration for the susceptibilities of the presidential protagonists, will enter upon its final stage. In view of the repercussions on the financial mechanism of the world which are likely to attend any decision, it may be useful to consider the position of

the greatest creditor country in relation, not to her foreign debtors, but to her own internal creditors.

A study of the development of America's national debt reveals a clearly-defined trend throughout. On the eve of the United States' entry into the war her gross indebtedness was not more than \$1,282 millions. During the two years which followed, the burden was multiplied by twenty, so that in August, 1919, the debt had reached \$26,594 millions, the highest amount ever recorded. Thereafter, a succession of budget surpluses made possible a steady improvement. During the eleven years to June 30, 1930, no less than \$8,136 millions of interest-bearing public debt were retired, some 40 per cent. of the total reduction being effected through Treasury surpluses. The sinking fund during this period contributed \$3,187 millions and foreign repayments \$1,489 millions.

The trend was abruptly reversed in 1931, when the effects of the financial collapse of 1929 became disturbingly apparent. For the first time the Federal budget revealed a deficit of \$902 millions, while in the fiscal year ended June 30, 1932, the deficit figure had risen to no less than \$2,885 millions. Expenditure in 1931-32 rose by 17 per cent. from \$4,220 millions to \$5,007 millions, and of this increase the purchase of capital stock of the Reconstruction Finance Corporation accounted for \$500 millions. According to a recent statement, the Corporation made advances to banks, insurance houses and other associations from the time of its inception to September 30th last totalling \$1,016 millions. As a result of these factors, the national debt total has taken a sharp upward turn in recent months, the return for September 30, 1932, being \$20,611 millions, against \$17,320 millions twelve months before. Of the total figure, \$8,201 millions are accounted for by the First and Fourth Liberty loans of 1932-47 and 1933-38 respectively, of which \$6,268 millions carry interest at 4½ per cent.; Treasury bonds contribute \$5,259 millions, Treasury notes \$3,031 millions and certificates of indebtedness \$2,385 millions.

Summing up the changes of recent years, it may be said that the United States national debt, as a result of the post-war prosperity wave, fell by 39 per cent. from the peak of August, 1919, to the lowest figure since the Armistice, recorded for June 30, 1930, and at the present time, despite the recent additions, is still 21.7 per cent. below the highest recorded figures.

In the following table the movements which have occurred since the outbreak of the war in the national debts of the United States and Great Britain are shown side by side.

COMPARATIVE DEBT STATEMENT (U.S.A. AND GREAT BRITAIN).

Year.	Date.	Gross Debt of the United States.	Year.	Date.	Gross Debt of U.K.
		(In million \$'s)			(In million £'s)
1915	June 30	1,191	1914 ...	Mar. 31	1,550
1917	Mar. 31	1,282	1915	"	1,865
1919	Aug. 31	26,594†	1917	"	4,011
1920	June 30	24,298	1919	"	7,435
1921	"	23,976	1920	"	7,829
1922	"	22,964	1921	"	7,574
1923	"	22,350	1922	"	7,654
1924	"	21,251	1923	"	7,742
1925	"	20,516	1924	"	7,641
1926	"	19,643	1925	"	7,597
1927	"	18,510	1926	"	7,558
1928	"	17,604	1927	"	7,555
1929	"	16,931	1928	"	7,528
1930	"	16,185	1929	"	7,500
1931	Sept. 30	17,320	1930	"	7,469
1932	June 30	19,487	1931	"	7,413
1932	Aug. 31	20,067	1932	June 30	7,671*
1932	Sept. 30	20,611	1932	Sept. 30	7,708*

* Estimated; and including £150 millions borrowed for Exchange Equalisation Fund.
† Maximum figure.

The relative significance of the respective burdens is more readily understood by a comparison of the amount of debt per head and of the ratio in each case between debt and national income. Taking the American debt at \$20,600 millions and the United Kingdom debt at £7,434 millions, the former works out at approximately \$187 per head and the latter at £162 per head. Moreover, the national debt of Great Britain was almost double her national income in 1929, taking an approximate figure of £4,000 millions as being the pre-slump income, while America's debt was only a quarter of her national income,

reckoning that item at around \$85,000 millions at that time.

Returning to the table, we should point out that the rise in the United Kingdom debt in the later months of 1932 is more apparent than real, since the sum of £150 millions borrowed for the Exchange Equalisation Fund is included for June and September, while the increase apart from that factor is entirely to be attributed to the seasonal variation in the flow of revenue. The American figures cannot be explained away by considerations of this kind, but reflect the fact that the budget is definitely on a deficit basis.

The debt movements recorded in the United States over the whole period are in general more extreme than those in the United Kingdom. Whereas the American debt, which was negligible in 1915, was increased twenty times for war purposes, the already high British debt was increased only twelve times. Subsequently the retirement of the American debt was regular and large, but the fall in British indebtedness was hesitant and inconsiderable. In the United Kingdom the peak was reached on the returns for March, 1920, and the lowest figure touched, £7,413 millions in March, 1931, was only a little more than 5 per cent. below the peak, against the 39 per cent. in the case of America. Though the upward turn since the beginning of the depression has been practically negligible in this country, the outstanding deadweight debt of the United Kingdom for 1932 is barely below the highest total ever recorded, twelve years ago, while America has still the consolation of knowing that her present indebtedness is only three-quarters of what it was in 1919.

On the other hand, it may be regarded as certain that a further increase will occur in the national debt of the United States unless in the meantime financial exigencies force a major change in policy. Budgetary deficits in the region of \$3,000 millions per annum may not be repeated (though the deficit in the present fiscal year already amounts to \$629 millions, against \$674 millions for the corresponding period of last year), but failing an early revival in world trade, for which there is little present augury, it seems likely that financial equilibrium will only be attained after recourse to further borrowing.

It is too early to say how deeply the United States Treasury will eventually be involved in the "reflationary" activities of the Reconstruction Finance Corporation, but the predicaments of the major financial and industrial institutions hardly give one to suppose that there will be any early curtailment of the demands for liquid resources resting on Government credit. Moreover, if no substantial reduction takes place in the numbers of America's great army of unemployed, it may well be that the Federal budget, which is already hit so severely on the revenue side, may have to shoulder fresh expenditure for dealing with the situation, even if it does not take on the task of direct maintenance. And new expenditure for dealing with unemployment probably means new loans, which may quickly run into large figures. America's easy budget situation and small dead-weight debt in proportion to her wealth has hitherto been a cause of envy to other nations. But even the most well-to-do cannot afford to ignore altogether the danger signal of current expenditure uncovered by receipts from taxation.

TEXTILE FIBRES—SILK AND RAYON.

Raw silk is one of the oldest and, next to wool, the most important of animal textile fibres; but, to a much greater extent than is the case with wool, its production is dependent on special conditions. In the first place, for the rearing of silkworms the climate must be suitable for the growing of mulberry trees, from whose leaves the Bombycidae moths derive their food. Secondly, the preparation of raw silk demands not only a large and cheap supply of labour, but also great skill at every stage. Thus, although climatic conditions are suitable in many countries, including parts of the United States, the rearing of the silkworm is confined to comparatively few areas, of which China and Japan are the most important.

In view of the popularity of silk fabrics and the scarcity of the supply of raw silk in relation to demand, many

efforts have been made to produce a substitute. At last, towards the end of the past century, human ingenuity devised a process somewhat similar to the performance of the silkworm, and artificial silk, or rayon, was produced from wood fibre. It took, however, many years to perfect this process, and it is only since the war that rayon has become a serious competitor of natural silk.

The challenge of chemistry has been taken up by the producers of natural silk, particularly in Japan. The expansion in the output of silk since the war, though smaller than that of rayon, was far greater than the increase in the production of wool and cotton. As we showed in an article in our issue of October 8th, the output of silk has almost doubled since the war, while the production of wool and cotton has increased by 18 per cent and 20 per cent. respectively. It is true that rayon shows an advance of over 1,600 per cent., but it must be borne in mind that the pre-war output of the artificial fibre was almost negligible. The substantial increase in the output of silk has been brought about largely by an improvement in the technique of production, particularly in Japan. How great this improvement has been is illustrated by the fact that between 1924 and 1930 the yield per unit of eggs incubated shows an increase of 31 per cent. The consequent decrease in the cost of production of raw silk enabled the silk producer in those years to dispose without difficulty of his rapidly increasing output despite the increasing competition of the artificial fibre. In 1930, however, the silk producer was faced with a sudden shrinkage of consumption, and found himself unable to market the whole output even at unremunerative prices. In vain did the Japanese Government attempt to arrest the decline in prices by withdrawing large quantities of stocks from the market and by enforcing a reduction in the activity of factories. Some light on the present position of the silk-producing industry is thrown by the following summary of the recent development of production, Japanese exports, imports into the United States, stocks and prices:—

(In Millions of lbs.)

Year.	Production.			Exports from Japan.	U.S.A. Imports.	World's Visible Supply.	Average Price.
	Japan.	China (Ex-ports).	World.				
1924	62.6	17.6	97.2	49.3	44.3	...	6.25
1925	68.5	20.4	105.0	58.0	49.7	18.8	6.57
1926	75.6	20.2	111.8	58.6	53.8	20.9	6.19
1927	81.5	19.5	119.0	69.0	61.8	23.2	5.44
1928	87.4	21.1	128.0	72.7	64.1	32.0	5.07
1929	93.1	20.9	134.3	76.9	69.8	30.1	4.35
1930	93.9	16.2	131.5	63.1	59.9	35.7	3.41
1931	96.0	13.5	126.0	73.4	83.9	41.4	2.40

The table shows that while Japan is the principal exporter of raw silk, the United States is the chief consumer. In 1930 there was a sharp contraction in the imports of the United States, but in 1931, under the stimulus of low prices, her imports established a high record. Nevertheless, prices continued to decline to a low average of \$1.19 per lb. in June, 1932. The turning-point came in July, when quotations began to advance in view of the sharp contraction in the output of raw silk in Japan. The average price in August was \$1.65 per lb. There has since been a slight setback, but as a result of a more favourable statistical position the outlook for raw silk appears a little more hopeful than a year ago.

Rayon, too, has been suffering from a maladjustment of supply to demand, but under the influence of lower prices and a continuous improvement in quality, consumption has been steadily increasing despite the trade depression. Artificial silk, though manufactured in small quantities before the war, is essentially a post-war product. The industry shows all the virility of youth and exhibits the characteristics of a new and expanding branch of activity. Improvements in manufacturing technique and the improvement in the quality of the fibre have been accompanied by a progressive reduction in selling prices. It is a fiercely competitive industry, in which the battle is to the strong, but the identity of the latter is becoming more easy to discern. The

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rapid advance of world output of rayon is seen from the following table:—

Period.	Production (million lbs.).						
	France.	Germany.	Italy.	Japan.	U.K.	U.S.A.	World.
1924	12.3	23.7	18.5	1.4	24.7	37.7	142.0
1925	14.0	25.0	24.0	2.8	27.0	52.0	175.0
1926	17.5	26.0	35.0	5.5	26.8	62.6	221.0
1927	21.0	31.0	36.0	8.0	36.5	75.6	264.0
1928	30.0	41.0	47.0	12.0	54.2	97.7	346.0
1929	37.0	45.0	59.0	18.0	56.9	123.1	408.0
1930	40.8	44.0	66.0	26.4	48.8	130.4	418.0
1931	38.3	52.0	74.0	47.5	54.6	144.4	468.0

It will be seen that the world's output of rayon yarn reached 468,000,000 lbs. in 1931, as compared with a production of raw silk amounting to about 126,000,000 lbs. The course of prices during recent years has been as follows:—

Period.	Bleached Rayon Yarn, 150 Denier.		
	United Kingdom (duty paid).		United States.
	Standard Filament.		New York.
	Viscose.	Acetate.	Viscose.
	Per lb. s. d.	Per lb. s. d.	Per lb. s. d.
1924	Not available	Not available	2.11
1925	9 2(a)	11 1(a)	2.00
1926	8 5	10 9	1.81
1927	7 11	9 9	1.49
1928	7 1	7 10	1.50
1929	5 8	7 3	1.24
1930	4 9	6 3½	1.05
1931			0.75

(a) Average September-December.

Despite the astonishing advance of the rayon industry, its output forms as yet only a very small proportion of the total world production of textile fibres. As rayon is not only competing with silk, but also with cotton and wool, the potential demand for this artificial fibre is enormous. The profit-earning capacity of the rayon industry reveals, however, a different story. While demand increased by leaps and bounds, productive capacity increased even faster. The fight for markets has been intense since 1928 and prices have consequently been driven down continuously, thus leaving little or no margin between cost and selling price. Many of the smaller concerns, however, have been driven off the field, and although some time may elapse before equilibrium is re-established between supply and demand, the future profit-earning capacity of the industry seems ultimately assured.

CANADIAN RAILWAY REFORMS.

(BY OUR CANADIAN CORRESPONDENT.)

THE full text of the Report of the Duff Commission on Railway and Transportation problems has now been submitted to Parliament. It is a very illuminating document, and offers most damning evidence of the extravagant management of the State-owned Canadian National system and the extent to which political interference has contributed to this evil. For example, it cites the year 1929—with a general election looming on the horizon—as evidence of what political and public pressure

were able to accomplish. In the fiscal year 1929-30 the sums authorised by Parliament on Canadian National account reached a total of \$192,000,000, and the net increase for 1929 in the funded debt of the Canadian National Railway due to the public was \$144,670,459, whereas the annual increase for the previous six years had averaged slightly under \$29 millions. The Commission found that "a red thread of extravagance" ran through the whole management of the Canadian National Railway and made the following observations about political interference:—

When considering the scale upon which branch line extensions and acquisitions, as well as hotel expenditures, were made and railway and steamship services duplicated, it is impossible to avoid the conclusion that the board of directors and the management of the C.N.R. were amenable to political influence and pressure which it would have been in the public interest to withstand.

The Report finds that, when faced with the challenge of the State-owned system and its ambitious projects of expansion, the Canadian Pacific Railway felt compelled in its own interests to meet the challenge; but the Commission, while admitting the difficult position of the Canadian Pacific Railway, is severe in its strictures upon some of its business adventures and asserts that it is impossible to absolve it "from a share in the general competitive folly."

With regard to the future, the Commission is profuse in its recommendations. If these do not exactly offer any certain hope of a solution of the railway imbroglio, they do promise, if they are carried out, to effect some reductions in the Dominion's annual transportation bill. The Report outlines a plan for the more efficient management of the Canadian National Railway system whereby a board of three trustees would be substituted for the present cumbersome directorate of seventeen and given almost autocratic powers, subject only to responsibility to Parliament; under it the possibilities of political interference and community pressure would be, if not eliminated, greatly reduced, and the only relation of Parliament to the railway would be the duties of scrutinising the reports of the trustees and voting each year the sum required to meet any deficits.

The conviction is expressed that the capitalisation of the Canadian National Railway, which is placed at \$2,669,926,371, should be drastically written down to manageable dimensions in reasonable keeping with its annual earning power; but it is added that the present time is not opportune for such a step. The Report urges that there should be a cessation of the aggressive and uncontrolled competition which has prevailed between the Canadian National Railway and the Canadian Pacific Railway; it gives various examples of wasteful duplications of services and points out that if some scheme of co-operation had existed during the last nine years, it should have been possible to avoid one-third of the expenditure of \$162½ millions incurred by the two railways in the period 1923-31 on the construction and acquisition of branch lines. It proposes that a statutory duty should be imposed upon the two systems to co-operate for the avoidance of senseless duplication of services, and that for this purpose directors of the Canadian Pacific Railway should at regular intervals hold conference with the Canadian National Railway trustees. But, conscious that sharp divergences of opinion may arise on the question which party is to make sacrifices in the interests of economy, the Commission makes the suggestion that an arbitral tribunal of three should be set up, with the Chief Railway Commissioner as chairman, to function in the rôle of referee about all disputes.

The Report devotes a whole chapter to the competition of other transport agencies, notably the motor vehicle, which is admittedly an important contributory cause of the railways' difficulties. It finds that the transfer of passenger traffic from the railways to the motor coach has not yet reached in Canada large dimensions, but that the private motor car has the main responsibility for the diversion of traffic to the highways, with the result that the short-distance passenger traffic of the railways has

shrunk to small proportions and their long-distance passenger traffic is threatened. Moreover, the motor truck, chiefly the privately-owned vehicle, has made serious inroads upon the short-distance freight traffic of the railways. The Commissioners admit that this diversion of traffic is due in many cases to the fact that conveyance by road is either intrinsically a more suitable, more convenient or definitely cheaper form of transport; but they feel that in so far as the diversion is due to lower costs as a result of motor vehicles not bearing their fair share of the cost of highways or enjoying immunity from regulations analogous to those imposed on other forms of transport, such diversion may well be opposed to the best interests of the country. The opinion is therefore expressed that a fair basis of competition between these two transport agencies must be found.

The Report points out that the freight-rate structure of the Canadian railways was established on the assumption that the transportation of freight was to all intents and purposes a monopoly of the railways; and upon this hypothesis tariffs and tolls have been fixed upon a comparatively high scale for the carriage of short-distance package freight and for express services, and upon a lower and less remunerative scale for the transportation of heavy and bulky commodities which are generally conveyed over long distances. So the suggestion is advanced that, if the railways lose a large part of their profitable short-distance traffic to the roads, a readjustment of the whole freight rate structure may be necessary, with a possible increase in the rates charged for the long-distance and heavy traffic. This suggestion is naturally viewed with considerable suspicion in the western provinces, where the farmers fear it may foreshadow an attempt to secure higher rates on grain.

The Commission is opposed to any restrictions which would unfairly prejudice the use of roads, but it holds that the railways should be empowered to provide and operate services of road vehicles and also that they are entitled to a measure of protection from long-distance road competition and an equalisation of the conditions under which short-distance traffic is conducted. But in view of the fact that, under the Canadian constitution, the regulation of road transport falls within the exclusive jurisdiction of provincial authorities, the Commission finds it inadvisable to make any specific regulations about the regulation and taxation of motor transport. It proposes simply that the Federal and Provincial Governments should hold a joint inquiry into the problem and try to reach a measure of agreement upon the general principles which should govern the regulation and taxation of motor vehicles, and that the application of these principles should be left to a consultative committee formed by the Federal and Provincial Governments.

The Report declares that the competition of aviation services remains too negligible to merit any special treatment, but it discusses the competition of waterways at some length and finds that it has not been an important factor in producing the present difficulties of the railways. It holds that the imposition of tolls on the inland canals which are now free would not help the railways, and that the position of the railways is not likely to be seriously prejudiced either by the Hudson Bay route or the projected St. Lawrence Waterway. The Commission also devoted some attention to the general question of freight rates and tolls, and while declaring that any adjustment of them was inadvisable at the present juncture, it propounded the view:—

That even under more favourable circumstances the financial position of the railways may be such as to demand that the whole question of tariffs and tolls in its widest sense should be the subject of special investigation with a view to determining whether or not the existing rates charged for the conveyance of freights are just and reasonable both to the railways and their customers.

On the whole, the Commission's Report has had a favourable press and its terms have come rather as a relief to the supporters of public ownership, who are pleased about the recommendation to preserve the integrity of the Canadian National system.

A OUR MANCHURIA SUPPLEMENT.

THIS week the *Economist* publishes, as a Special Supplement, an abridgement of the Lytton Report. It is our hope that by thus facilitating the study of an admirable and important State paper, which is to be dealt with this month by the League of Nations, we may be contributing usefully to the fuller understanding of a complex and critical problem. At the same time, readers of the *Economist* may find it convenient to remind themselves of the genesis and *raison d'être* of the Lytton Commission.

The Sino-Japanese dispute in Manchuria, which had broken out into open conflict on September 18-19, 1931, was a matter of concern to other parties, besides the two protagonists, in virtue of the Covenant of the League of Nations and the Multilateral Pact of Paris (the Kellogg Pact) and the Washington Nine-Power Treaty regarding the integrity of China. In the action taken to deal with the Manchurian crisis the States Members of the League have been acting under the Covenant, and the United States under the Kellogg Pact.

In the Covenant there are two alternative Articles which can be invoked in a dispute of this kind. The milder alternative is Article 11, which does not commit the League to taking any specific kind of action, and which requires a unanimous vote of all parties represented on the Council, including both the disputants, before any action can be taken at all. The other alternative is Article 16, on which action can be taken by a unanimous vote of the Council not including the two disputants. This Article requires League members to apply at least economic sanctions against any party which has committed an act of aggression against the territorial integrity and existing political independence of any State member (Article 10) or which has resorted to war in disregard of its covenants under Articles 12, 13 or 15.

China has now invoked all the relevant Articles of the Covenant, but her original appeal, on September 21, 1931, was made solely under Article 11, and her invocation of the other Articles was not made until after the Lytton Commission had been appointed.

When the dispute was formally brought to the attention of the Council of the League by this appeal of China under Article 11, the Council tried to follow the policy which they had already applied to the Græco-Bulgarian dispute of 1925 and to the Bolivian-Paraguayan dispute of 1928-9. They called on the parties to cease fighting and to return to the military and political *status quo ante* before taking up the substance of the dispute on its merits. They also decided to communicate all their proceedings to the Government of the United States as an interested party under the Kellogg Pact and the Nine-Power Treaty.

On September 30, 1931, a unanimous resolution (including the Japanese vote) was secured on the Council which took note of a Japanese statement that Japan had no territorial designs in Manchuria and that she was withdrawing her troops as rapidly as possible. In this resolution the date of the next meeting was fixed for October 14th, but the date was anticipated because the Japanese troops, so far from withdrawing, extended their occupation in the interval.

At the meeting of the Council which thus opened on October 13, 1931, a United States assessor sat with the Council, at the Council's request, to consider matters arising under the Kellogg Pact. This invitation was opposed by Japan, but was voted, over Japan's head, as a matter of procedure, i.e., as implying no more than the communication of the Council's proceedings, to which Japan had already assented, in an oral form.

At this session there was a deadlock; for Japan refused either to name a date for the completion of the withdrawal of her troops or to negotiate on the substance of the dispute in the forum of the League. She declared that she would only negotiate with China *à deux*, and that she would only withdraw her troops after such negotiations had resulted in agreement—conditions which China refused.

Thereafter, a committee of all Council members, other than the two disputants, drafted a resolution calling upon

Japan to withdraw her troops completely before the next meeting of the Council, which was fixed for November 16th. On October 24th a Japanese counter-project was rejected by 13 votes to 1, but on the same date the draft resolution of the "Committee of Twelve" was vetoed by the single vote of Japan against the 13 votes cast in favour of it.

At the next meeting of the Council, which duly opened in Paris on November 16th, no American assessor sat with the Council, though General Dawes was in Paris, on the United States Government's behalf, while the Council was in session.

In the meantime the Japanese had not only refrained from acting on the (invalid) draft resolution of October 24th, but had actively extended the area of their occupation still farther.

It was in these circumstances that the Japanese delegate proposed to the Council on November 21st "that the League of Nations should send a commission of inquiry to the spot"; and on December 10th a resolution embodying this proposal was passed by the Council unanimously, including the votes of both Japan and China.

This was the genesis of the Lytton Commission. The members appointed were drawn from five nationalities (British, French, German, Italian, American), but they were appointed as individuals and not as representatives of their respective countries. The Commission left for the Far East on February 3, 1932; the history of subsequent developments, including the Shanghai fighting, is given in the Report itself.

The Report of the Commission falls into two parts—(1) findings on facts; and (2) recommendations for action. The first eight chapters give an objective picture of the situation. Starting with a lucid account of the relations between Manchuria and (a) the rest of China, and (b) other countries, the Report traces the origin and growth of economic and political friction with Japan. The evidence in the matter of Captain Nakamura's murder in September, 1931, is examined, and the Japanese military operations which followed that incident are carefully noted. The part played by Japan in the formation of the new State of "Manchukuo" is analysed; and consideration is given both to the attitude of the people of Manchuria and the interests of other parties—China, Japan, Russia and other countries—in that region.

Chapters IX and X, whose text we reprint almost *in extenso*, contain the principles and suggested procedure on whose lines, the Commission consider, a solution is to be sought. The Report emphasises, on the one hand, the necessity of orderly government in Manchuria and the avoidance of a recurrence of past troubles; on the other hand, it is pointed out that continuance of the present régime of "Manchukuo" would create an "irredentist problem," contrary to the best interests of all concerned and in contravention of the principles of international obligations. An attempt is, therefore, made to formulate conditions under which the "rights" of China can be reconciled with the legitimate "interests" of Japan and other countries; a solution is propounded whose aim is at once realistic and in conformity with the provisions of the Covenant, the Kellogg Pact and the Nine-Power Treaty. Manchuria should be accorded, under Chinese sovereignty, a large measure of local autonomy, with the assistance of foreign advisers; new treaties defining "rights" should be concluded; and the Japanese army should withdraw.

From the point of view of the immediate problem which will confront the League this month, matters are complicated by the fact that on September 15, 1932, after the Lytton Commission had left the Far East, though not without the Commission's foreknowledge, the Japanese Government recognised "Manchukuo," and a protocol was signed between the two Governments whereby "Manchukuo" confirmed all existing Japanese "rights" and claims. It is evident that the solution which the Lytton Report advocates clashes with the declared intentions and overt acts of Japan. The question which the League has to decide is whether, and how, Japan is to be constrained to accept the findings of a Commission for whose appointment Japan herself originally asked.

Notes of the Week.

The Full Tale of Conversion.—With this week's successful issue of £300 millions of 3 per cent. 1948-53 stock at 97½—an issue whose market attractions we discuss in an Investment Note on a later page—the Government has completed a series of Conversion operations whose aggregate results merit a brief survey in retrospect. The story is continued in two chapters—Preparation and Fulfilment. In Chapter I fall, first, the March 16th re-financing, when holders of some £116 million of 4½ per cent. Treasury Bonds maturing on April 15th were offered, alternatively and at proportionate terms, either 4½ per cent. Conversion Loan or 4 per cent. Consols; and secondly, the April 29th issue of 3 per cent. 1933-42 Treasury Bonds redeemable by annual drawings—an operation which at once tested the short-term market and put the Treasury in possession of ready funds for general purposes. The Fulfilment Chapter can be summarised in the following table:—

Stock.	Amount Outstanding.	Redeemable.		Interest Rate.	Required for Annual Interest.
		Earliest.	Latest.		
<i>Position as at June 30, 1932.</i>	£'000			%	£'000
War Loan	2,084,994	1929	1947	5	104,250
War Loan	12,804	1925	1945	4½	576
Treasury Bonds	140,313	1932	1934	4½	6,314
Treasury Bonds	14,076	1933	1935	4½	633
Treasury Bonds	114,608	1933	1935	5	5,730
Total	2,366,795	...	...	...	117,504
<i>Position as at Feb. 1, 1933.</i>					
War Loan	1,920,000	1952	...	3½	67,200
Treasury Bonds	150,000	1935	1938	2	3,000
Conversion Loan	300,000	1948	1953	3	9,000
Total	2,370,000	...	...	...	79,200

Little more by way of conversion can be done until the 4½ per cent. Conversion Loan (£373 millions outstanding) becomes "callable" in 1940; but, even so, the results achieved in the past four months are noteworthy. Over 96 per cent. of the nation's internal debt has been converted from an interest rate averaging not far short of 5 per cent. to one of less than 3½ per cent.; and the gross saving in interest is approximately £38 millions per annum. Allowing for loss in income-tax receipts, the Budget is lightened by roughly £30 millions. Considering that, four months ago, the Government's credit was on a 4 per cent. basis, at best; that sterling has undergone since mid-summer a serious depreciation; that fully 4 per cent. is still obtainable on high-grade bonds abroad; and that the Budget is balanced precariously enough, even if we pay no more on War Debt account to the United States—the Treasury is entitled to praise for its boldness, adroitness and success. Yet, ungrateful though such an addendum may appear, honesty compels us to append one qualification to this story of financial achievement. *C'est magnifique, mais ce n'est pas la prospérité.* Welcome though the relief to the Budget may be, the fact remains that there is a reverse to the medal. Balancing the budget was a key move; but, having made it, the Government have been able to re-borrow so cheaply, not because of restored well-being in Great Britain, but because the unparalleled depression of trade, intensified by their own commercial policy, has resulted in a sterile glut of idle funds unable to find productive employment. Unless and until the Government's policy succeeds in revivifying industry, the potentially enormous indirect benefits of the lowering of the rate of interest on "riskless" borrowing will be barren when measured against the scale of unemployment and destitution.

U.K. and I.F.S.—The memoranda fired at each other in artillery fashion, during October, by the Governments of Whitehall and Dublin serve only to strengthen the impression that the unbridged gulf in respect of the financial issues is almost unbridgeable between disputants who approach the matters at issue from such very different points of view. We have no mind to rehearse in detail the tale of these frustrate arguments; the sorry

record (Cmd. 4148) is available (H.M. Stationery Office, 4d. net) for those who will to study. Many of Mr de Valera's arguments—for example, that the Irish Free State is entitled to reparation for excessive tax payments made since the Act of Union, and that Southern Ireland suffered material damage from the suspension of the gold standard in 1931—lack substance and sense; and the pleadings submitted by Dublin against the British case in respect to the Land Annuities are, to say the least, finely drawn. But, when the last word is said in this splitting of legal straws, this ransacking of ancient history for grievances, the fact remains that, rightly or wrongly, Southern Ireland, represented accurately enough in this connection by Mr de Valera, feels deeply and sincerely that the financial agreements of 1923 and 1926 were inequitable, and that since they were never submitted by the Cosgrave Government to the Dail for ratification—the alleged reason being that Mr Cosgrave knew he had bowed to *force majeure*—they are not valid. To answer this argument, as the British Government have done, by citing simply "the recognised practice" of nations making treaties is, in Irish opinion, not to answer it at all; and, equally, the blunt British negative to all the Irish financial counterclaims leads only to a complete deadlock. Here, surely, was a case for compromise which might have won a response from the Irish people if a more generous British gesture, involving a comparatively trifling money cost, had been made. The legal rights of the case are unimportant in relation to the fact that, whether the British tariff war reinstates the Cumann-na-Gaill and drives Fianna Fail from power at the cost of widespread Irish starvation, or the Republican movement triumphs amid the ruins, nothing is now gained by the present clash—not money, nor British prestige, nor anything but mutual impoverishment and bitterness over an issue which we could well afford to settle liberally, without futile punctilio or insistence on endlessly disputable "rights."

Anglo-Egyptian Relations.—The first move towards a fresh attempt to negotiate a settlement of Anglo-Egyptian relations appears to have been taken some weeks ago when the present Prime Minister of Egypt, Ismail Pasha Sidki, had a conversation with Sir John Simon at Geneva. On October 28th, Mr. Eden stated, in reply to a question in the House of Commons, that the British Government "make no reservation in regarding the present Egyptian Administration as one with which Anglo-Egyptian relations both have been and may continue to be developed at the time in the manner which appear most suitable for the purpose." The same evening, at Cairo, Sidki Pasha referred, in a public speech, to his conversation with the British Secretary of State, declared that the meeting had taken place on Sir John Simon's initiative, announced that they had found themselves in agreement as to the need for further Anglo-Egyptian negotiations, and added that Sir John Simon had praised his (Sidki Pasha's) administration and had expressed his readiness to negotiate with the Sidki Government as a suitable representative of Egyptian interests. All this is very like the opening moves in the negotiations between Sir Austen Chamberlain and Sarwat Pasha and in the subsequent negotiations between Mr Arthur Henderson and Muhammed Pasha Mahmud, and thereafter with the Wafd Administration, under Nahhas Pasha, by which Mahmud Pasha's Government was superseded. These two attempts both fell through; but it may be added that they have not been labour lost; for, between them, they provided agreement on the greater part of the issues outstanding between Egypt and this country, and the Henderson-Nahhas negotiations came within an ace of achieving a comprehensive settlement—breaking down at the eleventh hour over the question of Egyptian immigration into the Sudan. On that occasion, it was expressly promised on the British side that any fresh negotiations should start from the point which these last negotiations had reached; and, since agreement had been attained on the question of the stationing of British troops in Egyptian territory in the Canal Zone, the Sudan remains the one outstanding crux (albeit a formidable crux) that remains to be dealt with.

There is, however, a difficulty apart from the questions at issue between the two countries; and this is the connection between Anglo-Egyptian relations and Egyptian internal politics. Hitherto, the usual course of events has been for the Egyptian Government conducting negotiations to be pushed by the Egyptian Nationalist pressure into taking a stand which has eventually caused a breakdown, and then to be thrown out of office on account of its failure to carry the negotiations through. This happened in turn to Sarwat Pasha and to Nahhas Pasha, and Sidki Pasha is Nahhas's successor. The trouble is that while the Wafd party, which Nahhas represents, discredited itself in office (rather like the Kuomintang in China), it is at the same time true that the Wafd is the only political force in Egypt that can fairly claim to have a wide measure of popular support behind it. Ismail Pasha Sidki really represents nobody but King Fuad. He came into power by riding rough-shod over the former constitution, and the constitution has since been drastically revised in an anti-democratic direction. The imprimatur which the Sidki Government has now received from the British Government will doubtless strengthen its position in Egypt; and, in return for this friendly office, it is conceivable that Sidki may show himself more accommodating over the Sudan than his predecessors. The question is whether an Anglo-Egyptian treaty negotiated on this basis is likely to outlast Sidki Pasha's tenure of office; and if there is any analogy in the recent history of Turkey, the future lies in Egypt, on a long view, with the Wafd, and not with the Palace.

The New Government in Czechoslovakia.—The Cabinet Crisis in Czechoslovakia was solved last Saturday on lines of compromise which have made it possible to form a parliamentary administration instead of resorting to the old pre-war Austrian expedient of a Cabinet of officials. In the present case there would have been some irony in the use of this device, since the difficulty which threatened to produce a parliamentary *impasse* was the opposition of the Social Democrats to the proposed cuts in the pay of Civil Servants. On the compromise that has been arrived at, about four-fifths of the cuts proposed by the late Government have been accepted. The balance, amounting to some 150 million Czechoslovak crowns, will have to be provided for either by cuts under other heads or by increased taxation, since it is common ground that the Budget must be balanced. The new Government, which has been formed by the Speaker of the Chamber, Mr Malypetr, does not differ very greatly in personnel from its predecessor; and, in foreign eyes, the most interesting point of identity is the fact that Dr. Benesh retains his portfolio as Foreign Minister, though it may be assumed that in any case Dr. Benesh would have continued to represent Czechoslovakia at the Disarmament Conference. It is a noteworthy symptom of healthiness in the internal politics of Czechoslovakia that in this crisis, which was concerned with a social question, the parties should have divided on social and not on national lines—the Czech and the German Social Democrats acting together throughout. To some extent, no doubt, this may be ascribed to the severity of the pressure of the economic crisis. But a comparison with the contemporary situation in certain other "successor States" shows that even the crisis does not avail, in all circumstances, to put Nationalism in its place. The Czechs are to be congratulated on having pursued, since the birth of Czechoslovakia, a policy of moderation towards the non-Czech minorities in the country. This policy has certainly been justified by results.

M. Herriot's Visit to Madrid.—For two generations it has been the ambition of the Spanish intelligentsia to "europeizar" their country—by which is meant that Spain should escape from her cultural isolation and take her full share in progressive and international activities. It is against that psychological background that we have to consider the effusive welcome which M. Herriot received on his visit to Madrid this week. The close relations of the Left Government in France and Repub-

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lican Spain are natural enough. But the time has gone past when Liberalism in Spain is to be identified with support of French policy in Europe in all circumstances. Hence the somewhat pained surprise which M. Herriot has expressed at finding an undertone of criticism of French policy with regard to disarmament. For the same reason—namely, that the majority of the Spanish people would not stand for it—it is not necessary to attach much credence to the suggestion of a secret agreement for a Franco-Spanish alliance to meet the danger of eventual conflict between France and Italy. At the same time, this has to be borne in mind as a possibility of the future in the event of a failure at Geneva. And the voting at this moment of a special credit in the Cortes for dredging the harbour of Port Mahon (Minorca) may conceivably cause some heartburning in Italy.

Nemesis in Bolivia.—Among the distracting anxieties that are pressing upon the minds of all peoples all over the world, we have been apt to forget lately that, for some months past, the dismal region of the Gran Chaco, in the feverish heart of South America, has been the theatre of "a sort of a war." The recrudescence of hostilities in the territory disputed between Paraguay and Bolivia has not been prevented by the peace-making efforts of the League of Nations or the Pan-American Organisation or individual friendly Powers; and, as far as can be made out, the bellicose party on this occasion, at any rate, has been not Paraguay but Bolivia. Trusting in their larger population and their somewhat greater ability to purchase armaments on credit, the Bolivians have insisted upon attempting to solve their dispute with their neighbours by force of arms; and it is therefore satisfactory to learn that the fortune of war has been going against the aggressor. The Bolivian superiority in numbers and equipment appears to have been outweighed by the distance of the theatre of war from the Bolivian base, and also, perhaps, by the climatic factor, which is more unfavourable to the Bolivian mountaineers than to the Paraguayan lowlanders. As a result of the fighting which the Bolivian Government has provoked, the greater part of the disputed territory appears to have fallen into Paraguayan hands; and the news of these reverses is having its psychological effect in La Paz. On October 28th, a motion of censure against the Government was introduced in the Chamber. The Government succeeded in evading it by staging an *émeute* and arousing the passions of the crowd by calling its critics traitors and promising victory at an early date. For the moment, the Salamanca Government remains in power at La Paz; but it is beyond its power to ensure the victory which it has undertaken to win; and unless there is a very great change in the military situation in the Gran Chaco within the next few days, President Salamanca's bellicosity may recoil upon the war-maker's head.

The Municipal Elections.—The main interest of this year's municipal elections lay in whether or not they would show a noticeable recovery by Labour from its *débacle* of last year. At first sight this year's result would appear discouraging to Labour, for while they escaped last year's almost unprecedented collapse, they were only able to win a net 11 seats on Tuesday last. This compares un-

favourably with their previous years' record, which, after a heavy débâcle in 1922, was one of rapid and uninterrupted progress from 1923 up to and including 1929. In interpreting the results, however, there are two important facts to be borne in mind. The first is that in contrast to the position in, say, 1927-29, Labour was faced either with Liberal-Conservative pacts or with non-party opposition, which comes to much the same thing; moreover, in certain cases Labour had also Communist or "unemployed" candidates to contend with on its own flank. The second fact is that the seats contested this week were last filled in 1929, for three years is the Councillor's term of office. Now 1929 was cumulatively Labour's "peak" year. Thus, in an unusually large number of cases Labour this year was on the defensive, having a great deal to lose and very little to win. In these circumstances the fact that Labour has improved its position—as a result, doubtless, of the means test and the continuance of severe unemployment—must be regarded as ominous by Labour's opponents.

Trade Prospects and Policy.—The signs and omens of the course, present and prospective, of world trade make a dubious showing. Materially, the recent slight improvement registered by some of the salient trade indicators in the United States has been replaced by evidence of a seasonal recession, and the commodity markets have been overshadowed by the fresh slump in wheat prices. More generally, the indications are little more encouraging. Germany is still at loggerheads with her neighbours over her new quota proposals; and though French opinion, as evidenced by the present policy of the Union of French Exporting Industries, seems more inclined to recognise the necessity of positive action to bring about the progressive lowering of trade barriers, there are disquieting signs in Great Britain of a tendency to acquiesce in defeatist acceptance of theories of narrow, impoverished "autarchy." Thus, to give a significant instance, the latest F.B.I. quarterly bulletin, which issues a warning against "premature optimism" and reminds its readers that no definite steps have been taken to resuscitate international trade from its present stagnation, contains in addition a thesis pointing to the abandonment, temporarily at least, of all hope of restored freedom of foreign trade. For the near future, it is argued, we must accept the fact that world output has out-run consumption in many crucial directions: "the forces of production must for a time at least be controlled." Hence, failing international agreement to limit output, countries must "take steps definitely to exclude from their territories products of foreign plants in cases where domestic capacity is sufficient for domestic needs"—either by manufacturers' cartel arrangements, or by tariffs and quotas, or by a mixture of both methods. The "possible outcome" is to be the organisation of the peoples of the world "into a series of self-sufficing groups or countries." Heaven help us! We willingly concede the desirability of greater "planning," nationally and internationally, of production; but if this pernicious nonsense, which mistakes—in face of the whole history of the nineteenth century—a condition of artificial, crisis-induced glut for a fundamental state of world inability to consume production, and disregards completely society's capacity for readjustment of supply and demand, is to become the accepted doctrine of British industry, the future is dark indeed.

The Copper Duty.—The brief debate upon the duty of 2d. per lb. upon foreign copper proposed in fulfilment of the Ottawa Agreement sufficed to show the many practical difficulties created by this undertaking. The original intention was that the duty was to be removed "if at any time Empire producers... are unable or unwilling to offer these commodities on first sale in the United Kingdom at prices not exceeding the world price and in quantities sufficient to supply the requirements of United Kingdom producers." Obviously both the terms "first sale," and "world price" were extremely vague, while the diffi-

culties attending the duty were further increased by the fact that, so far, Canada can supply only half the British requirements of electrolytic copper, while the Empire cannot supply fire-refined copper at all. In order to find a way out of these difficulties a joint meeting of Empire producers and British consumers was held at the Board of Trade, and the terms of the agreement there reached were announced in a written answer by Mr Runciman on October 28th. In brief, the duty on electrolytic copper is to be imposed only on such a date as the Government may decide in the light of a report, to be made by the joint committee not later than November 5th, as to the availability of adequate Empire supplies, while the duty upon other sorts of copper is to be suspended until Empire producers can fully supply the market. The consumers have agreed to co-operate with the producers to ensure a progressive change-over from non-Empire to Empire copper, and a technical committee is to be maintained to discuss any relevant problems, such as impurities in Empire copper. A joint committee of producers and consumers is also to sit to review the position at intervals of not more than three months. It has been agreed to define the "world price" as being the London Metal Exchange quotations for copper, exclusive of duty, provided that (a) if separate quotations are made for Empire and non-Empire copper, the latter shall be the "world price"; and (b) that this definition can be abandoned if it does not provide the safeguards contemplated by the Ottawa Agreement. On the question of differentials in the case of fire-refined and Bessemer copper, British consumers shall not be placed at a disadvantage as compared with foreign consumers. "First sale" shall mean sale by producers and/or their bona fide agents to any consumer. In last Monday's debate Mr Hore-Belisha claimed that this agreement met all practical difficulties and represented a most promising interpretation of the spirit of the Ottawa Agreement by the representatives of a great industry. So far, so good; but it remains to be seen how it works out in practice, and already the Government have had to concede in the Bill that Empire copper may enjoy the preference, even though refined outside the Empire. Our first impression is that if the agreement is properly carried out, the duty on fire-refined copper will remain in suspense for an indefinite period, and we notice that this view is shared by no less an advocate of Protection than Mr Amery. In the debate Mr Amery also had some practical remarks to make on the difficulty of defining the world price of a commodity, and for once we find ourselves in agreement with him. While we congratulate the Government on having secured the initial co-operation of representative producers and consumers, we are afraid that their copper troubles are only just beginning.

Cotton Spinning Stoppage.—A lamentable stoppage of work in the spinning section of the Lancashire cotton industry started on Monday last. The decision to refrain from working at mills which attempted to put into operation the wage reduction of 1s. 6d. in the pound—this being the figure provisionally agreed upon between the leaders of the employers and the operatives during the previous week—was reached at a delegate meeting of the Operative Spinners' Amalgamation in Manchester last Saturday. Branch and shop meetings had been held to consider the settlement terms, and the three chief spinning centres—Oldham, Bolton and Rochdale—instructed their delegates to oppose the wage reduction. As these three areas held a sufficient number of votes to carry the day, the result of Saturday's meeting was a foregone conclusion. By an overwhelming majority a strike was declared, with the result that, according to official returns received by the Master Spinners' Federation, 97 per cent. of the mills were shut down. The operatives, two trade unions—the Operative Spinners' Amalgamation and the Cardroom Workers' Amalgamation—are now taking a ballot of their members on the issue. The results will be declared in Manchester on Saturday and it is expected, writes our Manchester correspondent, that an insufficient number of votes will be cast in favour of continuing the strike. In the case of the Operative Spinners'

Amalgamation, a majority of 80 per cent. has to be obtained if the stoppage is to be continued. The Executive Committees of the two trade unions have issued circulars accompanying the ballot forms, strongly urging all members to vote against the strike. The leaders state that the reduction of 1s. 6d. in the pound is the best that could be obtained and that, if the agreement is ratified, it will guarantee the 48-hour week, and will also provide for the discussion of the wage rates of low-paid operatives. The Ministry of Labour will not take any further action in the matter until the ballot results are known. If the strike is called off, Mr P. W. Leggett will return to Manchester at the beginning of next week for the formal signing of the wages agreement and also to resume discussions on such questions as conciliation, machinery, reinstatement, and rates for low paid operatives.

Sterling and International Prices.—During the past fortnight international "gold" prices, led by wheat, have fallen violently to a fresh record low level. Since the "peak" of the recovery touched on September 7th the decline has amounted to over 16 per cent.

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsamt, Germany.
	British Complete Index (sterling).	British Primary Products (sterling).	International Gold Prices.				
1932.							
Jan. 27th	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th	105.8	105.4	83.6	89.6	97.0	95.3	90.3
June 1st	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 25th	97.4	99.3	80.5	86.4	91.5	89.5	88.1
July 27th	99.5	103.5	84.1	88.3	91.3	88.5	88.1
Aug. 24th	102.5	111.8	89.3	89.8	89.0	89.3	87.1
Sept. 7th	107.1	120.2	94.7	92.7	89.0	91.5	87.9
Sept. 21st	106.0	117.4	89.6	90.5	89.7	91.2	87.1
Oct. 5th	104.6	115.3	85.7	88.6	88.8	92.7	86.8
Oct. 19th	103.1	112.3	84.0	87.9	...	92.8	86.4
Nov. 2nd	102.6	110.9	79.4	87.9	...	92.8	86.4

* These figures relate to October 26th.

Since October 19th the exchange value of sterling against the dollar has depreciated by a further 10 cents, and the level of sterling prices, as the foregoing table shows, has in consequence not reflected fully the fall in international prices in terms of gold. Between September 7th and November 2nd the aggregate fall in the complete Economist index has been of the order of 4 per cent. only. Sectional figures are given below:—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	Oct. 19, 1932.	Nov. 2, 1932.
Cereals and meat	64.5	62.2	61.8
Other foods	62.2	63.8	63.9
Textiles	43.7	50.4	50.1
Minerals	67.4	75.3	74.7
Miscellaneous	65.8	62.4	62.2
Complete index	60.4	62.3	62.0
1913 = 100	83.1	85.7	85.3
1924 = 100	52.2	53.8	53.6

During the past fortnight the majority of the items included in our index have cheapened slightly, but the index on balance has fallen by only one-half of 1 per cent., the fall in the primary products index being just over 1 per cent.

Industrial Reorganisation.—A correspondent writes:—The inability of the Import Duties Advisory Committee to report any progress in the reorganisation of the steel industry months after its much-belauded achievement in securing the appointment of a national steel committee for this purpose; the disclosure that the colliery owners are still discussing, without any apparent enthusiasm, the limited proposals for amending the quota and price-fixing system; and the almost complete silence that has fallen on the various cotton reconstruction schemes, make it difficult to hold any optimistic views about the

Next week's Economist will include a special Supplement dealing with

THE WAR DEBTS

and analysing the history of these obligations and the immediate problem.

future of these great staple industries. The main trouble is common to all three. It is the persistence of an individual as opposed to an "industry" outlook, and the consequent impossibility, until a radical change occurs, of harmonising conflicting interests sufficiently to bring about united action over a wide field. Those who are familiar with the currents of feeling in the steel industry have good reason for the inference that the impotence of the national committee is due to failure to obtain agreement on policy rather than to the persistence of low-price imports, which provides the Import Duties Advisory Committee with a ready excuse for yielding to the importunities of the steel manufacturers. The bodies representing the coal industry do not find it easier, with similar opposing interests, to win acceptance for what may fairly be described as tinkering proposals than they would for a scheme of fundamental reorganisation. The suggestion of the president of the Miners' Federation that, while reorganisation is necessary, the immediate need of the industry is a wider market at economic prices (that is, for coal provided at present production and distribution costs) seems to imply acquiescence in a price-raising policy in the effort to secure national consideration of wages. The cotton employers will probably sit down to await the results of lower wage costs, and later on the process of elaborating new schemes of reorganisation, or revising old plans, will begin again. It is a dispiriting spectacle of the shelving of a task which sooner or later, and perhaps too late, events will compel either the three industries, or a Government confronted with serious social dangers, to carry through.

The Volume of Overseas Trade.—Last week's Board of Trade Journal contained the usual quarterly article, revealing the trend in the value of our overseas trade by the elimination of changes in prices. The table below shows the volume and value figures for retained imports and domestic exports in 1924 and since 1930:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS.

Period.	Retained Imports.				Exports of Domestic Produce.			
	Declared Values.	Index of Average Values.	Values in terms of 1930 Values.	Index of Volume.	Declared Values.	Index of Average Values.	Values in terms of 1930 Values.	Index of Volume.
	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.	1930 = 100.
	Million £.	Million £.	Million £.	Million £.	Million £.	Million £.	Million £.	Million £.
1924	1,137	135.0	842	88.0	801	120.8	663	116.2
1930	957	100.0	957	100.0	571	100.0	571	100.0
1931.								
1st quarter	192.5	84.5	227.7	95.2	103.3	93.2	110.9	77.7
2nd "	189.7	82.0	231.2	96.6	95.8	90.8	105.6	74.0
3rd "	191.0	79.1	241.5	100.9	93.2	87.8	105.2	74.4
4th "	225.0	79.0	284.8	119.0	96.8	86.0	112.5	78.8
1932.								
1st quarter	177.3	78.4	226.1	94.5	92.3	84.4	109.4	76.7
2nd "	153.3	75.3	203.7	85.1	94.7	84.3	112.3	78.7
3rd "	150.5	72.7	207.1	86.5	84.1	82.0	102.5	71.9

The salient feature brought out by this calculation is the sharp drop of 8.6 per cent. in the volume of domestic exports in the third quarter of the current year despite a reduction of 2.8 per cent. in average values and the further depreciation in the gold value of the pound. Clearly, the boomerang effect of the Government's tariff policy is already making itself felt to the detriment of

British exporting industries. Revalued on the basis of average values in 1930, domestic exports of wholly or mainly manufactured goods declined from £87,765,000 in the second quarter to £79,230,000 during the July-September period. Partly manufactured goods, at £11,535,000, showed a reduction of £800,000 on the second quarter. The volume of retained imports, though slightly higher than during the abnormal period following the imposition of the new import duties, shows a reduction of 13 per cent. on the corresponding quarter in 1931. As compared with the second quarter of the current year, retained imports of food, drink and tobacco, as revalued by the Board of Trade, increased from £110,663,000 to £115,441,000, and those of wholly or partly manufactured goods, at £45,275,000, show an advance of £3,128,000. On the other hand, and this is ominous, retained imports of raw materials declined from £48,750,000 to £45,193,000.

The 1930 Census of Production.—Volume XX. of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers the paper, printing and publishing trades. The following summary shows the gross value, the net value (gross value, less cost of materials and work given out to other firms) and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Printing, bookbinding ...	Thous. £ 56,033	Thous. £ 54,916	Thous. £ 35,885	Thous. £ 36,091	£ 214	£ 222
Printing and publication of newspapers & periodicals	45,298	50,205	31,291	35,649	552	518
Manufactured stationery	10,656	10,490	5,264	5,816	134	134
Cardboard boxes	7,048	10,352	3,851	5,242	170	164
Pens, pencils	2,115	2,317	1,288	1,341	179	176

In contrast with the case of many industries, the results of the census of 1930 in the paper, printing and publishing trades compare favourably with 1924. The average number of persons employed in the printing, bookbinding, stereotyping, engraving and kindred trades declined from 167,355 in 1924 to 162,940 in 1930. There was a decrease in the value of the gross output of the industry, but the value of the net output increased from £35,885,000 to £36,091,000, chiefly as a result of an increase in the output per person employed. The expansion in the production of newspapers and periodicals has been substantial. The gross value of daily newspapers alone advanced from £26,187,000 in 1924 to £30,045,000 in 1930. The average number of persons employed in this industry increased from 56,724 to 68,888. Despite the decline in the selling price of stationery, amounting to 23 per cent. in the case of notepaper and pads, the total value of the net output of this trade was considerably higher than in the earlier census year. The production of paper and cardboard boxes increased from 3,156,000 cwts. in 1924 to 3,839,000 cwts. in 1930.

Hongkong Trade.—Our Hongkong correspondent writes:—The question exercising the minds of those engaged in commerce here is whether Hongkong and South China are at last beginning to feel the effects of the world depression. The past few months have seen a perceptible slowing down in trade generally. Prices of merchandise of all descriptions are declining alarmingly, new business is on a hand-to-mouth basis, and the export of China produce is at a very low ebb. Money seems to be plentiful, but much of it is lying idle on deposit with banks. There is little incentive to employ it on the Stock Exchange, for most local shares have been sagging badly, and there seems to be no demand for trade purposes. Remittances from abroad by Chinese, normally a very important factor in the trade balance, have fallen to a negligible figure, and until there is a revival in the rubber, tin and plantation industries of the Straits and Java these remittances are not likely to regain their

former volume. The virtual cessation of trade with Japan, the revolution in Siam, and the further political unrest in Canton, are all contributory causes of depression, while the higher Chinese Customs tariff, coupled with ever-increasing taxes, are imposing a severe check on trade with the interior. The outlook at the moment is certainly gloomy, and faith in China's powers of recuperation is by no means as firm as it was in the past. The statistics of Hongkong trade for the first half of 1932 show a decline in local currency values but an appreciable increase in sterling, as follows:—

	January-June, 1932.	January-June, 1931.
Imports	\$335,400,000 (£22,100,000)	\$367,000,000 (£17,700,000)
Exports	\$242,300,000 (£16,000,000)	\$272,700,000 (£13,200,000)

Imports from the United Kingdom for the first half of this year were \$46,439,000, an increase of \$2,300,000 compared with the first half of 1931. The percentage of British to total imports rose from 12 to 13.8. On the other hand, exports from Japan fell from 10 per cent. of the total for the first half of 1931 to 2.9 per cent. for the corresponding period of this year. During the past half-year there have been some big movements of treasure, the imports being valued at \$43 millions as compared with \$26 millions for the first half of 1931. The corresponding figures for exports were \$54 millions as against \$60 millions. The buying season for cotton fancy piece-goods for next spring opened early in the month. At the time of writing very few transactions have been brought to book. Local dealers have been offering on a ridiculously low basis, and although in the meantime exchange has improved from 1s. 3½d. to 1s. 4½d., Manchester prices have advanced by a greater proportion. Last year well over 20,000 packages were booked, but clearances were disappointing, and it is estimated that the carry-over is between 6,000 and 7,000 packages. The strike in Lancashire will jeopardise shipments, and it is not unlikely that business will be brought to a standstill. The reluctance of dealers to place their orders earlier can be accounted for by the experience of the last few years, when Manchester prices declined as the buying season advanced, so that dealers booking later were at an advantage over those who had done so in the early part of the season. From the importer's point of view the piece-goods business has been so unremunerative for the past few years that dealers' offers which show no reasonable margin are being being declined even if it means the lapsing of well-established "chops." The general feeling is that the smaller the quantity booked this season the better prospect there will be for clearing off old stocks next spring.

German Film Finance.—Our Berlin correspondent writes:—The Universum-Film A.-G. (Ufa) is one of the few German industrial concerns able to declare a dividend for the business year 1931-32. A dividend of 4 per cent. is declared on the stock capital of Rm. 45 millions, against 6 per cent. last year. Ufa's net profits have hardly decreased, a fact which astonished the German public the more because in the last few weeks no less than four fairly large German film producers were compelled to stop payment. Tobis, the head undertaking for the Continental sound film patents, was compelled to reduce its capital from 12 to 6 million marks because of the heavy losses it had sustained through bad debts. The attendance at cinemas has not decreased, but a reduction of prices has brought in lower receipts. However, the majority of German film producers are not speculative undertakings dependent on the success or failure of one film. Ufa alone, as the largest film concern in Europe, has distributed its risks in a healthy manner and it has an assured market, since it controls a great number of cinema theatres not only in Germany, but also in neighbouring countries. Its foreign business plays an important rôle. Almost 40 per cent. of its receipts come from the sale of German films in foreign countries; for the German sound film has succeeded in taking the lead in many other countries, especially in Switzerland and the Austro-Hungarian Succession States.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — The Herriot Plan — Economic Conference.

(FROM OUR CORRESPONDENT.)

GENEVA, November 1.

THE new French disarmament and security plan has awakened a great deal of interest, and M. Boncour's explanation of it when the Bureau of the Conference resumes on Thursday is keenly awaited. It is not known whether he will disclose any more than is now available, or whether it will be on similar lines to what has already been told of it; for it is not anticipated that the full terms of the plan will be submitted until M. Herriot comes to Geneva. Mr Norman Davis is here, but there will be no German statesman until the Council meeting on November 21st to deal with the Lytton Report. There will, therefore, be opportunities for preliminary conversations during the next three weeks which should give some indication of how matters are likely to go. Despite the subdued satisfaction expressed officially about Mr Davis' conversations in London, the impression is that not much progress has been made; and now that we are also promised a Japanese plan, it seems that the British Government will be faced with a variety of choices before it has made up its mind to any initiative of its own. In fact, there is a feeling that the naval side of the problem is now lagging behind the land side, and Japan is likely to be another nigger in the wood pile. But, at all events, there is movement.

On the whole it can be said that the French plan has been rather sympathetically received in Geneva. It differs greatly from previous French plans in being more elastic and in facing more frankly the political realities. It is an admission that it is no use trying to work at present along the lines of the 1924 Protocol, and still less of the Tardieu plan, that it is not feasible to get any British extension of the Locarno commitments, and that nothing can be achieved so long as there is a rigid insistence on the Versailles Treaty. The advantage of the scheme is that it tries to make the best of things as they are, and there is ample room for fruitful discussion. Even more important politically, as Germany has perceived, is the plan's implication of a readiness to talk outside the Versailles Treaty, coupled with M. Herriot's plain acknowledgment of the difficulties of maintaining French security by armed force alone. To belittle these factors would be unwise and unhelpful.

It may be said at once that there is not the least intention to foist conscription on England or to ask England to extend her Locarno engagements to Eastern Europe. What England is asked to do, with all other members of the League, is to recognise that Article XVI is not a dead letter. England must do so or take the only other honest course—ask for the suppression of the Article. M. Herriot, in this connection, properly attaches importance to Mr Stimson's declarations regarding the necessity of consultation under the Briand-Kellogg Pact, and of admitting that in face of its violation, neutrality on the part of the rest of the signatories would be incompatible with their obligations. If this be formally accepted, England has no further excuse for running away from Article XVI while it exists, though there might be something to be said—if there were to be no substantial reduction of armaments—for having that Article in much more general terms, not excluding resort to economic and financial, and eventually even military, sanctions. That would perhaps be preferable to retaining it in its present form and tacitly ignoring it.

That, however, is a large question; any possibility of changing the Article now is doubtful, but if the French plan is accompanied by a really substantial reduction of armaments, the whole controversy on Article XVI would be enormously simplified. So to arrange things that defence is widely strengthened and the power of attack

greatly reduced remains the fundamental contribution to be made to the political relations of the world. On that, the French plan, so far as it is known, remains at present silent, and it will be a grave error of judgment and psychology on the part of the French if they do not indicate what they will be ready to do in that respect. Man-power is the only feature mentioned apart from the political features, and man-power is of less importance than material.

The most serious criticism so far advanced concerns the suggestion that Germany should be allowed to return to conscription—the one point which, in itself, has apparently been most sympathetically received by the powers that be in Germany. It is argued that this would be the first step towards the militarisation of the German people, and that, if the French General Staff had reservations on the point, they were right. On the other hand, France certainly will not give up conscription, and how, therefore, is the German claim to equality of status to be met? Perhaps it could have been met by a less apparently drastic concession. But if, as proposed, the plan provides for a reduction of periods of service to eight or nine months, it makes possible—if coupled with substantial reduction of material—the establishment of really non-aggressive national police forces. Unprofessional soldiers of eight months' training cannot provide the nucleus for storm troops, especially if they are deprived of mechanical means of aggression.

It is here that some danger arises over the suggestion for the provision of specialised national contingents immediately available and possessing powerful war material as the components of the collective force to suppress aggression. The full and faithful acceptance of the general sense of the plan should make that provision unnecessary, for, whatever may be said of it in detail, the honest acceptance of some such plan would be an earnest of a sincere policy of peace. To insist too much on the ideas of collective force and sanctions might jeopardise the great occasion which the French now have to make a vital contribution to peace and to test the devotion to peace professed by the leaders of Germany. It is the only way to disarm Germany, in the proper sense of the term. The upshot would be: national police forces on short-term service, equality of legal status for all, substantial reduction of offensive arms, and a strengthening of all defensive arms. The French may not be so far from that, if others are prepared to take a hand.

It is important to observe that one of the bases of French policy is the interdependence of all forces—on land, sea, and in the air—and the naval and air elements are not easy matters. In fact, nearly everything on the sea will depend upon the outcome of the Manchurian crisis, and it is no mere academic theory to say that if this goes wrong, if naval reductions consequently become replaced by naval competition, and if Japan is allowed to break loose, the whole disarmament effort falls to the ground, with disastrous results. The trouble is that some Governments and many people fail to comprehend this stark possibility. There is some uncertainty about what M. Herriot meant when he said that if the French scheme did not succeed, they would have to "fall back on the Hoover Plan." Presumably he was thinking of the part dealing with effectives, and it does seem, on the more generous and larger interpretation, that the French proposals go further in this connection. But, otherwise, "falling back" scarcely seems the appropriate term.

The Preparatory Committee of Experts for the World Monetary and Economic Conference has started work under the presidency of the Dutch member, Mr Trip (one of the representatives of the Bank of International Settlements). It has had no general discussion, and has immediately divided up into monetary and economic sub-committees. The former has begun with a discussion of the general conditions of a return to the gold standard, and the latter with a discussion of import restrictions—quantitative limitation of imports by prohibitions, quotas, permits, and indirect limitation by currency control. It is not yet decided whether the Committee will confine itself to drawing up a list of the questions to be put on the

agenda of the Conference or whether it will make an attempt to prepare draft agreements on certain questions. It is first examining the list. The Committee is strong on the financial side, but not so strong on the economic. The reasons for Sir Walter Layton's resignation are fully understood here, and they have not added to the hopes of a successful readjustment of economic relations. No foreigner accepts for a moment the English Government's idea that Ottawa is a contribution to the world problem. It is said that the Preparatory Committee will sit for about three weeks, adjourn, and meet again, very likely in January. If so, the Conference will take place later than was at first supposed.

FRANCE.

Radical Congress — Spanish Visit — Departmental Expenditure — New Rentes.

(FROM OUR CORRESPONDENT.)

PARIS, November 2.

THE Chamber adjourned on Saturday, after less than a week's session, until next Tuesday, to permit the Premier and the rest of the Radical Parliamentarians to take part in the annual National Congress of their party, which is to be held at Toulouse during the last three days of the current week. This party caucus is expected to have a decisive effect, one way or the other, on the future policy of the Socialistic Radical Party, and consequently on the fate of the Herriot Cabinet. The sense of party discipline is particularly strong among the French Radicals, and the rank and file seldom ignore their power of dictating policy to their leaders. Thursday's proceedings will be occupied with the question of the general policy of the party, and will doubtless see a keen fight between the "Cartellists" and the "Concentrationists." On Friday, when M. Georges Bonnet will present his report on Radical financial policy, the rock to be avoided will be the fact that the Cabinet's economy proposals, now before the country, include an all-round reduction in the pay of 770,000 public officials, ranging from postmen to high permanent officials. The powerful Civil Service trade unions, flushed with their success last July, when they compelled the hasty withdrawal of similar proposals, have already declared war on the Cabinet, and are strongly represented among the 2,000 Radical delegates at Toulouse. The equally powerful associations of ex-soldiers, who are threatened with cuts in their pensions, have placarded the country with posters insisting that no steps against their interests shall be taken until senators and deputies take the lead by voting reductions in their own salaries, and until ruthless economies are imposed on every Government department, except those concerned with national defence.

M. Herriot's friendly visit to Spain has had a stimulating effect on all sections of opinion, as it is regarded as portending a valuable extension of French influence and strength in Europe. Reports in a London newspaper to the effect that the real object of the French Premier's visit to Madrid was to attempt to bring about a working arrangement with Spain—if not an actual alliance—with the object of ensuring the transport of the French African forces, in case of war, across the narrowest part of the Mediterranean and over Spanish territory to this country have been semi-officially denied. The suggestion, nevertheless, has caught French imagination to a remarkable degree and reawakened a general desire for closer relations between the two countries. M. Herriot's Spanish trip has apparently led to an increase of confidence here in his power to strengthen the group of Powers friendly to France, and has compensated to some extent for the nervousness felt by a large section of opinion as to the new French disarmament proposals. The weakest point in the latter, it is remarked here, is that the whole scheme is dependent on effective international control being exercised, and many Frenchmen feel that Germany would find means of evading this.

In view of the pending Budget debates, the following comparative figures, drawn up by M. Piétri, are of special interest:—

	Ratio to Total Expenditure.	
	1913.	1931-2.
National defence	39.0	24.2
Education	6.6	5.5
Administration	10.0	10.0
Social expenditure	3.4	3.6
Public debt	26.0	30.0
Economic expenditure	2.8	4.7
Pensions and annuities	7.0	17.5

Since these figures were drawn up certain of these percentages have been slightly modified as the result of cuts in national defence expenditure last July and the recent Rentes conversion operation.

The new $\frac{4}{5}$ per cent. Rentes were introduced to the Bourse to-day at 96½ for the account and 97 for cash, as had been generally expected. The new stock is divided into two distinct sections, quoted as "Tranche A" and "Tranche B" respectively, the difference between the two categories being due to the fact that the half-yearly interest payments for the one section fall due at periods of the financial year when nothing is payable in respect of scrip belonging to the other section, so that the total interest charge is spread practically equally over each quarter. The initial quotation rates, it is understood, were fixed at the level quoted in order (1) to leave an attractive margin "for the rise," and (2) to prevent a repetition of the speculation which occurred in respect of the issues just retired by conversion.

Coal production figures for September indicate an increase of 48,000 tons on the month. Total output was 3,916,000 tons, as compared with 3,868,000 tons in the previous month and 4,154,000 tons in September last year.

GERMANY.

Prussia and the Reich — Budget — Reichsbank.

(FROM OUR CORRESPONDENT.)

BERLIN, November 1.

PRESIDENT VON HINDENBURG summoned Chancellor von Papen and Herr Braun at the end of last week for a joint discussion regarding the powers of the Reich Commissars and the Prussian Government. The President exhibited a spirit of friendly compromise, and Premier Braun gave assurance of his loyalty; but the attempt to reach agreement with the Chancellor failed. On the preceding day the Reich Cabinet had decided on a reform of the Prussian Central Administration, which included, among other features, the abolition of the Welfare Ministry. The plan contemplated the administration of some of the Prussian Ministries by Commissars of the respective Ministries of the Reich and the appointment of other Commissars as Ministers of the Reich without portfolios. At the President's instance these decisions were not officially made public before the conference with Herr Braun, and the Chancellor was obviously unwilling to negotiate on them with the Prussian Premier. Herr Braun, thus faced by a *fait accompli*, protested, but was powerless to prevent it. Nevertheless, the Reich Government had to some extent to alter its plan. Dr. Bracht was named Commissar for the Prussian Ministry of the Interior and Dr. Popitz, former Secretary of State, as Commissar for the Prussian Ministry of Finance, but the placing of the Prussian Ministries under the respective Ministers of the Reich was limited to the unimportant case of the Prussian Ministry of Agriculture, at whose head Baron von Braun, Reich Minister of Food Supplies and Agriculture, was placed as Commissar. It is not without interest to speculate as to how has a thorough acquaintance with the Reich's financial system, will divide the work of this Ministry with Count von Schwerin-Krosigk, since the purely Prussian sphere of activity will hardly content him. There is undoubtedly a danger of much friction in this direction.

The goal aimed at by the von Papen Government is the combining of the Governments of Prussia and the Reich. There is opposition to such a union in Southern Germany, since the fear exists that it would bring too great an influence of Prussian ideas and interests to bear on the administration of the Reich. If the Reich Cabinet had reached an agreement with the Braun Government, it would have been possible to overcome this opposition. Since, however, this was not achieved, and since the South Germans feel that what Herr von Papen is now attempting against Prussia could also sooner or later be attempted by some Government against them, the end of last week brought a sharp protest from the Bavarian Government, which was supported also by Baden and Wurtemberg.

This compelled the Reich Government to abandon its plan of combining the Ministries to the extent at first contemplated. But their action does not do away with "dualism" between Prussia and the Reich. The von Papen Government, in view of (1) the German Nationals' demand that the Braun Cabinet be prevented from exercising any real functions of government, (2) President von Hindenburg's strict warning to respect the decision of the Staatsgerichtshof in Leipzig in all circumstances, and (3) the opposition of the South German Governments to its Prussian policy, to-day possesses less freedom of action in domestic affairs than ever before, and it is impossible to see how the coming elections can alter this situation.

An acute difficulty for the Reich Government arises from the fact that a committee of the Reichsrat (Federal Council) will hold a meeting on November 3rd (i.e., before the elections). The Reichsrat is made up of representatives of the various State Governments, and has a voice in the legislation and administering of the Reich's affairs. This meeting will probably voice strongly the States' lack of confidence in the Reich Cabinet, and it will be difficult for Herr von Papen to escape defeat. This illustrates the political importance of the Leipzig judgment, which returned to the Braun Cabinet its right to appear in the Reichsrat.

The first six months of the fiscal year, which began on April 1st, brought in tax receipts to the Reich of 3,352.89 million marks, or almost 500 millions less than in the same period in 1931, and 380 millions less than half the budget estimates for the whole fiscal year 1932-33. If the second half of the year shows the same falling off, the result will be a deficit for the twelve months of 750 millions. It is difficult to predict whether this will happen. In respect of seasonal conditions the second half of the year is somewhat more favourable, and in so far as the economic situation is concerned, it can perhaps be expected that, as a result of the relative improvement in the labour market, the tax on wages and the consumption taxes will bring in somewhat greater amounts in the coming months than in those gone by. On the other hand, receipts from income taxes on companies may fall off. Since the expenditure during the second quarter is not yet known, all that can be said at present is that the Reich Minister of Finance will in any event have to reckon with a not inconsiderable deficit for the current budget year. In addition to this, there are the financial difficulties of a number of municipalities, the extent of which was recently pointed out by Dr. Bracht, the Reich Commissar. The Prussian municipalities have not transferred to the State Treasury the 130 million marks collected by them for the State, because they needed these funds for their own most urgent payments. The Reich, therefore, will have to give more assistance in this direction than has previously been the case.

Following the promotion of M. Avenol to the post of Secretary-General of the League of Nations, Dr. Trendelenburg, formerly Secretary of State in the Reich Ministry of Economics, has been appointed Under-Secretary of the League. He will have charge of the economic and financial department of the League's Secretariat. Dr. Trendelenburg was responsible for German economic policy when it was most markedly liberal. The reason for his leaving

the Ministry of Economics is the conflict between his liberal ideas and the tendencies followed by the present Government.

The Reichsbank report for October 22nd again shows a great improvement in the position. Holdings of negotiable paper decreased again by Rm. 130 millions to a total of Rm. 2,617 millions. They are thus Rm. 1,050 millions lower than at the same time last year. It may be assumed that the total holdings of negotiable paper to-day include hardly more than a thousand millions of genuine commercial bills. The note circulation, including daily liabilities, has decreased by a round thousand millions against the same period last year. An equally encouraging fact is that the ratio of "cover" is slowly improving. Holdings of gold and foreign currencies have increased steadily from Rm. 892 millions on July 15th to Rm. 934 millions. For many weeks offerings of *devisen* and demands for it have offset each other with but small variations. It would seem that, as long as no new and important disturbances arise in foreign trade, and no great repayments of capital become necessary, the German balance of payments can be brought into equilibrium. The greatly improved situation of the Reichsbank indicates the very liquid condition of the open money market. The Bank for Acceptances has thus been able in the last few months to place steadily increasing amounts of commercial paper on the market. The banks are also in a more liquid condition. The result is that there is again strong public pressure on the Reichsbank to lower its discount. But it is unlikely that the Reichsbank will submit to this. The present discount rate of 4 per cent., for a country in financial and currency situation such as Germany's, is low, and regarded as too low in many centres abroad. The Reichsbank might change its mind if the Bank of England reduced its rate, but for the time being a margin of 2 per cent. between Berlin and London is regarded here as absolutely necessary.

ITALY.

Budget — Savings — Railways — Unemployment.

(FROM OUR CORRESPONDENT.)

TURIN, November 1.

In past days the Fascist regime has been taking stock of its achievements in the ten years during which it has ruled over Italy. From the economic point of view, the leading idea in public speeches has been that achievements such as roads built or improved, lands reclaimed, harbours enlarged, waterworks and electric plants multiplied, railways electrified, towns beautified have been many and great, and they will in due time bear fruit. In the meantime, people must have faith and face the crisis courageously.

It is, indeed, unfortunate for Fascism, as for any other present Government, that such achievements are apt only to make themselves felt in the long run, while things are very indifferent in the short run. Italian economic indices clearly cannot be very different from those of other countries. Beginning with the State Budget, the period of post-war deficits was succeeded, from 1924-25 to 1929-30, by a series of Budget surpluses; but in 1930-31 a deficit reappeared at 504 million lire, increasing to 4,274 million lire in 1931-32 and to 1,054 million lire in the first quarter of 1932-33. Hence the public debt, which had decreased from 95,544 million lire at June 30, 1923, to 83,675 million lire at June 30, 1927, increased again to 95,893 million lire at September 30, 1932. As the debt is not wholly dead-weight, but partly productive, it is hoped that in the long run the increase will bring in revenue to cover the interest charge.

Huge sums have lately been voluntarily entrusted to the State, about 6,000 million lire coming from the working and middle classes, eagerly bent on buying Post Office bills. Savers, excepting those who invest in their own houses or lands or businesses, lend exclusively to the State

or other public bodies. The Association of Joint Stock Companies, which has just issued its year-book, shows that the amount of deposits and correspondent credits, which at the end of 1929 stood at 32,204 million lire in 278 joint-stock banks, had decreased at the end of 1931 to 27,033 million lire in 225 banks.

Railway goods traffic, a very sensitive index, is going from bad to worse. From over 60 million tons in 1929, it had fallen to 27.6 million tons in the first nine months of 1932, as against 33.6 million tons in the corresponding period of last year. The decrease is to the extent of some two-thirds due to the slump, and may therefore be considered of a temporary character, while the remaining one-third may be attributed to motor transport competition. On October 25th Signor Mussolini opened a new motor road between Turin and Milan, which cost about 125 million lire, a splendid work which will, however, increase the competition against the State railways. Similarly, a magnificent new road between Genoa and Turin and Milan for goods traffic will provide a timely outlet for excessive traffic in Genoa, when it is forthcoming, but in the meantime is proving a source of loss to the railways.

The growth in unemployment seems somewhat checked, the total increasing from 945,972 at the end of August to 949,408 at the end of September, as compared with a rise of from 693,273 to 747,764 in the previous year. The figures relate to unemployed reporting to the employment offices. The number receiving relief is much smaller. Up-to-date figures do not exist, but the latest published point to an increase from a monthly average of 2,395,602 "relief man-days" in 1930 to 4,016,948 in 1931 and 5,492,129 in the first quarter of 1932, corresponding to a yearly expenditure of about 250 million lire—not a large figure, but one to which must be added the relief given by local and co-operative bodies from sums raised by popular subscriptions.

HUNGARY.

Mr Tyler's Report — Agricultural Debts — Foreign Creditors.

(FROM OUR CORRESPONDENT.)

BUDAPEST, October 31.

THE fourth quarterly report of the League Representative in Budapest, dealing with the July-September quarter, states that Hungary's economic position has further deteriorated during the last three months. The report is a serious indictment of the defective financial policy of the outgoing administration and a grave warning to the new Government that inflation can only be avoided if immediate steps are taken to redress the budgetary situation. The provisional returns for the first three months of the financial year that began on July 1st indicate that the voted Estimates, balancing at 806 million pengő for the administration and at 401 million pengő for the undertakings of the State, cannot be realised so far as revenue is concerned. The League Representative, therefore, urges that drastic economy measures should be taken to restore the budgetary equilibrium.

It is not reasonable to expect a revenue of more than 740 million pengő for the administration, as against 780 million pengő collected in 1931-32; and, as to the State undertakings, at best 335 million pengő can be reckoned with, as compared with 362 million pengő in the previous year. Thus there is a prospective deficit of 100-125 million pengő for the current financial year, as compared with 160 million pengő shown by the provisional returns for 1931-32, and some 400 million pengő disclosed by the audited accounts for 1930-31. Actual budgetary expenditure in July-September amounted to 163.7 million pengő, and actual receipts to 167.7 million pengő, showing a surplus of 4 million pengő. But, as Mr Tyler states, the actual receipts and expenditure figures do not afford a complete picture of the position, because the difference of 81 million pengő between the actual expenditure of

163.7 million pengő and the "provided" expenditure of 194.7 million pengő in the monthly estimates of the Treasury does not constitute a real saving; it is chiefly deferred expenditure. The last monthly report of the Finance Minister has just revealed that the Treasury did not pay 14.8 million pengő into the Foreign Creditors' Fund—payments which were already due in the July-September quarter on account of the State debt service other than the League loan service.

Mr Tyler considers that one of the most urgent steps to be taken in the direction of sound financial practice is to exact stricter budget methods from the State undertakings. Relatively to the magnitude of the sums involved, their budgets have drifted much farther away from reality than has that of the administration. Indeed, for more than half of the probable deficit of 100-125 million pengő in the current financial year the State undertakings will be responsible. Whereas the deficit of the administration of some 50 million pengő might be met by the suspension of the amortisation of the State debt service and by other immediate savings, there is no scheme yet in sight for eliminating the undertakings' deficit. In view of the precarious financial position of the undertakings, Mr Tyler advocates the discontinuance of the State iron-works, and, with regard to the railways, recommends that their management should be examined by some entirely independent authority in order that no possibility may be neglected of decreasing the heavy losses which the State is now called upon to make good.

The first agricultural moratorium expired on October 31st. The Government, recognising the inadvisability of attempting, at present, any definitive settlement of agricultural indebtedness, decided by Order-in-Council to prolong the moratorium for twelve months, protecting certain classes of agricultural debtors against forced sales of their landed estates if they pay punctually their taxes and interest on their debts. There is little doubt—as Mr Tyler observes in his report—that such measures can only result in depriving agriculture in general of any chance of obtaining credit, even for its most legitimate needs, thus penalising the solvent farmers, who constitute the great majority. On the other hand, the political aspect of the question cannot be ignored. Farmers all over the country have been incited by various political party propagandists not to pay taxes, interest, etc., and the new Government had little choice but to extend the duration of the moratorium. It is to the credit of the new Finance Minister, however, that by extending the agricultural protection for another year he at last tackled the intricate problem of long-term debt annuities owed by the farmers. By another Order-in-Council simultaneously decreed, the Government afforded a temporary relief to the mortgaged landowners, providing that, until a definite agreement can be made with the foreign creditors, their annuities should be reduced by 2 and 2½ per cent. on debts contracted at 7 and 7½ per cent., respectively. This measure is the forerunner of the Government's plan to appeal to all foreign creditors to scale down the high interest rates—mostly 7 and 7½ per cent.—on Hungary's post-war debts.

The Foreign Creditors Fund, into which the untransferable annuities of mortgaged and other long-term debt services are paid, will naturally be affected by the agricultural debt reduction, although banking institutions are required to pay the original annuity of 7 and 7½ per cent. as hitherto. But the coupons presented to the fund for payment in pengő will henceforward be redeemed at 5 per cent. only—as partial payment. The remainder will be lent by the fund to the banks. The bondholder who accepts 5 per cent. as partial payment on his 7 and 7½ per cent. coupons will not forgo his rights for the rest, and will be remitted his coupons, on which the partial payment is earmarked. There is no discrimination between foreign and domestic bondholders. This measure is of particular interest to the British and American investors, who bought almost all the Hungarian mortgage bonds, as these were issued mostly in London and in New York in £ and \$ denominations. Although a considerable portion of them was repatriated, it is estimated that about half of the

outstanding bonds are still possessed by British and American investors.

According to Mr Tyler's report, the untransferable pengő equivalent received by the Foreign Creditors Fund from December 22, 1931, till September 30, 1932, amounted to 76.1 million pengő, and the arrears amounted to 26.3 million pengő. Considering that the arrears are increasing at a dangerous pace, the decision of the Government to reduce the cash amount paid for the 7 and 7½ per cent. coupons to 5 per cent. is very welcome, because the less paid out of this fund the better, as it is very questionable whether the amount actually paid into the fund could be considered as real money in view of the fact that the expected deflationary effect of the transfer moratorium has not materialised. The note circulation was about the same in September and in October as a year ago, and the bill portfolio of the National Bank has increased since the operation of the transfer moratorium by approximately the same amount as the sum paid into the Foreign Creditors Fund.

SWITZERLAND.

Industrial Activity — Foreign Trade — Budget.

(FROM OUR CORRESPONDENT.)

GENEVA, October 31.

MUCH has recently been written regarding the economic situation of Switzerland, which some papers abroad describe as "utterly hopeless." That judgment is exaggerated; but it is true that the present situation is bad. Switzerland was not submerged as early as other countries by the tide of the world's depression, but she is now severely affected by the consequences of the crisis, and signs of a recovery are scarce. A recent inquiry concerning the situation of Swiss industry led to the conclusion that the activity of 7 per cent. of the industries could be defined as "good," that of 44 per cent. as "satisfactory," and that of 49 per cent. as "bad." Seasonal improvement this year has not been as great as expected, and the industries supplying the home market, which constitute the backbone of Swiss national economy, are now also hit by the slump. The branches which are suffering most are the watchmaking industry, certain branches of the textiles industry, embroidery, and, to a lesser extent, the machine and paper industry, while, on the other hand, building, the graphical arts and wood industries show a more normal activity. The hotel industry and transport undertakings are seriously affected and the Government is considering means of helping them.

The balance of Swiss foreign trade showed a slight improvement in July, August and September, when deficits of 74 million francs, 74.4 and 70.6 millions respectively were recorded. Exports, after reaching their lowest level in June at 58.4 millions, rose to 58.7 millions in July, 59.7 millions in August, and 63.5 millions in September. The numbers out of work totalled about 80,000 at the end of September, 49,000 of whom were wholly unemployed. It should, however, be recalled that during the crisis of 1922-23 there were over 100,000 out of work, 65,000 of whom were wholly unemployed.

The financial situation of the Confederation, though strongly influenced by the depression, is nevertheless sound; and the Government is making a big effort to curtail all unnecessary expenditure. Receipts for the current year show a general decline as compared with 1931, and it is probable that the deficit at the end of 1932 will be about 70 million francs. The Budget for 1933 estimates expenditure at roughly 444 million francs, and receipts at 374 millions, thus leaving a further estimated deficit of 70 millions. The situation is grave, but not without hope. The Swiss National Bank has a gold reserve of 2,637 millions, against a banknote circulation of 1,495 millions, and there is no prospect of the country leaving the gold standard in the near future. The national debt represents a sum of 1,200 francs per head of population, which is not excessive.

CANADA.

Crop Conditions — Wheat Marketing — Ottawa Agreements — Foreign Trade — Business.

(FROM OUR CORRESPONDENT.)

OTTAWA, October 8.

WESTERN Canada has already had its first taste of winter, and consequently the final stages of the harvest have been impeded. Twenty per cent. of threshing in Alberta still remains to be done, but except in some backward districts of Northern Saskatchewan it is finished in the other two prairie provinces. But the grain-growers have been dismayed by the further slump in grain prices, which has taken wheat to a record low level. Under the pressure of their debts they have been delivering enormous quantities of wheat, with the result that stocks are piling up rapidly, and on October 27th they reached a total of 209,230,663 bushels, a gain of 11 million bushels for the week and 75 million bushels in excess of the figure for the corresponding date of 1931. On the other hand, the export movement since the new crop year began has been much stronger than a year ago, and for the first ten weeks ending October 7th it had reached a total of 46½ million bushels, as compared with 26½ million bushels in the previous parallel period.

In many districts on the prairies the farmers are now getting little more than 30 cents a bushel for No. 2 Northern wheat, and their lamentations have been increasing. Accordingly last week a conference was held at Winnipeg between Premier Bracken, of Manitoba, Premier Brownlee, of Alberta, Mr Macpherson, the Provincial Treasurer of Saskatchewan, and representatives of the provincial wheat pools, at which the position of the wheat market was the main subject of discussion. It is an open secret that the Dominion Government is already substantially involved in the wheat market through responsibility for the transactions of the Central Selling Agency of the wheat pools, which has been engaged in liquidating the commitments left over from its operations connected with the marketing of the crop of 1930. This agency is supposed to be carrying at the present time several million bushels of futures for which the banks have made advances under governmental guarantees. So the Federal Government is thought to be vitally interested in maintaining wheat prices. The delegates to the conference decided to ask for a bonus on wheat production for another year; at the same time they resolved to suggest to the Federal Government the advisability of calling a conference of representatives of the Governments and producers of the chief wheat exporting countries to consider all phases of the wheat situation.

The Ottawa Conference agreements have been the subject of close scrutiny throughout Canada, and while the verdicts on them are naturally coloured in many cases by partisan sentiment, the prevalent impression among impartial students is one of surprise that the British delegation were ever induced to sign the Anglo-Canadian agreement in view of the fact that the tariff concessions to British trade are so trivial. Defenders of the agreements argue that the full value of Canada's concessions will only be realised when the proposed Tariff Board has worked out the schedules for a fair competitive tariff, but the critics contend that the chief beneficiaries of the agreement will be the Canadian manufacturers, who get a substantial increase of their protection against American and other competitors without making any serious sacrifices either for the benefit of the Canadian consumer or the British manufacturer. At present the Liberal papers and politicians are in full cry against the agreements, and the *Toronto Star* has published the following illuminating *exposé* of the comparative tariff rates on a list of household commodities as imposed (1) by the 1930 tariff of the Dunning Budget; (2) by the tariff of 1932, and (3) by the tariff as amended by the Anglo-Canadian agreement. It will be seen from these figures that the only two items in which any serious reductions have been made are linen tablecloths and linen pillow cases, and the *Star* points out that

the climatic conditions preclude the manufacture of these goods in Canada:—

	1930.	Old Tariff, 1932.	New Tariff, 1932.
Unbleached cotton fabrics	13.7	39.7	38.6
White cotton flannelette	16	48.3	46
Cotton printed piece-goods	19	48.2	45.6
Cotton fabrics with cut pile (velvets)	17	38.2	29.3
Coloured cotton lace	19.2	34	33.7
Cotton pillow cases	16	49.3	47.5
Cotton sheets	16	50.7	48.5
Cotton towels	15	53.6	51
Cotton lace curtains	19.2	40.3	40
Linen crash towelling	19	40.7	43.6
Linen tablecloths	19	46	15
Linen pillow cases	20	45.2	14
White linen towels	19	48	48
Celluloid and cotton novelties	21.5	48.3	48.3
Cotton and art silk bedspreads	21.5	49	49
Wool blankets	21	92	66.2
Wool piece-goods in the grey	11	49.3	46.5
Wool overcoatings for manufacture	24	89.5	75.7
Wool piece-goods	26	55.7	54.5
Wool overcoating	26	93	81
High-grade wool suitings	25	60.7	57.2
Wool suitings	24	62	55.7
English worsted suits	26	56.6	54.7
Wool blazers	26	61	58.3
English wool coats	26	62.5	59.2
Artificial silk fabrics	22	68.5	68.5
Cotton and art silk fabrics	25	73	73
Artificial silk lace curtains	23.7	44.5	44.5
Knitted sweaters	19	43.5	43.5
Wool hosiery	23	79	71.7
Gloves (cape)	21.5	43.6	43.6
Ladies' hats	21	40.2	40.2
Axminster carpets	23	92.5	71.5
Earthenware articles	19.2	43.5	43.5
Silverware	20	49.2	49.2
Plated articles	21.5	49.3	49.3
Boots and shoes	16.2	39.2	39.2
Fancy pins, buckles	21.5	49.2	49.2

The trade returns continue to make very depressing reading. The following are the figures for September, with comparative data for 1931 and 1930:—

	1930.	1931.	1932.
Exports	\$ 81,046,227	\$ 48,991,385	\$ 42,186,815
Imports	\$ 87,900,201	\$ 45,379,099	\$ 34,504,129
Total trade	168,946,428	94,370,484	76,690,944

As compared with September, 1931, the unfavourable balance has increased from roughly \$3½ millions to \$7½ millions.

There is comparatively little change to report in the general business situation. In Montreal and some other cities there has been a moderate expansion in retail sales of autumn clothing, blankets, etc., but the continuance of mild weather has kept the public from purchasing their winter goods. Industrial conditions are still very "patchy," and only the textile mills are reasonably busy, while the primary iron and steel plants, the farm implement factories, and the machinery firms are deplorably idle. The building trades are also inactive, and new construction is of very modest dimensions. There has, however, been some improvement in the lumber trade, and, although stocks are still considerable, a larger cut is planned for the present winter.

In Eastern Canada a vigorous agitation, which has the support of prominent politicians like the Hon. Senator Rodolphe Lemieux, is in progress about the current price of coal, which has experienced practically no decline in a time of falling prices. It is alleged that the Canadian consumers of anthracite coal, which is utilised in heating central furnaces, are being seriously exploited by a combination of American and British coal operators. It is claimed that the competition of British anthracite should have forced down the price of the American product long ago, and the fact that it has not done so is due to some secret agreement. The *Montreal Star* asserts that Welsh anthracite coal, after allowance is made for freight rates and depreciated currency, can be laid down at Montreal at a cost of \$6 a ton, and yet the price at Ottawa and Montreal ranges from \$15 to \$17 a ton. It is claimed that this margin leaves excessive profits for the vendors of coal, and the Federal Government is being pressed to undertake an inquiry under the Combines Investigation Act.

JAPAN.

Budget — Prices — Foreign Trade — Profits — Agriculture.

(FROM OUR CORRESPONDENT.)

TOKYO, October 13.

THE new items of expenditure for 1932-33 submitted by the spending departments to the Treasury amount to the unprecedentedly large sum of close on 1,200 million yen, which is largely accounted for by the new military and naval programmes, the expeditionary force in Manchuria, and the farm relief scheme. Of these departmental claims, 800 or 900 million yen must be sanctioned in view of the urgent nature of most of the demands; and this, together with fixed charges, will bring the total national expenditure for the next fiscal year up to 2,300 or 2,400 million yen. On the other hand, as revenue is estimated at less than 1,400 million yen, the deficit will amount to about a thousand million yen. To meet this, fresh taxation and new large scale borrowing will be unavoidable.

The Bank of Japan's wholesale index number for last month registered a very sharp rise of 7.4 per cent. on the month—the largest single advance that has occurred since September, 1923, immediately after the great earthquake in Tokyo. The advance is all round; forty-nine out of fifty-six commodities advanced, five remained unchanged, and only two, rice and building-stone, declined. The rise is attributable largely to the further depreciation of the currency, seasonal influences and anticipated inflation.

Foreign trade figures for the past month are more encouraging. The September returns show that, as compared with a year ago, imports increased by 1.8 million yen, or 1.9 per cent., while exports rose by 40 million yen, or 39.7 per cent. The expansion in exports is divided among all classes, but the rise is largely accounted for by textiles; raw silk increased by 16 million yen, cotton manufactures by 12.5 million yen, and rayon products by 2.8 million yen. The total value figures for the first nine months of the year reveal that, in comparison with the first three quarters of 1931, imports and exports increased by 88.2 million yen and 48.6 million yen respectively, the apparent adverse balance being 115.9 million yen, as against 76.8 million yen.

According to Mitsui Gomei Kaisha's half-yearly analysis of profits of Japanese joint-stock banks and industrial joint-stock undertakings, the aggregate net profits of 250 banks for the first half of this year totalled 68,180,000 yen, a marked increase of 55,723,000 yen upon the second half of 1931. The increase, however, may be simply explained by the fact that in the preceding half-year larger institutions wrote down drastically their investment holdings. Net profits of 1,000 industrial companies amounted to 166,316,000 yen, representing the considerable increase of 29,898,000 yen, as against those earned by the same concerns in the preceding half-year. Many groups disclosed a welcome recovery in net profits, and only trading companies and stores and public utilities showed decreased earnings, while shipping, shipbuilding and rubber continued to record losses. The ratio of net profits to cent., as compared with 3.9 per cent. in the second half of last year.

The Department of Agriculture and Forestry's forecasts of the rice crop for the country as at September 20th placed the year's crop at 61,559,000 koku, a substantial increase of 6,844,000 koku (+ 11.5 per cent.) upon last year's actual yield, and 748,000 koku (+ 1.2 per cent.) above the five years' average. The Korean crop prospects are also reported to be comparatively satisfactory, and are put at 16,528,000 koku, a moderate increase of 655,000 koku (+ 4.1 per cent.) upon the actual yield of last year. The wheat, barley and rye crops have again been good this year. The yield of wheat and allied grains (excluding those of Hokkaido) totalled 20,432,000 koku, an increase of 433,000 koku (+ 2.2 per cent.), as against last year, and 264,000 koku (+ 2.6 per cent.) above the quinquennial average.

According to the report of the same department, the output of spring cocoon totalled 46,881,000 kamme, a

heavy decline of 6,286,000 kamme (-11.9 per cent.) against last year, and its value was estimated at 111,899,000 yen, disclosing a sharp decrease of 42,934,000 yen (- 27.7 per cent.). The estimated crop of summer and autumn cocoon was put at 40,083,000 kamme, a decrease of 4,321,000 kamme (- 9.7 per cent.) upon the actual output of a year ago. The combined cocoon production for the year amounted to 86,464,000 kamme, as compared with 97,072,000 kamme for 1931. The decrease is solely attributable to curtailment of cocoon-raising due to unprofitable prices.

Letters to the Editor.

A WORLD IN CHAOS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In the first six months of 1932 the international trade of the world shrank to approximately 40 per cent. of what it had been worth in the first six months of 1930. The trade of many regions showed an even greater decline than the average. In the United States and Canada the value of overseas trade has shrunk to about a third of its normal value. Between individual countries also there are some extraordinary disturbances of commodity interchange because of the erratic operation of treaties, clearing agreements, quota systems and the like.

The reason for this tragic situation is not far to seek. An incomplete listing of the restrictions imposed upon international trade during the eleven months from September, 1931, to July, 1932, gives the following result:—

Twenty-two countries abandoned the gold standard and thereby reverted to fluctuating exchange rates;

Twenty-six countries instituted controls of foreign exchange, the regulations being changed in some cases as many as five times in the eleven months. The text of the various regulations is compiled by the Bank for International Settlements in a loose leaf folder, which already contains some hundreds of closely printed quarto sheets, and is constantly being added to;

Two countries established export bounty systems;

Twenty-one countries have raised their tariffs all round, one of them twice;

Thirty-eight countries have increased the customs duties on particular items of import, usually on many items, nearly all of them more than once, and some of them as many as six times in less than a year;

Twenty-two countries have imposed licensing systems or import quotas, most of them altering the system several times;

Six countries have new milling regulations designed to encourage the use of home-grown cereals;

Seven countries have instituted new import monopolies of one sort or another;

Seven others have prescribed certain groups of imports on prohibited lists;

In nine countries moratoria have been declared on the service of external public debt, and in five similar moratoria have been declared on the service of external commercial debt.

This bald and summary statement is far from doing justice to the complexity and incomprehensibility of the regulations and controls by which international trade has been placed in a strait-jacket which is constantly being laced tighter. The "plain" business man may well be excused if he finds himself unable to follow the bewildering changes that are rung upon the varied instruments of economic nationalism. Clearing agreements, blocked accounts, tariff preferences, Customs formalities and fees, import and export bond systems, official and "black" exchanges, add to the hazards of his enterprise. Nowhere, in a world driven almost to desperation by the vagaries of politics, is the madness of political interference with honest trade and industry more manifest.

What is there to be placed on the credit side? What gain has there been from the hamstringing of world-trade? We are told that the various controls are necessary to "right the balance of payments" in almost every individual case; but the process strongly resembles the "bleeding" so freely indulged in by mediæval pre-physicians. The fever was allayed but the patient died. Increased unemployment, falling consumption, unused capital, are a sorry result of so much well-meant regulation.

Nor is it clear that the maintenance, nominally, of the gold standard is worth the price in many countries. If the balances of payments cannot be maintained in equilibrium except by throttling international trade and finance, far better to recognise the fact that the currency is in reality depreciated. The world has come to its present pass largely from lack of courage in facing such unpleasant facts. Absurd international indebtedness and political obligations were camouflaged by almost equally absurd loan policies; bankrupt businesses were propped up by public assistance, impossible price and wage levels were bolstered by banking policies. Such shifts and subterfuges are an impossible basis for real economic recovery.

There are, fortunately, some rays of light in the situation. Some countries, notably the Scandinavian, show a disposition to take off the more burdensome of the controls. Australia also has shown a more rational tendency by removing prohibitions and lowering some tariff duties. Belgium and Holland have given a bold lead in the direction of lower tariff policy and have invited collaboration. There are many signs that important British markets, including the Scandinavian countries and the Argentine are disposed to conclude freer trade agreements with Great Britain. There is no direction in which a bold act of leadership would more immediately and more durably promote the economic well-being of the participating countries and of the whole world. Great Britain is the one country which might effectively give a lead in this direction at or even before the forthcoming World Economic Conference. Or must one say "might have been," if it had not been for the commitments into which we were led at Ottawa?—

Yours, &c.,

INTERNATIONALIST

October 30.

Books and Publications.

BOOK OF THE WEEK.

The Social History of England.

DR. GILBERT SLATER's revision* of his well-known and very useful book on *The Making of Modern England*, is, as his publishers claim, "virtually a new work altogether." In the first place it is very much longer than its predecessor; in the second, it has a very much greater range in time, covering now practically the whole of the period from 1700 to the present day; and, in the third, by the addition of much new matter and the rearrangement of old, it now approximates very nearly to what every teacher of economic history has been vainly awaiting for many years, viz., a real "social and economic history" of Great Britain during the industrial period which shall be at once full enough to give a fairly complete picture and written with sufficient selection of facts and vigour of style to be in itself interesting reading. In fact, the least

* "The Growth of Modern England." By Gilbert Slater. 621 pp. With Maps and Diagrams. London. Constable. 15s.

interesting parts of this absorbing book are those which were previously treated in *The Making of Modern England*. Dr. Slater is obviously so keenly interested in what he has studied since, particularly in the early eighteenth century (which is still too inadequately treated in most books on English economic history) that he has given less thought and enthusiasm to what he may have pardonably presumed he knew already, so that his history of the Victorian labour movement, for example, is too narrowly based on the work of the Webbs, without adequate assimilation of later studies, and his account of the development of Victorian industry and commerce a little on the episodic side. It is perhaps significant that only one book of the late Dr. Lilian Knowles is mentioned, and that, naturally, the one which deals exclusively with England; the international and imperial aspects of English economic and social life, particularly after 1870, receive, on the whole, an inadequate stress.

It may also be urged in criticism that Dr. Slater, like all lively and comprehensive writers, is a little apt to emit rather hasty *obiter dicta* upon matters of recent history;

and that there are small points upon which his accuracy may be questioned—e.g., Thomas Attwood's views on currency reform are not "quite forgotten" among economic historians, at all events, but rather better known and understood than those of any currency reformer before or since. But it is comparatively easy, in dealing with a work of the scope and breadth of Dr. Slater's, to pick unimportant holes; what is less easy is to do justice to the amount of learning, lightly worn, which has gone to its making, and to the power of analysis and synthesis which has resulted in the production of so readable and integrated a book. Too long have we suffered from political historians who thought, as did the bulk of the contributors to the *Cambridge Modern History*, that economic history was a sordid preoccupation whose entry into a real historical work called for apology; and too many economic historians, in revulsion, have presented us with books from which the captains and the kings had been so thoroughly banished as to produce the impression that nothing in the age of the Reform Act counted in men's minds but the growth of factory industry, and nothing, in that of Gladstone and Disraeli, but the manufacture of steel, the price of corn, and the rise of consumers' co-operation. Dr. Slater, by his short introductions to the political problems and history of any period, and no less by his treatment of such subjects as local government, and the growth of feminism, both of which can be called political or economic or social, or all three, has done very much to correct undue bias on either side. (Surely, however, any account of the women's trade union movement should have contained some mention of Mary Macarthur?)

Dr. Slater is not a colourless historian, nor a historian of whose opinions there is any doubt. Some will certainly draw vigorous attention to his "unorthodoxy"; and there are many points at which such comment may be made, not necessarily to the advantage of orthodoxy. To mention only a few, he questions the desirability, even upon strictly economic grounds, of the enclosure movement of the late eighteenth century; he inclines to think that the Speenhamland policy of subsidising wages out of the poor rates, which has been the target of all economists, was on the whole the best that could have been adopted under the circumstances; he is very dubious about the Bank Charter Act of 1844 and its effect upon industry and industrial life; and, in general, he dislikes the attitude towards finance and financiers which may be said to have been initiated by the formation of the Bank of England and the constitution of the National Debt. One passage may be quoted to illustrate both the trend of Dr. Slater's mind and his trenchancy of phrase in dealing with that of which he does not approve.

"Thus," he says of the financial arrangements of William III.'s reign, "the Government itself set the example of observing those principles of financial rectitude which are a necessary part of the ethical code of a plutocratic society. An even more striking exemplification of the same principle was the reform, between 1695 and 1699, of the currency, which then consisted of coins in various stages of deterioration and diminution by clipping. They were all called in, and new coins of full weight and standard fineness substituted, at a cost to the nation of £2,703,174, more than one year's revenue. Queen Elizabeth, long before, had carried through a similar reform, but the new coins she re-issued were only to be of the average silver content of those called in, and, that being estimated conservatively, she made a small profit on the transaction. She, no doubt, would have considered it morally wrong and politically inexpedient to sacrifice public to private interests, but subsequent commentators have agreed to applaud the policy of William's Ministers, by which owners of specie were granted a vast donation out of the national revenues. It was to meet the consequent deficit that the Window Tax was imposed, that peculiarly effective measure for lowering the general standard of health. It was to be only a temporary tax. It was repealed in 1851." Many may disagree with the implications of this passage; none can deny it force or the quality of giving people to think.

M. I. C.

SHORTER NOTICES.

"An Economic History of Soviet Russia." By Lancelot Lawton. Macmillan. 2 vols. 610 pp. 25s.

Mr Lawton's long chronicle of the economic history of Russia from 1917 onwards would be easier to follow if he were not quite so enthusiastic a partisan. He is quite confessedly confirmed that all the acts of the Bolsheviks are vile, and this conviction both makes his book rhetorical and difficult to read, and also precludes any real evaluation of the very different trends of Soviet policy at successive stages. For where all is evil, how shall one distinguish? The result is that the policy of War Communism, the N.E.P., the Stalinist agricultural policy of 1929-30, and the Five-Year Plan, are all indiscriminately condemned; and it is really difficult to find out, from Mr Lawton's diatribes, what were the salient characteristics of any of them. The reader who is anxious to study, for example, the unfortunate results of the third of these experiments, will find a much more telling, because more sober and documented, criticism in Calvin Hoover's book; and the same applies throughout. It is unfortunate, because Mr Lawton's earlier work on the Revolution was written in a much more detached and balanced frame of mind; and it is also unfortunate because Mr Lawton, in his passionate hatred of the Revolution, fails to provide any answer to the question, which many are urgently asking, why the Soviet Government continues to survive. There is a great deal of research in this book, and a large number of figures, rather uncritically used; but it is as clear propaganda as the official documents of the Communist Party.

OTHER BOOKS RECEIVED.

Das Neue Bevölkerungsproblem. By Karl von Balás. (Budapest) Stephaneum Nyomda K.T. 3 pengő.

The author calls attention to the dangers of excessive limitation of the birth rate and contemplates compulsory measures to prevent it.

Contemporary Economic Problems. By Paul Fleming Gemmill and Associates. (London) Harper and Brothers. 651 pp. 15s. net. A collection of papers covering the problems of economic stability, labour, finance, business enterprise, etc.

The Calendar of the London School of Economics and Political Science for 1932-33. Published by the School. 446 pp.

Gives full particulars of the administration, staff and general works of the school.

Jahrbuch, 1931. (Berlin) Allgemeinen Deutschen Gewerkschaftsbundes.

La Stabilizzazione del Franco. By Mario Alberti. (Milan) "La Stampa Commerciale." 229 pp.

La Question du Tunnel sous la Manche. By Paul Henry Gain. (Paris) Rousseau et Cie. 289 pp. 35 frs.

La Mercado Ordenado del Trigo Argentino. By Emilio A. Coni. (Buenos Aires) "El Aleheo." 124 pp.

A study in Spanish of the Argentine wheat market.

Foreign Exchange in India. By N. Sankara Aiyar. (London) F. S. King. 358 pp. 12s. 6d.

Who's Who in New Zealand. Third edition. (Wellington) Rangitira Press. 355 pp.

OFFICIAL PUBLICATIONS.

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

Report on the Work of the Land Division of the Ministry of Agriculture for the Year 1931. 1s. net.

List of Mines in Great Britain and Isle of Man, 1931. 10s. net.

Department of Overseas Trade: Economic Conditions in the Dominion of New Zealand to April, 1932. 3s. net; *Economic Conditions in East Africa and in Northern Rhodesia and Nyasaland (September, 1930-March, 1932).* 2s. 9d. net.

Colonial Reports: No. 74—Iraq, 1931. 4s. 6d. net; No. 1578—Sierra Leone, 1931. 2s. 6d. net; No. 1579—Bechuanaland, 1931. 1s. 6d. net; No. 1580—Nyasaland, 1931. 2s. 6d. net; No. 1581—State of Brunei, 1931. 2s. net; No. 1582—Turks and Caicos Islands, 1931. 1s. net; No. 1583—Basutoland, 1931. 1s. 3d. net; No. 1584—Gibraltar, 1931. 9d. net; No. 1586—British Solomon Islands Protectorate, 1931. 1s. net; No. 1587—Zanzibar Protectorate, 1931. 1s. 6d. net.

Road Vehicles—Great Britain: Return showing gross amount received in payment for Licences and number of Licences issued and surrendered in the period December 1, 1931, to August 31, 1932, etc. 2s. 6d. net.

Census of England and Wales, 1931: County of Lancaster (Part 1). 6s. 6d. net.

Standing Orders of the House of Commons: Part I.—Public Business; Part II.—Private Business. 1932. 3s. net.

The Stock Exchange.

PREFERENCE SHARE RIGHTS.

INDUSTRIAL preference shares have lagged badly in this year's race for the fixed interest altitude trophy. At the end of last month, according to the Actuaries' index, British Government stocks were nearly 24 per cent. and home corporation securities 34 per cent. above the level of December 31, 1928. Representative industrial debentures were a modest 8 per cent. above, and industrial preference shares actually 5 per cent. below the datum level. It is true that a year earlier, when Britain had just left gold, the percentage depreciation of the same preference shares was as much as 24 per cent. This type of security has participated in the recovery common to all fixed-interest stocks over the intervening year. The "gap," however, between preference share values and those of other members of the fixed-interest family is appreciably wider to-day than twelve months ago.

This is a serious matter, for preference shareholders, who relinquish equity rights for the sake of priority, hope to be compensated for their sacrifice of earnings in good times by the additional security of their capital and income in bad times. Unfortunately, their position, in this latter respect, is far from watertight, as the experience of recent months has shown. Their dividends, unlike the interest of debenture holders, do not become legally due after an agreed interval of time, but are payable out of profits at the directors' discretion. The piling up of arrears may confer voting powers on preference shareholders, who are normally disfranchised. These may or may not give them a majority interest, but in no case do they entitle them to physical control of the assets. It is this last disadvantage which has probably contributed most to the relative unpopularity of the preference share at the moment. Debenture holders must ever be tenderly treated lest, being intimidated, they put in a receiver. Preference shareholders may, and frequently are, asked to jettison valuable rights without equitable compensation. There is always the possibility that they may accept the terms offered. At worst, they can only reject them. The terms of certain recent schemes have, in fact, been so remarkably unfavourable to preference shareholders as to suggest the advisability of a wider understanding of the principles on which all such schemes should be based.

Clearly, the degree of sacrifice a preference shareholder should be asked to make must depend primarily on the losses a company has suffered as regards its assets and its earning power. The preference shareholders in the companies involved in the Royal Mail reconstruction scheme have, at present, no rights on which any actuarial value can be set, for their companies are entirely in the hands of their creditors. The owners of £1,200,000 of £1 7 per cent. cumulative preference shares of the Ebbw Vale Steel Company last September found themselves in a position only one degree less unfavourable. The company's reorganisation scheme (sanctioned on September 29th) appeared at first sight to deal hardly with them, for they lost nine years' dividend arrears and had 15s. written off each of their £1 shares (or, in other words, had their preferential dividend rights reduced from 7 per cent. to 1½ per cent. per annum. They also had £1,075,045 of 8 per cent. "A" cumulative participating preference capital placed in front of them. Yet the Ebbw Vale scheme was eminently fair in its incidence. The company was deeply in debt and could not meet its prior obligations. The alternative to reconstruction was the appointment of a receiver, and, in a liquidation, the preference shareholders would probably have received nothing. Claimants ranking before the latter holders made considerable sacrifices, and preference shareholders themselves received, as a *solatium*, a claim on the fruits of a possible future rehabilitation of the company, for they were given 20 per cent. of the equity and voting rights.

Similarly, the terms offered to and accepted by holders

of £300,000 7 per cent. cumulative preference shares of the British Electric Transformer Company last July were, if not exactly generous, at least rational. The unfortunate preference shareholders lost 3½ years' dividend arrears and, in effect, had their dividend rights reduced from 7 per cent. to 2½ per cent. They also relinquished their rights over half their original capital in a winding-up. The company, however, had failed for some years to earn enough to cover its preference dividends. A much stronger concern, Crompton, Parkinson, Limited, undertook to provide new money, which the Transformer Company urgently required for the continuance of its business, and guaranteed the new preference dividend. The preference shareholders, therefore, were given a not unequitable choice between a guarantee of less than a half a loaf and the prospect of little or no bread in the event of liquidation.

Both these cases illustrate the compelling power of *force majeure*. It is not unreasonable to ask for comparatively far-reaching amendments of preference shareholders' rights, when such sacrifices alone can obviate a winding-up, which would render those rights practically valueless. Entirely different criteria apply, however, when preference shareholders are asked to ensure, not a company's continued existence, but its ability to resume dividend payments. In such a case one rule should be laid down and strictly adhered to. Preference shareholders should not be asked to make sacrifices whose benefit will inure to ordinary shareholders. If a company which has contracted to pay out a fixed annual sum of money, when available, to its preference shareholders, anticipates that future profits will cover that sum, with any arrears, preference shareholders are entitled to demand its full payment before a penny is distributed to ordinary shareholders. If, at the same time, heavy capital losses make it advisable, say, to write 10s. off every £1 preference share, after reducing the ordinary shares to a purely "token value," then preference shareholders are entitled (a) to a doubled dividend rate on their halved capital (i.e., to unchanged money income), and (b) to the right to the return of £1, and not 10s., in a winding-up. If it is doubtful whether future earnings will recover sufficiently to permit of preference dividends at the old rate, shareholders have a choice of two policies. They may ask that reconstruction be postponed until a firm estimate of earning power can be made. Alternatively, they may ask for a share in the equity, so calculated as to afford them, if the company regains its prosperity, (a) a balance sufficient to raise their reduced preferential dividend to its original amount, plus (b) a further sum to compensate them for the risk assumed by relinquishing part of their priority rights.

The scheme put forward last month by Goodson's Mantle and Costume Company (1920), Limited, exemplifies the correct application of these principles. The 8 per cent. cumulative preference shareholders were asked to make an equitable contribution to the writing off of a total loss equal to half the company's issued capital, but retained unimpaired their rights in a winding-up. They relinquished nearly three years' dividend arrears, and, in substitution for priority in profits distributed up to £32,000 per annum, cumulative, accepted priority for £14,000, cumulative, and a further £6,000, non-cumulative. In return, however, they took over half the equity from the ordinary shareholders. If future divisible profits rise above £44,000, they will receive more, on an ascending scale, under the new arrangements than under the old.

A similar judgment cannot, unfortunately, be pronounced with equal confidence on certain other recent schemes. We have had occasion to comment on the opposition offered by a group of large preference shareholders to a scheme for the purchase by an unknown buyer of Pritchard's Restaurants, Limited, and the

division of the cash consideration so as to give the preference shareholders 10s. and the ordinary shareholders 5s. 6d. for each £1 share, respectively. The preference shareholders have maintained, with reason, that in a winding-up they would be entitled to 20s. in the pound before the ordinary shareholders received one penny.

Offers of this type are somewhat unusual. More "normal" features are embodied in a scheme made public this week, under which the participating preferred ordinary shares of Willys Overland Crossley, motor manufacturers, which were reduced from £1 to 12s. nominal value in 1926, are to have 2s. 6d. per share returned in cash, and to suffer a further reduction to 6s. The shares, in fact, are to lose half their preferential and participating rights alike, though they retain their rights as regards dividend arrears and will be entitled to £1 per share in a winding-up. The ordinary shareholders, thus directly benefited, make a purely nominal sacrifice by submitting to the writing down of their shares from 2s. to 6d., since their equity rights are untouched.

Possibly the most portentous of all the schemes carried through recently has resulted in a reduction of the issued preference capital of Rylands and Sons, Limited, an old-established Manchester textile business, from £1,500,000 in 8 per cent. cumulative shares to £1,000,000 in 6 per cent. cumulative shares. This has been effected:

- by a return of one-third of the original preference capital to holders in cash; and
- by giving preference shareholders, in compensation for the reduction of the fixed cumulative dividends on their remaining capital from 8 per cent. to 6 per cent., first, participating rights for a further 2 per cent. when ordinary dividends exceed 5 per cent., and secondly, a premium representing the loss of dividends for ten years ahead, and voting rights (with less than a majority interest) whenever less than 8 per cent. is distributed.

The scheme's avowed *raison d'être* was not that the company anticipated future inability to meet preferential requirements, but that the directors regarded an 8 per cent. dividend as out of harmony with prevailing interest rates. This opens up a very far-reaching question. All preferential capital issued by British companies before the legalisation of the redeemable preference share by the 1929 Companies Act, is necessarily irredeemable so long as a company remains a going concern. From the resulting annual "fixed charge," there is no relief, however irksome the payment may appear in changed circumstances, except by liquidating a company and giving its successor a new capital structure—an inconvenient and somewhat costly process. The spokesman for the opposition party in the Rylands scheme revealed that the threat of such a possibility had been a material fact in the securing of ultimate agreement. The result, however, is not an impressive commentary on the ability of directors to secure lower preference charges by "peaceful persuasion." After paying off one-third of its preference capital in hard cash, the company has, in effect, been compelled to bind itself to pay the original rate on the remainder whenever it wishes to distribute more than a small dividend on its ordinary shares. To secure even this facility, it has found it necessary to make preference shareholders an immediate cash present equal to 20 per cent. of their reduced capital.

The rights of preference shareholders, indeed, are twofold. It may be significant that, in recent months, much greater opposition has generally been forthcoming, than in the past, to modifications which have appeared to be inequitable. Is a position likely to arise, in which preference shareholders may be asked for sacrifices, on broad economic grounds, which they would have every right to refuse on a narrow legalistic interpretation of their rights? If general interest rates remain low, many high yielding preference shares may go to a high premium, if their "industrial risk" is moderate. If the irredeemability of the preference share imposes a barrier against the "passing on" of lower interest rates, the latter's beneficial industrial effects may be undesirably limited.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. November 8. ACCOUNT. November 10.

ALL markets were favourably affected by the successful completion of the Government conversion campaign, signalled by the Three per Cent. Conversion issue, the terms of which were made known on Tuesday night. The new loan was well received, the lists being closed soon after mid-day on Thursday. Activity outside the gilt-edged market was moderate but steady. The stronger tone of sterling had a beneficial effect, but only sound stocks, with reasonably assured earning power, attracted investment interest. The volume of business showed some slight expansion, but dealers avoided new speculative commitments on the eve of a fresh account.

The gilt-edged market was steady on Monday, but advances were sharp and general on Wednesday morning. Quotations then reacted sharply, selling being encountered from holders who wished to apply for the new loan, in view of its definite redemption provisions. Local loans and Old Consols were prominent, and Conversion 8½ per cent. were active. Long-dated India stocks moved up with the Funds, but subsequently encountered profit-taking. The New South African scrip touched 2 premium, and the Australian 3½ per cent. loan rose to 100. Home Corporation issues were firm.

Foreign bonds had an idle appearance. One or two Chinese issues were inquired for, but the Boxer Loan declined on the rise in sterling. The Brazilian Funding Loans held their ground, and Argentine bonds were firm on the improved revenue return for October. Scattered selling of Chilean bonds was attributed to the absence of prospects of an early "Cosach" settlement. German 7 per cent. rose fractionally, and Austrian Sixes advanced, but Greek Sevens declined on reports of an earthquake.

In the Home Rail market prior charges were supported in sympathy with Government stocks. Slightly better traffic returns and the fall in unemployment during October helped the ordinary stocks. Foreign Rails, however, were depressed, the Argentine Big Four declining on a further poor batch of traffic receipts. San Paulo found support, but Leopoldina was unchanged.

The Industrial share market had a moderately active week. Business was concentrated at first on prior charges, but on Thursday a fair demand arose for "seasoned" ordinary shares. Spillers, Imperial Chemical, Radiation, Joseph Lucas and Woolworth were prominent. Wall Paper deferred were bought on the satisfactory report (analysed on page 846). Guinness led an improvement in brewery shares. Textile shares, however, were marked down on the cotton spinning dispute, and rayon shares were easier in sympathy. Radio shares were heavy. Though Wall Street advices were not encouraging, Drug Incorporated was firm on the quarterly dividend announcement. Cables and Wireless preference were in steady demand. Bank and insurance shares were firm with the gilt-edged market.

Little business was done in oil shares. American news had an adverse influence. Though crude oil production was lower last week, seasonal factors were responsible for a further rise in petrol stocks. Shell and Royal Dutch were sold, in the absence of Continental support. The Rubber share market was practically deserted and prices were depressed by a few small sales. Ten shares were lower, almost without exception.

Mining shares were quiet and irregular. In the "Kaffir" market, however, a sharp rise occurred in Kleinfontein on persistent South African buying. City Deep and West Rand were also active. Copper shares were adversely affected by the relapse in the metal, the market being still unable to assess the probable effect of the Ottawa treaties on world prices, or on the future of international production agreements. Rhodesian issues remained out of favour. Little interest was taken in tin shares. Indian gold shares were easier.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Oct. 27, 1932.	Oct. 28, 1932.	Oct. 29, 1932.	Oct. 31, 1932.	Nov. 1, 1932.	Nov. 2, 1932.	Nov. 3, 1932.
Government and Municipal Loans	1,519	1,504	785	1,576		1,902	1,836
Transport, Communications, and Public Utilities	1,001	1,045	496	909		1,529	1,131
Commercial and Industrial	2,155	2,276	1,001	2,229		3,166	2,591
Banks, Insurance and Financial	562	558	259	461		840	717
Mines (including Nitrates)	771	713	325	750		894	771
Oil	159	166	74	152		201	171
Rubber, Tea and Coffee	195	155	71	102		197	200
Total	6,362	6,417	3,011	6,179		8,729	7,417

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

	Highest of 1932. (Sept. 8.)	Lowest of 1932. (June 1.)	Oct. 27, 1932.	Oct. 28, 1932.	Oct. 29, 1932.	Oct. 31, 1932.	Nov. 1, 1932.	Nov. 2, 1932.	Nov. 3, 1932.
66-6	51-3	65-0	65-0	64-9	65-0	*	65-6	66-0	

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.

(1928 = 100.)

	Highest of 1932. (Nov. 2.)	Lowest of 1932. (Sept. 30, 1931.)	Oct. 27, 1932.	Oct. 28, 1932.	Oct. 29, 1932.	Oct. 31, 1932.	Nov. 1, 1932.	Nov. 2, 1932.	Nov. 3, 1932.
127-4	90-6	126-4	126-4	126-4	126-6	*	127-4	127-4	

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The public continue to hold off the market. Dealings on Monday, in fact, were the lowest recorded on any full day since June, 1924. The markets are waiting, not so much for the result of next week's election—a Roosevelt victory has already been discounted—as for an indication of the prospective new President's policy and the per of the sonnel of his Cabinet. In the limited time the country can spare from politics in the last few days before an election, attention has been given to the trade position, which is less favourably regarded than a month ago. Freight car loadings in the week ended October 22nd, at 642,000, showed a decline of 8,400. Though limited importance attaches to a single week's figure, the majority of commentators regard the upward movement as having passed its peak, for the present, in mid-October. Railroad stocks, consequently, have been on offer. The St. Louis-San Francisco Railroad passed into a receiver's hands on Wednesday. The weakness of commodity prices, particularly wheat, has also affected market sentiment. Possibly undue significance is being attached to the car loading returns, for other industrial news is not unfavourable. Steel operations, for example, have further advanced to 20 per cent. of capacity, and electrical power production is being well maintained. Company earnings' reports for the third quarter continue to make a doleful showing, but the market has been cheered by satisfactory dividend announcements, including those of General Motors, which has declared its regular quarterly payment of 25 cents, and Drug Incorporated, the maintenance of whose pay-

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Boulevard Street, E.C.4.

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

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Address.....

ment of \$1 was well above general expectation. The immediate share outlook is, however, uncertain and somewhat unpromising. Perceptible signs of weakness, particularly in the Westinghouse and General Electric group, caused a sharp marking down of prices in the last hour on Wednesday. On Thursday, the market was dull and irregular.

	Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.		Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	Natl. Biscuit	39½	39½	34½
Lib. 4½% '32-47	101½	101½	101½	Phelps Dodge	6½	5½	4½
Do. 4½% '32-47	102½	102½	102½	Pullman	22	20½	19
Do. 4½% '33-38	103½	103½	103½	Sears-Robuck	20½	18½	16½
Atchafalpa	45½	42½	36½	Studebaker	6½	5½	4½
Ches. & Ohio	23½	23½	20½	Un. Fruit	20½	19½	18½
Erie	6½	6½	6½	U.S. Leather	4½	4½	4½
Illinois Central	15½	15½	13½	U.S. Rubber	5½	5½	4½
N.Y. Central	24½	23½	19½	U.S. Steel	38	35½	32½
Pennsylvania	15½	14½	12½	Westinghouse	27½	25½	22½
Southern Pacific	21½	19½	15½	Woolworth	37½	36½	35
Southern Ry.	9½	8½	7½				
Union Pacific	60½	64½	58½	Am. Tel. & Tlg.	106	103½	99½
Am. Can.	52½	51½	48½	Interboro R.T.	4½	4½	3½
Amer. Smelting	14½	14½	13½	Int. Tel. Teleg.	9½	9½	8½
Anaconda	19½	8½	8½	Radio Corp.	7½	6½	6½
Bethlehem Steel	15½	17½	16½	Utilities P. & L.	4½	4½	3½
Chrysler Motor	15½	14½	12½	W. Union Tlg.	29½	28	25½
Corn Prods. Rf.	52	50½	46½				
Eastman Kodak	52½	49½	47½	Assoc. Gas "A"	2	2	2½
Gen. Electric (New)	15½	15½	14½	Fan Amer. B. (New)	11½	11½	12½
Gen. Motors	13½	12½	12½	Shell	15	14½	13½
Int. Harvester	22½	21½	18½	Shell Union	6½	6	6
Mont. Ward	12½	11½	10	Std. California	25½	24½	23½
				Do. N.J.	30½	30½	29½

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Oct. 26. Nov. 2.
337 Industrials	98-2	174-1	51-5	114-7	52-2	45-9 43-8
33 Rails	89-1	146-6	31-7	105-7	32-2	26-8 24-2
34 Utilities	153-2	267-4	90-6	187-6	91-8	78-4 74-8
Total, 404 stocks	105-5	184-2	54-7	124-6	55-5	48-2 45-8
Average yield of 50 Industrial Common Stocks	4-15%	5-95%	9-37%	5-11%	9-29%	6-33% 6-00%

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

	Highest of 1932. (Sept. 7.)	Lowest of 1932. (June 27.)	Oct. 26, 1932.	Oct. 27, 1932.	Oct. 28, 1932.	Oct. 29, 1932.	Oct. 31, 1932.	Nov. 1, 1932.	Nov. 2, 1932.
72-3	35-2	52-7	53-0	54-0	53-3	53-1	51-8	50-2	

TOTAL DEALINGS IN NEW YORK.

	Oct. 28, 1932.	Oct. 29, 1932.	Oct. 31, 1932.	Nov. 1, 1932.	Nov. 2, 1932.	Nov. 3, 1932.
Stock Exchange—Shares (Thous.)	700	400	384	500	1,100	1,000
Bonds (Value Thous. \$)	7,100	3,600	5,600	5,500	7,600	6,900
Curb—Shares (Thous.)	110	50	80	100	160	150

* 2-hour session.

PARIS.

The market was closed on Monday and Tuesday, and reopened in a quiet mood, though prices were generally steady. Interest centred mainly on the introduction of the 4½ per cent. Rentes, which were dealt in on the Parquet for the first time. At the close, both "A" and "B" issues were quoted at 97, though at one time the stock fell to 96½ in dealings for the account. Foreign securities were unsettled, and public funds fell sharply. Industrials and Internationals were steady to firm. On the Coulisse diamond shares met with a fair inquiry, De Beers deferred improving by 11 to 362. Gold-mining shares rose slightly, but oils and rubbers were irregular.

	Oct. 27, 1932.	Oct. 28, 1932.	Nov. 3, 1932.		Oct. 27, 1932.	Oct. 28, 1932.	Nov. 3, 1932.
Banque de France	11,150	11,065	11,220	Wagons Lit.	68	70	72
Credit Lyonnais	1,915	1,891	1,929	Mexican Eagle	31	31	32
Suez Canal	15,110	15,115	15,415	"Chartered"	78	78	75
Chargeurs Réunis	215	210	220	Ford	102	100	99
Rio Tinto	1,188	1,180	1,210	De Beers	350	351	365
Royal Dutch	14,050	14,050	14,100	"Johnnie"	151	149	148

(Continued on page 842.)

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

Price		Price	

† Free of Income Tax† Free of Income Tax.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 27, 1932.	Price, Nov. 3, 1932.
Associated Newspapers 4½% 10 Year	97½	Fy pd	2½-2½ pm	100-101
Notes	27½	2/-	2½-2½ pm	99½-100
Australia 3½%, 1936-1937	2/-	2/-	2½-2½ pm	2½-2½ pm
Blackpool Greyhound 2/-	2/-	2/-	6/6-7/-	6/0-6/6
British Plaster Board ord.	98	20	1½-1½ pm	3½-3½
Covent Garden Properties, 4½% deb.	14/-	8/-	1½-1½ pm	1½-1½ pm
Cow and Gate New Ord.	14/-	8/-	1½-1½ pm	1½-1½ pm
J. G. Graves Pty. pref. ord. 5/-	14/-	8/-	1½-1½ pm	1½-1½ pm
Lever Brothers 4½% deb.	14/-	8/-	1½-1½ pm	1½-1½ pm
Lovell and Christmas 4½% deb.	14/-	8/-	1½-1½ pm	1½-1½ pm
Qualcast 7% cum. pref. £1	14/-	8/-	1½-1½ pm	1½-1½ pm
Southend Stadium deferred (1/-)	14/-	8/-	1½-1½ pm	1½-1½ pm
Do., preferred (10/-)	14/-	8/-	1½-1½ pm	1½-1½ pm
South Metropolitan Gas 4½% Pref.	14/-	8/-	1½-1½ pm	1½-1½ pm
South Africa 5½% Ins. Stk. 1953-73	14/-	8/-	1½-1½ pm	1½-1½ pm
Southern Railway 4½% deb. 1932-67	14/-	8/-	1½-1½ pm	1½-1½ pm
Stevenson (Hugb) 6½% deb.	14/-	8/-	1½-1½ pm	1½-1½ pm
Telsen Electric £1	14/-	8/-	1½-1½ pm	1½-1½ pm
Treasury Bonds 2% 1935-38	14/-	8/-	1½-1½ pm	1½-1½ pm
Wanderer Gold	14/-	8/-	1½-1½ pm	1½-1½ pm

(Continued from page 839.)

BERLIN.

The proximity of the General Election had an adverse effect upon most sections of the Berlin Bourse. The new Tax Certificates were introduced, and under their lead business revived slightly, but fell away immediately on the beginning of profit-taking. Official quotations for the new certificates ranged from 90.25 for those maturing in 1934 to 71 for those maturing in 1936. Foreign securities were rather unsettled, and industrials further receded, Farbenindustrie falling back to 94.75 and Harpener to 70.10. Steels were a trifle weaker at 23.

	Oct. 27.	Nov. 1.	Nov. 3.		Oct. 27.	Oct. 31.	Nov. 3.
Reichsbank	1932.	1932.	1932.	A. B. G.	31.60	33.75	31.60
Disconto	75.00	75.00	75.00	Siemens & Halske	114.00	116.00	113.75
Dresdner (New)	61.75	61.75	61.75	A. K. U.	55.10	56.00	52.75
Norddeutscher	16.10	16.75	16.25	Hamburg-Amer.			
Lloyd				("Hapag")	15.60	16.00	15.60

AMSTERDAM.

Listless conditions prevailed. Prices opened at somewhat lower levels than last week, but remained steady. Tin shares were an exception, and increased slightly on a small decrease in visible supplies. Rubber shares were steady, despite lower American prices for the commodity. Royal Dutch were again erratic, finishing 1 down at 189½. Industrials were practically unaltered, though irregular, Unilever N.V. being marked up 1 at 112½.

	Oct. 27.	Nov. 1.	Nov. 3.		Oct. 27.	Nov. 1.	Nov. 3.
2½% Dutch Loan	1932.	1932.	1932.	Steel Common	36½	36½	33½
5½% German	69½	70	70½	A. K. U.	42½	45½	43½
Unilever N.V.	114	113½	113½	Ford Motor	114½	115½	116
Phillips' Lamps	128½	128½	128½	Deli Batavia	141	147	143
Netherlands Ship				Royal Dutch	138	139	138
Union	64	63½	61½	Handels Ams	177	179	176

OTHER CENTRES.

The tone of the minor European bourses was dull. All markets were affected by the holidays in connection with the observance of All Saints' Day. The Brussels Bourse

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was closed for the first two days of the week, and there was little activity when it reopened. Quotations were lower and continued to move downwards until near the close. A slight recovery then occurred, but most issues finished below previous levels. At Frankfurt a slightly brighter tone prevailed, but the close was heavy. Stockholm and Copenhagen were irregular, the general tone being unsettled.

INVESTMENT NOTES.

New Conversion Loan.—The Government ensured an immediate response from the City to the terms of the new Conversion Loan. The lists, in fact, were closed at 12.15 on Thursday. The Loan appeared at first sight somewhat dear, but it was quickly appreciated that the comparative shortage of supply of medium-dated Government stocks would render it scarcely less popular with the private investor than with the joint stock banks. The yield offered, indeed, is not out of line with the yields obtainable on other medium-dated Government stocks. At the issue price the yield to final redemption, in 1953, is £3 3s. 4d. per cent. If the loan is redeemed at its earliest date, the yield will be £3 4s. 1d. per cent., which is approximately the same as that returnable on Conversion 5 per cent. Loan, if the latter is called at its earliest date—May, 1944. It also compares favourably with the yield on Transvaal 3 per cent., 1923-53 (with a probable life of 14 years), which are quoted in the market at 100. It is reasonable to expect that, in view of its fixed date of redemption, the new loan will stand relatively higher than the long-dated Government securities. It may be interesting to consider, first, the prices to which the long-dated securities must rise if the market is now to offer generally a 3 per cent. yield basis, and, secondly, what falls would result if the market reacted to a 3½ per cent. yield basis. It will be found that the new Conversion Loan is much less vulnerable to a reaction than the "longs."

	Price to yield 3%.	Price to yield 3½%.	No. of points fall from (1) to (2)
Consols 2½%	83½	66½	16.67
War Loan Assented 3½%	116½	93½	23.33
Conversion 3½%	116½	93½	23.33
Locals Loans 3%	100	80	20.00
Conversion 3%, 1948-53	100	89½	10.67

* Allowing for redemption at par in 1953.

The new conversion loan completes the great conversion operations of the National Government. The maturities which will arise in the next few years are not of major importance:—

£51 millions 4½% Treasury Bonds	Due February 1, 1934.
£105 millions 4% Treasury Bonds	Callable on April 15, 1934.
£373 millions 4½% Conversion Loan	Callable January 1st, 1940.
£325 millions 5% Conversion Loan	Callable May 1, 1944.

The Government may conceivably be inclined later on to take advantage of any further rise in the gilt-edged market by offering the new 3 per cent. Conversion Loan on some attractive terms to holders of 3½ Assented War Loan. There are many private investors anxious to exchange from a virtually irredeemable stock to one with a fixed date of redemption. The Government may wish somewhat to reduce the great mass of 3½ per cent. War Loan, especially if it regards the number of potential sellers as large enough to create a weak technical position in the long-dated stocks, and so to react against a further fall in the long-term interest rate.

Course of Equity Share Values.—Gilt-edged stocks, rather than equity shares, occupied the centre of the stage in the first part of October, but the undertone remained firm enough to suggest that the strength of fixed-interest

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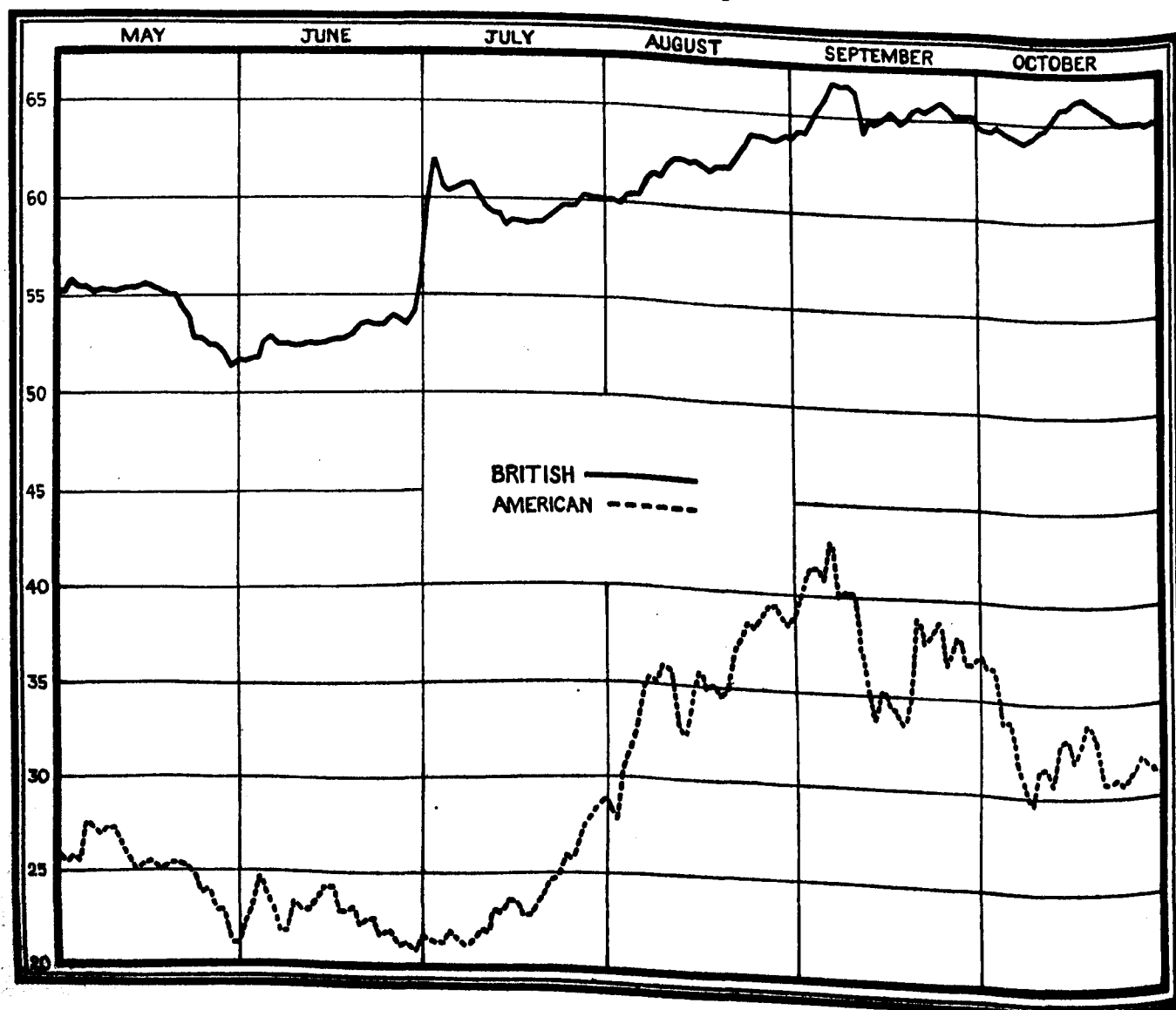
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stocks was not due to any considerable withdrawal of investment resources from other markets. The sagging tendency of ordinary share prices, indeed, was quite definitely checked, both here and in New York, before the month had gone far. The chart reproduced on this page shows, indeed, that the reaction after the July-September rise attained nothing like the dimensions in London as in New York, even if allowance be made for the notoriously wider amplitude of price fluctuations in the latter centre. British quotations, at their lowest point before the mid-October recovery, had yielded less than a quarter of their net gain of ground since the end of June, while in Wall Street nearly half the advance had been wiped out. The subsequent recovery, which carried the British curve back very nearly to the September peak, was not entirely a healthy movement, its origin being not unconnected with the depreciation of sterling on the removal of official "control." The corresponding movement in America (again allowing for the normally greater elasticity of that market) was appreciably less extensive. A fresh recessionary tendency in both centres was, happily, arrested before it had gone very far. At present the undertone for seasoned industrial shares, in this market, is distinctly firm. In America, the public seems to be holding off till the elections are over. Though signs of uneasiness have appeared since the end of the month, it is hoped that the possibility of a Democratic presidential victory has been at least practically discounted. Incidentally, the Actuaries' Index computes the present dividend yield on British industrial shares at under 4½ per cent., while the corresponding American figure, according to the Standard Statistics Company, is as high as 6 per cent.

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, May to October, 1932.

(1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



Australian Loans.—The magnitude of British Government conversion operations has not obscured the intense efforts which are being made in Australia towards a reduction in the interest charge on the internal debt. A new 10-year loan of £8 millions has just been authorised, in 3½ per cent. stock at par, which is to provide, as to £4 millions, for the funding of floating debt, and as to the balance, for unemployment relief works. It is stated that the majority of the Loan Council favoured a £20 millions loan at 4 per cent, but opposition came from New South Wales to the size of the loan, and the trading banks insisted on a lower rate of interest. At a time when 4 per cent. internal loans are quoted in Melbourne at over par, it is significant to compare the yields obtainable on the Australian Government Loans in New York and London respectively:—

Dollar Loans.	Maturity.	Price.	Flat Yield (%)
			(a) (b)
Australia 5%	1955	78	6.41 5.57
Australia 4½%	1956	72	6.25 5.43
New South Wales 5%	1957	75½	6.60 5.73
Sydney 5½%	1955	70½	7.83 6.80

Sterling Loans.	Maturity.	Price.	Yield (%)
			Flat. With Redn.
			£ s. d. £ s. d.
Australia 5%	1975	106½	4 15 6 4 10 0
New South Wales 5%	1965	104½	4 15 6 4 10 0
New South Wales 4½%	1945	101	4 9 2 4 8 0

(a) Assuming that sterling exchange remains constant.
(b) Assuming that sterling exchange rate rises from \$3.30 to \$3.80.

It will be seen that, even if allowance be made for a hypothetical improvement in the sterling exchange rate from \$3.30 to \$3.80 to the £, the yields obtainable on the

Australian dollar bonds are entirely out of line with yields obtainable on the sterling bonds—or *vice versa*. The exchange risk is operating at the moment against a rise in the prices of the dollar bonds, but the disparity between the two markets seems too great to remain indefinitely.

Cheap Money and Industrial "Conversions."—In the *Economist* of July 30th last we discussed the opportunities which would be available to certain industrial concerns, under a regime of lower interest rates, for the conversion of their fixed-interest charges to a lower interest basis. For the first few weeks after the announcement of the War Loan Conversion scheme the "embargo" on new issues was strictly enforced. Even after the partial raising of the ban, as from the beginning of October, official approval was not forthcoming for issues, for the optional replacement of existing obligations, which involved either underwriting or an invitation to subscribe new cash. Whether this restriction will now be raised remains to be seen. That it is not watertight is obvious, since it does not appear to prevent "conversion" issues from being taken up by a subsidiary or affiliated company, which subsequently obtains public subscription for an issue of its own. Examples of both methods are afforded by the "Rothermere group" financing, details of which will be found on page 846. For the most part, however, the ban has been effective in limiting "conversion" activity to companies with sufficient liquid resources to finance such operations internally without resort to normal market machinery. Examples are given below:—

Name of Company.	Stock Converted.		New Stock.	
	Description.	Old Rate.	Amount.	Conversion Conditions.
Bovril	Eight-year Notes (second series).	5½	£ 343,100	200,000 new Preference shares out of 250,000 authorised, to be issued primarily to shareholders at a premium.
Dickins & Jones	First Mortgage Debenture stock.	6	979,690	Issue of £973,980 new Debenture stock. Holders of the 6 per cent. stock will be entitled to receive an equal nominal amount of new stock, plus cash payment of £2½.
Lipton	Debenture stock.	6	600,000	Issue of £600,000 new 4½% stock, 1945-70. Holders of 6 per cent. stock entitled to an equal nominal amount of new stock, plus cash payment of £4 15s. 9d. per cent.
Lever	First Mortgage Debenture Stock.	5	3,268,780	Issue of £2,288,146 consolidated Debenture stock at 98. Holders of 5 per cent. stock entitled to convert 70 per cent. of their holdings and to a cash payment of £2 3s. 10d. per cent.
Portsmouth and Brighton United Breweries.	First Mortgage Debenture Stock.	6	410,000	Issue of £410,000 first Mortgage Debentures. Holders of 6 per cent. stock entitled to convert an equal nominal amount and to a cash payment of £3 10s. per cent.
Tamplin & Sons Brewery.	First Mortgage "Smithers" Deb. Stock.	5½	293,820	Issue of £300,000 Debenture stock. Holders of old stock entitled to convert an equal nominal amount of the new stock and to cash payment of £2 10s. per cent.
Tamplin's Licensed Properties.	First Mortgage Debenture Stock.	6	328,280	Issue of £350,000 Debenture stock. Holders of old stock entitled to convert into equal nominal amount of new stock and to cash payment of £2 10s. per cent.

The decision of Bovril to repay its eight-year notes does not fall strictly within the conversion category, since the "switch" is into a new type of stock, rather than to a lower interest rate. The largest transaction is being carried through by Lever Bros., who are repaying £3,268,780 of debenture stock and saving nearly 1 per cent. on the deal. We have excluded from our table Dunlop Rubber, which announces that it will redeem the whole of the 6 per cent. second debentures outstanding in February, 1933, at 103 per cent. without a new issue, and also Olympia, Limited, which is seeking authority to issue

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Wall Paper Manufacturers.—Although trading was quiet, with a certain amount of short-time working, in the year to August 31st last, shareholders have every reason to be satisfied with results. Net profits have more than maintained the previous year's level, and, after an unchanged dividend of 10 per cent. on the deferred capital, some £100,000 is to be appropriated to the writing down of goodwill:—

	Year ended August 31.		
	1930.	1931.	1932.
	£	£	£
Profit	672,916	592,636	608,148
Income tax	47,147	55,302	66,350
Staff funds	20,000	10,000	10,000
Debenture interest	40,569	40,569	40,569
Net profit	565,200	486,765	491,229
Brought forward	295,796	260,996	272,762
Preference dividend	60,000	60,000	60,000
Ordinary dividend (10%)	140,000	140,000	140,000
Deferred dividend	300,000	200,000	200,000
Earned %	19.2	15.8	16.1
Paid %	15	10	10
To reserve	100,000	75,000	100,000
Carry forward	260,996	272,761	263,991

The Canadian company, in which the English company holds a substantial interest, suffered a loss on the year's operations. The parent company's position is liquid. Its assets include British Government securities and other investments of £1,481,653—an advance of £243,109 on

the year. Cash has risen to £146,488, while stocks have fallen to £715,624, compared with £758,498. The £1 deferred shares, which were as low as 19s. 6d. last year, are now quoted at 88s. 9d., to yield £6 8s. 8d., less income tax.

Associated Newspapers New Finance.—The end of the "provincial newspaper war," and the reduction in general interest rates have enabled the Rothermere group to fund the financial obligations, bequeathed by the provincial campaign, on much more favourable terms than seemed possible a few months ago. Northcliffe Newspapers, the group's spearhead in the provinces, which in the year to June 30, 1931, made a loss of £62,566 (apart from the losses of certain subsidiaries) is to be wound up. The greater part of its assets, consisting of provincial newspaper properties, are being taken over by Associated Newspapers, Limited. The £3,000,000 of 5½ per cent. Debenture Stock of Northcliffe Newspapers will be paid off, and Associated Newspapers and Daily Mirror Newspapers released from their guarantee of interest and principal. The necessary finance is being provided (a) by an issue of £1,500,000 Associated Newspapers 4½ per cent. Ten-year Notes, not specifically secured, which have been sold at 98½; (b) by a new issue of 1,500,000 5s. deferred shares of Associated Newspapers, taken by Daily Mail Trust at 18s. (the Trust is to make an issue of its own shares, for cash, to provide the required funds); and (c) as to about £500,000 out of the liquid resources of the group. Certain properties of Northcliffe Newspapers, of which Daily Mirror Newspapers was part owner, are among those taken over by Associated Newspapers, the consideration in this case being the allotment of 561,350 of the latter's deferred shares to Daily Mirror Newspapers at £1. Thus the group has liquidated the liabilities left by its excursion into new and debatable fields without placing, in front of its own capital, any preferential payments, which cannot be paid off within ten years. The Berry newspaper group, with its heavier burden of prior charges, has, so far, been less successful. An issue of 2,000,000 6½ per cent. £1 cumulative first preference shares, made by Allied Newspapers at par, last June, was designed to fund part of the loans, from bankers and others, of Allied Northern Newspapers, the provincial subsidiary. The issue, however, was not underwritten, and apparently only 1,225,514 shares were taken up.

Beer and Spirit Production.—Particular interest attaches to the recently-published returns of the 1930 Census of Production relating to the liquor trades, in view of the tendency of many brewery chairmen to lay the blame for the decline in consumption during the last twelve months entirely on the higher duties imposed by the Emergency Budget of 1931. That the origins of the decline, in part at least, go back much earlier is suggested by the fact that, even in 1930, the quantity of beer, ale, stout and porter brewed by firms employing more than ten persons showed a decline, at 18,735,000 standard barrels, of 8 per cent., as compared with the corresponding figure of the Census of 1924. The value, at £126,741,000, registered a fall of 10 per cent. These figures include Excise duty (except as regards beer for export), but the average duty in 1930 was only slightly higher than in 1924. The total value of plain spirits distilled was £3,427,000 in 1930, against £5,210,000 in 1924, both exclusive of duty. Within the trade, bottled liquors appear to have gained ground, substantially, at the expense of the "draught" varieties. The total value of liquors bottled in 1930 was returned at £45,368,000, and in 1924 at £38,016,000. "A substantial part" of the difference is accounted for by more complete enumeration of the bottling activities of breweries, though this qualification does not apply to the rise in the value of bottled spirits from £17,065,000 in 1924 to £22,989,000 in 1930. Nevertheless, in view of the decrease in beer output as a whole, it is clear that the increased popularity of bottled beers is a factor of considerable importance. It has an intimate bearing on such questions as the relative con-

sumption of liquor on licensed and on private premises, the position of the more localised *vis-à-vis* the "nation-wide" breweries, and the growing importance of "quality" factors in total demand. Incidentally, the quantity of British table waters manufactured in 1930, at slightly over 34,547,000 gallons, showed an increase of 29 per cent. over the 1924 figure, though the value of the output, at £4,126,000, rose by only 11 per cent.

Rubber Company Results.—Between the end of June and of September the Stock Exchange quotations of a dozen typical rubber plantation shares, as measured by the *Investors' Chronicle* index, rose by as much as 125 per cent. This rise was based less on economic prospects than faith, and less on faith than pure optimism. The absence of any further improvement in the price of rubber, or of any check to the increase in American "visible" stocks of the commodity (despite the slight reduction in stocks in Malaya and Great Britain) has brought the upward movement in share values largely to a standstill. Under present conditions, few shareholders can hope to receive any income on their investment, for the great majority of companies are working at a negligible profit, or even at a loss, although they have cut down their administrative and plantation upkeep expenses to a minimum. The results of twelve companies, whose reports have recently been issued, are given below:—

Name of Company.	Net Profits.			Share Prices.		
	Year 1929-30.	Year 1930-31.	Year 1931-32.	Dec. 30, 1931.	June 30, 1932.	Nov. 2, 1932.
Anglo-Java Rubber (2/-)	£ 38,924	£ 7,388	£ 3,593	9d.	4½d.	6d.
Bajo Kidol Rubber (2/-)	21,188	3,332	2,788	13/9	6/5	15/-
Gelang Besar Rubber (2/-)	Dr. 5,040	Dr. 4,761	Dr. 429	3d.	3d.	3d.
Laras (Somatra) Rubber (2/-)	10*105	Dr. 15,516	Dr. 6,168	4½d.	2½d.	3d.
Kamuning (Perak) Rubber (2/-)	14,538	4,701	5,811	1/9	1/-	1/9
Malayalam Plantations (1/-)	71,861	8,151	Dr. 11,268	9/6	4/6	10/-
Sable (North Borneo) Rubber (1/-)	Dr. 3,997	Dr. 13,323	Dr. 6,315	2/6	1/6	2/3
Sengat Rubber (2/-)	3,781	Dr. 1,834	Dr. 1,920	4½d.	3d.	4½d.
Singapore Para Rubber (2/-)	3,350	Dr. 1,120	Dr. 2,133	10½d.	5½d.	7½d.
Tanjong Rubber (1/-)	Dr. 1,121	Dr. 10,585	Dr. 10,351	6/3	3/9	6/3
Tanjong Malim Rubber (1/-)	29,205	10,025	Dr. 1,378	13/9	7/6	10/7½
Tebrau Rubber (1/-)	7,072	3,750	2,657	11/3	4/4	10/7½

In the aggregate, the twelve companies show a net deficit of £55,083 in their latest financial year, against a loss of £15,782 for the previous twelve months, and a profit of £189,866 in 1929-30. Only four companies were able to record a credit balance this year. The appended list of share prices brings out the significant fact that, even after the recent recovery, values in many instances are below the levels prevailing at the end of last year.

United of Havana.—The results of this railroad and warehouse company for the year to June 30th last make unhappy reading. Railway receipts fell from £1,943,199 to £1,895,823 to £1,843,083, its total exceeded the year's income. The profit on the working of warehouses and wharves was £44,882. A final deficit of £714,049 raises the debit balance carried forward to £1,601,007:—

Year to June 30.	1930.	1931.	1932.
Railway receipts	£ 3,207,177	£ 1,943,199	£ 1,302,985
Railway expenses	2,856,821	1,895,323	1,343,083
Special receipts	33,705	42,316	88,556
Interest	127,186	121,062	84,831
Taxes, &c.	173,614	188,331	183,557
Debenture interest	663,911	614,884	663,782
Net profit	Dr. 326,278	Dr. 591,965	Dr. 714,049
Brought forward	120,141	Dr. 294,443	Dr. 886,958
Preference dividend	88,856	Nil	Nil
Carried forward	Dr. 294,993	Dr. 886,958	Dr. 1,601,007

The reserve account still amounts to £1,199,617, but the company's position is no longer liquid. An additional scheme of arrangement relating to the debenture stocks was sanctioned last June, under which the company was authorised, for the purpose of securing the re-

payment of advances, to mortgage the property and assets of the company in priority to existing charges. So far, however, it has not been found necessary to use the additional borrowing power.

Italian Stock Exchange Conditions.—The low-water mark in the Italian stock exchanges was reached on July 1st, writes our correspondent, when the general index calculated by the Milan Statistical Office (December, 1925 = 100) touched 39.84. From that date an upward movement began, which culminated early in September, with the general index at 50.28. Quotations afterwards sagged, the movement having spent its force. The rise was unevenly distributed. In the banking group, the Bank of Italy took the lead. Shipping and textile shares were firm, but electrical issues showed a more limited rise. Agricultural and real estate issues were firmer after the collapse of a weak concern, the Società Bonifiche Ferraresi. The improvement failed, however, to interest the investing public. Transactions, if no longer strictly limited to professionals and to the financial groups (which are somewhat overburdened), did not extend beyond the speculative investor. Progress is being made with the financial reconstruction of some large companies. The Italgas, after selling its Milan Gas subsidiary to the Edison Company for 163 million lire, has been able to reimburse onerous banking debts. The Fondi Rustici has sold, for 47 million lire, the "Bonifiche Pontine," a big reclamation enterprise which would have required further huge investments from its embarrassed finances. The public is buying fixed-interest securities to a large extent. A first issue of 100 million lire 5 per cent. bonds of the new Institute Mobiliare Italiano was readily subscribed privately. The rate of interest on new issues of mortgage bonds has been reduced to a maximum of 5 per cent. These are all good omens for the future, but there is no sign of a revival in equity shares.

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

	(000's omitted.)				
Monthly Average.	United Kingdom.	British Possessions.	Foreign Countries.	Total.	
	£	£	£	£	
1924	7,051	6,023	4,370	17,444	
1925	12,918	5,077	1,356	19,351	
1926	10,765	4,431	4,036	19,232	
1927	17,240	8,318	4,039	29,597	
1928	21,965	5,263	3,526	30,754	
1929	16,502	5,081	2,186	23,769	
1930	14,220	5,121	2,975	22,316	
1931	4,542	3,209	761	8,512	
Monthly Total.	Govt. Other.				
May, 1931	1,450	381	10,045	11	11,887
May, 1932	107,689	7,847	1,918	Nil	117,454
June, 1931	1,100	12,107	4,983	2,850	21,040
June, 1932	1,400	12,291	2,077	Nil	15,768
July, 1931	1,600	2,265	2,856	Nil	6,721
July, 1932	Dr. 1,700	407	60	27	Dr. 1,206
August, 1931	750	740	Nil	60	1,550
August, 1932	Nil	20	22	Nil	42
September, 1931	Dr. 50	750	Nil	21	721
September, 1932	150	Nil	Nil	Nil	150
October, 1931	Dr. 1,350	684	49	Nil	Dr. 617
October, 1932	Nil	6,595	7,880	Nil	14,475

The new issue market did not regain its normal stride last month, an effective if somewhat diluted version of the official "embargo" being still in force. The list of borrowers, nevertheless, included some influential names. The British Government's issue of 2 per cent. Treasury Bonds is not included in our figures, the entire proceeds being destined for conversion purposes. Sales and encashments of National Savings Certificates were in balance. The Australian Commonwealth and South African Governments came into the market, and being,

as always, well "looked after," obtained full satisfaction. Other successful borrowers were the Southern Railway and a large real property concern, Covent Garden Properties. Despite the ban on non-Government conversion issues requiring underwriting or cash subscription, a number of well-known companies succeeded in replacing higher- by lower-yielding stock, including various brewery concerns, Lever Brothers, and Dickins and Jones. The more speculative industrial borrowers, at the foot of the list, included a mail-order business, a garden-implement concern, and two "greyhound" enterprises.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Argentine Great Western Railway, Bengal Nagpur Railway, Central Argentine Railway, Kassala Cotton, Debenhams, Imperial Smelting Corporation, and United Dairies. At the annual meeting of the Imperial Smelting Corporation, Sir Robert Horne declared that, from a metallurgical point of view, the company had made considerable progress. The capacity of the Corporation's zinc white works had been raised to over 30,000 tons of lithopone per annum. At the annual meeting of Debenhams, Sir Frederick Richmond said that although demand had tended to flow to the cheaper goods, there had been no serious contraction in the value of goods handled. Taking the three West End businesses together, the number of transactions was only about 2 per cent. less than last year. At the annual meeting of United Dairies the chairman stressed the steady progress made by the company's engineering factories. Sales of bottle discs, for example, had reached a hundred millions.

CAPITAL ISSUES.

THE issue market for gilt-edged stocks was reserved this week for the *British Government*, whose £300 million 3 per cent. Conversion Loan offer—the coping-stone of the Treasury's programme which opened on June 30th with the War Loan conversion announcement—is discussed on pages 824 and 842. Among lesser borrowers, the Stock Exchange "introduction" is finding favour, and financial ingenuity is discovering effective means of driving a coach and four through the "embargo" on subscriptions for conversion purposes. Thus *Associated Newspapers*, whose new finance is discussed on page 846, is obtaining, in effect, the money to pay off the debenture stock of a subsidiary company by selling a block of notes for "placing" by a Stock Exchange firm, and disposing of some of its own newly-created deferred shares to another company in the group. The latter, in turn, will issue its own shares, for cash, to pay for them. The machinery of Stock Exchange "placing" has also been utilised by *Selfridge*

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

MOODY'S INVESTORS SERVICE LIMITED,

King William Street House,
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Provincial Stores for an issue of £650,000 5 per cent. first mortgage debenture stock and by the **Birmingham District Investment Trust** for £600,000 of 4½ per cent. debenture stock. Of the issues made direct to the public, the offer by **Portsmouth Newspapers** of redeemable preference shares was not underwritten. The company owns some old-established properties, circulating mainly in the South Coast area, whose profits, though not progressive, have fluctuated remarkably little in the last few years. The yield of under 5 per cent., however, is not particularly generous, seeing that the company apparently has power to issue debentures ranking in front of the shares at any time. We cannot find extenuation for the present outbreak of "greyhound" issues in the fact that many of the companies concerned are "little ones." Indeed, the resulting narrow market is an additional potential disadvantage. This week's issue was made by **Dumpton (Thanet) Greyhounds**, a company with a capital of £50,000.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Oct. 29, 1932, excluding conversions, £177,140,729.
Total recorded, Jan. 1 to Oct. 29, 1932, including conversions, £472,794,031.

National Savings Certificates.
Net receipts, week ended Oct. 29, 1932, £50,000.

	Nominal Capital.	Conversions or Repayments.	New Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
3½ Conversion Loan, £300,000,000 at 9½% red. at par March 1, 1948—March 1, 1953...	300,000,000	292,500,000	...	15,000,000	277,500,000
Portsmouth Newspapers 240,000 5% Cum. Red. Pref. £1. (Price of redemption 21/6 per share), issued at par...	240,000	...	240,000	60,000	180,000
Dumpton (Thanet) Greyhounds, 500,000 shares 2½ at par	30,000	...	30,000	7,500	22,500
Offered to the Public, week ended Nov. 5, 1932	300,270,000	292,500,000	270,000	15,067,500	277,702,500
To Shareholders only.					
Nil	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—Including Conversions.					
Jan. 1 to date—	£	£	Whole year—	£	£
1932	765,614,031	177,460,729	1931	114,290,666	102,044,291
1931	108,324,979	97,447,994	1930	454,888,784	267,800,700
1930	409,819,986	229,104,355	1929	488,764,940	285,239,400
1929	248,024,038	209,698,438	1928	693,100,056	369,058,073
1928	506,961,409	332,931,678	1927	...	355,185,970
1927	...	291,583,642	1926	...	230,782,600
1926	...	196,268,090	1925	...	232,214,500
1925	...	194,139,668	1924	...	209,326,101

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1932	164,796,331	8,950,682	3,713,716	177,460,729
1931	73,799,349	6,771,859	16,876,786	97,447,994
1930	192,153,408	15,629,638	21,321,309	229,104,355
Whole year				
1931	74,835,999	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	355,185,970
1926	145,180,000	39,393,200	46,209,500	230,782,600

† Includes £107,589,166, whole amount accepted tenders for 3% Treasury Bonds.

By Stock Exchange Introduction.

	Capital Introduced.	Price Dealings Begun.	Cash Involved.
Amount previously recorded	9,111,750	...	10,058,107
Wanderer Consolidated Gold Mines 550,000 £1 shares fully paid	550,000	21/-	577,500
Total, week ended October 29, 1932.	550,000	...	577,500
Total to date, 1932	9,661,750	...	10,635,607
Total to date, 1931	8,757,183	...	8,883,558

THE TREND OF BUSINESS

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Public Offers.

3 Per Cent. Conversion Loan.—Issue of £300,000,000 3 per cent. conversion loan, 1948-1953, at 49½ per cent. Redeemable at par on March 1, 1953, or at any time on or after March 1, 1948, in whole or part, at the option of H.M. Treasury, on three months' notice. The principal and interest are a charge on the consolidated fund of the United Kingdom. Trustees are authorised to invest in the loan. Interest will be paid half-yearly, and a first payment of 11s. per cent. will be made on March 1, 1933. Applications are for £100 or multiples thereof. Holdings may be in the form of inscribed stock, registered stock or bonds to bearer.

Portsmouth Newspapers.—Issue at par of 240,000 5 per cent. cumulative redeemable preference shares of £1 each, redeemable at 21s. 6d. per share, on or after March 31, 1938, on three months' notice. Any of the preference shares not previously redeemed will be redeemed at 21s. 6d. on March 31, 1960. The company was formed for the purpose of purchasing, from September 30, 1932, the business of the Evening News and Hampshire Telegraph Company. The purchase price has been fixed by the vendor company at £331,917, to be satisfied as to £120,000 in fully-paid ordinary shares and as to £211,917 in cash.

Dumpton (Thanet) Greyhounds.—Issue of 300,000 Ordinary shares of 2s. each at par. The company has been formed to purchase and develop freehold land and property of the Dumpton Greyhound Racing Track at Ramsgate and equip the same with an electric automatic totalisator. Net profits of the Greyhound Racing Association (Isle of Thanet) 1929, Limited, which formerly carried on the business, were:—1929-30, £4,368; 1930-31, £3,615; 1931-32, £4,925.

South Suburban Gas Company.—Sale by tender of £300,000 4 per cent. perpetual preference stock, minimum price £101 per £100 stock, and £100,000 4 per cent. perpetual debenture stock, minimum price £103 per £100 stock, to rank *pari passu* with existing debenture stocks. Sales of gas during the past ten years have increased by 59 per cent.

Stock Exchange "Introductions."

Associated Newspapers.—Particulars are given of an issue of £1,500,000 4½ per cent. 10-year registered notes, repayable on August 1, 1942, at 103 per cent. The company will have the right at any time after February 1, 1936, to pay off at 107 per cent. the whole of the notes on three months' notice. The object of the issue is to enable the company to acquire new properties from Northcliffe Newspapers, Limited.

Birmingham and District Investment Trust.—Particulars are given of an issue of £600,000 4½ per cent. debenture stock. Notice has been given to redeem the whole of the outstanding first debenture stock on May 15, 1933.

Selfridge Provincial Stores.—Particulars are given of an issue of £850,000 5 per cent. first-mortgage debenture stock, which is the first charge on over £1,000,000 of property, of which some £800,000 is freehold.

Forthcoming Issues.

Bovril, Limited.—The directors propose to redeem the £343,100 5½ per cent. eight-year notes (second series), to create 250,000 6 per cent. preference shares and to issue, in the first place to shareholders, 200,000 of those shares at a premium.

Cow and Gate.—The directors are offering 825,000 Ordinary shares of 1s. each at par, in the proportion of one new share for every two ordinary shares now held.

Carlton Main Colliery.—Underwriting arrangements are being made in connection with an offer of £450,000 6 per cent. secured debentures of the Carlton Main Colliery Company, Limited, at 98 per cent.

L. McMichael, Limited.—Underwriting arrangements are being made in connection with an issue of ordinary and deferred shares in L. McMichael, Limited, wireless engineers, of London and Slough.

Olympia, Limited.—An offer for sale will be made of £1,000,000 4 per cent. First Mortgage Debenture Stock at 95 per cent.

Results of Issues.

3 per cent. Conversion Loan, 1948-53.—The lists were closed at 12.15 p.m. on Thursday.

Union of South Africa 3½ Per Cent. Inscribed Stock.—The list was closed at 12.35 on October 27th. It is understood that the issue was fully subscribed.

Dumpton (Thanet) Greyhounds.—Issue of 300,000 2s. shares was oversubscribed by 10.15 a.m. on Thursday.

Calls Due November 1st to November 12th, 1932.

The grand total of calls falling due in November, 1932, is £3,190,271, which compares with £461,812 which fell due in November, 1931. The following calls fall due November 1st to November 12th, 1932, inclusive.

	Due Date.	Call.	Already Paid.	No. of Shares or Amount.	Amount of Call.
Australia (Commonwealth of), 3½% Debentures, 1931-37, offered at 97½% (cash applications) Nov. 1	92½%	5%	...	...	...
South Africa (Union of), 3½% Inscribed Stock, 1953-73, offered at 96½% Nov. 8	16½%	5%	£8,000,000	1,320,000	...
Ariston Gold Mines (1929), 12% (Free of Income Tax) Conv. Notes of 2/6 offered at par Nov. 12	6½	2/-	160,000	4,000	...
County of London Electric Supply, Ordinary £1 Shares, offered at 38/6 Nov. 2	11/-	16/6	896,337	492,984	...
Covent Garden Properties, 4½% First Mortgage Debenture Stock, offered at 98% Nov. 7	35%	20%	£1,000,000	350,000	...
Duff Development, 5½% Shares, offered at 29/- Nov. 4	3d.	4/5	701,710	8,770	...
Electrical Distribution of Yorkshire, 6% Cumulative Preference £1 Shares, offered at 21/- Nov. 7	5/-	15/- + 1/- pm.	400,000	100,000	...
Fortnum and Mason, 7½% Preference £1 Shares, offered at 21/- Nov. 1	8/6	11/6 + 1/- pm.	50,000	21,250	...
Guilford Gas Light and Coke 5% Preference Stock, offered at minimum of 10% Nov. 3	96%	10%	£30,000	128,800	...
Java Produce Company (1932), 2/- Shares, credited with 1/6 paid, offered to shareholders of Java Produce Company Nov. 1	2d.	1/8	2,029,260	16,910	...
Mid Southern Utility, 5% "G" Consolidated Stock, offered at minimum of 97½% Nov. 10	87½%	10%	£60,000	152,500	...
Qualcast, 7% Cumulative Preference £1 Shares Nov. 10	10/-	10/-	75,000	37,500	...
South Metropolitan Gas, 4½% Preference Stock, offered at minimum of 101% Nov. 2	11% (a)	5%	£850,000	193,500	...
Sutton District Water, 5% Debenture Stock (Irredeemable), offered at minimum of 125% Nov. 9	121%	5%	£80,000	196,800	...
Tanah Estates (1931), 2/- Shares, offered to shareholders of Tanah Estates Nov. 2	1d.	1/10	1,192,389	4,967	...
United Siam Betong Rubber Estates, £1 Shares, offered at £3 Nov. 7	3/4 + 6/8 pm. 16/8 + 33/4 pm.	133,091	66,540	...	...

† On Minimum Price.
(a) Plus the sum, if any, by which the price of the accepted tender exceeds the minimum price.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre- vious Year.
OTHER COMPANIES.					
Adelaide Steamship	2½%†	...	...	4½	4
Birmingham Rowton Houses	6½%†	...	Tax free	...	...
Clark's Bread	7½%†	Nov. 25	Less tax	...	...
Consol. Estates	2½%†	...	...	7½	7½
Debenture Securities	4½%†	...	...	...	...
Drake and Goreham	2	...	...	2	5
East of Scotland Trust	1½%†	...	...	16	7
Explosives and Chemical	1½%†	Nov. 22	Tax free	...	...
George Nevins	5%†	...	Less tax	...	...
Horden Colliery	2½%†	...	Less tax	...	...
Kandapolla Tea	5%†	...	...	...	...
London County Freehold	2½%†	...	...	...	...
Meters	2½%†	Nov. 9	Tax free	10	10
Metropolitan Indust. Dwellings	3%†	...	Tax free	4	4
Paine and Co., Brewers	10	...	...	...	...
Railway and General Trust	2½%†	...	...	...	...
Residential Property Improv.	3½%†	...	...	...	...
Ribble Motor	4%†	...	...	...	...
Scottish National Trust	5%†	...	...	...	...
Second Scottish National Trust	2½%†	...	Tax free	12½	12½
Smedley's Hydro	6½%†	Nov. 11	Tax free	...	...
Texas Land	2½%†	...	...	...	...
William Cowan	6%†	...	...	...	...

CAISSE DE LA DETTE PUBLIQUE EGYPTIENNE.—The Egyptian Public Debt Commission announce that the coupon of the United Debt falling due November 1, 1932, will be paid in paper. In the event of a decision to pay this coupon in gold, holders will receive the difference between the sum actually collected and that payable to them if calculated on the basis of gold parity. For this purpose at the time of collection certificates will be delivered to them showing their right in that event to the difference in question.

COVENT GARDEN PROPERTIES.—The Directors propose to convert the 950,000 Preferred Ordinary 10s. shares into 475,000 shares of £1, and the 6,500,000 Deferred 2s. shares into 650,000 shares of £1.

DOMINION-SCOTTISH INVESTMENTS, LTD.—The directors of the Dominion-Scottish Investments, Ltd., have declared a dividend on the 5% cumulative redeemable preference stock (par value £50) of the company at the rate of 2 per cent. per annum for the quarter ending October 31, 1932, payable on November 1, 1932, to shareholders of record at the close of business on October 20, 1932.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Oct. 28, 1932.	(c) Week ended Oct. 29, 1932.	Miles Open.	Gross Receipts, week ended Oct. 31, 1932. (000's omitted.)					Aggregate Gross Receipts, 43 weeks, (000's omitted.)				
			Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total.	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total.
Great Western	1932	3,761	174	172	102	274	448	8,855	7,123	4,232	11,355	20,210
(c) L. & N.	1932	3,761	183	199	106	305	488	9,621	8,204	4,528	12,732	22,353
Eastern	1932	6,353	275	320	228	548	823	13,260	12,363	9,217	21,580	34,840
L. M. & Scottish	1932	6,353	282	398	264	652	944	14,251	14,603	10,031	24,634	38,885
Southern	1932	6,948	409	493	251	744	1,153	20,392	17,813	9,556	27,469	47,861
	1931	2,181	237	70	33	103	340	12,201	2,697	1,309	4,006	16,207
	1931	2,180	244	82	34	116	360	13,282	3,150	1,357	4,507	17,789
Total...	1932	19,243	1,089	981	597	1,578	2,667	54,708	39,996	24,414	64,410	119,118
	1931	19,239	1,118	1,172	655	1,827	2,945	58,714	46,132	26,408	72,540	131,254
(e) Metropolitan	1932	59	28.4	...	...	3.1	31.5	126.2	...	...	142.5	140.5
(c) Under-ground	1932	59	30.0	...	...	3.6	33.6	133.5	...	...	158.9	149.4
(c) Green	1932	...	292.1	...	...	291.1	1292.8	...	...	...	1292.8	...
Buses, &c.	1932	...	29.2	...	...	29.2	1358.5	...	...	...	1358.5	...
(c) L. & S.	1932	...	42.0	...	...	42.0	186.7	...	...	...	186.7	...
(c) L. & S.	1931	...	42.5	...	...	42.5	191.7	...	...	...	191.7	...
(b) Belfast	1932	80	1.8	...	...	0.7	2.5	113.7	...	...	26.9	140.6
(c) D. & G.	1932	80	1.8	...	...	0.8	2.6	117.4	...	...	30	147.5
(b) Great	1932	562	8.2	...	...	10.5	18.7	485.3	...	...	495.8	981.1
(b) Northern	1932	562	8.2	...	...	16	24.8	508.0	...	...	619.7	1127.7
(b) Great	1932	2,182	19.7	...	...	33.4	53.2	1136.2	...	...	1401.7	2538.3
(b) Southern	1932	2,182	20.8	...	...	43.2	64.1	1113.6	...	...	1768.4	2994.5

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	27	Sept. 30	1,330	Ra. 3,66,200	- 20,260	Ra. 80,59,612	- 15,68,438
Barsi Lt. Ry.	28	Oct. 8	202	27,000	- 6,200	8,87,600	+ 1,89,200
Bengal & N. Western ..	1		8	2,114	5,42,886	+ 29,782	+ 29,782
Bombay, Nagpur ...	24	Sept. 17	1,374	11,33,000	- 5,741	3,02,04,888	- 22,43,417
Bombay Bar. & C.I.	30	Oct. 29	3,091	17,42,000	+ 43,000	5,52,65,000	+ 7,90,000
Madras & S. Mahr.	27		8	3,230	15,25,000	- 368	3,76,66,852
+ Rohilk' & Kumaon	1		8	572	10,2,102	+ 10,152	+ 10,152
South Indian	26	Sept. 26	2,528	21,78,047	+ 1,70,403	2,83,24,072	- 51,138
+ Including Lucknow-Bareilly State Railway.							

THE BENGAL-NAGPUR RAILWAY, LIMITED.

THE WAGES QUESTION.

The seventy-fourth ordinary general meeting of the Bengal-Nagpur Railway, Limited, was held, on the 3rd instant, at 32, Gresham House, Old Broad Street, London.

Sir Trevredyn Wynne, K.C.S.I., K.C.I.E. (chairman and managing director), said that last year he expressed the opinion that, until trade revived, he could not see much chance of their gross receipts increasing. Trade in India had been showing spasmodic signs of revival, but it could not be said, at the present time, that the rate of improvement was likely at an early date to be as rapid and as steady as Indian railways would like.

While the financial position of Indian railways was at the present time sound, their receipts from April 1st to September 3rd of the current year had been 132 lakhs less than in the corresponding period of last year, and from figures given in the Railway Budget of the Government of India it seemed that working expenses must be still further reduced.

There were two items of expenditure on which no attempt at saving had so far been made. The first was the provident fund. The second was the present high scale of salaries and wages.

It seemed that it would be difficult to avoid a temporary suspension of annual increments to all employees, and, in the case of officers, also the withdrawal, temporarily, of the Lee concessions until such time as trade had really improved approximately to conditions of the past. That opinion was supported by the action now being taken by railways in England, where one cut in pay had already been made, and railway companies were now obliged to ask for a further cut. Again, in the recent report of the Commission on the Canadian National Railways, one of their recommendations had been that they should be economists on a scale to reduce the burden of the Canadian National Railways to reasonable dimensions, which meant economies in both works and pay.

Regarding competition, the amalgamation he had suggested last year would tend to reduce it, as well as result in large savings in cost of administration. That policy had been adopted in America recently.

The report and accounts were unanimously adopted.

KASSALA COTTON COMPANY, LIMITED.

IMPROVED RESULTS.

The ninth ordinary general meeting of the Kassala Cotton Company, Limited, was held, on the 3rd instant, at Winchester House, London.

The Hon. A. M. Asquith, D.S.O. (the chairman), in the course of his speech, said: Our balance sheet, as compared with last year, shows a very considerable improvement. Turning to the profit and loss account, you will see that for the single crop of 1931-32 our gross cotton and other profits are £63,619, as against £83,417 for the two crops of 1929-30 and 1930-31 taken together, and that, after deducting expenses, our profit balance for the year is £14,259, as against £6,445 for the previous eighteen months. We come into the year with a carry-forward of £13,103, and we go out of the year with a credit balance of £30,575.

The board would much like to be able to recommend the payment of some dividend, if only upon the preference shares, but, having regard to the stock of cotton still unsold and to other considerations, we have no doubt that we ought to postpone any action of the sort for the time being, and to be guided in this matter by the course of cotton sales and of cotton prices and by the progress of the current season's crop.

You will be glad to see that we had an exceptionally good crop. The yield per feddan of 5.17 kantars of cotton compares with 4.45 kantars in 1930 and with 1.87 kantars in 1931, and is the best yield yet obtained from so large an area in the history of cotton growing in the Gezira. Although the release of sterling from gold has somewhat improved the position, cotton prices are still low, and, in these circumstances, a bumper crop was particularly welcome. It was also welcome as an encouragement to our tenants after the disappointing results of the preceding season, and as a confutation of the forebodings of those pessimists who, after the preceding season, had been belittling the potentialities of the Gezira as a cotton-growing area.

Regarding the current season's crop, the cotton is later—and there is more blackarm and leafcurl about—than at the same date last year. We must remember that even in our best years we have not been without blackarm. It is, of course, much too early to make any positive predictions, but, if conditions remain favourable and these pests do not increase, there is no reason why we should not have an average crop.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended October 29, 1932, amounted to £8,591,700 against ordinary expenditure of £7,273,700. After making no allocation to Sinking Fund, but having allowed for an increase in Exchequer Balances of £105,309, the operations for the week, as shown below, reduced the National Debt by £788,000 to approximately £7,884 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

(000's omitted.)

Public Department Advances ...	+ 7,150	Treasury Bills	- 7,805
National Savings Certificates ...	+ 50	P.O. Telegraph Money	- 200
Int. on Exchequer Bonds	+ 17		
	+ 7,217		- 8,005

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Oct. 29, 1932.	April 1, 1931, to Oct. 31, 1931.	Week ended Oct. 29, 1932.	Week ended Oct. 31, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	53,500,000	61,413,000	650,000	567,000
Sur-tax, including Arrears of Super-Tax	66,000,000	11,900,000	17,390,000	350,000	280,000
Stamps, &c., Duties	76,000,000	44,190,000	38,800,000	1,130,000	710,000
Excise	23,000,000	8,040,000	7,790,000	500,000	440,000
Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	180,000	...	...
Total Inland Revenue ...	427,000,000	117,790,000	125,573,000	2,630,000	1,997,000
Customs and Excise—					
Customs	174,570,000	97,546,000	77,606,000	3,631,000	2,512,000
Excise	125,430,000	72,018,000	67,800,000	1,418,000	1,400,000
Total Customs and Excise ...	300,000,000	169,564,000	145,406,000	5,049,000	3,912,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,760,000	1,778,000	271,000	385,000
Post Office (Net Receipts)	11,700,000	7,350,000	8,350,000	350,000	200,000
Crown Lands	1,250,000	830,000	850,000	230,000	...
Receipts from Sundry Loans	4,350,000	3,389,497	12,139,996	31,500	9,599
Miscellaneous Receipts	17,500,000	10,887,457	10,494,140	30,239	...
Appropriation from Rating Relief Suspense Account ...	...	...	3,900,000	...	...
Total Ordinary Revenue ...	766,800,000	311,570,954	308,501,136	8,591,739	6,503,599
SELF-BALANCING REVENUE.					
Post Office	59,188,000	32,150,000	31,750,000	1,650,000	1,600,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	7,525,000	7,162,000	195,000	73,000
Total Self-Balancing Revenue ...	82,098,000	39,675,000	38,912,000	1,845,000	1,673,000
Total ...	...	351,245,954	347,413,136	10,436,739	8,176,599

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32):
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, November 2, 1932.

ISSUE DEPARTMENT.

£		£	
Notes Issued:—		Government Debt	11,015,100
In Circulation	361,472,011	Other Government Securities	248,174,587
In Banking Department	52,950,083	Other Securities	12,002,519
		Silver Coin	3,807,794
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	139,422,094
			£414,422,094

BANKING DEPARTMENT.

£		£	
Proprietors' Capital	14,553,000	Government Securities	78,813,094
Reserve	3,148,678	Other Securities	1,135,500
Public Deposits	7,018,532	Discounts and Advances	£11,953,766
Other Deposits	£102,671,840	Securities	£17,535,793
Bankers' Accounts	£102,671,840	Notes	29,489,559
Other Accounts	£102,671,840	Gold and Silver Coin	52,950,083
7-day and other Bills	1,394		1,038,329
	£162,291,065		£162,291,065

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

The aggregate revenue and expenditure to October 29, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to OCTOBER 29th, 1932.

(000's omitted.)		(000's omitted.)	
£		£	
Expenditure	407,790	Revenue	311,571
New Sinking Fund	13,701	Decrease in balance	2,853
		Gross increase in borrowings	£281,342
		Less—	
		Exchange Equalisation Fund Investment	£150,000
		Loans to Road Fund, &c.	5,328
		War Loan Conversion bonus	18,947
		Net borrowing	107,067
			£421,491

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing—	Oct. 31, '31.	Mar. 31, '32.	Oct. 29, '32.	Oct. 29, '32.
Advances by Bank of England	...	...	...	...
Advances by Public Departments	48,150,000	7,500,000	31,700,000	+ 7,150,000
Treasury Bills outstanding	612,885,000	604,455,000	857,790,000*	- 7,805,000
Total Floating Debt	661,035,000	611,955,000	889,490,000	- 655,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on October 28, 1932, and the total amount applied for was £83,010,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 16s. 7d., about 84 per cent., and above in full, and Saturday at £99 16s. 8d., and above in full. The amount allotted was £50,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Oct. 7	50,000,000	100,325,000	£ s. d.
Oct. 14	50,000,000	105,565,000	0 15 0-84
Oct. 21	50,000,000	72,415,000	0 13 7-36
Oct. 28	50,000,000	83,010,000	0 13 2-84

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and illness.
Employers' Liability. Fidelity Guarantees.
Burglary. Fire. Motor Cars. Public Liability.
Inspection and Insurance of Boilers, Engines,
Electrical Plant and Lifts.
Executors and Trusteeships.
Head Office: 38-44 MOORGATE, LONDON, E.C.

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to October 19	22,216,298	1,287,567	2,142,393	25,646,258
Week ended October 26	557,620	29,609	48,070	635,299
Week ended November 2	507,687	30,559	46,838	585,084
Total to date, 1932	23,281,605	1,347,735	2,237,301	26,866,641
Total to date, 1931	28,120,518	1,419,273	2,318,638	31,858,429
Increase or decrease in 1932	-4,838,913	-71,538	-81,337	-4,991,788
	= 17-2%	= 5-1%	= 3-5%	= 15-7%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	= 17-9%	= 7-9%	= 7-1%	= 17-8%

PROVINCIAL CLEARING RETURNS.
(000's omitted.)

	Week ended		Month of October.		Inc. or Dec.	Aggregate Totals, January 1 to October 29.	
	1931.	1932.	1931.	1932.		1931.	1932.
No. of working days	27	26	27	26			
BIRMINGHAM	1,935	2,001	9,639	9,404	- 24	92,608	94,020
BRISTOL	824	994	3,549	3,487	- 17	31,173	33,365
BRISTOL	1,039	1,175	4,870	5,033	+ 3	46,835	48,383
DUBLIN	4,824	7,444	...	...	...	210,222	228,520
LIVERPOOL	574	551	3,162	2,741	- 13	30,568	30,291
LEICESTER	890	722	3,973	3,750	- 5	36,252	35,745
LEICESTER	537	498	2,127	2,657	+ 5	26,336	27,218
LIVERPOOL	6,323	6,082	29,064	25,592	- 11	240,559	248,324
MANCHESTER	8,773	9,794	41,990	42,102	+ 2	388,153	404,382
NEWCASTLE	1,196	1,355	5,423	6,149	+ 13	53,999	53,204
NOTTINGHAM	410	434	2,146	2,079	- 3	18,873	18,942
REDFORD	596	517	3,207	2,886	- 10	31,764	30,388
Total	27,921	31,567	109,750	105,878	- 3.5	1,207,342	1,252,782

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia and Denmark appeared in the Economist for September 10; Egypt in October 1; Bank for International Settlements in October 3; Federal Reserve Member Banks and Canadian Banks in October 29.

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

	Nov. 5, 1931.	Oct. 13, 1932.	Oct. 27, 1932.	Nov. 3, 1932.
RESOURCES.				
Total gold reserve	2,772,750	2,831,960	2,955,600	3,003,650
Total bills discounted	705,220	327,670	313,540	320,040
Bills bought in open market	642,030	33,280	33,580	34,050
Total U.S. Govt. securities	727,580	1,850,900	1,850,900	1,850,780
Total bills and securities	2,105,030	2,217,260	2,203,560	2,216,300
Total resources	5,664,970	5,914,400	5,955,710	5,963,380
LIABILITIES.				
Federal Reserve notes in actual circulation	2,447,070	2,737,840	2,717,430	2,686,870
Deposits—Memberbank—reserve account	2,122,140	2,245,790	2,325,550	2,411,950
Total deposits	2,319,270	2,357,100	2,391,810	2,469,990
Capital paid in and surplus	439,140	412,460	412,440	411,720
Total liabilities	5,664,970	5,914,400	5,955,710	5,963,380
Ratio of total reserve to deposit and Federal Reserve note liabilities combined	61.5%	61.3%	61.7%	62.1%

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

	Nov. 5, 1931.	Oct. 13, 1932.	Oct. 27, 1932.	Nov. 3, 1932.
RESOURCES.				
Total gold reserves	967,680	937,000	971,990	1,008,710
Total bills discounted	124,070	63,480	60,300	64,510
Bills bought in open market	177,000	10,350	10,280	10,270
Total U.S. Govt. securities	241,990	716,290	713,790	738,290
Total bills and securities	557,900	794,030	788,300	815,000
Deposits—Memberbank—reserve account	910,540	1,079,370	1,124,140	1,174,890
Ratio of total res. to dep. and Federal Res. note liabilities combined	68.7%	58.2%	59.4%	59.2%

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

	Oct. 9, 1931.	Sept. 9, 1932.	Sept. 16, 1932.	Sept. 23, 1932.	Sept. 30, 1932.	Oct. 7, 1932.
ASSETS.						
Gold coin and bullion	8,036	6,030	6,842	6,845	6,512	6,534
Subsidiary coin	380	541	550	554	549	553
Bills discounted: Domestic and Union Gov. Treas.	1,636	2,372	2,168	1,980	1,862	1,190
Bills discounted: Foreign	765	2,021	1,806	1,703	2,015	2,047
Investments	1,785	...	...	...	...	...
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve*	802	9	9	9	9	9
Notes in circulation	7,415	6,903	6,389	6,294	7,933	7,213
Government deposits	1,226	1,139	1,612	1,802	1,171	938
Bankers' deposits	4,267	4,047	4,181	4,303	3,997	4,091
Ratio of cash reserves to liabilities to public	60.8%	50.9%	54.8%	57.4%	52.0%	54.6%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss, namely, £792,916, has been written off Reserve.

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

	Oct. 9, 1931.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.	Oct. 7, 1932.
ASSETS.						
Total securities	13,116.12	27,788.86	28,305.05	30,133.96	30,054.54	29,750.00
Loans	10,323.36	7,504.49	7,499.97	7,924.46	7,587.73	6,822.29
Cash credits	26,207.75	22,088.61	21,521.18	20,566.22	20,306.06	19,017.78
Inland bills	4,38.92	2,004.43	1,67.87	2,10.44	1,82.02	1,66.05
Foreign bills	32.58	7.12	9.37	12.75	20.02	17.35
Dead stock	2,73.48	2,65.44	2,65.54	2,65.61	2,65.91	2,66.38
Bal. with other banks	4.42	25.64	67.69	25.86	18.76	8.06
Cash	8,18.34	28,95.96	27,03.96	24,26.81	24,46.01	22,42.56
LIABILITIES.						
Capital paid up	5,63.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,42.50	6,15.00	5,15.00	5,15.00	5,15.00	5,15.00
Total deposits	70,72.02	79,76.78	77,94.32	76,60.61	75,70.80	72,67.18
The above includes—						
Deposits in London	854	1,232	1,380	1,412	1,385	1,315
Advances in London	850	1,318	1,120	1,427	1,442	1,440
Cash, &c., at other Banks in London	35	195	510	197	144	63

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

	Oct. 30, 1931.	Oct. 7, 1932.	Oct. 14, 1932.	Oct. 21, 1932.	Oct. 28, 1932.
ASSETS.					
Gold	64,648,226	82,644,358	82,651,268	82,676,747	82,909,010
Foreign assets—					
Sight deposits	14,856,575	2,899,894	2,909,677	2,910,102	2,981,392
Bills, &c.	12,743,772	2,088,772	2,082,254	2,082,777	2,002,356
Home bills	8,808,827	2,808,544	2,934,559	3,017,998	3,536,531
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,711,660	2,780,388	2,753,970	2,761,040	2,763,732
Other advances	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Negotiable Bonds, Sinking Fund Dept.	5,227,808	5,970,008	5,755,503	5,785,649	5,944,937
Other assets (excluding forward (exch.))	83,638,617	81,778,293	81,100,667	80,548,581	82,205,094
LIABILITIES.					
Notes in circulation	22,415,422	21,765,824	22,436,827	23,267,150	20,925,615
Private deposits	2,980,369	2,367,802	2,404,078	2,341,336	2,370,980

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

	Oct. 31, 1931.	Oct. 15, 1932.	Oct. 22, 1932.	Oct. 29, 1932.
ASSETS.				
Gold	1,144,539	796,804	796,805	817,314
Of which deposited abroad	87,345	63,351	63,351	61,252
Reserve in foreign currencies	130,731	135,163	137,227	122,983
Bills of exchange and cheques	4,009,525	2,777,774	2,639,679	2,896,588
Silver and other coin	61,939	211,454	207,276	159,844
Notes of other German banks	2,572	9,235	12,209	2,797
Advances	239,516	92,109	84,982	197,763
Investments	102,884	362,227	362,242	362,291
Other assets	898,053	812,687	807,857	794,517
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,745,870	3,518,998	3,413,977	3,620,049
Other daily maturing obligations	518,136	366,929	376,872	389,483
Other liabilities	838,432	744,100	750,002	777,139
Cover of note circulation	26.9%	26.5%	27.4%	26.0%

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

	Position, May 28, 1914.	Oct. 29, 1931.	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.
ASSETS.						
Gold coin and bullion	232,650	2,567,417	2,595,492	2,609,199	2,609,783	2,610,813
Foreign bills and balances abroad	...	34,036	62,758	62,584	63,332	63,943
Silver and other coin	697,600	957,180	693,109	719,488	691,966	688,550
LIABILITIES.						
Notes in circulation	934,150	3,601,694	3,681,030	3,665,461	3,634,052	3,636,675
Current account	112,125	299,157	139,439	184,922	189,243	163,850

(a) In thousand francs.

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

	Position, May 30, 1914.	Oct. 26, 1931.	Oct. 3, 1932.	Oct. 12, 1932.	Oct. 17, 1932.	Oct. 24, 1932.
ASSETS.						
Gold	163,092	835,870	1,034,707	1,034,837	1,034,897	1,034,877
Silver	8,436	29,712	17,384	17,685	18,681	19,372
Home bills discounted	...	145,089	41,360	41,871	40,318	39,600
Foreign bills	253,504	99,840	71,336	71,336	71,336	71,336
Loans and advances in current acct.	...	118,461	80,942	74,982	75,503	75,621
LIABILITIES.						
Notes in circulation	316,632	1,037,239	1,014,335	990,908	976,948	965,340
Deposits	5,016	219,689	254,730	270,071	284,012	295,834

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

	Position, May 30, 1914.	Oct. 31, 1931.	Oct. 8, 1932.	Oct. 15, 1932.	Oct. 22, 1932.	Oct. 29, 1932.
ASSETS.						
Gold	22,971	132,114	148,570	149,750	150,250	151,000
Silver	29,785	42,557	...	...	...	...
Discounts, advances, and other investments	77,567	80,949	85,260	64,980	59,670	59,060
Foreign Bills	...	...	...	19,310	19,030	18,750
Other Assets	...	...	...	28,350	30,990	31,630
LIABILITIES.						
Notes in circulation	109,499	238,535	222,030	219,260	214,790	213,720
Deposits and bills payable	11,250	27,549	28,190	29,810	31,830	33,400

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

	Position, May 31, 1914.	Oct. 31, 1931.	Oct. 7, 1932.	Oct. 15, 1932.	Oct. 22, 1932.	Oct. 29, 1932.
ASSETS.						
Gold	171,175	2,187,548	2,637,502	2,637,501	2,637,501	2,637,505
Foreign bills and balances abroad	...	100,199	56,001	53,614	51,262	46,601
Discounts	...	74,806	14,019	13,413	13,899	11,970
Advances	203,000	52,677	43,205	50,655	49,032	51,658
LIABILITIES.						
Notes in circulation	275,925	1,497,632	1,539,863	1,506,900	1,495,169	1,552,794
Deposits	33,750	933,566	1,208,942	1,250,549	1,257,695	1,201,060

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

	Oct. 20, 1931.	Sept. 20, 1932.	Sept. 30, 1932.	Oct. 10, 1932.	Oct. 20, 1932.
ASSETS.					
Gold coin and bullion	5,485,600	5,779,600	5,789,400	5,796,000	5,802,700
Foreign bills and balances abroad	2,674,300	3,397,600	3,327,600	3,327,600	3,327,600
Other cash	263,600	327,500	327,800	322,500	328,600
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,527,800	4,614,600	4,804,900	4,766,500	4,737,700
Advances	1,328,200	1,144,800	1,223,200	1,194,000	1,188,400
Credit with "Istituto di Liquidazione"	1,478,400	1,836,800	1,836,800	1,860,400	1,865,400
Government securities	1,376,000	1,367,000	1,363,500	1,363,600	1,366,200
LIABILITIES.					
Notes in circulation	14,192,700	15,237,700	15,813,800	15,759,800	15,371,000
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,801,800	1,345,700	1,670,400	1,120,600	1,279,800
Ratio of reserve to note and sight liabilities combined.	50.08%	48.22%	46.71%	47.47%	48.20%

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Sept. 25, 1931.	Aug. 26, 1932.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.	Sept. 23, 1932.
Gold at home	63,657	70,068	70,841	71,578	71,850	72,002
Gold abroad	133,676	91,071	90,413	86,157	85,172	85,627
Discounts & advances	99,936	14,699	14,210	13,671	13,375	13,223
LIABILITIES.						
Notes in circulation ..	292,040	455,404	484,731	477,830	487,513	483,596
Deposits	65,567	207,830	149,737	189,319	219,933	214,917
Paid-up capital	90,832	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Oct. 27, 1932.	Oct. 28, 1932.	Oct. 29, 1932.	Oct. 31, 1932.	Nov. 1, 1932.	Nov. 2, 1932.	Nov. 3, 1932.
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts ..	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Leases—Day-to-day	1	1	1	1	1	1	1
Short	1	1	1	1	1	1	1
Deposit allowances: Bank ..	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1	1	1	1	1	1	1

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
Oct. 13	1	1	1	1	2	2	2
" 20	1	1	1	1	2	2	2
" 27	1	1	1	1	2	2	2
Nov. 3	1	1	1	1	2	2	2

RATES OF EXCHANGE.

London on	Usance.	Par.	Nov. 5, 1931.	Oct. 27, 1932.	Nov. 3, 1932.
New York ..	dollars to £1	Cable	4.866	3.744-75	3.294-3.30
Montreal ..	dollars to £1	Cable	4.866	4.16-19	3.62-3.63
Paris	francs to £1	T.T.	124.21	95½	83½-84
Berlin	marks to £1	T.T.	20.43	15½	13.77-13.82
Amsterdam ..	florins to £1	T.T.	12.107	94½	8.17-8.19
Brussels	belgas to £1	T.T.	15.00	23½	23.59-23.64
Milan	lire to £1	T.T.	92.46	72½	64.61-65
Zurich	francs to £1	T.T.	25.22½	19½	16.98-17.03
Oslo	kroner to £1	T.T.	18.159	17½	19.51-19.65
Stockholm ..	kroner to £1	T.T.	18.159	17½	19.10-19.20
Copenhagen ..	kroner to £1	T.T.	18.159	17½	19.15-19.25
Madrid	pesetas to £1	T.T.	25.22½	42½	39½-40½
Lisbon	escudo to £1	T.T.	110	109½-110	109-110
Vienna	schillings to £1	T.T.	34.58½	27-29	27-29
Prague	krone to £1	T.T.	164½	126-127	110½-111½
Belgrade	dinars to £1	T.T.	276-316	210-220	235-250
Budapest	pengo to £1	T.T.	27-82	24½	18-20(0)
Bucharest	lei to £1	T.T.	813-6	620-640	540-570
Sofia	leva to £1	T.T.	673-659	500½	440-470
Athens	drachma to £1	T.T.	375	305½	550-570
Constantinople ..	piastres to £1	T.T.	110	770½	565-585
Moscow	roubles to £1	T.T.	9.46	7-59-7.605	6-40-6.51½
Warsaw	zloty to £1	T.T.	43.38	31-35	29-29½
Helsingfors ..	F. marks to £1	T.T.	193.23	191-193	227-232
Kovno	lite to £1	T.T.	48-66	...	32-34
Reval	kroon to £1	T.T.	18-159	...	11-13
Riga	late to £1	T.T.	25-22½	2	16-18
Alexandria	piastres to £1	Sight	97½	97½	97½
Buenos Aires ..	pence to peso	T.T.	47-62½	36½	34½
Rio de Janeiro ..	pence to mils.	90 days	5-899	4-4½	5-5½
Montevideo	pence to pesos	T.T.	51	28-29	28-32½
Valparaiso	soles to £1	90 days	40	31-20	20-40½
Lima	soles to £1	90 days	17-3	13-07½	20-40½
Calcutta	pence	T.T.	18	1/6½-1/8	1/6½-1/8
Bombay	rupee	T.T.	1/9½-1/10½	1/9½-1/10½	1/9½-1/10½
Madras	ster. to dollar	T.T.	...	1/4½-1/5	1/4½-1/5
Shanghai	ster. to tael	T.T.	...	1/9½-1/10½	1/9½-1/10½
Singapore	ster. to dollar	T.T.	2s. 4d.	2/4-2/4½	2/3½-2/4
Kobe	ster. to yen	T.T.	24-582½	2/7½-2/8	1/3½-1/3½
Manila	ster. to peso	T.T.	24-066½	2/11-3/11	2/11-3/11
Mexico	pesos to £	T.T.	9-76	9-40-80	10-25-10-75
Siam	ster. to baht.	T.T.	21-82½	...	1/9½-1/10½

OVERSEAS BANK RATES.

Changed	From To	%	Changed	From To	%
Albania	July 1, 1931	9	Madrid	July 8, 1931	6
Amsterdam ..	Apr. 18, 1932	3	Oslo	Sept. 1, 1932	4½
Athens	Aug. 8, 1932	11	Paris	Oct. 9, 1931	2
Batavia	Mar. 10, 1930	5	Prague	Sept. 26, 1932	5
Belgrade	July 20, 1931	4½	Pretoria	Oct. 8, 1932	6
Berlin	July 12, 1932	5	Reval	Jan. 28, 1932	6½
Brussels	Jan. 13, 1932	2½	Riga	Oct. 1, 1930	7
Bucharest	Mar. 3, 1932	8	Rome	May 2, 1932	6
Budapest	Oct. 17, 1932	5	Sofia	May 16, 1932	9½
Calcutta	July 7, 1932	5	Stockholm ..	Sept. 1, 1932	4
Copenhagen ..	Oct. 12, 1932	4	Swiss Bank	...	...
Danish	Apr. 12, 1932	5	Tokyo	Jan. 22, 1931	2½
Helsingfors ..	Apr. 13, 1932	7	Vienna	Aug. 17, 1932	5-11
Kovno	May 4, 1932	7½	Warsaw	Oct. 3, 1930	6½
Leban	Apr. 4, 1932	7	Irish	June 30, 1932	3½
New York Fed- eral Reserve	June 23, 1932	3			

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

	Nov. 4, 1931.	Oct. 5, 1932.	Oct. 11, 1932.	Oct. 19, 1932.	Oct. 26, 1932.	Nov. 2, 1932.
Call money	2½	2½	2½	2½	2½	2½
Time money (90 days' mixed coll.) ..	4	4	4	4	4	4
Bank acceptances:—						
Members—eligible, 90 days	3½	3½	3½	3½	3½	3½
Non-mem.—eligible, 90 days	3½	3½	3½	3½	3½	3½
Ineligible, 90 days	4	4	4	4	4	4
Commercial accept., 90 days	4	4	4	4	4	4

Rates of Exchange, New York on—	Par Level.	Nov. 4, 1931.	Oct. 18, 1932.	Oct. 26, 1932.	Nov. 2, 1932.
London—					
60 days	Dollars for £1	4.8666	3.71	3.3787	3.2637
Cable			3.75	3.3925	3.2750
Paris	Cents for 1 franc	3.918	3.93½	3.9287	3.9337
Brussels ..					
Switzerland ..	Cents for 1 Belg.	13.90	13.95	13.90	13.91
Italy	Cents for 1 franc	19.30	19.53½	19.32	19.31
Berlin	Cents for 1 lire	5.253	5.18	5.11½	5.12
Vienna	Cents for 1 mark	23.82	23.72	23.78	23.77
Madrid	Cts. for Austr. shg.	14.07	...	...	...
Amsterdam ..	Cents for 1 peseta	19.30	8.83	8.19	8.18
Copenhagen ..	Cents for 1 guild.	40.195	40.32	40.23	40.25
Oslo					
Stockholm ..	Cents for 1 kroner	26.80	21.68	17.70	17.15
Athens	Cents for 1 drachma	1.297	1.28½	0.60½	0.61
Yokohama ..	Cents for Can. \$1	100	90	90	90
Hong Kong ..	Cents for 1 yen	49.85	49.00	23.50	22.45
Shanghai ..	Cts. for 1 Shng. tael	...	25.50	...	...
Calcutta	Cents for 1 rupee	36.50	33.50	...	...
Buenos Aires ..	Gold pesos for \$100	103.65	174.00	25.80	25.10
Rio de Janeiro ..	Cents for 1 milreis	11.96	6.30	...	...
Valparaiso ..	Cents for 1 peso	12.125	...	...	...

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia	1½% dis.	1½% dis.	1½% dis.	2½% dis.	3½% dis.
South Africa ..	289½	£70	£70½	£71½	£71½

	Sight.	Telegraphic.
London on:—		
Rhodesia	£ s. d.	£ s. d.
South Africa ..	99 16 3	99 15 0
	68 11 3	69 0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucros to £	24.3325	Sight London	19.80(0)
Venezuela	Bolivares to £	25.2215	"	21.50
Colombia (Bogota) ..	Pesos to £	5	"	3.47(0)
Nicaragua	Centavos to £	4.8665	"	(a)
Salvador	Colonos to £	9.73	"	(a)
Bolivia	Bolivianos to £	13.33	90 days	8.14
Guatemala	Quetzales to £	13.33	90 days	(a)

(a) No rates available. (b) Rates calculated on basis of New York cross rates. † Nominal.

OVERSEAS DOMINION RATES.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.
	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.
T.T.	...	...	125	109	125	...	125	110
Sight	126	111	125	109	124	108	125	109
30 days ..	127	112	...	...	124	108	125	109
60 days ..	127	112	...	...	124	107	125	109
90 days ..	128	113	...	...	124	107	125	109

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

BULLION.

The following statistics of imports and exports of gold for week ended November 3, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From:—	To:—
Germany	Poland
Greece	Germany
Iraq	Netherlands
British W. Africa ..	Belgium
British S. Africa ..	France
Kenya	Switzerland
Anglo-Egyptian Sudan ..	Austria
British India	Czechoslovakia ..
Straits Settlements ..	Greece
Australia	United States of America ..
New Zealand	Other countries
Other countries	
Total declared value of imports	Total declared value of exports

GOLD.

The Bank of England gold reserve against notes amounted to £139,422,094 on the 26th ultimo, showing no change as compared with the previous Wednesday. Most of the gold available in the open market was secured for a destination not disclosed, but some of the purchases were also made on Continental account. As a result of a sharp movement in the exchanges, adverse to sterling, the price rose 1s. 5d. on the 27th ultimo, being quoted at 125s. 8d., at which figure it remained for three days.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling
October 27	125s. 8d.	13s. 6-2d.
" 28	125s. 8d.	13s. 6-2d.
" 29	125s. 8d.	13s. 6-2d.
" 31	125s. 5½d.	13s. 6-5d.
Nov. 1	124s. 3d.	13s. 8-1d.
Average	125s. 4-2d.	13s. 6-6d.

The Southern Rhodesian gold output for September last amounted to 50,198 fine ounces, as compared with 49,254 fine ounces for August, 1932, and 42,846 fine ounces for September, 1931.

A press bulletin issued from the office of the High Commissioner of Canada states that, according to a report issued by the Dominion Bureau of Statistics at Ottawa, the Canadian gold output in August last amounted to 262,590 ounces, an increase of 5.9 per cent. over the July production of 247,894 ounces. The output for the first eight months of 1932 amounted to 2,011,304 ounces, as compared with 1,724,089 ounces for the corresponding period of 1931.

Gold to the value of about £617,000 was shipped from Bombay last week. The s.s. "Rawalpindi" carries £169,000 and the s.s. "Britannia" £448,000, both shipments being consigned to this country.

SILVER.

A rather firmer tendency has been shown, and owing to the continued weakness of sterling at the beginning of the week, prices on the 27th ultimo rose sharply to 18½d. for cash and 18½d. for two months' delivery, representing rises of ½d. and ¼d. respectively as compared with the quotations of the previous day. At about this level the market remained steady, China support being very consistent and sellers inclined to hold back, although there has been some reselling by speculators.

America, although less active than recently, has been more inclined to buy than sell.

The market appears steady at the present level, but the tendency is still uncertain in view of possible fluctuations in exchanges.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 24th ultimo to mid-day on the 31st ultimo:—

	Imports.	Exports.
British India	26,425	
Canada	48,433	
Japan	11,588	
Poland	20,404	
Germany	19,200	
Portuguese East Africa ..	6,800	
British South Africa	3,544	
Other countries	3,660	
	140,054	57,986

Quotations during the week:—

	IN LONDON.	IN NEW YORK.
	Bar silver per oz. std. delivery.	Cash Two Months' delivery.
October 27	18½d.	18½d.
" 28	18½d.	18½d.
" 29	18½d.	18½d.
" 31	18½d.	18½d.
November 1	18½d.	18½d.
" 2	18½d.	18½d.
Average	18-094d.	18-198d.

The highest rate of exchange on New York recorded during the period from the 27th ultimo to the 2nd instant was \$3.33½ and the lowest \$3.26.

Statistics for the month of October last are appended:—

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SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distrib- ution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
Breweries.		£	£	£	£	£	%	£	£	£	%
Brown (Matthew) and Co....	Sept. 30	17,052	38,297	55,349	56,000	—	—	—	Dr. 651	76,703	4
Longmore (William) and Co.	Sept. 30	6,010	1,757	7,767	—	3,937	15	—	3,830	1,425	15
Rochdale and Manor Brewery	Sept. 30	16,997	628	17,625	2,520	—	—	Dr. 1,176	16,281	8,427	9
Financial Land, &c.											
Anglo - Scottish Amalgamated Corporation.....	Sept. 30	—	24,789	24,789	...	8,498	4	...	16,291	...	...
Argentine Eastern Land Co.	June 30	3,007	Dr. 654	2,353	Dr. 654	...	...	...	2,353	2,057	...
London and Colonial Invest- ment.....	Sept. 30	7,281	17,010	24,291	6,233	7,619	6	2,000	8,439	19,862	7
London Maritime Invest- ment.....	Sept. 30	6,000	37,802	43,802	18,750	15,000	4	4,052	6,000	42,878	2
Hotels, Restaurants, &c.											
Carlton Hotel, Limited.....	Aug. 31	4,871	Dr. 463	4,408	...	...	...	Dr. 6,257	1,849	11,757	3
Iron, Coal and Steel.											
Horden Collieries.....	Sept. 30	76,242	45,153	121,395	...	30,000	2	13,700	77,695	85,257	5
Sneyd Collieries, Limited....	June 30	100,213	53,726	153,939	7,650	37,500	12½	8,500	100,289	69,530	12½
Oil.											
Kern River Oilfields of Cali- fornia.....	May 31	9,328	Dr. 368	8,960	...	...	...	4,000	4,960	3,047	...
Rubber.											
Beau Sejour Rubber.....	June 30	483	Dr. 1,793	Dr. 1,310	...	...	...	Dr. 1,177	Dr. 133	Dr. 2,674	...
Kuala Kubu Rubber.....	June 30	5,888	Dr. 755	5,133	...	...	...	...	5,133	...	...
Lewa Rubber Estates.....	June 30	1,775	1,736	3,511	1,716	...	...	...	1,795	2,426	...
Sumatra Planting Syndicate	June 30	Dr. 2,566	Dr. 2,225	Dr. 4,791	...	...	...	...	Dr. 4,791	Dr. 726	...
Tebolang Rubber Estates ...	June 30	3,984	Dr. 2,828	1,156	...	...	...	Dr. 1,000	2,156	Dr. 4,435	...
Tenom Rubber Estates.....	July 31	...	Dr. 1,893	Dr. 1,893	...	...	...	...	Dr. 1,893	...	...
Tea.											
Associated Tea Estates of Ceylon.....	June 30	1,005	Dr. 213	792	3,600	...	...	Dr. 6,500	3,692	2,837	...
Telegraphs, &c.											
Amazon Telegraph Co.....	June 30	4,805	6,344	11,149	...	...	...	5,000	6,149	12,450	...
Trusts.											
Cedar Investment Trust ...	Sept. 30	12,334	19,520	31,854	8,100	11,812	3½	...	11,942	30,729	5
Railway and General Invest- ment Trust.....	Sept. 30	4,403	20,262	24,665	11,250	6,000	4	...	7,415	20,575	4
Scottish National Trust.....	Sept. 30	22,057	52,167	74,224	22,562	15,042	5	...	36,620	61,391	7
Second Scottish National Trust.....	Sept. 30	17,339	25,424	42,763	16,945	4,519	2	...	21,299	42,178	6
Second Scottish Investment Trust.....	Oct. 1	18,283	125,746	144,029	72,563	39,375	17½	6,342	25,749	127,073	20
Other Companies.											
Anglo-British Columbia Packing.....	Mar. 31	10,539	Dr. 2,004	8,535	...	...	...	...	8,535	Dr. 23659	...
Beresford (S. and W.).....	Sept. 30	10,946	49,933	60,879	4,500	30,937	13½	...	12,500	12,942	12½
Cambuhy Coffee and Cotton	Dec. 31	Dr. 74,570	7,823	Dr. 66,747	...	...	...	...	12,743	Dr. 79,490	...
Drake and Gorham.....	June 30	3,294	532	3,826	...	2,500	2	...	1,326	8,242	5
Lawes' Chemical Manure ...	June 30	919	3,316	4,235	2,686	...	...	...	1,549	1,515	...
Metropolitan Industrial Dwellings.....	Sept. 29	25,720	19,278	44,998	3,001	10,674	6½	...	31,323	25,837	6½
New Darvel Bay (Borneo) Tobacco.....	June 30	Dr. 83,523	120	Dr. 83,403	...	...	...	...	Dr. 83,403	Dr. 44,020	...
North of Scotland Milling Co.	Sept. 30	1,231	1,003	2,234	228	2,085	10	Dr. 1,000	921	1,679	10
Packing Materials Associa- tion.....	Sept. 30	10,572	267	10,839	6,910	...	...	Dr. 5,000	8,929	Dr. 1,724	...
South London Greyhound Racecourses.....	Sept. 30	8,246	56,517	64,763	13,780	37,500	125	2,500	11,083	38,130	60
Wall Paper Manufacturers	Aug. 31	272,762	501,229	773,991	60,000	340,000	10	110,000	263,991	496,766	10

† Free of Income Tax.

SUMMARY OF BALANCE SHEETS.

THE GRAMOPHONE COMPANY, LIMITED, AND COLUMBIA GRAPHOPHONE COMPANY, LIMITED.

(Now amalgamated as Electric and Musical Industries, Limited.) Combined Statement as at June 30, 1932, compared with June 30, 1931.

LIABILITIES.	June 30, 1932.	Compared with June 30, 1931.	ASSETS.	June 30, 1932.	Compared with June 30, 1931.
	£	£		£	£
Capital issued—			Patents, &c.	2	...
The Gramophone Co., Ltd.—			Matrices.....	30,000	—
Ord. shares ... 100,000	...	...	Land, &c.	1,076,906	+ 13,596
5% pref. shares ... 3,240,000	...	...	Machinery, &c.	895,589	+ 8,764
Columbia Graphophone Co., Ltd.—			Furniture, &c.	46,584	—
Ord. shares ... 300,000	...	...	Investments in subsidiary cos. and advances to subsidiary companies.....	3,593,401	+ 46,639
1% pref. shares ... 1,282,871	...	...	Trade investments.....	136,531	+ 129,209
Creditors, trade reserves and reserves for income tax and contingencies	1,127,301	— 75,470	Less reserve to provide for exceptional losses ...	Dr. 2,094,155	— 2,094,155
Due to associated cos.	52,934	+ 19,672	Stock in trade & work in progress	871,039	— 411,635
Reserves, profit and loss acct. &c.	432,140	— 3,719,100	Debtors.....	596,655	— 70,730
			Investments in Govt. securities at or under cost	1,192,206	— 391,537
			Cash.....	190,388	— 970,273
Total	6,535,246	— 3,774,898	Total	6,535,246	— 3,774,898

Commercial Reports.

MARKET SUMMARY.

Following last week's sharp reaction in the gold price of the chief primary products, the course of prices has been irregular, but the tendency was still downwards. A glance at the movement of quotations in the United States shows a further drop in the price of copper. Other non-ferrous metals are scarcely changed on the week. Raw cotton continued its downward movement. Rubber, after a period of relative steadiness, declined afresh. Among cereals, maize and oats have been steadier, while rye was slightly lower and wheat established a new low record. The downward movement in coffee prices was not arrested, and cocoa showed a further drop on the week. On the other hand, sugar to grading and therefore to international arbitrage, moved in sympathy with gold prices. Reports from various industrial centres show a slight improvement in the coal trade, but there is little evidence of the expected revival in the activity of the iron and steel industries. The cotton industry has been dislocated by the unexpected strike in the spinning section. The demand for rayon fabrics has not shown much improvement, and buying of Bradford goods remains quiet.

THE COAL TRADE.

SHEFFIELD.—The shortage of supplies of best steams for export is causing prices to stiffen, and the latest quotations have gone up to 18s. 3d. f.o.b. Industrial demand remains steady and below normal. Secondary and small fuels are in excessive supply. Public utilities, however, are taking increased and substantial tonnages. Sales of house coal are poor for the time of the year, best qualities being quoted at 23s. and 24s. at pits. There is an increased demand for furnace coke, much of it relating to supplies for central heating. The price of blast-furnace sorts is about 10s. at ovens.

GLASGOW.—The market maintains recent strength. On the whole, however, the position is less satisfactory, for while the scarcity of shipping supplies resulting from the quota reduction has forced prices to higher levels, these have advanced to an extent which is now restricting business. Meantime the collieries are busy on contract work, and all classes of coal, save perhaps navigation, are being readily taken up. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 15s.; splint best, 16s.; splint second, 14s. 6d.-15s.; navigation, 14s. 3d.; navigation second, 13s. 3d.-13s. 6d.; Hartley, 16s.; steam, 13s.; trebles, 14s. 6d.-15s.; doubles, 12s. 6d.; singles, 11s.; pearls, 10s.-10s. 6d.; dross, 9s. FIFE.—Screened navigation, 16s.-16s. 6d.; first-class steam, 13s. 6d.; third-class steam, 12s.-12s. 6d.; trebles, 17s.-18s. 6d.; doubles, 13s.-14s. 6d.; singles, 11s.; pearls, 10s.-10s. 6d. LOTHIAN.—Prime steam, 12s. 6d.-13s.; secondary steam, 12s.; trebles, 15s.; doubles, 12s.-13s.; singles, 10s. 6d.-11s.; pearls, 10s.-10s. 6d. Ayrshire.—Unscreened navigation, 15s.; jewel, 16s. 6d.; steam, 11s. 6d.; trebles, 15s.; doubles, 12s. 6d.-13s.; singles, 10s. 9d.; pearls, 10s.-10s. 6d.; dross, 9s.

NEWCASTLE-ON-TYNE.—The accountancy ascertains of proceeds and costs in the Northumberland and Durham coal-mining industry for the month of September, which nominally controls the wages of miners, indicates considerable improvement in trade compared with previous months of this year. Northumberland is well supplied with trade for screened coal both from home and abroad, and all classes of graded coal are being moved freely. Smalls, which up to a few weeks ago were almost unsaleable, are in better demand. The Durham position is fairly steady, with a seasonal demand for unscreened gas, but coking classes are offering freely and more trade would be welcomed. Prime bunkers are comfortably placed. To-day's f.o.b. prices for export are as follows: NORTHUMBERLAND.—D.C.B. screened steam, 14s.; smalls, 8s. 6d.; Howards, Bentinck, Newbigin screened, 13s.; smalls, 8s.; Tyne Prime large, 13s. 3d.; smalls, 9s.; Hartley Main, large, 12s. 6d.; smalls, 8s. DURHAM.—Lambton South Hetton screened steam, 15s.; smalls, 11s.; Wear Special unscreened gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s.; coking, unscreened or smalls, 12s. 6d.; Prime unscreened bunkers, 14s.; second-class unscreened bunkers, 13s.; Prime foundry coke, 16s.; Newcastle and District gas coke, 18s.

CARDIFF.—There has been an increase in the volume of the coal export trade during the past few days. The weekly returns of the Great Western Railway Company show that the shipments in the week ended October 29th last totalled 420,435 tons, compared with 381,365 tons the previous week, and 438,227 tons in the corresponding week last year. At Swansea and Port Talbot the demand for anthracite coal continues exceptionally active, and the dock authorities have been compelled to take steps to prevent the congestion of wagons near the dockside at Swansea. Loading operations have also been a little more active at the eastern ports, and information was received on Monday that the French authorities had authorised a further increase of 25,000 tons in the monthly quota. The Portuguese State Railways have placed a contract for 270,000 tons of small coals and the British Admiralty and one of the French railways are inviting tenders for their usual requirements. There are sharp differences of opinion among the colliery owners over the suggested amendments to Part I. of the Coal Mines Act, and the reply of the executive board to the Central Council has been deferred for a month. The largest coal-exporting organisation at Cardiff has declared itself opposed to the proposal to establish an export subsidy by a levy on the inland coal market. Prices are nominally unchanged, and the following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 9s. 9d. to 10s. 6d.; special foundry coke, 32s. 6d. to 34s.; patent fuel, 20s.; pitwood, ex ship, 21s. 6d. to 22s.

IRON AND STEEL.

MIDDLESBROUGH.—The important orders recently placed in this district have caused a better feeling in the pig iron markets, and a little more business has been done recently. With the closing of the Skinninggrove works at the end of this week the remaining production of ordinary foundry iron will be reduced to three furnaces, but in spite of the poor demand, this cannot long be sufficient for the ordinary trade, and it will probably be found necessary to increase the make at other works. In Cleveland iron a little more business has been done during the past week, but mostly for early delivery, and a few more lots were purchased at the weekly market on Tuesday, when official prices were unchanged, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge 57s. per ton f.o.b. or f.o.t. Iron is still offering to Scotch consumers at the low prices recently accepted, but the business transacted is disappointing, only 3,007 tons being shipped in October, against 3,536 tons in September. In hematite also, there is a little more doing, but orders are still

only for moderate quantities for early delivery. Makers are rather firmer, as costs of raw materials threaten to stiffen, and are not now inclined to go below 59s. for ordinary mixed numbers for early delivery, which price they are obtaining without difficulty. Shipments of all kinds of pig iron for October were 8,272 tons, manufactured iron 554 tons, and steel 26,479 tons, against 5,639 tons, 991 tons, and 23,702 tons respectively for September. In the finished departments there is a better outlook, and the contracts recently secured will give more employment in many departments. The West Ham viaduct will be commenced by Messrs Dormans as soon as sanction from the Ministry is obtained, and other contracts are stated to be under negotiation. All steel prices are unchanged. Best rubio ore remains nominally 14s. 6d. c.i.f., but sales are few. The freight Bilbao/Middlesbrough is 4s. 3d. Imports of all kinds of ore into Middlesbrough during October amounted to 41,122 tons, compared with 29,013 tons in September. Coke continues in full supply, and good blast furnace qualities are offering at 14s. 6d. per ton delivered consumers' works. After the changes at the Skinninggrove and Normanby works at the end of this week there will be 15 furnaces left in blast, three of which will be producing Cleveland, seven hematite, and five other kinds.

SHEFFIELD.—October turnover in the heavy steel branches fell below those of two preceding months. There was a gain in shipments to British Dominions, but sales to foreign markets fell off. Traders are still confident of a revival, but do not expect much development until the new year. Discussions relating to the reorganisation of the iron and steel industry of the country are creating an uncertain feeling, as it is believed the plans involve the closing of several large works, it being recognised that surplus output capacity is one of the most important factors in the present unsatisfactory position of industry. At the Firth-Brown works was recently produced the largest specimen of hollow steel-rolling ever attempted. Consisting of a reaction chamber for the oil cracking process, it measured 50 ft. long by 6 ft. diameter, and weighed close upon 70 tons. It was forged in a single piece by the modern process. A fair amount of activity is to be found in the newer developments of the steel trade, such as stainless steel, cold wrought strip and magnets. Makers of cutlery and electro plate are now experiencing some seasonal orders. This special trade was late to arrive, and is not expected to last long. Information to hand indicates the exhaustion of stocks of iron and steel materials of many kinds all over the world, and it is felt the suspension of railway renewals and extensions in South America, India and elsewhere must shortly come to an end. Local trade in locomotives, wagons, carriages and railway stores, has for months stood at the lowest level in recent history.

GLASGOW.—There is more business doing in the West of Scotland this week, and orders are on a more satisfactory scale than the "hand-to-mouth" variety, which has been a feature of the steel trade buying during recent months, and plants in operation are more regularly employed. Unfortunately, the demand for shipbuilding material still remains negligible, although there is a good deal of repair work in the yards of Clyde ship repairers. Continental competition in practically all semis can now be met by home producers, but the demand is small at the moment. Bookings of sheets, both black and galvanized, have been considerable during the present week, the export business being largely in thin black sheets, and more mills are in operation this week than have been running for some months past. It is believed that makers have a few weeks' work on hand now. At a meeting of the Scottish Steel Bar Re-rollers Association held this week it was agreed to advance the basis price of mild steel bars to £7 5s. per ton Glasgow delivery.

CARDIFF.—There has been no material change this week in the condition of the tinplate trade. On the Swansea Metal Exchange on Tuesday quotations were steady at 15s. 9d. to 16s. 3d. per basis box; while local steel bars were stationary at 95s., and foreign bars at from 80s. to 82s. per ton delivered. Galvanized sheets were quiet, but a shade firmer, at from £10 to £10 10s. per ton for 24-gauge corrugateds in bundles. Shipments of tinplates at Swansea last week totalled 107,936 boxes, compared with 90,977 boxes the previous week, and stocks totalled 136,440 boxes, compared with 154,819 boxes.

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CHIEF OFFICE: 37, King William St., London, E.C.4

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AGENTS IN CANADA:

BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

HIDE, LEATHER AND ALLIED TRADES.—There was a further decline in the price of hides from home-slaughtered cattle at

BARLEY.—There has been a slight improvement in the demand for barley. Canadian quotations were somewhat higher than a week ago. "December" futures were quoted in Winnipeg on Wednesday at 28½ cents per bushel, against 28½ cents last week and

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Dry and Drysalted Cape...			
CEREALS AND MEAT.				POTATOES—				SPOICES—				Market Hides, London—			
GRAIN, &c.—				Good English, per cwt.	6	6		Pepper, per lb.—				Best heavy ox and heifer	0	3	0
Wheat—				Black Lampong	0	7		Muntok, fair White	0	7		Best cow	0	3	0
No. 2, N. Man. 496 lb.	27	0		Cinnamon—1st sort, per lb.	0	6		Black Lampong	0	7		Best calf	0	3	0
Eng. Gaz. 47, per cwt.	5	7		Cloves—Zanzibar per lb.	0	7		Pepper, per lb.—				INDIGO—			
Barley, Eng. Gaz. 47	7	10		Ginger—per cwt.—				Black Lampong	0	7		Bongal gd. red-vio. to			
Oats, " "	6	2		African	23	0		Black Lampong	0	7		fine—per lb.	5	6	
Maize, La Plata, landed,	20	3		Jamaica, ord. to good	57	6		Black Lampong	0	7		LEATHER—			
480 lb. stan. ex mill,	22	9		Oct-Dec.	7	10		Black Lampong	0	7		Sole Bonds 8/14 lb.	0	10	1
Flour, Lon. stan. ex mill,	22	9		REPTILES—				Black Lampong	0	7		per lb.	1	9	9
280 lb.	22	9		Crocodiles	18	4		Black Lampong	0	7		Back Tanned Sole	1	9	9
Rice, No. 2 Burma, per cwt.	7	6		Crocodiles	22	9		Black Lampong	0	7		Shoulders for DS Hides	0	6	0
Tapioas, per cwt.—				Crocodiles	20	9		Black Lampong	0	7		Do. Eng. or WS do.	0	8	1
Fair Flake, Singapore.	11	6		Crocodiles	18	9		Black Lampong	0	7		Bellies from DS do.	0	4	0
MEAT—				Crocodiles	17	10		Black Lampong	0	7		Do. Eng. or WS do.	0	5	0
Beef, per 8 lbs.—				Crocodiles	1	3		Black Lampong	0	7		Dressing Hides—	1	1	8
English long sides	3	6	4	Crocodiles	1	3		Black Lampong	0	7		Ro. Eng. Calif. 20/30 lb.	2	3	5
Argentine chilled hinds	3	1	4	Crocodiles	1	3		Black Lampong	0	7		Aust. Bonds	1	0	1
Mutton, per 8 lbs.—				Crocodiles	1	3		Black Lampong	0	7		VEGETABLE OILS—			
English wethers	3	4	4	Crocodiles	1	3		Black Lampong	0	7		Linseed, naked, p. ton net	17	2	6
N.Z. frozen	2	2	2	Crocodiles	1	3		Black Lampong	0	7		Rape, refined	24	10	0
Pork, English, per 8 lbs.	4	0	4	Crocodiles	1	3		Black Lampong	0	7		Cotton-seed, crude	22	10	0
OTHER FOODS.				Crocodiles	1	3		Black Lampong	0	7		Coconut, crude	23	10	0
Irish	72	0		Crocodiles	1	3		Black Lampong	0	7		Oil Cakes, Linseed, Eng.	16	10	0
Danish	51	0	52	Crocodiles	1	3		Black Lampong	0	7		per ton	7	10	0
Dutch	44	0	45	Crocodiles	1	3		Black Lampong	0	7		La Plata, p. ton—	8	13	9
HAMS—				Crocodiles	1	3		Black Lampong	0	7		November-December	8	13	9
Canadian	64	0	65	Crocodiles	1	3		Black Lampong	0	7		Calcutta—per ton	10	11	3
American	58	0	60	Crocodiles	1	3		Black Lampong	0	7		INSURANCES OF EVERY KIND.			
Butter—				Crocodiles	1	3		Black Lampong	0	7		FIRE DEPARTMENT.			
Australian	91	0	94	Crocodiles	1	3		Black Lampong	0	7		COMPREHENSIVE POLICIES are issued for Buildings			
New Zealand	95	0	104	Crocodiles	1	3		Black Lampong	0	7		and for Contents of Dwelling Houses.			
Danish	120	0		Crocodiles	1	3		Black Lampong	0	7		LIFE DEPARTMENT.			
CHIEF—				Crocodiles	1	3		Black Lampong	0	7		The "ALLIANCE" FAMILY PROTECTION POLICY gives			
Canadian	70	0	71	Crocodiles	1	3		Black Lampong	0	7		Lump Sum and Instalment Benefits in one contract.			
New Zealand	60	0	61	Crocodiles	1	3		Black Lampong	0	7		MOTOR INSURANCE.			
English Cheddars	96	0	100	Crocodiles	1	3		Black Lampong	0	7		The Company's MOTOR POLICIES are framed on broad			
Dutch	67	0	79	Crocodiles	1	3		Black Lampong	0	7		and generous lines and comprise all the most modern			
COCOA—				Crocodiles	1	3		Black Lampong	0	7		developments of Motor Insurance.			
(Duty, British grown,				Crocodiles	1	3		Black Lampong	0	7		A. LEVINE, General Manager.			
11s. 6d.; foreign, 14s. cwt.)				Crocodiles	1	3		Black Lampong	0	7					
Accra, f.i., per cwt.	25	0	28	Crocodiles	1	3		Black Lampong	0	7					
Trinidad	42	0	48	Crocodiles	1	3		Black Lampong	0	7					
Grenada	32	0	37	Crocodiles	1	3		Black Lampong	0	7					
COFFEE—				Crocodiles	1	3		Black Lampong	0	7					
(Duty, British grown,				Crocodiles	1	3		Black Lampong	0	7					
11s. 6d.; foreign, 14s. cwt.)				Crocodiles	1	3		Black Lampong	0	7					
Santos sup., c. & f. cwt.	71	0		Crocodiles	1	3		Black Lampong	0	7					
Colombian, good	75	0	90	Crocodiles	1	3		Black Lampong	0	7					
Costa Rica, med. to good	82	0	108	Crocodiles	1	3		Black Lampong	0	7					
East Indian	88	0	110	Crocodiles	1	3		Black Lampong	0	7					
Kenya, medium	72	0	88	Crocodiles	1	3		Black Lampong	0	7					
EGGS—				Crocodiles	1	3		Black Lampong	0	7					
English	120	0	22	Crocodiles	1	3		Black Lampong	0	7					
Danish	20	0		Crocodiles	1	3		Black Lampong	0	7					
FRUIT—				Crocodiles	1	3		Black Lampong	0	7					
Oranges—				Crocodiles	1	3		Black Lampong	0	7					
South African boxes	11	0	13	Crocodiles	1	3		Black Lampong	0	7					
Brazilian	11	0	15	Crocodiles	1	3		Black Lampong	0	7					
Lemons, Sicilian boxes	12	0	30	Crocodiles	1	3		Black Lampong	0	7					
Malaga, case 420, No. 1	16	0	17	Crocodiles	1	3		Black Lampong	0	7					
Apples: Amer. (var.) boxes	23	0	27	Crocodiles	1	3		Black Lampong	0	7					
(var.) boxes	9	6	12	Crocodiles	1	3		Black Lampong	0	7					
Onions—				Crocodiles	1	3		Black Lampong	0	7					
Valencia, case, 4s.	6	6	7	Crocodiles	1	3		Black Lampong	0	7					
Argentine, bags	...			Crocodiles	1	3		Black Lampong	0	7					
Grapes, Lisbon boxes	...			Crocodiles	1	3		Black Lampong	0	7					
Almeria	12	0	20	Crocodiles	1	3		Black Lampong	0	7					

sales held in Manchester this week, most weights and classes of ox and heifers realising from 1/4d. to 1/2d. per lb. less money. Cows also were 1/4d. per lb. cheaper, but there was no alteration in quotations for bull hides. Calfskins showed a fractional decline on two weights. The Leeds market also exhibited a weaker tendency for clear hides, those in the warbled class not being sold. Fellmongers continue to find trade difficult in regard to both wool and pelts, and as a consequence sales of sheepskins have to be made at lower figures. For some sorts of imported hides prices show an advance, particularly in connection with wetsalted South Americans. During the week sales have been made of Argentine ox at 4 1/4d., while lights have sold at a fraction under 4 1/4d. and Montevideo ox at 4 1/4d. Prices for dry hides from the same source have also moved up a trifle, B.A. Americanos now being quoted at 6 1/4d., Inservibles at 3 1/4d., and M.V. Americanos at 6 1/4d. Quiet conditions have been met with in regard to African hides, with dry Capes offered at 6 1/4d. and 5 1/4d. for firsts and seconds, and drysalted at 5 1/4d. and 4 1/4d. Heavy Nigerians have changed hands at 6 1/4d., and unbathed Adis Abebas at 5d., while Mombasas are on offer at 4 1/4d. Australian hides have again been a poor market. There does not appear to have been any increase in the turnover of sole leather and consumers generally are only taking sufficient to meet present requirements. Demand for English and wetsalted bends has been moderate, with the best call for the medium weights. In regard to dry hide bends, inquiry has been centred mainly on the lighter weights and in some directions quite good business has been negotiated. Medium weights have also come in for attention, but there has been little trade passing on account of the heavier descriptions. Pinned shoulders and bellies have continued a steady market, but the turnover in rough sorts has been very limited. In the upper leather section of the industry a reasonable amount of business has been forthcoming for box and willow calf and glaze kid, but the inquiry for patent leather has been less marked. In other lines turnover is fairly well maintained, with business made up of numerous small parcels.

RUBBER.—Following the slight improvement of a week ago, the market in rubber has again been dull and easier. In New York, Wednesday's spot price for rubber, at 3 1/2 cents per lb., shows a fall

of 1/2 cent per lb. on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2 1/2d. per lb., against 2 1/4d. per lb. on the corresponding day last week. In forward positions, business has been done at 2 1/4d. to 2 1/2d. for April-June, 1933, as against 2 1/4d. to 2 1/2d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,096 tons; delivered, 1,521 tons; stocks at the end of last week, at 100,316 tons, show a decrease of 425 tons as compared with the preceding week.

COMMODITY PRICES IN UNITED STATES.

(New York quotations, unless otherwise stated.)

	Oct. 5.	Oct. 26.	Nov. 2.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	52	44 1/2	43 1/2
Maize, nearest future, Chicago, per			
bushel	26 1/2	24 1/2	24 1/2
Oats, nearest future, Chicago, per			
bushel	16 1/2	15 1/2	15 1/2
Rye, nearest future, Chicago, per			
bushel	33 1/2	28 1/2	27 1/2
Coffee, Rio No. 7, cash, per lb.	9	8 1/2	8
" Santos No. 4, cash, per lb.	12 1/2	11 1/2	10 1/2
Cocoa, Accra, nearest future, per lb.	4-19	3-99	3-92
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-15	3-08	1-10
Cotton, middling, spot, per lb.	7-10	6-40	6-10
Rubber, smoked sheet, spot, per lb.	3 1/2	3 1/2	3 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	142-164	142-164	142-164
Copper, "Electrolytic," Domestic,			
spot, per lb.	0 1/2	5 1/2	5 1/2
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	5-925	5-34	5-1875
Spelter, East St. Louis, spot, per lb.	3-10	3-00	3-00
Lead, spot, per lb.	3-25	3-00	3-00
Tin, "Straita," spot, per lb.	24-35	23-40	23-50

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Bankers' Gazette and Railway Monitor

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this affected credit supplies, so that again $\frac{1}{2}$ per cent. had to be paid by some borrowers. The fundamental cause of such moderate shortage of funds as occurred is to be found in the temporary withdrawal from the market of £15.0 millions, representing the 5 per cent. application money upon last week's Conversion Loan issue. This, together with certain other inequalities between Government receipts and disbursements, has enabled the Exchequer to repay its previous borrowings from the Bank and also to add to its resources.

The discount market has again been idle. Last week's Treasury bill issue was for £50 millions, but the market expected that as had happened in previous weeks, the full amount would not be allotted. To make sure of getting their bills, many brokers put in tenders at varying rates, but when the result of the issue was announced, it was found that the full £50 millions had been allotted, and that practically all the market's applications had been satisfied. The average tender rate also worked out at 10s. 11.16d. per cent., which was the worst rate from the market's point of view since September 23rd. Early this week a position of stale-mate developed in the discount market, for the banks were not buyers at less than $\frac{1}{2}$ per cent., while brokers did not wish to sell at a loss. Ultimately the slightly harder tendency of money caused brokers to give way, and at least one bank was able to buy a fair quantity of January and February bills at $\frac{1}{2}$ per cent.

	Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2 (June 30, '32)
Banks' Deposit Rate...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount { Call.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses { Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Treasury bills.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (stand-	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
still bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...

Three months' bank bills also hardened slightly towards the middle of the week in sympathy with money, and on Thursday the ruling rate was $\frac{1}{2}$ per cent. Standstill bills are still quoted at 1-2 per cent. As the monthly returns of clearing bank acceptances show, the total number of bills coming forward for acceptance and discount has been steadily decreasing, and during recent weeks a further contraction in the total volume of bills has been caused by the repayment of a few standstill bills. On the other hand, accepting houses have noticed a slow but steady increase in the volume of inland bills, and apparently home business houses are beginning to discover that it is now cheaper to draw bills on their customers than to give indefinite credit financed by bank loans. So far the movement is very slow, for many houses to-day know very little about the technique of financing their business by means of bills of exchange, while others still fear that resort to bills will be regarded as a reflection upon their financial stability. Still it is of some significance that the growth in the case of inland bills has proceeded far enough to have become apparent in the money market.

This week's Bank return reflects mainly the consequences of the payment of the £15.0 millions application money on the Conversion Loan, together with certain other excesses of Government receipts over disbursements. Public deposits have expanded by £13.4 millions, while Government Securities are lower by £10.8 millions. As a result of these two big changes and minor movements elsewhere, Bankers' Deposits have been reduced by £22.8 millions to the more normal figure of £79.9 millions. Thus approximately £23 millions have been turned over to the Government, and the withdrawal of this money from the market amply explains the slightly harder tendency of money towards the middle of the week.

Business on the foreign exchange market was patchy this week and less active, with New York closed on November 8th. Sterling improved considerably in the earlier stages, but fell away towards the close. The New York rate fell from 3.30 to 3.28 $\frac{1}{2}$, after 3.31 $\frac{1}{2}$. Montreal weakened sharply from 3.64 to 3.76. Paris was little changed at 83 $\frac{1}{2}$. Brussels fell away by three points to 23.65. Milan was $\frac{1}{2}$ better at 64 $\frac{1}{2}$, and Madrid was also firmer by $\frac{1}{2}$ at 40 $\frac{1}{2}$. Amsterdam gained $\frac{1}{2}$ at 8.7 $\frac{1}{2}$, and Berlin four points at 13.82. Switzerland was unchanged at 17.05. The Scandinavian currencies were variable, Stockholm improving sharply from 19.06 to 18.88, as did Oslo from 19.73 to 19.60, whilst Copenhagen only gained one point at 19.20. The South American currencies are still nominal, Rio being unchanged at 5 $\frac{1}{2}$ d. offered, Buenos Aires losing $\frac{1}{2}$ d. at 35 $\frac{1}{2}$ d., and Montevideo being unchanged at 29d. In the Far East the rupee was steady at 1s. 6 $\frac{3}{4}$ d., but Japanese yen fell from 1s. 3 $\frac{1}{2}$ d. to 1s. 3d., after touching 1s. 2 $\frac{1}{2}$ d. at the week-end. In the forward market, one month's dollars remained at $\frac{1}{2}$ cent discount, but three months' weakened by $\frac{1}{2}$ to $\frac{3}{4}$ cent discount. Paris was at one centime and three centimes premium. Brussels weakened to 6 and 18 centimes discount. Milan was unchanged at last week's levels. Madrid was weaker at $\frac{1}{2}$ peseta and $\frac{3}{4}$ pesetas discount. Amsterdam went to par for one month, and $\frac{3}{4}$ cent premium for three. Switzerland was one centime and two centimes premium. The silver market was firm on Chinese and speculative buying, and prices improved by $\frac{1}{2}$ d. to 18 $\frac{1}{2}$ d. for cash and 18 $\frac{1}{2}$ d. for forward. Among the China silver exchanges, Hong Kong was unchanged at 1s. 4 $\frac{1}{2}$ d., whilst Shanghai was dearer by $\frac{1}{2}$ d. at 1s. 10d.

The weakness in sterling on Wednesday afternoon and Thursday was due to unfounded rumours regarding the American debt position, and possessed no further significance. Some weakness has also been displayed both by the Canadian dollar and the Japanese yen. The fall in the Montreal rate is discussed on a later page, while the weakness of the yen is apparently due to the disclosure of preliminary estimates of national revenue and expenditure, which have been accepted in some quarters as constituting the new Japanese Budget totals. The figures in question are, total revenue of Y. 1,330 millions and total expenditure of Y. 2,110 millions, thus leaving a deficit of Y. 780 millions. Inquiries show that at the most these figures were prepared to provide a basis of discussion between the Departments and the Treasury, and that the details of the Budget, which is only due about the New Year, are far from settled. Furthermore, while it seems clear that a large deficit will have to be dealt with, the recent rumours of an impending Japanese loan are so far unfounded. The low level of the yen is in one sense justified, for Japan is clearly in a difficult financial position, but the particular causes of this week's fall appear to possess no immediate foundation.

Money rates are unchanged on Wall Street, with all money quoted at 1 per cent. and 90-days' bankers' acceptances at $\frac{1}{2}$ per cent. The gold exchanges have moved in favour of the dollar. French francs were 3.92 $\frac{1}{2}$ cents on Wednesday last, against 3.93 $\frac{1}{2}$ cents the week before; belgas 13.88 cents, against 13.92 cents; Swiss francs 19.28 $\frac{1}{2}$ cents, against 19.29 $\frac{1}{2}$ cents; and Dutch florins 40.17 cents, against 40.24 cents. The Montreal rate has fallen from 90 $\frac{1}{2}$ to 87 $\frac{1}{2}$ per cent. of parity, this movement being in favour of New York. Gold imports for the week ended November 9th amount to \$4.2 millions, and include \$690,000 from Canada, \$232,000 from England and \$3,200,000 from India. Gold under foreign earmark increased by \$301,000 on Wednesday, this being the first increase since June.

WAR DEBT SUPPLEMENT.

With this Issue of The Economist we publish a special Supplement dealing with the history of the War Debts and analysing the economic questions involved, and the problem of their readjustment.

THE NEW PRESIDENT.

WHATEVER implication may be read into its tone, the voice of the American electorate has been expressed with a decisiveness which is sensational. Although the final figures are not available as we write, the extent of the Democratic victory may be measured by the fact that Mr Roosevelt—with over 17 million votes polled in his favour, as compared with less than 12 $\frac{1}{2}$ millions accorded to Mr Hoover—will have between 470 and 480 of the 531 votes in the Electoral College; and further, he will have at his back a House of Representatives controlled by a Democratic majority of over one hundred and a Senate in which a safe working majority has also been secured for his supporters. Whereas, four years ago, President Hoover won 444 votes in the College and Mr Alfred Smith only 87, this year only six States, whereof but two—Pennsylvania and Connecticut—are of major importance, upheld the Republican cause. Outside this tiny staunch oasis the electoral sand-storm has overwhelmed President Hoover throughout the East, West and South.

With what desire at heart did the American elector thus cast his vote in a way that sends Mr Roosevelt to the White House next March with a record majority behind him? It is fairly safe to say that the answer can only be framed in negative terms. Positive determination to secure repeal or modification of the Volstead Act may have played a not inconsiderable part; but in a contest in which, to foreign eyes, there was no very clearly drawn line of demarcation between the constructive policies of the two parties, and in which the personal appeal of the two protagonists does not seem to have been a significant element, there can be little doubt that the desire of the American people was, in essence, that there should not be a further continuance of an Administration which, rightly or wrongly, had to bear the brunt of responsibility for an unparalleled economic depression. Four years ago Mr Hoover's supporters proclaimed that "Hoover is good for four more years of prosperity." The promise was unfulfilled; and the American elector decided, with surprising emphasis, that, if he did not know quite what else he wanted, he wanted a change.

However sincerely we may commiserate with Mr Hoover over a defeat whose magnitude approaches the point of humiliation, we have little doubt that the retiring President would share what must be the general view of the world, namely, satisfaction that, at a juncture when it is supremely important that the American Administration should feel that it has behind it the unqualified backing of popular opinion, Mr Roosevelt will enjoy this advantage to a degree which probably exceeds the most optimistic expectations which he dared entertain. The disabilities that can be created by the American constitution when the executive, with a fixed tenure of office, does not command a majority in the Legislature, have been apparent more than once in the history of the post-war period; and Mr Hoover, we are confident, would not wish his successor to undergo a repetition of the difficulties which he himself encountered over the passage of the Budget last spring. As it is, Mr Roosevelt should be able to act in the great issues of domestic and foreign policy which will confront his Administration with an authority and power of leadership unhindered by having to manoeuvre, as might have been the case, a hostile Senate or House of Representatives. And, in his fortunate situation as triumphantly successful contestant at the presidential poll, he has an unique opportunity of manning his Administration from the considerable list of talent which is available to his hand without the distraction of nice points of political tactic. With all domestic impediments—save perhaps local divergences of interest within the Democratic Party itself—swept out of the way, Mr Roosevelt's position reminds us inevitably of that of the National Government in this country when it was carried triumphantly into power by a great popular vote a year ago. In both cases the victors' hands were practically untied and the only charge was to save the country.

What reorientation, if any, of American policy is foreshadowed in domestic affairs by Mr Roosevelt's victory,

we find it hard to predict. From the definite Democratic tendency towards "liquor" relaxation we may expect presumably an early amendment of the Volstead Act, permitting at least the consumption of light wines and beer—a step which would at one stroke enable the Federal Budget to be restored to better health through increased Excise revenue. Otherwise the Democratic policy in internal affairs has not been defined with great exactness. Mr Roosevelt has declared himself in favour of various schemes for the reorganisation of railroads and public utilities, and he has talked, during the election campaign, of plans for the relief of agriculture which appear to be aimed primarily at the lightening of the present heavy burden of mortgages. How far such projects will be translated from the vague promises of an electoral campaign into concrete legislation the event will show. Having regard to the record and calibre of the men, such as Mr Owen Young, Mr Newton Baker and Mr Norman Davis, who may be expected to be associated with Mr Roosevelt in his Administration, we do not anticipate that any very radical experiments will be made. We doubt whether Mr Roosevelt, in any attempt which he may make to lift America from the depression "by her own boot-jacks," will succeed in evolving measures very different from those formulated and applied during the past two years by Mr Hoover, or will escape the limitations which confronted the last Administration in its endeavours to foster the recovery of prosperity in America independently from the rest of the world.

It is naturally the question rather of the foreign policy of the new Administration on which attention abroad will centre. Here, again, we must wait for the event; but the omens are not discouraging. Whereas Mr Hoover, particularly during the latter stages of the Presidential campaign, appeared to be falling back on the worst excesses of Republican high tariff protectionism, Mr Roosevelt, true to the traditions of the Democratic Party, has throughout evinced a welcome appreciation of the importance and significance of international trade, and of the part which the United States is called upon to play in the politics and the economy of the world. In the matter of disarmament there has never been any material divergence of view between the two great American parties; but on the general question of American co-operation with the leading nations for the maintenance of peace and the settlement of the many vexed international problems of the day we should expect to see the Roosevelt Administration acting with welcome vigour and understanding of world problems.

This brings us at once to the problem which, chronologically, is the first that must be dealt with by the United States *vis-à-vis* the rest of the world—the unresolved problem of the war debts. With this issue of the *Economist* we print a special supplement dealing with the history of the war debts from their origins, and endeavouring to present the problem and the way out in their true light. Here we would merely add that, as has been emphasised in these columns many times, the essence of the war debt question at present is not that payment of the debts is intensifying the world economic crisis—for since July, 1931, no transfers have taken place—but that, until a final workable settlement has been realised, it is impossible for the World Economic Conference to begin with any hope of success an approach to the monetary and commercial reconstruction which must be undertaken. So long as these huge obligations remain as a potential factor in the debtor nations' balances of payments there can be no hope of restoring stability of currencies or of securing an agreement on fiscal and commercial measures to end the present strangulation of world trade.

In this respect it would be idle to minimise the difficulties presented by the fact that the new Congress does not meet or the new Administration take office until next March. Between now and then the defeated President remains at the White House and in charge of America's affairs. Nevertheless, we are glad to note that Mr Hoover, in his generous message of congratulation to Mr Roosevelt, promised that "in the common purpose of all of us I shall

dedicate myself to every possible helpful effort." Friendly co-operation between the retiring President and the President-elect could do much to alleviate the disadvantages attendant on a four months' interregnum at such a critical time as this. If Mr Hoover and Mr Roosevelt can in some degree act together in the councils of the State during the coming winter, so that the attitude of the future Administration in the vital issues of disarmament, war debts and the programme for the World Economic Conference may become, to all intents and purposes, effective now, a great gain will be secured.

THE STATE AND THE UNEMPLOYED.

THE Final Report of the Royal Commission on Unemployment Insurance, which had been delayed by a vain attempt to attain unanimity, has at last been published in a sturdy volume of several hundred pages. A detailed summary of its contents will be found on page 870 of this issue. The Majority Report carries the signatures of all but two members of the Commission. It is a serious, though not perhaps a very bold attempt to grapple with the all but insoluble problem of applying any system of insurance to a live register of three million souls, representing nearly 25 per cent. of the industrial workers of the country. The attempt to embrace the whole of the unemployed population of this country in a single scheme of insurance which shall be financially solvent has long broken down, and the Commission has been forced, as every one knew it would be, to devise a dual scheme compounded partly of genuine insurance, and partly of a scarcely disguised form of poor relief called Unemployment Assistance. The duality is clearly dictated by the actual nature of unemployment, which may be divided, roughly, into two kinds; intermittent unemployment, the appropriate method of dealing with which is obviously some form of insurance; and long-continued or nation-wide unemployment, which can only be palliated by some form of relief. The Report, accordingly, recommends soundly enough that the Unemployment Insurance Fund shall be made to stand on its own feet as an actuarially solvent entity. In order to start the Fund with a clean balance sheet the accumulated debt is to be placed in a separate account and amortised over a period of 65 years, the annual charge being met mostly by the Exchequer but partly by the Fund. With a live register of 3 millions, and with the present rates of benefit as reduced by the National Government (and slightly amended), and the present rates of three-fold contribution by employers, employed and the Exchequer, the incomes and outgoings of the Fund are made to balance with a small estimated surplus by varying the period of benefit from 13 weeks minimum to 39 weeks maximum, according to the number of contributions paid, and by applying an earnings test for workers employed only during certain days in the week.

The Unemployment Assistance Scheme, which is to take the place of transitional benefit, and also, presumably, of a considerable portion of the present poor law relief is based on entirely different principles. It embraces all able-bodied unemployed workers under 65 years of age who are unemployed, including both insured workers who are no longer entitled to benefit under the insurance scheme and workers in trades not at present insurable, such as agricultural workers (but not railwaymen). The rates of benefit proposed are the same as those payable under the insurance scheme, but whereas insurance benefit is unconditional, Unemployment Assistance is made subject to definite conditions such as willingness to work and a proof of need in the shape of a means test based on the resources of the household. The conditions suggested for the means test include allowances for savings such as investment, and house property, which are substantially more generous than those which have been proposed by the Government, but they can hardly be said to err on the side of laxity, in view of the enormous importance, both social and economic, of working-class

thrift. Unemployment Assistance is to be administered by Local Authorities, but the Commission is careful to keep it entirely separate from the Poor Law—a concession to the well-known susceptibilities of the majority of the working population of this country—and the administration is to be supervised not by the Ministry of Health, but by the Ministry of Labour. The resources required are to be provided partly from a flat fourpenny rate and partly from an Exchequer grant. It is estimated that in most areas a 4d. rate will cover the cost, but in depressed areas the proposed rate will obviously be utterly insufficient. The Report recommends therefore that the Exchequer grant, which is fixed at £58 millions (the estimated cost of transitional payments in 1933) be divided up according to their needs among the local authorities in whose areas the cost of unemployment assistance exceeds the product of a 4d. rate.

This dual scheme—insurance as well as assistance—is to be placed under the supervision of an independent Commission in order as far as possible to take the whole question "out of politics." But the Commission is apparently to be merely an advisory body, and the final responsibility is to rest with the Minister of Labour. The analogy of the Tariff Board at once suggests itself—none too happy a precedent—but it is difficult to see how the responsibility for so vast and important a branch of administration could be made to rest anywhere except upon ministerial shoulders.

The thesis of the Minority Report may be dismissed in a few sentences. It is obviously based upon the recommendations of the Trades Union General Council, and the principle of unconditional "compensation for loss of employment," except that it does not venture to put the whole cost on to the taxpayer, but retains the contributory principle. It, however, proposes to abolish the distinction between insurance and relief, and substitutes for it a general benefit on the scale existing prior to the economy cuts and without a means test. Clearly, its cost would be prohibitive.

In contrast to this impracticable proposal, the Report of the Majority preserves a sense of proportion; but it suffers from certain defects, not all of which are inherent in the nature of the problem. On the administrative side the recommendations do not appear to have been thought out very clearly. The setting up of a new scheme of what virtually amounts to a new system of relief alongside the already existing system of Public Assistance—the administration of which has only recently been revised under the Local Government Act of 1929—and under a different Ministry carries with it obvious dangers of waste and overlapping. Indeed, it threatens to introduce once more that confusion of authorities which Mr Chamberlain's Local Government Act was intended to clarify. Moreover, from the point of view of the Local Authorities themselves, the assumption of a new administrative burden may prove far more difficult than the Majority of the Commission appear to imagine.

The County and County Borough Councils have already in many cases found it hard enough to find suitable members with sufficient leisure to undertake the thankless task of supervising the administration of the Poor Law, and the constitution of a new set of Public Assistance Committees is scarcely feasible. And if the Commission assumed that in practice the new Committees would, in fact, be identical with the existing bodies, then that is only one more reason for combining the two systems of relief which do not differ in any essential principle.

It is also a pity that the Commission did not see its way to introducing a difference in the rates of benefit under the two schemes. As a matter of principle, the scale of relief ought definitely to be lower than insurance benefit. The reason why the Commission found itself unable to maintain this salutary distinction is, however, clear enough. It lies ultimately in the enormous volume of unemployment. The present flat rate of benefit represents a minimum subsistence standard in those parts of the country where the cost of living is highest, and it would have been impossible to raise the level of "insurance" benefit without either bankrupting the insurance fund or

curtailing materially the period of insurance benefit. But the fact remains that in rural areas, for instance, where rents are comparatively low, the rates proposed allow a considerably wider margin, and in these days of depression industry and the taxpayer can ill afford to be generous. Indeed, the introduction of a means test would seem to be opposed in principle to a flat rate of benefit. There is, in fact, an inherent contradiction in the Commission's conception of Unemployment Assistance, which could only be resolved by frankly abandoning the notion of transitional benefit altogether, and transferring the whole of Unemployment Relief, beyond that provided for in the Insurance scheme itself, to the existing Public Assistance system. That is a course which would have required a good deal more courage than even a Royal Commission can be expected to display in view of the stigma still adhering to the poor law in the minds of the majority of the workers. But it should not be forgotten that the whole trend of recent Local Government legislation has been to remove this stigma as far as possible. The County Council is a much more respectable institution than the Board of Guardians.

From the financial point of view it must be confessed that the Report offers very little comfort. Even if the forecasts made by the Commission prove to be reliable, the gain to the Exchequer effected by the new scheme as compared with the present cost of what we have persisted all these years in calling Unemployment Insurance is negligible, and that only on paper. Moreover, the warning contained in Mr Trouncer's note cannot be disregarded. Though the Commission has evidently calculated that the 4d. rate will cover the cost of relief at present administered under the poor law which will be transferred to the Unemployment Assistance Scheme, it may very well prove to be substantially greater. If this fear is justified, it may well prove that on balance the total expenditure in payment to the unemployed will be higher than it is to-day.

That is a possibility which might at first sight appear to condemn the Report outright. Yet with a live register very near to the three million mark no other result could be expected. In spite of its defects, many of which are inherent in the circumstances under which it was composed, the Report does go as far as could reasonably be expected towards solving an insoluble problem. It has at least two outstanding merits. It provides the first essential of a sound insurance scheme, namely a solvent insurance fund; and it recognises clearly the distinction between insurance and relief, rightly basing the latter upon the need not of the individual but of the family.

Last, but not least, some of its recommendations outside the immediate question of financing the unemployed are eminently wise. In the case of juveniles, for example, the lower age of entry and the crediting of contributions in respect of voluntary continuation of full time education and approved courses of instruction will be commended by all those who appreciate the dangers and the difficulties of the present system of juvenile employment. The Report also blesses the existing schemes of training for adults and piously hopes for their extension. It could with advantage have gone very much further and more boldly in this direction; for when all is said and done, the problem of supreme importance to-day is to preserve the morale of the nation and to give to that large fraction of the nation which is now in the grip of untoward circumstances a hope and a purpose in life.

THE GERMAN ELECTIONS.

THE returns of the General Election for the Reichstag, which was held in Germany last Sunday, November 6th, have not been sensational; and, on present showing, there is no indication that the political consequences of these elections will be sensational either.

In any analysis of the returns there are five principal parties whose fortunes have to be taken into account, and these five fall into two groups. There are the Centre Party and the Social-Democrats and the Nationalists, who each represent certain important permanent elements in the

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German body-politic; and there are the Nazis and the Communists, whose ebb and flow registers the fluctuation of the wayward emotional element in German political life.

To take the three more stable parties first, it is evident that normally, each of these parties can count upon a solid nucleus of supporters who will vote for their party faithfully all their lives, and will probably hand on their political creed to their children. Accordingly, anything like a *dégringolade* of any one of these three parties would imply a real upheaval in German political life, while a sensational advance on the part of any one of them would suggest a real shift in the balance of political forces. When we look at the position of these parties as it is now, by comparison with their position after the General Election of last July, we are struck at once by the smallness of the change which the new returns register. In the new Reichstag the Centre will be reduced from 75 seats to about 70, and the Social-Democrats from 133 to about 121, while the Nationalists will rise from 37 to about 50. But, in all three cases, the slowness of the change is equally significant. Evidently the Catholic and the Socialist votes have come down to bed-rock, and may be expected to maintain something like their present level even if the two parties remain out in the wilderness.

Conversely, the gains of the Nationalists in this election are surprisingly small when one considers that to vote Nationalist was the only way in which it was open to a German voter last Sunday to express his confidence in the von Papen regime. We do not know whether Herr von Papen and his colleagues, when they decided to appeal again to the country after so short an interval, had really any expectations that the consequence would be a far-reaching transfer—or, rather, re-transfer—of votes to the Nationalists from the Nazis. Anyhow, the returns show that nothing of the kind has taken place. The loss of about 35 seats is no doubt a serious matter for a movement which, like the Hitler movement, can only succeed by maintaining the spell of unbroken success. On the other hand, the dozen additional seats which are to the Nationalists' modest share of the rather meagre spoils which have fallen from the Nazis to all the other parties in the aggregate are so far from symbolising a national vote of confidence in Herr von Papen that the result must be added as almost as much of a slap in the face for the Nationalists as for the Nazis themselves.

For the Nazis, the reverse which they have suffered is unquestionably severe. For ever since their startling victory in the autumn of 1930—on the morrow of the completion of the Allies' evacuation of the Rhineland—the Nazis have gone forward from strength to strength. They have now come up against the von Papen regime; have pitted their strength against it; and have made no substantial impression upon it. Moreover, in the process they have been manoeuvred into the position of championing the cause of constitutional parliamentary government in Germany against dictatorship. As nothing more exciting than the largest of the constitutionalist parties, the Nazis would appear, at the moment, to have rather poor prospects.

It is otherwise with the Communists, whose strength in the Reichstag has been raised by these elections from 89 to about 100. The political atmosphere which has been fostering the Nazis during the last two years has also fostered the Communists, but to a less sensational degree. Every time that the Nazis have achieved a gain the Communists have succeeded in gaining likewise, though always

on a more modest scale. These smaller but steadier gains have been the fruit of a rather different kind of appeal. In essence, no doubt, the Nazi and the Communist appeals are of the same nature. They are appeals to desperate men to win a millennium by violence. But there is one important difference between the two appeals which may count for much at this moment. Herr Hitler has promised his millennium for to-morrow, whereas the Communists, in writing out their cheque, have never yet filled in the date. On the morrow of this last election Herr Hitler stands with his overdue millennium unrivaled and his strength on the ebb, while the gradual advance of the Communists towards their undated millennium has accomplished one more of its steady steps forward. At this moment, the two parties of violence must be contemplating the next general election with very different expectations. For next time the Nazis have to fear the possibility of a setback which might be as great a land-slide as some of their previous leaps forward; but the Communists can face the next election with equanimity, in the expectation of repeating their usual performance by once more gaining ten or a dozen seats on their previous figure.

No doubt these Communist prospects are as much in the minds of all the other parties as they are in the minds of the Communists themselves; and for this reason we may look forward to seeing a rather energetic concerted effort to make the present Reichstag work rather than play the Communist game by continuing to hold inconclusive general elections at the recent rate of frequency. This effort would have to take the line of a compromise between the constitutional parties and the Government. The constitutional parties would have to content themselves with something less than a complete return to constitutionalism. They would have to tolerate the continuance in office of a Government which was not representative of a parliamentary majority. On the other side, the Government itself, having found by experiment that no number of general elections can win more than about one-eighth of the seats in the Reichstag for its own supporters, might feel that it had to come to terms with the other parties to some extent.

Probably the solution will be found to lie in some change of personalities; and, in fact, Herr von Papen has hinted, in a speech delivered since polling day, that he may allow himself to be made the scapegoat for the present German political reaction, as he once served as the scapegoat for German official tactics in the United States during the war. If the present regime survived with Herr von Papen eliminated, the survivors—e.g., General von Schleicher—might find it easier to win parliamentary support. The Centre Party, for instance, might be conjured out of its present irreconcilable attitude by the fall of a Chancellor who, as a Catholic, is inevitably regarded by his co-religionists as a traitor to their cause. Already, in all sections of the Opposition press, including the Social-Democratic newspapers, there is a tendency to translate general criticisms of the present regime into personal attacks on Herr von Papen, but not on General von Schleicher. One element in a possible compromise is already visible here.

But a compromise can hardly succeed unless it includes the Nazis; and here again the personal factor may come in. Undoubtedly the wise course for the Nazis now is to realise the potential power which they have gained during these last two years by agreeing at last to participate in the Government before their gains depreciate any further. But how can this be done without loss of face when the party has as its leader a man who has committed himself, beyond possibility of personal retreat, to the "totalitarian" policy of all or nothing? Is it possible that Herr Hitler will accompany Herr von Papen into limbo? No doubt, if he has to make this melancholy journey, he will have, so to speak, to be given a Pullman seat instead of being bundled into a cattle-truck; but that will make little difference in the end if he finds himself travelling to the same destination on board the same train. For "the elimination of personalities" can be effected by different ways and means. One can be eliminated by being placed on a pedestal in a glass case as well as by being hounded into the desert as a scapegoat. Is the glass case Herr

Hitler's destiny? The very fact that the question can be asked is evidence that this transalpine *duce* is no Mussolini.

The one combination that now seems unlikely is a Nazi-Communist combine to pull the house down. The quarrel that has ended the recent Nazi-Communist transport strike in Berlin seems likely to be definitive. For this is an alliance which the Nazis could only afford so long as they were manifestly outstripping the Communists in the race for power. Thus, on the whole, the immediate future of German politics seems likely to be rather less stormy than the immediate past, though it would be idle to pretend that the obscurity of the situation has been greatly lessened.

BUILDING SOCIETIES AND SMALL HOUSING.

A DECISION which may open a new chapter in building society history has been reached by the Housing Committee of the National Association of Building Societies, which has submitted to the Ministry of Health a memorandum suggesting that, in the case of blocks of small houses, built with a view to letting at economic rentals within the reach of the working classes, the societies should advance 90 per cent. of an agreed valuation. It is suggested that responsibility for 70 per cent. should be entirely with the building society making the loan, while the remaining 20 per cent. should be guaranteed jointly by the Government, the local authorities concerned and the building society in the proportion of one-third each. This proposal appears to be contingent (a) on the withdrawal of subsidies and rate aid, save for slum clearance, (b) on the relaxation of the present legal requirement that not more than twenty "subsidy houses" may be built to the acre, and (c) on the adoption of a lower standard as regards road and footpath construction. The building societies' committee goes farther, for it suggests that the Minister of Health might use his influence to induce local authorities to negotiate for the handing over to building societies of the mortgage business locally financed, in recent years, under the Small Dwellings Acquisition Acts and the Housing Acts.

Although initiative for the inquiry came, in the first place, from the Ministry of Health, its possibilities appear to have appealed more to the Northern than the Southern societies. It may be significant that the Committee included Sir Enoch Hill of the Halifax and Mr Walter Harvey of the Burnley Society, but not Sir Harold Bellman of the Abbey Road. That the societies should desire to extend the scope of their operations is not unnatural. In reviewing the financial results of the leading societies in 1931 (see the *Economist*, April 23, 1932, page 919), we pointed out that, since the war, over a million houses had been built for sale to private owners, mainly with the help of building societies, and that it was unlikely that the demand for houses costing, say, from £700 to £2,000, mainly in occupier-ownership, could long continue at a rate sufficient even approximately to maintain building society operations on the scale of the last few years.

The suggestion for co-operation between national and local authorities and the building society movement, in a nation-wide effort to satisfy the urgent demand for better working-class housing facilities, opens up a vista of impressive social possibilities. The benefits of better housing to the nation, physically and morally, have been urged for years by enlightened members of every political party. The present scheme ostensibly offers the Government a considerable reduction in the liability undertaken, which is now put at £184 per dwelling in urban parishes, and £196 in agricultural parishes. A similar inducement is offered to local authorities, whose liability under existing arrangements is assessed at £67. The maximum liability to each, on a £400 house, under the proposed building society scheme, is computed by the Committee at £26 18s. 4d.

The low level of contemporary interest rates, further, makes the moment particularly opportune for the inauguration of a great housing "drive." This last consideration, however, suggests what may, in practice, prove a formidable difficulty. The building societies, which

would themselves be responsible for securing the funds with which to advance the full 90 per cent. of the agreed valuation of each house, have in the recent past based their large "turnover" on the offering of relatively high interest rates to investors and depositors and the charging of correspondingly high rates to mortgagors. If 3½ per cent. is to be regarded as the future basic yield figure for British Government securities, mortgage rates of over 5 per cent., which the societies at present charge to borrowers, would appear unduly high for the proposed new business. It may be argued that if the money for advances on small dwellings were raised by a specially constituted National Housing Corporation (in which the building societies might participate), with a Government guarantee, it might be obtained at very little more than 3½ per cent. The societies, however, while aware that their participation would give their obligations to investors practically gilt-edged status, would scarcely regard such a rate as attractive. They claim that their expenses and reserve and taxation requirements necessitate at least a margin of 1 per cent., or even 1½ per cent., between their borrowing and lending rates. Further, they had some £342 millions due to shareholders and £57 millions to depositors and other creditors at the end of last year, against which their largest asset consisted of £360 millions due on existing mortgages, the great majority of which had been made at over-all rates well in excess of 5 per cent. In the five years to 1931 they advanced £368 millions on new mortgages. Allowing for repayments, therefore, it is clear that the great bulk of the mortgages now outstanding are "young" mortgages.

If low interest rates continue, it may be presumed that the societies will endeavour to "let down" their own rates cautiously, step by step. They would almost certainly regard a transition to anything in the neighbourhood of 3½ per cent., in the near future, as unduly violent and dangerous to their financial structure. It would, inevitably, result in pressure for lower rates by existing mortgagors, which the societies could not indefinitely resist. If the new rates, even with a Government guarantee, proved unattractive to those investors who had been induced, in the past, to lend to the societies by virtue of the admittedly high rates offered, any widespread withdrawal movement would call attention sharply to the drawback inevitable in building society technique—that of borrowing "short" and lending "long." The "risk factor," by general admission, is significantly higher in the case of small than of larger properties.

Under any scheme, finally, in which the building societies were participants, the State would be compelled to take cognizance of the wide disparity between the size and status of individual societies. Actually, there are over a thousand societies in Great Britain to-day, ranging from the Halifax, with £78 millions of assets, and the Abbey Road with £35 millions, to many societies with less than £5,000 of assets. Altogether, whilst it is all to the good that the movement's Housing Committee, by its present decision, has brought the question of co-operative effort in small housing to the forefront, the State and local authorities, before giving their decisions, may well demand closer definition and explanation of numerous points which may involve serious difficulty in practice.

THE GRAIN SITUATION.

ATTENTION has been focussed on the prospects of cereal farmers by the renewed slump in grain prices. It is commonly agreed that the restoration of the purchasing power of agricultural communities forms an essential condition of a revival in trade. Nations that are predominantly agricultural as well as farmers within the boundaries of industrialised countries, have found that the price ratio between their products and manufactures has become increasingly disadvantageous to them during the past four years. During the same period industrial unemployment has assumed menacing proportions. As the fall in prices has applied to almost all agricultural products, the farmer has had little incentive to cultivate alternative commodities. His plight has, moreover, been seriously aggra-

vated by the growth of economic nationalism which coincided with a series of heavy crops. The attempts of the Governments of the chief importing countries to maintain the purchasing power of their farmers by a drastic restriction of foreign supplies, have played no small part in prolonging and intensifying the agricultural crisis, for the low level of international prices has failed to stimulate the demand of importing countries owing to the policy of high prices maintained by protection. In view of the resulting shift in the balance of production between importing and exporting countries, the latter are faced with the necessity of reducing acreage by a greater proportion than would otherwise have been necessary.

The extent of the fall in the price of grains since the advent of the depression is shown in the following table:

AVERAGE PRICE OF GRAINS.

Season.	Wheat(a).	Barley(a).	Rye(a).	Oats(a).	Maize(b).	Rice(c).
	Winnipeg.	Winnipeg.	Chicago.	Chicago.	Chicago.	London.
	Per bushel (60 lbs.).	Per bushel (48 lbs.).	Per bushel (56 lbs.).	Per bushel (32 lbs.).	Per bushel (56 lbs.).	Per cent.
1928-29	124	68	96	48	94	13 8
1929-30	124	52	85	45	86	13 2
1930-31	65	26	44	33	58	10 11
1931-32	59	35	41	24	34	7 11
1931, Oct.	57	31	40	24	39	8 6
1932, Sept.	52	28	34	18	30	8 3
" Nov. 9	46	28	27	15	24	7 6

(a) Season, August-July. (b) Season, November-October. (c) Calendar year.

It will be seen that current quotations are in many cases only about one-third of the average prices during the season 1928-29. No doubt costs of production have been reduced considerably. Improvements in technique have been substantial, and the price of fertilisers and agricultural machinery has been reduced. Nevertheless, current prices in a free market are unremunerative to the majority of farmers. Although wheat is the most important cereal from the point of view of international trade, the total value of the annual production of the other grains exceeds that of the chief bread grain by a substantial margin. The development of the production of grains in the principal countries of the world during recent years is shown in the next table:—

Grain Production (In Millions of Acres and Centals.)

Season.	Wheat.		Barley.		Rye.	
	Area.	Yield.	Area.	Yield.	Area.	Yield.
Average 1926-27 to 1931-32...	215	1,971	54	596	87	945
1931-32.....	218	2,005	54	524	86	862
1932-33.....	221	2,040	56	635	87	977

Season.	Oats.		Maize.		Rice.	
	Area.	Yield.	Area.	Yield.	Area.	Yield.
Average 1926-27 to 1931-32 ...	46	511	155*	2,147	114*	1,658
1931-32.....	45	452	159†	1,830	118†	1,782
1932-33.....	44	554	166‡	2,059	118‡	1,724

* Average, 1925-26 to 1929-30. † 1930-31. ‡ 1931-32.
(Source: International Institute of Agriculture.)

The most striking fact revealed by these figures is the increase in the area under cultivation of all grains except oats. It has been most pronounced in the case of maize and wheat. Clearly, if the restrictive policy of various Governments, which prevents an expansion in demand, is persisted in, a reduction in acreage is inevitable before there can be an adjustment of supply to demand at a higher level of prices. The reason for the sharp fall in values which has taken place recently is evident. Last year's yield of barley, rye, oats and maize was considerably below the five-year average from 1926-27 to 1931-32. In spite of the fact that other grain such as wheat can be substituted for these products to a substantial extent, the rather smaller production means that their prices did not decline as much as some other products. Indeed, the average price of barley in Winnipeg in 1931-32 even shows a substantial rise on the preceding year; this is, however, partly due to the lower gold value of the Canadian dollar.

But the outlook for prices during the current season is not encouraging. Not only has the production of wheat been higher than last year, but the supply of the other grains is also considerably larger. Production of wheat in the chief European countries (excluding Russia) advanced from 853,386,000 centals in 1931 to 899,988,000 centals in 1932. Similarly, the yield of rye rose from 430,300,000 centals to 523,155,000 centals, the output of barley increased from 282,695,000 centals to 331,528,000 centals, and the oats harvest, at 424,561,000 centals, shows an advance of 33,812,000 centals. At the same time the yield of the maize crop in the principal countries of the northern hemisphere increased from 1,759,213,000 centals to 1,991,526,000 centals, mainly as a result of the bumper crop harvested in the United States. As far as can be judged, the Eastern rice crop, too, promises a good yield. It is true, as the appended summary shows, that only wheat, maize and rice enter into international trade in substantial quantities:—

Exports of Cereals (In Millions of Centals.)						
Season.	Wheat.	Barley.	Oats.	Rye.	Maize.	Rice.
1929-30.....	315	75	34	27	169	118
1930-31.....	424	88	26	25	242	118
1931-32.....	424	62	24	39	201½	115

* Season, August-July. † Season, November-October. ‡ Ten months ended August 31st. § Calendar year.
(Source: International Institute of Agriculture.)

Nevertheless, the abundance of other grains also reacts unfavourably on wheat prices because a smaller proportion of the latter will be needed for feeding purposes.

The position of the cereal farmer is far from enviable. He faces another season of low prices, and is individually almost powerless to improve his position. Similarly, well-meant national measures have only resulted in aggravating the situation. Clearly, the only sane remedy is for importing countries to reverse their policies in order to stimulate demand at low prices and thus increase the buying power of those primary producers whose demand can alone restore prosperity to their own industries. The only alternative—and that a very retrograde one in view of the large unsatisfied potential demand of the world—is a drastic curtailment of the area under cultivation in the chief exporting countries, mitigated by such further efforts as they may be able to make to bring down costs to an even lower level.

THE UNEMPLOYMENT INSURANCE REPORT.*

Summary of the Majority Findings.

The Commission begin by observing that the Report has had to be framed at a time of financial stringency and grave economic and industrial dislocation. The total cost of any scheme proposed is bound to be serious; and the recommendations, to be practical, must take this into account. For the same reason it is impossible to review on its abstract merits the distribution of the financial and administrative responsibility as between employers, contributors, the State, and local authorities. Changes in this must be limited to those which are necessary to secure the purposes which the Commission have in mind.

Chapter I.

EVOLUTION OF UNEMPLOYMENT INSURANCE.

The Report reviews the development of unemployment insurance in 1911-31; gives an account of the changes in the scheme since the Interim Findings of this Commission; and describes the provisions of the Poor Law as they affect the able-bodied unemployed. The chapter ends with a review of existing provisions for unemployed workers and of the Means Test.

Chapter II.

POST-WAR UNEMPLOYMENT.

The Report next analyses the facts of post-war unemployment and its permanent and industrial causes. The "standing army" of unemployed numbers about 100,000, and their unemployment accounts for only one-tenth of the whole. During the last eleven years 60 per cent. of the insured population have

* Report of Royal Commission on Unemployment Insurance—Cmd. 4165. 7s. 6d. H.M. Stationery Office.

experienced some unemployment; but the incidence is very unequal. The two main elements in the problem are (a) the widely distributed intermittent unemployment, whose causes are a persistent feature of modern industry, and (b) the hard core of chronic concentrated unemployment which has grown greatly in relative importance since the war. The second element has its root in post-war industrial conditions, and its causes are likely to persist for some years. Insurance is a suitable method of treatment for transient unemployment, but it does not meet the needs of chronic unemployment. This latter is a problem of relief, coupled with measures of assisted transfer and training.

Chapter III.

PROPOSALS OF REPRESENTATIVE ORGANISATIONS.

A summary is next given of the proposals put forward by representative organisations. Those representing the employers and local authorities were in favour of maintaining the distinction between insurance and relief. The trade unions recommended unemployment benefit for everybody capable of and available for work, without a Means Test, the cost to be borne wholly by the taxpayer.

Chapter IV.

PRINCIPLES OF INSURANCE.

A discussion follows of the principles upon which unemployment insurance should be based. The degeneration of the insurance system during the last twelve years is attributed partly to undue optimism as to the temporary character of the high level of unemployment, and partly to the fact that, as the only alternative was the Poor Law, an intolerable burden would have been placed upon local authorities in the distressed areas if they had been made responsible for the relief of all unemployed workers who had exhausted their right to benefit. It is, therefore, clear that the scope and provisions of the insurance scheme must depend largely on the arrangements that exist outside it, and these are accordingly discussed first.

ARRANGEMENTS OUTSIDE INSURANCE.

The duty of the State to provide for the needs, during unemployment, of those persons who are capable of work, and who show that they will normally seek to earn their livelihood in industrial employment, is recognised; and stress is laid on the duty of taking all possible steps to prevent their deterioration in employability. The Commission express the view that a good deal more could be done than is done at present to provide work. Cash payments are, however, indispensable, and the principles upon which these should be based are discussed. The trade union scheme of unconditional cash payments is rejected on the grounds that, if practicable at all, it could only be so under a system of State regulation of industry and that its cost would be immense. After discussing and rejecting the idea of a system of fixed payments, as of right, subject to deductions under general rules, the Commission adopt the remaining alternative of a system of discretionary payments adjusted to individual needs (judged by assessment of the resources of the household of which he is a member) of the applicant. The administration of these discretionary payments should be a function of the local authority, but the present system of administration is unsatisfactory in five respects:—

- (1) The test of need is not administered on uniform principles.
- (2) Some of the areas of administration are too small.
- (3) The central authority has insufficient responsibility and cannot exercise effective control.
- (4) The central authority concerned is not primarily an industrial authority and is not otherwise directly concerned with unemployment.
- (5) The local authorities have no financial responsibility for the administration of the test of need for transitional payments.

These objections can be overcome by reorganising the local administration, by councils of counties and county boroughs, of a system of payments based upon need, and by closer central supervision of their methods. The Ministry of Labour should be responsible for that supervision.

UNEMPLOYMENT ASSISTANCE.

The Commission therefore propose a service to be administered under the guidance of the Ministry of Labour and to provide generally for the able-bodied unemployed who are within the industrial field. They see no reason for differentiating between workers who normally work in insurable employment and those who normally work in uninsurable employment. As long as an industrial worker is unemployed involun-

tarily and is willing to accept training, instruction or occupation, he should receive assistance in the form of cash payments, determined by a new statutory committee of the local authority, to be called the "Unemployment Assistance Committee." If he ceases to qualify for assistance under the scheme, he may apply to the Public Assistance Committee, as at present. As this will tend to confine the Poor Law service to cases requiring deterrent treatment, the power which the English and Welsh local authorities already possess to set to work, or relieve in an institution, should be extended to Scotland. Discretion to grant supplementary relief in exceptional cases should remain.

Differences in local practice should be largely smoothed out by closer central supervision, and if the objects of the scheme are kept in mind, the differences which remain will be well founded.

The amount of relief should be less than the prevailing level of wages, and, where possible, insurance benefit should be higher than relief.

DISTRIBUTION OF COST.

The causes of unemployment being largely national, it is inequitable, as well as impracticable, that local authorities should bear a large part of the cost of relief; but it is desirable that each locality should retain a financial interest in its own employment situation, and it is undesirable that local authorities should administer funds in which they have no financial interest. The burden must therefore be so divided as to place the greater part of the cost upon the Exchequer, without undermining the local authority's sense of responsibility. It is suggested that, as a starting point, the cost of meeting transitional payments under the present system should be taken as a basis for the Exchequer contribution under the new scheme, and it should be allocated between the local authorities in proportion to their relative burdens of unemployment not covered by insurance. It is suggested that each area should bear its own cost up to the extent of a 4d. rate.

FUTURE OF INSURANCE.

The Report then considers the future of unemployment insurance. A scheme in which the benefits are substantially covered by the contributions raises no question of equity, but only of desirability. Such a scheme, in which payments are made as of right, has great advantages from the point of view of the worker; and, as the responsibility for employment rests with industry and not with the State, it is reasonable that the first costs of unemployment should be borne by industry and not by the State. Further, the system is easier to administer than one of relief. As to scope, the system must aim at covering occasional, but not chronic, unemployment.

Chapter V.

STATUTORY COMMISSION.

The Report proposes the appointment of a Statutory Commission to keep the scheme constantly under review and suggests changes which may be necessary to keep its finances on a sound basis. It should have the power to propose orders and regulations to be made by the Minister, and to report at any time if occasion arises. It should be required to make an annual report on the finances of the scheme, and, for the purpose of carrying out its duties, it should have power to obtain information from the Department on matters with which it is concerned. The Minister of Labour should be required to seek its advice before making any Order.

The Statutory Commission should also maintain a close watch over the development of the arrangements outside insurance for unemployed workers; and, before issuing general directions with regard to these arrangements, the Minister of Labour should seek its advice. It should consist of not more than five members, appointed in consultation with, but not as direct representatives of, the interested parties.

Chapter VI.

SCOPE OF INSURANCE.

This chapter deals with the scope and provisions of the unemployment insurance scheme. The attempt to differentiate between employments carrying different degrees of risk, whether by different rates of contribution, or by restoring the right to contract out, is not recommended. Nor is the extension of the scheme to cover certain industries, now excluded, which carry practically no risk. The continued exemption of certain publicly-controlled services is recommended, as is also the retention of the Minister's power to grant certificates of exemption in certain cases, including a limited proportion of railway workers.

The Commission recommend that the age of entry into insurance should correspond with the school-leaving age. No

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OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA
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PORTUGUESE EAST AFRICA · SOUTH WEST AFRICA
BRITISH WEST AFRICA · BRITISH WEST INDIES
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change is recommended in the provisions relating to persons over sixty-five.

It is desirable on general grounds to raise the income limit to £350, but this should not be done unless and until the limit for health insurance is also raised. The additional revenue at present rates of contribution would only be about £2,000,000.

In view of the difficulties involved, the Commission do not advocate the extension of the scheme to agriculture, but they recommend that the possibility be explored of setting up a special scheme for that industry. The inclusion in the insurance system of private domestic servants is not recommended. No change is recommended in respect of existing special schemes, men employed in His Majesty's forces, agents, apprentices, seamen domiciled abroad, shore fishermen and persons not employed under contract of service.

CONTRIBUTIONS AND BENEFITS.

No change is recommended in the system of a flat rate of contributions differentiated only by age and sex, or in the requirement that a claimant shall have paid thirty contributions in the preceding two years. The Commission recommend a continuance of the concessions in respect of periods of sickness or of unemployment in excepted work, and advocate a similar concession in respect of time spent in attending recognised training courses.

The Report recommends the restoration of the principle of relating the period of benefit to the record of insurable employment over a recent period. A claimant having thirty contributions to his credit in the preceding two years should be entitled to a minimum of thirteen weeks' benefit. At the end of thirteen weeks he should be entitled to a further period of benefit in the benefit year in the proportion of one week for each ten contributions paid over the previous five insurance years, less the yearly average number of weeks' benefit (excluding transitional payments) drawn in the period of five years.

CONDITIONS FOR RECEIPT OF BENEFIT.

The present waiting period should be continued. No immediate change is recommended in the interpretation of "continuous unemployment." Customary holidays should not count for any purposes as days of unemployment, nor should idle days in weeks in which a shift worker has done a normal week's work.

Slight modifications are suggested in the interpretation of the terms "capable of and available for work."

It is recommended that a claimant should be required to prove that he is "unable to obtain suitable employment," and that the disqualification under Section (4) of the Act of 1930 should be repealed.

Power should be given to adults to question the reasonableness of an order to attend courses of instruction. Unreasonable refusal by juveniles to attend when required should be punished by a period of disqualification for benefit.

The Courts of Referees should have the power to suspend benefit indefinitely, subject to an appeal to the Umpire.

Recommendations are made with a view to seeing that workers employed for less than a full week shall always be better off when in employment than when they are unemployed. Regulations applied to seasonal workers should not operate in such a way as to discourage other unemployed persons from temporarily taking up seasonal employment.

It is recommended that the regulation relating to married women shall not apply where thirty contributions have been paid in the preceding two years and since the date of marriage.

Women who have been deserted, or who are permanently separated from their husbands, should be regarded as unmarried.

The continuance is recommended of the special provision by which disabled ex-service men are allowed to qualify for benefit by ten, instead of thirty, contributions in the preceding two years; but the other conditions of benefit should apply to them. The Exchequer should make good to the Fund the expenditure incurred only by virtue of this special provision.

DEPENDANTS.

It is proposed to extend the class of dependants to include a daughter or sister acting as housekeeper, and to exclude fathers and stepfathers, younger brothers and sisters, half-brothers and half-sisters, and step-brothers and step-sisters. The increase in the rate of ordinary benefit for young persons receiving allowance in respect of a dependant should cease. Dependants' benefit should not be paid in respect of persons in receipt of old age or widows' pensions which are not less than the amount of dependants' benefit. Otherwise the claimant should be entitled to dependants' benefit if he can show that while in employment he has contributed to the maintenance of the person in respect of whom it is claimed at least the equivalent of the amount of dependants' benefit. Benefit should not be payable in respect of a female dependant who earns more than 8s. per week from one or more occupations (including taking boarders). An occupation ordinarily carried on for profit should not be a disqualification unless the amount earned exceeds, on the average, the ordinary rate of dependants' benefit.

The restoration to the insurance officer, subject to appeal, of the right to disallow benefit in certain cases is recommended. Certain minor changes are recommended in connection with appeals, and one in connection with suspension of benefit. The umpire should have power to fix the date from which a disqualification imposed by him is to run.

The importance of close attention to and review of the forms and methods of procedure is urged upon the Minister of Labour.

The Commission approves the principle of allowing trade unions to administer unemployment benefit, subject to adequate safeguards. An extension of the provision for supplementary schemes is suggested.

Whatever new scheme is adopted, it should be embodied in a consolidating Act, which would repeal the Acts now in operation.

Chapter VII.

UNEMPLOYMENT ASSISTANCE.

The Commission then proceed to give a more detailed account of the proposed scheme of "unemployment assistance" outlined above.

MEANS TEST.

In particular, detailed suggestions are made for the application of the Means Test. In deciding what constitutes a household, regard should be had to the facts of each case, and a proportion of the earnings of other members of the household, in addition to out-of-pocket expenses, should be left out of account. A smaller proportion of any occasional earnings of the applicant himself should also be ignored. Savings under £50 should be left out of account; account should be taken of the first £50 at the rate of 1s. a week, and 1s. a week for each further £25. No payment should be made where savings exceed £300. House property should be treated as savings, but, if resided in by the applicant, account should only be taken of the amount which would normally be paid in rent.

It is recommended that half the amount of a disability pension be ignored, and there should be discretion to ignore more in special cases. There should be discretion to ignore a proportion of workmen's compensation allowance. The present statutory exemption of the first 7s. 6d. of health insurance benefit and the first 5s. of friendly societies' benefit should continue, and the latter should be extended to Scotland.

Steps should be taken to narrow differences between different areas to represent real economic differences, and to preserve a proper relation between relief scales and scales of benefit.

Chapter VIII.

UNEMPLOYMENT EXCHANGES.

After a full survey of the work of the unemployment exchanges, the Commission recommend that they should be developed along the present lines. They believe that the introduction of a compulsory element in their use is undesirable. Certain suggestions for future development are, however, made.

The Report recommends that powers be given to the Minister of Labour to introduce and control schemes for the decasualisation and regulation of employment.

Chapter IX.

TRAINING.

This deals with the provision of training and occupation for unemployed workers. No change is recommended in the general

regulations for juveniles, or in the present voluntary basis of the training for women. Education authorities should, however, be induced to play a much larger part in the organisation of courses for the younger workers.

A considerable extension of the provision by local authorities for occupation and training of adults is recommended, but the greater part of the cost should fall on the Exchequer. It is, however, hoped that the activities of voluntary organisations will be continued and extended. The Commission stressed the importance of hard work and discipline at all these centres. Allotments are particularly approved of.

Chapter X.

FINANCE.

This important chapter deals with finance. The present debt of £115 millions is the total net excess of the expenditure of the Unemployment Fund over its revenue from July, 1921, to March, 1932. Most of it was incurred during the last two years. The Commission recommend its transference to a separate fund, with provision for its amortisation in 65 years by an annual payment of £4½ millions, to be borne as to two-thirds by the Exchequer and one-third by the Unemployment Fund.*

ANNUAL REVISION.

The finances of the scheme cannot be based on an estimate of average unemployment over a period of years, but must be adjusted annually in the light of experience. The Statutory Commission should recommend the necessary changes in contributions, benefit, or conditions, and the Minister should be under a statutory obligation to make such changes as will, in his opinion, maintain the finances of the scheme on a solvent and self-supporting basis.

In spite of last year's economies, the present charge on the taxpayer is at the rate of £31 millions higher than last year, and will, if continued at the rate of September, 1932, amount to £80½ millions. The cost of out-relief to able-bodied persons last year was £5.1 millions, and will be somewhat higher in the current year.

LIMITS OF FINANCIAL REFORM.

Changes in none of these directions, however, can be carried beyond a certain limit which the Commission consider to be reached in the proposals below, and if adjustment beyond this limit became necessary, recourse would have to be had either to borrowing or to a special Exchequer grant. Should the annual review at any time reveal growing financial instability, without a reasonable prospect of early recovery, it might be necessary to establish simply a system of unemployment relief with a test of needs.

Meanwhile, to secure solvency on a basis of three million unemployed the Commission recommend:—

- (1) No change in the rates of contribution.
- (2) The following weekly rates of benefit:—

Age.	Males.	Females.
Over 21	15	13
18-21	12	10
17-18	7	6
16-17	5	5
Under 16	3	3

- (3) No change in dependants' benefit except that the rate for the first child should be raised from 2s. to 2s. 6d.

COST OF ADMINISTRATION.

The cost of administering the Unemployment Insurance Acts, including transitional payments, is £7 millions, of which £4 millions may be attributed to the administration of insurance benefit proper. As an unemployment exchange service is necessary apart from the administration of benefit, it is suggested that a larger proportion of the cost should be borne by the Ministry of Labour. This would reduce the share borne by the Unemployment Fund to £3½ millions for 1933-34.

EFFECT OF RECOMMENDATIONS.

The following table shows the general financial effect of the recommendations, assuming a live register of 3 millions:—

FINANCIAL YEAR 1933-34.

Receipts† from contributions at present rates	£ 59,100,000
Estimated cost of benefit at present rates	59,000,000

* Mr Trouncer only agrees to this proposal subject to a reduction in the ordinary Exchequer contribution to the Fund.

† The recommendations which follow are subject to a reservation by Mr Trouncer.

‡ No provision is made for contribution and benefit in respect of new classes of juveniles aged 14 to 16. Assuming the extension to them to be in full operation, the estimated balance of income over expenditure would average about £700,000 per annum.

SAVINGS.

Revised rates of benefit for single persons	£1,000,000
Period of benefit (minimum 13 weeks, maximum 39 weeks)	4,000,000
Earnings test for workers employed during the week	2,250,000
Changes in classes of dependants	50,000
	7,300,000
	51,700,000
Additional 6d. for first dependent child	340,000
Cost of administration	3,500,000
Contribution from fund to amortise debt	1,500,000
	£57,040,000

This gives the fund an estimated surplus revenue of £2,060,000 over expenditure.

As to the finance of the scheme of Unemployment Assistance, the cost of transitional payments under the present system is estimated at £55½ millions, of which £3 millions is administrative costs. If the maximum rates of transitional payments are altered to the rates of insurance benefit proposed, the cost will be £55 millions. Allowing for the transfer from insurance which will follow the change in the period of benefit, and for a saving as a result of the needs test, the cost, including administration, would amount to about £58 millions. Balancing the cost of the new claimants coming into the scheme from the existing Poor Law against the proceeds of a 4d. rate in the local areas, the Commission suggest that the Exchequer contribution should be fixed at, in the first instance, £58 millions. The total Exchequer liability will then compare with the present liability as follows:—

1933-34. (Live Register 3 millions.)

Under the existing arrangements:—	£
Ordinary contribution to Unemployment Fund	19,700,000
Deficiency grant	9,400,000
Cost of transitional payments, including administration	55,500,000
	£84,600,000

With changes recommended:—

Ordinary contribution to Unemployment Fund	£ 19,700,000
Contribution in respect of Juveniles aged 14-16 years	470,000
Contribution to debt account	3,000,000
Amount transferred from Unemployment Fund to Ministry of Labour Vote for administrative costs	500,000
Exchequer contribution to cost of new service by Local Authorities	58,000,000
	£81,670,000

Thus, the Exchequer will be on the whole about £3 millions better off.

Note by Mr Clay.

In view of the safeguards against overburdening the scheme which have been introduced by the recommendations, solvency over a representative period, with temporary borrowing, is preferable to a balance in each individual year. Mr Clay proposes to arrive at this adjustment by redistributing benefit in favour of claimants with a good record in a way which would involve a great extension in the maximum period of benefit. The additional cost involved would be met by borrowing.

Reservation by Mr Trouncer.

If the Exchequer grant to the relief scheme is limited to £58 millions, the additional cost thrown on local authorities will be more than can be borne. The scheme should therefore be limited at first to persons who are now qualified for transitional payments.

A greater saving to the Exchequer is desirable and might be achieved by a reduction in the rates of benefit recommended for adults and 6d. for juveniles and by an increase in the workers' contribution to 1s. per week. A reduction in the Exchequer contribution from 10d. for each insured worker in employment to 5d. for each insured worker, whether in employment or not, is also recommended. These proposals are estimated to reduce the Exchequer liability to £66,560,000, assuming that 5 per cent. of the cost of transitional payments is found by local authorities, against £85 millions under existing legislation.

Minority Report.

The minority agree with the majority in recommendation that the Ministry of Labour should be the only central depart-

VIEWS

Imperial and Parochial

Soundness of judgement usually rests upon an ability to combine the 'close up' with the bird's-eye view. To encourage the wide angle, the Westminster Bank issues a periodical 'Review' of current trade conditions, with surveys based on local reports drawn from all over the country. Readers of *The Economist* may obtain copies monthly, without cost, on addressing a request to the Manager

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ment responsible for dealing with able-bodied unemployed, but disagree fundamentally with division of unemployed into two classes.

The cost of unemployment is too heavy and unpredictable to be met by a system of mutual insurance, but could be met by a contributory scheme giving a statutory right to benefit to all who comply with the conditions. The proposed scheme would cover all manual workers and all earners of salaries below £350; the age of entry would be the school-leaving age. It would provide for the maintenance of employability, for placing and for the payment of benefit, and would be administered by the Ministry of Labour through the employment exchanges. The scheme would be partly financed by contributions from employers and workpeople, and the remainder of the cost would be borne by the Exchequer. No part of it would fall on local authorities. Benefit would be paid at a fixed rate (the rates payable before the recent Economy Act) for the duration of unemployment, as long as the claimant was free from disqualification or disallowance. The minority are opposed to a Means Test, but if one is imposed, it should be administered at the labour exchange under rules laid down by Parliament.

The education authorities should be required to provide courses for the younger unemployed workers, and the Ministry of Labour should be responsible for training workers and for occupation centres. The Government should do more to provide work, which should be paid for by wages and not treated as relief or test work. The conditions for the receipt of benefit (apart from the contributions qualifications) and the machinery for the determination of claims should, in general, remain as at present.

Notes of the Week.

Parliament and Unemployment.—Having passed the third reading of the Ottawa Agreements Bill on Thursday of last week according to plan—with the Government's "big battalions" duly marshalled to register 416 "ayes" against 68 "noes"—Parliament proceeded to a three days' debate on the state of employment. It was a dispiriting affair, whose only merit was the absence of partisan feeling and the genuine sense of the tragedy of the crisis. But, as to policy, it revealed very clearly a strange inconsistency of attitude on the part of the Government, to say nothing of a marked absence of constructive ideas. The Prime Minister, "thinking aloud," wondered wistfully what was to become of the unemployed. Neither he nor Mr Chamberlain, who wound up the debate on Tuesday, really came near to meeting the case, which was urged by various Opposition speakers, that, under existing unparalleled conditions of uninvested funds and stagnant enterprise, a stimulus to recovery must be given by the State, either by providing machinery for financial assistance for approved undertakings, or by capital expenditure on its own account, or both. Instead, they dwelt on the wasteful tendencies of relief works and the limits to what

the State can do. "Why on earth," asked Mr Chamberlain, "if a thing is a profitable enterprise is it not going on now?" Mr MacDonald gave no clear indication that he knew the answer; but whereas the Prime Minister laid emphasis on the potentialities of the World Economic Conference (whose postponement far into the New Year he strongly deprecated), and laid stress on the international aspects of the world depression, the Chancellor of the Exchequer took, as was to be expected, a somewhat different line on the question of international trade. On the evening before he spoke, the Government's new meat restriction plans had been announced; and, though he admitted that "we cannot expect to regain prosperity in this country while all the rest of the world is depressed," Mr Chamberlain was at pains to justify this experiment in curtailment of supplies. In doing so he adduced the strange argument that the failure of previous restriction schemes had been due to the fact that they addressed themselves simply to keeping supplies off the market, instead of restricting output. In the case of several commodities, e.g., rubber, this is not the case; nor do we understand how the meat scheme, which we discuss below, can be said "to go to the root and decrease production." Be that as it may, the Government speakers gave no indication of appreciating that it is only by the expansion of demand—whether it be achieved by removal of impediments which penalise trade or by the mobilisation of financial facilities stimulating enterprise—that increased prosperity can be obtained. A rise of prices brought about in any other way is merely robbing Peter to pay Paul. Though Paul may be saved from bankruptcy, Peter not only has less to spend elsewhere, but is definitely poorer than before. Until that truth is realised by the Cabinet, British policy, we fear, will continue to drift irresolutely between conceptions of internationalism, to which only lip-service is paid, and self-sufficiency, whose achievement—and no more than partial achievement—would be possible in this country even at the expense of an enormous reduction of our standard of living—would call for much more heroic measures on "autarchic" lines than this Government would have the courage to undertake.

The New Meat Scheme.—That heroism, however, is a quality which the Government themselves would claim for the contractionist side of their activities was made apparent by Major Elliott in his announcement on Monday of the new meat plans. "We have risked many things," he said, "both in regard to trade and in administration which may take us much further than we should have gone had it not been for the emergency." He informed the House that the Government was determined that agriculture shall be preserved, and that the problem of its preservation was essentially one of prices. Accordingly, they had secured from the Argentine meat importers an undertaking to put into effect immediately a cut of 20 per cent. in the supplies of imported mutton and lamb, together with a cut of 10 per cent. in chilled beef supplies, to be followed by a further cut of an additional 10 per cent. "if in the next two or three weeks prices had not responded adequately." Negotiations were also under way for an immediate voluntary restriction by Danish and other Continental shippers of supplies of bacon and hams. Major Elliott will doubtless be gratified to observe that, as we record in our market reports this week, the wholesale prices of imported meat have already risen by about sixpence per stone of eight pounds. Whether the consumer will be similarly gratified we take leave to doubt. As we see it, this experiment in raising prices by artificial contraction of supply is at once futile and, for this country, peculiarly dangerous. The blackmail which the peasant has levied on Governments throughout Europe in the past few years, in the shape of higher and higher tariffs and more and more restrictive quotas, has been a major factor in intensifying economic paralysis. For Britain—a country dependent on cheap costs of living for its ability to compete in world markets—to join in this game is to take a terrible risk. Moreover, even if we could exclude the consideration that supplies of cheap food excluded from the British market will be diverted elsewhere to the benefit of

our competitors in the manufacturing field, the fact would remain that all that the Government can achieve by its restrictionist policy is at best a transference, not an increase, of purchasing power. British agriculturalists may benefit, and so, to a less extent, may the foreign supplier who is to receive, *ex hypothesi*, a higher return on smaller shipments; but the reduction in the consumer's purchasing power will immediately react not only on other industries, but on his ability to buy milk, eggs, fruit and many other of the products of agriculture. This restriction of the living standard of the people is of menacing significance also from another point of view when it is remembered that the cash resources of one-fourth of the industrial population are derived mainly from the Exchequer in the shape of unemployment benefit.

The New Irish Import Duties.—We cannot congratulate the Government either on the matter of their new anti-Irish tariff measures or on the manner of their introduction. By Treasury Order which came into force at midnight on Tuesday, increased duties were imposed on a wide range of livestock and dairy produce, supplementing those originally enacted under the Treasury Order of July 12th. The effect of the new Order, combined with the termination after November 15th of the exemption of Irish Free State imports from general duties imposed under the Import Duties Act, is shown below:—

	Duty as from July 12th.	Duty as from Nov. 9th.	Duty as from Nov. 15th.
Live animals for food	20	40	40
Animals not for food	20	40	40
Butter	20	30	40
Eggs	20	30	40
Cream	20	30	40
Bacon	20	30	30
Pork	20	30	30
Poultry and game	20	30	40
Other meat of all kinds	20	30	30

The preamble of the Treasury Order states that the duties imposed under the Order of July 12th have been insufficient to make good the loss to the revenue occasioned by the suspension by Ireland of payments on Land Annuity and on other accounts. In defending the Order in Parliament on Tuesday night, Mr J. H. Thomas stated that between July 12th and October 29th the total amount collected had been £674,000, or, roughly, a weekly average of £44,000; but for the last four weeks the average had risen to £74,000 per week as a result of the bonus paid to exporters by the Irish Government. Not content, however, with thus obtaining "compensation" which—albeit insufficient in the aggregate to make good the annual loss of £5 millions—was nevertheless rising, Mr Thomas announced that the Government had decided to take the inconsequential course of imposing duties which, as will be seen from the above figures, are virtually prohibitive and hence destructive of Customs revenue. The inference is painfully obvious that the latest move in the tariff war, which will cause widespread ruin in Ireland and still further embitter Anglo-Irish relations, has been taken either in the desperate hope of fermenting an anti-Fianna Fail *coup d'état* in Ireland or, more probably, in order to satisfy the insistent clamour of English agriculturalists for yet more and more protection at the consumer's expense.

The Means Test.—The Government's proposals, which the House debated on Wednesday night, for the establishment of certain rules for the administration of the Means Test are to be regarded presumably as an interim reform pending wider action in the light of the recommendations of the Gregory Commission. The proposed rules are that:—

- Any wound or disability pension taken into account shall be treated as if it were reduced by one-half.
- Any weekly payment by way of compensation under the enactments relating to workmen's compensation taken into account shall be treated as if it were reduced by one-half.

(c) All money and investments treated as capital assets and taken into account shall—

- in so far as the value of all such money and investments considered in the aggregate does not exceed twenty-five pounds, be disregarded, and
 - in so far as that value exceeds twenty-five pounds but does not exceed three hundred pounds, be treated as equivalent to a weekly income of one shilling for every complete twenty-five pounds.
- (d) In taking into account the value to any person of any interest in the dwelling house in which he resides, any sum which might be obtained by him by selling, or by borrowing money upon the security of, that interest, shall be disregarded. Thus it will not be lawful for a public assistance authority to reduce the determination of a person's need for transitional payments or to determine that he is not in need of such payments, merely because money could be obtained by selling or mortgaging the house in which he resides.

The application of these rules is estimated to increase the cost of transitional payments by about £1 million per annum, or, on the present basis, somewhat less than 2 per cent. It is, however, further proposed that Poor Law authorities shall be allowed to observe the same rules in granting outdoor relief, a change whose financial effect on local expenditure cannot be precisely estimated. In so far as the rules apply to insured workers receiving transitional payments, we are glad to note that some of the worst of the present hardships will be eliminated. Rule (d) should put an end to inequitable and wasteful forced sales of house property in which claimants of transitional payments are residing as owners; and we trust that the same principle will be applied by public assistance authorities to the case of all physical property whatsoever. The provisions with regard to disability pensions and workmen's compensation go a considerable way towards meeting recent complaints; and Rule (c) at least ensures that the unemployed will not be forced to drain tiny savings to the last drop. It will be observed, however, that in this respect the proposals of the Royal Commission, which we have criticised elsewhere as being not over-generous, go beyond the present, somewhat niggardly, proposals of the Government, which assume, in effect, that savings in excess of £25 bear interest at the rate of over 10 per cent. per annum. As this rate is totally discrepant with realities, the rule means that, unless the scale of transitional benefit is to be considered as yielding a margin over and above minimum needs, claimants must actually draw upon savings to keep body and soul together. Within limits, no exception can fairly be taken to this principle which, after all, applies to uninsured workers of all classes. But we have said, and we repeat, that savings up to £100 should certainly be disregarded, and that, in calculating the deduction appropriately to be made on account of income from larger savings, the assumed rate of interest should conform much more closely to the facts. A further point of criticism of the Government's proposals is that they leave entirely out of account the present very unsatisfactory treatment of the "family income." We are still convinced that there is no case whatsoever for a system under which an employed worker, living with a parent who is out of work and claiming transitional payment, is not entitled to have any part of his earnings regarded as his own.

The Peers Again.—With the world in travail after thirteen years of uneasy peace, and with a fourth of our industrial population standing idle, and waiting for those acts of statesmanship that will permit the nations once more to resume the march of civilisation, we find it hard to believe that the public will work itself into a state of excitement about the House of Lords. But Lord Salisbury's Joint Committee of Peers and Commoners is not dismayed and has hopefully launched its plan for reforming the Upper Chamber. The hereditary principle is to be saved at the cost of dilution on a fifty-fifty basis. Of three hundred members of the New House one hundred and fifty are to be elected by members of the peerage and one hundred and fifty by members of County and County

Borough Councils. In both cases members will sit for twelve years, one-third retiring every four years. In exchange for this "modernisation" the conditions under which the House of Commons may overrule the Lords under the Parliament Act are to be modified by a stricter definition of "money bills" which the Lords may not amend and by a provision that the overruling of the Lords in case of dispute shall only take effect after a second general election. The scheme is deliberately intended to make possible a greater representation of the Liberal and Labour parties, and even suggests that where the income of an "outside" member is less than £600 a year it shall be made up to that figure. But we venture to doubt whether the country will increase the power of a Second Chamber to block or postpone legislation so long as its personnel is largely based on the hereditary principle or is dependent on a restricted "fancy" franchise. There is a case for the representation of special interests—including the landed aristocracy—in a second chamber. But reform on these lines must go very much further than is here proposed.

Disarmament.—During the past week the problem of disarmament has been actively discussed in half-a-dozen places in Europe. At Geneva, on November 4th, the Bureau of the Disarmament Conference listened to an exposition of the French Plan by the French Minister of War, M. Paul Boncour. At Toulouse, M. Herriot has been defending his disarmament policy against an attack from the Left Wing of his own supporters. In Rome, the question of a Franco-Italian naval agreement has been discussed with the Italian Government, among other matters, by the United States delegate to the Disarmament Conference, Mr Norman Davis. And in London, as we go to press, a debate on disarmament is in progress in the House of Commons. With the Toulouse Congress we deal in another note. On M. Boncour's speech there is little to say, since—as our League correspondent points out in his dispatch—it does not add much to what M. Herriot's previous speeches in Paris have told us. On the points to which we drew attention last week we must still reserve judgment until a text of the Plan is in our hands. Mr Norman Davis's conversations in Rome are good news; for a settlement of the Franco-Italian naval difficulty would clinch the naval agreement between the three Oceanic Powers which was embodied in the London Naval Treaty of April, 1930, and it would also considerably facilitate a solution of the problem of European land armaments, since the tension between France and Italy is of the essence of this problem, as well as the tension between France and Germany. At the moment it is the policy of the British Government that calls for the closest scrutiny. It is unpleasant, for instance, that when the Bureau of the Disarmament Conference was discussing the important question of supervision, last Monday, Mr Eden should have resisted the proposal that the Permanent Commission should make regular investigations as a matter of course. Is it really the British Government's policy that the Control Commission should only be allowed to act upon a formal complaint from some particular Government? And what is going to be the British Government's policy about air armaments? There is a rumour that Sir John Simon has advocated the abolition of all bombing and fighting planes and the international regulation of civil aviation, but that this proposal has encountered opposition in the Cabinet and that the Prime Minister has not been supporting his Foreign Secretary. If this rumour has any substance in it, the position is serious for the country, and will, we hope, prove serious for the Government. For no effrontery can maintain that the obstruction of disarmament was part of the mandate which "the National Government" received from the nation last year. Moreover, for this country of all countries, to oppose disarmament in the air, of all elements, is madness. For it is precisely the extension of warfare from the land and the sea to the air that has welded Great Britain on to the European Continent and has made her one of the most vulnerable countries in the world instead of one of the most secure. The fact that France is just

now as frightened of German air strength as we (if we are in our senses) ought to be frightened of Continental air strength, is a stroke of good fortune for this country. And the Government will not be forgiven if it perversely throws this opportunity for aerial disarmament away. As for civil airways, everybody, of course, wants to keep open our Imperial air routes; but this can only be done by international agreements, since every one of these routes passes over the territories of foreign countries. We hope this week's debate will have shown, by the time this issue of the *Economist* appears, that recent rumours have done the Government's policy injustice.

The Toulouse Congress.—At the end of last week the French Socialist-Radical Party held its annual Congress at Toulouse. The congress is a big affair. This time it was attended by 1,850 delegates, as well as by about 1,000 other party members, and the Senate and Chamber suspended their sittings while it was in progress. To face this assemblage of his political followers must have been rather an ordeal for M. Herriot in view of the mounting tide of dissatisfaction with his policy which has been apparent on the Left wing of the party ever since the Herriot Government took office. The temper of the Congress was presumably somewhat inclined in a critical direction by the local atmosphere; for the south is the traditional stronghold of French Radicalism. Nevertheless, M. Herriot has come through his ordeal with remarkable success. The leaders of the Left duly attacked the Government on the two tender points of finance and armaments; and M. Bergé demanded in terms the dismissal of General Weygand as well as the dismissal of the Police Commissioner, M. Chiappe. M. Herriot, however, succeeded in carrying the majority of the Congress with him when he made his reply; and the final resolutions of the Congress were in effect a vote of confidence which gives M. Herriot a free hand from his own supporters to carry on his present policy. The French Prime Minister won his victory partly by oratory; partly by virtue of the fact that the new French Plan, so far as its details are yet public, is a really substantial contribution to a solution of the disarmament problem; and partly thanks to the well-known tendency—which is particularly strong in France—for parties of the Left to line up behind Governments that stand to the right of them when the question at issue is a question of foreign policy. Much, of course, will depend on how the Plan turns out. If General Weygand does prove to have put a spoke in the wheel, and if his intervention does cause the French Plan to miscarry at Geneva, then, no doubt, the Radical attack on the General Staff will be renewed with still greater vigour and will find a wider response in the country—for the French people as a whole are manifestly bent on peace. On the other hand, if the military experts prove to have been brought to reason by M. Herriot's endeavours, and if the Plan achieves any substantial measure of success, then M. Herriot's command over his own followers would appear to be assured for some time to come.

The Amnesty in Italy.—The amnesty which is being granted in Italy in celebration of the tenth anniversary of the Fascist regime turns out happily, after all, to be as comprehensive as it appeared to be in the original announcement. When the actual terms were published last Sunday they were at first sight disappointing. Officially, the amnesty only applies to persons who have been convicted of penal offences, and not to persons who have been placed in *confino* in the islands or have been put under *ammonizione* by police action; and this latter category includes rather more than half the political prisoners in whom the world at large is chiefly interested. It is now evident that the legal limitation to convicted persons is a technicality; and that, in fact, the amnesty is being extended to persons interned as a measure of police precaution. The general terms are that persons sentenced to terms of not more than five years' imprisonment are to be released forthwith; persons serving sentences of from five to ten years are to have three years remitted; while sentences of more than ten years are to

be shortened by five, provided that a minimum term of seven years is served. Offences against the tax laws are amnestied if the guilty pay up before January 31st next. On these terms something between 15,000 and 20,000 persons imprisoned or detained for ordinary crimes will be released forthwith. Six hundred and thirty-nine out of 1,056 persons serving criminal sentences for political offences will be released forthwith. And, by an extension of the amnesty, 598 out of 1,086 persons in *confino* through police action and not through judicial condemnation will be released forthwith. Thus the amnesty secures, in effect, the immediate release of 1,287 political prisoners out of a total of 2,142 in the two categories. These figures are noteworthy. They testify, as nothing else could, to the confidence of the Fascist regime in its power to hold its own by the psychological hold upon the minds of the Italian people, and not by physical force; and the amnesty will assuredly do more than any other single act could do to give this confidence justification. During the last few years Signor Mussolini has shown us repeatedly that he stands for moderation and common sense and breadth of view in the field of international relations. He has now had the courage to apply the same policy on his home front. We are sure that he will never regret it.

"The Economist" and Yugoslavia.—Through the good offices of the Adriatic Overseas Corporation, Limited, we have received a memorandum from Dr. Juraj Tomicic, the Director of the Office for Foreign Trade at Belgrade, on an article about the situation in Yugoslavia which we published in our issue of October 15th. The memorandum is, we regret, far too long for us to print in *extenso*; but as the writer takes us to task, we are anxious, as far as limits of space allow, to put his criticisms before our readers. We may say to begin with that Dr. Tomicic is mistaken on one point. He assumes that our article was based on current anti-Yugoslav propaganda. As a matter of fact, no literature of this kind had come into the hands of the writer of the article; and the picture which he sketched of the historical antecedents of Yugoslavia was based on his reading of certain works by a Slavophil British historian which were published before the war and therefore before any such State as Yugoslavia existed to be made the butt of hostile propaganda. We may also say, with all respect, that Dr. Tomicic, in his admirable zeal to defend his Yugoslav cause, has misconceived our thesis. "The whole article," he says, "wishes to suggest to the English public that the national unity of the Croats and Serbs has been built on a wrong foundation of identity of language, while in fact the cultural, social and economic interests of those two peoples are quite different; that their national and State unity has been accomplished only through the force of Serbian arms." This *résumé* exaggerates our thesis to the point of travesty. What we did maintain in the article was that community of language is not *a priori* a sufficient basis for a national State; that community of language is only one element, and not the most important element, in those cultural affinities which are the natural basis of political nationhood; and that if two peoples have had different affinities since the Dark Ages, a community of language is no guarantee that they will be able to live together as one nation in the political sense. We also suggested that the problem is made more difficult when, in the artificial creation of a national State, the initiative comes from the more backward of the parties concerned (as in the case of Yugoslavia in the twentieth century) and not from the more progressive (as was the case with Italy in the nineteenth century). Our point is well expressed by Dr. Tomicic himself in a later passage in which he believes himself to be controverting our thesis. "It was natural," he says, "that the creating of a new State out of the parts of the old Austrian Empire could not go very smoothly. Different traditions, different structures of economic development and different administrative and legal units could not easily disappear, especially in the critical years which followed the end of the war." To our mind, the most interesting point that Dr. Tomicic

makes (and, as a Croat himself, he speaks here with authority) is that the Croat politicians have carried on against the Serbs since the war the habitual tactics of political opposition which they used to employ against the Magyars. This, we believe, is true; and we are inclined to agree with Dr. Tomicic that it is unfortunate. But what is it that has driven the Croats to feel and act towards their brother Serbs as they used to feel and act towards their Magyar masters? Dr. Tomicic describes from personal experience the enthusiasm in Croatia for union with Serbia that prevailed at the end of the war. We do not question his picture; but it leaves us wondering what has happened since to change the Croatian attitude towards the Serbs so profoundly. Surely—and here we spy a gap in Dr. Tomicic's reasoning—the post-war behaviour of the Serbs to the Croats must be primarily to blame for this extraordinary alienation of Croatian sentiment?

The Canadian Exchange.—Early this week the Canadian dollar depreciated against sterling from \$3.67 to \$3.79½, and against the American dollar from 90 to 87 cents. This sudden decline gave rise to a considerable amount of speculation, accompanied by rumours that the Canadian internal loan had proved a failure, and that borrowing of an inflationary character would be necessary. As is usually the case with exchange rumours, these suggestions appear, in part at least, to have exaggerated the true facts of the case. The Canadian internal loan consists of two portions, one a three-year 4 per cent. issue of \$25.0 millions at 99.20, and the other a 15-20 year 4 per cent. issue at 93.45. The first portion was rapidly over-subscribed, but the lists for the second portion remained open; and the contrast between the immediate over-subscription of the new British conversion loan and the failure of the medium-term Canadian loan to be quickly subscribed accentuated unfavourable comment. In addition to this, it had become known that on Thursday of last week the Canadian Government had placed \$35 millions in circulation under the rediscount machinery provided by the Canadian Finance Act. That is to say, they had sold \$35 millions 4 per cent. two-year Treasury notes to the banks, who rediscounted them at 3 per cent. Thus, though later reports suggest that by the time the lists for the medium-term loan are closed most, if not all, of the total will have been subscribed, the impression created abroad was that the Canadian Government had either decided to indulge in a little mild "reflation," or that its grain and other commitments demanded imperatively the raising of cash more quickly than could be accomplished by the medium-term loan. It is true that there are other factors which explain to some extent the recent weakness of the Canadian dollar, namely, the recent fall of grain prices and the fact that seasonal demand, which had recently led to a marked appreciation of the Canadian dollar against sterling, must decline with the forthcoming closing of the St. Lawrence. Nevertheless, despite Mr. Bennett's of the St. Lawrence. Nevertheless, despite Mr. Bennett's public reassurances that no change in Canada's financial policy is contemplated, the idea that the "reflationists" in Canada may recently have been getting the upper hand has undoubtedly played a part in the recent movement of the exchange market.

Hungarian Standstill Agreement.—A new standstill agreement was reached last week between representatives of the National Bank of Hungary and other Hungarian interests and representatives of British and American banks. The first agreement, it will be recalled, came into force on February 1st and nominally expired on August 1st, but owing to the holidays it was continued by an exchange of letters pending the negotiation of the new agreement. This new agreement, in its turn, is to remain in force until February 1, 1933, but the foreign creditors have the power to terminate it after December 1st next. French, Dutch and Swiss banking interests are not parties to the new agreement, but Hungary has engaged not to grant them better terms; thus they may possibly join in the new agreement at a later date. Compared with the

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General Manager: W. A. WORKMAN

original agreement, the new scheme possesses few point of difference, though in certain respects the creditors have obtained additional safeguards. The standstill bills representing the principal of the debts due to British and American bankers will continue to be replaced by fresh bills as they fall due. So far, Hungary's creditors have not accepted their interest in pengös, but instead have required their debtors to pay the interest in pengös into special "blocked" accounts which serve as security against the interest due in foreign currency. The creditors however, have power to draw against their security accounts if they desire to invest part of the interest due to them in Hungarian property; but, even if they do this the sum so invested remains blocked in Hungary—though not in any specific Hungarian investment—for three years. This power was already in existence under the old agreement, but a new interest transfer agreement has now been signed. This provides that, if a foreign banking creditor so desires, he can authorise the National Bank to release pengös from his "blocked" account to be paid over to Hungarian exporters; and the foreign banking creditor receives the foreign currency proceeds of the export in question, which he credits against the interest due to him. This transfer, however, is not to be made at the official rate of exchange, but at such higher rate (in pengös) as is necessary to ensure the marketability abroad of the goods so exported. As a "black bourse" in Hungarian pengö already exists, and as it is hardly to be expected that the agreed transfer rate will be as high as the "black bourse" rate, the extent to which the scheme will operate depends on how much the creditors are prepared to lose in thus stimulating Hungarian exports (*anglicè* "dumping"). The question whether Hungary can be enabled to get on her feet again depends, for answer, on much wider considerations of Europe's commercial policy. All that can be said of the present proposal is that, in so far as Hungary's banking creditors are enabled to "unfreeze" some of their present loans, without excessive loss, they may be readier, given more favourable circumstances, to consider the grant of fresh commercial credits.

Cotton Spinning Agreement.—Our Manchester correspondent writes:—The spinning employers and operative in the cotton industry have at last signed an agreement regarding hours and wages. The ceremony took place in Manchester on Tuesday, and was made possible by the termination of the strike in the spinning section, which ended on Saturday last after having lasted a week. On that day the results of the ballots of the operative spinners and cardroom workers were made known; and, as the number of votes cast in favour of continuing the stoppage was not sufficient, work was resumed in the mills on Monday. The new agreement is similar to that reached in the manufacturing section, and peace is now assured to the industry for a period of at least three and a-half years. The main points are as follows:—

Conciliation Procedure.—For the purpose of the more effective avoidance of stoppages of work the two sides agree to set up a Conciliation Committee consisting of not less than four or more than six from each side. A standing chairman will be appointed for a definite period and there will also be appointed two independent members, one from each side. The Conciliation Committee will first endeavour to settle the matter by agreement, but failing settlement the standing chairman, after consultation with the independent members,

will make a recommendation, and he will also have the authority to make an award if invited to do so in writing by both sides. This provision will remain in operation for a period of three years from the date of signing (November 8th) and thereafter will be terminable on six months' notice being given on either side.

Bad Spinning Complaints.—Both sides agree that any complaints regarding bad spinning shall be considered by the existing machinery, but any extension to that machinery may be provided to avoid stoppage of work.

Hours.—The 48-hour normal week in the cotton spinning industry will be restored, and later discussions will take place on the means by which working hours may be made as fully effective as possible.

Wages.—These will be reduced by 14 per cent. on standard piece price lists, i.e., from 82½ to 68½ per cent., which is equal to a reduction of 1s. 6½d. in the £. The two sides will discuss the question of the wages of low-paid operatives without delay.

Reinstatement.—The employers have strongly recommended all their local associations to offer employment as speedily as possible to operatives who have been displaced; and should any difficulties exist at the end of two months the situation will again be reviewed generally by the Central Organisations.

The two sides have yet to discuss the wage rates for low-paid operatives. This affects about 28,000 workers in the industry whose wages are below 30s. per week. In some instances the mills have already announced that the reduction of 1s. 6½d. in the £ will not be enforced on these low-paid operatives.

The American Cotton Crop.—On Wednesday last the U.S. Department of Commerce published further important statistics relating to the cotton crop for this season. The estimate of the yield was given as 11,947,000 bales, against 11,425,000 bales a month earlier. In market circles, writes our Manchester correspondent, there was an expectation of only a slight increase in the forecast, and the report, when published, was considered "bearish." It is significant that, just before the official statistics were announced, there was heavy selling in New York and Liverpool, with rumours that the estimate of the yield had "leaked." A month ago the Government figures were also above expectations, and there was appreciable selling pressure just before the figures became known, though it is understood that special precautions are taken by the Department of Commerce to preserve secrecy. A month ago the production per acre was given at 149.3 lbs., but the figure has now been raised to 156.2 lbs. The amount ginned up to the end of October is stated to be 9,246,000 bales, against 7,311,000 bales a fortnight ago, and 12,130,000 bales at the same time last year, when the crop of 17,095,000 bales was the second largest on record. This latest information with regard to American cotton supplies is not likely to be favourable to trade in Lancashire, as buyers of yarn and piece-goods are not likely to be afraid of higher prices just at present, and it seems probable that customers will continue to purchase from hand to mouth. Superabundant supplies of raw material are assured for the next twelve months, and higher values are dependent upon definite signs of an increasing world consumption.

Employment in October.—According to the latest statement issued by the Ministry of Labour, it is estimated that approximately 9,397,000 insured persons were in employment on October 24th. This was 246,000 more than a month earlier, but 51,000 less than a year ago. The total number of registered unemployed on October 24th was 2,747,006, or 111,005 less than in September. The number of persons wholly unemployed rose by 20,230 during the month, but this was more than offset by a reduction of 130,237 in the numbers of those temporarily without work. The unemployed among persons usually in casual employment fell by 998. About 50 per cent. of the improvement recorded since September 26th is due to the resumption of work following the termination of the dispute in the cotton industry. Other industries that have benefited are coal mining, the woollen and worsted,

jute, pottery, engineering and metal industries, and certain sections of the clothing trades. On the other hand, many seasonal trades were adversely affected, including building and contracting, the distributive trades, and hotel, shipping and road services.

British Agriculture in 1931.—In its annual report for 1931 the Ministry of Agriculture has published an estimate of the value of agricultural and horticultural produce sold off farms in England and Wales. The development and relative importance of the various branches of agriculture during recent years is shown in the following table:—

BRITISH AGRICULTURAL OUTPUT. (Million £.)					
	1925-26.	1927-28.	1928-29.	1929-30.	1930-31.
LIVESTOCK AND LIVESTOCK PRODUCTS.					
Live stock	77.2	74.2	78.6	75.3	64.8
Milk and dairy produce	58.2	55.0	56.1	57.3	55.0
Poultry and eggs	15.3	15.9	16.9	18.7	17.8
Wool	2.7	3.9	2.8	1.8	1.1
Total	153.4	149.0	154.4	153.1	138.7
FARM CROPS.					
Corn	24.1	22.3	20.9	18.4	12.9
Potatoes	11.8	13.1	10.6	7.0	11.6
Sugar beet	1.2	4.0	3.6	5.3	7.6
Hops	3.4	2.9	2.6	1.5	1.0
Hay, straw and miscellaneous products	5.6	5.2	5.5	5.4	4.3
Total	46.1	47.5	43.1	37.6	36.5
FRUIT, VEGETABLES, FLOWERS, &c.					
Fruit	9.7	9.4	6.9	8.4	8.9
Vegetables	8.4	7.7	10.6	10.5	8.9
Flowers and honey and glass-house produce	6.5	6.6	6.6	6.6	6.6
Total	24.6	23.9	23.9	25.5	21.7
All Products	224.1	220.4	221.4	216.2	196.9

It will be seen that after a period of relative stability from 1926 to 1930, the total value of agricultural produce sold by farmers in England and Wales in 1930-31 shows a decline of about £19,000,000, or 9 per cent. on the preceding year. This shrinkage in the farmers' gross receipts was of course due to the fall in prices. In the absence of information showing changes in the wages bill, rent, feeding stuffs and fertilisers, it is impossible to estimate the net receipts of the industry. The fall in the gross value of the output of British agriculture was most pronounced in the livestock group. On the other hand, the decline was relatively small in the value of poultry and eggs, and milk and dairy produce. The total receipts for farm crops were scarcely changed on the year. The figure for corn alone declined from £18,400,000 to £12,000,000, but this was offset by an increase in the value of sugar beet and potatoes. The substantial advance in the receipts for potatoes was due, not to a larger crop, but to an increase of over 100 per cent. in the average selling price. The reason for the decline in the third group is to be found chiefly in the fall in prices, to which flowers and glasshouse produce offered the greatest resistance.

Shipping Freight Index.—Whole-cargo shipping freights, as measured by our index number, rose, on balance, by slightly less than 1 per cent. during October. The current figure, 87.3, was, however, over 8 per cent. below that recorded for the corresponding month of last year. Particulars of the index number are as under:—

AVERAGE 1898-1913=100.					
	Average, 1913.	Oct., 1931.	Aug., 1932.	Sept., 1932.	Oct., 1932.
European Waters	110.0	90.8	81.0	83.1	84.9
North America	113.1	91.5	82.0	85.8	84.4
South America	123.4	89.6	74.8	79.4	76.6
India	106.3	97.6	90.7	92.6	94.5
Far East and Pacific	117.4	94.0	81.8	86.1	87.4
Australia	127.9	106.8	80.1	92.6	96.1
Total	116.3	95.0	81.7	86.6	87.3

Chartering for outward coal was again on a very moderate scale; and while some improvement took place in Home

Trade rates, those obtained for Mediterranean destinations were barely steady. Apart from fairly active business in grain from the Danube, homeward requirements in European waters were small. Further afield, the unsettled state of the commodity markets and restricted purchases on European account had severe repercussions on North and South American grain chartering, and resulted in a heavy break in rates. In the Far East, where tonnage was less plentiful, freights were nominally better maintained and a fair volume of cargo space was also absorbed by Australian grain exporters for both Europe and China. Movements of the various sections of our index number are shown in detail below:—

AVERAGE 1898-1913=100.					
	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	78.1	+ 4.7	South America—outwards	65.2	...
Bay—outwards	100.9	+ 1.8	South America—homewards	87.9	— 5.7
Bay—homewards	82.3	...	India—outwards	86.3	+ 3.7
Mediterranean—outwards	80.9	— 1.3	India—homewards	102.7	+ 1.3
Mediterranean—homewards	89.2	+ 0.9	Far East, &c.	87.4	+ 3.5
North America	84.4	— 1.4	Australia	96.1	...

Expressed as a percentage of the average for 1913, the total figure of our index number for October works out at 75.1, compared with 74.4 in September and 87.7 a year ago.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — French Plan — Economic Conference.

(FROM OUR CORRESPONDENT.)

GENEVA, November 9.

M. PAUL BONCOUR's statement to the Bureau of the Disarmament Conference added no details to those already known about the French Plan, but the emphasis laid on the one or two of the guiding features was important. The uncertainties that remain cannot be cleared up until M. Herriot has finished the draft of his memorandum and submitted it to the Conference, and it therefore serves little purpose to discuss those parts of the scheme which are now a little obscure. What M. Boncour did make clear was that not only is it the French Government's intention to reach uniformity of system and status with Germany, but also, "with the necessary stages, . . . the progressive unification of material in the various armies of countries bound by the Pact"—that is to say by the European Pact of Mutual Assistance. Further, he also made it clear, in several references, that the plan should make possible important reductions in armaments. While taking into account differences in population, and Colonial responsibilities, M. Boncour's indication was that France is prepared to accept equality of status in men and arms, and that, subject to the acceptance of a European Pact of Mutual Assistance, she is prepared to accept important reductions in material. The Colonial condition is difficult both in relation to Germany and to Italy, but ought not to be insurmountable.

The Mutual Assistance Pact is a more difficult condition, not only because of its inherent complexity, but still more because of the fact that it contains the provision for restricted national contingents, powerfully armed, to be kept at the disposal of the League—a dangerous element, as was pointed out last week. M. Boncour's defence of the proposal was not convincing. He asked the obvious question: Why not destroy the arms to be forbidden to the national forces? His answer that it was too simple and illogical was unimpressive. There is no need to fear the simple solution, and it is mistaken logic to suggest that proscribed arms cannot be destroyed because they must be kept available for collective action in defence of a victim of aggression. It is better to forbid them to the

special contingents as well as to the normal national forces. All States would then be without them, just as all States would possess them if they were allowed. It would make no relative difference. If the earmarking of contingents for collective action is possible and desirable, it can be done without the "powerful arming"; and it is strange that the French do not themselves see the grave risk of what they propose. It is, or may be, the difference between a real disarmament agreement and the beginning of the re-armament by Germany. The opportunity given to the militarist elements of Germany would be too tempting, and unless the bolder and wiser course of destruction of heavy arms is followed, the French Plan may undo, on the military side, all that it promises of hope on the political side.

The best way for French and European security is that of the largest possible destruction of offensive weapons. In fact, there is no other way, and the French, having gone so far as they appear to have done on "equality," ought not to be beyond persuasion upon the most effectual means of arriving at a safe and lasting basis for it. Their contingent plan, as it is now conceived, shows a trust in Germany which is not shared by many outside France, for no system of control, however severe, would prevent the aggressive possibilities which would accompany a powerful armed nucleus of troops, and, as between Germany and France, the contingents would not, of course, be available except for national use. It is impossible not to be somewhat sceptical about the working of the idea of collective contingents; they would not be very dependable until political and armaments circumstances made them no longer necessary. It is this particular feature of the French Plan to which attention should be directed if something is to be made of the genuine French effort to meet the situation.

The Preparatory Committee for the Monetary and Economic Conference has finished its first session, which has been shorter than expected. It has contented itself with a full and frank exchange of views, and has adjourned until after Christmas to give its members the opportunity to enter into discussion with their respective Governments in the hope that concrete proposals may be presented. So far as can be gathered, the meeting has not been much beyond a statement of the difficulties and desiderata as viewed from various angles, but there appears to be a determination to work for positive proposals, and circumstances, including the American elections, may ease this effort during the coming few weeks. Some kind of arrangement on debts would obviously facilitate many things that are necessary. There has been surprise here at Mr Ramsay MacDonald's reported statement in the House of Commons that he hoped the Conference might meet before Christmas. It is curious that he had not been better informed, for it is clear that the Conference could not meet so soon with any chance of success; and, after all, the date has to be fixed by the Organising Committee of the League Council. It would probably be better for it not to meet at all than to meet and fail through inadequate preparation, though there is something to be said, on this subject as also on the subject of disarmament, in favour of not leaving the matter too long to the experts, who are mostly in the hands of their Governments and unable to take the responsibilities which belong to the Governments.

UNITED STATES.

Business — Banking — Profits — Treasury.

(FROM OUR CORRESPONDENT.)

NEW YORK, November 2.

THE top of the seasonal rise in business activity seems to have been passed, and poor third-quarter earning statements have depressed prices in most markets. The decline in wheat to new low record prices has been an additional load on the shoulders of the share and bond markets, emphasising, as it does, along with recession in other grains and in livestock prices, the certainty of slack

purchasing power in rural communities for some time to come.

The daily trading volume in stocks is the smallest since 1924. Most observers expect some improvement to follow the election, regardless of the outcome, but the background of a strong market is not yet a convincing one. When greater interest is taken it will have the aid of the cheapest money on call and time that the market has seen in a great many years. A great supply of call money is seeking employment, on any sort of Stock Exchange collateral, at a half of 1 per cent., a rate until now confined to loans secured by United States Government bonds.

The month-end has brought a reduction of perhaps \$50 millions in member bank excess reserves, but the old peak of close to \$500 millions will, it is expected, be regained or passed shortly. There is little sign yet of greater demand for credit, and the continued shrinkage in circulating currency, increase in monetary gold stock and the output of national bank note currency are adding to the credit reserves. The New York Federal Reserve Bank estimates that from July 27th to October 26th the banks belonging to the Federal Reserve System added \$244 millions to their excess reserves. They gained a total of \$537 millions, of which \$297 millions was from gold imports and releases from earmark. Net receipt of currency from circulation was \$106 millions. Of this increase in funds the banks used \$203 millions to repay borrowings at the Reserve banks, and employed \$90 millions as reserve against increased deposits.

Investments and deposits have been rising slightly in banks outside New York, but here the increase since the middle of the year has been rapid. Net demand and time deposits in New York banks are about \$1,000 millions above the low point of March, most of the gain having taken place in July. Some of the increase has been the result of credit expansion, mainly investments, a rise of \$200 millions in the past month having taken place in net loans and investments among member banks here, in addition to the \$500 millions' growth from late July to October 1st. As the banks point out, it is usual for expansion in New York to precede that of the interior, since funds from other centres are deposited here awaiting business improvement. The accumulation at this centre of record-breaking excess reserves, the expansion in deposits and of investments and the rise in price of high-grade bonds foreshadow, it is held, further steps out of the business slough.

New financing in October was small, although there was a slight rise in public utility issues. Government financing was less than in September, consisting mainly of a \$500 million issue of 8 per cent. 4½-year Treasury notes. September issues were around \$161 millions, of which \$86 millions was refunding. Company issues amounted to \$6 millions, foreign issues \$2 millions and State and city borrowing \$67 millions.

The October net gold increase was \$70 millions, bringing the total from the low point in June to \$355 millions, or two-thirds of the loss since the beginning of the year. Little gold is now believed to be held under earmark for foreign central banks.

While the business pace is now slackening, it increased until about the middle of October. Department-store sales in the New York district were 14 per cent. under a year ago, against an average monthly decline of 21 per cent. in recent months. Business failures declined, and company dividend reductions also were less numerous. The share market in the month lost about 14 per cent. in price. Freight loadings on the railroads turned down a little in the third week of October, and doubtless will continue to show seasonal recession, but they have held up longer than usual. The steel industry has declined a trifle from its recent rise to nearly 20 per cent. of capacity, and price reductions announced by the Chrysler Motor Company, following publication of a third-quarter statement showing a loss of \$5 millions, indicates the slackness of new automobile buying. The General Motors third-quarter deficit was around \$7 millions. Motor out-

put in October is estimated at 60,000 units. It will be somewhat higher in November.

A compilation made by the National City Bank of profits for 205 companies in merchandising and industry shows a combined deficit of \$14 millions, compared with net profit of \$6 millions in second quarter and profit of \$25 millions in first quarter. In the third quarter of last year these companies reported profit of \$90 millions. For the nine months the profit was \$18 millions, a drop of 95 per cent. from the same period of 1931. Earnings on net worth were only two-tenths of 1 per cent., against 4.4 per cent. shown for last year. The petroleum industry is almost alone in showing any improvement over a year ago. This showing does not mean, of course, that no business is showing a profit, as a large number of small profitable enterprises are buried in a tabulation including results from the large companies.

The Treasury's deficit continues to pile up, amounting in the first four months of the fiscal year to \$680 millions, excluding about three or four hundred millions for R.F.C. account. However, the rise is occasioning no great anxiety. Some people think that an additional tax law will be imperative when the next Congress meets in December, but an opposing view is that much of the new taxation has not yet had time to work, and that the law passed last autumn ought to stand for the remainder of the year. Meanwhile, it is hoped, with the election out of the way, much more can and will be done toward cutting expenditures of the Federal Government. Obviously, it is in the best interests of the Budget to concentrate attention on reducing expenditures rather than finding fresh revenues.

FRANCE.

Politics — Budget — Public Accounts.

(FROM OUR CORRESPONDENT.)

PARIS, October 9.

THE annual National Congress of the Radical Party, for which the country's parliamentary work was suspended for a week, came to a close on Saturday in vastly more satisfactory conditions than had been expected. Not only was the latent revolt of the advanced wing of the Party against the fairly evident refusal of the Herriot Ministry to continue the Cartellist alliance with the Socialists, which worked so well during the recent elections, quietly suppressed under the rapidly growing personal authority of M. Herriot; but the Premier succeeded at the same time in very favourably impressing practically all the parliamentary groups on the Ministry's right with the conviction that, whatever may be the inclination of Radical policy towards Socialism in domestic matters, the Ministry is determined to speak in no uncertain voice for the country as a whole in all that concerns the relations of France with the world outside. "The word 'security' is not a mere abstract word," M. Herriot insisted, while claiming to be fundamentally pacifist; "it is the very life of your children."

While the Toulouse Radical Congress has greatly strengthened the situation of the Ministry and the probability of greater parliamentary stability than has existed for many years, it cannot be said that similar satisfaction is felt in regard to the Budget situation. The Government Bill to secure sanction for a great programme of public works, to be financed by a large loan, was formally deposited late last night. This loan, which is admittedly designed much more for the relief of the Budget than for its ostensible purpose, is not regarded favourably by the country's experts, and particularly because it is merely one of several similar projects which, it is insisted, can only be regarded as efforts to balance the Budget by unsound financial methods. The only solid basis to any real effort to balance the Budget, it is insisted in many quarters, would be a sweeping reduction of public expenditure.

The Ministry for the Budget announced to-day that the problem of balancing revenue and expenditure for the coming twelve months will have been solved before the week is out, and that the Budget total will be around 52,000,000,000 francs, or a fraction less than that for 1930-31, which was 52,601,000,000 francs. The current nine months' Budget would work out at the rate of 55,185,000,000 francs for a full twelve months. It is semi-officially stated that the drafts of the whole of the departmental budgets have been completed, and that the credits to be asked for War Office, naval and air force expenditure have been reduced by over 1,500,000,000 francs (as compared with those of last year), which exceeds the total reductions voted last July. It is asserted that the amount of the proposed public works loan will be 7,000,000,000 francs, this expenditure being divided into two equal halves during the 1933 and 1934 financial years. It is expected that the complete Budget Bill will be in the hands of the deputies early next week. In that case it is hardly to be expected that the Chamber Finance Commission will be able to complete its work on the measure before the end of the month, which will leave barely four weeks for the Bill to receive attention by the Chamber and the Senate. In the circumstances, little short of a miracle will enable a further recurrence of *douzièmes provisoires* to be avoided (at a cost to the taxpayer of around 700,000,000 francs a month).

Figures published this week, on the authority of the Paris Chamber of Commerce, suggest that the country's expenditure at present is at the rate of 87,000,000,000 francs a year, made up as follows:—State Budget, 53,000,000,000 francs; Caisse d'Amortissement, 7,000,000,000 francs; Postal Department (posts, telegraphs and telephones), 7,000,000,000 francs (independent Budget); local government, 20,000,000,000 francs (department, 6,000,000,000 francs; communes, 14,000,000,000 francs). Direct State expenditure has increased 42 per cent. in the period 1926 to 1932, while local government expenditure by the departments has more than doubled in the same period. Communal expenditure (which rose from 1,039,000,000 francs in 1913 to 14,000,000,000 francs in 1929) alone appears to have remained stationary during the last three years.

At their periodical general assembly in Paris yesterday, the presidents of the French and Algerian Chambers of Commerce expressed deep dissatisfaction with the Government's financial proposals, mainly on the ground of its failure to reduce public expenditure to a level commensurate with the country's reduced resources. The preamble to the resolution called attention to "the imperative necessity for massive Budget deflation" in the form of reduction of administrative pay; reduction of expenditure by a general reorganisation of the public services; a drastic diminution of pensions and annuities, by discrimination between real rights and abuses; and fundamental reform of the national insurance law.

One important outcome of recent criticism of governmental methods has been to focus attention on the need for systematic reform of the public accounts. In Great Britain promptly published monthly accounts of revenue and expenditure have been the rule for generations. In France it is impossible to obtain even rough estimates of the Budget situation until long after the close of the financial year, while it is generally several years before anything like exact detailed figures are available. For similar reasons, payments of amounts due under Government contracts are frequently made only several years after they have become due. A parliamentary report, issued a few months ago, dealt with payments due to commercial concerns which had been awaiting payment for four or five years or more. The result is that contractors are compelled to charge the Government extraordinarily exaggerated prices as compared with those ruling in the open market for similar goods. It is now hoped that a new and simplified system of up-to-date accounts will be adopted by the end of 1933.

GERMANY.

Election — Transport Strike — Swiss Agreement — Grain Policy.

(FROM OUR CORRESPONDENT.)

BERLIN, November 8.

THE Reichstag election of November 26th has shown that the National Socialist movement is not irresistible. It has lost 35 of the 230 seats which it won in July. Under the German electoral system, which, until the rise of the National Socialists, only allowed small fluctuations between the chief parties, such a loss of more than ten per cent. within three months is in itself remarkable, but its great importance is that it explodes the myth that this party, under a specially favoured leader, was bound to continue to grow until it had the majority of the German people behind it.

The National Socialist party is still by far the largest in the Reichstag, and the electors' demand of a party to which they have given so many votes that it shall exercise a practical influence upon the decisions of the Government and thereby prove its quality. They will be disappointed if Hitler renounces such influence, as he did by his decision of August 13th, in order to retain the advantages of being in Opposition.

Coming developments depend largely on the inferences which the Nazis draw from this experience. Even in the quarters closest to the Government doubts are beginning to arise as to the wisdom of its hostile attitude to Parliament. The parties which support von Papen, the Nationalists and the German People's Party, have indeed made gains, but even so the Government has only one-tenth of the Reichstag behind it. The Chancellor will therefore certainly negotiate with the parties in order to form a coalition which will be able to carry out the plans of the Government, especially the reform of the constitution. Such a coalition would have to consist mainly of National Socialists, Nationalists and the Centre, but Hugenberg, the leader of the Nationalists, is so hated by both Nazis and the Centre that the possibility of co-operation seems almost out of the question. Moreover, the Centre has discovered that a section of its earlier supporters have resented its leaders' negotiations with the National Socialists—that is the only explanation of the Party's loss of votes in the western districts. Finally, there is little sign that the National Socialists are any more ready than before to co-operate with the Government, even if, as seems probable on other grounds, there is a change in the office of Chancellor. Indeed, such statements as Hitler has so far made suggest that the opposite is the case.

The detailed results of the election are as follows:—

	Votes.		Seats.		Percentage of Seats.	
	July.	November.	July.	Nov.	July.	Nov.
National Socialists	13,745,780	11,705,256	230	195	37.1	33.1
Social Democrats	7,959,712	7,231,404	133	121	21.5	20.7
Communists	5,282,625	5,970,833	89	100	14.3	17.0
Centre	4,458,051	4,228,633	75	69	12.4	11.9
Nationalists	2,177,414	3,061,626	37	52	5.9	8.0
German People's Party	436,014	659,703	7	11	1.2	1.8
German State Party	371,799	337,871	4	2	1.0	0.9
Christian Socialists	364,542	412,523	4	5	1.0	1.1
Hanoverians	...	63,999	...	1	...	...
Bavarian People's Party	1,323,969	1,081,595	22	19	3.2	3.1
Agriculturalists	90,554	46,468	1	1	0.2	...
Economic Party	146,875	110,117	1	2	0.4	...
Bavarian Peasants	...	149,000	2	2	...	...
Württemberg Peasants	96,851	105,188	2	2	...	...
Others	671,307	215,106	...	...	...	...
	37,162,084	35,402,306	607	582	...	...

The substantial gains of the Communists at the expense of the Socialists are partly a result of the economic crisis, but are mainly due to the radical tendency which the present regime, especially by its interference in Prussia, has engendered among the socially-minded workers. Before the election even greater losses by the Socialists were anticipated, and the party organisation has once more displayed its well-known power of resistance.

The radical feeling among the workers gave rise to an important transport strike in Berlin immediately before the election. The Berlin Transport Company, which runs all the trams, underground railways and motor buses in Berlin except the Stadt- und Ringbahn, which is controlled by the State Railways, has hitherto paid wages which are on the whole relatively favourable. The management recently, in view of the state of the company, asked for a very severe wage reduction. Agreement was finally reached on a reduction of only 2 pfennigs an hour—about 2½ per cent.—but this arrangement was to be terminable at a month's notice, so that it would have been possible for the company to initiate another reduction in a very short time. Under the influence of Communist and National Socialist agitators, the workers, only about one-third of whom are members of trade unions, refused to accept the agreement concluded by the union leaders with the management, and when the unions thereupon wished to renew negotiations, by far the greater part of the employees struck. The State arbitration tribunal gave the rejected agreement the status of a compulsory arbitral award, and the unions officially discountenanced the strike. The Government had the strike leaders arrested on the ground that the strike was alleged to be part of a treasonable Communist plot, but nevertheless the Berlin transport system was for five days almost completely at a standstill, and numerous acts of sabotage took place, although the entire Berlin police was made available for the protection of those men who remained at work. It was particularly remarkable that the strike aroused great sympathy among the wage-earners and salaried workers in other occupations, in spite of the fact that they were the people who suffered the greatest inconvenience from the cessation of the transport services. Communists and National Socialists worked together with complete solidarity in spite of the fact that they were at the same time fighting each other in the election campaign, and the strike took on an increasingly political character. Politically it was directed against the Social Democrats, as well as against the Papen Government. Finally, however, the fear of dismissal and complete destitution—for no strike benefit was paid by the unions—drove such large numbers back to work that the leaders were obliged to call off the strike on the day after the election without even securing a promise of immunity from penalties.

Since February 1st there has been no commercial treaty in force between Germany and Switzerland, as the Swiss had denounced the agreement previously in existence. Though actual tariff war has been avoided, this state of affairs was against the interests of both countries. Switzerland had limited her imports from Germany by quotas; Germany had injured the Swiss tourist traffic by her exchange regulations. An agreement has now been reached, which, though it does not amount to a full trade treaty, effects some improvement in the position. Switzerland is increasing her quotas for German goods, especially furniture, knitted goods, iron sheets, copper goods, lace, sewing machines and pencils. Germany is reducing her duties on goods in whose export Switzerland is interested, especially chocolate, embroidery and clocks. In respect of tourist traffic, Switzerland is to receive approximately the same exchange treatment as Austria. Though this agreement affects very few goods and in no way replaces the old treaty, it is noteworthy as a first step towards a more liberal commercial policy. Switzerland has presumably been induced to make these concessions by her unsatisfactory experience of quotas, which have not improved her trade balance. The German Government is not disposed to conclude a commercial treaty with Switzerland on a broader basis as long as the Swiss quota system continues.

The question of German import quotas was postponed just before the elections, in spite of the fact that the Government had held out prospects of an early decision. The delegation which negotiated the matter with other countries is to submit its material to the permanent Government departments, and after they have worked on it the Cabinet will consider it again. The difference of opinion between the Food Minister and a section of the Cabinet, consisting of the Minister of Economics, the

Foreign Minister and the Finance Minister, supported by the President of the Reichsbank, will therefore have to be settled first.

The Government have decided to support grain prices by purchasing and storing grain through the Getreide-handelsgesellschaft. So far, only rye has been purchased, and sold cheaply as fodder to pig breeders, the Government purchases being regulated according to market possibilities. Owing to the good harvest this policy was not able to prevent a fall in wheat prices below Rm. 200 per ton, against 215 last year, while rye prices fell almost to Rm. 150, against over 185 last year. The holding of stores which is now proposed will make the Government grain policy independent of the present demand for fodder rye and will permit its extension to wheat, but it throws upon the Reich a heavy risk, and also the burden of financing the stocks. The Government intend to finance it through the Reichsbank, and it will need some hundred million Reichsmarks. The success of this policy depends on whether the Government is able to unload the stocks towards the end of the crop year. If they are obliged to carry them over into a new season there is a great danger that the valorisation experience of many other countries may be repeated in Germany, and that it will prove impossible to get rid of the stocks because of the pressure of interests which are opposed to their appearance in the market. The danger is particularly great, because owing to technical improvements, grain production is already on the increase in Germany, and this tendency will, of course, be strengthened by the maintenance of prices.

HOLLAND.

Money — Capital — Trade — Industry.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, November 8.

THE further depreciation of sterling has not occasioned any particular alarm in the Netherlands, although the development is viewed with regret, if only because it proves that the much-desired stability has not yet been achieved. The direct losses for this country, arising from the new decline of sterling, are not likely to be of any great magnitude. Most companies which do not need sterling assets for their business have disposed of their holdings long ago, and presumably the others will mostly have safeguarded themselves against the depreciation by means of the foreign exchange futures market. Fears that the decline in sterling would enable English goods to compete intensively on our home markets are unnecessary, for the trade returns clearly show that cheap English products are not being imported to any abnormal extent.

Despite the greater activity in the new issue market during October, the liquidity of the Amsterdam money market continues to be very great. Call money can hardly be placed at all, and is quoted at only ¼ per cent. Private discount rates have already dropped to ½ per cent., while the demand for prolongation funds is nil, and the rate has been 1 per cent. for months. The very abundant supplies of money on the market are naturally of great significance to the State, as the authorities are thereby enabled to make provisions for the floating debt conveniently and on advantageous terms.

The influence of the crisis on State revenue is clearly shown by the Ministry of Finance statement for September. Revenue amounted to 29.9 million guilders, against 34.7 millions in September, 1931; for the first nine months of the year revenue totalled 295.8 millions, against 334.1 millions in the corresponding period of 1931. Demands are becoming more and more insistent that the burden of interest payments should be relieved by conversion of the National Debt. As the 4 per cent. State loan is quoted at around par, conversion operations in the near future do not seem beyond the range of possibility, although no intimation of such intention has yet been given by the Minister of Finance. All State loans above 4 per cent. would in such event become liable to conversion. The floating debt has been considerably reduced

since the Dutch East Indies negotiated a loan of 106.5 million guilders, which enabled them to pay off the debt to the State. On November 1st Exchequer bonds to the amount of 60.4 million guilders were accordingly redeemed. The great interest taken in Exchequer bonds is evident from the fact that for the last issue, which was for 25 million guilders, the subscriptions aggregated 105 millions.

New issues in October totalled 126.9 million guilders, against 3.6 millions in October, 1931, and 24.7 millions in September, 1932. Conversions accounted for 16.7 millions last month. Two foreign loans were launched, the Paris Loan and the Belgian Telephone and Telegraph Monopoly, for an aggregate of 21,966,000 guilders. These issues indicate that, for the first time since July of last year, there is now a resumption of interest on the part of foreign countries in the Amsterdam new issues market.

Our trade returns display a somewhat more favourable aspect for the month of September, corresponding with the usual seasonal trend:—

	(Millions of Guilders.)			
	August,	September	Jan.-Sept.,	
	1932.	1931.	1932.	1931.
Imports	95	153	102	1,452
Exports	67	120	77	1,019
				625

In September, 1932, the balance of imports over exports was accordingly 25 million guilders, as compared with 28 millions in August, 1932, and 33 millions in September, 1931.

Our trade with Great Britain, however, shows an unsatisfactory trend. On the one hand, there is a decline in the importation of English goods, showing that despite the depreciation of sterling there is no sign of the Dutch market being flooded with English merchandise. In fact, the importations from Great Britain during the first nine months of this year actually show a decline from 1,564,900 tons, with a value of 120 million guilders, to 1,285,700 tons, with a value of 87.9 million guilders. On the other hand, we are losing England also as a market for Dutch merchandise. The value of our exports to England dropped by half, compared with the corresponding nine months of 1931, from 250 to 124.5 million guilders.

The third quarterly review issued by the official Central Statistical Bureau provides but little encouragement as to the state of affairs in commerce and industry in the Netherlands. The improvement during the third quarter has not been more than seasonal. It is only in the stock market and capital market that the Central Statistical Bureau records some progress; an increase in confidence expressed itself in a vigorous recovery in quotations. Agriculture in particular is passing through hard times, and the Government has introduced a Bill into the Second Chamber for the provision of State aid to market gardeners. The legislation is to guarantee the market gardeners a fixed price for their produce, the State making good any deficiency in the market price, up to a maximum of 5 million guilders. The Second Chamber of Parliament has recently also passed a Bill for the institution of industrial councils. This measure is of particular importance from a standpoint of social economics, as it aims, *inter alia*, at providing the means for disposing of disputes and questions between employers and employees by mutual agreement, thereby promoting industrial peace.

AUSTRIA.

Industry — Housing — Vienna Finance — Trade Treaties.

(FROM OUR CORRESPONDENT.)

VIENNA, November 7.

THE most recent figures concerning unemployment in Austria indicate that the seasonal decline was not so great as it was last year, though one cannot draw optimistic conclusions from this fact, as the number of those unemployed receiving no benefit has expanded in consequence

of the strict practices in paying benefit and of the increase in the number of old-age pensioners. The fact is that, for instance, the aggregate of wages and salaries paid in Vienna, which was 104 million schillings last August, was 25 millions less than last year and the lowest recorded. It is also a fact that industrial employment in August (and it is certain that no improvement has taken place since) was only 50 per cent. of employment of August, 1929. The index of commercial turnovers is the lowest recorded since inflation was overcome in 1922. This level of low figures has obtained for several months.

The end of the building season will not have any special effect, as, on account of the exhaustion of the State housing scheme and of the limitation of State and municipal building contracts, building activity had become very slight. It is desired, however, to continue on a small scale the promotion of house building, which consists of granting very cheap second mortgages on houses to be erected, but the financing is meeting with difficulties. At present there are many buildings in danger of remaining unfinished in view of the delay in remitting the Federal contributions, and the Government is finding it hard to get the savings banks and insurance companies to help with 20 million schillings for the purpose of completing these buildings. This is not surprising when one considers that the institutes in question, which have to keep as much ready money in hand as possible, have already been obliged to take up several hundred million schillings' worth of housing loan, and that the housing scheme obligations, for which they paid at least 90 are nominally quoted at about 72 and in reality can only be disposed of at 15 per cent. discount on the nominal quotation.

For a time it was hoped that the building market might be animated by a colonisation movement now in progress. It appears, however, that the new colonisation plan chiefly represents farming interests, while the suburban building quite rightly promoted by certain countries is neglected. The Municipality of Vienna, which was for a number of years the biggest asset to the building trade in Austria, is also obliged to curtail its activities.

The City of Vienna, which used to have an expenditure of 491 million schillings, which corresponds to about a quarter of the State Budget, has for the first time begun to feel the crisis. Its returns show an uncovered deficit of 38 millions, in spite of the fact that expenditure has already been cut down by more than 10 per cent. Whereas actual revenues were always larger than the estimates, on this occasion several items are falling seriously short. The hardest hit which the Municipality of Vienna had to suffer was not from its own budget but from the reduction of its share in the State taxes, which dropped to 94 millions, as against an estimate of 144 million schillings. The municipal enterprises, the gas and electricity works, the tramways and the brewery also suffered. As soon as the returns were submitted, the city administrator of finance, Hugo Breitner, who was known throughout Europe for his socialistic methods of municipal administration, gave notice of his resignation. His successor also belonged to the Social-Democratic Party and he declared

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his intention of continuing the methods of his predecessor, which were strongly opposed in bourgeois circles.

There is renewed activity in the negotiation of commercial treaties. Negotiations have been carried on with Germany in regard to a preference treaty, though they have not yet beyond the preliminary stage. Apart from the fact that the attitude of other States to a preference treaty is still most uncertain (obstruction is feared from Czechoslovakia in any case) imminent danger threatens Austrian exports of timber, butter, cheese and fruit in view of the expected allotment of quotas in Germany. Preference negotiations are also in hand with Poland and are progressing in a very friendly spirit. In the course of these negotiations thorough discussion is taking place not only of the plan to create a monopoly of the Austrian coal trade, whose prospects have become less rosy, but also of the so-called Ruhr Coal Treaty, which binds the Federal Railways (as the presumptive holder of such a monopoly and in any case as the chief coal consumer in Austria) to the almost exclusive use of Ruhr coal to the detriment of Czechoslovakia and Poland. In the meantime, the Government is confronted by 400 petitions to issue fresh import prohibitions.

BELGIUM.

Budget — Industrial Activity — Agriculture.

(FROM OUR CORRESPONDENT.)

LOUVAIN, October 25.

ON the initiative of the Liberal members the Renkin Cabinet resigned on October 18th; four days later Count de Broqueville formed a new Cabinet with the sole object of dissolving Parliament and calling a General Election immediately. Several explanations have been given of the departure of the Liberal Ministers. Their resignation was undoubtedly caused by the financial situation, which has become more and more serious. Since July, it has become evident that measures of financial reform must be faced immediately. The late Renkin Government did not draw up an immediate plan and was of opinion that the matter could be delayed till the 1933 Budget—a view which was probably intensified by the Government's desire to avoid unpalatable measures before the elections due next year. Meanwhile, Belgian State expenditure was being financed by the proceeds of foreign loans raised under very onerous terms. In these circumstances the dissolution of Parliament was unavoidable and it is to be regretted that this step was not taken earlier, for the balancing of the Budget has only been rendered more difficult by delay. Nevertheless, one must not forget that the monetary situation of Belgium appears to be strong. Her economic situation is better than that of most countries; the National Bank of Belgium has enormous gold holdings amounting to 13 milliard francs; and as will be seen below, signs of economic improvement have been more apparent here than in many other countries. If the position of the public finances has become serious, it is largely from lack of foresight.

Some signs of economic improvement have been registered recently. For example, in the Antwerp diamond industry some recovery has taken place since August. Nine thousand craftsmen are at present at work; the highest employment figure (totalling 30,000 hands) was reached in 1929, and the lowest (say 2,000) in May and July of this year. Recovery is much more perceptible in Antwerp than in Amsterdam. The coal industry has been a little better than was anticipated not long ago. It is availing itself of the strong rise in the prices of house coals (anthracite), which seem very scarce in Europe. The Belgium output of these coals was diminished in July and August by the coal strike. For the finest qualities a 40 francs rise is recorded, but industrial coals are far from enjoying such a demand. Prices are stationary or at the most only experience a rise of 5 francs. In the metallurgical industry the situation has been slowly but regularly improving. Stocks of iron and steel have been exhausted, and several inactive blast furnaces are, it is

reported, to be blown in. Prices of the most important metallurgical products have been rising. The Belgian textile industry has also felt the effects of the general recovery in that trade.

These signs of improvement should, however, not be exaggerated, for the general effect on the unemployment registers is at present insignificant. No improvement in the labour market is anticipated before next spring. Moreover, agriculture has not done well in 1932, though this year has been better than last. The wheat yield has not reached the anticipated level, and registers only 2,600 kilos per hectare. The quality, however, appears to be very good. The price of inland wheat fell recently to 65 francs per 100 kilos, but Governmental regulation fixed the price at 85 francs per 100 kilos to the flour mills. American wheat is sold at about 78 francs in Antwerp. The Government's action has only had a trifling effect on the price of bread, which is still sold at 1.40 francs per kilo, for the ratio of inland wheat used by bakers is only 10 per cent. of the total. On the other hand, restrictions put on the importation of butter caused a very serious increase in its price. Public opinion protested vehemently, and the import quotas have now been enlarged.

The Renkin Cabinet's resignation will probably be marked by a return to freer trade. At any rate, it has been announced that the quota system will not be extended to other merchandise. On the whole, the Belgian customs regime has remained relatively liberal, but during the past year concessions to protection have become more frequent.

SOUTH AFRICA.

Silver — Money Market — Foreign Trade — Railways.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, October 12.

THE Government continues to have to deal with various minor troubles arising out of the currency position. According to the Union Currency Act, British silver is legal tender within the Union, subject to the prescribed limits. Efforts to prevent its introduction by private persons, at a profit on the ruling rate of exchange, have been unsuccessful, while Rhodesia is experiencing difficulty owing to heavy removals, in spite of prosecutions of train employees and other regular travellers. Mr Havenga recently referred to the experience he had acquired on his journey back to the Union, and it is considered likely that British silver will be withdrawn after adequate notice, which could presumably be given under the Emergency Act passed in November last. The amount in circulation is believed to be roughly £1,500,000.

On October 7th the South African Reserve Bank reduced its rate from 6 per cent to 5 per cent. The reduction was welcome, but the most frequent comment was that it was long overdue. Critics of prominence in various branches of business have failed to note any circumstances to-day which render the reduction more reasonable on the part of the Bank than would have been the case, say, six months ago. Perhaps the delay may have had some connection with the possible effect of a reduction on the transfer of money to Britain—a proceeding now much less likely in view of the Government's reiterated determination to maintain the gold standard. Treasury bill and fixed deposit rates quoted by the trading banks have been reduced in proportion, and other rates (overdrafts, etc.) will follow, "subject to arrangement in the light of individual circumstances." There are still many rumours—with little enough foundation—to the effect that the Minister of Finance is maturing a scheme of currency devaluation.

Another rumour—which comes rather into the category of a reliable forecast—is that the Government are considering an important loan conversion scheme. The success of similar ventures overseas, the cheaper rates for money, and the necessity for an attempt at some rearrangement of our financial burdens, are all pre-disposing

arguments. The total debt of the Union at March 31, 1931 (according to the last report of the Public Debt Commissioners), was £243½ millions (in stock, excluding Union Loan Certificates and Treasury Bills). Of this, £54 millions is at 3 per cent., and £26½ millions at 3½ per cent., the balance being at higher rates up to 5 per cent. The last-named rate is carried by no less than £103 millions. According to the same report, the Public Debt Commissioners hold £70.8 millions—£31 millions in South Africa and £39.8 millions in England. The sum of £121.5 millions is held by investors overseas and £51.3 millions by investors in the Union. A general rate of 3½ per cent. is spoken of, but in any case it is thought that the Government could save between £1 million and £2 millions. The average rate of interest paid at present is 4.193 per cent.

The Congress of the Associated Chambers of Commerce of South Africa has just opened in Pretoria. There is naturally strong feeling in regard to the enormous fall in imports and the causes responsible for it. Mr R. Islip, the president, pointed out that in 1929 imports were valued at £79 millions, in 1930 at £60 millions, in 1931 at £50 millions, and for the first eight months of this year at £21½ millions—or a rate of £33 millions for the year. This level of trade is such that merchants cannot pay overhead charges. Quoting from a report of the Cost of Living Commission of 1931, Mr Islip said that the rate of profit on many classes of business was less than that on

fixed securities. It is noteworthy that in regard to imports the gold exports alone, for the first eight months of this year, exceed these in value by more than 50 per cent.

Mr Islip also referred to the position of the railways, faced with the necessity of paying interest on a capital of £163 millions. An ordinary corporation, in the same position, would recognise and act on the necessity for reconstruction. The Railway Department will some day have to face the fact that transport conditions have changed, and that parts of their undertaking and some of their traffic can never again be remunerative. The local remedy of the moment is the hampering of road traffic by legislation. The railway authorities also incur a great deal of criticism on account of their staffing policy generally, and on account of the policy of employing white unskilled labour. It is alleged that efficiency in the performance of the duties of the railway service is subordinated to proficiency in Afrikaans, even in cases where the language is rarely required and is adequately provided for. As regards the European labourers, it happens that the overwhelming majority of these support the present Government. The whole economy of the country is based on native unskilled labour, the displacement of which merely shifts the problem of indigency from voters to non-voters. If, as a purely sociological decision, it is decided to employ European labourers, their extra wages should be charged to public funds and not to railway accounts.

Books and Publications.

BOOK OF THE WEEK.

THE NATIONAL PROBLEM OF RETAILING.

FOR a nation of shopkeepers we have always been singularly indifferent to retail distribution; and our neglect and ignorance cost us dear. The distributive trades employ about 1,600,000 insured workers—many more than are engaged in any other single industry; a further half or three-quarters of a million persons are engaged as owners of retail shops, or at incomes above the insurance level; the capital employed—including stocks as well as fittings and buildings—cannot amount to much under £500,000,000; and some £1,750-£2,000 millions pass across the retail counter every year. Some of the most important and most profitable of post-war economic developments have taken place in the field of retail distribution; a host of new enterprises and new forms of enterprise have come into being, and far-reaching vertical combinations have been formed. Yet hitherto there has been no serious, well-informed survey of retailing in Great Britain, no description of the different types of shops and the varying needs they serve. Ill-informed and often captious criticism of "middlemen" has been plentiful, but sober study and enlightened discussion have been marked by their absence.

Mr. Lawrence Neal's book,* the direct product of discussion among a small group drawn from younger members of the Incorporated Association of Retail Distributors themselves actively and responsibly engaged in retailing, therefore fills a serious gap in contemporary economic literature. Starting with an examination of retailing institutions, Mr. Neal examines the small independent shop, the specialty shop, the department store, multiple shops, fixed price chains, the co-operative movement, club trading and mail order business. Any exact statement of the numbers and turnover of these different institutions is impossible owing to the deplorably backward condition of British statistics; but Mr. Neal hazards the guess that small independent shops account in numbers for some 90 per cent. of the total of roughly 500,000 retail outlets, but in turnover for only 50-60 per cent. of the aggregate

trade. The remaining 10 per cent. of the number and 40-50 per cent. of the turnover are covered by large-scale institutions. Department stores handle perhaps 7½ per cent. of the retail turnover; multiple shops other than co-operatives and fixed price chains incorporate some 40,000-50,000 outlets and handle 15-20 per cent. of the turnover; co-operatives handle some 12-15 per cent.; while large fixed price chains, such as Woolworths and Marks and Spencer, make up the remainder.

No less novel and more important than Mr. Neal's quantitative survey of types of retail institutions and his short descriptions of their function and the public they serve is the account of department store operations which fills the second section of his book. It is quite common for people to imagine that the margin between wholesale cost and retail price represents a toll which exacting store owners levy on a helpless public. Mr. Neal makes quite clear the processes by which that margin is for the most part swallowed up by expenses essential if goods are to be provided where and when the public wants them, in the right styles, at the right seasons, in small quantities, accompanied, as it were invisibly, by delivery and credit services and the expensive upkeep of attractive premises without which a modern department store could not trade. Middle figures for expenses, according to Mr. Neal, show that on the average, and allowing for mistakes in purchasing, shortages and the like, salaries and wages in a large department store account for some 12½ per cent. of the selling price; occupancy expenses—rent, rates, lighting, heating, etc.—for some 4½ per cent.; publicity for some 3 per cent.; and miscellaneous expenses some 4 per cent.; the total amounting to nearly a quarter of the purchase price, to which, of course, must be added a small further margin for net profit.

A modern department store's ratio of costs is probably higher than that of most other retail institutions. The paradox that, in an age of increasing machine production, costs of distribution remain so high, results in the main, as Mr. Neal points out, from the facts that "distribution is and must remain largely dependent on man power," that the demands and buying habits of consumers are capricious, disorganised, wasteful and often unreasonable; and that at the present time we lack completely the exact knowledge which is essential even for the initiation of reform. The common complaint about retail distribution in recent years is that retail prices have not closely

* "Retailing and the Public." By Lawrence E. Neal, with a foreword by F. J. Marquis, J.P. George Allen and Unwin, Ltd. Price 7s. 6d. net.

The POLITICAL QUARTERLY

October-December, 1932

THE CONFERENCES OF THIS YEAR by Sir ARTHUR SALTER

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followed so-called wholesale prices in their downward trend. Mr Neal easily makes mincemeat of this allegation, for he shows, and rightly, that "wholesale" price index numbers really refer in the main to bulk commodities which have undergone little processing and embody little of the costly and inelastic element of labour; while, on the other hand, the "retail" index number notoriously relates to the out-of-date living conditions of working class budgets thirty years ago. Nevertheless, the problem of high distributive costs remains, as Mr Neal recognises; modern distributive methods stultify the advances of machine technique and mass production; and the prosperity which science and invention have laid at our feet cannot be realised without distributive reform. Mr Neal's remedy is, first, a development of fact-finding; secondly, a planned co-ordination of buying along the lines now pursued by multiple shops, and, thirdly, the limitation of retail outlets to the real needs of specific areas.

The obvious objections to such proposals are many. At bottom, however, they point to the right road. The first stage of that road is an increase in knowledge about the detailed facts of retailing and consumer demand. Mr Neal's book, clear, informed, incisive in analysis and forceful in argument, contributes to that knowledge and should be read not merely by retailers and economists but also by politicians, by publicists, by social reformers, by consumers and all others who desire to contribute to the new economic world which is in the making.

SHORTER NOTICES.

"Persia." By Sir Arnold Wilson. "The Modern World" Series. London. 1932. Benn. 21s. net.

This is a book which will interest the general reader who is not already interested in Persia for her own sake. For it is an account, by a writer with a wide first-hand experience, of one of those countries that, in our generation, are passing

through the process of Westernisation—a process which, in retrospect, may stand out as the most important single historic movement of this age. This aspect of Persian life is continually present to the author's mind, and he is always writing in the light of it as he passes through the successive chapters of his comprehensive cross-section review of Persia as she is to-day. About half the chapters deal with economic subjects: agricultural and pastoral industries; commerce and industry; communications (e.g., motor roads and air routes); irrigation projects and mineral wealth; currency and finance; national accounts. On all these matters, Sir Arnold Wilson not only writes in an interesting way but also speaks with authority by reason of his administrative and business experience in the Middle East. The account of the development of the South Persian oilfields by Western enterprise and the effect on the social life of the local population—particularly the nomadic Bakhtiari mountaineers—is perhaps one of the most valuable passages in the book. But there are also chapters on literature and education in which the author grapples with the difficult task of combining a survey of present tendencies with a sketch of a great tradition. Sir Arnold Wilson evidently expects to see Persia keep her feet in the present turmoil of world affairs. To us in the West, who have stirred the turmoil up by the propagation of our mechanical inventions, it seems, just now, as if there had never been quite such a grand disturbance as this since the world began. But to the older peoples who are having the bother of adjusting themselves to the situation which the West has created, we must look rather like small boys who have been up to mischief and who now stand open-mouthed—half horrified and half delighted—at the spectacle of their own handiwork. This, we take it, is how the West appears to Persia to-day. And we may also take it that she is not unduly perturbed or profoundly impressed. For, after all, the Persians have seen many tiresome people—Greeks and Romans, Arabs and Mongols—make their tempestuous passage across the world-stage. Full of sound and fury, the barbarians come and go; but Persia, like China, remains.

"British Monetary Policy." By Frederic Benham. P. S. King. 5s.

Dr. Benham belongs very definitely to the group of economists who would give a new lease of life to *laissez-faire* doctrines. In Dr. Benham's view, the root cause of our difficulties in Great Britain is the failure to reduce incomes (above all wage-incomes) to a satisfactory competitive level. He does not agree that the necessity for this has disappeared with the depreciation of sterling since Great Britain's departure from the gold standard; and he is disposed to argue that we ought to be prepared to follow other countries to any length in the policy of cutting costs at the expense of wages. The cutting of interest rates also figures in his programme; but he regards it as far less important. Dr. Benham not only wants this country to go back to the gold standard, but believes its restoration to be possible at the old parity, provided his drastic policy of income reduction and monetary deflation is followed through to the bitter end. Consequently, he is strongly opposed, not only to national, but also to any international, measures designed to raise the level of prices. On its assumptions his book is clear and logical; but the assumptions themselves give to his conclusions a certain sense of unreality. Nevertheless, he has given us the best short exposition of a view which is not without friends, and is at least theoretically arguable. Whatever may be thought of this view, it is well to have it plainly and skilfully stated.

OTHER BOOKS RECEIVED.

Banking and Currency. By W. J. Weston. Third edition. (London) University Tutorial Press, Ltd. 292 pp. 6s. 6d.

This new edition brings this useful text book completely up to date in the light of the suspension of the gold standard, the fall of prices and the recent conversion scheme.

Egyptian Cotton Year-Book, 1931-32. Edited by George Pilavachi. (Manchester) C. Iscos, c/o J. Smith and Company, 420-25 Royal Exchange. 206 pp. 6s.

A review of cotton conditions and prospects in Egypt.

Lloyd's Calendar, 1933. (London) Lloyd's. 829 pp. 3s. 6d. net.

Movimento Economico dell'Italia. (Milan) Banca Commerciale Italiana. 613 pp.

OFFICIAL PUBLICATIONS.

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

Papers relating to a Conference between Representatives of the United Kingdom and of the Irish Free State. October 14-16, 1932. Cmd. 4184. 4d. net.

Import Duties: Recommendations of the Import Duties Advisory Committee and Additional Import Duties (No. 8) Order, 1932. Cmd. 4181. 3d. net.

The Stock Exchange.

GRAMOPHONE AND WIRELESS SHARES.

THE gramophone trade to-day gives the lie complete to the extravagant and specious promises held out to the public in the prospectuses of many new gramophone companies a few years ago. In the days of the 1928-29 boom it was almost common form for directors to declare that they would sell ten to twenty million records a year and make enormous profits. Actually the entire national production of records in 1924 was only 22 millions, and though in 1930 it had risen to 72 millions the country, even in the absence of economic depression, could never have absorbed anything like the output budgeted for in the "boom" prospectuses. No later figures are available of home production, but the value of exports in the first nine months of this year, as compared with the corresponding periods of 1931 and 1930, has declined by 25 per cent. and 62 per cent. in the case of gramophones and by 31 per cent. and 60 per cent. in the case of records. The domestic trade has fared better than the foreign, but at the present level of consumption and selling prices a considerable part of the industry is necessarily working at a loss.

The trade is now dominated by a "combine," brought about by the merger of the Gramophone Company and the Columbia Graphophone Company, in 1931, under the name of Electric and Musical Industries. This merger, conceived on rationalist principles, has proved difficult to rationalise in practice. The two constituent companies have found it necessary to maintain their respective trademarks—i.e., their individual goodwill—and even to retain in part their separate selling organisations. Manufacture has certainly been concentrated at one plant in Great Britain, but tariffs and taxation put a limit on similar possibilities as regards many foreign factories. In time, undoubtedly, the elimination of competition for artists, the consequent reduction in royalties, and the more complete rationalisation of manufacture and distribution should enable the "combine" to reduce its costs of production to an exceptionally low level, especially when output can be increased to a volume commensurate with normal prosperity. As yet, however, it is questioned whether the company is actually producing as cheaply as some of its competitors, in spite of its comparatively large turnover.

In the matter of selling prices, at least, the boggy of the cheap record can no longer hold any terror. If the 2s. 6d. dance records of H.M.V. and Columbia can still be under-sold, the combine itself has its "cheap lines," like Parlophone, which are sold at 1s. 6d. by subsidiary companies. In the field of gramophones, the combine is concentrating mainly on cheap portable machines and on expensive radio-gramophone sets. The fact that it holds the Marconi patents has possibly added to its considerable success in developing the sales of radio-gramophones in Great Britain. Trading conditions abroad, however, have been deplorable, and, even if profits could have been made, exchange restrictions would have prevented their transfer to Great Britain. On the whole it is not surprising that for the period from the date of the combine's incorporation (April 20, 1931) to September 30, 1932, its subsidiaries should have made a loss of £741,084. In addition to this trading loss the subsidiaries wrote-off no less than £2,094,155 to provide for "exceptional losses on factories closed, depreciation in their investments and the writing-down of plant," while over £600,000 of the 1931 reserves of the pre-merger companies has disappeared from the combine's balance sheet.

Outside the combine there remain two companies of importance—the Decca Record Company, which holds the British recording rights of the Polyphon Company of Germany and the Brunswick Record Corporation of America, and the Crystalate Gramophone Record Manufacturing Company, which acquired this year the Vocalion Gramophone Company. The Decca had a disastrous start in 1929-30, but succeeded in reorganising itself and its management, and eventually took the lead in the autumn of 1931 in cutting the prices of dance records. Having acquired the services of a popular dance-band conductor, it was able to expand its sales considerably in this country and in France. As a result of its initial losses the company is now writing 17s. 6d. off its £1 ordinary shares and cancelling arrears of dividends on the preference shares, whose capital remains intact, holders being compensated by an additional 1 per cent. on their cumulative dividend rights. Neither class of share is to rank for dividend before March, 1933.

	Issued Capital (£) and Denomination of Shares.	Financial Year Ending.	Net Profits.	Pref. Dividend.	Earned for Ordinary.	Earned %	Paid %	To Reserve.	Carry Forward.
Gramophone Companies.									
Electrical and Musical Industries, Ltd. ...	£ 460,000 pref. (£1) { 5,805,649 ord. (£1) }	June 30, 1931 April 20, 1931 to Sept. 30, 1932.	£ 160,893 16,114	£ 26,000 13,800b	£ 134,893 2,315c	Nil	Nil	Nil	£ 2,315
Decca	{ 230,721 pref. (£1) { 128,934 ord. (2/6)** }	March, 1931 March, 1932	Dr. 83,354 Dr. 68,837	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Dr. 173,037 Dr. 241,874
Crystalate	{ 140,000 pref. (10/-) { 225,000 ord. (1/-) }	January, 1931 January, 1932	71,488 76,792	8,000 8,000	63,488 68,792	49.0 52.9	20.8 25	35,465 25,000†	14,199 24,331
Dulcetto Polyphon ...	{ 150,000 pref. (£1) { 32,500 ord. (1/-) }	March, 1931 March, 1932	Dr. 18,211 Dr. 2,782	6,000† Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Dr. 20,755 Dr. 22,187||
Radio Companies.									
Pye	{ 150,000 pref. ord. { (£1). 30,000 ord. (1/-) }	March, 1931 March, 1932	57,225 101,176	12,975 (10%) 12,750 (10%)	44,250 88,426	190.3 393.0	100 125	9,500 14,392	21,951 67,866
H. K. Cole	{ 184,480 pref. (£1) { 164,192 ord. (5/-)a }	January, 1931 January, 1932	106,909 106,044	1,723 3,201	105,186 102,843	244.4 76.0	100* 40	55,520 20,044	7,001 20,542
Kolster Brandes	{ 1,166,000 (£1) }	Feb., 1931 ... Feb., 1932 ...	6,895 86,468	Nil Nil	6,895 86,468	1.1 9.9	Nil Nil	7,500 25,000	2,143 63,612

* And capital bonus of 100 per cent. in ordinary shares from reserve, May, 1931.

† Including £3,840 previously appropriated for subsidiary company, and no longer required.

|| After bringing in £1,350 from taxation account.

shares, 1s. paid.

(b) Six months to December 31, 1931.

** After capital reduction scheme.

(c) For preference and ordinary.

(a) Including 111,040

The company is trading this year on a profit-earning basis. Its financial position is healthy and it shows no intention of expanding unwisely.

The Crystalate Company is interesting for its specialised character. It does a large business in the cheaper records sold by multiple stores like Woolworth and Marks and Spencer, and alone in the gramophone trade it has consistently made profits. It has American, German and French subsidiaries. After acquiring the Vocalion Company in April this year, it increased its capital from £250,000 to £365,000.

Both Decca and Crystalate were amalgamations of the 1928-29 boom in company promoting. Other survivors of that chapter of genesis have been less fortunate. Dulcet-Polyphon, for example, is still reporting losses. A summary of the trading accounts of all these gramophones is contained in the table at the foot of page 887.

By contrast with the gramophone companies the radio manufacturing companies would seem to have been less vulnerable to trade depression and the decline in "luxury" spending. No separate figures can be given for the radio manufacturing activities of the big electrical combines, but the smaller independent radio companies are still maintaining a high level of prosperity. Thus, Pye Radio, a company formed in the same company promoting boom to develop the business of a Cambridge firm of radio manufacturers, has been steadily prosperous and progressive. The company's output of receiving sets in the year ended March, 1932, was 2½ times greater than in the preceding year. The wireless business of E. K. Cole, which was formed in 1925 and turned into a public company in 1930, has also been successful. Kolster-Brandes, which made a bad start, was able to report a good recovery in the year to February, 1932. The comparatively high profit ratios of these radio companies (set out in the table), are in striking contrast with the losses of the gramophone companies covering similar periods.

The market, however, values conservatively the shares both of the prosperous wireless and the less happy gramophone concerns.

	Market Price.	Div.	Div. Yield.	1931.		1932.	
				High.	Low.	High.	Low.
Electric & Musical—							
6% cum. £1 pref.	15/-	Nil	Nil	21/7½	19/-	20/4½	12/1½
£1 ord.	11/3	Nil	Nil	36/10½	17/-	23/6	6/7½
Decca—							
£1 pref.	9/3	Nil	Nil	9/6	7/9	3/6	3/6
2/6 ord.	3/-	Nil	Nil	7/10½	1/9	6/6	2/9
Crystalate—							
10% pref.	11/6	8%	£6/19/2	10/8	8/3	11/9	8/6
1/- ord.	1/10½	25%	13/33%	3/1½	1/7½	3/-	1/2½
Dulcet-Polyphon—							
£1 pref. ord.	3/6	Nil	Nil	7/6	1/6	4/9	2/6
1/- ord.	6d.	Nil	Nil	6d.	5d.	...	...
Pye—							
£1 pref. ord.	29/-	10%	£6/6/-	23/-	19/3	29/-	21/6
1/- def. ord.	16/-	125%	£7/16/3	9/9	6/-	16/-	9/3
E. K. Cole—							
£1 pref.	16/9	7%	£8/7/2	17/6	15/-	17/1½	10/-
5/- ord.	11/-	40%	£18/3/7	13/7½	10/-	17/9	8/9
Kolster Brandes—							
£1 ord.	7/3	Nil	Nil	9/3	1/9	...	...

There is no uniformity between the prospects of the gramophone and wireless markets. The latter is not near "saturation point," although the five-millionth receiving licence was recently sold. As costs of production and selling prices are further reduced, the range of the market should be extended. Whether the "all-mains" set, and not the "battery-operated" set, will be the dominant model of the future, and whether the wireless receiving sets will develop into television sets is immaterial, for the existing companies will all be interested in the marketing end, and cannot fail to derive benefit from the popularisation of any new development. As regards the gramophone trade, it would seem more likely that a temporary saturation point was reached in 1929. The market for new machines would seem to be developing in the radio-gramophone line, a less extensive field than in the past. The wireless will no doubt continue to act as an advertising medium for the popular dance records, but it remains to be seen whether demand has been permanently limited by the recent development of wireless in the home.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
November 22.	November 24.

MARKET optimism was sharply checked by the results of two false diagnoses. In the first place, the "stags" of last week's 3 per cent. Conversion Loan, having become accustomed after recent War Loan operations to think in thousands of millions, forgot that £300,000,000 was a sufficiently heavy offering to test the digestion of the strongest market. Having greatly over-applied, they were dismayed to receive a 70 per cent. allotment on applications over £5,000. On Thursday the scrip touched 2½ discount, while the expected sales of the longer dated stocks depressed prices throughout the gilt-edged list. The market's second faulty diagnosis was made in respect of the American elections, many speculators correctly forecasting a sweeping Roosevelt victory, but misinterpreting its immediate effect on the American market. Considerable anticipatory deals in international stocks were hastily undone on Wednesday evening and Thursday morning, dullness in the more speculative counters being accentuated by the downward tendency of cotton and metal prices. It was generally hoped, however, that the reaction would not go far, in view of Wall Street's subsequent recovery. The weakness of gilt-edged stocks was particularly well marked as regards the "longs," including Assented War Loan and Old Consols. India Loans declined in sympathy, and Dominion stocks were easier, the new South Africa scrip being extensively offered.

The foreign bond market was inactive, an unsatisfactory feature being the sharp marking down of Japanese bonds, for reasons discussed in an Investment Note on page 893. Chinese bonds were dull and South American stocks idle. A moderate demand for German bonds, on the absence of sensational developments in the elections, found the market somewhat depleted of stock.

For the second week in succession the home railway traffic figures made an improved showing, and prices were further helped by the decline in national unemployment in October. Special attention was given to Southern issues, the possibilities of a large increase in South Coast residential traffic, after the opening of electrified services, being widely canvassed. A fresh batch of unfavourable earnings' figures checked an incipient recovery in Argentine rails, but San Paulo were firm, in sharp contrast to other Brazilian stocks. Canadian Pacific (whose earnings' prospects are discussed on page 893) were heavy on the American reaction.

Industrials were firm at the beginning of the new account, many investors seeking shares with stable dividend prospects to offset the low yields obtainable on gilt-edged stocks. Textile shares were supported on the resumption of work in Lancashire spinning factories. Breweries showed strength on exaggerated expectations of a repeal of the Volstead Act, and international issues were purchased in hopes of a burst of American activity after the election. Disappointment subsequently caused a sharp reversal of the trend, and the whole market became more subdued. Iron and steel shares, however, which had been in fair demand from the provinces, largely held their ground, and electrical shares remained in favour. Shipping shares were more active than for some weeks past, Cunard rising and reacting, respectively, on the revival and official denial of rumours of a resumption of work on Ship Number 534. P. & O. were sold on dividend fears. Bank shares became irregular as gilt-edged values declined, but insurance shares were scarcely changed, after many had gone ex dividend.

The Continent was an active buyer of oil shares at the outset, but quickly changed its tone in mid-week, when leading issues were freely offered. A conservative estimate of trade prospects is given on page 896. Dealings in rubber shares tended to expand, the firmer tendency of the commodity encouraging a moderate demand for a small floating supply of shares. Business in the tea share market remained restricted, but a statement that restric-

tion negotiations were proceeding without undue delay was sufficient to maintain values.

The Mining share market opened cheerfully, with a steady flow of buying orders from Paris. Sentiment, however, subsequently made the same *volte face* here as elsewhere, and prices reacted. The undertone in gold-mining shares, however, remained firm, Kleinfontein holding the greater part of an early advance, while Brakpan were bought from Johannesburg on a cabled announcement of a rich "strike." Rhodesian shares advanced on hopes of an early application of the Ottawa copper duties, but reacted later. Tinto, similarly, were sold when the price of copper fell in mid-week. Tin shares remained quiet. Turnover in West Australians was greatly reduced, although Wiluna remained firmer.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Nov. 3, 1932.	Nov. 4, 1932.	Nov. 5, 1932.	Nov. 7, 1932.	Nov. 8, 1932.	Nov. 9, 1932.	Nov. 10, 1932.
Government and Municipal Loans	1,836	1,945	885	1,777	1,768	1,806	1,676
Transport, Communications, and Public Utilities	1,131	1,354	605	1,168	1,301	1,265	1,134
Commercial and Industrial	2,591	2,979	1,343	2,615	2,818	2,713	2,446
Banks, Insurance and Financial	717	731	297	619	626	580	591
Mines (including Nitrate)	771	1,008	445	892	1,027	906	771
Oil	171	202	113	232	170	194	157
Rubber, Tea and Coffee	200	185	68	133	158	148	87
Total	7,417	8,404	3,756	7,436	7,863	7,612	6,862

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932. (Nov. 8.)	Lowest of 1932. (June 1.)	Nov. 3, 1932.	Nov. 4, 1932.	Nov. 5, 1932.	Nov. 7, 1932.	Nov. 8, 1932.	Nov. 9, 1932.	Nov. 10, 1932.
67.2	51.3	66.0	66.0	66.1	67.1	67.2	66.9	66.4

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.

(1928 = 100.)

Highest of 1932. (Nov. 2.)	Sept. 30, 1931.	Nov. 3, 1932.	Nov. 4, 1932.	Nov. 5, 1932.	Nov. 7, 1932.	Nov. 8, 1932.	Nov. 9, 1932.	Nov. 10, 1932.
127.4	90.6	127.4	127.2	127.0	126.6	126.3	125.8	125.2

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets were firm up to the eve of Tuesday's election, but turned dull after the results were known. Mr Roosevelt's victory had been hopefully discounted, but his unexpectedly large majority in the Electoral College revived a certain disquietude over the possibility of radical changes by the prospective administration. On Thursday the market turned active again with two to four point rises. Wednesday's selling, in any case, was largely technical, profit-taking being general after a wholesale speculative rise. Business prospects remain doubtful. Steel operations rose last week to 21 per cent. of capacity, and Steel Corporation unfilled orders were 11,950 tons higher in October. Some of the automobile producers are expediting orders in connection with the production of new models, but demand is not encouraging. Last month's sales of General Motors were only 5,800 units, this being the lowest figure in the Corporation's history. Car loadings in the last week of October showed a full seasonal decrease of 24,531, the week's total being 617,500 cars. The current earnings statements of the larger companies, though no worse than had been widely expected, are inevitably acting as a damper on sentiment. The New York Central suffered a third quarter's loss of \$4,401,000 against a surplus of \$225,000 in the corresponding quarter of last year, the Radio Corporation a loss of \$812,000 against a profit of \$1,319,000, and the Lehigh Valley a loss, after charges, of \$2,036,000 against a loss of \$1,239,000 last year. The market is now realising the extent to which national income and taxable capacity have been reduced, and is keenly aware that institutions

like the weaker railroads cannot live indefinitely on official assistance. Mr Roosevelt is credited with a determination to close up the Budget deficit, but has obviously a heavy task before him. Meanwhile, the market may remain sensitive to near factors like the weakness of cotton and wheat prices.

	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.		Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.
U.S. 3½% T. Rds.	102½	102½	101½	Natl. Biscuit	35½	34½	40
Lb. Ln. 3½% '32-47	101½	101½	101½	Phelps Dodge	20½	19½	21½
Do. 4½% '32-47	102½	102½	102½	Pullman	20½	19½	20½
Do. 4½% '33-38	103½	103½	103½	Sears-Roebuck	18½	16½	20½
Atchafalpa	42½	36½	43½	Studebaker	5½	4½	5½
Ches. & Ohio	23½	20½	24½	Un. Fruit	19½	18½	22½
Erie	6½	5½	6½	U.S. Leather	4½	4½	4½
Illinois Central	15½	13½	15½	U.S. Rubber	5½	4½	5½
N.Y. Central	23½	19½	25½	U.S. Steel	35½	32½	37½
Pennsylvania	14½	12½	15½	Westinghouse	25½	22½	27½
Southern Pacific	19½	15½	20½	Woolworth	36½	35½	39½
Southern Ry.	8½	7½	8½				
Union Pacific	64½	58½	69½	Am. Tel. & Tlg.	103½	99½	107½
Am. Can.	51½	48½	54½	Interboro R.T.	4½	3½	4½
Amer. Smelting	14½	13½	16½	Int. Tel. Teleg.	9½	8½	10½
Anaconda	8½	8½	10½	Radio Corp.	6½	6½	7½
Bethlehem Steel	17½	16½	19½	Utilities P. & L.	4½	3½	4½
Chrysler Motor	14½	12½	16½	W. Union Tlg.	28½	25½	32½
Corn Prods. Rf.	50½	46½	53½				
Eastman Kodak	49½	47½	53½	Associated Gas "A"	2½	2½	2½
Gen. Electric (New)	15½	14½	17½	Pan.Amer. B.(New)	11½	12½	12½
Gen. Motors	12½	12½	15½	Shell	14½	13½	14½
Int. Harvester	21½	18½	22½	Shell Union	6½	6½	6½
Mont. Ward	11½	10½	13½	Std. California	24½	23½	26½
				Do. N.J.	30½	29½	31½

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Be-ginning of Year.	Nov. 9.
337 Industrials	98.2	174.1	51.5	114.7	52.2	43.8
33 Rails	89.1	145.6	31.7	105.7	32.2	24.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	74.8
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	45.8
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	6.00%

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

Highest of 1932. (Sept. 7.)	Lowest of 1932. (June 27.)	Nov. 2, 1932.	Nov. 3, 1932.	Nov. 4, 1932.	Nov. 5, 1932.	Nov. 7, 1932.	Nov. 8, 1932.	Nov. 9, 1932.
72.3	35.2	52.7	49.8	53.0	54.0	56.1	•	53.6

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Nov. 4, 1932.	Nov. 5, 1932.	Nov. 7, 1932.	Nov. 8, 1932.	Nov. 9, 1932.	Nov. 10, 1932.
Stock Exchange—Shares (Thous.)	1,000	500	1,600	Election Day	1,300	1,600
Bonds (Value Thous. \$)	7,000	3,400	8,200		8,200	7,400
Curb—Shares (Thous.)	150	70	200		180	200

* 2-hour session.

(Continued on page 892.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

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September, when it was sharply checked. Though the improvement has not been fully maintained, it is believed that Canadian farmers, whose financial position leaves much to be desired, will press forward their crops to the utmost extent. The table given below shows estimated earnings for the C.P.R. system for the whole year, by comparison with the actual figures for 1931. It is based on the assumption that higher traffic during the remainder of this year will reduce the total fall in gross earnings to the neighbourhood of \$15,000,000, and the decline in the net figures (which was \$2,260,000 for the nine months ended September) to approximately \$1,000,000. These assumptions err, probably, on the side of optimism:—

	1931. (Actual).	1932. (Estimated).
Gross earnings	142,337,648	127,000,000
Working expenses	116,654,776	102,500,000
Net earnings	25,682,872	24,500,000
Special income	10,951,964	5,000,000
Deduct fixed charges	36,634,836	29,500,000
Surplus	14,584,472	6,500,000
Contribution to pension fund	750,000	750,000
Earned for dividends	13,834,472	5,750,000
Preference dividends	5,410,697	5,500,000
Earned for ordinary	8,423,775	250,000
Paid on ordinary	16,750,000 (5%)	?
Balance chargeable to surplus	8,326,225	?

We have allowed for a fall of approximately \$6,000,000 in special income. This item was obtained last year, as to \$488,000 from steamers, \$1,624,000 from telegraphs, hotels and rentals, and \$8,840,000 from investments, securities, interest, etc. Receipts under the first head, this year, may be negligible, if not negative. Under the second, they can scarcely amount to much more than \$1,000,000. Under the third, a reduction to around \$4,000,000 would not appear excessive. We have allowed for an increase of less than \$1,000,000 in fixed charges, although the increase in 1930 was \$3,011,000, and in 1931 \$2,890,000, while in March last the company issued \$12,500,000 of 6 per cent. ten-year collateral trust convertible bonds. On this showing, the preference dividends should be covered (chiefly by "special income"), but earnings for the common stock will be negligible. If this forecast proves near the mark, the board may not deem it advisable to draw upon the company's large reserves to pay a dividend, unless some unexpected windfall comes as an appropriation-in-aid of special income, as it did two years ago, or a considerable recovery in Canadian prosperity can be reasonably anticipated in the next few months. The present market quotation for the shares seems heavily to discount hopes of directorial generosity.

United Africa.—A remarkable recovery has been shown by the United Africa Company, the merger of African and Eastern Trading Corporation and the Niger Company. Excluding depreciation, tax and directors' fees, a trading loss for the year ending April, 1931, of £949,940 has been converted into a trading profit of £397,045. The directors give no explanation of the recovery, but shareholders may

attribute it generally to the improvement in commodity values, which has allowed the writing up of stocks. The shareholders of African and Eastern Trade Corporation (whose capital reconstruction scheme is described on p. 892) may be painfully surprised by this recovery. In December, 1931, the capital of the United Africa, in which they held a half-interest, was written down from £15,731,600 to £7,500,000. Subsequently a further 3,500,000 shares of £1 were issued, of which the African and Eastern could only subscribe for 500,000, leaving the Lever group to subscribe 3,000,000. This had the effect of reducing the interest of African and Eastern to 20 per cent. and raising the Lever interest to 80 per cent. Further, the African and Eastern lost their equal vote in the affairs of the company. The trading results for the past two years are shown in the following table:—

	Years to April 30. 1931.	1932.
Trading results	Dr. 949,940	397,045
Depreciation	272,899	269,213
Directors' fees	2,983	2,883
Employees' fund	32,601	26,124
Subsidiary company's income tax	13,171	17,152
Written off	16,529	Nil

Earned for dividends

Dividends

Carry forward

The balance sheet of the company is not informative. The effect of the writing-down of capital is shown by the reduction of fixed assets from £12,825,901 to £6,477,516. Stocks are practically unchanged at £5,177,719. Cash and bills receivable have risen from £268,112 to £503,488. The improvement in the United Africa results has the effect of improving the cover for the African and Eastern "A" preference share dividends. Under the arrangement with Lever Brothers, African and Eastern have a prior claim on profits (if available) up to £18,000 to pay the dividend on their "A" preference shares of £1. In June the directors deferred payment of the half-year dividend on the "A" preference shares until the accounts of United Africa had been received. Now that the United Africa is paying a dividend of $\frac{1}{2}$ per cent., it is hoped that the African and Eastern will be able to pay their arrears of dividend on the "A" preference shares, which are quoted in the market at $\frac{1}{2}$ - $\frac{1}{4}$.

Birmingham Small Arms.—The report and balance sheet of the Birmingham Small Arms Company reveals a sorry state of affairs. After crediting rents, interest, and making full allowance for depreciation, trading losses were £331,675. In addition £356,971 has been written off stocks to cover depreciation due to abnormal trading conditions, bringing the total deficit up to £688,647, as against £112,944 last year. The transfer of £500,000 from general reserve, with £77,319 brought in, reduces the deficit to £111,328, but when debenture interest and sinking fund are added, a debit balance of £220,609 remains to be carried forward.

	(Years ended July 31st.) 1930.	1931.	1932.
Profit	£	£	£
Debenture interest	242,276	Dr. 112,944	Dr. 688,647*
Net profit	94,250	91,250	109,281†
Preference dividend	148,026	Dr. 204,194	Dr. 797,928
Ordinary dividend— Amount	24,174	23,784	...
Earned %	109,088	...	...
Paid %	5-6	...	...
From reserve	5	...	...
Inc. or dec. in carry forward	...	...	Dr. 500,000
	...	+14,764	-227,978 -297,928

* Including £356,971 written off stocks.
† Including £20,000 to Debenture sinking fund.

The directors attribute the losses of the company to the decline in the home and overseas demand for high-priced touring cars and motor cycles. At the close of the year the company embarked on a new programme of smaller cars, and have obtained sufficiently substantial orders to keep the factories at Small Heath and Coventry fully engaged. As the iron and steel using trades, as a whole, however, are still in the throes of depression, it seems fair to presume that the results for the current year will not show any phenomenal improvement.

Australasian Land Companies.—The report of Dalgety and Company for the year to June 30th last, leaves a satisfactory impression. "The net result was an almost complete disposal of a clip of record proportions," with prices in Australian currency a shade better than the previous year. Australia on the whole enjoyed a satisfactory season, and New South Wales an exceptional one, but conditions in New Zealand were affected by drought. Profit is down from £801,895 to £676,376, and if the cost of exchange depreciation is deducted, there remains a considerable net loss after all charges have been met. The ordinary dividend is reduced from 7 per cent. to 5 per cent., tax free. The exchange losses are again met by a transfer from contingency reserve, but other reserves, totalling £1,500,000, are still equal to the issued ordinary capital, and the list of investments is impressive. The company should have little difficulty in riding out the depression.

	Year to June 30. 1930.	1931.	1932.
Profit	£ 927,222	£ 801,895	£ 676,376
Expenses	430,273	424,797	396,979
Directors' fees	9,855	4,198	2,625
Taxes	111,939	81,990	61,171
Exchange	...	67,729	175,177
Staff	25,000	25,000	10,000
Debenture interest	139,209	162,440	161,494
Net profit	210,946	35,741	Dr. 131,070
Brought forward	227,942	238,888	212,358
Preference div.	25,000	25,000	25,000

Ordinary dividend— Amount	150,000	105,000	75,000
Earned %	12-4	0-7†	Nil
Paid %	10	7	5
Premises	25,000	...	...
Carried forward	238,888	212,358†	156,464‡

* Tax free.
† After charging cost of exchange.
‡ After crediting £67,729 from contingency reserve to cover cost of exchange.
§ After crediting £175,177 from contingency reserve.

Australian Mercantile, Land and Finance reports that on the whole it has had a satisfactory season. Net profit has increased from £61,725 to £92,438 and the directors have ventured to declare a dividend of 2 per cent., tax free, absorbing £28,000. Last year £25,000 was allocated to reserve. The New Zealand and Australian Land Company shows somewhat improved results, but is unable to pay an ordinary dividend, which last year amounted to 2 per cent. The loss from working properties has been reduced from £90,101 to £57,439 as a result of lower costs and a reduction in drought expenditure, but income from investments is down from £36,324 to £24,338. The net loss for the year is £10,357, compared with £74,183. The sum of £46,000 has been transferred from contingency reserve to enable the preference dividend to be met. Results, in every case, are decidedly better than could have been anticipated twelve months ago.

Rhodesia Railways Moratorium.—The moratorium proposals of these railways, though unwelcome, should scarcely have come as a surprise to the market. Although for the financial year to September 30th last Rhodesia Railways succeeded in meeting its debenture charges with something to spare, the Mashonaland Railway showed a net loss of £244,339. In January last the boards of the two companies notified debenture holders that, drastic economies notwithstanding, the stage had been reached when net revenues were inadequate to meet debenture interest without drawing on accumulated reserves. In April Lord Plender began an investigation of the finances of the group, and a scheme of management is now submitted, based on his report. No less than £20,589,903 of stock is involved. The interest falling due after November 1, 1932, and before November 2, 1935, is to be met only out of net income. Interest on £252,870 3 per cent. debentures and £3,996,333 4 per cent. debentures of Rhodesia Railways and £2,560,000 5 per cent. guaranteed debentures of the Mashonaland Railway is to

be met under guarantee by the British South Africa Company, the advances carrying interest at 6 per cent., and being refunded as net revenue permits. Debenture interest in arrear is to carry interest at 6 per cent. During the moratorium no part of the loan of £276,679 made to the Mashonaland Railway by the Rhodesia Railways Trust is to be repaid, current interest being added to principal. Two nominees of the debenture stock trustees are to be appointed additional directors of the two companies. The British South Africa Company and the Rhodesia Railways Trust have both approved the scheme. The Trust holds virtually the whole of the share capital of Rhodesia Railways (£8,000) and of the Mashonaland Railway (£450,000), and in addition an unstated proportion of their combined debenture stocks. In 1930-31 the Trust received £165,813 from Rhodesia Railways and £91,661 from the Mashonaland Railway, including £69,265 accrued interest. The British South Africa Company, besides being a guarantor for both lines in respect of certain stock, holds 1,740,151 £1 ordinary shares out of 2,005,767 shares issued, of the Rhodesia Railways Trust, which paid a dividend of 5 per cent. tax free for the eighteen months to September 30, 1932. The income of the British South Africa Company will be proportionately reduced if the Trust is compelled to pass future dividends. In addition, its liabilities under guarantee will involve a moratorium sum of £295,000 a year. Whether any appreciable portion of these payments will come back to the company, via dividends of the Trust, depends on the extent of the latter's holdings of the railways' debentures.

Trinidad Leaseholds.—An increase of no less than 45 per cent. has been shown by Trinidad Leaseholds in trading profits, before depreciation, for the year ended June, 1932. This is to be attributed partly to a reduction in working costs but mainly to the increased revenue in sterling obtained on sales effected in United States currency. The following table gives a comparison of the results for the past two years:—

	Year ending June 30. 1931.	1932.
Net profits	£ 349,727	£ 499,079
Overhead expenditure	18,786	29,230
Depreciation	208,236	208,307
Income tax	95,000	42,000
Net balance	27,705	219,542
Earned %	2-11	16-74
Paid %	5	7‡
Reserve and write-offs	112,705	21,750
Carry forward	30,151	63,999

The products sold in the last financial year amounted to 855,826 tons, as against 858,984 tons in the previous year. The current year's trading should begin to reflect the results of the distribution of petrol in Great Britain, which was undertaken in July, 1930. The sales of the company's motor spirit have greatly increased, particularly as the bulk of the company's sales are in its "Regent" brand, which sells at 1s. 5½d. as against 1s. 7½d. for the No. 1 petrols of the combines. The balance sheet shows a liquid financial position, cash and Government securities having increased from £275,500 to £511,500.

OFFER TO NEW READERS.

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

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American Oil Company Reports.—The reports of American oil companies for the nine months this year show a considerable improvement on those of the corresponding period of 1931. The earnings of some of the leading oil companies are given in the following table:—

	1931 Earnings.	Per Com- mon	1932 Earnings.	Per Com- mon
	9 Months.	Share.	9 Months.	Share.
Standard Oil of California	11,941,787	0.91	12,012,544	0.92
Phillips Petroleum	2,410,253	...	374,508	0.09
Union Oil of California	3,200,000	0.73	2,728,000*	0.63
Atlantic Refining	2,771,400	...	4,248,000	1.58
Continental Oil	9,484,163	...	75,200*	0.02
Shell Union Oil	23,709,991	...	Dr. 3,098,020	...

* Estimated figures.

In the case of Shell Union earnings, the figures are exclusive of a profit of \$6,051,668 obtained from the purchase below par of the company's own debentures. The improved trading results are attributable to the fact that oil prices have been at a higher level this year both as regards crude oil and refined oil products, as the following figures will show:—

	Present Price.	Average Price. 1931.
Crude oil—		
Mid-Continent crude, 36 gr. per barrel	0.92*	0.67
California crude, 25 gr.	1.97	1.81
Gasoline—		
Mid-Continent refinery, cents per gallon	4.625c.	3.45c.

* This price was recently increased to \$1.04 per barrel by certain companies. The increase has not yet been made by two of the large Standard Oil companies.

It should be appreciated that still better results would have been shown if gasoline consumption had not declined somewhat sharply in the third quarter of this year. It is estimated that the total decline of gasoline consumption in America this year will be from 10 to 15 per cent. Unless, therefore, crude oil production is restricted to keep pace with the decline in consumption, a reaction in oil prices is not impossible. It is disappointing to find that the Federal Court in Texas has held that the restriction orders are invalid in the East Texas field because they are designed to prevent economic as against physical waste. A special session of the Texas Legislature is therefore being called to pass legislation designed to restrict crude oil production to market demands. Restriction is not likely to be abolished in America, but much more drastic curtailment of output will have to be enforced if supply is to be balanced with a falling consumption.

South African Colliery Results.—Our mining correspondent writes:—Depression in South Africa finds eloquent testimony in the account of two colliery enterprises published this week. The Wankie (Rhodesia) has suffered especially by reason of its reliance upon the railways and the Northern Rhodesian-Congo copper industry—which are to a considerable extent inter-dependent. Last year's coal sales amounted to 433,600 tons, as against 576,400 tons in 1930-31 and 855,100 tons in the twelve months ended August 31, 1930. Of the decrease shown for the latest session the Belgian Congo was chiefly responsible, the railways coming next. At 15,539,000 tons, the proved coal reserves are up by 4,241,000 tons. The difference is accounted for by the inclusion in the estimate of No. 2 colliery, which provided about one-third the tonnage extracted in 1931-32. In view of the year's profit of £79,500, in place of £139,800, and an increased taxation figure of £34,600, the payment even of 5 per cent. (as against 12½ per cent.) entailed a small draft upon the carry-forward. Incidentally the terms in which this distribution is referred to in the directors' report are liable to give an erroneous impression. Wankie 10s. shares are quoted on the Stock Exchange at about 12s. 6d. The Witbank Colliery, of course, is chiefly concerned with the requirements of the gold industry of the Transvaal. These, doubtless, have been fairly well maintained, but last year a reduction occurred in the demands for the South African

railways and for export purposes. Thus the net profit declined by £13,100 to £40,900, necessitating a cut of 8½ per cent. to 6½ per cent. in the dividend rate. By the redemption of a further £15,000 the debentures outstanding have been reduced to £105,000. The consulting engineer reports that coal of standard quality and thickness continues to be opened up in both sections of the mine. Witbank shares are held by leading Kafir groups.

De Beers' Results.—The last De Beers' figures inevitably reflect the year's unfavourable developments in the diamond industry. Operations previously restricted were discontinued altogether on the productive side at the end of March. Diamond sales over the year fell off by more than half, while "other income," which in 1930-31 had shown a noteworthy expansion, fell below the level of 1929-30. Expenditure on mining was substantially lower, but owing to the increase of the De Beers' commitments in connection with leased companies, interest on shares and debentures absorbed £194,830, against £140,660. Thus, the previous year's modest profit was replaced by a loss. Naturally, no dividend could be paid on either class of capital. The last distribution on the deferred was 5s. in respect of the first half of 1929-30, and the interest on the preference shares is in arrears since December, 1930. Our usual comparison is appended:—

	1929.	Year ended June 1930.	1931.	1932.
Diamond sales	3,255,790	3,262,670	679,550	307,820
Other income	554,000	535,810	750,240	445,520
Expenditure, depreciation, &c.	1,761,780	1,671,570	1,296,050	895,820
Net profit	2,047,010	2,126,910	133,740	142,480*
To taxation	303,250	302,590	...	...
Dividend on deferred shares	817,890	...	...	...
Rate per share	15/-	...	...	...
To reserves	250,000	...	...	...
Carried forward	377,400	1,401,720	1,535,460	992,980

* Loss.

No particular change is shown in the balance sheet as regards the company's holdings in associated concerns, but the other investments have risen from £875,800 to £993,100. Advances to allied undertakings have apparently increased to a substantial extent, though the form in which the accounts are drawn up precludes exact comparison. The diamond industry of South Africa is now well consolidated, and will derive immediate benefit from any improvement in trade. In the past few months some recovery has occurred both in the demand for and in the price of the stones, more especially those used for commercial purposes. A real change for the better, however, must await more settled conditions in the United States, the chief market for the company's products. The £2 10s. preferred shares are quoted around £7 10s., the deferred at £4 7s. 6d.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—London Maritime Investment, Consolidated African Selection Trust, North British Rayon, and Electric and Musical Industries. At the annual meeting of North British Rayon, Mr Ernest Walls discussed the encouraging results in the company's first year of full-scale working, during which the first six months had been characterised by heavy non-recurring expenditure. New plant during the past two years had cost over £24,000. Ample sums had been placed to depreciation and the company was prepared to take advantage of the first sign of revival. At the annual meeting of London Maritime Investment, Sir Vernon Thomson stated that a valuation of the investments as at September 30, 1932, showed an aggregate depreciation of about £50,000, against which the company had a reserve fund of £250,000.

CAPITAL ISSUES.

The partial embargo on new issues remains, although the Chancellor of the Exchequer informed the House of Commons, on Tuesday, that the question of its further relaxation was under consideration. The unfavourable trend of gilt-edged prices and the undigested condition of the "staggered" portion of the Three per Cent. Conversion Loan would in any case have explained the absence of any new trustee issue this week. The list of offerings includes two "straight" issues and two important Stock Exchange "placings." Hambros Bank and Erlangers offered debenture stock of *Olympia, Limited*, redeemable by drawings within thirty-one years, and yielding £4 4s. 3d. per cent. flat and £4 9s. per cent. to middle redemption date. The stock is secured by a first specific charge on freehold properties valued at nearly 2½ times its nominal amount and a floating charge on other assets, in a company which has been ably managed from the outset. The debenture is a sound "property" stock, offering a reasonable yield in its class. The secured debentures of the *Carlton Main Colliery Company, Limited*, which offer a flat yield of £6 2s. 5d. per cent. and a yield to middle redemption date of £6 4s. 1d. per cent., are less well secured, being part of a maximum total of £1,000,000 entitled to a first floating charge over net assets valued last March at £4,054,000. Of the latter figure, however, £2,085,000 was represented by collieries and other properties (mainly leasehold), and £1,674,000 by investments in subsidiary and associated companies at cost. The company, however, has been a steady profit-earner, even during the depression, and the present issue is mainly of a conversion character. *Amalgamated Anthracite Collieries, Limited*, whose ordinary shares have recently been active in the market, have placed a large line of 5 per cent. first mortgage debenture stock, at 98, less 1½ per cent. commission, mainly to fund bank loans. *Marston, Thompson and Evershed, Limited*, the Burton brewers, have placed a smaller line of 4½ per cent. redeemable debenture stock at 95 per cent., less 1 per cent. commission and ½ per cent. brokerage. The stock is adequately but not generously covered. The method of "placing," though convenient to borrowers in some respects, appears to be somewhat costly, judging by the margin between the "placed" price and the level at which market dealings take place. The *Amalgamated Anthracite* debenture, for example, for which the company received, net, only 96½ per cent., was dealt in this week at 99 to 100.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Nov. 5, 1932, excluding conversions, £177,460,729.
Total recorded, Jan. 1 to Nov. 5, 1932, including conversions, £765,614,031.

National Savings Certificates. Net receipts, week ended Nov. 5, 1932, £50,000.

	Nominal Capital.	Conver- sions.	New Money.	First Payment.	Further Liability.
To the Public.					
Carlton Main Colliery 6% debts.	450,000	441,000	950,000	22,500	418,500
Olympia 4% debts. at 95%	1,000,000	...	...	50,000	900,000
Total	1,450,000	441,000	950,000	72,500	1,318,500

	Nominal Capital.	Conver- sions.	New Money.	First Payment.	Further Liability.
To Shareholders only.					
Appollonia Gold Fields, 500,000 shares, 1s. each	25,000	...	25,000	12,500	12,500
British Borneo Petroleum, 333,340 shares, 6s., at par	100,002	...	100,002	100,002	...
Total	125,002	...	125,002	112,502	12,500

	Including Conversions.	Excluding Conversions.	Whole year—	1931	1930	1929	1928	1927	1926
Jan. 1 to date	767,130,033	178,585,731	1931	114,290,665	102,044,291	...	...	...	...
1932	108,184,979	97,507,994	1930	454,888,784	267,800,700	...	...	...	...
1931	411,903,436	230,147,805	1929	488,764,940	285,239,400	...	...	...	...
1930	250,114,038	211,788,438	1928	693,100,056	369,058,073	...	...	...	...
1929	510,687,191	336,657,460	1927	...	230,782,600	...	...	...	...
1928	307,087,011	...	1926	...	232,214,500	...	...	...	...
1927	199,953,490	...	1925	...	209,326,101	...	...	...	...
1926	202,340,376	...	1924	...	...	...	...	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference.	Ordinary.	Total.
January 1 to date	8,950,682	3,838,718	178,585,731	...
1932	165,796,331	16,876,786	97,307,994	...
1931	73,659,349	21,821,309	230,147,805	...
1930	192,676,858	15,649,638	...	...
Whole year—	74,835,599	6,911,859	20,296,833	102,044,291
1931	227,658,500	15,548,800	24,593,300	267,800,600
1930	137,670,300	31,543,400	116,025,700	285,239,400
1929	218,817,900	45,062,600	111,177,600	369,058,100
1928	228,958,000	36,836,600	98,381,400	355,165,970
1927	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

	Capital Introduced.	Price Dealing Began.	Cash Involved.
Amount previously recorded	9,661,750	...	10,635,607
Associated Newspapers, 4½% ten-year notes at 98½	1,325,625	101½	1,522,750
Selfridge Provincial Stores, 5% deb. stk. at 101%	656,500	102½	664,625
Birmingham and District Investment Trust, 4½% deb. stk. at par	600,000	101	606,000
Total, week ended November 5, 1932	2,582,125	...	2,793,375
Total to date, 1932	12,243,875	...	13,428,982
Total to date, 1931	8,757,183	...	8,883,558

Public Offers.

Olympia.—Offer for sale of £1,000,000 4 per cent. first mortgage debenture stock at £95 per cent. by Hambros Bank and Erlangers. The company was incorporated in April, 1929, to acquire the freehold land and buildings known as Olympia and other properties. Notice of repayment of an existing mortgage amounting to £500,000 has been given, while £200,000 will be applied to making advances to the company's wholly-owned subsidiary, Kensington Property Company. Profits of the company after charging working expenses and depreciation, but before deducting interest on the above-mentioned mortgage and income tax, were:—April 18, 1932, to December 31, 1929, £69,437; 1930, £137,447; 1931, £142,867. The annual service of the present debenture issue will be £57,831.

Carlton Main Colliery Company.—Offer of £450,000 6 per cent. secured debentures at £98 per cent. The purpose of the issue is to provide part of the sum required to repay the 6½ per cent. notes. Holders of the notes were given the right up to November 9, 1932, to exchange up to 90 per cent. of their holdings for a similar amount of the present debentures, plus a cash payment to adjust capital and interest differences. A sinking fund will provide for the redemption of the debentures by March 31, 1957. Messrs. Higginson are authorised to receive applications. For the past three years profits after depreciation have been £155,511, £147,172, £130,873. Average profits, covered debenture interest 2½ times.

Romford Gas.—Issue by tender of £60,000 4 per cent. redeemable preference stock, minimum price £102½ per £100 stock, redeemable at par on January 1, 1958. The flat yield at the minimum price is £3 18s. per cent.

Stock Exchange "Introductions."

Marston, Thompson and Evershed.—Particulars of an issue of £225,000 4½ per cent. redeemable debenture stock, redeemable by sinking fund not later than March, 1972. The company has the option to redeem at any time after December 31, 1942, at 102½ per cent. Net profits for the past four years have been: 1928-29, £121,161; 1929-30, £131,747; 1930-31, £114,211; 1931-32, £107,578. The stock has been placed with the Law Debenture Corporation at 95 per cent., less 1 per cent. commission and ½ per cent. brokerage.

Amalgamated Anthracite Collieries.—Particulars of an issue of £1,500,000 5 per cent. first mortgage debenture stock, redeemable by sinking fund by January 15, 1965, at 102½ per cent. The company has the right to repay on or after January 15, 1938, at 103½ on six months' notice. The stock has been acquired by Messrs. Laing and Cruickshank and Messrs. Cohen, Laing, Hoare at 98 per cent., less commission of 1½ per cent. Profits were: 1929, £512,950; 1930, £621,488; 1931, £471,022.

Forthcoming Issues.

Cork Manufacturing.—An extraordinary general meeting is to be held on November 23rd to consider resolutions that:—(1) the capital be increased to £100,000 by the creation of 100,000 preference 5s. shares; and (2) the articles of association be amended.

North Eastern Electric Supply.—A meeting of the North Eastern Electric Supply Company, Limited (formerly the Newcastle-upon-Tyne Electric Supply Company, Limited), is to be held at the company's office in Newcastle on November 15th, at 11 a.m., to approve an increase in the capital by the creation of 660,000 new £1 ordinary shares. A circular to shareholders states that an issue is necessary in order to provide funds to meet expenditure on the company's business.

London County Freehold and Leasehold Properties.—The directors propose to increase the capital to £3,000,000 by the creation of an additional 1,000,000 shares of £1 each. The amount and terms of the new issue have not yet been decided on, but it is contemplated that not more than 500,000 shares will be offered in the first instance.

Price's Tailors.—Subscription list opens on Tuesday next for issue at par of 500,000 7 per cent. cumulative preference shares of £1 each.

COMPANY MEETINGS, &c.

As to the outlook for the undertaking, the two companies had been organised to trade internationally, and it was the accumulated earnings from all countries which had given them in the past a handsome total of profits. It was not sufficient for them to make profits in a few countries only, from the profits of which must be deducted the losses made in others. That meant that, until the

principal countries returned to more normal conditions the two companies would be handicapped with regard to substantial earnings. When that time came, as they believed it surely would come, he had no doubt that they would prosper as in the past, endowed as they were with their great experience and man power derived from the merging of the two largest concerns in the industry. The report and accounts were adopted.

CONSOLIDATED AFRICAN SELECTION TRUST, LIMITED.

IMPROVED DIAMOND OUTLOOK.

The eighth annual general meeting of Consolidated African Selection Trust, Limited, was held, on the 8th instant, at Mason's Avenue, London, Mr A. Chester Beatty (the Chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: The profit and loss account shows a balance of £86,562, representing our net profit for the year, and out of these earnings we have been able to continue the payment of half-yearly dividends. After making the various deductions, we have a credit balance of £51,123 to carry forward for the current year. On August 4, 1931, we paid a dividend of 1s. per share, and on February 4th of this year a dividend of 6d. per share. Since the close of the financial year we paid a dividend of 6d. per share on August 4th.

Speaking with a considerable experience of the diamond market, I am glad to say that I see certain signs of improvement in that industry, and unless the progress now being made is interrupted by untoward events, I feel that good grounds exist for believing that the diamond trade has turned the corner. A very satisfactory indication, and one which directly affects our company, is the increased demand for small diamonds, such as we supply.

The diamond reserve position on our Gold Coast properties has been more than maintained during the year, and is ample for many years.

I am pleased to inform you that our prospecting work in a new region has met with promising results. The testing work has not been carried sufficiently far to enable me to give you to-day any definite indications as to the extent and value of the new area, but from available data it appears likely to prove an asset of appreciable value.

Our share interest in Cape Coast Exploration, Limited, representing nearly one-third of the issued capital, remains unaltered. The accounts of that company for the year ended June 30th last are not yet available, but I understand that the year's operations were satisfactory, having regard to the difficult conditions of the period.

In concluding my remarks, I am sure everyone realises that, consequent on the difficult times we are passing through, many businesses are unable to earn profits. It is, therefore, the more gratifying that your company has been able to maintain payment of dividends, although on a reduced scale, out of current earnings. All that is needed is a recovery in business to enable us to pay dividends at a rate commensurate with the value of your properties and other interests.

The report and accounts were unanimously approved.

NORTH BRITISH RAYON, LIMITED.

DEVELOPMENT OF THE INDUSTRY.

The fourth ordinary general meeting of North British Rayon, Limited, was held, on the 3rd instant, at Kingsway Hall, London, W.C., Mr Ernest Walls (the chairman) presiding.

The Chairman, in the course of his speech, said: The report and balance sheet now before you show the results of the first complete year of full-scale working. Even during the year under review, we have been through a development phase, and the first six months had to bear heavy expenses of this character, all charged against revenue. The results of this expenditure on development will be seen in the next balance sheet, and if the results for the four months of the present financial year, that is, since July 1st, are a true criterion, they will be results that will fully justify the expenditure.

Our total expenditure on new plant during the last two years amounts to over £24,000. This is no small achievement for a company that has had to face the storms of the world crisis from its very first day of starting from zero.

The outstanding feature of the British rayon industry during the year has been the extraordinary increase in output. It is a remarkable thing that the rayon industry, which has been the subject of so much pessimism in some quarters, should be the only large-scale British industry showing important expansion during a year of disastrous industrial depression and difficulty.

In view of the heavy writing down of capital during the year, additional depreciation such as we are now proposing might be

thought to have been unnecessary in the current accounts. We decided, however, that, as the profits must be retained in the business on the present occasion, it would be the best plan to carry a further £10,000 to depreciation, where it is definitely earmarked, rather than to leave it as a free reserve. This depreciation is in addition to a still larger annual amount for maintaining our plant in perfect condition which is charged through trading account. Every defect in our machinery is immediately put right as a part of our routine, so that the plant is as far as humanly possible as perfect at the end of the year as when it started.

As for the future, equipped as we are with up-to-date plant, working as we have done and expect to do continuously and without interruption, on a much larger scale than originally planned, yet with reserve capacity, and with our balance sheet free from loading of any kind, we should be able to get every ounce out of every favourable wind that blows. We shareholders have all been very patient during the building-up period—a period also of unprecedented difficulty in industry—and our patience has at least had the reward which is expressed in the balance sheet before you.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 5, 1932, amounted to £13,218,300 against ordinary expenditure of £29,475,200. After allocating £135,000 to Sinking Fund, and having allowed for a decrease in Exchequer Balances of £85,572, the operations for the week, as shown below, increased the National Debt by £17,176,000 to approximately £7,901 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

(000's omitted.)	
Public Department Advances ... + 4,150	Treasury Bills ... - 2,136
National Savings Certificates ... + 50	
3% Conversion Loan ... + 15,000	
2% Treasury Bonds ... + 100	
Land Settlement Repayments ... + 12	
	+ 19,312
	- 2,136

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Nov. 5, 1932.	April 1, 1931, to Nov. 7, 1931.	Week ended Nov. 5, 1932.	Week ended Nov. 7, 1931.
ORDINARY REVENUE.					
Inland Revenue—		£	£	£	£
Income Tax	260,000,000	57,597,000	65,500,000	4,097,000	4,087,000
Super-Tax, including Arrears of Super-Tax	66,000,000	12,140,000	17,670,000	240,000	280,000
Stamps, &c., Duties	76,000,000	45,430,000	39,780,000	1,240,000	980,000
Stamps	23,000,000	8,340,000	7,790,000	300,000	...
Excess Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	180,000	...	...
Total Inland Revenue ...	427,000,000	123,667,000	130,920,000	5,877,000	5,347,000
Customs and Excise—					
Customs	174,570,000	100,727,000	80,666,000	3,181,000	3,060,000
Excise	125,430,000	73,300,000	69,200,000	1,282,000	1,400,000
Total Customs and Excise	300,000,000	174,027,000	149,866,000	4,463,000	4,460,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,443,000	2,357,000	683,000	579,000
Post Office (Net Receipts)	11,700,000	8,950,000	9,650,000	1,600,000	1,300,000
Crown Lands	1,250,000	830,000	860,000	...	...
Receipts from Sundry Loans	4,350,000	3,478,782	12,229,890	89,285	89,894
Miscellaneous Receipts	17,500,000	11,393,504	10,554,407	506,047	60,267
Appropriation from Rating Relief Suspense Account ...	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	324,789,286	320,337,297	13,218,332	11,836,161
SELF-BALANCING REVENUE.					
Post Office	59,188,000	32,750,000	32,450,000	600,000	700,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	7,913,000	7,543,000	388,000	381,000
Total Self-Balancing Revenue	82,098,000	40,663,000	39,993,000	988,000	1,081,000
Total	...	365,452,286	360,330,297	14,206,332	12,917,161

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

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Nov. 5, 1932.	April 1, 1931, to Nov. 7, 1931.	Week ended Nov. 5, 1932.	Week ended Nov. 7, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	£ 276,000,000	£ 171,623,729	£ 191,461,085	£ 14,743,430	£ 15,586,754
Payments to Northern Ireland Exchequer	6,800,000	3,626,172	3,182,835	232,679	201,786
Other Consolidated Fund Services	3,500,000	1,550,869	1,762,973	259,115	259,719
Total	286,300,000	176,800,770	196,406,893	15,235,224	16,048,259
Total Supply Services (excluding Post Office) ...	447,210,000	260,464,786	255,959,304	14,240,000	8,441,000
Total Ordinary Expenditure	733,510,000	437,265,556	452,366,197	29,475,224	24,489,259
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	32,750,000	32,450,000	600,000	700,000
Road Fund	22,910,000	7,913,000	7,543,000	388,000	381,000
Total Self - Balancing Expenditure	82,098,000	40,663,000	39,993,000	988,000	1,081,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	477,928,556	492,359,197	30,463,224	25,570,259
New Sinking Fund (1928) ...	32,500,000	13,835,858	21,379,803	135,000	325,000
Total (including New Sinking Fund)	...	491,764,414	513,739,000	30,598,224	25,895,259

The aggregate revenue and expenditure to November 5, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to NOVEMBER 5th, 1932.	
(000's omitted.)	
Expenditure ...	£ 437,265
New Sinking Fund ...	13,836
Revenue ...	£ 324,789
Decrease in balances ...	2,939
Gross increase in borrowings ...	£ 298,519
Less—	
Exchange Equalisation Fund Investment ...	£ 150,000
Loans to Road Fund, &c. ...	6,198
War Loan Conversion bonus ...	18,947
Net borrowing ...	£ 175,145
	123,374
	451,102

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing—	Nov. 7, '31.	Mar. 31, '32.	Nov. 5, '32.	Nov. 5, '32.
Advances by Bank of England	7,500,000	35,850,000	+ 4,150,000	
Advances by Public Departments	43,900,000	604,455,000	855,655,000*	- 2,135,000
Treasury Bills outstanding	626,250,000	611,955,000	891,505,000	+ 2,015,000
Total Floating Debt	670,150,000	611,955,000	891,505,000	+ 2,015,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on October 28, 1932, and the total amount applied for was £60,470,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 16s. 10d., about 14 per cent., and above in full, and Saturday at £99 16s. 11d., and above in full. The amount allotted was £50,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Oct. 14	50,000,000	105,565,000	0 15 0 84
Oct. 21	50,000,000	72,415,000	0 13 7 36
Oct. 28	50,000,000	83,010,000	0 13 2 84
Nov. 4	50,000,000	60,470,000	0 10 11 16

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, November 9, 1932.

ISSUE DEPARTMENT.

Notes Issued:—		Government Debt	
In Circulation	361,210,213	11,015,100	248,140,805
In Banking Department	53,211,881	12,031,309	3,812,786
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	139,422,094
			£414,422,094

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 68,053,293
Reserve	3,174,628	Other Securities	...
Public Deposits	20,427,636	Discounts and Advances	£ 11,799,151
Other Deposits	£ 79,858,220	Securities	£ 17,787,140
Bankers' Accounts	£ 33,857,230		29,586,291
Other Accounts	£ 33,857,230	Notes	53,211,881
7-Day and other Bills	2,115	Gold and Silver Coin	1,021,364
	£ 151,872,829		£ 151,872,829

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

Both Departments.	Amount, Nov. 9, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 361,210,213	£ 261,798	£ 4,014,951
Public deposits	20,427,636	+ 13,409,104	+ 12,884,289
Bankers' deposits	79,858,220	+ 22,813,620	+ 19,397,097
Other deposits	33,857,230	+ 1,040,390	+ 4,485,947
Seven-day bills	2,115	+ 720	+ 787
Total, outside liabilities	495,355,414	+ 10,705,984	+ 20,211,177
Capital and rest	17,727,628	+ 25,950	+ 6,287
Government debt and securities	327,209,198	- 10,793,583	+ 17,268,501
Discounts and advances	11,799,151	+ 154,615	+ 121,944
Other securities	29,818,449	+ 230,137	+ 15,538,770
Silver coin in issue department	3,812,786	+ 4,992	+ 241,082
Coin and bullion (bank's reserve)	140,443,458	- 16,965	+ 18,606,871
Reserve of notes and coin in banking department	54,233,245	+ 244,833	+ 14,591,920
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	40 1/2 %	+ 3 1/2 %	+ 6 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	28 1/2 %	+ 1/2 %	+ 2 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.				Gold in or out of Bank.	Total Bank.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	Reserve and Proportion.		
1932.								
Oct. 5	£ 414,422	£ 362,521	£ 11,689	£ 85,690	£ 34,633	Nil	£ 2	2
12	414,422	361,414	15,032	83,534	35,236	Nil	2	2
19	414,422	359,218	30,751	71,934	33,741	Nil	2	2
26	414,422	358,431	25,426	77,336	33,588	Nil	2	2
Nov. 2	414,422	361,472	7,018	102,672	34,898	Nil	2	2
9	414,422	361,210	20,428	79,758	33,857	Nil	2	2

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.		Reserve and the "Proportion."	Total Bank.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion Ratio, and Reserve.	Govt. Securities.	Discounts & Advances.	Other Securities.		
1932.								
Oct. 5	£ 260,050	£ 11,129	£ 140,401	£ 28 1/2 %	£ 67,708	£ 11,676	£ 17,387	£ 52,880
12	260,014	11,169	140,396	28 1/2 %	68,108	11,644	17,725	53,982
19	258,432	12,757	140,416	29 1/2 %	66,238	11,606	20,048	56,198
26	259,085	12,096	140,441	28 1/2 %	66,998	11,597	18,434	57,010
Nov. 2	259,190	12,003	140,460	27 1/2 %	78,813	11,954	17,536	53,988
9	259,156	12,031	140,443	28 1/2 %	68,053	11,799	17,787	54,233

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.	£	£	£	£
January 1 to October 26	22,773,918	1,317,176	2,190,463	26,281,557
Week ended November 2	507,687	30,559	46,838	585,084
Week ended November 9	536,711	34,028	59,476	630,215
Total to date, 1932.....	23,818,316	1,381,763	2,296,777	27,497,856
Total to date, 1931.....	28,584,541	1,452,783	2,381,290	32,418,614
Increase or decrease in 1932 ...	- 4,766,225 = 16.7%	- 71,020 = 4.9%	- 84,513 = 3.5%	- 4,920,758 = 15.2%
Total for year 1931	31,815,808	1,667,809	2,752,290	36,238,869
Total for year 1930	38,782,577	1,812,146	3,963,631	43,558,354
Increase or decrease in 1931 ...	- 6,966,769 = 17.9%	- 144,294 = 7.9%	- 211,422 = 7.1%	- 7,322,485 = 17.8%

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia appeared in the *Economist* for September 10; Canadian Banks in October 29; Chile, Spain, Roumania, and Italy in November 8.

BANK FOR INTERNATIONAL SETTLEMENTS.
(In Millions of Swiss Francs.)

ASSETS.	Oct. 31, 1931.	July 31, 1932.	Aug. 31, 1932.	Sept. 30, 1932.	Oct. 31, 1932.
Cash	168.9	65.8	14.9	13.6	9.0
Sight funds	296.5	436.9	384.0	355.4	318.6
Bills and acceptances:					
Commercial bills	143.5	148.6	150.8	127.6	132.9
Treasury bills	254.5	247.6	247.6	245.6	232.4
Time funds:					
Not exceeding 3 months	206.8	153.5	153.2	153.0	158.8
Between 3 and 6 months	12.8	7.1	7.6	6.7	8.0
Sundry investments	108.5	125.0	125.0	125.0	125.0
Other assets	3.8	9.4	9.4	9.4	9.4
LIABILITIES.					
Capital paid up	153.8	153.8	153.8	153.8	153.8
Reserves:					
For their own account	68.6	68.6	68.6	68.6	68.6
German Government deposit fund	108.5	125.0	125.0	125.0	125.0
French Government guarantee fund	31.2	84.3	90.2	85.8	67.5
Time deposits of Central Banks:					
Not exceeding 3 months	108.5	84.3	90.2	85.8	67.5
For their own account	31.2	84.3	90.2	85.8	67.5
For account of others	...	...	...	...	...
Other deposits	...	...	...	...	...
Sight deposits of Central Banks:					
For their own account	378.3	490.6	463.6	371.2	352.2
For account of others	137.9	24.2	25.3	13.1	14.5
Other deposits	5.6	6.7	6.5	6.4	0.2
Miscellaneous items	21.9	27.5	30.2	32.3	35.5

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

RESOURCES.	Nov. 12, 1931.	Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.
Total gold reserve	2,826,650	2,955,600	2,992,620	3,003,650	3,009,640
Total bills discounted	683,760	313,540	322,320	326,040	310,950
Bills bought in open market	596,750	33,580	33,690	34,050	34,000
Total U.S. Govt. securities	727,460	1,851,000	1,850,950	1,850,780	1,850,700
Total bills and securities	2,039,580	2,203,560	2,212,390	2,216,300	2,201,080
Total resources	5,704,200	5,955,710	5,940,110	5,963,380	5,937,970
LIABILITIES.					
Federal Reserve notes in actual circulation	2,449,960	2,717,430	2,686,870	2,700,820	2,715,309
Deposits—Memberbank—reserve account	2,098,530	2,325,550	2,411,950	2,384,100	2,342,330
Total deposits	2,353,350	2,391,810	2,469,990	2,453,680	2,404,460
Capital paid in and surplus	439,080	412,440	411,720	411,530	411,490
Total liabilities	5,704,200	5,955,710	5,940,110	5,963,380	5,937,970
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	62.5%	61.7%	61.9%	62.1%	62.4%

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

RESOURCES.	Nov. 12, 1931.	Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.
Total gold reserve	975,040	971,990	1,008,710	1,000,380	952,510
Total bills discounted	116,200	60,300	62,630	64,510	58,480
Bills bought in open market	163,770	10,280	10,150	10,270	10,370
Total U.S. Govt. securities	241,990	713,790	738,290	738,290	738,290
Total bills and securities	537,140	788,300	815,000	817,000	811,060
Deposits—Memberbank—reserve account	903,180	1,124,140	1,214,190	1,174,890	1,123,250
Ratio of total res. to dep. and Federal Res. note liabilities combined	68.8%	59.4%	59.2%	59.2%	58.6%

FEDERAL RESERVE MEMBER BANKS.

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

	Oct. 28, 1931.	Sept. 28, 1932.	Oct. 5, 1932.	Oct. 12, 1932.	Oct. 19, 1932.	Oct. 26, 1932.
Loans	13,521	10,706	10,637	10,634	10,632	10,516
Investments	7,700	8,201	8,245	8,347	8,499	8,602
Demand deposits	12,449	11,229	11,208	11,309	11,382	11,470
Time deposits	6,358	5,640	5,644	5,660	5,692	5,725
Due from banks	981	1,448	1,539	1,570	1,589	1,555
Due to banks	2,528	2,991	3,198	3,189	3,212	3,164
Federal reserve borrowings	453	101	107	107	94	103

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

ASSETS.	Oct. 16, 1931.	Sept. 16, 1932.	Sept. 23, 1932.	Sept. 30, 1932.	Oct. 7, 1932.	Oct. 14, 1932.
Gold coin and bullion	35,548.85	28,300.05	30,139.96	30,064.54	29,750.00	28,809.89
Subsidiary coin	6,843.38	6,482.50	6,482.50	6,512.50	6,512.50	6,512.50
Bills discounted: Domestic and Union Gov. Treas.	388	550	554	549	553	562
Bills	2,781	2,168	1,980	1,862	1,190	1,138
Bills discounted: Foreign	21	21	21	21	21	21
Investments	1,609	1,806	1,703	2,015	2,047	1,931
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	802	9	9	9	9	9
Notes in circulation	6,803	6,389	6,294	7,933	7,213	6,524
Government deposits	1,708	1,612	1,802	1,171	938	1,171
Bankers' deposits	4,271	4,181	4,303	3,997	4,091	5,097
Ratio of cash reserves to liabilities to public	55.0%	54.8%	57.4%	52.0%	54.6%	60.0%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loans, namely, £792,916, has been written off Reserve.

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

ASSETS.	Oct. 16, 1931.	Sept. 2, 1932.	Sept. 9, 1932.	Sept. 16, 1932.	Oct. 7, 1932.	Oct. 14, 1932.
Total resources	35,548.85	28,300.05	30,139.96	30,064.54	29,750.00	28,809.89
Loans	24,910.2	21,521.8	20,688.22	20,380.06	19,017.78	18,617.65
Cash credits	4,509.59	1,678.7	2,104.44	1,820.02	1,665.05	2,086.64
Foreign bills	41.14	9.37	12.75	20.02	17.35	18.56
Dead stock	2,735.58	2,654.54	2,651.61	2,663.91	2,666.52	2,666.52
Bal. with other banks	21.47	67.69	25.86	18.76	8.06	8.94
Cash	29,29.08	27,03.96	24,26.81	24,46.01	22,42.56	23,96.62
LIABILITIES.						
Capital paid up	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00
Reserve	5,425.00	5,150.00	5,150.00	5,150.00	5,150.00	5,150.00
Total deposits	71,020.06	77,94.32	76,60.61	75,70.80	72,67.18	76,74.03
The above includes—						
Deposits in London	837	1,380	1,412	1,385	1,315	1,225
Advances in London	844	1,120	1,427	1,442	1,410	1,378
Cash, etc., at other Banks in London	163	510	197	144	63	66

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

ASSETS.	Nov. 6, 1931.	Oct. 14, 1932.	Oct. 21, 1932.	Oct. 28, 1932.	Nov. 4, 1932.
Gold	67,580,594	82,651,268	82,676,747	82,909,010	83,035,890
Foreign assets:					
Sight deposits	13,374,307	2,909,677	2,910,102	2,981,392	2,985,568
Bills, etc.	11,051,429	2,082,254	2,076,777	2,002,556	...
Home bills	6,860,177	2,934,559	3,017,998	3,536,531	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,864,936	2,753,970	2,761,040	2,763,732	2,678,135
Negotiable Bonds	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Sinking Fund Dept.	...	...	...	...	...
Other assets (excluding forward exch.)	5,590,693	5,755,503	5,785,649	5,944,937	...
LIABILITIES.					
Notes in circulation	82,794,909	81,100,667	80,548,581	82,205,094	83,021,910
Public deposits	8,815,837	2,966,553	2,892,219	4,553,162	4,026,688
Private deposits	20,902,667	22,436,827	23,267,150	20,323,615	19,818,859
Other liabilities	3,073,541	2,404,078	2,341,336	2,370,980	...

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

ASSETS.	Nov. 7, 1931.	Oct. 22, 1932.	Oct. 31, 1932.	Nov. 7, 1932.
Gold	1,101,298	796,805	817,314	817,283
Of which deposited abroad	66,719	137,227	61,252	61,252
Reserve in foreign currencies	169,650	137,227	122,983	121,826
Bills of exchange and cheques	3,830,121	2,639,679	2,896,588	2,794,893
Silver and other coin	93,841	267,276	159,844	185,685
Notes of other German banks	7,080	12,209	2,797	7,851
Advances	112,268	84,982	197,763	99,141
Investments	102,884	362,242	362,291	362,248
Other assets	870,077	807,857	794,517	812,558
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,541,599	3,413,977	3,620,049	3,502,234
Other daily maturing obligations	398,903	576,872	389,483	366,211
Other liabilities	850,386	750,002	777,139	765,700
Cover of note circulation	27.8%	27.4%	26.0%	26.8%

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

ASSETS.	Position, May 30, 1914.	Nov. 5, 1931.	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.
Gold	232,650	2,557,814	2,609,199	2,609,783	2,610,813	2,612,689
Foreign bills and balances abroad	232,650	29,067	62,584	63,332	63,943	63,684
Silver and other coin	697,600	919,983	719,488	691,966	682,550	680,997
LIABILITIES.						
Notes in circulation	934,150	3,605,960	3,665,461	3,634,052	3,636,675	3,658,985
Current account	112,125	231,022	184,922	189,243	163,850	121,796

(a) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Nov. 9, 1931.	Oct. 17, 1932.	Oct. 24, 1932.	Nov. 7, 1932.
Gold	163,092	864,401	1,034,897	1,034,877	1,035,009
Silver	8,436	28,114	18,681	19,372	18,986
Home bills discounted	132,747	40,318	39,600	39,744	37,852
Foreign bills	253,504	81,549	71,336	71,336	71,336
Loans and advances in current acct.	112,806	75,503	75,621	82,114	74,088
LIABILITIES.					
Notes in circulation	316,632	1,058,373	976,948	965,340	1,003,507
Deposits	5,016	205,580	284,012	295,834	283,970

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

ASSETS.	Position, May 30, 1914.	Nov. 7, 1931.	Oct. 15, 1932.	Oct. 22, 1932.	Oct. 29, 1932.	Nov. 5, 1932.
Gold	22,971	132,113	149,750	150,250	151,000	148,440
Silver	29,785	44,587	...	...	...	...
Discounts, advances, and other investments	77,567	80,142	19,310	59,670	59,600	16,500
Foreign Bills	...	...	28,350	30,990	31,630	32,930
Other Assets	...	...	...	...	...	...
LIABILITIES.						
Notes in circulation	109,499	242,334	219,260	214,790	213,780	216,250
Deposits and bills payable	11,250	26,073	29,810	31,830	33,400	28,700

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

ASSETS.	Position, May 31, 1914.	Nov. 7, 1931.	Oct. 15, 1932.	Oct. 22, 1932.	Oct. 31, 1932.	Nov. 7, 1932.
Gold	171,175	2,199,420	2,637,501	2,637,501	2,637,505	2,637,509
Foreign bills and balances abroad	...	...	...	...	...	...
Discounts	...	92,827	53,614	51,262	46,601	43,977
Advances	103,000	74,465	13,413	13,899	13,970	14,177
Other assets	...	54,651	50,655	49,032	51,658	50,234
LIABILITIES.						
Notes in circulation	275,925	1,461,499	1,506,900	1,495,169	1,552,794	1,525,151
Deposits	33,750	971,645	1,250,549	1,257,695	1,201,060	1,223,726

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

ASSETS.	Nov.
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BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1931.	Oct. 17, 1931.	Sept. 24, 1932.	Oct. 1, 1932.	Oct. 8, 1932.	Oct. 15, 1932.
Gold coin and bullion	221,320	760,613	429,068	429,068	429,068	429,068
Other coin and bullion	—	67,039	67,997	67,664	66,907	66,706
Discounts	41,740	631,966	670,957	683,152	674,136	668,263
Advances	70,540	56,022	127,521	128,354	128,271	127,633
LIABILITIES.						
Notes	362,270	979,397	979,086	1,070,946	1,008,630	1,011,829
Govt. deposits	87,340	439,866	323,186	314,461	305,514	324,555
Other deposits	11,440	136,858	145,779	148,867	133,410	166,083

NATIONAL BANK OF EGYPT.—In £E (000's omitted).

Banking Department :—	Sept. 30, 1931.	July 31, 1932.	Aug. 31, 1932.	Sept. 30, 1932.
LIABILITIES.				
Capital	2,925	2,925	2,925	2,925
Reserves	4,424	5,800	5,058	2,830
Government deposits	14,910	18,542	17,674	16,983
Other deposits	3,150	3,315	3,351	3,148
Other accounts	—	—	—	—
ASSETS.				
Cash : Notes	1,235	1,009	926	965
Gold, silver, &c.	960	891	914	886
Money at call and short notice	453	1,994	1,984	1,321
Investments	14,396	18,691	17,544	16,816
Advances	7,870	8,059	7,748	5,867
Bills	1,106	886	835	927
Other accounts	2,312	1,977	1,982	2,030
Note Issue Department :—				
Notes issued	20,500	18,400	18,100	19,900
ASSETS.				
Gold	3,632	6,241	6,241	6,241
British Treasury Bills	10,785	3,006	2,852	4,359
British War Loan at par	4,583	7,654	7,508*	7,800*
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

By authority of the Egyptian Government British Treasury Bills were deposited in lieu of gold.
* War Loan Assented Stock.

LONDON RATES.

	Nov. 3, 1932.	Nov. 4, 1932.	Nov. 5, 1932.	Nov. 7, 1932.	Nov. 8, 1932.	Nov. 9, 1932.	Nov. 10, 1932.
Bank rate (changed from 2½% June 30, 1932)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1	1	1	1	1	1	1
Short	1	1	1	1	1	1	1
Deposit allowances :—							
Discount houses at call	1	1	1	1	1	1	1
At notice	1	1	1	1	1	1	1

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
Oct. 20	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 27	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Nov. 3	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 10	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 17	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 24	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 31	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Dec. 7	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 14	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 21	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 28	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Jan. 4	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 11	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 18	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 25	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Feb. 1	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 8	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 15	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 22	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 29	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Mar. 6	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 13	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 20	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 27	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Apr. 3	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 10	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 17	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 24	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 30	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
May 7	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 14	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 21	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 28	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Jun. 4	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 11	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 18	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 25	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Jul. 2	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 9	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 16	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 23	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 30	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Aug. 6	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 13	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 20	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 27	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Sept. 3	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 10	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 17	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 24	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 30	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Oct. 7	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 14	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 21	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 28	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Nov. 4	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 11	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 18	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 25	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Dec. 2	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 9	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 16	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 23	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 30	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Jan. 6	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 13	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 20	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 27	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Feb. 3	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 10	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 17	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 24	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 3	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 10	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 17	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 24	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 31	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Mar. 7	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 14	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 21	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 28	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Apr. 4	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 11	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 18	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 25	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
May 2	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 9	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 16	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 23	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 30	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Jun. 6	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 13	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 20	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 27	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Jul. 4	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 11	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 18	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 25	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Aug. 1	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 8	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 15	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 22	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 29	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Sept. 5	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 12	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 19	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 26	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Oct. 3	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 10	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 17	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 24	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" 31	$\frac{$						

RATES OF EXCHANGE.

London on	Usance.	Par.	Nov. 12, 1931.	Nov. 3, 1932.	Nov. 10, 1932.
New York	dollars to £1	Cable	4-86½	3-79½-1	3-29½-3-30
Montreal	dollars to £1	Cable	4-86½	4-19-21	3-63-3-65
Paris	francs to £1	T.T.	124-21	96½	83½-84
Berlin	marks to £1	T.T.	20-43	16-15½	13-85-13-90
Amsterdam	florins to £1	T.T.	12-107	9½	8-17-8-19
Brussels	francs to £1	T.T.	35-00	27½	23-65-23-68
Milan	lire to £1	T.T.	92-46	73½	64½-64½
Zurich	francs to £1	T.T.	25-22½	19½	17-05-17-10
Oslo	kroner to £1	T.T.	18-159	17½-18	19-60-19-70
Stockholm	kronor to £1	T.T.	18-159	17½-18	19-60-19-70
Copenhagen	kronor to £1	T.T.	18-159	17½-18	19-60-19-70
Madrid	pesetas to £1	T.T.	25-22½	43½	40-40½
Vienna	schillings to £1	T.T.	110	109½-110	108-109
Prague	krone to £1	T.T.	34-58½	28½	27-29½
Belgrade	dinars to £1	T.T.	164½	127-128	110½-111½
Budapest	pengo to £1	T.T.	276-316	210-225	235-250
Bucharest	lei to £1	T.T.	27-82	18-20	18-20
Sofia	leva to £1	T.T.	813-6	620-640	545-565
Constantinople	drachmes to £1	T.T.	673-699	50½	450-470
Moscow	roubles to £1	T.T.	375	30½	565-585
Warsaw	zloty to £1	T.T.	110	78½	690
Helsingfors	F. marks to £1	T.T.	9-46	7-38½-395	6-39-6-40½
Kovno	litas to £1	T.T.	43-38	33-36	29½-29½
Riga	litas to £1	T.T.	193-23	190-195	228-232
Alexandria	pence to £1	T.T.	48-66	18-19	11-13
Buenos Aires	pence to £1	T.T.	18-159	13-90-14-25	11-13
Rio de Janeiro	pence to £1	T.T.	25-22½	20-25½	16-18
Montevideo	pence to £1	T.T.	97½	97½-97½	97½-97½
Valparaiso	pence to £1	T.T.	47-62½	39½-40½	51-52½
Lima	pence to £1	T.T.	51	28-29	28-32½
Calcutta	rupee to £1	T.T.	40	13-55	20-40½
Bombay	rupee to £1	T.T.	17-3	16½-17	16½-17
Madras	rupee to £1	T.T.	17-3	16½-17	16½-17
Hong Kong	ster. to dollar	T.T.	—	1/6½-1/6	1/6½-1/6
Shanghai	ster. to dollar	T.T.	—	1/11½-2/0½	1/11½-2/0½
Singapore	ster. to dollar	T.T.	—	2/4-2/4½	2/4-2/4½
Kobe	ster. to yen	T.T.	24-4d.	2/4-2/4½	2/4-2/4½
Manila	ster. to peso	T.T.	24-06d.	2/7-2/7½	2/7-2/7½
Mexico	pesos to £	T.T.	9-76	9-9½	10-25-10-75
Siam	ster. to baht.	T.T.	21-82d.	—	1/9½-1/10½

† Nominal. (i) Official rate.

OVERSEAS BANK RATES.

	Changed	From To	%	%	From To	%	%
Albania	July 1, 1931	9	8	6	July 8, 1931	6	4
Amsterdam	Apr. 18, 1932	3	2½	4	Sept. 1, 1932	4	4
Athens	Aug. 8, 1932	11	10	2	Oct. 9, 1931	2	2½
Batavia	Mar. 20, 1930	5	4½	5	Sept. 26, 1932	5	4½
Belgrade	July 20, 1931	6	7	6	Oct. 8, 1932	6	5
Berlin	Sept. 22, 1932	5	4	6½	Jan. 28, 1932	6½	5½
Brussels	Jan. 13, 1932	2½	3½	7	Oct. 1, 1930	7	6½
Bucharest	Mar. 3, 1932	8	7	6	May 2, 1932	6	5
Budapest	Oct. 17, 1932	5	4½	9½	May 16, 1932	9½	8½
Calcutta	July 7, 1932	5	4	3	Sept. 1, 1932	4	3½
Copenhagen	Oct. 12, 1932	5	4	—	—	—	—
Danzig	July 12, 1932	7	6½	—	—	—	—
Helsingfors	Apr. 19, 1932	7	6	—	—	—	—
Lisbon	May 4, 1932	7½	7	—	—	—	—
New York Fed. Reserve	Apr. 4, 1932	7	6½	—	—	—	—
Central Bank of Chile	June 23, 1932	3	2½	—	—	—	—

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

	Nov. 11, 1932.	Oct. 11, 1932.	Oct. 19, 1932.	Oct. 26, 1932.	Nov. 2, 1932.	Nov. 9, 1932.
Call money	2½	2½	2½	2½	2½	2½
Time money (90 days' mixed coll.)	3½	3½	3½	3½	3½	3½
Bank acceptances :—						
Members—eligible, 90 days	3½	3½	3½	3½	3½	3½
Non-members—eligible, 90 days	3½	3½	3½	3½	3½	3½
Indisputable, 90 days	4	4	4	4	4	4
Commercial accept., 90 days	4	4	4	4	4	4

Rates of Exchange, New York on—	Par Level.	Nov. 11, 1931.	Oct. 26, 1932.	Nov. 2, 1932.	Nov. 9, 1932.
London—					
60 days	Dollars for £1	4-8666	3-74½	3-2637	3-3025
Cable			3-78½	3-2750	3-3125
Cheques			3-78	3-2750	3-3125
Paris	Cents for 1 franc	3-918	3-93	3-937	3-9225
Brussels	Cents for 1 franc	13-90	13-95	13-937	13-88
Switzerland	Cents for 1 franc	19-30	19-54	19-31	19-295
Italy	Cents for 1 lire	5-263	5-17½	5-11½	5-12
Berlin	Cents for 1 mark	23-82	23-55	23-77	23-75
Vienna	Cents for 1 schilling	14-07	8-73½	8-20½	8-18
Madrid	Cents for 1 peseta	19-30	40-30	17-15	17-25
Amsterdam	Cents for 1 guilder	40-195	21-45	40-25	17-21
Stockholm	Cents for 1 kronor	26-80	21-30	16-75	16-82
Copenhagen	Cents for 1 kronor	26-80	21-30	16-75	16-82
Athens	Cents for 1 drachma	1-297	1-28½	1-17	1-15
Montreal	Cents for Can. \$1	100	90½	90½	87½
Yokohama	Cents for 1 yen	49-85	48-35	22-45	21-25
Hong Kong	Cents for H. Kong \$	—	36-50	—	—
Shanghai	Cts. for 1 Shung. tael	—	36-50	—	—
Canton	Cents for 1 rupee	36-50	29-00	25-00	25-00
Buenos Aires	Gold pesos for \$100	103-65	161-00	—	—
Rio de Janeiro	Cents for 1 milreis	11-96	6-35	—	—
Valparaiso	Cents for 1 peso	12-125	—	—	—

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia	½% dis.	1½% dis.	1½% dis.	2½% dis.	3½% dis.
South Africa	£69½	£69½	£70½	£70½	£71½
SELLING RATES PER £100 (STERLING).					
		Sight.	Telegraphic.		
London on—					
Rhodesia	£ s. d.	99 16 3	99 15 0		
South Africa	£ s. d.	68 8 9	68 7 6		

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucres to £	24-3325	Sight London	19-70(0)
Venezuela	Bolivars to £	25-2215	"	21-35
Colombia (Bogota)	Pesos to £	5	"	3-45(0)
Nicaragua	Colonias to £	4-8665	"	(a)
Salvador	Colonias to £	9-73	"	8-14
Bolivia	Bolivianos to £	13-33	90 days	(a)
Guatemala	Quoted in New York.			

(a) No rates available. (i) Rates calculated on basis of New York cross rates. † Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus-tralia.	New Zealand.	Aus-tralia.	New Zealand.	Aus-tralia.	New Zealand.	Aus-tralia.	New Zealand.
T.T.	125½	111½	125½	109½	125½	108½	125½	110
Sight	127½	111½	127½	109½	124½	108½	125½	109½
30 days	127½	111½	127½	109½	124½	107½	125½	109½
60 days	127½	111½	127½	109½	124½	107½	125	108½
90 days	128½	113	128½	109½	124½	107½	125	108½

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

INDIA : REMITTANCES TO THE HOME TREASURY.

	Week ending Nov. 5, 1932.	Apr. 1, 1932.
Sterling purchased in India	1,197,000	14,603,000
Sterling taken over in London	—	715,000
Net transfer to Home Treasury	—	—
From paper currency reserve in England	—	—
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve	—	-3,750,000
Net remittances to Home Treasury	1,197,000	11,568,000
India Office, S.W.1, Nov. 8, 1932.		

BULLION.

The following statistics of imports and exports of gold for week ended November 10, 1932, are issued by the Statistical Department of H.M. Customs and Excise :—

Imported into Great Britain and Northern Ireland.			Exported from Great Britain and Northern Ireland.		
From—	Bullion.*	Coin.†	To—	Bullion.*	Coin.†
	£			£	
Germany	27,480	750	Poland	...	1,111
Belgium	571	...	Germany	3,587	...
Iraq	17,721	6,325	Netherlands	71,815	9,000
British S. Africa	1,449,313	...	Belgium	...	31,590
Anglo - Egyptian	10,465	...	France	172,197	73,488
Sudan	559,774	17,610	Switzerland	1,010	1,750
British India	...	...	Czechoslovakia	10,000	...
Straits Settlements	34,405	...	Greece	...	1,500
Australia	1,752	...			
New Zealand	12,150	...			
Other countries	3,421	...			
Total declared value	2,116,052	24,685	Total declared value	808,409	118,445

pursuant to its rights under the terms of the above bonds, to repay the above bonds at 103 per cent., plus accrued interest, on February 10, 1933, and that on that date interest will cease to accrue.

MISCELLANEOUS.

ANGLO-FOREIGN NEWSPAPERS, LTD.—The scheme of capital reconstruction, which was unanimously approved by the shareholders at the extraordinary general meeting on July 14th last, has now been confirmed by the High Court and became effective from November 1, 1932.

ELDER, DEMPSTER AND COMPANY, LTD.—The following are the figures of the voting at the annual general meeting held October 26th:—On the passing of the directors' report: Votes for resolution, 4,175,620; votes against resolution, 12,065. On the appointment of auditors: Votes for resolution, 4,173,550; votes against resolution, 5,040.

ERINOID, LIMITED.—The seventeenth annual report and accounts of Erinoid, Limited, show a trading profit for the twelve months ended July 31, 1932, of £42,624, against £18,320 for the previous twelve months. After allowing for company charges and depreciation, the net profit is £37,214, which, together with the amount brought forward, leaves an available balance of £40,917, against £22,606. Out of the sum available, the directors have transferred £8,968 to income tax reserve, leaving a balance of £33,949, which they recommend be applied as follows:—In payment of a dividend of 10 per cent., less tax, at 5s. (against 5 per cent. last year), £18,750, last year £9,375; transfer to general reserve, £7,500, last year £5,000; staff fund, £1,000, last year £250; leaving £6,699 to be carried forward, against £3,704 brought in.

GAUMONT-BRITISH PICTURE CORPORATION, LTD.—We are requested by Gaumont-British Picture Corporation, Ltd., to state that a report which appeared in an evening paper that Mr. Mark Ostrer and Mr. George Black had joined the board of Moss Empires, Ltd., is not accurate. They also ask us to state that the correct facts are that Mr. Mark Ostrer and Mr. C. M. Woolf have been nominated by Gaumont-British to fill the vacancies on the board of Moss Empires, Ltd.

GOODSON'S MANTLE AND COSTUME COMPANY.—The scheme of arrangement was duly approved and passed at an extraordinary meeting of all classes of the shareholders held at Nottingham on November 7th.

HERBERT MORRIS, LIMITED.—The year shows a considerable rise in profits and, though trading has been difficult, substantial orders and internal economies have offset any loss. Profit for the year's trading to July 31, 1932, after deducting the usual charges, was £66,638, against £27,075. To this must be added the sum of £7,158 from investments and transfer fees, &c.; a balance of £37,011 is brought forward from last year. After deducting directors' fees and payments on the preference dividend, a balance for disposal remains of £74,273. Out of this, the directors propose to pay a dividend on the ordinary shares of 10 per cent., less tax, against nothing a year ago, and to place to reserve £10,000, leaving £41,773 to be carried forward.

HUDSON'S BAY COMPANY'S LAND SALES.—Quarter ended October 31, 1932:

	Quarter ended October 31, 1931.	Quarter ended October 31, 1932.	9 Months ended October 31, 1931.	9 Months ended October 31, 1932.
Farm lands:				
Acres.....	3,295	2,962	9,762	12,111
Sold for.....	£5,300	£3,140	£15,700	£16,230
Town lots:				
Sold for.....	£740	£770	£2,470	£1,490
Total receipts (gross).....	£35,600	£36,700	£109,000	£110,530

JOSHUA HOYLE AND SONS.—Trading profit for the year after providing for bad debts, income tax, &c., and taking credit for a dividend declared by a subsidiary company which was not wholly earned during the year, amounted to £83,452, against £9,955 for the previous year. Bank loan and debenture interest for the year amounts to £76,432, leaving a balance of £7,020 and, with £1,133 brought forward, leaves £8,152 to be carried forward. Capital expenditure incurred during the year has been written off and the board has appropriated £30,000 from the renewals and reserve fund to write down investments in subsidiary companies. The meeting will be held at Bacup, Lancashire, on November 17th, at 11.30 a.m.

LAMBERT BROTHERS LIMITED.—Profit for year ended June 30, 1932, after making all provisions, is £23,792, against £70,040. After adding the amount brought forward from last year, and deducting the preference dividend for the year, there remains a balance of £104,939 to the credit of profit and loss account. In view of the fluctuations in existing conditions of the value of shares in and advances to subsidiary companies the directors have placed a sum of £100,000 from reserve account in suspense for this purpose. The directors propose in lieu of a dividend to make a distribution of 1s. per share on the 562,500 ordinary shares from realized proceeds of capital accretions.

MONTAGUE BURTON SCHEME.—This scheme was dealt with in *Economist*, November 5th, page 857. At a separate meeting of the holders of the preference shares which was held on November 7th at Leeds, resolutions authorising the directors to sell to a company about to be formed all, or any, of the freehold and leasehold properties of the company were passed unanimously. The chairman stated that proxies had been received from over 3,000 preference shareholders, representing over 1,000,000 shares, in favour of the scheme.

PANAMA CORPORATION (CANADA), LTD.—The directors announce that all the assets of Panama Corporation, Ltd. (in voluntary liquidation), have now been transferred to them, and their title to the properties has been approved by the Government of the Republic of Panama. Debenture stock certificates are ready and are now being issued. Share certificates are in the course of preparation.

PRE-WAR SECURED DEBTS OF THE FORMER AUSTRO-HUNGARIAN EMPIRE.—The Council of Foreign Bondholders communicate the following: On May 3, 1932, the Austrian Government passed an ordinance giving effect to a law of December 23, 1931, which provided for the conversion of the Austrian share of liability, under the repatriation of the above debts secured on railways, into bonds of a new issue bearing interest at 4 per cent., payable half-yearly, as from January 1, 1932, and amortisable over a period of forty years from 1934. New bonds will not be issued for a smaller amount than 50 schillings, and deficiencies must be made up with coupons already due on July 1, 1932, or by payments in cash. In the event of this not being done, the unexchangeable balance will be forfeited to the Austrian Treasury. The various bondholders' organisations have not felt justified in recommending a refusal to accept the unilateral proposals of the Austrian Government, but, in view of the extreme disproportion between the value of the new bonds and that of the old hypothecations, they have formally reserved the right to press for subsequent and further compensation should occasion offer.

THE RENOLD AND COVENTRY CHAIN COMPANY, LTD.—Profit for year ended July 3, 1932, subject to depreciation, directors' fees and taxation, £81,804. Directors have transferred £15,000 to a special investment reserve in respect of a subsidiary company, Brampton Bros., which has incurred a loss. Dividend of 2½ per cent. on directors' report for the year is recommended. An addendum to the directors' report states that it is considered not to be in the interests of the company to reply to certain allegations in advance of the meeting on November 17th at registered office, Renold Works Manchester.

THE SHAREHOLDERS PROTECTION ASSOCIATION LIMITED (BY GUARANTEE).—Readers are asked to note that the address of the Association is 78 New Oxford Street, London, W.C.1.

SUMMARY OF BALANCE SHEETS.

DALGETY AND COMPANY, LIMITED.				UNITED AFRICA COMPANY, LIMITED.			
LIABILITIES.		June 30, 1932.	Compared with June 30, 1931.	ASSETS.		June 30, 1932.	Compared with June 30, 1931.
		£	£			£	£
Ord. shares.....		1,500,000	...	Cash.....		414,396	54,540
Pref. shares.....		500,000	...	Bills receivable.....		73,802	23,838
Reserve.....		1,000,000	...	Advances on land, &c.....		6,784,231	173,247
General reserve.....		500,000	...	Merchandise.....		462,241	102,867
Staff fund.....		366,000	+ 25,000	Sundry debtors.....		947,112	+ 11,280
Irr. deb. stock.....		2,475,454	...	Balances in transit.....		...	57,926
1½% deb. stock.....		500,000	...	Premises, plant, &c.....		329,621	+ 22,794
Debentures.....		678,900	+ 13,750	Reserve invest-ments.....		1,000,000	...
Int. accrued.....		41,486	+ 102	Investments in Govt. stock, &c.....		33,006	+ 3,137
Pref. dividend.....		12,500	...	Total.....		10,044,409	28,713
Bills payable.....		151,170	+ 116,881				
Sundry creditors.....		2,071,290	+ 129,504				
Produce realised.....		5,560	+ 367				
Balances in transit.....		45,585	+ 45,585				
Profit and loss.....		196,464	100,894				
Total.....		10,044,409	28,713				

WALL PAPER MANUFACTURERS, LIMITED.				WALL PAPER MANUFACTURERS, LIMITED.			
LIABILITIES.		Aug. 31, 1932.	Compared with Aug. 31, 1931.	ASSETS.		Aug. 31, 1932.	Compared with Aug. 31, 1931.
		£	£			£	£
5% cum. pref. £1....		1,200,000	...	Land, buildings and goodwill.....		2,315,201	2,934,651
Ord. shares, £1.....		1,400,000	...	Shares in subsidiary cos. as at March 21, 1932.....		4,132,315	3,443,735
Deferred shares, £1.....		2,000,000	...	Stocks of merchandise.....		2,206,259	685,194
4% deb. stock.....		1,014,214	...	Stocks of produce.....		2,971,461	595,706
Owing to bankers.....		Nil	...	Debtors.....		940,245	97,243
Owing to subsidiary Workmen's compensation.....		93,745	+ 74,870	Cash and bills receivable.....		503,438	+ 235,326
Reserve.....		15,872	+ 1,753	Investments in shares of other cos. at cost.....		119,750	27,645
Profit and loss.....		593,992	+ 16,230	Due by subsidiaries.....		2,041,580	1,191,414
Total.....		7,608,599	+ 47,167	Due to subsidiaries.....		2,041,580	1,191,414

* Quoted investments of a value of £44,862 had a market value at April 30, 1932, of £31,241.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.					
						Amount.	Rate.				
					Amount	Amount.	Rate.				
Breweries.		£	£	£	£	£	%		£	£	%
Backus and Johnston's.....	June 30	5,122	Dr. 2,120	3,002	...	...	...	...	3,002	26	...
Bristol Brewery, Georges and Co.	Sept. 30	124,623	187,147	311,770	22,798	120,813	20+	43,000	125,159	172,474	20+
Bristol United Breweries ...	Sept. 30	43,861	65,501	109,362	13,800	42,000	12½	10,000	43,562	84,691	16½
Frome United Breweries ...	Aug. 31	10,110	10,001	20,111	2,760	6,900	15	500	9,951	12,502	16
Stroud Brewery	Sept. 30	10,793	56,251	67,044	4,020	30,669	17½	21,000	11,355	60,322	20
Financial Land, &c.											
Australian Mercantile, Land, &c.	June 30	38,435	92,438	130,873	...	28,000	2+	...	102,873	61,725	Nil
Dalgety and Company	June 30	212,358	54,107	266,465	25,000	75,000	5+	10,000	156,465	128,470	7+
New Zealand and Australian Land	Mar. 31	2,082	Dr. 10,357	Dr. 8,275	30,000	...	...	Dr. 46,000	7,725	Dr 74,183	2
Hotels, Restaurants, &c.											
Frederick Hotels	June 30	67,051	3,274	70,325	...	...	...	...	70,325	30,673	...
Iron, Coal and Steel.											
Brown, Bayley's Steel Works	July 31	7,901	Dr. 3,140	4,761	...	...	...	...	4,761	Dr 18,984	...
Fassifern Coal	June 30	...	Dr. 1,460	Dr. 1,460	...	...	...	Dr. 1,460	...	Dr. 1,101	...
Lysaght (John), Ltd.....	Dec. 31	347,404	100,721	448,125	36,000	...	...	...	412,125	144,751	...
Motor and Cycle.											
Birmingham Small Arms Co.	July 31	77,319	Dr 777,928	Dr 700,609	...	...	...	Dr 480,000	Dr 220609	Dr 204194	...
Rubber, &c.											
Anglo-Sumatra Rubber.....	May 31	11,514	Dr. 1,617	9,897	...	...	...	Dr. 3,038	12,935	Dr. 5,793	...
Bandar Sumatra Rubber ...	July 31	1,219	Dr. 4,312	Dr. 3,093	...	...	...	Dr. 3,500	407	Dr. 5,102	...
Bantardawa Rubber	June 30	9,234	Dr. 3,089	Dr. 12,323	...	...	...	Dr. 5,000	Dr. 7,323	Dr. 4,028	...
Batu Matang Rubber	June 30	815	Dr. 1,711	Dr. 896	...	...	...	Dr. 500	Dr. 396	Dr. 1,430	...
Glen Rubber	June 30	94	Dr. 285	Dr. 191	...	...	...	...	Dr. 191	Dr. 1,415	...
Insulinde (Sumatra) Rubber	June 30	2,223	Dr. 4,359	Dr. 2,136	...	...	...	...	Dr. 2,136	...	...
Killinghall (Rubber) Dev...	June 30	7,184	31	7,215	...	...	...	...	7,215	738	...
Singapore United Plantations	June 30	1,758	Dr. 1,823	Dr. 65	...	...	...	3,073	3,008	Dr. 4,247	...
Oil.											
Trinidad Leaseholds	June 30	30,151	222,522	252,673	...	163,945	12½	24,729	63,999	122,705	5
Tea.											
Kadur Tea and Produce ...	Mar. 31	Dr. 21	Dr. 4,829	Dr. 4,850	...	...	...	...	Dr. 4,850	...	...
Textiles.											
Hoyle (Joshua) and Sons ...	Sept. 30	1,132	7,020	8,152	...	...	...	...	8,152	Dr 58,307	...
Wilson, Smith and Sutcliffe	Sept. 30	829	6,206	7,035	6,000	...	...	...	1,035	8,011	...
Trusts.											
Anglo-Scottish Investment	Sept. 30	5,838	11,399	17,237	11,438	...	...	458	5,341	18,002	2½
Second Broadmount Trust ..	Sept. 14	2,210	9,394	11,604	6,750	1,875	5	750	2,229	...	...
Second Industrial Trust ...	Sept. 30	20,445	25,128	45,573	13,561	10,550	3½	...	21,462	38,568	6
Second Investors' Mortgage Security	Sept. 30	15,412	80,034	95,446	28,438	45,500	12	...	21,508	89,000	14
Other Companies.											
African and Eastern Trade	Apr. 30	39,553	13,775	53,328	9,000	...	...	...	44,328	15,470	...
Associated British Maltsters	Aug. 31	25,146	48,838	73,984	48,750	...	...	...	25,234	104,580	15
Birmingham Aluminium Casting Co.	July 31	24,524	15,129	39,653	161	10,198	5	...	29,294	15,488	5
Blackpool Pier Co.	Oct. 31	10,619	8,492	19,111	656	6,500	13+	1,250	10,705	9,099	13+
British Cyanides, Ltd.	June 30	1,945	9,321	11,266	2,267	...	...	5,498	3,501	2,928	...
Callender (George M.)	June 30	1,179	4,670	5,849	2,393	1,750	35	...	1,706	5,802	35
Daily Mail Trust	Sept. 30	246,307	173,284	419,591	...	176,269	8½	...	243,322	370,954	8½
Goode, Durrant and Co.	July 20	...	Dr. 14,647	Dr. 14,647	...	...	...	Dr. 14,647	...	Dr. 9,1231	...
"Irish Times"	Sept. 30	15,029	11,713	26,742	17,010	...	...	1,000	8,732	18,334	...
Renold and Coventry Chain	July 3	16,790	40,440	57,230	12,373	16,970	2½	15,000	12,887	...	...
United Africa Co.	Apr. 30	...	81,673	81,673	...	55,000	½	...	26,673	Dr 1288123	...

† Free of income tax.

‡ 15 months.

OIL OUTPUTS.

ANGLO-PERSIAN OIL COMPANY, LIMITED.—Production in Persia for the month of September amounted to 573,000 tons, making a total of 4,812,000 tons for the first nine months of 1932.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for October are as follows: Production of oil, 50,750 tons; deliveries, 48,470 tons.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
INSURANCE.					
Guardian Assurance	5/-*	Dec. 31	Per share	...	...
Phoenix Assurance	7/-*	...	Per share	...	...
Sun Insurance	1/3 ps*	Jan. 2	Less tax	...	...
MINING.					
Trepan Mines	7%†	Dec. 13	Less tax	10	5
OTHER COMPANIES.					
Betteshanger Holding	25%*	...	Less tax	...	...
Brampton Brewery	4%*	...	Less tax	...	...
Cattell and Swarbricks	12½†	...	...	...	...
Chester Northgate Brewery	10%†	...	...	12½	17½
Craigspark Elec.	5%*	Nov. 11	...	...	...
Charrington Gardner Lockett	5%*	Nov. 15	...	...	...
Dennis Brothers	8d. ps*	...	Less tax	100	175
East Kilwick Dairy	5%*	Nov. 11	...	...	...
Great Boulder Prop.	12½*	Dec. 6	...	...	...
Hants and Dorset Motor	4%*	Nov. 30	...	...	...
Hermetic Rubber	15%†	...	...	20	25
House Property and Invest.	5%*	...	...	...	...
Killamash Gas & Light & Coke	5%†	...	Less tax	...	...
Madras Elec.	2½*	Nov. 25	Tax free	...	...
Malmesbury and Parsons Dairies	5%*	...	...	...	...
Nitrate Prod. Steamship.	2½*	...	...	...	...
Nuwara Eliya Tea	5%*	...	Less tax	...	...
Oriental Gas	4½*	Nov. 25	Less tax	...	...
Peter Walker and Robert Carr	2½*	Dec. 1	Less tax	3	7½
Portsmouth Water	2½*	Dec. 1	...	...	...
Reserves Securities Trust	1½*	Nov. 16	...	...	...
Rickmansworth and Uxbridge Water.	5%*	...	...	10	17½
Scott Investment Trust	7½†	...	...	...	...
Scottish Ice Mfrs.	6%†	...	Less tax	...	...
Scottish Tea and Lands	3½†	...	Less tax	5	12
Scottish Tea and Lands of Ceylon	3½†	...	...	7	12
Securities Trust of Scotland.	5%†	...	...	8	12
Short's Wine and Spirit	2½*	Dec. 14	Less tax	...	...
Siemens Brothers	2½*	Dec. 6	Less tax	...	...
Sons of Gwalla	5%*	Dec. 15	Less tax	...	...
South Blackpool Jetty	1½*	...	...	11	12
Third Caledonian Trust	1%†	...	Less tax	...	...
Trinidad Leaseholds	7½†	...	...	12½	5
Wiggins, Teape and Co.	3%*	Dec. 1	...	...	...

THE LONDON COUNTY FRESHFODD AND LEASEHOLD PROPERTIES, LTD.—The directors have issued an interim report for the half-year ended September 30, 1932, and have declared a second interim dividend of 2 per cent. Rents upon renewals and re-lettings since April 1st last have increased by approximately £4,000 per annum. The company's unoccupied premises to-day represent 5.8 per cent. of the rent roll. The prospects of letting are encouraging, as is evidenced by them having re-let 50 flats since September 30th. Expenses are less than estimated at this period of the year. This indicates that the company provides the class of flats required at a moderate rent. The auditors have vouched the accounts for the half-year ended September 30, 1932, which show the net revenue was £110,675, compared with £107,767 for the corresponding period of last year. The company and its subsidiary companies during the half-year have made additional purchases from which the full income will be received during the ensuing half-year. There will, in addition, also be the income from properties acquired since September 30th. At the request of the vendors 39,135 shares were allotted at a premium as part of the purchase money.

NATIONAL FIXED INVESTMENT TRUST, LTD.—Midland Bank Executor and Trustee Company, Ltd., announce that the first half-yearly income distribution upon National Fixed Trust Certificates for the period from June 1, 1932, to October 31, 1932, will be paid to registered certificate holders, at the rate of 4.95d. per sub-unit on the due date, November 15, 1932.

NORTHERN ASSURANCE (5 per cent. Debenture Stock—£349,940 outstanding).—Proposals are to be submitted to debenture holders at a meeting called for November 22nd as follows: (1) To alter the rate of interest as from July 1, 1933, from 5 per cent. to 4 per cent.; (2) to postpone the company's right of redemption for ten years (the existing redemption date of 1970 being retained); and (3) to make it optional on the part of the company to purchase any of its outstanding stock in the future in lieu of the present requirement to acquire each year £10,000 of the stock if practicable to do so, at or below par. At the present time the stock can be redeemed on three months' notice, and it is felt that, in view of the fall in the interest yield of high-class investments, the modifications proposed should be generally acceptable to the holders.

UNION CORPORATION, LTD.—The directors have decided to follow the same course as was adopted last year, and to postpone consideration of a dividend until after the end of the Corporation's financial year.

Commercial Reports.

MARKET SUMMARY.

During the past week the downward tendency of the gold price of the principal primary products has been temporarily arrested. A survey of the course of prices in the United States shows that among non-ferrous metals, copper, lead and tin have gained a few points. Similarly, cotton was slightly higher, despite the larger official crop report, and ubbe was also firmer. Among cereals, wheat is as low as ever, but maize, oats and rye have been a little steadier. Cocoa prices, too, show an advance on the week, while raw-sugar values have been maintained. Coffee, however, continued to decline in value. Sterling quotations of commodities, which lend themselves to international arbitrage, followed the course of gold prices. The feature of the week in this country has been the sharp advance in the price of foreign beef, and mutton and lamb, following the application of the Government's policy of restricting imports. Reports from various industrial centres point to a slight seasonal improvement in the heavy industries and in the textile trades.

THE COAL TRADE.

SHEFFIELD.—There has been continued scarcity of best steams for export and firm prices. Demand remains stable, but the regulation of outputs under the quota system is responsible for periodical shortage of supplies. New business is none too plentiful. Prices are 17s. 6d. and 18s. f.o.b. In the industrial section there is rather more activity in boiler slacks, but generally the low levels of consumption of recent months continue. The house-coal trade is unsatisfactory and transactions are reported at summer prices. There is a slump in blast-furnace coke.

GLASGOW.—Scarcity of prompt shipping supplies remains the outstanding feature of the market, this having become more pronounced recently, with a seasonal expansion in the home demand. Prices all round are firm, and in the East of Scotland some qualities are unobtainable for shipment this year. No relief of the quota restriction on outputs has yet been obtained. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 15s.; splint best, 16s.; splint second, 14s. 6d.-15s.; navigation, 14s. 3d.; navigation second, 13s. 3d.-13s. 6d.; Hartley, 16s.; steam, 13s.; trebles, 14s. 6d.-15s.; doubles, 12s. 6d.; singles, 11s.; pearls, 10s. 9d.; dross, 9s. FIRE.—Screened navigation, 16s.-16s. 6d.; first-class steam, 14s.; third-class steam, 12s. 6d.; trebles, 17s.-18s. 6d.; doubles, 13s.-14s. 6d.; singles, 11s.; pearls, 10s. 6d.-11s. LOTHIAN.—Prime steam, 13s.; secondary steam, 12s. 6d.; trebles, 16s.; doubles, 12s. 6d.-13s.; singles, 11s.; pearls, 10s. 6d. Ayrshire.—Unscreened navigation, 15s.; jewel, 16s. 6d.; steam, 12s. 6d.; trebles, 15s. 6d.-16s.; doubles, 12s. 6d.-13s.; singles, 11s.; pearls, 10s.-10s. 6d.; dross, 9s.

NEWCASTLE-ON-TYNE.—The firm position of Northumberland steam coal and the increased demand for all classes of graded coal is the feature of the North-East. The Blyth collieries have a full turn for some weeks ahead, and in the Tyne the Hartley Main group are well sold up to April of next year. From Blyth 64 per cent. of this trade is for English coast, but foreign trade has increased this year, particularly from Scandinavia. Durham classes, on the other hand, are quiet, with little inquiry for coking, but prime bunkers are steady, with a fair demand from coaling staiths. Foundry coke is steady at 16s. 6d. for the prime brands. To-day's f.o.b. prices for export are as follows: NORTHUMBERLAND.—D.C.B. screened steam, 14s.; smalls, 8s. 6d.; Howards, Bontinck, Newbiggin, screened, 13s.; smalls, 8s.; Tyne Prime large, 13s. 3d.; smalls, 9s.; Hartley Main, large, 12s. 6d.; smalls, 8s. DURHAM.—Lambton South Hetton, screened steam, 15s.; smalls, 11s.; Wear Special, unscreened gas, 15s.; Holmside, Ryhope, Boldon, unscreened, 14s. 6d.; second-class gas, 13s.; coking, unscreened or smalls, 12s. 6d.; Prime unscreened bunkers, 14s.; second-class unscreened bunkers, 13s.; Prime foundry coke, 16s. 6d.; Newcastle and district gas coke, 19s.

CARDIFF.—With the approaching close of the St. Lawrence season the shipment of coal from Swansea to Canada has eased down considerably, and there is now no congestion either at that port or at Port Talbot. In the steam coal market the position shows little or no improvement, and many collieries are urgently in need of orders for large grades, the supply of which continues in excess of the current demand. For sized coals, however, and particularly those of the low volatile classes, a steady inquiry is maintained, and the prices are still ruling above the scheduled figures. The executive board of the South Wales marketing scheme on Monday raised the prices of house coals by 1s. per ton, and also issued an instruction that the minimum price at pit of steam coals, when sold for household purposes, should also be advanced by 1s. per ton. These increases are seasonal and became operative as from November 8th. Exports from the South Wales ports last week totalled 412,525 tons, compared with 420,435 tons the previous week, and 361,709 tons in the corresponding week last year. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7 1/2d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 9s. to 10s.; special foundry coke, 32s. 6d. to 34s.; patent fuel, 20s.; pitwood, ex ship, 20s. 6d. to 22s.

IRON AND STEEL.

MIDDLESBROUGH.—Although business in the pig iron trades so far is not of an extensive nature the position is considered encouraging and a steady expansion of trade is looked for. There are indications of schemes that have been held up on the grounds of economy being now proceeded with, and if this becomes general the position of markets will be changed. Locally the Skinninggrove months for reorganisation and extensions, and this includes four blast furnaces, three Cleveland and one hematite. Against this two hematite have gone in at Pease and Partners' Normanby works, which means a net reduction of two, leaving in blast in the district three Cleveland, seven hematite, and five other kinds. This will prevent any further stocking of Cleveland iron, in fact it will probably be found necessary to increase the make at other works, as although the foundry trades generally are at present very depressed, three furnaces will not be found sufficient to meet requirements if any improvement comes along. A steadily improving business has been transacted during the past week in foundry iron, and inquiries generally are more numerous. On Tuesday official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t., but there are still the usual concessions for Scotch consumers. The business done recently has been mostly for early periods, there

being little disposition shown to enter into forward contracts. In the hematite market also the inclination is to confine purchases to early requirements and forward purchases are seldom heard of. Makers offer ordinary mixed numbers at 59s. per ton for early delivery and are inclined to make a stand at this, although the price has been shaded under special circumstances. In the finished departments there is more doing and further orders are anticipated. Home mills producing semis are benefiting by the extension of the import tariff and are turning out increased quantities. Finished steel prices for home under the rebate scheme are unchanged, viz.: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s.; for home iron crown bars are £9 15s.; and heavy steel rails £8 10s. For export, 24-gauge galvanised corrugated sheets are £10, and 24-gauge black sheets £8 5s. The ore market is unchanged, there being practically no fresh buying just now. Best rubio is, however, nominally firmer at 14s. 9d. to 15s., freight Bilbao/Middlesbrough having advanced to 4s. 7 1/2d. with tonnage scarce. Coke continues in full supply and good blast furnace qualities are offered at 14s. 6d. delivered consumer's works. The total number of blast furnaces now in operation in the district is fifteen, four having ceased work at Skinninggrove last week-end and two having restarted at Normanby.

SHEFFIELD.—Business is more active in several of the lighter branches than it has been for twelve months or so, and there is distinct evidence of seasonal trade. Unemployment, too, has dropped slightly. Business, however, still lags in crude steel and heavy engineering, and the volume of work on hand shows little improvement. Orders being booked and inquiries still lack tonnage conditions. There is little forward buying in any section. Certain special steel products are selling freely. Speaking generally, output continues below the margin necessary to yield profit. Further progress is reported in the effort to get down costs. Dismissals of managers and members of staffs have been heavy of late. Confidence in a New Year revival is spreading, hopes now being centred upon benefits to local trade from the Ottawa agreements and from the negotiations now proceeding for increased imports of British goods into Scandinavian markets. The Government of these countries are prepared to enforce a definite and greater share for Great Britain of their import trade, providing a workable and satisfactory plan can be formulated. They will, however, require some concessions from our Government which will benefit Scandinavia. British Government officials and leaders of industry who are dealing with the matter recognise that the task before them bristles with difficulties. Business in cutlery, plate and tools is extremely uneven and prices are being cut so severely that profitable operation is rarely possible.

CARDIFF.—The feature of the South Wales iron and steel market this week has been a sharp advance in the prices of Belgian and French steel bars. The import duties, and the recent further depreciation in the franc value of sterling are at last definitely restricting Continental competition. Imports of foreign iron and steel products last week totalled only 2,108 tons, compared with 17,378 tons in the previous week, and 32,835 tons in the corresponding week last year, while imports of steel bars were nearly 217 tons as against 5,147 tons the previous week, and this year's weekly peak quantity of 22,141 tons. Moreover, the quotations for Continental bars on the Swansea Metal Exchange on Tuesday were 93s. per ton delivered, which represents an increase of 10s. per ton and compares with 96s. quoted for Welsh bars. Trade in tinplates continues rather quiet, and prices are nominally unchanged at from 15s. 9d. to 16s. 3d. per basis box. Galvanised sheets are also stationary at from £10 to £10 10s. per ton. Shipments of tinplates last week were 91,819 boxes, as against 107,936 boxes the previous week, and 157,193 boxes in the corresponding week last year.

OTHER METALS.

TIN.—The market in non-ferrous metals was more active than a week ago. Tin quotations rose sharply in London on Monday and Tuesday, under the influence of a keen demand for the metal. Business was quieter on Wednesday, but prices were maintained at the higher level. Sales on the London Metal Exchange were 525 tons on Monday, against 100 last week; 775 tons on Tuesday, against 125 tons last week; and 250 tons on Wednesday, against 375 tons last week. The New York quotation on Tuesday was 23.70 cents per lb., against 23.50 cents a week ago and 24.05 cents a month ago. Wednesday's official closing quotation in London for standard cash was £155 12s. 6d. to £155 15s., compared with £152 2s. 6d. to £152 5s. last week. Stocks in London and Liverpool at the end of last week were 31,063 tons, a decrease of 66 tons on the week.

COPPER.—Copper, too, rose sharply in value on Monday and Tuesday, but part of the ground gained was lost on Wednesday, owing to realisation. The improvement in the price of this metal is due to the more confident tone in Wall Street, and to the expectation that copper producers at the forthcoming conference in New York will agree to the continuation of output at 20 per cent. of capacity. Sales at the London Metal Exchange were 1,000 tons on Monday, against 1,000 tons last week; 1,250 tons on Tuesday, against 500 tons last week; and 1,100 tons on Wednesday, against 850 tons last week. Domestic spot was quoted 5 1/2 cents per lb. New York on Tuesday, against 6 1/2 cents a week ago and 6 1/2 cents a month ago. Wednesday's official closing price for standard cash in London was £29 18s. 9d. to £30, compared with £30 12s. 6d. to £30 13s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 30,220 tons, show an increase of 685 tons, and stocks of rough copper, at 5,155 tons, an increase of 174 tons.

LEAD.—The price of this metal in London hardened early this week, under the influence of an active demand. On Wednesday, turnover was smaller, but there was a further rise in prices, owing to

the scarcity of sellers. Sales at the London Metal Exchange were 800 tons on Monday, against 300 tons last week; 700 tons on Tuesday, against 300 tons last week; and 300 tons on Wednesday, against 600 tons last week. The New York quotation on Tuesday was 3.15 cents per lb., against 3.00 cents a week ago, and 3.00 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £12 11s. 3d. for September shipment, compared with £11 13s. 9d. last week.

SPELTER.—In common with that of other metals, the market in spelter was more active than a week ago, and prices showed a hardening tendency. Sales were 2,100 tons on Monday, against 400 tons a week before; 850 tons on Tuesday, against 400 tons the week before; and 500 tons on Wednesday, against 650 tons. The New York quotation on Wednesday was 3.00 cents per lb., against 3.00 cents the week before, and 3.05 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 8s. 9d. for September shipment, against £15 2s. 6d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium was again quoted at £100 per ton. Nickel was unchanged at £250-£255 per ton. Quicksilver was slightly higher at £10 10s.-£11 per flask, against £10 5s.-£10 15s. a week ago. Platinum was again quoted at £9 10s. per ounce. Foreign antimony advanced from £24 10s.-£25 per ton to £27 10s.-£28 per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week November 3rd to 9th (inclusive) are 37,240 bales, of which 21,126 are American, 4,506 Argentine, 8,440 Egyptian, and 3,168 East Indian.

Manchester.—Owing to the settlement of the spinners' strike the tone of the market has been rather more cheerful, and the opinion is gaining ground that now the difficulty relating to deliveries has been removed trade will broaden. So far, however, there has not been any particular expansion in the turnover. In piece-goods for India there has been a persistent demand and numerous sales have been arranged, chiefly in light whites, prints and fancies. Bids in dhooties for Calcutta remain unworkable. Latest advices from China are not encouraging and trade has been at a low ebb. Retail quantities of bleaching cloths have been sold for Egypt and the Near East. Some makers of printing and finishing styles have done fairly well for the countries of Northern Europe, and a little more activity has shown itself for the markets of the Dominions, especially Australia. Home trade buyers have been rather cautious. Quotations in American and Egyptian yarns have continued firmer, but in some quarters the opinion is held that prices may ease owing to the fuller supplies now coming on the market. Fresh buying, therefore, has been limited.

Cotton Prices.

	1932.				Corresponding Date.	
	Oct. 19.	Oct. 26.	Nov. 2.	Nov. 9.	1930.	1931.
Raw Cotton—Mid. American	d. 5-57	d. 5-52	d. 5-37	d. 5-60	d. 6-02	d. 4-98
" Sakellaridis Fully Good Fair						
" Egyptian	8-12	7-72	7-64	7-97	9-80	7-40
Yarns—32's twist	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
" 40's twist	9 1/2	9 1/2	9 1/2	9 1/2	10 1/2	9 1/2
" 60's twist (Egyptian)	15 1/2	15	15 1/2	15 1/2	18	16
32 in. Printers, 116 yds., 16 by 16, 32's and 50's	a. d. 19 0	a. d. 19 0	a. d. 19 7 1/2	a. d. 19 7 1/2	a. d. 18 9	a. d. 18 3
36 in. Shirts, 75 yds., 19 by 19, 32's and 40's	21 0	20 9	21 3	21 3	21 0	20 0
38 in. ditto, 38 yds., 18 by 18, 10 lb.	11 1	11 0	11 3	11 3	11 9	11 3
39 in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9 11	9 10	10 1	10 1	10 7 1/2	10 0

THE WOOL TRADE.—Bradford.—According to our correspondent, big quantities of the raw material have been sold in Australia and South Africa since the commencement of the season. The movement of the Cape clip has been exceptionally rapid, in spite of the fact that prices realisable by growers have been exceptionally low. There is evidently a disposition to accept market prices, and bigger quantities of wool have been purchased for this side than it has been found possible to ship from the ports. In Australia there has been a slight sagging tendency in prices, home-trade buyers not having been able to support the same level as was current (say) a month ago. This has, however, been accompanied by some very big clearances in the various selling centres,



and whilst there is nothing to indicate a recovery in the near future, there is quite as much probability of a steady level being maintained. Some misgiving has been felt respecting Japanese buying in Australia, for it has not been clear whether these operations have been induced by the cheapness of wool or are an effort to safeguard capital. If all the raw material bought for Japan this season goes directly into consumption, the future of prices is fairly well assured. There have been large operations on Continental account, and the home trade has been by no means slow to step in as opportunity arose. Considering how much wool has been shifted in Australia, prices are keeping up very well indeed. Crossbred wool is coming more into its own, and there is every probability of a healthy demand for medium and low, as well as finer wools when the New Zealand selling season commences. Quotations for merino tops in Bradford are steady, without much new business developing. Crossbreds are firm in sympathy with the aforesaid demand for wool.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has not improved during the past week. Prices fluctuated within narrow limits, but are scarcely changed on the week. As we show on an earlier page, the outlook for wheat is little better, if not worse, than a year ago. The International Institute of Agriculture in Rome forecasts an increase of no less than 100,000,000 bushels in the "carry-over" at the end of the current season. Not only has the wheat crop been larger than a year ago, but the harvest of other grains are substantially greater than those of the past season. This means, of course, that less wheat will be used for feeding purposes. On Wednesday, "December" futures were quoted in Chicago at 43½ cents per bushel, against 43¼ cents the week before, and 49½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. 6d. per 496 lbs., against 27s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 3d., against 27s.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s., against 27s.; Australia, ex ship, 27s. 6d., against 28s. 3d. a week ago.

WHEAT FLOUR.—International trade in flour continues on a limited scale. North American shipments were 125,000 sacks, compared with 147,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 24s. per 280 lbs., against 25s. last week; delivered London, 23s., as compared with 24s. a week ago. Manitoba patents, ex store, 24s. to 25s., against 24s. to 25s. Australian, ex store, 20s. 6d. to 21s., against 20s. 6d. to 21s. last week.

BARLEY.—The demand for feeding barley remained quiet. "December" futures were quoted in Winnipeg on Wednesday at 30½ cents per bushel, against 28½ cents last week and 25½ cents a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 22s. to 23s., against 22s. to 24s. a week before.

OATS.—The import demand for oats by Continental countries has been small. In Chicago, "December" futures were quoted at 16 cents per bushel on Wednesday, against 15½ cents per bushel a week before and 14½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 6d. per 320 lbs., against 17s. 9d. a week ago; "River Plate," ex ship, 16s. 9d., against 16s. 9d.; "Chilean White," landed, 22s.-24s., against 22s.-24s. a week earlier.

MAIZE.—The demand for maize has been active, but prices have given way, partly as a result of increased shipments from the United States. "December" futures in Chicago were quoted on Wednesday at 25½ cents per bushel, against 24½ cents on Wednesday of last week and 27½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 19s. 9d. per 480 lbs., compared with 20s. 3d. last week; "Plate," ex ship, 18s. 6d., as against 19s. 3d.; "Plate," December-January, 19s. 3d., as against 19s. 10½d. Yellow Maize, ex wharf, was quoted at £5 12s. 6d. per ton, against £5 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to November 5	Cwts. 334,481	Cwts. 79,191	Cwts. 124,248	Cwts. 216,554
10 weeks to November 5	2,530,215	734,490	1,449,432	2,940,972
Average price of English wheat per cwt.	s. d. 5 6	s. d. 6 7	s. d. 6 10	s. d. 9 5

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 29, 1932	Cwts. 324,418	Cwts. 378,011	Cwts. 56,462	s. d. 5 7	s. d. 7 10	s. d. 6 2
Sept. 5, 1932	334,481	408,323	56,941	5 6	7 7	6 0
Nov. 3, 1928	274,710	678,378	78,432	9 9	10 10	8 10
Nov. 2, 1929	231,539	610,771	62,533	9 7	9 11	7 9
Nov. 8, 1930	124,248	526,468	55,204	6 10	9 8	5 11
Nov. 7, 1931	79,191	469,893	46,513	6 7	9 2	6 6

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Nov. 10, 1931.	Jan. 4, 1932.	Nov. 2, 1932.	Nov. 9, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	67½	62½	46½	46½
Chicago (No. 2 Winter)	130½	79½	63½	55½	43½	43½

The visible supply of wheat in Canada, at 91,956,000 bushels, shows an increase on the week of 1,219,000 bushels. Supplies a year ago stood at 56,524,000 bushels.

OTHER FOODS.

SUGAR.—The market in raw sugar has been firmer under increased buying and a more hopeful international outlook for this commodity. December futures were quoted in New York at 1-05 cents per lb. on Tuesday, against 1-01 cents a week before and 1-09 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 10½d. to 5s. 10½d. per cwt., against 5s. 8½d. a week before, and "March, 1933," at 6s. 2½d. to 6s. 2½d., against 6s. 0½d. to 6s. 0½d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.			Tons.		Tons.	
London	3,151	50	1,033	1,053	12,267	6,658
Liverpool	21,402	31,985	14,208	12,659	72,044	40,431
Total tons	24,553	32,035	15,241	13,712	84,311	47,089
Last week	21,708	11,608	14,769	14,047	74,999	28,766

COFFEE.—The tendency of coffee prices in New York continued downwards during the past week. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb., against 8 cents per lb. on the corresponding day a week ago. Tuesday's London sales encountered a steady demand at lower prices. Last week's movements of coffee in London were as follows: Brazilian, landed, 493 bags; delivered, for home consumption, 1,046 bags; exported, nil; stocks, 6,106 bags, against 2,474 bags a year ago. Central American, landed, 2,309 packages; delivered for home consumption, 2,317 packages; exported, 1,263 packages; stocks, 69,626 packages, against 66,935 last year. Other kinds: Landed, 4,347 packages; delivered for home consumption, 2,032 packages; exported, 1,284 packages; stocks, 60,317 packages, against 53,906 last year.

COCOA.—Cocoa has been in better demand and prices show a slight rise on the week. December futures were quoted at 3.96 cents in New York on Tuesday, against 3.92 cents a week ago and 4.18 a month ago; Accra, November-January, at 26s. 3d. c.i.f. Continent, shows a rise of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 12,104 bags; delivered for home consumption, 8,950 bags; exported, 286 bags; stocks, 122,201 bags, against 148,015 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 59,283 packages of Indian and 31,825 packages of Ceylon tea. Monday's "Indian" offerings encountered a keen demand at steady prices. Competition for Ceylon teas on Tuesday was less keen, and with the exception of fine qualities, the prices for the "Indian" varieties offered on Wednesday tended in buyers' favour. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.
Nov. 5, 1931	d. 12-44	d. 11-28	d. 18-05	d. 9-55	d. 7-45	d. 6-61
Oct. 13, 1932	10-57	6-74	11-07	5-78	3-91	5-38
" 20, "	10-82	7-37	11-58	6-10	5-09	6-06
Nov. 3, "	10-75	7-72	12-75	6-40	5-12	5-99
" 10, "	10-22	7-47	12-34	6-32	5-37	5-87

RICE.—The market in rice was quiet at the lower level reached last week. The spot price was 9s. 9d. per cwt., against 9s. 9d. per cwt. a week ago, while the forward quotations at 7s. 6d. per cwt. show no change on the week. Movements in London during the past week were as follows: Landed, 151 tons; delivered, 143 tons; stock, 2,426 tons, against 1,584 tons a year ago.

POTATOES.—The market in potatoes has been steady at unchanged prices. At the London Borough Market, "King Edward," light soil, were quoted at 6s. 6d. per cwt., against 6s. 6d. a week ago.

SPICES.—Peppers have been a quiet market at the lower level of prices established last week. Spot pepper, "Black Singapore," was quoted at 6½d. per lb. on Wednesday, against 6½d. per lb. a week ago. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 4 tons; stock, 318 tons, against 366 a year ago. White, landed, nil; delivered, 35 tons; stock, 618 tons, against 420 a year ago.

MEAT.—Following the application of the Government's scheme to restrict imports of foreign meat, prices of foreign beef and mutton and lamb have risen sharply on the week. Wednesday's

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.

CEREALS AND MEAT.

GRAIN, &c.—	s.	d.	s.	d.
Wheat—				
No. 2, N. Man. 496 lb. 27 3				
Eng. Gaz. av., per cwt. 5 6				
Barley, Eng. Gaz. av. 7 7				
Oats, " 6 0				
Maize, La Plata, landed, 19 9				
480 lb. 19 9				
Flour, Lon. stan. ex mill, 21 9				
280 lb. 21 9				
Rice, No. 2 Burma, per cwt. 7 6				
Tapioca, per cwt. 11 6				
Fair Flake, Singapore, 11 6				
MEAT—				
Beef, per 8 lbs.—				
English long sides 3 8 4 4				
Argentine chilled hinds 3 8 4 6				
Mutton, per 8 lbs.—				
English wethers 3 4 4 8				
N.Z. frozen 2 6 3 0				
Pork, English, per 8 lbs. 4 0 4 8				

OTHER FOODS.

BACON—	s.	d.	s.	d.
Irish	62	0	52	0
Danish	40	0	45	0
HAMS—				
Canadian	64	0	65	0
American	58	0	60	0
BUTTER—				
Australian	88	0	90	0
New Zealand	92	0	98	0
Danish	124	0		
CHEESE—				
Canadian	60	0	69	0
New Zealand	68	0	100	0
English Cheddars	95	0	100	0
Dutch	76	0	86	0
COCOA—				
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				
Accra, f.f.	25	0	28	0
Trinidad	42	0	48	0
Grenada	32	0	37	0
COFFEE—				
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				
Santos sup., c. & f. cwt. 70 0				
Colombian, good	74	0	88	0
Oosta Rica, med. to good	80	0	105	0
East Indian, " "	88	0	105	0
Kenya, medium	70	0	85	0
BGG'S				
English	22	0	23	6
Danish	22	0	24	0
PRUIT—				
Oranges—				
South African ..boxes 12 0 16 0				
Brazilian	12	0	18	9
Lemons, Sicilian ..boxes 12 0 20 0				
" ..cases 12 0 35 0				
Malaga ..cases 420, No. 1 14 0 15 0				
Apples: Amer. (var.) boxes 23 0 27 0				
" (var.) bris. 6 12 6				
" Australian				
Onions				
Valencia, case, 4s. 6 6				
Argentine, bags				
Grapes, Lisbon ½ boxes				
" Almeria ..brs. 10 0 20 0				

Wool—	s.	d.	s.	d.
Irish bladders	50	0	70	0
American, boxes, 56 lbs. 52 0 54 0				
POTATOES—				
Good English, per cwt. 6 6				
STYRES—				
Pepper, per lb.—				
Muntok, fair White	0	7½		
Black Lampong	0	6		
Cinnamon—1st sort, per lb. 0 6½				
Cloves—Zanzibar ..per lb. 0 7½				
Ginger—per cwt. 23 0				
African	57	6	90	0
Jamaica, ord. to good, .. 1 6				
Mace	10	0	2	1
Nutmegs, 55s. 1 6				
SUGAR—				
(Duty, 11s. 8d. per cwt.)				
B.W.I., crystallised, .. 16 3 18 6				
Java, white, c. & f. India Oct.-Dec. 7 9½				
REFINED—London—				
Yellow Crystals	18	7½		
Cubes	21	0	25	6
Crushed	19	0	19	10½
Granulated	18	11	18	9
Home Grown	18	11	18	9
Molasses, in bond	1	3		
TEA—				
Indian—per lb.—				
Pekoe	0	6½	1	4½
Orange Pekoe	0	6	2	3
Broken Orange Pekoe .. 0 6½ 2 8½				
Ceylon—per lb.—				
Pekoe	0	6½	2	5½
Broken Pekoe	0	6	2	1½
Orange Pekoe	0	6	2	6
Broken Orange	0	6½	2	11
TOBACCO—				
(Duty 9/6-10/6½ per lb., Empire growths, 7/5-8/3½ per lb.)				
Virginia leaf	0	10	3	6
Common to fine	0	10	3	0
Rhodania leaf	0	6	1	6
Nyassaland leaf	0	8	2	6
" strips	0	5	0	10
East Indian leaf	0	5½	1	6
" strips	0	5½	1	6
TEXTILES.				
COTTON—				
Mid-American	5	60		
Sakellaridis, f.g. 7 37				
Yarns, 32's twist	15½			
60's twist	15½			
FLAX—				
Livonian 2K	49	10	49	10
November-December	45	0	46	0
Daisee 2/3 c.i.f. Dundee	45	0	55	0
November-December	45	0	55	0
SILK—				
Quanton	7	0	10	0
Fussab	3	6	4	6
Japan	8	6	10	6
Italian—raw, fr. Milan	8	6	11	0

quotation for Argentine beef, chilled hindquarters, was 3s. 8d. to 4s. 6d. per 8 lbs., as compared with 3s. 1d. to 4s. last week. New Zealand frozen mutton was 2s. 6d. to 3s. per 8 lbs., against 2s. 2d. to 2s. 6d. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,667 tons, against 9,391 tons in the corresponding week last year. Imported beef, principally Argentine, formed 82.2 per cent. of the beef supplies, against 83.2 a year ago. Imported mutton, mainly New Zealand, formed 67.1 per cent. of the total supply of mutton and lamb, against 75 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—A rather better tone has developed, but business is confined to immediate requirements of consumers. The outlook forward being regarded as uncertain, in view of the drastic changes that are taking place in our trade relations abroad and the unresponsive condition of industry at home. The prospective duty on foreign linseed approved by the House of Commons has been discounted. Crushers have bought remain low in the absence of buying interest, but have no disposition to Plate on spot and in near positions, but have surplus still pressing on anticipate future requirements, with large surplus owing to large the market. Linseed on passage to Europe has, owing to large arrivals and smaller shipments, been reduced to 153,000 tons, or 49,000 tons less than last week. In addition, however, there is available for export to the end of the year 383,000 tons (including 70,000 tons from India), as against 196,000 tons actually shipped in the remainder of 1931. Little or no interest is being taken in the new Argentine crop, which is estimated to yield 1,750,000 tons, or about 500,000 tons less than the previous season. Current value of Plate oil and shipment is around £8 12s. 6d. Vegetable oils are quiet, though low prices appear to have brought in consumers of linseed oil, which is now somewhat steadier, and for November delivery ex Hull mill is quoted £16 10s., and December £16 15s. Cotton oil is neglected and easy, crude Egyptian ex Hull offering at £21 10s., and refined at £23 10s. The unusually poor demand for oilcakes is adversely affecting crushing operations.

RUBBER.—The ground lost a week ago has been recovered as a result of a slight improvement in demand. In New York, Wed-

Wool—																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					</
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Banks, &c.—Continued.**THE HONGKONG & SHANGHAI BANKING CORPORATION.**

(Incorporated in the Colony of Hongkong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony.)

AUTHORISED CAPITAL ... \$50,000,000
ISSUED AND FULLY PAID UP ... \$20,000,000
RESERVE FUNDS (STERLING ... \$6,500,000
RESERVE FUNDS (SILVER ... \$10,000,000
RESERVE LIABILITY OF PROPRIETORS \$20,000,000

Head Office—Hongkong.

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THE MONEY MARKET.

MONEY displayed its usual ease over the week-end and was quite comfortable on Monday despite the absence of Treasury bill maturities, and $\frac{1}{2}$ per cent. was the ruling rate both for new money and renewals. By Wednesday, however, credit was inclined to be a little tighter, and once or twice $\frac{3}{4}$ per cent. had to be paid, though $\frac{1}{2}$ per cent. remained the general rate. No calling by the clearing banks was in evidence. Last week's Treasury bills went

as expected at the higher rate of 14s. 11.17d. per cent., compared with 10s. 11.16d. per cent. the week before. This week the banks have held out for $\frac{1}{2}$ per cent., and as a result business was very limited. One bank, however, is reported to have secured some "hot" Treasury bills on Wednesday at $\frac{1}{2}$ per cent., and by Thursday afternoon "hot" Treasuries were generally quoted at $\frac{1}{2}$ and even $\frac{1}{4}$ per cent. This week the amount on offer is being increased from £50 to £60 millions, and the general expectation on Thursday was that the average tender rate would be as high as $\frac{1}{2}$ per cent. November and December Treasuries were quoted on Thursday at $\frac{1}{2}$ - $\frac{3}{4}$ per cent., and bank bills were quoted at $\frac{1}{2}$ - $\frac{3}{4}$ per cent., and Standstills at 1-2 per cent.

	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.	Nov. 17, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2½ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount { Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses { Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1½ (May 12, '32)
Market rate ("hot")					
Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months					
bank bills)	$\frac{1}{2}$ - $\frac{3}{4}$	$\frac{1}{2}$ - $\frac{3}{4}$	$\frac{1}{2}$	$\frac{1}{2}$ - $\frac{3}{4}$	...
Market rate (stand-					
still bills)	1-2	1-2	1-2	1-2	...

This week's Bank return shows practically no change. There has been a very slight increase of £1.8 millions in the note circulation, and, with gold holdings unchanged, the Reserve in the Banking Department is increased by £1.8 millions. The biggest change in the Issue Department is the decrease in Other Securities from £12.0 to £6.1 millions, but this may be regarded as representing a transfer of securities from one Department to the other, such as has frequently occurred from week to week during past years. In the Banking Department Public Deposits are unchanged, and there is practically no alteration in Securities or Other Deposits. Bankers' Deposits are risen by £2.7 millions, mainly as a result of the contraction in the note circulation and increase in the Reserve.

In connection with the reported growth in the use of inland bills, one or two accepting houses are believed to be trying to strengthen their provincial connections. The following figures have been suggested as the minimum cost of financing home business by means of bills. The bill stamp will cost 1s. per cent. and the accepting commission 10s. per cent. on a three months' bill. This is equivalent to 11s. per cent. per three months, or 2.2 per cent. per annum. If the bill is discounted at the finest rate obtainable, say $\frac{1}{2}$ per cent., the total cost is 2.95 per cent. This is undoubtedly cheaper than the current cost of bank advances, but it must be remembered that so low an acceptance commission and discount rate is only obtainable against the highest security, and that firms able to give that security could obtain a bank loan at considerably less than 5 or even 4½ per cent. Furthermore, it would in practice be probably easier to renew a bank loan than to renew a bill.

The October averages of the nine clearing banks afford some slight confirmation of the recent autumn improvement in trade. Acceptances have risen by just over four millions, this being the first improvement since a very moderate one which occurred between April and May. The decrease in advances is also less than it has been for several months.

	Oct., 1931.	July, 1932.	Aug., 1932.	Sept., 1932.	Oct., 1932.
Capital and reserves	132.1	122.8	122.8	122.8	122.8
Acceptances	111.2	84.5	78.7	74.8	78.9
Deposits (including undi-					
vided profits, &c.)	1,687.8	1,765.5	1,812.7	1,826.6	1,853.6
Total liabilities	1,931.1	1,972.8	2,014.2	2,024.2	2,005.3
Coin, notes, balance at					
bank, and cheques in					
course of collection	223.5	233.6	234.1	228.3	234.5
Money at call	111.7	117.9	112.8	108.4	110.0
Investments	313.0	356.6	371.3	390.8	419.2
Discounts	235.0	315.6	372.6	390.4	388.6
Loans and advances	894.4	820.5	800.7	787.3	1,779.9
Over for accept., premises,					
&c.	153.5	128.6	122.8	119.0	123.1
Total assets	1,931.1	1,972.8	2,014.2	2,024.2	2,005.3

Deposits continue to grow, and with them the difficulties the banks are experiencing in finding employment for their resources. Bills are practically unchanged, but the banks have added a further £28 millions to their investments, which, including those in subsidiary and affiliated banks, now amount to the very high proportion of 22.6 per cent. of deposits. The ratio of advances to deposits has now fallen to 42.1 per cent.

The Foreign Exchange market was fairly active, and sterling recovered considerably in the early part of this week, but there was a contraction in business as well as a decline in sterling towards the close. New York, after touching 3.84½, reacted to 3.29½, against 3.28½ last week. Montreal weakened from 3.76 to 3.77½. Paris went from 83½ to 84½, after touching 85½. Brussels lost 12 points at 23.77, and Milan ½ at 64½, as did Madrid at 40½. Lisbon gained ½ at 109. Amsterdam fell away rather sharply to 8.21. Berlin lost 4 points at 13.86, and Switzerland 8 points at 17.13, after having been considerably higher. The Scandinavian currencies reacted differently, Stockholm gaining 2 points at 18.86, whilst Oslo weakened by 7 to 19.67, and Copenhagen by 2 to 19.22. Buenos Aires improved by ½d. to 35½d. In the Far East the rupee was firm, and improved by ½d. to 5½d., but the yen was weak and hesitant throughout, and closed ½d. lower on the week at 1s. 2½d. Batavia lost 4 points at 8.25. In the forward market, one month's dollars were unchanged at ½ cent discount, but three months weakened by ½ to ½ cent discount. Paris was at one centimes and two centimes premium, and Brussels at 6 and 22 centimes discount. Milan was unchanged at ½ lira and ½ lira discount. Madrid weakened by ½ for both deliveries to ½ peseta discount for one month and ½ peseta for three. Amsterdam went from par to ½ cent premium for one month, and remained at ½ cent premium for three. Switzerland was cheaper by ½ and ½ centime premium for one month and 1½ centimes premium for three. Silver prices declined by ½d. for both deliveries, cash being quoted at 18d. and forward at 18½d. China and India were both sellers, and business was small. The China silver exchanges fell away in sympathy, Hongkong by ½d. to 1s. 4½d. and Shanghai by ½d. to 1s. 9½d.

Thus the main feature was the strength of sterling early in the week, followed by its renewed weakness. At one time sterling rose over \$3.34, but the control then intervened. This suggests that it was thought desirable to check too rapid an improvement, which, as subsequent events have shown, would probably have proved ephemeral. Three months' dollars have gone to a discount equivalent to ½ per cent. per annum, and if this week's Treasury bills go at ½ per cent. the total return of 1½ per cent. on American purchases may prove attractive, for it compares very favourably with the returns upon short money in New York, quoted in the following paragraph. Hence American interests may either take part in this week's tender or buy "hot" bills next week in the market.

Following last week's slight increase in gold under foreign earmark in New York, fairly large decreases have taken place this week, totalling \$6.8 millions. Imports amount to \$1.7 millions, of which \$264,000 came from China via San Francisco and \$987,000 from Newfoundland. There were no exports, and the total gold gain was therefore \$8.5 millions. This is by no means a large amount, but suffices to show that, notwithstanding last week's increase in foreign earmarkings, the United States continue to gain gold. The foreign exchanges, too, have again moved in favour of New York, French francs from 3.92½ to 3.92 cents, belgas from 13.88 to 13.87 cents, Swiss francs from 19.26½ to 19.24½ cents, and Dutch florins from 40.17 to 40.15½ cents. Money rates are unchanged, with call money at 1 per cent. and 90-day bankers' acceptances at ½-¾ per cent. Bank failures during October only amounted to 67, against a monthly average of 127 for the first nine months of the year. New banks are also being opened up, and this is regarded as encouraging.

EUROPE LOOKS TO AMERICA.

ALMOST at the moment when our last issue went to press the British Ambassador in Washington was presenting to the American Government a Note regarding the War Debts—a step which was quickly followed by the delivery of Notes on the same subject from France and Belgium. This action, within 48 hours of the American elections, and before the dust of the arena had had time to clear away and excited feelings to cool, has inevitably given the impression of being a little precipitate; indeed, in normal circumstances, ordinary human feeling would have prompted a little longer delay to give the protagonists in the Presidential contest at all events a few days in which to rest from their labours. The excuse must be that the date of the election allows only five short weeks before the debt payments become due on December 15th; and since discussion has been deliberately damped down in the last three months, as long a time as possible is in the last three months, as long a time as possible is necessary to permit the public in the different countries to grasp the issues involved, and to enable wise decisions to be reached on a matter which is fraught with grave import for the whole world. The action taken in the next three weeks may unquestionably afford a much needed fresh stimulus to the world's economic system. But if a deadlock is reached it is almost inevitable that, whether the debtors pay or not, there will be a serious setback to recovery.

The terms of the Notes—all of which are quite short—do not call for extended comment. The British document reminds the President that the object of the Hoover Moratorium was to assist in the re-establishment of confidence which had been shaken by falling prices and economic instability. Indeed, the crisis which made this step necessary in 1931 has not ended; and in October a year ago the Hoover-Laval conversations recognised that some further arrangement on all inter-governmental obligations might be necessary before the Hoover Year expired. It was the President's suggestion that the first step in this was the agreement at Lausanne. That Agreement has taken it in the agreement at Lausanne. That Agreement aims at the ultimate termination of all reparation payments, and represents the utmost contribution which the Governments concerned could make towards "that the restoration of world prosperity in which the people of the United States, no less than those of the British Commonwealth of nations, have so deep an interest." The Note does not argue the point of view of the British Government, which has been repeated again and again, from the Balfour Note onwards. It merely urges that negotiations should be undertaken, and that, in order to allow the work of negotiation to proceed undisturbed, the precedent set in similar circumstances during the reparations discussions should be followed, and the payment due in December suspended for the period of the new discussions or "for any other period that may be agreed upon."

The French Government has naturally added in its Note that the agreement which it accepted at Lausanne involved a very heavy budgetary sacrifice which was only accepted "in the hope of allaying the feeling of resentment prevailing among the nations, and in order to contribute both to the restoration of economic conditions and the strengthening of peace," while Belgium also calls attention to the loss of reparation receipts that she has agreed to in the interests of world recovery.

It is unfortunate that this matter should call for action at a moment when the defeated President is still in office, while the victor at the poll, with whom the future power must rest, has not yet assumed responsibility. Yet, given good will, this very fact may make it possible for this and other world questions of an importance far transcending national considerations, to say nothing of purely party interests, to be dealt with on non-party lines. Indeed, this possibility was actually foreshadowed last week in Mr Hoover's telegram of congratulation to the new President, in which the former offered his collaboration "in

the common purpose of all of us." On receipt of the Notes, therefore, Mr Hoover sent copies to the President-Elect, and invited him to discuss the situation at Washington. Mr Roosevelt has accepted—though only after making it clear that responsibility must still, for the time being, rest with Mr Hoover—and these critical discussions between the rival leaders will take place next week. So far so good.

It is idle to deny, however, that with this issue raised so soon after the election, with the United States faced with a still growing deficit in its Budget, and with the old Congress—which committed itself a year ago to a resolution against cancellation or further revision of the war debts—still in being, there are grave political difficulties ahead. Indeed, it is generally believed that they can only be surmounted if Mr Hoover, who is credited with the desire to recommend to Congress a further suspension of the debts, is backed by the prestige of Mr Roosevelt's swinging majority. There is little doubt that the full influence of financial opinion will be thrown into the scale in favour of a course which is generally recognised to be necessary for world recovery; and the American Press generally accepts the view that, sooner or later, revision by agreement or default is inevitable. At the same time the fact must be faced that European countries are not at the moment very much in favour in America. The hesitations at the Disarmament Conference, and in particular, the equivocal acceptance of Mr Hoover's sweeping proposals in the summer, caused misgivings which have not yet been entirely removed by the somewhat brighter prospects of disarmament which have emerged in the past month; while Britain's popularity has waned considerably on account of the Ottawa Agreements, which will have the effect of transferring some of America's trade with Canada and Australia to Great Britain.

The only means of overcoming these hostile forces is a full understanding of the world situation as it exists to-day, of the part which these debt payments have already played in the past in upsetting the international system of the world's commerce and finance, and the still more disastrous results which they would have in this direction as a result of the crisis and the departure of sterling from the gold standard. The reaction of American opinion to these Notes is not unlike that of France in June, 1931, when Mr Hoover suddenly launched his proposal for a moratorium only a few days after members of his Cabinet had been explaining in their speeches that the system of debt payments was working perfectly. France, on that occasion, with rather an ill grace, finally bowed to the inevitable. By her delay she robbed what was a very great piece of realistic statesmanship of half its merit. It would be a thousand pities if the readjustment of the war debts in accordance with the world's imperative needs should be made in such a way as to rob this action of any healing grace and render it an occasion of fresh international friction.

It is being suggested in some quarters in America that it would save Congress from embarrassment if the European debtors were quietly to default, and it is being put forward in this connection that the non-payment of the annuities in July, 1931, was itself a technical default, seeing that Mr Hoover had no authority to suspend payment. But to leave the debtor to act on his own responsibility in such a matter has obvious disadvantages and would set an example which, if followed in quite other circumstances by debtors generally, might lead to chaos. This is not a case where America can escape responsibility, and her decision is a grave one. We can recall no instance in the depressing history of these inter-governmental war payments in which a formal request for a moratorium has been bluntly refused. The concessions made as a result of such applications have in some cases been inadequate, but no Government has yet entirely ignored the considered opinion of the responsible statesmen of a debtor country

when they have indicated that insistence on the strict letter of the bond would have serious national and international consequences.

Mr Roosevelt has had a magnificent victory and wields at this moment a greater power for good or ill than any man in the world. But such power carries with it such a colossal burden of responsibility that one cynic was moved to send congratulations to all the candidates except the winner! His first test has come without a moment's respite. On the way in which he rises to the occasion will depend very largely his prospects of being able to grapple successfully with the other problems which will thrust themselves in quick succession upon him.

THE FRENCH PLAN.

SINCE we went to press last week, events in the field of disarmament have continued to move rapidly. There was a debate in the House of Commons, on the eve of Armistice day; an official *résumé* of the French Plan was published on Monday; and on Thursday Sir John Simon gave, at Geneva, an *exposé*—which is discussed on a later page—of the British attitude and the British proposals.

The Explanatory Note on the French Plan has confirmed what we already knew from the speeches of M. Herriot and M. Paul-Boncour, without adding much to our knowledge of detail. For our part, we do not regard this vagueness as ominous. On the contrary, we take it as an indication that the Herriot Plan, unlike the Tardieu Plan, is not a cut-and-dried document which is being laid before the world with a brusque "take-it-or-leave-it." We believe the Herriot Plan to be a sincere attempt to grapple with the crucial difficulties of the disarmament problem, to break new ground in dealing with them, and to place these new French ideas before the Disarmament Conference as a basis for a free discussion. No doubt the French Plan is calculated to fit in with French ideas and to make the world specially safe for French national interests. But that almost goes without saying in a world which is still dominated by nationalism; and if the present Plan had happened to originate in Great Britain or in Germany, does anybody suppose that its authors would not have given the first draft of it a specifically British or specifically German colour? That a French Plan should start by being "pro-French" is not a matter for criticism; it is inevitable. What is much more noteworthy—and indeed decidedly impressive and encouraging—is the evidence which appears in the Plan that French minds are at last on the move. To observers who have followed events since the Peace Settlement, it does look as though the rigid French temper, which has been the supreme difficulty during these weary years, were beginning to unbend at last.

Notably, in putting forward this Plan, France is recognising that the four European Peace treaties are not inviolable, and that Germany and the other three European defeated countries have a right to recover their equality of status with the ex-victors and the ex-neutrals. (We may recall, in passing, that in the case of Turkey these principles were recognised long ago in the Lausanne Conference of 1922-24.) These two concessions, on points of principle, by France and her allies—for we must assume their concurrence—to Germany and her former allies are surely of inestimable value to the ex-vanquished peoples. In the first reaction of German opinion to the French Plan as outlined by M. Herriot in the French Chamber, the significance of these two concessions was recognised. The German reaction to the French memorandum of this week is less favourable. Yet, in expressing their dissent from the French desiderata on matters of concrete detail which are obviously debatable, we hope that the Germans will not lose sight of these two very great advances.

One interesting aspect of the Plan is its drastic dealing with the idol of national sovereignty. If the Plan goes through, this ancient idol will emerge with its nose chipped off, and perhaps with the loss of its hands and legs. The cult of nationalism is at present so deeply

ingrained in human minds that this mutilation may seem sacrilegious. Yet, although opinions will differ as to the extent to which it is desirable and expedient to limit the traditional exercise of national sovereignty, it is evident that some considerable measure of restraint is an essential corollary to the many inventions that have changed the nature of international intercourse within living memory.

Let us briefly enumerate the ways in which national sovereignty is to be restricted under the French Plan. To begin with, the national forces that are to be at each national Government's sovereign disposal are to be forces that are only capable of defending the national territory and not capable of attacking other countries. The only national forces armed and equipped for offence are to be national contingents of an international force under the control of the League of Nations. The conformity of all national armaments with these stipulations is to be ensured by a system of international inspection. There is to be compulsory arbitration or conciliation of all international disputes whatsoever. There is to be a summary procedure for identifying the aggressor in the case of armed conflict. Both in the task of conciliation and in the task of identifying an aggressor, the Council of the League is to act by a majority vote. For coercing a declared aggressor, the Council is to have at its disposal an offensive air force recruited from volunteers whose personal allegiance will presumably be given to the League and not to their countries of origin. And, in a war that breaks out under these conditions, every Continental European country will be required to place its offensive contingent at the disposal of the League, while no country in the world will be permitted to maintain neutrality, or at any rate to claim the enjoyment of neutral rights.

In the aggregate, these restrictions upon national sovereignty are so far-reaching that our first impulse is to wonder how so nationalistically-minded a nation as the French can have reconciled itself to them. But further inspection of the Plan seems to show that what is taken away from the sovereign national State with one hand is partially restored to it with the other—at any rate in the case of the State whose name happens to be France. This brings us to the stumbling-blocks in the Plan as it stands at present.

The first stumbling-block is the proposed system of national offensive contingents at the disposal of the League. For as long as these contingents are manned and equipped by, and stationed in, the countries that provide them, it is difficult to see how any method of international inspection, however searching, can really ensure that these offensively-armed national forces shall be used, when they are used, as instruments of international police and not as instruments of national policy. The other proposed League of Nations force—the international air force recruited from individual volunteers and presumably stationed in the Canton of Geneva under the command of an international general staff—seems at least conceivably practicable, apart from the question whether we like the idea or not. But the national contingents stationed in their own countries seem, to our mind, either thoroughly impracticable or else calculated in effect to restore to each national army that capacity for offensive warfare which is to be taken away from it *ex hypothesi*.

The second serious stumbling-block in the French Plan is that the existing national stocks of offensive weapons are not to be scrapped but are to be placed "under seal" for eventual use against an aggressor with the League's approval. In our belief, these two points in the French Plan, taken together, might have the effect of maintaining the existing national armies of aggression intact under new labels. In that event, we should have made no progress towards disarmament whatsoever. We submit that these are the two points on which French opinion must expect the representatives of other countries to suggest a rather sweeping revision of the Plan as it stands at present in its first draft.

There are also certain vital questions raised by the Plan which still remain obscure. For instance, does the French conception of "all-in" compulsory arbitration allow for the revision of existing treaties by judicial or conciliatory procedure in accordance with Article 19 of the League

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Covenant? This question is pertinent, because one surrender of national sovereignty requires another. If national States are to place unreservedly in the hands of some international authority the redress of their national grievances, they cannot logically refuse to give the same authority the same degree of discretion to modify their acquired national rights. This is simply the old question of the safety-valve. If the traditional method of letting off steam by blowing up the boiler is to be abandoned, then an effective safety-valve must be installed. If nations are to be induced to renounce the use of "private war" for the redress of their national grievances, they must be assured that these grievances will be open to judicial or equitable redress, even if this may involve the revision, by proper process of law or equity, of other nations' acquired treaty rights. If the French plan is to be made to work, Article 19 of the League Covenant must be made effective. But in this respect, as in others, we see no reason why discussion of the French draft scheme should not lead to fruitful results.

BRITAIN AND GOLD.

IN contra-distinction to the somewhat sanguine hopes voiced recently in the House of Commons by the Prime Minister that it might be possible to arrange for a plenary session of the World Economic Conference before Christmas, it is now admitted in official circles in London that there is little prospect of the Conference assembling until the Spring, possibly April, of next year. However regrettable may be the delay, which is now being attributed in some sections of the British Press—not without signs, one fancies, of official inspiration—to "misconceptions" on the part of the Preparatory Committee of Experts as to the functions which they were required to perform, there is force in the contention that until the ground for the Conference has been carefully prepared, its assembly would be worse than a waste of time. The disappointment and despair which would be created, were the Conference to turn out a fiasco, would be exceedingly dangerous; and to suggest that the Preparatory Committee had nothing else to do but to draw up a list of useful topics for discussion implies an unduly narrow interpretation of its terms of reference, which are "to make a preliminary examination of these complex questions." It was not to be expected that the experts could present the politicians with a series of propositions containing a cut-and-dried solution of the economic difficulties of the world; but the Conference itself can make but little headway unless the Preparatory Committee can indicate where there is common ground and, in cases where there is a difference of view, what are the points to be decided before common action can be taken. Unless the points at issue are narrowed down and crystallised in concise and simple

terms, the chances of a vast assembly of the world's political leaders being able to reach constructive accord on a whole series of complex economic and monetary problems are remote.

Though few details of the proceedings of the Preparatory Committee at Geneva have been published in this country, sufficient indications have been given in French and other Continental newspapers to suggest that, so far from having made any appreciable headway with the task of drawing up bases for discussion looking towards action by the statesmen, the experts, who in any case have now dispersed until January, did little more during their brief session than reveal differences of opinion. In the words of our distinguished and well-informed contemporary, *Le Temps*, "Ils n'ont pu, en réalité, qu'effleurer certaines questions, sans pouvoir se prononcer sur aucune." This may have been inevitable, but so slow a rate of progress is disappointing to an impatient world.

As was anticipated, one of the gravest difficulties that emerged is the conflict of opposing views regarding the question of the gold standard. According to an obviously inspired account published in *Le Temps* of November 10th, the representatives of the "gold" countries, and of France in particular, supported even by some of the representatives of countries which are "off gold," insisted that on the road to economic reconstruction the first step, without which possibilities of further collaborative action could hardly be discussed, must be the re-establishment of the gold standard in countries where it had been suspended, and, notably, of course, in Britain. The reply of the British representatives—that reversion to the gold standard on Britain's part would be subject to the realisation of certain conditions—aroused considerable criticism, and was met with the retort that all ideas of deflation or stabilisation of prices are "Utopian." Such considerations as the need for better distribution of gold reserves, the establishment of a system of clearing through the Bank of International Settlements, or the economising of gold through a reduction of statutory "cover," were apparently brushed aside as representing a retrograde move away from the principles to which the Majority Report of the League's Gold Delegation had given solemn blessing. Reversion to the gold standard pure and undefiled by the "résultats néfastes" of the gold exchange standard was roundly demanded.

This being so, we feel bound to restate once more in terms the case—overwhelming in our opinion—against an unconditional restoration of the gold standard by Great Britain. For, even if the obvious "condition precedent"—a settlement of war debts—were realised, there are, in our view, compelling objections against our again undertaking the responsibility of attempting to maintain any parity with gold unless and until certain conditions are realised—some of which involve very definite assurances on the part of the rest of the world.

These conditions, we suggest, are somewhat on the following lines:—

(1) That there must first be some recovery from the present depressed level of wholesale prices; to this end the policy of central banks—aided by complementary policy on the part of Governments—should be to put no obstacle in the way of such a movement, but rather to assist it.

(2) That the excessive concentration of gold in a few countries of the world must first be corrected. If the trade balance of the countries concerned does not become sufficiently adverse to produce this result, it must be achieved either by loans from the gold-accumulating countries or by utilising some part of the accumulations as an international reserve.

(3) That there must be sufficient common action in the monetary policy of the chief countries of the world to ensure that future gold movements are allowed to influence price levels and so correct the balance of payments, *i.e.*, that gold-receiving countries will not sterilise gold in order to obviate a rise in their internal costs.

There must also be adequate information regarding short-term capital movements from one country to another, so that there may be adequate warning when the situation in any country is becoming unduly vulnerable.

(4) That a general agreement be reached for the removal of trade impediments and the inauguration of a more liberal commercial policy, including in particular an undertaking by creditor countries that they will refrain from placing, in the supposed interests of their domestic employment, obstacles in the way of their acceptance of a logical import surplus.

We are convinced that it would be an unwarrantable risk for this country to go back to gold if it involved the possibility of having to hold to that standard at the cost of indefinite deflation. We go further: we would say that unless there is a recovery of commodity prices the world is faced with the task of making readjustments of debts, fixed charges and rents on a scale that could only be carried out with the utmost difficulty and probably at the cost of grave social disturbance, but which would have to be carried out if civilisation is to survive.

With equal emphasis we would reject the contention, which is being voiced by critics of British policy in the "gold" countries, that if only the gold standard is universally re-established, all that is necessary is that countries with an adverse balance of payments or with a shortage of gold "cover" for their circulation should "restore" their balance of trade and re-establish their credit-worthiness. Theoretically, no doubt, if the peoples of the world had the foresight and the patience to undergo an infinitely painful process of downward readjustments of incomes and wages and a very real, if temporary, degradation of the standard of living, it would be eventually possible for equilibrium to be thus restored—provided always that external obligations were sufficiently scaled down and that there were adequate freedom of trade. But how long would the process take, and what guarantee is there that the last-named condition would be fulfilled?

We are far from denying that the continued suspension of the gold standard in the world's greatest market and the uncertainty of the value of the pound are serious handicaps to the world and are undoubtedly a cause of lack of confidence in gold and in non-gold countries alike. We share to the full the view that termination of the present phase of instability of currencies, which may well become worse before it is mended, would be desirable in the interests of all concerned. None the less, Britain is entitled to put to the "gold" countries, and particularly those with a credit balance of payments, a direct question: "Are you prepared to accept shipments of goods, etc., from Britain on a scale which will give us a reasonable assurance of being able to maintain sterling at the parity with gold which we may select?" Unless an affirmative answer, backed by definite action in the shape of a downward revision of tariffs, is given, then it is legitimate for Britain to say: "Failing such assurance we cannot risk a repetition of the breakdown in 1931, and we are not prepared to make the level of prices and wages in this country the sport of your proclivities for economic nationalism."

The experience of the past year suggests that if it is to be a contest of endurance, whose result is to determine whether saner commercial and monetary policies shall prevail, Britain need have little fear that she will prove the weaker. The deterioration of trade, employment and budgets has been more serious during the past twelve months in the "gold" countries than in Britain or other countries in which the gold standard has been suspended. If it be the case, as we fear it is, that the world as a whole has not yet learned the lesson that the successful working of an international monetary standard based on gold is dependent on a reasonable freedom of movement of goods and the renunciation of policies which have the effect of sterilising large quantities of the metal which is the base of the international system, then there is no option but to allow further time for bitter experience.

EDUCATION AND THE MEANS TEST.

THE House of Commons this week endorsed the economy proposals of the Government with regard to secondary education by a majority of 300. This result was, of course, a foregone conclusion; but the debate showed clearly enough that many of the Government's supporters are more than doubtful of the wisdom of a policy whose aim is to raise school fees and to apply a means test to secondary education. There were signs of a strong feeling among the more progressive Conservatives, no less than among Liberal and Labour members, that in spite of the financial exigencies of the moment this is not the time to "slow down the educational gears," to quote the phrase used by Mr Morgan, the Unionist member for Stourbridge. Yet this is precisely what, in fact, the Government's proposals are calculated to do.

In fairness to the Government, we may at once acquit Lord Irwin from the charge of deliberately sinister intentions. The avowed aim of his policy is to reduce the cost of secondary education to the taxpayer and the ratepayer without in any way curtailing the facilities offered to the children of the country by exacting some payment for a service hitherto given gratis from those who can afford to pay for it. That is, no doubt, sound enough in principle, but the real question is whether the actual proposals of the Government will in fact attain this desirable object. Unfortunately it seems to us only too clear that in their zeal for small economies Lord Irwin and his colleagues are running a very serious risk of reducing substantially the level of education in this country.

The policy of the Government, originally announced in the now notorious Circular No. 1421, might at first sight appear reasonable enough. At a time like the present when everybody recognises the crying need for a reduction in national taxation, local as well as imperial, the idea of introducing a means test for free secondary education cannot fail to have a certain superficial attraction. According to the figures produced in the House of Lords last month by Lord Irwin, there are at present 78 secondary schools containing 31,000 pupils where no fees at all are charged, and over 13,000 grant-aided schools containing more than 400,000 pupils. The average cost of secondary education in these schools is £35 per head per annum, and about 47 per cent. of the places in them are free. The intention of the Government is, in the first place, to abolish these free places altogether and to substitute for them (without necessarily diminishing their number) "special" places, *i.e.*, places awarded as before by open competition, which shall be "free" only if the parent of the successful candidate can prove lack of means. Secondly, the Government evidently intends to raise to some extent at least the scale of the present fees, which varies enormously—from £3 to £30—in different parts of the country. In future the Board of Education will "hesitate . . . to approve a fee of less than nine guineas," and it recommends that there should be some increase in all schools where the present fees are less than 15 guineas.

The application of the means test to the present free places may be quite unimpeachable in the abstract, but

when we come to consider the method of its application we can at once see where the shoe is likely to pinch. In the original Circular the limit of exemption laid down was an income of £3 to £4 a week in the case of a family of one child, with an allowance of 10s. for each additional child. Considering the cost of living in the larger centres of population this limit seems absurdly low. A family living in South or East London, for example, with an income of £150-£200 a year—to take an extreme case—would certainly find it difficult to afford any fee—to say nothing of 15 guineas per annum—and the only result of a means test in such instances must be to reduce enormously the number of children whose parents can afford to permit them to benefit by the "special" place which they have won. In the debate in the House of Lords on October 27th the Archbishop of Canterbury rightly protested against such an ungenerous policy. He suggested an exemption limit of £5 a week with an allowance of £1 for each additional child, which would, at any rate, be a great improvement on the Government's original proposals. Lord Irwin, in his reply, promised to consider this amendment, which was also strongly advocated in the House of Commons by Sir A. Baillie, the Conservative Member for Linlithgow.

The real difficulty of an educational means test is that it is impossible to apply it in practice. If the exemption limit is fixed high, the test defeats itself by producing no economies; if it is fixed too low it creates serious injustice. While it may be possible to make out a fairly plausible case for a reduction in the number of free places brought about by a stiffening up of the standard required, there is nothing whatever to be said for a means test which will merely deprive the parent of the successful child of the opportunity of using the award won by ability. Such a policy can only make the whole notion of a "special" place in secondary schools an absurd sham, which will be strongly resented by all liberal-minded persons. It may be true that we are wasting a great deal of money in attempting to give secondary education to those who are not in fact able to profit by it, through a disregard of the "law of diminishing returns"; but that is not an argument for abolishing free places, though it may be a perfectly sound one for restricting their number by raising the standard of competitive tests. The danger of excluding suitable candidates by a means test is so great that it would in practice certainly be far better to refrain from applying it altogether and to seek for the desired economies in some other direction. But if the Government is after all bent on applying this test in some form or other, a much more logical case could be made out for applying it to primary rather than to secondary education. For primary education is compulsory, and its application, though it might be resented as an odious form of taxation, would at any rate do nothing to diminish the number of persons receiving education.

Similarly, the raising of school fees, however desirable it may appear in view of the immediate needs of the exchequer, cannot fail to be a reactionary and short-sighted policy. That it will restrict the volume of secondary education in this country—already small enough when compared with that of the more progressive and far poorer nations on the Continent of Europe—can scarcely be doubted for an instant. For, however much the Government may desire to avoid this result through the most liberal and flexible application of new policy, the result in practice must be to eliminate the marginal pupils.

So long as secondary education is neither free nor compulsory, the raising of its cost to the parents must inevitably induce some of them to decide that they can no longer—especially in these hard times—afford it for their children. How many parents will be reduced to take such a decision no one can foresee; but by that test alone the policy of the Government stands self-condemned. Incidentally it is perhaps worth while pointing out it is also entirely contrary to the wise and liberal recommendations of the Royal Commission on Unemployment Insurance which were designed to encourage parents, in these days of reduced employment, to keep their children at school as long as possible and so to mitigate the very real dangers of "blind-alley" occupations for juveniles.

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Finally, we may well ask for what financial gains the Government is willing to risk such heavy sacrifices. The total savings which the Government expects from its new policy amount only to some £400,000—about a third of the cost of a small cruiser, and £80,000 less than the estimated increase in the annual cost of the Customs and Excise Department entailed by the new tariff.

THE DIRECTION OF OVERSEAS TRADE.

The analysis of our trade with other countries for the first three quarters of the present year shows the increasing effect of our protective and preferential tariff policy. In previous quarterly returns a reduction in imports from European countries out of all proportion to the reduction in total imports had already been apparent, but the decrease in exports was more evenly distributed. Now, however, a corresponding rearrangement of our exports is emerging: our imports for the first nine months of this year, at £520,215,000, were 16.3 per cent. lower than in the first three quarters of last year; but there were reductions of 31½ per cent. in our European imports and 10½ per cent. in our imports from other foreign countries, as compared with an increase of 1½ per cent. in our Empire imports. Total exports of British goods, at £271,107,000, were 7.5 per cent. down; the percentage reduction in the case of Europe, other foreign countries and the Empire being 10½, 7½ and 4½ per cent. respectively. The attempt to increase or maintain Empire trade at the expense of foreign, and especially European trade, is thus making its effects felt with increasing force.

Our trade with the principal European countries and their Possessions is shown below:—

TRADE WITH EUROPEAN COUNTRIES.
JANUARY TO SEPTEMBER.
(000's omitted.)

	Imports from				Exports to			
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.
Russia	£ 28,592	£ 19,641	£ 21,000	£ 13,045	£ 12,942	£ 5,030	£ 4,793	£ 7,096
Finland	...	9,337	8,069	8,608	...	1,745	1,120	1,541
Estonia	...	1,599	1,482	1,012	...	273	165	254
Latvia	...	4,104	2,168	2,119	...	828	471	419
Sweden	10,103	15,899	12,224	9,741	6,123	7,897	5,557	5,078
Norway	8,709	9,646	5,883	6,658	4,765	8,982	6,003	4,390
Denmark	17,490	40,214	35,006	30,976	4,525	7,740	6,259	7,013
Poland	...	6,189	6,368	4,796	...	2,068	1,454	1,343
Germany	59,116	47,804	45,500	22,231	30,085	20,449	13,435	10,487
Netherlands*	20,666	40,735	33,977	25,844	17,298	19,829	12,618	11,884
Belgium*	17,276	29,248	23,453	12,706	10,232	12,202	7,784	6,420
France*	37,526	41,966	32,745	15,945	24,187	26,749	20,158	16,369
Switzerland	8,458	9,280	8,114	3,163	3,163	4,061	3,124	2,735
Austria	2,771	3,372	2,651	2,312	4,650	5,795	4,251	3,718
Spain*	11,552	14,700	12,122	10,889	7,545	8,529	4,750	5,007
Italy*	6,046	11,370	10,849	7,990	11,151	10,990	7,269	6,312
Hungary	5,632	2,373	1,936	789	3,378	1,704	1,015	772
Czechoslovakia	...	549	766	517	...	600	398	281
Greece and Crete	1,043	4,472	4,784	2,152	...	1,376	1,010	762
Roumania	1,000	794	784	1,076	...	2,756	2,437	1,679
Turkey in Europe	905	3,807	2,055	2,325	1,340	1,576	1,043	1,307
Other European countries	...	509	377	181	1,684	1,243	1,082	795
Total	233,950	320,201	274,199	187,887	145,034	154,408	107,952	96,689

* Including dependencies.

Though imports from European countries in general have been reduced by almost one-third, there were increases in our imports from some of the smaller countries, including Finland, Norway, Greece and Roumania. There is, however, a distressingly long list of countries, including some of the most important, from which our imports were less than half their value in the first three quarters of 1931. These include France, Germany, Switzerland, Austria and Czechoslovakia, while our imports from Russia, Belgium and the Netherlands were also very heavily reduced. On the export side there were a number of increases: Russia, Finland, Estonia, Denmark, Spain and Roumania all bought more from us than in the corresponding period of 1931, but these increases, few of which were very large, were outweighed to the extent of more than £10 millions by decreases in our exports to the remaining countries of Europe. Germany, for example, took £8 millions and France nearly £4 millions less.

Our trade with foreign countries outside Europe, though considerably reduced, has not suffered to quite the same extent, as the following table shows:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE.
JANUARY TO SEPTEMBER.
(000's omitted.)

	Imports from				Exports to			
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.
Turkey in Asia ...	£ 2,241	£ 700	£ 449	£ 735	£ 3,792	£ 216	£ 222	£ 329
Egypt	13,541	10,219	7,222	7,752	7,170	7,641	4,894	4,926
Iraq	329	700	389	236	1,316	867	1,480	609
Persia	3,513	7,234	4,423	5,192	518	2,198	556	609
China	3,237	5,928	5,102	5,054	12,119	6,779	5,717	6,262
Japan and Korea ..	95,385	113,906	74,004	59,438	21,467	22,658	13,077	11,709
United States* ...	3,288	6,180	3,551	4,157	1,698	1,069	521	550
Cuba	1,560	2,237	1,759	1,902	1,825	1,824	754	805
Mexico	798	1,110	710	261	1,277	1,108	1,060	1,061
Colombia	2,070	3,046	2,356	2,905	1,109	1,155	478	573
Peru	4,412	6,493	3,976	3,241	4,610	4,638	1,723	507
Chile	7,790	7,235	4,532	3,376	9,705	6,442	3,066	3,261
Brazil	2,362	6,001	4,178	2,408	2,314	2,572	1,651	1,129
Uruguay	34,175	43,170	38,523	39,777	16,899	19,152	12,050	8,017
Argentina								
Other foreign countries (non-European) ..	6,113	10,945	9,410	7,481	5,201	6,723	4,032	5,177
Total	180,820	232,406	166,288	148,916	106,954	92,288	55,179	50,932

* Including dependencies.

Our imports from Asiatic Turkey, Persia, Cuba, Mexico, Peru and Argentina were slightly higher; but these increases were more than balanced by declines in imports from the other countries in this group, even without the fall of nearly £15 millions in our purchases from the United States. The drop of over £4 millions in our exports to this group was largely accounted for by our reduced sales to Argentina and, to a lesser degree, by a fall in the United States' figure; other small decreases were approximately balanced by small increases in the purchases of Iraq, China, Peru and Brazil.

The next table shows our trade with Empire countries:

TRADE WITH BRITISH COUNTRIES.
JANUARY TO SEPTEMBER.
(000's omitted.)

	Imports from				Exports to			
	1913.	1930.	1931.	1932.	1913.	1930.	1931.	1932.
Irish Free State ..	£ 3,871	£ 31,219	£ 26,029	£ 19,880	£ 26,186	£ 22,650	£ 20,894	£ 20,894
West Africa	9,026	14,729	9,804	10,828	16,506	20,170	16,358	12,869
South Africa	39,614	47,501	33,790	30,245	54,984	46,415	26,766	27,832
India and Ceylon ..	12,332	7,570	4,104	3,120	4,356	5,022	3,579	3,637
Strait Settlements ..	2,891	1,865	880	746	968	2,475	1,250	759
Malay States	27,239	35,098	32,265	34,851	25,730	26,385	11,038	14,284
Australia	18,928	38,363	31,464	31,535	8,155	14,038	8,528	7,638
New Zealand	21,879	28,047	22,093	28,763	18,110	21,700	16,275	12,011
Canada	1,766	3,962	3,386	4,287	1,556	3,427	2,772	3,324
West Indies	5,485	17,212	13,239	15,032	9,798	19,425	15,358	14,747
Other possessions ..								
Total	143,031	232,586	180,866	183,412	144,774	194,419	129,262	123,486

The increase of about £2½ millions in imports from this group is due to increases of £6½, £2½ and £1 millions, respectively, in our imports from Canada, Australia and South Africa, which the substantial decreases in imports

from the Irish Free State, India and the Straits Settlements did not completely offset. Exports were down by nearly £6 millions, the principal reductions being in exports to Canada, South Africa and the Irish Free State. Exports to Australia increased by £3½ millions, and there was a rise of £1 million in our exports to India.

The decline in re-exports, as the table below shows, has continued progressively, but has been more unevenly distributed in 1932 than during the last year or two:—

RE-EXPORTS.
JANUARY TO SEPTEMBER.
(000's omitted.)

	1913.	1930.	1931.	1932.
Russia	£ 7,231	£ 1,871	£ 1,335	£ 1,008
Sweden	794	694	544	501
Norway	388	261	195	283
Denmark	484	554	416	361
Germany	15,384	13,375	10,109	8,241
Netherlands*	3,976	3,312	2,274	1,967
Belgium*	5,195	5,342	2,632	3,208
France*	8,512	11,583	7,461	6,200
Italy*	684	728	635	613
China	134	69	72	76
Japan	231	121	120	80
United States*	23,180	9,156	6,299	4,499
Irish Free State		7,464	6,406	4,898
South Africa	1,425	943	790	391
India and Ceylon	1,144	1,104	713	490
Australia	2,591	1,176	482	437
New Zealand	707	607	421	224
Canada	2,699	1,456	1,194	672
Other Countries	7,605	7,863	6,257	4,879
Total	82,364	67,679	48,255	39,028

* Including dependencies.

There were small increases in our re-exports to Norway, Belgium, Italy and China, but for most of the other countries the decline was still very marked.

In view of the effect which our departure from the gold standard would normally be expected to produce in redistributing our trade as between those countries which have and those which have not adhered to the gold standard, it may be of interest to examine our trade with those two groups. The table below shows our imports and exports during the first three quarters of 1930, 1931 and 1932 respectively, from and to groups representing the most important countries in each of these categories. The "gold standard" group includes the United States, Germany, France, Holland, Belgium, Italy, Switzerland and South Africa. The other group includes Norway, Sweden, Denmark, Argentina, Japan, China and the whole British Empire, excluding South Africa:—

(In Millions of Pounds.)

	Imports.			Exports.		
	First Three Quarters.	1930.	1931.	First Three Quarters.	1930.	1931.
Gold standard countries	292.2	226.7	147.0	126.3	87.1	71.9
Other countries	341.1	273.5	259.8	231.3	153.0	145.8

As far as imports are concerned, the results are what might have been expected. Whereas imports from countries which are still on the gold standard have fallen by almost a half since 1930, those from other countries have declined just under a quarter. Exports, however, have behaved somewhat unexpectedly. So far from having stimulated our exports to gold-standard countries in general, our departure from the gold standard has failed to prevent a fall of about 43 per cent. in our exports to these countries, as against a decline of some 87 per cent. in our exports to the other group. A glance at the composition of the two groups reveals one important reason for this. The gold-standard group includes the United States and many of the principal industrial countries of Europe—countries where continued deflation has resulted in an immense decline in purchasing power since 1930, whereas many of the "non-gold-standard" countries have succeeded in escaping to some little extent from the latest and most extreme phases of the world depression. A further cause of the relatively large decline in our exports to gold-standard countries is the fact that many of them have taken special measures to protect their markets against an incursion of goods from countries whose currencies are depreciated.

ART AND ECONOMY.

THE old adage that tailors must cut their coats according to their cloth leaves unanswered a question which in times of severe economic depression becomes particularly pertinent. To what extent should cloth be skimmed, if skimping there must be, in order to afford a trimming which, if not essential, is demanded for very real satisfaction of the æsthetic sense? The famous prelate who professed readiness to deny "back and side" their normal claims to protective warmth, provided he were vouchsafed an adequacy of liquid comfort for the inner man, cannot be said to have resolved the dilemma. We are here concerned with the conflicting, delicate claims of art and utility, and not with the cruder human problem, which each individual will settle according to his taste, arising out of the nice distribution of expenditure between wine merchant and tailor.

In short, how far is an individual or the community as a whole acting rightly, when times are bad and purchasing power limited, in refraining from expenditure on articles which may be regarded as detachable from utility and still more from necessity? Confronted with straitened days, immediate and in prospect, should we individually or collectively decide to forgo the product of the artist and the master-craftsman as something necessarily expensive and falling within the category of "a luxury," properly subject to the voluntary application of a sumptuary law? An answer, which makes a strong appeal to common sense, was framed by the Chairman of the British Institute of Industrial Art in a lecture which he delivered a few days ago. It was essential, he suggested, to recognise that the world had become a much starker and poorer place to live in, whereas many fresh impulses generated during and since the war had caused men and women to make new and increased demands on life. The solution was that the artist, if he were to continue to make his essential contribution to civilisation, must concentrate on a progressive simplification of form; he must realise that the limitations imposed on his freedom by the necessity of paying regard to costs had become a necessary condition of healthy art production—a condition no less essential than the limitations imposed in all forms of art by the nature of the materials, tools or function. Otherwise the economic blizzard would overwhelm the artist-craftsman; nothing would survive but an output of mean, mass-produced "necessities"; and the resulting victory of formlessness over form would ultimately mean the degradation of civilisation itself.

We are far from denying that, in so far as the applied arts are concerned, Sir H. Llewellyn Smith's advice is sound and well-considered. Beauty and simplicity can be joined in much more than a companionate marriage for the duration of the depression. Pace admirers of the leisurely baroque, to say nothing of the over-elaborate monstrosities which oppressed the fire-places of spacious Victorian days, we would suggest that in the history of mankind the artist has most richly endowed civilisation with added beauty when he has wedded form with "economy" in the true sense of the elimination of all but really significant essentials. Nevertheless, a doubt still lingers in our minds whether the lecturer really disposed of half of the problems which arise. For though it is easy enough to say that if the artist-craftsman is not to be reduced to the tender mercies of a public assistance committee, he must, in times of depression, produce, so far as he can, articles within reach of the tightened purses of the public, there are some unanswered questions. It is still debatable whether society should prevent the artist altogether from producing things which cannot but be expensive and may prove fatal enticements to extravagance; or whether, *per contra*, the community should extend its blessing, if not its collective financial support, to the production in an economic depression of things which can lay no claim to utility but only to rarity and beauty.

One emphatic reply to these nice questions has come before our notice in the shape of an advertisement, in which a firm concerned with the manufacture of a distinctly evanescent decoration of life throws down the gauntlet boldly in defence of "luxury" articles. Messrs.

De Coverley and Coquelin, if we may slightly paraphrase their name, take the stand that the maintenance of the "luxury standard"—by which they mean the production by the artist-craftsman of an article which is as perfect, humanly speaking, as possible, regardless of cost—is essential to the continuance of real civilisation. For them "the best or nothing," in conformity with the true aristocratic tradition, should be the ideal of all who do not wish to see the fine flower of culture perish from the world.

Here, one fears, the cold admonitions of the economist may have to enter a caveat. "Ivory, apes and peacocks," the blue smoke ascending from the perfect Havana, the shimmer of pearls matched at the cost of ransacking three Continents—all these are lovely things; but before expenditure on them can be regarded as socially desirable, reason must sombrely admit that there should be "a margin"; and that the supply of capital needed for the production of the world's utilities should have prior claim on resources and savings. Yet, for all that one must recognise that a civilisation in which millions are underfed may have to forgo to some extent the production of things which must be from their very nature as costly as they are exquisite, it would none the less be agreeable to think that, even in the direst straits, the world will somehow contrive to keep alive its artists who are not content to follow the injunction of the Chairman of the British Institute of Industrial Art and seek a working compromise between beauty and inexpensiveness.

Though there are, doubtless, few economists who would make bold to prove on purely economic grounds justification for the existence of poetry, still less for the maintenance of indigent lyricists or epic writers at the ratepayer's expense, we should most of us deplore the day when every poet was harnessed to the task of writing (with no matter how masterly a pen) rhymed aids towards the expansion of commercial turnover, when every painter was recruited for the posters, and when the inexorable laws of supply and demand forbade any artist to make anything that was not of practical utility to the consumer. Let us all now and then, when we can afford it, do our souls a little good by defying common sense and buying something which pleases our eye for its own sake alone. And let the artist-craftsman who is not prepared to compromise in his standards take heart: an age weary of statesmen who have not even the courage of other people's convictions may yet reward him if he has the courage of his own.

Notes of the Week.

Britain and Disarmament.—The submission of promised British proposals to the Disarmament Conference on Thursday had a prelude in the debate which took place in the House of Commons a week before and which was notable for two features—a dramatic warning by Mr Baldwin of the dangers which threaten civilisation from war in the air, and a carefully worded adumbration by Sir John Simon of the lines on which the British Government hope to induce Germany to re-enter the Disarmament Conference. Mr Baldwin has since been criticised, logically enough, for his apparent attitude of hopeless defeatism. Having depicted the horrors of aerial bombardment, he appeared to argue that no prohibition of bombing and no sort of qualitative limitation would have any effect; and he seemed to imply that, since the young men of the world insist on having aeroplanes, it is no use their laying on the old the blame for an inevitable war in the future. Now, since the young men have delegated to Mr Baldwin and his contemporaries the responsibility of laying the foundations of peace, this argument will not hold water; but, capable of misconstruction as Mr Baldwin's words were, we are inclined to think that it was not his intention to accept fatalistically the view that "nothing can be done," but that he was addressing himself particularly to those of his colleagues and supporters who have been inclined to put obstacles in the way of real quantitative reduction to British armaments. Certainly in the light of the Geneva proposals this reading of his speech seems

justified. As for Sir John Simon's part in the debate, the Foreign Secretary went a long way in his endeavour to meet the German claims. He suggested that, provided Germany joined with other European States in a solemn affirmation that they would not in any circumstances attempt to resolve any present or future differences by resorting to force, the limitation of Germany's armaments should be contained in the same disarmament convention as that which defined the armament limitations of others. That is to say, the relevant Article of the Treaty of Versailles would be superseded. On the other hand, while the object of the Disarmament Conference is "to bring about the maximum of positive disarmament that can be generally agreed upon and not to authorise, in the name of equality, increases in armed strength," the full realisation in practice of the principle of "equality" could not be achieved all at once; it would be necessary to envisage its realisation by stages. He reminded Germany that she had declared that she had no intention of re-arming, but that she desired merely the recognition of the fact that the kind of arms permissible to other countries ought not to be prohibited to her. Thus stated, the British thesis held several points of ambiguity. It did not really answer the question whether Germany was to be allowed to re-arm in any degree, or, if so, in what degree; nor was it made plain whether the British Government would make sufficiently tangible proposals for the "first stage" of "levelling down" to satisfy Germany that the Reich Government ought to exercise further patience and refrain from beginning to "level up." Again, little or no indication was given how the British Government proposed to fit the French plan into their own proposals. Thus it was in an atmosphere of keen expectation of fuller details that the curtain went up on Thursday on Act II—Sir John Simon's statement to the Bureau of the Disarmament Conference.

The British Declaration.—The first impression which we derive from the British declaration of disarmament policy is that it represents a substantial step forward, but that in certain particulars a still bolder lead towards quantitative reduction ought to be given. The declaration does not mention the French plan, and has clearly been framed primarily with a view to satisfying Germany that this country at least "means business." Following closely the lines of the Foreign Secretary's speech in the House, the declaration repeats the terms on which, as already indicated, the British Government considers that the principle of equality of status should be conceded to Germany, and similarly to Austria, Hungary and Bulgaria. In endeavouring to secure the realisation of the British aim of "equality" without an increase of Germany's armed strength, the suggestion is made that if Germany wishes to have conscription "the numbers of men annually compulsorily given a militia training in Germany must be deducted, at a ratio to be agreed on, from the numbers of her long-service troops." Again, a reduction of from twelve to, say, six years in the period of Reichswehr service should be conditional on the number of long-service reserves not being augmented, i.e., the strength of the Reichswehr with the colours should be proportionately reduced. Both these proposals form a useful complement to the Herriot plan. And what of the non-German Powers? In general terms the declaration contends that regard must be had to the geographical situation of different countries and the responsibilities in respect of which their armed forces are required—e.g., colonial commitments, etc. Furthermore, in the case of a lower quantitative standard being agreed on, time must be allowed to spread the cost of replacement of material. With a view, however, to settling a programme for the first stage of disarmament, the British Government announces that it is prepared "to go to any length in agreement with other Powers" to achieve disarmament in the air. To this end the following proposals are made:—

- (1) The immediate reduction of the air forces of the leading Powers to the level of those of the United Kingdom.

- (2) A cut of 33½ per cent. all round on the air forces of the world thus reduced, the United Kingdom included.
- (3) A limitation of the unladen weight of military aircraft to the lowest figure on which general agreement can be obtained.

Given agreement on these three points, the British Government considers that Germany should refrain from making any claim to the possession of military or naval aircraft. But, in addition, it is suggested that the chief air Powers should co-operate in a thorough examination of the practicability of a scheme for the entire abolition of military and naval machines and all bombing (apart from police purposes in outlying places), combined with an effective international control of civil aviation. Apart from the air, the proposals are less striking. It is suggested that the maximum calibre of large mobile guns should be reduced to 105 millimetres, or the limit allowed to Germany, but nothing is said of the destruction of existing guns above that size. Tanks should be limited to small lightly-armoured units "unsuitable for the assault of highly organised defences"; submarines should be wholly abolished; cruisers should be limited to vessels of 7,000 tons carrying 6-inch guns. As for capital ships, Germany should be permitted to build ships of a type comparable with that finally agreed on for the Great Naval Powers, provided always that, subject to minor adjustments, there is no increase in the total tonnage in any category to which the German Navy is at present restricted. On the other hand, a limitation of battle-ships to a figure of 10,000 tons "would fail to command general acceptance." For the rest, the Hoover proposals in regard to military effectives are viewed favourably by the British Government as a basis for discussion, and unqualified acceptance is announced of the principle of effective supervision of armaments by a permanent Disarmament Commission.

What Next?—We have said that the British proposals require, in our opinion, amplification. In particular, we should have liked to have seen in them the strong advocacy of an immediate budgetary cut; we can find little reason for the retention of tanks of any sort as a defensive weapon, although, admittedly, the present proposal is an advance on the original British desire to suppress only the mammoth unit; and we are sceptical of the practical utility of pressing for the abolition of the submarine unless we are prepared—and there is no reason why we should not be prepared—to go boldly for an immediate 50 per cent. cut at least in the existing strength of capital ships. The present proposals give no assurance that the Admiralty is not still toying with the idea of building a new fleet of 25,000-ton vessels. With these qualifications, we hope that the Government will be given full credit for a declaration which, if not perfect, should nevertheless go a long way towards reassuring opinion both in Germany and in the United States. The proposals for progressive disarmament in the air are excellent; and, so far as personnel on land is concerned, there was little scope for Britain to make proposals so far as her own small force is concerned. The immediate question is, will France and Italy agree to follow the British lead by a wholesale scrapping of military and naval aircraft? If agreement can be reached on that point, and if a quantitative reduction of capital ships, *pari passu* with submarines, can be agreed, it should not prove impossible to frame a convention which embodies most of the "security" principles for which France is asking, but at the same time eliminates from the French plan the grave weakness of having Europe studded with dumps of "earmarked," but still practically accessible, offensive material.

The Means Test.—The debates in the House of Commons on Tuesday and Wednesday of this week confirm our view that revision of the Means Test regulations on the lines proposed is wholly inadequate if the growth of bitter, and far from unjustifiable, resentment in the country is to be stayed. The Labour Opposition were ill-advised in confusing the issue by attempting to argue, in

principle, for the total abolition of a test of need. This, we feel, is neither financially practicable nor even called for on grounds of social justice. The gravamen of the charge against the Transitional Payments (Determination of Needs) Bill is that it represents very little modification of a policy of making the working poor pay, to a greater extent than hitherto, for the involuntarily idle poor. Admittedly, statutory protection is now to be given to 50 per cent. of disability pensions and workmen's compensation, while there are to be no forced sales of houses over the heads of claimants to transitional payments, and the title of unemployed workers to retain in reserve at least a fraction of small savings is recognised. But, though some check is thus placed upon extreme harshness in the application of the law by Public Assistance Committees, it is still not clear whether the Bill will not result in practice in the departmental screw being applied still more tightly to areas in which Public Assistance Committees have acted in a more liberal way. The answers given by the Government to questions whether the proposed minimum standard of generosity was not intended to become, in effect, a maximum standard were equivocal. Moreover, the discussions in the House brought to the forefront the very real hardships, which the Bill does not touch, now involved in the assessment of needs on the basis of the "family income." After all, the real crux of the situation is this: except in so far as the past twelve months' administrative economies in respect of unemployment insurance benefit have combed out persons well able to support themselves—and these can be but a fraction of the whole—the fact that money has been saved by the State means one of two things. Either the unemployed have eaten less—for no one would argue that, save perhaps in a few "cheap" agricultural districts, scales of unemployment benefit yield a margin for anything but necessities—or the charge for their maintenance has been shifted from the shoulders of the taxpayer to those of relatives, comparatively few of whom are in a position to assume the burden without forgoing themselves satisfactions which might fairly be defined as essential minima.

Ottawa and India.—The Ottawa Agreements Bill having received the Royal Assent on Tuesday, Treasury Orders were promptly issued to carry into effect the provisions of the Act. But whereas the general preferences for the British Empire in respect of duties imposed under the Import Duties Act were continued without exception, the new British duties provided for by the Ottawa agreements were imposed only in so far as required by the undertakings given to Canada, Australia, New Zealand, South Africa and Southern Rhodesia. Since India and Newfoundland had not yet taken steps to carry out their side of the bargain, the Treasury Orders make no provision for bringing into operation measures required solely by the terms of the agreements with those countries. In the case of India, however, the variations in import duties which are proposed by the Government at Delhi for the purpose of giving a 10 per cent. preference in respect of a wide range of British goods have now been revealed. The great majority of the articles affected were previously subject to a duty of 15 per cent. *ad valorem*, raised to 25 per cent. by two revenue surcharges imposed in 1931. The proposal now is, apparently, that these surcharges should be consolidated in the new tariff, which is to be 20 per cent. on British and 30 per cent. on non-British goods. In view of the dependence of the Indian Budget on indirect taxation for revenue, the proposals are much as we expected. One more proof has been afforded of the failure of Ottawa to lead to any general lowering of trade barriers.

The Irish Tariff War.—The successive phases of the Anglo-Irish tariff war move drearily from fatuity to fatuity. On Thursday of last week a new schedule of twenty-six duties was announced by the Free State Government and duly approved by the Dail. The duties affect a considerable variety of manufactured articles, and are at the rate of 50 per cent., with a preferential duty of 33½ per cent. applicable to Great Britain and the Dominions. In other words, Mr de Valera is not only

hitting back at Great Britain, but is using the situation as an excuse for further experiments in high protection for Southern Ireland. In the course of the debates in the Dail this week he announced that it was not intended to suspend the collection of land annuity payments from the farmers, but that those who could not pay would be allowed to have their instalments funded at an interest rate of 4½ per cent. At a later date it was proposed to introduce legislation providing for a definite remission of a substantial portion of the annuities. In the meantime, bounties on exported eggs, poultry and livestock will be continued. Thus, the struggle of tariffs *versus* export subsidies is to continue, with no visible way out of the deadlock; but though Mr de Valera, thanks to Labour support, obtained a vote of confidence on Tuesday by 75 votes to 70, it still remains to be seen how Irish agriculture is going to get through what must prove an exceedingly difficult winter.

Parliament and Tariff Orders.—While the House of Lords was giving speedy passage to the Ottawa Agreements Bill, the House of Commons spent a few brief hours in debating perfunctorily the series of Additional Import Duties Orders (Numbers 4-8) made by the Treasury in accordance with recommendations of the Advisory Committee on various dates between the end of July and the end of October. The result was, of course, a foregone conclusion: a thin House on each occasion gave automatic sanction to the new tiers laid on the British tariff wall. In the case of the first two Orders, covering horticultural products, the Government boasted proudly that they had yielded £700,000 in duty and had reduced the import of practically every article made chargeable—a consequence of which less well-to-do consumers of fruit and vegetables this year have been only too painfully aware. Having disposed with little enough discussion of Orders Numbers 5 and 7, imposing duties on a quaint assortment of commodities, ranging from meat pastes to screws and rubber shoes, the House proceeded at 3.15 p.m. last Friday to consider the far more important decision to continue for a period of two years the protection of a 33½ per cent. duty on crude iron and steel. It is to be supposed that the Government's hope had been to "railroad" this Order through before the House rose at 4 o'clock. The hope was disappointed, and the discussion had to be continued on Monday—but only late at night, after the adjournment. In all, not more than two hours was spent on this vitally important issue. The Government were content to defend the Order simply on the ground that it was necessary to make it clear to the foreign exporter of iron and steel that it was idle for him to sell at a loss in this market in the hope that, by thus retaining the goodwill of British importers, he might be able to secure reasonably profitable sales at the end of our phase of "reorganisational" protection. The Opposition made pretty play with the conscience of the President of the Board of Trade, whose speeches delivered not long ago on the dangers of an iron and steel tariff to-day make curious reading. The Government's withers, however, were unwrung; and when Dr. Burgin had wound up the debate with the curious argument that the comparative success of the British steel industry in avoiding the worst ravages of the world depression was obvious justification for tariff shelter, the House approved the Order by 200 votes to 42. Thus, listlessly and indifferently, Parliament has approved for two years ahead the application of a high tariff whose repercussions on the whole structure of the international steel trade will be far-reaching. Ultimately, we are convinced, this "shelter" in respect of crude steel will be to the gravest possible detriment of the finishing sections of the industry, in which Britain has so far succeeded, and is best adapted to succeed, in holding her ground.

Butchery at Geneva.—If the *Conseil d'Etat* at Geneva has laid the seeds of a dangerous revolutionary movement in Switzerland, it will only have itself to blame; for the horrible events which occurred on Wednesday of last week

seem fairly attributable to an inexcusable combination of hysterical alarm and military incapacity. Let us grant that the course of the municipal election had seen tempers running high, and that Switzerland is no more free than any other country from a sprinkling of subversive Left Wing elements; let us grant that the authorities, having sanctioned a Fascist meeting in a public hall, were under an obligation to protect the meeting from Socialist aggression, and that the demonstration, which was organised outside the hall, was at once ill-considered and provocative. The fact remains that all the evidence from unbiassed witnesses is to the effect that the crowd which assembled—including, as always on such occasions, a large proportion of merely curious spectators—was in no sense dangerous; was armed with nothing more deadly than bags of pepper; and was never beyond the control of firm shepherding by the police. To use a company of raw recruits for police purposes in the circumstances was technically rash; and to adopt tactics whereby these troops in single file mingled with, and were swallowed up by, the crowd was a blunder for which a raw subaltern could not hope to be forgiven. To follow up this incompetence by machine-gun fire, turned on the crowd with no more warning than a bugle call, was an act of indefensible butchery. The sequel has been an attempt to whitewash those responsible for the massacre by much wild talk of Communist plots, and by the arrest of the Socialist leader, M. Nicole, on a charge of conspiring to overthrow the State. These patent exaggerations of the "Red Menace" do little to palliate the bungling brutality of the authorities; nor do we imagine that foreign investors with liquid funds lodged in Switzerland will be favourably impressed by the somewhat ridiculous mobilisation of regiments, the constant parading of armed forces through the streets of Geneva, or the hysterical attitude which led to placing the Assembly Hall of the Disarmament Conference in such a state of defence that it was deemed necessary to keep a machine-gun trained on the foreign correspondents' Press room.

The Political Situation in Germany.—Nearly a fortnight has now passed since polling-day in Germany; and, as we go to press, the resignation of the Cabinet is announced. Political power and prestige lie now with President von Hindenburg, who has more than recovered the position which he seemed to be losing earlier in the year. The President is an honourable and a conscientious man. He is known to take seriously his oath to respect and maintain the republican Constitution of Weimar; and an evasion of his oath by some legal quibble is not likely to appeal to his temperament. It is therefore not surprising that President von Hindenburg should have been putting pressure upon his Chancellor to come to some arrangement, if possible, with the political parties; for the election returns show at least one thing unmistakably, and that is that the majority of the German electorate is opposed to a non-parliamentary dictatorial Government. Both the Social-Democrats and the Nazis had refused this week to enter into negotiations with Herr von Papen; and it is obvious that there must in any case be great difficulties in constructing even the semblance of parliamentary government out of the very conflicting elements that compose the Nazi, the Nationalist and the Centre Parties. The President has not solved the problem merely by letting his Chancellor go; for, even if the "Cabinet of Barons" is replaced by one composed of men more acceptable to the Reichstag, there is as yet no indication that the parties, in their present strength, can so permute and combine themselves as to turn out any parliamentary majority with the necessary margin of votes in the Reichstag to ensure some stability to a real coalition Government. Herr von Papen's resignation may ease matters; but whether Herr Gessler or another can form a Government embracing the Centre and the Nazis remains to be seen. On the other hand, it seems equally hard to believe that the pre-war Prussian system of government can now be restored. For the two mainstays of the old Prussian system were the momentum and prestige of an unbroken tradition and the solid support of the Ost-Elbisch agrarian

interest. To-day the Hohenzollerns are discredited and the Junkers ruined; and even if it accorded with President von Hindenburg's conscience to set Humpty Dumpty up again, it would seem to be a superhuman task. At the moment, the indications are that a composite Cabinet will be formed. If it contrives to gain the necessary Reichstag support it will undoubtedly restore confidence in the final stability of the post-war constitutional régime in Germany.

The Future of Manchuria.—The Lytton Report is to come before the League of Nations next week, and this week Mr Matsuoka, the head of the Japanese Delegation, has arrived in Europe. His pronouncements at this stage are more conciliatory than those which he was reported to have made upon his departure from Japan. He has contented himself, on this occasion, with expressing the opinion that Japan's action in Manchuria is bound to prove advantageous to everybody, including the Chinese, and that law and order will be re-established in Manchuria within the next six months. This last prediction hardly accords with our information from the spot. The latest news is that the recalcitrant Chinese general at Manchuli still holds his Japanese hostages, and that a party of Japanese officials is on the way to discuss with him the terms of the hostages' liberation. At the other end of this vast country, in the mountainous Province of Kirin, adjoining Korea, a new "drive" is being started against the bandits who have never ceased to control this region. But this time the Japanese are adopting new tactics. The mailed fist is being muffled in a velvet glove; and the machine-gun detachments are being preceded by officials bearing olive-branches on a mission of "bandit suppression by persuasion." This is more in the Chinese than in the Japanese manner and we can imagine what contempt the Japanese would have poured upon any Chinese authorities that deigned to deal with the bandits on these lines. But the Chinese always tell us that the barbarians who invade China invariably succumb to "Sinification"; and history seems to be repeating itself in this instance with extraordinary rapidity. On the whole, we think that the Japanese are just as likely to restore order within six months in Manchuria as the Chinese Government in Nanking is likely to restore it, within the same period, in the bandit-infested provinces south of the Yangtse. For our part, we give M. Matsuoka until the Greek Kalends to make his prediction good.

The Burma Elections.—The India Round Table Conference held the preliminary meeting of its new session in London on Thursday, and the regular sittings are to begin on Monday. In the meantime, one of the questions that have to be settled in the drafting of the new All-India constitution has been pronounced on—decided is scarcely the *mot juste*—as a result of the general election which was held in Burma on November 9th. This Burma election was held mainly on the issue whether Burma should enter, as one of the constituent States, into an All-India Federation, or whether she should pursue the road towards full self-government as a separate State-member of the British Empire. The election returns show 39 anti-separationists, 29 separationists, and nine neutrals, with three results still to come. From one point of view this result might be regarded as satisfactory, if it could be interpreted as a reaction against the world-wide mania of Nationalism which has been splitting the world up into an ever larger number of ever smaller political fragments at a time when the whole tendency of development on the economic plane is towards world unity. If Burma has really risen superior to the prevailing nationalistic craze and has voted for continuing her political association with India because she realises the value of a large-scale State in the modern world, then we could ask for nothing better. There is, however, apparently some reason to suppose that the anti-separationist vote is not so much a vote in favour of solidarity with India as a vote against certain fantastic tales of what the English intend to do with Burma if Burma elects to stand alone. A rumour current in the election

seems to have been that England intends to exploit an isolated Burma by making the country a field for mass-colonisation by the British unemployed. Again, as Sir Samuel Hoare explained in the House on Wednesday, many Burman voters appear to have been under the mistaken impression that Burma could enter a Federation and leave it whenever she pleased. If these were really the bases of the anti-separationist vote, then it is to be feared that the election returns throw little light upon the attitude of the Burmese people towards the real issue which it was intended to put before them. The Secretary of State is clearly wise in his declared intention of waiting for a definite vote in the new Burmese Council, before making up his mind how the election results should be interpreted.

A New Danzig Dispute.—The number of times that Danzig has appeared on the agenda of the League Council is legion, and this week the legion is receiving a new recruit. The Council has been seized, on the initiative of the League High Commissioner in Danzig, of a dispute which has arisen between the Free City and Poland over the question of the currency in which railway fares are to be paid in Danzig territory. On October 25th it was announced by the Polish Minister for Transport that all railway fares in the territory were to be charged, as from December 1st, in Polish zloty instead of in the local currency, even when it was a question of taking a ticket between two stations within the territory of the Free City and not of travelling from Danzig into Poland. The Danzig authorities maintain that this order is contrary to treaty. In any case it is highly vexatious; and although, in itself, it is as petty a matter as the majority of the innumerable "incidents" that have arisen between Poland and Danzig since the peace settlement, it is not merely annoying but wantonly provocative on Poland's part to create another "incident" of this kind in the present critical international situation. Really, if the Poles wished to give reason to the most militant school of German Nationalism they could not have done anything better calculated to produce that result; and their French allies will not thank them for it. As the efforts of European diplomacy bring the problem of Disarmament and Security down to concrete issues, it is becoming more and more apparent that the issue of the German Ostmark and the Polish Corridor cannot be shelved if Europe means to attain a state of peace which will be really durable. This latest news from Danzig serves to point the moral.

The Situation in Palestine.—From the report which the British High Commissioner for Palestine and Transjordan has been making to the Permanent Mandates Commission of the League of Nations, it appears that the Mandatory Administration has been grappling gallantly, under adverse world conditions, with the economic plight of the Arab peasant population, especially in the hill country, in which the standard of living has always been lowest and the struggle for existence most severe. A Director of Development has been appointed, and he has discussed various projects of amelioration with the Arab Executive, as well as with the Jewish Agency. There is no doubt that the economic depression was one of the causes of the Arab outbreak against the Jews in 1930. On the other hand, it is unfortunately too much to hope that economic improvements, however successful in themselves, will effect a radical cure of the political trouble, for the roots of this trouble, after all, are not economic but political. The difficulty is to persuade the lion and the lamb to lie down together in Palestine as a common "national home" for Jew and Arab. The Arabs continue to regard the Jews as dangerous intruders, and the Jews to regard the Arabs as a nuisance. The High Commissioner admitted to the Mandates Commission that several Arab members had recently resigned from a number of administrative boards, and that the number of Arabs who refused to co-operate with the Mandatory Administration was increasing. The problem of persuad-

ing the two national communities in Palestine to work out some kind of bi-national constitution as a basis for Palestinian self-government seems to be still as far as ever from solution.

The Syro-Iraqi Frontier.—A League of Nations Commission of three members—one Swiss, one Swede and one Spaniard—has been investigating the question of the frontier between the two Arab States of Iraq and Syria between the Euphrates and the Tigris. The provisional frontier which was laid down, a dozen years ago, in an agreement between Great Britain as mandatory for Iraq and France as mandatory for Syria was an imaginary straight line running from Abu Kamal on the Euphrates to Feish Khabur on the Tigris; and this line was unsatisfactory in two ways: it cut across the pastures of a number of nomadic Arab tribes; and it partitioned the Jabal Sinjar, a block of mountains which is inhabited by the picturesque community of the Yazidis, or Satan Worshipers. The League Commission was sent to look for ways and means of overcoming these inconveniences. In regard to the nomads, they suggest the appointment of a Syro-Iraqi inter-governmental commission on the pattern of the Swedish-Norwegian Commission that regulates the annual migrations of the Lapps in Northern Scandinavia. In regard to the Jabal Sinjar, a majority of the Commission has recommended a line which leaves the whole of the Yazidi territory within the bounds of Iraq. A divergent line has been proposed by the Spanish member in a minority report. The League Council has declared in favour of the majority report, but has asked for an opinion from the Permanent Mandates Commission.

The French Budget.—When the French Government came into power last June they were faced in 1933 with estimated expenditure of Frs. 55,980 millions and estimated revenue of Frs. 43,880 millions, or with a prospective deficit of Frs. 12,100 millions. Their budget proposals were issued on Tuesday night, and are summarised by our Paris correspondent upon a later page. In brief, revenue is to be increased to Frs. 47,802 millions and expenditure to be reduced to Frs. 47,780 millions, thus leaving a small surplus of Frs. 22 millions. The details given by our correspondent show that fresh revenue is to be obtained mainly from a strengthening of the collection of existing taxes, from the upward revision of certain duties and from the imposition of new duties on coffee, heavy motor lorries and apéritifs. Economies include a further general reduction of departmental expenditure, reductions in the pay and allowances of public servants, the reduction and suppression of war pensions and former soldiers' allocations, and the reduction of administrative staffs. All these proposals are essential, though painful; and it is right to testify to the resolution of the Government in bringing them forward. Our only doubt is whether they will be able to carry them through the Chamber. There are, however, two further proposals in the budget of a more questionable character. These are, firstly, the transfer of war pensions services (Frs. 2,070 millions) from the budget to an autonomous Caisse des Pensions, to be financed by a special loan; and, secondly, the transfer of various public works charges and loan services (Frs. 1,550 millions) from the budget for incorporation in the pending programme of new public works, to be financed by loan. We cannot agree that these transfers in any way contribute towards the balancing of the budget; it is obvious that the budget still remains unbalanced to the extent of the sums involved.

Japan's Finances.—The provisional figures of Japan's draft Budget for 1933-34 indicate that expenditure is estimated to attain the record total of 2,235 million yen, whereof 662 millions are absorbed by the War Office and 472 millions are accounted for by the Navy estimates. Ordinary revenue is put at 1,330 million yen, or little more than the aggregate cost of the fighting forces, so that the deficit reaches the formidable total of 905 millions. It is reported that the Finance Minister considers that increased taxation would be inadvisable, having regard to

the economic depression, and proposes to bridge the gap by an issue of bonds. The pronounced weakness of the yen is a fair comment on this proposal; for though the fall in the yen's exchange value since the suspension of the gold standard has stimulated exports and improved the visible balance of merchandise trade—increased cotton and rayon exports going far to offset smaller shipments of raw silk—the monetary policy of a Government which proposes to finance 45 per cent. of its total expenditure by loans is not very reassuring. There is, however, a reverse to the medal. It may be that even a military Government, faced with the risk of plunging Japan into uncontrollable inflation, will be inclined—if it can "save its face" by proclaiming "loyal adhesion" to League recommendations—to shorten sail in Manchuria.

Compensated Trade.—The difficulties under which British traders are labouring in foreign markets subject to a growing network of exchange restrictions are very real; but the proposals published at the end of last week by the London Chamber of Commerce for the establishment of a clearing system in this country represent an ill-considered leap from the frying-pan into the fire. The suggestion is that statutory clearing houses should be established in this country to act in reciprocity with all countries in which exchange dealings are under control. This done, an external trade barter unit ("bartex") should be created, negotiable only between Britain and the particular foreign country concerned. The procedure would be for the foreign seller in, say, Ruritania to draw on the English buyer for the invoice value of the goods in "bartex" and then to pass the draft, with the usual shipping documents attached, to the Central Bank of Ruritania, who would transmit it to the Bank of England. The English buyer would take up the document by payment of the sterling equivalent at the current rate of exchange. The Bank of England would then remit the "bartex" to Ruritania, and the Ruritania merchant would duly receive Ruritanian currency for it. Trading transactions in the reverse direction would follow a similar course. Under this system, it is argued, excess sales by one country to the other would lead to an accumulation of "bartex," the depreciation of whose exchange value would automatically bring about a corrective in the form of a reduction of sales to, or an increase in purchases from, the other country as the only means of liquidating the "bartex." To avoid goods being shipped via another country, certificates of origin would have to accompany all shipping documents. Whether such a scheme could be made workable in practice we take leave to doubt. To ensure that no payments were made outside the clearing house would involve the establishment of an extremely stringent control of imports, and it would be unsafe to place too much reliance on certificates of origin. Moreover, it would be difficult to provide against the contingency that Ruritania, having become the possessor of an excess of "bartex," might defeat the intentions of the plan either by accumulating "bartex" against the day of restored normal trading, or by purchasing British goods for resale to our other normal customers abroad at the expense of British exporters. These difficulties, however, are not the vital objection, which is that the whole conception of the canalisation of trade into "compensated" bilateral movements means that foreign trade would be woefully curtailed. The proposals put forward by the London Chamber of Commerce might be defended under the present abnormal conditions as a poor makeshift; as an alternative to attempting to deal radically with trade impediments, they are frankly deplorable.

Private Members and Economy.—The publication of the Economy Report produced by Conservative Private Members has been attended by a great deal of pother with which we are not concerned. What appears to have happened is that a number of sub-committees were formed whose conclusions were arrived at with little enough co-ordination or liaison; and the result is a medley of recommendations, whereof some individual proposals merit consideration, but whose effect in the aggregate

might well appal any Conservative member who lacks a cast-iron seat. Altogether over £100 millions a year are to be saved by proposals which include, *inter alia*, the abolition of all housing subsidies; drastic retrenchment in educational expenditure, including a reduction of teacher's salaries and larger classes; the abolition of the Ministry of Transport, and the reduction of expenditure on roads by one-third; the suppression of the Department of Overseas Trade; and hosts of other economies, good, bad and indifferent. A Chancellor bent on "contraction" would find enough material in this report to occupy his mind for many evenings of Budget planning; a wiser Chancellor would reach for the waste-paper basket. Not by such indiscriminate lopping of services is the salvation of England to be secured.

Canada and the Wheat Preference.—A statement made by Mr Bennett in the Canadian House of Commons on Monday, after communication presumably with the British Government, appears to have settled a question which had been greatly exercising Canadian opinion. Mr Bennett stated that Canadian wheat would be eligible for preference under the new British duty even if it were shipped through United States ports, provided that shipments were definitely of Empire origin and that they were consigned to the United Kingdom. This would apply to wheat held in bond in the United States even if transit were delayed. In this connection our Ottawa correspondent writes:—Every winter large quantities of Canadian wheat are kept in store at Buffalo or some other American point where storage facilities in the shape of laid-up grain boats are cheaper than in Canada, and it is a matter of vital importance to the Canadian grower that the preference should be available to wheat thus stored. Admittedly it will be difficult, if this wheat is made eligible for the preference, to prevent a certain amount of American wheat getting the benefit; for it is virtually impossible to distinguish between wheat grown in Manitoba and Minnesota, and regulations about the preservation of the identity of shipments would be hard to enforce on foreign soil. Indeed, the case for withholding the preference on these grounds has been strongly pressed by certain interests in Canada, who visualise benefits for themselves. The Canadian lake shipping interests feel that closer restrictions upon the availability of the preference would drive Canadian wheat to Montreal and other Canadian points for storage, and that, thanks to the provisions of the Canadian coastal navigation laws, they would be relieved of the competition of American vessels, which now get a large share of the wheat traffic on the inland waterways, and would secure for themselves a virtual monopoly of the export movement of Canadian wheat down the Great Lakes. Again, the Atlantic ports of Halifax and St. John think that the concentration of the export trade in Canadian channels would mean a large increase in their business. But the prairie farmers calculate that, if the grain export movement was confined to Canadian channels, the cost of transporting wheat to tide-water might easily be increased by 5 or 6 cents per bushel, and that any possible value of the preference would thereby be destroyed.

Canadian Wheat Marketing.—The Canadian Government has now decided not to renew the wheat bonus of 5 cents a bushel, but to continue, instead, to support the market. In announcing this decision last Monday, Mr Bennett explained that Mr Macfarland, the general manager of the Central Selling Agency of the pools, had operated in the market with the support of the Federal Treasury in order to secure "an orderly marketing of the Western wheat crop." Unfortunately, writes our Ottawa correspondent, the prospects for Canadian wheat are not encouraging. Canada entered the new crop year with an exportable surplus of 425 million bushels. Thanks largely to the fact that wheat prices in the United States have been uncompetitive since August, the export clearance of Canadian wheat from August 1st to October 21st has

amounted to 54 million bushels, as compared with 29 million bushels in the parallel period of 1931. Canada, however, has benefited less from the poor Russian and Danubian crops than she might have expected to do, because wheat crops in Western and Northern Europe have resulted in a reduction of 37 per cent. in the volume of world shipments to date. Moreover, promising forecasts of the Argentine and Australian crops suggest that in the New Year world competition will be keen. In January, Canada's export surplus will probably still amount to 300 million bushels, and wheat prices in Winnipeg have been falling accordingly. The pressure of indebtedness on the Western farmer has resulted in heavy deliveries, and on October 21st Canadian wheat in store amounted to 229 million bushels, as compared with 154 million bushels a year ago. In face of the selling pressure which has developed, there evidently came a point when the Federal Treasury could not afford to risk more money in the wheat market, and the theory commonly held in Winnipeg is that the sharp slump in wheat prices was partly caused by the sudden withdrawal of Mr Macfarland's support. Furthermore, it is suggested that at present the Federal Government is faced with very heavy losses on its wheat commitments, the estimates varying between 10 and 20 million dollars.

Ten Months Overseas Trade.—The October trade returns show further declines, as compared with last year, under all headings, but the percentage decline in imports was, as it has been for some time, much greater than that in exports. The tables below give the October figures, and the cumulative figures for the first ten months of the year, with comparative figures for the two preceding years:—

MONTH OF OCTOBER. (000's omitted.)					
	1932.	Increase or Decrease as compared with			
		October, 1931.		October, 1930.	
	£	£	%	£	%
Imports	60,828	19,858	-24.6	30,029	-33.1
British exports	30,440	2,392	-7.3	16,482	-35.1
Re-exports	3,693	1,584	-30.0	3,517	-48.8
Total exports	34,133	3,976	-10.4	19,998	-36.9
Excess of imports over total exports	26,695	15,882	-37.4	10,031	-30.0

FIRST TEN MONTHS. (000's omitted.)					
	1932.	Increase or Decrease as compared with First Nine Months of			
		1931.		1930.	
	£	£	%	£	%
Imports	581,017	120,975	-17.1	294,803	-33.6
British exports	301,548	23,675	-7.3	186,480	-41.6
Re-exports	42,721	10,811	-20.2	32,167	-42.9
Total exports	344,268	34,487	-9.2	218,657	-38.8
Excess of imports over total exports	236,749	86,488	-26.8	76,146	-24.3

Comparisons with preceding months are apt to be misleading, owing to seasonal and other causes, but as much has been made of the fact that exports in October were £5 millions higher than in September, it may be well to examine the figures of recent months:—

EXPORTS OF UNITED KINGDOM GOODS. (In Millions of Pounds.)			
	1930.	1931.	1932.
April	46.9	32.5	34.8
May	51.0	35.9	30.2
June	42.8	29.4	29.7
July	50.7	34.3	29.3
August	42.8	29.1	28.6
September	42.7	29.8	26.2
October	46.9	32.8	30.4

This shows the October improvement in a much less favourable light. September was a month of exceptionally low exports, and if the October figures are compared instead with August, they show less seasonal recovery than in either of the preceding years. Again, in both 1930 and

1931 the October exports were roughly the same as those of April and substantially higher than the June exports. This year exports in October were much lower than in April and very little higher than in June. The figures are definitely better than the worst, and to that extent are encouraging; but the improvement shown so far is small.

Iron and Steel Production in October.—Iron and steel production was fairly well maintained in October, pig-iron production rising from 260,400 tons in the previous month to 275,600 tons (representing a slightly higher daily rate) and steel production rising from 430,300 tons to 438,500 tons. Both in pig iron and steel, however, production was slightly less than in the corresponding month in the previous year. Probably owing to fears that the duty on iron and steel imports might be increased when the Treasury Order fell due for renewal on October 25th, imports of iron and steel, which in September were 107,100 tons rose to 163,200 tons. Increased imports took place in practically all products with the exception of pig iron. Exports of iron and steel at 160,400 tons also showed an increase over September, but for the first time since February they were lower than the imports. The most favourable feature of the iron and steel situation in October has been the continued upward trend in the export prices of Continental products. Sheet bars, for instance, are now quoted at 43s. per ton (f.o.b. Antwerp on a gold basis), compared with 40s. at the end of September, but the most marked increase has occurred in the case of merchant bars, which are now 60s. per ton (f.o.b. Antwerp gold), compared with the low level of 40s. to 42s. per ton in July. Comparing steel production in the first nine months of 1931 with the corresponding period of 1932, it will be found that Great Britain is the only country (except Russia) whose production is not substantially less than last year:—

	Jan.-Sept., 1931.	Jan.-Sept., 1932.
	Tons.	Tons.
United Kingdom	3,840,000	3,910,000
Germany	6,600,000	4,110,000
France	6,020,000	4,090,000
Saar	1,200,000	1,050,000
Belgium	2,330,000	2,060,000
Luxemburg	1,520,000	1,410,000
United States	20,410,000	10,170,000
Total	41,920,000	26,800,000

It will be seen that whereas steel production in the United Kingdom showed a slight gain of 1.8 per cent., the decline in other countries varied from 7.2 per cent. in Luxemburg to 50 per cent. in the United States.

Sterling and International Prices.—The past fortnight has seen a slight recovery from the pronounced slump in international "gold" prices which occurred in the second half of October. The latest figures of our various indices, compared with those of foreign countries, are summarised below:—

SEPTEMBER 18TH, 1931 = 100.									
Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.		
	British Composite Index (sterling).	British Primary Products (sterling).	International Gold Prices.						
1932.									
Jan. 27th	108.3	115.7	93.8	93.5	93.6	95.8	91.6		
Feb. 24th	110.9	120.9	89.6	92.4	95.1	97.2	92.0		
Mar. 22nd	108.1	111.9	86.5	91.5	96.3	97.0	91.4		
Apr. 20th	103.8	105.4	83.6	89.6	97.0	95.3	90.3		
June 1st	100.2	101.0	79.8	87.3	94.0	91.7	88.5		
June 29th	97.4	99.3	80.5	86.4	91.5	89.5	88.1		
July 27th	99.5	103.5	84.1	88.3	91.3	88.5	88.1		
Aug. 24th	102.5	111.8	89.3	89.8	89.0	89.3	87.1		
Sept. 7th	107.1	120.2	94.7	91.7	89.0	91.5	87.9		
Sept. 21st	106.0	117.4	89.6	90.5	89.7	91.2	87.1		
Oct. 5th	104.6	115.3	85.7	89.6	89.7	91.2	87.1		
Oct. 19th	103.1	112.3	84.0	88.6	88.8	92.7	86.8		
Nov. 2nd	102.6	110.9	79.4	87.3	88.4	92.8	86.4		
Nov. 16th	103.8	113.0	82.9	87.4*	...	92.3*	86.3*		

* These figures relate to November 9th.

So far as British wholesale prices are concerned, the chief movements since November 2nd have been conflicting. Flour, barley, rice, oats and potatoes have been cheapened; but, as a result of the quota proposals, the

prices of beef, mutton and bacon have risen sharply. Among "other foods," small rises in the prices of sugar and butter have been offset by reductions in the case of tea, coffee and cheese. Textiles show little change on balance, but the tendency of non-ferrous metals has been upwards. Sectional figures are given below:—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	Nov. 2, 1932.	Nov. 16, 1932.
Cereals and meat	64.5	61.8	64.7
Other foods	62.2	63.9	62.9
Textiles	43.7	50.1	50.2
Minerals	67.4	74.7	76.0
Miscellaneous	65.8	62.2	62.3
Complete index	60.4	62.0	62.7
1913 = 100	83.1	85.3	86.3
1924 = 100	52.2	53.6	54.2

It will be observed that, as compared with a year ago, the whole of the slight rise in sterling wholesale prices is accounted for by raw materials. The cost of foodstuffs as a whole shows practically no change.

International Production.—In the following table we have converted the indices of the physical volume of production of various countries to a percentage of the average of 1928:—

INTERNATIONAL PRODUCTION INDICES.
(1928 = 100)

Period.	Canada. Do- minion Bureau of Sta- tistics.	France. Sta- tistique Générale de la France.	Ger- many. Insti- tut für Kon- junktur- for- schung.	Poland. Insti- tut für Reco- nomo- Re- search.	Sweden. Sveriges Indus- tri- Förbund.	United King- dom. Board of Trade.	United States. Federal Reserve Board.
1929 average	(b) 111.6	(c) 109.4	101.8	99.8	100.9	106.0	107.2
1930 "	94.9	110.2	84.3	82.2	97.2	97.9	86.5
1931 "	79.2	97.6	69.1	70.1	86.1	88.8	73.0
1931—First quarter	84.9	104.4	70.2	72.0	80.6	90.0	76.9
Second "	81.0	101.3	74.9	72.3	84.9	87.1	77.5
Third "	78.7	95.3	68.7	71.4	87.4	84.6	70.9
Fourth "	72.2	90.0	62.5	64.6	89.8	91.8	66.1
1932—First "	72.6	79.5	55.0(d)	52.2	88.3	90.1	62.5
Second "	70.8	74.0	57.7(d)	54.5	79.0	89.2	54.7
Third "	63.0(e)	73.2	53.2(d)	54.0	71.7(f)	...	55.3

(a) Quarterly Index. (b) Adjusted for seasonal variations. (c) Partly adjusted for seasonal variations. (d) Provisional. (e) July. (f) July–August.

A comparison of the third quarter of the current year with the April–June period reveals a further deterioration in the industrial activity of the principal foreign countries with the exception of the United States. A similar comparison of the development of production in the United Kingdom is not possible as the official figure for the third quarter has not yet been published. It will be seen that the volume of production in the United States, Germany and Poland has fallen to about one-half of that of 1928. Recently, it is true, there have been indications of a slight improvement. Thus, the monthly index for the United States, which is adjusted for seasonal variations, has risen from 52.3 in July to 54.1 in August and 59.5 in September. The monthly indices for France, Germany, and Sweden also show a slight advance in September. Yet, though the latest information suggests that the improvement has so far been maintained, the table above does little to suggest that the turning point in the world depression has definitely been reached.

The 1930 Census of Production.—Volume XXI of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, deals with the building materials, manufactured abrasives, coopering and flock and rag trades. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms),

and the net output per person employed in the various industries in 1924 and in 1930:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Building materials	Thous. £ 9,599	Thous. £ 13,657	Thous. £ 5,762	Thous. £ 7,330	£ 284	£ 253
Manufactured abrasives	1,296	1,515	596	725	309	292
Coopering	2,418	1,784	896	671	245	205
Flock and rag	6,345	3,782	1,357	825	208	153

The net value of the output of building materials shows an increase of about 10 per cent. between the two census years. The expansion in the production of artificial stone and paving materials has been substantial. The average number of persons employed in this industry increased from 20,307 in 1924 to 28,929 in 1930, but the net output per person employed declined by £81. The returns for the manufactured abrasives trade reveal a substantial increase in the net value of the industry's products. The output of grinding wheels of artificial carborundum advanced from 1,110 tons in 1924 to 2,490 tons in 1930, and the total value of the output of emery, at £183,000, shows an increase of £87,000. In the absence of quantitative data, it is not possible to measure the change in the volume of production of the coopering, and flock and rag trades. The net value of the output of these two industries in 1930 shows a reduction on 1924 of 24 per cent. and 39 per cent. respectively.

Banque Belge Pour L'Etranger.—The accounts and report of this bank, issued as we go to Press, reflect to the full the general situation prevalent throughout the world during the past year. The fall in the pound, trade and exchange restrictions, and the consequent shrinkage in international commerce have all had their effect upon the bank; and the prevailing uncertainty and lack of confidence has forced the directors to maintain very liquid resources during the year, and to reduce the bank's engagements. The heavy contractions in acceptances, "debtors" (i.e., advances), bills receivable and investments and participations can be discerned in the following summary of the balance sheet, which equally brings to light the serious shrinkage in "creditors" (i.e., deposits):—

	June 30, 1930. Fr.	1931. Fr.	1932. Fr.
Capital (subscribed)	200,000,000	200,000,000	200,000,000
Reserves (paid up)	158,424,125	158,424,125	158,424,125
Creditors	120,000,000	130,000,000	130,000,000
Acceptances	3,770,511,168	3,861,760,453	1,880,222,903
Note issue in China	730,027,093	672,000,311	388,694,879
Debtors	6,432,179	4,296,563	4,472,698
Bills Receivable	2,392,028,892	1,625,446,169	943,489,635
Investments and Financial Participations	935,751,994	1,382,379,030	474,568,167
Shares in Allied and Affiliated Banks	216,688,822	293,542,331	193,131,288
Net Profits	177,183,203	142,962,844	142,867,501
Dividend (free of Belgian Coupon Tax)	30,854,599	23,098,594	14,824,146
	10 per cent.	8 per cent.	8 per cent.

The bank has also felt the effects of the difficulties of its subsidiary and affiliated banks. The Banque Italo-Belge has had a favourable year, and is paying a dividend of 8 per cent., while certain of its Balkan affiliates have also been able to declare dividends. It is common knowledge, however, that the Wiener Bank-Verein has recently had to rectify its position and reorganise its capital, while a certain number of banks in which the Banque Belge Pour l'Etranger holds an interest have either kept their profits in hand or devoted them to depreciation. Still, the bank's difficulties are no more than those experienced by most banks engaged in international business, and it must be admitted that the bank has done well to earn and pay a dividend of 8 per cent. and also to maintain its liquidity. This is more than many banks have been able to do during the past year.

Great Britain's Fish Supplies.—A correspondent writes:—The wet fish landed at the ports of Great Britain by British and foreign-owned fishing vessels and imported during the third quarter of the year had a first-hand value of just upon £5 millions sterling, or £300,000 less than in the corresponding three months of last year. The aggregate quantity also showed some falling off. The following summary relating to wet fish only is compiled from the returns of the Ministry of Agriculture and Fisheries:—

July–September.	Weights in Cwts.		Value.	
	1931.	1932.	1931.	1932.
British caught—				
England and Wales	£ 3,501,078	£ 3,104,705	£ 2,903,248	£ 2,729,012
Scotland	1,926,639	2,109,574	1,278,443	1,368,482
Shell fish	...	...	103,621	102,947
Foreign landings	5,427,717	5,214,279	4,215,253	4,200,441
Imports	254,140	205,889	297,868	212,381
Exports	269,534	269,899	782,219	570,133

The British landings in England and Wales were 396,373 cwts. down, while the value fell by £174,236. On the whole, better prices were obtained, the average working out at 17s. 7d., against 16s. 7d. per cwt. In Scotland the reverse was the case, an increase of 182,935 cwts. in quantity being accompanied by an increase of £90,039 in value, so that the average was 13s., against 13s. 3d. per cwt. The landings by foreign-owned vessels showed some decline in both weight and value, while imports were approximately at last year's level, but cost considerably less. Our exports of wet fish during the quarter had a value of £150,837, compared with £207,417 in the July–September quarter of last year. In the three months Great Britain also sent abroad fish, cured or salted, to the value of £1,105,630, as against £1,283,149. This consisted mainly of herrings, the principal destinations being Germany, Russia and Poland. The imports of cured or salted fish from abroad were small, the value being only £49,976, as against £102,464, and rather more than one-third being re-exported. On the other hand, imports of canned fish are substantial, the declined value being £1,011,315, or £2,428 more than a year ago. Looking at the figures for the nine months ended September 30th, we find that the landings of wet fish by British-owned vessels are slightly in excess of a year ago, and those of foreign-caught fish (including imports) somewhat less; and in each case the aggregate value shows a decline. Both imports and exports of cured and canned fish also have a smaller total value. The import duties on wet fish of foreign origin appears to have had some effect in restricting imports, but not to the extent the fishing industry would like to see. An increase in the 10 per cent. tax to a much higher figure is, therefore, being demanded.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — French Plan — German Attitude.

(FROM OUR CORRESPONDENT.)

GENEVA, November 15.

THE hopes raised by the earlier and simpler outline of the French proposals, and by the encouraging Parliamentary statements of Sir John Simon and Mr Baldwin, have been somewhat damped by the complicated issues involved in the French plan, as now revealed, and by the aggressive criticism launched from Berlin. It becomes still more necessary to have a bold initiative from the British Government, and Sir John's statement on Thursday is awaited with greater interest than ever.

To many it is a disappointment that France brings up again several of the old bones of contention, and seems once more to make disarmament depend largely on a series of difficult innovations. How far arms reduction is to go

and whether it is to be parallel with or subsequent to the political and other elaborations is obscure. It would be altogether unfortunate if this led to long and tedious repetitions of the controversies which have been continuing for so many years on security, instead of a frontal attack on armaments themselves. There is a distinct danger of getting away from the only promising method of approach, which is so to strengthen means of defence as to make aggression extremely dangerous—a principle accepted in the French plan, but not very logically, or perhaps far too logically, conditioned. No nicely calculated system of security would give anything like the same safeguards; and that is a conviction which has steadily developed out here during the last twelve months.

The preliminary indications of the French plan gave hopes that the French Government was beginning to think more promisingly in that direction, and the plan now comes as something of a setback. Apart from the uncertainties about the standards of strength of the various national armies and the unsatisfactory evasion of the destruction of arms which may be prohibited to those armies, there are highly delicate political questions, like that of the suggested majority vote of the Council for the application of sanctions, which involve very serious considerations.

There is a variety of other points, such as the Mediterranean Pact; and while there is much that is valuable in the way of new ideas which should be examined, there is an air of unreality about the scheme as a whole. The main trouble, however, is that the outstanding question of the admission of equality of status to Germany is obscured, that the chances of an early German return to negotiations are not made brighter, and that, unless discussion can be diverted along other lines, the reduction of armaments may cease to be the immediate task that it ought to be. It is a moment which calls for a great effort of constructive diplomacy on the part of all other Governments, and especially the British. The problem is to make the most of the French plan and French goodwill, and to endeavour to shift the emphasis. On the other hand, Germany is not setting about the business in a helpful way. It is quite unreasonable to suppose that, before she condescends to talk, a scheme, satisfactory to her in all its aspects, should be humbly and ceremonially served up for her acceptance. The French scheme as it stands may not be good enough for Germany to regard the central claim as conceded. (We may hear more about that by way of explanation from France.) But it is beside the point to protest, as the Berlin statement does, that the French scheme is designed, not only to maintain French hegemony, but also to maintain the political and territorial *status quo*.

The first accusation is probably not true of the present French Government, and the second is irrelevant. Germany has undertaken in the clearest possible way not to attempt to upset the present political status by force, and the military situation, therefore, should have no relation to that otherwise important element in European politics. No amount of French troops and armaments would either help or prevent Germany from attempting by peaceful methods to obtain what she considers redress. The French plan for compulsory arbitration and so forth, however much it may be open to criticism, does not affect that situation, for it is the situation to which Germany is already bound. Her protest, therefore, on this head lends new

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importance to Sir John Simon's idea of a European agreement not to resort to force. The argument that this is superfluous in view of the existing engagements appears now to have less weight. The reasonableness of a system of arbitration *ex aequo et bono* is a separate problem, and Germany cannot fairly make that an issue of the armaments problem. She had given her pledge not to use force to upset the treaties, whether they be equitable or inequitable, and the French proposals for compulsory arbitration change nothing in regard to the political *status quo* or to Germany's commitments on the subject.

The longer the discussion continues the more obvious it becomes that nothing short of a frank acceptance of Germany's claim to equality of status and a drastic reduction towards Germany's level—by stages if necessary, but by clearly defined stages—can bring a solution. Germany makes this difficult, and complicates the task of the French Government, however great may be the goodwill in Paris. Germany has had a greater opportunity than any State to persuade France away from her stubborn security obsessions. She has made no use of it, and as a result has added immensely to the burden of other States which desire a fair settlement. The Disarmament Conference remains a tremendous problem still, and a large measure of patience will be needed before it takes real shape towards practical decisions.

FRANCE.

Budget — Military Expenditure — Civil Servants.

(FROM OUR CORRESPONDENT.)

PARIS, November 16.

THE Government's Budget proposals for 1933 were made known in detail last night. At the time of their advent to power last June the situation of the national finances for the coming twelve months was presented as follows:—

	Francs.
Estimated expenditure	55,980,000,000
Estimated revenue	43,880,000,000
Estimated deficit	12,100,000,000

This estimated deficit, as it stood in June last, represented 23 per cent. of the then projected expenditure, and the preamble to the Bill states that it must be regarded as the strict minimum, in view of the facts now known. Proposed expenditure for 1933, when the present Government took charge, represented an increase of over 2,500,000,000 francs on that for 1932 (if the current nine-months' Budget expenditure be worked out at the full year's equivalent rate), and would have set up, had it been translated into fact, a new high record for this country. The huge deficit, however, was due less to increased expenditure than to a diminution of resources, items under this latter heading including not only the loss of 2,000,000,000 francs this year, owing to the cessation of German reparation payments, but over 4,000,000,000 francs as a result of the heavy drop in yield from taxation, owing to the economic crisis. Another reason for the exceptionally large deficit is the method adopted during recent years of engaging future revenue in advance, by applying new scales of pensions and other allowances progressively, in such a manner that they impose only nominal burdens for the moment but involve future Budgets in heavy liabilities. The law of 1930, for example, which created special old-age annuities at 50 for all former soldiers, involved the 1930-31 Budget to the extent of only 800,000,000 francs, but imposed a charge of 660,000,000 francs on the current financial year, while next year the amount required under this heading will be 1,266,000,000 francs, rising by 100,000,000 francs annually from 1934 onwards.

The proposals put forward for 1933—although certain of them are admittedly questionable from the point of view of sound finance, while others, it is already certain, will meet with opposition which, at the time of writing, renders their adoption doubtful—are designed to bring about a balanced Budget on the following basis:—

	Francs.
Estimated revenue	47,801,879,053
Estimated expenditure	47,779,739,843
Estimated surplus	22,139,210

The figures imply reduction of expenditure by over 8,000,000,000 francs and a simultaneous increase of revenue by 4,000,000,000 francs. About one-third of the 12-milliard deficit, it will be remembered, was got rid of under the Emergency Finance Act of last July (which, among other stipulations, reduced military expenditure during 1933 by an all-round cut of 1,485,000,000 francs), and by the law of September last, authorising the great Rentes Conversion operation (which alone benefited the 1933 Budget by 1,407,000,000 francs of economies). The deficit balance still remaining, therefore, was in the neighbourhood of 8,000,000,000 francs, and this it is proposed to raise as follows:—

	Million Fra.
A further all-round compression of departmental expenditure (other than military), in addition to the 5 per cent. reduction under the law of September last	550
Stricter control for repression of tax evasion	1,000
Revision upwards of certain existing taxes, and imposition of new taxes on coffee, heavy motor lorries, and certain of the stronger aperitifs	1,500
Reductions in pay and allowances of public servants in receipt of over 12,000 francs a year	773
Reduction and suppression of war pensions and former soldiers' allocations	595
Reduction of administrative staffs	100
Transfer of war pensions service from the Budget to an autonomous Caisse des Pensions, to be financed by special loan	2,070
Transfer of various public works charges and loan services from the Budget, for incorporation in the pending programme of new Public Works, to be financed by loan	1,550
	8,138

The preamble of the Bill points out that, for the first time, the 1933 Budget will register a substantial diminution of military expenditure. Non-commissioned officers and men will be 43,000 fewer in 1933 than at present, and officers 527 fewer (this "marking a beginning of a still more important reduction of the *cadres*, which will be spread over several years"), while the period of military service has been successively shortened from two years to 18 months in 1923 and from 18 months to 12 months in 1928.

The proposals concerning reductions in the pay and extra allowances of the public servants (with the exception of those of the Postal Department, which are subject to an independent Budget), suppression of pensions to remarried war widows, and annuities at 50 to ex-soldiers who are assessed for income tax, and revision of invalidity pensions granted to non-combatants, have already excited intense opposition on the part of the syndicalised organisations concerned. The reductions of pay proposed are of 2, 3, 5, 7 and 10 per cent., according to scale of pay, only officials receiving over 12,000 francs a year being affected. The reductions proposed concern chiefly extra allowances (except those in respect of family charges). The total cost of the personnel of the public services, under the Budget, is now 23,287,000,000 francs, or nearly one-half of the total expenditure proposed for 1933. Of this total 11,717,000,000 francs represents pensions drawn by retired public servants. The civil and military personnel on the active list now totals about 770,000 men and women and represents a Budget charge of 11,570,000,000 francs, of which 8,700,000,000 francs is in respect of pay and 2,870,000,000 francs of allowances of various kinds.

The attitude of the Civil Servants' General Federation, manifested at a special national congress which met in Paris last week for the purpose of organising resistance to the Government's proposals, has caused serious alarm throughout the country. Although the legality of the existence of their *syndicats* has always been challenged, the members of the congress made no secret of their intention to oppose at any cost all economies at their expense, and threats of resort to sabotage were openly expressed. The congress passed unanimously a resolution pledging all public servants to boycott all business concerns who venture to support the Government proposals, and appointing a special national committee to draw up a programme for "systematic dislocation of the public services by strict application of the regulations, the slowing down of professional work," etc., and for "the eventual general and simultaneous cessation of work in all branches of the public services." Methods publicly discussed and ap-

proved included passive resistance and sabotage, seizure of the services and their exploitation by the personnel. Public opinion is closely focussed on the struggle between the Government and its own employees, and it is rumoured to-night that it is possible, should the necessity arise, that the method of mobilising the public servants under military conditions, as was done by M. Briand in the great pre-war railway general strike, may again be adopted.

The outstanding feature of the Bill is that, if it is adopted, the Budget for 1933 will be the first since 1904 which has not been marked by an increase of expenditure. The amount of actually fresh taxation proposed is 1,500,000,000 francs, of which 800,000,000 francs, or more than half, represents the expected yield from the creation of a direct tax on heavy motor vehicles (one object of which is to reduce the keen competition now offered by road transport to the detriment of the railways). The provisions for a well-justified strengthening of the machinery for prevention of "tax-dodging," which it is estimated will increase the yield from existing incomes by 1,000,000,000 francs (through stricter control of declarations), provides for the setting up of local income-tax commissions, which will deal solely with declarations by members of the liberal professions (from which an additional 150,000,000 francs is expected), and stricter control over incomes from securities (expected to yield 450,000,000 francs more).

The need for stricter fiscal control was strikingly demonstrated last Thursday, when a Socialist Deputy revealed to the Chamber that the judicial authorities have begun the investigation of over 2,000 alleged cases of fiscal frauds, operated for several years past, with the complicity of a Swiss bank, for the purpose of enabling wealthy French holders of foreign securities to evade paying the 18 per cent. (since last July 20 per cent.) dividend tax due to the French Government. It was announced yesterday that prosecutions have been begun against 1,018 persons, the cases (owing to the magnitude of the affair) having had to be distributed among 38 *juges d'instruction*. In addition to evasion of coupon taxes, the alleged frauds are stated to have taken the form of concealment of income from interest-bearing bank deposits and evasion of succession duties. The 1,018 cases in question are alleged to represent a direct loss to the revenue of over 4,000,000,000 francs a year, extending over many years, all but three of which are statute-barred.

GERMANY.

Politics — Quotas — Agriculture — Mortgages.

(FROM OUR CORRESPONDENT.)

BERLIN, November 15.

THE first week following the elections has not brought to light any means by which a fresh dissolution might be avoided. The rumours of a dissolution before the Reichstag meets, or before the Government has definitely done away with Parliament, are not, it is true, to be taken seriously, for President von Hindenburg would never give the Cabinet the necessary powers. Signs of any kind of parliamentary solution are, however, just as wanting. The Chancellor wishes to have a discussion with the party leaders. He has emphatically stated that he will receive "with open arms" anyone who sincerely intends to co-operate with the Government, and he has further stated that personal considerations should not play any part. He is apparently even ready to resign if a Chancellor who is less unpopular with the parties can be found to carry on his policy with more success.

It is, however, impossible to obtain a majority in the Reichstag, not only for the Chancellor in person, but for the policy of the present Cabinet. The National Socialists seem to be adhering to the slogan of "No compromise" which Hitler adopted immediately after the election. They are not indeed demanding the entire Government for themselves, but they want the office of Chancellor for Hitler. This demand cannot, of course, be conceded without a change of policy of fundamental importance.

The Centre has repeatedly stated that it is not prepared to follow the Government in its programme of Constitutional reform; and the Social Democrats are most decidedly in opposition.

At the moment the relation of the Government with the States seems more hopeful. The conference of committees of the Reichsrat produced, not the sharp protest against the Government which many people were expecting, but a resolution which leaves the way open for a compromise. The State Governments are ready to put up with the combination of the Prussian executive with the executive of the Reich if their rights as against the Reich Government are extended. That would mean that the consolidation of governmental organisation in the North would be purchased by a substantial increase in the autonomy of South Germany. Even if the Reich Government should be ready to concede such autonomy in principle, the negotiations will be extraordinarily difficult, and complete agreement is still a distant prospect.

The proposal to introduce quotas for agricultural imports seems to have been abandoned, and the letter of protest against the proposal which the directors of the Reichsbank addressed to the Government has now been published. In it the directors state that there is a hope that Germany will have a sufficient foreign exchange surplus to meet the payments abroad which are required of her, provided that there is no political interference. The introduction of quotas would, however, constitute such interference, and the Reichsbank expresses particular anxiety lest Germany, by joining the ranks of countries whose imports are subject to a quota system, may give rise to a "general exchange war." This letter was certainly decisive in deterring the Government from arbitrarily introducing the quota system.

The impossibility of carrying out the quota policy has left the agricultural politicians entirely without a programme. In this, indeed, Germany is not alone; the hopes of farmers in all European and many non-European countries of finding a way out of the agricultural crisis have sunk to a minimum. Germany has, however, a particular problem of her own. The excessively poor soil of her Eastern provinces is incapable of competing with other districts, even under favourable economic conditions. Their grain and potatoes can only be marketed if a large part of them is artificially cheapened by Government action and sold as fodder. Apart from the fact that the stock farmers of the West and South are injured, and their ability to compete with producers abroad is reduced if they are compelled to use as fodder the rye and potatoes of East Germany instead of the much cheaper fodder obtainable from abroad, it is also very doubtful how much further Germany can extend her production of animal products. Improvements in agricultural technique have brought German production nearer and nearer to the point where it is able to meet the requirements of the home population along every line. Long before this point is reached, output along individual lines is liable to exceed this demand when harvests in other countries are particularly favourable. That could be avoided if the town populations of Germany were in a position to consume larger quantities of the higher-grade agricultural products, for the German consumption of butter, sugar, eggs, and to some extent also of meat, is relatively low. No increase in consumption capacity is, however, in sight for the time being.

In these circumstances the idea has been mooted of helping German agriculture by the formation of cartels. This suggestion has been under consideration by the Pomeranian farmers for a long time, and now, to everybody's surprise, Karl Bosch, a director of I.G. Farbenindustrie, has come forward in support of it. An agricultural cartel could only be formed with the help of the Government. Even if such help were forthcoming, however, it would not be possible to stop at a pure sales cartel. The sale of agricultural products cannot be restricted unless output is also restricted, as otherwise there is a danger that the surplus products which are excluded from the market will find their way to consumers by evasion of the official organisation, and thus undersell the official prices. The farmer will, therefore, have to have the amount of his

production, not only of grain and potatoes, but also of milk, butter and pigs, prescribed for him. If this were successful it would enlarge the sphere of State interference to an unprecedented extent, and it has been not unjustly complained against Bosch and the other supporters of the cartel idea that it would introduce a sort of socialisation of agriculture. The idea probably is, however, completely impossible to carry out, though it is not beyond the bounds of possibility that the attempt will be made.

A new emergency decree concedes to debtors on mortgage who are not already protected by other decrees a moratorium until April 1, 1934. The decree does not affect revalorisation mortgages, which, according to arbitration awards based on previous legislation, can be prolonged, or agricultural mortgages, which are already protected until April 1, 1935, or mortgages whose interest was reduced by the fourth emergency decree, as these already enjoy immunity from foreclosure until the end of December 1933. The most important mortgages affected are those granted by foreigners, or out of credits which were raised abroad for the purpose. Such mortgages have been hitherto excluded from protection, and the new decree was necessary because the system of protection has hitherto worked unfairly. The immunity granted is to cease if interest is not paid punctually.

ITALY.

Collective Agreements — Extensions to Metayers — Compromise Reached.

(FROM OUR CORRESPONDENT.)

TURIN, November 13.

AN important event in the history of the Corporative State was the recent report by Senator Raineri on the extension to *metayers* of the collective contract regulations. Hitherto the principles laid down in the law of April 3, 1926, and in the Labour Charter have been completely accepted. It is a well-known feature of the corporative system that, as strikes and lockouts are prohibited, only one association or federation, local, provincial and national, can be recognised; and that the employers' and employees' associations have power to conclude an agreement on wages, hours and other conditions of labour, which is compulsory for all employers and employees whether they are members or not. This binding power is characteristic of the corporative system, in which trade unions and industrial associations are public bodies in the same sense as the State, or a Province or a Municipality, whose lawful orders must be observed by all citizens concerned.

At first it seemed easy to extend this system to the vast agricultural field governed by the old system of partnership known as *mezzadria*, or *colonia parziaria*, under which the whole product of the land is divided between landowners and *metayers*. A national federation of *metayers* was hurriedly constituted under the ægis of Signor Razza, M.P., a former Socialist leader and the present general secretary of the General Confederation of Agricultural Workers. On the part of the Agriculturists' (Employers) Federation this creation was met by the formation of the special sections of employing proprietors. In a short time 86 collective agreements in 60 provinces were reached and duly made public in the official, provincial and national gazettes.

As, however, the *metayer* system was not explicitly contemplated in the 1926 law, a question soon arose as to whether the agreements were compulsory according to the law, and, therefore, legally binding not only on members of the associations, but also on all interested employers and employees. Eventually a certain number of Justices of the Peace decided that they were universally binding. At this point landowners took alarm. What was becoming of the celebrated *metayer* system, which is grounded not on the wage-system, but on full partnership of gains and losses, so that the *metayer*, being a partner, does not

grumble about hours of labour, nor insists on fixed minimum wages?

Three years ago, the Government, desiring to settle the matter, presented to the Lower House a Bill extending the 1926 law to *metayer* agreements. The House, in giving assent, added that the collective labour agreements ought to take account of the special limitations and qualifications required by the peculiar nature of the system, but no further progress was recorded after the Bill reached the Senate. Now, after two years of diligent inquiries, Senator Raineri, an ex-Minister of Agriculture, has presented, on behalf of the Senate Committee, his report. The Senate Committee votes for conciliation. The 1926 law will be extended to all partnership agreements in agriculture. Collective labour agreements will be compulsory, as all the other corresponding contracts are in Italy; but they will not contain any regulation relative to hours of labour, wages, rest time, initial probation period or other conditions characteristic of the wages labour contracts. They must respect customs, traditions and economic requirements of the different Italian agricultural regions. In short, collective agreements are not to change the fundamental character of the partnership system, the payment by means of a share in the total product and freedom from limitations in methods of work. If the Senate adopts the Raineri report, the important principle will be affirmed that legislation by agreements between syndicates must be limited to those fields where the wage-system exists.

HUNGARY.

Politics — Trade — Transfer Moratorium — Banking.

(FROM OUR CORRESPONDENT.)

BUDAPEST, November 14.

THE Prime Minister's journey to Rome will be followed in all probability by visits to Vienna and Berlin, as the new Premier is anxious to improve trade relations with Italy, Austria and Germany, the principal markets for Hungarian agricultural products. The news of an Italian-Hungarian special commission, which will meet in December to discuss means of reviving commercial relations between the two countries, was all the more favourably received here, as exports to Italy, especially grain and cattle, have become increasingly difficult in the last two years. Whereas in 1930 the value of exports to Italy totalled 117.3 million pengő, in 1931 it fell to 57.3 million pengő. Even worse are the prospects for 1932, as in the first nine months the value of exports reached only 19.6 million pengő, less than half of that of the same period of 1931 and barely a quarter of exports in the same months of 1930.

The strangulation of Hungary's foreign trade is strikingly demonstrated by the comparative figures for the last three years, which are as follows:—

Nine months of—	Exports.	Imports.	Balance.
	(In million pengő.)		
1930	665.6	620.6	+40.0
1931	399.2	431.4	-32.2
1932	233.0	244.4	-11.4

Great as the fall of prices has been in the last two years, the shrinkage of the value of exports to about one-third of the 1930 level cannot be explained by it. Ever-increasing tariffs, quota and exchange restrictions are chiefly responsible for the catastrophic contraction of trade in the Danubian countries. In order to meet the extraordinary circumstances brought about by the exchange chaos, clearing and "compensation" trade treaties were concluded with a great number of countries, but most of them failed to achieve their purpose. In spite of international conferences and plans to restore Danubian trade, the situation is growing worse every day. Germany, far from granting any practical help to the Danubian agricultural countries, so often promised at various international conferences, dealt a heavy blow to Hungarian agriculture by limiting exports to 40 per cent. of the 1931 quotas. The commercial treaty with Austria, which lapsed on July 15th, has not yet been renewed, and the customs war with Czechoslovakia is still going on.

In view of the unsurmountable obstacles, it is very probable that the total merchandise exports in 1932 will not substantially exceed 300 million pengő, a sum which, according to the League inquiry in October, 1931, would be needed to cover Hungary's foreign debt service. It is obvious therefore that Hungary is in a state of collective insolvency so far as the principal of 4,300 million pengő foreign debts (of which 1,800 million pengő are short-term loans) and its service of 250-300 million pengő are concerned. Consequently the transfer moratorium which was decreed on December 22, 1931, for a period of one year will be prolonged for another year. The provisions of the new transfer moratorium decree will be substantially different from those of the former decree, which was based on the false assumption that, though Hungary as a whole is insolvent in foreign currency, the original debtors could meet their obligations in full in pengő. The operation of the Foreign Creditors Fund, into which the long-term debt service ought to have been paid, showed that defaults are increasing at a dangerous pace, and what actually was paid into the fund was obtained directly or indirectly through the bill facilities given by the National Bank. On the other hand, the demands for redemption of the coupons of the long-term bonds in pengő grew as these coupons were being smuggled into Hungary, so that it became clear that the policy of reinforcing the fund from monies obtained from the National Bank, and redeeming the coupons in full, is diluting the currency and defeating the very purpose of the transfer moratorium, which was to avoid inflation.

The October return of the National Bank is a serious warning that the provisions of the transfer moratorium and banking policy in general must be changed. The total credit facilities accorded by the National Bank amounted to 636 million pengő, as against 570 million pengő at the end of October, 1931. Thanks to the liberal policy of the National Bank in the critical months of June and July, 1931, and afterwards up to the present, there was no bank failure of importance. The liberal policy of the National Bank, of course, brought about an abnormally high bill portfolio, which is steadily increasing owing to the continued decline of banking deposits, the total absence of new savings or foreign funds, and the financing of the budget deficit. According to official statistics, saving deposits and current account balances of all Hungarian banking institutes (including the Postal Savings Bank) decreased from 2,078.8 million pengő at the end of June, 1931, to 1,809.8 million pengő at the end of 1931, and to 1,658.7 million pengő at the end of August, 1932, a fall of more than 420 million pengő within fourteen months. The National Bank's bill portfolio has increased approximately by the corresponding amount in the same period, because the banks were unable to call in credits from their clients on anything like the scale necessitated by the withdrawal of deposits, and the credit demands of the State and other public bodies. The Hungarian banking system cannot be put on a sound basis until the short-term debts of the State and other public bodies, amounting to some 300 million pengő, are taken over in part or altogether by the National Bank.

It is the avowed policy of the new Government to bring about the necessary banking mergers at the earliest date. Negotiations to this effect have reached an advanced stage. Their success depends on the principal debtors and the creditors. The principal debtors are the State and its enterprises; the principal creditors are the National Bank and the foreign bankers. As the State cannot give any material assistance to the proposed big banking merger, as did Germany, Austria and Czechoslovakia in similar cases, it is essential that the National Bank should agree to turn over the banks' frozen bills to the State as its permanent debt with the National Bank, and thus reconstruct its own balance sheet as well as those of the banks. It should be remembered that the banks do not disclose in their balance sheets either the rediscounts with the National Bank or the total amount of foreign obligations.

According to official statistics, the foreign short-term obligations of the banks amount to 610 million pengő, of which 210 million pengő were lent by American, 99.5

million pengő by British, 81.7 million pengő by Swiss bankers. The rest was lent by Austrian, German, French, Dutch, Italian, Czechoslovak and other banks. As more than half of the banks' foreign credits were obtained from London and New York, it is obvious that the Anglo-Saxon bankers have a greater interest in the reorganisation scheme of the Hungarian banks than the others. Their co-operation among themselves and with their Hungarian debtors is absolutely necessary to protect their commitments. They must realise that the frozen loans in Hungary cannot be thawed out for many years to come and act accordingly.

CZECHOSLOVAKIA.

Industry — Trade — Finance — New Government.

(FROM OUR CORRESPONDENT.)

PRAGUE, October 31.

SINCE last summer there have been in Czechoslovakia, as in some other countries, certain signs of economic improvement. The depression has not advanced any further and the prevailing lack of confidence has somewhat diminished. These signs of improvement have, however, recently begun to wane.

This year's harvest in Czechoslovakia was above the average and considerably better than last year. On completion of the harvest a decline of agricultural prices set in, despite the efforts of the Corn Syndicate to regulate imports, and recovery has been only very gradual. Consequently, the agricultural interests are clamouring loudly for the creation of an organisation of sales, warehousing and agricultural credits.

In some industries there has been better employment in the last few months, owing partly to such seasonal factors, e.g., in building and agriculture. On the termination of these activities unemployment rose somewhat again, but on the whole there has been some slight improvement. The export trades are still the greatest sufferers. A partial improvement in the textile industry is due to the recovery in raw material prices, and to the fact that stocks are getting low. The output of iron and steel, notwithstanding some slight improvement, is unusually low; in September it amounted to 35,012 tons of iron and 54,688 tons of steel. The engineering and metal trades, too, are still seriously depressed.

Foreign trade in August and September was the lowest on record. The imports for the first nine months of 1932 amount to 6,120 million Cz. K., against 8,415 millions for the same period last year. Exports amounted to 5,377 millions, as against 9,708 millions a year ago. Czechoslovak foreign trade for the first nine months of this year exhibited an adverse trade balance of 139.5 million Cz. K., as against an active balance of 1,291.5 million Cz. K. last year for the same period. Exports are not only suffering from the nature of commercial policies on all sides, but especially from the difficulties of payments. Czechoslovakia followed the negotiations at the Stresa Conference with considerable interest, but the recent discussions of the International Chamber of Commerce at Budapest showed a certain scepticism concerning the possibilities of a speedy realisation of the Stresa recommendations.

Clearing agreements have been concluded with several countries, but they do not always function satisfactorily, and the "compensation" system encounters many difficulties when put into practice. The issue of necessary permits to effect "compensation" business has been concentrated in the Ministry of Commerce and in the Foreign Exchange Commission. To facilitate the matter several "compensation" organisations have been formed, the most important of which is the Central Compensation Bureau created by mutual agreement between the Central Association of the Czechoslovak Industries and the Chambers of Commerce.

The money market on the whole exhibits an improvement since last summer. In the summer months a certain decline in deposits was noticeable, owing to

unemployment. Upon termination of the harvest an opposite tendency was apparent, but this has recently weakened again. The Stock Exchange showed a better feeling reflected in the recovery of the quotations and in greater calmness, notwithstanding the fact that the quotations declined slightly in the last weeks. The Stock Exchange index rose to 83.79 at the end of September in comparison with 77.14 a month ago.

State finance is strained by the persistent crisis. The year 1931 ends with a deficit of 1,241.5 million Cz. K., while the deficit for this year is anticipated at about 1,100 million Cz. K. The decline of the tax revenue for the seven months of the current year is estimated at 411 million Cz. K., and the decline of the tobacco monopoly at 126 million Cz. K. On the other hand, expenditure in general is undiminished, and some of it is rising; for instance, the unemployment relief necessitated 700 million Cz. K. of expenditure for the seven months of the current year. The Budget is heavily burdened by the deficit of the State railways. The Minister of Finance is endeavouring to balance the Budget partly by a reduction of 900 million Cz. K. in expenditure, partly by raising the revenue and stricter methods in levying taxes. The present increases in the income tax, turn-over tax, match and remuneration tax, as well as the newly introduced tax on yeast and raised prices of tobacco, are insufficient, and it will be necessary to reduce expenditure. The Finance Minister has proposed as a necessary sacrifice a reduction in the salaries of the State servants by about 15 per cent., starting from November 1st. He also suggested a number of other reductions in State expenditure and other economies in State administration, especially through its simplification and reduction of its cost. Similar economies are being introduced in the coming Budget for 1932.

The suggested measures of the Finance Minister, especially the question of reduction of salaries of the State servants led to the Cabinet crisis. The new Government was formed on October 30th and the members agreed in principle that the proposed measures should be taken. In parliamentary and Government quarters, and also in the responsible economic corporations, a firm will be apparent to effect financial equilibrium through strict economies and reduction of State and public expenditure and the conviction prevails that this will ultimately be realised.

SPAIN.

Politics — Exchanges — Finance — Issues — Bank Reform.

(FROM OUR CORRESPONDENT.)

MADRID, October 28.

THE political horizon has been clear during the last month, and the present Government seems more strongly entrenched than ever. The treatment inflicted upon those who were implicated in the recent rising has caused the malcontents to keep very quiet, and Parliament is also well in hand. The possibility of radical changes, in the event of general elections taking place at the beginning of next year, is becoming more remote, especially after the decision of the Socialist Party to maintain its representatives in the Government.

Refusing to be coerced by coal mining interests, the Minister of Public Works recently stated that no further measures will be taken to restrict the importation of British coal, so that any reprisals on the part of England with regard to the Spanish orange trade will be avoided. The fall in the pound is causing considerable uneasiness in the fruit-producing districts, especially as exporters are at present unable to cover their forward exchange. It is rumoured, however, that the Government will provide the necessary insurance against further fluctuations of sterling rates.

The Official Gazette of October 25th published a decree in which the Minister of Finance instructed the Bank of

Spain to reduce the official bank rate from 6½ per cent. to 6 per cent., for strictly commercial transactions. This measure took effect as from October 26th, and it is hoped that some degree of relief may be afforded thereby to industry. The fact that the reduction was effected in the face of considerable opposition on the part of the Bank shows that, as threatened, the Government intends to take this matter out of the hands of the Central Institution.

The Income Tax Law has finally become a fact. In its present form it is very mild, as it only applies to incomes of Ptas. 100,000 or more, and then only to the extent of 1 per cent. of the net income; but it is the thin edge of the wedge. It is thought that the cost of collecting this tax may be almost equal to the amount collected in the beginning, but all administrative experiments in Spain are costly at first. There have been four attempts in the past to impose an income tax in Spain, the last being that of Sr. Calvo Sotelo during the Dictatorship of Primo de Rivera. The minimum income taxable according to that project was Ptas. 300,000, as against the present amount of Ptas. 100,000. Nevertheless, the mere announcement of the Dictator's project was sufficient to cause a considerable export of capital, and the scheme fell through. In the present instance severe measures were already in force against the export of capital, so that no movement has been noticed in this direction, although the Stock Exchange showed weakness.

The total of the proposed Budget, which was read recently in Parliament by Sr. Carner, amounts to 4,720 million pesetas, against 4,541 millions last year. The increase of 189 millions is in reality some 524 millions owing to the fact that 335 millions represent amortisations effected in 1931-2. The total revenue is estimated at 4,100 millions, and application will be made to the market for Ptas. 600 millions, against short-term Treasury bonds of similar characteristics to those issued to cover the previous deficit.

There has been a slight revival of issuing activity in Madrid, and two fairly important operations in this line were very successful, both being considerably oversubscribed. It is possible that advantage will be taken of the large amount of funds awaiting investment to place a few more issues.

The gross receipts of the principal railway companies continue to decline, the deficit of the Northern Railway having reached 5.3 million pesetas for this year's working. The Madrid, Zaragoza and Alicante Railway has, by a policy of strict economy, reduced the unfavourable margin to 1.8 millions, but the position is not very brilliant and many other industries are naturally affected; the wagon building works of Beasain have been particularly hard hit and it is rumoured that the factory may have to close down unless conditions change.

A recent official measure requires all foreigners earning their living in Spain to be in possession of an Identity Card; this innovation is admittedly a retaliative measure in view of the restrictions placed on Spanish workers abroad, especially in France.

The National Agrarian Bank, which is to carry out the financial programme in connection with the Agrarian Reform Act, recently voted, is being pushed forward rapidly. Although the Bank was not specifically mentioned in the Act, the Minister of Agriculture is of the opinion that the reform cannot be carried through without the help of a special financial institution, and a committee of experts is therefore drawing up a scheme of organisation which is to be submitted to the Government without delay.

During the past month the peseta has been firmer, not only against sterling but also against gold currencies; the task of the Central Office for Foreign Exchange has therefore once more been made easier and the clamour for foreign currency has died down to some extent. The orange season having started there should be no further trouble in this direction for some time.

CANADA.

General Business — Railway Legislation — Ottawa Agreements — Federal Loan.

(FROM OUR CORRESPONDENT.)

OTTAWA, November 2.

THERE are scattered signs of improvement in some lines, but there is general disappointment at the failure of business as a whole in Canada to respond to what were regarded as favourable seasonal and financial influences, and the latest slump in grain prices with its implications for western trade has produced a widespread feeling of pessimism about the outlook for the remainder of the year. It is true that retail trade has shown a moderate expansion, particularly in ready-made clothing, household appliances, radios and small electrical equipment; the boot and shoe factories have kept their output up well; and the furniture factories record a substantial improvement in orders. Agricultural implement firms have secured some business through a new policy of writing off portions of farmers' debts in exchange for fresh orders, and the metal manufacturing industries of Ontario are more active thanks to orders from the mining camps, while the plants manufacturing industrial chemicals have also been busier. As a result, the Bureau of Statistics' employment index for October 1st showed a slight gain at 86.7, as compared with 86.0 for September 1st, but it still remains far below the figures of 103.9 and 116.2 for October 1, 1931 and 1930 respectively. On the other hand two basic indices of general business, those of carloading and electrical power production, which made a good showing in August, have since been disappointing and show less than the normal seasonal gains. The coal-mining industry is also seriously depressed and the output of Canada's coal mines for September was only 914,467 tons, which is 28.9 per cent. below the five-year average for this month. In the mining industry the one bright spot is gold mining, and already its output has surpassed the record value of 55 million dollars worth of gold secured in 1931, but the lowness of the price of base metals keeps other branches of this industry depressed. The lumber industry has experienced a slight improvement, but the fortunes of the newsprint industry go from bad to worse and a further cut in prices has aggravated its troubles. The latest business survey of the Bureau of Statistics gives the following indices of the physical volume of business for September, based on the monthly average for 1926 and corrected for seasonal variation:—

	September, 1931.	August, 1932.	September, 1932.
Total business	92.9	78.1	77.1
Industrial production ...	90.9	73.6	71.9
Distribution	98.4	90.4	91.3

As the result of the heavier grain movement from the West the earnings of both the railway systems have shown a welcome improvement in recent weeks, but they are still in each case far from satisfactory, and it remains to be seen whether the legislation embodying practically all the recommendations of the Royal Commission on Transportation problems, which the Government has now introduced in the Senate, will provide any adequate solution of them. The Bill is divided into three parts, of which the first deals with the reorganisation of the control and management of the Canadian National system and provides for the substitution of a Board of three competent trustees for the present amorphous directorate; the duties of these trustees, who are to be responsible to Parliament, are rigidly specified and there is an effort to protect them from political influence and community pressure. The second part concerns the scheme propounded by the Commission for co-operative arrangements between the two railways which would make for economical pooling of facilities and the elimination of wasteful duplications of services. The third makes provision for the establishment of the proposed Arbitral Tribunal which will be charged with the duty of adjudicating disputes between the two companies about plans for co-operation. The only serious departure from the recommendations is that Parliament is to appoint independent auditors for the C.N.R. instead of the Government. Senator Meighen, the Government leader, in intro-

ducing the Bill, declared that the Government was not wedded to all or any of the provisions; and the fact that he seemed to go out of his way to invite criticism and amendment left the impression that the Bill might have a rough passage.

The House of Commons is still debating the Anglo-Canadian Agreement, and the Liberal Opposition has been keeping up a persistent barrage of criticism against it. Mr Mackenzie King has announced that his party has embarked upon "one of the historic fights of Liberalism" and has intimated in so many words that, if he comes back to power, he will not consider himself bound by the Conference agreements. The main indictments of the Liberals against the Anglo-Canadian Agreement are that its principal economic effect as far as Canada is concerned is to increase the protection of the domestic manufacturers, that the arrangements infringe the fiscal autonomy of Canada, and that they introduce into the relations of the British Commonwealth the dangerous principle of tariff bargaining and put them upon a purely materialistic basis. The Government, anxious to curtail the debate, have allowed the Liberals their full fling of criticism and only put up occasional speakers to keep their case before the public; the latter have made light of the objections about bargaining and invasion of fiscal autonomy and have stressed the value of the preferential privileges accorded by Britain, at the same time emphasising that the interests of Canadian industry have been reasonably safeguarded. The Labour group opposes the agreement, but the Independent Progressive Party is divided; some of them are antagonistic, but others are prepared to vote for it and give it a trial. However, most of these Progressives who represent the agrarian interest take the view that the preferences given by Britain will be comparatively valueless until Canada, by formally abandoning the gold standard, takes steps to close the present gap in the exchange situation between her dollar and the pound. One interesting feature of the debate has been that several Liberals, taking note of the utterances of Governor Roosevelt and other Democratic leaders, during the Presidential campaign in the U.S., have asserted that what would contribute more to the revival of Canadian prosperity than the Conference agreements would be some reasonable measure of trade reciprocity with the United States. A few Liberals, however, who represent fruitgrowing constituencies, will support the pact and, with the adhesion of these and some Progressives, the Government should have more than its normal majority.

The Minister of National Revenue has introduced a Bill which aims to remove, as far as British goods are concerned, the authority conferred by Section 43 of the Customs Tariff Act, which empowers him to impose for Customs purposes an arbitrary valuation upon imports which are produced under conditions prejudicial to Canadian manufacturers and producers. The continuous exercise of this power, whose application has been steadily directed for the benefit of local manufacturers, has resulted in serious abuses. But apparently the Bill is not to be retro-active in its scope, and the maintenance of the arbitrary valuations which have already been imposed by Order-in-Council destroys much of its value.

IRISH FREE STATE.

British Duties — Dairying — Protection — Fisheries.

(FROM OUR CORRESPONDENT.)

DUBLIN, November 14.

THE failure of the negotiations between the British and Irish Governments has made matters worse than they were already. It looks as though both parties were determined to fight to a finish. A war of attrition between the two countries will benefit neither and injure both, and it is devoutly to be hoped that some way may even yet be found out of the existing deadlock. The very strength of the combatants is one of the worst features of the struggle, as an economic war might continue for years without their resources being exhausted, though not, of course, without considerable suffering and progressive debilitation. There

is nothing in the financial position of the Free State to compel an early surrender, and the hostilities will be brought to an end only by the emergence of a new mutual desire for settlement or by the force of political pressure demanding a compromise.

Even those Irishmen who are most critical of Mr De Valera's policy and conduct during his six months of office are unable to approve of the British Government's behaviour towards the Free State. The recent doubling of the import duties on Irish agricultural produce is regarded as a step in the general policy of agricultural protection, taken under the pretence of collecting the land annuities. Indeed, the most sinister feature of the whole situation is that both Governments are taking advantage of the economic war to advance their domestic protective programmes without adequate parliamentary discussion; and there is a danger that the stoppage of trade may come to be regarded as a normal rather than an emergency condition. Meanwhile, each new reprisal inflicted by Mr Thomas strengthens the hand of Mr De Valera and renders more distant the prospect of a settlement. One would have thought that British Governments should have learnt the lesson in the years preceding the Treaty that coercion only makes matters worse in Ireland, and creates many more difficulties than it solves.

A speech by the Minister of Agriculture made this week in Cork clarifies the position regarding the future of the dairying industry, which accounts, directly or indirectly, for the greater part of the agricultural income of the Free State. The further reduction of costs is apparently regarded as impracticable, and farmers must look for their profit to an increase in prices in the home market and the development of an export trade in condensed milk and tinned cream. It seems that the Government regards the future of the export trade in butter and meat to Great Britain as unprofitable on account of the growing competition from other countries and the fall of prices, and that it has decided that the dairying industry can survive only by an increased home consumption and the manufacture of new products for overseas markets. The Minister must be hopeful of the openings in these directions, as he stated that, in spite of the depression, the increase in the output of milk must be the principal aim of agricultural policy.

For some reason which has never been made perfectly clear, the Fianna Fail Party has for many years advocated the encouragement of wheat growing in the Free State. Proposals of this nature were decisively rejected by a very strongly constituted Commission in 1928, and every argument used by that Commission applies with double force to-day on account of the collapse in wheat prices. In spite of this advice the Government have introduced a Bill designed to increase the wheat area. All the usual protectionist machinery of subsidies, guaranteed prices and licences, is employed in order to deflect farmers into an essentially unprofitable line of production. The cultivation of other cereals is to be encouraged by the compulsory mixture of home-grown with imported feeding stuffs, and the cost of production of the harassed live stock producers is to be consequently increased. If the wheat scheme succeeds to any extent it will prove very expensive to the taxpayer, but the probability is that the farmers will refuse to be tempted into an unsatisfactory crop by the subsidy and that the experiment will not prove so costly as it might at first sight appear.

Scarcely a single day passes without the publication of a long list of new tariffs. With subsidies on wheat and beet, bounties on agricultural exports, and an all-inclusive import tariff, the protectionist programme of the Government is certainly being carried into practice. It is impossible in the absence of official statistics, and in the face of the contradictory statements of public men, to say what has been the effect of the new economic policy on employment, but it is certain that the demonstrations by the unemployed have been increasing both in frequency and in size. The relief measures are well meant and are good as far as they go; but they only reach the fringe of the problem, and it is difficult to see in what way the existing measures can be supplemented except at prohibitive cost to the already overladen taxpayer.

ARGENTINA.

Ottawa — Public Finances — Reform Committee.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, October 22.

THE effect of Ottawa will be to hold Argentine trade at its present low level until such time as it can readjust itself to new markets. For instance, meat exports to the United Kingdom will be limited to an average of 388,000 tons chilled beef per annum during the years 1933-34, with 25,000 tons per annum of frozen beef. For frozen mutton the annual average works out at 58,000 tons. Contrasted with a year such as 1925, when beef shipments to the United Kingdom, chilled and frozen, totalled 510,550 tons and frozen mutton 83,041 tons, it will be realised that continued expansion of what is always popularly termed the "mother industry" of Argentina calls for new markets and much more economic exploitation than has hitherto been general. In respect to cereals, Argentina is better placed, being less dependent upon the one market; but this is not a favourable factor when reviewing the possibility of increasing the sale of British manufactures here. For, with her cattle industry and all its subsidiaries virtually kept within predetermined bounds during the next two years, to look no further ahead, Argentina must have as free a hand as possible for disposing of her crops. This basic consideration renders nugatory all the newspaper talk of "special concessions" to be made to British imports; there is, indeed, grave reason to fear that, where the Argentine market for manufactured goods is concerned; Ottawa has also set a limit, invisible but real nevertheless, to British shipments. Thus the net result of the altered fiscal policy of Great Britain cannot but be detrimental to Argentine trade generally, but more particularly does it look like maiming that direct Anglo-Argentine trade movement which has been so strenuously advocated during the past decade.

The outlook for the next two years is further darkened by the strong probability that Argentina cannot expect to obtain those loans from Great Britain which formerly took the shape of capital raised in London and sent to the Plate as machinery and heavy goods generally. Enforced economy and a further spell of marking time in both governmental and private expenditure are inevitable.

The greatest blot on the record of the late Government was the heavy raising of import dues on the plea that the result would be to diminish unemployment by increasing local industrialism, and at the same time swell the Treasury receipts. Neither end has been attained; and the 1932 Budget estimates are hopelessly out as regards receipts from Customs dues and Inland Revenue taxes, to say nothing of the almost certain shortage in the takings of the income tax. With but two months to go, there is a shortage of some \$85 millions paper on Customs, \$40 millions on Inland Revenue, and \$40 millions on income tax, but, thanks to the expedient of the Patriotic Loan, the severe pinch that such shortfalls might have implied has been spared to the Government, giving it breathing time. Economies have been effected, but the immense army of Argentines who have been brought up on the belief that a job at the expense of the Budget is the implied right of every voter, cannot be cut down at short notice.

These evils, and the handicaps they create, are fully recognised by most leading Argentines; but this makes the task of economic and financial reform under existing conditions no easier. An honorary committee has just been named to assist the Government "to restore the economic and financial health of the country." All its members may be described as non-political, with high reputations for probity, as well as a sound grasp of material problems of the moment. They are given power to call for any technical information or assistance desired, and it is generally understood that their main utility will consist in deterring Congress from will-o'-the-wisp schemes prejudicial to Argentina's credit.

* Our correspondent was writing before the subsequent agreement on further limitation of shipments.—Ed. Econ.

Books and Publications.

BOOK OF THE WEEK.

PLANNED MONEY.

To the more conservatively-minded the word "planning" carries with it a strong Muscovite odour, and the first few chapters of this book,* which are devoted to planning in general, will probably not appeal very strongly to the impatient individualist, though they should certainly help him to do some hard thinking. But they are a little bit off the main track of the argument, which is concerned only with monetary policy: planning not *à la Russe*, but *à la Financière*! Planning, indeed, here seems to mean nothing more revolutionary than a "managed currency"—though to the purists of Threadneedle Street that may seem revolutionary enough. For to the central banker it is almost a Copernican innovation to be asked to look primarily to the price level rather than to the foreign exchanges.

Sir Basil Blackett has no difficulty in pointing out the evils wrought by unplanned money in the shape of the post-war gold standard, whose operation (though not, be it said, its inherent defects) has resulted in such a disastrous fall in prices that the fulfilment of the ordinary monetary obligations of commerce has in many cases become impossible. Unstable money is the root of almost every kind of evil, more especially when its instability is working in a deflationary direction, because by increasing the weight of debts it strikes indirectly at the principle of the sanctity of contract. For the tacit assumption underlying all monetary obligations, though not expressed in so many words, is that the value of money should be stable. Unfortunately in the past central bankers and Governments—in spite of the Genoa resolutions—have never regarded it as part of their business to keep the value of gold stable, with the result that the international gold standard, like a monetary Humpty-Dumpty, had a great fall. The question therefore arises, should we or should we not try to put him together again?

To this question Sir Basil Blackett gives a clear and challenging reply in the negative. He feels, as Professor Cassel also seems to feel, that the restoration of the gold standard on a satisfactory basis is for the moment, at any rate, impossible; and he is therefore impelled to look for a solution of the world's monetary problems in a different direction. He is perfectly aware of the convenience of gold as a medium for international payments, an anonymous asset for the balancing of international accounts, and he concedes—a very big concession indeed—that if the monetary authorities in this country and the United States could arrive at a firm agreement to keep the value of gold stable at an appropriate level of prices higher than the present, then it would be worth while restoring the gold standard. But he regards such an agreement as most improbable, and therefore decides in favour of a "managed" paper standard, so regulated as to raise prices deliberately and then to keep them stable, after rejecting *en passant* the alternative of bi-metallism.

Sir Basil Blackett consequently pictures the monetary future of the world on the following lines. The world will be divided into two main groups—a gold-standard group and a managed-currency group more or less loosely united to sterling, which he calls for convenience "sterlingaria." Sterlingaria will consist of a number of countries, including most of the British Empire except South Africa, Scandinavia, and some of the South American countries, each with an independent currency managed with a view to maintaining the level of wholesale prices constant. Absolute stability of exchanges between these countries is not necessary, but suitable measures are suggested for eliminating wide fluctuations. As a result of this arrangement, the countries comprising "sterlingaria" will tend to trade more with each other than with the gold-standard

countries, and capital—both long- and short-term—will tend to move more freely between them. The sterling-dollar exchange will form the link between the two systems, and London and New York will be the two principal financial centres of the world, each leading the countries in their respective groups. The picture thus presented is not altogether an encouraging prospect. But the only logical alternative, according to the author, is a world super-bank endowed with sufficient power to control the monetary policies of the different countries—a state of affairs which present-day nationalism renders impossible.

These stimulating ideas are vividly present for the non-technical reader, and they contain much food for thought. It is perhaps natural enough that the difficulties in the way of such an ordered evolution should be minimised in a book of this nature. Those who are acquainted with Mr Keynes' "Treatise on Money" will be inclined to inquire a little more closely than the author has done what index number exactly it is proposed to stabilise, and to ask themselves whether the same index number will really suit the policy of differently constituted countries. They will wish to know, moreover, how the exchanges between the two groups are to be regulated in such a way as to permit prices in "sterlingaria" to remain constant while they vary in the gold-standard countries. To these and to a hundred other technical questions the book gives no adequate reply—but that, after all, could hardly be expected in the compass of 180 pages. Nevertheless, Sir Basil Blackett has performed a useful service. What the world needs to-day is a strong antidote to deflation, and Sir Basil Blackett has had the courage to recommend it in a much more thorough-going manner than the Ottawa Conference. Whether reflation by itself will cure our troubles may be doubted, but this book has at least the merit of stating a case for reflationary action boldly and intelligently.

SHORTER NOTICES.

"Gold and Monetary Stabilisation." (Lectures on the Harris Foundation, 1932). Edited by Quincy Wright. Cambridge University Press for University of Chicago Press. 11s.

This course of lectures, given in collaboration by a number of American economists, is interesting especially because it was accompanied by a series of private discussions, which resulted in a round robin to the American Government setting down certain recommendations on which the economists in question were agreed. These recommendations included the broadening of the basis of Federal Reserve credit on lines since accepted in the Glass-Steagall Act, the pursuance of a vigorous open-market policy by the Federal Reserve system, the energetic use of the Reconstruction Finance Corporation as an instrument for unfreezing the banks, the maintenance of Government spending on public works and social services in order to avoid deflationary effects, and, finally, action by the American Government to cancel or greatly reduce inter-State debts and to bring about "a reciprocal and substantial lowering of tariffs." The lectures reprinted in this volume expound and advise (with one dissentient) various parts of this policy. The lecturers include Professor Viner, highly critical of the gold standard as an international force; Dr. Habroher, summarising the view of the younger Austrian school; Professor Bulie, making sensible suggestions about the reform of the Federal Reserve system; Dr. Parker Willis; and Professor J. H. Williams. Taken together, they form a useful note on the current problems and perplexities of the American banking world.

OTHER BOOKS RECEIVED.

The Australian Market. Compiled by the Australian Association of British Manufacturers. With a Foreword by Sir Arthur Balfour. (London) P. S. King. 38 pp. 1s. net.

A guide to British manufacturers in the determination of their post-Ottawa policies.

Official Year Book of the Union of South Africa. (Pretoria) Government Printing Office. 1,020 pp. 5s.

* "Planned Money." By Sir Basil P. Blackett. (Constable. 5s.)

The Stock Exchange.

LEAGUE LOANS.

BETWEEN 1923 and 1928 eight loans were offered on behalf of European Government borrowers under the auspices of the League of Nations. Of their total of £79,000,000 (sterling equivalent at par), some £38,000,000 was issued in this country, and taken chiefly by British investors. To-day, some of these loans are in default, and others have slumped badly in the market. Holders, not unnaturally, are inclined to criticise both the offending debtors and the League. How far is their criticism justified?

The loans raised "under League auspices" may be conveniently tabulated as follows:—

(000,000's omitted.)

Loan.	Total Issue.*	Countries of Issue.			
		Great Britain.	U.S.A.	France.	Other Countries.
Austrian Gold Loan, 1923	32.0	£	£	£	£
Hungarian State Loan, 1924	14.1	4.0	5.1	1.4	11.5
Greek Refugee Loan, 1924	12.3	7.5	2.3	...	4.7
Bulgarian Settlement Loan, 1926	3.2	1.7	0.9	...	2.5
Estonian Banking and Currency Reform Loan, 1927	1.5	0.5	0.8	...	0.2
Danzig (Tobacco Monopoly) State Loan, 1927	1.9	1.5	...	...	0.4
Greek Stabilisation and Refugee Loan, 1928	7.6	3.4	3.1	...	1.1
Bulgarian Stabilisation Loan, 1928	6.2	1.5	1.8	1.0	1.9
Total, eight loans	78.8	38.0	15.5	2.4	22.9

* Sterling equivalents at par of exchange.

These loans were raised for the purpose of either financial reconstruction or the establishment of refugees. They were all issued on the basis of schemes recommended by the Financial Committee of the League and approved by the Council. In some cases a definite system of League control was included in the scheme; but, except in the case of the Austrian loan, varying proportions of which, totalling 100 per cent., were guaranteed by external Governments, no financial guarantees were given.

There can be no doubt that the investor legitimately expected that he would, in some respects, have greater security because of the League's association than if the borrowing Government had raised the loan without such aid. This is illustrated by the fact that, where fair comparison is possible with loans raised outside the League (for example, by Poland), the League loan was at a lower rate of interest, and also by the fact that in some instances it would obviously have been impossible without League aid to issue the loan at all.

This extra security, and the corresponding League responsibility, comprised at least three factors. In the first place, the League certified that, on the advice of its experts, the general scheme was a good one, calculated, if properly carried out, to achieve its purpose. Secondly, the League assumed some further responsibility, varying with the kind of control or supervision specified in the scheme, for seeing that its terms were duly carried out. Thirdly, the schemes in all cases included provision for the service of the loans by the assignment of revenue (necessarily in the currency of the country) for the purpose. Some commentators would add a more controversial fourth condition, namely, that the League, having specially recommended the loans as being reconstructive in character, assumed some moral responsibility for seeing that, in comparison with other loans, they should be recognised as having a special status and being entitled, in times of difficulty, to some preference in treatment.

It will scarcely be contested that the League has adequately discharged its responsibility, at least as regards the three first factors. The schemes were, in every case, financially sound in the economic circumstances in which they were framed. They were efficiently carried out, and they achieved their object. The refugees were suc-

cessfully established, and the financial reforms effected. It was never intended, of course, that the assisted countries should be in perpetual tutelage. The League's task was to restore nations whose economic position, through exceptional disaster, had fallen below that of their neighbours, and, within the sphere to which the schemes related, to re-equip them as normal members of the European system. The League performed its duty so thoroughly that when its control was withdrawn from Austria and Hungary, the finances of these countries, and the reserves against their currencies, compared favourably with any in Europe. It is true that the League did not succeed, as the world did not succeed, in securing such a change in the commercial policies of Europe and of other continents as would have cured the economic weaknesses of small economic units imprisoned in tariff walls. Nor did it avert a world depression, whose impact has, necessarily, been especially severe upon such units. The question of responsibility for the world's present straits, however, has no primary relationship to the making of League loans.

Further, the arrangements for securing the allocation of revenues in national currency for the service of the loans were adequate, and were properly carried out. Current difficulties in payment have arisen, not from an inadequacy of revenue in national currency, but solely from shortage of foreign exchange. The losses suffered by investors, in short, have been attributable, not to any inadequacy of the internal measures which the League supervised, but to the impact of external conditions.

Have League loans a claim to preferential treatment? This is a more doubtful question. Hungary has answered it in the affirmative by continuing to pay League bondholders after suspending payment on other obligations, but a similar distinction has not been made by Greece and Bulgaria. It seems difficult to argue that the League gave anything which might have been reasonably construed as a moral undertaking that loans not specifically guaranteed should be secure under every imaginable condition. All foreign bond issues carry two distinct "risks." On the one hand, the schemes on which they are based may be badly conceived or imperfectly executed, so that, e.g., hypothecated revenues are not duly assigned. On the other hand, debtors may be unable to honour their obligations as a result of internal economic defects or external misfortunes, involving, possibly, the danger of social collapse and revolution. The League undoubtedly assumed a definite responsibility as regards the first of these risks, and has no less certainly discharged it. The investor himself of necessity assumed the second risk. His acceptance may be inferred from the fact that it was found necessary to offer yields of over 7 per cent. to obtain his initial subscription.

How much have investors lost so far? The obligations of Danzig, as regards current interest, sinking fund and reserves alike, have been fully maintained. Austria has defaulted on some of the reserve provisions of the 1923 loan, but the bonds, guaranteed by external Governments, stand around par, allowing for accrued interest. Bulgaria, after meeting her earlier obligations in full, remitted only half the April-September payment. Greece paid in full till the May coupon, on which she made no payment. She has since undertaken to pay a sum which will enable 60 per cent. of this coupon to be met. Hungary has defaulted on the reserve provisions of her loan, but interest payments have so far been made and are assured up to and including August of next year. The market position is summarised in the next column.

It will be seen that only one of the loans was issued, in London, on a yield basis lower than 7 per cent., while three were floated to yield 8 per cent. or over. No stock subsequently attained a yield basis better than 6 to 7 per

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. November 22. ACCOUNT. November 24.

Loan. (Sterling Issue).	Date of British Issue.	Issue Price.	Highest Subse- quent Market Price.	Redemption Yield (%)		
				Present Middle Price.	At Issue Price.	At Highest Price.
Austrian 6% Gtd.....	June, 1923	80	105½	102	8.0	5.4
Hungarian 7½% State Loan	July, 1924	88	106	48½	8.8	6.8
Greek 7% Refugee ...	Dec., 1924	88	104½	38	8.0	6.7
Bulgarian 7% Settle- ment	Dec., 1926	92	93½	28	7.6	7.5
Estonian 7% (Banking and Curr.)	June, 1927	94½	99½	63	7.4	7.0
Danzig 6½% (Tobacco Monopoly)	June, 1927	91	96½	55	7.4	6.8
Greek 6% (Stabilis. and Ref.)	Feb., 1928	91	93½	32½	6.6	6.4
Bulgarian 7½% Stabili- sation	Nov., 1928	96	96	30	7.8	7.8

* Presuming complete service.

cent., even at the top of the market, except the Austrian Guaranteed Loan, with its special security. This loan is clearly regarded as in a class by itself to-day, when all others on which default has not occurred are, in fact, standing at what the market would regard as only a little better than "default levels."

What is the present position of a hypothetical investor who expended, say, £10,000 in subscribing to each of the eight loans, on their first flotation? The next table supplies an answer:—

Loan.	Amount Expended in Cash. £	Present Cash Value.* £
Austrian 6% Guaranteed	10,000	12,350
Hungarian 7½% State	10,000	5,050
Greek 7% Refugee	10,000	4,080
Bulgarian 7% Settlement	10,000	2,830
Estonian 7% (Bank. and Curr.)	10,000	5,930
Danzig 6½% (Tobacco Monopoly)	10,000	5,500
Greek 6% (Stab. and Ref.)	10,000	3,300
Bulgarian 7½% Stab.	10,000	2,920
Total	80,000	41,960

* On ex-interest basis, at lower market quotation.

Such an investor would be confronted with the formidable capital depreciation, at present market prices, of about 47½ per cent., equal to 47½ per cent. on his £80,000, in round figures, equal to 47½ per cent. on his total cash investment of £80,000. This figure is based on the lower official quotations in the London Stock Exchange List in every case, and may slightly exaggerate the total depreciation, as the quoted "margin" in most instances is abnormally wide. On the income side, however, our hypothetical investor would have fared comparatively well before this year's crop of defaults began. From start to finish he would have received £36,000 gross in interest. It is not feasible to make any direct comparison between aggregate interest receipts (which, in any case, are subject to British taxation) and capital depreciation. Further, the experience of investors who bought or sold at intermediate dates may vary widely from that of the imaginary holder in the above example.

Undoubtedly, investors, in retrospect, may perceive that investment, say, in British Government stocks would have paid them better. They took a risk, and, if matters had turned out differently, might well have profited by buying admittedly more speculative stocks. The crisis, however, has come, and the risk which justified the high rates of interest has matured.

Certain fundamental facts require to be borne in mind. As a result of the fall in prices, the burden of payment represents, in every case, about twice the volume of exports that was contemplated. The depression has greatly reduced, not only the value, but also the volume of the debtors' exports. These facts result from the impact of world conditions, and not from any defect in the League's schemes or in their execution. The arrangements recommended to investors by the League Loans Committee are, in these circumstances, eminently reasonable. As and when conditions improve better arrangements will, of course, be made. In the meantime, the benefits to Europe, as a result of the making of the League loans, are tangible and permanent. The fate of whole populations was made incomparably happier for several years by virtue of their flotation, and it is still substantially better than if they had never been undertaken.

The tone in practically all markets was reactionary, but whereas last week's recession was largely technical, this week's reflected a perceptible worsening of sentiment. Gilt-edged stocks were affected, partly by a continued state of indigestion as regards the Three per Cent. Conversion Loan, but chiefly by anxiety over the American Debt position, accentuated by the fiery breathings of some members of Congress. Industrial equities suffered from lack of interest rather than actual selling, though the market generally was more disposed to listen to those who urged that an average yield of 4½ per cent. on British Ordinary shares left little scope for a further rise in values. During the week the "British Government" Index of *The Financial Times* showed a decline of 1.3 per cent. and the "Ordinary Share" Index of *The Financial News* a fall of 1.0 per cent. The speculative markets were influenced by the less favourable trend of commodity prices, and the absence of support from the Continent. Immediate prospects in all markets must remain uncertain until America's decision, one way or the other, has been published and assimilated.

The gilt-edged position is discussed on page 943. Selling this week was not confined to new Conversion Three per Cents., but was particularly evident in the case of Funding Loan and Assented War Loan. Long-term India stocks declined sharply. Now South Africa scrip remained on offer, but Australian issues were relatively steady. Foreign bonds were dull and heavy. Brazilian issues were marked down on adverse political reports, though little liquidation occurred. Selling of Japanese bonds was more or less continuous, statements regarding a huge Budget deficit (discussed in our last week's issue) being, unfortunately, confirmed by later information. German bonds were lower on the uncertain political situation and the unexpected strength of official hostility to the French disarmament proposals.

The dullness of home rails was attributable more to general market depression than to the slightly less favourable showing of the week's traffic figures, which remained above the average for the previous month. Little business was done in foreign stocks, a few scattered sales of Argentine issues finding the market unsupported. Canadian Pacific continued slowly to give ground, partly in sympathy with the trend of prices for American railroads.

Trading in industrial shares was quiet, demand from small investors being highly selective, while professional dealings were hesitant. Tobacco shares were lower on the reported decision of the Imperial Company to introduce a coupon scheme. Brewery shares remained undecided, the market abandoning all hope of early profits from exports to a "wet" America. Electrical shares, normally one of the firmest sections of the market, tended

(Continued on page 942.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

MOODY'S INVESTORS SERVICE LIMITED,

King William Street House,
Arthur Street, E.C.4.
Tel.: Mansion House 7685.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Nov. 16) inclusive.		Name of Security.	Prices Nov. 9, 1932.	Prices Nov. 16, 1932.	Rise or Fall.	Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Nov. 16) inclusive.		Name of Security.	Prices Nov. 9, 1932.	Prices Nov. 16, 1932.	Rise or Fall.	Yield.
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.					
British Funds.																	
40 1/2	40 1/2	40 1/2	40 1/2	Consols 2 1/2 %	75 1/2	75	-	3 6 9	21	8	8	6	Foreign Ry.—cont.	8	8	—	NU
40 1/2	40 1/2	40 1/2	40 1/2	Consols 4 %	107 1/2	107	-	3 15 10	160	9 1/2	117	6 1/2	Paraguay Gen. D. Deb.	101 1/2	100 1/2	—	6 19 4
40 1/2	40 1/2	40 1/2	40 1/2	Cons. Loan 3 1/2 %	99 1/2	98 1/2	-	3 11 9	69 1/2	20 1/2	25 1/2	10 1/2	San Paulo Ord. Stk.	20 1/2	20 1/2	—	10 0 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1940-44	111 1/2	110 1/2	-	3 7 0	9 1/2	28 1/2	6	—	Tat. Ry. Ord. Stk.	4 1/2	4 1/2	—	NU
40 1/2	40 1/2	40 1/2	40 1/2	Do. 5 % 1944-46	116 1/2	115 1/2	-	3 8 0	—	—	—	—	Utd. Havana Ord. Stk.	—	—	—	NU
40 1/2	40 1/2	40 1/2	40 1/2	Funding 4 % 1960-90	108 1/2	107 1/2	-	3 12 0	16 1/2	9 1/2	6 1/2	2 1/2	Anglo-French (61)	4 1/2	4 1/2	—	NU
40 1/2	40 1/2	40 1/2	40 1/2	3 % Treasury Bonds	101 1/2	101 1/2	-	2 19 0	16 1/2	9 1/2	6 1/2	2 1/2	Anglo Internat. (61)	9 1/2	9 1/2	—	NU
40 1/2	40 1/2	40 1/2	40 1/2	Victory Bonds 4 1/2 %	108 1/2	107 1/2	-	3 16 3	16 1/2	9 1/2	6 1/2	2 1/2	Anglo S. A. 10 1/2 %	5 1/2	5 1/2	—	NU
40 1/2	40 1/2	40 1/2	40 1/2	War Loan 5 % 1923-24	102 1/2	102 1/2	-	—	—	—	—	—	American (B. 11) ry. pd.	6 1/2	6 1/2	—	NU
40 1/2	40 1/2	40 1/2	40 1/2	5 % (Assented)	98 1/2	98 1/2	-	—	—	—	—	—	Bank of N. Zealand 1	55 1/2	45 1/2	—	6 7 6
40 1/2	40 1/2	40 1/2	40 1/2	Local Loans 3 %	87 1/2	86 1/2	-	3 9 3	59 1/2	31 1/2	37 1/2	6 1/2	Bank of India (55)	64 1/2	64 1/2	—	5 6 0
40 1/2	40 1/2	40 1/2	40 1/2	India 2 1/2 %	65 1/2	63 1/2	-	3 18 9	27 1/2	21 1/2	15 1/2	3 1/2	Barclay B. (61)	27 1/2	27 1/2	—	6 1 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 3 %	75 1/2	75	-	4 0 0	58 1/2	33 1/2	35 1/2	2 1/2	Barclay (Dom. & A. 1)	27 1/2	27 1/2	—	6 1 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 3 1/2 %	87 1/2	86 1/2	-	4 1 6	26 1/2	21 1/2	21 1/2	—	Bk. of Australia (65)	61 1/2	61 1/2	—	5 11 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1928-29	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Bk. of Montreal (100)	64 1/2	64 1/2	—	5 17 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1930-31	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Bk. of N.E.W. (620)	26 1/2	26 1/2	—	6 3 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1931-32	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	British Overseas & B.	14 1/2	14 1/2	—	6 0 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1932-33	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Chd. of India (55)	16 1/2	16 1/2	—	5 0 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1933-34	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Comol. Bk. of Am. 10 1/2 %	10 1/2	10 1/2	—	6 3 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1934-35	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	District A. 55, 11 pd.	66 1/2	66 1/2	—	5 6 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1935-36	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Do. B. 11 fully pd.	47 1/2	47 1/2	—	5 0 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1936-37	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Eng. & Aust. 55, 11 pd.	4 1/2	4 1/2	—	3 10 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1937-38	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Hambros 10, 10 1/2 pd.	6 1/2	6 1/2	—	7 19 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1938-39	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Lang. & S. (61) 55	81 1/2	81 1/2	—	5 0 10
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1939-40	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Lloyds 10, 10 1/2 pd.	57 1/2	57 1/2	—	4 16 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1940-41	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Midland 11, fully pd.	79 1/2	79 1/2	—	5 0 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1941-42	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Nat. of Egypt 10	28 1/2	28 1/2	—	4 2 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1942-43	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Nat. of India 55, 11 pd.	43 1/2	43 1/2	—	6 16 3
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1943-44	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Nat. Prov. 20, 20 1/2 pd.	13 1/2	13 1/2	—	4 12 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1944-45	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Royal Bk. of Scotland	84 1/2	84 1/2	—	4 3 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1945-46	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	St. B. 11, 20, 25 pd.	11 1/2	11 1/2	—	4 19 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1946-47	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—	Westminster 11, 11 1/2 pd.	77 1/2	77 1/2	—	4 13 0
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1947-48	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1948-49	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1949-50	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1950-51	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1951-52	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1952-53	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1953-54	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1954-55	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1955-56	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1956-57	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1957-58	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1958-59	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1959-60	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1960-61	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1961-62	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1962-63	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1963-64	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1964-65	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1965-66	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1966-67	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1967-68	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1968-69	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1969-70	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40 1/2	40 1/2	40 1/2	40 1/2	Do. 4 1/2 % 1970-71	106 1/2	106 1/2	-	4 2 4	9 1/2	9 1/2	9 1/2	—					
40																	

LONDON NEW ISSUE PRICES.

This table will be found on page 949.

(Continued from page 939.)

fractionally to lose ground, prices being regarded as discounting all possible increases in earnings for some little time. The passing of the P. & O. dividend (discussed in a Note on page 943) caused a decline of 2s. 6d. in the company's deferred stock units, and unfavourably affected the whole market for shipping shares. "International" and "Transatlantic" issues were irregular, with a downward trend, neither America nor the Continent being inclined to give much support. Rayon shares moved within narrow limits, but cotton textiles were depressed by the decision of the Fine Spinners to pay no interim dividend. Bank shares were dull, and insurance shares mainly unchanged.

Rubber shares were marked down, dealers showing a strong disinclination to put even small lines on their books after the publication of American questionnaire figures for October showing a further contraction in rubber consumption and a rise in stocks. Tea shares were quiet, but, if anything, harder, although no reliable news was forthcoming regarding the progress of the restriction negotiations. Dealings in oil shares were on a small scale, professional operators being apprehensive of possible public selling if American crude oil production continued to increase.

The public showed little interest in mining shares, apart from a slight amount of buying of Kafir favourites from Paris. Randfontein reached their highest level since 1911 on news that rich ore had been encountered, but Brakpan were lower on the announcement of a new issue. Among the finance houses, Gold Fields were in fair demand. Copper shares were dull after a fall in the metal and the announcement of the postponement of the Ottawa copper duty. The report of Roan Antelope, covering an initial year's production, was well received. Paris showed an increasingly conservative attitude as regards "Chartered." London Tin fluctuated fairly widely before the opening of dealings in British Tin Investment, whose objects are described on page 946. West Australian shares were quiet, Wiluna remaining out of favour.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
Government and Municipal Loans	1,676	1,799	862	1,641	1,472	1,448	1,685
Transport, Communications, and Public Utilities	1,134	1,031	553	1,077	1,047	911	1,031
Commercial and Industrial	2,446	2,389	1,176	2,313	2,530	2,363	2,074
Banks, Insurance, and Financial	691	540	272	499	634	588	579
Mines (including Nitrate)	771	723	358	829	772	805	877
Oil	157	142	87	174	175	176	132
Rubber, Tea, and Coffee	87	174	35	136	142	145	143
Total	6,862	6,798	3,343	6,669	6,772	6,436	6,521

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932. (Nov. 8.)	Lowest of 1932. (June 1.)	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
67.2	51.3	66.4	66.7	66.9	66.8	66.5	66.0	65.5

OFFER TO NEW READERS.

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

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"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.

(1928 = 100.)

Highest of 1932. (Nov. 2.)	Sept. 30, 1931.	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
127.4	90.6	125.2	125.2	125.4	125.3	124.7	124.4	123.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

Events have confirmed the diagnosis of the more conservative section of the market, which remained unmoved by pre-election talk of another speculative recovery. Towards the end of last week, indeed, business increased, and prices rose sharply, but sentiment has since become much more reactionary. The volume of business has contracted to the levels prevailing before the midsummer rise, the number of share transactions having fallen below the million mark on more than one day this week. Two influences are making for caution among professionals and public alike. The first is uncertainty over the action of Congress on the European Debts question. The financial community generally endorses the views of a group of economists, headed by the President of General Motors, who have urged the revision, though not the cancellation, of War Debts in the interests of American foreign trade and prosperity. Pending next week's "informal" conversations between Mr Hoover and Mr Roosevelt, the intransigent attitude of a number of Congress members is producing a state of damaging uncertainty. A second cause of weakness is the unsatisfactory trend of many "pointers" of the internal business situation. In some industries the improvement of the last few weeks is being approximately maintained. The October cotton consumption figures, for example, were the highest since 1930. Car loadings, however, for the week ended November 5th showed, at 588,200, a decrease of 29,300 as compared with the previous week, and of 128,700 as compared with the corresponding week of 1931. Considerable selling of railroad stocks followed the announcement of the figures. Steel production remains about 19 per cent. of capacity, but demand is poor except in the automobile and building branches. The returns of electric power production show a normal seasonal recession. The Oil Conservation Committee of the American Petroleum Institute has estimated that consumption for the six months to March next will be 12 per cent. below that of the corresponding period of 1930-31, the inference being that further efforts to restrict production may be necessary. The Government credit situation may become an increasingly important stock market factor in the next few weeks. It is essential that the large Reserve Bank holdings of Government bonds should be reduced at the earliest possible moment by public long-term offerings. The present tendency is to defer action, in view of the probable effect of large-scale operations on present bond prices. It may be dangerous, however, to wait until the new Administration takes office, and, presumably, sets about the task of improving the Treasury position and creating a stronger Federal Reserve situation.

	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
U.S. 3½% T. Bds.	102½	101½	101½	101½	101½	101½	101½
Lib. L'n. 3½%	102½	101½	101½	101½	101½	101½	101½
Do. 4½%	102½	101½	101½	101½	101½	101½	101½
Do. 4½% 33-38	103½	103½	103½	103½	103½	103½	103½
Atchafalpa	36½	43½	41½	41½	41½	41½	41½
Che. & Ohio	20½	24½	24½	24½	24½	24½	24½
Krie	5½	6½	6½	6½	6½	6½	6½
Tillman Central	13½	15½	15½	15½	15½	15½	15½
N.Y. Central	19½	25½	23½	23½	23½	23½	23½
Pennsylvania	12½	15½	15½	15½	15½	15½	15½
Southern Pacific	15½	20½	19½	19½	19½	19½	19½
Southern Ry.	7½	8½	8½	8½	8½	8½	8½
Union Pacific	58½	69½	70½	70½	70½	70½	70½
Am. Can.	48½	54½	53½	53½	53½	53½	53½
Amer. Smelting	13½	16½	16½	16½	16½	16½	16½
Ancon	8½	10½	9½	9½	9½	9½	9½
Bechtel Steel	16½	19½	17½	17½	17½	17½	17½
Chrysler Motor	12½	16½	15½	15½	15½	15½	15½
Corn Producers	47½	53½	51½	51½	51½	51½	51½
Eastman Kodak	47½	53½	51½	51½	51½	51½	51½
Gen. Electric (New)	14½	17½	17½	17½	17½	17½	17½
Gen. Motors	12½	15½	15½	15½	15½	15½	15½
Int. Harvester	18½	22½	22½	22½	22½	22½	22½
Monk Ward	18½	22½	22½	22½	22½	22½	22½
Natl. Biscuit	34½	40½	39½	39½	39½	39½	39½
Phelps Dodge	4½	6½	6½	6½	6½	6½	6½
Pullman	19½	21½	21½	21½	21½	21½	21½
Sears-Robinson	16½	20½	20½	20½	20½	20½	20½
Studebaker	4½	5½	5½	5½	5½	5½	5½
Un. Fruit	18½	22½	22½	22½	22½	22½	22½
U.S. Leather	4½	5½	5½	5½	5½	5½	5½
U.S. Rubber	4½	5½	5½	5½	5½	5½	5½
U.S. Steel	32½	37½	37½	37½	37½	37½	37½
Woolworth	22½	27½	27½	27½	27½	27½	27½
Am. Tel. & Tlg.	99½	107½	107½	107½	107½	107½	107½
Interboro R.T.	3½	4½	4½	4½	4½	4½	4½
Int. Tel. Tlg.	4½	5½	5½	5½	5½	5½	5½
Radio Corp.	9½	11½	11½	11½	11½	11½	11½
Utilities P. & L.	5½	7½	7½	7½	7½	7½	7½
W. Union Tlg.	25½	32½	32½	32½	32½	32½	32½
Associated Gas "A"	2½	3½	3½	3½	3½	3½	3½
Pan. Amer. B. (New)	12½	15½	15½	15½	15½	15½	15½
Shell	13½	14½	14½	14½	14½	14½	14½
Shell Union	6½	8½	8½	8½	8½	8½	8½
Sid. California	21½	24½	24½	24½	24½	24½	24½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Nov. 9.	Nov. 16.
337 Industrials ...	98.2	174.1	51.5	114.7	52.2	46.3	47.8
33 Rails	89.1	145.6	31.7	105.7	32.2	26.1	27.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	77.7	80.8
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	48.2	49.9
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	6.18%	5.61%

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

Highest of 1932. (Sept. 7.)	Lowest of 1932. (June 27.)	Nov. 9, 1932.	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.
72.3	35.2	53.6	57.7	59.4	59.5	57.5	57.5	55.6

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
Stock Exchange—Shares (Thous.) ...	2,600	900	1,300	1,000	900	700
Bonds (Value Thous. \$) ...	8,600	4,000	7,100	6,500	7,400	7,100
Over—Shares (Thous.) ...	280	120	210	180	200	100

* 2-hour session.

PARIS.

The Paris Bourse opened with buyers reluctant to operate pending some indication of American policy on War Debts. Business was small and price movements irregular. The Government's Budget proposals were adversely criticised, brokers asserting that measures to check and control revenue from market operations would restrict business. Rentes sagged in the absence of normal demand, and industrials were uncertain. Internationals were weak at the start, but improved later.

	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
Banque de France	11,210	11,700	11,305	73	76	72	72
Credit Lyonnais	1,970	2,040	1,990	32	35	34	34
Suez Canal	15,140	15,330	15,450	72	72	70	70
Chargeurs Réunis	215	223	208	106	107	101	101
Rio Tinto	1,219	1,302	1,308	362	383	374	374
Royal Dutch	14,700	15,550	14,915	149	153	152	152

BERLIN.

The Bourse was quiet and prices were little changed. War Debt uncertainties had no influence on the market, which was preoccupied with the domestic political situation. Among leading shares, Ise Genusse fell 1½ to 95½ and Leopoldgubbe ¾ to 33½. Dye Trust were weak. The Bourse was closed on Wednesday.

	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
Reichsbank	128.10	128.75	126.25	32.30	32.60	31.30	31.30
Disconto	75.00	75.00	75.00	119.50	117.50	117.50	117.50
Dresdner (New)	61.75	61.75	61.75	55.50	57.00	55.25	55.25
Norddeutscher Lloyd	17.75	18.00	17.30	16.80	16.80	16.25	16.25

AMSTERDAM.

The Bourse opened with a firm tone, the British and French War Debt Notes creating a favourable impression. Business was small, but prices were generally higher. Reaction, however, speedily set in following the depreciation of sterling and unfavourable New York cables. Sugar shares were on offer on less favourable reports regarding the cartel negotiations in Java, Amsterdam Trading falling 4½ to 179½. Royal Dutch shares were neglected, but became steadier after declining 3½ points to 148½ on offers from Paris. Unilever and Philip's Lamps reacted. The market closed listless, with business at a minimum.



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	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
2½% Dutch Loan	70	69½	69½	35½	39½	36½	36½
5½% German	50	51	49½	45	45½	42½	42½
Unilever N.V.	114½	118	111½	119	120½	119½	119½
Philip's Lamps	128	134½	128½	143	148	144	144
Netherlands Ship Union	61½	65	62½	143	152	145	145
Handels Ams				177	189	177	177

OTHER CENTRES.

The minor European Bourses were irregular. Budapest was quiet, Milan had a dull and heavy tendency, and closed weak. Brussels was fairly active at the outset, but reacted later. Frankfurt was listless, prices showing a weaker tendency all round.

INVESTMENT NOTES.

Gilt-edged Recession.—The gilt-edged market continues to show evidence of indigestion. The new 3 per cent. Conversion Loan, after recovering to ½ discount at the beginning of this week, fell again to 2 discount, and at the moment of writing is 7½ discount. The "stags" have not yet been eliminated, and the uncertain outcome of the War Debts question, by restraining buyers, has added to the irregularity of the market. It is not believed that there has been any change in the basic conditions which govern prices in the gilt-edged market. Bank deposits and investments continue to rise and advances to fall, although the pace of the decline slackened perceptibly last month. Short-term money remains as cheap as ever, and signs of a revival in world trade, sufficient to bring about a rise in the long-term rate of interest, are conspicuous by their absence. The technical disturbance caused by the excessive "staggering" of the 3 per cent. Conversion Loan should be remedied by December 1st when the 52½ per cent. call on this loan is payable. Seeing that the gilt-edged market receives more in maturities than it has to pay up in calls on new loans on December 1st, there is some hope that conditions will then permit of a general recovery. While buyers may temporarily be deterred in the event of unsatisfactory news from Washington on the Allied demand for a further War Debts moratorium, it is clear that the pressure of cheap money must ultimately bring about a recovery. Whether this will be sufficient to correct the existing disparity between the price-level of the long-dated stocks and that of 3 per cent. Conversion Loan remains to be seen. It is much too early, as yet, to condemn the Government for miscalculating the price of its last Conversion operation.

P. and O. Position.—The £1 units of Peninsular and Oriental Deferred stock fell 2s. 6d. to 15s. 3d. on Wednesday, on the passing of the dividend for the year ended September 30th. In the previous year the company

earned and paid 6 per cent., free of tax. The British India Steam Navigation Company has reduced its ordinary dividend from 8 per cent. to 2½ per cent., both free of tax, while the Orient Steam Navigation Company's distribution will be nil against 5 per cent. The decisions presage the publication of accounts showing a considerable decline in earnings, of which, doubtless, an adequate explanation may be found in the depression of shipping in general and the difficulties of Far Eastern and Australasian trade in particular. Whether the decision has a wider significance may appear in due course. The P. & O. remains, throughout the East, the symbol of Britain's peculiar maritime strength, and the name of the late Lord Inchcape will be indelibly associated with the record of its high enterprise and steady progress during a crucial period. It was as recently as 1910 that the company started the policy of outside acquisitions which by 1920 had given it ownership or control of the Blue Anchor Line, British India Steam Navigation, New Zealand Shipping, Union Steam Ship of New Zealand, Hain Steam Ship, Orient Steam Navigation, and General Steam Navigation. Throughout the next decade its disclosed profit balances remained remarkably steady, once the post-Armistice depression had been surmounted, but the accounts were never informative, and profits were fully divided, although large sums were, in fact, set aside for redemption of debenture stock, £7,000,000 of which is repayable by 1940. A few years ago, when the difficult financial position of the Royal Mail group first became apparent, Lord Inchcape disclosed certain figures showing that P. and O. internal finances were indubitably strong, and recent accounts have been somewhat more detailed than their immediate predecessors. An issue of £1,000,000 of deferred stock, towards the end of 1927, brought in £2,000,000 of money, and provided the company with valuable new tonnage. The conservative valuation at which the fleet was carried in its books was exemplified by the transfer of £2,000,000, two years ago, from insurance fund, to write down values. Shortly after the new deferred stock issue, however, depression in general trade in the East became noteworthy, and disclosed earnings, after depreciation, declined from £1,316,000 in 1928 to £948,000 in 1931. Last year, the requirements of fixed-interest stocks (including debenture redemption) absorbed over 70 per cent. of available earnings, and the market realised that any further decline in earnings would, necessarily, fall directly upon the deferred stockholders. The company's liquid position will undoubtedly be of the greatest assistance in the present difficult time. The last balance sheet showed a holding of liquid investments of £7,822,000, including £6,679,000 of British Government securities, and a surplus of liquid assets over current liabilities of £6,054,000.

"Rothermere" Group Financing.—The "funding" of the provincial newspaper commitments of the Rothermere group has been carried through according to plan. As we explained in the *Economist* of November 5th last (page 846), £3,000,000 5½ per cent. debenture stock of Northcliffe Newspapers, Limited, the group's provincial subsidiary, is being paid off, and Associated Newspapers, Ltd., and Daily Mirror Newspapers, Ltd., are being released from their guarantee of interest and principal. The greater part of the assets of Northcliffe Newspapers is being taken over by Associated Newspapers. The first part of the necessary finance was provided by an issue of £1,500,000 Associated Newspapers 4½ per cent. ten-year notes which were sold at 98½. The second step was the allotment to the Daily Mail Trust of 1,500,000 5s. deferred shares of Associated Newspapers, taken by the Trust at 18s. The Trust, in turn, has issued this week £1,200,000 in 5 per cent. cumulative £1 preference shares at par, out of £1,500,000 authorised at a meeting on November 11th. The Trust is raising additional capital by an issue to ordinary shareholders of 251,852 new ordinary £1 shares, in the ratio of one in eight, at 25s., against a current market quotation of 87s. 6d. The re-

maining funds for the paying off of Northcliffe Newspapers debenture stock will be provided out of the group's own liquid resources. Thus the legacy of the so-called "provincial war" has been liquidated at minimum cost, without the necessity of charging any of the group's assets—an eminently successful operation.

S. & M. Preference Scheme.—A scheme affecting the rights of preference shareholders has been put forward this week by S. & M. (1928), Limited, a mantle and fur business founded in 1900 and refinanced in 1928. The public holds £125,000 of preference capital, in 10s. shares, entitled to an 8 per cent. cumulative dividend, and a further 2 per cent., non-cumulative, out of one-third of surplus profits after the ordinary have received 8 per cent. The ordinary capital of £100,000, in shilling shares (which alone carry normal voting rights), is held by Swears and Wells. Another of the latter's subsidiaries, Henry Dodgson, Limited, recently agreed to a scheme under which preference shareholders gave up their participating rights in return for a guarantee of their 8 per cent. cumulative dividend for eight years by Swears and Wells. The S. & M. scheme follows the same lines, but is more severe, the preference shareholders being asked not only to give up their participating rights, but to consent to a reduction in their cumulative dividend from 8 per cent. to 6 per cent., and to waive two years' arrears of dividend, in return for an eight-year guarantee by Swears and Wells of their reduced dividend rate. The offer does not appear reasonable from the preference shareholders' viewpoint. The £10,000 required for a cumulative 8 per cent. dividend has been earned, with something to spare, in every year since the company's formation as a public concern. There is no suggestion that it will not be earned in the future, or that the preference shareholders' participating rights have permanently lost their value. The retention in the business of the amounts earned and available for preference shareholders in the last two years has presumably helped the company, and it is unfair to penalise the shareholders on this account. The benefits of the sacrifice demanded from these holders will inure entirely to the ordinary capital, of which Swears and Wells will hold 90 per cent. The ordinary capital is to be written down by 50 per cent., but this does not affect its equity rights in the least. Preference shareholders appear to be entitled to a clearer statement of the advantages they are likely to obtain in compensation for their very real sacrifices.

Gramophone "Combine's" Problems.—At the annual meeting of Electric and Musical Industries, on November 10th, the chairman, Mr Alfred Clark, spoke frankly of the trading problems of the company, whose financial results were discussed in an *Economist* leading article last week. Mr Clark pointed out that the international organisation of the group made it particularly vulnerable when faced with universal trading restrictions and widespread depression. At the time of the merger of the Gramophone Company and Columbia Graphophone there were fifty assembly units owned by the two companies or their subsidiaries, situated in nineteen countries, two being in Australia, three in South Africa, seven in Asia and thirty-eight in Europe. The factories as a whole, consequently, depended for economical production on a considerable amount of export business. Difficulties were encountered in the form of tariff restrictions and quotas, reduced purchasing power abroad and the frequent insistence upon cash payments in the wholesale trade. After the merger, steps were taken to effect manufacturing economies, but the entry of the combine into radio production necessitated the partial replanning of existing factories. The concentration of manufacture had involved expenditure—it was hoped of a non-recurring type—which had had to be charged to trading account. The whole speech was a significant commentary on the difficulty of carrying out the rationalisation of large groups in any industry during a period of intense trade depression.

Brewery Reports—Bass and Peter Walker.—According to our last quarterly industrial profits survey, twenty breweries whose reports appeared in the three months ended September 30th suffered an aggregate decline in net profits of 24.1 per cent. The Bass results, showing a fall of under 15 per cent., may therefore be considered comparatively satisfactory. Considerable savings have been effected in a number of items. Earnings would have practically covered a repetition of last year's 17 per cent. ordinary dividend, but the directors, conservatively, recommend a reduction to 14 per cent.

	Year to June 30.		
	1930.	1931.	1932.
	£	£	£
Brewery profit	1,207,405	1,143,079	1,016,276
Other income	508,376	589,486	533,926
Expenses	536,604	487,827	462,446
Rent, rates, &c.	217,589	278,087	232,222
Repairs and renewals ..	140,918	152,464	115,175
Interest	5,945	4,253	2,786
Depreciation	56,421	69,354	76,502
Bad debts, &c.	4,925	5,443	4,277
Fees	7,664	7,200	7,700
Debenture interest	206,746	205,878	203,802
Net profit	538,969	522,059	445,292
Brought forward	273,983	320,181	394,181
Preference dividend	68,000	68,000	68,000
Ordinary dividend—			
Amount	424,771	380,059	312,989
Earned %*	21.1	20.3	16.9
Paid %*	19	17	14
Carried forward	320,181	394,181	458,484

* Tax free.

Peter Walker (Warrington) received only £180,000, against £300,000, from Peter Walker, Warrington and Burton, and profits are consequently reduced from £523,337 to £344,236. After payment of directors' fees, debenture interest, and preference dividends, £160,000, the distribution of an ordinary dividend of 3 per cent., against 7½ per cent., reduces the carry forward from £141,068 to £104,359. Bass £1 ordinary shares stand at £13, to yield £4 16s. 6d. per cent. tax free. Peter Walker £1 shares are quoted at 10s. 6d., to yield about £6 per cent. less tax.

United Steel Companies.—Slightly improved results are shown in the latest accounts, despite another year of "extraordinary depression." After the inclusion of gross dividends on shares in subsidiaries (less reserve for losses), but before depreciation, there is a trading profit of £330,289, against a figure for the previous year of £180,791, when dividends received were shown net. The sum of £175,000 is set aside for depreciation, but the auditors again query its adequacy. A net balance of £12,355 is added to the carry-forward.

	Year to June 30.	
	1931.	1932.
	£	£
Trading profit and dividends from subsidiaries	130,791	330,289
Directors' fees	6,958	6,703
Income tax	9,340	50,709
Mortgage interest	7,780	85,522
Fixed loans	65,392	
Depreciation	200,000	175,000
Earned for dividend	Dr. 153,679	12,355
Brought forward	275,267†	116,588
Carried forward	116,588	128,942

† Being balance of profit for year to June 30, 1930, and reserves no longer required.

Demand throughout the world has continued to fall to "almost incredible" levels, but the company has, nevertheless, increased its volume of trade, though the value of sales was lower. The combined trading profit of the company and its subsidiaries (including associated companies) increased by £106,676. The iron and steel import tariff, in force since April, has so far had little effect. The report of Steel Industries of Great Britain, which controls United Steel, shows a loss of £10,661 for the

year, and a total debit balance of £17,097 goes forward. The dividend on the £3,299,467 6½ per cent. cumulative preference shares of the company will not be paid on January 1, 1933.

Insurance Share Index.—Insurance share values, which frequently move in sympathy with those of gilt-edged stocks, have shown a rising tendency of recent weeks, after a slight setback during the summer months. This is exemplified by our index, given below, which sets out the history of an imaginary investment, in 1913, of £1,000 in the ordinary shares of each of 25 leading companies. The figures are based on the mean of the highest and lowest prices in each year, except in the case of the last four columns, which relate to the middle market prices on the dates specified. In all cases where an issue of bonus shares has been offered, due allowance has been made by assuming that the rights are sold and the proceeds utilised to purchase an additional holding in the original shares.

SHARE INDEX.
(1913 = 1,000 in every case.)

	1929.	1930.	1931.	Dec. 31, 1931.	Mar. 31, 1932.	June 30, 1932.	Sept. 30, 1932.
Alliance	1,675	1,588	1,475	1,323	1,575	1,596	1,448
Atlas	3,532	3,222	2,809	2,540	2,889	2,794	3,174
Caledonian	5,700	4,702	4,041	3,585	4,277	3,900	4,529
Commercial Union	4,545	4,179	3,540	2,960	3,570	3,135	3,222
Employers' Liability	2,725	2,636	2,068	1,622	1,847	1,622	1,892
Equity and Law	2,009	1,864	1,865	1,785	1,786	1,919	2,143
General Accident	8,133	7,983	7,189	6,000	7,600	6,933	7,866
Graham Fire	2,872	2,251	2,248	1,905	1,905	1,667	1,905
Gresham Life	4,030	5,015	4,336	3,908	3,786	3,664	3,664
Guardian	2,596	2,558	2,340	2,115	2,558	2,474	2,833
Legal and General	6,536	6,776	5,696	4,481	5,902	5,792	6,557
Life Association of Scotland ..	1,989	1,801	2,036	2,140	2,140	1,950	1,997
London and Lancashire	4,548	4,327	3,731	3,077	4,000	3,885	4,269
London and Lancashire	2,126	1,310	1,653	1,455	1,747	1,577	1,916
North British & Mercantile ..	4,514	4,309	3,857	3,280	4,013	3,822	4,395
Phoenix	2,011	1,884	1,700	1,522	1,851	1,791	2,090
Prudential	1,945	1,818	1,569	1,252	1,691	1,759	1,962
Royal Exchange	2,163	2,227	2,027	1,703	2,110	2,086	2,302
Royal	3,227	3,114	2,772	2,341	2,857	2,772	3,142
Royal	2,862	2,731	2,460	2,151	2,538	2,366	2,657
Scottish Life	2,680	2,697	2,352	2,163	2,242	2,239	2,472
Scottish Union & National ..	5,213	4,741	3,928	3,106	3,771	3,180	3,993
Sun Fire	2,853	2,729	2,347	1,906	2,400	2,311	2,578
Sun Life	2,237	2,131	2,023	1,713	2,116	1,965	2,418
Yorkshire	3,041	2,685	2,441	2,061	2,577	2,525	2,537
Average	3,431	3,275	2,900	2,484	2,954	2,789	3,151

Only two shares—those of the Gresham Life and the Life Association of Scotland—have fallen in value over the first nine months of this year. During the depressed period which followed the country's departure from gold last year, the average yield on insurance shares reached the level of over 6 per cent. Even on September 30th last, according to the Actuaries' Investment Index, the yield was still well over 4½ per cent. Though it is anticipated that trading profits this year are unlikely to show much, if any improvement on those of 1931, the greater portion of last year's depreciation in investments has already been recovered. All things considered, the outlook for the life offices to-day is appreciably brighter than at any time in the past twelve months.

Berlin Stock Exchange Conditions.—The German capital markets have become much more animated during the last few weeks, writes our Berlin correspondent. As late as last summer it could still be maintained, with every justification, that one of the most important prerequisites of improvement was still lacking. In spite of the decline in economic activity, and the consequent release of capital, even the best German rentes were still on a 10 per cent. yield basis. During the last three months this figure has been reduced to 8.5 per cent. This is still unduly high, and makes new issues impossible, but the

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continuance of the disposition to purchase, which is shown by large sections of the population, is evidence that capital is no longer afraid of every form of long-term investment and that a certain confidence is developing in political and economic stability. The following table shows the extent of the recent rise in some of the most important German rentes:—

	End July.	Early October.	Early November.
Reich loans—			
6% long term inscribed	56½	63½	70
6% tax-free, 1929	67	72	87
5½% Young loan	58½	66	71½
Munich loans—			
Average	46½	57	61
6% Munich	51½	59	66½
Mortgage bonds 6%—average ...	70	75	77
Industrial loans—			
6% Vereinigte Stahlwerke	40½	51	52½

The difference between the yield on long-term loans and short-term money rates is still unprecedented. Savings bank and bank deposits subject to two months notice yield only 3½ per cent. and the acceptance rate is 3½. The lateness of the rise in the rente market and its very modest character is due primarily to the fact that the market was uneasy for months as to the plans of the Government, and is still very uncertain that all ideas of a compulsory reduction in interest rates have been finally abandoned. If, however, the market is not disturbed by any further interference, a continuance of the rise is to be anticipated. In contrast to the rente market, the share markets have not recently shown a large turnover. Most rates declined, though the extent of the decline was relatively small in comparison with the rise in August and September, and the declines on most foreign stock exchanges. The latest reports on the economic position are favourable, but the idea prevails on the Stock Exchange that the improved prospects of German industry are already discounted in the present quotations. Immediately after the elections, however, there was a somewhat larger demand for shares, as the results were regarded optimistically by the Stock Exchange.

Anglo-Spanish Construction Company.—The chairman of this company indulged in plain speaking at last week's meeting of debenture holders. Sir Evelyn Wallers declared that the company, since its inception in 1924, had been the object of persistent political attacks by opponents of the Dictatorship. The formulation, at long last, of definite charges now enables a reply to be made. The Commission of Responsibilities—a committee appointed shortly after the inauguration of the new republic to inquire into and review the acts of the Dictatorship—asserts that the concession given to the company in 1924 was illegal and prejudicial to the State, and was obtained by irregular methods. A detailed reply, handed to the Government by the Santander-Mediterranean Company, contends that the charges have no basis in law or equity. The concession to build a railway of about 415 kilometres was granted in 1924 and modified in 1927 by the sovereign authority in Spain at the time. The cost of building the railway, it is declared, compares very favourably with that of similar lines in Spain. Its commercial usefulness is proved by the progressive increase in its takings. While allowance may be made for the disturbed political atmosphere inevitable after all far-reaching constitutional changes, it is inconceivable that the Spanish Government will not see justice done to the company's interests, for no nation to-day can afford to countenance any action which, rightly or wrongly, may be interpreted as a reflection on the sanctity of international contracts. A settlement eminently fair to both parties should be discoverable by friendly negotiation.

Burma Corporation.—In the annals of this important silver and base metal producer the year ended June 30th last was a particularly eventful period. It witnessed, on the one hand, Great Britain's departure from the gold standard and, on the other, the quotation of lower prices for certain metals than were ever previously recorded.

The effects of metal market developments were more than offset by general economy, increased technical efficiency and restriction in the scale of operations. The latter played its part in the saving of £424,440 mentioned in the report. We summarise the results of the past three years:—

	1929-30.	1930-31.	1931-32.
Ore mined	500,590	462,180	362,780
Yield refined lead	79,270	76,520	70,560
Yield fine silver	7,225,880	6,512,780	5,842,790
Working profit	1,059,560	462,630	522,520
Sundry revenue	81,970	72,180	43,310
Depreciation, &c.	225,650	179,930	149,240
Taxes and duty	222,270	189,780	200,850
Net profit	693,600	165,100	215,440
Per cent. earned	6.8	1.6	2.1
Per cent. paid (free of Indian and British tax)	8.1	1.9	2½
Reserve	235,640	202,760	151,750
Carried forward	71,650	46,320	7,860

For the past session two distributions of two annas each were made, as against one of three annas in respect of 1930-31. By this payment the carry-forward was reduced to an almost nominal amount, but in view of the improvement in metal prices since June the directors felt justified in pursuing a liberal policy. The reduction in the reserve fund arises from a transfer to income-tax reserve to make good a deficiency arising through advance in the rate of tax payable. Investments of £552,900 at market quotations show the substantial increase of £177,200. Of the total, 86 per cent. comprise Government securities, the value of which has appreciated considerably since the date of the balance sheet. The surplus cash assets amount to nearly £400,000. At 4,126,200 tons the ore reserves indicate a decrease of 107,000 tons; the total still represents over eleven years' supply for the mill at the 1931-32 rate of extraction. On the basis of four annas dividend Burma Corporation shares at 10s. yield no more than approximately 3½ per cent., free of both British and Indian income tax. Holders await a sustained recovery in metals.

Roan Antelope.—Our mining correspondent writes:—Opinions regarding the report issued this week will depend largely upon the angle from which the view is taken. In some respect the results must be regarded as distinctly satisfactory. The official estimates in regard to production cost and other matters have been more than fulfilled. Despite restriction of output to about one-third of capacity the all-in cost per ton of blister delivered to European consumers in the quarter ended March 31st last averaged only £29 4s. per long ton. For the succeeding session the ratio was reduced to £25 7s. and in the September period to £23. The current quotation for standard copper (a purer variety than blister) is over £33 per ton. In the ten months of production to June 30th the company made an operating profit of £189,150. Administration expenses and loan interest absorbed £32,850; debenture interest £87,500. After the allowance of £100,000 towards depreciation, a balance of £30,760 remained to go forward. So far so good, but it may be argued that even these results represent a poor return upon the employment of nearly three millions of share and debenture capital, and there is little prospect of any appreciable increase in the scale of output for some time to come. The share are quoted at about 130 per cent. premium.

British Tin Investment Corporation.—Particulars have been published of a private issue of 254,808 10s. ordinary shares at 10s. 6d. by the British Tin Investment Corporation. This company was promoted by the British-American Tin Corporation to invest in shares and debentures of tin-producing companies. It acquired from British-American Tin Association the major part of that company's assets, consisting of large holdings of representative tin-producing company shares, together with a substantial holding in Consolidated Tin Smelters, which smelts and

markets about 50 per cent. of the world's output of tin. The purchase price of the assets acquired was £875,000 satisfied by (1) the allotment of 1,750,000 ordinary shares of 10s.; (2) the liability to discharge a debt of £127,404 in cash, together with the promotion expenses of the vendor company; and (3) options at par over 683,282 ordinary shares of the company until December 31, 1934. The debt liability was later satisfied, by arrangement with the creditor, by the allotment of fully-paid shares to the nominal amount of the debt together with an option at 10s. 6d. over 50,941 ordinary shares up to December 31, 1934. The company, after its new issue of shares is fully paid-up in December, will have about £130,000 cash available for investment. Presumably those associated with the company, including such well-known names as the British Metal Corporation, New Consolidated Gold Fields, London Tin Corporation and Patino Mines, consider that the time is ripe for the purchase of tin-producing company shares. They may or may not be correct. It is true that the demand for tin has lately been increasing, and that, in view of the rigid restriction scheme which is at present in force under Government control, covering more than 85 per cent. of the world's total output, the prospects of a rise in tin prices appear to be more promising. The increase in the deliveries of tin last month is shown in the following statement:—

	(Tons).	1932.
		September. October.
United Kingdom	586	587
Dutch	278	368
United States	2,680	3,130
Continents	898	1,167
Other Countries	380	461
	4,822	5,713

There was a slight reduction in the visible supply, including carry-over in the Straits Settlements, from 56,297 to 55,948 tons. The present price of tin is £154 17s. 6d. per ton, as compared with £117 10s. at the end of June, 1932, and £127 5s. a year ago. The British-American Tin Corporation paid no dividends and British Tin Investment has a good deal of leeway to make up. The shares are quoted in the market at 11s. 6d.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Anglo-Spanish Construction, Dalgety and Company, North Charterland Exploration, Birmingham Small Arms, and Trinidad Leaseholds. At the meeting of North Charterland Exploration Company, Mr H. B. Spiller protested against the action of the Colonial Office in regard to the company, and moved a resolution, which was carried unanimously, demanding that the enquiry should be reopened. We hope to deal with this matter in a later issue of the *Economist*. At the annual meeting of the Birmingham Small Arms Company Mr A. H. Pollen told shareholders that in order to find a new load for the Birmingham factory the company had used the Daimler fluid-flywheel transmission as the basis for the new 10 h.p. B.S.A. car, which was introduced at the last Olympia Show, and would be ready for sale in the New Year at a price of £240. We deal with the case of the Anglo-Spanish Construction Company against the Spanish Government in an Investment Note on page 946.

CAPITAL ISSUES.

ACCORDING to an official statement this week, the authorities have no present intention of relaxing restrictions on foreign issues in London, but the position as regards domestic "optional conversions" is under consideration—not out of due time, in view of the facility with which

the intentions of the authorities are being over-ridden. Although the Gilt-edged market has remained dull, a new trustee issue has been made this week by the *Metropolitan Water Board*, whose (E) Stock, 1953-73, offered subscribers a flat yield of £3 4s. 6d. per cent. and a redemption yield, to the latest date, of £3 6s. 4d. per cent. This issue will appeal to trustees desiring a relatively long-term stock with a definite redemption date, rather than a generous income. Of the two industrial issues of the week, the *Daily Mail Trust* Preference offer is discussed in a Note on page 944. Annual dividends should be well covered. *Prices Tailors*, a multiple "Fifty Shilling" tailoring business, offered 7 per Cent. Cumulative Preferred Ordinary shares whose dividends, taken in conjunction with those of the existing Preference shares, are twice covered by average profits for the last three years. The company's business is profitable and progressive, but its capital, after the present issue, has a top-heavy appearance, £750,000 of Preference and Preferred ranking in front of only £175,000 Ordinary capital. Particulars have been announced of three Stock Exchange "placings," the most important of which—that of the *British Tin Investment Corporation* is dealt with on page 946. *Central Commercial Properties* is a freehold and leasehold property investment company which was privately started in November, 1927. The prospects for Ordinary shareholders depend almost entirely on the results obtained from properties at present vacant or under construction. The public statement of the *General Consolidated Investment Trust*, in connection with a Debenture stock "placing," was singularly uninformative. Finally, repayments and "conversions" announced during the week were varied and extensive, the authorities concerned ranging from the Belfast Corporation and the Government of Siam, to the Distillers Company and Bryant and May.

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CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
RESERVE FOR EXCHANGE CONTINGENCIES	£664 170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

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Rt. Hon. Lord Balfour of Burleigh.	William Smart, Esq.
Stanley Christopher, Esq.	Rt. Hon. Lord Sydenham, G.C.S.I., F.R.S.
Edward Clifton-Brown, Esq.	Sir Roderick Roy Wilson.
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ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Nov. 12, 1932, excluding conversions, £178,585,731.					
Total recorded, Jan. 1 to Nov. 12, 1932, including conversions, £767,180,033.					
National Savings Certificates.	Net receipts, week ended Nov. 12, 1932, £50,000.	Nominal Conversions, £	New Money, £	First Payment, £	Further Liability, £
To the Public.					
Belfast Corporation 3½% stk., 1932, £2,000,000	2,000,000	1,930,000	...	...	...
Metropolitan Water Board, (E) stk. 3% at 93%, 1932, £500,000	500,000	...	1,860,000	100,000	1,760,000
Prices Tailors, 7% cum. pref. £1 at par	500,000	...	500,000	62,500	437,500
Daily Mail Trust, 5% cum. pref. £1 at par	1,200,000	...	1,200,000	120,000	1,080,000
Total	5,700,000	1,930,000	3,560,000	282,500	3,277,500

To Shareholders only.					
Bowaters' Paper Mills, 80,000 ord. £1 at 2½%	80,000	...	100,000	20,000	80,000
Spies Petroleum, £275,000 6½% deb. at 96%	275,000	...	264,000	27,500	236,500
Total	355,000	...	364,000	47,500	316,500

Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	£	Whole year—	£	£
1932	773,084,033	182,559,731	1931	114,290,666	102,044,291
1933	108,891,128	98,014,143	1930	454,888,784	267,800,700
1930	414,021,686	231,629,055	1929	488,764,940	285,239,400
1929	483,761,288	279,425,588	1928	369,058,073	235,165,970
1928	516,593,704	342,563,973	1927	355,165,970	230,782,600
1927	...	319,847,283	1926	...	232,214,500
1926	...	208,126,017	1925	...	209,326,101
1925	...	208,794,177	1924	...	...

January 1 to date—	Debtors, Bonds, &c.	Preference.	Ordinary.	Total.
1932	167,970,331	10,650,682	3,938,718	182,559,731
1933	73,559,349	6,771,859	17,682,935	98,431,410
1930	194,139,358	15,649,638	21,840,059	231,629,055
Whole year—	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,777,600	369,058,073
1927	228,958,000	36,836,600	98,381,400	355,165,970
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

Amount previously recorded	Capital Introduced.	Price Dealings Began.	Cash Involved.
Amalgamated Anthracite Collieries, £1,500,000 5% deb. stk. at 98	1,243,875	...	13,428,982
Marion Thompson and Evered, £225,000 4½% deb. stk. at 95	1,470,000	99½	1,490,625
Total to date, 1932	13,927,625	...	15,146,857
Total to date, 1931	8,757,183	...	8,883,558

PUBLIC OFFERS.

Metropolitan Water Board.—Issue of £2,000,000 3 per cent. Metropolitan Water "E" stock, 1933-73, at £93 per cent. Trustees are authorised to invest in this stock. The proceeds of the issue will be applied to meet bills falling due and to new expenditure. If not previously redeemed, the stock will be repaid at par on July 15, 1973, but the Board reserves the right, on three months' notice, to redeem the stock in whole or part on or after July 15, 1953. The total outstanding debt of the Board is £53,810,000, for which full redemption provision is being made.

Daily Mail Trust.—Issue of 1,200,000 5 per cent. cumulative preference shares of £1 each at par. In case of a winding up, holders will be entitled to a return of 22s. per share. The trust holds 53 per cent. of the deferred shares of Associated Newspapers, whose profits were: 1929-30, £1,108,573; 1930-31, £907,509; 1931-32, £506,895. The issue of preference shares, with issue of 251,852 ordinary shares at 26s. per share, will meet the cost of 1,500,000 deferred shares of 5s. each of Associated Newspapers, which the company has contracted to acquire. The profits of the Trust were: 1929-30, £470,505; 1930-31, £481,532; 1931-32, £232,128.

Prices Tailors.—Issue of 500,000 7 per cent. cumulative preferred ordinary shares of £1 each at par. The Standard Industrial Trust has been authorised to receive applications. The object of the issue is to provide for completion of the purchase of 106 shops and other assets from Stewarts Clothiers and additional working capital. The company was incorporated in October, 1928. Net profits after depreciation were: 1927-28, £54,667; 1928-29, £75,754; 1929-30, £83,524; 1930-31, £114,677; 1931-32, £118,598. Preference share dividend requires £20,000 per annum and the dividend on the present issue £35,000 per annum.

STOCK EXCHANGE "INTRODUCTIONS."

British Tin Investment Corporation.—Issued capital, £1,180,712. The company was incorporated in April, 1932, to invest in shares and debentures of tin-producing companies. The corporation acquired the major part of the assets of the British-American Tin Corporation, which

in 1930 made a profit of £1,598 and in 1931 a loss of £1,425. Messrs Laing and Cruickshanks and Messrs Vivian Gray agreed to underwrite an issue of 254,808 10s. shares in consideration of a commission of 6d. per share.

General Consolidated Investment Trust.—Particulars of an issue of £300,000 4 per cent. redeemable debenture stock, 1953-73, which was sold at 91 per cent., less ½ per cent. commission. The stock will be repaid at par on January 1, 1973, but the company reserves the right to repay the whole of the stock on January 1, 1953, at 105 per cent. on three months' notice.

Central Commercial Properties.—Issued capital, £129,972 in 129,972 7 per cent. £1 cumulative preference shares and £70,837 in ordinary shares of 2s. each. The company was converted into a public company in January, 1929, and its object is to deal in freehold and leasehold property. Reserve in 1930-31 was £22,602; in 1931-32, £18,069.

FORTHCOMING ISSUES.

Bovril, Limited.—Lord Luke of Pavenham, speaking at a meeting of preference shareholders of Bovril, on Tuesday, said that the new 6 per cent. preference shares would be offered at a premium of about 25 per cent., at which price the yield on them would be about £4 16s. per cent. The board hoped to be able to make an offer to the shareholders about the end of December.

Brakpan Mines, Limited.—In connection with the acquisition of the assets of the Witpoort Gold Areas, Limited, the directors of Brakpan Mines, Limited, have decided to issue 102,000 new shares and to offer these to shareholders in the proportion of one new share for each ten shares held. Circulars will shortly be sent to shareholders giving full details of the offer. It is understood unofficially that these new shares will be offered to the shareholders on the basis of about £2 10s., South African currency.

British Greyhound Investment Trust.—It is understood that the offer for public subscription of 1,000,000 ordinary shares of 5s. each at par in the British Greyhound Investment Trust will be made next week by the Cavendish Investment Corporation, 1, Budge Row, E.C.4.

Essex County Council.—It is proposed to make an issue of £1,000,000 3½ per cent. redeemable stock, 1952-72. The sanction of the Ministry of Health is being sought. The Council, at its meeting in London on Tuesday, agreed that the money will be devoted to general county purposes and public services. It was also agreed that six months' notice be given to repay all outstanding mortgages on which interest of 5 per cent. or over is being paid. These mortgages amount to £405,506.

John Blundell.—The directors propose to raise the capital to £475,800 by the creation of 100,000 6 per cent. first cumulative redeemable preference shares of £1 each. The object of the issue is to provide funds for the repayment of loans and for the development of the business.

The Electric Supply Corporation.—This company is contemplating making an issue of ordinary shares to the existing shareholders. The number of shares and the terms of issue have yet to be decided. Existing capital is £500,000, equally divided into £1 ordinary and preference shares.

RESULTS OF ISSUES.

Daily Mail Trust.—The lists for the 5 per cent. cumulative preference shares of the Daily Mail Trust were closed at one o'clock on Monday, the issue having been oversubscribed. Applications from the country were considered until Tuesday morning, and applications from debenture holders or shareholders were accepted until Wednesday morning.

Grosvenor Electric Batteries.—The recent offer to shareholders of Grosvenor Electric Batteries of 20,154 new ordinary shares at par has been considerably over-subscribed. The shares were offered in the proportion of one in four, and while shareholders will get full allotment, excess applications have had to be scaled down. Allotment letters were posted on Wednesday.

Prices Tailors, Limited.—The Standard Industrial Trust announces that the subscription list in connection with the issue of 500,000 7 per cent. (cumulative) preferred ordinary shares of £1 each at par of Prices Tailors, Limited, was closed at 10.45 Tuesday morning, the issue having been oversubscribed. Country applications were considered if received in London not later than first post Wednesday morning.

REPAYMENTS AND CONVERSIONS.

Colonial Loans.—Principal of Grenada Government 4 per cent. inscribed stock, 1917-1942 (£123,870) and St. Lucia Government 4 per cent. inscribed stock, 1919-1944 (£80,264), will be repaid at par on May 15th.

Belfast Corporation.—£2,000,000 3½ per cent. stock, redeemed at par January 5, 1973, for conversion of existing 3½ per cent. stock redeemed January 5, 1938.

Royal Siamese Government.—Redemption at par of 7 per cent. sterling loan, 1922 (£2,000,000) on March 1, 1933.

Distillers Company.—£450,000 4½ per cent. debenture stock (1887 issue). Whole amount to be redeemed May 15, 1933, at 110 plus interest.

Bryant and May.—Meeting called in connection with proposed redemption of £750,000 5 per cent. debenture stock, and issue of a 4 per cent. debenture stock in substitution.

Baltimore and Ohio Railroad.—This company has a further loan of £6,325,000. This will enable the company to offer 50 per cent. in cash and 50 per cent. in bonds to holders of 4½ per cent. issue maturing March 1, 1933.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Nov. 10, 1932.	Price, Nov. 17, 1932.
Conversion 3½, 1948-53	97½	5	1½-1½ dis	1½-1½ dis
Treasury Bonds 2½, 1935-38	100	5	98½-99	98½-99
Amalgamated Anthracite 5% Debts.	98	...	...	...
Associated Newspapers 4½, 10 Year	...	Fy pd	100½-100½	100½-101
Notes	...	...	98½-99½	98½-99½
Australia 3½, 1936-37	97½	...	100½-101½	100½-101½
Birmingham and District Investment Trust 4½ Deb.	...	...	2½-2½	2½-2½
Blackpool Greyhound 2½	2½	...	3½-3½	3½-3½
British Plaster Board ord.	...	...	4½-4½	4½-4½
Carlton Main Colliery 5% Debts.	98	55	1½-1½ pm	1½-1½ pm
Covent Garden Properties, 4½ Debts.	98	1½	2½-2½ pm	2½-2½ pm
Cow and Gate New Ord.	25½	...	7½-8½ pm	7½-8½ pm
Daily Mail Trust New Ord.	Par	Fy pd	1½-1½	1½-1½
Dumpton Greyhound (2½)	14½	8½	1½-1½ pm	1½-1½ pm
J. G. Graves Pty. Prof. Ord. 5½	...	...	102½-103½	102½-103½
Lever Brothers 4% Debts.	...	...	101-102	101-102
Lovell and Christmas 4½ Debts.	...	...	100-102	100-102
Marston Thompson and Evered 4½ Debts.	95	25	1½-1½ dis	1½-1½ dis
Olympia 4% Debts.	101	10½	9½-9½	9½-9½
Portsmouth Newspapers 5% Prof. £1	£1	Fy pd	2½-2½	2½-2½
Qualcast 7% Cum. Pref. £1	101	Fy pd	102-102½	102-102½
Selfridge Provincial Stores 5% Debts.	1½	...	1½-1½	1½-1½
Southend Stadium Deferred (1½)	1½	...	2½-2½ dis	2½-2½ dis
Do. do. Preferred (10½)	96½	2½	1½-1½ dis	1½-1½ dis
South Africa 3½ Ins. Bk., 1953-73	...	...	101½-102½	101½-102½
South Metropolitan Gas Pref.	100	25	1½-1½ pm	1½-1½ pm
Southern Railway 4% Debts., 1928-67	99	Fy pd	1½-1½ pm	1½-1½ pm
Stevenson (Hull) 6% Debts.	63	£5	3½-3½	3½-3½
Telsen Electric £1	99½	£5	2½-3½ pm	2½-3½ pm
Thames House 4½ Debts.	...	£1	1½-1½	1½-1½
Wanderer Gold	...	...	...	...

Calls Due Next Week.

The grand total of calls falling due in November, 1932, is £3,190,271, which compares with £461,812 which fell due in November, 1931. No calls fall due in the week November 21st to November 26th, 1932, inclusive.

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended November 9: Venezuela, 32,517 barrels; Trinidad, 29,321 barrels; total, 61,838 barrels.

SPIES PETROLEUM COMPANY, LTD.—Production for October, 1932: Sondrum Company, 13,168 tons; Romano-Africana Company, 1,775 tons; total, 14,943 tons.

TAMPIO OIL, LTD.—The total production on the company's properties in Mexico during February was 18,052 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,354 barrels. Production during March was 20,248 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,519 barrels. The total production on the company's properties in Mexico during April was 19,163 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,437 barrels. Production on the company's properties in Mexico during May was 20,238 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,518 barrels. The total production from the company's properties in Mexico during September was 16,464 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,235 barrels. The total production from the company's properties in Mexico during October was 18,463 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,235 barrels.

THE ANGLO-PERSIAN OIL COMPANY, LTD.—Production in Persia for the month of October amounted to 569,000 tons, making a total of 5,381,000 tons for the first ten months of 1932.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended November 5, 1932, was 243,000 barrels.

TOCUTO OILFIELDS OF VENEZUELA, LTD.—Oil produced during September, 1,230 tons. Produced during October, 1,221 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended November 12th was: Bolivar district, 84,829 m. tons; Maracaibo district, 6,404 m. tons; total, 91,233 m. tons.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Nov. 11, 1932.	(c) Week ended Nov. 12, 1932.	Miles Open.	Gross Receipts, week ended Nov. 14, 1932. (000's omitted.)					Aggregate Gross Receipts, 45 weeks, (000's omitted.)				
			Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western	1932	3,761	162	171	106	277	459	9,186	7,467	4,438	11,905	21,091
Western	1931	3,761	175	193	101	294	469	9,913	8,597	4,730	13,327	23,300
(c) L. & N.	1932	6,353	253	298	230	528	781	13,770	12,970	9,656	22,636	36,406
Eastern	1931	6,353	269	307	233	603	872	14,785	13,541	10,498	25,839	40,624
L. M. & S.	1932	6,948	379	427	250	677	1,056	21,159	18,676	10,145	28,821	49,980
Scottish	1931	6,948	396	509	244	753	1,149	22,349	21,190	10,989	33,179	54,528
Southern	1932	2,181	238	62	30	92	330	12,684	2,822	1,363	4,185	16,868
	1931	2,180	237	71	31	102	339	13,763	3,281	1,412	4,693	18,456
Total	1932	19,243	1,032	958	616	1,574	2,606	56,799	49,335	25,612	67,547	124,346
	1931	19,239	1,077	1,143	609	1,752	2,829	60,870	48,409	27,629	76,038	136,908

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Week.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	29	Oct. 15	1,330	Rs. 3,28,200	- 1,23,404	Rs. 87,43,412	- 17,58,746
Bombay & N. Western	30	Oct. 22	2,202	27,200	+ 3,800	9,41,200	+ 1,82,300
Bombay & N. Western	3	Oct. 22	2,114	5,39,757	+ 72,252	15,87,910	+ 1,37,803
Bombay & N. Western	26	Oct. 15	1,274	11,20,000	+ 72,817	3,51,74,495	+ 1,47,714
Bombay & N. Western	32	Nov. 12	3,091	20,41,000	+ 42,000	5,91,35,000	+ 1,48,000
Bombay & N. Western	29	Oct. 22	3,212	12,64,000	- 61,351	4,02,52,852	- 86,27,762
Bombay & N. Western	3	Oct. 22	572	89,429	+ 5,172	2,85,394	+ 21,264
Bombay & N. Western	28	Oct. 22	2,528	10,87,923	+ 283	3,18,87,140	+ 39,999

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	44	Nov. 7	20,340	2,789,751	- 920,379	124,203,628	- 25,078,083
Canadian Pacific	44	Nov. 7	16,962	2,518,000	- 994,000	106,022,000	- 19,841,000

SOUTH AMERICAN.

THE FINANCIAL AND ECONOMIC POSITION OF AUSTRIA.

The financial and economic position of Austria, which, whilst the World Crisis had reached its peak, seemed almost desperate, now shows, as has been confirmed by the Financial Committee of the League of Nations, in part immediate and tangible signs of improvement, in part symptoms of considerable improvements to be expected—even if the situation, in all its bearings, must still be regarded as "precarious."

It was the collapse of the "Creditanstalt" in May, 1931, which gave the impetus for the Austrian Crisis of the same year, and, in the opinion of many, for the World Crisis. The workings of this have to-day been largely counteracted, and for the rest the lines of a settlement can already be definitely traced out, the speedy arrangement of which would be of extraordinary importance to the re-establishment of public confidence. The State Finances which, in 1931, threatened to fall into confusion, have been so far brought into order that it was possible to balance the Budget for 1932, and that proposed for 1933 should show a small surplus, according to estimates which may be regarded as honest and trustworthy. The Foreign Loan agreed upon in the negotiations at Geneva and Lausanne of July, 1932, will, it is hoped, become available in the course of the present year, and serve to secure the balancing of the public finances and to strengthen the position of the National Bank.

The settlement of the problems arising from the Creditanstalt, the measures taken to restore the State Finances, and the conclusion of the Foreign Loan, may be expected favourably to affect public feeling, which is very essential, as it is proposed to float an Internal Loan to set the crown and seal upon the work already done.

The financial crisis of 1931, owing to the flight of capital which set in on a great scale, considerably affected the currency position in Austria. The metallic cover for notes in circulation went down from 855 millions of schillings to 359 millions of schillings in the five months from May to October, 1931. To protect the stock of exchange remaining, and to secure that industry should be supplied with the necessary raw materials, Austria thought herself obliged to follow the example already set by other countries, and to issue a series of measures which may be summed up as "Regulations of Exchange." These measures, which are often viewed with scepticism alike in theory and practice, were only meant as transitory emergency regulations, and were not proposed to inaugurate any permanent system. Thus the increased confidence of industry during the recent months has been utilised to abolish the control of industry gradually but energetically. This process has not yet been completed.

The Currency Control Regulations have, indeed, for some time fulfilled their purpose and done much to hinder the reduction of the stock of exchange possessed by the National Bank. Nevertheless, in June, 1932, this sank to 192 million schillings, a niveau which made it unavoidable that the provision of exchange for the payment of debts abroad should be suspended. In July, 1932, there was issued an Order in Council to the effect that the equivalent of the obligations arising from debts abroad, for which the National Bank was unable to place exchange at disposition, should be deposited in schillings, according to the official rate, at a closed account with the National Bank. This regulation affects also the loans of the Federal Republic placed abroad, including the loan made by the League of Nations. On August 25th of the current year the Austrian Government declared its firm will to begin again, as soon as possible, with the transfer of exchange to meet its obligations for the payment of debts abroad. Austria's good will to do everything in her power in this connection has also been acknowledged by the Council of the League of Nations.

Austria's efforts have been directed for a considerable time to the improvement of her balance of trade. It has for years been stressed that an adverse balance of a milliard schillings, as has been the case for many years, can be tolerable for no country, and least of all for such a small country as Austria. In the course of long drawn-out international negotiations, Austria has managed to help forward the recognition of the ruinous effects of the rigid use of the most-favoured-nation clauses. The Conference of Stresa has passed resolutions which, for the present, provide open preference tariffs in favour of the Agrarian States. But after Austria had said that she had a series of trade treaty negotiations on hand, with a series of States on a basis of preferences for Austrian industrial and Agrarian products, the conference recommended that Austria should continue these negotiations, and lay their results before the European Commission. Meanwhile Poland, Germany and France, acting in the sense of this recommendation, have already declared their readiness to grant preference to Austria. The negotiations with Hungary and Italy are also likely to produce preferences, although on a different basis. In this fashion it is hoped to achieve such an increase of exports that the deficit on the trade balance will be reduced, and the balance of payments will be so far free from burden as to facilitate the covering of the Foreign Debt Service.

The State Finances.

The Budget for 1933 laid before the National Rat is based in accordance with the example set by most foreign countries, on the principle of net accounts with regard to working expenses and social insurance, instead of the gross estimates provided hitherto.

It envisages expenditure to the amount of 1,324.1 millions of schillings, and income of 1,324.3 millions of schillings, thus giving a surplus of 0.2 millions of schillings. As compared with the current year, there is provided an increase of income of 28.7, and of expenditure 28.5 million schillings. The net increase of expenditure of 28.5 million schillings shows items of increase amounting to 69.8 million schillings (of this 33.8 million schillings go to the National Debt, and 26.3 million schillings for social insurance); against this may be set savings from all other branches of management of, in sum total, 41.3 million schillings. The above-mentioned increase for National Debt is due to the taking over by the Federal Government of bills due to the National Bank by the Creditanstalt.

The Creditanstalt and the National Bank.

It is of the very greatest importance not only to industry, but also to the State finances, that the problems arising from the Creditanstalt should be solved. In connection with this, there are two special points to be considered, namely, the guarantee given to the foreign creditors. An arrangement has been already made with the National Bank which, although it will form a considerable but not intolerable burden upon the Federal Budget, will still provide a feasible liquidation of the debt. The Federal Government has taken over bills issued by the Creditanstalt to the amount of 571.4 million schillings, as its own debt. Of this sum, 171.4 millions have been added to the existing Federal debt to the National Bank (now called Federal Debt A); while the remainder has been written down by the National Bank as Federal Debt B and C to the amount of 200 million schillings in each case. The Federal Debt B (in accordance with the spirit of the Lausanne agreement) is to be liquidated as speedily as possible by an Internal Loan.

After these arrangements had been made the statement issued by the Austrian National Bank ran, as concerns its most important item, as follows:—

	Oct. 15, 1932.	Oct. 7, 1932.	Dec. 31, 1931.	May 15, 1931.	May 7, 1931.
CREDIT					
Cash (including those Exchanges not reckoned as cash)	189.1	189.1	317.6	826.4	855.8
Bills	322.9	861.1	807.8	297.6	69.5
National Debt	A. 200 B. 200 C. 200	91.6	95.6	98.1	96.1

DEBTS:—
Notes in circulation and drawing accounts 1,070.9 1,074 1,311 1,223.8 1,024.6
* All figures are in millions of schillings, and for the purpose of comparison the statements of October 7, 1932, of December 31, 1931, together with those of May 15 and 7, 1931, are added.

Negotiations are still in progress with creditors abroad. At the present time a scheme is under discussion according to which one-half of the demands of the foreign creditors should be liquidated by shares of the Creditanstalt, as well as shares and obligations of a holding society, which should take over the credits of the Creditanstalt abroad. The Federal Government is to cover the other half of these foreign liabilities by means of annuities.

The Position of the Private Banks.

Banking business has suffered severely under the shocks to public confidence which occurred during the previous year, but however, has shown remarkable resisting power. The banks have in general used the profits of the year 1931 in order to reduce their obligations, and in consequence have not paid out dividends. The Niederösterreichischen Escomptegesellschaft showed a clear profit of 3.9 million schillings, which was carried over to new accounts. The Wiener Bank Verein and the Merkur Bank have availed themselves of a law passed in the summer which facilitates the reduction of the share capital for the purpose of writing off bad debts, and have simultaneously proposed an increase of their share capital in the near future.

The Austrian banks ensuing upon the agreement made between the Creditanstalt with its foreign creditors, have twice made similar agreements with their own foreign creditors, and at present negotiations are in progress as to a new arrangement. These particular banks were indebted abroad to the extent of about 60 million dollars, at the time of the crisis due to the collapse of the Creditanstalt. They strained every nerve afterwards to make repayments, thus by the conclusion of the first arrangement in August, 1931, their liabilities did not extend to more than 33 millions, and, up to the present this debt has been reduced to about 15 million dollars.

Foreign Trade.

The foreign trade relations, the principal side of which has already been discussed, may be illustrated by a few statistics given below, dealing with the last two years and the first nine months of the current year.

	(In millions of schillings).					
	January, 1932, to September.	1931.	1930.	1929.	1928.	1927.
In sum total	1,070.7	569.8	2,208.2	1,340.6	2,738.9	1,897.6
Live stock	86.5	8.2	168	17.7	227.3	25.7
Food and drink	261	12.8	507.6	37.1	523	81
Mineral fuel	105.3	...	177.1	2.7	190.3	2.6
Other raw materials	228.1	124.9	450	267.2	570.4	415.1
Manufactured articles	370.9	409	857.5	980.2	1,089.2	1,380.9
Gold and silver, also coined	12.8	17.1	46.1	38.7	39.8	59.9

COMPANY MEETINGS, &c.

THE ANGLO-SPANISH CONSTRUCTION COMPANY, LIMITED.

DISTRIBUTION TO DEBENTURE HOLDERS.

COMPANY'S CONCESSION—REPLY TO GROUNDSLESS CHARGES.

At the general meeting of debenture holders of the Anglo-Spanish Construction Company, Limited, held at 1 London Wall Buildings, E.C.2, on Friday, the 11th instant, the chairman, Sir Evelyn Wallers, K.B.E., said:—

Since the last ordinary general meeting of the company held on July 5th, £1,000 of the debentures have been bought and cancelled, and the amount outstanding is now £1,902,400.

I intimated in July that the board intended to propose a distribution to debenture holders when sufficient funds were available in London.

Since June last we have been permitted to transfer the modest sum of Pesetas 250,000 per week, and have now £204,000 in hand in sterling. This sum is sufficient to enable us to propose a repayment of 10 per cent. capital, together with interest accrued on that amount at the rate of 6 per cent. per annum. Accordingly, the resolution of which you have received a copy will be put to the meeting in order to give powers to the company to make distributions when justified by the financial position.

ASSETS POSITION.

The assets of your company in Spain have undergone certain changes since I gave an account of them last July. We have continued to sell slowly and with proper regard to the market, the Spanish Government bonds, the last fifth of which was released from the Bank of Spain in May. There now remain unsold approximately 16 per cent. of these bonds; the prices realised have improved so that the decline in value on the figure of Pesetas 52,500,000, at which the deposit of bonds was made, so far amounts to 4.8 per cent. approximately.

As we are at present only allowed to transfer 250,000 pesetas per week, our peseta balances in Madrid have steadily increased during the year. In order to protect as far as possible the exchange value of these pesetas, we have added to our holding of 6 per cent. tax free gold Treasury bonds, redeemable in 1940. The interest on these bonds is paid to us quarterly in gold currency.

In July I gave an estimate of the value of the liquid assets based on three assumptions, namely, that the price of the internal peseta bonds will be maintained until we have disposed of our holding, that the gold bonds will realise their nominal value in gold and that the sterling value of the present equivalent in £ sterling, and that the sterling value of the peseta does not decrease. On that basis the value of the liquid assets represented approximately 66 per cent. of the debentures outstanding. To-day, making the same assumptions, and mainly owing to the fall in the value of sterling, the same calculation would give a slightly more favourable result.

While this is true, it must not be forgotten that, in addition, there is behind the debentures the large amount of £1,750,000, excluding accrued interest, advanced by and owing to the Central Mining and Investment Corporation for financing the completion of the construction contract.

ATTITUDE OF SPANISH GOVERNMENT.

Since the annual general meeting of the company the Santander-Mediterraneo has received nothing from the Spanish Government, either on account of sums owing for construction or repayment of taxes overpaid. These two sums amount to Pesetas 53,000,000 and Pesetas 3,592,000 respectively. The Government has made no attempt to meet the claims of the company in any way, and the reason given for this failure to comply with their obligations has been the inquiry in the origins of our concession by the Commission of Responsibilities appointed shortly after the inauguration of the Republic to review the acts of the Dictatorship. As I have had occasion to say at previous meetings, our railway, since its inception, has been the object of a persistent political attack, and the concession became one of the vaguest and commonest charges against the Dictatorship.

Now at last the Commission of Responsibilities has published in the Press an extract from its report on our concession, although the full report is not yet available. The extract gives no real foundation for the charges made, but it is a satisfaction to the company to have them in black and white, since it affords for the first time the opportunity of completely disposing of them. The Commission asserts:—

- (1) That the concession is illegal.
- (2) That it is prejudicial to the State, or, in other words, uneconomic.
- (3) That it was obtained by irregular methods.

THE COMPANY'S CASE.

In collaboration with their legal adviser in Madrid, the Santander-Mediterraneo Company has prepared and handed to the Spanish Government a detailed reply, which shows in the clearest manner that all three charges are groundless in fact, and have no basis in law or equity. Our case consists of the three following irrefutable facts:—

(1) The concession was granted in 1924 and modified in 1927 by the sovereign authority in Spain at the time under which the whole activity of the State was then carried on.

(2) The cost of building the railway compares very favourably with similar lines in Spain; its commercial usefulness has been amply proved by the progressive increase in takings, and an examination of the map of Spain shows at once its strategic importance.

(3) The Anglo-Spanish Construction Company paid, as is customary, a commission to the original concessionaire. It has not paid a penny in commission to anyone else, and the Santander-Mediterraneo, which is the object of the present charges, has never paid a commission to anybody.

We have made the strongest representations to all in authority on the injustice of the treatment we are receiving, and while allowance must be made for the political atmosphere in a country shortly after a successful revolution, our case is so manifestly just that we cannot contemplate the Government of that important nation refusing to meet the contractual obligations of the State to the British and French capital, which, at great financial sacrifice, has faithfully carried out its side of the contract.

The resolution was carried unanimously, and the chairman announced that, under the powers conferred by the resolution, a payment would be made on December 1st next of 10 per cent. of the debenture capital outstanding and interest accrued thereon to the date of repayment.

BIRMINGHAM SMALL ARMS COMPANY, LIMITED.

SUCCESS OF DAIMLER FLUID FLYWHEEL TRANSMISSION.

The ordinary general meeting of the Birmingham Small Arms Company, Limited, was held, on the 15th instant, at the Queen's Hotel, Birmingham.

The Chairman (Mr A. H. Pollen), having dealt with the balance sheet and accounts, explained that, while the company's interests embraced cars, cycles, guns, machinery, tools, and steel, the magnitude of the business in cars and cycles is now greater than the combined value of the rest of the trade.

During the last few years the Daimler Company has been applying itself to the problem of an improved transmission mechanism, and the result has been to introduce into the car a device which had not hitherto been used in that field at all—the fluid flywheel transmission.

This has produced new effects which have opened a new era in safer motoring through greater ease of driving control. With the Daimler fluid flywheel transmission gear-changing is easy even to the novice, and the fatigue of clutch work is eliminated.

The possession of this new transmission system has paved the way for an expansion in the range of the company's cars, and there has already been placed on the market this year a new small car—the 10-h.p. Lanchester—which is listed at £315 complete, and takes its place alongside the 18-h.p. Lanchester, which was placed on the market last year and achieved definite success.

In addition to these cars, a new 15-h.p. Daimler is about to be placed on the market at a price of £450.

As a result of this programme, said the chairman, the company had been able to interest motor-car dealers throughout the length and breadth of the country, and their contracts had been sufficient to justify the directors in authorising a works programme which is bringing the Coventry factory to its full capacity.

In order to find a new load for the Birmingham factory the company has used the Daimler fluid-flywheel transmission as the basis for the new 10-h.p. B.S.A. car which was introduced at the last Olympia Show, and will be ready for sale in the New Year at a price of £240.

This car, said the chairman, has been well received by the B.S.A. dealers who have so long supported the B.S.A. Company, and their contracts have also justified the authorisation of a works programme which, together with the B.S.A. motor-cycles, pedal-cycles, and three-wheelers, will at an early date occupy the Birmingham factory.

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

NORTH CHARTERLAND EXPLORATION COMPANY, LIMITED.

RE-OPENING OF ENQUIRY URGED.

MR. H. B. SPILLER'S PLEA.

A special meeting of the shareholders of the North Charterland Exploration Company (1910), Limited, was held, on the 15th instant, at Winchester House, Old Broad Street, London.

Mr H. B. Spiller (chairman of the company) said that in 1923 the Secretary of State for the Colonies concluded an agreement with the British South Africa Company, whereby that company purported to grant to the Crown rights over the North Charterland Company's property. About that agreement the company knew nothing until 1926, their secretaries, the British South Africa Company, remaining silent on the subject. He referred to the Crown's answer and plea to the company's Petition of Right, which asserted that the company knew all about the negotiations, and that the British South African Company were at the time the managers as well as the secretaries. Mr Ormsby-Gore, when giving evidence at the inquiry in June last, did not say that, but he did support the Crown's answer and plea in the statement that he negotiated the 1923 agreement on the understanding conveyed to him by his officials that the company was both financially and as regarded its directorate subordinate to the British South Africa Company, and that that company therefore had authority to bind the company to the terms of the agreement.

The Chairman, continuing, said: "Had this information been conveyed to us, as, of course, it should have been in 1923 and again in 1926, our reply would have been that we knew nothing about the negotiations, that we were in no way subordinate to the British South Africa Company, that they were not our managers, and had no authority whatsoever from our company. That would have made it doubly clear to the Colonial Office that the Crown had been deceived and that we had been defrauded."

"Why the Secretary of State concealed the truth from us passes comprehension; that he did so cannot be denied, neither can it be denied that his action amounted to a violation of the inalienable right of the subject to the protection of the Crown, and that it inflicted upon our company a serious financial loss. Whether it was done by accident or design makes no difference; the fact remains that we could not have been defrauded had the servants of the Crown fulfilled their obligations."

"Instead of affording us the Crown's protection by telling us the truth, the Colonial Office flung at us a letter, dated August 12, 1926, containing threats and statements which the inquiry had proved to be baseless. We did know this at the time. The Colonial Office knew they were baseless, as they had documents in their possession which proved them to be so. The counterpart of these documents should have been in our possession, but they were extracted from our files during the time when the British South Africa Company was acting as our paid and trusted secretaries and transferred to their own. At the time in question, my colleagues were literally terrified into believing that unless we submitted to the Secretary of State's demand the company might lose the whole of its property. I disagreed from my then colleagues, but they impressed upon me that if I persisted in my opposition the company might meet with disaster and the blood would be on my head. I subsequently consented, much against my wish, to acquiesce in the Colonial Office demand, but only on the clear understanding that our company was given a freehold title to the remainder of its concession."

The Chairman concluded by moving: "That this meeting of members of the North Charterland Exploration Company (1910), Limited, approves the action of its directors in respect of the recent public inquiry respecting the company's claims and allegations, protests against the action of the Colonial Office purporting to decide in its own favour a dispute to which it was itself a party, on the findings contained in Mr Justice Maugham's Report, which findings clearly establish the justice of the company's complaint, and this meeting, accordingly, respectfully requests the Prime Minister to direct that the inquiry be reopened, and further to direct the production of the evidence supporting paragraph 7 of the Crown's Answer and Plea to the company's Petition of Right, also the evidence referred to in the Treasury solicitor's letter of October 6, 1931, to the company's solicitors, Messrs Parker, Garrett and Company."

Mr. J. Clifford Rowe seconded the resolution, and it was carried unanimously.

A resolution was also passed unanimously, being proposed and seconded by shareholders, protesting against the action of the Secretary of State for the Colonies in making, in the House of Commons, a statement calculated to cause serious injury to the company and refusing to correct it.

DALGETY AND COMPANY, LIMITED.

REHABILITATION OF THE COMMONWEALTH'S CREDIT.

THE HON. EDMUND W. PARKER'S REVIEW.

The forty-eighth annual general meeting of Dalgety and Company, Limited, was held, on the 17th instant, at 65-68, Leadenhall Street, London.

The Hon. Edmund W. Parker (the chairman) said that on this occasion he addressed the shareholders under much more favourable circumstances than enveloped them at this time last year. At that time there was an element of gloom pervading Australian affairs, and it was pleasant to be able to feel that the clouds were lifting and that, if matters pursued their present course, next year they might have a brighter story to tell.

Reviewing events which had taken place during the year in Australia's endeavour to rehabilitate her credit, the Chairman said that since the formation of the National Government various measures had been carried out which had done much to regain the confidence of the world in Australia's ability to meet all its commitments. The people of the Commonwealth were to be congratulated on the magnificent efforts they had already made to restore confidence in their country.

An important matter which had greatly exercised the minds of the directors and the management was the question of exchange. During the year the control of fixing the rate had been taken over entirely by the Commonwealth Bank, and in December last the rate, which stood at £130 Australian for £100 sterling, was reduced to £125 per cent. Any rise in the Australian pound in relation to sterling must be a gradual process. This high rate of exchange was a tremendous burden on the company, and this year it had cost them over £175,000 to bring their funds to this side. Fortunately, as a result of prudent management in the past, they had been able to provide for this large debit out of reserves, without encroaching on the invested reserve.

However, there seemed to be a feeling of optimism abroad as regarded Australia. The season was a good one, and prices had risen, while an appreciable reduction in production costs had been achieved. The recent agreements arrived at at the Ottawa Conference would, he hoped, assist in the restoration of trading conditions.

CONDITIONS IN NEW ZEALAND.

As far as prices for their products were concerned, New Zealanders had little to congratulate themselves on during the past year—wool, meat and dairy produce prices had remained on a very low level and had affected the whole community. Once again the Dominion had failed to add its quota to the credit side of the company's profit and loss account, and, not only this, but heavy losses had been incurred. They had over £2,500,000 invested in New Zealand, and of late years this investment had been anything but a payable one. To his mind there were too many people seeking the same business, with the result that cut-throat competition prevailed, while expenses as a result were far too heavy. In an endeavour to better the position, every channel had been explored in search of further economies. The financial situation of the Dominion, as a result of the measures taken by the Coalition Government under Mr Forbes, had much improved, but the exchange position still remained adverse to the country, and again, in this case, was a costly charge to the company—although not to such a grave extent as in Australia.

A year ago he said that future dividends were dependent on a substantial and sustained rise in prices. This did not eventuate during the period under review, although recently there had been some improvement. He thought, therefore, shareholders must all feel relieved that on this occasion the directors were able to recommend a dividend of as much as 2s. per share, free of income tax, making 5 per cent. for the year. It had not been earned, but had been provided out of reserves.

He must again state emphatically that the future largely depended on a further increase in prices for the primary products of both Australia and New Zealand, good seasons, and a general restoration of world trade and confidence. Further economies had been effected, which were beginning to have an effect on the accounts, and he hoped the current year's accounts would show a further beneficial result. He did not wish to stress unduly the sound position of the company, but, in comparing their figures with those of kindred concerns, he felt that shareholders could be nothing less than satisfied with the balance sheet presented. Considering the chaotic conditions under which they had laboured during the year, he thought it was a matter for great thankfulness that things were no worse.

The report and accounts were unanimously adopted.

TRINIDAD LEASEHOLDS, LIMITED.

SUCCESS OF REGENT SPIRIT.

The nineteenth ordinary general meeting of Trinidad Leaseholds, Limited, was held, on the 17th instant, at Winchester House, London.

Mr F. R. Phillips, M.C. (the chairman), said that the year had been one of special difficulty, world prices of oil products having continued to decline, and intense selling competition prevailing in all markets. One factor, however, so far as their company was concerned, which had proved of great advantage was the departure of Great Britain from the gold standard, from which material benefit accrued to them through sales effected under contracts in American currency. The imposition of the long-talked-of import duties by the United States Government on oil products in June proved the wisdom of the board's decision two years ago to become distributors of petrol in this country. The recent increase of 3d. per gallon in retail prices in the United Kingdom had assisted in putting this market on a more economic basis.

The success which had attended the company's marketing activities in this country was an eloquent testimony, not only to the desire of the public to "Buy British," but also to the efficiency of their marketing organisation. The exceptional quality of Regent spirit had contributed largely to the success achieved. Despite the hampering conditions with which their distributors had to contend, and which were outside the control of the company, the retailers of Regent motor spirit had achieved remarkable results. An important contract had recently been secured for the supply of motor spirit to a group of passenger transport interests. It was due to their having available a highly efficient distributing organisation capable of rapid expansion, when that contract had been open for tender, that they had been able to entertain it.

Oil profits and other revenue for the past year amounted to £486,776, an increase of £141,763, and the net profit was £272,719. A final dividend of 7½ per cent., less tax, was recommended. The cash and Government securities at the close of the year were £529,918, an increase of £197,922. The profits for the first four months of the current year compared favourably with the monthly average for the year under review, although it was too early to hazard any opinion as to the ultimate results of the year. He could not help feeling, however, that the prospects of the oil industry were distinctly more hopeful.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 12, 1932, amounted to £9,708,000 against ordinary expenditure of £7,445,600. After making no allocation to Sinking Fund, but allowed for an increase in Exchequer Balances of £265,900, the operations for the week, as shown below, decreased the National Debt by £1,736,000 to approximately £7,899 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

(000's omitted.)

Treasury Bills	+ 3,847	Public Department Advances ...	£ 7,100
National Savings Certificates ...	+ 50	P.O. Telegraph Money	400
3% Conversion Loan	+ 1,867		
	+ 5,764		- 7,500

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer			
		April 1, 1932, to Nov. 12, 1932.	April 1, 1931, to Nov. 14, 1931.	Week ended Nov. 12, 1932.	Week ended Nov. 14, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	58,559,000	66,522,000	962,000	1,022,000
Sur-tax, including Arrears of Super-Tax	66,000,000	12,420,000	17,970,000	280,000	300,000
Stamp, &c., Duties	76,000,000	46,590,000	40,780,000	1,160,000	1,000,000
Stamps	23,000,000	8,680,000	8,370,000	340,000	580,000
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	180,000	...	...
Total Inland Revenue ...	427,000,000	126,409,000	133,822,000	2,742,000	2,902,000
Customs and Excise—					
Customs	174,570,000	104,561,000	83,512,000	3,834,000	2,846,000
Excise	125,430,000	75,000,000	70,780,000	1,700,000	1,580,000
Total Customs and Excise	300,000,000	179,561,000	154,292,000	5,534,000	4,426,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,282,000	1,791,000	Dr 161,000	Dr 566,000
Post Office (Net Receipts)	11,700,000	10,250,000	10,850,000	1,300,000	1,200,000
Crown Lands	1,250,000	830,000	830,000	...	...
Receipts from Sundry Loans	4,350,000	3,478,782	12,229,890	...	...
Miscellaneous Receipts	17,500,000	11,686,504	11,393,508	293,000	839,101
Appropriation from Rating Relief Suspense Account ...	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	334,497,286	329,138,398	9,708,000	8,801,101
SELF-BALANCING REVENUE.					
Post Office	59,188,000	33,350,000	33,150,000	600,000	700,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	8,219,000	8,260,000	306,000	717,000
Total Self-Balancing Revenue	82,098,000	41,569,000	41,410,000	906,000	1,417,000
Total		376,066,286	370,548,398	10,614,000	10,218,101

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Nov. 12, 1932.	April 1, 1931, to Nov. 14, 1931.	Week ended Nov. 12, 1932.	Week ended Nov. 14, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	172,345,369	192,711,643	721,640	1,250,558
Payments to Northern Ireland Exchequer	6,800,000	3,626,172	3,182,835	...	...
Other Consolidated Fund Services	3,500,000	1,550,869	1,762,973	...	...
Total	286,300,000	177,522,410	197,657,451	721,640	1,250,558
Total Supply Services (excluding Post Office) ...	447,210,000	267,188,786	260,969,304	6,724,000	5,010,000
Total Ordinary Expenditure	733,510,000	444,711,196	458,626,755	7,445,640	6,260,558
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	33,350,000	33,150,000	600,000	700,000
Road Fund	22,910,000	8,219,000	8,260,000	306,000	717,000
Total Self-Balancing Expenditure	82,098,000	41,569,000	41,410,000	906,000	1,417,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	486,280,196	500,036,755	8,351,640	7,677,558
New Sinking Fund (1928) ...	32,500,000	13,835,858	21,569,803	...	190,000
Total (including New Sinking Fund)		500,116,054	521,606,558	8,351,640	7,867,558



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THE ANGLO-SOUTH AMERICAN BANK LTD
117 OLD BROAD ST., LONDON, EC2

The aggregate revenue and expenditure to November 12, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1st to NOVEMBER 12th, 1932.

(000's omitted.)	
Expenditure.....	£ 444,711
New Sinking Fund	13,836
Revenue	£ 334,497
Decrease in balances	2,773
Gross increase in borrow- ing	£ 296,782
Less— Exchange Equalisation Fund Investment.....	£ 150,000
Loans to Road Fund, &c.	6,458
War Loan Conversion bonus	18,947
Net borrowing	£ 175,405
458,547	458,647

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out—	Nov. 14, '31.	Mar. 31, '32.	Nov. 12, '32.	Nov. 12, '32.
standing—				
Advances by Bank of England.....	£ 42,350,000	£ 7,500,000	£ 28,750,000	— 7,100,000
Advances by Public Departments.....	626,295,000	604,455,000	859,500,000*	+ 3,845,000
Treasury Bills outstanding	668,645,000	611,955,000	888,250,000	— 3,255,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on November 11, 1932, and the total amount applied for was £74,225,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 16s. 1d., about 3 per cent., and above in full, and Saturday at £99 16s. 2d., and above in full. The amount allotted was £50,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Oct. 21	50,000,000	72,415,000	0 13 7-36
Oct. 28	50,000,000	83,010,000	0 13 2-84
Nov. 4	50,000,000	60,470,000	0 10 11-16
Nov. 11	50,000,000	74,225,000	0 14 11-17

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, November 16, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£ 11,015,100
In Circulation	359,397,172	Other Government Securities.....	254,076,867
In Banking Department.....	55,024,922	Other Securities	6,094,137
		Silver Coin	3,813,896
		Amount of Fiduciary Issue.....	£ 275,000,000
		Gold Coin and Bullion	£ 139,422,094
			£ 414,422,094

BANKING DEPARTMENT.

Proprietors' Capital.....	£ 14,553,000	Government Securities	£ 66,563,375
Reserve	3,192,011	Other Securities	254,076,867
Public Deposits	20,447,326	Advances	£ 11,795,039
Other Deposits	£ 82,499,930	Securities	£ 17,478,486
Bankers'	£ 82,499,930	Notes	£ 29,273,525
Other Accounts £33,196,157		Gold and Silver Coin	£ 1,029,677
7-Day and other Bills	115,698,087		
	1,075		
	£ 153,891,499		£ 153,891,499

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

Both Departments.	Amount, Nov. 16, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	£ 359,397,172	— 1,813,041	+ 4,782,174
Public deposits	20,447,326	+ 19,690	— 766,046
Bankers' deposits	82,499,930	+ 2,641,710	+ 22,837,457
Other deposits	33,198,157	— 659,073	+ 4,418,432
Seven-day bills	1,075	— 1,040	+ 4,670
Total outside liabilities	495,543,680	+ 18,246	+ 22,430,483
Capital and reserve	17,745,011	+ 17,383	+ 13,153
Government debt and securities.....	333,655,342	+ 6,446,144	+ 28,407,582
Discounts and advances	11,795,039	+ 4,112	— 274,472
Other securities	23,572,623	— 6,245,826	— 24,147,795
Silver coin in issue department	3,813,896	+ 1,110	— 224,213
Coin and bullion (bank's reserve).....	140,451,771	+ 8,513	+ 18,680,804
Reserve of notes and coin in banking department.....	56,054,599	+ 1,821,354	+ 13,898,630
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	41.4%	+ 1%	+ 5.4%
(b) Gold stocks to deposits and notes ("reserve ratio")	28.4%	+ 1%	+ 2.4%

(000's omitted.)	
Date.	Issue Department.
	Notes Issued.
1932.	
Oct. 12	£ 414,422
19	£ 414,422
26	£ 414,422
Nov. 2	£ 414,422
9	£ 414,422
16	£ 414,422

(000's omitted.)	
Date.	Issue Department.
	Govt. Debt and Securities.
1932.	
Oct. 12	£ 260,014
19	£ 268,432
26	£ 259,085
Nov. 2	£ 259,190
9	£ 259,156
16	£ 255,092

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
January 1 to November 2	£ 23,281,605	£ 1,347,735	£ 2,237,301	£ 26,866,641
Week ended November 9	536,711	34,028	59,476	630,215
Week ended November 16	550,741	29,248	52,259	632,248
Total to date, 1932	24,369,057	1,411,011	2,349,036	28,129,104
Total to date, 1931	29,035,157	1,481,575	2,435,733	32,952,465
Increase or decrease in 1932	— 4,666,100	— 70,564	— 86,697	— 4,823,361
	— 16.1%	— 4.8%	— 3.6%	— 14.7%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,965,631	43,558,354
Increase or decrease in 1931	— 6,966,769	— 144,294	— 211,422	— 7,322,485
	— 17.9%	— 7.9%	— 7.1%	— 17.8%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)	
Week ended November 12.	Month of October.
1931.	1932.
No. of working days	
27	26
£ 1,907	£ 1,860
£ 739	£ 750
£ 1,084	£ 1,131
£ 5,131	£ 4,104
£ 747	£ 613
£ 698	£ 633
£ 709	£ 634
£ 5,259	£ 5,921
£ 8,879	£ 9,070
£ 1,118	£ 1,271
£ 372	£ 387
£ 640	£ 638
£ 27,283	£ 27,012

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia appeared in the *Economist* for September 10; Canadian Banks in October 29; Danmarks in November 5; Denmark, Poland, National Bank of Egypt, Danzig, Lithuania, Switzerland, Netherlands, Germany, and Federal Reserve Member Banks in November 18.

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

RESOURCES.	Nov. 19, 1931.	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.	Nov. 17, 1932.
Total gold reserve	2,874,780	2,992,620	3,003,650	3,009,640	3,027,070
Total bills discounted	662,040	322,320	326,040	310,950	307,170
Bills bought in open market	534,020	1,535,690	34,050	34,000	34,520
Total U.S. Govt. securities	727,060	1,850,950	1,850,780	1,850,780	1,850,780
Total bills and securities	1,956,150	2,312,390	2,316,300	2,201,080	2,192,000
Total resources	5,692,610	5,940,110	5,963,380	5,897,970	6,045,460
LIABILITIES.					
Federal Reserve notes in actual circulation	2,433,390	2,686,870	2,700,820	2,715,300	2,699,780
Deposits—Memberbank	2,123,870	2,411,950	2,384,100	2,342,130	2,399,780
Capital paid in and surplus	2,312,480	2,469,390	2,453,680	2,404,460	2,459,180
Total liabilities	4,869,740	5,568,210	5,538,600	5,461,890	5,558,740
Ratio of total resources to deposits and Federal Reserve note liabilities combined	64.1%	61.9%	62.1%	62.4%	62.4%

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

	Nov. 19, 1931.	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 10, 1932.	Nov. 17, 1932.
Total gold reserve	1,001,750	1,008,710	1,000,380	962,510	998,740
Total bills discounted	109,520	62,630	64,510	58,480	59,900
Bills bought in open market	144,590	10,150	10,270	10,370	10,370
Total U.S. Govt. securities	241,230	738,290	738,290	738,290	738,290
Total bills and securities	511,030	815,000	811,060	811,060	811,060
Deposits—Memberbank	912,590	1,214,180	1,174,890	1,123,280	1,182,380
Ratio of total res. to dep. and Federal Res. note liabilities combined	71.0%	69.2%	69.2%	68.6%	69.4%

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

ASSETS.	Oct. 23, 1931.	Sept. 23, 1932.	Sept. 30, 1932.	Oct. 7, 1932.	Oct. 14, 1932.	Oct. 21, 1932.
Gold coin and bullion	6,729	6,845	6,512	6,534	7,346	7,332
Subsidiary coin	392	554	549	553	562	569
Bills discounted: Domestic and Union Gov. Treas.	4,118	1,980	1,862	1,190	1,131	1,115
Bills discounted: Foreign	21	1,703	2,015	2,047	1,931	1,730
Investments	1,459	1,000	1,000	1,000	1,000	1,000
LIABILITIES.						
Capital	802	9	9	9	9	9
Reserve	6,679	6,294	7,933	7,213	6,524	6,153
Notes in circulation	2,147	1,802	1,171	938	1,171	1,585
Government deposits	4,342	4,303	3,997	4,091	5,097	4,154
Bankers' deposits						
Ratio of cash reserves to liabilities to public	51.0%	57.4%	52.0%	54.6%	60.0%	62.8%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss, namely, £792,916, has been written off Reserve.

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

ASSETS.	Oct. 23, 1931.	Sept. 9, 1932.	Sept. 16, 1932.	Oct. 7, 1932.	Oct. 14, 1932.	Oct. 21, 1932.
Total resources	31,94.95	30,13.96	30,06.54	29,75.00	28,80.89	28,61.92
Loans	8,92.18	7,92.46	7,58.73	6,82.29	6,76.38	6,62.07
Cash credits	23,72.47	20,68.22	20,38.06	19,01.78	18,61.75	18,61.60
Inland bills	4,65.02	2,10.44	1,82.02	1,56.05	2,08.64	2,16.64
Foreign bills	33.50	12.75	20.00	17.00	18.56	21.59
Dead stock	2,73.89	2,65.61	2,65.91	2,66.38	2,66.52	2,67.03
Bal. with other banks	10.56.24	24,26.81	24,46.01	22,42.56	23,96.62	26,45.20
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,42.50	5,15.00	5,15.00	5,15.00	5,15.00	5,15.00
Total deposits	71,13.28	76,60.61	75,70.80	72,67.18	76,74.03	74,16.16
The above includes—						
Deposits in London	846	1,412	1,385	1,315	1,225	1,258
Advances in London	841	1,427	1,442	1,440	1,378	1,384
Cash, &c., at other Banks in London	340	197	144	63	66	88

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

ASSETS.	Nov. 13, 1931.	Oct. 21, 1932.	Oct. 28, 1932.	Nov. 4, 1932.	Nov. 10, 1932.
Gold	67,580,325	82,676,747	82,909,010	83,035,820	83,233,443
Foreign assets—					
Sight deposits	13,094,879	2,910,102	2,981,392	2,985,560	2,988,362
Bills, &c.	11,326,374	2,076,777	2,002,356	1,996,352	1,930,637
Home bills	6,970,505	3,017,998	3,636,531	2,777,363	2,581,828
Advances against sec. To the State	3,200,000	2,752,209	3,200,000	3,200,000	3,200,000
Other advances	2,799,395	2,761,040	2,763,732	2,678,135	2,546,074
Negotiable Bonds, Sinking Fund Dept. Other assets (excluding forward (exch.)	5,064,318	6,620,893	6,620,893	6,620,893	6,620,893
LIABILITIES.					
Notes in circulation	82,276,258	80,548,581	82,205,094	83,021,910	82,313,227
Public deposits	8,268,232	2,892,219	4,553,162	4,026,688	3,949,427
Private deposits	21,920,719	23,267,150	20,929,615	19,818,859	20,492,144
Other liabilities	2,933,881	2,341,336	2,370,980	2,589,469	2,721,901

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

ASSETS.	Position, May 28, 1931.	Nov. 12, 1931.	Oct. 22, 1932.	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 8, 1932.
Gold	232,650	2,558,573	2,609,783	2,610,813	2,612,689	2,612,769
Foreign bills and balances abroad	29,613	63,332	63,332	63,943	63,684	63,647
Silver and other coin	697,600	921,113	691,966	682,550	680,987	692,123
LIABILITIES.						
Notes in circulation	934,150	3,588,805	3,634,052	3,636,675	3,658,905	3,657,244
Current account	112,125	273,240	189,243	163,850	121,796	138,997

(a) In thousand francs.

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances, OCTOBER, 1932.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provincial Bank, Limited.	Westminster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggregate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England	37,279	1,530	3,170	38,048	8,205	41,839	3,053	27,055	29,101	3,225	192,505
Balances with and cheques in course of collection on other banks in the United Kingdom	8,678	593	1,013	7,868	1,876	7,603	164	5,576	6,605	1,445	41,421
Items in transit	23,229	2,706	3,655	20,188	5,672	17,419	6,719	14,459	18,074	4,629	116,750
Money at call and short notice	72,505	2,556	516	87,695	9,752	86,134	1,833	58,623	67,187	3,662	390,463
Bills discounted	78,212	4,334	13,885	63,079	29,672	81,976	16,035	52,201	63,694	8,484	411,572
Investments	157,952	8,425	11,150	151,041	30,055	177,481	15,294	123,512	108,467	11,772	795,149
Advances to customers and other accounts	5,709	572	1,728	26,926	3,755	13,339	11	5,618	19,769	1,437	78,864
Liabilities of customers for acceptances, endorsements, &c.	7,259	412	695	7,945	2,962	10,816	772	7,206	5,899	1,047	45,013
Bank premises account	6,693	...	...	4,171	...	...	...	2,514	2,992	...	23,664
Investments in affiliated banks	397,516	21,128	35,812	410,001	92,656	443,901	43,881	296,764	321,788	35,701	2,099,148
Ratio of cash to current, deposit and other accounts	10.19	8.24	9.82	10.57	10.02	10.33	7.62	9.88	10.20	10.20	10.16
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	7,500	2,900	11,500	1,030	8,000	7,500	800	51,010
Current, deposit and other accounts	365,699	18,556	32,255	359,760	81,825	404,814	40,059	273,667	285,185	31,589	1,893,409
Acceptances, endorsements, &c.	5,709	572	1,728	26,926	3,755	13,339	11	5,618	19,769	1,437	78,864
Notes in circulation	...	...	...	5	...	...	...	1,281	14	...	1,316
Reduction of bank premises account	...	...	239	...	...	...	...	...	...	...	239
	397,516	21,128	35,812	410,001	92,656	443,901	43,881	296,764	321,788	35,701	2,099,148

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Nov. 7, 1931.	Oct. 15, 1932.	Oct. 23, 1932.	Oct. 31, 1932.	Nov. 7, 1932.
Gold	868,387	1,733,737	1,840,557	1,906,450	1,965,223
Gold exchange	1,625,012	2,968	607,930	607,930	607,930
State Gold Bonds	...	2,604	2,602	2,600	2,600
Other foreign exchange	161,823	285,604	288,049	286,104	285,458
Bills discounted	291,052	1,884,175	1,835,450	1,881,043	1,896,345
Advances	3,128,042	2,713,736	2,713,736	2,713,736	2,713,736
Debt to the State	...	...	...	...	...
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,244,103	4,765,719	4,724,228	4,750,447	4,718,111
Deposits and current accounts	720,301	2,812,591	2,881,680	2,940,024	3,042,118
Foreign exchange liabilities	235,514	217,441	223,810	230,078	222,355

CENTRAL BANK OF TURKEY.—In £T (000's omitted).

ASSETS.	Oct. 6, 1932.	Oct. 13, 1932.	Oct. 20, 1932.	Oct. 27, 1932.	Nov. 3, 1932.
Gold coin and bullion	13,211	13,399	13,583	13,801	13,919
Other coin and notes	10,521	9,288	10,268	9,772	9,695
Free foreign exchange	220	272	272	272	272
Treasury bonds	155,666	155,610	155,550	155,450	155,395
Bills	33,018	33,018	33,018	32,933	32,073
Securities	4,562	4,562	4,548	4,523	4,522
LIABILITIES.					
Capital	15,000	15,000	15,000	15,000	15,000
Note Issue:—					
Ordinary	156,666	155,610	155,550	155,450	155,395
Supplementary	8,689	8,689	8,689	8,689	8,689
Right liabilities	9,138	9,067	9,952	10,373	9,130

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Nov. 7, 1931.	Oct. 22, 1932.	Oct. 31, 1932.	Nov. 8, 1932.
Gold	35,091	305,024	304,344	304,344	304,344
Balance abroad and foreign bills	90,379	528,868	704,778	695,445	673,156
Finland and Foreign Government securities	1,826	391,728	346,316	346,761	345,725
Discounts and loans	105,151	1,280,948	1,212,050	1,219,600	1,266,852
LIABILITIES.					
Notes in circulation	123,941	1,245,365	1,025,644	1,065,622	1,040,074
Deposits at notice	21,225	199,836	140,848	131,453	126,856

BANK OF ESTONIA.—In Est. kroons (000's omitted).

ASSETS.	Nov. 7, 1931.	Oct. 15, 1932.	Oct. 23, 1932.	Oct. 31, 1932.	Nov. 7, 1932.
Gold coin and gold bullion	6,550	11,480	11,480	11,481	13,721
Net foreign exchange	15,624	7,029	6,983	6,949	4,874
Subsidiary Estonian coin	1,569	1,549	1,331	1,435	1,504
Home bills discounted	10,351	9,522	9,410	9,354	9,248
Loans and advances	11,864	12,595	13,070	13,570	11,761
Thereof loan to Government	1,800	5,000	5,000	5,000	4,400
LIABILITIES.					
Notes in circulation	36,853	31,445	33,582	32,943	31,780
Deposits and current accounts	10,315	11,685	9,949	11,460	10,912
Ratio of reserve to current liabilities	47.01%	42.89%	42.42%	41.51%	43.56%

* Includes £kr. 4,000,236-14 guaranteed by the Government.

BANK OF LATVIA.—In late (gold francs) (000's omitted).

ASSETS.	Nov. 9, 1931.	Oct. 10, 1932.	Oct. 17, 1932.	Oct. 24, 1932.	Oct. 31, 1932.	Nov. 7, 1932.
Gold bullion and coins	31,536	35,633	35,635	35,637	35,641	35,642
Silver bullion	12,717	13,617	14,501	14,338	15,548	15,168
Balance abroad	15,383	11,740	11,821	11,790	11,737	11,684
Treas. notes and small change	80,221	15,627	14,959	14,723	15,891	16,721
Short term bills	69,098	53,436	64,758	70,639	71,185	70,445
Loans against securities	17,366	18,903	18,953	18,244	17,910	18,113
LIABILITIES.						
Notes in circulation	41,813	36,073	36,332	36,586	37,131	36,438
Capital paid up	19,676	19,717	19,717	19,717	19,717	19,717
Reserve	4,729	4,745	4,745	4,745	4,745	4,745
Deposits	18,303	18,002	18,845	18,845	18,891	18,982
Current accounts	67,408	65,787	66,209	67,821	67,739	68,370
Government accounts	60,144	67,401	67,773	66,368	66,541	67,622
Other liabilities	9,373	5,847	7,046	7,013	7,386	7,212

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1914.	Oct. 24, 1931.	Oct. 1, 1932.	Oct. 8, 1932.	Oct. 15, 1932.	Oct. 22, 1932.
Gold coin and bullion	221,320	715,920	429,068	429,068	429,068	429,068
Other coin and bullion	...	67,069	67,664	66,907	66,706	65,921
Discounts	41,740	632,783	683,152	674,136	668,263	666,034
Advances	70,540	56,025	128,354	128,271	127,633	127,801
LIABILITIES.						
Notes	362,270	1,010,797	1,070,946	1,008,630	1,011,829	1,026,007
Govt. deposits	87,340	404,518	314,461	305,514	324,556	327,756
Other deposits	11,440	91,412	74,867	133,410	156,083	190,358

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Oct. 2, 1931.	Sept. 9, 1932.	Sept. 16, 1932.	Sept. 23, 1932.	Sept. 30, 1932.
Gold at home	63,666	70,841	71,578	71,850	72,002
Gold abroad	134,424	90,413	86,157	85,173	85,627
Discounts & advances	80,146	14,210	13,671	13,375	13,223
LIABILITIES.					
Notes in circulation	296,477	484,731	477,830	483,596	479,798
Deposits	77,987	149,737	189,319	219,933	214,917
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LATEST COMPANY ANNOUNCEMENTS.—Tate and Lyle are paying a final dividend of 12 per cent., making 16 per cent. for the year, as compared with 13½ per cent. for previous year. Manbre and Garton are paying a final dividend of 9 per cent., making 12½ per cent. for the year, against 14 per cent. Ariston Gold Mines are paying an interim dividend on December 14th of 10 per cent., less tax.

LONDON RATES.

	Nov. 10, 1932.	Nov. 11, 1932.	Nov. 12, 1932.	Nov. 14, 1932.	Nov. 15, 1932.	Nov. 16, 1932.	Nov. 17, 1932.
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount:—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills:—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1	1	1	1	1	1	1
Deposit allowances: Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1	1	1	1	1	1	1

Comparison with previous week—

Short Loans.	Bank Bills.			Trade Bills.		
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%
Oct. 27	1½	1½	1½	1½	1½	1½
Nov. 3	1½	1½	1½	1½	1½	1½
" 10	1½	1½	1½	1½	1½	1½
" 17	1½	1½	1½	1½	1½	1½

RATES OF EXCHANGE.

London on		Usance.	Par.	Nov. 19, 1931. 3.45 p.m.	Nov. 10, 1932. 3.45 p.m.	Nov. 17, 1932. 3.45 p.m.
New York ...	dollars to £1	Cable	4.864	3.752-767	3.282-3.282	3.279-3.279
Montreal.....	dollars to £1	Cable	4.864	4.20-22	3.76-3.77	3.77-3.78
Berlin	marks to £1	T.T.	124.21	96.96	83.8-83.8	83.4-84.4
Amsterdam.....	florins to £1	T.T.	20.43	15.1	13.78-13.83	13.13-13.13
Brussels	belgas to £1	T.T.	12.107	9.35-40	8.17-8.19	8.19-8.21
Milan	lire to £1	T.T.	35.00	27.72	23.65-23.70	23.70-23.75
Zurich	francs to £1	T.T.	25.22	72.73	64.6-64.6	64.6-64.6
Oslo	francs to £1	T.T.	25.22	19.1	17.05-17.10	17.08-17.17
Stockholm.....	kronor to £1	T.T.	18.159	18.1	19.55-19.65	19.60-19.70
Copenhagen.....	kronor to £1	T.T.	18.159	18.1	18.11-18.93	18.11-18.87
Madrid	pesetas to £1	T.T.	18.159	18.1	19.15-19.25	19.12-19.22
Stockholm.....	kronor to £1	T.T.	25.22	44.4	40.4-40.4	40.4-40.4
Lyons	francs to £1	T.T.	25.22	109.11-110.1	108.10	108.10-109.1
Liéban	escudo to £1	T.T.	110	28.1	27.29	27.29
Vienna	schillings to £1	T.T.	34.58	125.127	110.1-111.1	110.1-111.1
Prague	koruna to £1	T.T.	164.1	210-220	235.255	235.255
Belgrade	pengo to £1	T.T.	276.316	210-220	235.255	235.255
Budapest	pengo to £1	T.T.	27.82	25.1	18.20-18.20	18.20-18.20
Bucharest	lei to £1	T.T.	813.5	620-650	545-565	550-570
Sofia	leva to £1	T.T.	673.559	500-550	450-470	450-470
Athens	drachma to £1	T.T.	375	300-315	570.590	570.590
Constantinople ..	piastres to £1	T.T.	110	77.5	68.0	68.5
Moscow	roubles to £1	T.T.	9.46	7.35-35	6.41-6.43	6.44-6.46
Warsaw	zloty to £1	T.T.	43.38	32-36	29-29	29-29
Helsingfors.....	marks to £1	T.T.	193.23	190-195	228-232	228-232
Reval	florins to £1	T.T.	48.66	37.1	32.34	32.34
Riga	kroon to £1	T.T.	18.159	13.14	11.13	11.13
Alexandria.....	piastres to £1	Sight	25.22	18.21	16.18	16.18
Buenos Aires.....	pesos to £1	Sight	97.42	97.42	97.42	97.42
Rio de Janeiro.....	pesos to £1	Sight	5.899	31.4	58.58	58.58
Montevideo.....	pesos to £1	T.T.	51	20.18	28.32	28.32
Valparaiso.....	pesos to £1	90 days	50	30.98	28.32	28.32
Lima	soles to £1	90 days	17.3	13.40	20.15	20.20
Calcutta	rupees to £1	90 days	18	1.6	1.6	1.6
Bombay	rupees to £1	90 days	18	1.6	1.6	1.6
Madras	rupees to £1	90 days	18	1.6	1.6	1.6
Hong Kong	ster. to dollar	T.T.	1.54-1.44	1.44-1.44	1.44-1.44	1.44-1.44
Shanghai	ster. to dollar	T.T.	1.44-1.44	1.44-1.44	1.44-1.44	1.44-1.44
Singapore	ster. to dollar	T.T.	2.4-2.4	2.4-2.4	2.4-2.4	2.4-2.4
Kobe	ster. to yen	T.T.	24.582	2.77-2.78	1.3-1.3	1.24-1.24
Manila	ster. to peso	T.T.	9.66	10.00-50	10.00-10.00	10.00-10.00
Mexico	ster. to baht	T.T.	21.82	1.99-1.10	1.99-1.10	1.99-1.10
Slam	ster. to baht	T.T.	21.82	1.99-1.10	1.99-1.10	1.99-1.10

1) Official rate.

INDIAN GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on October 31, 1932:—

In India :	£	£
Gold		22,475,000
In England :		
Cash at the Bank of England.....	4,897	
Gold	2,152,334	
British Treasury Bills:—Value as on October 31, 1932	7,904,930	
Other British and Dominion Government Securities:—At market value on October 31, 1932	7,462,839	
		17,525,000

£40,000,000

India Office,
November 11, 1932.

SIDNEY TURNER,
Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended November 17, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	Bullion.* Coin.†	To—	Bullion.* Coin.†
Germany	32,650 ...	Germany	400 ...
Egypt	60,198 ...	Netherlands	203,544 ...
Iraq	24,395 ...	Belgium	13,850 ...
British W. Africa	68,194 ...	France	862,827 ...
British S. Africa	1,309,587 ...	Switzerland	61,701 ...
Kenya	4,707 ...	Greece	7,850 ...
Anglo-Egyptian Sudan	11,128 ...	Other countries	290 ...
British India	283,573 ...		
Straits Settlements	86,521 ...		
New Zealand	50,958 ...		
Other countries	3,190 ...		
Total declared value	1,935,101 ...	Total declared value	1,067,854 ...

* At current market price.

† At par.

Messrs Samuel Montagu and Company write on November 16 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,422,094 on the 9th instant, and shows no change as compared with the previous Wednesday. Substantial amounts have been on offer in the open market and although moderate purchases have been made on Continental account, most of the gold available has again been taken for a destination not disclosed.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
November 10	125s. 4d.	13s. 6.7d.
" 11	125s. 0d.	13s. 7.1d.
" 12	123s. 8½d.	13s. 8.8d.
" 14	123s. 2½d.	13s. 9.5d.
" 15	123s. 11½d.	13s. 8.5d.
" 16	124s. 2½d.	13s. 8.2d.
Average	124s. 2.8d.	13s. 6.1d.

SILVER.

The firmer tone shown in the market last week was not maintained, the tendency having since been downward. Prices declined on reselling by the Indian bazaars and China, and a fall of ½d. on the 14th instant, due mainly to a sudden appreciation in sterling, brought prices down to 17½d. for cash and 18d. for two months' delivery. There was a slight reaction yesterday, in sympathy with movements in the exchanges. The week, on the whole, has been quiet, demand being rather poor, although there has been a little buying for near shipment to China, but American operators have continued inactive. There is little indication as to tendency, but no decided change is anticipated at present.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 7th instant to mid-day on the 14th instant:—

IMPORTS.	£	EXPORTS.	£
Soviet Union (Russia)	39,800	China	50,000
Poland	23,068	Poland	23,275
Germany	22,400	French Possessions in India	4,500
Belgium	8,460	Sweden	3,155
British India	13,300	Other countries	7,330
Canada	13,405		
Abyssinia	7,350		
Other countries	2,493		
	130,276		88,260

Quotations during the week:—

	IN LONDON.		IN NEW YORK.	
	Bar silver per oz. std.	Cash Two Months' delivery.	Cents per Ounce .999 fine.	
November 10 ...	18½d.	18½d.	27½	
" 11 ...	18½d.	18½d.	27½	
" 12 ...	18½d.	18½d.	27½	
" 14 ...	17½d.	18d.	27½	
" 15 ...	18d.	18½d.	27½	
" 16 ...	18d.	18½d.	27½	
Average	18.052d.	18.177d.		

The highest rate of exchange on New York recorded during the period from the 10th instant to the 16th instant was \$3.34½ and the lowest \$3.27½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Nov. 7.	Oct. 31.	Oct. 22.
Notes in circulation	17,551	17,585	17,591
Silver coin and bullion in India	11,400	11,492	11,498
Gold coin and bullion in India	1,153	1,153	1,144
Securities (Indian Government)	4,998	4,940	4,949

The stocks in Shanghai on the 12th instant consisted of about 128,600,000 ounces in sycee, 240,000,000 dollars and 3,640 silver bars, as compared with about 126,400,000 ounces in sycee, 240,000,000 dollars and 3,320 silver bars on the 5th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Silver.
		Cash. Forward.	Date.	Cash.
1932.	s. d.	d.		d.
Nov. 11.....	125 0	18½	Nov. 19, 1926	25½
" 12.....	123 8½	18½	" 18, 1927	26½
" 14.....	123 2½	17½	" 22, 1928	26½
" 15.....	123 11½	18	" 21, 1929	22½
" 16.....	124 2½	18	" 20, 1930	16½
" 17.....	124 10½	18½	" 19, 1931	18½

NOTICES.

Mr R. G. Thomas, after twelve years' service as general manager of The British Linen Bank, has retired, and has been succeeded by Mr Adam Dempster, general manager's assistant. Mr Dempster entered the service of the bank at Carlisle, and after considerable experience at head office, was appointed to the agency at South Bridge, Edinburgh. Fourteen years later he returned to the inspectors' department, and became a superintendent of branches in 1922. Two years ago he was appointed general manager's assistant.

Sir Edward Davson, Bart., has been elected to a seat on the Central Board of Barclays Bank (Dominion, Colonial and Overseas). BARCLAYS BANK LIMITED announce the opening of a new branch at 343 Bath Road, Hounslow West (adjoining Hounslow West Station).

Company News.

SUMMARY OF BALANCE SHEETS.

BASS, RATCLIFF, AND GRETTON, LIMITED.			
LIABILITIES.		ASSETS.	
	Sept. 30, 1932.		Sept. 30, 1932.
Creditors	651,739	Freehold breweries, &c.	1,157,808
4½% deb. stock	1,230,225	Freehold and leasehold properties	2,457,771
Int. accrued	13,840	Casks, &c.	292,470
3½% deb. stock	481,201	Trade Investments at or below cost	102,673
Int. accrued	4,263	Shares at cost in subsidiaries	2,600,931
5½% deb. stock	2,374,012	Loans to subsidiaries	220,015
5% cum. pref. stock	1,560,000	Debtors	961,887
Ord. shares (£1)	2,235,640	British Government Securities at or under cost	792,946
Reserve	1,000,000	Cash	950,805
Reserve for property depreciation	200,000	Goodwill	800,000
Contingencies reserve	200,000		
Profit and loss	682,049		
Share premium account	280,299		
Total	10,719,268	Total	10,719,268

† Market value, September 30, 1932, £822,604.

REPORTS AND NOTICES.

The directors of Associated London Properties, Limited, announce that Mr F. W. Crutenden, F.C.I.S., who represents large shareholding interests, has been elected a director of the company.

The Honourable Alexander Francis Baring has been appointed a director of the Alliance Assurance Company, Ltd.

MISCELLANEOUS.

SECOND CO-OPERATIVE INVESTMENT TRUST, LIMITED.—The report and accounts for the six months ended September 30, 1932, shows net income for the half-year of £20,805. This compares with £20,761 for the half-year ended March 31, 1932, and £23,410 earned during the corresponding half-year of 1931. The dividend for the six months is 2 per cent., making with the interim dividend of 1 per cent., 3 per cent., for the year against 3½ per cent. for the previous year. After allowing for the preference and ordinary dividends, and placing £5,000, the same amount as a year ago, to general reserve (thereby increasing this reserve to £30,000) there remains to be carried forward £4,925, compared with £4,517 a year ago. According to a valuation of the Trust's investments at September 30, 1932, the depreciation in the Trust's investments which figure in the balance sheet at £1,211,771, was 45.71 per cent. This is an improvement compared with the depreciation of 49.96 per cent. reported six months ago, and compares with 44.31 per cent. a year ago. During the year, notice of repayment of the Trust's 5 per cent. (minimum) withdrawable preference shares was given. Holders of approximately 50 per cent. of these shares availed themselves of the invitation to take up an equivalent number of 4 per cent. withdrawable preference shares.

SLATERS & BODEGA, LTD.—A reduction in trading profit from £148,305 to £118,279 is announced by the directors of Slaters and Bodega, Ltd., in their report for the year to September 30, 1932. Net profit for the year was £60,289, compared with £94,401. After placing £18,000, against £10,000, to development account, and £11,000, compared with £13,000, to tax reserve, it is proposed to pay a dividend of 6 per cent. on the ordinary shares and to carry forward £9,213. The dividend for the previous year was 10 per cent. Meeting: Southern House, Cannon Street, November 25th, at noon.

THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES, LIMITED.—At an extraordinary general meeting, held November 16th, Mr A. C. Bournier, F.C.A., the chairman, presiding, the following resolution was passed without a single dissentient:— "That the capital of the company be increased from £2,000,000 to £3,000,000 by the creation of 1,000,000 additional shares of £1 each and that such shares may be issued with such rights and privileges annexed thereto as the directors may determine, and in particular any such shares may be issued by them with a preferential or qualified right to dividends or in the distribution of assets and with a special or without any right of voting." The proceedings terminated with a hearty vote of thanks to the chairman, directors and staff.

TRINIDAD LEASEHOLDS DIVIDEND.—In a "Note" on page 895 of last week's issue the dividend on Trinidad Leaseholds was shown as 7½ per cent. This figure, in fact, was that of the final dividend, the total for the year being 12½ per cent. The percentage was correctly shown in our Summary of Profit and Loss.

UNILEVER INTERIM DIVIDENDS.—The boards of Unilever, Ltd., and Unilever N.V. have declared interim dividends, payable on December 2nd, on their respective ordinary shares, which in the case of the Dutch company is 30 florins on every share of 1,000 florins. In accordance with the previous practice, the £1 shares of the English company have been taken as equivalent to 12 florins each, so that the equivalent dividend on the English shares amounts to 36 Dutch cents per share. Converted into sterling at the present exchange rate, this is equal to 10½d. per share, or 4½ per cent.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
					Amount	Amount.	Rate.				
Breweries.											
Bass, Ratcliff and Gretton	Sept. 30	£ 394,181	£ 445,294	£ 839,475	£ 68,000	£ 312,990	14½	£ ...	£ 458,485	£ 523,059	% 17½
Brickwood and Co.	Sept. 30	55,528	71,148	126,676	9,000	61,633	9	11,500	44,543	123,449	11½
Kenward and Court	Sept. 30	9,758	<i>Dr. 1,564</i>	8,194	...	7,500	7½	...	694	13,141	10
Morgans Brewery.....	Sept. 30	42,695	51,624	94,319	13,800	22,536	12½	13,980	44,003	59,565	15
Northampton Brewery	Sept. 30	41,121	36,449	77,570	8,250	22,012	2¼ p.s.	6,000	41,308	45,071	2¼ p.s.
Walker (Peter) (Warrington) and Robert Cain and Sons	Sept. 30	141,068	191,391	332,459	160,000	68,100	3	...	104,359	370,458	7½
Financial Land, &c.											
Argentine Southern Land...	June 30	5,585	<i>Dr. 13,173</i>	<i>Dr. 7,588</i>	...	...	...	<i>Dr. 9,000</i>	1,412	<i>Dr. 10,744</i>	...
Hotels, Restaurants, &c.											
Palace and Derby Castle ...	Oct. 31	5,176	11,130	16,306	3,000	6,875	6½	1,000	5,431	10,522	6
Iron, Coal and Steel.											
Fairfield Shipbuilding, &c.	June 30	43,232	<i>Dr. 79,825</i>	<i>Dr. 36,593</i>	...	...	...	<i>Dr. 60,000</i>	23,407	<i>Dr. 23,497</i>	...
Steel Industries of Great Britain	Sept. 30	<i>Dr. 6,436</i>	<i>Dr. 10,661</i>	<i>Dr. 17,097</i>	...	...	...	...	<i>Dr. 17,097</i>	<i>Dr. 11,837</i>	...
United Steel Companies ...	June 30	116,588	187,354	303,942	...	...	...	175,000	128,942	41,321	...
Motor and Cycle.											
S. Smith and Sons (Motor Accessories)	July 30	44,329	61,647	105,976	51,500	...	...	5,000	49,476	53,232	...
Rubber, &c.											
Bukit Lintang Rubber	June 30	10,080	<i>Dr. 1,547</i>	8,533	...	...	...	...	8,533	<i>Dr. 940</i>	...
Bukit Pulai Rubber	June 30	<i>Dr. 1,126</i>	<i>Dr. 190</i>	<i>Dr. 1,316</i>	...	...	...	...	<i>Dr. 1,316</i>	<i>Dr. 3,011</i>	...
Castlefield (Klang) Rubber	June 30	2,778	<i>Dr. 1,167</i>	1,611	...	...	...	...	1,611	393	...
Inch Kenneth Rubber	June 30	5,217	<i>Dr. 2,457</i>	2,760	...	...	...	...	2,760	<i>Dr. 3,734</i>	...
Lenggeng Rubber	July 31	3,123	583	3,706	...	...	...	...	3,706	<i>Dr. 855</i>	...
New Hayoe Rubber	June 30	<i>Dr. 5,467</i>	<i>Dr. 3,260</i>	<i>Dr. 8,727</i>	...	...	...	...	<i>Dr. 8,727</i>	<i>Dr. 8,644</i>	...
Sennah Rubber	Dec. 31	57,392	<i>Dr. 3,873</i>	53,519	...	...	...	...	53,519	11	...
Tea.											
Gudalur (Nilgiri) Tea, &c....	June 30	<i>Dr. 1,534</i>	<i>Dr. 3,746</i>	<i>Dr. 5,280</i>	...	...	...	...	<i>Dr. 5,280</i>	...	...
Textiles.											
Simpson and Godlee	Sept. 28	113,564	12,557	126,121	17,500	...	...	...	108,621	<i>Dr. 18884</i>	...
Trust.											
Cleveland Trust	Sept. 30	987	3,605	4,592	...	2,786	7	1,000	806	3,774	7
Clydesdale Investment	Sept. 30	45,835	55,788	101,623	20,362	30,133	10	...	51,128	74,911	14
East of Scotland Trust	Sept. 30	12,400	16,078	28,478	11,250	6,000	4	...	11,228	231,927	...
Foreign Railways Invest- ment Trust	Oct. 31	46,245	<i>Dr. 1,041</i>	45,204	...	...	...	...	45,204	24,398	...
Second Co-operative Invest- ment Trust	Sept. 30*	12,565	20,805	33,370	1,018	22,427	2	5,000	4,925	22,411	1½
Third Caledonian Trust Co.	Sept. 30	11,962	18,645	30,607	11,312	4,517	3	...	14,778	23,887	5
Other Companies.											
Cinzano Limited.....	Sept. 30	6,628	90,708	97,336	24,785	...	...	35,000	37,551	105,399	2½
Chappell and Co.	June 30	14,201	1,408	15,609	...	...	...	2,000	13,609	14,221	...
Eastern Chemical Co.	Mar. 31	<i>Dr. 33,499</i>	<i>Dr. 5,990</i>	<i>Dr. 39,499</i>	...	...	...	...	<i>Dr. 39,499</i>	<i>Dr. 11,625</i>	...
Eastwood's Lewes Cement	June 30	2,264	12,258	14,522	...	10,750	10	...	3,772	8,277	7½
Liverpool Warehousing Co.	Sept. 30	67,871	54,944	122,815	13,406	48,750	10	3,000	57,659	77,719	10
Lloyd's Packing Warehouses	Sept. 30	49,159	34,444	83,603	11,980	25,916	5	...	45,707	18,274	5
Morland and Impey	July 31	398	4,251	4,649	6,591	...	...	<i>Dr. 2,500</i>	558	2,361	...
Piccadilly Picture Theatre (Manchester)	Sept. 30	4,068	6,488	10,556	...	...	...	6,706	3,850	4,305	...
Pinnars Hall (Austin Friars)	Sept. 30	3,480	13,030	16,510	...	12,193	9	1,000	3,317	15,629	10
Roneo, Ltd.	June 30	28,354	4,251	32,605	21,421	...	...	...	11,184	37,106	...

* For half year.

† Free of income tax.

MIDDLEBROUGH.—The market for Cleveland iron is better, and prospects are regarded as improving. The increase of stocks in producers' hands has now stopped, owing to the reduction of production in the district, and stocks are now likely to be steadily reduced, after which, it may be found necessary to restart more furnaces, some of which could be got quickly ready for relighting. There has been more doing since the Skinninggrove works closed down, and although there is not a great rush of orders offering on the market, the prospects are considered good, and further developments are awaited with some interest. **Makers** have been carrying a fair quantity of stock for some time past, and this is likely to be cleared before further furnaces are restarted. In the meantime, official prices are still upheld by makers, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4, forge, 57s. f.o.b. or f.o.t., with special concessions for Scotch trade, but business is still slow in that connection. The hematite iron trade is rather hesitating. Recently, makers have been able to maintain the price of ordinary mixed numbers at 59s. per ton, but the output has been larger lately, and requirements somewhat restricted, so that 59s. could now be shaded a trifle for decent quantities. Shipments of pig iron this month to 15th inst. total only 3,860 tons, against 3,816 tons to same date in October. In the finished trades some new orders have recently been booked, and there is a better outlook generally.

The tendency of gold prices of the chief primary products has been firmer during the past week. In the United States non-ferrous metals have not only been maintained, but there has been a further advance in spelter, tin and copper for domestic consumption. Cotton, too, gained a few points, while rubber remained unchanged. Among cereals, wheat, rye, oats and maize all show a rise on the week. Coffee has been steadier, but cocoa and sugar moved in buyers' favour. In this country the outstanding feature has been a further sharp rise in the price of foreign beef and mutton. Reports from various industrial centres in Great Britain are a little more hopeful. The improvement in the coal trade has been maintained, and the volume of business in the iron and steel industries appears to be expanding gradually. Similarly, inquiries for cotton manufactures and rayon fabrics have been on a larger scale.

STATE OF SAN PAULO 7% COFFEE REALISATION LOAN, 1930.—With reference to the announcement which appeared in the Press on August 17th last, although communications have been resumed with the State of San Paulo, the administrative departments are still disorganised as a result of the recent disturbances. Advances of some small remittances have, however, been received, and it is hoped that resumption of the regular remittances will be effected shortly.

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SPELTER.—Although business in this metal was not as brisk as a week ago, slight concessions from sellers, sufficed to prevent any substantial decline in demand. Sales were 500 tons on Monday, against 2,100 tons a week before; 550 tons on Tuesday, against 850 tons the week before; and 550 tons on Wednesday, against 500 tons. The New York quotation on Wednesday was 3 1/175 cents per lb., against 3 0/00 cents the week before, and 3 0/00 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 7s. 6d. for November shipment, against £15 8s. 9d. last week.

THE JUTE TRADE.—**Dundee.**—There are still no outstanding features in the jute industry. Prices of raw jute fluctuate slightly, without showing much real change, but buyers in all sections cannot regain the confidence necessary to purchase more than their

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immediate needs. Only small quantities of jute cloth are bought as a rule, but the total is sufficient to keep prices fairly steady. Calcutta goods have varied a little in price, but even the fact that the stocks of hessians and sackings at the end of October were materially reduced had little or no effect on the position. The stocks of hessians at the end of October were down to the lowest point for some years past at 91,545,000 yards, compared with 159,575,000 yards at the same date last year, while stocks of sackings were 72,000,000 and 78,876,000 yards respectively. The total output of the Indian jute mills during October this year was 63,598 tons, against 53,891 tons for October last year. The value of Daisee-shipment is now £15 10s. for the full group, and single marks are offered at £15 12s. 6d. for Rangali to £16 5s. for Mahabir, and Daisee-4 full group sold at £14 10s., November-December. Tossa assortment rules at £16 7s. 6d. and four at £15 10s., same shipment. Lightnings are quoted at £16 15s. for Triangle Jajodia to £17 10s. for Green Circle Ram, while good Hearts are from £16 to £16 5s., November-December. Spinners are showing only a small interest this week, but a good few sales were negotiated during the previous week, when prices held a steady small advance almost daily. Yarns are quiet, buyers, having bought common 8-lb. cops at 1s. 10d. and 8-lb. spools at 1s. 11d., refusing to concede 1s. 10½d. and 1s. 11½d. respectively, which are now the lowest rates quoted by spinners. Twist rules from 2½d. to 3½d. for 3-ply 8-lb., and sacking yarns are from 2½d. to 2½d. for 24-lb. web and 3½d. for 8-lb. chains. Rove is quoted at £16 for 200-lb. and £19 for 48-lb., and the finer yarns are so much neglected that spinners have reduced their rates to 2s. 6d. for second quality 8-lb. Rio warp, 2s. 3d. for third and 2s. 1d. for fourth. Carpet yarns are slow. Business in jute cloth continues quiet, but manufacturers are adhering to their rates of 2½d. for 10½-oz. 40-in., and from 2½d. for 8-oz. in the narrow widths and ½d. more for the wider makes. A good inquiry is being made all the time, but buyers are hesitating to buy more than small lots for their near requirements. Linoleum hessians are dull and more or less nominal, only an occasional order coming in from the home trade. Sacking, bagging and tarpaulin are quiet.

THE GRAIN MARKETS.

WHEAT.—There have been no important developments in the wheat situation since last week, but prices showed a steadier tendency. International trade continued on a limited scale, and Canada continued to supply a substantial proportion of importers' requirements. On November 10th the Dominion Bureau of Statistics issued its second estimate of Canadian crops, according to which wheat is estimated to yield 431 million bushels, against 467 million bushels estimated in the September report, and an actual yield of 304 million bushels last year. Australia's crop has been estimated at about 200 million bushels, and the probable export surplus of Argentina at between 200 and 216 million bushels. Both countries are, however, not expected to export on a large scale before the beginning of the New Year. On Wednesday, "December" futures were quoted in Chicago at 44½ cents per bushel, against 43½ cents the week before, and 49½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. 6d. per 496 lbs., against 27s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 3d., against 27s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s., against 27s.; Australia, ex ship, 26s. 3d.-27s. 6d., against 27s. 6d. a week ago.

WHEAT FLOUR.—Export business in flour continued restricted. North American shipments were 126,000 sacks, compared with 125,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 24s. per 280 lbs., against 24s. last week; delivered London, 23s., as compared with 23s. a week ago. Manitoba patents, ex store, 23s. 6d. to 26s., against 24s. to 26s. Australian, ex store, 20s. 6d. to 21s., against 20s. 6d. to 21s. last week.

BARLEY.—The market in feeding barley has been quiet. "December" futures were quoted in Winnipeg on Wednesday at 31½ cents per bushel, against 30½ cents last week and 25½ cents a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 22s. to 23s., against 22s. to 23s. a week before.

OATS.—Continental countries continue to import substantial quantities of this cereal. In Chicago, "December" futures were quoted at 17 cents per bushel on Wednesday, against 16 cents per bushel a week before and 16 cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 3d. per 320 lbs., against 17s. 6d. a week ago; "River Plate," ex ship, 16s., against 16s. 9d.; "Chilean White," landed, 22s.-24s., against 22s.-24s. a week earlier.

MAIZE.—Although shipments of maize to Europe have been large during the past week (710,000 quarters from Argentina and 423,000 quarters from other countries), prices show a slight improvement owing to the expansion in demand. "December" futures in Chicago were quoted on Wednesday at 26½ cents per bushel, against 25½ cents on Wednesday of last week and 25½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. 3d. per 440 lbs., compared with 19s. 9d. last week; "Plate," ex ship,

19s. 3d., as against 18s. 6d.; "Plate," December-January, 19s. 7½d., as against 18s. 3d. Yellow Maize, ex wharf, was quoted at £5 12s. 6d. per ton, against £5 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to November 12	Cwts. 317,953	Cwts. 89,271	Cwts. 124,658	Cwts. 231,816
11 weeks to November 12	2,848,168	823,761	1,574,094	3,172,788
Average price of English wheat per cwt.	s. d. 5 6	s. d. 6 10	s. d. 6 9	s. d. 9 6

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 5, 1932	Cwts. 334,481	Cwts. 408,323	Cwts. 56,941	s. d. 5 6	s. d. 7 7	s. d. 6 0
Sept. 12, 1932	317,953	463,293	55,545	5 6	7 7	6 0
Nov. 10, 1928	288,752	606,559	85,299	9 11	10 10	8 11
Nov. 9, 1929	216,554	516,386	54,570	9 5	9 8	7 7
Nov. 15, 1930	124,662	456,923	46,189	6 9	9 8	6 11
Nov. 14, 1931	89,271	456,512	63,526	6 10	9 0	6 10

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Nov. 17, 1931.	Jan. 4, 1932.	Nov. 9, 1932.	Nov. 12, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	64½	62½	46½	46½
Chicago (No. 2 Winter)	130½	79½	59½	65½	43½	44½
Oats per 60 lb.						

The visible supply of wheat in Canada, at 91,270,000 bushels, shows a decrease on the week of 686,000 bushels. Supplies a year ago stood at 58,502,000 bushels.

OTHER FOODS.

SUGAR.—Following last week's improvement, raw sugar values declined steadily under the influence of liquidation, closing on Wednesday substantially below the level of a week ago. December futures were quoted in New York at 0.97 cents per lb. on Tuesday, against 1.05 cents a week before and 1.10 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 8½d. to 5s. 8½d. per cwt., against 5s. 10½d. to 5s. 10½d. a week before, and "March, 1933," at 6s. 2d., against 6s. 2½d. to 6s. 2½d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons. Tons.						
London	105	15	1,014	840	11,358	6,833
Liverpool	23,187	12,413	14,532	12,780	80,699	40,064
Total	23,292	12,428	15,546	13,620	92,057	45,897
Last week	25,553	32,035	15,241	13,712	84,311	47,089

COFFEE.—Business in coffee has been quiet in New York, but quotations were steadier. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb., against 8 cents per lb. on the corresponding day a week ago. Only a small proportion of the coffee offered at Tuesday's London auctions was sold. Last week's movements of coffee in London were as follows: Brazilian, landed, 22 bags; delivered, for home consumption, 158 bags; exported, 18 bags; stocks, 5,952 bags, against 2,358 bags a year ago. Central American, landed, 992 packages; delivered for home consumption, 1,923 packages; exported, 1,700 packages; stocks, 57,995 packages, against 65,565 last year. Other kinds: Landed, 3,974 packages; delivered for home consumption, 2,231 packages; exported, 1,023 packages; stocks, 61,037 packages, against 51,269 last year.

COCOA.—Owing to the poor demand for cocoa, last week's gain in prices had been lost by Wednesday. December futures were quoted at 3.92 cents in New York on Tuesday, against 3.96 cents a week ago and 4.20 cents a month ago; Accra, December-February, at 26s. 6d. c.i.f. Continent, shows a fall of 9d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 3,043 bags; delivered for home consumption, 5,301 bags; exported, 80 bags; stocks, 119,803 bags, against 142,748 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 59,357 packages of Indian and 31,475 packages of Ceylon tea. Monday's "Indian" auctions opened with a better demand for common and finest grades. The results of the "Ceylon" sales on Tuesday were less satisfactory, chiefly because of a deterioration in quality, but on Wednesday, buyers again showed a good demand for common and fine Indian grades. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended October 31.		Ten Months ended October 31.	
	1931.	1932.	1931.	1932.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	£ 6,093,408	£ 5,661,504	£ 44,980,614	£ 48,674,580
B. Feeding-stuffs for animals	529,039	616,712	4,101,528	5,447,460
C. Meat	7,825,510	6,300,501	78,184,497	67,591,259
D. Animals, living, for food	2,262,516	1,099,939	12,840,468	8,705,070
E. & F. Other food and drink	22,843,778	19,996,314	189,562,950	171,059,178
G. Tobacco	1,262,076	1,376,125	8,671,581	6,843,407
Total, Class I.	40,816,327	35,051,095	338,741,648	308,320,954
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,927	2,012	27,609	22,125
B. Other non-metallic mining and quarry products and the like	284,407	259,040	3,221,709	2,872,293
C. Iron ore and scrap	135,547	155,687	1,927,472	1,596,968
D. Non-ferrous metalliferous ores and scrap	500,274	492,889	6,001,313	5,043,710
E. Wood and timber	3,016,293	2,819,781	24,129,654	21,696,967
F. Raw cotton and cotton waste	1,358,776	2,129,805	18,741,981	23,590,508
G. Wool, raw and waste, and woolen rags	1,148,127	1,443,570	29,100,242	27,664,742
H. Silk, raw, knubs and noils	96,654	120,178	1,017,696	1,182,113
I. Other textile materials	539,558	477,102	5,115,993	5,560,500
J. Oil seeds, nuts, oils, fats, resins, and gums	1,699,194	1,775,597	21,171,791	19,045,795
K. Hides and skins, undressed	1,163,475	744,310	9,732,695	10,495,557
L. Paper-making materials	922,131	788,009	7,844,814	7,810,670
M. Rubber	307,336	143,515	3,990,237	2,097,513
N. Miscellaneous raw materials and articles mainly unmanufactured	752,515	589,856	7,531,305	6,499,017
Total, Class II.	11,907,214	11,941,331	139,554,511	135,178,278
III.—Articles Wholly or Mainly Manufactured—				
A. Coal and manufactured fuel	427	2,869	11,969	17,702
B. Earthenware, glass, abrasives, &c.	1,056,649	463,308	7,854,529	4,118,518
C. Iron and steel and manufactures thereof	1,831,083	735,034	15,332,384	7,813,181
D. Non-ferrous metals and manufactures thereof	1,971,885	1,455,994	17,474,545	12,053,527
E. Cutlery, hardware, implements, and instruments	857,940	469,016	5,843,631	3,630,789
F. Electrical goods and apparatus	809,273	318,542	4,687,349	2,186,718
G. Machinery	1,698,272	733,999	12,315,909	8,576,736
H. Manufactures of wood and timber	717,044	356,442	6,002,109	4,563,244
I. Cotton yarns and manufactures	1,060,380	219,331	7,477,555	1,490,901
J. Woolen and worsted yarns and manufactures	1,559,131	256,499	11,436,038	1,887,892
K. Silk and silk manufactures	802,058	292,898	7,321,765	3,312,292
L. Manufactures of other textile materials	1,545,822	785,210	12,576,618	7,432,319
M. Apparel	1,852,127	660,999	17,329,525	6,049,399
N. Chemicals, drugs, dyes, and colours	1,590,763	766,960	10,817,710	7,979,114
O. Oils, fats, and resins, manufactured	2,721,104	2,542,419	24,591,182	26,009,778
P. Leather and manufactures thereof	1,481,350	637,514	10,556,382	6,560,808
Q. Paper and cardboard	1,661,762	967,879	13,112,977	10,759,550
R. Vehicles (including locomotives, ships and aircraft)	447,097	173,399	3,734,075	2,625,489
S. Rubber manufactures	395,082	145,323	2,862,166	1,470,790
T. Miscellaneous articles, mainly or wholly manufactured	3,189,466	1,515,626	23,760,932	13,262,869
Total, Class III.	27,248,715	13,499,261	215,099,350	131,801,796
IV.—Animals, not for food	249,349	132,522	2,974,791	2,054,352
V.—Parcel Post	464,519	203,855	5,621,503	3,661,703
Total	80,686,124	60,828,064	701,991,803	581,017,083

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasaland.	Total.
Nov. 12, 1931	d. 11-67	d. 11-11	d. 17-73	d. 8-49	d. 7-46	d. 6-90	d. 12-35
Oct. 20, 1932	d. 10-82	d. 7-37	d. 11-58	d. 6-10	d. 5-09	d. 6-06	d. 10-37
" 27, "	d. 10-75	d. 7-72	d. 12-75	d. 6-40	d. 5-12	d. 5-39	d. 10-67
Nov. 3, "	d. 10-22	d. 7-47	d. 12-34	d. 6-32	d. 5-37	d. 5-87	d. 10-39
" 10, "	d. 9-57	d. 7-34	d. 11-72	d. 6-25	d. 5-03	d. 5-78	d. 9-88

RICE.—The market in rice has been dull and both spot and forward positions declined. The spot price was 9s. 7½d. per cwt., against 9s. 9d. per cwt. a week ago, while the forward quotations at 7s. 4½d. per cwt. show a fall of 1½d. per cwt. on the week. Movements in London during the past week were as follows: Landed, 214 tons; delivered, 72 tons; stock, 2,559 tons, against 1,646 tons a year ago.

POTATOES.—There has been a steady demand for potatoes but the pressure of supplies caused a slight weakening in prices. At the London Borough Market, "King Edward," light soil, were quoted at 6s. to 6s. 3d. per cwt., against 6s. 6d. a week ago.

SPICES.—The market in pepper has been quiet. Spot pepper, "Black Singapore," was quoted at 6½d. per lb. on Wednesday, against 6½d. per lb. a week ago. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 68 tons; delivered, 13 tons; stock, 371 tons, against 370 a year ago. White, landed, 100 tons; delivered, 63 tons; stock, 655 tons, against 416 a year ago.

MEAT.—Last week's rise in the price of foreign beef and mutton has been followed by a further substantial advance in quotations.

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended October 31		Ten Months ended October 31	
	1931.	1932.	1931.	1932.
I.—Food, Drink and Tobacco—				
A. Grain and flour	£ 290,574	£ 228,021	£ 2,722,407	£ 2,882,648
B. Feeding stuffs for animals	175,917	111,866	1,734,882	1,355,972
C. Meat	129,321	96,414	999,268	864,354
D. Animals, living, for food	12,979	2,290	145,179	90,926
E. & F. Other food and drink	2,354,667	2,093,474	19,076,675	17,870,214
G. Tobacco	407,471	338,612	4,483,181	3,548,315
Total, Class I.	3,370,929	2,870,677	29,161,592	26,312,429
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,235,656	2,649,271	28,830,676	26,281,523
B. Other non-metallic mining and quarry products and the like	105,779	71,957	945,658	710,529
C. Iron ore and scrap	39,871	23,476	370,501	159,046
D. Non-ferrous metalliferous ores and scrap	34,701	159,978	380,037	573,798
E. Wood and timber	21,678	6,690	185,967	100,385
F. Raw cotton and cotton waste	29,532	47,626	257,287	401,714
G. Wool, raw and waste, and woollen rags	348,303	449,102	2,597,266	2,666,343
H. Silk, raw, knubs and noils	1,431	339	9,183	8,985
I. Other textile materials	14,297	40,264	157,981	267,549
J. Oil seeds, nuts, oils, fats, resins, and gums	200,151	139,700	2,027,888	1,502,164
K. Hides and skins, undressed	42,818	58,470	617,221	409,915
L. Paper-making materials	49,350	69,882	565,782	581,837
M. Rubber	9,030	9,216	83,414	94,616
N. Miscellaneous raw materials and articles mainly unmanu- factured	173,870	150,182	1,975,938	1,925,385
Total, Class II.	4,305,467	3,876,153	39,004,799	35,683,789
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	350,254	254,126	2,378,326	2,137,898
B. Earthenware, glass, abrasives, &c.	757,283	666,032	7,071,279	6,237,133
C. Iron and steel and manufac- tures thereof	2,363,954	2,428,172	25,027,499	23,215,726
D. Non-ferrous metals and manu- factures thereof	548,506	705,222	5,855,954	5,517,511
E. Cutlery, hardware, implements, and instruments	469,093	527,742	4,432,052	4,591,217
F. Electrical goods and apparatus	617,137	366,619	6,416,921	4,768,153
G. Machinery	2,791,946	2,248,551	27,099,571	24,903,000
H. Manufactures of wood and timber	158,366	111,722	1,221,016	1,008,758
I. Cotton yarns and manufactures J. Woolen and worsted yarns and manufactures	4,623,485	4,546,424	47,340,405	52,855,944
K. Silk and silk manufactures	2,024,599	1,991,749	21,253,836	15,034,786
L. Manufactures of other textile materials	84,544	74,772	895,503	855,822
M. Apparel	1,098,319	1,098,170	10,786,956	10,830,235
N. Chemicals, drugs, dyes, and colours	1,432,347	1,056,098	12,090,800	10,075,036
O. Oils, fats, and resins, manu- factured	1,456,328	1,369,090	14,269,839	14,469,735
P. Leather and manufactures thereof	442,638	460,854	4,429,212	4,185,735
Q. Paper and cardboard	338,572	289,246	2,757,233	2,362,452
R. Vehicles (including motor and aircraft)	551,574	560,555	5,211,103	5,396,745
S. Rubber manufactures	1,389,589	1,654,476	25,766,199	17,034,344
T. Miscellaneous articles, mainly or wholly manufactured	182,562	160,000	1,833,709	1,620,947
Total, Class III.	2,277,215	1,837,521	18,887,948	17,297,165
Total, Class IV.	23,958,331	22,677,141	245,025,361	229,509,342
IV.—Animals, not for food				
	98,280	40,101	858,519	527,214
V.—Parcel Post				
	1,099,335	976,077	11,172,672	9,514,851
Total	32,832,342	30,440,149	325,222,943	301,547,625

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Dry and Drysalted Cape...			
CEREALS AND MEAT.				Irish bladders				English Southdown, greasy per lb. 10				Market Hides, London—			
GRAIN, &c.—				American, boxes, 56 lbs. 52				Lincoln hog, washed				Best heavy ox and heifer			
Wheat—				Good English, per cwt. 6				Queensland, sed. super embg.				Best cow			
No. 2, N. Man. 496 lb. 27				SPICES—				N.S.W. greasy, super				Best calf			
Eng. Gaz. av., per cwt. 5				Pepper, per lb.—				N.Z. Gray, half-bred 50-56				INDIGO—			
Barley, Eng. Gaz. av. 7				Muntok, fair White				Tops—				Bengal gd. red-vio. to			
Oats,				Black Lampong				Merinos 70's				fine—per lb.			
Maize, La Plata, landed, 20				Chinamon—1st sort, per lb. 0				Crossbred 40-44				Sole Bends 8/14 lb.—			
480 lb.				Cloves—Zanzibar per lb. 0				64's				per lb.			
Flour, Lon. stan. ex mill, 21				Ginger—per cwt.—				Crossbred 48's				Bark Tanned Sole			
280 lb.				African				46's				Shoulders fm DS Hides			
Rice, No. 2 Burma, per cwt. 7				Jamaica, ord. to good.. 57				COAL—MINERALS. s. d. s. d.				Do. Eng. or WS do.			
Taploos, per cwt.				Mace				Welsh, best Ad'ly				Do. Eng. or WS do.			
Fair Flake, Singapore.. 11				Nutmegs, 65s.				Ducan, best gas, f.o.b.				Do. Eng. or WS do.			
MEAT—				SUGAR—				Sheffield, best house, at				Dressing Hides			
Beef, per 8 lbs.—				(Duty, 11s. 8d. per cwt.)				IRON AND STEEL—				White, Cal. 20/50 lb.			
English long sides				B.W.L. crystallised.. 16				Pig, Cleveland No. 3, ton 58				Aust. Bends			
Argentine chilled hinds 4				Java, white, c. & f. India				Barn, M'brough				VEGETABLE OILS—			
Mutton, per 8 lbs.—				OCT-DEC.				Steel Rails, heavy				Rape, refined, p. ton net			
English wethers				REFINED—London—				Tin Plates				Cotton-seed, crude			
N.Z. frozen				Yellow Crystals				METALS—				Coconut, crude			
Pork, English, per 8 lbs....				Cubes				Copper, Electrolytic, ton 37/15/0				Palm			
OTHER FOODS.				Crushed				Sheets (strong)				Oil Cakes, Linseed, Eng.,			
BAOON—				Granulated				Standard				per ton			
Irish				Home Grown				Ld. Ing. Fig. per ton 14/5/0				Oil Seeds—Linseed—			
Danish				Molasses, in bond				Soft Foreign				La Plata, p. ton—			
Dutch				TEA—				Spelter G.O.B.				November-December			
CANADIAN—				Indian—per lb.—				Tin—English Ingots				Calcutta—per ton			
American				Pekoe				Standard cash				MISCELLANEOUS.			
BUTTER—				Broken Pekoe				Acid, citric, per lb., less 5%				Turpentine, per cwt.			
Australian				Orange Pekoe				Nitric				PETROLEUM PRODUCTS—			
New Zealand				Broken Orange Pekoe				Oxalic, best				Motor spirit, No. 1, Lon-			
Danish				TOBACCO—				Tartaric, English, less 5%				don			
OHIOSE—				(Duty 9/6-10/6 per lb.)				Alcohol, Plain Ethyl.				Petroleum, Amer. rid.			
Canadian				Empire growths, 7/5-				Alum, lump				brl. London per gal.			
New Zealand				8/34 per lb.)				Ammonia, carb.				Fuel oil, in bulk, for			
English Cheddars				Virginia leaf				Arsenic, lump				contract, ex instal.,			
Dutch				Common to fine				Bleaching powder, per cwt. 8/0/0				Thames			
COCOA—				Rhodesian leaf				Borax, gran.				Furnace ... per ton			
(Duty, British grown,				Nyasaland leaf				Do. powder				Diesel			
11s. 8d.; foreign, 14s. cwt.)				strips				Nitrate of Soda				Lubricating oil ex stores,			
Acacia, f.f.				East Indian leaf				Sulphate				London—per ton—			
Trinidad				" strips				Sulphate				Pales			
Grenada				" strips				Sulphate of Copper, per ton 16				Rods			
COFFEE—				COTTON—				CEMENT—London—				Cylinders			
(Duty, British grown,				Mid-American				Portland, best Eng. pr. ton—				ROBIN—			
11s. 8d.; foreign, 14s. cwt.)				Sakellaria, f.f.				In jute sacks (11 to ton) 44				American			
Santos sup., c. & f. cwt. 69				Yarns, 32's twist				In free paper bags (20 to ton) 46				per ton 14/5/0			
Colombian, good				60's twist				COPRA—				St. ribbed smoked sheet			
Costa Rica, med. to good				FLAX—				S.D. Straits c.f.f., per ton 15/0/0				per lb. 0 2½			
East Indian				Livonian ZK				Smoked South Sea				SHELLS—			
Kenya, medium				Pernau HD				DRUGS—				TN Orange			
EGGS—				Slanetz Medium 1st sort				Camphor				SHELL			
English				Italian P.O.				Japan, refined				W. Aust. M.-o.-P			
Danish				Manila, Oct.-Dec. " J 2 "				Castor-oil				TALLOW—			
FRUIT—				Sisal, African, Oct.-Dec. 13				Icacuanha				London Town			
South African ..boxes 12				JUTE—				Peppermint, Wayne Co.				Swedish u/s 3 x 8			
Brazilian				Native 1st mks.				Wet salted—Australian				2½ x 7			
Lemons, Sicilian ..boxes 8				November-December				per lb. 0 4 0 4½				Can'dn Spruce, Dis			
" ..cases 12				Daisies 2/3 c.f.f. Dundee				ONIONS—				Pitchpine			
Malaga ..cases 420, No. 1				November-December				Valencia, case, 4s.				" .. Ash		Rio Deals	
Apples: Amer. (var.) bris. 23				SILK—				" .. Ash		Teak		Honduras Malig. logs c. ft.			
" ..cases 12				Canton				Amer. Oak Boards		" .. Ash		African			
" ..cases 12				Tussah				" .. Ash		English Oak Planks		" .. Ash			
" ..cases 12				Japan				" .. Ash		" .. Ash		" .. Ash			
" ..cases 12				Italian—raw, fr. Milan				" .. Ash		" .. Ash		" .. Ash			

freely, while in the end some special buying of December bills at $\frac{3}{4}$ per cent. was thought desirable. On Thursday money was again in request, and during the whole of the week there has been a bigger demand for clearing bank money than has lately been experienced. To a large extent this slight increase in stringency is due to the fact that £60 millions of Treasury bills had to be paid for against maturities of only £45 millions. It is also suggested that certain holders of January and February bills are prepared to hold them until early December, even if their borrowings against them cost them $\frac{3}{4}$ and 1 per cent., because they will then be in request by the banks who will wish to invest the surplus funds released by the payment of the War Loan dividend until early next year, when they will be re-absorbed by income tax payments.

As expected, last week's Treasury bills went at an average rate of 17s. 7.24d. per cent., against 14s. 11.17d. per cent. the week before. This rise in the rate to just over $\frac{7}{8}$ per cent. is the natural consequence of the increase in the allotment to £60 millions, and as a similar quantity is being offered this week, it was expected that the tender rate would again harden to about $\frac{7}{8}$ per cent. Early this week bill brokers tried to secure a turn by offering hot Treasury bills at $\frac{7}{8}$ per cent., but the banks held out for the full $\frac{7}{8}$ per cent., and the market had to give way. Thus the ruling rate for hot Treasury bills has been $\frac{7}{8}$ per cent. all the week, but the banks only bought a few bills, and on Thursday it was reported that hot Treasuries were being offered at $\frac{3}{4}$ per cent. December Treasuries were quoted at $\frac{3}{4}$ per cent., and Januaries at $\frac{3}{4}$ per cent. The market rate for three months' bank bills was $\frac{7}{8}$ per cent., and standstills remain at 1-2 per cent.

	Nov. 3, 1932.	Nov. 10, 1932.	Nov. 17, 1932.	Nov. 24, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2½ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount { Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses { Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1½ (May 12, '32)
Market rate ("hot")					
Treasury bills).....	$\frac{7}{8}$	$\frac{7}{8}$	$\frac{7}{8}$	$\frac{7}{8}$	...
Market rate (3 months' bank bills)	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	...
Market rate (standstill bills)	1-2	1-2	1-2	1-2	...

This week's Bank return records a contraction of £1.5 millions in the note circulation, and as gold holdings are unchanged there has been an equivalent increase in the Reserve. This is probably the last contraction in the note circulation before the end of the year, as next week the Christmas increase is due to begin. Earning assets in both departments show only minor changes, but Public Deposits have risen by £6.1 millions to £26.5 millions. This increase is easily explained by the large number of Treasury bills being paid for this week, but in view of the calculations given below, it will certainly help the Government to have funds in hand by the end of the month. Bankers' Deposits are reduced by £4.4 millions to £78.1 millions. This movement, which is not a large one, is a resultant of the increases in the note circulation and Public Deposits.

Some interest is being taken in the large movement of funds due to take place on December 1st. Capital payments due by the Exchequer are £165 millions for Dissent War Loan, £12.8 millions for 4½ per cent. War Loan, and £140.4 for 1932-34 Treasury bonds. This makes a total capital repayment of £318.2 millions, to which must be added £50 millions for the half-yearly War Loan dividend, this being the last payment at the rate of 5 per cent. The final total is thus £368.2 millions. On the other side of the account the Exchequer is due to receive a call of £142.5 millions on the 2 per cent. Treasury bond issue and one of £157.5 millions on the 3 per cent. Conversion Loan issue, or a total of £300 millions. Thus on balance the Exchequer will have to pay out £68.2 millions, but not all this money will reach the market, as part of the maturing loans are held internally.

When all these payments to and from the Exchequer are complete, money should be very easy, unless indeed a large amount of the £18.2 millions of money due by the Exchequer on capital account is absorbed internally. For a day or two, however, money may be sticky. For one thing it takes a little time for the War Loan dividend warrants to be presented, but apart from this, while the turnover of funds is actually in progress, banks and other lenders will experience some difficulty in determining their position. The banks probably hold no dissented War Loan, but will receive payment on their own holdings of maturing Treasury bonds and on their customers' holdings of all maturing stocks. Against these they will have to meet their own and their customers' calls on the new loans. A further imponderable factor arises from the call on the Conversion Loan. It is known that this was heavily "staggered," and some holders are waiting until the last moment on the chance of being able to sell without undue loss. If they are disappointed, they may borrow from their bankers in order to meet the call, and so far the banks do not know how much they will have to lend for this purpose. For these reasons, banks will have to keep a margin in hand for a day or two, but once they know where they are, money should be very easy until the surplus funds are absorbed in the normal course of events.

The Foreign Exchange market was intermittently active this week, and fluctuations were frequent and wide. The general tendency was unfavourable to sterling. New York moved from 3.29½ to 3.24½ after touching 3.24. Montreal gained a point at 3.76½. Paris moved from 84½ to 82½, and Brussels from 23.77 to 23.46. Milan was 1½ dearer at 63½, and Madrid appreciated fairly sharply to 39½. Lisbon went from 109 to 107½. Amsterdam gained 12 points to 8.09, and Berlin 11 points at 18.65. Switzerland improved sharply to 16.88. The Scandinavian currencies were again variable, Stockholm improving by 17 points to 18.69, and Oslo by 11 points to 19.56, while Copenhagen was unchanged at 19.22. The other European currencies moved slightly against sterling. The South American currencies were rather firmer, but still largely nominal. Rio gained ½d. at 5½d., while Buenos Aires and Montevideo were unchanged at 35½d. and 29d. respectively. In the Far East the rupee was steady at 1s. 6½d., and the yen improved by ½d. to 1s. 3½d. Batavia gained 15 points to 8.10. In the forward market one month's dollars remained at ½ cent discount, but three months' were dearer by ½ at ½ cent discount. Paris was at ½ centime and 2½ centimes premium. Brussels was better at 4 and 18 centimes discount. Milan was unchanged at last week's levels. Madrid was firmer at ½ peseta discount for one month, and ½ peseta discount for three. Amsterdam and Switzerland were unchanged. Silver prices remained at last week's levels of 18½d. for cash and 18½d. for forward, buying by the United States and China being offset by sales by India and the Continent in a very quick market. Hongkong, however, was dearer by ½d. at 1s. 4½d. and Shanghai also appreciated by ½d. to 1s. 9½d.

Money rates on Wall Street remain unchanged, with call loans at 1 per cent. "inside" the market and 90-day bankers' acceptances at $\frac{3}{4}$ per cent. With the exception of the Dutch rate, which remained at 40.15½ cents, the chief gold exchanges moved in favour of the dollar. Paris was quoted on Wednesday at 3.91½ cents, against 3.92 cents the week before, Brussels at 13.85½ cents, against 13.87 cents, and Swiss francs at 19.23 cents, against 19.24½ cents. Gold imports for October are returned at \$20.7 millions, while exports were negligible. This brings total imports for the first ten months of the year to \$240.7 millions and total exports to \$809.5 millions. As regards the week's gold movements, imports amounted to \$4.2 millions, including \$1.7 millions from India and \$1.0 million from Canada. Ear-markings on foreign account were reduced by \$32.8 millions. This brings foreign ear-markings down to only \$85.0 millions, against \$390.0 millions last June. This is the first time since September, 1931, that foreign ear-markings have been less than \$100 millions.

MR HOOVER AND THE DEBTS.

As we write, the official American reply to the British, French and other European Notes addressed to Washington on the subject of the war debts has not yet been published. The two-and-a-half hours' interview between the President and the President-elect on Tuesday was followed by a non-committal *communiqué* that "progress had been made," but it quickly became known that Mr Roosevelt had shown no sign of being willing to help the President out of his difficulties with this "lame duck" Congress. He retired next day to the country, and has, so far, committed himself to nothing more than the guarded view that existing diplomatic channels afford the best opportunity for "contacts" between the debtors and the United States Government. If his intentions are, as represented in Press cables, to leave a minority President to wrestle alone with this great world question for another five months, he will have missed a great opportunity for helpfulness, and the hopes that were entertained in various countries of the world, that he would use his great power with courage and imagination to break through the universal crisis, will begin to fade.

Meanwhile, having discussed the situation with the leaders of Congress, without apparently moving them from their die-hard attitude even to the extent of permitting the re-establishment of the Debt Funding Commission, Mr Hoover, for his part, issued, on Wednesday, a lengthy statement of his position. On it opinions must now be formed and action taken.

The statement is inspired by the strong sense, which Mr Hoover has always shown, of the importance to America of good international understanding; but though he makes some suggestions which are intended to be helpful and may play an important part in subsequent discussions, the President, in view of the attitude taken by Congress, is unable to meet the request contained in the Notes of Britain, France and other European countries. Mr Hoover sets out *seriatim* the American point of view towards the debts, namely, that they were created in good faith on the assumption that they would be repaid; that the American Government had always taken the position that it could only deal with each debtor Government separately; that the settlements made in each case were based on the capacity of each debtor to pay; that the United States had never recognised that these payments were in any way associated with reparation claims, which Mr Hoover himself regards as "necessarily a wholly European problem with which we have no relation"; and that the agreements are entirely within the control of Congress, which refused, a year ago, even to set up the Debt Funding Commission again for the purpose of making revisions that might be needed to meet emergencies.

Nevertheless, this does not relieve the President of the responsibilities of his office, and he therefore puts forward his own view, which is that while the world crisis has steadily increased the burden of debts throughout the world, and made repayment more difficult for some nations, the aftermath of the war and the incidence of the depression have fallen with great weight on the American people who, like other nations, have their very serious budgetary problem. His view is, therefore, once again opposition to cancellation; and he further declares that "I do not feel that the American people can be called upon to make further sacrifices." He reverts, however, to the idea, which he repeatedly expressed through the election, namely, that compensating advantages could perhaps be found in forms other than cash by concessions that would allow an expansion of markets for the products of American agriculture and labour. These and similar suggestions are mentioned as means for overcoming the difficulties of transfer, which the President clearly recognises.

This leads Mr Hoover to seek for means of discussion; for, as he observes, "it is unthinkable that within the comity of nations and the maintenance of international good will, our people should refuse to consider the request of a friendly nation to discuss an important question in which they and we both have a vital interest." The

World Economic Conference will meet in a few months to discuss matters affecting both America and the world, while the Disarmament Conference, which in the American mind is closely associated with the debt question, is in progress. Mr Hoover believes that Congress "should authorise the creation of an agency to exchange views with those Governments, enlarging the field of discussion as above indicated, and report to Congress." Such an agency, through complete or partial identity of its membership with the two Conferences referred to, might co-ordinate efforts towards the solution of world problems in general.

Remembering that one of the chief American delegates at the Disarmament Conference and on the body which is preparing the agenda for the World Conference is a Democrat in close touch with Mr Roosevelt, we can perhaps trace in this suggestion one of the few definite consequences of the talk between Mr Hoover and the President-elect. In any case, there is nothing very new in all this; nor do we propose to discuss *seriatim* all the points which Mr Hoover makes. There is another side to many of the questions he raises; but his statement may serve a useful purpose if it leads to a better understanding of the American point of view. Whether Congress will accept this powerful plea to enter into discussion and will allow negotiations to take place in the way proposed, remains to be seen.

It is when he comes to the immediate problem that Mr Hoover's statement is more open to criticism. No facts, he says, have been presented by the debtor Governments which would justify the suspension of the payments due on December 15th "under the principles hitherto laid down by this country." The course taken at the Lausanne Conference is not, in his view, a precedent; for in the case of Germany the facts presented over many months dictated the course then adopted. In the present instance, he considers, suspension would not improve, but would impede, the prospects of discussion. This assertion is qualified by the suggestion that, if currency depreciation or trade conditions generally render the transfer of the next payment in dollars impossible, the American Government should not be unwilling to consider a proposition for the payment of this instalment in foreign currency—the transfer to be made from time to time as the situation permits. Any case submitted on such grounds as this he will certainly transmit to Congress, but, meanwhile, the agreements are to be respected until modified by mutual consent.

In the literal sense, perhaps, there is justification for Mr Hoover's assertion that the case for suspension has not been stated in detail in the European Notes; and the President's hint will doubtless be acted upon promptly and a statement issued by each of the European debtors giving forcibly the position which calls for the suspension for which they have asked. A careful exposition of this kind might well have a great effect upon American opinion. We have dealt so fully with this matter in recent issues of the *Economist* that there is no need for us to attempt to anticipate the form of this reply; but its main theme, which is, of course, well known to Mr Hoover and to Mr Roosevelt, is that unless a creditor country is willing to lend back what is due to it, international debt payments can only be made in the form of goods, services or gold. At present, trade conditions make it impossible to pay in goods. Indeed, in the case of Great Britain our balance of payments with the world as a whole still shows an adverse margin in spite of the effect of the depreciation of the pound upon the terms of trade, while *vis à vis* America the exchange of goods is five to one against us. To pay in gold will weaken our resources for checking the fluctuations of the pound and will delay the time when we shall be able to stabilise.

Nor is fresh lending by the United States a solution, for, as the Wiggan Committee clearly pointed out, this merely leads to the piling up of debt; and if the moment comes when creditors feel a lack of confidence in the debtor country, they are in a position to call for repayment on a scale which brings about catastrophe. We cannot be a

expected the total amount collected in rates to fall by an equivalent amount. That this has not in fact taken place is clearly shown in the following table:—

YEAR ENDING MARCH 31.
(£ millions.)

England and Wales.	1914	1928.	1929.	1930.*	1931.	1932.
Receipts from rates	71.2	166.7	166.5	156.3	149	148
Average per head of population	£ s. d. 1 18 11	£ s. d. 4 4 10	£ s. d. 4 4 4	£ s. d. 3 18 11	£ s. d. 3 14 10	£ s. d. 3 14 1

* De-rating took place during the course of this year.

Between 1928-29 and 1932 rates have fallen by about £18 millions. Though the figures for local expenditure are not yet available, this fact seems to point to a considerable increase in the expenditure of local authorities during the past three years. Thanks, however, to the "new" money added to the Exchequer grants and to their redistribution on a more rational basis, the actual poundage of rates, which varies enormously from district to district, has decreased in most areas. As Dr. Robson points out:—

"In 75 per cent. of all the rating areas of the country there was a decrease in the poundage rate in 1931-2 as compared with the preceding year. In 220 areas there was no change. An increase occurred in 233 places, which is only 13 per cent. of the total number. The areas in which decreases were recorded comprise 36 county boroughs, 25 metropolitan boroughs, 755 other boroughs and urban districts, and 514 rural districts, making a total of 1,330. The decreases run from less than 5 per cent. up to over 20 per cent. The largest average reduction occurred in the rural districts where the rates in the £ levied in 1931-2 showed an average decrease of 6.6 per cent. over the preceding year."

The decrease was most marked in the very highly rated areas such as Durham and Glamorganshire, which received a substantial relief from the redistribution of the Exchequer grants. "Thus, in 1927-28 seven local authorities levied rates of 30s. in the £ or more; in 1928-29 three local authorities touched this figure. But for the last three years no municipality has levied a rate of 30s. or over. Moreover, there are only 18 urban authorities who demanded rates of 20s. or over in 1931-32, compared with 27 in the previous year, 36 in 1929-30, 64 in 1928-29, and 73 in 1927-28. Again, the number of authorities whose rates were 25s. or more has been reduced from 22 in 1927-28 to two in 1931-32."

Thus the financial changes brought about by the Local Government Act have, on the whole, been beneficial. The de-rating of industrial and transport hereditaments to the extent of three quarters, and the complete de-rating of agricultural land have removed an appreciable, though often exaggerated, burden from the shoulders of industry. Moreover, the redistribution of Exchequer grants has done a little, though not very much, to iron out the enormous, and indeed undesirable, difference in the level of rates from district to district. But the actual poundage of rates still moves over a wide range. As Dr. Robson observes:—

"The lower limit consisted last year of a parish in Nottinghamshire, where the inhabitants pay only 1s. 4d. in the £, and the upper limit of a parish in Glamorgan where the rate was fixed at 28s. 3d. in the £. In Roxby-cum-Risby, in Lincolnshire, the rate last year was 5s. 0d. in the £, as compared with 26s. 0d. in Abertillery. . . . The great majority of rates are, however, to be found within a fairly narrow compass. Thus, in 684 urban areas out of a total of 1,148 the rates lie between 10s. and 14s. in the £; and if we extend these limits by a further 2s. in both directions we shall find that in 1,018 urban areas the rates lay between 8s. and 16s. in the £. Similarly, in 438 rural districts out of a total of 643 the rates were between 8s. and 12s."

It is, of course, inevitable that as a result of de-rating the basis of taxation of the local authorities should have been narrowed. They received, it is true, compensatory

Exchequer grants, but these grants, being based upon the statutory year 1928-29, do not include any compensation for potential rateable value lost owing to the fact that any new factory, for instance, coming into existence would have been rated at its full value and is now only rated upon a quarter of that figure. Nevertheless, the total assessable value upon which rates are leviable has shown a remarkably quick recovery which it is not easy to attribute entirely to the growth in national wealth or to the operation of the Rating and Valuation Act of 1925.

YEAR ENDING MARCH 31.
(£ millions.)

	1914.	1925.	1928.	1930.*	1931.	1932.
Total assessable value at beginning of year	211.5	241.9	258.8	284.3	257.4	265.3

* First half: before de-rating.

It is not unnatural to assume—in spite of Dr. Robson's denial—that there has been a slight tendency to put up valuations as a result of de-rating, though it would be difficult to substantiate this statistically.

The general balance sheet of the local authorities for England and Wales for the year 1929-30 is approximately as follows, excluding the trading services, which are more or less self-balancing at £113 millions:—

INCOME.

	(£ millions.)
Rates	156
Grants	107*
Fees from schools, parks, rents, &c.	47
Total	310

* Including £13 millions in compensation for loss of rates during part of the year owing to de-rating. The amount for the full year 1930-31 was £22.5 millions.

EXPENDITURE (£ millions.)

	Mainten- ance, &c.	Loan Charges.	Total.
Education (including libraries and museums)	80.8	4.8	85.6
Public health (including mental deficiency)	40.2	3.3	43.5
Housing and town planning	8.9	26.2	35.1
Poor relief	32.8	1.0	33.8
Agriculture and fisheries	1.8	1.6	3.4
Highways, bridges, lighting	48.7	8.8	57.5
Fire brigades, police, justice	24.9	.5	25.4
Miscellaneous, including administration	20.1	7.3	27.4
Total	258.2	53.5	311.7

The expenditure out of rates in 1929-30 amounting to £156.3 millions was divided among the different services as follows:—

	£ millions.
Education	37.5
Relief of the poor	30.0
Highways and bridges	34.7
Police and police stations	10.4
Mental hospitals and mental deficiency	6.7
Public health	29.0
Miscellaneous	8.0
Total	156.3

If the suggestions made by the Royal Commission on Unemployment Insurance are carried into effect, both revenue and expenditure of the local authorities will be increased by the assumption of the new burden of unemployment assistance, which will involve an additional £58 millions of revenue from the Exchequer and a liability which cannot be calculated, though with a live register of three millions and a rise in agricultural unemployment it may well, as Mr Trouncer suggests in his note, exceed the sum estimated by the Commission, leaving an additional charge upon the rates of unknown dimensions. Incidentally, the addition of another £58 millions to the total of Government grants will materially alter the proportion of grants to rates, leaving the latter quite definitely in a secondary place as a source of revenue. The effects of such a charge on the general structure of local government may well prove to be of very great importance.

GERMAN DEBTS AND FOREIGN EXCHANGE.

(BY A CORRESPONDENT.)

THE latest report of the British Commercial Counsellor in Berlin opens with the remarkable statement that during the year "the whole of German economy has been dominated by and subordinated to one aim, namely, the protection of the mark exchange." In order to do this, Germany has developed as perfect a machine as it is humanly possible to construct for forcing into Germany and keeping there a maximum of foreign exchange, while permitting a minimum to go out. The Commercial Counsellor might have added that a secondary aim of the stringent regulations he describes was to enable Germany to meet the service of her foreign debt without recourse to a moratorium, which was regarded by many as almost inevitable in the autumn of 1931. There is, indeed, no doubt that the foreign exchange and debt position of Germany is to-day the dominant feature of her economic life.

The Report of the Young Plan Advisory Committee pointed out the extreme difficulty of arriving at an exact estimate of the net foreign debt position. The German Delegation to the Committee gave the gross total of debt in July, 1931, at between 28.5 and 30 milliard reichsmarks, and the Sub-Committee regarding German assets abroad stated that such assets must be estimated at considerably over Rm. 8 milliards. This would leave the net total debt at about Rm. 20 milliards. The gross annual service of the debt was estimated at between Rm. 1,600 millions and Rm. 1,850 millions, and the receipts from foreign assets at between Rm. 300 and Rm. 400 millions. The net service would thus amount to between Rm. 1,200 and Rm. 1,550 millions per annum. Since the export surplus for the first six months of 1932 was only Rm. 602 millions, and the present average monthly figure is between Rm. 80 and Rm. 90 millions, while the annual favourable balance in respect of services is probably less than Rm. 100 millions, the exchange position would seem to be very precariously balanced. This impression is strengthened by the Reichsbank reports, which show a loss of gold and foreign exchange during the year amounting to Rm. 200 millions.

The situation, however, takes on a somewhat different appearance in the light of a factor which has for some time been the subject of discussion in European financial circles. This factor is the repurchase by Germans of German securities issued or sold abroad. The extra-German securities issued to which German securities fell in ordinarily low levels to which German securities fell in the world markets have been mainly responsible for the transactions, which have undoubtedly attained considerable proportions in spite of the stringent foreign exchange regulations. They have been partly legal and partly illegal. German companies which had issued bonds abroad, and whose cash position was liquid, have naturally had a very strong incentive to buy their own bonds when they saw them go down to 30 or 40 per cent. of par value. They have bought large amounts for cancellation, either employing previously held foreign assets with the consent of the Reichsbank, or obtaining from the Reichsbank the necessary foreign exchange. The rule has been that in cases in which German export firms have satisfied the authorities that they could effect an "additional" export of German goods, provided that they were permitted to invest a part of the proceeds in German dollar bonds, and sell the latter in Germany, such permits have been granted. Nor has scrutiny of the proof of "additional" exports been too severe. There is no doubt that, to a considerable extent, foreign exchange has been allocated for this purpose, which is obviously in the national interest. There have also been considerable purchases by private individuals. While these have probably found the Reichsbank less accommodating, there have, as always, been ways and means of circumventing the exchange restrictions. In any case the authorities have almost certainly turned a blind eye when Germans whose capital was previously

outside Germany have brought it back in this way, even if the strict letter of the law had not been complied with. The offenders who have suffered the penalties of the law have been mere speculators, who smuggled marks out of Germany, bought securities in Amsterdam, London and elsewhere at knock-out prices with the proceeds, and sold their purchases in Germany at huge profits. This illegal trade has been, however, but a small proportion of the whole.

It is quite impossible to estimate the amount of these transactions with any degree of accuracy. In some quarters it has been suggested that the rate of repurchase has probably exceeded Rm. 500 millions per annum, cash, which would represent perhaps Rm. 1,500 millions par value. Assuming that a part of this represents the return of German capital previously invested abroad, it may be seen that this figure is by no means impossible or even improbable. But if individual experiences are to be believed, a considerable amount represents actual payments out of current foreign exchange receipts.

How is this possible in view of the fact that the surplus of trade and services appears at the best hardly to meet the requirements for debt interest and sinking fund payments as estimated by the Basle Committee? In the first place some part of the large favourable balance of trade in the concluding months of 1931 was paid for during the current year. Since, however, it is doubtful whether these amounts were more than sufficient to meet the considerable capital repayments under the Standstill Agreements, etc., further explanations must be found. The Basle Sub-Committee itself admitted that it was quite unable to estimate the German resources abroad and gave the figure of Rm. 8 milliards as an absolute minimum. In view of the flight of capital these resources may be very much above the estimate. Moreover, the amount of German securities issued abroad and repurchased before the report of the Basle Committee may have been under-estimated, and lastly the saving of interest and amortisation caused by this year's repurchases must of itself be very considerable, even assuming that in many cases corresponding assets abroad have been realised. Taking the interest and sinking fund charges on a representative German loan at 9 per cent. and its price at 40 per cent., then a German who exchanged, say, Liberty Bonds for the loan would save his country's balance of payments nearly 20 per cent. per annum on the cash amount of the exchange. The sum is simple. Selling \$400 worth of 3½ per cent. Liberty Bonds loses \$14 per annum in interest. Buying \$1,000 of a German loan saves interest and sinking fund totalling \$90 per annum. In many cases the saving will have been even greater. It will thus be seen that assuming the estimate of repurchases (Rm. 500 millions per annum cash amount) given above to be correct, the saving to the balance of payments would total over Rm. 100 millions per annum for each year the repurchases continue.

In the light of these considerations it would be by no means impossible to assume that the net annual charge on the German balance of payments in respect of foreign debt is now little more than Rm. 1 milliard, instead of the Rm. 1,200 to 1,550 millions given by the Basle Committee. Taking the favourable balance of services at 100 millions, a monthly surplus on trading account of 75 to 80 millions would be sufficient. The figures for the last two months was in each case Rm. 84 millions, and it is noteworthy that the financial editor of the *Berliner Tageblatt* in a recent article regarded the balance as established for the time being. The latest trade figures are particularly encouraging since they show a considerable expansion in the volume of trade. It is true that a revival of internal activity or the much to be desired rise in prices of raw materials, which are the principal German imports, would materially change the picture unless exports showed a corresponding expansion; but for the world's greatest debtor country to balance her international account in the midst of the present depression is no mean achievement.

As long as the prices of German securities remain at or near the present low levels, there is no reason why the position should not progressively improve. The conversion of foreign assets into German securities can certainly continue for a long time at the present rate and should

be stimulated by cheap money and conversions abroad as well as by any revival of confidence in Germany. Theoretically, the conversion of only half the German assets abroad, or, say, Rm. 4 to 5 milliards, would practically wipe out the whole long-term debt. This is, of course, merely theory since in practice it is very doubtful whether the realisable assets, as opposed to those tied up in various ways, are as high as this; and from a market point of view such a big movement would be out of the question. The Germans are sometimes accused of staging an enormous "ramp" with their debt—threatening a moratorium and then repurchasing external bonds at the low prices resulting from the threat. However that may be, the recent movement represents a natural as opposed to a forced solution of the problem of excessive debt. Viewed in this way the German foreign debt problem appears much more manageable, and the hope that once the standstill credit problem can be solved the way should be clear to abolition of exchange restrictions seems more possible of realisation.

THE DISTRIBUTION OF EMPLOYMENT.

ONE of the incidental and minor inconveniences of the changes in unemployment insurance administration which have characterised the last few years is the difficulty of interpreting the insurance statistics, admirably analysed from time to time in the *Ministry of Labour Gazette*, in such a way as to obtain a clear picture of the trend of industrial employment. Provided, however, the fact is borne in mind that changes in the numbers insured are partly a reflection of changes in the conditions for the receipt of benefit, and cannot in every case be taken as reflecting an exactly corresponding change in the demand for labour in the industry concerned, a very fair picture of the considerable redistribution of industrial activity in this country during the last nine years can be gathered from the analysis in the November *Gazette*.

The total insured population has grown from 11,485,800 persons aged 16 and over in 1923 to 12,808,000 persons aged 16 to 64 in 1932. From 1923-1928 the rate of expansion per annum was about 1.3 per cent. of the numbers insured in 1923. Then followed a considerable acceleration; and between 1930 and 1931 the corresponding rate of increase was 3.3 per cent. In 1931-32, however, it dropped to 0.3 per cent. During the last three years the rate of increase among juveniles slowed down and in the last two years gave place to a decline, presumably due partly to the fall in the birth-rate during the war years and partly to difficulty of obtaining employment on leaving school. There was a decline in the numbers of married women during 1931-32 which must largely be attributable to the changed conditions for the receipt of benefit. In the following table the figures showing the net changes in numbers insured, given as percentages of the numbers insured at the beginning of the year, are separated into new entrants and net exitants (separate figures are not available for exitants and re-entrants):—

Year.	New Entrants into Insurance, Per cent.			Exitants from Insurance, minus Re-entrants, Per cent.			Net Increase or Decrease, Per cent.		
	Males.	Females.	Total.	Males.	Females.	Total.	Males.	Females.	Total.
1925-26	5.6	12.4	7.4	-4.1	-11.6	-6.1	+1.5	+0.8	+1.3
1926-27	5.2	11.6	6.9	-4.5	-10.4	-6.0	+0.7	+1.2	+0.9
1927-28	5.1	11.8	6.7	-4.6	-10.1	-5.9	+0.5	+1.7	+0.8
Average 1925-28	5.3	11.9	7.0	-4.4	-10.7	-6.0	+0.9	+1.2	+1.0
1928-29	5.0	11.5	6.7	-3.5	-9.1	-4.9	+1.5	+2.4	+1.8
1929-30	5.0	11.4	6.7	-3.0	-7.3	-4.2	+2.0	+4.1	+2.6
1930-31	4.7	9.9	6.2	-1.8	-6.6	-3.2	+2.9	+3.3	+3.0
1931-32	4.2	8.8	5.5	-2.9	-11.0	-5.2	+1.3	-2.2	+0.3

Usually about 75 per cent. of new entrants are juveniles and the rest consist of persons transferred from uninsured industries; persons who give up business on their own account, men discharged from the Forces, and non-manual workers whose salaries have fallen below the £250 limit. From 1925-1931 there was a decline in the net rate of

exit. This was probably due to the decline in emigration, the reduction in the numbers of persons entering business for themselves, the downward movement of salaries, which tended to keep more non-manual workers below the £250 limit, and the relaxation, during 1928-30, in the conditions for the receipt of unemployment benefit. The increased net rate of exit in 1931-32 was largely due to the more stringent conditions for the receipt of benefit.

These changes in the numbers in insured employment as a whole have been accompanied by a considerable shifting as between different industries. The insured industries are classified in nine groups, and the percentage changes in these groups since 1923 are shown below:—

GREAT BRITAIN AND NORTHERN IRELAND.		
Group.	Estimated Number Insured at July, 1932.	Percentage Increase (+) or Decrease (-) since 1923.
Fishing	31,140	+ 30.0
Mining and quarrying	1,149,440	- 12.0
Manufacturing	6,011,720	+ 5.3
Building and contracting	1,147,280	+ 42.6
Gas, water and electricity supply	174,210	+ 5.6*
Transport, communication, storage and distribution	2,424,300	+ 41.3*
Commerce, banking, insurance and finance	243,130	+ 7.8
Miscellaneous services (including professional services; entertainments and sports; hotel, public-house, restaurant, boarding-house, club, &c. service; laundries, dyeing and dry cleaning)	765,150	+ 46.0
National and local government	461,630	+ 16.4
All Industries and services	12,808,000	+ 14.8

* Excluding a large number of exempted persons. It is estimated that if they were included the increases would be: Gas, &c., 13 per cent.; transport, &c., 33 per cent.

The industries within each group are further analysed in a table too large for reproduction here. This shows that there has been a considerable divergence of movement within these groups. In the mining and quarrying group, which was the only one to show an absolute decline in numbers employed, the contraction was due entirely to the coal and metallic ores sections, whereas the number of persons employed in the production of stone, slate, chalk, sand and gravel increased by 45.6 per cent. The manufacturing group, which shows the smallest expansion of any, includes over six million insured employees and covers 75 industries. Of these the 49 which have grown include just over 3½ million workpeople, and they have expanded by 23.7 per cent. since 1923. The remainder, covering 26 industries with just over 2½ million workpeople, contracted by 12.8 per cent. The biggest advance has been in the electrical trades, especially wiring and contracting, which has increased by 117.7 per cent.; artificial stone and concrete (116.4 per cent.); silk and artificial silk (93.8 per cent.); and heating and ventilating apparatus (76.6 per cent.). Some other trades ancillary to the building trades have also advanced by over 50 per cent., and several industries manufacturing domestic and personal requisites have expanded by over one-third since 1923. Some of these latter, as also the silk and artificial silk industries, have, however, declined during the past year. Other industries which have expanded since 1923 at a rate above the average include hosiery, printing, publishing and bookbinding, miscellaneous metal industries, miscellaneous food industries, tailoring, rubber manufacture and general ironfounding. The manufacturing industries which have declined are on the average much larger than those which have grown, and include cotton, wool and worsted, general engineering, iron and steel manufacture, shipbuilding and ship repairing.

The striking expansion in the building and contracting group is due largely to the heavy transfers of men from the depressed industries into the contracting section between 1929 and 1931; the building industry expanded by 25.8 per cent. over the ten-year period. In transport and distribution there were increases of 71.2 per cent. in tramway and omnibus service; 58.5 per cent. in the distributive trades; 44.1 per cent. in other road transport, and 28.6 in shipping service. The numbers employed in the remaining services in this group, mainly railway workers and dock, harbour and canal employees, show contractions. All the "miscellaneous services" show large increases.

The increase in the national and local government group is the net result of a decrease of 29.9 per cent. in national government mainly due to the reduction in temporary staffs which continued until 1930, and an increase of 51.4 per cent. in the local government figure. The heaviest increases in the latter took place between 1929 and 1931, at the same time, and probably for the same reason, as the increase in public works contracting.

The industries which have expanded since 1923 now include more than twice as many insured workpeople as the contracted industries; the change in the proportions in which the insured population is distributed over the various industries is shown in the table below:—

Industry Group.	Percentages of Total Number Insured at	
	July, 1923.	July, 1932.
Shipping and fishing	1.3	1.5
Mining and coke ovens	11.9	9.1
Metal trades (including engineering, vehicles and shipbuilding)	19.2	16.4
Pottery and glass	1.0	0.9
Chemicals	1.8	1.7
Textiles	11.4	9.9
Leather trades	0.6	0.5
Clothing	5.0	4.7
Food, drink and tobacco	4.4	4.2
Woodworking and paper	4.7	5.1
Building, public works contracting, bricks, artificial stone, cement, &c.	8.1	9.9
Gas, water and electricity	1.5	1.4
Transport and communication (except shipping)	5.8	5.6
Distributive	10.9	15.2
Commerce, banking, insurance and finance	2.0	1.9
Other miscellaneous manufactures and services	10.4	12.0
Totals	100.0	100.0

The most marked changes are the declines in the relative importance of mining and coke ovens (mainly due to coal-mining) and the metal trades, and the enormous increase in the proportion of the population now engaged in distribution.

The movement of industry from the North to the South, which was so marked up to 1929, appears from the table to have continued, but in a less pronounced degree:—

INDEX OF INSURED PERSONS. (1923=100.)

	July, 1928.	July, 1929.	July, 1930.	July, 1931.	July, 1932.
London	110.2	113.6	115.7	120.4	121.4
South-Eastern	118.4	122.0	126.9	132.8	135.9
South-Western	109.8	113.0	116.2	120.4	122.1
Midlands	107.0	109.7	113.0	115.8	117.7
North-Eastern	103.5	104.4	106.2	108.9	109.5
North-Western	103.9	105.2	108.3	110.4	109.0
Scotland	101.1	101.6	104.6	108.0	107.2
Wales	99.1	97.6	99.1	101.4	103.6
Northern Ireland	101.3	104.1	107.3	108.9	106.9
Great Britain and Northern Ireland	106.1	108.0	110.8	114.1	114.4

It must be remembered, however, that the numbers insured represent, not persons actually in work, but persons attached to the industry. The increase in the number insured in the North is largely attributable to the changes of the Unemployment Insurance Act of 1930, which resulted in the retention within the scheme of insurance of large numbers of persons in the distressed areas who would otherwise have ceased to be included in the statistics. The otherwise have ceased to be included in the statistics. The spread of the depression to other areas and the slight improvement in the textile industries have, however, caused a real check to the movement, and between 1931 and 1932 the numbers actually in employment in the South decreased slightly more than those in the North. By July, 1932, the Southern section of Great Britain and Ireland included 48.6 per cent. of the insured population, as compared with 45.7 per cent. in July, 1923.

The final table shows which are the important industries which are tending to move Southward. Owing to the absence of figures for persons aged 16-64 in the earlier years, 1927 is taken as the starting date, and the table shows the changes since that year in the numbers of persons aged 16-64 insured in those industries which have

expanded much more rapidly in the South than in the North:—

Industry.	Southern Section.	Northern Section.
Commerce, banking, insurance, finance (excluding special schemes)	+ 6,420	- 1,680
Oils, greases, glue, soap, inks, matches, &c.	+ 5,560	- 1,290
Pottery, earthenware, china, porcelain	+ 5,270	- 310
Glass (excluding bottles and scientific glass)	+ 2,700	- 910
Dress and mantle making, millinery, &c.	+ 2,020	- 3,840
Musical instruments	+ 1,610	- 100
Textile bleaching, printing, dyeing, &c.	+ 1,150	- 3,920
Railway carriage, wagon and tramcar building	+ 870	- 5,830
Cotton	+ 670	- 44,780
Manufacture of brass, copper, zinc and lead, &c.	+ 500	- 1,550
Drink industries	+ 180	- 600
Pig iron manufacture (blast furnaces)	+ 160	- 5,450
Distributive	+ 213,190	+ 171,040
Hotel, public-house, restaurant, club service, &c.	+ 44,860	+ 28,960
Building	+ 37,820	+ 8,270
Electric cable, apparatus, lamps, &c.	+ 30,500	+ 3,240
Printing, publishing and bookbinding	+ 23,180	+ 11,070
Laundries, dyeing and dry cleaning	+ 16,780	+ 7,390
Construction and repair of motor vehicles, cycles and aircraft	+ 16,090	+ 5,530
Metal industries not separately specified	+ 14,940	+ 6,140
Furniture, upholstery, &c.	+ 14,320	+ 9,100
Professional services	+ 14,410	+ 7,760
Gas, water, electricity	+ 11,100	+ 80
Electrical engineering	+ 10,100	+ 5,940
Hosiery	+ 9,980	+ 4,760
Food industries not separately specified	+ 7,670	+ 2,390
Stoves, grates, pipes, &c., and general ironfounding	+ 7,000	+ 790
Electrical wiring and contracting	+ 6,700	+ 3,890
Paper and paper board making	+ 4,910	+ 1,430
Cardboard boxes, paper bags and stationery	+ 4,600	+ 670

Some of these industries, as, for example, oils, etc., pottery, textile finishing, printing and the electrical and metal trades, show what appears to be a real movement Southward. Most of the figures, however, suggest rather an expansion in the South of those industries, especially those involving services rather than manufacture, which serve a comparatively local demand and which are therefore bound to grow more rapidly outside the depressed areas. The fact that a certain number of expanding trades are located in the South is sufficient to bring about a corresponding expansion over the same area in a very wide circle of industries and services catering for commercial and personal requirements.

To conclude, a study of the foregoing analysis should serve as a corrective to the view that, since the war, Britain has made little or no progress towards re-adaptation of her economic life. Admittedly, owing to housing difficulties and other obstructive influences, it has proved difficult to drain away the "stagnant pools" of unemployment created by the decline of many of our staple trades in localised areas. But the extent to which migration and re-absorption of labour is revealed in the period under review encourages the hope that this century may yet succeed in solving, as did its predecessor, the problem of labour displacement.

BELGIAN NEUTRALITY.

On the whole, it is remarkable how little of sensational secret information has come to light as a result of the voluminous publication of pre-war official documents from the archives of the various European Powers; and this is conspicuously true of the British series. In Volume VIII of this record,* however, which was published the other day, there is one group of three documents which are at first sight rather startling when they are read together. The first and longest document of the three is a memorandum dated November 15, 1908, by Sir Eyre Crowe, "respecting Belgian Neutrality and Great Britain's Obligation to defend it." The memorandum was written on two questions asked by the then Secretary of State for Foreign Affairs, Sir Edward Grey, to the following effect: "How far would England's liability under the treaty guaranteeing the neutrality of Belgium be affected, if (i) Belgium acquiesced in a violation of her neutrality; or (ii) the other guaranteeing Powers or some of them acquiesced?" The memorandum, which is a characteristic example of Sir Eyre Crowe's clear, forceful and

* "British Documents on the Origin of the War" (1898-1914). Edited by G. P. Gooch and Harold Temperley. Vol. VIII. (London, 1932: H.M. Stationery Office).

thoroughly straightforward work, comes to the conclusion that—

Great Britain is liable for the maintenance of Belgian neutrality whenever either Belgium or any of the guaranteeing Powers are in need of, and demand, assistance in opposing its violation.

This memorandum was minuted as follows by the Permanent Under-Secretary of State for Foreign Affairs, Sir Charles Hardinge:—

The liability undoubtedly exists as stated above, but whether we could be called upon to carry out our obligation and to vindicate the neutrality of Belgium in opposing its violation must necessarily depend upon our policy at the time and the circumstances of the moment. Supposing that France violated the neutrality of Belgium in a war against Germany, it is, under present circumstances, doubtful whether England or Russia would move a finger to maintain Belgian neutrality, while if the neutrality of Belgium were violated by Germany, it is probable that the converse would be the case.

The papers then came up to the Secretary of State himself, who added the following minute of his own:—

I am much obliged for this useful minute; I think it sums up the situation very well, though Sir C. Hardinge's reflection is also to the point.

The publication of this group of documents—or, rather, of a summary of them—has evoked a letter to *The Times* from Lord Grey himself in which he deals with two distinct points: first with the substance of the documents and then with the question whether documents from the hand of permanent officials ought to be published.

On the first point, it is really clear from the full text of Lord Grey's own minute that he was not intending to lend his authority to a machiavellian attitude towards our obligations under the Belgian guarantee treaty of 1839. It is evident that the "minute" to which Lord Grey here refers is Sir Eyre Crowe's memorandum and not Sir Charles Hardinge's minute upon it; and in his letter to *The Times* Lord Grey goes on to show what he had in mind in writing that "Sir Charles Hardinge's reflection" was "also to the point." His own attitude is made clear by the policy which he afterwards pursued. "The hypothesis suggested by Sir Charles Hardinge," he now writes, "could not be excluded; and undoubtedly, if it had come to pass, it would have placed a British Government in a position of the greatest difficulty and embarrassment. We desired, therefore, to prevent any violation of Belgian neutrality, and for this we worked continuously during the subsequent years."

Lord Grey goes on to record the assurance which he subsequently gave, with unquestionable sincerity, to the Belgian Government; and he adds the following highly interesting—and rather lurid—passage *à propos* the relations, on this matter, between Great Britain and France.

I am told that the Memoirs of General Joffre, which have just been published in Paris, show that the French General Staff—not the French Government—had various hypothetical schemes, one of which would have involved the invasion of Belgium in anticipation of a German invasion, but that this was definitely abandoned in deference to warnings that it would alienate Great Britain. This leaves no doubt whatever of the serious view taken of the obligation to defend Belgian neutrality and of our determination not to countenance a violation of it.

In the light of this postscript of Lord Grey's it seems to us that nobody comes out very badly. Sir Eyre Crowe's memorandum does him honour; and as for Sir Charles Hardinge's minute and the French General Staff's plan, these British and French public servants were, we suppose, doing their duty in giving the responsible Governments, whose servants they were, the means, and placing before them the considerations, for doing either good or evil, as the Governments themselves might decide. In the event, neither the British Government nor the French Government chose to do evil. The British Government exerted itself to see that Belgian neutrality should be respected, while the French Government, in deference to British representations, seems to have abandoned any idea which it may have entertained of acting on this particular plan of its General Staff.

On the first, and more important, of Lord Grey's two points we thus have the pleasure of finding ourselves in

agreement with Lord Grey. On his second point, however—that it seems very undesirable to publish the minutes and memoranda of permanent officials in Government Departments—we agree with Dr. Gooch and Mr. Temperley, who have commented upon Lord Grey's letter in a letter published over both their names in *The Times* on Tuesday.

The two distinguished editors of the British series of documents accept Lord Grey's proposition that "permanent officials have no responsibility for ultimate decisions and policy." But they contend on the other hand that "without these documents the record and understanding of British policy would be incomplete"; and they quote a declaration of their own, in the preface to a previous volume, that—

They would feel compelled to resign if any attempt were made to insist on the omission of any document which is in their view vital or essential.

Here we think that the editors are right, with all respect for Lord Grey's chivalrous desire (an honourable legacy from his period of office) to shield the permanent officials who once worked under him. If the documents of the pre-war years are to be published at all (and that is no longer an open question), then it is quite impossible to leave the memoranda and the minutes of the permanent officials out of the published record. We should be showing little recognition of the importance of the permanent officials' work if we were to accept the view that, with their contributions deleted, the record would remain intelligible. For although "they have no responsibility for ultimate decisions and policy," it is nevertheless the permanent officials who think the thoughts and submit the information out of which the Governments' policies are made. And it is impossible to understand a policy without some insight into its genesis.

This truth is no *arcaneum* of the professional historian. It is a commonplace of official practice, in which all the drafts and minutes that go to the making of policy are circulated round the office (together with "back papers") while the policy is in process of being made. If the permanent officials know that their lucubrations are likely to see the light of publicity a quarter of a century after their composition, we do not believe that this prospect will hamper their freedom in expressing their views, as Lord Grey fears that it may. So far as the prospect is in their minds at all, we think that it will merely have the wholesome effect of making them express their views more carefully, and with fuller explanation of motives, in delicate cases like that in question here. "Publish and you won't be damned" is the moral of this story.

Notes of the Week.

Parliament Resumes.—In the debate on the Address the Prime Minister treated the House to some more "thinking aloud" of a not very illuminating kind. He referred picturesquely to the Government as a Council of War planning to defeat the old enemy—unemployment—and promised that in due course it would produce a scheme, but his rather incoherent hints of future action gave little enough sign of any strategical ideas. He cast doubt upon the idea of relief works, but affirmed the intention of the Government to encourage every form of "normal municipal enterprise," with the added warning that "rates and taxes cannot be drawn upon extravagantly." Finally, he threw out a hint of some form of training scheme, which, if current rumours be correct, will be worked through the National Council of Social Service. Admirable as is the "self-help" accomplished by this institution, it seems to us more than doubtful whether the mere encouragement of voluntary effort is adequate to to-day's needs. Moreover, we are still left with the uneasy impression that the Government, lacking any convictions of its own on monetary policy, may continue to secure the worst of both worlds. Very properly it is determined to avoid direct, deliberate deflation; and it approves the continuance of a regime of ultra-cheap

money. Yet it shrinks from the logical consequence—that, in pursuance of the aims of controlled reflation, it should reverse its "contractionist" attitude towards productive public works, and give the country an assurance that it is not to be faced with another Draconian Budget next April. Mr MacDonald's references to agriculture, another topic which figured prominently in the King's Speech, were hardly more enlightening. If, as the announcement of a Meat Reorganisation Commission seems to suggest, the panic policy of shutting out imports by quotas and endeavouring to bring about a rise in prices through an artificially induced scarcity is the "trail" the Government is engaged in "blazing," then the outlook for the country is serious indeed. During the past three years of contracting exports and shrinking international trade, the fact that we were able to import at low prices the foodstuffs that we vitally need has been the one thing that has saved us from disaster. If food is now to be made dear, in the interests of the farmer, we may well find our position, with a falling exchange, becoming exceedingly unpleasant, not to say dangerous—with three million unemployed near the starvation line. It would be useless to deny that agriculture in this country is in a bad way and needs assistance; the real question is what form of assistance is best for it and the country as a whole? Part of the answer to this question is at any rate easy. Of all possible forms of assistance quotas are the worst; anything is better than that, even a high tariff or a subsidy. But we are inclined to think that none of these is really the appropriate remedy. The real trouble with British agriculture is distribution, and a properly co-ordinated series of marketing schemes, aided if necessary by a liberal measure of financial assistance from the Government, would probably do more to make the farmer prosperous than all the tariffs and quotas in creation; and it would certainly do much less harm to the world in general. How long will it take the Government to discover that casting out devils by Beelzebub is an unprofitable game?

British Commercial Policy.—In view of the charge of "impossibilism" which is so frequently levied against Free Traders, who are represented as clinging to a museum piece of fiscal theory, we welcome particularly the practical suggestions put forward by Sir Herbert Samuel in the House on Tuesday. It must be recognised, he said, that it would be idle to expect to-morrow a universal levelling of tariff barriers. What we should do is to endeavour to form a group, as extensive as possible, of low-tariff Powers. The group should undertake that tariffs should be reduced among themselves to a maximum of 10 per cent. on any article, apart from specially-defined revenue duties; and should agree to make the necessary modifications in most-favoured-nation policy. The combination should promise not to increase tariffs against non-participants; and membership should be accorded to all nations desirous of joining. Here, we are convinced, is the outline of a policy which this country can fruitfully pursue both in its negotiations with Scandinavia and at the World Economic Conference. It is a policy which even the Government's Conservative supporters—except such of them as love tariffs for their own sake—should surely endorse as eminently reasonable and practicable.

The Economic Conference.—The Organising Committee of the Monetary and Economic Conference met at Geneva on Tuesday, under the chairmanship of Sir John Simon, and decided that, after the Preparatory Committee of Experts had completed its task of preparing an annotated agenda, three months would be necessary for the various Governments to consider the agenda before the actual plenary session of the Conference. It was further agreed to adjourn until the second half of January and to ask the experts to finish the preparation of the agenda by that date. The intention apparently is not that the experts, who have in any case dispersed until early in January, are to be required to complete in a few days a report crystallising the various monetary and

economic problems—much less achieve agreed recommendations for their solution—but that the annotated agenda shall be, as it were, a first instalment of the experts' work. This compromise, which would seem to indicate the end of April as the contemplated date for the full Conference, represents presumably an attempt to satisfy the British Government's desire for a minimum of delay. In the House of Commons on Tuesday Mr MacDonald—who made the curious assertion that if experts had been set to tackle the various problems before the politicians met at Lausanne, the Lausanne Conference would still be sitting—stated that the Government will continue to press for "the earliest meeting of the Conference that it finds possible." Sir Herbert Samuel also suggested that if the experts at Geneva proved unable to make practical proposals at an early date, "statesmen themselves should take the matter in hand." Greatly as everyone must regret every week that elapses before a resolute attempt is made to get to grips with the world's economic problems, we are still not convinced that the assembly of a conference of statesmen before the medley of complex issues has been reduced to simple terms can result in anything but confusion and fiasco.

Disarmament.—Last Tuesday the Bureau of the Disarmament Conference adjourned for a few days without yet knowing whether, when it resumes its work, the participation of Germany will have been secured. This is, of course, the capital question; and it is the question which is under direct discussion *à deux* at Geneva between Sir John Simon, Mr Norman Davis, Baron von Neurath and M. Paul-Boncour. The crux seems to be that while the French as well as the British Government has actually acknowledged Germany's right to equality of status, the French acknowledgment, unlike the British, is not unconditional. The French have only made the acknowledgment as part of the French Plan; and their position seems to be that their acknowledgment holds good only if the Plan as a whole is accepted as a basis for discussion. The Germans, on their side, are obstinate in their unwillingness to accept this French condition. And so the stubborn conversations go on. But it is at least something to the good that Baron von Neurath has been brought to Geneva by the Manchurian affair, and that the informal discussion of disarmament has not been forbidden him in his instructions. In the meantime, a certain change in English opinion, following upon Mr Baldwin's speech in the House of Commons the Friday before last, is possibly indicated in an interesting series of letters to *The Times* from Sir Edward Grigg, Lord Howard of Penrith and Admiral Richmond. The sense of these letters is that the risk involved in committing ourselves to moderate sanctions (the sanction of the boycott in preference to the sanction of the blockade) is probably worth while as an insurance against the calamity of another war. Lord Howard has touched the heart of the matter when he asks why it is that, in spite of the pacts which we have signed, "we have not yet got confidence in peace and security and therefore, as a natural consequence, disarmament"; and when he answers that, in his opinion, the simple reason is "that the Great Powers of the World, and particularly Great Britain and America, cannot yet decide to sacrifice so much of their own independence of action as to join together to punish, if necessary, a violator of the world's peace." If this opinion becomes the public opinion of this country, one of the greatest of the present obstacles to disarmament will be well on the way towards being overcome.

The German Political Crisis.—The political crisis in Germany remains still unresolved as we go to press, though Herr von Papen tendered his resignation as long ago as November 17th. President von Hindenburg's first step was to receive, on November 18th and 19th, the leaders of five political parties—the Conservatives, the Centre, the People's Party, the Bavarian People's Party and the Nazis—in the hope of inducing them to co-operate in forming a "Government of Concentration"

resting on a parliamentary majority. The President is evidently determined, first and foremost, to secure an effective Government; and if a "Presidential Government," without parliamentary backing, proves to be the only kind of Government that will fulfil this requirement, then the President's conscience will not forbid him to put such a Government into office. But he would much rather instal an effective Government within the four corners of the Weimar Constitution. His main difficulties come from Herr Hugenberg, who is seemingly concerned to prevent the restoration of parliamentary Government, and from Herr Hitler, who is concerned to secure a special position and special terms for himself if he takes office. Since the interview between the President and Herr Hitler last Saturday the crisis has taken the form of a correspondence in writing between the President and the Nazi leader. From the outset Herr Hitler has been at a disadvantage in this fresh encounter with the President as compared with his position at the time of the famous interview on August 13th last, when National Socialism was at the height of its prestige. This time Herr Hitler is asking for something less than dictatorial power, and President Hindenburg is offering him something very much less indeed. Evidently the President has taken to heart Herr Hitler's brutal reference to their disparity in age; and has made up his mind that Herr Hitler shall not take office on terms which would allow him, in the event of the President's death, to usurp dictatorial power under the clause in the Weimar Constitution which gives the Chancellor the provisional administration of the Presidential office if the Presidency falls vacant. The President appears, therefore, to have insisted that the Ministry of Defence shall remain in General von Schleicher's hands and the Ministry of Foreign Affairs in Baron von Neurath's, that the present course of "constitutional reform" shall be continued, and that Herr Hitler shall not have the benefit of Article 48 of the Constitution, under which Parliament can be overridden and a virtual dictatorship introduced by Presidential Decree. If Herr Hitler agreed to take office on these terms he would, of course, be writing himself down as no more than the leader of the momentarily largest party in the Reichstag—a position in which he has poor prospects, considering that he has secured his following on the assumption that he is flying far higher. If he did take office under these conditions he might soon find himself out of power, with his party dwindling as rapidly as it once swelled to its present dimensions. It is therefore not surprising that Herr Hitler has refused the President's terms. But he has refused them politely, without closing the door on further discussion. Discussion, however, implies willingness to "talk" on both sides. It is doubtful if the President is in a mood to argue at length with Herr Hitler; and if the next move is the establishment of a new "Presidential Cabinet" without the Nazi leader, we shall not be surprised.

Danzig and Poland.—There is no more news of the dispute between Danzig and Poland, to which we referred last week, about the currency in which railway fares should be paid in the territory of the Free City. But the perennial controversy between these two East European children of the Peace Settlement is hydra-headed; and this week three decisions on other pending controversies have been published by the Acting High Commissioner in Danzig of the League of Nations. All three decisions relate to questions arising over re-exports from Danzig into Polish territory; and on all three points the Polish Government appears to be challenging the High Commissioner's rulings and appealing to the League Council. This unceasing friction, which has been going on since the morrow of the Peace Settlement, goes to show that the present arrangements are unworkable; and it may be, as well to point out once again that these arrangements were originally made for Poland's convenience, as part of a scheme to ensure her a fair outlet to the sea. There was no question of including the German city of Danzig in the territory of the new Polish State. That would have been too gross a violation of the principle of nationality for the principal Allied and Associated Powers to countenance at the Peace Conference—even at an ex-

enemy Power's expense. Danzig was, however, cut off from Germany against her own will and Germany's will and was erected into a Free City which was constrained, under League of Nations' supervision, to grant Poland certain facilities in the sphere of trade and communications. The expectation was that Danzig would at least be compensated economically for her political loss by becoming the Baltic port for a great Polish hinterland; and that a common economic interest would gradually draw the two States together in spite of national antipathies. Yet, notwithstanding the admirable supervisory and mediatory work that has been performed, in the interests of both parties, by the League Council and its representatives on the spot, this expectation has never been fulfilled. Poland has treated Danzig as a step-sister; and while she has insisted upon the continued separation of Danzig from the German fatherland, she has bent all her energies to the enterprise of creating a brand-new port on Polish territory at Gdynia. This enterprise is perfectly legitimate; but now that it has been crowned with success, the case for the artificial separation of Danzig from Germany falls to the ground. At present, Danzig is getting the worst of both worlds. She is separated politically from Germany and is kept at arm's length by Poland in economic matters. This is an injustice.

Indian and Burman Affairs.—While the third Round Table Conference is gathering in London there are two minor setbacks to be recorded in India and Burma. In Burma, there seems to be little prospect of a Government being formed on the basis of the recent election returns; and the results of the election are being increasingly challenged on the ground that the electors voted under a misapprehension about British policy and that the anti-separationists themselves, who in consequence have secured a majority, are not prepared to face the condition—which was laid down by the British Government in advance—that if Burma now decides to enter an All-India Federation, the decision cannot be revoked at a later date. At the same time, there comes from Delhi the news that a joint conference of the Working Committee of the All-India Moslem Conference, the Council of the All-India Moslem League, and the Working Committee of the Jamiat ul Ulema has repudiated the draft resolutions which were signed by the Moslem participants in a Hindu-Muslim-Sikh "unity conference" held recently at Allahabad. The representation of the several communities at this "unity conference" does not appear to have been authoritative; and the progress of India on the road towards self-government does not depend on its findings, since the gordian knot of the electoral representation problem, which the Indian communities themselves have failed to untie, has been cut by the British Government's award. At the same time, it is extremely desirable that this *ultima ratio* of a British award should be replaced by a direct agreement between the parties; and it is unfortunate that any attempt to arrive at such an agreement should end in failure when once it has been made. These setbacks, however, are both slight in themselves; and their effect will be overcome at once if substantial progress is made in London. Here the outlook seems to call, not for pessimism, but for guarded hopes. Good will on both sides may work wonders; but it would be foolish to minimise the practical difficulties—e.g., in the matter of financial "safeguards"—which have to be surmounted.

Events in Spain.—A correspondent writes:—The long-deferred trial of the surviving members of the Military Directory and other accomplices of General Primo de Rivera's "brief parenthesis in Spain's constitutional march" (as the Dictator himself called it) began this week. The charge is one of high treason to the nation, and is being heard before a panel of 21 Deputies to the Cortes, constituting a kind of High Court of Civil Jurisdiction. The prosecution has made it clear that the sentences on the army chiefs for meddling in the political sphere—an old Spanish custom—will be relatively lenient. They may be sent to prison and deprived of their civil rights—but with a good prospect of amnesty, which is

never long delayed in Spain. The line taken by the defence is that the conspiracy against the weak Cabinet of the Marquis de Alhucemas in 1923 was a "patriotic action" intended only to be a threat. Interest centres on the fresh incriminating evidence with regard to ex-King Alfonso's personal responsibility for the *coup d'état*. Señor Salvatella, Minister of Education in the Prieto Government, is the latest to convict the ex-King out of his own mouth. There seems to be little doubt—no Spaniard certainly has any doubt about it—that the Moderating Power was rightly impatient with the Parliamentary Constitution of 1876, which had never worked, and was ready to take a leap into the dark, trusting to the "divinity that doth hedge a (Bourbon) King." Meanwhile, a more positive charge of electricity in the atmosphere of Spain has been provided by the first election in autonomous Catalonia. Out of 85 seats in the Generalitat, Colonel Macia's party—the Esquerra, or Catalan Left—has won the maximum number of 67. The Conservative Lliga, sponsored by Señor Cambó failed to stage its hoped-for comeback. Communists, Separatists and extreme Catholic Monarchists were completely swamped. Evidently the present Spanish Government—with its loyal colleagues in autonomous Catalonia—is in an enviable position of continued popular esteem.

Canada and the Tariff.—The closing debates in the Canadian Parliament on the Bill to ratify the Ottawa Agreement have increased rather than diminished the obscurity of the position, so far as the future functions of the Canadian Tariff Board are concerned. It will be recalled that under Articles 11 to 15 of the Anglo-Canadian agreement, signed at Ottawa, the Canadian Government undertook to constitute a Tariff Board; to cause the Tariff Board to review the duties charged on any commodities in respect of which the British Government asked for reconsideration; and on receipt of the Tariff Board's report to invite Parliament to give effect to any modification "full necessary to give effect to the general principle of 'full opportunity of reasonable competition' for British producers. The Canadian Government also undertook that "no existing duty" would be increased except on a report from the Tariff Board and in accordance with the facts as found by that body. Finally, the promise was made that British producers would be entitled to "full rights of audience before the Tariff Board." On Monday night, however, Mr Bennett declared that the Government did not consider itself bound to accept the Tariff Board's decisions; he declined to give any general pledge not to increase the tariff against British goods save with the approval of the Tariff Board. Though the cabled reports of his speech do not make the matter quite clear, his implication presumably was that the Government would feel themselves free to remove any articles from the Free List—a freedom which would go far to stultify the Ottawa Agreement. Even spirit, if not the letter, of the Ottawa Agreement. Even more unsatisfactory was his announcement that British manufacturers would have no direct right of appeal to the Tariff Board, but could only submit applications through the British Government to the Canadian Government. He hinted that the British Government would not be over-anxious to forward applications. Doubts whether the Tariff Board will in practice prove of much advantage to the British export trade cannot but be strengthened by these indications of Mr Bennett's attitude.

Financial Procedure in the Commons.—The Report of the Select Committee of the House of Commons on Procedure, which was issued last week as a White Paper, contains some important recommendations for improving the wholly ineffective means of controlling public expenditure at present enjoyed by the elected guardians of the public purse. The proposals of the Select Committee, which resemble those of the Committee which reported in 1917, are chiefly intended to enlarge the scope and the functions of the Estimating Committee so as to bring them into line with those of the Public Accounts Committee. The admirable work done by the latter body has long been recognised, but its function is after all

only that of a coroner holding post-mortem examinations upon the dead corpse of expenditure which has already taken place. The Select Committee appears to have recognised that, even more than a coroner, the House needs a policeman to detect the financial criminal *before*, not *after* the crime has been committed. It consequently recommends that the Estimates Committee should be enlarged, that a close working agreement should be established between it and the Public Accounts Committee, and that it should be provided with an official adviser analogous to the Comptroller and Auditor-General, who is responsible not to the Treasury but to the House of Commons. The Committee is inclined to recommend that the adequate technical advisers for the Estimates Committee should be taken from the staff of the Exchequer and Audit Department, but the Comptroller and Auditor-General has evidently impressed them with the view that for various technical reasons there would be difficulty in carrying out this recommendation. It has therefore suggested that, if these difficulties prove insurmountable, the Estimates Committee should be provided with an independent technical staff. The Committee evidently envisages much wider powers for the Estimates Committee than it at present possesses. It should be within the competence of the Estimates Committee to consider policy as well as administration, and one of its regular duties should be to survey the relation of the total public expenditure to the national income. There can be no doubt that if these recommendations are carried out the control of the House over public expenditure will be considerably strengthened. As things are at present the fate of the taxpayer is sealed as soon as the estimates have been published. For a vote on Supply is always a vote of confidence, and the only method of reducing an estimate is to turn out the Government. Moreover, the Estimates and Accounts as presented to-day are practically meaningless, since they are devised merely on a cash basis. They do not show the real cost of any of the services performed by Government, and the House is consequently unable to bring any effective criticism to bear on them. But an Estimates Committee armed with real power of criticism and the right, which the P.A.C. possesses, of examining officials, would be in a very different position. It would be able to detect extravagance and to expose departmental waste in a way which is at present quite impossible.

The Fife Coal Scheme.—The effectiveness of the Coal Mines Reorganisation Commission set up under the Coal Mines Act, 1930, is at last to be put to the test. At the beginning of this week the Commission announced that, following on an inquiry held at Dunfermline, it has formally called upon all the coalowners in the County of Fife to amalgamate. On Thursday a similar announcement was made concerning the South Staffordshire coalfield at Cannock Chase. The output of these two coalfields is not very great. Fife, with eleven undertakings, produces annually some 7,000,000 tons, and Cannock Chase about 5,000,000 tons. But the importance of the steps now being taken by the Commission is altogether out of proportion to the comparatively small output involved, because it is the first instance of the employment of statutory powers to effect compulsory amalgamation in the coal industry. It is clear that in the case of Fife the Commission has given up the hope that amalgamation might be effected by voluntary means, and that it has only resorted to the use of compulsion as a last resort. We may also perhaps be justified in assuming that the Commission is at the same time satisfied that if the assistance of its compulsory powers is given, sufficient goodwill and leadership exist in these coalfields for the working of a scheme of amalgamation to be practicable. According to the procedure laid down in the Coal Mines Act the Commission must first require the mineowners to submit a scheme for amalgamation to the Board of Trade. If the owners fail to do so, then the Commission itself is charged with the duty of formulating a scheme. The procedure for carrying amalgamation schemes into effect is exceedingly cumbersome. All schemes must be submitted to the Railway and Canal

Commissioners—not a very suitable body for deciding economic issues of this kind—which is only empowered to sanction them provided that they comply with certain conditions. They must (a) be “in the national interest”; (b) “result in lowering the cost of production or disposal of coal”; (c) “not be financially injurious to any of the undertakings” which it is proposed to amalgamate “unless the scheme contains provisions for the purchase at a price to be fixed in default of agreement by arbitration,” and (d) the terms of the scheme must be “fair and equitable to all persons affected thereby.” How the two last-mentioned conditions are to be satisfied still remains to be seen; but it is clear from the way in which they are drafted that they may cause endless trouble. Still, it is something to feel that this machinery, cumbrous as it is, has been set in motion. For it is surely plain enough that the quota, as the recent correspondence on the subject in the columns of *The Times* has shown, can do nothing by itself to cheapen the production of coal; indeed, its effect must ultimately, if it is left un-supplemented by a thorough reorganisation, be to maintain precisely that dispersion of output which it is the main object of rationalisation to correct. As a permanent feature of an unrationalised industry a quota system is obviously most undesirable. Its continuation can only be justified if it is used as an integral part of the technique of reorganisation.

British Production.—The physical volume of production in the United Kingdom in the third quarter of 1932, as estimated by the Board of Trade, was 7.4 per cent. smaller than in the second quarter of the current year, and 2.2 per cent. smaller than in the corresponding period a year ago. The following table shows the comparative figures for the various industrial groups:—

INDEX OF PRODUCTION (1924 = 100).

Group.	Year 1930.	Year 1931.	Sept. Quarter 1931.	June Quarter 1932.	Sept. Quarter 1932.
1. Mines and quarries...	91.3	81.6	75.7	77.3	68.8
2. Iron and steel and manufatures thereof	88.8	65.9	61.0	66.6	61.5
3. Non-ferrous metals...	119.1	100.1	96.7	93.4	91.7
4. Engineering and ship- building	116.6	94.9	89.2	90.4	84.2
5. Textiles	79.5	77.0	70.7	86.9	75.9
6. Chemical and allied trades	99.3	95.2	90.7	103.0	97.5
7. Leather and boots and shoes	101.4	99.3	95.4	96.6	92.9
8. Food, drink and tobacco	104.9	103.7	108.5	101.7	97.9
9. Gas and electricity...	138.7	142.4	(a)	(a)	(a)
Total of manufacturing industries (2-9)* ...	106.1	96.7	92.7	98.6	92.1
Total of all groups (1-9)*	103.2	93.7	89.3	94.3	87.3

* Includes also various industries not specified above.

(a) No information is available as to the quantities of gas made in each quarter. The available data for electricity have been included in the general index.

Making due allowance for seasonal trend, the figures point to a certain setback, which appears to have been almost general, as the figures for each of the eight industrial groups show a decrease. The recession was most pronounced in the textiles, mining, and iron and steel groups, whose figures record a decline of 12.7 per cent., 11 per cent. and 7.7 per cent., respectively.

Royal Bank of Scotland.—The report and accounts of this institution are of great interest, for they provide the first indication of how British banks have fared during the current difficult year. When allowance is made for the low level of interest rates, profits at £805,000 show a very small drop below last year. Possibly any diminution in current income has been offset by the fact that last

year's appropriations against the depreciation of banking investments have not had to be repeated. An indication that times are still far from normal is found in this year's diversion of the reserve appropriation from the Rest (or published reserve) to inner reserves against contingencies. This follows the precedent set a year ago:—

Liabilities.	Year ended October 8th.		
	1930.	1931.	1932.
Deposits	£ thous. 50,387	£ thous. 49,416	£ thous. 55,899
Notes	2,773	2,781	2,781
Acceptances	781	933	1,075
Assets.			
Cash	5,454	5,125	5,479
Call money	7,002	6,848	7,180
British Government securities	13,728	15,109	20,940
Other securities	1,452	1,303	1,878
Williams Deacon's bank shares	2,084	3,094	3,094
Treasury bills	2,740	2,680	2,795
Other bills	3,606	2,353	2,106
Advances	21,895	21,418	21,468
Loans on stocks and securities	1,768	1,398	1,244
Net profits	534	611	605
To rest	71	...	...
Other allocations	50	50	50
Dividend	17%	17%	17%

Several points of interest emerge from the balance sheet. The increase in deposits is not unexpected, but the expansion in acceptances is contrary to the usual run of banking experience. The maintenance of the note circulation at last year's level provides some confirmation of the general view that trade and purchasing power have been fairly well maintained during the past twelve months. Coming now to the bank's assets, there is the expected big increase in investments, mainly in British Government securities, and it is needless to add that this increase represents fresh purchases and not the writing-up of last year's securities, which is contrary to British banking practice. There is a very moderate increase in Treasury bills, while the decline in other bills is much less marked than it was a year ago. This again points to a greater stability of trade. Finally, the bank has been able to keep its advances (except those against stocks and securities) not only at last year's level but also at that of the year before. Clearly in this respect Scottish banks have fared better than English banks, which are naturally more exposed to the contraction in world trade as distinguished from purely internal trade.

English, Scottish and Australian Bank.—The accounts of this Australian bank to June 30th last are in some respects more encouraging. It is true that gross profits have fallen by £270,000, but substantial reductions have been made in expenses and taxation is also slightly less, so that net profits have only fallen by £100,000. The dividend has necessarily been reduced from 8 to 5 per cent. The accounts are summarised below, the unit of account being the pound sterling:—

Liabilities.	Year ended June 30th.	
	1931.	1932.
Capital	£ thous. 3,000	£ thous. 3,000
Reserve fund	1,590	1,620
Special depreciation reserve fund	1,585	1,585
Perpetual stocks	1,873	1,873
Deposits at interest	18,736	19,403
Current accounts	9,787	9,969
Bills payable, &c.	1,553	1,859
Assets.		
Cash	8,589	9,528
Investments	1,464	1,585
Bills receivable, &c.	2,097	3,065
Advances	25,699	24,763
Gross profits	1,276	1,056
Expenses	782	706
Taxation	227	201
Net profits	267	148
Dividend	8%	5%

The balance sheet shows signs of more active movement in Australian business. Thus current accounts have risen by £200,000, while bills payable have increased by £300,000 and bills receivable by nearly £1,000,000. The reduction in advances and other assets is probably also a

good sign, for it may point to the gradual liquidation of outstanding loans. It will be noticed that the special reserve fund to cover the depreciation of the Australian pound, due to the valuation of Australian assets and liabilities at the par of the exchange, still remains in being. This was created out of the general reserve fund a year ago, and must obviously be maintained for the present. Apart from this and the shrinkage in profits the accounts suggest that Australian business, and with it Australian banking, is beginning to turn the corner.

Medical Sickness Assurance.—The operations of the small but excellent undertaking whose full title is the Medical Sickness Annuity and Life Assurance Society, are confined to members of the medical profession. The rate of interest earned in the financial year ended June 30, 1932, was £4 6s. 6d. in the life department; and in the sickness department—which is taxed not on interest income but on profits—the rate was £3 16s. 2d. As no commission is payable by the society, the expenses are moderate, and last year amounted to 7.5 per cent. and 17.4 per cent. of the premiums in the life and sickness departments respectively. A quinquennial valuation was made on June 30th last; and it is interesting to observe the general development that has taken place in the operations of the society during the last five years. Thus the funds of the life department have increased from £161,000 to £351,000 and the total funds from £495,000 to £808,000. There has been a progressive increase in new business, the number of policies issued last year being 364 for a total sum assured of £275,000, against 228 for a total sum assured of £146,000 in the year ended June 30, 1927. The following table shows the surpluses earned in the last two quinquennia in the life department and the way in which these surpluses were distributed. A further table sets out the results of the sickness department over the last five years:—

Life Department—	Quinquennium ended	
	June 30, 1927.	June 30, 1932.
	£	£
Trading profits	17,180	54,503
Profits on securities	1,286	—10,944
Brought forward	871	9,921
	19,337	53,480
Bonuses to policyholders	12,117	35,500
Staff pension fund	299	1,367
Reserve	—3,000	...
Carried forward	9,921	16,613
	19,337	53,480

Sickness Department—	Quinquennium ended	
	June 30, 1932.	
	£	
Trading profit	69,763	
Profit on securities	—12,489	
Brought forward	39,001	
	96,275	
Bonus to policyholders	56,000	
Staff pension fund	6,257	
Reserve	—1,000	
Carried forward	35,018	
	96,275	

Satisfactory bonuses have been declared in both departments in respect of the last quinquennium. In the life department the declaration has been in the form of a reversionary bonus of 23s. per cent. per annum—against 20s. per cent. five years ago. Bearing in mind the very low rates of premium charged, this rate compares very favourably with the results shown by the higher rates of bonus generally declared by offices under their participating contracts.

Overseas Correspondence.

LEAGUE OF NATIONS.

Manchuria — Armaments — Economic Conference.

(FROM OUR CORRESPONDENT.)

GENEVA, November 22.

The stage is now set at Geneva. Japan has definitely and comprehensively rejected all the substantial findings and suggestions of the Lytton Commission; her masses of documentation and speeches may all be reduced to the one point that the establishment of “Manchukuo” is the only solution possible, and that Japan cannot enter into consideration of an alternative solution. This, of course, is contrary to all the facts and findings of the Lytton Report, and it makes impossible any beginnings of negotiations with the Chinese. Further discussion between the two parties before the Council or the Assembly would be nothing more than vain repetitions. The work to be done now is for the League to make up its mind whether it considers the developments in Manchuria to be in accordance with existing international treaties and practice, and to say what the proper solution should be. The cynical precision of the Japanese thesis precipitates the necessity for the League to take its stand. What exactly the process will be is a matter of anxious conjecture. It seems clear that the issue must shortly be referred to the Assembly, and this stage may not be taken without stubborn opposition on the part of the Japanese. There is no further hope of solution in the Council, and the issues before the Assembly will be stark naked.

In the circumstances, any detailed analysis of the statements made to the Council by the two parties is almost superfluous. It is no longer a matter of surprise that Japan's case, as presented to the Council, is one of complete justification in self-defence (to avoid the possibility of “being driven into the sea”) within the meaning of the reserves made regarding the Kellogg Pact. She claims the right of Japan alone to judge both of the necessity and the appropriateness of the measures taken (measures which Japan “cannot allow to be the subject of discussion”); she asserts that the “Manchukuo” movement was absolutely spontaneous, and expresses surprise that it should be ascribed to the machinations of Japan; that in face of Chinese anarchy Japan must be pronounced to have done precisely what any other Power would have done in similar circumstances, and that general recognition of “Manchukuo” is the only solution adapted to existing circumstances. Because of the abnormal conditions of China, it is difficult to apply “the formulae normally applied in dealing with international questions in ordinary circumstances.” Yet at the same time it is argued that no single action taken by Japan has infringed any of the relevant treaties. Why, therefore, emphasise “the abnormal conditions”? Japan, for no explained reason, except that it would be rejected by “Manchukuo” and by Japan, objects to what she describes as the “disguised international control of Manchuria” suggested by the Commission.

One very pertinent question was put and answered by Mr Matsuoka. “Why did we not refer the matter of Manchuria to the League of Nations?” His answer was illuminating. Japanese national sentiment, he said, “would not permit outside interference in the Manchurian question.” This he put first and foremost, and his other answers cited the serious situation of Japanese subjects, the difference between Japanese and Western mentality, delays, and so on. The whole substance of the statement was that Covenant or no Covenant, and Pact or no Pact, Japan was determined to go ahead, and would brook no interference from anyone, this attitude being at the same time justified by the claim that nothing had been done or was being done contrary to the treaties.

Perhaps the most effective part of Dr. Wellington Koo's address to the Council was his short improvised reply to

Mr Matsuoka before he delivered his prepared statement. He asked whether, if all that Mr Matsuoka had said of disorder in China were accepted, it would have justified the military occupation of territory as large as that of France and Germany combined. The second point he made was that the justification of such action under the Kellogg Pact was a matter he would confidently leave to the other members of the Council who were signatories of that Pact and some of whom, perhaps, had played some part in its actual negotiations. If that was what the Kellogg Pact meant, the sooner they discarded it the better. In his statement, Dr. Koo said the real difficulty was Japan's failure to respect her engagements and to carry out her pledge made before the Council and the Assembly to withdraw her troops and to refrain from aggravating the situation. Whether this failure was due to native unwillingness on the part of the Japanese Government, or to a want of authority to enforce its will on the all-powerful military chiefs, its effect on the world at large was equally disturbing. One could not help asking in these circumstances, he said, how well organised was Japan as a nation? Japan's traditional policy had been to put every obstacle in the way of Chinese unification and to use disunity as an excuse for her actions. The long series of war, military expeditions and acts of aggression carried out at different periods and places were only different phases of the unchanging policy of expansion, domination and conquest in accordance with the Japanese "continental" policy. For the most part, Dr. Wellington Koo supported his main case by references to the report of the Lytton Commission. No premium, he said, should be put on aggression. It was inadmissible that Japan should benefit from it by obtaining new rights. Furthermore, a State guaranteed against aggression was entitled to reparations for damages sustained, and the Chinese Government reserved the right to claim such reparation at the settlement of the conflict. The resolutions of the Council and of the Assembly remained in force, and, amongst others, the obligation of the Japanese Government to withdraw its troops remained unchanged. This withdrawal was still an essential and previous condition to the fundamental settlement of the dispute.

On the other great problem—armaments—which mainly occupied attention last week there has not been much development since Sir John Simon's important statement of policy. Sir John has seen Baron von Neurath, the German Foreign Minister, who is here for the Council, and this and other contacts are valuable. But the French are lying rather low, and the governmental changes in Germany make it difficult for Baron von Neurath to give any assurances regarding Germany's return to the Disarmament Conference. He is credited with the intention of returning to Berlin next Monday, but it is said he may very likely remain Foreign Minister, and it is to be hoped that he will then come back to Geneva to continue his conversations. The interval may do no harm, and the statesmen here have their time amply filled meanwhile with the Sino-Japanese quarrel. They have no enviable task.

The Council Committee for the organisation of the World Monetary and Economic Conference met to-day under the chairmanship of Sir John Simon. They considered the report of the President of the Preparatory Committee of Experts on the work of the first session, and decided to ask this Committee to prepare the annotated agenda relating to the questions mentioned in Annex V. of the Final Act of the Lausanne Conference by a date which would enable the Council Committee to communicate it to the Governments during the session it proposes to hold in the second half of January. It is understood that the Committee of Experts might then, if it thought fit, carry out the preliminary examination of the questions submitted to the Conference. The Council Committee, which is anxious that the Conference should be summoned at the earliest possible date, proposes to settle that date at its January session.

UNITED STATES.

Election — Debt — Trade — Money.

(FROM OUR CORRESPONDENT.)

NEW YORK, November 11.

REPUBLICAN diehards in Wall Street had accepted the defeat of President Hoover as inevitable, and remarkably little tendency toward gloomy prediction is to be found. Some mutterings were heard before the event, but the general attitude now is to accept the President-elect as a man capable of giving the country a good administration. The heavy majorities of the Democrats in Congress are favourably regarded as tending to promote co-operation among the two parties and as making it easier for the Democrats to carry out a legislative programme.

Wall Street expects Mr Roosevelt to choose an exceptionally strong group of official advisers, but guessing on the personnel is premature. Such well-known and highly-regarded Wall Street men as Owen Young and Jackson Reynolds have been mentioned for posts in the Cabinet. Meanwhile, there is no ground for expecting any early change in policy on the part either of the Federal Reserve Board or of the Reconstruction Finance Corporation.

The new Congress will not meet before March (and then only if called in special session), and in the meantime important legislation involving national policy is unlikely in the Congress which convenes in December. In all probability the old Congress will take up the prohibition question, and is likely to consider foreign debts; but such matters as tariff, banking reform and a general taxation and fiscal programme are more than likely to be left over.

In the campaign President Hoover stoutly defended the high tariff, but Mr Roosevelt was careful not to propose substantial reduction, except by implication, and he was equally careful not to state his position on debts, soldiers' bonus or farm relief. It is not considered likely that the Democrats will regard their landslide vote as a blanket endorsement for any legislation which they may now decide to favour, but rather that they will take the view that the country merely wanted a change, in the blind hope of better times. Firmness in share markets before and after the election reflects in part the professional trading view that business has nothing to fear from the Democrats, and that, even if some inflation in currency takes place, the "bull" side will be the proper one to follow.

Mature views are that the movement toward recovery is too powerful to be held in check by either party and that it will continue, albeit slowly. Tariff changes will, in all likelihood, be made only over a considerable period of time, and the Democrats, great numbers of whom are as much devoted to protection as are the Republicans when it comes to specific articles, will seek trade agreements rather than a general lowering of duties; but further increases are scarcely to be expected.

Wall Street anticipated the reopening of the debt question. In view of the large Treasury deficit and the short period of office remaining to him, President Hoover could scarcely take the lead in suggesting an adjustment, but Wall Street thinks that a composition of the matter will certainly take place; nor need it wait for the induction of the new President.

Wall Street believes that the country has become educated to reduction of the debts and that it realises that a compromise, with the possibility of rising foreign trade, might result in forced default. Only the more rabid port-believe in forcing Great Britain or France to default. Outright cancellation has many proponents, but that probably is too strong a dose for a President or Congress to accept at once, and in any case anything more than mere postponement of payments will be somewhat difficult so long as the United States Treasury has a deficit of around \$1,000,000,000.

Shares of companies calculated to benefit from the legalisation of beer are showing strength, and the increased revenues which it is hoped the Government will

secure from early modification or repeal of prohibition, coupled with the supposition that this will stimulate employment, are in part responsible for the rising markets. Actually, modification appears rather doubtful, and repeal of the constitutional amendment providing for prohibition is at best a year or more away.

The railroads intend to ask for an extension of the freight rate surcharge granted them about a year ago, but with elimination of the provision for pooling the revenues and lending them to roads in distress. Some observers hold that the higher rates have cost the roads more than they have brought in, but majority opinion favours retaining the increases, particularly now that the tide is moving toward strict regulation of motorway and waterway competition. Railroad executives will meet with labour leaders early next month to discuss the question of wages at the expiration of the present agreement for a 10 per cent. reduction.

Much interest was drawn to an address on the gold standard made this week by Dr. B. M. Anderson, of the Chase National Bank. Dr. Anderson cited figures in his address to show that the gold standard never was in doubt, and that had it been necessary to take protective measures, the only result would have been some tightening of money rates. He declared this country's gold position impregnable, and noted that the Glass-Steagall Bill was passed, not to prevent abandonment of gold, but to make possible a continued policy of easy money. It increased the amount of free gold from \$416 millions in February to \$1,398 millions on March 2nd, by releasing gold impounded as collateral for Federal Reserve notes.

FRANCE.

Politics — Budget — Public Works.

(FROM OUR CORRESPONDENT.)

PARIS, November 23.

EVENTS are already proving that the problem of evolving a stable French Cabinet, dependent on a reliable majority, has by no means been solved, and that the Herriot Ministry, as far as internal policy is concerned, is under the domination of the Socialists to an extent that the Premier, before the recent General Elections, insisted would never again be possible. The first test of the new session was applied a few days ago, when the Government's future wheat policy came up for decision. To the Minister for Agriculture's declaration of a policy comprising measures for protecting wheat growers by systematising holding grain off the market, with financial help for the farmers, the Socialists opposed demands for the creation of a National Wheat Office, to control distribution of bread-making cereals, and the fixation of wheat-selling prices, in order to prevent speculation in grain. The Radicals refused to accept either proposal, and for a time there was a deadlock, which provoked forecasts of a fresh Ministerial crisis. The Radicals eventually compromised with their Socialist friends, by accepting the creation of a National Wheat Office, and the Socialists dropped their demand for Government control of wheat quotations. The vote left everybody dissatisfied, especially the agriculturists, but gave the Government a majority of 379 against 170, with 60 abstentions.

Among the numerous financial preoccupations of the Government the situation of the Treasury in the near future is again exciting the attention of both the Cabinet and the Chamber's Finance Commission. Supplementary issues of Treasury Bonds which were authorised in July to a total of about 3,000,000,000 francs (including 1,500,000,000 francs for Algeria), are officially stated to remain practically intact, as confirmed by the fact that last week the Government, in the preamble to the Budget Bill, was able to assert that the total Treasury Bonds then in circulation was barely 100,000,000 francs in excess of the previous authorised maximum of 5,000,000,000 francs. It is probable, however, that by the end of the year the existing balance will have been entirely absorbed, as it is approximately equal to the maturities of the last

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quarter of the year. Should this happen the Treasury floating debt by December 31st will exceed 8,000,000,000 francs, which is in itself significant of the need for the creation of a soundly-balanced Budget.

The Budget Reporter, M. Lamoureux, has made an attempt to apply orthodox methods in regard to the Government Public Works proposals, which have been designed not only for the purpose of diminishing unemployment, but also to replace by a loan issue a large amount of Budget credits, in order to relieve the coming year's Treasury obligations. He explained that out of the programme of 670,000,000 francs of public works authorised in March, 1931, 146,000,000 francs still remain to be met from the Budget, and that there is a similar outstanding balance of 1,223,000,000 francs in regard to the programme applied under the Bill authorising an expenditure of 2,842,000,000 francs in December, 1931. In addition to taking over this authorised expenditure, the new Bill is intended to liquidate other similar credits engaged to a total of 1,578,000,000 francs. The Reporter insisted that the so-called Public Works Bill really constitutes, to some extent, a kind of Extraordinary Budget for the relief (by loan) of the Budgets for 1933 and 1934, which he stigmatised as a dangerous practice. He pointed out that, by this system of avoiding the burden of supplementary credits, which would otherwise have to be met by the Treasury, and by the proposed issue of 30-year bonds (since the works to be carried out under the cover of the project are not to be paid for immediately, from the produce of the loan), the Treasury will be provided with supplementary available funds. In these conditions, M. Lamoureux suggested, the money market will not show itself very favourable, and he urged the Finance Commission not to accept the transfer to the Public Works Bill of credits which were in reality supplementary Budget credits, which should be borne by the Budget.

During the examination of the measure by the Finance Commission, the Socialists put forward a remarkable counter-proposition for the financing of future Public Works projects, which may be taken as a forecast of French Socialist constructive legislation. M. Bedouce—basing his proposal on the fact that, as from January 1st, the interest rate on savings bank deposits will be brought down from 3½ per cent. to 2½ per cent., admittedly to bring out part, at least, of the existing enormous mass of sleeping savings for productive investment—proposed on behalf of the Socialist Party the creation of a new regime, authorising the savings banks to receive deposits invested for a period of five years at 3½ per cent., or for ten years at 3½ per cent. These deposits would be carried on special accounts, without maximum limits. The holder of such a savings bank book, it is proposed, would be able to withdraw the earned interest every year, but would be unable to touch his capital till the end of the investment term (with certain exceptions relating to death, or marriage). Such depositors would be able to transform their investments into 4 per cent. 30-year bonds, issued for the

purpose of financing public works projects by annual instalments spread over five or six years. The advantage to holders of such bonds would be that they would be negotiable in the market at any time. The proposal has been withdrawn for the moment, but is to be brought up again in the general discussion on the Bill.

French Government savings bank deposits during the 15 months ended March 31st last are reported to have shown an excess over withdrawals of 4,044 millions, while deposits in "ordinary" (or private) savings banks during the year ended December 31st last are reported to have been 5,606,000,000 francs in excess of withdrawals. The funds in the care of the Caisse des Depots et Consignations is returned as now amounting to 74,000,000,000 francs, which includes a large proportion of the stagnant savings bank deposits, and consists mostly of investments in Rentes.

GERMANY.

Political Crisis — French Treaty — Economic Improvement — Conversion.

(FROM OUR CORRESPONDENT.)

BERLIN, November 22.

ON Thursday of last week the von Papen Cabinet handed its resignation to the President, who accepted it. After a conference with the leaders of the parties of the Right and Centre, President von Hindenburg on Monday requested Herr Hitler to try to discover whether a Government with himself at the head would be able to command a certain majority for a unified programme. A definite and binding outline for this programme was laid down by the President: the economic programme of the von Papen Government was to be continued; all question of limiting the rights of the President by a new Act of Parliament was to be excluded; the union of the Prussian Administration with that of the Reich was to be maintained. Further, there was to be no change in the offices of Minister for National Defence and Foreign Minister.

At the moment of writing the results of this attempt are not yet known, but even if the Nazi leader succeeded in giving an affirmative answer to the President's question, he would not have achieved the object at which he was aiming in the summer and which he demanded in vain from Hindenburg on August 13th, namely, the sole leadership and control of the State. Hitler knows very well—that is why he at first showed no particular eagerness on this occasion—that if he became Chancellor he would be under close and effective inspection. Herr von Hindenburg would prevent any misuse of the armed forces, and the Centre would withdraw the parliamentary foundation of a Government under National Socialist leadership the moment Hitler and his friends attempted any rash experiments. Last summer the position was different: Germany was still mesmerised by the belief that the National Socialist movement was expanding irresistibly. Hitler might hope then that he would eventually be able to burst any bounds that might be set for him. Although during the past year the National Socialists have always laid great stress on their strong parliamentary opposition to a "Presidential Government," Hitler would now have been very glad to become the head of a "Presidential Cabinet," in order to have greater freedom as against the Reichstag. Hindenburg has, however, expressly assigned to him the part of a parliamentary Chancellor who has to secure a majority, not that of a personal nominee of the President to whom the President necessarily gives such powers against Parliament as the constitution allows.

Negotiations between Germany and France for the renewal of the commercial treaty began this week. The agreement concluded in 1927 no longer meets France's wishes, and as France threatened to denounce it, Germany was obliged to declare herself ready for a revision. France had already, for more than a year, greatly reduced the value of the treaty by availing herself of the clause which permits special measures in grave economic emergencies to introduce quotas. Her experience of these quotas has, however, been unfortunate, and she now wishes to get rid

of them; but she wishes to introduce other protective measures in their place, and it looks as though these are to take the form of very high duties. The trade treaty with Germany, however, stands in the way of this. It is not yet clear what the result of the negotiations will be, but it is certain that the new treaty will have far fewer provisions relating to duties than its predecessor. There have even been hints on the French side that no more duties should be fixed at all, but that it should be laid down for the individual commodities in whose export to France Germany is interested, what percentage of the French minimum or maximum rates they are to pay, so that France will remain free to fix the absolute level of her duties. It is, however, hardly possible to believe that Germany will agree to this.

The rumour that the treaty is no longer to contain an unconditional most-favoured-nation clause will probably not be substantiated. The treaty of 1927, whose benefits were extended by the most-favoured-nation clause to other States, has had an important influence on commercial policy throughout Europe, and it is hardly an exaggeration to say that it became the basis, at least, of Continental commercial policy. The new treaty will not be able to continue this rôle. Germany, which has the greatest interest in preventing the European tariff level from being left without strong restraint, will have to find a substitute for the former treaty with France. It is widely desired in Germany that the impending negotiations with England may lead to an agreement which will establish the more important duties at a moderate level, and thereby prove as serviceable a protection against unrestrained protectionism as the Franco-German Treaty of 1927 has done for many years.

The symptoms of business improvement in Germany are multiplying. There have, in particular, recently been symptoms of a very favourable development in coal and iron production, as the figures below show:—

(In thousands of tons.)					
	Raw Iron.		Raw Steel.		Coal.
	1931.	1932.	1931.	1932.	(Ruhr area.)
August.....	499	268	690	416	265
September	438	273	592	392	269
October	434	333	603	522	286

Russian orders constitute a large part of the contracts received by the iron industry.

The latest trade union statistics also show an improvement in the labour market. Unlike the official statistics, they only include the organised workers, but they do include them all, whereas the official statistics, owing to the incomplete returns of the employment exchanges, conceal a certain amount of "invisible unemployment," which has recently been the subject of much discussion in Germany. It is therefore important that the union statistics too are now showing more and more clearly that the labour market is developing much more favourably this year than last. Of the organised workers, 44.4 per cent. were unemployed last July and 43.4 per cent. in October. Last year, in the same period, the percentage rose from 31.6 to 37.2.

An attempt is now being made, for the first time in many months, to place a public issue in Germany. On January 20, 1933, Rm. 180 millions of 6 per cent. Prussian Treasury bills fall due for payment at 102. Unlike some of the Communes, which are negotiating for the prolongation of their loans without any repayment, Prussia intends to meet her obligations punctually and in full. A very favourable conversion offer is now being made to holders, with the object of substantially reducing the amount to be repaid in January. Every holder of these bills has the right to receive new 6 per cent. bills to the same value, half of which are repayable on January 20, 1935, at 100, and half on January 20, 1936, at 102. In addition a cash premium of 8 per cent. of the nominal value is paid on conversion, so that the price of issue works out at 94. The Prussian Government are also offering the new bills for subscription at 94. The lists remain open till December 10th, the repayment is due on January 10th, so that the Government hope by this means to secure funds for the repayment. The conditions of issue are so favourable

that success is certain. The new Treasury bills yield over 9 per cent., although as a short-term security they are in an advantageous position. The consortium of Prussian bankers felt that an offer more favourable to the issuers would have no chance of success; for in spite of the recent improvement in the German rentes market, the shortage of capital and the lack of confidence among capitalists is still reflected in very high interest rates.

U.S.S.R.

Anniversary — Relations with Japan — Agriculture.

(FROM OUR CORRESPONDENT.)

MOSCOW, November 10.

THE fifteenth anniversary of the Bolshevik Revolution, which was celebrated here on November 7th, was not accompanied by any such flourish of legislative activity as marked the tenth anniversary five years ago. At that time a special declaration of the Soviet Central Executive Committee decreed, among other things, the gradual introduction of the seven-hour working day in industry. The sole decree which was published this year on November 7th provided for an increase in the pay of officers and enlisted men of the Red Army and Navy.

An interesting spectator at the large military and civilian parade which was held on the occasion of the revolutionary anniversary was Mr Matsuoka, Japanese delegate to the forthcoming session of the League of Nations. Mr Matsuoka stopped off in Moscow for several days on his way to Geneva, and while his talks with Foreign Commissar Litvinov and Assistant Foreign Commissar Karakhan were of a strictly private character, his presence here served to concentrate attention upon the factors which are making for understanding between the Soviet Union and Japan in the Far East after the period of strain in the relations between the two countries which prevailed during the previous winter and spring.

Among recent signs of friendlier Soviet-Japanese relations are the conclusion of a fisheries agreement, the placing of Japanese contracts for the purchase of Russian petrol, and the willingness of the Soviet Government to permit the opening of a general consulate, representing the Manchukuo State, in Moscow. It is very probable that such agencies of wider agreement as the signature of a mutual non-aggression pact and a Soviet-Japanese pact of mutual non-aggression and neutrality (which the Soviet Government proposed almost a year ago), and Soviet formal recognition of the Manchukuo State were at least touched on in the conversations between Matsuoka and Litvinov and Karakhan. However, there is no indication that the consummation of these proposals is a likely development in the near future. There is still considerable opposition to the non-aggression and neutrality pact in Japanese military circles. The Soviet Union, with an eye to a possible change in the previously uncompromising negative policy of the United States after the election, may be reluctant to take a step that would be contrary to American policy in the Far East.

Developments in foreign relations here are somewhat overshadowed by the urgent internal problems which the first Five Year Plan, which will end on December 31st, has left behind it. Far and away the most serious of these problems is the disproportion between industry and agriculture. Industrial construction has proceeded at a rapid pace during the last four years; whole new cities have sprung up around such enterprises as Magnitogorsk, and old centres of population have swollen immensely. Side by side with this industrial growth agriculture, on which the country's food supply depends, has manifested a distinctly retrograde tendency, despite the fact that such modern machines as tractors and harvesting combines have become increasingly numerous in the fields of the Soviet Union. The crop yield of 1931 was less than that of 1930, and foreign observers are inclined to believe that the 1932 harvest will be less than that of 1931, despite the fact that climatic conditions this year were better than in 1931; there has been an appalling growth of weeds, attributable to the neglect and indifference of

the peasants. The livestock situation is extremely gloomy. An unofficial but reliable estimate of the numbers in the Dnieprepetrovsk region of Ukraina gives an idea of the havoc that has been wrought in this basic form of agricultural capital as a result of the slaughtering of beasts, which first occurred on a big scale in the winter of 1929-30 as a protest against forcible collectivisation, and was repeated on a smaller scale last winter as a result of excessive requisitions and lack of fodder. This estimate is as follows:—

	(000's omitted.)		
	1913.	1928.	1931-32.
Horses	951	1,300	555
Cows	949	2,163	648
Sheep	591	1,940	261
Pigs	1,367	1,463	354
Chickens	1,960	2,937	2,115

Some measures to redress the formidable disproportion between the top-heavy industrial superstructure and the narrowing food basis of the country may be expected in a not very distant future. Industrialisation will probably be drastically curtailed and an effort will be made to devise some policy calculated to revive the peasants' will to work, seriously undermined, if not quite broken, by heavy requisitions and an inadequate supply of city products.

Almost nothing is being said or written about the second Five Year Plan, which will go into effect on January 1, 1933. There is not the slightest likelihood that the Soviet Government will give up its system of planned national economy; but it is not improbable that the details of the second Plan are being deliberately held back until definite decisions are taken on means of solving the present agrarian and food crisis.

AUSTRIA.

League Report — Credit Anstalt — Trade.

(FROM OUR CORRESPONDENT.)

VIENNA, November 21.

THE latest report of the delegate for Austria from the Financial Committee of the League of Nations for the quarter ending September 30, 1932, is essentially different from previous statements. There has been less ground for criticism, and the report has an undertone of considerable optimism. Dr. van Rost recognises that great and successful endeavours have been made to restore public confidence. In the first place, he points out that the Budget has been balanced, as on the basis of the development of the 1932 revenue up to the present he expects a deficit of at most 10 to 15 million schillings (about 0.3 to 0.5 million pounds sterling). Cash in hand is adequate, and but for the unsatisfactory returns from the Federal Railways, which, however, appear to be almost inevitable in view of the conditions prevailing throughout the world, the Austrian Budget would be very satisfactory. The Federal Railways demand a subsidy of 45 to 85 million schillings.

The report also indicates recognition of the currency policy of the Austrian National Bank, and it is pointed out that there has been an improvement and stabilisation of the Austrian schilling. The National Bank has suspended the allocation at official exchange rates of foreign currency for commercial purposes, which amounted to 108 million schillings during the seven weeks of October 10th to December 1, 1931, and during the period of the report, namely, July to September, 1932, to 23.3 million schillings. The whole of the export trade in merchandise has now been left to private clearing, in which a premium of about 22 per cent. is being paid at the moment over and above the official rates for the monetary values of Western States; this rate may be regarded as the depreciation coefficient of the schilling. Whereas in July the turnover in private clearing amounted to only four million schillings, in September it had risen to 16 millions. Even if the sums derived from State clearing agreements and from the official allocations up to the present are added, the total accounts for only a part of the foreign trade turnover. From this fact it appears that, on the

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one hand, the commercial indebtedness of Austria has increased, and, on the other hand, that Austrian merchants and industrialists must have extensive foreign credits over which the National Bank has no influence.

The report of the League of Nations delegate states that still greater progress might have been made in currency policy and in State finance if the problem of the Credit Anstalt had been cleared up. This condition has now been fulfilled by the arrangement arrived at between representatives of the Austrian Government and the London joint committee of the foreign creditors of the Credit Anstalt. If the agreement is definitely approved by the Austrian Government and Parliament, and by the individual creditor banks, in which connection no doubt is entertained, the liability of the Austrian State for the foreign commitments of the Credit Anstalt will be cancelled. The foreign debts of the Credit Anstalt were fixed by agreement at 420 million schillings. Half will be paid out of the Credit Anstalt's own resources. The basis for this part of the settlement is the foreign assets of the Credit Anstalt, most of which are in the Succession States and some in Western Europe (for instance, sugar factories in Ireland). In regard to the evaluation of these assets no information has yet been published. The only thing that is certain is that the interests are to be concentrated in a holding company, the head office of which will also be abroad. This holding company will issue priority bonds to the foreign creditors and also its own stock to a value of about 150 million schillings, of which 130 millions will be debentures. The creditors will also receive about 70 million schillings in shares of the new capital of the Credit Anstalt itself, when the share capital of 173 millions, after a drastic writing down, has again been brought up to 141 million schillings. The majority of the shares will remain in the hands of the Austrian State. For the other half of the foreign debt the State itself has undertaken to be the direct debtor, but the creditors are remitting about a third. This debt is to be paid in annual payments of 20 million schillings, plus 4½ per cent. interest, so that for the first year the amount is about 26 million schillings.

The Credit Anstalt itself is to be reorganised, with a view to achieving further savings and opening up fresh possibilities of business. Whether close relations will be established with the other big banks, as is often rumoured, has in no way been determined. The rates of the other big bank shares on the Vienna Exchange are unfavourable, and after the reorganisation of the Credit Anstalt it is possible that a portion of the dwindling bank business might be diverted to the remodelled institution.

Most reports on the business position in Austria are unfavourable, and the recent stoppage of important works belonging to the Alpine Montangesellschaft is a symptom of insufficient orders in hand in the heavy industries. In the cotton industry things are so bad that the weaving mills have agreed to reduce output by 25 to 33 per cent. as compared with the beginning of the year, when things were already pretty bad. On the other hand, the position in coal mining and in various branches of the foodstuffs industry (especially sugar production) is better. The branches which are suffering most are those which are dependent upon foreign sales. This can be seen clearly from the figures of foreign trade. Exports of finished goods sunk during the first ten months from 817 to 457 million schillings, while imports of finished goods receded from 711 to 403 millions. In addition to this, home industry is declining on account of the general reduction of purchasing power in the country itself. Up to the present the fight against the deficit in the balance of foreign trade has met with but little success, for though the deficit during the first ten months was reduced from 692 to 537 million schillings, the percentage of the reduction in the volume of the turnovers was greater than ever. Nevertheless, there is a slight improvement discernible in the commercial balance, and it is possible that the trade treaty negotiations, which are shortly to be concluded with Hungary, and the preference treaties pending with Germany, France and Poland, will mean a further improvement.

JUGOSLAVIA.

Industrial Improvement — Exchanges — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BELGRADE, November 16.

THE seasonal improvement which began in July was maintained throughout September. Internal trade after the harvest, although not brisk, compared favourably with that of the summer months, while the building industry had an exceptionally good season, and has not yet been checked by the weather. In State finance also the gap between receipts and expenditure narrowed down considerably during September; the actual cash deficit was reduced to 61,000,000 dinars. Total receipts for the first six months of the budgetary year 1932-33, excluding self-balancing State enterprises, amounted to 2,794,000,000 dinars, or 993,000,000 below the estimate, against an expenditure of 2,855,000,000 dinars. During the same period the net increase of the floating debt was 150,000,000, so that the actual deficit of the first half-year was 211,000,000 dinars; but this figure may be somewhat reduced when the receipts from the State enterprises are published.

The position of the foreign exchange market is, however, much less satisfactory. The shortage of *devisen*, natural in an agricultural State with a passive balance of payment, has had a depressing effect on the dinar rate abroad, and consequently also raised the agio on the "black bourse." This actual discrepancy between the stabilisation and the market rate was finally acknowledged by the Government in the introduction of a "premium" of 10 per cent. payable on exporters' bills above the official rate, and chargeable to importers on purchase of *devisen*. A short wave of panic, following exaggerated news in the foreign press of troubles in the Lika district, depressed the dinar even more, and obliged the National Bank to raise the premium to 20 per cent. Since then, now that the real proportions and significance of the Lika troubles have been recognised, the dinar has improved again both abroad and on the "black bourse" from a discount of 30 per cent. to near the official premium rate of 20 per cent.

This shortage of *devisen* brought to head another problem which has been shirked by the creditor powers both before and after Stresa, namely, that of transfers. On November 1st the Government, instead of paying the coupon of the gold 7 per cent. Blair Loan in dollars, deposited the equivalent in dinars at the National Bank, thus bringing about a *de facto* transfer moratorium. No official explanation followed, except a general declaration by the Premier that "all foreign debts will be regulated by common accord with the countries who have lent money to Yugoslavia. Yugoslavia will do all she can to maintain her acquired reputation as a good and honest payer." But it is difficult to see how this problem can be solved until international payments in goods resume a more normal course.

Trade figures for the third quarter still show all the signs of depression, exports for the nine months amounting to 2,033,600,000 and imports to 2,121,500,000 dinars, as against exports in the corresponding period of 1931 of 3,682,000,000 and imports of 3,800,000,000 dinars. The deficit is thus reduced from 118 to 88 million dinars. The fall in the exchange rate of the dinar, however, had a stimulating effect on export trade during October and November. Many export articles have stiffened in price, especially pigs, maize, fruit and, since the election of Roosevelt, wine, Yugoslavia having a large selection of light table wines. Export may also have been helped by the conclusion of clearing arrangements with Italy, Germany and Spain. Should maize become an important export article Yugoslavia would profit greatly, since maize yielded a record harvest of 42,500,000 quintals, as against the best figure hitherto of 39,000,000 quintals, or a post-war average of 30,000,000 quintals.

The general impression of the economic situation, apart from the problem of foreign *devisen* and transfers, is one of forced adaptation to the new semi-autarchic conditions

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prevailing now throughout the world. Foreign economic relations are so much reduced that the centre of gravity of economic life is now definitely shifting towards internal economies. Under such conditions it appears that rock-bottom has been reached and that all fear of a collapse may be safely discounted. The winter will of necessity be hard, but there are definite signs of a gradual revival of economic activity. Whether this accumulation of strength for a renewed economic life will be sufficient to expand beyond the national borders and find its natural solution in international trade, and consequently in international payments, remains yet to be seen.

A problem which has been attracting much attention recently is that of peasant debts. Official investigations have revealed that these amount to about 7,000,000,000 dinars, a sum equivalent to about 40 per cent. of the national income from agriculture. The crux of the problem lies, however, in the heavy interest rate, which frequently exceeds 24 per cent. A special law has now forced this rate down to 10 per cent. for all registered debts. The law is subjected to severe criticism from certain quarters on the ground that it will make all future peasant credits impossible. This criticism may be easily met by the fact that reduced credit is now withholding peasants from rushing headlong into unsound economic experiment, and that there are signs of cheaper money in the future. Now that banks have reduced the rate on deposits to 5 per cent., 4 per cent., and even 3 per cent., and that the feverish building activity has reduced the yield from houses from 12 per cent. to 9 per cent. to 14 per cent., with the likelihood of another severe drop in the spring, much of the money which is now lying idle will have to be satisfied with a considerably lower rate. This is becoming evident in the bond market, where a distinct firmness has been prevalent for over a month.

NORTHERN IRELAND.

Parliament — Employment — Ottawa.

(FROM OUR CORRESPONDENT.)

DUBLIN, November 23.

THE official opening by the Prince of Wales of the newly-erected parliamentary and administrative buildings at Stormont, Belfast, took place on November 16th, and the first session of the Northern Ireland Parliament in the new building was opened on November 22nd. Throughout Northern Ireland the new buildings, on their commanding site at Stormont, have come to be regarded by a large section of the population as the visible evidence of the successful culmination of the constitutional experiment which was taken over ten years ago in the creation of a subordinate State within the United Kingdom, with its own legislature to deal with its local affairs. Unfortunately, the ten years which have elapsed since the creation of the Northern Ireland Parliament do not appear to have led the Nationalist Party seriously to modify their attitude of hostility and distrust. For several years following the setting up of the Northern Ireland Parliament the Nationalist members elected to it refused to take their seats, but since 1926 they have attended. At the end of the last session, however, following a disagreement with the Speaker, they again absented themselves in a body while the opening of the new buildings at Stormont was made the occasion for the issue of a lengthy manifesto containing the statement: "We regard Partition as a national evil, disastrous to the Six Counties and injurious to the Twenty-Six. . . . It is appropriate, therefore, that we, as representatives of the six sundered counties—the Alsace Lorraine of Ireland—should avail ourselves of the opening of a new Northern Parliament to renew our protest and reiterate our demand for self-government for a United Ireland." On the two opening days of the new session no Nationalist member was present. It is to be hoped, however, that pursuit of the phantom ideal of a United Ireland will not induce the Nationalist members once again to boycott the Northern Parliament and refuse to take part in its practical, everyday work. To most observers in Northern Ireland to-day the prospect of re-union with the Irish Free State appears to be growing

ever more remote. Apart altogether from the political objections to such a proposal, every year which passes accentuates the economic and social distinctions which are growing up as between Northern Ireland and the Irish Free State. The tariff barriers erected in Southern Ireland have greatly reduced the commercial connections which formerly existed between Belfast and what are now the northern and midland counties of the Free State, while differences in the scale and the administration of unemployment insurance and other social services have made the movement of labour from one part of Ireland to another a matter of difficulty.

The parliamentary programme for the new session outlined in the King's Speech is not, on the surface, an elaborate one. A variety of Bills is promised dealing with matters such as local government reform, schemes for the marketing of agricultural produce, the making of advances from the Consolidated Fund to the Road Fund, money-lenders, amendment of the bankruptcy law, and dangerous drugs. The full intentions of the Government with regard to several of these matters are not yet fully known, however, and some of the measures may prove more comprehensive than is at present suggested.

The latest return showing the number of persons unemployed in the Province refers to October 24th, when the number was 69,934. This figure is 3,706 more than at the corresponding date in 1931, but is nearly 7,000 less than the figure for July, 1932, which was 76,854. The number of persons between the ages of 16 and 64 estimated to be in employment in Northern Ireland at October 24th was 179,600—some 3,000 more than a month earlier, but 7,000 less than a year ago. The increase in employment which has occurred recently is due to increased activity in the linen trade. Considerable efforts have also been made by the Government to stimulate local authorities to undertake public utility works, and since June schemes of this character involving an expenditure of £552,554 have been approved.

The position of agriculture is specially difficult. In very many cases prices have shown a further substantial fall during the past year. Last week the official average price of potatoes selling at markets in Northern Ireland was 1s. 6½d. per cwt., as compared with 4s. 11d. per cwt. a year ago. Oats are selling at 4s. 11½d. per cwt., as against 8s. 1½d. per cwt. a year ago; wool at 2½d. per lb., as against 3½d. to 4d. per lb. in 1931; pork at 43s. 4d. per cwt., as compared with 44s., and eggs at 1s. 2d. per doz., as against 1s. 5½d. For some time past agricultural opinion in Northern Ireland has been strongly in favour of an active policy designed to foster the live-stock industry. About 80 per cent. of the agricultural output of the country consists of live-stock and live-stock products. Under normal circumstances the very heavy special duties imposed upon similar produce entering Great Britain from the Irish Free State would have redounded to the advantage of farmers in Northern Ireland, but in face of the large imports of meat from foreign and dominion countries the reduction in the supplies of store cattle from the Free State consequent upon the imposition of the special duties has had little effect on prices for Northern Ireland store cattle. The quota arrangements in regard to the importation of meat and bacon which have been made by the Imperial Government should, however, ultimately prove of very special benefit to Northern Ireland farmers, in view of their concentration on the production of live-stock and live-stock products.

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Books and Publications.

BOOK OF THE WEEK.

INSTITUTIONAL REVENUE.

THE object of Mr Dickinson's study* is to draw attention to "the essentially institutional nature of distribution"—in other words, to the fact that the distribution of wealth in any community is bound to depend to a considerable extent on the nature of the social and economic institutions which exist within that community. The system of *laissez faire*, Mr Dickinson points out, involves fully as much as any other the existence of a particular institutional framework within which the laws of economics have to work. And, accordingly, "the prevailing form of distribution is not more natural than others that are known to history. It depends on a complex of social institutions just as they did." There can be no doubt about the essential truth of this thesis, or about its importance in relation to orthodox economic theories of distribution. It is, indeed, the neglected factor in the structure of orthodox economic thought, with its assumption of a perfectly free market and its attempt to meet the complexities of the actual economic system merely by subsequent reservations and footnotes.

Mr Dickinson, however, goes a very odd way about the treatment of his subject. His book covers not much more than two hundred pages, but it is not until page 156 that he provides the reader with anything like a definition of that institutional revenue which gives the volume its name, or makes it clear what his book is intended to be about. In fact, he has felt it necessary to lead up to a study of the institutional influences on distribution, which covers barely more than fifty pages, by nearly one hundred and fifty pages of introductory matter. He begins with a discussion of the nature and classification of social institutions, including both those which are embodied in definite associations such as joint-stock banks, trade unions, public corporations, State departments and the like, and those such as inheritance, marriage and property, which do not take at all or completely the associative form. This chapter is interesting, but somewhat slipshod in its classifications.

Mr Dickinson then proceeds to two long chapters which attempt to restate the entire theory of value, including that part of it which relates to the values of the various "factors of production." In this restatement he follows very closely the doctrines of the Austrian school, both in insisting on the importance of subjective or psychological valuation as the basis of the marginal theory, and in stressing the importance of demand rather than supply as the ultimate determinant of value. He denies the dualism involved in Marshall's "pair of scissors" theory and reverts to the analysis put forward by Menger, Böhm-Bawerk and Wieser in its conception of all values, including those of intermediate goods, raw materials and "factors of production," etc., as derived ultimately from the subjective values of the ultimate consumers as objectified in the market. He stresses, indeed, the fact, recognised but not stressed by Marshall, that inequalities of income are fatal to the assumption that the prices offered in the market represent equal satisfaction-offers in the case of different consumers, he tends to slur over the transition from subjective to objective market value. His book is, in fact, important neither for the restatement of the Austrian doctrine, which takes a full half of it, nor for its preliminary discussion of the nature of social institutions, but almost solely for the last fifty pages, which form an interesting and suggestive essay in new economic thinking. Mr Dickinson has not, however, pursued far enough the suggestions made in this final part of his book, nor does he appear to have given enough consideration to the extent to which their acceptance would involve a fundamental reformulation of the entire theory of the market which he puts forward in his earlier pages.

* "Institutional Revenue." By H. Dickinson. Williams and Norgate. 10s. 6d.

SHORTER NOTICES.

"The Coming Struggle for Power." By John Strachey. (London) Victor Gollancz. 396 pp. 9s.

The publication of Mr Strachey's very well-written book should be welcomed alike by those who share and those who do not share its conclusions. Mr Strachey is a Marxian Communist; and at this date, when over a hundred and sixty millions of people are actually living under the dictates of Marxian Communism, it is very important to have a clear statement of what Communism to-day means and intends, and what is the mental attitude to life's problems induced by it. Unfortunately, the bibles of Communist doctrine have always been singularly unreadable by Englishmen, especially by Englishmen trained in any cultural tradition. *Das Kapital*, in its English version at all events, is a difficult and obscure book, made almost perversely difficult by its entanglement in an obsolete theoretical controversy between its author and David Ricardo; and even if this hurdle be surmounted, there is the additional difficulty that much of the most vital parts of Marx's teaching is not in *Das Kapital* at all, but is buried in elongated philosophic works and obscure pamphlets. Nor is much of the labour of Marxian commentators and expounders, from Lenin onwards, of a character to make much appeal to those bred in a different tradition. Accordingly, an exposition of Marxian Communism, written in a language and terminology acceptable to an ordinary intelligent English reader, is welcome, and this Mr Strachey, aided perhaps by the fact that he is neither a professional philosopher nor a professional economist, has produced.

He opens with a brief but useful historical description of the economic and social development of Great Britain from Adam Smith to the present day. This is followed by an analysis of the present position of capitalist civilisations and of the views of those who would remedy their defects, with especial reference to currency and financial reformers. Then comes a section on Culture, including therein philosophy and "social writing" as well as literature in the narrower sense, in which Mr Strachey enjoys himself thoroughly in having a tilt at Mr Wells, Mr Keynes, and Mr Shaw, as well as D. H. Lawrence, Mr Joyce and Mr T. S. Eliot. Finally, a section on the political present and future analyses the British Labour Party and the National Government and its leaders, and prophesies the future—which is, as might be expected, Communism in Great Britain as well as the rest of the world.

Throughout his book Mr Strachey writes with pungency as well as vigour. With his conclusions his readers will agree or disagree according to their own convictions. It may be suggested that his vision of future developments is inclined to be over-simple and clear-cut; that British politicians—even Labour Party politicians—are neither as wicked nor as consistent as he makes them sound; and that the "march of Marxism" in the world which he prophesies, even if the prophecy be correct, is likely to be neither as steady nor as undeviating as he seems to envisage. But these traits are characteristic of the Marxian view, and particularly of one who has recently and suddenly found in it his spiritual home; they do not detract from the interest of his book as an exposition of it.

OTHER BOOKS RECEIVED.

Mathieson's Yield Tables for Loans on Redemption. (London) Fred. C. Mathieson. 15s. net.

Showing the net yield per cent. of stocks and bonds redeemable at par, in from two to fifty years, paying rates of interest at 3, 4, 4½, 5 and 6 per cent. per annum, which are only purchasable at a premium. Investment and re-investment of the Sinking Fund is allowed for at 3 per cent. per annum.

Daily Mail Year Book, 1933. Edited by David Williamson. (London) Associated Newspapers, Ltd. 26s. 1s. net.

A special feature of this edition is an article on the progress of disarmament.

Official Year Book of New South Wales, 1930-31. (Sydney) Alfred James Kent. 790 pp. 7s. 6d.

OFFICIAL PUBLICATIONS.

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

Ministry of Agriculture: Report of the Reorganisation Commission for Pigs and Pig Products. 6d. net.

Imperial Economic Conference at Ottawa, 1932: Summary of Proceedings and Copies of Trade Agreements. Cmd. 4174. 1s. 6d. net.

Royal Commission on Unemployment Insurance: Final Report. Cmd. 4185. 7s. 6d. net.

The Stock Exchange.

OUTLOOK FOR GOVERNMENT STOCKS.

THE sharp setback in British Government funds still monopolises discussion in the City, and is no doubt also the subject of anxious consideration in Whitehall. Although this week's recovery has not been seriously checked by the unfavourable American Debt decision, the outlook is by no means clear, and a brief review of recent events may help the investor to see the problem in its true proportions. Under the pressure of superabundant cheap money, and with every encouragement from the Government, the gilt-edged market enjoyed a remarkable rise after the Chancellor of the Exchequer announced on June 30th the £2,000 millions' War Loan conversion scheme. This rise culminated on November 2nd, when what was regarded as the final act in the great National Debt Conversion came with the issue of a £300 million 3 per cent. Conversion Loan.

As is inevitable with major market movements, speculators in large numbers had followed the rise. The knowledge that the Government would not have finished its work until a Conversion Loan had been issued to deal with the cash repayments of 5 per cent. War Loan (£165 millions) and other maturities on December 1st next and February 1st, 1933, had kept speculative money in the gilt-edged market up to the beginning of this month. The terms of the 3 per cent. Conversion Loan 1948/53, made public on November 2nd, caused a final upswing in prices, for it was observed that the Treasury had fixed an issue price (97½) which could hardly be justified without a further rise in the prices of long-dated Government securities. The flat yield on the 3 per cent. Conversion Loan at 97½ was only £3 1s. 5d. per cent. and the redemption yield to its final date (1953) only £3 2s. 11d. per cent. This compared with a flat yield of £3 4s. 4d. per cent. on 2½ per cent. Consols, then the dearest long-dated stock, and a redemption yield of £3 4s. 1d. per cent. on 5 per cent. Conversion (to 1944) obtainable at the prices ruling on the morning of November 2nd. The highest prices of this gala day were not held and the reaction which followed developed further when it became known that the 3 per cent. Conversion Loan had been heavily "staggered" and might conceivably open at a discount.

When dealings in the new loan started, matters became worse. Subscribers who had expected to be allotted from 30 per cent. to 50 per cent. of their applications were distressed to find that they had received 70 per cent. and promptly sold sufficient stock to reduce their allotments to manageable proportions. The new loan fell below 2 discount on the second day of dealings. This, however, did not correct the extreme disparity between the price of 3 per cent. Conversion Loan and that of 3 per cent. Local Loans, seeing that the braver holders of the new loan decided to sell some of their long-dated and other Government holdings in order to meet the call of 52½ per

cent. payable on December 1st. Thus, the whole of the gilt-edged market suffered a severe fall.

On the top of this technical disturbance came the news that a war debts moratorium was unlikely to be granted by the United States Congress. The reception of Allied Notes to Washington had revealed a strong opposition to a further postponement of the December 15th payment. This caused a reaction in the sterling exchanges and the gilt-edged market became a prey to "bearish" rumours that sterling would fall below \$3, that a Supplementary Budget would have to be introduced and an extra sixpence added to the income tax, and that until the year's end there would be heavy sellers and no buyers of British Government funds. The slump which followed raised the yield on the long-dated stocks from an average of £3 6s. 10d. per cent. on November 2nd to an average of £3 12s. 10d. per cent. on November 21st. The prices and yields of the individual stocks on these two dates are shown in the table at the foot of this column, together with the prices and yields on November 22nd, after a fair recovery had been enjoyed.

The table shows that the 3 per cent. Conversion Loan stood the shock of the reaction comparatively well. From the issue price to the lowest level on November 21st it fell 3½ points, whereas 3 per cent. Local Loans fell 8½ points, indicating probably that the speculative position in 3 per cent. Conversion was not as vulnerable as that in 3 per cent. Local Loans. Further, although 3 per cent. Conversion Loan still appears to be dearer than other Government stocks on a gross yield basis, it is cheaper on a net redemption yield basis (after deduction of 5s. tax) than Conversion 4½ per cent. and 5 per cent.—reckoning redemption in 1940 and 1944 respectively. Should taxation be increased, 3 per cent. Conversion Loan, on the net redemption yield basis, becomes still more attractive. The fact that it is the only medium-dated redeemable stock standing at a discount should allow 3 per cent. Conversion to command a lower "flat" yield basis than the rest of the market. However, until it is fully paid up—the calls being 52½ per cent. on December 1st and 40 per cent. on February 1st—it is not likely to find its true market level.

Technical considerations apart, the investor will naturally ask whether the setback in the gilt-edged market is the forerunner of a general fall, anticipating dearer money, or whether the pressure of cheap money will bring about a general recovery. These questions inevitably revolve round the central question of war debts and world trade. We need not here debate the outcome of the American decision on war debts, for it is obvious that if we have to meet the December 15th payment without any prospect of a conference being called to scale down future payments, there is likelihood of an immediate fall in sterling and the gilt-edged market; while a payment

Redemption.	Highest Prices ruling on Nov. 2.	Yield (%)				Lowest Prices ruling on Nov. 21.	Yield (%)				Price ruling on Nov. 22.	Yield (%)			
		(a) Before Tax.		(b) After Tax at 5s.			(a) Before Tax.		(b) After Tax.			(a) Before Tax.		(b) After Tax.	
		Annual.	Redemption.	Annual.	Redemption.		Annual.	Redemption.	Annual.	Redemption.		Annual.	Redemption.	Annual.	Redemption.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.	£ s. d.
Consols 2½%	78½	3 4 4	...	2 8 3	...	71½	3 10 1	...	2 12 7	...	74	3 8 1	...	2 11 1	...
Locals 3%	91½	3 6 0	...	2 9 6	...	83½	3 12 8	...	2 14 6	...	86½	3 10 1	...	2 12 7	...
Conversion 3½%	102½	3 8 5	3 7 7	2 11 4	2 10 2	96½	3 12 7	...	2 14 5	...	97½	3 11 10	...	2 13 11	...
(1951 after).															
War 3½%	102	3 8 6	3 6 11	2 11 5	2 9 8	96½	3 12 8	...	2 14 6	...	97½	3 11 11	...	2 13 11	...
(1952 or after).															
Consols 4%	110½	3 13 0	3 8 6	2 14 9	2 9 4	105	3 16 11	3 15 3	2 17 8	2 5 4	106½	3 15 7	3 13 1	2 16 8	2 13 5
(1957 after).															
Conversion 4½%	112½	4 1 2	2 19 0	3 0 11	1 16 9	109½	4 3 5	3 7 6	3 2 7	2 4 9	109½	4 3 3	3 6 10	3 2 5	2 4 1
(1940/44).															
Conversion 5%	117½	4 5 4	3 4 1	3 4 0	2 1 1	114	4 7 11	3 10 9	3 5 11	2 7 5	114½	4 7 9	3 10 3	3 5 9	2 6 11
(1944/54).															
Conversion 3%	97½	3 1 5	3 2 11	2 6 1	2 7 10	94½	3 3 6	3 7 7	2 7 7	2 12 1	96½	3 2 4	3 4 11	2 6 8	2 9 8
(1948/53).															
(Issue price)															
Funding 4%	110½	3 12 5	3 8 4	3 9 4	2 9 6	105	3 14 6	3 16 4	2 15 10	2 17 3	106½	3 15 1	3 12 6	2 16 4	2 13 3
(1960/90).															
Victory 4% (by 1976).	110½	3 12 8	3 9 4	2 14 6	2 10 6	105	3 16 8	3 15 5	2 17 6	2 15 9	106½	3 15 5	3 13 6	2 16 7	2 14 1
(Average life 30 yrs.).															

† Free of Income Tax.

† Free of Income Tax

LONDON NEW ISSUE PRICES.

This table will be found on page 996.

INVESTMENT NOTES.

Capital Market Prospects.—The outlook for the new capital market, as for all other markets in the City of London, has been clouded by War Debt uncertainties. It is not surprising, therefore, that the flow of new issues since the partial raising of the Treasury's "ban," which was perceptibly checked by the consequences of the unfortunate "over-stagging" of the Treasury's Three per Cent. Conversion Loan offer, has now been more definitely interrupted. The fact that underwriters of the only trustee issue made since the Treasury's offer—comprising £2,000,000 Metropolitan Water Board "E" 3 per Cent. Stock at 98—have been compelled to take up 87½ per cent., may have been due as much to the stock's low yield as to the unfavourable turn of the market. The omens are, however, that first-class borrowers will deem it the better part of valour to postpone action, for the time being at least. The field, indeed, has been left this week to a single industrial borrower and a couple of "greyhound" concerns, whose monopoly of the market, in such a context, is the more significant. Since the end of the Five per Cent. War Loan conversion period, on September 30th, the pace set in the market, by borrowers other than the Treasury, has been fairly fast, allowing for the continued embargo on certain branches of new issue activity which are normally of considerable importance. During the last eight weeks over £22,000,000 of new money (excluding amounts for conversion) has been offered for subscription directly to the public or to shareholders, while a further £5,000,000 has been "placed" through Stock Exchange "introductions." Naturally, an overwhelming share of the total has taken the form of fixed-interest securities, direct offerings having included £17,000,000 of debentures and bonds, £3,000,000 of preference shares and only £2,000,000 of ordinary shares. We suggest in an earlier article on the prospects for gilt-edged stocks that market conditions, as regards sound fixed-interest securities, may be firm for some little time to come, apart from certain near and disturbing factors. The same conditions apply as regards the new issue market, but the forces making for limitation of activity are likely to be sufficiently powerful to prevent an immediate resumption of operations on any large scale—at least until the Anglo-American Debt situation and its consequences have been cleared up, and the mass of undigested Three per Cent. Conversion Stock no longer presses on the market.

War Loan "Commissions."—The amount of commissions paid by the Bank of England to stockbrokers, bankers and solicitors in respect of the War Loan conversion scheme came to approximately £4 millions. This is the largest amount that has ever been paid by the Government or any other body in commissions on any financial operation, and it represents not the remuneration of risk—for no risk was taken by these agents—but payment for services rendered in obtaining the assent of clients to conversion. Bankers and stockbrokers were thus enabled to claim commissions for securing the consent of themselves and their friends to the conversion holdings under their personal control. The commission paid was at the rate of 5s. per cent. from July 1st to 31st and at the rate of 2s. 6d. per cent. thereafter. It is impossible to estimate the proportions of the total commission paid applicable to the different periods, but if it were divided as to 95 per cent. for the 5s. and 5 per cent. for the 2s. 6d. commissions the amount of stock on which agents claimed a reward would be equivalent to 87 per cent. of the amount converted. It is absurd to suppose that agents really influenced the conversion of so large an amount of stock. For this reason we must regard the payment of £4,000,000 out of the Exchequer as a generous reinforcement of the City of London's patriotic views and sound investment instincts.

"Grid" Scheme in Mid-East England.—Authorised undertakers of electricity in the Mid-East England area have been notified by the Central Electricity Board that from January 1, 1933, trading operations in that area will be brought under the provision of the 1926 Electricity Acts. The Mid-East England includes important industrial centres and also wide agricultural stretches where electrical development has been comparatively recent. Its total electricity output in 1931 was about 1,300 million units, equivalent to 11.4 per cent. of the national total. The length of main transmission lines is 323 miles and of secondary lines 202 miles. The tariff has been published of the terms on which the Board will sell electricity in bulk in this area. In view of the investor's large interest in the "Grid" scheme, the terms of this tariff—the first published scale of charges—are of particular interest. The tariff is based on the "two-part" principle of a fixed charge per kilowatt of demand plus a rate for each unit of current consumed. Each undertaking is assigned a "basic demand" representing its maximum demand in 1932, or 2,000 kilowatts, whichever is the greater. The charge per kilowatt of the "basic demand" is fixed at £3 10s. and the tariff contains a sliding scale by which a declining rate is charged for successive increments of "maximum demand" of the undertaking over the "basic demand." In addition to this fixed charge, the undertaking is to pay a running charge of 0.186d. for each kilowatt-hour supplied and taken during the year. These terms compare favourably with the average contract for the supply of electricity by undertakers. This tariff price, however, does not apply to the owners of the "selected" stations in which the production of electricity will be concentrated. In the Mid-East scheme sixteen stations have been selected, the principal being Ferrybridge, Rotherham, Kirkstall, Thornhill, Blackburn Meadows (Sheffield), Hull and Bradford. The owners of these stations are entitled to buy from the Board in bulk at cost of production plus a proportion of the Board's expenses, but if they can prove that their own costs of production would be lower than the Board's, they are entitled after a period to be charged accordingly. On its sales to authorised undertakers outside the "selected" stations the Board has to recoup itself in its tariff price for the service of the debt it has incurred, except for the debt represented by the expenditure on the standardisation of frequency. For the first few years the tariff is so framed that the Board will be trading at a slight loss, which will be paid from capital, but on the Board's conservative estimates of increase in demand the trading should be on a profit-earning basis by 1943. The Board, incidentally, has power, which it has not used, to ask for a Treasury guarantee in respect of the bulk of its expenditure.

Bulgarian Loan Service.—The question of the status of League of Nations loans, which was discussed in a leading article in the *Economist* last week, has again been raised by the arrival of the Bulgarian Minister of Finance in London to discuss the service of the Bulgarian 7 per cent. Refugee Settlement Loan 1926 and the 7½ per cent. Stabilisation Loan. By a previous arrangement the Bulgarian Government undertook to transfer 50 per cent. of the service of the two loans until September 30, 1932. This agreement was carried out and, pending a new settlement, the Government continued to transfer 50 per cent. of the monthly service up to and including the payment due on November 15th. It is now urged that since the previous conference budgetary and exchange difficulties have been intensified and that some further alleviation of the burden is imperative. Following protracted conversations, it is understood that the Bulgarian Government has agreed to transfer sums sufficient to the six months November, 1932, to April, 1933, the remaining 60 per cent. being invested in leva in Bulgaria. The League Loans Committee (which now includes representatives of Dutch, Italian and American interests) suggests that bond-holders would be well advised to accept this offer on the understanding that if Bulgaria should after all find herself in a position to pay more than 40 per cent. the League loans will receive at least as favourable treatment as any other Bulgarian External Loan.

Coal Amalgamation.—We deal on page 977 with the economic implications of the "notice to amalgamate" served by the Coal Mines' Reorganisation Commission on the owners of colliery undertakings in the Fife and the Cannock Chase districts. If and when the Commission extends its amalgamating policy to some of the larger areas investors may be directly interested. In neither of the districts at present concerned, however, has a large amount of capital been raised by a public issue. Of the eleven undertakings, with 38 pits, in the Fife area, the largest, Fife Coal, is quoted in Edinburgh, but not in London, and has a capital of £417,813 in 5 per cent. cumulative preference and £1,224,398 in ordinary shares, all of £1 fully paid. The company has been reasonably prosperous, having paid an ordinary dividend for many years without interruption, the last distribution being 3 per cent. for 1931. Of the other companies in the coal field, Wemyss Coal has a capital of £300,000, of which £150,000 in ordinary shares is held by Wemyss Collieries Trust, which has passed its own ordinary dividends since 1929-30. Lochgelly Iron and Coal, with a large export trade, made a loss of £77,802 in the year to May 31st last, and is carrying forward a debit of £193,798 to profit and loss, against a capital of £1,019,670, of which £827,750 is in ordinary shares. Wilsons and Clyde Coal has made small profits throughout the depression (the net figure for the year to February 29th last was £11,404), and has regularly paid its preference dividends. Holders, however, of its £675,000 of ordinary shares (out of a total issued capital of £725,000) have been dividendless since 1927-28. Coltness Iron (whose £350,000 of 5 per cent. first cumulative preference shares have a London quotation) has been one of the best profit-earning concerns in the industry in Scotland. In 1931, net profit, after income tax and depreciation, was £105,201, and a dividend of 8 per cent. was paid on the £787,500 of £1 ordinary shares. The financial problems involved in the amalgamation of these Scottish companies will necessarily be intricate, but the relatively satisfactory financial situation of the largest undertakings should facilitate a successful conclusion. The Cannock Chase area includes 29 pits, but none of the companies is of large size. Littleton Collieries has an issued capital of £421,300 and paid ordinary dividends of 12½ per cent., tax free, in 1929-30 and 1930-31. Cannock and Rugeley, whose preference shares are quoted at Birmingham, has a called-up capital of £312,000. Other collieries included in the prospective merger, like West Cannock Colliery, Cannock Chase Colliery, and Hilton Main and Holly Bank Collieries, are privately owned. Whether amalgamation in these and other areas will involve an appeal for the financial co-operation of the public investor, at some future stage, will appear in due course.

Rover Company.—This company's fortunes have been chequered. One of the earliest of Coventry cycle concerns, it was reconstructed in 1903, when 50 per cent. of its capital was written off. Later, having turned over to motor-cars, it made good, and established a reputation as a steady profit-earner. A return of bad times, however, compelled a second reconstruction, when 60 per cent. of its capital was written off, early in 1929. This was followed, in turn, by a temporary recovery and renewed losses. The report for the year to July 31 last shows a loss on trading of £95,983, increased by appropriations for maintenance and depreciation (£89,859), loss on investments (£30,431), etc., to £225,413. The addition of a reserve of £112,507 for loss on property and plant due to the vacation of a works and other reorganisation expenses, less £58,895 brought forward from the previous year, leaves a total debit balance to be carried forward of £279,024—a discouraging figure in view of the fact that the balance-sheet was thoroughly "cleaned up" less than four years ago. Presumably the debit, which represents a loss of approximately 5s. 8d. per 8s. share, will be met by a further capital reduction in due course, but it would seem imperative first to allow an interval sufficient to reveal the dimensions of the company's real earning power. It is clear that a reorganised management is

making strenuous efforts to retrieve the company's fortunes by drastic reorganisation and concentration of its activities. An uneconomic works in Coventry is being disposed of, surplus assets are being converted (where possible) into cash, a New Zealand subsidiary company (formed only a few months ago) is being sold, and surplus leasehold policies are being surrendered. These and other measures to improve the liquidity of the financial position are indispensable, for the company, with little in the way of cash, has a bank loan of £169,714 outstanding. On the production side a centralisation of operations is being combined with a greatly reduced output programme. Many of the company's troubles have been due to ambitious production of large numbers of models which, having failed to win proportionate public favour, have been left in large numbers on its hands. The directors' report, though couched in guarded terms, suggests that the market prospects for the reduced programme are reasonably satisfactory and that, while no spectacular improvement can be looked for, losses have been arrested. The 8s. shares are quoted at 2s. 6d.

Tobacco Securities Trust.—The accounts of this Trust, which was established in 1928 to acquire shares in associated and subsidiary companies of the British American Tobacco Company, show a moderate recovery in profit, after the previous year's sharp decline. No explanation is given in the report.

	Year to October 31st.		
	1930.	1931.	1932.
	£	£	£
Net profit	800,954	644,050	672,003
Brought forward	52,331	110,285	114,335
Ordinary dividend—			
Amount	594,000	560,000	577,500
Earned %	19.6	17.6	17.8
Paid %	18	17½	17½
Deferred dividend—			
Amount	99,000	80,000	82,500
Paid per share	8.229d.	6.857d.	6.857d.
Reserve	50,000	Nil	Nil
Carried forward	110,285	114,335	126,338

The balance sheet shows few changes of importance, debtors being £75,104, against £28,438, while Treasury bills have matured and cash has been augmented, the total being £190,030. General reserve remains at £100,000. The present price of the ordinary £1 units of stock is 66s. 3d. and the yield about £5 9s. 6d. per cent.

Worthington.—The accounts of this company of Burton brewers, which is controlled by Bass, Ratcliff and Gretton, show a decline in gross profits of a little over 12 per cent. for the year to September 30th last—a moderate figure. The usual payments are made in regard to the two debenture stocks, the 5½ per cent. preference stock and the

WALL STREET.

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"B" preference stock, in which the chief interest of the investing public lies. The surplus available for dividend on the ordinary shares, most of which are held by the controlling company, has fallen from £293,962 to £250,526.

	Year to September 30th.		
	1930.	1931.	1932.
Profit	369,080	357,522	314,085
Directors' fees	500	500	500
Trustees' fees	210	210	210
Debenture interest	20,720	20,720	20,720
Net profit	347,650	336,092	292,655
5½% pref. div.	14,630	14,630	14,630
"B" pref. div.	27,500	27,500	27,500
Surplus	305,520	293,962	250,526

It is not possible to discover from the accounts the precise amount of ordinary dividend paid each year, but the fact that the amount brought in has increased during the past two years, despite the decline in profits, suggests that a cautious policy has been adopted. All the subsidiaries have again made profits and the balance sheet reveals a satisfactorily liquid position.

Tate and Lyle.—The preliminary figures of Tate and Lyle, the leading firm of sugar refiners in this country, indicate very satisfactory trading. Net profits for the year to September, 1932, were £1,075,030, against £992,732, and the total ordinary dividend for the year will be 16 per cent., against 13½ per cent. in 1930-31, and 10 per cent. in 1929-30. Appropriations to reserves were, as usual, liberal. The figures are shown in detail below:—

	Years to September 30.		
	1930.	1931.	1932.
Net profit	385,938	992,732	1,075,030
Debenture interest	46,354	91,250	91,250
Preference dividends	71,500	71,500	71,500
Available for ordinary	268,084	829,980	912,280
Ordinary dividend { Amount	340,000	459,000	544,000
Rate	10%	13½%	16%
Depreciation reserve	Nil	100,000	100,000
Investment reserve	Nil	70,000	55,000
General reserve	26,651	100,000	200,000
Dividend reserve	Dr. 80,000	80,000	10,000
Carry-forward	40,850*	61,832	65,112

* Including £80,000 transferred from dividend reserve.

The report of the directors, which will be published shortly, may disclose whether the directors have written up stocks in accordance with the rise of sugar values. Apart from the question of inventories, however, this ably managed company is believed to have increased its turnover. The ordinary shares are quoted at 58s. 6d. (as compared with a low level of 38s. 6d. this year), to yield over 5½ per cent.—a return above the average for seasoned British industrial equities.

S. Smith (Motor Accessories).—Results for the year to July 30th show marked improvement. Gross profits have increased from £77,179 to £86,833. The surplus available for deferred shareholders represents over 12 per cent. of their capital, but the directors have been conservative:

	Aug. 2, 1930.	Aug. 1, 1931.	July 30, 1932.
Trading profit	140,048	75,573	85,833
Net profit	96,547	53,231	61,647
Brought forward	47,368	42,598	44,329
Preference dividend	37,500	37,500	37,500
Preferred ord. div.	24,500	14,000	14,000
Deferred ord.—			
Amount	10,500	Nil	Nil
Earned (%)	46.5	2.0	12.1
Paid (%)	18½	Nil	Nil
Written off patents	5,400	Nil	5,000
Reserve	23,417	Nil	Nil
Forward	42,597	44,329	49,476

The company's main products have now been standardised on most British cars and aircraft. Expenses in connection with a new branch of business, domestic clock-making, have been borne out of revenue. The balance sheet shows a reduction in cash from £59,469 to £20,201, and an increase in stocks of £15,533.

Copper Curtailment Conference.—In regard to the vexed question of control of the world's copper production during 1933, writes a trade correspondent, some progress appears to have been made in unofficial talks between the producers concerned, some of whom assembled at New York a week or two ago. The full-dress debate should open on Monday next, and it is more than likely that the London standard market will reflect the receipt of conflicting rumours next week. Recently copper values achieved a brief rally on the strength of a report that the American interests favoured additional curtailment, and it is, of course, possible that the banks, which are shouldering the burden of unsold stocks in the United States of America, will press for a revision of the rate of production calculated to encourage withdrawals from stock. The low cost producers are credited with the intention of claiming a higher quota, but with the price only a little above 5 cents, or about £25 gold, and with demand at a very low ebb, there does not appear to be very much inducement to augment output. True, the Empire producers must take care of the English market under penalty of losing the Ottawa preference, but this condition will only apply to electrolytic copper, and the date of application for the duty is still in doubt. No appreciable fall in stocks and only a modest increase in price have occurred since the 20 per cent. rate of production was put into force, so that a premature return to a higher percentage points clearly enough to the certainty of a decline in the quotation. From the point of view of certain mining companies and their shareholders production at 100 per cent. capacity would be desirable if the copper could be sold and values maintained. In the present state of the trade, however, there is little doubt but that such a policy would produce a further slump and make confusion worse confounded.

Industrial Profits in October.—During October we received 123 company reports, aggregate profits showing a rise of 19.99 per cent., compared with a decline of 15.69 per cent. in September. The following table shows the number of reports received each month since July, 1931, together with the monthly variation in net profits after payment of debenture interest:—

Reports Published in	No. of Companies	Rise or Fall in Profits, %	Reports Published in	No. of Companies	Rise or Fall in Profits, %
1931—			1932—		
July	185	-39.46	March	210	-13.37
August	55	-19.59	April	244	-13.66
September	74	-44.02	May	196	-33.30
October	170	-58.26	June	235	-21.80
November	147	-35.59	July	152	-34.31
December	157	-68.54	August	69	-26.66
1932—			September	82	-15.69
January	127	-19.65	October	123	+19.99
February	211	-6.81			

The increase of nearly 20 per cent. in aggregate profits last month—the first since the inception of our monthly records, in April, 1931—is none the less gratifying because it reflects the results of a few large companies. The most noteworthy names in the list are United Dairies, Sudan Plantations, British Celanese, Standard Motor and Imperial Smelting. The largest absolute declines in individual profits were reported by companies like Elder Dempster and The Times Publishing Company. As regards individual groups, six iron and steel concerns showed microscopic profits, and five breweries a drop in earnings of 16 per cent., but two large motor companies achieved an increase in profits of nearly 50 per cent., and satisfactory gains were shown in the "Financial, Land and Investment" and "Textile" groups. The income of practically all investment trusts continues to decline,

eleven companies whose reports were published in October showing an aggregate drop of 23½ per cent. In the large composite group, included in our quarterly surveys under the heading of "Other Companies," last month's reports of thirty-seven companies showed aggregate earnings of £1,323,000, against £1,333,000 in the previous year.

Speculation in West Africans.—Our mining correspondent writes:—The outstanding feature of the Stock Exchange during the past week has been the activity in the shares of companies associated with gold mining in the West Africa. The movement started last Saturday and in some cases reached its apex on Monday. After a natural but only partial setback, renewed activity carried certain shares to new high levels. Each of the three chief producing companies has for some time past shown progressively improving results, the advance in the sterling price of gold being accompanied by appreciable reductions in working costs. Last month's profit of the Ashanti—the doyen of the group—amounted to £62,000; a record total, comparing with around £57,000 to £62,000; a record total, comparing with around £57,000 to £62,000; a record total, comparing with around £57,000 to £62,000. For the financial period about the middle of the year. The financial period ended September 30th last the company paid dividends aggregating 90 per cent., in addition to 1932-33 two interim one share for three. On account of 1932-33 two interim distributions of 25 per cent. each have been made. Within the past six months the monthly operating surplus of the company has expanded from around £6,000 to over £13,000, and the company has entered the dividend list with a 10 per cent. interim. The earnings of the third company—Taquah and Abosso—have risen from just over £5,000 to nearly £8,000. Dividends for the financial period to March last totalled 18½ per cent., against 12½ per cent. for the preceding period. A 9½ per cent. interim has just been received by the shareholders. These results, though highly encouraging, are not the immediate cause of the revival of speculative activity in West African shares, which has been associated with the departure for the Gold Coast of technical experts and representatives of important financial groups. The natural inference is that if expenditure upon prospecting and development is considered in well advised, the necessary funds will be forthcoming. In the Consolidated Gold Fields of South Africa group, after acquiring an interest in the Ashanti, began to back the Ariston Company—a measure which at the time appeared somewhat speculative—and finally obtained participation in the Taquah and Abosso. In each case, results have so far vindicated the wisdom of its intervention. Doubtless the recent minor instances of refinancing. Doubtless the recent advance has over-discounted present possibilities in some cases. Whether the whole movement, however, is likely to be overdone cannot be judged merely in the light of the rapid rise in quotations. Everything depends upon the prospects of individual properties.

Lake View and Star.—Thanks to the modification and expansion of the treatment plant accompanied by a noteworthy saving in costs, this company last year made an operating profit of £284,150, as compared with £102,100 in 1930-31. The bulk of the former amount, having been absorbed by capital outlay, has been written off, the modest balance of £35,100 being carried forward. Hopes of a dividend for the past session were disappointed, but an interim distribution of 6d. per 4s. share is being made in the near future. The proved and probable ore reserves are now placed at 1,832,400 tons, value 34s. per ton. These figures show an increase of 532,000 tons in quantity and a decrease of 2s. 3d. in average value compared with the special estimate of Mr. Carl O. Lindberg a year ago. For some time past the monthly profits have displayed an almost uninterrupted expansion, and the company is regarded as having definitely entered upon a career of prosperity. In the course of his speech at Monday's meeting, the chairman, Mr. John A. Agnew, dealt at length with the development position, and indicated that work this year would reach a very interesting stage. He emphasised the endeavours which were being made to enable the company to earn profits without the adventitious aid of the gold and exchange premiums. He foreshadowed future distributions of profits twice and possibly thrice a year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Johannesburg Consolidated Investment, New Modderfontein Gold Mining, Lake View and Star, Wall Paper Manufacturers, and Goode, Durrant and Company. Dealing with the mines of the group at the annual meeting of Johannesburg Consolidated, Mr. H. J. Joel said the gross profit for the year to June 30th last had totalled £5,190,119, which was the highest figure reached. Records had also been created in tonnage crushed, which totalled 8,858,000 tons and yielded 3,151,029 fine ounces of a value of £13,380,000. The group's gold mines accounted for 26.5 per cent. of the tonnage crushed on the Rand, 29.7 per cent. of the gold output, and 39 per cent. of the profit. Presiding at the meeting of New Modderfontein, Mr. John Martin told shareholders that the continued efforts to counteract a tendency towards increasing costs had been successful, the average costs for the first quarter being 14s. 9d. per ton milled, or 7d. per ton less than for the previous year. At the annual meeting of Wall Paper Manufacturers, Mr. A. V. Sugden said that the effect of duties on wallpaper imported into England had been negligible, though one or two new competitive undertakings in which there were foreign interests had commenced operations in this country.

CAPITAL ISSUES.

PROSPECTS in the capital issue market are dealt with in an earlier Note on page 992. This week's offers have been of minor importance. *The Yorkshire Dyeing and Proofing Company*, through the Dunedin Syndicate, offered ordinary shares, at a premium of 20 per cent. to yield 11 per cent. on the basis of the average profits for the last four and a half years. The aim of the chairman has been "to maintain plant as near perfection as possible." Investors will trust that this high ideal will at least secure a continuance of the slow but steady upward trend of profits. *The British Greyhound Investment Trust* offered ordinary shares of 5s. without giving any inkling of its objects or policy beyond a *carte blanche* to the directors to purchase or finance greyhound share propositions. *The*



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Bournemouth and Southampton Stadiums has placed 2s. ordinary shares for Stock Exchange introduction. We do not regard the continuance of speculative offers of this character as a symptom of firm new issue market conditions.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Nov. 19, 1932, excluding conversions, £182,559,751.
Total recorded, Jan. 1 to Nov. 19, 1932, including conversions, £773,084,053.

National Savings Certificates.	Net receipts, week ended Nov. 19, 1932, £150,000.	Nominal Capital.	Conversions.	New Money.	First Payment.	Further Liability.
To the Public.						
Lyme Regis District Water, 1,000 shares £10 at par.	10,000	...	...	10,000	1,000	9,000
British Greyhound Investment Trust, 1,000,000 ord. 5s. at par.	250,000	...	...	250,000	50,000	200,000
Yorkshire Dyeing and Proofing, 350,000 ord. shares 10s. at 12s.	175,000	...	...	210,000	35,000	175,000
Total	435,000	...	...	470,000	86,000	384,000

To Shareholders only.	Net receipts, week ended Nov. 19, 1932, £150,000.	Nominal Capital.	Conversions.	New Money.	First Payment.	Further Liability.
Daily Mail Trust, 251,852 ord. £1 at 25s.	251,852	...	...	314,815	314,815	...
London County Freehold and Leasehold Properties, 500,000 5s. cum. pref. at 21s. 6d.	500,000	...	...	537,500	100,000	437,500
North-Eastern Electric Supply, 708,000 ord. shares £1 at 23s. 6d.	708,000	...	...	831,900	477,900	354,000
Total	1,459,852	...	...	1,684,215	892,715	791,500

Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Whole year—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—					
1932	775,388,248	184,863,946	1932	114,230,666	102,044,291
1931	110,576,928	99,699,943	1931	454,888,784	267,800,700
1930	425,196,686	237,804,055	1930	488,784,940	285,239,400
1929	485,193,288	278,867,688	1929	693,100,056	369,058,073
1928	523,791,004	349,761,213	1928	...	355,165,970
1927	...	327,125,408	1927	...	230,782,600
1926	...	213,160,515	1926	...	232,214,500
1925	...	211,995,499	1925	...	209,326,101

Nature of Borrowing.	Debtures, Bonds, &c.	Preference.	Ordinary.	Total.
January 1 to date—				
1932	168,120,331	11,188,182	5,555,433	184,863,946
1931	74,861,349	6,795,659	99,699,943	181,357,051
1930	200,299,358	15,664,638	21,840,059	237,804,055
Whole year—				
1932	74,835,599	6,911,859	20,296,833	102,044,291
1931	227,658,500	15,548,800	24,593,300	267,800,700
1930	137,670,300	31,543,400	116,025,700	285,239,400
1929	218,817,900	45,062,600	111,777,600	375,658,100
1928	228,958,000	36,856,600	98,381,400	364,196,000
1927	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.	Capital Introduced.	Price Dealings Began.	Cash Involved.
Amount previously recorded	13,927,625	...	15,146,857
British Tin Investment Corporation, 254,808 shares at 10s. 6d.	133,776	11/3	143,329
Total to date, 1932	14,061,401	...	15,290,186
Total to date, 1931	8,757,183	...	8,883,558

PUBLIC OFFERS.

Yorkshire Dyeing and Proofing.—Offer for sale of 350,000 ordinary shares of 10s. each at 12s. per share by the Dunedin Syndicate. The company was registered in December, 1920, as a private company to carry on the business of cloth-dyers, bleachers, finishers. Profits before income tax and bank interest were: 1928, £23,171; 1929, £22,079; 1930, £24,133; 1931, £28,246; six months to June 30, 1932, £16,754. The average yearly profits over the last 4 years are equivalent to 13 per cent. on the issued capital, and 11 per cent. on the basis of a premium of 2s. per share.

British Greyhound Investment Trust.—Issue at par of 1,000,000 ordinary shares of 5s. each. The company has been formed to give established greyhound racing businesses the benefits of a sound investment and financial trust, and to carry on general investment business. Directors, and their friends, have sub-underwritten 300,000 ordinary shares, of which 120,000 are sub-underwritten firm.

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

Stock Exchange "Introductions."

Bournemouth and Southampton Stadiums.—Authorized capital, £100,000 in 1,000,000 ordinary shares of 2s. each, all of which are issued or agreed to be issued. The company was incorporated in October, 1932, to carry on greyhound racing at Southampton Stadium and Bournemouth Stadium. Profits before income tax, directors' fees, depreciation and amortisation were: July 13, 1931, to July 16, 1932, £18,991; July 17, 1932, to October 15, 1932, £14,223. The Tokenhouse Securities Trust has agreed to accept 140,000 2s. shares in part payment for the freehold properties involved.

FORTHCOMING ISSUES.

Prussian Bond Issue.—The Prussian Government is issuing new 6 per cent. bonds repayable as to 50 per cent. of the nominal amount on January 20, 1935, at par, and as to 50 per cent. on January 20, 1936, at 102. The bonds will be offered at 94, and holdings of the 6 per cent. bonds repayable on January 20th next at 102 can be converted into the new bonds at 94. There are Rm. 130,000,000 outstanding of the 6 per cent. bonds, 1933.

Godfrey Phillips.—An extraordinary meeting of Godfrey Phillips, tobacco and cigarette manufacturers, will be held at Winchester House on December 1st at noon to consider resolutions authorising an increase in the capital from £1,450,000 to £2,000,000. It is proposed to create 250,000 additional ordinary shares and 300,000 "C" preference shares, all of £1 each, the latter carrying a fixed cumulative dividend of 6½ per cent., ranking next after the dividend payable on the existing preference and "B" preference.

Oswald Tillotson Ltd.—An issue will be made during the week-end of 100,000 7 per cent. cumulative preference shares of £1 each at par for Oswald Tillotson, Limited, whose authorised capital is £300,000 in 7 per cent. £1 preference shares and 5s. ordinaries. There are no debentures. The issue is being made to acquire further interests in road transport businesses, and for general purposes.

Clapton Stadium, Limited.—The directors propose to offer to shareholders registered on Wednesday 45,000 5s. shares at a premium of 15s. per share. This will bring the issued capital up to £125,000. The company, it is stated, has availed itself of the opportunity of acquiring the Reading Greyhound Race-course upon terms which it considers favourable.

RESULTS OF ISSUES.

British Greyhound Investment Trust, Ltd.—Subscription lists in connection with the issue, at par, of 1,000,000 5s. ordinary shares of the British Greyhound Investment Trust, Ltd., were closed at mid-day Tuesday. Country applications were considered if received by mid-day Wednesday.

Lyme Regis District Water.—The issue of 1,000 £10 shares recently made by the Lyme Regis District Water Company, Ltd., was over-subscribed to the extent of 93½ per cent.

Metropolitan Water Board.—The list for the issue of £2,000,000 of Metropolitan Water Board 3 per cent. "E" stock at 93 per cent. was open for the full advertised period. Underwriters have had to take up 87½ per cent.

South Suburban Gas.—Applications for the £300,000 4 per cent. perpetual preference stock recently offered for sale by tender totalled £350,010. Tenders ranged from 101 to 108.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Nov. 17, 1932.	Price, Nov. 24, 1932.
Conversion 3½, 1948-53	97½	5	1½-1½ dia	1½-1½ dia
Treasury Bonds 2½, 1935-38	100	5	1½-1½ dia	1½-1½ dia
Associated Newspapers 4½, 10 Year	98	...	98-99	98-98½
Australia 5½, 1936-37	97½	...	100-101	100-101½
Birmingham and District Investment Trust 4½ Deb.	...	...	98½-99½	98½-98½
Blackpool Greyhound 2½	...	...	100-101½	100-101½
British Plaster Board ord.	2½	2½	2½-2½	2½-2½
Briton Main Colliery 6½ Deb.	98	...	3½-3½	3½-3½
Convent Garden Properties 4½ Deb.	98	...	4½-4½	4½-4½
Daily Mail Trust New Ord.	25½	...	1½-1½	1½-1½
Do. New 5½ Pref.	20½	...	7½-8½	7½-8½
Dunlop Greyhound (2½)	14½	...	1½-1½	1½-1½
J. G. Graves Pty. Pref. Ord. 5½	...	...	1½-1½	1½-1½
Lever Brothers 4½ Deb.	...	...	102-103	102-103
Lowell and Christmas 4½ Deb.	...	...	101-102	100-101½
Morton Thompson and Everard 4½ Deb.	...	...	100-102	100-102
Met. Water Board 3½ "E" 84s.	93	...	100-102	100-102
North-Eastern Electric New Ord. £1	23½	...	1½-1½ dia	1½-1½ dia
Olympia 4½ Deb.	98	...	1½-1½ dia	1½-1½ dia
Portsmouth Newspapers 5½, Pref. £1	91	...	8½-8½	8½-8½
Price's Tailors 7½ Pref. Ord.	20½	...	1½-1½	1½-1½
Selfridge's Principal Stores 5½ Deb.	101	...	2½-2½	2½-2½
Southdown Stadium 5½ Deb.	10½	...	1½-1½	1½-1½
Do. do. Preferred (1½)	10½	...	2½-2½	2½-2½
South Africa 3½, Ins. 84s., 1953-73	96½	...	1½-1½	1½-1½
Southern Railway 4½ Deb.	100	...	1½-1½	1½-1½
Stevens (Hugh) 6½ Deb.	99	...	100-101½	100-101½
Thames House 4½ Deb.	99½	...	2½-2½	2½-2½
Wanderer Gold	...	...	...	...

the average price being £101 2s. 0.48d. In regard to the offer of £100,000 of 4 per cent. perpetual debenture stock, the total applied for was £133,180. Tenders ranged from 103 to 109, and the average price was £103 4s. 10d.

REPAYMENTS AND CONVERSIONS.

Wembley Stadium, Ltd.—The outstanding £4,225 of 7 per cent. debenture stock is to be repaid on December 31st next.

Woolcombers, Ltd.—The directors announce their intention of redeeming the whole of the 5 per cent. debenture stock of £325,000 on June 1, 1933. The annual interest charge on this stock has been £16,250. When redemption is effected there will be no outstanding debentures or loans.

Calls Due November 28th to November 30th.

The grand total of calls falling due in November, 1932, is £3,190,271, which compares with £461,812 which fell due in November, 1931. The following calls fall due from November 28th to November 30th, 1932, inclusive.

Company.	Due Date.	Call.	Already Paid.	No. of Shares.	£
Graves (J.G.), Pty. Pref. Ord. 5s. at 14s.	Nov. 30	6½	40%	800,000	240,000
Indian Corp., 7½ Deb. at par	Nov. 30	30%	40%	£160,000	48,000
Jantar (Cornwall), Deb. £25 at par	Nov. 30	25%	50%	£2,000	500
Southend Stadium, Pref. 10s.	Nov. 30	7½	3½	60,000	21,000
Sumatra Anglo-Dutch Estates, Deb.	Nov. 30	50%	50%	£75,000	37,500
Stk. at par	Nov. 30	25%	69%	£500,000	125,000
York Corporation, 4½ Red. Stk., sold at 94½	Nov. 30	25%	69%	£500,000	125,000

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPT.

Company.	Month.	Ending.	Description.	Receipts for Month.		Aggregate to Date.	
				1932.	Compared with 1931 + or -	1932.	Compared with 1931 + or -
				\$	\$	\$	\$
Alabama Gt. Southern	9	Sept. 30	Gross	358,755	148,294	3,074,748	1,711,411
			Net	36,192	737,240	286,168	561,88
Atlantic Coast Lines	9	Sept. 30	Gross	2,211,839	3,354	29,013,698	14,492,15
			Net	129,787	3,809,552	396,243	4,963,46
Baltimore and Ohio	9	Sept. 30	Gross	10,935,523	1,215,755	98,834,004	40,776,18
			Net	1,889,195	4,810,035	10,551,648	12,899,12
Boonton and Maine	9	Sept. 30	Gross	10,050,961	4,163,166	94,519,333	39,764,43
			Net	2,276,391	15,718,267	15,718,267	6,535,81
Chicago & North Western	8	Aug. 31	Gross	3,691,691	1,030,921	34,274,334	10,389,70
			Net	726,232	1,353,729	5,414,995	2,471,00
Chicago & North Western	8	Aug. 31	Gross	6,625,516	2,101,781	54,607,792	26,677,52
			Net	991,721	65,414	194,743	6,010,41
Chicago & North Western	8	Aug. 31	Gross	1,097,276	2,101,781	59,384,189	25,373,91
			Net	1,135,056	658,216	6,507,553	1,815,27
Chicago & North Western	8	Aug. 31	Gross	1,276,417	441,009	11,332,257	3,877,53
			Net	1,276,417	200,103	350,251	1,607,08
Chicago Great Western	9	Sept. 30	Gross	14,298	200,103	63,053,973	23,027,09
			Net	8,490,291	1,045,449	2,396,614	8,572,13
Chicago Mill & St. Paul	9	Sept. 30	Gross	1,470,477	200,819	3,446,971	1,631,214
			Net	32,361	85,242	404,300	555,62
Colorado and Southern	8	Aug. 31	Gross	1,966,628	613,727	17,367,998	5,011,99
			Net	62,957	417,110	1,279,751	3,067,88
Delaware and Hudson	9	Sept. 30	Gross	1,924,529	476,913	12,179,751	5,109,89
			Net	651,360	1,038,619	2,495,171	2,495,17
Denver & Rio Grande Wn.	9	Sept. 30	Gross	6,280,967	107,100	55,024,863	14,310,57
			Net	351,231	5,650,506	6,506,506	2,510,57
Erie Railroad	9	Sept. 30	Gross	951,231	3,699,501	39,699,501	18,668,84
			Net	6,121,283	17,769	2,032,440	8,748,15
Great Northern	9	Sept. 30	Gross	1,648,728	160,671	6,359,790	2,459,68
			Net	450,104	15,514	1,049,580	463,263
Gulf Coast Lines	9	Sept. 30	Gross	7,769	463,263	4,471,421	549,99
			Net	260,373	298,459	7,610,264	7,194,04
Illinois Central	9	Sept. 30	Gross	878,660	8,323	250,854	2,035,99
			Net	176,369	843,644	34,933,533	9,999,49
International Gt. Northern	9	Sept. 30	Gross	3,374,822	39,937	2,707,947	2,705,55
			Net	3,163,159	631,861	1,404,601	9,821,66
Lackawanna Railroad	9	Sept. 30	Gross	244,435	74,551	46,881,268	20,518,44
			Net	5,599,649	1,153,452	3,372,338	3,871,33
Lahigh Valley	9	Sept. 30	Gross	1,318,178	759,248	21,916,080	6,164,74
			Net	2,408,422	160,178	3,946,241	2,910,60
Louisville and Nashville	9	Sept. 30	Gross	556,458	14,221,350	14,221,350	5,600,67
			Net	148,065	595,908	1,771,188	2,262,77
Long Island Railroad	8	Aug. 31	Gross	2,277,773	7,769	7,040,896	5,050,44
			Net	2,256,632	688,109	1,882,179	611,77
Minn. St. Paul and Sault Ste. Marie	8	Aug. 31	Gross	414,652	1,267,594	51,976,541	22,258,88
			Net	6,282,040	219,665	5,769,760	7,961,01
Missouri Pacific	9	Sept. 30	Gross	1,402,588	2,720,805	220,962,567	75,566,99
			Net	23,998,333	1,253,862	13,259,142	11,388,59
Missouri Pacific	9	Sept. 30	Gross	3,437,805	2,205,668	56,988,529	19,637,81
			Net	6,022,517	426,910	8,371,236	5,499,33
New York Central	9	Sept. 30	Gross	1,024,532	215,967	7,030,372	793,33
			Net	987,579	45,582	1,238,874	81,00
N. York, New Haven and Hartford	8	Aug. 31	Gross	213,179	1,507,741	44,563,990	15,737,88
			Net	5,464,400	249,941	11,464,611	12,666,88
N. York, Ontario and Western	9	Sept. 30	Gross	2,127,107	715,331	34,980,333	12,666,88
			Net	5,075,457	62,683	2,441,415	3,741,212
Norfolk and Western	9	Sept. 30	Gross	1,196,890	26,323	24,902,392	102,268,35
Northern Pacific	9	Sept. 30	Gross	26,325,462	106,671	28,225,145	9,776,44
			Net	4,519,365	1,187,618	23,626,691	7,904,54
Pennsylvania Railroad	9	Sept. 30	Gross	4,950,927	1,578,187	3,232,651	1,608,07
			Net	4,350,392	454,358	3,760,797	84,210,4
Reading Co.	5	May 31	Gross	917,507	1,663,238	24,014,047	24,212,01
			Net	6,205,052	396,956	3,212,633	12,666,88
Rock Island	9	Sept. 30	Gross	2,157,707	613,817	23,304,374	10,056,36
			Net	2,157,707	52,244	2,417,727	2,417,72
Seaboard Air Line	9	Sept. 30	Gross	27,567	50,721	96,073,042	42,206,36
			Net	11,393,450	5,070,221	1,675,369	13,458,8
Southern Pacific	8	Aug. 31	Gross	504,548	1,418,132	54,340,725	21,196,96
			Net	6,385,106	184,816	1,356,617	5,079,24
Southern Railway	9	Sept. 30	Gross	957,106	380,812	15,712,565	7,511,87
			Net	1,743,738	37,928	2,036,262	2,036,26
Texas and Pacific	9	Sept. 30	Gross	4,372,594	37,928	73,512,006	29,624,4
			Net	9,829,556	3,499,561	3,355,288	2,328,28
Union Pacific	9	Sept. 30	Gross	1,689,612	397,455	73,525,572	10,462,1
			Net	3,533,002	222,098	255,572	1,601,01
Walsh	9	Sept. 30	Gross	259,473	593,130	663,901	1,601,01

MR. H. J. JOEL'S REVIEW OF COMPANY'S INTERESTS.

INCREASED BURDENS ON GOLD MINING.

GOVERNMENT GOLD MINING AREAS (MODDERFONTEIN) CONSOLIDATED.

NEW STATE AREAS.

VAN RYN DEEP.

WITWATERSRAND GOLD MINING.

THE LANGLAAGTE ESTATE AND GOLD MINING.

THE RANDFONTEIN ESTATES GOLD MINING COMPANY,
WITWATERSRAND.

COAL

SOUTH AFRICAN CARBIDE AND BY-PRODUCTS.

PLATINUM.

COPPER.

RESULTS BEAT MOST OPTIMISTIC FORECAST.

DIAMONDS.

The report and accounts were unanimously adopted.

REDUCED WORKING COSTS.

At the last annual meeting (said Mr Martin) I mentioned the possibility that costs might show a tendency to rise. Fortunately, the continued efforts made to counteract this tendency have been successful, and a further gratifying reduction has been effected during the current financial year, the average for the first quarter being 14s 9d. per ton milled, or 7d. per ton less than for the past year.

YEAR'S DEVELOPMENT WORK.

The payable ore developed on all reefs during the past year totalled 666,200 tons, averaging 5 dwt. per ton in value. Compared with the previous year, the tonnage shows a decrease of 227,600 tons, and the average value is less by 1.1 dwt. per ton, due to the lower proportion of payability and the lower values that are being encountered in development generally.

The consulting engineer's report contains the customary details of the ore in reserve on the various reefs, as re-estimated at June 30th last. The total reserve amounted to 7,294,700 tons of an average value of 7.5 dwt. per ton over an estimated stoping width of 49.8 inches, but this included 1,285,200 tons, averaging 6.2 dwt. per ton, contained in shaft and safety pillars which are not at present available for stoping. The total tonnage in reserve is 730,100 tons less than it was twelve months before, the average value is lower by 0.3 dwt. per ton, and the estimated stoping width is unaltered.

CURRENT OPERATIONS.

As regards recent results, the rate of crushing during the first quarter of the current financial year averaged 173,333 tons per month, an increase of 6,666 tons on the past year's monthly average. The yield decreased to 7.358 dwt. per ton milled, but working costs were further reduced to 14s. 9d. per ton milled, and the working profit averaged £143,188 per month, or £8,650 less than the monthly average for the previous twelve months. There has been no unexpected change in the position or prospects of the mine. The results of the extensive programme of prospecting and development conducted during the past year on the Upper Leaders and South Reef have confirmed previous indications regarding the limitations of the areas in which we can expect them to furnish additional tonnages for inclusion in the reserve. Equally, however, these results have confirmed the prospects of further important tonnages of ore of marginal value being obtained from sources outside the ore reserve and exploited profitably in the course of future operations.

The report and accounts were unanimously adopted.

GOODE, DURRANT AND COMPANY, LIMITED.

FAIRLY ENCOURAGING OUTLOOK.

The thirty-fourth ordinary general meeting of Goode, Durrant and Company, Limited, was held, on the 18th instant, at Winchester House, Old Broad Street, London.

Mr W. E. Pennick, vice-chairman, presided, in the unavoidable absence of the chairman through illness, and said: We very much regret having to put before you another balance sheet which shows a loss, but, on the other hand, we are grateful that such loss is so much less than last year. Last November you were given general information regarding conditions prevailing in Australia, and although this year I have spent several months in Australia, I do not propose to burden you again with a long report on the troubles there. There is a definite sign of improvement as disclosed by these accounts, but the difficulties of trading are still very severe. With Australia in particular low prices for both wheat and wool are a very serious drawback to trade, and we are bound to suffer until such time as these products can be sold at remunerative prices. During the year there was a slight improvement in the volume of trade done, but it is still far below the amount required for satisfactory profit making. We are constantly watching expenses, and these have shown a further reduction during the past year.

A year ago I told you about the severe loss and winding-up of a subsidiary company, which operated the Torrens Mill, and informed you that we had engaged a new manager to work the mill as a department of this company's business under the direct supervision of your directors. You will be glad to know that the mill is now working at a profit, and we have every hope that it will continue to be a source of income instead of a liability.

With regard to the future, it is extremely difficult to say anything, but I can assure you that our trade is showing some improvement up to date as compared with last year, and the latest reports from Australia are as follows: A telegram from our Adelaide office, dated 17th inst., indicates that trading conditions are still difficult, the harvest prospects are good and the feeling throughout is one of confidence, and also that the future prospects are much brighter and on the up-grade. A message from our Perth branch regarding Western Australia informs us that trading conditions are difficult in the town, but the country and goldfields districts are maintaining fairly well. Primary production is good and with improved prices trade will revive quickly.

These messages are fairly encouraging, and we can assure you that your directors and our staffs are all keen to make profit, and, given any improvement in world conditions, we shall again do well. We are all of us working our hardest, and will not leave a stone unturned to bring back the company into a prosperous condition.

The report and accounts were unanimously adopted.

LAKE VIEW AND STAR, LIMITED.

NET PROFIT OF £284,145.

DEVELOPMENT POSITION SATISFACTORY.

The twenty-second ordinary general meeting of Lake View and Star, Limited, was held, on the 21st instant, at River Plate House, Finsbury Circus, London, E.C.

Mr John A. Agnew, the chairman of the company, who presided and moved the adoption of the report and accounts, said that it gave him very great satisfaction to report a net profit for the year of £284,145. The considerable increase over the previous year was, to a large extent, accounted for by the increased price of gold since this country departed from the gold standard. The benefit which they had received from the exchange and increased price for gold had enabled them to finance out of profits the whole of their capital requirements, and to discharge their loans as they had become due.

Milling operations throughout the year were carried on while the plant was under reorganisation, but in spite of this they showed a very large increase in tonnage as compared with the previous year.

There was not the slightest doubt that the expenditure on new plant which had been installed for increasing the milling capacity had been fully justified, and, notwithstanding that the increase only partially operated during the year, it was satisfactory to report that a saving of 7s. 6d. per ton had been made in working costs which was equal to £88,000 on the tonnage of company's ore treated. A further reduction in these costs would result as the capacity of the plant was further increased. The underground work had been reorganised and improvements for more economical working and improved methods of mining and development were being introduced every day. In this respect the general manager and his able staff were to be congratulated on the favourable results so far obtained.

Dealing with the operations on the property itself, it might be said that those, both underground and on the surface, had been in every way satisfactory. That was in particular the case in connection with the developments on the No. 2 Lode at various levels. A great amount of work had also been carried out, and was in progress at present, on lodes which, while of lesser importance so far as tonnage was concerned, were certainly not so from the point of view of value. He referred particularly to the Boulder lode, which had been developed south of the Ivanhoe-Horseshoe Boundary at several points with highly gratifying results.

Shareholders would regard the increase shown in the ore reserve position for the year just ended as satisfactory, and he would emphasise that all values quoted in respect of development work and those relating to ore reserves were in terms of the pound as it had stood at the beginning of September, 1931; in other words, the ore reserves shown at 34s. per ton gold were equal at to-day's exchange rates to 62s. Australian. From the summary of working costs given in the general manager's report they would note that a very satisfactory reduction had been made in all departments.

He need scarcely express to the shareholders the satisfaction which the directors felt at being able to carry out their implied promise of a year ago in the matter of a dividend. Some might have been disappointed at the amount of the dividend just declared, but he was sure that a perusal of the balance sheet, and an appreciation of the fact that they could not possibly devote profits towards what ought to be capital expenditure, and at the same time utilise them for dividend-paying purposes, would convince such shareholders that their attitude had been unreasonable. As to future dividends, it was not the board's intention to pay them quarterly—the work and expense entailed would be unwarranted. He thought, however, it might be safely taken that the intervals between dividends would not be greater than six months, and the board would give every consideration to decreasing the interval to four months. The amount to some extent would depend upon a continuance of the present price of gold when expressed in sterling.

To summarise the operations of the year, they had, out of revenue, almost entirely extinguished the company's indebtedness, had brought within measurable distance the completion of the plant capacity to 40,000 tons monthly, and had carried out much useful work in preparing the mine to ensure in a sound and economical manner a regular and continuous supply of ore to the mill. To have accomplished the above, to have strengthened the ore position, and to have placed the company in a situation where the resumption of what they hoped would be regular dividends could be deemed advisable, was, he ventured to suggest, no mean achievement. (Cheers.)

The report and accounts were unanimously adopted.

THE WALL PAPER MANUFACTURERS, LIMITED.

INCREASED PROFITS.

COMPANY'S ARTISTIC AND COLOURFUL PRODUCTIONS.

MR ALAN V. SUGDEN'S SPEECH.

The ordinary general meeting of the Wall Paper Manufacturers, Limited, was held, on the 24th instant, at the Holborn Restaurant, Holborn, London.

Mr Alan V. Sugden, the chairman, who presided, having dealt with the accounts for the period under review, said: Whilst we are all conscious that the profits for the year are smaller than those of a few years ago, it must be a matter of satisfaction that as compared with the previous year, we have held our own.

Our results have not been greatly affected by the depreciation of sterling. An increase in export sales which might have been stimulated has been neutralised by additional duties, quotas and exchange restrictions introduced by many of the countries which buy our products.

The effect of duties on wallpaper imported into this country has also been negligible, partly by reason of anticipatory buying, but we feel that the position would have been worse had these duties not been introduced. On the other hand, one or two new competitive undertakings have commenced operations in this country in which there are foreign interests.

RESOURCEFUL MANAGEMENT.

The slight improvement in our profits this year is mainly due in my opinion to resourceful and efficient management at our factories, and in this, I include the ability to adapt costs of manufacture to meet changed conditions, not only in volume, but in the classes of product most in demand.

At the same time it will be appreciated that there is a limit to the distance we can travel in this direction as we must maintain quality and we do not wish to suggest reducing wages, believing these to be fair and in line with other comparable industries.

We all greatly deplore the short-time working which has been occasioned by lessened demands on machine output, but it seems only fair to observe, that the percentage of short-time working has been considerably less than the fall in output.

The continuance of a reduction in volume as well as the fall in value of our sales, can only be attributed to the diminished spending power of the consumer. It certainly cannot be explained by any diminution in the quality, beauty, or intrinsic value of our productions.

There has never been a time when more thought, taste, artistic skill and colour sense has been employed in maintaining the supremacy, which I do not hesitate to claim, for British-produced wall-papers.

We cater for a thousand tastes and for a thousand degrees of difference in the means of the user, studying the requirements of the cottage and the small home as carefully as that of the mansion or palace.

I referred last year to the apprehension we felt as to the effect which the three quarter payment of income tax in January would have on Spring decorating. This apprehension has proved to be only too well grounded. Unemployment amongst decorators at their normal peak period between Easter and Whit Week has been a most regrettable feature.

WALPAMUR.

The Walpamur Company has again well maintained its trade and has increased the cordial relationship existing between it and its merchant and decorator customers.

We would invite our shareholders, whenever they require paint products, to specify the products manufactured by the Walpamur Company.

The pension schemes continue to operate most satisfactorily, and we already have over 200 old employees in receipt of pensions. Concluding, I wish to acknowledge most sincerely the services rendered by our staff and employees during the past year, in which they have shared loyally in our anxieties and difficulties.

We also owe a debt of gratitude to their help in making smooth the Federation of Trade Unions for the industrial council and to the relations between employer and employed, always delicate in times of shorter mill hours and when new avenues of economy have to be explored.

May I also tender my personal thanks to all members of the board for their loyal and efficient help and counsel at all times. The report and accounts were adopted, and resolutions were passed authorising the conversion of all the issued shares of the company into stock, and adopting new Articles of Association.

IS YOUR MONEY UNEMPLOYED?

If so, why not put it to work at once to protect your dependants and your own old age through the life assurance policies of

THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY, LTD.

Policies for every purse and purpose. Particulars free on request.

Head Office, LIVERPOOL: LONDON (Chief Office):
1, Dale Street. 1, Cornhill, E.C.3.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 19, 1932, amounted to £12,582,100 against ordinary expenditure of £11,300,800. After allocating £135,000 to Sinking Fund, and allowing for an increase in Exchequer Balances of £67,059, the operations for the week, as shown below, decreased the National Debt by £1,076,000 to approximately £98 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

	£	£
Treasury Bills	12,582,100	12,582,100
National Savings Certificates	135,000	135,000
3% Conversion Loan	67,059	67,059
Public Department Advances	13,650	13,650
Total	12,787,159	12,787,159

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Nov. 19, 1932.	April 1, 1931, to Nov. 21, 1931.	Week ended Nov. 19, 1932.	Week ended Nov. 21, 1931.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	260,000,000	60,201,000	67,144,000	1,642,000	622,000
Sur-tax, including Arrears of Super-Tax	66,000,000	12,690,000	18,230,000	270,000	260,000
Estate, &c., Duties	76,000,000	48,110,000	41,720,000	1,520,000	940,000
Stamps	23,000,000	9,070,000	8,450,000	390,000	80,000
Excise Profits Duty and Excess Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	180,000	20,000	...
Total Inland Revenue ...	427,000,000	130,251,000	135,724,000	3,842,000	1,902,000
Customs and Excise—					
Customs	174,570,000	107,463,000	85,639,000	2,302,000	2,127,000
Excise	125,430,000	81,100,000	77,900,000	6,100,000	7,120,000
Total Customs and Excise	300,000,000	188,563,000	163,539,000	9,002,000	9,247,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,851,000	1,609,000	Dr131,000	Dr182,000
Post Office (Net Receipts)	11,700,000	10,350,000	10,650,000	100,000	Dr200,000
Crown Lands	1,250,000	830,000	860,000	...	...
Receipts from Sundry Loans	4,350,000	3,478,782	12,229,890	69,063	141,263
Miscellaneous Receipts	17,500,000	11,755,567	11,534,771	...	...
Appropriation from Rating Relief Sinking Account ...	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	347,079,349	340,046,661	12,582,063	10,908,263
SELF-BALANCING REVENUE.					
Post Office	59,188,000	34,850,000	34,750,000	1,500,000	1,600,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	8,650,000	8,442,000	431,000	182,000
Total Self-Balancing Revenue	82,098,000	43,500,000	43,192,000	1,931,000	1,782,000
Total	...	390,579,349	383,238,661	14,513,063	12,690,263

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.	\$	\$	s. c. d.
Oct. 28	50,000,000	85,010,000	0 15 2-84
Nov.	50,000,000	60,940,000	0 10 11-16
Nov. 11	50,000,000	74,225,000	0 4 11-17
Nov. 18	69,000,000	80,490,000	0 17 7-24

\$		\$	
Notes Issued:—		Government Debt	11,015,101
In Circulation	357,847,472	Other Government Securities...	253,990,448
In Banking Department.....	56,574,622	Other Securities	6,181,511
		Silver Coin	3,812,895
		Amount of Fiduciary Issues.....	275,000,000
		Gold Coins and Bullion	139,422,094
	\$414,422,094		\$414,422,094

	£		£
Proprietors' Capital.....	14,553,000	Government Securities	68,581,740
Reserve	3,227,978	Other Securities:-	
Public Deposits.....	26,531,015	Discounts and	
Other Deposits:-		Advances.....	£11,958,451
Bankers.....	£78,081,780	Securities.....	£18,020,933
Other Accounts.....	£33,742,008		
		Notes.....	29,979,384
7-Day and other Bills	111,823,788	Gold and Silver Coin	56,574,822
	3,570		1,003,605
	£156,139,351		£156,139,351

Both Departments.	Amount, Nov. 23, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	£ 357,847,472	£ — 1,249,700	£ + 5,445,593
Public deposits.....	26,531,015	+ 6,083,689	+ 5,002,721
Bankers' deposits.....	78,081,780	+ 4,418,150	+ 18,237,342
Other deposits.....	33,742,008	+ 543,851	+ 4,398,158
Seven-day bills.....	3,570	+ 2,495	+ 2,100
Total, outside liabilities.....	496,205,848	+ 662,185	+ 16,785,156
Capital and rest.....	17,780,975	+ 35,967	+ 5,363
Government debt and securities.....	333,587,326	— 68,016	+ 22,202,740
Discounts and advances.....	11,958,451	+ 163,412	+ 739,742
Other securities.....	24,024,449	+ 629,826	+ 23,177,014
Silver coin in issue department.....	3,812,898	— 998	+ 236,882
Coin and bullion (bank's reserve).....	140,425,699	+ 26,072	+ 18,741,437
Reserve of notes and coin in banking department.....	57,578,227	+ 1,533,628	+ 15,294,844
Proportion of reserve to outside liabilities.....			
(a) Banking Department only ("proportion").....	41½%	1½%	7½%
(b) Gold stocks to deposits and notes ("reserve ratio").....	28½%	1½%	3½%

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.		Bank Notes.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.			
1932.	£	£	£	£	£	£		%
Oct. 19	414,422	359,218	30,751	71,934	33,741	Nil		2
26	414,422	358,431	25,426	77,336	33,588	Nil		2
Nov. 2	414,422	361,472	7,018	102,672	34,898	Nil		3
" 9	414,422	361,210	20,428	79,758	33,657	Nil		2
" 16	414,422	359,397	20,447	82,500	33,198	Nil		2
" 23	414,422	357,847	26,531	78,082	33,742	Nil		2

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion Ratio.	and Reserve	Govt. Securities.	Dis. count & Advances.	Other Securities.	Reserve and the "Proportion."	
1932.	\$	\$	\$	%					
Oct. 19	258,432	12,757	140,416	29	66,238	11,606	20,048	56,198	
26	259,085	12,096	140,414	28	65,998	11,597	18,434	57,010	
Nov. 2	259,190	12,003	140,460	28	65,813	11,594	17,536	53,988	
9	259,156	12,031	140,443	28	68,053	11,787	17,787	56,055	
16	265,039	6,094	140,452	28	68,563	11,795	17,778	56,055	
23	265,006	6,182	140,426	28	68,582	11,958	18,091	57,578	

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to November 9	£	£		£
Week ended November 16	23,818,316	1,381,783	2,296,777	27,496,876
Week ended November 19	550,741	29,248	52,259	632,248
Week ended November 23	467,419	29,407	48,619	545,445
Total to date, 1932	24,836,476	1,440,418	2,397,655	28,674,549
Total to date, 1931	29,456,551	1,510,745	2,484,773	33,452,069
Increase or decrease in 1932	- 4,620,075	- 70,327	- 87,118	- 4,777,520
	= 15.7%	= 4.7%	= 3.5%	= 14.3%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	= 17.9%	= 7.9%	= 7.2%	= 17.8%

No. of working days	Week ended November 19.		Month of October.			Aggregate Totals, January 1 to November 19.	
	1931.	1932.	1931.	1932.	Ino. or Dec.	1931.	1932.
	\$	\$	27	26			
BRIMFORDHAM	1,724	2,211	9,639	9,404	- 2 4	98,988	100.6
BRADFORD	492	438	3,549	3,487	- 1 7	33,228	35.4
BRIXTOL	1,127	1,187	4,870	5,033	+ 3 3	51,333	63.0
DUBLIN	4,467	4,187				22,571	24.5
HULL	686	720	3,162	2,741	- 13 3	38,890	38.3
LEEDS	797	788	3,973	3,750	- 6 6	38,684	38.4
LEICESTER	573	727	2,727	2,837	+ 2 2	26,321	29.1
LIVERPOOL	5,846	6,175	28,064	28,529	- 11 9	268,284	266.6
MANCHESTER	8,767	9,406	41,990	42,100	- 11 9	416,147	416.1
NEWCASTLE	1,253	1,432	5,423	6,149	+ 13 3	67,722	67.3
NOTTINGHAM	363	397	2,146	2,079	- 3 1	20,196	20.2
SHEFFIELD	675	705	3,307	2,886	- 10 0	34,060	34.6
Total	28,769	28,427	109,750	105,478	- 4 2	1,000,000	1,000,000

	Nov. 11, 1932	Oct. 12, 1932	Oct. 19, 1932	Oct. 26, 1932	Nov. 2, 1932	Nov. 9, 1932
Loans	13,421	10,634	10,632	10,516	10,441	10,425
Investments	7,612	8,347	8,499	8,602	8,585	8,601
Demand deposits	12,287	11,309	11,322	11,470	11,461	11,595
Time deposits	6,256	5,660	5,692	5,725	5,709	5,707
Due from banks	1,057	1,570	1,589	1,555	1,589	1,613
Due to banks	2,626	3,189	3,212	3,164	3,241	3,294
Federal reserve bor- rowings	441	107	94	103	105	99

	Aug. 31, 1931.	May 31, 1932.	June 30, 1932.	July 31, 1932.	Aug. 31, 1932.
ASSETS.					
Cash and bank balances	329,049	103,949	103,107	105,566	305,892
Bank balances abroad.....	92,965	108,190	183,535	187,576	210,961
Call and short loans	29,266	179,116	669,332	764,061	703,113
Securities	70,985	667,422	1,223,375	1,192,201	1,160,252
Loans in Canada	1,273,500	1,259,356	174,896	164,344	159,043
Loans abroad.....	198,796	187,082	156,017	155,787	156,163
Other assets	169,660	156,490			
LIABILITIES.					
Note circulation	141,813	131,073	136,296	134,570	127,774
Deposits	93,296	93,296	97,582	87,104	80,349
Government	43,182	1,885,014	1,862,205	1,825,259	1,841,907
Public in Canada	2,029,554	308,937	308,221	299,379	306,551
Foreign	331,596				
Bank balances—					
Canadian	12,739	10,859	11,038	8,087	10,852
Foreign	74,284	56,296	57,091	57,453	54,092
Bills payable, &c	67,276	50,125	49,686	50,027	49,915
Capital and res.	306,500	306,500	306,500	306,500	306,500
Other liabilities	6,375	5,754	3,001	3,411	5,144

	Oct. 30, 1932	Sept. 30, 1932	Oct. 7, 1932	1932, 7.362	1932, 7.332	1932, 7.189
ASSETS.						
Gold coin and bullion	6,189	6,512	6,534	562	569	572
Subsidiary gold	586	549				
Bills discounted: Domestic and Union Gov. Treas.		1,862	1,190	1,138	1,115	1,133
Bills	4,570					
Bills discounted: Foreign.....		2,015	2,047	1,931	1,730	1,960
Investments	1,626					
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	702	9	9	9	9	9
Notes in circulation	8,340	7,933	7,113	6,524	6,153	7,365
Government deposits	1,986	1,171	1,038	1,171	1,585	1,042
Bankers' deposits	4,300	3,997	4,091	5,097	4,154	3,790
Ratio of cash to liabilities to public.....	44-2%	52-0%	54-6%	60-0%	62-8%	60-1%

	Oct. 30, 1931.	Sept. 16, 1932.	Oct. 7, 1932.	1932.	1932.	1932.
ASSETS.						
Total securities.....	32,241.77	30,056.54	29,750.00	28,840.89	28,612.92	29,243.35
Loans	8,916.61	7,587.73	6,821.29	6,736.38	6,522.07	6,500.00
Notes	23,806.65	20,380.06	19,017.78	18,617.75	18,611.60	18,655.51
Inland bills	5,004.42	1,822.02	1,605.05	2,084.64	2,166.64	1,658.33
Foreign bills	30.67		17.35	18.56	21.59	20.27
Dead stock	2,753.97	2,651.91	2,666.38	2,665.52	2,673.03	2,671.00
Bal. with other banks	9.97	18.76	8.06	8.94	11.37	4.51
Cash	11,69.26	24,46.01	22,42.56	23,96.62	26,45.20	27,014.77
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,48.50	5,15.00	5,15.00	5,15.00	5,15.00	5,15.99
Total deposits	72,62.26	75,70.80	72,67.18	76,74.03	74,16.56	74,30.55
The above includes—						
Deposits in London	£ 801	£ 1,385	£ 1,315	£ 1,225	£ 1,258	£ 1,211
Advances in London	801	1,442	1,440	1,378	1,384	1,355
Cash, &c., at other banks in London ...	76	144	63	66	88	3

ASSETS.	Nov. 20, 1931.	Oct. 28, 1932.	Nov. 4, 1932	1932.	1932.
Gold	67,675,698	82,909,010	83,035,820	83,303,443	83,308,226
Foreign assets—					
Sight deposits	15,660,709	2,981,352	2,985,560	2,988,362	2,968,181
Bills	8,749,684	2,020,356	1,996,352	1,930,637	...
Home bills	6,816,012	3,636,531	2,777,363	2,581,828	...
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances ...	2,726,676	2,763,732	2,678,135	2,546,074	2,510,000
Negotiable Bonds,					
Sinking Fund Dept.	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Other assets (exclud-					
ing fund)	5,495,172	5,947,937	6,162,803	6,162,801	...
Liabilities—					
Notes in circulation...	81,644,657	82,205,094	83,021,910	82,313,227	81,604,539
Public deposits	8,067,793	4,653,162	4,026,688	3,949,428	3,259,713
Private deposits	22,726,787	20,926,615	19,818,859	20,492,464	21,913,536
Other liabilities	2,949,446	2,370,980	2,589,469	2,721,901	...

	Nov. 14, 1931.	Oct. 34, 1932.	1932.	1932.
ASSETS.				
Gold	1,038,008	817,514	817,283	825,151
Of which deposited abroad	93,004	61,252	61,252	65,366
Reserve in foreign currencies	151,774	122,983	121,826	104,554
Bills of exchange and cheques	3,81,869	2,896,558	2,794,983	2,657,664
Silver and other coin	118,849	158,844	185,685	237,771
Notes of other German banks	8,534	2,797	7,851	10,431
Advances	133,364	197,763	99,141	95,347
Investments	102,884	362,291	362,346	394,818
Other assets	894,904	794,517	812,558	759,353
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,453,459	3,620,939	3,502,238	3,413,556
Other daily maturing obligations	406,836	368,483	366,211	357,676
Other liabilities	862,059	771,139	765,708	746,474
Cover of note circulation	26-6%	26-0%	26-8%	26-2%

ASSETS.	Position, May 28, 1914.	Nov. 19, 1931.	Oct. 27, 1932.	Nov. 3, 1932.	Nov. 8, 1932.	Nov. 17, 1932.
Gold	(a)	2,557,505	2,610,813	2,612,689	2,612,769	2,614,177
Foreign bills and balances abroad	232,650					
Silver and other coin and securities	697,600	32,160	63,943	63,684	63,647	65,222
LIABILITIES.		915,580	682,550	680,897	692,123	689,366
Notes in circulation ...	934,150	3,549,685	3,636,675	3,658,905	3,657,244	3,625,717
Current account	112,125	298,419	163,850	121,796	138,997	178,433

(a) In thousand francs.

ASSETS.	Position, May 30, 1914.	Nov. 16, 1931.	Oct. 24, 1932.	Oct. 31, 1932.	Nov. 7, 1932.	Nov. 1, 1933.
Gold	163,092	872,243	1,034,877	1,034,877	1,035,659	1,032,316
Silver	8,436	19,372	18,557	18,557	18,557	18,775
U. S. bills domestic		118,712	39,600	39,744	37,852	39,336
Foreign bills	253,504	78,619	71,336	71,336	71,336	71,336
Loans and advances in current acc't.		110,656	75,621	82,114	74,088	74,937
LIABILITIES						
Notes in circulation	316,632	1,037,675	965,340	1,003,507	984,307	971,437
U. S. bills in circulation	5,016	216,615	295,834	263,970	272,770	285,970

ASSETS.	Position, May 30, 1914	Nov. 21, 1913	Oct. 29, 1912	Nov. 5, 1912	Nov. 12, 1912	Nov. 1913
Gold	22,971	132,119	151,000	148,440	150,350	150,210
Silver	23,785	43,754				
Discounts, advances and other investments	77,567	73,902	59,068	58,480	58,500	62,820
Foreign Bills			18,750	18,500	18,270	18,270
Other Assets	...	...	31,630	32,930	30,980	23,900
LIABILITIES.						
Notes in circulation	109,499	234,994	213,720	216,250	214,920	211,000
and bills payable	11,250	28,189	33,400	28,700	29,680	30,000

ASSETS.	Position, May 31, 1914.	Nov. 14, 1915.	Oct. 22, 1915.	Oct. 31, 1915.	Nov. 7, 1915.	Nov.
Gold	171,175	2,199,751	2,637,501	2,637,505	2,637,509	2,637,505
Foreign bills and bal- ances abroad		102,588	51,262	46,601	43,977	41,151
Discounts		74,596	13,899	13,970	14,177	15,050
Advances	103,000	53,029	49,032	51,658	50,234	48,162
LIABILITIES						
Notes in circulation	275,952	1,431,332	1,495,169	1,552,794	1,525,151	1,496,767
Notes in currency	33,750	1,041,377	1,257,995	1,201,060	1,223,726	1,247,616

	Nov. 10, 1931.	Oct. 10, 1932.	Oct. 20, 1932.	Oct. 31, 1932.	Nov. 1933.
ASSETS.					
Gold, coin and bullion	5,626,000	5,796,000	5,802,700	5,810,700	5,814,100
Foreign bills and balances abroad	2,436,300	1,403,600	1,403,800	1,405,000	1,407,000
Other cash	269,400	322,500	328,600	326,900	325,000
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,818,200	4,766,500	4,737,700	4,953,000	4,882,000
Advances	1,374,000	1,194,000	1,186,400	1,509,300	1,350,000
Credit with "Instituto di Liquidazione"	1,528,400	1,860,400	1,865,400	1,860,400	1,864,000
Government securities	1,378,000	1,363,600	1,366,200	1,373,700	1,387,000
LIABILITIES.					
Notes in circulation	14,360,500	13,759,800	13,371,000	13,792,800	13,578,000
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,534,400	1,120,600	1,279,800	1,084,600	969,000
Ratio of reserve to note and sight liabilities combined	49.79%	47.43%	48.20%	47.54%	48.6%

	Nov. 21, 1931.	Oct. 29, 1932.	Nov. 5, 1932.	Nov. 12, 1932.	Nov. 19, 1932.
ASSETS.					
Gold reserve	205,886	205,970	205,970	205,970	205,970
Government securities—Swedish	4,131	238,364	238,364	238,364	238,364
Other Swedish bonds quoted on foreign exchange	103	109,694	104,166	99,281	104,047
Bills payable in Sweden	369,374	34,970	52,522	52,686	52,686
" abroad	842	137,694	147,322	149,738	155,155
Balance abroad	18,397	66,465	68,075	63,201	66,465
Advances	28,154				
LIABILITIES.					
Notes in circulation	521,002	553,893	551,352	526,085	496,000
Government deposits	75,226	72,542	64,052	81,539	158,000
Government debt	37,170	123,758	139,273	143,305	108,000

	Position, May 31,	Nov. 16, 1931.	Oct. 31, 1932.	Nov. 7, 1932.	Nov. 14
ASSETS.					
Coin and bullion: Gold	44,224	118,078	144,258	144,257	144
Coins abroad and foreign bills	28,533	11,014	25,722	25,221	24
Norwegian and Foreign Government securities	8,816	36,065	26,773	26,773	26
Discounts and loans	76,911	223,447	254,462	256,542	255
LIABILITIES.					
Notes in circulation	113,484	282,797	306,106	301,995	296
Notes in sight	7,189	90,889	80,492	84,323	89

* Includes an amount of Kr. 26,017,000, which the Bank has at its free disposal abroad.

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

ASSETS.	Position, May 30, 1931.	Nov. 14, 1931.	Oct. 22, 1931.	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.
Gold	521,775	2,246,816	2,257,765	2,257,879	2,258,089	2,258,171
Silver	728,690	521,061	585,812	589,896	586,959	586,669
Loans & Discounts	800,725	3,272,018	2,885,395	2,914,650	2,946,313	2,896,087
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Notes in Circulation	901,550	5,070,742	4,850,714	4,855,577	4,941,770	4,920,482
Deposits	477,500	1,146,511	951,220	948,976	923,574	952,747

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

ASSETS.	Sept. 21, 1931.	Oct. 4, 1931.	Oct. 12, 1931.	Oct. 19, 1931.	Oct. 26, 1931.	Nov. 2, 1931.
Gold	397,548	398,447	398,648	398,991	400,134	400,720
Balances abroad	553,956	555,455	554,062	551,413	564,977	569,571
Discounts	337,555	334,779	337,382	337,126	338,112	337,553
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.						
Notes in circulation	1,903,614	1,953,724	1,933,134	1,910,003	1,906,217	1,952,361
Government deposits	74,770	40,699	45,530	61,367	46,454	46,454
Bankers' deposits	252,642	231,469	251,772	265,965	264,282	264,282
Other deposits	45,216	43,728	41,443	37,232	32,126	28,297

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

ASSETS.	Nov. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 15, 1931.
Cash Reserve	193,131	193,131	193,131	193,131	193,131
Gold coin and bullion	189,539	189,478	189,476	189,476	189,476
Foreign exchange	112,479	39,410	39,331	39,235	39,165
Other foreign exchange	43,309	115	115	115	115
Bills discounted	759,767	310,920	336,285	328,447	320,836
Federal debt	95,647	662,971	662,971	662,971	662,971
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,949	10,949	10,949	10,949
Notes in circulation	1,046,237	812,317	903,362	841,977	835,629
Deposits	164,961	243,950	176,832	229,706	227,310

* In dollar and sterling only. † In accordance with Art. 53 of the Statutes.

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

ASSETS.	Nov. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 15, 1931.
Metal reserve	104,796	96,535	96,545	96,557	96,557
Gold coin and bullion	12,372	9,267	8,147	7,973	9,005
Foreign exchange	5,134	9,338	8,415	8,267	8,765
Other foreign exchange	396,886	431,916	480,316	452,590	440,566
Advances to Treasury	58,472	52,454	52,454	52,452	52,432
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	379,510	331,009	410,391	378,392	354,893
Current accounts, deposits, &c.	138,646	93,077	55,075	58,233	75,588

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Nov. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 15, 1931.
Gold	1,550,514	1,658,734	1,658,641	1,658,556	1,658,313
Balances abroad and foreign currency	1,126,311	1,105,319	1,081,516	1,085,253	1,083,403
Discounts and advances	1,466,026	1,255,512	1,529,860	1,510,942	1,133,310
State notes debt balance	3,229,267	2,694,286	2,691,835	2,688,763	2,688,495
Other assets	660,362	465,831	459,832	474,636	497,920
LIABILITIES.					
Bank notes in circulation	6,617,841	5,461,644	6,056,941	5,895,534	5,599,540
Check account balances	537,882	989,877	434,022	797,688	751,086
Other liabilities	365,656	291,590	294,150	288,357	294,334

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

ASSETS.	Nov. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 15, 1931.
Cash reserve	1,756,864	1,756,864	1,756,864	1,756,864	1,756,864
Gold at home and abroad	429,044	259,188	261,131	261,131	261,131
Foreign exchange	88,317	87,979	87,979	87,979	87,979
Other foreign exchange	2,126,551	2,545,988	2,552,163	2,539,761	2,539,761
Bills and advances against security	1,824,458	1,810,619	1,810,619	1,810,619	1,810,619
Government advances	5,210,852	4,759,351	4,781,813	4,691,205	4,691,205
LIABILITIES.					
Notes in circulation	6,617,841	5,461,644	6,056,941	5,895,534	5,599,540
Check account balances	537,882	989,877	434,022	797,688	751,086
Other liabilities	365,656	291,590	294,150	288,357	294,334

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

ASSETS.	Nov. 7, 1931.	Oct. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.
Gold and silver holdings	1,510,230	1,517,113	1,517,152	1,517,181	1,517,218
Currencies	486,002	262,815	270,324	267,842	253,687
Discounts and advances	808,829	792,547	797,135	816,817	808,125
Advances to the Treasury	3,030,593	2,934,567	2,934,567	2,934,567	2,934,567
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserve	1,182,325	1,192,161	1,191,829	1,190,474	1,188,654
Bank notes in circulation	3,213,501	2,768,875	2,774,132	2,713,008	2,746,085
Sight liabilities	1,228,544	1,458,027	1,469,205	1,541,586	1,460,300
Deposits	249,972	242,340	222,732	222,718	221,858

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted).

ASSETS.	Oct. 13, 1931.	Oct. 20, 1931.	Oct. 27, 1931.	Nov. 3, 1931.	Nov. 10, 1931.
Gold coin and bullion	13,399	13,583	13,801	13,919	14,075
Other coin and notes	9,288	10,268	9,772	9,695	8,679
Free foreign exchange	220	272	373	377	698
Treasury bonds	155,610	155,610	155,450	155,395	155,340
Bills	33,018	33,018	32,993	32,073	33,798
Securities	4,562	4,548	4,523	4,522	4,522
LIABILITIES.					
Capital	15,000	15,000	15,000	15,000	15,000
Notes in circulation	155,610	155,610	155,450	155,395	155,340
Supplementary	8,689	8,689	8,689	8,689	8,688
Sight liabilities	9,067	9,952	10,373	9,130	10,319

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Nov. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 15, 1931.
Gold coin and gold bullion	6,550	11,480	11,481	11,721	13,722
Net foreign exchange	15,208	6,983	6,949	4,874	5,358
Subsidiary Estonian coin	1,719	1,331	1,435	1,504	1,586
Home bills discounted	10,575	9,410	9,354	9,248	9,159
Loans and advances	11,753	13,070	13,570	11,761	11,831
Thereof loan to Government	1,800	5,000	5,000	4,400	5,000
LIABILITIES.					
Notes in circulation	36,453	33,582	32,943	31,780	30,856
Sight deposits and current accounts	10,276	9,949	11,460	10,912	12,170
Ratio of reserve to current liabilities	46.56%	42.42%	41.51%	43.56%	44.35%

* Includes Ekr. 3,821,184-05 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Nov. 16, 1931.	Oct. 17, 1931.	Oct. 24, 1931.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 14, 1931.
Gold bullion and coins	31,537	35,635	35,637	35,641	35,642	35,644
Silver coin	12,534	14,501	14,338	15,548	15,158	15,258
Balances abroad	15,299	11,821	11,790	11,737	11,684	11,431
Treas. notes and small change	11,277	14,359	14,723	13,891	15,223	15,805
Short term bills	79,971	70,339	70,630	71,185	70,721	70,968
Loans against securities	59,056	54,758	55,473	56,237	56,445	56,489
Other assets	17,067	18,953	18,244	17,910	18,112	17,499
LIABILITIES.						
Notes in circulation	40,936	36,632	36,586	37,131	36,436	36,239
Capital paid up	19,676	19,717	19,717	19,717	19,717	19,717
Reserve	18,255	14,745	14,745	14,745	14,745	14,745
Deposits	68,150	66,209	67,621	67,339	68,370	68,568
Current accounts	60,139	67,773	66,368	66,541	67,552	67,839
Government accounts	9,356	7,046	7,013	7,386	7,212	6,954

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Nov. 15, 1931.	Sept. 15, 1931.	Sept. 30, 1931.	Oct. 15, 1931.	Oct. 31, 1931.	Nov. 15, 1931.
Gold	47,621	49,602	48,608	48,617	48,624	48,632
Silver and other coins	2,293	4,606	4,526	4,338	4,206	4,117
Foreign currency	40,154	15,446	15,827	16,155	17,628	18,411
Discounts	83,968	85,620	84,131	84,186	82,72	82,72
Advances	121,310	9,741	9,450	9,574	8,987	8,903
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,900	2,015	2,015	2,015	2,015	2,015
Banknotes in circulation	114,681	95,139	98,234	96,211	101,755	99,102
Current accounts	58,472	27,747	25,586	27,122	22,420	18,977
Deposits	84,377	32,282	32,504	31,266	31,679	36,188

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	Nov. 14, 1931.	Aug. 13, 1931.	Sept. 15, 1931.	Sept. 30, 1931.	Oct. 15, 1931.	Oct. 31, 1931.	Nov. 15, 1931.
Gold coin and bullion	21,831	21,372	21,372	21,371	21,375	21,375	21,374
Danzig subsidiary coin	3,643	3,684	4,091	3,628	4,015	3,705	4,164
Balances abroad and foreign bills	25,835	25,315	20,757	19,141	14,927	15,478	13,185
Treasury bills of the Free City of Danzig	585	380	299	960	677	675	675
Advances	9,322	6,810	5,667	7,890	7,579	8,541	7,716
Discounts	35	49	38	38	36	39	32
Other assets	7,500	7,500	7,500	7,500	7,500	7,500	7,500
LIABILITIES.							
Notes in circulation	39,592	38,690	34,515	37,963	35,374	37,126	32,593
Deposits on demand	8,526	10,676	9,594	6,861	7,051	6,502	6,310

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Oct. 23, 1931.	Sept. 25, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 14, 1931.	Oct. 21, 1931.
Gold at home	66,711	72,002	72,589	75,576	76,156	76,915
Gold abroad	127,837	85,627	85,326	80,987	80,899	79,211
Discounts & advances	70,171	13,223	12,712	12,125	11,700	11,159
LIABILITIES.						
Notes in circulation	295,252	483,596	479,798	486,376	481,900	479,375
Deposits	73,075	214,917	237,804	228,450	230,010	230,917
Paid-up capital	90,832	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Nov. 17. 1932.	Nov. 18. 1932.	Nov. 19. 1932.	Nov. 21. 1932.	Nov. 22. 1932.	Nov. 23. 1932.	Nov. 24. 1932.
Bank rate (changed from 2 1/2% June 30, 1932)	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount:							
60 days' bankers' drafts	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
3 months' do.	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
4 months' do.	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
6 months' do.	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
Discount Treasury Bills:							
2 months'	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
3 months'	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
Loans—Day-to-day	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
Short	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
Deposit allowances: Bank.	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
Discount houses at call	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4
At 60 days	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4	1 1/2-1 3/4

Messrs Samuel Montagu and Company write as follows on November 23, 1932:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,422,094 on the 16th instant, and shows no change as compared with the previous Wednesday.

The amounts of gold offered in the open market during the week have been large. Only comparatively small purchases have been made on Continental account, as the bulk of the available supplies were secured for a destination not disclosed.

Prices have fluctuated owing to the erratic movements of the exchanges, but as a result of the weakness of sterling yesterday the price was fixed at 126s. 1d. per fine ounce, which, so far, is the highest quotation this year.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
November 17.....	124s. 10½d.	13s. 7-3d.
" 18.....	125s. 7d.	13s. 6-3d.
" 19.....	125s. 0d.	13s. 7-1d.
" 21.....	125s. 6d.	13s. 6-5d.
" 22.....	126s. 1d.	13s. 5-7d.
" 23.....	125s. 10½d.	13s. 6-0d.
Average.....	125s. 5-8d.	13s. 6-5d.

Gold shipments from Bombay last week were about £1,300,000. The s.s. "Rajputana" has £602,000 consigned to London and £10,000 to Holland, and the s.s. "Clan McVicar" £176,000, also consigned to London. The s.s. "President Adams" carries £516,000 consigned to New York.

SILVER.

Prices have shown very little fluctuation during the past week, the market having been rather quiet. Both the Indian Bazaars and China have re-sold, but further purchases for shipment to the latter quarter were also made. America was inclined to give support on occasion, but buyers have not pressed.

As will be seen, the fluctuations in exchanges did not affect prices to any extent but, at the same time, the movements lent uncertainty to the market and seemed to deter operators; consequently, there is little indication as to tendency.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 14th instant to mid-day on the 21st instant:—

IMPORTS.	£	EXPORTS.	£
Japan	73,311	Portugal	33,312
Australia	24,614	New Zealand	19,500
New Zealand	4,013	China	10,100
Canada	7,486	Southern Rhodesia	13,450
British West Africa	13,183	Poland	24,315
British South Africa	4,466	Germany	2,570
Poland	23,242	French Possessions in India	2,500
Germany	18,518	Other countries	4,440
Netherlands	13,050		
France	5,827		
Other countries	3,705		
	191,415		110,187

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.	Cash	Two Months' delivery.	Cents per ounce.
November 17....	18½d.	18½d.	27½
" 18.....	18½d.	18½d.	27½
" 19.....	18½d.	18½d.	27½
" 21.....	18½d.	18½d.	26½
" 22.....	18½d.	18½d.	26½
" 23.....	18½d.	18½d.	26½
Average	18-104d.	18-177d.	

The highest rate of exchange on New York recorded during the period from the 17th instant to the 23rd instant was \$3-30½ and the lowest \$3-25½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Nov. 15.	Nov. 7.	Oct. 31.
Notes in circulation.....	17,563	17,551	17,585
Silver coin and bullion in India	11,354	11,400	11,492
Gold coin and bullion in India	1,163	1,153	1,153
Securities (Indian Government)	5,046	4,998	4,940

The stocks in Shanghai on the 19th instant consisted of about 128,600,000 ounces in sycee, 235,000,000 dollars and 3,420 silver bars, as compared with about 128,600,000 ounces in sycee, 240,000,000 dollars and 3,640 silver bars on the 12th instant.

GOLD AND SILVER PRICES.

	Gold		Silver—		Date.	Silver.
	Per Ounce.	Cash.	Per Ounce.	Forward		
1932.	s. d.	d.	d.			
Nov. 18.....	125 7	18½	18½		Nov. 26, 1926	25½
" 19.....	125 0	18½	18½		" 25, 1927	26½
" 21.....	125 6	18½	18½		" 29, 1928	26½
" 22.....	126 1	18½	18½		" 28, 1929	22½
" 23.....	125 10½	18½	18½		" 27, 1930	16½
" 24.....	126 10	18½	18½		" 26, 1931	18½

Company News.**DIVIDEND ANNOUNCEMENTS.**

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.
	Interim or Final.	Date of Payment.	Method of Payment.	
BANKS.				
Bank of Nova Scotia.....	3½%	...	...	%
British Overseas Bank "A" Ord. Imperial of Persia	5%†	Dec. 19	Less tax	6
National Bank of Scotland	4/- p.a.*	...	Free of tax	...
OTHER COMPANIES.				
Aberfoyle Slate Quarries	2½%	...	...	...
Abney Park Cemetery	2½%	Dec. 5	...	...
American Thread (Preld.)	5%	...	...	...
Anglo-Burma Tin	5%	...	...	...
Angostura Bitters	6%†	...	Less tax	5
Carr and Co.	5%†	...	Less tax	10
Chas. Sharpe and Co.	5%†	...	Less tax	7½
Chelt. (Trig) Brewery	2½%	Dec. 31	...	9
Cope Bros.	5%†	...	...	10
Dominion and Gen. Trust	3%	...	Less tax	...
Grand Hotel (Eastbourne)	2%	Jan. 2	Less tax	...
Grand Hotel (Manchester)	7½	...	...	7
Hazell, Watson and Viney	10	...	Tax free	10
Hovis	6s.	Dec. 1	...	...
J. A. Weir	7½%	Dec. 1	...	...
London and Rhodesian	25	...	...	25
Metropolitan Fare Roadster	5%†	...	Less tax	...
Pentland Investment(5% Pref.)	2½%	...	5% p.a.	...
Phillips' Breweries	5%†	...	Tax free	10
Power Gas Corp.	4%†	...	Less tax	12½
Splinters	1%	...	...	...
Starkey, Knight and Ford	10%†	Dec. 1	...	14
Sussex Brick (Horsham) (Defd.)	6%†	...	...	...
Tadcaster Tower Brewery	4%†	...	...	7½
Westburn Sugar	8%†	...	Tax free	10
Yorkshire (West R.) Tramways	5%†	...	On prof.	12½

MALAYA GENERAL COMPANY, LTD.—Accounts for the year ended August 31, 1932, show a net profit of £192. A dividend of 2½ per cent. less income tax, will be paid on December 8th. Transfer books will be closed from November 24th to December 10th, both dates inclusive.

CRITALL MANUFACTURING COMPANY, LTD.—The directors regret that owing to the continued depression they deem it advisable to defer payment of the dividend on the 7 per cent. cumulative preference shares, due on December 1st. The six months' interest due on the company's 6 per cent. debenture stock will be paid on December 1st as usual.

FIRST BRITISH FIXED TRUST.—A semi-annual distribution of 7d. per sub-unit, free of income tax, has been declared by the First British Fixed Trust, which will be payable on December 15, 1932, on presentation of Coupon No. 3 at the head office of the trustee, Lloyds Bank Limited, 72 Lombard Street, London, E.C.3. A fractional earned balance of 0-051d. per sub-unit is being carried forward. The present distribution of 7d. compares with 6d. for the previous six months.

GILLETTE SAFETY RAZOR COMPANY OF BOSTON.—The directors of the Gillette Safety Razor Company of Boston have on November 23rd, declared a regular quarterly dividend of one dollar twenty-five cents on preference stock, which is to be paid on February 1, 1933. This will be paid on the record of shareholders of January 3, 1933. There will also be a dividend of twenty-five cents on common stock, payable on December 30th to shareholders on record of December 3, 1932. Mr. S. C. Stampelman was elected a director.

SUMMARY OF BALANCE SHEETS.**ROYAL BANK OF SCOTLAND.**

LIABILITIES.		ASSETS.	
Amount.	Compared with Oct. 10, 1931.	Amount.	Compared with Oct. 10, 1931.
Deposits	55,898,683 + 6,482,545	Gold, silver and currency notes	5,479,352 + 354,687
Notes in circulation	2,780,720 - 35	Money at call and notice	7,179,961 + 1,821
Drifts outstanding	774,479 + 372,453	British Government securities	20,939,601 + 5,830,607
Acceptances	1,075,271 + 142,123	Colonial stocks, &c.	1,529,373 + 556,535
Capital	3,780,192	Other marketable securities	348,975 + 19,111
Reserve	3,780,926	Bankers' Industrial Development Co.	100
Proposed dividend	240,987	Williams Deacon's Bank	3,093,750
		Bills discounted	4,901,274 - 132,418
		Advances	21,468,021 + 504,643
		Loans	1,243,919 - 154,101
		Acceptances	1,075,271 + 142,123
		Bank buildings	409,756 + 5,235
		Property	186,903 - 4,967
		Freehold property in London	475,000
Total	68,331,258 + 6,997,086	Total	68,331,258 + 6,997,086

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.					
					Amount	Amount.	Rate.				
Banks.		£	£	£	£	£	%	£	£	£	%
British & Continental Bank.	Sept. 30	<i>Dr. 12,956</i>	29,462	16,506	...	10,500	3†	5,000	1,006	<i>Dr 15,678</i>	...
English, Scottish and Australian Bank	June 30	297,135	147,719	444,854	...	150,000	5†	20,000	274,854	266,657	8†
Royal Bank of Scotland ...	Oct. 8	...	604,765	604,765	...	481,975	17	122,790	...	611,116	17
Breweries.											
Ansells Brewery	Sept. 30	261,801	121,151	382,952	17,500	80,000	10	20,000	265,452	166,153	15
Archibald Campbell, Hope and King	Sept. 30	6,577	10,868	17,445	3,850	6,000	10	...	7,595	17,489	10
Hull Brewery	Sept. 30	50,137	59,886	110,023	9,100	31,500	11½	20,000	49,423	83,739	12½
Financial Land, &c.											
British Empire Land	Sept. 30	...	12	12	...	...	...	<i>Dr. 50,000</i>	18,552	<i>Dr 148,465</i>	...
New Zealand Loan	June 30	18,999	<i>Dr. 50,447</i>	<i>Dr. 31,448</i>	...	...	20	...	5,323	138,703	24
Town Investments	Sept. 29	4,413	60,384	64,797	9,474	50,000	...	...	...	...	...
Hotels and Restaurants.											
Grand Hotel, Manchester ...	Sept. 30	7,406	3,352	10,758	1,688	2,000	10†	...	7,070	3,417	10†
Ilkley Wells Hydropathic ..	Sept. 30	<i>Dr. 3,094</i>	<i>Dr. 820</i>	<i>Dr. 3,914</i>	...	...	6	30,000	<i>Dr. 3,914</i>	<i>Dr. 543</i>	...
Slaters and Bodega	Sept. 30	25,535	53,429	78,964	9,375	30,375	...	...	9,214	89,557	10
Iron, Coal and Steel.											
Thomas (Richard) and Co. ...	Mar. 31*	213,423	8,711	222,134	...	...	...	...	222,134	...	...
Motor and Cycle.											
Dennis Brothers.....	Sept. 30	99,621	79,638	179,259	...	75,124	100	5,000	99,135	135,743	175
Rover Co.....	July 31	58,895	<i>Dr 225,413</i>	<i>Dr 166,518</i>	...	...	...	112,507	<i>Dr 279,025</i>	<i>Dr 77,530</i>	...
Rubber, &c.											
Bantam (Java) Rubber.....	June 30	9,462	<i>Dr. 4,838</i>	4,624	...	...	...	...	4,624	<i>Dr. 3,113</i>	...
Bekoh Consolid. Rubber	June 30	15,994	<i>Dr. 3,421</i>	12,573	...	...	...	...	12,573	<i>Dr. 302</i>	...
Incomati Estates	June 30	11,430	<i>Dr. 19,121</i>	<i>Dr. 7,691</i>	...	...	...	...	<i>Dr. 7,691</i>	1,492	...
Jong-Lander Rubber.....	June 30	14,818	<i>Dr. 5,004</i>	9,814	...	...	...	...	9,814	<i>Dr. 4,818</i>	...
Langkapera (Sumatra).....	June 30	10,284	<i>Dr. 4,198</i>	6,086	...	...	...	...	6,086	<i>Dr. 7,293</i>	...
Monorakelle Rubber	June 30	265	<i>Dr. 1,060</i>	<i>Dr. 795</i>	...	...	...	<i>Dr. 1,000</i>	205	<i>Dr. 1,163</i>	...
Sumatra Para Rubber	June 30	11,072	<i>Dr. 4,185</i>	6,887	...	...	...	...	6,887	<i>Dr. 1,813</i>	...
Shipping.											
Hazelwood Shipping	May 16	1,160	<i>Dr. 8,031</i>	<i>Dr. 6,871</i>	...	...	...	...	<i>Dr. 6,871</i>	316	...
Shops and Stores.											
Cooper and Co.'s Stores	Oct. 11	21,433	45,618	67,051	28,000	20,000	5	5,000	14,051	59,105	5
Tramways and Omnibuses											
Buenos Aires Town and Docks Tramways	June 30	4,123	23,080	27,203	...	4,951	1	20,000	2,252	26,664	1
Cape Electric Tramways ...	June 30	40,333	10,431	50,764	...	...	...	...	50,764	7,901	...
Trusts.											
Charterhouse Invest. Trust ..	Nov. 11	11,556	51,421	62,977	...	37,500	5	5,952	19,525	44,016	5
Stockholders Invest. Trust..	Oct. 31	7,086	14,837	21,923	8,531	...	...	84	13,308	30,571	5
Third Edinburgh Investment	Nov. 5	65,045	21,676	86,721	17,156	3,812	2	...	65,753	38,328	10
Trans-Oceanic Trust	Oct. 31	5,953	27,390	33,343	22,719	...	...	...	10,624	37,571	3½
Other Companies.											
Amal Limited	July 31	<i>Dr. 7,766</i>	<i>Dr. 10</i>	<i>Dr. 7,776</i>	...	...	...	...	<i>Dr. 7,776</i>	<i>Dr 18,845</i>	...
British Talking Pictures ...	Mar. 31	<i>Dr 200,477</i>	<i>Dr. 31,686</i>	<i>Dr 233,163</i>	...	...	...	...	<i>Dr 233,163</i>	<i>Dr 24,216</i>	...
Carr and Co.	Sept. 30	5,589	50,000	55,589	19,500	22,500	7½	5,000	8,589	54,483	7½
Central Portland Cement ...	Sept. 30	22,229	18,532	40,761	...	14,000	10	...	26,761	12,155	7½
Clarke (W. G.) & Sons (1929)	Aug. 31	7,800	22,316	30,116	18,750	...	...	1,500	9,866	45,050	6
Delaney (John), Ltd.	July 31	396	2,651	3,047	...	...	...	...	3,047	2,283	2½
Gainsborough Pictures (1928)	June 30	...	16,330	16,330	...	10,547	9	4,000	1,783	17,625	Nil
Goodacre (Wm.) and Sons...	June 30	...	7,834	10,739	...	...	...	...	10,739	1,915	...
Murray (D. and W.)	July 19	2,905	<i>Dr 179,076</i>	<i>Dr 451,264</i>	...	...	...	<i>Dr 230,000</i>	<i>Dr 221,264</i>	<i>Dr 265,001</i>	...
Paterson, Laing and Bruce...	July 31	<i>Dr. 272,188</i>	<i>Dr. 23,752</i>	<i>Dr 109,858</i>	...	...	...	<i>Dr. 29,496</i>	<i>Dr 80,362</i>	<i>Dr 117,566</i>	...
Tobacco Securities Trust ...	Oct. 31	114,335	672,003	786,338	...	577,500(a) 82,500(b)	17½	...	126,338	644050	(a) 17½ (b) ...
Venesta Limited.....	June 30	69,780	10,437	80,217	...	...	...	...	80,217	1,138	...

(b) Deferred shares 6.857d. per share.

OTHER METALS.

TIN.—Despite the reserve of sellers, tin declined steadily from Monday to Wednesday under the influence of a poor demand. Sales on the London Metal Exchange were 225 tons on Monday, against 325 last week; 150 tons on Tuesday, against 400 tons last week; and 225 tons on Wednesday, against 300 tons last week. The New York quotation on Tuesday was 23.15 cents per lb., against 23.85 cents a week ago and 23.40 cents a month ago. Wednesday's official closing quotation in London for standard cash was £152 12s. 6d. to £152 15s., compared with £156 2s. 6d. to £156 5s. last week. Stocks in London and Liverpool at the end of last week were 30,556 tons, a decrease of 163 tons on the week.

COPPER.—The course of the copper market was very similar to that of tin. The metal declined in value owing to the uncertainty resulting from the war debts problem. Sales at the London Metal Exchange were 600 tons on Monday, against 800 tons last week; 450 tons on Tuesday, against 1,350 tons last week; and 600 tons on Wednesday, against 350 tons last week. Domestic spot was quoted 5½ cents per lb. New York on Tuesday, against 5½ cents a week ago and 5½ cents a month ago. Wednesday's official closing price for standard cash in London was £31 18s. 9d. to £32, compared with £32 17s. 6d. to £32 18s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 30,938 tons, show an increase of 294 tons, and stocks of rough copper, at 5,596 tons, an increase of 190 tons.

LEAD.—On Monday there were no sales of lead at the London Metal Exchange. On Tuesday and Wednesday the market was quiet and quotations declined. Sales at the London Metal Exchange were nil tons on Monday, against 500 tons last week; 350 tons on Tuesday, against 250 tons last week; and 400 tons on Wednesday, against 150 tons last week. The New York quotation on Tuesday was 3.00 cents per lb., against 3.15 cents a week ago, and 3.00 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £11 15s. for November shipment, compared with £12 8s. 9d. last week.

SPELLTER.—Spelter was alone among the four principal non-ferrous metals to maintain its value during the past week in London. Sales were 700 tons on Monday, against 500 tons a week before; 350 tons on Tuesday, against 550 tons the week before; and 550 tons on Wednesday, against 500 tons. The New York quotation on Wednesday was 3.175 cents per lb., against 3.00 cents the week before, and 3.00 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 7s. 6d. for November shipment, against £15 8s. 9d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium was again quoted at £100 per ton. Nickel was unchanged at £250-£255 per ton. Quicksilver was again sold at £10 10s.-£11 per flask. Platinum was again quoted at £9 10s. per ounce, and foreign antimony at £27 10s.-£28 per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for week November 17th to 23rd (inclusive) are 71,611 bales, of which 55,486 are American, 3,006 Peruvian, 7,612 Egyptian, 27 African, 5,382 East Indian, and 98 sundries.

Manchester.—The recent improvement in the market has been fairly well maintained during the past week and spinners and manufacturers continue to meet with a larger inquiry. Some traders have been rather disturbed by the fluctuations in sterling and uncertainty with regard to developments relating to the war debts question. Manufacturers of cloth have met with a substantial demand for India and a considerable turnover has taken place in light bleaching descriptions, prints and fancies, with occasional sales in white shirtings and dhooties. More favourable advices continue to be received from the other side relating to clearances. Transactions for China have been isolated, but a few more offers have come through in standard makes and fancies for Shanghai. There has not been any free buying for the several minor outlets East and West, but numerous small orders have been booked which in the aggregate have totalled to very fair dimensions. Rather mixed reports have been received from the home trade. Quotations in the yarn market have continued firmer. Rather more business has been done in medium American counts and certain qualities in Egyptian descriptions have attracted rather more attention. Export trade, however, remains slow.

Cotton Prices.

	1932.				Corresponding Date.	
	Nov. 2.	Nov. 9.	Nov. 16.	Nov. 23.	1930.	1931.
Raw Cotton—Mld. American	d. 5-37	d. 5-60	d. 5-54	d. 5-50	d. 5-89	d. 4-97
" Sekelardis Fully Good Fair	d. 7-64	d. 7-97	d. 7-72	d. 7-66	d. 9-40	d. 7-40
Yarns—32's twist	d. 9-31	d. 9-34	d. 9-34	d. 9-34	d. 9-34	d. 9-34
" 40's twist	d. 9-34	d. 9-34	d. 9-34	d. 9-34	d. 9-34	d. 9-34
" 60's twist (Egyptian)	d. 15-1	d. 15-1	d. 15-1	d. 15-1	d. 17-1	d. 15-1
32-in. Printers, 116 yds., 16 by 16, 32's and 30's	d. 19-7	d. 19-7	d. 19-4	d. 19-1	d. 18-6	d. 18-0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	d. 21-3	d. 21-3	d. 21-0	d. 20-9	d. 20-9	d. 19-9
38-in. ditto, 38 yds., 18 by 16, 10 lb.	d. 11-3	d. 11-3	d. 11-2	d. 11-0	d. 11-7	d. 11-1
38 in. ditto, 37½ yds., 16 by 15, 8½ lb.	d. 10-1	d. 10-1	d. 10-0	d. 9-10	d. 10-6	d. 9-11

THE WOOL TRADE.—Bradford.—According to our correspondent, the opening of the seventh series of London sales has not had much effect upon consuming centres. It was generally expected that values would be quite firm compared with the close of the September-October series. Here and there the possibility of a slight advance in merinos was suggested, though there was

nothing to justify this in the demand for tops, &c. The best feature is the good all-round competition, and, generally speaking, prices are maintained on a parity with the close of the previous auctions. Very little change is seen in greasy and scoured merinos and fine crossbreds. Anything of good style in these descriptions commands a ready sale at unchanged rates. Though there is, perhaps, not likely to be quite the same pressure for wool of hosiery style, these are still doing very well at the auctions. Fine greasy crossbred are selling readily at firm rates, and only in medium and coarse wools, including slipes, is there anything approaching a movement in buyers' favour. Bradford topmakers are naturally indisposed to bid big prices for these wools at this juncture, for B.A. crossbreds are cheap, and the New Zealand clip will shortly be coming forward. Nevertheless, at present prices medium and low wools should be a sound proposition, and there is nothing wrong with the demand. Whatever description of the offerings in Coleman Street this week is considered, their position is encouraging. A steady meeting of the market is calculated to exert a beneficial influence. The statement of the Australian Minister in London to the effect that no drastic measures will be adopted with the marketing of Australian wool in the future, is in accordance with the ideas of users both in this country and on the Continent. The Bradford market is still rather hesitant. Topmakers are determined not to make any concessions to spinners. Their contention is that a profit cannot be made on current bids for tops, and that they need nothing less than 23d. for warp 64's.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation is still far from encouraging. During the past week a new low record of prices has been established. The policy of the chief Continental importers to stimulate home production and prevent imports at low prices is, of course, seriously hampering the disposal of wheat in exporting countries. As a consequence, prices in the latter have been forced down to a lower level than would have been the case in the absence of import restrictions. The futility of these restriction schemes, even from the point of view of importing countries, is clearly illustrated by the situation in France, where prices have fallen sharply as a result of a good harvest. A ray of hope is, however, provided by reports that winter crops in some important countries have made a poor start and that acreage has been somewhat reduced, chiefly "December" futures were quoted in Chicago at 42½ cents per bushel, against 44½ cents the week before, and 44½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. per 496 lbs., against 27s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 27s. 3d.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 27s.; Australia, ex ship, 26s. 9d., against 27s. 6d. a week ago.

WHEAT FLOUR.—The demand for flour was moderate, but international trade continued on a limited scale. North American shipments were 125,000 sacks, compared with 126,000 the week before. Wednesday's London quotations were: Straight run, London, 23s., as compared with 23s. a week ago. Manitoba patents, ex store, 23s. 6d. to 26s., against 23s. 6d. to 26s. Australian, ex store, 20s. 3d. to 21s., against 20s. 6d. to 21s. last week.

BARLEY.—There has been a slight improvement in the demand for feeding barley on the Continent, a large proportion of which is being satisfied by shipments from Danubian countries. "December" futures were quoted in Winnipeg on Wednesday at 31½ cents per bushel, against 30½ cents last week and 27½ cents a month ago. Quotations in London on Wednesday were: "English before," f.o.r., per 448 lbs., 22s. to 25s., against 22s. to 23s. a week before.

OATS.—Trading in oats has been increasing in Great Britain and larger sales have also taken place on the Continent. In Chicago, Wednesday, against 17 cents per bushel a week before and 15½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 7½d. per 320 lbs., against 17s. 3d. a week ago; "River Plate," ex ship, 16s.-16s. 9d., against 16s.; "Chilean White," landed, 22s.-24s., against 22s.-24s. a week earlier.

MAIZE.—Last week's improvement in the demand for maize, which brought about a rise in prices despite heavier shipments, has been maintained. Recently shipments from Danubian countries have, however, become so large that quotations lost part of the gain recorded a week ago. "December" futures in Chicago were quoted on Wednesday at 24½ cents per bushel, against 26½ cents on Wednesday of last week and 24½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. per 19s., as against 19s. 3d.; "Plate," ex ship, 19s. 3d., against 19s. 7½d. Yellow maize, ex wharf, was quoted at £5 15s. per ton, against £5 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to November 19	Cwts. 313,075	Cwts. 73,670	Cwts. 145,502	Cwts. 215,048
12 weeks to November 19	3,161,241	897,431	1,719,596	3,387,836
Average price of English wheat per cwt.	s. d. 5 5	s. d. 6 10	s. d. 6 7	s. d. 9 5

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 12, 1932 ...	Cwts. 317,953	Cwts. 463,293	Cwts. 55,545	s. d. 5 6	s. d. 7 7	s. d. 5 11
Sept. 19, 1932	313,073	408,724	57,531	5 5	7 3	5 11
Nov. 17, 1928 ...	322,172	588,284	82,105	9 11	10 7	9 1
Nov. 16, 1929 ...	231,816	477,980	59,068	9 6	9 5	7 5
Nov. 22, 1930 ...	145,502	470,212	45,088	6 7	9 4	5 10
Nov. 21, 1931 ...	73,670	501,688	55,803	6 10	9 1	7 0

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Nov. 25, 1931.	Jan. 4, 1932.	Nov. 16, 1932.	Nov. 23, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	60½	62½	46½	45½
—Cents per 60 lb.						
Chicago (No. 2 Winter)	130½	79½	64½	55½	44½	42½
—Cents per 60 lb.						

The visible supply of wheat in Canada, at 87,943,000 bushels, shows a decrease on the week of 3,327,000 bushels. Supplies a year ago stood at 59,579,000 bushels.

OTHER FOODS.

SUGAR.—Raw sugar declined sharply during the past week under the influence of heavy selling, hedging operations and a poor demand. December futures were quoted in New York at 0.89 cents per lb. on Tuesday, against 0.97 cent a week before and 1.06 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 8½d. per cwt., against 5s. 8½d. to 5s. 8½d. a week before, and "March, 1933," at 6s. 0½d. to 6s. 1d., against 6s. 2d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	3,918	186	1,193	753	14,083	5,266
Liverpool	33,352	46,603	14,316	12,415	99,735	74,252
Total	37,270	46,789	15,509	13,168	113,818	79,518
Last week ...	23,292	12,428	15,546	13,620	92,057	45,897

COFFEE.—Following the gradual decline of values since the re-opening of Brazilian ports, coffee showed a steadier tendency in New York during the past week. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb., against 8½ cents per lb. on the corresponding day a week ago. Only a small proportion of the 4,733 packages offered at Tuesday's London auctions was sold. Demand was poor. Last week's movements of coffee in London were as follows:—Brazilian, landed, nil; delivered, for home consumption, 5,868 bags, against 2,465 bags a nil; exported, 84 bags; stocks, 2,499 packages; delivered year ago. Central American, landed, 2,306 packages; for home consumption, 2,258 packages; against 61,987 last year. Other kinds: stocks, 55,930 packages, against 61,987 last year. Other kinds: landed, 4,550 packages; delivered for home consumption, 1,816 packages; exported, 1,378 packages; stocks, 62,393 packages, against 48,183 last year.

COCOA.—The downward movement in cocoa prices continued during the past week. December futures were quoted at 3.07 cents in New York on Tuesday, against 3.92 cents a week ago and 3.99 a month ago; Accra, December-February, at 24s. 9d. c.i.f. Continent, shows a fall of 9d. per cwt. on the week. Last week's movement, shows a fall of 9d. per cwt. on the week. Landed, 212 bags; ments of cocoa in London were as follows: Landed, 212 bags; delivered for home consumption, 5,998 bags; exported, 200 bags; stocks, 113,817 bags, against 140,583 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 63,219 packages of Indian and 27,881 packages of Ceylon tea. Monday's "Indian" and Tuesday's "Ceylon" auctions were characterised by keen competition for common and low medium grades at occasionally higher prices. The improvement was not maintained on Wednesday and medium grades were irregular. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.
	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	
Nov. 19, 1931	11-27	11-60	16-68	9-12	7-46	6-74	12-03						
Oct. 27, 1932	10-75	7-72	12-75	6-40	5-12	5-99	10-67						
Nov. 3, 1932	10-22	7-47	12-34	6-32	5-37	5-87	10-39						
" 10, "	9-57	7-34	11-72	6-26	5-03	5-78	9-88						
" 17, "	9-23	7-28	11-34	6-34	5-36	6-16	9-54						

RICE.—The market in rice was quiet and quotations again show a substantial decline on the week. The spot price was 9s. 3d. a substantial decline on the week. The forward price was 7s. 1½d. per cwt. show a fall of 3d. per cwt. on the quotations at 7s. 1½d. per cwt. during the past week were as follows: Landed, 52 tons; delivered, 108 tons; stock, 2,503 tons, against 1,722 tons a year ago.

POTATOES.—The principal markets have again been well supplied with potatoes which sold at steady rates. At the London Borough Market, "King Edward," light soil, were quoted at 6s. to 6s. 3d. per cwt., against 6s. 6d. a week ago.

SPICES.—The market in pepper was quiet. Spot pepper, "Black Singapore," was quoted at 6d. per lb. on Wednesday, against 6½d. per lb. a week ago. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 25 tons; delivered, 5 tons; stock, 391 tons, against 370 a year ago. White, landed, 72 tons; delivered, 46 tons; stock, 681 tons, against 504 a year ago.

MEAT.—Following the sharp rise in prices during the past fortnight, foreign beef was slightly easier. On the other hand, New Zealand mutton was again firmer. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 10d. to 4s. 6d. per 8 lbs., as compared with 4s. 2d. to 4s. 10d. last week. New Zealand frozen mutton was 2s. 10d. to 3s. 2d. per 8 lbs., against 2s. 8d. to 3s. 2d. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,312 tons, against 9,661 tons in the corresponding week last year. Imported beef, principally Argentine, formed 81.6 per cent. of the beef supplies, against 83 per cent. a year ago. Imported mutton, mainly New Zealand, formed 69.5 per cent. of the total supply of mutton and lamb, against 70.8 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Irregular conditions prevail and business is on modest lines. Something approaching stagnation has been reached in regard to linseed owing to the fact that the operation of the new duties has been suspended in consequence of the delay of the Indian Assembly in coming to a decision on the Ottawa Agreements. Indian growers do not think a preference of 10 per cent. *ad valorem* will be much use in helping them to meet the competition of Plate linseed. Meanwhile, crushers here are buying no more than sufficient to cover immediate requirements, Plate linseed on spot now being at a good premium over shipment. Current values are for spot, £9 5s., and afloat to December, £8 15s., with new crop, January-February shipment, nominally £8 13s. 9d. The quantity afloat for Europe is 168,000 tons, or 2,400 tons less on the week. Egyptian cottonseed has taken on a firmer tone and for black on passage £7 10s. is now asked, later positions being at a discount. Trade in vegetable oils is very disappointing. Linseed oil is easier, and for November delivery £16 5s. per ton naked ex Hull mill is quoted, and for December, £16 7s. 6d. Cotton oil is neglected. Crude Egyptian, ex Hull, offers at £21 15s. and technical refined at £23 10s. Other seed oils are quiet and unchanged. A better trade in oilcakes is reported at late quotations.

HIDE, LEATHER AND ALLIED TRADES.—A steady trade has again been done in hides from home-slaughtered cattle, and at the sales held in Manchester this week several weights in both clear and warbled were again from ½d. to ¼d. per lb. dearer. Calfskins show little alteration in value, but the market for sheepskins is weaker owing to the low prices being realised for pelts and wool. Trading in foreign hides also has been slightly better, and rather more remunerative figures have been realised for some sorts. In the South American market wetsalted Argentine ox have changed hands at 4½d., while light ox have made a fraction under 4½d. and Montevideo ox 5½d. Business in dry River Plate hides is mainly confined to the Continent, where B.A. Americanos are selling at 6d., M.V. Americanos at 6½d., Sierra Cordobas at 7½d., and Cuyabanos at 5½d. Although rather more interest has been taken in African hides, business so far has not developed to any great extent. Dry-salted Capes are quoted at 5½d. and 4½d. for firsts and seconds, while drys are selling at up to 6½d. and 5½d. in the same selections. Mombasas are a steady market at 5d., with heavy unbathed Adis Abebas making sales at 5½d. The market for Australian hides continues quiet. Business in regard to sole leather has been of moderate dimensions, with the aggregate turnover up to the level of recent weeks. There has been a tendency for the inquiry for dry hide bends to become less, but at the same time some fair orders have come to hand for medium weights. Turnover in regard to English and wetsalted bends has been slightly larger, the request for these covering both light and medium weights. Pinned offal, with the exception of bellies, has inclined to be slow, as is also the case with both rough shoulders and bellies. In the upper leather section orders for willow calf and glacé kid are still fairly frequent, in addition to which patent and reptiles in some quarters have accounted for a trifle more business. There has also been some inquiry for the cheaper grades of upper stock in semi-chrome, but, generally speaking, the latter goods are wanted in only limited quantities and then at very low prices.

TIMBER.—Market conditions are favourable to spot sellers of European woods. Stocks in the country are moderate, and it needs but a little extra demand, writes our correspondent, to bring prices to a more remunerative level. Building-trade operations, which have been small throughout the year, are expanding, costs of buildings in the provinces for which plans were passed last month showing satisfactory increases both as compared with the preceding month and also for October last year. More timber business also is being negotiated by agents here between United Kingdom importers and Finnish and Swedish shippers, for there is not too much time for delivery this year; ports in the far north are already closed by ice, and the shipping season is well on the wane. Timber prices for this year's shipment c.i.f. and f.o.b. are firm, and stocks left in shippers' hands are comparatively light for the time of year owing to the smaller 1932 "cut." The latter was a judicious move on the part of producers, and is likely to be repeated next year, when

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

LONDON, WEDNESDAY.

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

CEREALS AND MEAT.

GRAIN, &c.—	s. d.	s. d.
Wheat—		
No. 2, N. Man. 496 lb.	27	9
Eng. Gaz. av., per cwt.	5	5
Barley, Eng. Gaz. av.	7	3
Oats—		
Maize, La Plata, landed,	5	11
480 lb. stan. ex mill.	20	0
Flour, Lon. stan. ex mill.	21	9
Rice, No. 2 Burma, per cwt.	7	14
Tapioca, per cwt.—		
Fair Flake, Singapore.	11	6
MEAT—		
Beef, per 8 lbs.—		
English long sides	3	8
Argentine chilled hinds	4	6
Mutton, per 8 lbs.—		
English wethers	4	0
N.Z. frozen	2	10
Pork, English, per 8 lbs.	5	4

OTHER FOODS.

BACON—	s. d.	s. d.
Irish	65	0
Danish	60	0
Dutch	54	0
HAMS—	s. d.	s. d.
Canadian	67	0
American	64	0
BUTTER—	s. d.	s. d.
Australian	86	0
New Zealand	86	0
Danish	122	0
CHEESE—	s. d.	s. d.
Canadian	64	0
New Zealand	68	0
English Cheddars	8	10
Dutch	67	0
COCONUTS—	s. d.	s. d.
(Duty, British grown,		
11a. 8d.; foreign, 14a. cwt.)		
Acacia, f.f., per cwt.	25	0
Trinidad, strips	42	0
Grenada	32	0
COFFEE—	s. d.	s. d.
(Duty, British grown,		
11a. 8d.; foreign, 14a. cwt.)		
Santos sup., c. & f. cwt.	69	0
Colombian, good	74	0
Costa Rica, med. to good	80	0
East Indian	88	0
Kenya, medium	70	0
EGGS—	s. d.	s. d.
English	120	0
Danish	22	0
FRUIT—	s. d.	s. d.
Oranges—		
South African	14	0
Brazilian	16	0
Lemons, Sicilian	8	0
Malaga	12	0
Apples: Amer. (var.) bbls.	23	0
(var.) boxes	9	6
Onions—		
Valencia, case, 4s.	6	6
Argentine, bags	...	...
Grapes, Lisbon 4 boxes	8	0
Almeria	8	0

LARD—	s. d.	s. d.
Irish bladders	58	0
American, boxes, 56 lbs.	52	0
POTATOES—	s. d.	s. d.
Good English, per cwt.	6	0
SPICES—		
Pepper, per lb.—		
Black Lampong	0	7
Cinnamon—1st sort, per lb.	0	6
Cloves—Zanzibar per lb.	0	7
Ginger—per cwt.—		
African	22	6
Jamaica, ord. to good	57	6
Mace	10	2
Nutmegs, 65s.	1	5
SUGAR—	s. d.	s. d.
(Duty, 11s. 8d. per cwt.)		
B.W.I., crystallised	16	6
Java, white, c. & f. India	16	6
Oct.-Dec.	7	10
REFINED—	s. d.	s. d.
Yellow Crystals	18	7
Cubes	23	0
Crushed	21	0
Granulated	19	0
Home Grown	18	18
Molasses, in bond	1	3
TEA—	s. d.	s. d.
Indian—per lb.—		
Pekoe	0	6
Broken Pekoe	0	6
Orange Pekoe	0	6
Ceylon—per lb.—		
Pekoe	0	6
Broken Pekoe	0	6
Orange Pekoe	0	6
TOBACCO—		
(Duty 9/6-10/6 per lb.,		
Empire growth, 7/5-8/3		
Virginia leaf		
Common to fine	0	10
Rhodesian leaf	0	10
Nyasaland leaf	0	6
East Indian leaf	0	5
strips	0	5
TEXTILES.	s. d.	s. d.
COTTON—	s. d.	s. d.
Mid-American	5	5
Sakelardis, f.f.	7	6
Yarns, 32's twist	15	9
60's twist	15	9
FLAX—	s. d.	s. d.
Livonian ZK	50	0
Pernau HD	45	0
Shantets Medium 1st sort	56	0
HEMP—	s. d.	s. d.
Italian P.C.	48	0
Manila, Oct.-Dec. "J 2"	18	10
Sisal, African, Oct.-Dec.	13	10
JUTE—	s. d.	s. d.
Native 1st mks. ... per ton		
c.i.f. H.A.R.B.	15	10
Danish 2/3 c.i.f. Dundee	15	0
November-December	15	0
SILK—	s. d.	s. d.
Canton	7	0
Tussah	3	6
Japan	8	0
Italian—raw, fr.	8	6

WOOL—	s. d.	s. d.
English Southdown, greasy per lb.	10	0
Lincoln hog, washed	11	0
Queensland, scd. super combg.	19	0
N.S.W. grey, super 50-56	11	0
N.Z., grey, half-bred 40-44	11	0
Topes	40	0
Merinos 70's	23	0
64's	22	0
Crossbred 48's	10	0
46's	9	0
COAL—	s. d.	s. d.
Welsh, best Ad'ly, ton	19	6
Durham, best gas, f.o.b.	14	0
Sheffield, best house, at	14	0
pit	14	0
IRON AND STEEL—	s. d.	s. d.
Big, Cleveland No. 3, ton	58	6
Big, M'brugh	195	0
Steel rails, heavy	170	0
Tin Plates	15	9
METALS—	s. d.	s. d.
Copper, Electrolytic, ton	35	0
Sheets (strong)	35	0
Standard	31	18
Soft Eng. Pig., per ton	14	0
Soft Eng. G.O.B.	11	15
Tin—English Ingots	15	6
Standard cash	152	15
MISCELLANEOUS.	s. d.	s. d.
Acid, citric, per lb., less 5%	0	10
Nitric	0	2
Sulphuric, net	0	4
Tararic, English, less 5%	0	10
Alcohol, Plain Ethyl.	12	0
Alum, lump	8	15
Ammonia, carb.	30	0
Sulphate	6	0
Ascent, lump	35	0
Bleaching powder, per cwt.	8	10
Borax, gran.	13	0
Do., powder	14	6
Nitrate of Soda	8	6
Potash—Chlorate, net	0	4
Sulphate	11	9
Sol. Ammoniac	42	6
Soda bicarb.	9	0
Crystals	5	0
Sulphate of Copper, per ton	16	0
CEMENT—London—		
Portland, best Eng. pr. ton	4	9
In jute sacks (11 to ton)	44	9
In free paper bags (20 to ton)	46	0
COPRA—	s. d.	s. d.
S.M. Straits c.i.f., per ton	15	0
Sumatran South Sea	13	13
DRUGS—	s. d.	s. d.
Campor	2	3
Japan, refined	2	3
Castor oil	85	0
Ipecacuanha	5	6
Peppermint, Wayne Co.	12	0
BITES—	s. d.	s. d.
West salted—Australian	0	4
per lb.	0	3
West Indian	0	3
Cape	0	3

Dry and Dried Goods—	s. d.	s. d.
Market Hides, London—		
Best heavy ox and heifer	0	3
Best cow	0	3
Best calf	0	3
INDIGO—	s. d.	s. d.
Bengal gd. red. vilo. to	5	6
fine—per lb.		
LEATHER—	s. d.	s. d.
Sole Bends 8/4 lb.—		
per lb.	0	9
Bark Tanned Sole	1	9
Shoulders for DS Hides	0	5
Do. Eng. or WS do.	0	8
Bones from DS do.	0	4
Do. Eng. or WS do.	0	5
Dressing Hides	1	1
Ro. Eng. Calf, 20/50 lb.	2	3
Aust. Bends	1	0
VEGETABLE OILS—	s. d.	s. d.
Linseed, naked, p. ton net	17	0
Rape, refined	25	0
Cottonseed, crude	23	0
Coconut, crude	23	0
Palm	17	5
Oil Cakes, Linseed, Eng.		
per ton	7	10
Oil Seeds—Linseed		
La Plata, p. ton—		
November-December	8	16
Calcutta—per ton	10	13
PETROLEUM PRODUCTS—	s. d.	s. d.
Motor spirit, No. 1, London		
per gal.	1	6
Petroleum, Amer. ref.		
per gal.	0	9
Fuel oil, in bulk, for		
contract, ex instal.		
Thames		
Furnace	60	0
Disol	67	6
Lubricating oil ex store,		
London—per ton—		
Do., powder	9	10
Reis	10	0
Cylinder	10	0
ROBIN—	s. d.	s. d.
American	14	5
REBBER—	s. d.	s. d.
St. ribbed smoked sheet		
per lb.	0	2
per ton	0	5
Fine Hard Para		
per lb.	0	2
SHELLAC—		
TN Orange	60	0
SHILLS—		
W. Aust. M.-o.-P.	3	10
TALLOW—		
London Town	22	6
TIMBER—	s. d.	s. d.
Swedish u/s 3 x 8 ... per std.	16	0
" 2 x 4 "	15	0
" 2 x 6 "	14	0
Can'tin Spruce, Dis	24	0
Pitchpine	9	0
Rio Beala	32	0
Teak	28	0
Honduras Mahg. logs c. ft.	0	10
African	0	6
Amer. Oak Boards	0	6
" Ash	0	6
English Oak Planks	0	7
" Ash	0	7

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STRENGTH . STABILITY

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Correspondents to the Italian Treasury.

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The Bankers' Gazette—

ALTHOUGH December 1st with

It is true that there was a fair demand for clearing bank money at 1 per cent., and some of the clearing banks themselves had to call a little money from the market in preparation for any possible loss of funds through the afternoon clearing. The Scotch banks and other outside banks, however, could determine better where they stood, for cheques drawn on them were presented during the course of the day, and they did not have to await the result of the clearing. The net result was that while money was inclined to be patchy and to be wanted in some quarters, no difficulty occurred, and the general rate was $\frac{1}{2}$ -1 per cent.

Money and discount rates, however, are definitely higher than they were earlier in the month. Exchange and debt uncertainties, and more particularly the huge weight of the £60.0 millions of Treasury bills issued on November 24th, raised the average tender rate to £1 2s. 4.44d. per cent., which is the highest rate recorded since May 6th last. Early this week the absence of Treasury bill maturities made money more usable at $\frac{1}{2}$ per cent. and occasionally 1 per cent., so much so that some special buying of bills took place on Monday. Owing to a general disinclination to buy bills before December 1st, the "hot" Treasuries were quoted at $1\frac{1}{8}$ per cent. On Thursday itself, however, when it had become clear that there was no shortage of funds, some buying of "hot" Treasuries was reported at $\frac{1}{8}$ and $\frac{3}{8}$ per cent. A few December bills changed hands during the week at $\frac{3}{8}$ per cent. Three months' bank bills were quoted at $1\frac{1}{8}$ - $\frac{1}{2}$ per cent. until Thursday, when the rate eased to $1\frac{1}{8}$ - $\frac{1}{2}$ per cent. Standstills were quoted on Thursday at $1\frac{1}{2}$ per cent.

	Nov. 10, 1932.	Nov. 17, 1932.	Nov. 24, 1932.	Dec. 1, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$2\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Discount (Call)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 12, '32)
Houses' Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$1\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Treasury bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	...
Market rate (stand-still bills)	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...

This week's Bank return shows that the Christmas currency expansion is beginning, for the note circulation has risen from £357.8 to £358.8 millions. No bullion operations took place, and so the reserve has fallen by £1.0 million to £58.8 millions. In the Banking Department there was a big turnover of funds from Public to Bankers' Deposits, the former falling by £16.4 millions to £10.1 millions and the latter rising by £12.5 millions to £90.5 millions. The probable explanation is that most of last week's Treasury bill applications were for bills to be paid for after December 1st, and, apart from the disinclination to make payments on or before that date, March bills are a better maturity. This means that up to November 30th, the date to which this week's Bank return relates, maturities were in excess of payments, and so the Exchequer lost funds to the market.

As regards the immediate outlook for money, there was some disposition on Thursday to expect more stringent conditions for the next few days. It was pointed out that there were large numbers of Treasury bills to be paid for at the end of the week, which might absorb most of the War Loan dividend which would be reaching the market during those days. Again, attention was called to the special purchases of early December bills during the past two months, and it was feared that as a result much of the proceeds of Treasury bill maturities during the next week or so would not reach the market. On the whole, these fears appear unjustified. As we pointed out a week ago, by the time all Thursday's dividend and other warrants are cashed, the market will on balance be in funds to the extent of anything up to £68 millions, while it must also be remembered that the recent special purchases of December bills in the aggregate have comprised

a very small proportion of the maturities. Hence it seems safe to assume that the ease customary immediately after a War Loan dividend payment will once more prevail.

The Foreign Exchange market was active this week, and fluctuations in sterling were frequent and wide. After touching 3.14 $\frac{1}{2}$, the New York rate recovered on Thursday to 3.23 $\frac{1}{2}$, and at one time touched 3.24, against 3.24 $\frac{1}{2}$ last week. Montreal weakened by 2 points to 3.78 $\frac{1}{2}$. The Paris rate fell at one time to 80 $\frac{1}{2}$, but recovered to 82 $\frac{1}{2}$, against 87 $\frac{1}{2}$ last week. Brussels was at 23.35, or eleven points better than last week. Milan closed weaker on balance by $\frac{1}{8}$ at 63 $\frac{1}{2}$. Madrid improved by $\frac{1}{8}$ to 39 $\frac{1}{2}$. Lisbon went with the dollar to 106 $\frac{1}{2}$ against 107 $\frac{1}{2}$. Amsterdam gained 4 points at 8.05, and Berlin and Switzerland 6 at 13.59 and 16.82 respectively. The Scandinavian currencies were very firm, Stockholm going to 18.40 from 18.69, and Oslo from 19.56 to 19.50. Copenhagen was unchanged at 19.22. The South American currencies remain largely nominal, Rio being quoted at 5 $\frac{1}{2}$ d. sellers, or $\frac{1}{2}$ d. higher than last week, and Buenos Aires at 35 $\frac{1}{2}$ d., and advance of $\frac{1}{2}$ d., while Montevideo was unchanged at 29d. In the Far East the rupee was firm and unchanged at 1s. 6 $\frac{1}{2}$ d. The yen, after some show of strength on news of an improvement in the Japanese trade balance, fell away towards the close and was $\frac{1}{2}$ d. lower at 1s. 8 $\frac{1}{2}$ d. Batavia was unchanged at 8.10. In the forward market dollars were more offered at wider discounts of $\frac{1}{8}$ and $\frac{1}{4}$ cent for one and three months respectively. Paris was firmer for one month's delivery at one centime premium, against $\frac{1}{2}$ centime premium last week, but fell away by $\frac{1}{2}$ to 2 centimes premium for three months. Brussels was weaker at 7 centimes discount for one month, but unchanged at 18 centimes discount for three. Milan fell away by $\frac{1}{4}$ for one month to $\frac{1}{2}$ lira discount, but was unchanged for three. Madrid was better by $\frac{1}{8}$ for both deliveries at $\frac{1}{4}$ peseta and $\frac{1}{2}$ peseta discount. Amsterdam was considerably firmer at enhanced premium quotations of $\frac{1}{2}$ cent and $\frac{1}{4}$ cent. The silver market was quiet, and prices fell on some speculative sales in the absence of support. Cash was $\frac{1}{2}$ d. lower at 17 $\frac{1}{2}$ d. and forward $\frac{1}{2}$ d. at 17 $\frac{1}{2}$ d. The China silver exchanges fell away in sympathy, Hong-kong by $\frac{1}{2}$ d. to 1s. 4 $\frac{1}{2}$ d. and Shanghai by $\frac{1}{2}$ d. to 1s. 9 $\frac{1}{2}$ d.

It appears, therefore, that despite this week's fall in sterling to a new low level it only needed a slight change in sentiment and some covering by "bear" operators to bring the rate up again. It is also significant that forward dollars have been at a discount all the week, for this suggests that there is no real or widespread loss of confidence in the pound. Indeed, it would not have been surprising if this week's rise in London discount rates, with their consequent attraction to American short money, had caused forward dollars to move to a slight premium. No significance need be attached to this week's arrangements for gold shipments to New York, for it has been stated by the Chancellor that they have no connection with Government operations.

Money rates on Wall Street are unchanged, with call money at 1 per cent. and 90-day bankers' acceptances at $\frac{1}{2}$ - $\frac{1}{4}$ per cent. Most of the leading gold exchanges moved in favour of New York, French francs falling from 3.90 $\frac{1}{2}$ to 3.90 $\frac{1}{4}$ cents, Swiss francs from 19.23 to 19.22 $\frac{1}{2}$ cents, and belgas from 18.85 $\frac{1}{2}$ to 18.84 $\frac{1}{2}$ cents. The Dutch rate improved from 40.15 $\frac{1}{2}$ to 40.18 $\frac{1}{2}$ cents. Gold movements were unimportant. Imports only consisted of \$998,000 from Canada and \$364,000 from Uruguay, while foreign earmarkings were reduced by \$1,305,000. The Reconstruction Finance Corporation authorised with \$139 millions in September. \$50 millions were authorised to finance institutions compared with \$64 millions in September, and \$21 millions to banks and trust companies, compared with \$28 millions in September. No single bank loan was in excess of \$1 million. The total of loans granted up to the end of October, less repayments, was \$1,059 millions, and Treasury purchases of R.F.C. capital stock and notes amount to \$1,176 millions.

THE BRITISH NOTE.

THE days spent in the drafting of the second British Note to the United States on the question of the War Debt have, necessarily, been a period of uneasy suspense, filled with conflicting rumours and disturbing fluctuations of sterling. But the time has been well spent in the sense that careful draftsmanship has produced a forceful, lucid and closely-argued statement which will become a historic document.

Prefaced by the observation that H.M. Government welcome the invitation, implicit in the United States despatch, that they should set out in greater detail the considerations which actuated them in proposing a suspension of the payment due on December 15th, the Note begins by recalling the declaration of the Basle Committee last December to the effect that the "adjustment of all reparations and war debts to the troubled circumstances of the world is the only lasting step capable of re-establishing confidence, which is the very condition of economic stability and real peace." Brief reference is then made to the nature of the loans made for the prosecution of the war; these were taken not in the form of money but in the form of goods and enormously augmented the volume of exports of the lending countries. For example, the United States' export surplus, which before 1915 had varied from \$200 millions to \$600 millions annually, exceeded \$3,000 millions in 1917 and 1918, and reached \$4,000 millions in 1919.

By the end of the war inter-Allied loans reached the colossal total of approximately \$20,000 millions (£4,000 millions at par) whereof the United States had lent \$10,000 millions (£2,055 millions), the United Kingdom £1,600 millions (\$7,800 millions) and France the equivalent of \$2,237 millions. "If the course of commerce were deflected to the extent required to pay these war-time debts it would entail a radical alteration in the economy of the debtor and of the creditor countries." When both of the debtor and of the funding settlements began, repayment on the basis of the funding settlements began, the problem of transfer was at first surmounted by the flow of investment capital from the United States to Europe; but even then the seeds of future trouble were being sown. The harvest was the crisis of 1931, in which the international monetary mechanism is being "broken into pieces."

"The countries of the world cannot even begin to consider how to restore this mechanism until the causes which undermine confidence have been removed. One of the most important of these is the system of inter-Governmental debts."

The Note goes on to observe that the repayment of these war debts necessitates "unnatural transfers which provoke widespread economic evil."

"The creditors in so far as they have refused to accept payment in goods have compelled their debtors to pay in gold. This has led to a drain on the Gold Reserves of many countries and this in turn has forced up the price of gold in terms of commodities or, in other words, has forced down the price of commodities in terms of gold currencies. This fall in prices has caused widespread ruin to producers in debtor and creditor countries alike and threatens disastrous social and political repercussions. It has seriously increased the burden of commercial debts; but it has rendered intolerable the peculiar burden of unproductive war debts."

Recalling the statement of the Secretary of the United States Treasury in his annual report for 1924-25 that "no settlement which is oppressive and retards the recovery or development of the foreign debtor is to the best interests of the United States or of Europe," the Note declares that a resumption of war debt payments in the present circumstances "appears altogether inconsistent with the principles then laid down."

The Note next turns to the argument that any remission of war debts represents merely the transfer of liability from the taxpayer in the borrowing country to the taxpayer in the lending country. It observes that in this respect the taxpayers in the United Kingdom and in the United States are in much the same position. Both are already bearing a large share of the burden of war debts and would continue to bear it even if all the existing debt payment programmes were maintained. In the case of Great Britain the taxpayer will in any case have to find

over £80 millions a year for interest on the internal loans out of which £1,600 millions were advanced to the Allies; for any receipts we may obtain from our debtors will be passed on as a contribution towards whatever we may have to pay to the United States. Thus, while cancellation of war debts would involve the annual sacrifice at present of \$270 millions on the part of the American taxpayer, similar sacrifices on the part of the British taxpayer are inevitable. But, it is suggested, a wider point of view is essential.

"So long as debtor nations are compelled by every means to augment their export surpluses, in order to meet these inter-Governmental debt burdens, they cannot play their part in the normal economic operations of commerce, and their diminished purchasing power will reflect itself in diminished receipts for the producers in the creditor country, with consequent fall in prices, depression of industry and unemployment. Even a partial recovery of business activity in the creditor countries as a consequence of the removal of these abnormal conditions would result in additional receipts from taxation on the existing scale which would compensate the exchequers of the creditor countries many times over for the loss of revenue involved in the revision of the War Debt Settlements."

Apart from these reasons which have actuated the British Government in asking for a re-examination of the whole of the war debt structure, which has proved in their view to be inconsistent with the present economic organisation of the world, the Note reminds the United States of the magnitude of Great Britain's war and post-war effort. Total British war expenditure in the United States amounted to approximately \$12,000 millions, whereof only one-third was financed by borrowing from the United States Government. About \$3,000 millions were obtained by the sale of gold and securities and \$1,480 millions were raised by market loans, whereof nearly all have been repaid. Including repayments to the United States Treasury up to date, the total debt repayments made by Britain to the United States since the war amount to \$3,063 millions. On the other hand, whereas the United States Government have received for the benefit of their taxpayers \$2,112 millions on account of the \$10,000 millions lent during the war, the British Government, which lent the equivalent of \$7,800 millions, have received nothing for the benefit of their taxpayers: they have passed on all their receipts from reparations and inter-Allied debts to the United States and have paid out of their taxpayers' pockets \$650 millions to the United States in addition.

The Note then proceeds to call attention to the changes of circumstances which have increased the burden of the obligations, namely, the suspension of the gold standard, the fall in commodity prices, and the shrinkage of trade between Britain and the United States as a result partly of the American tariff policy. These points are illustrated by very striking statistics with which readers of the *Economist* are familiar. Regarding Anglo-American trade, the Note observes cogently:—

"If, therefore, War Debt payments had to be resumed, it is apparent that the exchange position of this country would need to be strengthened by a reduction of the very heavy adverse balance of visible trade between the United Kingdom and the United States of America, which amounted to £78 millions in 1931. In present circumstances this could only be done by adopting measures which would further restrict British purchase of American goods. The United Kingdom has up to the present generally been the best customer of the United States and the result of such restrictions would inevitably be to reduce specially the market in the United Kingdom for American farm products. To the extent therefore that payments were resumed to the United States Treasury a definite and unfavourable reaction must follow to the United States producer."

The Note recalls that the Lausanne Agreement was made with the "cognisance and approval of the United States Government," and that whatever view of the inter-connection between reparations and war debts "is academically correct, there is a *de facto* connection between these two sets of inter-governmental obligations"; and this was by implication admitted by the United States when they proposed the moratorium on all inter-governmental obligations last year.

"His Majesty's Government take it for granted that preferential treatment would never be claimed for the War Debts due to the United States of America as compared with those due to this

country; and a situation in which this country was required to continue war debt payments while foregoing the war debt payments due to it would be admitted at once to be unthinkable. Thus, if the payment of the sums due in respect of the British War Debt to the United States Government were to be resumed, His Majesty's Government would be obliged to reopen the question of payments from their own debtors—France, Italy, Portugal, Yugoslavia, Roumania and Greece, and also the British Dominions. The debtor countries would, in turn, have to demand the payment by Germany of her obligations under the Young Plan, and the United Kingdom would have to do likewise. Without a readjustment of war debt obligations the Lausanne Agreement could not be ratified; the question of reparations would remain unsettled; the improvement in confidence which followed the Lausanne Agreement would be undone; and fatal results might well be found to have accrued to the solution of many grave political, as well as financial, problems now under discussion.

Emphasising the conviction of H.M. Government that a suspension of the December payment "is necessary," the Note points to the fact that though Britain has taken all possible steps to mitigate the fluctuations in the exchange value of sterling, nevertheless the reserves in gold and foreign exchange acquired, though adequate for the purposes for which they were designed, "would not suffice to cover, as well, the payment of \$95 millions due on December 15th." Nor would the exchange difficulty be eliminated by the device of payment in sterling to a blocked account for "the existence of a large sum awaiting transfer would affect the market almost as seriously as an actual purchase of exchange." The only remaining alternative would be payment in gold, which would involve the sacrifice "of a considerable part of the gold reserves of the Bank of England which are widely regarded as no more than sufficient for the responsibilities of London as a financial centre." The Note ends with the expression of the hope that the United States will now appreciate the ground upon which their request for a suspension was based, namely, their profound conviction "that a resumption of War Debt payments as they existed before the Hoover Moratorium would inevitably deepen the depression in world trade and would lead to further falls in commodity prices with disastrous consequences from which no nation would be exempt."

In conclusion the British Government offer to consider with the Government of the United States any manner in which postponement "might be most conveniently arranged."

The case, thus presented, both for a radical revision of the Debt Funding Settlements and for the extension of the Hoover Moratorium to cover the December 15th instalment accords closely with the views repeatedly expressed in these columns and is, in our judgment, unanswerable. We find it difficult to believe that it will not evoke a sympathetic response from the United States; for there can be little doubt that during the past fortnight public opinion in that country has begun to appreciate, as never before, the real factors involved in the War Debt problem. There are signs of a distinct modification of the attitude which led to the cold, and in some quarters, angry reception of the first British Note.

At the same time, the fact has to be faced that between now and December 15th the time is short for the conversion of this "lame-duck" Congress to a wise and realistic debts policy. There is a possibility that Mr Hoover's Administration, with Congress in Session from next Monday onwards, may be constrained to frame once again a negative reply to the British proposals. What then? Clearly the choice of policy for Britain must be carefully weighed. Debtors in circumstances such as these have their duties and responsibilities no less than creditors; and if the Government feel that payment would create exchange and other difficulties on an international scale to which they have no right to expose the world, then they should not shrink from whatever odium attaches to default.

It will be time enough for the Cabinet to reach its considered decision on this particular question next week, when the American reply—for reply there clearly must be—is received. This, however, we would say now. If it is decided, as a matter of expediency in the hope of facilitating future negotiations, to make one more final payment under the old schedule, then the payment—whether it be in the form of gold shipments or gold "earmarked" at the B.I.S. in favour of America, or even by the establishment of a "suspended" sterling account—

should be accompanied by a clear statement of our policy for the future. Drift and uncertainty lasting month after month until next June's payment is due would be disastrous. Let us endeavour, so far as lies in our power, to minimise the disturbance caused by even a temporary or partial resumption, and in consultation with our own debtors endeavour as far as possible to keep intact the results achieved at Lausanne; let us put forward a definite plan of our own for the final settlement of all the war debt obligations, and let us make it clear that we shall expect any payment which we now make to the United States to be absorbed into that settlement.

FEDERAL INDIA IN FORMATION.

WITH the war debts negotiations monopolising the headlines of the Press and overshadowing even such a major critical issue as that of Manchuria, the proceedings of the Indian Round Table Conference have not figured prominently in the news, and comparatively little public attention has been given to the problems which have to be settled during the present sessions, before the federal constitution can take final shape. But time is slipping away, and it is of the highest importance that in the few weeks that remain available for the present sittings agreement should be reached on as many points as possible. This is necessary if the Parliamentary draftsmen are to be in a position to produce a Bill acceptable to moderate Indian opinion; but it is equally necessary that, when the present delegates return to India, they should be able to tell their countrymen that on all major questions the British Government have come to terms with the Indian representatives. If, after this third and last Conference, it can be made to appear that a new constitution is to be imposed from this country, there is a real danger that the present lull in political activity in India may be rudely disturbed. It is evident, however, that on a number of vital questions a considerable divergence of view has to be bridged; indeed, the reception on Tuesday by the Indian delegation of some observations by Lord Irwin on the general question of responsibility at the Centre suggests that the British Government will have to exercise their powers of persuasion to the full if agreement on all major points is to be reached.

Lord Irwin described federation, responsibility and safeguards as "the three legs of the constitutional tripod"—the safeguards being designed to provide a working partnership between Great Britain and India. He suggested that the Viceroy of a Federated India should not merely control the reserved Departments of Defence and External Relations, but should also be empowered to discharge special responsibilities in respect to commercial discrimination; the rights of the States, the services and Minorities; and the prevention of grave menace to the peace and tranquillity of India. These suggestions appear to have created a feeling on the Indian side that "responsibility" at the Centre might thus be whittled down to a shadow; but since there seems to be general agreement that, at least for a transitional period, there must be certain political "safeguards" vested in the Governor-General, the problem should probably be regarded as essentially one of definition and limitation. Given goodwill on both sides, and on the assumption that future Governors-General would exercise their constitutional rights with tact and discretion, an acceptable compromise on most points should not prove impossible of realisation.

Some phrases used regarding "Imperial interests," taken in conjunction with the institution of Imperial preferences between England and India by the Ottawa agreement, have suggested doubts as to whether limitations are to be imposed on India's fiscal autonomy. We think this fear is groundless. Indeed, having regard to the "fiscal convention" which has been observed in India for many years past, under which this country has accepted the decisions of the Indian Legislature in the matter of fiscal taken. The Indian Ottawa Agreement was negotiated by representatives of India, and has been confirmed by the Legislature for three years. At the end of that time it is to be presumed that a new Constitution will be in

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being, and there is no reason to suppose that the new Government will be in any way less free than other self-governing members of the Commonwealth to determine its future fiscal policy.

The real stumbling-block is obviously the question of the financial safeguards—a matter in which much more of substance is involved. We have yet to learn what the British Government's proposals may be in this connection; but in view of the fact that Lord Irwin's general observations on Tuesday were closely reminiscent of the terms of the Government of India's Despatch of September 20, 1930, commenting on the findings of the Statutory Commission, it is worth while recalling the line which the Government of India, under Lord Irwin's Governor-Generalship, then took with regard to financial responsibility.

The Despatch began by emphasising several fundamental objections to the unqualified transfer of the control of finance to a popularly elected Minister responsible to the Central Legislature. In the first place, Defence being a reserved subject, it would be essential to ensure that the funds to meet the cost of Defence were available. Secondly, the British Government could not relinquish responsibility for ensuring that public debt incurred by India under the British Raj was duly honoured. Thirdly, the British Parliament must remain responsible for the pay, pensions, etc., of officials whom the Secretary of State had recruited. In addition, the Despatch pointed out that the Government of India has hitherto had a special responsibility in connection with the currency, whose transfer to a political Minister would be undesirable in any country.

Having reached the conclusion that a transfer of financial responsibility would demand the fulfilment of certain general conditions, such as the restoration of normal economic conditions and the re-establishment of credit and confidence—conditions which themselves depended upon the renunciation of non-co-operation and assurances by leaders of Indian opinion that they entirely disavowed the doctrine of the repudiation of debts—the Government of India expressed the view:—

(1) That the formation of a reserve bank on sound lines, working in close co-operation with (and on lines approved by) the Bank of England, must be a condition precedent to the transfer of financial responsibility.

(2) That after such transfer some powers of supervision and control should still be vested in the Governor-General for the purpose of maintaining financial stability. Interference should not be carried to the point of destroying the Minister's responsibility, but there might be occasions of financial danger short of actual default when a power to hold up, rather than to veto, inadvisable action might be of value. The Governor-General might usefully be assisted by a financial advisor.

(3) The Budget should include a Consolidated Fund to cover such items as interest on debt, defence expenditure and pay, pensions, etc. Such a fund should be a first charge on revenue.

Financial safeguards on lines such as these would undoubtedly be an unpalatable pill for Indian opinion, especially since the acceptance in principle of a federal constitution has encouraged the belief that the British Parliament would be willing to take greater risks in transferring responsibility than would have been the case if a constitution for British India only had been under consideration. If, as seems possible, the proposals which the Government have in mind are found not to differ in essentials from those indicated two years ago, the problem which the Conference has to face is to see how far it is able to evolve a workable compromise from a basis of this kind.

While agreement in principle on points (1) and (3) may not be difficult, point (2) may prove a stumbling block. But the case is one where a solution may be found by getting down to specific propositions. For example, if a constitution could be devised for a central reserve bank which would keep it out of the tangled web of Indian politics and ensure that its policy was guided by the best available advice with a single eye to the maintenance of India's credit, it would go a long way towards reassuring investors. An agreement in regard to the Bank should make it easier to evolve a budgetary system which would give real financial autonomy to India while safeguarding the points to which this country attaches importance. Obviously, Defence and a Consolidated Fund on the lines of the Despatch must be a first charge on revenue; and it would be necessary to vest in the Governor-General powers to resume absolute financial control in the event of the constitutional machinery breaking down. It would go far to meet Indian difficulties if the British Government were prepared to accept this reservation in substitution for the Governor-General's present powers of certification.

There is no serious risk that the Federal Legislature might refuse to vote taxes sufficient to produce a yield adequate for meeting the prior charges of Defence and the Consolidated Fund. For such an attitude would mean that, since *ex hypothesi* no money whatever would be available for ordinary administration, the whole government of Federal India would come to a standstill. The Federal Legislature might surely be trusted to refrain from such a suicidal act, which would in any case be the occasion for the resumption by the Governor-General of the emergency financial powers vested in him. For the rest, we can conceive it possible that the Federal Legislature might impose unwise taxes or distribute the burden of taxation in a manner which the Governor-General might consider to be inequitable. Here, we suggest, it is essential to leave India to learn by experience. After all, many other countries have managed their Budgets none too well and yet have surmounted the resulting difficulties. Provided always that the currency, placed under the control of an autonomous reserve bank, can be convincingly secured from rash experiments, we see no option but to make the transfer of financial responsibility real in substance. Failing a decision by the British Government in this sense, there is grave risk that finance may prove a rock on which the Round Table Conference will founder.

THE RAY REPORT.

THE Report of the Ray Committee on local expenditure and its Scottish counterpart, which appeared too late to be reviewed in our last issue, are very much what we expected. Conceived in a "contractionist" spirit the Committees lay the axe about them lustily and indiscriminately, apparently oblivious of the fact that the instrument in question will appear to progressively minded persons as "far less like a hatchet than a dissipated saw." The total economies contemplated in the Ray Report, which deals only with England and Wales, are estimated at between £35 and £40 millions (in addition to the cuts already made by the National Government), of which something between a third and a quarter is contributed by education. The Scottish Report contemplates total savings amounting to rather over £3 millions.

The economies recommended by the Committee are very varied in character. Some of them are purely administrative and have for their object the elimination of waste in all its forms. Most, though not perhaps all, of these will commend themselves to the great majority of sensible people. Others, on the other hand, are definitely calculated to lower the standard of service, in the supposed interest of the taxpayer and the ratepayer, by cutting down not only capital but also current expenditure without much regard to the ultimate consequences of precipitate parsimony. This criticism applies most strongly to the recommendations with regard to Education, Housing and Public Health services.

Education, always the first and easiest victim of the would-be economiser, fares badly at the hands of the Committee. Some of the recommendations for securing administrative economies, such as the closing of redundant schools and the amalgamation of small departments, are sound enough in principle, but in the nature of things they can only account for a very small proportion of the £10,000,000 which the Committee hopes to save under this head. The major "cuts" advocated are thoroughly retrograde, as, for instance, the proposal to increase the size of classes and thereby to abolish 5,000 teaching posts in elementary and 1,000 in secondary education. That is a penny-wise pound-foolish piece of "economising" which no considerations of financial stringency can possibly justify, because its only effect must be to lower the standard of education all round in a degree wholly disproportionate to the actual money saved. There is even less to be said for the suggestion that the provision of special training for mentally deficient children should be postponed, and that a number of children at present attending these institutions should be transferred to the lowest grade classes of reorganised schools. Nothing surely could be more reactionary than to reverse the painfully-won progress that has been made since 1921 in segregating mental deficients. Nor can we commend the raising of fees for evening and day classes and the cutting down of maintenance allowance and grants to students (which are to be transformed into loans) at a time when earnings and employment are rapidly shrinking. The only result of "cuts" of this kind would be to diminish the comparatively small number of persons receiving secondary and higher education in this country, and so to throw still more young persons and adolescents upon the streets.

The recommendations of the Committee with regard to Housing are even more drastic. The Committee has apparently made up its mind that the time has arrived when housing can stand on its own feet—a conclusion with which few who are intimately acquainted with the problem would agree. It has accordingly recommended that the subsidy under the 1924 Act should be abolished, that the subsidy and rate contribution under the 1930 Act should be reduced, that applications under the Housing (Rural Authorities) Act, 1931, should be limited to 2,000, and that power to consolidate subsidies under the Act of 1919 should be extended to those given under the Act of 1923 and 1924. Local authorities are also recommended to increase revenue obtainable from their housing estates by requiring tenants who can afford it either to pay higher rents or in some cases to buy their houses or to vacate

them; to apply a means test to their tenants; and generally to encourage the sale of houses, "not necessarily on the basis of the existing subsidised rentals."

There can be no doubt whatever that a great deal of housing legislation in the past has been wasteful and has not in fact benefited those for whom the subsidies granted were intended, namely, the very poor, but it is more than questionable whether the Committee's proposals, taken as a whole, would really improve matters. The reduction of interest rates and the fall in the cost of building probably warrant some reduction in the present scale of subsidies, but we doubt very much whether so hurried a return to *laissez-faire* as the Committee contemplates is really practicable. Indeed, four members have signed a reservation disagreeing with the sudden termination of the housing subsidy on the ground that it would arrest the progress of building houses to let at low rents. There is some ground for supposing that the Committee's estimate of present building costs is, to say the least of it, a little optimistic; and, with incomes falling and unemployment unabated, it is hardly likely that the private builder and the private investor will turn quite so readily as the Committee supposes to the provision of unsubsidised houses for the working classes, who still stand in the direct need of accommodation, especially in places where the pressure of the migration of labour from derelict areas is slowly but steadily making itself felt. It is quite evident that the Committee has been inspired in these recommendations by purely "contractionist" motives, and the result of their proposals would in fact be to depress still further the already depressed building trades at a time when all the economic factors are indicating precisely the opposite policy.

The suggestions of the Committee with regard to Roads and Bridges are another example of homeopathic treatment for the world slump. Highway expenditure has been enormously diminished during the past twelve months, and the proposal to postpone still further all major improvements and new construction borders on the fantastic. Though, taken as a whole, road development may have been overdone during the past twelve years, there is nothing to be said in favour of cutting down the considerable volume of expenditure by way of by-passes, widening and so forth which is still required to get the most economical use out of the existing road system.

The proposals with regard to the Public Health services contain many useful suggestions for effecting economies, through increased co-operation between neighbouring authorities in sewerage and in the provision of hospitals for infectious diseases and the introduction of costings for refuse collection and disposal and street cleansing; but many of them are definitely retrograde in tendency, e.g., those implying a lowering of the standard of service with regard to mental hospitals. In particular, the recommendation that charges should be made for the treatment of venereal diseases is most short-sighted. It is difficult enough as it is to persuade patients to resort to early treatment—which is more than half the battle—on a free basis, and the charging of a fee would only act as an additional deterrent most dangerous to public health. Nevertheless the attempt which the Committee recommends to establish more uniform standards of maintenance costs is well worth trying. Much of our public health administration is extravagant and a great deal of waste could be eliminated without endangering efficiency in any way.

The question of outdoor relief seems more or less to have completely defeated the Committee, and they suggest that the responsibility of granting relief to able-bodied men should be removed altogether from the purview of Local Authorities—a course which is the exact opposite of the recommendation of the Royal Commission on Unemployment Insurance which proposed to transfer to local bodies the administration of the Unemployment benefit. Failing this rather drastic step, for which, nevertheless, a fairly plausible case could be stated, the Committee recommend that the Minister of Health should be empowered to supersede any local authority which does not carry out efficiently the duty of administering relief

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out of a hat nor a "short, sharp and decisive" pronouncement by our Foreign Secretary.

Major differences of interpretation, vitally affecting the concession, have persisted between Persia and the company for almost a decade; more than once, these have been all but bridged, and it is regrettable that an attempt (however tentative) to proclaim a Papal decree of annulment should now threaten the domestic felicity of Persia and Persia's premier industry.

Royalty from the company comprises Persia's chief source of national revenue, and therefore one in which a measure of stability is important—no less so, in fact, than in the case of our own income tax yield from year to year. Far from having attained this, however, the record of its fluctuations in the last ten or twelve years resembles a fever-chart, with receipts ranging from £1,410,000 to £130,000. The dissatisfaction thus caused has been greatly increased, in Persia, by the wave of fervid nationalism which in recent years has swept over the world. The company has granted to Persian nationals an increasing share in the management there, as well as showering much wealth and many material comforts upon the 20,000 nationals in its employ—and indeed upon the entire population of the Southern area. Perhaps in its generosity it has gone farther than cold prudence might have demanded. For the Persian, however, in his lately-awakened state of political consciousness, it has not nearly gone far enough. The grant, last year, of minimum revenues to the Iraq Government by the company's related enterprise, the Iraq Petroleum Company, and the automatic influence of the British suspension of the gold standard—factors discussed in an Investment Note on page 1044—have brought matters to an acute issue, and now the concession itself is assailed.

In these circumstances it is clearly desirable for all who are interested in the welfare of one of the world's great enterprises to understand the point of view that has led to brusque and, to most people, unexpected action. The purported grounds of repudiation, as popularly conceived in Teheran, would follow some such lines as these:—

(1) The concession is bad, because in practice its terms have proved impossible of performance.

(2) In particular, it was a naïve document and quite inapplicable to the company's post-war operations, because it contemplated business in Persia only—the oil won to be sold at a Persian place of export—and did not provide for the contingency of the company establishing a great fleet of ocean-going vessels and extending its trade in Persian oil to all parts of the Eastern Hemisphere, as a result of which the accounts of its operations in Persia became difficult to segregate from the much more widespread activities of the company as a whole.

(3) In 1920 an interpretative agreement was found necessary and was negotiated between the company and the late Sir Sydney Armitage-Smith (Financial Adviser of the then Persian Government). Even as so modified, however, the concession and the purported agreement of 1920 lack force, because of the absence of the sanction of the Mejlis—a body which may not approximate to Parliament in terms of English electoral ideas, but is Persia's nearest approach to St. Stephen's.

(4) Persia has never been satisfied with the application of this 1920 Agreement and in particular has been dissatisfied with the amount of royalty that has accrued

—a safeguard which, unhappily, has been found necessary in more than one instance in the days of the old boards of guardians. The conditions attached to out-relief by the Committee are, as might have been expected, rather on the severe side, and in the interests of true economy some severity is certainly necessary; but the proposal to reckon the whole resources of an applicant's family as a single unit is particularly unjust. The observation, however, that the practice of granting relief automatically to bring an applicant's income up to an agreed minimum is in certain parts of the country causing a large amount of waste, rightly draws attention to the difficulty of establishing any uniform scale, and has obvious bearings upon the Unemployment Assistance scheme. For a scale of relief which is adequate in the most expensive areas must be extravagant in those where the cost of living is much lower.

With regard to salaries and wages the Committee's recommendations are not unreasonable. They include the slowing up of the increments in the pay of teachers and other local government officers and a review of the wages of manual workers which is long overdue, especially among the unskilled grades. Wage scales of municipal employees have in many cases tended to be excessive, and some reduction would certainly help to correct the disparity between sheltered and unsheltered wages which for years has been one of the chief causes of economic disequilibrium in this country.

Finally, two other recommendations of the Committee are worth something more than passing notice, namely, the substitution where possible of the "block" for the percentage grant, and the suggestion that the expenditure of local authorities should be presented to Parliament with the Budget. The first of these has long been a matter of controversy. There can be little doubt that the percentage grant has definitely encouraged spending: indeed it was expressly designed for that purpose. There is, therefore, much to be said to-day on grounds of economy for discontinuing it where it still exists, provided that some method can be found of enforcing among the more backward authorities a proper standard of service. The second proposal also has a good deal to recommend it. Even if Parliament does not and should not exercise any direct control over the expenditure of Local Authorities, it will always be salutary for the members of the House of Commons to contemplate the full financial results of their activities, which are only too often forgotten where they do not appear directly on a departmental vote.

To sum up:—The Report contains a large number of useful suggestions for administrative economies. But its "contractionist" bias gives it altogether a false perspective, and it fails to make the vital distinction between two quite separate things which in the public mind are lumped together under one word, economy, namely, doing things in the financially most efficient way, and going without something that you need. The former is the touchstone of good administration; the latter, under the peculiar conditions of the world depression, merely a senseless and damaging form of deflation. Vicarious asceticism at the expense of the ignorant and the needy is not the royal road to trade revival.

PERSIAN OIL. (BY A CORRESPONDENT.)

THE idea that a Palmerstonian stroke is called for in order to affirm the sanctity of the Anglo-Persian Oil Company's concession is wrongly conceived. The company can plead, and doubtless will plead, a very strong case, even while at the same time seeking a friendly settlement in terms of a radically different concession. But it is not helpful to assume, without a hearing, that H.M. the Shah and his Ministers are wholly without excuse for having themselves assumed the Palmerstonian rôle. It is always wise to strive to consider the strength as well as the weakness of the "other side's" position. Not to do so here is to lay an insupportable burden upon the Anglo-Persian Company's directors. They can be trusted to show sagacity and skill as well as zeal in seeking a remedy for the present disorder; but that remedy is neither a rabbit

under it. Her apologists claim that Persia's contentions in this respect are supported by professional advisers, in London, of unquestionable status.

(5) Not only is the concession obsolete in its structure; 16 per cent. is far too low a share in the profits of what has proved—to the universal astonishment—to be one of the premier industrial enterprises of the oil world.

(6) Attempts to arrive at an entirely new concession have proceeded intermittently since 1928, when the matter first engaged the special attention of His Highness the Persian Minister of Court—then on a visit to London. The opinion is held in Teheran that even the company has, at least tacitly, admitted that the old D'Arcy concession ought to be a dead letter. The present declaration of annulment is mainly, though not merely, an attempt to speed things up.

(7) Persia is a sovereign people. The company chooses to operate in Persia. Terms can doubtless be arranged—but by the parties alone. International law hesitates to assert its status in purely domestic affairs.

(8) The absence of any provision for annulment in the old concession itself is unimportant. Persia asserts that *de jure* there never was a valid concession.

So much for a purely *ex parte* outline of what officials of the Persian Government doubtless have in mind in support of the intimation of annulment, coupled with the invitation to negotiate. Part of that "case" would be flatly controverted by the company; and much more—the company would assert—bears no real relevance. But the company has a "short answer"—and one hard, indeed, to set aside. "Ever since, in 1909, oil first was won, the whole course of your conduct has been inconsistent with repudiation, and consistent only with acceptance. Protest upon protest you have recorded, it is true; but in principle you have from the first admitted the commercial validity of the old concession by receiving the proceeds after first conducting a painstaking search for more. Your dissatisfaction with the concession was mildly expressed in 1927—when royalty appropriated £1½ millions; and ever since the company has been prepared to conclude a quite new concession on fair and generous terms."

The argument in favour of taking the rough with the smooth is always cogent and sometimes conclusive. The question, however, is here one of degree, and when circumstances over which Persia has no sort of control reduce her main source of revenue to a tenth of its amount within a space of five years, it is natural enough that criticism should arise as to the basis on which the royalty is calculated. In the most favourable circumstances the proper basis of inter-company charges raises very complex issues and may give rise to endless dispute. For example, the price charged for bulk oil supplied to refineries conducted by subsidiaries vitally affects the profits of the producing concern. Again, the proper treatment, for royalty purposes, of profits (if any) earned by the company's fleet of eighty ocean-going vessels has never been the subject of unanimity, although on this, as on many other points of difference, a short-lived and precarious *modus vivendi* has been achieved.

The prospects of a settlement advantageous to both parties, and suggestions as to the most promising field for negotiation, must await examination in a subsequent article. For the present, what emerges is that shareholders should neither be alarmed nor impatient. A ten-years' divergence of view—now that the divergence has become acute—is not to be composed overnight. H.M. Government, in particular, will have to weigh very carefully the points in Persia's case before deciding whether, and if so in what manner, to support the company's representations. A moment's reflection will show that here is no simple case for a State to proclaim the rights of her nationals to trade in foreign lands. The British Government's own direct pecuniary interest in the company's prosperity may itself well cause initial hesitation.

Meanwhile, shareholders will do well to realise that the claims now brought to light have on various occasions been sympathetically considered by the company's directors who have gone far to meet them. Indeed, the figures alone are sufficient to show that they cannot be dismissed without some basis in equity. If the grievances of Persia

can be satisfactorily met it would strengthen rather than weaken the basis of the company's prosperity in so far as it depends on its Persian activities. In any case, this only covers a portion of the company's operations, which include the sale and distribution of oil in countries other than Persia—a mechanism which might be adaptable in large measure to other sources of supply; and in all this, the Royal Dutch-Shell and the Burmah Oil groups stand as potent allies of Anglo-Persian.

In dealing with a dispute of this kind, in which arguments have to be conducted with an Eastern Government awakened, since the war, to the same sense of new-found nationalism as permeates Turkey, a patient policy is generally wise. Negotiations, or, it may be, reference to some arbitration court, there will probably have to be. The process of final agreement may be slow; but if there is willingness in this country to appreciate that there is some substance in Persia's case, it may also be discovered that Persia's claims can be reconciled with increased prosperity for the company itself.

POVERTY IN EAST LONDON.

THE growth in the power of trade unions on the one hand, and the development of the social services on the other, have been such a spectacular feature of the last two decades that the modern reader of Charles Booth's survey of London life and labour forty years ago is likely to exclaim: "Things are very different now." Just how far they are different, on matters relating directly to poverty, he can now verify, as far as East London is concerned, by reference to the third volume in the "New Survey of London Life and Labour."

This volume, for all it contains one of the most formidable collections of tables that ever delighted the heart of a statistician, is a most absorbing document full of human interest. Interspersed with deciles and quartiles and medians and averages of all kinds, one may read what are the first economies by which a workman meets a short period of unemployment, how a sandwichman or a news-vendor lives, what are the secrets of success in the coster trade, and how solitary old age pensioners pass their spare time (and what reader's heart will not go out to the old lady whom the Survey investigator found "reading the 'Pilgrim's Progress,' but longing for Edgar Wallace"?). This section of the Survey, which covers the eastern part of the area, both north and south of the Thames, with a population of nearly 2½ millions, is based mainly on the results of two special inquiries: a house sample inquiry into over 12,000 households selected at random, and a street survey, primarily based on the conditions prevailing in families with school children in all streets in the area. One result of this latter inquiry has been an admirable series of maps in which every street is coloured according to the degree of poverty prevalent in it. It is necessary to bear in mind that the inquiry covered the period from the middle of 1928 to the middle of 1930, and therefore does not include the worst of the present depression.

In order to keep the results comparable with those of forty years ago, the same standard of poverty has been retained, though it must necessarily appear extraordinarily low on present-day standards. Charles Booth's "poverty line" was intended to represent the absolute minimum satisfaction of the primary needs for food, shelter, clothing and warmth, and he defined the word "poor" as describing those "who have a sufficiently regular though bare income, such as 18s. to 21s. for a moderate family." Allowing for price changes, that is equivalent to 88s. to 40s. now. A hypothetical budget (which shows a reasonable regard for existing habits and conventions) is given to show that such an income would just suffice to keep a man, wife and two children from want. A very careful analysis of the incomes of the families covered by the survey leads to the encouraging conclusion that the percentage of the population of the Eastern Survey Area who were below the poverty line was only one-third of the percentage found by Charles Booth in his East London

* "The New Survey of London Life and Labour," Volume III. Survey of Social Conditions: I. The Eastern Area; Volume IV. Maps. P. S. King. 17s. 6d. each.

forty years ago, though it is less satisfactory to learn that one in ten of the inhabitants of the area and one in seven of the inhabitants of Booth's East London are still in a state of acute privation. This conclusion is based on the analysis of a mine of interesting information about the composition and the income of working-class households. The investigation also yields a great deal of fruitful suggestion as to the causes of poverty, the more so as, in order to enable the effects of unemployment to be especially studied, the incomes were tabulated, not only as they were in the week of the investigation, but also as they would be if each member of the household were working full time. The average full-time earnings of adult males (excluding dock labourers) in the area are 63s. 1d.; one-tenth earn less than 43s. 6d.; one-half earn less than 61s. 10d.; and one-tenth earn 81s. 11d. or more. As unskilled work is rarely paid as much as 60s., this means that over half the men on regular time wages are to some extent skilled. The average weekly family income is about £4, but allowing a deduction of 5½ per cent. for short time, illness and unemployment (based on the results of the investigation week and a full-time week respectively), and 2½ weeks for holidays, a rough estimate of £187 per annum is arrived at as the average, but this, of course, conceals enormous variations.

These wage statistics suggest that, whereas low wages were the principal cause of poverty forty years ago, the major causes to-day must be sought elsewhere, for average unskilled wages are now about 17s. above the poverty limit. Analysis of the statistics for a full-time week shows old age or illness to be responsible for nearly half the families in poverty, but a small proportion of the individuals, as many "families" consist only of one aged person. Large families (of four or more children) are responsible for about 14 per cent. The main cause of poverty, however, is revealed by the statistics for the week of investigation, when 38 per cent. of the families and 49 per cent. of the persons who were in a state of poverty owed their condition to unemployment, short time or casual work.

This question of unemployment as a cause of poverty is dealt with by Sir H. Llewellyn Smith in the first of a number of special studies which is of exceptional interest just now in view of the problems presented by our unemployment insurance system. In it tribute is paid to the value of unemployment benefit as a means of tiding over temporary periods of unemployment (about 2 in 5 of the families whose principal wage-earner was unemployed in the week of investigation were found to be above the poverty line), but after careful consideration the assumption is held to be justified that an average working-class family whose principal wage-earner has during the previous six months lost a quarter of his working time through unemployment will be living below the poverty line. The 1927 analysis of the Ministry of Labour showed that only 47 out of 797 male unemployed persons were receiving poor law relief, and it is believed that most of these were of the unemployable class. A terrible consequence of the present depression is indicated by the fact that whereas that analysis showed that the percentage of claimants to benefit who would probably be steadily employed in a year of normal trade was 59, in 1931 the proportion had risen to 77. The rising tide of unemployment is thus submerging an increasing number of fully competent workers.

The special study of "Old Age and Poverty" must leave the taxpayer feeling that at all events part of his semi-annual sacrifice is made in a good cause, for it allows no doubt that old age pensions are the means of enabling vast numbers of aged people to maintain their independence and self-respect. As might be expected, the old age pension of 10s. a week, while it suffices for the needs of an old person living as a member of a larger household, is barely adequate for an old person living with another pensioner and is definitely insufficient for a person living alone. This is borne out by the fact that nearly half of the old age pensioners living alone were found to be receiving domiciliary relief, against one in five of those living in couples and one in nine of those living with relatives. The survey, which covers only persons living

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in "private families," excludes the large number of aged poor (some 10,000 in the County of London) who live in institutions. One interesting fact which appears to emerge is a decline in the extent to which the aged are helped by subsidies from relatives and by occasional work from former employers. The former may be rather a result of the economic situation than of a declining sense of responsibility, but it is noteworthy that in many of the interviews published in an appendix the old people say that they are determined not to accept help from their children because they think it might spoil the excellent relations which at present exist between them. The general impression left by this chapter is one of great courage, resourcefulness and self-respect.

The studies of the homeless poor, the street trading community and the hop-pickers are absorbing reading, and answer many of the questions that the average member of the middle classes often asks himself as he speculates idly on the people he passes in the streets. But in case anyone should be led by the heartening results shown by some of the other chapters to close the book with a feeling of smug satisfaction at the improvement which forty years have brought in so many respects, there is a chapter on overcrowding, illustrated by an admirable separate map, which would make it impossible to look the social reformers of forty years ago unblushingly in the eye. From this chapter it appears that although the average number of persons to a room in the Survey Area as a whole declined from 1.04 in 1921 to 0.95 in 1931, there was actually an increase in the acutest overcrowding—the percentage living more than three to a room rose from 3.1 to 3.3. Over the whole area 9 per cent. of the tenements contain more than two persons to a room, but this proportion varies from 1 per cent. in Lewisham to 23 per cent. in Shoreditch. Most disquieting of all is the revelation that in many boroughs something like half of the children under 14 are living in a state of overcrowding. In short, for all the attempts at improvement in housing during the last ten years the success which has been achieved has not been sufficient to remove the widespread prevalence of disgraceful conditions, and the housing question still remains London's acutest social problem.

The dominant impression left by this volume is that during the last forty years the problem of low wages as the principal cause of distress in London has given place to the problems of unemployment and of housing. It was found from the house sample inquiry that more than half the persons who were in poverty during the week of investigation would not have been so if all wage-earning members of the family had been fully employed. This suggests that a large part of the poverty recorded was of a temporary character, so that about half the personnel of that section of London's population which is below the poverty line is constantly changing. This makes the problem in one way less hopeless, for it is chronic poverty which drags down the standard of life; but at the same time it must be remembered that the process of becoming poor is far more painful than that of being poor and never having known anything else. In so far as the substitution of unemployment for low wages as the principal cause of poverty has increased this "dynamic" element, it may well have increased the amount of human misery associated with a given volume of poverty. To weigh the results of forty years of change in psychological terms is, however, impossible. The important and unmistakable

lesson to be learnt is that, broadly speaking, wage developments have been on sound lines socially, and the social services, whatever their blemishes, have proved and are proving of incalculable value; but that the causes of poverty will never be tackled at the root until the two problems of unemployment and housing are brought nearer a solution.

A BRITISH FILM INSTITUTE?

(BY A CORRESPONDENT.)

THE public and entertaining conflict between the Bishop of Croydon and his Free Church colleagues has obscured, for many people, a problem which is little less important than Sunday opening of cinemas. The Cinematograph Fund is established; from January 1st money will accumulate in it, and will accumulate faster and faster as Sunday opening spreads. The Privy Council is required by law to attend to the disposal of these funds, and it has a very short time in which to reach a decision.

Some of the proposals made for the use of the money available can be condemned out of hand. It has been suggested, for example, that it should be paid out to teachers in the form of assistance towards installing projectors in classrooms. Were the money available sufficient to equip all such deserving cases, the proposal would still be objectionable. It is quite probably true that all schools would be improved by the installation of cinemas, but that is a matter which should be dealt with in the ordinary way in the Education Estimates. As it is, the funds will be limited in amount, and their allocation would be arbitrary, probably unfair, and certainly an unsuitable burden to lay upon the Privy Council.

Again, an application, it is believed, was at one time drafted for a Royal Charter and the constitution of a film corporation similar to the B.B.C. Were such an application actually made, it would probably be refused, and for good reasons. The money available cannot for the first year be more than about seven thousand pounds; and the B.B.C. deals in millions. There is no occasion for the administration of comparatively small sums to set up a cumbersome machinery of governors, directors-general, and so forth; further, no institution which could conceivably claim rights over the film industry similar to the control exercised in the ether by the B.B.C. is likely to be set up by any but a Socialist Government.

Yet the money, by order of Parliament, will be there and must be used. It is likely, therefore, that "the trade" and certain educational bodies interested in the cinema (now organised in the Commission on Educational and Cultural Films) will shortly produce some scheme for a voluntary Film Institute. What is done quickly need not be done ill; nevertheless there is danger in speed, and more public discussion and consideration than has occurred can be nothing but beneficial.

Two conditions may fairly be regarded as essential for the wise disposal of this money. The first is that the activities of the new Film Institute should be positive and not negative. There is already a sufficiency of censoring and restrictive bodies in the film trade. There is no genuine reason for the agitation of the moralists who are anxious to make the new Institute yet another suppressive body. The films which reach the British public are censored by the British Board of Film Censors; they are subject to the usual restrictions of the law and the police; they are not infrequently mutilated by further censorship by local authorities; and in most cases have at the very beginning been censored by Mr Will B. Hays' American censors. Morals are sufficiently protected; it is not occasional impropriety but consistent fatuity which may be charged against the films and the reason why many parents object to their children visiting picture theatres and stay away themselves is not the fear of "corruption" but the certainty of silliness in 90 per cent. of the pictures shown.

The Film Institute, while it would be well advised to be chary of producing its own films, might well subsidise the production of films which for their unusual or experimental character are not likely to be profitable to the

average studio. It could classify educational films, organise their production, and open up large areas of possible utility which are as yet untouched. It could most valuably review the whole field of ordinary films and issue a "certificate of character" to productions which deserved the attention of intelligent audiences, for their artistic as well as for their educational character. Such a "selection," like the selection of a Book Society of a novel, might often save a valuable film from neglect by giving it the necessary extra publicity at the crucial moment.

But to be able to act in such a way successfully—to behave in short as a film academy—the Institute must command general confidence and respect. There is, therefore, a strong case for holding, as a second condition, that it must not consist (as it too easily might) of representatives of "the trade" and professional educators alone. There must be others who will represent the public in its capacity as audience and critic—men who by their literary or artistic abilities are fitted to encourage so young an art. The Government may well hesitate to nominate such men itself at the present moment. Time does not allow of the cumbersome process of selecting representatives of the various "interests," even if such a procedure were desirable. As a temporary measure, why should not the film trade and the Commission on Educational and Cultural Films agree upon a list which would satisfy the public?

Notes of the Week.

Disarmament.—Signs of positive progress in the disarmament sphere this week have not been substantial. At Geneva the attention of the statesmen present has been occupied with the Manchurian issue—resulting, as our League correspondent recounts on a later page, in a decision of the Council to refer the question intact to a special meeting of the Assembly next week. Mr Norman Davis has been in Paris conferring with M. Herriot, and the next move is the opening of a five-power talk at Geneva, in which Mr MacDonald will participate, with a view to providing a basis on which Germany may be persuaded to return to the Disarmament Conference. Meanwhile, however, the question has figured in debates in both Houses of Parliament. On Tuesday, in the House of Lords, Lord Cecil intimated his general approval of British policy as outlined in the recent White Paper, but was critical on two points. We ought, he contended, to advocate the reduction of the unit size of battleships to 10,000 tons; and he was apprehensive lest the omission of any reference in the White Paper to the French "security" thesis might mean unwillingness on our part even to examine these proposals. Lord Hailsham, replying for the Government, did little to clarify our attitude towards "security" undertakings; but a debate which took place on the following night in the House of Commons on naval policy elucidated considerably the Government's attitude with regard to battleships—and in a most unfavourable sense. The First Lord of the Admiralty, winding up the debate, emphasised the great reductions which would be accomplished by 1936 in British naval strength under the London Naval Treaty. There would, he said, be no further unilateral reduction on our part; but, subject to "certain conditions" (undisclosed), the Government desired that the maximum size of battleships should be reduced to 22,000 tons. The 10,000-ton ship, he said, would not only "fail to command general acceptance"—the phrase used in the White Paper—but is "unacceptable to us"—a statement which the White Paper did not make. This nature. The 10,000-ton ship would be "incapable of fulfilling the functions of a battleship" and would not even lead to economy.

"If every nation is limited to ships . . . of 10,000 tons, all nations will have them; and if we had to meet any possible hostile concentration of these ships in any part of the world we should have to have so many 10,000-ton ships that the cost of the Navy would be greatly increased."

This really will not do. Given an agreement to limit the unit size of future construction to 10,000 tons, there would be no insuperable difficulty in including in a disarmament convention a total tonnage limitation for each country. Does the British Government really mean to imply that the cost of a 10,000-ton battleship is so trivial that every minor Power in the world would begin to acquire battle fleets like children collecting toys? It may or may not be impossible to secure universal agreement that no future warships shall be made with a tonnage exceeding 10,000; but at least it is the duty of the British Government to try to secure such an agreement. Otherwise its declarations on the principle of equal status for Germany would appear to mean that the intention is that Germany is to be free to join with the rest of the world in a mad competitive race in the building of 22,000-ton battleships.

The Franco-Soviet Pact.—On Tuesday of this week a non-aggression pact between France and the U.S.S.R. was signed in Paris after two years' fitful negotiations, which dragged on inconclusively owing to the difficulties encountered in the attempt to reach similar understandings between Soviet Russia and France's two eastern protégés, Poland and Roumania. A Polish-Soviet pact was finally signed last July; but even now the Soviet-Roumanian negotiations are held up by the stumbling-block of Bessarabia, though the Soviet Government is reported to have given France an assurance that Russia will in no circumstances attempt to solve the Bessarabian question by force. By the terms of the Franco-Soviet pact, the contracting parties agree not to resort to war or any other form of aggression against each other; and if one of the signatories is attacked by a third party, the other signatory undertakes not to render assistance to the aggressor. In the economic field France promises not to take part in any international agreement tending to prohibit the purchase of Russian goods, and in return she is promised most-favoured-nation treatment by Russia, who also undertakes to discountenance Communist propaganda in France and, more particularly, in the French colonies. From an international point of view the pact is to be welcomed. Its main importance and value seem to be that it should allay considerably the alarmist fears of an anti-Soviet combination of Western Powers which have recently coloured Russian psychology, and should help to dispel in France apprehensions of a Russo-German combination to re-draw the map of Europe.

London Passenger Transport Bill.—The House of Commons showed itself at its worst on Tuesday, when the resuscitated London Passenger Transport Bill was debated in Committee. Mr Pybus was neatly tripped up over a point of procedure and manoeuvred into voting against his own motion. Meanwhile the Conservative opponents of the Bill "ragged" him unmercifully for a couple of hours. The Government emerged, it is true, with no damage except to its tail feathers, but the general impression left by the proceedings was rather discreditable. It cannot be said that the principal amendments introduced by the Government which inherited the Bill from its predecessors are altogether an improvement. The transfer of the powers of appointing the new Transport Board from the Minister to an electoral college, the almost comic composition of which somewhat recalls the early history of the Board of Trade, is merely a piece of political pedantry, introduced to "save the face" of Conservative politicians who opposed the measure while in Opposition. We sincerely hope it will not be made a precedent. Nor is the addition of two representatives of the L.C.C. to the membership of the Board likely to increase its efficiency. What real connection, after all, is there between transport management and local government? The substitution of the Railway Rates Tribunal for the Minister as the controlling authority for rates and charges, on the other hand, has much to be said in its favour. These alterations for better or worse do not affect the real essence of the Bill, which, though it was hailed by Mr Morrison as "a triumph of Socialism," bears on

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it the marks of its true origin, namely, the Ministry of Transport. It is unmistakably a "Ministry" Bill, and a very sound and sensible one. The main object of the Bill is to fuse into a single financial unit, privately owned but publicly controlled, the warring elements that compose the present chaos of London's passenger transport services, namely, the main line railways, the Underground Railways, the Metropolitan Railway, the London General Omnibus Company, the L.C.C. and other municipally and privately owned trams and the non-combine omnibus undertakings. As things stand to-day, the unregulated competition between all these undertakings is proving a very wasteful and expensive business. On the one hand, there is extensive under-employment of capital, unnecessary duplication and growing congestion both by road and rail; on the other, present financial conditions prevent the raising of the fresh capital required to develop much-needed services in the growing outer suburbs, especially to the east and north of London, and to improve existing facilities. The merging of all these multifarious interests in a statutory monopoly, which is the only possible solution of the problem, for the first time renders possible a rational planning of London Passenger Transport. With the financial estimates accompanying the Bill we deal critically in an Investment Note on p. 1043; but, on general grounds, the proper co-ordination which the Bill for the first time makes feasible should certainly benefit the public.

Argentine Finances.—In view of the magnitude of British investments in the Argentine, considerable interest attaches to Sir Otto Niemeyer's acceptance of an invitation from the Argentine Government to proceed to Buenos Aires and study "the banking organisation, the monetary regime and stabilisation, exchange problems and the law of banking control." It may be presumed that Sir Otto's advice is desired primarily on the projects formulated by the late Administration for the technical reform of the banking system, but his study and recommendations can hardly leave out of account the more general questions of Argentina's balance of payments and the situation of her national finances. In the former connection a correspondent writes:—

"Indications from the Argentine are encouraging, provided that no serious damage to the crops occurs in the short time remaining before the seasonal outward shipping movement begins. Reliable estimates place at 200,000,000 gold pesos the merchandise trade surplus which must be established by Argentina in order to balance the international accounts, including all visible and invisible items. The annual amount which, it is estimated, is required every year for the full service of the long-term external debt of the Republic is £12,000,000 sterling; thus, reckoning 200,000,000 gold pesos as equal to £40,000,000 sterling, there would remain a balance of £28,000,000 for the service of municipal and other debts, as well as general commercial and other obligations. The latest official figures of Argentine foreign trade, covering the first nine months of 1932, show that by the end of September there was an export surplus of 180,249,000 gold pesos, so that the desideratum for 1932 of 200,000,000 gold pesos may not only be reached but may even be exceeded."

Argentina's policy of refraining from any schemes of artificial restriction of shipments of her staple exports has lately stood her in good stead. At the same time it has

to be borne in mind that the greatly improved balance of merchandise trade has been due predominantly to a drastic reduction of imports, not only by the official policy of discouraging purchases from abroad, but also by stringent exchange restrictions. The security of Argentina's future balance of payments depends both on her ability to forego imports and on the maintenance of the present volume of exports without a further fall in prices. With regard to the national finances, the returns for the first ten months of 1932 show that in paper pesos expenditure has risen from 681 millions to 905 millions. Revenue has mounted from 673 to 923 millions, so that a small surplus is shown; but out of the total revenue no less than 304 millions have been obtained by "credit operations," including 255 millions raised by the Patriotic Loan. Our correspondent at Buenos Aires has emphasised in recent letters the growing determination among the public to see Argentina through her difficulties on sound lines; but it would be idle to pretend that her problems are not considerable.

The Seneschal of Ireland.—The humorous episode of the appointment of Mr Donal Buckley to the office of Governor-General of the Irish Free State must be accounted as "one up" to Mr de Valera. Lacking a formal mandate to tear up the Treaty and declare a republic, the President was constitutionally bound to recommend the Crown to nominate a successor to Mr McNeil, but was evidently in no mind to instal a new personality at Vice-regal Lodge who could cut a dash as ceremonial head of the State. Hence, presumably, the choice of Mr Buckley, a lately retired shopkeeper in a little country town whose modest record has a patriotic chapter in that he shouldered arms in Easter Week, 1916, but who sat in the Dail for a number of years without apparently ever opening his mouth. Mr Buckley, it is reported, will occupy a villa on the outskirts of Dublin; will waive the greater part of his official salary; and desires to be known as the Seneschal of the Irish Free State—thus satisfying at one stroke both the Irish taste for novelty and the Exchequer's need for economy. Let us at least be grateful that even this sorry Anglo-Irish quarrel has its lighter moments.

Railway Flat Rates.—The judgment given by the Railway Rates Tribunal last week disallowing a "flat" rate granted by the G.W.R. to a subsidiary of Unilever, Ltd., for the conveyance of animal foodstuffs within a prescribed area, is something of a test case which may be expected to have important consequences, as a number of similar arrangements are in operation. The Tribunal disallowed the rate on the ground that "flat" rates are inconsistent with the provisions of the Railways Act of 1921, and held that railway companies are only entitled to charge "per consignment by distance." Moreover, the president, Sir Walter Clode, stated that the rate granted to Messrs Robinson had "seriously affected the trade of the district, and by making undercutting by them possible put the business of other trades in peril." The question thus raised is of first-rate importance not only to the railway companies but also to industry in general. The "flat" or blanket rate, which is common in the U.S.A. for example, offers a distinct convenience to traders in that it eliminates a great deal of complicated accounting, and the railway companies are afraid that if it is disallowed they will lose a considerable volume of traffic to the road hauliers, who are bound by no such restriction in the matter of charges. At the same time, it is clear that the removal of the present restriction on the railway companies might lead to serious abuse, and it is easy enough to see how the "flat" rate principle might become an instrument of undue preferences. If the railway companies decide to appeal from the judgment of the Rates Tribunal and lose their case in the higher court, as appears probable, an awkward situation will arise, and the Government will be faced with the difficult alternative of either amending the Act of 1921 or else, if they are going to hold the balance fairly between road and

rail, of imposing a similar restriction on the road hauliers, which may prove quite impracticable from the administrative point of view. In any case, the amendment of the Act of 1921 will need very careful consideration in view of the desirability of imposing adequate safeguards against undue preference. It should, however, be possible to devise legislation which will safeguard the interests of other traders without depriving the firms who are in a position to benefit by them of the advantages of the "flat" rate. The case is only one more instance of the urgent need for dealing with the road-rail problem.

The Corby Steel Plans.—An interesting development in the British iron and steel industry is announced this week. Messrs. Stewarts and Lloyds, Limited, who produce about four-fifths of the steel tubes made in this country, have completed arrangements to erect at Corby, near the large undeveloped iron ore beds of Northamptonshire, steel works which are to cover every operation from the extraction of ore to the dispatch of finished tubes. The works are to operate on the basic Bessemer process, and the designed output is 300,000 tons of steel per annum. Finance is to be provided through the Bankers' Industrial Development Company, and the total costs of the scheme are estimated at £3,300,000. It is expected that production can be started in two years' time. The venture should go far to show the extent to which the British steel industry can hope to reap advantage from a reversion to the basic Bessemer process, in whose operation our Continental competitors have achieved high efficiency of practice and low costs of production. For many purposes open-hearth steel is undoubtedly a more satisfactory and reliable article, but if Messrs. Stewarts and Lloyds can produce by the basic Bessemer process a steel adequate in quality for tubes, and if the production of the new works can be absorbed in the Midlands without incurring the burden of transport costs to other areas, the scheme holds promising possibilities.

The Social Services.—The useful annual return* of total expenditure under certain Acts of Parliament in respect of "Public Social Services" has now been published for the financial year 1930-31. We summarise below comparable figures for recent years for England, Scotland and Wales:—

	"SOCIAL SERVICES" EXPENDITURE. (In Millions.)				
	1924.	1928.	1929.	1930.	1931.
Unemployment insurance...	48.0	42.8	53.8	53.3	101.6
Health insurance	30.9	37.6	39.9	38.6	38.6
War pensions	69.6	56.9	54.0	51.4	49.2
Other pensions	24.0	45.6*	58.7*	62.2*	72.1*
Education	86.6	94.4	97.0	100.5	104.2
Working-class housing	16.6	26.7	31.6	35.6	37.5
Poor relief	41.9	45.5	43.9	45.0	42.5
Miscellaneous†	14.5	16.5	16.9	17.4	17.6
Total	332.1	366.0	395.8	404.0	463.3
Total, less War pensions	262.5	309.1	341.8	352.6	414.1

* Includes widows', orphans' and old age contributory pensions under the Act of 1926.
† Including expenditure on hospitals, maternity and lunacy.

Apart from the huge increase in unemployment insurance expenditure—a development too well known to call for fresh comment—perhaps the most disquieting feature which emerges from the foregoing table is the steady increase in expenditure on "other" pensions, which now cost three times as much as they did in 1924. The receipts financing our "social" expenditure fall under the three heads indicated below:—

	1923-24.	1929-30.	1930-31.
Local rates	£ Mn.	£ Mn.	£ Mn.
Parliamentary votes and grants	78.8	93.0	98.2
† "Other" receipts	175.3	184.0	198.0
	86.7	124.3	156.5

† Fees, insurance contributions, rents, &c.
The increase of approximately £70 millions in "other" receipts between 1924 and 1931 is largely accounted for

* Cmd. 4197 (London). H.M. Stationery Office, 4d.

by contributory pensions and rents and by the inclusion in the 1931 figure of over £36 millions on account of Government borrowing for the Unemployment Fund. The aggregate expenditure of £463 millions in 1931 compares with a pre-war figure of £63 millions expended in 1910-11.

Sterling and International Prices.—The past fortnight has seen a catastrophic fall in the level of international gold prices *pari passu* with the depreciation of sterling. The latest figures of our indices as compared with those of foreign countries are shown below:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsamt, Germany.
	British Complete Index (sterling).	British Primary Products (sterling).	International Gold Prices.				
1932.							
Jan. 27th	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th	103.8	105.4	83.6	89.6	97.0	95.3	90.3
June 1st	109.2	101.0	79.8	86.4	91.5	89.5	88.1
June 29th	97.4	99.3	80.5	87.3	94.0	91.7	88.5
July 27th	99.5	103.5	84.1	88.3	91.3	88.5	88.1
Aug. 24th	102.5	111.8	89.3	89.8	89.0	89.3	87.1
Sept. 7th	107.1	120.2	94.7	91.7	89.0	91.5	87.9
Sept. 21st	106.0	117.4	89.6	90.5	89.7	91.2	87.1
Oct. 5th	104.6	115.3	85.7	88.6	88.8	92.7	86.8
Oct. 19th	103.1	112.3	84.4	87.3	88.4	92.8	86.4
Nov. 2nd	102.6	110.9	79.4	87.3	88.4	92.3	86.5
Nov. 15th	103.8	113.0	82.9	87.6	88.4	92.3	86.5
Nov. 30th	103.1	112.3	77.7	87.7*	...	92.1*	86.2*

* These figures relate to November 22nd.

It will be seen that whereas the complete *Economist* index and the index of the sterling prices of primary products have each declined by approximately three-fifths of one per cent., our international gold prices index has fallen by nearly 7 per cent. Practically every commodity participated in this abrupt recession. Sectional figures for the complete *Economist* index are given below:—

	"ECONOMIST" INDEX. (1927 = 100.)		
	Sept. 18, 1931.	Nov. 16, 1932.	Nov. 30, 1932.
Cereals and meat	64.5	64.7	63.8
Other foods	62.2	62.9	62.0
Textiles	43.7	50.2	49.8
Minerals	67.4	76.0	75.4
Miscellaneous	65.8	62.3	62.5
Complete index	60.4	62.7	62.3
1913 = 100	83.1	86.3	85.7
1924 = 100	52.2	54.2	53.8

Fluctuations in sterling prices were irregular and for the most part of comparatively small dimensions.

Railway Wages.—On Tuesday of this week the National Wages Board for the railways began its hearing of the claim of the companies for a reduction of wages and salaries. In presenting the case for the proposed all-round reduction of 10 per cent.—in substitution for the 2½ per cent. reduction, with a further 2½ per cent. on earnings above 40s., which was agreed in 1931—Sir Ralph Wedgwood, the chief general manager of the L.N.E.R., emphasised the progressive deterioration in the position of the railways. The March, 1931, reduction had saved £3,660,000 a year, and the present application was for a further reduction of £4,600,000. Notwithstanding economies and improved methods of working, the railways' net revenue had fallen from £37.7 millions in 1930 to £33.4 millions in 1931, and this year would probably be £26 millions. The railways were suffering the adverse effects of our tariff policy, which tended to localise production and minimise carriage; and a realistic view would anticipate revenue substantially lower in 1933 than in 1932. Even in the present year the net revenue earned would represent only 2½ per cent. on all capital, as compared with 4.41 per cent. in 1913 and 4.17 per cent. in 1929. In 1913, after meeting costs of material and miscellaneous charges, 51 per cent. of the companies' receipts went to wages and 49 per cent. to capital. In 1929 the proportions

were 71 per cent. to wages and 29 per cent. to capital, and in 1931 the share of capital had amounted to only 25 per cent., as compared with 75 per cent. allocated to wages. In 1932 the average remuneration of workers on the railways was 61s. 7d., an increase of 117 per cent. over 1914. The present level of wages was too high to enable the companies to compete effectively with road transport or meet the needs of industry. The burden of railway rates, at approximately 60 per cent. above the pre-war level, was acutely felt by the depressed trades. On the other hand, railways could not do without more capital, and such capital could now be raised only by the issue of prior-charge stocks, which must in time make the financial structure top-heavy. Development schemes and improvements were having to be postponed, and there was a creeping paralysis on the railways due to their excess burden of costs and their consequent lack of credit with the investor. Sir Ralph Wedgwood was followed on Wednesday by Mr W. V. Wood, vice-president of the L.M.S., who was pressed—unsuccessfully—in cross-examination by the union representatives to agree that the railway companies' capital was "watered," disproportionate to earning capacity, and in need of drastic writing down. The cross-examination may probably be regarded as an indication of a main plank in the railwaymen's case. If this be so, the unions are in danger of basing their defence on a very fallacious argument. Capital reconstruction is no substitute for the restoration of lost earning power.

The Copper Duty.—A correspondent writes:—There have of late been persistent rumours that the duty on foreign electrolytic copper would become effective on December 1st, and this, coupled with the fact that American and Chilean producers had thought it worth while to ship several thousands of tons to this country, has had the effect of diverting forward business in this grade entirely to Empire sources of origin. As is well known, consumers have been opposing the Empire preference on the grounds of insufficient quantity and inferior quality, but it was understood that, as far as electrolytic copper was concerned, Canada was building up stocks in this country with a view to satisfying the Government that imposition of the duty would be plain sailing. Apparently progress in this direction has not been very rapid, for it became known this week that the date of application for the tax on "electro" had been deferred, rather indefinitely. The Canadian producers have their own peculiar difficulties to face; but it does not seem unreasonable to suppose that, had the duty on foreign electrolytic been confirmed at this juncture, negotiations at the New York conference would have become very much more difficult. As it is, the Canadians have a bargaining counter, which, no doubt, they will use, particularly as American producers are credited with demanding a share of the export market while putting up the bar against imports. Consumers are naturally relieved that a further period of free entry has been granted, but, failing some definite statement by the Government, the position can hardly be called satisfactory. Metal Exchange interests are also pleased that copper will remain on the free list, for taxation of imports cuts right across present methods of dealing in futures.

Indian Census of Population.—A summary of the results of the Census of the Indian Empire,* taken in February, 1931, has now been published. The total population, at 352,837,778, shows an increase of 33,895,298, or 10.6 per cent., since 1921. The number of inhabitants of the British Provinces rose from 246,856,191 to 271,526,933, and the population of the Indian States increased from 72,086,289 to 81,310,845. The sex composition of the population in 1931 was in the proportion of 940 females to 1,000 males. The substantial increase in the total population is explained by the absence during the past decade of pestilence, plague and famine and by the

* East India (Census, 1931), Abstract of Tables. Cmd. 4194. 9d. net.

opening-up of new territories. The urban population in 1931 was 11.0 per cent. of the total, as compared with 10.1 per cent. in 1921. The following table shows the occupational distribution of the working population in India in 1931:—

	Persons.	Males.	Females.
Pasture and agriculture...	102,454,147	73,763,185	28,690,962
Fishing and hunting.....	1,308,292	1,145,817	162,475
Mines, quarries, salt, &c.	346,000	259,583	86,417
Industry	15,361,933	10,807,507	4,554,426
Transport.....	2,341,406	2,099,198	242,208
Trade	7,913,797	5,785,816	2,127,981
Army and Navy.....	318,036	316,300	1,736
Air Force.....	1,863	1,838	25
Police.....	521,675	516,415	5,260
Public administration ..	995,284	962,741	32,543
Professions and arts	2,310,141	1,986,260	323,881
Domestic service	10,858,254	2,094,487	8,763,767
All others.....	9,659,784	5,823,347	3,836,437
Total.....	154,390,612	105,562,494	48,828,118

The proportion of the working population engaged in agriculture was 66.4 per cent., and 9.95 per cent. derived their livelihood from industrial occupations. The proportion of the population aged five and over who could read and write in 1931 was 156 males per 1,000 and 29 females per 1,000. The corresponding proportions (of all ages) in 1921 was 122 males per 1,000 and 18 females per 1,000.

Poland's War Debt.—Our Warsaw correspondent writes:—Taking advantage of a provision in the funding agreement made with the United States in 1924, when the global amount of the indebtedness was fixed at 178 million dollars, the Polish Government on September 15th last arranged that the sinking fund payment of 1.3 million dollars due on December 15th would be deferred for a period not exceeding two years. The agreement, however, does not provide for any suspension of interest payments, and the Polish Government accordingly requested the postponement of the approximately three million dollars due on December 15th pending a reconsideration of the debt problem. The Government of the United States replied in terms similar to those used in response to the British and French Notes, and the Polish Government announce that a second Note is now being prepared for despatch to Washington giving fuller explanation of the desirability for suspending payment of the three million dollars due on December 15th. While under normal conditions the payment of three million dollars would not be a serious matter, it is not believed that the Exchequer has this amount available at the present time—no provision having been made for it in the present year's Budget. The Budget, moreover, is already seriously in deficit, and, if payment has to be made on December 15th, the Government will probably have to borrow the money from somewhere. Poland's final decision in the matter will no doubt depend entirely on what action is taken by Great Britain and France.

Australian Budgets.—The Budgets of the Commonwealth and six States show estimated deficits for 1932-33 aggregating £10,068,812, against a net total of £19,490,124 for 1931-32, writes our Melbourne correspondent. A comparison of the estimated revenue and expenditure for 1932-33 with the deficits for 1931-32 is as follows:—

	Revenue 1932-33.	Expenditure 1932-33.	Deficit 1932-33.	Deficit 1931-32.
	£	£	£	£
New South Wales ...	45,185,082	49,535,082	4,350,000	14,227,844
Victoria	23,414,974	24,266,133	851,159	1,608,322
Queensland	13,299,535	14,790,403	1,490,868	2,075,180
South Australia.....	10,056,807	11,244,300	1,187,493	1,063,360
Western Australia...	8,417,577	9,181,243	763,666	1,557,895
Tasmania	2,434,090	2,558,094	124,004	271,614
Total.....	102,808,065	111,575,255	8,767,190	20,804,215
Commonwealth	91,486,000	92,787,622	1,301,622	1,314,091*

* Surplus.

In this table the Commonwealth figures are shown on a gross basis including the total interest on both Common-

wealth and State debts, for which it is responsible, in accordance with the Financial Agreement. The interest on State debts amounts to £33,084,912 for 1932-33, towards which the States provide £25,500,000, the difference being contributed by the Commonwealth itself. Between this and other items in which the Commonwealth and State transactions are intermingled there is a considerable duplication in the various Budget figures. The total expenditure of £111,575,255 shown for the six States includes the interest in question. The figures also include the usual sinking funds. The estimated total revenue of the States, £102,808,065, shows an increase of £2,388,071 as compared with 1931-32, but the estimated total expenditure, £111,575,255, shows a decrease of £9,648,954, the decrease in New South Wales expenditure alone being £7,109,552. Taxation, direct and indirect, collected by the Commonwealth and the States in 1931-32 amounted to £75,131,750, to which is to be added the unemployment relief taxation in New South Wales (shown as a separate item), £5,799,519. The total of nearly £81 millions compares with £92 millions for 1929-30, though, owing to various methods of stating certain items, the comparison is not exact. A great falling off is shown by Customs revenue, which a few years ago exceeded £30 millions but reached only £18,565,630 for 1931-32 and is estimated at £17,800,000 for 1932-33. Income tax receipts have shrunk as the effect of the decline in taxable incomes, though efforts have been made to extend the scope of the tax amongst the smaller taxpayers. On the other hand, the Commonwealth sales tax introduced two years ago has produced £8,425,067 for 1931-32 and is estimated at £8,250,000 for 1932-33. The deficits for 1931-32, in addition to public works expenditure usually provided for by loans, have been financed by additions to the floating debt.

Australian Banks.—Our Melbourne correspondent writes:—The quarterly average returns to September 30th of the trading banks in the Commonwealth show deposits amounting to £268,026,117, or an increase of £12,253,351 as compared with a year ago; advances, £231,423,436, or a decrease of £9,279,271; and Government and municipal securities, £48,081,968, or an increase of £20,195,971. These figures apply to business within the Commonwealth only, excluding London. The decrease in advances is the result of contraction of trade and lack of fresh enterprise, while the increase in securities is due to the assistance given by the banks to the Governments. In addition to the increase of £20 millions under the latter heading in Australia, the banks in New Zealand have similarly assisted the New Zealand Government to the extent of about £5 millions, as shown by the quarterly banking returns.

German Wages Deflation.—The average fall in wages in Germany from the "peak" post-war level reached in 1929 to the middle of this year is estimated at 25 per cent. by Mr J. W. F. Thelwall, Commercial Councillor at the British Embassy in Berlin, in his recently published report on Economic Conditions in Germany. The decline to the end of 1931 was about 14 per cent., and the effect of the Emergency Decree which came into operation on January 1st this year (as noted in the *Economist* in a recent survey of European wage movements) was approximately 11 per cent. Statistics published by other authorities show that the total reductions, as affecting various groups of workers, ranged from 15 to over 30 per cent., the cuts having been most drastic in the building trades. The results of an official inquiry into wages in the boot and shoe industry (published in the November issue of the *Ministry of Labour Gazette*) show that from March, 1929, to March, 1932, gross weekly earnings declined by 23.4 per cent.—this being attributable partly to wage reductions and partly to a falling off in the average weekly rate worked. The saving in labour costs, in relation to the competitive position of German industry, is probably in the region of 20 per cent., if the higher cuts of the building and other home market workers is allowed for. Mr Thelwall notes that the actual loss of income by the

German workers has been greater than the above figures indicate, owing to a wide extension of short-time working and to increased deductions for income tax and social service contributions. This point has been stressed by the trade unions, which suggest that the average loss of income is 28 per cent., as compared with a fall in the cost of living in the two years of about 21 per cent. The further decline in wage income resulting from the operation of the Presidential Orders in September, which imposed a further complicated scheme of reductions as a set-off against the employment of more workers on a forty-hour week basis, cannot yet be estimated. While the unions generally acquiesced in lower earnings equivalent to the reduction in weekly hours, workers in many trades struck in resistance to the additional cuts proposed. The problem of enforcing these Orders is for the time being overshadowed by the political difficulties. The ultimate effect of the wage deflation already accomplished in Germany, however, is a matter of serious concern to other industrial countries.

The British Overseas Bank.—The accounts of this institution show clearly how difficult a year it has been for international banking. Net profits, which two years ago were £140,000, after rising to £166,000 last year, have now fallen to £112,000, while heavy appropriations for contingencies are still necessary. Last year the board allotted £100,000 from net profits to contingencies, and to do so had to reduce the dividend on the "B" shares from 6 to 2 per cent. This year a further £100,000 was required, and as net profits were insufficient both to provide this amount and also to maintain the "A" shares dividend at 6 per cent., the directors had to make a difficult decision. In the end they decided to pay the "A" shares dividend, to transfer £50,000 from net profits to contingencies, and to transfer a further £50,000 from the bank's Reserve Fund to contingencies. As the Reserve Fund is now left at only £175,000, they are presumably hoping for an early improvement. The balance sheet is summarised below:—

	1930.	1931.	1932.
	£'000.	£'000.	£'000.
Liabilities:			
Capital.....	2,000	2,000	2,000
Reserve fund.....	225	225	175
Deposits.....	4,549	3,047	2,532
Acceptances.....	3,927	4,277	3,449
Assets:			
Cash	294	197	252
Call money	1,820	1,267	596
Balances abroad	215	201	193
Discounts.....	1,071	205	647
Government securities	354	470	450
Other investments.....	589	622	563
Advances	2,149	1,981	1,594
Net profits	140	166	112
To contingencies	Nil	100	50
Dividend:			
"A" shares	6%	6%	6%
"B" shares.....	6%	2%	Nil

Clearly the bank's resources and earning power have suffered from the general contraction and dislocation of international trade. In interpreting such items as discounts, acceptances and advances, due allowance must be made for such immobilisation of the bank's assets as has taken place through exchange restrictions and standstill agreements abroad. At the same time, the ratio of cash and call money to deposits is 33.6 per cent., so that the bank's position is very liquid.

Royal Bank of Scotland.—The note struck by the Duke of Buccleuch at this week's annual meeting of the Royal Bank of Scotland was one of very restrained optimism. On the affairs of the bank he had little fresh to add to what is already known of the general banking position. He alluded to the marked change in the position of the bank's investments, due to the conversion operation, which had altered the whole yield basis of British Government securities. He called attention to the unusually liquid position of the bank, as shown by the increase in its holding of Treasury bills, but admitted that the increase

in both the bank's investments and Treasury bills was due to the present weight of unemployed money. He also said that in view of the bank's increased resources it was in a position to make advances on a much increased scale, and the board was looking forward to the time when, owing to recovery in conditions, fresh proposals for accommodation on legitimate banking lines would be submitted in substantial volume. It will be noticed that he did not enter into the vexed question of the rates charged on bank advances, but in discussing the fall of £6,000 in the bank's profits he mentioned that the year had embraced a period of extremely high rates in the earlier months, and quite a low level in the latter period, which still continued. The bank's published reserves, he pointed out, were slightly in excess of the paid-up capital, and there was no call to add to them. For this reason, and in view of the difficult times when it was impossible to avoid losses, the board felt it better to make their usual appropriation from current profits, not to published reserves, but to the contingency funds. As regards the general state of Scottish trade, there was some evidence of improvement and of a return of confidence, but there was as yet no general recovery. This, he urged, was dependent upon a settlement of the major world problems.

Transvaal Gold Output.—The output of gold of the mines of the Transvaal for the month of October amounted to 974,965 ounces of fine gold as compared with a record output of 961,501 ounces in September. The output during October, 1931, was 945,113 ounces of fine gold. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January	796,270	839,782	843,857	876,452	882,801	914,576	936,784
February	753,924	779,339	816,133	815,284	818,188	839,337	914,012
March ..	834,340	860,511	877,380	865,529	889,370	910,998	960,055
April ..	803,303	824,014	825,907	872,123	868,606	882,337	949,796
May	849,214	859,479	886,186	897,598	916,213	910,279	965,644
June	852,145	855,154	862,363	856,029	887,667	897,750	959,011
July	860,134	851,861	867,211	889,480	912,652	916,843	981,160
August...	843,854	863,345	891,863	889,601	921,081	916,425	991,322
September	839,939	842,118	857,731	849,553	903,176	916,024	961,501
October	853,296	855,743	897,720	888,690	926,561	945,113	974,965
November	840,276	848,059	872,484	861,593	884,753	900,510	...
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total..	9,962,852	10,130,630	10,358,596	10,414,056	10,719,760	10,874,145	...

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

	Feb., 1932.	March, 1932.	April, 1932.	May, 1932.	June, 1932.	July, 1932.	Aug., 1932.	Sept., 1932.	Oct., 1932.
Gold mines	216,171	214,024	214,334	215,926	217,077	217,525	217,658	216,398	216,298
Coal mines	12,177	12,009	11,943	11,972	11,833	12,056	11,727	11,642	11,353
Diamond mines	1,363	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total ..	229,711	226,033	226,277	227,898	228,910	229,581	229,385	228,040	227,651

There was a slight decline in the number of natives employed at the gold and coal mines during October.

Overseas Correspondence.

LEAGUE OF NATIONS.

Manchuria — Danzig.

(FROM OUR CORRESPONDENT.)

GENEVA, November 29.

JAPAN has lost all along the line during the public discussions of the Council, which have now come to an end. The debate between Mr Matsuoka and Dr. Wellington Koo has been a slow, relentless and dramatic emphasis on the weakness of Japan's moral position. For Dr. Wellington Koo it has been an easy diplomatic triumph. There has been nothing like it in the history of the League, or, for that matter, in the general record of diplomatic history

as a whole—this steady stripping bare in public session after public session of a great Power's sophistries in attempting to justify policy which runs counter to the world's conscience. The naïveté of the Japanese spokesman before public opinion and the Council of the League has been almost incredible. There can be no doubt about its effect on the minds of the Council, whatever view individual Governments may take of their responsibilities in the matter as Members of the League and signatories of relevant international engagements. Dr. Wellington Koo well observed that the purpose of these engagements was not the mere collection of autographs on scraps of paper.

The time, however, is passed for arguing upon the rights of the case. The only question now worth discussion is what action the League is to take. Opinion has definitely hardened against Japan, and nearly every step she has taken has further exposed the weakness of her case. She objected to the Council's request to the Lytton Commission to say whether it wished to make any alterations in its report; this objection was over-ruled, and the Commission's short, significant reply that it desired to change nothing was an appropriate comment on the duel in the Council. Japan raised objections to the Council's intention to refer the Lytton Report and the Minutes of the Council to the Special Assembly; this again was over-ruled, and, while Japan did not vote against the decision that was ultimately taken, she raised again her reservation against the problem being discussed by the Assembly under Article 15. This reservation were merely noted. The Assembly will certainly discuss the problem under Article 15, for that is the Article upon which the existence of the Special Assembly is based. The Japanese perhaps showed an intelligent anticipation of what the general view of the Assembly would be by insisting that its duty was only to attempt a settlement by conciliation and not to impose a solution. It is obvious that no settlement can be reached by conciliation unless the Japanese entirely change their attitude, and the duty of the Assembly will therefore be, not, perhaps, in the first place to attempt to impose a settlement in the strict sense of the term, but to say what form it considers the settlement ought to take. It will, however, have several matters to consider before it comes to that final point, and it is felt that the least it can do to begin with will be to approve in a general way the Report of the Lytton Commission and in some form or other to express itself upon the Manchukuo regime.

The Council showed its disbelief in any possibility of successful mediation by entering into no discussion of the problem at all. Mr de Valera, as President, explained that in the circumstances members must make known their views in the Assembly, which is summoned for next Tuesday. It is expected that there will be some outspoken declarations and that, after the general debate is over, the Committee of Nineteen, or some other Committee, will be asked to draw up a resolution in the light of what has been said. Critical weeks are ahead, but at no time during the last twelve months has sober opinion been so critical of the Japanese attitude. Japan has lost ground through the searching test of public discussion, and by the effect of the Lytton Report, which she has completely failed to shake. Mr de Valera put his finger on the spot when he intimated the advantage which would have accrued if there had not been such delay in setting up the Commission.

An interesting development has taken place over Polish-Danzig controversies. Just as the Council was about to set up a jurists' committee over the question of the introduction of the zloty as the sole means of payment on the railways in the territory of the free city, they were informed by the Acting High Commissioner that an agreement had been reached between representatives of the two parties on this and several other outstanding questions. The Polish Government has undertaken not to put its decree of October 25th into force. The Council congratulated the two parties on their good sense, and expressed their appreciation of the efforts of the High Commissioner.

UNITED STATES.

Politics — Finance — Debt — Prices — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, November 18.

THE political factor continues uppermost in the country. Congress meets on December 5th, with a membership little changed from that of the body which laboured so long over tax legislation, relief appropriations, the soldiers' bonus, etc., and which reluctantly consented to the year's moratorium on foreign debts. Congressmen elected at the November elections will not take office until March, and whether they will then meet in special session depends on the accomplishment of the present Congress; otherwise there will be a legislative holiday from March until next December.

It is becoming increasingly evident that something will have to be done toward wiping out or at least keeping down the Treasury deficit for the current fiscal year. It is true that the tax measure which went into effect last summer has not had a fair chance of showing what revenue it can produce. Nuisance taxes were slow in taking effect because they were anticipated by merchants and consumers, and the higher income tax rates will first appear in payments to be made next March. Moreover, it is still possible to retrench in administrative expenditure. But, in spite of an improvement in tax collections in the last half of the fiscal year and some further economies, the fact remains that the Treasury deficit, including that of the extraordinary Budget covering Reconstruction Finance Corporation disbursements, amounts to around \$1,000 millions.

High hopes are entertained in many quarters of a modification of the Prohibition Enforcement Act, to permit the manufacture and sale of wine and beer, pending a possible repeal of the prohibition amendment to the Constitution. Modification, however, is by no means certain. To begin with, the necessary majority may be difficult to obtain in Congress, and if there were a Presidential veto it would be even more difficult to override it. Moreover, the Supreme Court might rule unconstitutional an act of Congress which in effect nullified the Eighteenth Amendment. Finally, even if beer and wine were legalised by Congress, each State would continue to have power to permit or forbid sale within its borders, and many unquestionably would forbid it. However, it is likely that legalised beer, if permitted, would produce \$300,000,000 or \$400,000,000 additional yearly revenue, which is not to be overlooked in these times. Meanwhile, the proponents of a general sales tax are preparing an active campaign for early passage of such a measure.

Continued weakness in farm produce prices is increasing the agitation for some form of farm relief. Plans take two forms. One is a scheme of bounties. Another is to re-finance farm mortgages with Government money. Some \$9,000 millions are outstanding, and on land which has a present market value far below that sum. To assume this burden appears out of the question, yet the heavy press of foreclosures is rapidly turning farm owners into tenants or driving them off the land. The farm problem will most certainly mean some new legislation at the next session of Congress, and doubtless it will take a form which will increase the burden of the taxpayer. The soldiers' bonus, on the other hand, no longer appears to be a live issue.

The deficit overhanging the Treasury helps to explain the opposition among Congressmen to the British and French proposals for an extension of the debt moratorium and a reopening of the settlements. Allowance must be made for the fact that some Congressmen are talking for home consumption, and the sentiment in favour of a fresh settlement or at least extension of time for resumption of payments is stronger than appears on the surface. When clearer for taking a commonsense view of the position, which obviously is to consider the course likely to result in the largest collection on the debts and the greatest benefit to trade. Wall Street itself strongly favours the granting of time, and probably a reduction in amounts, as a

means of promoting trade, as it is realised that the debts have become a symbol for the trade depression, however much or little they had to do with bringing it on. The Wall Street view, and that of the majority of public men, was well summed up this week by Mr Thomas W. Lamont, who termed the war debts "perfectly just, but impossible," and urged this country to lead the way toward economic peace.

There have been some banking troubles chiefly around Pittsburgh, Pennsylvania, resulting in three failures and a smaller reduction in currency in circulation than was expected. The R.F.C. is in control of the situation and no duplication of last autumn's troubles is at all likely. Reconstruction Finance Corporation loans in October were down moderately, and repayments by banks amounted to \$27 millions. Total loans authorised to the end of October were \$1,843 millions, and money actually taken out was \$1,397 millions. A total of \$135 millions has been authorised for projects having for their primary purpose the creation of work, but none of this actually has been spent.

Industrially the picture is changing little. Seasonal recession continues. Steel orders are scanty except from the automobile industry, which produced in October only 50,000 units. The hoped-for increase in orders from all directions has not followed the election. Railroad traffic also is now undergoing a seasonal decline, and the same is true of the electrical industry. Cotton consumption in October was surprisingly good, being higher than that for October of last year. Exports also were higher than a year ago. Building contracts awarded in the first half of November were almost as large as for the same period of the previous month, but the October total was down about 20 per cent. from last year. For the first ten months, construction contracts amounted to \$1,164 millions, compared with \$2,804 millions, according to calculations of the F. W. Dodge Corporation. Building permits in principal cities in October rose 2.3 per cent. on the month, but were less than half a year ago.

FRANCE.

Debt Question — Budget — New Taxes.

(FROM OUR CORRESPONDENT.)

PARIS, November 30.

THE predominant question of the week, as might be expected, has been that of the American debt, which has largely diverted public attention from the much more serious problem of the Budget. As to the debts, French opinion is obviously opposed to any resumption of payments to Washington, and the Chamber has already demonstrated that, whatever decision Great Britain may take in regard to the payment due on December 15th, the French Cabinet will have some difficulty in securing ratification of any resumption of payments by France. Opinion is apparently crystallising itself in the slogan "*Nous ne payons pas*," and official voices continue mute, although every member of the Cabinet is regarded as bound by the doctrine on which its acceptance of the Lausanne decision was based. The payment of \$19,000,000 actually due from this country in a fortnight is, of course, comparatively trifling. From the French point of view the vital factor is that, if American debt payments are to be resumed, the absence of countervailing income from German reparation obligations must necessarily throw the coming Budget into worse confusion than ever, apart from the catastrophic condition into which currencies of all kinds must be placed if the Americans persist in insisting on even substantially reduced annuities.

The budgetary situation, it is now generally admitted, is steadily becoming more serious, and the widespread fear that the deplorable conditions of 1924-25 may be renewed is now apparently affecting the Rente market. The franc having been placed out of danger, the movements of Rentes now furnish the most sensitive barometer of national credit, and particularly the huge mass of the new 4½ per cent. conversion issue. These bonds were

introduced to the market on November 12th at 97½, but closed last Thursday at 93, although there has been a slight improvement to 93.70 since. The market situation, in view of the fact that some 20,000,000,000 francs of new Government issues will probably be necessary in the near future, cannot be said to be satisfactory. This is not so much a question of the Bourse, as of the state of mind of the average small investor, who has always been the soul of financial France, but who is now persistently hoarding his resources to an even greater extent than his bigger brethren.

The revenue returns for October indicate total yield from all normal and permanent Budget sources of 4,016 million francs, as compared with 5,203 millions in October last year and 5,487 millions in October, 1930. Total recoveries include 1,177,000,000 francs from direct taxation (or over 23 per cent. less than in October last year), and from indirect taxes and monopolies 2,839,000,000 francs (or 16½ per cent. lower than in the corresponding month). The yield from indirect taxes in October was 754½ millions below Budget estimates. It is officially announced that, now the *collectif de Novembre* (opening or annulment of supplementary credits in respect of the general Budget) has been disposed of, the situation down to November 17th may be set forth as follows:—

	Francs.
Credits	53,315,603,299
Revenue	47,704,578,200
Excess of expenditure	5,611,024,499

The (independent) Budget for the Postal Department closed for the department's financial year with a deficit on working of 200,000,000 francs, which the Finance Minister proposes to demand from the Treasury.

The proceedings of the Chamber Finance Commission, which is in majority Cartellist, suggest that, so far as pending expenditure is concerned, there is little hope for many of the economy proposals under consideration. A Socialist proposition which appears to enjoy favour is that the present public works loan proposal (involving some 3,500,000,000 francs of expenditure during each of the coming two years, part of which is designed to provide for the relief of the 1933 Budget) shall be extended systematically to around 30,000,000,000 francs, spread over several years. A significant incident a few days ago was the successful attack of the public school teachers against the decree fixing the pension age for the teaching profession at 60 (instead of 55, which is the age fixed for certain other categories of public servants whose occupations are considered by the Conseil d'Etat as involving "special risks and exceptional fatigues"). The teachers, through their C.G.T. and Communist syndicalist organisations, succeeded in forcing the Government to capitulate on the point in the Chamber, and the objectionable decree is to be abrogated.

Analysis of the clauses of the new Budget Bill enforcing stricter control over income tax returns shows that the local commissioners to be created in regard to incomes from liberal professions will consist (unlike the British corresponding commissioners) entirely of public servants. The number of doctors, lawyers and others of this category of taxpayers who declare incomes of over 50,000 francs has fallen off from 9,296 in 1930 to 8,781 last year, which the Government considers substantially too small a proportion. The scale of general income tax (as distinct from the schedule rates), which was revised upwards last July by from 5 to 25 per cent., according to totals involved, is to be again modified, the proposal being that it shall be based at 1.6 per cent. for that part of the income between 10,000 francs and 20,000 francs, rising per *tranche* of 10,000 francs to 14.4 per cent. at from 90,000 francs to 100,000 francs; and then, per *tranche* of 25,000 francs, from 16 per cent. to 33.6 per cent. at 375,000 francs to 400,000 francs; with 40 per cent. as the rate for anything above 550,000 francs (with schedule rates, where such are applicable, in addition). Another section of the Bill proposes stricter control over declarations of industrial and commercial profits, by the creation of a consultative commission of traders and manufacturers. Declarations involving profits of over 50,000 francs from trading (including both private concerns and companies) declined in number from

66,647 in 1929 to 56,514 in 1931, which the Finance Minister considers "manifestly insufficient." It is now proposed to base the assessment for the schedule tax on the volume of business subjected to turnover tax, minus general trading expenditure, as being likely to render just assessment easier and freer from contests. The varying rate of the tax applied to this category of schedule assessments is to be suppressed and a flat rate of 15 per cent. imposed on the entire income.

The new taxes proposed include imposts of 7 per cent. on receipts from goods traffic and 12 per cent. on those from passenger traffic by motor transport concerns (which are expected to yield 500,000,000 francs a year), tonnage taxes of from 600 francs a year on lorries of from five to 10 tons, to 1,000 francs on those over 13 tons (expected to yield 118,000,000 francs), and "dimensions" taxes on all motor vehicles of over 10 square metres superficial area, with a reduced rate for trailers (117,000,000 francs). It is also proposed to extend the turnover tax to omnibuses, trams, and other public service vehicles (expected yield, 300,000,000 francs). Customs duties on coffee (now 231.20 francs per quintal, plus an "internal tax" of 180 francs) are to be increased by 180 francs, while the warehousing tax, which has been left unchanged for 40 years, is to be quintupled (expected yield, 300,000,000 francs, including a single 8 per cent. impost representing turnover tax). In the interest of the State match monopoly a special tax of 15 francs per kilo is proposed on ferro-cerium used for "stones" used in mechanical lighters (expected to yield 15,000,000 francs a year), this tax being in addition to the existing taxes, ranging from 5 francs to 240 francs per unit (according to size and quality of metallic composition) at present imposed on these appliances. The announcement of the proposal to impose stricter control over privately-rented bank "safe deposit" units had the effect of an immediate sharp rise in quotations of safe manufacturing companies' shares.

GERMANY.

Political Crisis — War Debts — Credit.

(FROM OUR CORRESPONDENT.)

BERLIN, November 29.

ADOLF HITLER has not carried out the President's commission to attempt the formation of a Cabinet which would command a majority. He did not negotiate officially with the leaders of other parties, in order to discover whether they were or were not willing to support a Cabinet under National Socialist leadership, but spent the time which the President intended for such negotiations in a correspondence with the President's office. This correspondence has its importance, although Hitler's candidature for the Chancellorship was only a fleeting episode without result. In his letter of November 22nd, Dr. Meissner, the Secretary of State, made an authoritative declaration, at the instance of the President, as to what constitutes a "Presidential Cabinet." As Germany has been governed by a "Presidential Cabinet" since 1930, this clears up the salient points of the present constitutional position as President Hindenburg sees it:—

"The Presidential Cabinet, born of the needs of the time and the failure of Parliament, will as a rule put into force the necessary governmental measures without the previous consent of Parliament, on the basis of Article 48 of the Constitution. It thus holds its plenary powers in the first instance from the President, and, in general, only has need of Parliament to sanction or tolerate these measures. It follows that the head of a Presidential Cabinet can only be a man in whom the President has particular confidence."

A Parliamentary Cabinet, on the other hand, is usually formed by the leader of one of the parties which would be included in the formation of a majority or of a coalition, out of the members of these parties, and pursues in essence a policy in which the President has only a slight and indirect influence. A party leader, and especially the leader of a party which demands the exclusion from power of everyone outside the movement which it represents, is ineligible as head of a Presidential Cabinet.

The President has thus once more stressed the fact that a Presidential Cabinet is only justified when Parliament has failed and when there is urgent need for action, and that every Cabinet of this type still requires a Parliament to sanction or tolerate its actions. In doing so he has placed a stricter interpretation upon his constitutional duties than many of his advisers probably do.

The second important result of this correspondence was to establish the fact that Adolf Hitler cannot assume the rôle of a trusted nominee of the President, because, as was stated in a later letter to Herr Meissner, the Hitler Party is always reaffirming its exclusive character and is overwhelmingly opposed to the President personally, as well as to the political and economic measures which he considers necessary. This attitude of the President is undoubtedly intended to strike a blow at Hitler's authority in the eyes of public opinion. The man in the street will read that Hindenburg has, on account of the nature of the National Socialist agitation, found Hitler unworthy to be his personal nominee.

In the letter of November 23rd, in which Hitler renounces the President's commission, he states that this commission is inconsistent, as the President hedged it round with conditions which prevent the formation of a Parliamentary majority. This would have been correct had not Herr Meissner expressly stated in the preceding letter that the conditions could be further discussed if they proved to be a complete bar to the formation of a safe majority. Hitler had, of course, to be prepared for the opposition of Hindenburg in any attempt to form a majority, but he had great opportunities of bringing pressure to bear on the Nationalist leader. The fact that he did not once attempt to do so is susceptible only of the explanation that he did not want to be the Chancellor of a majority because such a position would limit his activity too narrowly by making him unconditionally dependent upon his allies in the coalition. In his counter-proposal he asked for "those powers which have never been refused, in such difficult and critical times, even to a Parliamentary Chancellor," that is to say, the right to dissolve the Reichstag and make what use he liked of the emergency clause of the Constitution. Had he been given such powers, he would certainly have formed a party dictatorship under which there would have been no more question of free elections or of any kind of popular freedom. For all the confusion which has now developed in the political situation, Herr von Hindenburg has rendered an historical service in barring this road to the National Socialist leader.

After the failure of the negotiations with Hitler the National Socialists announced that they would not tolerate a Cabinet under any other leadership. Nevertheless the President commissioned the Centre leader, Herr Kaas, to try once more to find a majority. Herr Kaas, however, renounced this commission after a further short discussion with the party representatives. The President then commissioned General von Schleicher to negotiate with the parties as his personal nominee. It had long been rumoured that General von Schleicher was preparing a Government whose basis would extend from the employers' groups among the National Socialists to the Socialist trade unions. General von Schleicher, however, showed himself most unwilling to be a candidate for the Chancellorship, but he could not refuse the request of the President to sound the opinions of the parties. He found no desire among the National Socialists to enter into fresh negotiations; the Social Democrats returned him a refusal, and not even his renewed discussions with the representatives of the trade unions and other economic associations had any result. Now, therefore, that this attempt too has failed, it is probable that Herr von Papen will once more be appointed Chancellor. Important changes in the Cabinet are likely, however, and another dissolution of the Reichstag is inevitable.

The uncertainties of the home political situation are having little influence on the stock exchanges or on the economic situation generally, as people have become thoroughly inured to disturbances from this quarter. The acuteness of the war debt question has aroused interest in Germany, but it is not thought that refusal by America

to remit the debt payments can lead to the revival of reparations. Public opinion in Germany is inclined rather to regard the non-ratification of the Lausanne agreement as inconceivable, as the resumption of reparation payments is impossible and any attempt to renew them would annihilate all hope of economic recovery.

By far the greatest cause of economic disturbance in Germany at the moment is the renewed decline in sterling. In addition to the general world economic disturbance, which must be particularly damaging to Germany, it is feared that it will cause further prejudice to German exports, and therefore to the balance of payments.

The contraction in the volume of German credit has still not been checked, as the bank balance sheets for the last two months show. Between the end of September and the end of October the obligations of the big banks on account of creditors and acceptances declined from 8,212 millions to 8,176 millions, and debtors from 4,631 to 4,614 millions. That does not seem quite to correspond with the state of trade, as all production and employment figures showed an improvement which must have led to an increased demand for credit. The explanation of this apparent paradox may be that the heavy reduction in stocks has provided industry with more liquid resources of its own, and that industrialists are drawing on their bank balances before applying for credit, and are even to some extent repaying loans out of further sales of stocks. That would explain the equal shrinkage on both sides of the balance sheets.

HOLLAND.

Conversion — Mining — Foreign Trade — Stock Exchange Reorganisation.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, November 22.

LEGISLATION has been introduced into Parliament by the Minister of Finance, empowering him to negotiate one or more loans aggregating a maximum of 300 million more guilders, for the purpose of consolidating the floating debt and converting a considerable portion of the national debt. Although no further details have been announced so far, it can be taken for granted that the Minister of Finance now intends to launch a big 4 per cent. loan in the near future. As the old 4 per cent. State loans are already quoted well above par, the position of the capital market in Holland appears to be such that the Government can readily proceed to voluntary conversion up to an important amount. The outstanding 5 per cent. and 4½ per cent. State loans will all be liable to conversion, as these loans, with a few exceptions, are subject to redemption at any time. The amount needed for conversion purposes is estimated at around 187,000,000 guilders, so that apparently the Minister proposes to secure about 120,000,000 guilders of new funds. In some quarters it is thought that the issue will take place before the end of the year, but it is more likely that it will be towards the end of January or the beginning of February.

In connection with the 1933 budget of the State collieries, a number of members of the Second Chamber have again drawn attention to the unsatisfactory state of affairs prevailing in the mining industry. Although the consumption of coal in the Netherlands approximately keeps pace with the production of the coal-fields, it is pointed out that unemployment is threatening the population of the mining district to an increasing extent. These members accordingly urge the necessity of encouraging employment, and consider that the Government should take the lead in this respect. The measures they propose include: (a) Limitation of the import of foreign coal for consumption in this country; (b) the safeguarding of Dutch mines against dumping; (c) the encouragement of cheap means of transport for the produce of the Dutch mines and for mining equipment; and (d) encouragement of the use of Dutch coal.

The Minister for Economic Affairs and Labour has issued a memorandum to the Second Chamber concern-

ing the results of the quota policy adopted by the Government. The Minister states, *inter alia*, that in all instances there has been a pronounced decline in imports, and the share of Dutch-made products in the domestic market has increased considerably in some cases. In all branches of industry covered by the quota measures the retrograde movement has not only been brought to a standstill, but has given place to an improvement in most cases. In no case has the operation of the quota system involved a rise in prices; on the contrary, the Minister states, the downward trend of prices has continued to include the articles subjected to the quota restrictions.

The trade returns for the Netherlands have been more satisfactory during the last few months, at least as far as exports are concerned; they have increased from 63 million guilders in July to 67 millions in August, 77 millions in September and 82 millions in October. According to the monthly returns compiled by the Central Statistical Bureau, our imports in October totalled 2,202,000 tons with a value of 117.2 million guilders, against 2,034,000 tons and a value of 101.8 millions in September and 2,719,000 tons in October, 1931. Our exports in October amounted to 1,307,000 tons with a value of 81.6 million guilders, as compared with 1,151,000 tons with a value of 77.1 millions in September, and 1,484,000 tons with a value of 111.2 millions a year ago. It is striking that this year the value of imports in October, as compared with September, advanced to a much greater degree than either last year or in 1930. Further examination of the monthly returns reveals that the increase in imports is due mostly to tea, tobacco, petrol and petroleum. The considerable increases in the import of tea and tobacco are presumably attributable to the proposed legislation for an increase of 30 per cent. in the import duties. Imports of gold and silver in October amounted to 8,424,081 guilders, and exports to 23,425,891 guilders. The latter are principally for account of private parties, and not for account of the Netherlands Bank.

The report compiled by a committee of members of the Amsterdam Stock Brokers' Association, regarding reorganisation of the Amsterdam Stock Exchange, recommends changes in the system of quotations, in the position of the bankers on the exchange, in the specialised jobbers' business, in the admission of clerks, and in the new issue business. The recommendations involve such drastic encroachment upon the existing organisation that vigorous opposition has arisen in many quarters, and it is considered very doubtful whether the reorganisation scheme will be put into practice in its entirety. The committee describes the existing system of quotations as inviting corruption, and proposes the introduction of the so-called "call" system. The "call" price would, in fact, constitute the official quotation.

NORWAY.

Budget — Shipping — Paper — Trade — Banking.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, November 25.

THE final accounts for the financial year 1931-32 revealed a deficit in the Budget of 35.4 million kroner. The trend of national receipts during the first quarter of the present financial year is not promising, and the question of balancing the Budget has therefore become still more pressing. The Government have discussed the advisability of asking the Finance Committee to meet in Oslo before the opening of the Storting, so that some definite measures might be agreed upon and put before the Storting at its re-opening in January. It is difficult to conjecture what new taxes could be suggested to meet the exigencies of the situation, unless it were some sort of consumption or turnover tax, which, even at a moderate rate, would be likely to cover the greater part of the existing deficit.

The result of the impending trade negotiations between Great Britain and Norway is eagerly awaited in this country. It is stated that a large Norwegian shipping company has signed a contract with a British coal

exporter for 50,000 tons of coal, part of which is conditional upon a successful outcome of the negotiations. A further order for 70,000 tons of British coal for gradual delivery has been placed by one of our largest industrial concerns.

Conditions seem considerably better at present in the shipping industry, and the number of vessels employed is actually larger than in 1929. In the course of October the laid-up tonnage was reduced by 166,800 tons, which means that 43 vessels have resumed trade. During the last six months the number of re-employed ships amounts to 143, but most of these are smaller vessels trading on the Baltic and White Seas. As to larger ships, October brought no real improvement, but lately favourable freights in the Pacific trade have been obtained by Norwegian companies engaged in this market.

As a result of prolonged negotiations, a price agreement has been reached between Swedish, Finnish and Norwegian paper mills as regards kraft paper, with a view to establishing stable conditions in the market. The total production of the three nations amounts to 250,000 tons annually, of which Norway contributes about 45,000 tons. This new association has been joined by nearly all producers of kraft paper in the above-mentioned countries, and an association under the name of Scankraft has been formed to act as a sales organisation. This step has been taken in order to facilitate negotiations with England for a reduction of duty on this grade of paper, which has its chief market in Great Britain.

Foreign trade in October showed an excess of imports over exports of 20.55 million kroner, as compared with 18.93 million kroner last year. This is the first month of the year to show a higher import excess than the corresponding month of 1931. Comparing the figures for October, 1931, and October, 1932, it appears that there is no important alteration in the various items comprised by the compilation, except the item "ships imported," which increased from 760,000 kroner last year to eight million kroner this year. During the first ten months of the current year, imports decreased from 693.9 million kroner to 571.4 million kroner, while exports increased from 388.9 million to 461.4 million kroner. As the figures for the remaining two months of the year do not as a rule bring about any noticeable alteration of the situation, there is every reason to anticipate a very substantial improvement of our trade balance.

While the Bank of Norway was able to increase its balances abroad during the period August to October, there has been a movement in the opposite direction during the last four weeks, the balances having decreased by about five million kroner. In spite of this the gold exchanges have moved against us; the krone has not, however, closely followed the movements of sterling, which has therefore been quoted at somewhat lower figures.

HUNGARY.

Politics — Trade — Exchange Problems.

(FROM OUR CORRESPONDENT.)

BUDAPEST, November 28.

THE recent visit of the Hungarian Premier to Rome and that of the Austrian Chancellor to Budapest gave rise to rumours, both at home and abroad, that the purpose of these diplomatic conversations was to prepare the ground for a Customs Union between Italy, Austria and Hungary, which Germany might join later on. Overwhelming as is the case for larger Customs areas in Central Europe, there is little hope that any of these projects will materialise in the near future. But the project of a Customs alliance between Italy, Germany, Austria and Hungary, which originated before the abortive Austro-German Customs Union plan, is not dead, and it will certainly crop up at a later date as a counter proposal to the French Danubian schemes.

The visit of the Austrian Chancellor to Budapest has paved the way for the conclusion of a new commercial

treaty between Austria and Hungary. Trade between the two countries has greatly suffered since the old treaty, on the most-favoured-nation basis lapsed on July 15th. The new treaty is to come into force on January 1, 1933, and unless it is denounced after three months it will operate until the end of 1933. The projected treaty—built up on a compensation basis—is not favourable to Hungary. It reduces considerably the favourable balance attained in the previous years. Whereas in the period 1929-32 the ratio of merchandise exports to imports was more than 200 to 100, the ratio for 1933 is fixed at 150 to 100. Considering that Austria was the only country with which Hungary had in the past a large favourable balance, the new treaty is bound to affect adversely the balance of trade. It can be taken for granted that so long as the present system of quotas and compensations, exchange and other prohibitions paralyse trade, there is no hope whatsoever that Hungary can produce any merchandise trade surplus balance with which to resume transfers on her foreign debts.

The last report of the League representative contains valuable data regarding the exchange control. It is stated therein that export *devisen* surrendered to the National Bank in the first nine months of the year amounted to 118.3 million pengő, as against a merchandise export of 233 million pengő returned by the Statistical Department. The foreign exchange allotted for merchandise imports in the same period amounted to 86.8 million pengő only, as against an import value of 244.4 million pengő. It is obvious from these figures that a considerable portion of foreign trade escapes the exchange control. The authorities, realising that the stiff regulations requiring the surrender of export *devisen* at the official quotations of the National Bank are hindering the exportation of a wide range of commodities, have decided to embark on a more liberal exchange policy.

Various industrial undertakings have offered to pay 15-17 per cent. premium over the official price of the foreign exchanges necessary to acquire their raw materials (cotton, oil, metals, etc.), and have pledged themselves not to raise but to lower the prices of their finished products, because hitherto they were compelled to pay a premium of 25-35 per cent. for the exchange bought in the black market. The National Bank has accepted the proposal of the industrialists, and the premium paid by them will go into a special fund, from which agricultural exports, which at present are not marketable abroad, will be given premiums ranging from 6 to 15 per cent. It is hoped that the additional agricultural exports, which could not be marketed abroad without the premium paid by the industrialists, will amount to some 50 million pengő per annum if the plan operates successfully. There is another modest plan for "additional" industrial exports in order to transfer the interest of the frozen short-term loans, where the foreign creditors undertook to bear the burden of the 20 per cent. premium, the difference between the external and internal valuation of the pengő.

The external value of the pengő is slowly improving. The difference between the external and internal value of the pengő, which amounted to more than 50 per cent. a year ago, has decreased to 20-30 per cent., as the strict supervision of the foreign frozen balances makes their utilisation abroad almost impossible, and as there are practically no pengő notes available abroad. The premium paid in the black market in Budapest on foreign exchanges follows the amount of premium paid for fine gold over the official buying price of the National Bank. In the last six months this premium fluctuated between 25 and 35 per cent. At present one kilo. fine gold changes hands at the produce market at 4,800 pengő, as against 3,800 pengő, the official buying price of the National Bank; thus the premium amounts to 26-27 per cent. On the other hand, the premium proposed by the merchandise compensation between agricultural exports and industrial raw material imports ranges only from 6 to 17 per cent. There is little doubt that the new departure in the exchange policy of the National Bank will have important consequences for the future international valuation of the pengő. The recent decision of the Austrian National

Bank to depreciate the schilling *de facto* by 22 per cent. is also bound to affect the valuation of the pengő in the long run, as the compensation trade treaty with Austria retains the par ratio between the Austrian and Hungarian currency.

CANADA.

Crops — Ottawa Debate — Inflation — Prices — Business.

(FROM OUR CORRESPONDENT.)

November 14.

HARVESTING operations are now completed and the Bureau of Statistics has now fallen into line with other authorities in reducing its earlier estimate of the wheat crop by some 36 million bushels. Meanwhile, with a slackening of the export demand, stocks of wheat continue to pile up, and on November 4th were placed at 242,088,307 bushels, as compared with 170,642,297 on the parallel date of 1931.

The grain growers of the prairie provinces are persevering with their agitation for a renewal of the wheat bonus, and in some districts a movement has been started to organise a farmers' strike against planting any more wheat until prices improve. The controversy about the application of the wheat preference still rages and has been responsible for several highly controversial debates in the House of Commons. The debate on the Ottawa Agreements is still proceeding and although the pacts with other Dominions have been endorsed by the House of Commons, the Opposition are maintaining a steady fire of obstructive criticism against the Anglo-Canadian agreement. During the discussion the Liberals, after severe pressure, extracted from Mr Stevens, the Minister of Trade and Commerce, the admission that the terms of Article I of the Anglo-Canadian agreement do not debar the British Government from reducing duties for the furtherance of trade negotiations with foreign countries upon any commodity which is not specifically mentioned in the schedules of the agreement.

The most interesting development of the past week has been the decision of the Bennett Ministry to embark upon a deliberate policy of currency inflation. On November 1st the Federal Government borrowed from the Canadian banks \$35,000,000 on two-year Treasury bills bearing interest at 4 per cent., and all the banks were immediately asked to rediscount their allotment at par under the provisions of the Federal Finance Act. Explaining the Government's new policy to the House of Commons on November 8th, Premier Bennett declared that the best conservative opinion in Britain, the United States and other countries was committed to the idea that the easing of money and credit was highly desirable in the interests of business recovery, and that, while the positive benefits of the steps which had been taken in this direction in Britain and the United States had still to be achieved, there was no doubt that they had prevented the situation from becoming decidedly worse. He said that Canada had used the only machinery available for such action, and that the result would be to swell the reserves of the banks and increase their lending capacity. But while he felt that Canada was justified, to the very limited degree necessary in her case, in joining with other nations in the adoption of monetary measures designed to promote recovery, he declared that no broad action along these lines was necessary and that Canada would "not depart from the established principles of sound money." A variety of effects from this move were immediately experienced; the discount on the Canadian dollar in New York, which had fallen to about 8 per cent., quickly rose to about 13 per cent.

The new monetary policy should check the downward trend of commodity prices, which has been persisting. The Bureau of Statistics index of wholesale prices fell to 65 for October, against 66.9 in September. The largest decline was in the classification "Wood Products and Paper," for which the index fell from 69.9 to 64.5, but the vegetable products index also fell from 53.5 to 52.2.

The beginning of winter finds the business and industrial situation still very unsatisfactory and no hope is now entertained of any serious improvement until the spring. There has been a certain seasonal stimulus to the demand for warm clothing, heavy footwear, furs and some kinds of groceries, but continuing cuts in wages and salaries and the general lowness of purchasing power forbid any briskness in wholesale or retail trade, and the movement of merchandise has slowed down. The carloading figure for the week ending November 5th, at 45,536 cars, showed a decline of 1,157 cars as compared with the previous week and of no fewer than 16,023 cars compared with the corresponding week of 1931. In the industrial sphere conditions are very uneven. The woollen and rayon mills are reasonably busy, but the cotton plants are working on reduced schedules. The iron and steel plants find orders very hard to secure and the "Besco" steel mill at Sydney, N.S., which has so far been kept running at low capacity by spasmodic railway orders, may have to shut down. There has been some increase in the output of boots and shoes, but all the industries concerned with construction work and the provision of machinery for other plants are experiencing very difficult times.

The new tariff schedules are now in operation, but so far there has been no evidence of any noteworthy increase of imports from Britain. Some of the worst artificial obstacles other than tariffs still remain to curtail the inflow of all imports; for instance, the Bennett Ministry, in accordance with the terms of the Anglo-Canadian agreement, has introduced a Bill to exempt British goods from the application of the powers conferred by Section 43 of the Customs Act, namely, arbitrary valuations for Customs purposes. But, so far, there is no suggestion that this measure is to be retroactive in its scope or that the numerous Orders-in-Council imposing arbitrary valuations on British goods will be cancelled. One interesting development of the tariff adjustments now being made is that hereafter linen goods of certain kinds, being on the free list, will be substantially cheaper than similar cotton goods.

Letters to the Editor.

THE IRISH ANNUITIES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Now that it is clear that the policy of H.M. Government is—in effect if not admittedly—to sacrifice Anglo-Irish trade in order to extort submission from the Irish Free State in the Annuities controversy, it is important to realise something of what the sacrifice means to Great Britain now and ultimately.

The total turnover of trade between the Irish Free State and Great Britain was, in 1928-30, £80 millions annually. About 40 per cent. of this trade represents exports of this value on the quays at the port of export. The remainder represents imports on the quays at the port of entry into Britain, i.e., at their value plus cost of freight and insurance. Now this is a large trade, and an enforced shrinkage of, say, one-third or one-half or two-thirds must necessarily cause grievous dislocation and hardship on both sides. Naturally, however, as it is practically the whole of the Free State's trade and only a portion of Britain's trade that is being hit, the hurt to Ireland is greater than the hurt to Britain. But for those who console themselves with this pious reflection, it must be added that Great Britain is losing the whole (or virtually the whole) of the charges for freights and insurance in respect of the extinguished portion of the two-ways trade. This is a not unimportant factor in the dismal balance sheet of reciprocal losses—and one to be specially noted by those who are interested in "invisible exports" as a factor of mitigation in assessing Britain's adverse trade balance for the current financial year.

Again, it must be remembered that the Irish Free State is a creditor nation with large funds invested directly, as well as indirectly, through the agency of the Irish banks in British securities. So far, therefore, as the policy of destroying Irish trade temporarily can be made to succeed, the result will be to cause Irishmen to resort to their savings in order to pay their losses and keep going—and to withdraw money from London. And this is a not unimportant factor for those who are interested in maintaining a high level of prices for gilt-edged

securities and an abundant supply of cheap money in the Money Market.

Again, there will be diminished takings in respect of harbour and dock charges, warehousing, railway freights, market dues, agents' commissions and the like in respect of so large a volume of trade. And these, together with the increase of unemployment which must necessarily occur in the affected areas, will not be without their effect on the produce of direct and indirect taxation. Not a very large effect, perhaps, but on the other hand, not a negligible effect in the eyes of those who realise how much is at stake on the issue of a balanced or an unbalanced budget account of March 31st next.

Another test of the size and quality of the trade which is being destroyed: every citizen of the Irish Free State (on the average) spent in 1931 on goods exported from Britain the sum of £10 6s. 7d. The corresponding figures for Canada were £1 19s. 9d., for Australia £2 4s. 9d., for New Zealand £7 9s., for South Africa £2 14s. 6d., for India 1s. 10d., for Soviet Russia 11d., for Germany 5s. 8d., Denmark £2 8s. 5d.—and so on. Otherwise put, the Irish Free State in 1931 took 7.82 of Britain's total exports and 13.9 of Britain's total re-exports. The fine flower of the National Government's declared policy of fostering Imperial trade is to be seen in the Ottawa agreements topped up with the deliberate destruction of this highly-developed and most lucrative Anglo-Irish trade. And all over one single little point, whether a justiciable dispute between the two countries should be referred to one type or another type of competent arbitration tribunal—over, in short, a punctilio! Is it likely that such a trade, once destroyed, can ever be revived in its pristine vigour? Is not the sufferer quite certain to vow—and to make good the vow—never again to let itself fall into the position in which it can be so squeezed and injured for ulterior purposes?

The policy of the Secretary of State for the Dominions resembles the policy of the Chinaman who burned down his house in order to roast his pig. In both cases a certain measure of success in the immediate object was attained. There was no question but that the pig perished in the flames and possibly became edible. But the action of the Chinaman has long been held up to human derision as a unique specimen of superlative fatuity.—I am, Yours faithfully,

London,
November 22, 1932.

HENRY HARRISON.

BUTCHERY AT GENEVA.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In its issue of November 19th, the *Economist* published some information on Geneva, of which the title alone, "Butchery at Geneva," plainly betrays its purpose.

The basis of this information is incorrect. The municipal elections are far removed from the November 9th riots, and were carried out peaceably and without any resentment; the assembly of a national political and democratic party, which has nothing in common with "Fascism" and which served as the excuse for the riot, took place in a closed hall, and, if there was any manifestation outside this hall, such manifestation was organised expressly by seditious elements; the crowd on which the soldiers opened fire was not a crowd of onlookers, since of the thirteen victims only one was really

innocent. The agitators were armed with bludgeons and some with firearms; the authorities did nothing to provoke the riot, where they only intervened with force at the last minute. On the contrary, they have been blamed by many for having hitherto treated Socialist provocations with too much forbearance. Finally, your mockery of the precautions taken at the site of the League of Nations are mortifying to a small nation which deems it a matter of honour to protect an international institution which happens to have chosen its territory wherein to organise the peace of the world.

It is a well-known fact that, in the first instance, an army always seeks to take possession of bridge-heads, points of communication and other first-line strongholds. With similar strategy, Bolshevism, which has already duped some of the greatest Powers with commercial bait, now directs its strongest attacks against Switzerland, the seat of the League of Nations, and a country which, notwithstanding the economic difficulties of the present moment, has, by her political stability and her financial security, suffered no loss of international confidence.

No doubt you ignore these facts, just as you seem to ignore the destructive propaganda which has been carried on in our country for a long time by agitators maintained here by the Soviet Government under the guise of delegations to the League of Nations (since Switzerland has refused to recognise the Bolshevik Government); and you are also ignoring the abhorrence of the Swiss people, free and democratic as they are, for public disturbances, as well as their repeated and periodic manifestations of loyalty to the existing constitution, both political and social. The last of these manifestations, which took place in Geneva barely a month ago, was a plebiscite which rejected by an overwhelming majority the demagogic gesture of the Socialists to free 60 per cent. of the population from paying income tax.

Your correspondent, obviously inspired by Socialist views alone, may have hidden all this from you, and your article, in spite of the distorted facts it presents, might therefore be excused on account of its ignorance. But the end of it betrays the malicious pleasure you had in publishing it. We have seen, as I told you, that foreign revolutionary forces are at work—happily without success—to undermine our security. We have also seen certain countries, in the throes of financial difficulties (and who has none?), uphold this assault of false rumours wilfully spread abroad against certain sections of our "bourgeoisie." Jealousy is a bad counsellor.

But allow me to express my astonishment that a paper which is as respectable as yours (and I have been an ardent reader for more than thirty years) should permit itself to take an attitude so little in conformity with objectivity and the fair play which we, who are no longer young, were pleased up to the present to admire in the English people.

I am, however, counting on this attitude on your part for the publication of this rectification in a future edition of your paper, for which I thank you in anticipation.—I remain, sir,

Geneva,
November 25, 1932.

ROBERT JULLIARD,
President of the Geneva
Chamber of Commerce.

[We are glad to publish M. Julliard's letter, though we cannot agree with his version of the facts.—ED. *Econ.*]

Books and Publications.

BOOK OF THE WEEK.

CHAOS—AND THE WAY OUT?

CHAOS is a word that fitly describes not only the condition into which the world has fallen, but also the mass of literature that has been poured out upon us by writers anxious to describe the present discontents and to prescribe remedies for them. Three books stand out conspicuous for their merits. Of these the "Macmillan Report" (1931) was mainly confined to our monetary troubles, and the League of Nations Report on "The Course and Phases of the World Economic Depression" (1931) was an unbiased description and explanation of the development of the industrial catastrophe in which we have been involved, but did not discuss possible methods of recovery. In both these books the present

economic system was implicitly accepted, but Mr. G. D. H. Cole not only takes a wider scope,* but attacks his problems from another angle, with the ultimate aim of building up a new economic structure.

It is no easy task to give even the most summary account of a book which contains, as the publishers assure us, 250,000 words; and in what follows the author's order is not in all cases followed. He begins with an introductory survey, in which he finds the leading characteristics of the crisis to be the outstripping of population by production, the limitation of the market, the "failure of the present economic system to adapt itself to technical forces," and the growing demand for leisure. It is undoubted that production has grown faster than population, but the figures quoted by Mr. Cole should be taken

* "The Intelligent Man's Guide Through World Chaos," (Gollancz. 672 pp. 5s.)

only as indications of the direction of movement and not as precise measures; in particular, the figures relating to the United Kingdom, though supplied by the staff of the Economic Advisory Council to the Macmillan Committee, are unsound since they involve the valuation of all manufactured goods on the basis of export prices. Next comes a discussion of the economic consequences of the War, from which it appears that the collapse on Wall Street in 1929 was the immediate cause of the slump, though war debts, reparations, tariffs, the return to the gold standard, etc., exacerbated the economic troubles. Here one notes the omission of any reference to the industrial upheaval in this country in 1926, which beyond question impaired our power to compete to a degree which, especially in the coal industry, has not yet exhausted itself. Seeking for the deeper causes of disorganisation, Mr Cole gives a really brilliant summary of the last two centuries of economic growth, which have ended in the supersession of skill by the machine, and in "the steady decrease in the amount of labour needed to produce and deliver into the hands of the consumers a given quantity of goods."

Turning now to his own specialist sphere of economist, Mr Cole asserts the truism that "the object of a sound economic system is to put the available resources to the best possible use—so as, in the phrase of the economists, to realise the *maximum utility*," a standard which "sets up a strong presumption in favour of equality of incomes." In eight chapters he discusses such subjects as profits, prices, money, capital, unemployment, foreign trade, public finance and economic organisation, all from the standpoint just indicated. So extensive a survey cannot be followed in detail, but some points may be noticed. The industrial problem is stated to be the maintenance of a correct balance between production and consumption, so as to ensure that all the goods produced are, in fact, consumed at prices remunerative to the producers. The desire for profit is generally assumed to be an effective regulator of production between consumers' goods and capital goods (factories, etc.), that is, between consumption and investment, but profits, from which arise savings, may be increased by reducing costs, and in particular by reducing the element of wages either by actually lowering them or by substituting machines for men. But by these very acts the market for consumers' goods is diminished, and thus, as Mr Cole maintains, arises one of the chief and permanent disharmonies of the present system. Herein, since industry is largely conducted by non-co-operative units, lies the chief cause of industrial fluctuations, though these may be made more violent by monetary or psychological factors. The urge for profits and the ever-widening grasp of industrialisation on countries once primarily agricultural make world competition ever fiercer and drive the industrialists to more and more mechanisation and rationalisation of industry. These labour-saving devices lead to unemployment and unemployment to restriction of markets, which in turn brings production to a standstill with still more unemployment. Improved production methods applied according to no definite plan displace labour, produce disorganisation, and destroy confidence, while new industries are necessarily slow in "taking up the slack" of labour. This is the gravamen of Mr Cole's charge against the present system, and it is undeniable that in many respects it is justified.

Mr Cole suggests that our premature return to the gold standard was the chief cause of the immediately following fall in prices, forgetting, as already said, the events of 1926, and omitting to mention that the precise amount of the over-valuation, if any, of the pound is very contestable. The United States tried to stabilise prices, but industrial production increased while wages did not rise proportionately, and the attempt "broke down because of the failure of consuming power" and "the diversion of bank money to speculation. The simultaneous follies of insisting on payment of intergovernmental debts and refusing to take that payment in goods have introduced the final elements of disorganisation. Mr Cole thinks matters would have been easier for us had we gone off the gold standard a year earlier, and for the future he desires a managed currency (not on an index-number basis) to keep the supply of money concordant with current needs.

To the planless economic structure of the world, slightly modified as it is by international trusts and cartels, Mr Cole opposes the Soviet "five years' plan," not as a model to be followed, but as a portent and as a proof of the necessity and feasibility of national planning. In his last two chapters he sets out his own suggestions for Great Britain. "The things that must be done at once and simultaneously are the socialisation of the banking system, the creation of agencies for the carrying through of a policy of national investment and national economic development, and the devising of means for preventing a 'flight from the pound' and the successful engineering of a financial panic in the early stages of Socialist construction." Next to finance comes industry. "National economic planning in any real sense involves a strongly organised control over almost every aspect of the economic life and, above all, over production, over the distribution of purchasing power in all its forms, and over the fixing of prices." He would, therefore, socialise the basic industries, but while nationalising the land and monopolising the trade in agricultural products, would "leave the actual conduct of production in the hands of the individual farmers." Even if we admitted the theoretic feasibility of such schemes, Mr Cole gives us little hope of finding persons capable of carrying them out, for he has already rejected the possibility that the capitalist world can clear up the European economic tangle, settle war debts, unify world finance through co-operation of the central banks, or regulate wages internationally—all smaller tasks than those he now proposes. And he reproaches the Labour Party for failing to make use of "the large resources of technical and administrative ability among its own followers," but does not name these supermen. More constructive planning is certainly required, but in industry as in architecture, it is well to begin at the bottom. Let us reorganise the industries before we tackle "industry"; already we are making some approaches in coal, iron and steel, cotton, and transport.

H. W. M.

SHORTER NOTICES.

"The Rise of the British Coal Industry." By J. U. Nef. London. Routledge. 906 pp. With maps, diagrams and appendices. 2 vols. 42s.

This, the sixth volume in the series of studies in economic and social history edited for the London School of Economics by Mr Tawney and Dr. Eileen Power, is a most valuable publication, valuable as much to the student of economic history generally as to the more specialised reader. Dr. Nef has dealt with the British coal industry only between the years 1550 and 1700, and, as he says in his introduction, has been forced to make a rigorous selection among the facts which he has accumulated; nevertheless, enough remains to throw a flood of light upon the growth of English economic life during a period which is still far too inadequately known, even to historians. The coal-mining industry, for reasons largely peculiar to itself, shows most clearly and earliest of any English industry the change-over to capitalist methods of finance and production; but it is also so deeply connected, even at that early period, with other trades and industries as to involve, if it is to be properly treated, a considerable examination of those industries as well as of the financial and commercial policy of the State.

This examination Dr. Nef has carried out, with admirable

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results. His main thesis, namely, that the rate of industrial growth in Elizabethan and Stuart England has been greatly underestimated by historians concentrating on the later periods, is not a new one; but he has supplied it with a great many more facts and figures, particularly for the first fifty years of his survey, than have hitherto been easily accessible. One of the services which his book has performed, apart from matters concerned directly with its subject, is to bring together facts and figures—such as those relating to the price of timber in the seventeenth century, which have hitherto been buried in comparatively ungetatable sources such as the transactions of county antiquarian societies.

As regards coal itself, his information is full, detailed, documented, and interesting. It covers the distribution as well as the production of coal, and in both cases it is comprehensive, not confining itself, as too many economic studies have hitherto done, to the production of the Northumberland and Durham coalfields and the Newcastle-London trade. There are detailed descriptions of the organisation and growth of all the principal coal-providing districts, and elaborate analyses, with tables of price and quantity, of the distribution of coal through various centres and by various means. There are also chapters on mineral rights and ownership, on the methods of association evolved for the provision of the large amount of capital involved and on the fluctuations of fortune experienced by the early *entrepreneurs*, on State policy towards coal and the coal trade, and on labour supply, wages, and conditions. The last-named chapter fully refutes the common belief that the well-known "slave status" of the Scottish mineworkers was the result of the survival of medieval conditions, and shows that it was an innovation for the purpose of securing large masses of labour, made possible by the control exercised over the Privy Council by the Scottish coal and iron masters. Each of Dr. Nef's chapters, adorned with a wealth of quotations, instances, and references, would make an interesting small book in itself; and it only remains to add that it is not every learned historian who can wear his learning so easily, or weave so comprehensive a mass of facts into so interesting a narrative. Author, editors, and publisher are alike to be congratulated.

"British Slave Emancipation, 1838-1849." By William Law Mathieson. (London) Longmans. 239 pp. 12s. 6d.

Dr. Mathieson has now followed up his valuable study of the abolition of slavery in Great Britain and her Colonies with a supplementary study of the actual process of emancipation in the West Indies and in Mauritius, and the difficulties found in its course. As in the previous volume, Dr. Mathieson brings to his task a very full knowledge of the history and all the relevant documents; and if the sequel is rather less full of interest and rather more in the nature of a prolonged footnote, that is less the fault of the author than inherent to the nature of his task. After all, the subject-matter of the sequel is in the nature of an appendix. The battle, the important battle, was fought and over by 1838; as compared with that, the efforts of the Colonies to adjust themselves to the new conditions are bound to appear rather like a tailpiece.

Nevertheless, there is much that is of interest in the narrative. The opening sections show clearly how difficult it was for the planters ever to bring their minds to bear on the changed conditions—the demand for pound-for-pound compensation, which, as Dr. Mathieson points out, assumes

that when the negroes were emancipated they would automatically cease to exist, is a case in point. Later chapters deal with the effects of the change from forced to free labour, with its resulting fall in the output of sugar. This in its turn, by rendering it impossible for the planters to maintain their monopoly of the home sugar market, stimulated the revolt against protection; and the book closes with the transition to free trade under the very unfavourable conditions engendered by the commercial crisis of 1847. All those interested in the economic problem of Imperialism, as well as those concerned with English colonial history, will find valuable information in this book.

"Agricultural Russia and the Wheat Problem." By Vladimir P. Timoshenko. Food Research Institute, Stanford University, California, U.S.A. (Grain Economic Series, No. 1.) Obtainable in London from P. S. King and Co. 508 pp. \$4.00.

This enormous study of the grain-producing capacity and grain production in pre- and post-war Russia, by the former Professor of Economics in the Ukrainian University of Prague, would be more useful if it could have been cut down before publication. Professor Timoshenko belongs to the class of writers on economics whose endeavour it is to make each set of statistics go as far as possible, and there is consequently in his book a good deal of needless repetition. It is also unfortunate that he has not visited Russia since 1919, so that practically all his post-revolutionary information is derived from printed sources. For instance, his account of collective farming is not at all clear, drawing no distinction between the collective farm as pressed forward before the Nep period and the collective farm of present-day Soviet policy. Indeed, his information for any period after the middle of 1930 is disappointingly meagre. Nevertheless, there is valuable information about the character and quality of Russian land, its distribution, its availability for different types of crops, its actual and potential productivity, etc.; and it is written in a calm statistical style, without attempts to insist upon the author's political opinions. It is perhaps unfortunate that the "terms of reference" of this study should be so narrow; it would have been more useful to students had they been widened to include more about crops other than food-stuffs and foodstuffs other than cereal crops; and we should then be in a better position to judge whether Professor Timoshenko's pessimistic views about possible increases in the productivity of Russian agriculture are justified. Perhaps the foundation which produced this study may in time fill up the gap.

OTHER BOOKS RECEIVED.

The Development of American Commerce. By John H. Frederick. (London) D. Appleton and Company. 383 pp. 15s. net.

A concise account of the development of, and the influences affecting, the foreign and domestic commercial policy of the United States since 1700.

Problems of Population. Edited by G. H. L. F. Pitt-Rivers. (London) George Allen and Unwin, Ltd. 369 pp. 15s. net.

Papers read at the Second General Assembly of the International Union for the Scientific Investigation of Population Problems, held in London June 15-18, 1931.

The Balance of the Continents. By Mariano H. Cornéjo. (London) Oxford University Press. 220 pp. 6s. 6d. net.

Traces the progress of world thought in relation to war, and the development of pacific machinery under the League.

Annual Report of the Smithsonian Institution, 1931. (Washington, D.C.) Government Printing Office. 582 pp.

OFFICIAL PUBLICATIONS.

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

Department of Overseas Trade: Economic Conditions in Portugal, July, 1932. 3s. net.

London Passenger Transport Bill: (A) Pro Forma Statement Showing the Application of Revenue of London Passenger Transport Board; and (B) Pro Forma Balance Sheet of the London Passenger Transport Board. Cmd. 4204. 1d. net.

Accounts Relating to the Trade and Commerce of certain Foreign Countries and British Countries Overseas during the period ended June 30, 1932. 2s. net.

Agricultural Statistics: Report on the Prices and Supplies of Agricultural Produce and Requirements in England and Wales, 1931-32. 1s. 3d. net.

British Documents on the Origins of the War, 1898-1914, Vol VIII: Arbitration, Neutrality and Security. 17s. 6d. net.

Ministry of Labour: Summary of Unemployment Insurance Act, 1920-1932. 3d. net.

The Stock Exchange.

HOME RAILWAY POSITION.

THE market has shown its appreciation of the doggedness with which the railways are fighting a retreating battle. The recent improvement in debenture and preference stocks has followed a perceptible thawing of the investor's frigid attitude towards railway prospects, rather than a merely sympathetic movement, in common with all fixed-interest securities, under the Government's conversion policy.

It is unfortunate that the railways are compelled to stress the less satisfactory features of their position in their frequent appearances before the bar of public opinion. Their case, as presented this week before the National Wages Board, for example, has naturally been a *quanta patimur*. Stockholders, preoccupied with the licking of their wounds, may be unaware that the British railways have, in fact, shown greater resistance to depression than those of any other country in the world. To-day, most State-owned railways are a burden on their respective taxpayers. Some large American companies show operating deficits, and others are not earning their fixed charges. The Canadian Pacific Railway will probably pay this year's preference dividends out of non-railway income. One of the four largest British-owned systems in the Argentine has been compelled to obtain a moratorium on part of its debenture interest. Every British line, however, will earn its full debenture and guaranteed payments for 1932, and two of the Big Four may even have a small "token" margin of earnings on their equity capital.

The current position may be indicated by a few simple aggregates. The four main lines require net annual earnings of approximately £12.9 millions to meet debenture and fixed-charge requirements. (Guaranteed (i.e., cumulative preference) stocks are covered when total earnings reach £19.2 millions, and preference (non-cumulative) requirements by earnings of £34.7 millions. Aggregate net receipts of £48.4 millions would allow of a 5 per cent. return on the combined equity capital of the four companies. Aggregate net earnings (before fixed charges) in the four years from 1928 to 1931, have been, respectively (in millions), £41.0, £45.0, £38.4 and £33.4. The estimated net figure for 1932 has been put by the railway's spokesmen, this week, at £26 millions, which fully covers debenture and guaranteed capital requirements, but leaves a number of preference stocks within the "deficiency zone."

Depression, however, has emphasised differences in the earning power of individual companies which first became prominent with the formation of the present groups, ten years ago. These have been attributable less to differential year ago. These have been attributable less to differential features in management (for executive efficiency is high, by universal admission, in every case) than to unequal incidence of industrial depression in the areas served. The "northern" lines, with "black spots" like Lancashire, the North-East Coast and the Clyde, have suffered more (and, conversely, have wider potentialities for future recovery) than the "southern" systems. This feature is clearly apparent in the following table, showing how net receipts, before fixed charges, have varied since 1923:—

EARNINGS (BEFORE FIXED CHARGES).
(1923 = 100.)

	London Midland and Scottish Railway.	London and North- Eastern Railway.	Great Western Railway.	Southern Railway.
1923	100	100	100	100
1924	94	82	90	101
1925	89	70	89	103
1926	50	29	51	84
1927	93	86	103	102
1928	87	86	92	105
1929	92	99	107	107
1930	74	86	93	101
1931	68	72	74	92
1932 (estimated)	55	56	65	80

A comparison of gross and estimated net receipts, as regards the present year and 1931, is given in the next table:—

	L.M.S.R.	L.N.E.R.	G.W.R.	S.R.
Gross railway receipts, 47 weeks, 1932, compared 1931 (Thous. £)	— 4,717	— 4,392	— 2,274	— 1,605
Gross railway receipts, estimated 52 weeks, 1932, compared 1931 (Thous. £)	— 5,100	— 4,800	— 2,400	— 1,650
Net revenue, first half 1932, compared 1931 (Thous. £)	— 1,000	— 924	— 275	— 800
Estimated total, 1932, compared 1931 (Thous. £)	— 2,400	— 2,100	— 700	— 740

The estimated decline in net receipts, in every case, is much less than in gross, the railways having continued to effect substantial reductions in working expenses. On the basis of these figures, it is possible to construct a further table showing how various groups of stockholders are likely to fare when this year's final dividend distributions are made:—

EARNINGS AND DIVIDEND REQUIREMENTS.

	L.M.S.R.	L.N.E.R.	G.W.R.	S.R.
Estimated earnings, 1932, before fixed charges (Thous. £)	10,250	7,400	5,000	4,850*
Percentages of total earnings taken by				
Debenture stocks, etc.	0 to 43½	0 to 37½	0 to 31	0 to 36
Guaranteed stocks	43½ to 59	57½ to 90½	31 to 62½†	36 to 49
Available after paying deb. and guaranteed (Thous. £)	4,200	750	1,875	2,480
Senior Preference Stocks	Nature 4% pref. & 5% (1955) Div. requirements... 2,130 Earned..... 3½% and 4% (a)	Nature 4% pref. & 5% (1955) Div. requirements... 2,130 Earned..... 1½% and 2½% (b)	5% pref. & 5% (1950) Div. requirements... Full Earned..... Full	5% and 5% (1964) Div. requirements... Full Earned..... Full
Junior Preference Stocks	Nature 4% (1923) Div. requirements... 1,605 Earned..... Nil	4% 2nd pf. 2,646 Div. requirements... Nil Earned..... Nil	...	...
Equity Stocks	Nature Ordinary Earned..... Nil	Pref. and def. ord. Nil	Ordinary ½% (c)	Pref. ord. ½% (d)

* Based on recent prospectus estimate.
† Five per cent. rent charge and 5 per cent. consolidated guaranteed stock.
(a) Interims 1 per cent. and 1½ per cent. already paid. (b) No interim paid.
(c) ½ per cent. interim paid. (d) No interim paid.
NOTE.—The Southern Railway figures do not allow for the future requirements of £4,750,000 of 4 per cent. redeemable debenture stock, issued in October last, and ranking *pari passu* with existing debentures.

These figures make a slightly more favourable showing than those given by Sir Ralph Wedgwood, this week. They are based on the assumption that the recent improvement in weekly receipts will be maintained to the end of the year, and they allow for exceptional incomings, by way of profits on sales of securities, etc. Broadly, the Great Western should be able to retain "Chancery status," for its prior stocks in England, by paying a small ordinary dividend for 1932. A 3 per cent. ordinary payment necessary to maintain trustee status in Scotland, however, may require a draft of something like £1,200,000 on reserve and the company may not consider the game worth the candle. The Southern, which reverted to "Chancery status" early this year, should retain it without any substantial payment from reserves, but preferred ordinary stockholders must expect, at best, a purely nominal return. If the London, Midland and Scottish does not consider it advisable to draw on its reserves to the tune of over £2½ millions, to pay all its preference dividends, its prior issues may no longer be eligible, after this year, for new trustee investment. London and North-Eastern stocks have already lost their eligibility, but earnings may cover guaranteed stocks with a little to spare.

If these estimates are borne out, some £318 millions of L.M.S. debenture, guaranteed and preference capital

THE ROUND TABLE

A Quarterly Review of the Politics of the British Commonwealth

Leading Contents for December:
**THE FOUNDATION FOR DISARMAMENT.
THE TASK OF THE WORLD ECONOMIC
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OTTAWA AND THE TRADE AGREEMENTS.
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THE PRESIDENT ELECT.
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will lose trustee status early next year, and holders should allow for the discounting of this possibility by the market over the next two months. It may be necessary, for investment purposes, to divide home railway securities into two main groups, namely trustee and non-trustee stocks, and to distinguish individual stocks, in each group, according as their dividends are "covered," "doubtful," and "uncovered," respectively, on the basis of current earnings. The lines of demarcation fall differently on every railway. The position of each stock, and its potential yield at present prices, assuming dividends in harmony with the estimated earnings given in the preceding table, is indicated below:—

EARNINGS AND YIELDS.
(Bracketed stocks rank *pari passu* for dividends.)

Stock.	Rate of Dividend Covered by Earnings.		Dividend Paid for 1931	Possible Dividend for 1932	Present Price of Stock	Yield (%) on Estimated Dividend
	1931 (Actual)	1932 (Estimated)				
L.M.S.R.—						
4% debenture	Full	Full	Full	Full	89½	4 11 6
4% guaranteed	Full	Full	Full	Full	75½	5 9 0
Doubtful						
4% preference	Full	3½	Full	3½	33½	10 3 0
5% red. pref. (1955)	Full	4	Full	4	47½	8 17 6
Uncovered						
4% preference, 1923 Ordinary	Nil	Nil	Full	Nil	18½	...
L.N.E.R.—						
3% debenture	Full	Full	Full	Full	60½	5 1 6
4% debenture	Full	Full	Full	Full	80½	5 2 0
4% 1st guaranteed	Full	Full	Full	Full	60½	6 14 0
4% 2nd guaranteed	Full	Full	Full	Full	46½	8 16 0
Doubtful						
4% 1st pref.	Full	1½	Full	1½	21½	7 6 0
5% red. pref. (1955)	Full	1½	Full	1½	29½	6 14 0
Uncovered						
4% 2nd pref.	0.9	Nil	1	Nil	12½	...
5% preferred ord.	Nil	Nil	Nil	Nil	7½	...
Deferred ord.	Nil	Nil	Nil	Nil	4½	...
G.W.R.—						
4% debenture	Full	Full	Full	Full	98½	4 3 0
5% rent charge	Full	Full	Full	Full	113	4 10 6
5% guaranteed	Full	Full	Full	Full	105½	4 16 0
5% preference	Full	Full	Full	Full	72½	7 0 0
5% red. pref. (1950)	Full	Full	Full	Full	86½	5 17 0
Doubtful						
Ordinary	1.8	0.25	3	1	31	3 4 6
S.R.—						
4% debenture	Full	Full	Full	Full	95½	4 5 6
5% guaranteed	Full	Full	Full	Full	101½	4 13 6
5% red. guar. (1957)	Full	Full	Full	Full	102½	4 18 6
5% pref.	Full	Full	Full	Full	66½	7 12 6
5% red. pref. (1964)	Full	Full	Full	Full	73	6 19 0
Doubtful						
5% Preferred ord.	4	½	4	½	24	2 1 6
Uncovered						
Deferred ord.	Nil	Nil	Nil	Nil	9	...

The investment appeal of any given stock, in the light of the above showing, obviously depends on the view taken by investors, first of the future course of railway receipts and, secondly, of the field for further economies in expenditure. Of these, the latter is, possibly, the more important for holders of "doubtful" stocks, whose position must necessarily be largely influenced by near developments, but the former is crucial for railway stockholders in general. Under the spur of depression, the "economy" achievements of the railway managements have been herculean, but the field is narrowing. In particular, it is limited by the fact that as regards wages, the largest single element in operating costs, the railways are not free agents, but have hitherto based their policy, in the last resort, on the awards of a National Wages Board, on which they do not enjoy majority representation. We deal on another page with the issues involved in this week's application to the Board for a wages reduction, and their bearing on the railway outlook. Apart from this *sub judice* question, a further decline in gross receipts, in 1933, at a rate comparable with the £14 millions drop in 1932, might involve questions of an alteration in standards of physical maintenance of railway properties—which would, naturally, be repugnant to executives trained under British traditions—or the closing down of sections which were not earning their keep. The potential benefits of recent new departures, such as "pooling" of competitive traffic, though highly significant, are as yet an unknown quantity.

On the other hand, a substantial early recovery in trade, particularly foreign trade, might make many railway stocks highly attractive at present prices. The percentage of railway expenses which does not directly vary with the level of gross receipts is so high, and the cumulative reductions made under this heading have been so considerable, that net earnings must needs increase much more rapidly than gross receipts in the first phases of revival. How far the railways, in competition with the roads, would obtain a full proportionate share in an increased quantum of traffic is a matter on which we cannot dogmatise. If the omens can be regarded as favourable to the eventual passing into law of a new order based on the main concepts of the Salter Report, the railways will probably be content to leave the issue to the arbitrament of "straight" competition, with the possibility, in the background, of closer co-operation, on the goods as well as the road passenger side. Whether they will be permanently content with their present legislative restrictions in the matter of rates and fares is another matter. Last week's decision by the Rates Tribunal against the Great Western application for exceptional flat rates, to which we make reference elsewhere, is likely to accentuate the railways' dissatisfaction with legal handicaps imposed when their "monopoly" position was much more watertight than it will ever be again.

The general conclusion would seem to be that no immediate development—not even a 10 per cent. wage reduction—is likely to be sufficient to restore the earnings position of the more "doubtful" railway stocks if traffic remains sub-normal. A purchase of railway stocks to-day is, in fact, a gesture of faith in general trade recovery, which will permit of the passing-on to stockholders of the fruits of reorganisation and enhanced efficiency.

P. AND O. FINANCES.

THE report of the Peninsular and Oriental Steam Navigation Company—which pays a merited tribute to the work of the late Lord Inchcape—is an admirably detailed document. We congratulate the board, and the new auditors, on its presentation. Never have stockholders in any British shipping concern been presented with so clear a picture of their financial position.

Unhappily, the results are eloquent of depression. Out of gross earnings of £2,256,548 for the year to September 30th last, only £1,371,736 comes from trading sources. This figure includes dividends from subsidiary undertakings, some of which have not earned sufficient to allow of depreciation of their fleets on the normal scale. A further £569,789 comes from general investments "outside the business," £113,049 from "miscellaneous income," and £201,974 from windfalls (income tax and profit on investments sold). In other words, nearly 40 per cent. of total profit derives from non-trading sources. Some £350,000 is set

WALL STREET.

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THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

TICKET.	SETTLING DAYS.	ACCOUNT.
December 6.		December 8.

THE week opened inauspiciously, Gilt-edged stocks being subjected to steady liquidation, while the volume of business in industrial shares was greatly reduced. The rapidity of the decline in the Funds, coinciding with a fall in sterling to the lowest point yet recorded, was checked, however, before a crisis atmosphere could develop. Underlying sentiment was, in fact, firmer than the Official List suggested, and some bears were badly caught by the unexpected recovery. This started on Tuesday and lasted over Thursday, December 1st, with its heavy payments and repayments. That the influences affecting the market were internal rather than external was suggested by the prices of "international" and "gold" securities, which showed less than their normal sensitivity to adjustments in the sterling exchange, both ways. How far the market is discounting some American Debt concession is not clear, but the week's experience at least suggests that there has been no undermining of confidence so far.

Movements in Gilt-edged stocks were unusually wide. Old Consols, for example, declined ½ on Monday and recovered 1½ on Tuesday and a further ½ on Wednesday. Three-and-a-half per Cent. War Loan, similarly, fell ½ and rose 1½ and ½ respectively. India loans revived in sympathy with the Funds, and Dominion stocks were firm, particularly Commonwealth Five per Cents. Foreign bonds moved within narrower limits than Gilt-edged stocks. Chinese issues were moderately active and Japanese steady. Argentine stocks were unchanged on the announcement of a forthcoming enquiry into the national banking and financial system by Sir Otto Niemeyer, but among Brazilians, San Paulo Coffee were weaker on fears regarding the sufficiency of receipts to cover sinking fund requirements. German bonds obtained fair support despite the absence of a solution of the political impasse.

Home rails were inclined to sag early in the week, but subsequently became steadier, though business was sparse. The traffic returns showed no worsening of the position, but some holders were apprehensive regarding the attitude of organised labour in the event of a reduced wage award by the National Board. The appearance of the London Transport Bill at the head of the Parliamentary list, and the turbulence of back bench opposition, tended to unsettle the market for the London passenger group of stocks, and prices eased slightly day by day. Argentine rails, after a bad start, showed a modest improvement in mid-week, despite the continued unfavourable traffic returns, particularly on the Central Argentine.

The industrial markets showed the same improvement as Gilt-edged, after a dull opening, but movements both ways were confined within narrow limits. Professional speculation was noticeably restricted, and the volume of dealings remained below the average. Stewarts & Lloyds rose on the publicity given to the company's Corby plans, which are discussed on pages 1024 and 1044 of this issue. Other steel shares attracted a little demand, but electrical shares were irregular, on a reduced volume of small investment. The week's brewery reports were no better than had been expected, but share values showed an increased tendency towards "stabilisation" at current reduced levels. Tobacco shares obtained investment support, though some holders remained slightly apprehensive of the effects of reduced home consumption and increased competition. Woolworth were active on talk of an increased dividend and a capital issue with "rights." London Brick improved after an unexpectedly favourably interim dividend. The Tate and Lyle accounts (summarised on page 1045) confirmed market views of the strength of the company's position. Textile shares were slightly better where changed, rayon issues responding to the increased production figures. The lucidity of the P. & O. report (ana-

(Continued on page 1042.)

aside for depreciation of the P. & O. fleet. After other expenses, the net earnings, before debenture interest, are £694,616, against £947,802 in 1930-31 and £1,165,004 in 1929-30. This year's figure, however, cannot be compared with those of earlier years, for stockholders do not know how much was set aside in those years for depreciation. The report, however, makes it clear that this year's appropriation is below normal, and mentions £1,400,000 as the amount required on the basis of 5 per cent. per annum on the original cost of the vessels. In the circumstances, no question of a deferred dividend payment arises:—

	Years to September 30.		
	1930.	1931.	1932.
Total earnings	£	£	£
Depreciation of steamers	(?)†	(?)†	350,000
Administrative expenses, &c.			444,576
Interest, discount, and exchange differences	Not stated		706,391
Other charges			60,965†
Net earnings	1,165,004	947,802	694,616
Provident fund	50,000	Nil	Nil
Debiture interest	419,565	419,565	419,080
Reserve for debenture redemption	90,000	100,000	110,000
Preferred dividend (5%)	152,000	152,000	152,000
Balance for deferred	453,439	276,237	13,536
Earnings % (tax free)	9.9	6.0	0.3
Paid % (tax free)	10	6	Nil
Amount of dividend	459,252	275,551	Nil
Brought forward	120,865	115,052	115,738
Carried forward	115,052	115,738	129,275

* Made up as follows: Receipts from voyages, £881,770; dividends from subsidiary shipping companies, £356,619; dividends from coaling, wharfage and engineering undertakings, £133,347; dividends and interest on other investments, £569,789; profit on sale of investments, £98,009; miscellaneous income, rentals, &c., £113,049; income tax, £103,965.

† Report mentions £1,400,000 per annum as amount "ordinarily required."

‡ Made up of loss on sale of steamers, £51,572; depreciation of tugs, &c., £3,269; directors' fees, £6,124.

The P. & O. group, obviously, is not covering its normal depreciation charges by current earnings. Pending a revival in world trade and shipping, much depends upon the strength of its internal financial position. The balance-sheet figures are fairly reassuring on this point. A combined statement for the whole group, including the parent and subsidiaries, shows that steamers originally costing £86,785,837 have been written down to £32,876,602, whereas their value would be £43,696,883 if depreciation were allowed at 5 per cent. per annum. Obviously, the price at which the ships were originally purchased is a material factor, but the group appears to have avoided excessive acquisitions during the post-armistice period of inflated values. The report does not give the average age of the fleets, but the following figures, based on the current edition of "Fairplay's Annual," suggest twelve years as a working figure:—

FLEETS OF P. & O. AND CHIEF SUBSIDIARIES.

	Gross Average			Gross Average	
	Tons.	Age. Years.		Tons.	Age. Years.
P. & O.	517,804*	11	Orient Steam	126,744	7½
British India ...	744,560	7	Khedivial Mail	17,480	18
New Zealand			General Steam	47,107	10½
Shipping	166,516	10½	Eastern and		
Union Steamship			Australian	17,931	19
of N. Zealand	232,370	14	Australasian		
Hain Steamship	200,908	11½	United	26,162	9½
			Total	2,097,582†	12

* Company's report gives total 485,595 tons, but mentions disposal of seven ships, for breaking-up purposes.

† Total fleets of entire group comprise 354 steamers of 2,217,724 tons.

On the whole, the group could probably afford a period of reduced depreciation allowances, if trading conditions remained adverse, without risk of inflated values, though ability to finance fresh tonnage construction out of earnings might be temporarily affected. The current financial position is eminently satisfactory, the group as a whole holding £16,150,909 of floating assets, against £12,626,464 of current liabilities. The £1 units of deferred stock are quoted at 15s. 6d., against a high point for 1932 of 25s.

LONDON NEW ISSUE PRICES.

This table will be found on page 1047.

(Continued from page 1039.)

(analysed on page 1038), created a good impression, but the stock was marked lower owing to the absence of normal earnings for depreciation. Bank shares failed fully to recover after an easier tendency at the outset, and the trend of insurance shares was downward.

The rubber share market again suffered from pronounced lack of interest, prices being a shade lower when changed. Tea shares were similarly featureless, the semi-official announcement of a complete agreement, in principle, on output restriction, failing to prevent a fall in tea prices at the auctions. The denunciation of the Anglo-Persian's concession (discussed on pages 1019 and 1044), came as a bolt from the blue in the oil market. The decline in the shares was accentuated after the company's decision to pay no interim dividend.

Business in mining shares was restricted. West Africans improved, without again reaching boiling point. West Australian issues were firm, interest centring chiefly in Lake View and Star. Kaffirs, however, remained quiet, Paris, preoccupied with the monthly settlement, giving limited support. Apart from a little speculative buying, stimulated by the opening of the Copper Conference, base metal shares attracted limited attention, holders lacking confidence in the stability of metal prices.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Nov. 24, 1932.	Nov. 25, 1932.	Nov. 26, 1932.	Nov. 28, 1932.	Nov. 29, 1932.	Nov. 30, 1932.	Dec. 1, 1932.
Government and Municipal Loans	1,534	1,598	695	1,447	1,563	1,749	1,859
Transport, Communications, and Public Utilities	895	897	442	887	987	952	988
Commercial and Industrial	1,805	1,850	828	1,860	1,277	1,835	1,992
Banks, Insurance and Financial	507	494	218	515	570	503	537
Mines (including Nitrate)	811	872	552	902	745	734	782
Oil	103	111	45	124	177	196	199
Rubber, Tea and Coffee	108	82	34	87	110	158	142
Total	5,763	5,904	2,814	5,822	5,979	6,127	6,499

* Including iron and steel and breweries.

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

Highest of 1932. (Nov. 8.)	Lowest of 1932. (June 1.)	Nov. 24, 1932.	Nov. 25, 1932.	Nov. 26, 1932.	Nov. 28, 1932.	Nov. 29, 1932.	Nov. 30, 1932.	Dec. 1, 1932.
67.2	51.3	65.2	65.0	64.8	64.6	64.4	64.6	64.8

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.
(1928 = 100.)

Highest of 1932. (Nov. 2.)	Sept. 30, 1931.	Nov. 24, 1932.	Nov. 25, 1932.	Nov. 26, 1932.	Nov. 28, 1932.	Nov. 29, 1932.	Nov. 30, 1932.	Dec. 1, 1932.
127.4	90.6	122.8	122.5	122.4	121.8	122.3	123.0	123.1

FOREIGN STOCK EXCHANGES.

NEW YORK.

Towards the end of last week, after the Thanksgiving Holiday, the markets became firmer, but quiet. This week opened under dull conditions, prices being maintained chiefly owing to the absence of sufficient dealings to test them. On Wednesday, however, the number of shares transacted rose from 500,000 to 1,100,000, and the market became heavy once more. The Anglo-American Debt position was not an active market factor, except by way of the general realisation that the attitude of Congress was not a bull point for trade, domestic or international. More popular interest was given to the possibility of a modification of Prohibition. It was understood that Mr. Garner, the Vice-President-Elect and Speaker of the present House of Representatives, would persist with his

decision to submit a resolution for the repeal of the Eighteenth Amendment to the House at next week's meeting, and that no more than 75 Republican votes would be necessary, if a solid Democratic vote were secured, to give the necessary two-thirds majority. On the other hand, the probable veto by President Hoover of a Beer Bill would upset the plans of the Democratic Party for balancing the Budget by means of an excise duty. This, in turn, might necessitate a March session of the new Congress, which Mr. Roosevelt is understood to be anxious to avoid. The general trade situation is, at least, no worse. Railroad car loadings for the week ended November 19th showed an increase of 88,000 as compared with those of the previous week, and were only 11 per cent. below those of the corresponding week of 1931, thanks mainly to increased carriage of coal. Steel output has increased to about 17 per cent. of capacity, but orders are not coming in as well as was expected, although automobile manufacturers are reported to be accelerating production, especially of the lower-priced cars, in anticipation of improved demand over the turn of the year. Electrical power production is running about 8 per cent. below last year's level.

	Nov. 17, 1932.	Nov. 23, 1932.	Nov. 30, 1932.		Nov. 17, 1932.	Nov. 23, 1932.	Nov. 30, 1932.
U.S. 3½% T. Bds.	102½	102½	102½	Natl. Biscuit	39	37	36½
Do. 4½% '32-47	101½	101½	101½	Phelps Dodge	5½	5½	5½
Do. 4½% '32-47	102½	102½	102½	Fullman	19½	19½	19½
Do. 4½% '33-38	103½	103½	103½	Seam-Robinson	19½	19½	18½
Atchafalpa	41½	39½	38½	Studebaker	5	4½	4½
Obes. & Ohio	23½	23½	23½	Un. Fruit	23	22½	21½
Erle	14½	14½	14½	U.S. Leather	4	4	4
Illinois Central	14½	14½	14½	U.S. Rubber	5½	4½	4½
N.Y. Central	23½	23½	23½	U.S. Steel	35½	33½	32½
Pennsylvania	13½	12½	13½	Westinghouse	27½	25½	25½
Southern Pacific	19½	17½	16½	Woolworth	37½	35½	34½
Southern Ry.	7½	6½	6½				
Union Pacific	70	67½	67½	Am. Tel. & Tlg.	107½	105½	104½
Am. Can.	53½	52½	50½	Interboro R.T.	4½	4½	4½
Amer. Smelting	15½	14½	14½	Int. Tel. Teleg.	9	8½	8½
Reynolds	9½	8½	8½	Radio Corp.	7	6½	6½
Reichman Steel	17½	16½	16½	Utilities P. & L.	4½	4½	4½
Chrysler Motor	15½	14½	15½	W. Union Tlg.	31½	28½	29
Corn Producers Rf.	51½	49½	48½				
Eastman Kodak	53½	52½	51½	Associated Gas "A"	2½	2	2
Gen. Electric (New)	16½	15½	14½	Pan.Amer. B.(New)	12½	11½	11½
Gen. Motors	13½	12½	12½	Shell	14½	14½	13½
Int. Harvester	22½	21½	21½	Shell Union	6	5½	5½
Mont. Ward	13½	12½	12½	Std. California	25½	25½	24½
				Do. N.J.	31	30½	29½

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Nov. 30.
337 Industrials	98.2	174.1	51.5	114.7	52.2	45.6
33 Rails	89.1	164.6	31.7	105.7	32.2	25.6
34 Utilities	153.2	267.4	90.6	187.6	91.8	78.7
Total, 404 stocks	105.5	184.2	54.7	124.6	55.5	47.8
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	6.95%

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

Highest of 1932 (Sept. 7.)	Lowest of 1932 (June 27.)	Nov. 16, 1932.	Nov. 17, 1932.	Nov. 18, 1932.	Nov. 19, 1932.	Nov. 21, 1932.	Nov. 22, 1932.	Nov. 23, 1932.
72.3	35.2	55.6	55.2	55.1	56.0	55.5	55.1	52.5
Highest of 1932 (Sept. 7.)	Lowest of 1932 (June 27.)	Nov. 24, 1932.	Nov. 25, 1932.	Nov. 26, 1932.	Nov. 28, 1932.	Nov. 29, 1932.	Nov. 30, 1932.	Nov. 31, 1932.
72.3	35.2	51.9	52.1	52.1	51.8	49.9		

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Nov. 25, 1932.	Nov. 26, 1932.	Nov. 28, 1932.	Nov. 29, 1932.	Nov. 30, 1932.	Dec. 1, 1932.
Stock Exchange—Shares (Thous.)	1,000	400	500	800	1,100	700
Bonds (Value Thous. \$)	7,700	3,400	6,700	6,800	7,900	8,900
Over-the-counter—Shares (Thous.)	160	70	120	140	170	140

* 2-hour session.

PARIS.

The Bourse opened heavy and prices tended to fall in all sections, French conversion stock being particularly heavy. Later in the week an improvement in the value of sterling induced repurchases by previous sellers. The improvement also led to a welcome cessation of bear pressure. On the Coudisse diamond issues were steady. Gold-mining shares lacked a definite trend, although Sub Nigel were an exception, rising 11 points to 544.

	Nov. 24, 1932.	Nov. 28, 1932.	Dec. 1, 1932.		Nov. 24, 1932.	Nov. 28, 1932.	Dec. 1, 1932.
Banque de France	11,305	11,240	11,105	Wagons Lits	79	78	79
Crédit Lyonnais	2,035	1,995	2,005	Mexican Eagle	34	34	33
Suez Canal	15,620	15,560	15,750	"Chartered"	71	69	68
Chargers Réunis	212	214	208	Ford	102	101	102
Rio Tinto	1,412	1,361	1,362	De Beers	387	375	388
Royal Dutch	15,150	14,600	14,305	"Johnnies"	141	140	140

BERLIN.

The Bourse opened briskly in anticipation of General von Schleicher's nomination to the Chancellorship. Prices, both of shares and fixed-interest securities, moved sharply upwards; the fresh fall in sterling having no effect. A reaction set in on Tuesday, however, and the previous day's gains were in many cases wiped out. The decline caused keen disappointment. Towards the close the tone became more favourable on renewed hopes of a satisfactory solution of the political crisis. Fixed-interest securities, however, remained almost completely neglected. "Heavy" industry shares, however, were fairly well supported, Gelsenkirchen, Harpner, Siemens, Steel Trust and Schuckert all advancing.

	Nov. 24, 1932.	Nov. 28, 1932.	Dec. 1, 1932.		Nov. 24, 1932.	Nov. 28, 1932.	Dec. 1, 1932.
Reichsbank	126.75	128.25	130.75	A. E. G.	120.00	120.00	127.00
Disconto	75.00	75.00	75.00	Siemens & Halske	56.75	56.75	57.30
Dresdner (New)	61.75	61.75	61.75	A. K. U.	16.50	17.00	17.10
Norddeutscher	17.30	17.70	18.00	Hamburg-Amer.			
Lloyd				("Hapag")			

AMSTERDAM.

Depressed conditions prevailed under the influence of the fall in sterling, though selling pressure remained restricted. The tone remained listless until shortly before the close, when a small recovery set in, in sympathy with the improvement of the pound. Rubber shares remained dull, despite the decrease in London stocks, and sugar shares were inactive.

	Nov. 24, 1932.	Nov. 28, 1932.	Dec. 1, 1932.		Nov. 24, 1932.	Nov. 28, 1932.	Dec. 1, 1932.
2½% Dutch Loan	70½	69½	70	Steel Common	34½	33½	32½
5½% German	47½	47½	48	A. K. U.	44	41½	42½
Unilever N.V.	110½	105	107½	Ford Motor	117	114	111
Phillips' Lamp	128½	124½	125	Shell Union	143	140	137
Netherlands Ship Union	60½	58½	58	Royal Dutch	147	143	140
				Handels Ams	174	167	166

CANADA.

During the latter half of October prices trended steadily downward with a very small volume of trading, but many stocks subsequently regained part of the lost ground. A helpful factor was the result of the American Presidential election, which opened up the prospect of a termination of the Prohibitionist regime. The stocks of Canadian distillery companies (most of which have large stocks of whisky) rose sharply. The upward movement in New York also had sympathetic reactions. Simultaneously, the Canadian Government's move towards a modest dose of currency inflation was construed as a bullish factor. The bond market has been very steady, Government bonds having risen fractionally, and provincial and municipal securities held their own. The Bureau of Statistics' "Investors' Index" for all common stocks was 48.0 early in November, against 50.1 four weeks earlier.

	Sept. 20, 1932.	Oct. 26, 1932.	Nov. 30, 1932.		Sept. 20, 1932.	Oct. 26, 1932.	Nov. 30, 1932.
Atchafalpa	188	190	190	Cockshutt Plow	64	54	44
Bank of Montreal	265	265	265	Dominion Bank	159	159	159
Bank of Nova Scotia	103	98	87	Dominion Steel & Coal B	11	11	11
Bell Telephone of Canada	238	188	188	Dominion Textile	55	50	50
British Columbia Power A	58	54	54	Hollinger Gold Mining	58	54	51
Do. do. B	58	54	54	International Nickel	81	81	81
Brazilian Traction	11	8	8	Moody Harris	48	34	31
Canadian Bank of Com.	166	156	138	Montreal Light & C.	352	324	302
Canadian Car	6½	4½	4½	Royal Bank of Canada	165	161	144
Canada Cement	4½	4½	4½	Shawinigan Water & C.	161	117	10
Canada Power and Paper	3	2	1½	Steel of Canada	19	17	16
Canada Steamship	18½	15	15	Winnipeg Electric	5½	3½	3

OTHER CENTRES.

The minor European Bourses were all affected by the fall in sterling. At Frankfurt prices moved sharply upwards at the opening, but fell away later in the week. Vienna remained dull and weak, but at Budapest a steadier tone prevailed. Brussels, after a weak opening, revived on the recovery of sterling. Stockholm opened strong, but finished dull.

INVESTMENT NOTES.

Gilt-edged and the American Debt.—Last week's recession in gilt-edged securities attained unwelcome impetus at the beginning of this week. The American debt crisis came, inopportunely, when the market was coping with technical difficulties due to the "over-staggering" of 3 per cent. Conversion Loan and the desire of some institutions to lighten their portfolios of long-dated securities. On Tuesday, however, a better tendency started, and recovery was even more rapid than decline, as the following table suggests:—

Issue.	Highest Price on Nov. 2, 1932.	Mon., Nov. 21.	Tues., Nov. 22.	Mon., Nov. 28.	Wed., Nov. 30.	Thurs., Dec. 1.
Consols 2½%	78½	71½	74	72½	74½	74½
Locals 3%	91½	83½	86½	85	87½	87½
Conversion 3½%	102½	96½	97½	97	98½	98½
War 3½%	102	96½	97½	96½	98	98
Consols 4%	110½	105	106½	105	106½	106½
Conversion 4½%	112½	109½	109½	107	108	108
Conversion 5%	117½	114	114½	113	114	114
Conversion 5½%	97½	94½	96½	94½	95½	95½
Funding 4%	110½	105	106½	105½	107½	107½
Victory 4%	110½	105	106½	105	107	107½

The amount of stock which changed hands, though considerable, was by no means proportionate to the movements of prices, dealers marking numerous issues down and up partly on "sentiment." The City of London, by instinct and tradition, favours the payment of the December instalment of the American debt as a matter of principle, and is admittedly more concerned with the honouring of a British obligation than with its economic consequences. The beginning of the market recovery coincided with the circulation of unofficial, but obviously not uninspired, reports that payment, if insisted upon, would assuredly be made. Bear closing quickly followed. Significantly enough, while Wednesday's upward movement was accompanied by a recovery in the sterling-dollar exchange, the revival began, on Tuesday, when the exchange was still falling. The downward phase had no character of a "flight from fixed interest" due to fears of currency inflation, for the trend of ordinary ("real value") shares was adverse throughout. The market, clearly, has not seen the end of the disturbances which brought the July-October rise of fixed-interest values sharply to an end last month. The critical December 1st date, however, with its complex payments and repayments, has been safely passed, and, apart from further debt alarms and excursions, the basic influences making for firm gilt-edged markets, which we discussed last week, may be expected to regain their ascendancy.

London Transport Bill—Revised Estimates.—Sir William McLintock's revised financial estimates, in connection with the London Passenger Transport Bill, have been published this week.* The net revenue is put at £5,798,602. This figure does not take account of the decline in London transport earnings owing to depression, since it is based on average annual earnings for three years to December, 1930 (March 31, 1931, in the case of local authorities). On the other hand, it does not reflect any

* Cmd. 4204. Id. H.M. Stationery Office.

anticipated economies from unification. The interest requirements of the prior stocks are set out as follows:—

Estimated net revenue	£ 5,798,602
Interest to Local Authorities, and Tramway Debt	
Liquidation	59,613
Interest on transport stocks:	
On £24,379,372 4½% "A" stock	1,097,072
On £16,263,950 5% "A" stock	813,197
On £12,583,000 4½% "T.F.A." stock	566,235
On £9,554,000 4½% "L.A." stock	429,930
On £24,250,708 5% "B" stock	1,212,535
Balance for "C" stock and reserve fund	1,620,020

During the first two years interest on the "C" stock at 5 per cent. will absorb £1,216,951, leaving £403,069 for the reserve fund. From the third to the tenth year, interest on the "C" stock, at the standard rate of 5½ per cent., will require £1,338,646. On the basis of the estimated net revenue, the stock will receive a further ½ per cent. (making 6 per cent. in all) as a maximum out of its moiety of the balance of £281,374. This additional interest will require £121,695, leaving £159,679 for reserve fund. A *pro forma* balance sheet shows that the London Passenger Transport Board will have £111,370,057 of capital stock (including £24,339,027 of "C" stock). On the basis of the latest reports of the undertakings to be absorbed, fixed assets will have a value of £103,385,591, and net working capital, including stocks of stores and materials will be £10,507,361. The estimate of net revenue is obviously based on a three-years' average giving a higher figure than is being earned at present. In fairness to potential "C" stockholders the authorities should give an additional figure, showing the revenue which would actually have been available on the basis of the results for 1931, with some indication of probable results for 1932.

Stewarts and Lloyds' New Undertaking.—On page 1024 of this issue we set out the details of a scheme made public this week, for the erection at Corby, near Kettering, for a large-scale basic Bessemer steel plant for Stewarts and Lloyds, Limited. The scheme is being financed, at the outset, under the auspices of the Bankers' Industrial Development Company, by a group of large banks, who have agreed to provide £3,300,000 for its all-in costs. There is no intention to make an immediate public issue, or to approach the market at all until the completion of the works in two years' time. Unofficially, it is understood that Stewarts and Lloyds are desirous, if possible, of avoiding an eventual debenture issue. In view of the melancholy examples of the dangers of heavy iron and steel prior charges provided by some other companies during the last ten years, such an attitude is readily comprehensible. At present the company, with no debentures, has £1,700,000 of first, second and third preference shares ranking in front of £4,626,742 of £1 deferred shares and £625 of liaison deferred £1 shares, the last-named having special rights in connection with a mutual profit-sharing arrangement with Tube Investments Limited. In front of the preference shares are guarantees of £300,000 6 per cent. first cumulative preference shares of Stewarts and Lloyds of South Africa, Limited, and of dividends of subsidiaries aggregat-

ing £20,880 per annum. At present the company could not float a large deferred share issue at par. Although it earned 2.4 per cent. on its deferred capital last year (against 6.8 per cent. in 1930 and 12.1 per cent. in 1929), the directors allocated practically the whole to special reserve and passed the deferred dividend. The shares now stand at 14s. 9d., after being as low as 10s. 3d. earlier this year. In no year before 1931, however, were they quoted below 22s., and even a moderate trade revival, before the completion of the new works, might enable the undertaking to be permanently financed by an issue at a substantial premium.

More "Good Recoveries."—In the *Economist* of July 9th last we gave a list of companies whose latest results were in striking contrast to the general downward trend of industrial earnings. In the table below, we set out the figures of another batch of companies showing "good recoveries." Of the thirteen companies, six have passed on part of the fruits of recovery to ordinary shareholders. In the aggregate a net loss of £859,679 has been converted into a net profit of £1,194,824:—

Name of Company (and ord. share denomination),	Net Profit, 1930-31.	Ord. Div.	Net Profit, 1931-32.	Ord. Div.	Price, June 30, 1932.	Price, Nov. 30, 1932.	Present Yield.
British Celanese (10/-)	Dr. 274,825	%	195,899	%	5/6	8/3	8 1/2
Calico Printers (£1) ...	Dr. 175,289	Nil	157,458	Nil	6/10 1/2	13/9	Nil
Herbert Morris ...	9,812	Nil	51,688	10	3/1 1/2	5/7 1/2	Nil
Joshua Hoyle (£1) ...	Dr. 88,308	Nil	7,020	Nil	3/1 1/2	5/7 1/2	Nil
Leach's Argentine Estates (10/-) ...	29,671	Nil	60,057	7 1/2	18/1 1/2	21/4	7 1/2
Leigh Mills (£1) ...	8,245	2 1/2	20,313	Nil	18/1 1/2	21/4	7 1/2
North British Rayon (10/-) ...	Dr. 19,398	Nil	2,824	Nil	2/-	4/9	Nil
Ste. Madeleine Sugar (£1) ...	12,654	Nil	45,612	4	5/3	8/6	9 8/0
Simpson & Godlee ...	Dr. 18,884	Nil	12,557	Nil	37/6	40/-	7 10/0
Standard Motor Co. (£1) ...	70,238	Nil	163,698	15	20/7 1/2	30/7 1/2	Nil
Sudan Plantations (£1) ...	Dr. 486,951	Nil	222,539	Nil	...	...	...
Trinidad Leaseholds (£1) ...	18,226	5	197,793	12 1/2	25/-	47/6	5 5/3
Tootal Broadhurst Lee	24,870	5	59,366	7 1/2	...	...	...

* Tax free.

Six of the companies are engaged in one branch or another of the textile trades, to which the departure from gold appears to have brought tangible benefit. British Celanese, however, is not yet within sight of the payment of an ordinary dividend. Leach's Argentine Estates is one of several land companies whose results have recently shown a moderate improvement, while Standard Motor is conspicuous in an industry which has shown gratifying powers of resistance to the decline in world purchasing power. The success of the Standard "Nine" model appears to have brought a welcome accession of earning power. Sudan Plantations has benefited from the slightly improved cotton situation and from exceptionally good crops. Our table shows that the shares of all these companies have risen substantially during the last few months.

The Anglo-Persian Oil Company.—The oil share market was unpleasantly surprised to learn this week that the Persian Government had annulled the D'Arcy concession of the Anglo-Persian Oil Company. As the directors simultaneously decided to omit the interim dividend, the news caused a sharp setback in the ordinary shares of the company from 46s. to 37s. 6d. The statement by the Persian Government that it was willing to negotiate a fresh concession on terms was not regarded as reassuring. D'Arcy in 1901 for 60 years, contained no provision for the first of two articles on the main factors in the dispute, which appears on page 1019. One grievance of the Persian Government, unfortunately, is beyond the company's power to remedy. The departure of Great Britain from the gold standard has not only involved the Persian Government in heavy losses on its sterling balances in London, but has diminished the budgetary value of the Anglo-Persian's royalty. This royalty is based not on the gross selling value of the company's oil, but on the net profits of the producing subsidiary company. These are neces-

sarily subject to considerable fluctuation, especially if the parent company voluntarily seeks to restrict its production. The dissatisfaction of the Persian Government with this basis of royalty payments was intensified by the discovery that the Iraq Government had been able to secure from the Iraq Petroleum Company a minimum annual payment by way of royalty even though the Iraq oilfields were not being developed. The issue is complicated by the fact that the British Government holds 7½ millions out of the company's 13,425,000 ordinary shares of £1. It is to be hoped that a compromise will quickly be reached which will avoid any threat of diplomatic friction. The following table gives the trading profits of the company and the royalties paid to the Persian Government as shown in the profit-and-loss accounts:—

	Trading Profit.	Royalty.	Total Net Profits after Tax and Depreciation, but before Deb. Interest.
1929	£ 7,355,417	1,161,589	5,034,014
1930	6,542,189	1,014,595	3,842,837
1931	3,211,661	134,750	1,988,520

In 1931 the company produced 5½ million tons. A royalty payment of £134,750 on this amount certainly cannot be regarded as extravagantly high. Fortunately the company is a cheap producer of crude oil, and even if it feels compelled to compromise with the Persian Government, it should be able to afford a fixed minimum royalty without serious discomfort to the shareholders.

Tate and Lyle.—The report and accounts for the year ended September 30, 1932, confirm the good impression created by the preliminary figures. The company is the leading sugar refining business in Great Britain, its principal works being in Liverpool and Silvertown, London. Its trading profits have shown a steady expansion, except in 1930, when stocks of sugar had to be heavily written down to meet current market values. In 1931 the trading profits recovered to a figure which represented the normal growth, disregarding the abnormal previous year, and for the year to September 30, 1932, a further increase was shown:—

	1930.	1931.	1932.
Trading profit	£ 213,949	905,372	1,010,366
Dividend and rent received	179,503	94,582	72,386
Total	393,452	999,954	1,082,752
Fees	7,514	7,222	7,722
Depreciation reserve	Nil	100,000	100,000
Debenture interest	46,354	91,250	91,250
Earned for dividends	339,584	801,482	883,780
Gross preference dividend	71,500	71,500	71,500
Earned for ordinary dividend	268,084	729,982	812,280
Ordinary shares—Earned %	7.9	24.1	26.5
Paid { Interim (%)	4	4	4
Final (%)	6	9 1/2	12
To investment reserve	Nil	70,000	55,000
To general reserve	26,651*	100,000	200,000
To dividend reserve	Dr. 80,000	80,000	10,000
Carry forward	40,850	61,832	65,112

* Debenture issue expenses were written off against general reserve in 1930.

The company has maintained a conservative financial policy, £515,000 having been applied to investment, dividend and general reserves in the last two years, apart from £200,000 placed to depreciation reserve. The balance sheet is strong, current assets (excluding stocks) exceeding current liabilities by £1,064,523. The stocks as valued by the directors amounted to £1,797,577, against £1,465,829 in the previous year. If fixed assets of £6,362,762 be added and debenture and preference capital be deducted, the net break-up value of the ordinary shares is, on the balance sheet showing, 37s. 6d. On an earnings basis the ordinary shares appear to be conservatively valued at their present market price of 58s., at which the dividend yield is £5 10s. 4d. per cent. The

chairman, on December 6th, will doubtless discuss the sugar outlook. The company's prosperity depends largely on the success with which it buys its raw sugar supplies. Sugar prices have risen since June, but this does not imply that the company has written up its inventories.

Pease and Partners Reorganisation.—The committee set up under a moratorium scheme last year to advise on the finances of this ironstone and colliery undertaking has now recommended an entire reorganisation. The scheme provides for the reduction of the capital from £3,000,000 to £1,500,000 by cancelling 10s. of each £1 share. The shares are to be divided into 1s. units, and nine out of each ten surrendered. The remaining units will then be re-consolidated into 10s. shares. The 5 per cent. debenture stockholders are to surrender 30 per cent. of their holdings for cancellation and are to receive in exchange £40 in fully-paid shares for every £30 of stock surrendered. Arrears of interest are to be cancelled and no further interest will be payable until March, 1938, when a 5 per cent. non-cumulative interest will be payable out of yearly profits. Sinking fund payments are waived to the date of the scheme, but till March 31, 1938, two-thirds of the available profits are to be applied in redeeming the 5 per cent. stock and a bank debenture. After March, 1938, 2 per cent. of the stock and 2 per cent. of the bank debenture is to be redeemed each year, irrespective of profits. Payment of interest on the 4 per cent. irredeemable debenture stock is to be continued. Unsecured creditors are asked to waive accrued interest and are to receive credit notes of a nominal value of 70 per cent. and fully-paid shares of a nominal value of 30 per cent. of the amounts owing. The notes will bear no interest until March, 1938, but thereafter will carry 4 per cent. non-cumulative, payable after payments have been made to the 5 per cent. stockholders. Lenders of the Trade Facilities Loan and a secured loan from the bankers will look to their collateral security for payment of interest and principal until 1942. Interest not so paid will be satisfied by the issue of further 5 per cent. stock. The company is authorised under the scheme to issue new capital and borrow on specific mortgages. The scheme is undoubtedly drastic, but inevitable in view of the company's position. No dividend has been paid since 1924-25, and on March 31st last there was a deficit at profit and loss of £1,714,139. The substitution of a largely nominal ordinary capital for heavy prior charges will relieve the company of an insupportable burden during the period of reconstruction.

A Dunlop Alliance.—An important merger of elastic thread interests has been brought about by the formation of a new company, to be known as the Dunlop Revere Thread Company. The new organisation will be responsible for the manufacture and sale of the standard

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AGENTS IN CANADA:

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products of Dunlop Rubber and United States Rubber, the two large interests concerned. It will also develop new lines, including a thread produced directly from the "latex" of the rubber tree. Hitherto all rubber thread has been square and cut from fine sheets of milled rubber. The new round thread offers considerable material advantages in the manufacture of corsets, garters, suspenders, braces, abdominal belts, etc. Another process developed by the United States company is concerned with the production of elastic yarns, embodying the use of cotton, silk and other textile fibres, which can be knitted or woven into fabrics of all types—though the new company will leave the manufacture of fabrics and completed manufactures to the weaving and knitting industries. In America it is understood that a significant part of the corset trade has adopted the new material, and its application to the dressmaking trades may follow.

Swedish Match Capital Reorganisation.—The last legal stage in the salvaging of this company from the Kreuger wreck was accomplished in Stockholm this week, when shareholders accepted a proposal to reduce the share capital to 90 million Swedish kronor, the nominal value of each share to be Kr. 25, against Kr. 100. The number of shares is not changed, the "A" series amounting to 900,000 shares and the "B" series to 2,700,000. The meeting was called to consider the administrators' report. The moratorium which was granted to the company after the Kreuger collapse has now expired, and a renewal is not being sought. British shareholders are to nominate two of the twelve members of the control board which is to administer the company's profits. The agreement reached with the creditors stipulates that the company is to pay 6 per cent. interest on its debts, with amortisation dependent on yearly earnings. It was stated at the meeting that interest on the bond loan of 1931 would soon be paid. It is anticipated that profits for a considerable time will be absorbed by the payment of debts, but the creditors have agreed that some small fraction of profits shall be set aside for dividend purposes when each of the creditor's claims has been reduced by 80 per cent.

Consolidated Gold Fields.—Our mining correspondent writes:—Twelve months ago this company's incursion into West African mining appeared unlikely to yield satisfactory results, while the outcome of its participation in the West Australian gold industry seemed equally doubtful. Subsequently, good progress has been made in both fields, and at the moment these interests promise to be among the company's most successful ventures. Its most profitable Transvaal subsidiary—the Sub Nigel—is giving increasingly satisfactory results, but an improvement in world conditions is a necessary condition of a better return from the company's base metal and miscellaneous interests. The results of the past three years are summarised below:—

	1930.	Year ended June 1931.	1932.
Investments	4,290,610	3,826,520	3,254,660
Shares in subsidiaries	1,147,590	1,118,640	1,475,590
Properties and ventures	399,090	477,490	523,020
Loans at short call	338,130	17,400	33,060
Debtors	263,090	177,440	295,650
Cash advances, &c.	672,450	1,234,390	1,423,640
Cash	376,220	150,090	210,030
Creditors	200,950	466,250	383,850
Net profit*	330,890	149,790	136,380
Dividends, preference*	127,740	146,460	133,640
Dividend, ordinary, per cent.*	7½	Nil	Nil
Carried forward*	55,780	59,110	61,860

* Gold Fields Company. Other figures relate to the New Consolidated Gold Fields.

Last year's gross profit of the operating company, the New Consolidated Gold Fields, was £448,560, as against £368,140 in 1930-31. Substantial depreciation has again to be faced, but the sum required is no more than £278,850, as against £718,280—the bulk of which was met out of reserve. The payments on the company's preference issues are sufficient to cover the service of the

parent company's preference capital, but once again there is no dividend on the ordinary. The financial position of the New Consolidated Gold Fields has been considerably strengthened. The surplus of cash assets now exceeds £150,000. Since the date of the balance sheet "the value of the company's investments has appreciated very considerably." There is a disposition on the market to expect a distribution on Gold Fields ordinary as a result of the current year's operations.

Wiluna Gold Corporation.—A casual glance at the company's accounts—which are made up to March 31st last—may convey an erroneous impression of the real position. A net loss of £37,870 is indicated. This is due mainly to the payment of interest on the 10 per cent. notes, and raises the debit balance to £61,560. The company, however, operates through an Australian-registered undertaking, and as the latter paid no dividends, the income of the corporation consisted merely of "sundries." In fact, the monthly operating surpluses were of very modest dimensions until the beginning of 1932, after which—partly as the outcome of a change in book-keeping methods—a noteworthy expansion occurred. In place of the usual statistics relating to the financial period, the manager gives a tabulation of the results from the commencement of crushing, in March, 1931, to the end of that year, the figures being contrasted with those for the eight months ended August last. In the one case, revenue was £377,200; in the other, £480,000, the corresponding surpluses being £105,000 and £215,700. An appreciable improvement is indicated on the percentage of extraction, but the chief factor in the position has been the expansion in the gold exchange premiums. Shares in and advances to the Wiluna Gold Mines figure in the balance sheet at £1,185,100, and cash at £73,460. Against the Government-guaranteed note issue of £300,000, the last-named concern has repaid £25,000 and will clear off a further £50,000 in January next. Possibly the decision as regards the payment of dividends on the shares of the Wiluna Gold Corporation will depend largely upon the policy followed in regard to the liquidation of the balance of the subsidiary's notes. As the corporation's notes are convertible into shares at par, it may be taken for granted that holders will exercise their rights. In that case the issued capital will stand at £1,030,000. The current price of the shares is around 45s., and of the notes, £185. On the mining side a feature is the increase in the ore reserves. At August 31st the tonnage was estimated at 1,257,000, an expansion of 478,000 tons upon the computation of August 1, 1931. The average value of 38s. 4d. (gold) is practically the same as before. Satisfactory exposures have been made on a third ore body named the No. 2 Westlode, and indications have been obtained of the existence of lode matter at a considerable distance north of the main workings. In view of these discoveries the management has taken the precaution of securing leases all round the original area. Work in connection with the extension of the treatment plant is making good progress, and by the middle of 1933 the originally projected tonnage of 40,000 tons monthly should be going through the mill. The outlook, consequently, promises still larger profits, subject to the rate of exchange. Given a continuance of favourable developments, the flotation of one or more subsidiaries may be expected.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Royal Bank of Scotland, English, Scottish and Australian Bank, Charterhouse Investment Trust, Beaver Trust, and Richard Thomas and Company. At the meeting of the English, Scottish and Australian Bank Mr Andrew Williamson pointed out that total Australian savings bank deposits had shrunk from over £220 millions in December, 1929, to approximately £193,500,000, but by June, 1932, the figure had recovered by £4,500,000. At the annual meeting of Richard Thomas and Company Sir W. Firth said that he doubted whether the steel plant of

the world had been working much above 80 per cent. of capacity during the past twelve months. It was conceivable that the only way to avoid losses would be by entering into international arrangements between producing countries and allocating to each a percentage of world demand. Presiding at the annual meeting of the Charterhouse Investment Trust, Sir Arthur Marshall referred to plans regarding the company's holding in the Monument Property Trust, whose preference and ordinary shares, of a nominal value of £194,190 stood in its books at £172,311.

CAPITAL ISSUES.

THE issue market remains quiet. This week's public offers included a 7 per cent. preference share issue by Oswald Tillotson, Limited, a progressive business, which holds the selling rights of Associated Equipment Company vehicles in the North of England, and has interests in three goods transport companies. Earnings afford satisfactory cover for a high-yielding security. Bowater's Mersey Paper Mills, Limited, which is only just completing its first year of full normal production, has contracted for its entire newsprint output until the end of 1935. The preference shares rank after £650,000 of 6½ per cent. first mortgage debenture stock, and, from an income point of view, appear to place a full valuation on the company's future prospects. The week's Stock Exchange "placings" included the inevitable greyhound issue, a 5 per cent. mortgage debenture stock by a brewery, to pay off bank loans, and a London "introduction" of the shares of a Canadian gold mining enterprise.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.					
Total recorded, Jan. 1 to Nov. 26, 1932, excluding conversions, £184,863,946.					
Total recorded, Jan. 1 to Nov. 26, 1932, including conversions, £775,388,248.					
National Savings Certificates.		Net receipts, week ended Nov. 26, 1932, £	New Conversions, £	First Mortgage, £	Further Payment, £
To the Public.		£	£	£	£
Oswald Tillotson, 100,000 7% cum. pref. shares of £1 each at par	100,000	...	100,000	12,500	87,500
Bowater's Mersey Paper Mills, 500,000 5½% £1 cum. pref. shares	500,000	...	500,000	62,500	437,500
Total	600,000	...	600,000	75,000	525,000
To Shareholders only.		Nil	Nil	Nil	Nil
Total Offered for Subscription—Including Conversions.		£	£	£	£
Jan. 1 to date—	£	£	£	£	£
1932	775,138,248	185,613,946	114,290,666	102,044,291	...
1931	112,379,416	100,133,041	454,888,784	267,800,700	...
1930	421,594,686	239,202,055	488,764,940	285,239,400	...
1929	485,619,963	281,294,363	693,100,056	369,058,073	...
1928	530,194,284	355,813,301	...	355,165,970	...
1927	...	345,533,205	...	230,782,600	...
1926	...	215,756,575	...	232,214,500	...
1925	...	219,310,790	...	209,326,101	...
Nature of Borrowing.		£	£	£	£
January 1 to date—	£	£	£	£	£
1932	168,270,331	11,788,182	5,555,433	185,613,946	...
1931	75,024,349	6,911,859	18,196,833	100,133,041	...
1930	201,667,358	15,694,638	21,840,059	239,202,055	...
Whole year—	£	£	£	£	£
1931	74,835,599	6,911,859	20,296,833	102,044,291	...
1930	227,658,500	15,548,800	24,593,300	267,800,700	...
1929	137,670,300	31,543,400	116,025,700	285,239,400	...
1928	218,817,300	45,062,600	111,177,600	369,058,100	...
1927	228,958,000	98,381,400	46,209,500	255,156,600	...
1926	145,180,000	39,393,200	...	230,782,600	...

By Stock Exchange Introduction.			
Amount previously recorded	Capital Introduced.	Price Dealings Began.	Cash Involved.
Week to Dec. 3, 1932.	14,061,401	...	15,290,186
Total to date, 1932.	14,061,401	...	15,290,186
Total to date, 1931.	8,757,183	...	8,883,578

PUBLIC OFFERS.

Oswald Tillotson.—Issue at par of 100,000 7 per cent. cumulative preference shares of £1 each. The business was established in 1910 and transferred to the present company in 1929. The company has the selling rights in nine northern counties of vehicles manufactured by the Associated Equipment Company. Combined adjusted profits for the past three years were £25,498 in 1929; £30,513 in 1930; £26,202 in 1931. A dividend of 10 per cent. was paid in respect of the years mentioned.

Bowater's Mersey Paper Mills.—Issue of 500,000 5½ per cent. cumulative preference shares of £1 each at par by London

and Yorkshire Trust. The company was formed in 1929 to manufacture newsprint paper. Approximately the whole of the company's present output has been disposed of under contract until the end of 1935. The directors state that the profits for the year to December 31, which is the first year of full normal production, will exceed £95,000 before debenture interest. On this basis there will be a balance of £32,750 to cover the dividend on the present issue. Profit at full capacity should amount to £180,000 per annum.

Stock Exchange "Introductions."

Ashley Gold Mining.—Authorised capital, £3,000,000 in shares of \$1 each. Of these, 2,516,672 are fully paid, or credited as fully paid. The company was formed in Canada in January, 1931, to carry on mining developments, explorations, etc. At the present stage it is impossible to make any accurate estimate of profits. There is no loan capital.

Wells and Winch.—An issue will be made of £150,000 (part of an authorised issue of £200,000) 5 per cent. mortgage debenture stock. The stock will be secured under terms of a trust deed in favour of the Royal Exchange Assurance and will be redeemed by means of a cumulative sinking fund of 17 per cent., calculated to redeem the issue by December, 1962. Interest on the new stock will be paid half-yearly. The object of the issue is to pay off bankers' loans. Net profits for the three years from 1930 are £50,837, £46,880, £52,020. Messrs Rowe, Swann and Company have agreed, for a fee of 1 per cent. of the nominal amount, to place the whole of the issue at 98 per cent.

Albion Greyhounds.—Total issued capital is £57,500, of which £38,500 is in ordinary shares of 5s., and £19,000 in deferred shares of 1s. The company was formed in 1927 and was among the first to be licensed by the National Greyhound Club. Net profit, after deducting the usual fees, was £51,033 in 1930-31, £71,475 for 1931-32, and £57,084 for the seven months to December last.

RESULTS OF ISSUES.

Oswald Tillotson.—The lists for the 100,000 seven per cent. cumulative preference share issue were closed at 10.16 on Tuesday owing to over-subscription.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Nov. 24, 1932.	Price, Dec. 1, 1932.
Conversion 3%, 1948-53	97½	5	1½-1½ dis	1½-1½ dis
Treasury Bonds 2%, 1935-38	100	5/8	1½-1½ dis	1½-1½ dis
Albion Greyhound Ord.	...	1/-	...	14/9-15/3
Associated Newspapers 4½% 10 Year	98	...	98½-98½	97½-98½
Notes	...	...	100½-101½	100½-101½
Australia 3½%, 1936-37	97½	Fy pd	98½-98½	97½-98½
Birmingham and District Investment Trust 4½% Deb.	2/-	2/-	100½-101½	100½-101½
Blackpool Greyhound 2½% Deb.	...	...	2/1½-2/4	2/1½-2/4
British Plaster Board Ord.	...	...	3½-3½	3½-3½
Carlton Main Colliery 6% Deb.	98	25	44-5½ pm	44-5½ pm
Covent Garden Properties, 4½% Deb.	88	55	1½-2½ pm	1½-2½ pm
Daily Mail Trust New Ord.	25/-	6/-	8/5-9/9 pm	8/5-9/9 pm
Do. New 5% Pref.	14/-	Fy pd	44½-10½ pm	44½-10½ pm
Dumpton Greyhound 2½% Deb.	...	...	1/7½-1/10½	1/7½-1/10½
J. G. Graves Pty. Pref. Ord. 5½%	20/-	6/-	1½ dis-1½ dis pm	14/1½-14/4
Olympia 4½% Deb.	...	...	102-103	102-103
London City Properties 5½% Pref.	21/6	4/-	100½-101½	100½-101½
Lowell and Christmas 4½% Deb.	...	...	100-102	100-102
Marston Thompson and Evershed 4½% Deb.	93	5	11½-1½ dis	2-1 dis
Met. Water Board 3½% "B" Stk.	23/6	...	1/10½-2/1½ pm	1/7½-1/10½
North-Eastern Electric New Ord. £1	95	25	11½-1½ dis	11½-1½ dis
Olympia 4½% Deb.	...	...	19/0-19/6	19/--19/6
Portsmouth Newspapers 5% Pref. £1	20/-	Fy pd	9/7½-10/1½	9/6-10/1
Price's Tailors 7% Pref. Ord.	101	Fy pd	22/9-23/9	22/9-23/9
Qualcast 7% Cum. Pref. £1	101	Fy pd	102-102½	102-102½
Selfridge Provincial Stores 5% Deb.	1/-	...	1/4½-1/7½	1/4½-1/7½
Southend Stadium Deferred (1/-)	10/-	...	2/9-1/9 dis	2/9-1/9 dis
Do. Preferred (10/-)	96½	21½	2½-1½ dis	2½-1½ dis
South Africa 3½% Ins. Stk., 1953-73	...	...	100-102	100-102
South Metropolitan Gas Pref.	...	...	1 dis-par	1 dis-par
Southern Railway 4% Deb., 1962-67	100	25	100½-101½	100½-101½
Stevenson (Hugh) 6% Deb.	99	Fy pd	2½-3½ pm	2½-3½ pm
Thames House 4½% Deb.	...	...	...	...
Wanderer Gold	...	...	...	...
Yorkshire Dyers & Frothing (10/-)	12/-	Fy pd	9/6-10/6	9/6-10/6

Calls Due November 30th to December 7th.

The grand total of calls falling due in December, 1932, is £166,683,160, which compares with £1,605,286 which fell due in December, 1931. The following calls fall due from November 30th, 1932, to December 7, 1932.

	Due Date.	Call.	Already Paid.	No. of Shares or Amount.	\$
Conversion Loan (3%), 1948-53, offered at 97½%	Dec. 1	52½%	5%	£300,000,000 (a)	157,500,000 (a)
Dublin Corp. 4½% Red. Stock at 96%	Dec. 6	30%	26%	£650,000	195,000
Metropolitan Water Board 3½% "B" Stock at 93%	Dec. 2	23%	5%	£2,000,000	460,000
South Africa 3½% Inscribed, 1953-73, at 94½	Dec. 4	25%	21½%	£8,000,000	2,000,000
Treasury Bonds, 2%, 1935-38	Dec. 1	95%	5%	...	...
Covent Garden Props., 4½% Deb. Stock at 98%	Dec. 5	43%	55%	£1,000,000	430,000
Kuala Lumpur Rubber, 2½% Pref. ...	Dec. 1	3d.	1/3	60,000	750
South Malay Rubber, 2½%	Dec. 1	1d.	1/10	591,530	2,414
South Metrop. Gas, 4½% Pref. at 101½ minimum	Dec. 7	85%	16%	£850,000	*722,500
Tenom Rubber, 2½%	Dec. 1	1d.	1/9	1,026,818	4,695

(a) Excluding Post Office Issue. * On minimum price.

(a) Excluding Post Office Issue.

* On minimum price.

COMPANY MEETINGS, &c.

ROYAL BANK OF SCOTLAND.

ANNUAL GENERAL COURT OF PROPRIETORS.

SUCCESSFUL RESULTS—DIVIDEND MAINTAINED.

STRONG LIQUID POSITION.

WORLD ECONOMIC AND TRADE CONDITIONS.

DUKE OF BUCCLEUCH'S SPEECH.

The Annual General Court of Proprietors of the Royal Bank of Scotland was held at Edinburgh on Wednesday, 30th ultimo, His Grace the Duke of Buccleuch, K.T., Governor of the Bank, presiding.

In moving the adoption of the report, His Grace said:—

I presume it will be your pleasure that the annual report and balance sheet, which have now been in your hands for some days, shall be taken as read. The directors are pleased, in a year of exceptional difficulty, to submit a statement of so satisfactory a nature.

INCREASED DEPOSITS.

The deposits are up by nearly six and a half million pounds—the amount as appearing in the balance sheet being £55,898,000. A certain increase in deposits is believed to be common to all banks at present, and is due to several obvious causes. With such high figures there is, of course, a tendency to fluctuation from time to time. The scheme for the encouragement of small depositors continues to grow in popularity.

Notes in circulation at £2,780,000 are practically the same as last year, whilst drafts outstanding and acceptances show increases.

STRONG LIQUID POSITION: INVESTMENTS.

On the other side of the balance sheet there is marked evidence under all the usual heads of the highly liquid condition of the bank. In view of the rise in deposits it is not surprising to find an increase of £5,800,000 in British Government securities alone—the total held being nearly £21,000,000. At this time last year we had to record quite an abnormal fall in the prices of British Government securities following upon the serious political and financial crisis; but, thanks to the strong internal position of the bank, we were able to state that all the bank's investments were valued at or under the low prices then ruling. It is scarcely necessary to remind you of the marked change in the position since that time owing, in a large measure, to the various conversion schemes which have been carried through, and especially that stupendous operation the conversion of the 5 per cent. War Loan. A further factor is, of course, the increasing weight of unemployed money. The whole basis of British Government securities as regards yield has been altered, and there has been a remarkable rise in prices from which we have necessarily benefited.

BANKING ADVANCES: AMPLE RESOURCES FOR TRADE.

It is interesting to note that, notwithstanding the inactivity in many trades, our banking advances on cash credit and current accounts at £21,468,000 remain at about the same figure as last year. In view of our increased resources it is manifest that we are in a position to make advances on a much increased scale to our trading and other borrowing friends, and we are looking forward to the time when, owing to recovery in conditions, fresh proposals for accommodation on legitimate banking lines will be submitted to us in substantial volume.

BILLS DISCOUNTED: TREASURY BILLS.

Owing to existing conditions, and especially to the falling off in foreign trade, there is still a marked dearth of bills of exchange, and our portfolio of commercial bills discounted shows a slight reduction. On the other hand, our increased holding of Treasury bills amounting to £2,795,000 contributes a further strong element of liquidity to our assets.

PROFITS.

Looking now at the profit and loss account, we have to note that the profit shown for the year records a reduction of over £6,000 compared with the previous year. The year has been one of quiet and unexampled character as regards rates—embracing a period of extremely high rates in the earlier months and quite a low level

in the later period. This latter condition continues. In all the circumstances the directors think it a matter for satisfaction that the profits of the year have been so little affected—keeping in view that, according to our usual custom, before these are arrived at, all bad and doubtful debts have been fully and carefully provided for.

APPROPRIATIONS.

The directors have, accordingly, been pleased to find themselves in the position to recommend a dividend for the half-year, payable at Christmas, at the same rate as formerly—17 per cent. per annum—and to make the usual appropriations to bank buildings and heritable property and pension reserve fund. After making these appropriations there is a surplus of £72,790, which, following the precedent of last year, the directors now propose should be carried to inner reserves against contingencies. The published rest of reserve of the bank remains at £3,780,928, being slightly more than the paid-up capital. This, it is submitted, is an impressive figure, and there does not seem to be any call to add to it on this occasion. The directors rather take the view that in these difficult times, when it is impossible to avoid losses, it is the better policy to supplement the bank's contingency funds, upon which they are able to draw when exceptional provision falls to be made. The general business of the bank and of its various constituents, including its associate Williams Deacon's Bank, Limited, has been well maintained during the year.

TRADE IN SCOTLAND: FARMING.

The greatly hoped-for general recovery of trade is still a thing of the future, although there are not lacking evidences of improvement in different industries, and with returning confidence a better feeling prevails. A few very brief observations may be offered on conditions in Scotland. Coal exports have increased and lost markets are being recovered, but quota restrictions complicate the position. Shipping and shipbuilding continue at a low ebb, and there is no substantial relief as yet for the great heavy industries. The manufacture of hosiery is better, and there are encouraging reports of paint, colours, etc., as well as of certain special branches of chemical manufacture. In certain sections of textiles there is an increased turnover and the outlook is favourable. Turning to one of the newer trades—on its retail side—it is satisfactory to note the increased sales of motor cars—due, no doubt, in some measure to the skill and enterprise of manufacturers in supplying the types of car required at exceptionally cheap figures. A number of other examples of improvement might be given, but they only provide an indication of favourable tendencies—some of them due to the measures adopted by the National Government. It may be noted that in a number of trades stocks are quickly reflect itself in increased orders for the manufacturer. As something new there has been a development of the canning industry. Our great industry in Scotland—farming—continues in a depressed condition, and there is no department of our economic life where alleviation is more urgently called for. Meanwhile the recent restrictions on imported beef and mutton are making themselves felt in a much-needed increase of prices, whilst under the Government's quota scheme growers of wheat can look forward to better results. Much more, however, remains to be done towards restoring agriculture to a satisfactory profit-earning basis.

THE WORLD POSITION: RESTRICTIONS WHICH ARE STIFLING TRADE. Taking the larger view, it is obvious that no general return of profitable trading conditions can be looked for until a great change has taken place in the state of the world at large. The situation is dominated by two vital issues affecting the relations of nation to nation, namely, war debts and reparations. All over Europe, as well as in other parts of the world, there is a highly organised system of barriers, exchange controls, import monopolies, bounties, licences, quotas, prohibitions, and numerous other devices, which are

paralysing the normal interchange of commodities. We have it on the highest authority that "none of us liveth to himself," and it has been demonstrated as equally true that no nation can live to itself. Under modern conditions, more than ever before, all the nations are bound together and prosperity cannot be isolated in one area whilst depression and poverty rule in another. What is urgently called for is the operation of forces—strong moral and economic forces—which will cut through all the jungle of restrictions which are stifling the trade of the world, and so set free the natural flow of commerce between peoples.

WAR DEBTS: THE WORLD ECONOMIC CONFERENCE.

The United States of America need only to be mentioned in this connection. That country does not appear to have gained in any proper sense by the payments she has received to account of her war debt claims, and, notwithstanding all her great stores of gold, her trade is in no better case than that of some of her stricken debtors. Her answer to the request of Great Britain and other debtor nations for an extension of the moratorium is a refusal, and Great Britain must now address herself to the prospect of having to make a further payment on December 15th. This can be accomplished, but only by adding to the sacrifices which this country has already so abundantly made, without even the satisfaction of knowing that the United States is herself to benefit. In the form in which payment is likely to be made it would seem that it can only result in further contracting American trade and intensifying world depression. The repercussions from this attitude of the United States must affect the prospects of the World Economic Conference which is to be held in London with a view to arriving at some solution of the great problems to which I have referred. Substantial progress was made at Lausanne, although its fruition must be affected by the latest decision from Washington. There are many difficulties and complications, but we must all earnestly desire that in the long run this great assembly upon the success of which so much that is vital depends, will bring permanent relief from those ills which are bearing so heavily upon the economic life of the world. Meanwhile, hopes are being built upon the work accomplished by the Conference at Ottawa.

BRITAIN'S RECOVERY: HER BANKING SYSTEM.

In the meantime, so far as our own country is concerned, there is nothing for it but hard work and a constant effort to make the utmost of conditions as they are. We have only to think of the serious and critical position fourteen months ago to realise the extraordinary recovery that has already been made. In this connection it is a subject of pride that the banking system of the United Kingdom has met the strain of a period of much difficulty in a remarkable way, and has provided an example of strength and stability.

TAXATION.

It is extremely difficult at this moment to see how it is to be accomplished (and America's decision regarding her debt has added greatly to that difficulty), but there is no doubt that some remission in direct taxation would do more than almost anything else to encourage our sorely burdened traders and citizens. The case for a reduction in the income tax has been rendered all the more clamant by the sacrifices the holders of the 5 per cent. War Loan and other issues have been called upon to make on patriotic grounds when giving their loyal support to the conversion schemes.

DIRECTORATE.

The directors have to record with profound regret the death of the Right Hon. the Earl of Inchcape, whose name has occupied an honoured place in the list of extraordinary directors for the last sixteen years.

THANKS TO OFFICIALS AND STAFF.

The directors again desire to place on record their high appreciation of Sir Alexander Wright's services to the bank during the past very difficult year, and to extend their expressions of thanks to the other officials and whole staff at head office, London—the City and West End offices—Glasgow, and Dundee, and all the other branches, for their loyal and willing support.

APPROVAL OF ACCOUNTS: DIVIDEND.

With these observations, I beg to propose the report now submitted, containing a statement of the accounts and balance sheet, be approved, and that out of the profits of the year a dividend at the rate of 17 per cent. per annum for the half-year, under deduction of tax, be now declared in conformity therewith.

The report was approved, and the governor, deputy-governor, extraordinary directors and the retiring ordinary director were re-elected, and the auditors were reappointed for the ensuing year.

CHARTERHOUSE INVESTMENT TRUST, LIMITED.

SIR ARTHUR MARSHALL ON THE POSITION AND OUTLOOK.

The seventh annual general meeting of the Charterhouse Investment Trust, Limited, was held, on the 29th ultimo, at Southern House, Cannon Street, London.

Sir Arthur H. Marshall, K.B.E. (the chairman), said: Our balance carried to balance sheet, or net profit, as it might be called, is down by £13,422, of which £7,862 is represented by provision for balance of loss on sale of Associated British Maltsters shares, and is not, therefore, comparable with the previous year. Omitting this item, the fall in net profit is £5,560, or about one-half of 1 per cent. on our capital.

The balance sheet discloses a strong liquid position with cash amounting to over £300,000. I specially mentioned last year that it was our policy to be liquid and thus able to take advantage of suitable business when the time arrived. I am now more than ever convinced that this policy is the right one. Those having the best class of financial business to negotiate are naturally attracted to a finance house which is patently in a position to carry through its commitments, and we feel sure that our annual accounts are constantly studied in this light by those intending to offer us their business.

My speech last year and our report this year have dealt very fully with our holding of ordinary shares in Associated British Maltsters, Ltd. It must, of course, be a matter of the keenest disappointment to us and to those shareholders who purchased shares from us that the Maltsters company has had a poor year's trading and that no dividend has been paid on its ordinary shares. In the circumstances, I am bound to say that that company has done well to earn sufficient net profit to pay its preference dividends, and as stated in our report, we hope and believe that it will show a substantial recovery when circumstances alter.

In regard to the Monument Property Trust, Ltd., you will see that preference and ordinary shares of a nominal value of £194,190 stand in our books at £172,311, or nearly £22,000 below their par value. We have been making plans for several months which should now shortly mature, whereby we hope to deal with this holding to the advantage of your company.

In many ways the past year has been the most difficult and the most critical in our seven years' history, but I am thankful to say it has ended better than it began. I am on dangerous ground in making a prophecy, but I really think there are grounds for hoping that it will prove to have been the low point of our profit history.

At the date of the closing of your company's yearly accounts, it is true to say that there were signs of returning confidence. New issues were being carried through successfully. The courageous steps taken during the summer months by the Government in regard to the conversion of loans had been met by the wonderful response of the holders of those loans; the larger capitalist and the small investor alike played their parts. The situation had definitely improved.

At this moment we are confronted with a difficult situation in the sphere of international finance. Problems of an unprecedented nature have to be faced. I most devoutly hope that those who are engaged in the direction of international and national affairs in this and other countries will find a speedy and satisfactory means of stimulating the growth of that tender plant—confidence. (Hear, hear.) For confidence is at the very foundation of all our own and the world's trade and commerce.

Mr H. Nutcombe Hulme, M.C. (managing director), said: The new issue market would appear to be re-opening, although I think the process will be a slow one and will present some novel features. I have often said that our business is subject to the vagaries of fashion and that the public taste shifts from Government securities to industrials, and from debentures to equities, as surely as the fashion changes in ladies' hats. Apart from swift changes, there are major and slower changes, and I think one of them is going on now. The great demand since the war has been for larger and larger capital issues, which therefore made fashionable and indeed practicable the many mergers and amalgamations which have taken place. Now, I see signs of a change, and I believe the reason for it is this.

It has been found, particularly on the productive side of industry, that very large concerns are less resilient to violent fluctuations in the trading and exchange conditions of the past three years. The well-managed smaller business, on the other hand, seems to have been better able to adjust itself to the quickly changing conditions, and in the result, as a group, these smaller businesses are showing a more stable record of profits. Thus the securities of what I would term, with all respect, "the lesser lights," are making a greater appeal both to professional and private investors, and will, I think, continue to do so provided they are offered upon fair terms.

The report and accounts were unanimously adopted.

ENGLISH, SCOTTISH AND AUSTRALIAN BANK, LIMITED.

POSITION IN AUSTRALIA—PREMIER'S PLAN.

IMPROVED TRADE BALANCE.

MR ANDREW WILLIAMSON'S REVIEW.

The fortieth ordinary general meeting of English, Scottish and Australian Bank, Limited, was held, on the 30th ultimo, at 5, Gracechurch Street, London, Mr Andrew Williamson (the chairman) presiding.

Mr E. M. Janion (London manager and secretary) having read the notice convening the meeting and the auditors' report,

The Chairman said that the year covered by the accounts to June 30, 1932, had again been one of great difficulty and anxiety, not only to bankers but to the whole community, and it was not too much to say that it had been the most momentous year in the history of Australia. It had, however, also been one of some real constructive achievement, and it closed in a more hopeful atmosphere than that in which it opened. It began with divided counsels with regard to the working out of the Melbourne agreement and with a critical state of affairs both politically and socially prevailing in New South Wales. It closed with harmony in plan and in practice between all the Governments.

PREMIERS' PLAN.

In April, 1931, the position had become so acute and menacing that the Commonwealth Bank found it necessary to intimate to the Loan Council that it would not continue to provide finance for the various Governments beyond a definite limit. The result of this was the appointment of a strong committee, who made a close investigation of the position and set out the steps which they considered necessary in order to restore financial equilibrium. A conference of the Federal and State leading Ministers was then summoned to consider the report of this committee. At that time the position was that the national income had fallen seriously; the inflow of borrowed money had ceased entirely; the Federal and State Governments were all living far beyond their means; and world prices for Australia's primary products had fallen alarmingly.

The result of the conference was the decision resolutely to face this dangerous situation and the adoption by the Commonwealth and all the States of drastic measures to extricate Australia from the financial morass into which it was all too obviously sinking.

Those measures were contained in a scheme which had since been known as the Premiers' Plan, the great objective of which was the progressive balancing of the Budgets of all the Governments.

A CONSTRUCTIVE ACHIEVEMENT.

The real constructive achievement of the past year was that, notwithstanding wholly unexpected and serious difficulties by the defection of the then Government of New South Wales, the largest and most populous State, the main features of the Premiers' Plan had been put into force, and, under new Governments of the Commonwealth and of New South Wales, the Governments of the whole of Australia now presented a united front in their determination to carry out this scheme of rehabilitation.

Notwithstanding the temporary breakaway of New South Wales, the combined Budget deficits were brought down to just over £20,000,000 from a previous estimate of about £40,000,000. This was substantially aided by the British Government immediately sharing with the Dominions the concessions arising out of the Hoover Moratorium, and for the current year the estimated combined deficits had been reduced to £9,000,000, assuming that the British Government again postponed the annual payments in connection with the war debt due to them. If not, the deficit for this year would be increased by about £2,500,000.

CO-OPERATION OF THE BANKS.

The banks had loyally from the first co-operated in supporting the measures of the Premiers' Plan, as being essential in the best interests of the whole community, although these measures had involved severe inroads for the present upon their normal earnings. The reduction of interest on deposit receipts and advances immediately adversely affected them, and they were also adversely affected by the heavily increased taxation and the reduced interest on Government loans. Again, the mobilisation of overseas exchange, whereby the banks agreed to give the Government prior claim on their London exchange to the extent of £36,000,000 per annum, so as to ensure the Governments having at all times sufficient money in London punctually to discharge all their obligations for loan interest,

etc., still held, and necessarily curtailed banking profits. Another aspect of the exchange question which was a source of substantial loss to all the banks last year was the sudden alteration, by the Commonwealth Bank, of the rate from £130 to £125, right in the middle of the export season, when all the trading banks had for some months been buying largely exporters' bills on London, without which the overseas trade from Australia would have been brought to a standstill, and when there had been no opportunity of covering their purchases in the ordinary way.

At a time of national emergency such as the present this was not a loss that should fall on the trading banks, who had no control over the movement of the rate of exchange, but upon the Commonwealth Bank, who, as the central reserve bank of the nation, exercised that control, and who, it had to be remembered, had no shareholders dependent upon them for dividends, and paid no taxes.

The trading banks' views in this really vital matter were submitted for consideration in the proper quarter, and he was glad to say he did not think they would again be subjected to this onerous burden. The Commonwealth Bank had undertaken to purchase from the trading banks their surplus London funds over a given datum line. In undertaking the duty of control of the exchange rate the Commonwealth Bank had made it clear that they must be free from interference by the Government of the day, and the present Government had publicly stated that the bank should be "free from both the fact and the fear of political control." This was extremely important and reassuring.

The manner in which the Commonwealth Bank had hitherto discharged the duties of the office of a central bank had been so admirable that the whole community had solid grounds for relying upon them now and in the future.

The breakaway of New South Wales and the deliberate default on its overseas obligations, even though these were rapidly assumed and discharged by the Commonwealth Government, affected disastrously for the time the credit of Australia, which was immediately apparent in the heavy fall in Australian Government stocks. The united stand, however, taken to ensure adherence by all to a sound economic policy, and the unqualified determination to discharge all obligations, caused an immediate upward movement in all Australian securities, both internal and overseas. The improvement had indeed been most striking, and, although the phenomenal successful conversion of our own War Loan and the rise in all gilt-tribute of this country's appreciation of the way in which Australia was facing her difficulties. The conversion of the £12,000,000 5½ per cent. New South Wales loan, which matured on the 1st of the present month, into a 3½ per cent. five-year Commonwealth of Australia stock at 97½ was a wonderful achievement. He trusted that Mr Bruce, while he was in London, would be able to follow up this initial success by the conversion on favourable terms of a number of the higher interest-bearing Australian stocks, which could be repaid in terms of their issue.

The Commonwealth Government fully realised that the heavy taxation necessary at present for balancing the Budgets was a tremendous burden on industry and a definite impediment to industrial recovery, and they had declared that taxation would be reduced at the earliest possible moment. By a cable of the 10th of this declaration was now being made, this beginning in reduction of taxation being made possible by a gratifying increase in revenue. Among the taxes to be reduced were:—

- (1) The land tax, which presses heavily on primary producers, and indeed on all owners of land, which was enacted in 1910 for a specific object, is no longer justifiable and should be abolished; this is to be reduced by one-third;
- (2) The level of exemption from the 10 per cent. property super-tax is to be raised; and
- (3) The sales tax is to be removed from a considerable list of articles. This action by the Government will be widely appreciated as a first instalment.

Drastic reduction in Government expenditure was absolutely necessary to render possible the full measure of relief from excessive taxation so urgently required to expedite recovery.

The Commonwealth Government were at the present time issuing in Australia at par a 3½ per cent. loan of £8,000,000 with a currency of ten years.

SAVINGS BANK DEPOSITS.

He thought it would be of interest and encouragement for them to have the half-yearly movement in the deposits in the savings banks in Australia during this anxious time. Beginning with the close of 1929 to the end of June last these were the figures:—

December 31, 1929	...	...	£220,052,000
June 30, 1930	...	...	217,552,000
December 31, 1930	...	...	196,845,000
June 30, 1931	...	...	193,407,000
December 31, 1931	...	...	194,515,000
June 30, 1932	...	...	197,926,000

They thus saw that at June 30, 1931, the total savings bank deposits had shrunk from over £220,000,000 to approximately £193,500,000, equal to over £26,500,000, but that by June 30, 1932, these had recovered by £4,500,000 and stood then at £197,926,000.

OVERSEAS TRADE.

Referring to the position of Australian overseas trade, the Chairman said that, whereas in 1930 the total amounted to £256,208,468, in 1931 it fell to £149,863,775 and in 1932 to £129,652,709. This had of itself told heavily against the earning powers of all the banks, but, so far as the reduction applied to imports, it was essential in the best interests of the community as a whole, and as it applied to exports, which in sterling had shrunk from £125,000,000 to £85,000,000, it was due to the fall in world commodity prices caused by the world depression, over which Australia had no control whatever. The exports last year, notwithstanding the discouragement from the low prices of the previous year, were greater in volume by about one-third, and yet from further falls in price they actually returned nearly £4,000,000 sterling less than in 1930-31.

He had repeatedly emphasised that their prosperity as a bank was dependent on the prosperity of Australia, and when shareholders realised how seriously the world crisis had affected Australia, and temporarily arrested her wonderful progress, they could not be surprised, however disappointed they might be, that the earnings of the bank were for the time being very seriously affected. The whole of Australia was suffering from diminished income, but was facing the adverse situation with unflinching courage and determination, and a great deal of personal sacrifice. This bank's share in this was the curtailment in their dividends, a curtailment, however, which still left them, as a result of their operations in this specially critical year, with a 5 per cent., tax free, dividend upon their paid-up capital.

From what he had said it would be seen that the Governments were making earnest and carefully conceived efforts progressively to balance their Budgets and live within their income. However successful they might be, that alone could not bring back prosperity unless a favourable balance of trade could be maintained. The Australian position in that respect was steadily improving, but trade carried on at a loss, or at a threadbare margin of profit, was equally impotent to conjure back prosperous times. This recovery required relief from crushing taxation, but could only be fully secured by an increase in world commodity prices. How that was to be brought about was the question of the hour in every country. No clear, convincing answer had yet been given to this question of how to raise commodity prices.

CAUSES OF WORLD-WIDE DEPRESSION.

There could be little doubt that the root cause of the present world-wide depression was to be found in the Great War, with all the economic evils which had flowed from it. As to subsidiary causes, there was pretty general agreement, such as prohibitive tariffs, exchange restrictions, maldistribution of gold, largely through war debts on a gigantic scale when the principal creditor refused to take payment in anything but gold, thus completely dislocating nature's immemorial two-way traffic in commerce. Another cause, which so far had received comparatively little attention, had been the fall in the price of silver. There could be no doubt that this had been a factor, and an important factor, in the universal fall in world commodity prices, and no scheme of recovery that ignored it could be completely successful. The seriousness of the fall in the price of silver, as contrasted with other commodities, was that the currency of so large a part of the world was in silver.

Broadly speaking, this depreciation in silver had reduced by approximately one-half the purchasing power of more than 50 per cent. of the whole population of the world. Partly, at any rate, this had been caused by legislation, and how far either by legislation or by international agreement this calamitous state of things could be corrected or ameliorated was surely a matter so important as to call for full and unprejudiced consideration. That this was a grave question in the world economic situation seemed to him to be in-

contestable. So recently as January last the Governor of the Imperial Bank of India, when addressing the Indian Institute of Bankers, said:—"The purchasing power all over the world could only be stimulated by the rehabilitation of silver through a reasonable stabilisation of its value in relation to gold." In stressing the enormous importance of a readjustment of international money values he was not advocating any special theory, but advancing a plea for an international consideration of the problem of silver.

Until world purchasing power was increased it was difficult to see how under-consumption could be cured.

Inflation of currency could not effect a permanent cure; it at best was a merely temporary stimulant, always ending in a worse reaction. Deflation alone could not restore purchasing power. Increase of purchasing power along some line of sound economic principle would be a self-propagating force leading to continuous increase of wealth and the cure of unemployment. Mere manipulation of currency seemed hopeless. Readjustment of currency on an international basis, scientifically carried out, would be a very different thing, and seemed worthy of the closest and most expert consideration. This world problem of commodity prices intimately concerned shareholders in this bank; until we got back to a correlated position of consumption to production, and a restoration to the peoples of the world of purchasing power, the earning power of the bank would necessarily be diminished.

BALANCE SHEET FIGURES.

Dealing with the balance sheet, the Chairman said that the reserve fund, with the addition of £15,000 from the past year's profits, now stood at £1,620,000. The special reserve of £1,585,000, covering depreciation in Australian currency, was the same as in the last balance sheet. As the Australian £ in the course of last year, through the improvement in the balance of trade and general conditions, appreciated in value—£125 Australia now providing £100 sterling, whereas last year it required £130—this special reserve now more than covered the present depreciation.

The deposits at interest, including Government balances, at £19,403,464, had increased by £667,897, and current accounts, at £9,968,820, showed an increase of £181,966. It was a remarkable feature of the present period that the deposits, on which they had to pay interest, were in amount nearly twice as large as the current accounts, on which they paid no interest—a striking result of the present depression in trade and industry.

Cash in hand amounted to the substantial sum of £9,527,623, an increase of £938,431. When this was added to the increase last year of £1,811,454 it would be seen that the cash was greater than at June 30, 1930, by £2,749,885. This exceedingly strong cash position represented a ratio of liquid resources to each £ of current account deposits of 19s. 1½d., and, adding investments, the ratio was the abnormally high one of 22s. 3½d. in the £. Apart from the solidity and strength implied in this position, it was not a profitable one and only arose from the restricted outlet for sound advances in this time of business stagnation and the extent to which the Government had to lean upon the banks. Investments, at £1,585,338—which was under the market value—showed an increase of £121,208. Advances and other assets stood at £24,762,786, and showed a reduction of £936,237.

NET PROFIT AND DIVIDEND.

The gross profit, at £1,055,987, showed a reduction of £219,838, but when the savings in administration and taxes of just about £101,000 were set against this, the net reduction was just under £119,000, which, having regard to the circumstances of the past year, must be regarded as satisfactory. Expenses of management were lower by £75,375, this having mainly arisen from the 10 per cent. reduction in salaries which applied to the entire service, from the directors downwards. The net profit amounted to £147,719, and, after paying a final dividend of 2 per cent., tax free, making 5 per cent., tax free, for the year, they were carrying forward £274,854.

With regard to the outlook for the coming season for Australia generally, in Queensland the seasonal conditions so far were not favourable in the North-West and Central districts, but in the South-Western areas rain had fallen and the position was satisfactory. In New South Wales, with the exception of parts of the North-West and Central Western Divisions, the outlook was favourable. Throughout Victoria the season was good. In South Australia the pastoral conditions were favourable, with the exception of certain districts in the North-Eastern part of the State, and the agricultural outlook was excellent. In Western Australia generally the outlook was fairly good.

The report and accounts were unanimously adopted. The retiring directors, the Rt. Hon. Lord Forster of Lope, P.C., G.C.M.G., and Mr Sidney Marr Ward, were re-elected, and cordial votes of thanks to the chairman, directors and staff terminated the proceedings.

RICHARD THOMAS AND COMPANY, LIMITED.

POSITION SUBSTANTIALLY IMPROVED.

SIR W. FIRTH ON BENEFITS OF STEEL DUTIES.

The eighty-third ordinary general meeting of Richard Thomas and Company, Limited, was held on the 28th ultimo, at River Plate House, Finsbury Circus, London, Sir William Firth, Chairman and Managing Director, presiding.

The Chairman, having dealt with the figures both of the group and the holding company, said: I will now refer to Ottawa. What was achieved there is not, I think, fully appreciated. In the steel trade we entered into an arrangement that will result in our receiving from India steel bars and pig iron, commodities that are made in Great Britain, and to this extent it is a bad arrangement for the steel and pig iron makers of this country and a good arrangement for India, but, counteracting this disadvantage, India has undertaken to give us a preferential duty on British sheets made from Indian steel bars, and has also undertaken to give us a preferential duty on British sheets made from steel bars other than Indian. Reviewing the arrangement as a whole, it is an arrangement that benefits both England and India. It protects steel sheet manufacturers in both countries against Continental competition in sheets, a commodity of which India is a large importer in normal times.

So far as tinplates are concerned, Canada has granted us free admission, whereas previous to Ottawa a duty of 7½ per cent. was imposed. That is not all—she has raised the duty against all other countries and fixed it at 20 per cent. Thus, as a result of Ottawa, Welsh tinplate manufacturers have a protection against foreign competition of 20 per cent. As a direct result of this revision of duties, your company has secured an order for 1,000,000 boxes of tinplates from an American company operating in Canada.

I should like to pay tribute to Sir George May and his colleagues of the Import Duties Advisory Committee. These gentlemen are making a determined effort to force the steel manufacturers and consumers of this country to co-operate and to reorganise and to take a long view. Meanwhile, as you know, they have granted steel manufacturers protection against the importation of foreign steel. No argument opposing tariffs that prevent subsidised steel being dumped into this country can be sustained. No export trade has been lost as a result of the tariffs imposed. The full benefits of the duties have not yet matured owing to heavy shipments during the first few months they were imposed, but I am satisfied that from now on the workpeople of this country will reap the benefit, and steel manufacturers will, at last, be given a chance.

I think you would wish me to comment on trade and world conditions so far as they affect your company's interests. The published figures of the seven largest steel manufacturers in America, representing 82 per cent. of that country's steel ingot capacity, disclose a trading loss for the nine months ending September last of \$98,620,000. This almost unbelievable trading loss is due to their inability to sell their product, and I refer to these losses as an indication of the danger of raising the foreign value of our currency. America is perhaps the greatest industrial country in the world. If we were to return to the Gold Standard at par in the near future, we should undoubtedly lose a large portion of our export business to America and the Continent.

I doubt if the steel plant of the world has, during the past twelve months, been working much above 30 per cent. of capacity, and I further doubt if for many years the world demand for steel will approach 100 per cent. of existing capacity, and it seems conceivable that the only way to avoid losses will be by entering into international arrangements between producing countries and allocating to each country a percentage of world demand. The alternative to this course appears to be the erection of tariff barriers and the subsidising of export trade.

I will now revert to the more domestic view. The workmen of Wales are making a splendid and consistent effort to improve the product of their labour. The quality of your company's product has in recent years substantially and consistently improved, and is to-day recognised as equal to the best produced in the world, but we are leaving no stone unturned to effect further improvement, and your workpeople are enthusiastically supporting us with that objective in mind.

I am sure, with world conditions so fluid, you will not expect me to attempt to forecast the future earning power of your company, dependent as it must be upon an improvement in demand, but I am at least entitled to say that the position of the company to-day, despite all the difficulties of the time, is substantially better than it was twelve months ago, and I do not think I shall be misleading you if I tell you that I have reason to hope it will be possible twelve months hence to report further progress.

The report and accounts were unanimously adopted.

BEAVER TRUST, LIMITED.

STRONGER INVESTMENT POSITION.

The ordinary general meeting of the Beaver Trust, Limited, was held on the 29th ultimo, at 1 Queen Victoria Street, London. Mr John G. B. Stone (the chairman) presided.

Mr W. R. Elston (the secretary) having read the notice and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said: The final result is a balance on revenue account of £16,857, as compared with £16,491 for the previous year. Out of this balance we have paid the interest on the debenture stock and the dividend on the preference shares, and we propose to pay a dividend of 3½ per cent., less income tax, on the ordinary shares, leaving an amount of £857 to be added to the balance carried forward on revenue account, which will then stand at £5,269.

The balance sheet shows an improved position as regards our investments compared with this time last year. The book value of the investments has been reduced by £23,055, representing sales during the year in excess of purchases, and the valuation of the investments now held shows a depreciation on book values of 33.51 per cent., as compared with 37.27 per cent. a year ago.

The year ended September 30th last, which is the period included in these accounts, probably covered the depth of the depression. There are signs of greater confidence in the principal trades, which we hope may before long be reflected in the return to or the commencement of payment of dividends. The outlook for the current year generally points to better conditions, but I doubt whether it justifies us in returning to the payment of an interim dividend. We shall probably wait for the full year's results before we consider the distribution on the ordinary capital.

It is probably worth while to point out that the investments which we have in the Indian Empire have proved, perhaps, the most satisfactory, both from the capital and the revenue point of view. The, to my mind, unwarranted anxiety which was displayed by many people with regard to India seems to have passed away.

The credit of our Colonies has also been restored, but in many foreign countries the exchange question is the dominant one, and the cost of remitting funds to this country for payment of dividends, etc., seems for the time being prohibitive.

Mr C. O. Webb seconded the resolution, which was carried unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 26, 1932, amounted to £8,020,300 against ordinary expenditure of £7,154,200. After making no allocation to Sinking Fund, but allowing for an increase in Exchequer Balances of £162,112, the operations for the week, as shown below, decreased the National Debt by £474,000 to approximately £7,898 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

	£	Public Department Advances	£
Treasury Bills	7,576	—	8,600
National Savings Certificates	150	—	200
3% Conversion Loan	500	—	—
	8,326		8,800

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/1/32)
Fmk. 3,899,061,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1880.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £60,000,000 in Treasury Bills were opened on November 25, 1932, and the total amount applied for was £74,465,000. Tenders were accepted for bills at three months, dated Monday at £99 14s. 2d., Tuesday at £99 14s. 3d. and Wednesday to Saturday at £99 14s. 3d. about 50 per cent.; above in full. The amount allotted was £60,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Nov. 4	50,000,000	60,470,000	0 10 11.16
Nov. 11	50,000,000	74,225,000	0 14 11.17
Nov. 18	60,000,000	80,490,000	0 17 7.24
Nov. 25	60,000,000	74,465,000	1 2 4.44

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

Accidents and illness.
Employers' Liability. Fidelity Guarantees.
Burglary. Fire. Motor Cars. Public Liability.
Insurance and Insurance of Boilers, Engines,
Electrical Plant and Lifts.
Executorships and Trusteeships.

Head Office: 36-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for week ended Wednesday, November 30, 1932.

ISSUE DEPARTMENT.

	£		£
Notes Issued:—		Government Debt	11,015,100
In Circulation	358,843,248	Other Government Securities	253,533,749
In Banking Department	55,578,846	Other Securities	6,634,061
		Silver Coin	3,817,090
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	139,422,094
			£414,422,094

BANKING DEPARTMENT.

	£		£
Proprietors' Capital	14,553,000	Government Securities	68,371,740
Reserve	3,290,397	Other Securities:—	
Public Deposits*	10,147,445	Discounts and Advances	11,867,034
Other Deposits	£90,531,585	Securities	£18,274,275
Bankers' Accounts	£37,063,990	Notes	30,141,309
Other Accounts	127,595,575	Gold and Silver Coin	55,578,848
7-Day and other Bills	1,570		998,092
			£155,587,987

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

Both Departments.	Amount, Nov. 30, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Week.
Note circulation	358,843,248	+ 995,776	—
Public deposits	10,147,445	— 16,383,570	+ 526,436
Bankers' deposits	90,531,585	+ 12,449,805	+ 15,391,810
Other deposits	37,063,990	+ 3,321,982	+ 1,479,309
Seven-day bills	1,570	+ 2,000	+ 59
Total, outside liabilities	496,587,838	+ 381,993	+ 13,379,171
Capital and rest	17,843,397	+ 62,419	+ 32,569
Government debt and securities	333,420,589	— 166,737	+ 17,193,951
Discounts and advances	11,867,034	— 81,417	+ 683,641
Other securities	24,908,336	+ 705,887	+ 21,835,342
Silver coin in issue department	3,817,090	+ 4,192	+ 229,312
Coin and bullion (bank's reserve)	140,418,186	— 7,513	+ 13,900,946
Reserve of notes and coin in banking department	56,574,938	— 1,003,289	+ 18,907,899
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	41%	— 1%	+ 10%
(b) Gold stocks to deposits and notes ("reserve ratio")	28½%	— 1%	— 3½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	£	s	d
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.				
1932.									
Oct. 26	414,422	358,431	25,426	77,336	33,588	Nil	2		
Nov. 2	414,422	361,472	7,018	102,672	34,898	Nil	2		
" 9	414,422	361,210	20,428	79,758	35,857	Nil	2		
" 16	414,422	359,397	20,447	82,500	33,198	Nil	2		
" 23	414,422	357,847	26,531	78,082	33,742	Nil	2		
" 30	414,422	358,843	10,147	90,532	37,064	Nil	2		

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer			
		April 1, 1932, to Nov. 26, 1932.	April 1, 1931, to Nov. 28, 1931.	Week ended Nov. 26, 1932.	Week ended Nov. 28, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	61,673,000	68,207,000	1,472,000	1,063,000
Sur-tax, including Arrears of Super-Tax	66,000,000	12,920,000	18,600,000	230,000	370,000
Stamps, &c., Duties	76,000,000	49,510,000	43,220,000	1,400,000	1,500,000
Stamps	23,000,000	9,490,000	8,470,000	420,000	20,000
Gross Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	180,000	...	...
Total Inland Revenue	427,000,000	133,773,000	138,677,000	3,522,000	2,953,000
Customs and Excise—					
Customs	174,570,000	111,476,000	88,830,000	4,013,000	3,191,000
Excise	125,430,000	82,409,000	79,188,000	1,309,000	1,288,000
Total Customs and Excise	300,000,000	193,885,000	168,018,000	5,322,000	4,479,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,613,000	1,734,000	Dr238,000	125,000
Post Office (Net Receipts)	11,700,000	9,550,000	9,650,000	Dr800,000	Dr100,000
Crown Lands	1,250,000	940,000	980,000	110,000	120,000
Receipts from Sundry Loans	4,350,000	3,478,782	12,229,890	...	...
Miscellaneous Receipts	17,600,000	11,859,882	11,774,106	104,315	239,335
Appropriation from Rating Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	355,099,664	346,962,996	8,020,315	6,916,335
SELF-BALANCING REVENUE.					
Post Office	59,188,000	36,850,000	36,850,000	2,000,000	2,100,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	8,888,000	8,442,000	238,000	...
Total Self-Balancing Revenue	82,098,000	45,738,000	45,292,000	2,238,000	2,100,000
Total	...	400,837,664	392,254,996	10,258,315	9,016,335

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Nov. 26, 1932.	April 1, 1931, to Nov. 28, 1931.	Week ended Nov. 26, 1932.	Week ended Nov. 28, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	176,740,343	194,674,725	491,720	997,835
Payments to Northern Ireland Exchequer	6,800,000	3,862,851	3,455,218	232,679	201,786
Other Consolidated Fund Services	3,600,000	1,554,406	1,781,318	...	15,009
Total	286,300,000	182,157,600	199,911,261	724,399	1,214,630
Total Supply Services (excluding Post Office)	447,210,000	281,008,590	275,151,592	6,427,804	7,482,288
Total Ordinary Expenditure	733,510,000	463,166,190	475,062,853	7,154,203	8,696,918
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	36,850,000	36,850,000	2,000,000	2,100,000
Road Fund	22,910,000	8,888,000	8,442,000	238,000	...
Total Self-Balancing Expenditure	82,098,000	45,738,000	45,292,000	2,238,000	2,100,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	508,904,190	520,354,853	9,392,203	10,796,918
New Sinking Fund (1928)	32,500,000	13,970,858	22,084,803	...	190,000
Total (including New Sinking Fund)	...	522,875,048	542,439,656	9,392,203	10,986,918

The aggregate revenue and expenditure to November 26, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1ST TO NOVEMBER 26TH, 1932. (000's omitted.)

	£		£
Expenditure	463,166	Revenue	355,100
New Sinking Fund	13,971	Decrease in balances	2,443
		Gross increase in borrowing	£295,232
		Less—	
		Exchange Equalisation Fund Investment	£150,000
		Loans to Road Fund, &c.	6,688
		War Loan Conversion bonus	18,950
			£175,638
		Net borrowing	119,594
			477,137

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out—	Nov. 28, '31.	Mar. 31, '32.	Nov. 26, '32.	Nov. 26, '32.
standing—				
Advances by Bank of England	32,050,000	7,500,000	6,500,000	— 8,600,000
Advances by Public Departments	637,770,000	604,455,000	879,100,000*	+ 7,675,000
Treasury Bills outstanding	669,820,000	611,955,000	885,600,000	— 925,000
Total Floating Debt	...	...	...	...

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the account.

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				Reserve and the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion Ratio and Reserve		Govt. Securities.	Dis- counts & Advances.	Other Securities.		
1932.	£	£	£	%	£	£	£	£	%
Oct. 26	259,085	12,096	140,441	28%	66,998	11,597	18,434	57,010	41%
Nov. 2	259,190	12,003	140,460	27%	78,813	11,954	17,767	53,988	41%
Nov. 9	259,156	12,031	140,443	28%	68,053	11,799	17,767	54,233	37%
" 16	255,092	6,094	140,452	28%	68,563	11,795	17,478	56,055	40%
" 23	255,006	6,182	140,426	28%	68,582	11,958	18,021	57,578	41%
" 30	264,549	6,634	140,418	28%	68,872	11,867	18,274	56,575	41%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to November 16	24,369,057	1,411,011	2,349,036	28,129,104
Week ended November 23	467,419	29,407	48,619	545,445
Week ended November 30	562,056	28,764	44,930	635,750
Total to date, 1932.	25,398,532	1,469,182	2,442,585	29,310,299
Total to date, 1931.	29,948,887	1,538,526	2,531,344	34,018,757
Increase or decrease in 1932	-4,550,355	-69,344	-88,759	-4,708,458
	-15.2%	-4.5%	-3.5%	-13.8%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	-17.9%	-7.9%	-7.1%	-17.8%

PROVINCIAL CLEARING RETURNS

(000's omitted.)

No. of working days	Week ended November 26.		Month of October.		Aggregate Totals, January 1 to November 26.	
	1931.	1932.	1931.	1932.	1931.	1932.
BIRMINGHAM	1,613	1,663	9,639	9,404	-2.4	100,600
BRADFORD	1,156	779	3,549	3,487	-1.7	34,384
BRISTOL	997	1,129	4,870	5,033	+3.3	52,330
DUBLIN	3,909	3,539	2,741	-1.3	229,480	245,829
LIVERPOOL	796	715	3,973	3,750	-5.6	33,334
LEICESTER	506	486	2,727	2,657	-2.5	39,480
LONDON	4,620	5,141	29,064	25,592	-11.9	262,904
MANCHESTER	7,991	7,924	41,990	42,100	+0.2	424,140
NEWCASTLE	1,110	1,455	5,423	6,149	+13.3	58,832
NOTTINGHAM	369	318	2,146	2,079	-3.1	20,566
SHEFFIELD	476	442	5,207	2,886	-44.4	34,535
Total	24,217	24,558	109,750	105,878	-3.5	1,319,412

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia appeared in the *Economist* for September 10; Roumania in November 5; Denmark and Egypt in November 19; Bank for International Settlements and Japan, in November 19; Federal Reserve Bank, Canadian Banks, Estonia, Lithuania, Danzig, Chile and Norway in November 28.

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

	Dec. 3, 1931.	Nov. 10, 1932.	Nov. 17, 1932.	Nov. 24, 1932.	Dec. 1, 1932.
RESOURCES.					
Total gold reserve	2,941,570	3,009,640	3,027,070	3,051,510	3,049,530
Total bills discounted	717,570	310,950	307,170	307,520	302,270
Bills bought in open market	423,410	34,000	34,520	34,650	34,680
Total U.S. Govt. securities	717,020	1,850,700	1,850,730	1,850,750	1,850,770
Total bills and securities	1,898,230	2,201,080	2,198,000	2,198,250	2,200,030
Total resources	5,637,440	5,697,970	5,695,850	5,696,110	5,695,980
LIABILITIES.					
Federal Reserve notes in actual circulation	2,478,130	2,715,300	2,699,750	2,694,430	2,692,290
Deposits—Memberbank—reserve account	2,073,450	2,342,330	2,399,720	2,400,350	2,410,590
Total deposits	2,258,370	2,404,460	2,459,120	2,478,900	2,484,530
Capital paid in and surplus	438,220	411,490	411,410	411,390	411,010
Total liabilities	5,637,440	5,697,970	5,695,850	5,696,110	5,695,980
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	65.6%	62.4%	62.4%	62.7%	62.6%

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

	Dec. 3, 1931.	Nov. 10, 1932.	Nov. 17, 1932.	Nov. 24, 1932.	Dec. 1, 1932.
Total gold reserves	1,034,400	962,510	998,740	1,021,510	1,022,220
Total bills discounted	121,800	58,480	59,900	63,460	61,580
Bills bought in open market	108,430	10,370	10,390	10,330	10,260
Total U.S. Govt. securities	236,230	738,290	735,790	735,790	735,790
Total bills and securities	479,560	811,060	810,120	813,640	811,710
Deposits—Memberbank—reserve account	889,040	1,123,250	1,182,760	1,194,680	1,199,750
Ratio of total res. to dep. and Federal Res. note liabilities combined	73.3%	58.6%	59.4%	59.8%	59.8%

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

	Nov. 6, 1931.	Oct. 7, 1932.	Oct. 14, 1932.	Oct. 21, 1932.	Oct. 28, 1932.	Nov. 4, 1932.
ASSETS.						
Gold coin and bullion	6,072	6,534	7,346	7,232	7,189	6,762
Subsidiary coin	385	553	562	569	572	568
Bills discounted: Domestic and Union Gov. Treas.	4,533	1,190	1,138	1,113	1,133	1,234
Bills discounted: Foreign	1,445	2,047	1,931	1,730	1,960	2,047
Investments	1,000	1,000	1,000	1,000	1,000	1,000
Capital	802	9	9	9	9	9
Reserve	7,842	7,213	6,524	6,153	7,365	7,355
Notes in circulation	1,319	938	1,171	1,585	1,042	870
Bankers' deposits	4,461	4,091	5,097	4,154	3,790	4,274
Ratio of cash res. to liabilities to public	45.7%	54.6%	60.0%	62.8%	60.1%	55.6%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss, namely, £792,916, has been written off Reserve.

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

	Nov. 6, 1931.	Oct. 7, 1932.	Oct. 14, 1932.	Oct. 21, 1932.	Oct. 28, 1932.	Nov. 4, 1932.
ASSETS.						
Total assets	32,19,68	29,70,00	28,80,89	28,61,92	29,24,35	29,63,33
Loans	8,97,94	6,82,29	6,76,38	6,52,07	6,50,06	6,50,06
Overseas bills	23,61,71	19,01,78	18,61,75	18,65,57	18,65,57	18,65,57
Foreign bills	4,77,14	1,66,05	2,08,64	2,16,64	1,66,39	1,90,11
Dead stock	30,98	17,35	18,56	21,59	20,23	18,19
Real. with other banks	2,74,15	2,66,38	2,66,52	2,67,03	2,67,09	2,67,15
Cash	5,71	8,06	8,94	11,37	4,51	12,12
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,42,50	5,15,00	5,15,00	5,15,00	5,15,00	5,15,00
Total deposits	70,73,09	72,67,18	76,74,03	74,16,16	74,30,57	72,80,01
The above includes—						
Deposits in London	776	1,315	1,225	1,258	1,219	1,254
Advances in London	809	1,440	1,378	1,384	1,356	1,327
Cash, &c., at other Banks in London	45	63	66	88	37	94

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

	Nov. 27, 1931.	Nov. 4, 1932.	Nov. 10, 1932.	Nov. 18, 1932.	Nov. 25, 1932.
ASSETS.					
Gold	67,844,126	83,035,826	83,233,443	83,308,287	83,341,563
Foreign assets	15,940,659	2,985,560	2,988,362	2,968,146	2,968,091
Sight deposits	8,332,738	1,996,352	1,930,637	1,917,659	1,917,659
Home bills	7,766,084	2,777,363	2,581,828	2,475,950	2,475,950
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,730,800	2,678,135	2,546,074	2,510,094	2,500,126
Other advances	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
LIABILITIES.					
Notes in circulation	82,542,895	83,021,910	82,313,227	81,604,937	81,536,473
Public deposits	7,170,210	19,818,689	19,818,689	19,818,689	19,818,689
Private deposits	23,583,933	19,818,689	20,429,144	21,913,686	22,670,187
Other liabilities	3,028,761	2,589,469	2,721,901	2,372,877	2,372,877

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

	Nov. 23, 1931.	Nov. 7, 1932.	Nov. 15, 1932.	Nov. 23, 1932.
ASSETS.				
Gold	1,008,551	817,283	825,152	816,610
Of which deposited abroad	84,458	61,252	65,369	57,931
Reserve in foreign currencies	167,517	121,826	104,566	114,908
Bills of exchange and cheques	3,655,016	2,794,893	2,657,645	2,535,757
Notes and other coin	152,340	185,685	237,776	303,997
Advances	11,012	7,851	10,441	13,449
Investments	118,964	99,141	95,312	86,011
Other assets	102,884	362,346	394,885	394,920
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserve	337,331	417,426	417,426	417,426
Notes in circulation	4,277,191	3,502,238	3,413,583	3,306,251
Other daily maturing obligations	424,433	366,211	357,645	357,645
Other liabilities	886,385	765,708	746,444	746,444
Cover of note circulation	27.5%	26.8%	27.2%	28.2%

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

	Position, May 30, 1914.	Nov. 26, 1931.	Nov. 3, 1932.	Nov. 8, 1932.	Nov. 17, 1932.	Nov. 24, 1932.
ASSETS.						
Gold	232,650	2,557,992	2,612,689	2,612,762	2,614,173	2,607,553
Foreign bills and balances abroad	697,600	33,687	63,684	63,647	65,222	65,934
Silver and other coin	33,687	63,684	63,647	65,222	65,934	65,934
LIABILITIES.						
Notes in circulation	934,150	3,549,564	3,558,905	3,557,244	3,525,716	3,523,388
Current account	112,125	336,847	121,796	138,997	178,431	187,076

(a) In thousand francs.

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

ASSETS.		Position, May 30, 1914.	Nov. 30, 1931.	Nov. 7, 1932.	Nov. 14, 1932.	Nov. 21, 1932.	Nov. 28, 1932.
Gold		163,992	901,154	1,035,009	1,032,581	1,032,581	1,032,581
Foreign bills		8,436	17,499	18,557	18,799	19,836	20,619
Home bills discounted			105,984	37,852	39,362	38,175	38,047
Loans and advances			66,413	71,336	71,336	71,336	71,336
in current account							
	253,504						
LIABILITIES.			113,430	74,088	74,933	74,116	73,581
Notes in circulation		316,632	1,050,890	984,307	971,424	962,954	967,681
Deposits		5,016	199,132	272,770	285,915		

RAILWAYS OF GREAT BRITAIN AND IRELAND.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefere.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Cheltenham Original	Sept. 30	29,026	53,976	83,002	26,242	16,200	9	10,000	30,560	70,918	10
Yates's Castle Brewery	Sept. 30	16,339	22,856	39,195	7,500	10,000	10	6,500	15,195	26,462	15
Financial Land, &c.											
South West Africa Company	June 30	50,439	37,542	87,981	...	39,886	7½	...	48,096	38,910	7½
Hotels, Restaurants, &c.											
Strand Hotel	Sept. 30	10,176	119,140	129,316	69,200	32,200	644	...	27,916	119,181	644
Investment Trust.											
Investors' Mortgage Security	Sept. 30	28,899	117,645	145,644	41,178	65,885	12	...	38,782	140,890	16
Western Canada Invest. ...	June 30	2,465	1,386	3,851	4,189	...	...	Dr. 393	56	3,284	Nil
Iron, Coal and Steel.											
United Steel	June 30	116,588	12,354	128,942	...	...	...	...	128,942	Dr 158,679	Nil
Motor and Cycle.											
Enfield Cycle Co.	Aug. 31	35,803	4,046	39,849	2,625	5,906	3½	...	31,318	Dr. 4,847	5
Rubber, &c.											
Asahan Rubber Estates ...	July 31	4,936	Dr. 6,496	Dr. 1,580	...	...	...	Dr. 1,830	270	Dr. 4,259	...
Hevea (Johore) Rubber	June 30	4,940	Dr. 858	4,082	335	...	...	...	3,747	758	...
Lawas (Sarawak) Rubber ...	June 30	3,657	Dr. 2,212	1,445	...	...	...	...	1,445	Dr. 4,892	...
Malaya General	Aug. 31	15,577	792	16,369	...	...	...	Dr. 2,882	19,251	Dr. 4,165	2½
Shipping.											
British India Steam Nav....	Sept. 30	27,427	168,003	195,430	145,000	23,930	2½	...	26,500	222,091	8½
Peninsular and Oriental ...	Sept. 30	115,738	165,537	281,275	152,000	...	...	...	129,275	428,237	6½
Shops and Stores.											
United Caterers	July 2	Dr. 957	3,598	2,641	...	...	...	...	2,641	Dr. 1,357	Nil
Other Companies.											
Angostura Bitters	Sept. 30	1,507	22,481	23,988	7,650	7,650	9	5,840	2,848	12,128	8
Bernard Hughes	Oct. 29	8,543	7,595	16,138	1,575	4,594	12½	1,500	8,469	6,459	12½
Bowater's Paper Mills	Sept. 30	42,598	87,259	129,857	31,938	23,625	7½	24,000	50,294	63,210	7½
British Ropes	Aug. 31	76,685	48,287	124,972	N 1	Nil	...	5,864	119,108	30,683	Nil
Callard, Stewart and Watt	Oct. 1	12,943	1,565	14,508	Nil	Nil	...	...	14,508	17,674	Nil
Financial News	June 30	73,766	Dr. 24,652	49,114	10,538	Nil	...	...	38,575	Dr 10,533	Nil
Financial Newspaper Pro- prietors	Aug. 31	48,990	Dr. 25,805	23,185	...	...	...	...	23,185	Dr. 5,866	Nil
Frederick Sage	Sept. 30	18,843	Dr. 28,459	Dr. 9,615	8,373	Nil	...	Dr. 19,500	1,512	Dr. 5,027	6
Henry Bruce and Sons	Sept. 30	1,020	Dr. 14,731	Dr. 13,711	...	...	...	Dr. 15,000	1,289	Dr. 6,779	Nil
Ingall, Parsons, Clive	Sept. 30	10,643	10,751	21,394	4,299	...	...	2,500	11,046	13,124	10
Madame Tussaud's	Oct. 31	28,974	27,777	56,751	22,000	3,550	10	3,162	27,089	35,612	25
Peruvian Corporation	June 30	118,680	Dr 210,030	Dr 111,650	Nil	Nil	...	...			
Proprietors of Hay's Wharf	June 30	81,710	208,808	290,518	89,400	100,000	10	Dr 111,650	Dr 70,309	Dr 70,309	Nil
Stuttard and Company ...	Aug. 31	45,417	30,620	76,037	12,110	19,332	5	25,000	76,118	230,826	10
Tate and Lyle	Sept. 30	61,832	883,780	945,612	7,500	544,000	10	600	43,995	24,016	5
Timothy Whites	Sept. 30	13,840	118,754	132,594	94,275	24,285	16	265,000	65,112	801,482	13½
								...	14,034	130,011*	7

* 14 months.

* 14 months.

† Tax free.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay-ment.	Method of Payment.	Latest Year.	Pre-vious Year.
BANKS.					
Royal Bank of Scotland	17	...	...	17	17
Standard of A.	5%*	...	Less tax	...	...
OTHER COMPANIES.					
Bernard Hughes	5%†	...	onus of 6d.	10	10
Bieckert's Brewery Invest.....	3%*	Dec. 1	...	...	...
Chester's Brewery	2%*	...	...	...	...
Cont. and Industrial	6%*	Dec. 1	...	6	6
Danish Gas	2%†	...	Less tax	...	...
Dundee and London Invest.....	2%†	Dec. 2	Less tax	...	...
Dunville & Co.	10%*	...	...	...	...
Estates and Agency	2%†	...	...	...	...
Forton Trust	2%*	Jan. 11	Less tax	...	...
Geo. Beer and Rigden	4%*	Dec. 1	Less tax	...	...
Great Yarmouth Water	3%*	Jan. 1	...	...	...
Inglis Parsons Clive	7%†	...	...	10	10
Investors' Mort. Soc.....	6%†	...	...	12	16
Kia-Ora	2%†	...	...	5	6
London Brick	5%*	...	Less tax	...	...
Lonely Reef Gold.....	2%†	Jan. 30	...	12½	20
Malayan Tin Dredging	3%*	Dec. 22	...	...	...
Marston Thompson Evershed	7%*	Dec. 6	...	...	...
Metal Box	3%*	Jan. 1	...	...	...
Morrison and Gil	5%†	...	...	...	...
Nelson's Financial Trust	14%†	Dec. 12	...	3½	4
Ocean Salvage	1d. p.a.†	Dec. 17	...	...	...
Robert Younger	5%†	...	...	18	10
Rowley Regis Quarries	5%*	Jan. 1	...	...	...
St. Anne's Well Brewery	10%†	Dec. 13	...	...	...
Scotchlin Tea and Lands of Ceylon	3%*	...	Less tax	...	...
Shaw, Watson, and Shaw, Electric	3%†	Dec. 1	Less tax	...	...
Shaw, Watson, and Co.	15	...	...	15	20
Sunday Pictorial Newspapers	3½%*	...	...	...	...
Torvald	3%*	...	...	...	...
Wentlow Brewery	6%†	...	Less tax	10	10
Wolverhampton and Dudley	10%†	...	...	17½	20
Yates's Castle Brewery	10	...	...	10	15

REPORTS AND NOTICES.

MISCELLANEOUS.

MISCELLANEOUS.
BRITISH ROPES.—Year's trading resulted in profit of £48,287. This is an improvement over the preceding year's trading, but the world-wide depression has caused a considerable contraction in the demand for the company's products. Net profit, before providing for depreciation, was £42,423, and after crediting £23,282 profit in liquidation of subsidiary companies and sharing £33,087 loss on sales of shares in subsidiaries, the sum of £119,108 is carried forward. No dividends are being paid.

LEWIS BERGER.—Profit for the year, including dividends from subsidiaries, was \$57,322. To this has to be added a balance of \$38,519 brought forward from the preceding year, leaving a balance of \$125,841 available for distribution. The directors recommend the payment of a dividend of 5 per cent. (less income tax) on the ordinary shares, which absorbs \$28,304. Preference dividends take \$28,000, and the remaining \$71,477 is carried forward to the next account.

STRAND HOTEL.—The balance from trading account for the year to September 30 last was £130,500. Debenture stock interest absorbed £11,360, leaving a net profit of £119,140, against £119,181. The usual dividend on the 7 per cent. and 8 per cent. preference shares absorbs £37,000, while the preferred ordinary shares receive 10s. 5-2d. per share, requiring £32,200, and the deferred ordinary shares 64d. per cent., or £32,200, as last year. The carry-forward is £27,916, against £10,176.

THE CHARTERED INSTITUTE OF SECRETARIES.—Mr Frederick Gurdon Palin, secretary of the British Metal Corporation, Ltd., has been elected president of the institute in succession to Mr F. R. E. Davis, O.B.E. Mr W. G. Hislop, London secretary of Rand Mines, Corporation, Ltd., and Mr Hildred Carlisle, secretary of the Investment Trust Foulds, secretary of Callender's Cable and Construction Company, Ltd., has been elected treasurer.

JOHN I. THORNYCROFT.—The accounts for the year to July 31st last show a loss of £47,538, after transferring £130,000 from reserve. This figure compares with a profit of £4,569. No preference dividend is recommended, the cumulative charge being paid to July 31, 1931. The last ordinary dividend was 13 per cent. in 1929-30.

Commercial Reports.

MARKET SUMMARY.

The renewed downward movement of the price of the principal primary products in terms of gold proceeded further during the past week. In most cases the setback can be traced to the unsettling effect of the uncertainty regarding the War Debt position. A survey of the movement of prices in the United States shows a further weakening of the chief non-ferrous metals. Copper, spelter and tin all show a decline on the week. Raw cotton suffered a further setback and rubber lost its recent gain. Among cereals, wheat, maize and oats touched low records, but rye was a little steadier. The firmer tone of coffee prices was maintained, but cocoa failed to recover. Raw sugar declined sharply in value on heavy realisation. Sterling prices of commodities which lend themselves to grading and therefore to international arbitrage, moved in sympathy with gold prices. On the whole, however, the response of prices in this country to the fall in the gold value of sterling has been small. According to reports from various industrial centres, the uncertainty about the future of the war debts has led to hesitation among producers and consumers alike. The improvement in the coal trade has so far been maintained, but the London Iron and Steel Exchange reports a slowing down in activity. Business in Manchester goods has been less active, but the situation in the wool and rayon trades is scarcely changed on the week.

THE COAL TRADE.

SHEFFIELD.—Conditions in the South Yorkshire market remained unchanged. Best steams for export continue in short supply, but demand fails to expand and forward business is extremely slow. Prices keep firm at 17s. 6d. and 17s. 9d. f.o.b. Fuel requirements of the iron and steel industries *do not* move up, at any rate perceptibly. The textile areas, however, are taking more boiler slacks. Sales of house coal are below former averages, and the market is none too firm. Best ordinary qualities fetch 23s. to 24s. at pits. There is a surplus of secondary quality coal of all descriptions. Demand for blast furnace coke does not improve and best brands can be bought at 10s. at ovens.

GLASGOW.—The news of the increase of some 300,000 tons in the Scottish quota for the current quarter has done little to impair the strength of the market. The addition will involve only two days' more work at the collieries, and supplies of prompt material for and for shipment this year are difficult to obtain. The only exceptions are navigation kinds generally and washed doubles in the Lotherians. Home domestic needs show a seasonal expansion, and it is likely that the extra quantities will be disposed of in the (and it is likely that the extra quantities will be disposed of in the) and it is likely that the extra quantities will be disposed of in the

LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 16s. 6d.—17s.; splint second, 15s. 6d.—16s.; navigation, 14s. 3d.; navigation second, 13s. 6d.; Hartley, 16s.; steam, 14s.; trebles, 15s.—16s.; doubles, 13s.—13s. 6d.; singles, 11s.; pearls, 11s.—11s. 6d.; dross, 9s. **FIRE.**—Screened navigation, 16s. 6d.—17s. 6d.; first-class steam, 14s.; third-class steam, 12s. 6d.; trebles, 17s.—18s. 6d.; doubles, 13s. 6d.—14s. 6d.; singles, 11s. 6d.—12s.; pearls, 10s. 6d.—11s. **LOTHERIANS.**—14s. 6d.; singles, 11s. 6d.—12s.; secondary steam, 12s. 6d.; trebles, Prime steam, 13s.—13s. 6d.; pearls, 10s. 6d.—11s. 6d.; singles, 11s. 6d.—12s. 6d.; doubles, 12s.—12s. 6d.; singles, 11s. 6d.—12s. 6d.; pearls, 10s. 6d.—11s. 6d.; singles, 11s.—11s. 3d. **AYRSHIRE.**—Unscreened navigation, 15s.; jewel, 16s. 6d.; steam, 14s.—14s. 6d.; trebles, 15s. 6d.—16s.; doubles, 13s. 6d.—14s. 6d.; singles, 11s.; pearls, 10s. 6d.; dross, 9s.

NEWCASTLE-ON-TYNE.—The Northumberland coal-field has received a small increase in quota, but as this was anticipated by collieries the firm position is unchanged. Collieries producing screened steam are fully sold over the winter, and the feature of the market is the increase in business from Scandinavia for shipment over next year. During the last week there has been a much improved market for the better classes of Durham unscreened steam, and a few collieries are fully sold over the next few weeks. Apart from shipment at Commissioners, where most collieries have an extra lead, there is, however, little change in values. To-day's f.o.b. prices for export are as follows: **NORTHUMBERLAND.**—D.C.B. screened steam, 14s.; smalls, 8s. 6d.; Howards, Bentineck, Newbiggin screened, 12s. 6d.; smalls, 8s.; Tynne prime large, 13s. 3d.; smalls, 9s.; Hartley Main large, 12s. 9d.; smalls, 8s. **DURHAM.**—Lambton South Hetton screened steam, 15s. 6d.; smalls, 11s.; Wear special unscreened gas, 15s.; Holmside, Ryhope, Boldon unscreened, 14s. 6d.; second-class gas, 13s.; coking unscreened or smalls, 12s. 6d.; prime unscreened bunkers, 14s.; second-class unscreened bunkers, 13s. 3d.; prime foundry coke, 16s. 6d.; Newcastle and District gas coke, 19s.

CARDIFF.—The volume of the coal exports of the South Wales ports is being fairly well maintained. Shipments last week in the foreign and coastwise trades totalled 396,430 tons, compared with 396,275 tons the previous week, and 413,783 tons in the corresponding week last year. The tonnage position, however, is less favourable, and on Wednesday 27 berths were idle, principally at Barry, Newport and Penarth. Washed and dry smalls continue scarce and very firm, and the market for dry large is also relatively active, particularly for central heating purposes; but other large classes are inactive, and in abundant supply on the basis of the minimum schedule figures. The improving condition of the heavy branches of the iron and steel industry is reacting on the furnace coke market,

and more ovens are likely to be fired if this improvement is maintained. The following are the current approximate quotations: *Best Admiralties*, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best drays, 19s. 3d. to 19s. 9d.; *Black Veins*, 18s. 3d. to 18s. 6d.; *Western Valleys*, 17s. 9d. to 18s.; *Eastern Valleys*, 17s. 3d. to 17s. 7½d.; best steam smalls, 13s. 6d. to 14s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 8s. 6d. to 9s. 6d.; special foundry coke, 32s. 6d. to 34s.; patent fuel, 20s.; pitwood, ex ship, 22s. 6d. to 23s.

IRON AND STEEL.

MIDDLESBROUGH.—Conditions remained unaltered in the market for Cleveland iron. There is no increase in the production so far and stocks in the hands of the makers are being steadily reduced. There is a steady demand for iron locally, but the aggregate cannot be called heavy overhead and makers evidently consider that they can take care of requirements on the present basis of operations without recourse to the lighting of additional furnaces, although as soon as any decided improvements in the demand occurs it will be necessary for more iron to be produced. A steady business has been put through by makers during the last week, there being no difficulty in obtaining official prices except where conditions qualify for special reductions. Official figures remain: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; No. 4 forge, 57s., f.o.b. or f.o.t. There is a moderate business in hematite, but transactions are still confined to parcels for early delivery. Makers generally stand out for 59s. for ordinary mixed numbers for early delivery, but are still shading the price under very special circumstances. The position does not lend itself to "bear" sales on the part of the merchants as prices of raw materials show a rising tendency and foreign ore is already higher. In the finished departments a fair amount of business is coming to hand and more is expected as a result of present negotiations. Steel prices for home consumption under the rebate scheme are: Steel angles, £8 7s. 6d.; steel joists, £3 15s. Other prices for export are: Iron crown bars, £9 5s.; heavy steel rails, £8; 24-gauge galvanised corrugated sheets, £10; and 24-gauge black sheets, £8 5s. In the ore trades there is exceedingly little buying, most of the imports at present being arrears of old contracts. Best rubio is nominally 15s. c.i.f., and the current freight Bilbao/Middlesbrough is 4s. 9d. Imports of all kinds of ore into Middlesbrough to November 29th totalled 46,878 tons, against 41,122 tons for the whole of October. Coke continues in plentiful supply and good blast furnace qualities are offered at 14s. 6d. per ton delivered works. The number of blast furnaces in operation in the district is unchanged at 15.

SHEFFIELD.—There are definite signs of a broadening tendency in a good many branches of iron and steel, and a belief in the imminence of a substantial revival now appears to be generally entertained. Concrete evidence of movement is not lacking. Turnover at the local works has been increasing for a month. In certain specialities full-time operation is the rule. Open-hearth steel and steel for heavy engineering are not at present sharing in the improvement, but better conditions are in sight, and these branches will benefit as soon as existing stocks of foreign material are exhausted, as no considerable quantities have been bought from overseas sources since early October. Makers of stainless steels are benefiting by the tariff and the difference in currency values. Formerly, large quantities of such material were imported at prices 25 or 30 per cent. below those of the home makers. This trade has now ceased. Tariffs are also helping makers of steel strip, magnets, tools, razor blades and scissors. On the other hand, demand for Sheffield steel for railways and shipbuilding has dropped to the lowest point ever recorded. Rolling mills are busier on sheets but quiet in the rod and bar department. The acute depression which has pervaded the plate and cutlery trade for several years is unrelieved and a number of firms have been compelled to close down or sell out. The figures of unemployment continue to drop and compare favourably with a year ago.

GLASGOW.—The steelmaking plants which have been engaged on the Soviet Government work, having now completed these contracts, are not so well employed at the moment, but it is reported from different works that the number of miscellaneous specifications coming in is showing improvement, and that there are several promising inquiries on the market at present. The demand for semis is still small, but local makers have been able to secure a considerable proportion of such orders as have been placed recently, although Continental competition is very keen. In the sheet-trade business on the whole is satisfactory, both home and export demand being well maintained, although there has been a falling off in the tonnage booked of thin sheets for the Far East. It is announced this week that the Glasgow engineering firm of James Howden and Company have secured several large contracts for air pre-heaters and other power-station equipment.

CARDIFF.—There has been no material change in the position of the South Wales iron and steel market. Quotations for tinplates and steel bars are unaltered, and the import trade in foreign bars continues negligible. At the annual meeting of Richard Thomas and Company on Monday the chairman, Sir William Firth, announced that the company had secured an order for the shipment of 1,000,000 tinplate boxes to Canada, the business being on account of an American company operating in the Dominion. Shipments of tinplates at Swansea last week totalled only 65,981 boxes, compared with 92,332 the previous week and 100,925 in the corresponding week last year. Stocks at warehouse have been increased to nearly 136,000 boxes, compared with 149,400 in the corresponding week last year.

OTHER METALS.

TIN.—The London market in tin opened dull on Monday, and despite the heavy decline in the gold value of sterling, quotations for this metal declined further on Tuesday. On Wednesday, support was forthcoming which resulted in a slight improvement in prices. Sales on the London Metal Exchange were 300 tons on Monday, against 225 last week; 225 tons on Tuesday, against 150 tons last week; and 525 tons on Wednesday, against 225 tons last week. The New York quotation on Tuesday was 22.50 cents per lb., against 23.15 cents a week ago and 23.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £151 15s. to £151 17s. 6d., compared with £153 12s. 6d. to £152 15s. last week. Stocks in London and Liverpool at the end of last week were 30,370 tons, a decrease of 186 tons on the week.

COPPER.—The volume of transactions in copper during the past week was not large. There was a further decline in New York prices, while sterling quotations, despite the fall in sterling, are scarcely changed on the week. An interesting feature in the copper situation is the steady accumulation of stocks in this country in anticipation of the new duty. Sales at the London Metal Exchange were 200 tons on Monday, against 600 tons last week; 250 tons on Tuesday, against 450 tons last week; and 700 tons on Wednesday, against 600 tons last week. Domestic spot was quoted 5½ cents per lb. New York on Tuesday, against 5½ cents a week ago and 5½ cents a month ago. Wednesday's official closing price for standard cash in London was £32 3s. 9d. to £32 5s., compared with £31 18s. 9d. to £32 a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 31,161 tons, show an increase of 223 tons, and stocks of rough copper, at 5,746 tons, an increase of 150 tons.

LEAD.—The demand for lead was quiet on Monday and Tuesday. An improvement in demand caused an advance in quotations on Wednesday. Sales at the London Metal Exchange were 350 tons on Monday, against nil last week; 150 tons on Tuesday, against 350 tons last week; and 700 tons on Wednesday, against 400 tons last week. The New York quotation on Tuesday was 3.00 cents per lb., against 3.00 cents a week ago, and 3.00 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £12 1s. 3d. for November shipment, compared with £11 15s. last week.

SPELTER.—The market in spelter was quite active, and prices rose slightly on Wednesday on the adoption by sellers of an attitude of reserve. Sales were 550 tons on Monday, against 700 tons a week before; 450 tons on Tuesday, against 350 tons the week before; and 600 tons on Wednesday, against 550 tons. The New York quotation on Wednesday was 3.125 cents per lb., against 3.15 cents the week before, and 3.00 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 2s. 6d. for November shipment, against £15 7s. 6d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium was again quoted at £100 per ton. Nickel was advanced from £250-£255 per ton to £260-£265 per ton. Quick-silver was lower at £10 5s.-£11 5s. per flask, against £10 10s.-£11 per flask a week ago. Platinum was again quoted at £9 10s. per ounce, and foreign antimony at £27 10s.-£28 per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week November 24th to 30th (inclusive) are: 98,977 bales, of which 67,931 are American; 2,685 Peruvian; 14,145 Egyptian; 2,435 African; 3,556 East Indian; and 8,225 Sundries.

Manchester.—A very unsettled tone has prevailed throughout the Manchester market during the past week. This has been due to the war debts situation and the depreciation in the sterling rate of exchange. Buyers have displayed increased cautiousness in placing orders, and the turnover in yarn and cloth has shown a definite falling off. On all sides there is a tendency to mark time until the debts question is settled. There has been less inquiry in piece goods for the overseas outlets. Orders for India have been for limited quantities, but there has continued a steady demand in light bleaching fabrics, prints and fancies. There have been no indications of any increased trade with China. Buyers for certain of the smaller outlets have been testing prices and a miscellaneous business has been done. Producers generally are still able to resist low bids. Business in American and Egyptian yarns has been on a smaller scale, and there have been indications of a little more irregularity in prices.

Cotton Prices.

	1932.				Corresponding Date.	
	Nov. 9.	Nov. 15.	Nov. 23.	Nov. 30.	1930.	1931.
Raw Cotton—Mid. American	5.60	5.54	5.50	5.38	5.75	5.12
<i>Sakelachy Fully Good Fair</i>						
Egyptian	7.97	7.72	7.66	7.27	8.75	7.30
Yarns—32's twist	94	94	94	94	94	94
40's twist	94	94	94	94	10	94
60's twist (Egyptian)	15½	15½	15½	15½	17½	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 60's	19 7½	19 7½	19 7½	19 7½	18 6	17 10½
32-in. Shirts, 75 yds., 19 by 19, 32's and 60's	21 3	21 3	21 3	21 3	20 9	19 7½
32-in. ditto, 36 yds., 18 by 18, 10 lb.	11 3	11 2	11 0	10 10½	11 7½	11 0
32-in. ditto, 36 yds., 18 by 18, 10 lb.	10 1	10 0	9 10	9 9	10 6	9 11

THE WOOL TRADE.—Bradford.—The wool sales in London have gone very well this week, though, writes our correspondent, it is impossible to report higher prices. It has been suggested in some quarters that values are slightly against the buyer, but we have not been able to find anything definite in that way. The firmness is chiefly attributable to the fact that merinos suitable for the Continent are meeting a very good demand, and anything for which France and Germany bids, realises fully opening values. Those countries have a distinct advantage in buying in Coleman Street to-day, owing to the depreciation in the British pound. Converting Continental currency into sterling gives a very substantial buying margin, and along with the firmness in Coleman Street, we have a similar tendency in Australia and South Africa. Prices in the former centres are reported slightly in sellers' favour, and higher quotations are received from the Cape. This is helping to put a very good face on the wool market at a most opportune time. Second-hand offerings in Coleman Street do not always realise as good prices as were bid last series, but sometimes more money is forthcoming. The existence of large stocks of shipes bought last series by Yorkshire users seems to be going against any improvement in this description. It is being found rather difficult to maintain prices for these, most Continental buyers preferring to put their capital into merino wool. The Bradford market is quiet but not depressed. Business in tops is virtually at a standstill, and whilst 23d. is still wanted for warp 64's tops, and 22½d. for average, spinners are refusing to pay more than 22½d. and 22d. Some offers of business pending a few days ago have been withdrawn.

THE JUTE TRADE.—Dundee.—If anything, the jute trade is slightly improved, and manufacturers have booked orders more freely and for larger quantities for delivery some distance ahead. Business, however, has not been of dimensions sufficient to enable producers to raise their prices. The raw material has been rather irregular, sometimes tending to go dearer, on which occasions buyers of cloth displayed more willingness to place contracts, but, whenever the fibre indicated weakness, interest evaporated. Inquiries for cloth continue on a fair scale, which would indicate that buyers would purchase more largely if they were convinced that prices would not go lower. Values are low enough already, however, and there is no profit in manufacturing at those ruling meantime. Prices of jute fell to £14 12s. 6d. for Daisies assortment, full group, and a considerable business was done with Dundee spinners at up to £15, with four's sold at £14, December-January. The price has varied between £14 12s. 6d. and £15 for assortment during the past few days. Tossa assortment has ruled between £15 10s. and £16, with £15 15s. now quoted, and four's at from £14 17s. 6d., December-January. Good First Marks are obtainable at £17, and good Lightnings at £18, whole Hearts are quoted at from £15 10s. to £15 15s. for good quality, December-January. There is not much business in jute yarns, which have been sold at 1s. 10d. for common 8 lb. cops and 1s. 11d. for 8 lb. spools. These are the best rates that buyers will pay, though the majority of spinners continue to quote 1s. 10½d. and 1s. 11½d. respectively. Twist has been sold at from 3½d. to 3¾d. for 3 ply 8 lb., and sacking yarns are quiet at from 3½d. for 8 lb. chains and 2½d. for 24 lb. woff. Rove is of small interest at from £18 10s. for 48 lb. and £15 10s. for 200 lb., while the finer yarns are more or less neglected at from 2s. 6d. for second quality 8 lb. Rio warp, 2s. 3d. for third and 2s. 1d. for fourth. Carpet descriptions are quiet at from 3½d. for 14 lb. warp. Prices of jute cloth continue unchanged at from 2½d. for 10½ oz. 40 in. and 2d. for 8 oz., these rates being possible for the narrow widths, and ½d. to ¾d. more for the wider makos. The latter are in most demand, the narrows being practically neglected in view of the competition from Calcutta goods. Linoleum hassians are dull, and nominal and heavy goods remain quiet. Calcutta goods have ruled round about 19s. for 10 oz. 40 in. and 15s. 3d. to 15s. 6d. for 8 oz., December-March, with spot quoted at 20s. and 16s. respectively.

THE GRAIN MARKETS.

WHEAT.—The international wheat situation has undergone no change during the week. The movement of prices has been affected by the uncertainty about war debts and by the depreciation in the gold value of sterling. On Tuesday, "December" futures were quoted at 41½ cents per bushel, which constitutes a new low record. International trade in wheat has again been on a small scale, and Canada continued to satisfy a large proportion of importers' requirements. Shipments from the Southern Hemisphere, though still small, are increasing. Thus, Australian exports of wheat and flour during the week ended November 28th were 248,000 quarters, against 163,000 quarters in the preceding week. Similarly, Argentine and Uruguayan shipments rose from 104,000 quarters to 129,000 quarters. On Wednesday, "December" futures were quoted in Chicago at 42½ cents per bushel, against 42½ cents the week before, and 43½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 28s. per 400 lbs., against 28s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. 6d., against 27s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 27s., against 27s. 6d.; Australia, ex ship, 26s. 6d. to 27s. 6d., against 26s. 6d. a week ago.

WHEAT FLOUR.—Business in flour has been a little more brisk at lower prices. Home-milled flour was advanced 6d. per sack in this country. North American shipments were 171,000 sacks, compared with 125,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 24s. 6d. per 280 lbs., against 24s. last week; delivered London, 23s. 6d., compared with 23s. a week ago. Manitoba patents, ex store, 23s. 6d. to 26s., against 23s. 6d. to 26s. Australian, ex store, 20s. 6d. to 21s., against 20s. 3d. to 21s. last week.

THE BRITISH OVERSEAS BANK, LIMITED

ESTABLISHED 1919.

Report by the Board of Directors to the THIRTEENTH ANNUAL GENERAL MEETING of SHAREHOLDERS to be held in the BANK PREMISES, 33 GRACECHURCH STREET (LOMBARD COURT), LONDON, E.C.3, on Tuesday, the THIRTEENTH day of DECEMBER, 1932, at 12 noon.

The Directors submit to the Shareholders the Balance Sheet of the Bank, as at 31st October, 1932, and Profit and Loss Account, together with copy of the Auditors' Certificate.

The Profit, after allowing rebate of interest and providing for all Bad and Doubtful Debts (other than provided for out of Contingencies Account), for the year ended 31st October, 1932, amounts to £ 111,790 8 7

Balance available from last account £ 59,707 6 11

Making a total of £ 171,497 15 6

Interim Dividend paid on the "A" Ordinary Shares at the rate of Six per cent. per annum (less Income Tax) for the Half-year ended 30th April, 1932, and Income Tax thereon £ 30,000 0 0

Leaving a Balance of £ 141,497 15 6

which has been appropriated as follows:—

In payment of a Dividend on the "A" Ordinary Shares at the rate of Six per cent. per annum (less Income Tax) for the Half-year ended 31st October, 1932, which, together with Income Tax thereon amounts to 30,000 0 0

To Contingencies Account £ 50,000 0 0

Leaving a Net Balance to be carried forward to next year of £ 61,497 15 6

In order to provide for Contingencies, Depreciation on Investments, etc., the Directors have transferred from Reserve Fund to Contingencies Account the sum of £50,000.

In the course of the year under review Sir George E. May, Bart., resigned his office as Director on his appointment as Chairman of the Import Duties Advisory Committee. The Board desires to express its high appreciation of the services that he has rendered since the inception of the Bank.

The Directors retiring by rotation are The Right Hon. Viscount Churchill, G.C.V.O., and The Hon. Henry McLaren, O.B.E., who, being eligible, offer themselves for re-election.

The Auditors, Messrs. George A. Touche and Co., and Messrs. McClelland, Kerr and Co., also retire, and, being eligible, offer themselves for re-appointment.

By Order of the Board, A. E. THORNE, Secretary.

London, E.C., 1st December, 1932.

BALANCE SHEET, 31st October, 1932.

LIABILITIES	£	s.	d.	ASSETS.	£	s.	d.
Capital: Authorised:	1,500,000	0	0	Cash in Hand and at Bankers	253,400	7	4
300,000 "A" Ordinary Shares of £5 each	1,500,000	0	0	Money at Call and Short Notice	595,791	10	3
300,000 "B" Ordinary Shares of £5 each	1,500,000	0	0	Balances with Bankers Abroad	192,829	18	3
400,000 Shares of £5 each which may be issued in whole or in part as "A" or "B" Ordinary Shares	2,000,000	0	0	Bills Discounted	647,496	6	6
	5,000,000	0	0	Government Securities	450,466	14	6
Subscribed and Paid in Full:	2,000,000	0	0	Investments in Subsidiary Companies	106,329	5	5
200,000 "A" Ordinary Shares of £5 each	1,000,000	0	0	Other Investments, including Shareholding Interests in Foreign Banks	456,780	0	6
200,000 "B" Ordinary Shares of £5 each	1,000,000	0	0	Bankers Industrial Development Co., Ltd. One "A" Ordinary Share of £100,000, £100 Paid	100	0	0
	2,000,000	0	0	Advances to Customers and other Accounts	1,594,241	7	8
Current, Deposit and other Accounts, including provision for Contingencies, Depreciation on Investments, and for Bad and Doubtful Debts	2,651,990	2	7	Amounts owing from Subsidiary Companies	136,129	1	10
Reserve Fund	192	0	10	Liability of Customers for Acceptances, etc. (per contra)	3,448,932	6	9
Amounts owing to Subsidiary Companies	175,000	0	0	Bank Premises, Freehold at cost, less amounts written off	236,115	6	8
Acceptances, etc., for account of Customers (per contra)	3,448,932	6	9				
Balance of Profit and Loss Account	61,497	15	6				
(NOTES.—(1) Contingent Liability on account of Endorsements on Bills Discounted, £1,040. (2) "Advances to Customers" and "Liability of Customers for Acceptances" include the balances which come under European "Standstill" Agreements.)	£8,217,612	5	8		£8,217,612	5	8

CHURCHILL, Chairman.
ARTHUR C. D. GAIRDNER, Deputy Chairman and Managing Director.
HENRY D. McLAREN, Director.

A. E. THORNE, Secretary.
F. J. SULLIVAN, Accountant.

AUDITORS' REPORT TO THE MEMBERS.

We have examined the above Balance Sheet and compared it with the Books of the Bank. We have satisfied ourselves as to the correctness of the Cash Balances and the Bills of Exchange, and are of the opinion that the Balance Sheet is properly drawn up, so as to exhibit a true and correct view of the state of the Bank's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Bank.

GEORGE A. TOUCHE & CO., } Chartered
McCLELLAND, KERR & CO., } Accountants.
Auditors.

London, E.C., 23rd November, 1932.

PROFIT and LOSS ACCOUNT for the Year ended 31st October, 1932.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Interim Dividend on the "A" Ordinary Shares at the rate of Six per cent. per annum, and Income Tax thereon	30,000	0	0	By Balance brought forward	59,707	6	11
" Final Dividend on the "A" Ordinary Shares at the rate of Six per cent. per annum, and Income Tax thereon	30,000	0	0	" Profit, after allowing rebate of interest and providing for all Bad and Doubtful Debts (other than provided for out of Contingencies Account), for the year ended 31st October, 1932.	111,790	8	7
" Contingencies Account	61,497	15	6	Less Directors' Fees	6,450	0	0
" Balance carried to Balance Sheet	£171,497	15	6		£171,497	15	6

STATEMENT REQUIRED BY SECTION 126 OF THE COMPANIES ACT, 1929.

None of the Accounts of the Subsidiary Companies shows a loss: the net profits have been carried forward in their own Accounts.

CHURCHILL, Chairman.
ARTHUR C. D. GAIRDNER, Deputy Chairman and Managing Director.
HENRY D. McLAREN, Director.

A. E. THORNE, Secretary.
F. J. SULLIVAN, Accountant.

23rd November, 1932.

DIRECTORS.

The Right Hon. VISCOUNT CHURCHILL, G.C.V.O., Chairman.
ARTHUR C. D. GAIRDNER, Deputy Chairman and Managing Director.
Sir JAMES CAIRD, Bart.
NIGEL L. CAMPBELL.
The Hon. HENRY McLAREN, O.B.E.

The Hon. BERNARD ROLLO.
DUNCAN A. STIRLING.
DUDLEY WARD, C.B.E.

ADVISORY DIRECTORS.

Sir ARTHUR A. HAWORTH, Bart.
R. T. BINDLEY.

NORMAN L. HIRD.
Sir EDGAR HORNE, Bart.

MANAGERS.

WILLIAM DEAN.
H. HOPKINS.

F. O. A. SPEED.
R. STEPHENSON.

DEPUTY MANAGERS.

A. T. SMITH.

A. E. THORNE.

FOREIGN EXCHANGE DEPARTMENT.

H. W. GURNEY, Chief Operator.

ACCOUNTANT.

F. J. SULLIVAN.

SECRETARY.

A. E. THORNE.

CONTROLLER.

C. T. JAMES.

AUDITORS.

GEORGE A. TOUCHE & COMPANY, London.

McCLELLAND, KERR & COMPANY, Glasgow and London.

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
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 FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square,
 London: 5, Walbrook, E.C.4. and 4, St. James's Street, S.W.1

BARLEY.—The market in barley has been less active. "December" futures were quoted in Winnipeg on Wednesday at 28½ cents per bushel, against 31½ cents last week and 29½ cents a month ago. Quotations in London on Wednesday were: "English feeding," f.o.b., per 448 lbs., 22s. to 25s., against 22s. to 25s. a week before.

OATS.—The demand for oats has been poor, despite lower quotations in Canada and in the U.S.A. In Chicago, "December" futures were quoted at 14½ cents per bushel on Wednesday, against 15½ cents per bushel a week before and 15½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 9d. per 320 lbs., against 17s. 7½d. a week ago; "River Plate," ex ship, 16s.-16s. 9d., against 16s.-16s. 9d.; "Chilean White," landed, 22s.-24s., against 22s.-24s. a week earlier.

MAIZE.—In contrast to other cereals, the heavy shipments of maize from Argentina and Danubian countries continued to be absorbed readily, though at slightly lower prices. "December" futures in Chicago were quoted on Wednesday at 21½ cents per bushel, against 24½ cents on Wednesday of last week and 24½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. per 480 lbs., compared with 20s. last week; "Plate," ex ship, 19s., as against 19s.; "Plate," December-January, 19s. 3d., as against 19s. 3d. Yellow maize, ex wharf, was quoted at £5 12s. per ton, against £5 15s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat:				
1 week to November 26	Cwts. 302,111	Cwts. 77,941	Cwts. 119,574	Cwts. 234,909
13 weeks to November 26	3,463,352	975,372	1,839,270	3,522,745
Average price of English wheat per cwt.	s. d. 5 5	s. d. 6 9	s. d. 6 5	s. d. 9 3

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 19, 1932 ...	Cwts. 313,073	Cwts. 408,724	Cwts. 57,531	s. d. 5 5	s. d. 7 3	s. d. 5 11
Sept. 26, 1932	302,111	427,915	47,352	5 5	7 2	5 10
Nov. 24, 1928 ...	322,998	593,782	85,493	9 11	10 5	9 1
Nov. 23, 1929 ...	215,048	474,277	47,869	9 3	9 2	7 3
Nov. 29, 1930 ...	119,574	427,366	47,544	6 5	8 8	5 8
Nov. 26, 1931 ...	77,941	431,379	60,861	6 9	8 10	7 0

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

NAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Dec. 2, 1931.	Jan. 4, 1932.	Nov. 23, 1932.	Nov. 30, 1932.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	14½	56½	59	62½	45½	44½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	79½	54	55½	42½	42½

OTHER FOODS.

SUGAR.—Raw-sugar values declined sharply during the past week. The main reasons for this setback are continuous liquidation on unwilling markets and the reduction in the United States of refiners' quotations. December futures were quoted in New York at 0.71 cent per lb. on Tuesday, against 0.89 cent a week before and 0.98 cent a month ago. Wednesday's sales of raw sugar in London include "December delivery" from 5s. 6d. per cwt., against 5s. 8½d. a week before, and "March, 1933," at 5s. 9½d. to 5s. 10½d., against 5s. 0½d. to 5s. 1d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1,257	686	799	904	14,541	5,048
Liverpool ...	31,808	11,360	14,248	12,109	117,295	73,503
Total	33,065	12,046	15,047	13,013	131,836	78,551
Last week	37,270	46,789	15,509	13,168	113,818	79,518

COFFEE.—The New York coffee market has been a little steadier. The improvement may be ascribed partly to the publication on November 24th of a decree in Rio de Janeiro under which the planting of new coffee trees will be forbidden during the next three years. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8½ cents per lb. on the corresponding day a week ago. At Tuesday's London auctions demand was more active than last week, and values were generally firmer. Last week's movements of coffee in London were as follows: Brazilian, landed, 43 bags; delivered, for home consumption, 39 bags; exported, 73 bags; stocks, 5,799 bags, against 2,320 bags a year ago. Central American, landed, 3,482 packages; delivered for home consumption, 1,732 packages; exported, 2,333 packages; stocks, 55,347 packages, against 63,079 last year. Other kinds: Landed, 4,777 packages; delivered for home consumption, 2,985 packages; exported, 2,768 packages; stocks, 61,417 packages, against 48,254 last year.

COCOA.—Although the New York quotation remained unchanged, sterling prices were higher as a result of the depreciation of sterling. December futures were quoted at 3.67 cents in New York on Tuesday, against 3.67 cents a week ago and 3.92 a month ago; Accra, December-February, at 26s. per cwt. c.i.f. Continent, shows a rise of 1s. 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 2,696 bags; delivered for home consumption, 6,449 bags; exported, 134 bags; stocks, 109,930 bags, against 136,909 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 59,849 packages of Indian and 28,743 packages of Ceylon tea. Monday's "Indian" auctions were dull with common and medium teas the weakest feature. On the other hand, common "Ceylon" grades sold well on Tuesday, but other varieties were somewhat irregular. Wednesday's "Indian" sales were characterised by a poor demand and generally lower values. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.
Nov. 26, 1931	d. 10-86	d. 11-67	d. 17-33	d. 8-51	d. 7-61	d. 6-99
" 3, 1932	10-22	7-47	12-34	6-32	5-37	5-87
" 10, "	9-57	7-34	11-72	6-26	5-03	5-78
" 17, "	9-23	7-28	11-34	6-34	5-36	6-46
" 24, "	8-78	7-78	10-60	6-67	5-32	6-46

RICE.—The market in rice has been dull, and forward quotations declined further. The spot price was 9s. 3d. per cwt., against 9s. 3d. per cwt. a week ago, while the forward quotations at 7s. per cwt. show a fall of 1½d. per cwt. on the week. Movements in London during the past week were as follows: Landed, 35 tons; delivered, 101 tons; stock, 2,437 tons, against 1,834 tons a year ago.

POTATOES.—Again the principal potato markets were well supplied and prices remained generally unchanged. At the London Borough Market, "King Edward," light soil, were quoted at 6s. 3d. per cwt., against 6s. to 6s. 3d. a week ago.

SPICES.—The market in spices was quiet, and the price of spot pepper failed to recover. Spot pepper, "Black Singapore," was quoted at 6d. per lb. on Wednesday, against 6d. per lb. a week ago. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 13 tons; delivered, 22 tons; stock, 382 tons, against 336 a year ago. White, landed, 41 tons; delivered, 52 tons; stock, 670 tons, against 529 a year ago.

MEAT.—Meat prices at the Smithfield market have been firm during the past week. Both beef and mutton are scarcely changed on the week. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 6d. to 4s. 6d. per 8 lbs., as compared with 3s. 10d. to 4s. 6d. last week. New Zealand frozen mutton was 2s. 8d. to 3s. 4d. per 8 lbs., against 2s. 10d. to 3s. 2d. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,434 tons, against 9,486 tons in the corresponding week last year. Imported beef, principally Argentine, formed 80.8 per cent. of the beef supplies, against 83.7 per cent. a year ago. Imported mutton, mainly New Zealand, formed 70.1 per cent. of the total supply of mutton and lamb, against 70.1 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—On the whole rather steadier conditions prevail, though markets are still affected by exchange fluctuations consequent on the decline in sterling, the uncertainty regarding War Debt repayment, and the delay of the India last-named the operation of the proposed 10 per cent. import duties on foreign linseed and an increased tax on imported linseed oil remain in suspense. In the circumstances British crushers are buying only to cover current requirements, though the demand for linseed is firm, and "afloat" is quoted £9 5s., and shipment, including January-February (new crop), £9; but there is practically nothing passing forward. Shipments from the River Plate are heavier and the quantity on passage to Europe has advanced to 192,000 tons, or 24,000 tons more than last week. Cotton seed has been in better demand and is dearer, shippers now asking for black Egyptian afloat £7 15s., and November shipment £7 12s. 6d. A better trade in vegetable oils is reported. Linseed oil is steady and raw oil for December delivery is quoted £16 12s. 6d. per ton.



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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Dry and Dried Cattle...			
CEREALS AND MEAT.				Irish bladders				English Southdown, greasy per lb.				Market Hides, London—			
GRAIN, &c.—				American, boxes, 56 lbs.				N.S.W. grey, super cmbg.				Best heavy ox and heifer			
Wheat	No. 2, N. Man. 496 lb.	27 6		Good English, per cwt.				N.Z., gray, half-bred 50-56				Best calf			
Eng. Gaz. av.	per cwt.	5 5		Pepper, per lb.—				Tops—				INDIA—			
Barley, Eng. Gaz. av.	per cwt.	7 2		Muntok, fair White				Merinos 70's				Bengal g.d. red-vio. to			
Oats	per cwt.	5 10		Black Lampong				Crossbred 40-44				fine—per lb.			
Maize, La Plata, landed,	480 lb.	20 0		Cinnamom—1st sort, per lb.				" 64's				5 6			
Flour, Lon. stan. ex mill,	280 lb.	22 3		Cloves—Zanzibar, per lb.				Crossbred 48's				LEATHER—			
Rice, No. 2 Burma, per cwt.	7 9			Ginger—per cwt.				" 46's				Sole Bands 8/14 lb.—			
Teapica, per cwt.	11 9			SUGAR—				COAL—				per lb.			
Fair Flake, Singapore.	per cwt.	11 9		(Duty, 11s. 8d. per cwt.)				Welsh, best Ad'ty, ton				Bark Tanned Sole			
MEAT—				B.W.I., crystallised				Durham, best gas, f.o.b.				Shark's fin DS Hides			
Beef, per 8 lbs.	4 4 8			Java, white, c. & f. India				Tyne				Do. Eng. or WS do.			
English long sides	per cwt.	4 4 8		Oct-Dec.				Sheffield, best house, at				Do. Eng. or WS do.			
Argentine chilled hinds	per cwt.	3 6 4		REFINED—London—				pils				Dressing Hides			
Mutton, per 8 lbs.	3 8 5			Yellow Crystals				IRON AND STEEL—				Roe. Eng. Calif, 20/30 lb.			
English wethers	per cwt.	3 8 5		Cubes				Barn & Brough				Aust. Bands			
N.Z. frozen	per cwt.	2 8 3		Crushed				Steel Rails, best				VULCANIZABLE OILS—			
Pork, English, per 8 lbs.	5 0 5			Granulated				Tin Plates				Lined, naked p. 1/8 net			
				Home Grown				per box 15 9				Rape, refined			
				Molasses, in bond				METALS—				Cotton-seed, crude			
				TEA—				Copper, Electrolytic, ton				Coconut, crude			
				Indian—per lb.—				Sheets (strong)				Palm			
				Pekoe				Standards				Oil Cakes, Linseed, Eng.			
				Broken Pekoe				Lead, Eng. Pig, ton				La Plata, p. ton			
				Orange Pekoe				Soft Foreign				November-December			
				Broken Orange Pekoe				Spelter G.O.B.				Calcutta—per ton			
				Ceylon—per lb.—				Tin—English Ingots				Turpentine, per cwt.			
				Ceylon—per lb.—				Standard cash				PETROLEUM PRODUCTS—			
				Ceylon—per lb.—				151/15/16				Motor spirit, No. 1, Lon-			
				Ceylon—per lb.—				MISCELLANEOUS.				don—per gal.			
				Ceylon—per lb.—				Acid, nitric, per lb., less 5%				Petroleum, Amer. rfd.			
				Ceylon—per lb.—				Nitric				Fuel oil, in bulk, for			
				Ceylon—per lb.—				Oxalic, net				coastwise, ex instal,			
				Ceylon—per lb.—				Tartaric, Eng. 15/6				Thames			
				Ceylon—per lb.—				Alcohol, Plain Ethyl.				Furnace ... per ton			
				Ceylon—per lb.—				Alum, lump				Diesel			
				Ceylon—per lb.—				Ammonia, carb.				Lubricating oil ex store,			
				Ceylon—per lb.—				Sulphate				London—per ton—			
				Ceylon—per lb.—				Arsenic, lump				Pales ... 9/10/0			
				Ceylon—per lb.—				Bleaching powder, per cwt.				Reds of Soda ... 15/17/6			
				Ceylon—per lb.—				Borax, gran				Cylinder ... 10/0/0			
				Ceylon—per lb.—				Nitro, powder				ROBIN ... 8			
				Ceylon—per lb.—				Potash, Soda, per cwt.				ROBIN ... 8			
				Ceylon—per lb.—				Sulphate				ROBIN ... 8			
				Ceylon—per lb.—				Sal-Ammoniac				ROBIN ... 8			
				Ceylon—per lb.—				Soda Bicarb.				ROBIN ... 8			
				Ceylon—per lb.—				Crystals				ROBIN ... 8			
				Ceylon—per lb.—				Sulphate of Copper, per ton				ROBIN ... 8			
				Ceylon—per lb.—				CEMENT, Best Eng. pr. ton				ROBIN ... 8			
				Ceylon—per lb.—				Portland, best Eng. pr. ton				ROBIN ... 8			
				Ceylon—per lb.—				In jute sacks (11 to ton)				ROBIN ... 8			
				Ceylon—per lb.—				In free paper bags (20 to				ROBIN ... 8			
				Ceylon—per lb.—				COBRA—				ROBIN ... 8			
				Ceylon—per lb.—				S.D. Straits c.f., per ton				ROBIN ... 8			
				Ceylon—per lb.—				Smoked South Sea				ROBIN ... 8			
				Ceylon—per lb.—				DRUGS—				ROBIN ... 8			
				Ceylon—per lb.—				Camphor				ROBIN ... 8			
				Ceylon—per lb.—				Japan, refined				ROBIN ... 8			
				Ceylon—per lb.—				Oil ...				ROBIN ... 8			
				Ceylon—per lb.—				Ipecacuanha				ROBIN ... 8			
				Ceylon—per lb.—				Peppermint				ROBIN ... 8			
				Ceylon—per lb.—				HIDES				ROBIN ... 8			
				Ceylon—per lb.—				Wet salted—Australian				ROBIN ... 8			
				Ceylon—per lb.—				Wet Indian				ROBIN ... 8			
				Ceylon—per lb.—				West ...				ROBIN ... 8			

normal, for it is obviously advisable to offset as soon as possible the temporary surplus of funds due to so big a disbursement of public money. It may be recalled that this is the last of the War Loan dividend payments on the old scale, and that next June the amount to be absorbed by the market will be only about £35.0 millions. It may also be pointed out that the Christmas notes are now going into circulation, and that this will further reduce the present superabundance of money.

Discount rates have steadily weakened since the end of November. The Treasury bills offered on December 2nd went at an average rate of 17s. 4.67d. per cent., against £1 2s. 4.44d. per cent. the week before. To some extent this big fall in the rate is due to a reduction in the number of bills offered and allotted from £60.0 to £55.0 millions, but the present glut of money and also the firmer tendency of sterling were contributory factors. During the current week discount rates have again weakened, until on Thursday hot Treasury bills were quoted at $\frac{1}{8}$ per cent., while some business was done at $\frac{1}{16}$ less. The banks bought a few December Treasuries at $\frac{1}{8}$ per cent., and later dates at $\frac{1}{16}$ per cent., but the market view is that, now that currency is being withdrawn from them, they will be buying very few bills until the New Year, and this will give market rates a chance to stiffen. Three months' bank bills are quoted at $\frac{1}{8}$ per cent. and standstill bills at 1-2 per cent. Tenders for £500,000 Ayrshire County Council six months' bills lodged on Thursday totalled £1,200,000. All the bills were allotted at an average rate of $1\frac{1}{2}$ per cent.

	Nov. 17, 1932.	Nov. 24, 1932.	Dec. 1, 1932.	Dec. 8, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	$\frac{1}{8}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 12, '32)
Discount / Call	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 12, '32)
Houses / Notice ...	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 12, '32)
Market rate ("hot")	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 12, '32)
Treasury bills).....	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	...
Market rate (3 months' bank bills)	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	...
Market rate (standstill bills)	1-2	1-2	1-2	1-2	...

The Bank return shows that the Christmas note circulation expansion is making rapid progress, for during the week ended December 7th the circulation rose by £6.8 millions. As no gold movements were reported, the Reserve fell by the same amount. Changes in the Banking Department mainly reflect the effects of the big movement of funds on December 1st. Government Securities are higher by £17.0 millions, an increase which, allowing for the difference in dates, corresponds fairly closely with Government borrowings on Ways and Means from the Bank, which were shown at over £21 millions in the Revenue returns for December 3rd. The reduction of £1.6 millions in Public Deposits to £8.5 millions can equally be ascribed to Government disbursements. Bankers' Deposits have risen by £13.7 millions to £104.3 millions, which is an unusually large figure. This expansion is again directly due to the big December 1st payments.

The revenue returns for December 3rd provide further evidence of the magnitude of these transactions. Ordinary expenditure exceeded ordinary revenue by £47.3 millions, a deficit which almost exactly corresponds to National Debt interest payment (mainly War Loan interest), which amounted to £47.6 millions for the week. Repayments on capital account included £151.0 millions for dissented War Loan, £10.7 millions for 4 $\frac{1}{2}$ per cent. War Loan, and £64.2 millions for 1932-34 Treasury bonds; or a total of £225.9 millions. Receipts included £155.1 millions for the call on the 3 per cent. Conversion Loan and £72.8 millions for the call on the 2 per cent. Treasury bonds; or a total of £227.9 millions. Repayments of the two War Loans have so far fallen a little short of the full amount due, but it will obviously take some time for all the dissentients to encash their claims. Both the amount received for the 2 per cent. Treasury bonds and the amount

repaid in respect of the 1932-34 Treasury bonds fall about £70.0 millions short of the nominal sum involved. This discrepancy shows that about £70 millions of the old bonds have been converted into the new bonds.

The net result is that the Treasury judged its capital receipts and payments within two millions of each other, which for an operation of this unprecedented magnitude is a most notable achievement. The Floating Debt was increased by £45.3 millions during the week. £21.25 millions were borrowed on Ways and Means from the Bank, and £24.7 millions from Public Departments. The Treasury bill issue was reduced by £1.2 millions. The advances from Public Departments have an easy explanation. No doubt a certain amount of the cash issued from the Exchequer in repayment of the maturing loans went to Public Departments who were holders of these loans. This cash was not required immediately by the recipient Department, and it was therefore at once lent to the Exchequer so as to obviate the needless immobilisation of funds. This, of course, is the normal Treasury practice.

The Foreign Exchange market was again active this week, and fluctuations in sterling were frequent and wide. After touching 3.16 $\frac{1}{2}$, the New York rate recovered to 3.25 $\frac{1}{2}$, and at one time business was done at 3.25 $\frac{1}{2}$, against 3.23 $\frac{1}{2}$ last week. Montreal improved to 3.77. Paris, after 80 $\frac{1}{2}$, moved in our favour to 83 $\frac{1}{2}$, against 82 $\frac{1}{2}$ last week. Brussels fell away to 23.50. Milan gained $\frac{1}{2}$ at 63 $\frac{1}{2}$. Madrid was cheaper by $\frac{1}{8}$ at 39 $\frac{1}{8}$. Lisbon weakened to 107 $\frac{1}{2}$ and Amsterdam lost 5 points on balance at 8.10. Berlin was 11 points worse at 13.70, and Switzerland 6 points worse at 16.88. The Scandinavian currencies varied, Stockholm and Oslo moving 5 and 7 points against us to 18.35 and 19.43 respectively, whilst Copenhagen lost 6 points to 19.28. The South American exchanges were not much changed, Rio being quoted at 5 $\frac{1}{2}$ d. (sellers), Buenos Aires at 35 $\frac{1}{2}$ d., and Montevideo at 29d. In the Far East the rupee was unchanged at 1s. 6 $\frac{1}{2}$ d., while the yen improved by $\frac{1}{8}$ d. to 1s. 3 $\frac{1}{2}$ d. Batavia was unchanged at 8.10. In the forward market dollars were more on offer at wider discounts of $\frac{3}{4}$ and $\frac{1}{2}$ cent. for one and three months respectively. Paris remained at 1 and 2 centimes premium. Brussels was cheaper at 9 and 25 centimes discount, against 7 and 18 centimes last week. Milan remained at last week's levels. Madrid was unchanged for one month, but the three months' rate weakened by $\frac{1}{8}$ to $\frac{1}{16}$ peseta discount. Amsterdam from $\frac{1}{8}$ and $\frac{1}{4}$ cent premium went to par for one month and $\frac{1}{8}$ cent premium for three months. Switzerland was unchanged for one month at $\frac{1}{4}$ centime premium, but was considerably harder at 1 $\frac{1}{2}$ centimes premium for three months. The silver market was made uncertain by the wide fluctuations in sterling, but steadied towards the close. Prices improved by $\frac{1}{8}$ d. to 17 $\frac{1}{2}$ d. for cash and by $\frac{1}{4}$ d. to 17 $\frac{1}{2}$ d. for forward as a result of some Chinese buying in a narrow market. The Chinese silver exchanges fell away, Hong Kong being cheaper by $\frac{1}{2}$ d. at 1s. 4 $\frac{1}{2}$ d. and Shanghai by $\frac{1}{4}$ d. at 1s. 9 $\frac{1}{2}$ d.

While call rate in New York remains at 1 per cent., the open market rate on 90-day bankers' acceptances was reduced early this week from $\frac{1}{8}$ to $\frac{1}{16}$ per cent. The reduction is attributed entirely to the lack of demand for funds. In the foreign exchange market French francs improved from 3.90 $\frac{1}{2}$ to 3.90 $\frac{1}{2}$ cents, and belgas from 13.84 $\frac{1}{2}$ to 13.85 $\frac{1}{2}$ cents, but Swiss francs receded from 19.22 $\frac{1}{2}$ to 19.22 $\frac{1}{2}$ cents and Dutch florins from 40.18 $\frac{1}{2}$ to 40.16 cents. Gold imports from England during the week amounted to \$12.4 millions, while \$994,000 came from Canada, \$893,000 from Holland and \$488,000 from India. The arrival of \$925,000 from China was also reported at San Francisco. Against these imports there was a net increase during the week of \$7.3 millions in gold held under foreign earmark. The actual gross increase in coincides in date with the arrival of the gold from England. It, therefore, looks as if the bulk of this gold still remains under foreign ownership and has merely been transferred to New York in anticipation of possible future needs.

THE CHOICE BEFORE BRITAIN.

THE United States reply to the British Note has finally extinguished any remaining hope that America might agree to suspend the payment of the war debts due on December 15th. Any suggestions made by Britain "which will facilitate payment," will be submitted to Congress—that is the only promise extended. For the rest, Mr. Stimson, speaking for a President who cannot commit either Congress or his successor, intimates that Mr. Hoover is prepared, through any appropriate agency, to "survey the entire situation"—in regard to which he admits that debt payments "have a very definite relationship to the problem of recovery"—but adds, after much disputable argumentation which we must reserve for our next issue, that the causes of the depression "lie in much more potent factors than these debts transactions." In so far as the immediate problem of December 15th is concerned, the American Note makes it clear, just as last Tuesday's Presidential Message to Congress did, that Mr. Hoover would like to see America co-operating with Britain and other nations in formulating policies for world reconstruction, but that the United States insists on replacing, next week, one of the great obstacles which make recovery impossible.

In these circumstances European Governments must act, and will, in fact, have made their vital decisions before our next issue appears. As all the world realises, the decision whether Great Britain should pay or not is a choice between two evils. To refuse to carry out the strict letter of the agreement without the consent of the United States would be a grave step, particularly in view of the international importance of our keeping on friendly terms with the United States and doing nothing that would make it more difficult for us to co-operate with her in tackling the great problems before us all. On the other hand, it is a great responsibility to adopt a course which, in the considered judgment of the British Cabinet, will deepen world depression, probably lead to a further fall of prices, and certainly delay co-operation for the stabilising of currencies and initiating steps to economic recovery. Equally serious is the fact that payment on December 15th will reopen the debt question, not merely between ourselves and America, but between the European debtors and Great Britain, and may revive bickering over the reparations question itself, which was, after so many years of pain and trouble, finally reduced to negligible proportions at Lausanne.

This being the dilemma, we may distinguish four currents of opinion in this country. The first may be called the "ultra-purist" school, which holds that, whatever may happen, we must keep the letter of our bond, until we are released by the United States. Since, however, we have put it on record so definitely that war debts are a damage to the international system, it would be going back on all the doctrines we have enunciated if we were to ask our European debtors to pay. Britain should therefore shoulder the burden of its debt to America out of its own pocket and hope for the best. There are, however, very few who think that we should accept, with such magnificent disregard for justice and practicality alike, a situation which the British Note described as "unthinkable."

The second school also believes that we should hold to our bond whatever the conditions may be; but it is not prepared to stand the racket of another shilling or more in the pound on the income tax. This school would therefore insist that our European debtors should be asked to pay and help us out with America. The weak point of this plan is that the prospect of obtaining indefinitely £12 $\frac{1}{2}$ millions sterling a year from France, plus £4 $\frac{1}{2}$ millions a year from Italy, with Germany paying nothing, is extremely remote; while the hope that Germany will be good enough to provide the cash is remoter still.

The third school, which we believe is very largely represented in the City of London as well as elsewhere,

would satisfy its conscience by paying just once more, but never again. On the question of morals we can see very little to be said for this point of view; for if it is a crime to default in chilly December, there is no less moral turpitude in defaulting in the palmy days of June. The only argument for this course that needs to be seriously considered is that by giving the United States a further period to think things over, we may perhaps reach, in the meantime, some basis for agreement. The weakness of this argument is that events in America have shown the prospects of such an agreement to be extremely small. If we pay on December 15th the average Congressman will draw the conclusion either that the last British Note was bluff which America has "called," or that the transfer problem has no reality. The recent canvass of Congressmen and Senators by the *New York Times* showed an overwhelming opinion against either cancellation or revision, and there is no reason to suppose that the new Congress will take a different view. Indeed, the latest American Note, in its insistence that debt payments have not been responsible for the maldistribution of gold stocks, that American tourist expenditure goes far to eliminate the transfer problem, and that any debt revision must be purchased at the price of "tangible compensation" in markets for American exports—a totally impossible proposition—is likely to stiffen Congressmen's necks.

When we remember how deep are the pre-occupations of the great farming communities of the United States with their own immediate concerns, and the long time that it requires, even for people much more closely in touch with international conceptions of trade and finance, to take a larger view of their own interests than is dictated by their day-to-day affairs, it seems useless to expect that America will voluntarily accept an additional burden to her Budget within a matter of weeks, months, or even years. The best that could be hoped would be some modification of the British payment. For example, the British interest charge might be reduced from 3 $\frac{1}{2}$ per cent. to 2 per cent. But such a concession, though of great value as a sign of goodwill, would not go to the root of the matter, for it would merely reduce the total payments by Europe from nearly \$300 millions to \$230 millions a year. This would not sufficiently reduce the pressure on the exchanges; it would retain in being the full obligations of France and Italy, which are due to increase over the next thirty years from \$65 millions to \$170 millions; and it would leave us with the difficult problem of European indebtedness still unsolved.

There remains the fourth school, which holds that the only logical conclusion of the British Note is that, in the interests of the whole world, action should be taken now to reduce the burden of the debt payments. To the argument that a contract is a contract and must be honoured, it replies that a contract ceases to be binding if the conditions implied when it was entered into are not realised. The contracts in this instance were based on assumed capacity to pay at a time when prices were far higher than at present, and it was expected that expanding trade would make the problems of collection and transfer of diminishing importance. The opposite has, in fact, been the case; the fall in prices has doubled the burden. But an even more cogent argument is that whereas international debts can only be paid in goods and services, the nations between them have brought things to such a pass that international trade has been subjected to what is in effect a form of blockade and has shrunk to a third of its value three years ago. Very few nations can escape some form of blame for this situation; but, however history may ultimately apportion responsibility, there is no doubt that the tariff of the United States, which is "anti-European" in its effect, whatever its intent may have been, has played a very great part both by its actual

obstruction and by its example. However highly we may rate the sanctity of contracts, there is no shame if they are broken by *force majeure*. This, after all, was the justification for the loss which we inevitably imposed on central banks all over the world a year ago when we departed from the gold standard—a step at which even the City feels no twinges of conscience—and considerations of *force majeure* apply with equal emphasis to-day.

As to the danger of precipitating a general default, it is urged that the fears are greatly exaggerated. The war debts undoubtedly stand in a class by themselves in public estimation. They are inter-governmental obligations and not commercial debts; the very fact that the creditors one and all agreed when they were funded to terms which wrote them down to a greater or less extent shows that the payments were not an ordinary return for services rendered, but an attempt to adjust the cost of the war to capacity to pay; and finally their payment or their non-payment is intimately linked with politics.

Commercial debts are on quite another footing. The annual sum paid from abroad to private investors in Britain includes large amounts from commercial and industrial companies of all kinds (many of which are on the English register), profits of British companies operating partly at home and partly abroad, and many other sources of income arising from the international activities of British citizens. It is really a fantastic flight of imagination to suppose that the whole of these will collapse if Great Britain and other European debtors decide to cut the knot of the war debts. Nor is it to be feared that the prospects of Anglo-American co-operation will be worse, as the result of taking a definite stand now, than they would be if we were to have six or twelve months' uncertainty. Still less would co-operation be helped if we negotiated some modest concession for ourselves, leaving France either to pay both America and us in full, or to default.

For our part we believe that the weight of the argument lies with the fourth school, and that the British Government would be doing a service to the world, and not in any sense acting in a way of which we need to be ashamed, if it were to bring matters to a head forthwith and announce definitely that the December 15th instalment will not be transferred to the United States. This action should not, however, consist merely of a simple refusal to pay; it should be accompanied by a statement, in a general way, of the terms and conditions under which some payment might be resumed. The statement might be somewhat along the following lines:—

We have done our best to fulfil the bargain made ten years ago, but conditions not then contemplated have arisen which make that bargain impossible of fulfilment. With international credit destroyed, and the movement of goods hampered and reduced to a fraction of the normal, no payment at all is at present possible which will not increase world depression and cause new political complications. We see no future possibility, even under the most favourable conditions of trade, of reviving our payments on the scale originally contemplated; but, provided the American tariff is moderated in favour of European goods, the volume of international commerce may be expected to revive sufficiently to enable a modest transfer to be made without involving a distortion of normal trade or an undue strain on the international system which we hope, with your co-operation, to be able to restore. But it is imperative that if confidence is to revive the debts should not be left hanging over the world as an uncertain quantity. It would assist your immediate financial difficulties and remove all danger of future complication if the debts were settled now by a lump sum payment which would not immediately involve a large transfer. The only way by which this can be done is to limit this financial payment to the capital sum which can be raised in your market on the credit of the countries in Europe in the next twelve months—a figure which we believe might amount to somewhere near a billion dollars. We are prepared to enter into negotiations with you separately on this basis, but beyond this we cannot go.

The course we suggest is, in our view, the only logical conclusion of the last British Note. For years past the world has suffered from the fatal policy of doing the right thing too late. If we acquiesce now in letting matters drift, we shall be running the risk of repeating once again this most disastrous of blunders.

SHIPPING AND THE WORLD CRISIS.

The fortunes of the shipping industry are so intimately connected with the prosperity of the world as a whole that its leaders have traditionally been inclined to take what may be described as an "international" standpoint on economic problems. British shipowners, in particular, have consistently set themselves against the application to their industry of policies conceived in a spirit of economic nationalism, and have realised, as the chairman of the P. & O. Company observed in his speech at the annual meeting of the company this week, that in the complex system of the present-day world no nation can expect to avoid in isolation "the bitter blast of adversity" if fellow nations are laid low.

To the campaign for the formulation of sane commercial policy, as the foundation on which alone renewed prosperity can be built, a welcome contribution has been made by shipowners during the past few days. At a meeting of the International Chamber of Commerce in Paris on November 30th a report was submitted by a Committee of Experts set up to consider the problem of surplus tonnage. The conclusions of the report, which extend to questions of much more general application, are that, in a world of plenty, civilisation is being starved because the world market is being destroyed.

"The world can either allow itself to slide back to self-contained primitive life by reducing the standard of living in all countries, or it must formulate and respect the principles of the world market. . . . The principles of the world market are:—

"(a) The creditor countries must be prepared to receive payment for their debts, as well as for their exports, in goods or services. A creditor nation with an "active" balance of exchange of goods and services (i.e., a creditor country which maintains its exports and debt claims, but prevents adjustment of its trade balance by refusing payment in goods and services) breaks the world's market by depressing its debtor customers.

"(b) Debtor countries must not exclude themselves from the world market by raising the level of costs of production (by inflated apparent wage structure and prices).

"(c) Trade barriers of all kinds, including artificial or stimulated production of goods or services, currency restrictions, unnatural interference with trade or artificial stimulants to commerce, must be reduced and ultimately abolished as dangerous palliatives which have done more harm than good.

"(d) The nations which are prepared to enter the world market on these terms should agree to support the market and enforce its principles by limiting their most-favoured-nation treatment to those nations who observe such principles. The principle of equality of treatment should be secured on a basis of reciprocity."

At a meeting on December 1st the British Chamber of Shipping unanimously endorsed the conclusions of the Paris report. It also adopted a report presented to it by its own Committee on Shipping Policy. This committee drew attention to the continued and increasing decline in the volume of the world's overseas trade, which, it observed, would now barely provide employment for the whole British mercantile marine, even if it were all carried in British bottoms. Emphasising the serious effects which have resulted from the direct and indirect subsidisation of foreign shipping, the committee deprecated retaliatory measures by this country, save as a last resort, and urged that at the World Economic Conference the British policy should be to demand the abolition of all forms of flag discrimination. The objective for Great Britain should be to secure the co-operation of as many nations as possible pledged to work for the re-establishment of world trade through the removal of trade barriers, including the modification of tariffs. At the same time, we should warn the world that unless such co-operation is secured, retaliatory action may have to be taken by this country, with disastrous results for all concerned.

We hope that these declarations of policy made by British shipowners, and particularly the admirable Paris resolution which we have quoted above, will receive the attention which they deserve. They represent in our view a constructive policy whose endorsement by the British Government would go far to warrant hopes of fruitful progress in our commercial negotiations with foreign

countries. To-day, if we read the situation aright, a large majority of public opinion in Great Britain, irrespective of party allegiance, is seeking anxiously for a practicable road out of the tariff *impasse* in which international trade is fettered. Taking a realistic view of possibilities, this body of opinion sees little hope of a sudden reversion, either by this or other countries, to a system of unqualified Free Trade; but it is prepared to see many of the steps towards protection which Great Britain has taken retraced if reciprocal steps are taken by other countries in association with us to reduce their tariffs to a level which does not spell prohibitive barriers to the movement of goods. If the British Government would intimate in the clearest terms its adherence to "the principles of the world market" as outlined in the foregoing report, decide to modify in the sense suggested its interpretation of most-favoured-nation treatment, and give a definite lead in the formation of a "sane tariff" group, it would, we are convinced, evoke far-reaching support.

GERMANY'S BANKING CREDITS.

IN a recent article in these columns it was suggested that the German international trading position was now in equilibrium. That is to say, the favourable balance of international merchandise trade plus services is to-day sufficient to pay the interest and sinking fund charges on the German foreign debt and, probably, to provide a modest surplus as well. When the progressive improvement of the debt position through the repurchase of German bonds held abroad is taken into consideration, it is evident that Germany appears in this respect to be rather better off than is generally believed. But this has only been rendered possible by the banking "Standstill" agreement, and by a system of exchange restrictions which immensely hampers trade and has, in the words of the British Commercial Counsellor in Berlin, turned the whole country into a machine for the production and retention of foreign exchange. Nor should it be overlooked that the "freezing process" in Germany's economic life has been accompanied by a dangerous extension of the obligations and guarantees—amounting to at least Rm. 2,000 millions—assumed by the Reich, in addition to the finance provided for writing off the capital and bad debts of banks, co-operative societies and mortgage institutions. How is it possible to achieve the necessary transition to normality and how long is this likely to take?

It may be taken as generally agreed that the solution of the problem of the short-term debt is a necessary preliminary to lifting the exchange restrictions. A solution of this problem is equally essential for the creditor countries, whose banks—at any rate those engaged in international business—are greatly hampered by the large credits tied up in Germany. The amount involved in the banking standstill is estimated at Rm. 4 milliards, to which must be added several milliards of non-banking credits held up by the exchange restrictions. Yet, though these sums may appear large, they are not unmanageable. Indeed, they only appear really large when wholesale repayment is contemplated. But such an objective is not feasible, or even desirable, from the creditors' point of view. There is no advantage to be gained by the world's chief financial centres severing business and credit relations with Germany. In short, if a magician could by a stroke of his wand convince the world that Germany was a good credit risk, then there would be practically no short-term debt problem for Germany at all. Seen in this light, the essential problem to-day is how to transform the attitude of the world towards German credits without permitting withdrawals large enough to upset the foreign exchange position.

In less than three months the present Standstill Agreement expires and numerous plans are being put forward for its renewal. The present agreement provides for gradual reduction of indebtedness in four ways—firstly, an annual 10 per cent. reduction of outstanding credit lines to the extent that they are not actually utilised;

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secondly, the creation of trust certificates by the Reichsbank in respect of cash advances to banks redeemable by semi-annual payments at the approximate rate of 10 per cent. per annum; thirdly, repayment by the Gold-discount bank of the amounts originally guaranteed by it in three equal annual instalments, plus further instalments in respect of amounts subsequently guaranteed; fourthly, under the much-discussed Clause 10, by the long-term investment (minimum five years) of the limited amounts permitted to be demanded in marks from German debtors. The working of this agreement, satisfactory as far as it goes, has had little effect in achieving the desired transformation in the general attitude towards German credits, and in view of the slow, more or less fixed rate of repayment, seems unlikely to have great results.

The modifications now suggested, both in Germany and in the creditor countries, have two main objects in view. Firstly, it is vital that there should be a "loosening-up" of the internal situation. The standstill agreement was intended to protect the German exchange position, not individual bankrupt or doubtful debtors. Yet these have in fact been protected, and it is generally agreed that in the interests both of Germany and her creditors some way of forcing overdue liquidations and producing the inevitable accommodations between creditors and debtors must be found. This is only possible if the creditors are permitted to demand repayment, at any rate in blocked marks. Under the last agreement creditors had the right to demand such repayment in each six-monthly period, for the purpose of long-term investment, to the extent of 25 per cent. of outstanding balances from banking debtors and 15 (rising to 20) per cent. from commercial debtors. This is obviously quite insufficient for the purpose in view, and it is understood that the creditors' committees are proposing an extension of this clause permitting, with certain restrictions, a demand for repayment in full by equal quarterly instalments. Whether the Germans are prepared to go as far as this remains to be seen; but it is noteworthy that the financial editor of the *Berliner Tageblatt* recently advocated the complete freeing of internal payments, pointing out that the inevitable liquidations, bankruptcies and accommodations would be to the direct advantage of Germany.

The second group of modifications suggested aim at extending the utilisation of the blocked marks arising out of internal liquidation. Under Clause 10 of the present agreement, of which relatively little use has been made, except by the Swiss banks, blocked marks could be invested in long-term mark loans or equities in Germany, with the proviso that the investment must remain blocked for five years. A memorandum, however, recently published in Germany, and said to emanate from the creditors, proposed the extension of this facility to all forms of short- and long-term investment, whether in marks or in foreign currencies, and the creation of a special loan of the German Reich payable in foreign currencies and redeemable over a long period, into which the blocked marks would be exchangeable if desired. The blocked marks, the memorandum suggested, should also be available for tourists and for so-called "additional exports." While creditors would have the free disposal of their marks within Germany on these lines, machinery would be set up through the Reichsbank and a trustee organisation to

manage the funds on behalf of the creditors and prevent evasion of the provisions. The marks or other investments would be transferable at will through the trustee, though presumably only to other foreign holders. A particularly interesting suggestion is that any foreign creditor who grants an additional credit to a German debtor should be entitled to free one-third of the amount granted out of his blocked marks if the credit is for one year, two-thirds if for two years, and an amount equal to the credit if for three years.

Are these proposals on the right lines? To some extent they merely embody and seek to legitimise practices which have grown up under the old agreement. This is particularly the case of the proposal for the free transfer of blocked marks or investments. The Reichsbank already recognises such transfers in the form of assignments to take effect at the end of the five-year period, and a fair number of dealings have taken place at rates varying from about 12 to 22 per cent. discount. Obviously such transactions are all to the good, in that, for one thing, they substitute willing for unwilling creditors. This is undoubtedly a step in the direction of changing the attitude of the world towards German credits. The new proposals would, of course, largely extend the market from both directions—the “production” of blocked marks through internal liquidation and their “consumption” through the increased utility which they would be given. But, we think, the chief merit of a scheme on these lines would be the automatic furtherance of repayment by the chief, or, indeed, perhaps the only means by which repayment can be secured. Such means are obviously fresh investment in Germany, additional German exports, and repatriation of German capital. During the past year all these factors have played a part in German repayment of debt, but mainly to the advantage of the long-term creditors. Since the prices of German securities have been far higher in Germany than abroad, fresh investment in Germany was obviously driven to take the form of purchase in the foreign markets. The same applies to the repatriation of German capital, a subject which was fully dealt with recently in these columns. Moreover, as was then pointed out, “additional” German exports were stimulated by granting German exporters permission to invest the proceeds of their sales in German securities abroad, which were then sold in Germany at a profit. The system of blocked marks quoted at a discount would enable the short-term creditors to have their turn if, like the long-term creditors, they were prepared to take a loss. It would cheapen, and therefore encourage, direct investment in Germany, the repatriation of German capital, and “additional” German exports. Incidentally, there is no reason why the scheme should be confined to the banking creditors; it could easily be extended to creditors outside the Standstill agreement.

Admittedly the proposals described above do not solve—or, at any rate, immediately solve—the standstill problem. There are advocates, particularly in Germany, of a comprehensive funding scheme for all “bad” credits, by which is apparently meant all credits not genuinely commercial and liquid. The “good” credits, it is argued, could then be left in Germany with perfect safety, and there would be no more need for a standstill agreement. Apart, however, from the difficulty of placing, at present, any funding loan or increasing substantially the rate of “transfer,” the trouble here obviously lies in separating the sheep from the goats; and there seems little or no prospect of agreement on these lines. The foregoing proposals, however, would involve an automatic separation of the “good” from “bad” debtors, since creditors could liquidate and change their credits within Germany. In addition, they could always get out of Germany, if they wished, at a loss which would get smaller as confidence in Germany revived; and a large reduction or disappearance of the discount on “claims” would be an excellent indication of the moment for the complete removal of restrictions. In short, the scheme represents an attempt, with some prospect of success, to allow the standstill situation to work itself out by the most natural means possible rather than to “solve” it. If greater freedom and elasticity in Germany’s relations with her foreign

banking creditors can be secured; if steps, as indicated above, are taken whereby the creditors can more effectively test the situation for themselves; and if Germany’s national policy is directed towards facilitating the ultimate repayment of those who are no longer willing lenders, there is no reason why a year or two should not work a great change for the better in her foreign credit situation.

RENT RESTRICTION.

THE Rent and Mortgage Interest Restrictions (Amendment) Bill, which was presented to Parliament last week, merely carries out the recommendations of the Interdepartmental Committee on the Rent Restriction Acts, appointed by the late Labour Government, which reported in July of last year. The Committee, of which Lord Marley was the chairman, made a careful survey of the working of the Acts, and its conclusions, though not very original, were an eminently sensible attempt to deal with a very difficult and complicated problem. Although, as the memorandum issued last month by the Government shows, the figures on which the Committee based its recommendations were perhaps rather more pessimistic than the subsequent revision seems to indicate, nothing has occurred in the meantime to upset its main conclusions.

The Rent Restrictions Acts, as everybody knows, were originally introduced as a war measure, to prevent the shortage of housing created by the cessation of building operations resulting in severe hardship to the working classes, especially in those areas where the influx of munition workers was pressing heavily upon the available accommodation. The first Act which was passed in 1915 confined itself to the cheaper working-class houses having an annual rateable value not exceeding £35 in London, £30 in Scotland and £26 in other parts of the country. But as time went on it was necessary by successive stages to bring within the purview of restriction a large number of what may for convenience be called “middle-class” houses, and the Act of 1920 included houses with as high a rateable value as £105 in London and £78 in the provinces.

Besides restricting rents—for which the Act of 1920 fixed a maximum increase of 40 per cent. on the standard of 1914 plus 10 per cent. for increased rates—the Rent Restrictions Acts also limited the increase of rates of interest on mortgages (to 6½ per cent. under the 1920 Act), prevented mortgages being prematurely called in, and also made it illegal for landlords, except under very special circumstances, to evict tenants. These measures were never, of course, intended to be permanent, and it was hoped that as soon as the shortage of houses—greatly aggravated if not entirely created by the war—had been made good, it would be possible to “decontrol” rents and return to the pre-war system of *laissez-faire*.

In 1923 the first attempt was made to loosen the restrictions. An Act was passed decontrolling automatically all houses which had come into the possession of their landlords, and also those where landlord and tenant had entered into certain specified agreements. This Act, which expired in 1928, has been renewed annually, and in 1930 the Government decided to review the position in order to discover what amendments were appropriate.

In spite of the immense effort made since the war to improve housing conditions and to make up the existing shortage, it cannot be said that the results so far obtained have been at all satisfactory. It is true that over £1,000 millions have been spent in the last thirteen years, but they have been largely confined to middle-class houses, and the number of new houses built with a rateable value of £13 or under (£20 in the Metropolitan area) has been comparatively small—only about 700,000. Nor have the results of the Act of 1923 in effecting the decontrol of the cheaper class of houses proved very successful. The figures published last month show that out of about 5,000,000 “C” class houses only 850,000—less than a fifth—have been decontrolled up to date.

The following table embodies the figures and the new classification given in the Report of the Marley Committee and the review of the position at the end of September, 1932.

ENGLAND AND WALES.			
CLASS A.—Rateable value limits: Over £45 in London, or £35 elsewhere.			
	Marley Committee, 1931.	Sept. 30, 1932.	
Controlled	530,000	500,000	
Not controlled—			
Decontrolled.....	320,000	350,000	} 770,000
New	350,000	420,000	
	1,200,000	1,270,000	
CLASS B.—Rateable value limits: Between £20 and £45 in London, or £13 and £35 elsewhere.			
Controlled	1,350,000	1,300,000	
Not controlled—			
Decontrolled.....	200,000	250,000	} 1,085,000
New	700,000	835,000	
	2,250,000	2,385,000	
CLASS C.—Rateable value limits: £20 or under in London; £13 or under elsewhere.			
Controlled	4,375,000	4,150,000	
Not controlled—			
Decontrolled.....	625,000	850,000	} 1,550,000
New	600,000	700,000	
	5,600,000	5,700,000	

These figures show that nearly two-thirds of the houses built since the war have been of a rateable value too high to permit their occupation by any but the most prosperous and securely employed members of the working classes. As the Marley Committee pointed out, it was hoped that the increased supply of Class A and Class B houses would lead to a gradual “filtering up” which would relieve the pressure on Class C houses as the more well-to-do tenants gradually moved into the better-class houses. This filtering up has, however, not taken place to any great extent. As the Committee observed:—

“It appears to us that the decontrolling provisions of the Act of 1923 must have had the effect of deterring working-class tenants from moving, as any empty house to which they could move must normally be a decontrolled house. Thus, a tenant, if he moved, would lose his security of tenure and normally have to pay a considerably higher rent. In these circumstances, working-class tenants have had every incentive not to move and the figures supplied by the Ministry of Labour show that seven-eighths [later figures suggest about four-fifths] of the working-class tenants have, in fact, not moved, only one-eighth [later figures suggest about one-fifth] of the smaller working-class houses have become decontrolled since 1923. . . .”

The evidence placed before the Marley Committee indicated that the rents in “decontrolled” working-class houses range on an average from 85 to 90 per cent. above the pre-war rent (including rates), as compared with 50 per cent. (including rates) for controlled houses. Thus, a house with a pre-war rent of 6s. would have a controlled rent of 9s., and on decontrol the rent would rise on an average to 11s. 3d. Though the situation has probably improved somewhat in the meantime, a return to *laissez-faire*, such as was advocated by the Ray Committee, would involve the risk of a substantial rise in rents over more than 4,000,000 working-class houses. In view of the increase of unemployment which has taken place in the last two years—to say nothing of the imposition of the means test—it is clear that a further measure of decontrol would in many cases involve real hardship, especially in those districts where the slow but steady pressure of migration from the derelict areas is making itself felt.

In view of these facts the Government has been wise to adopt the recommendations of the Marley Committee in its Rent Restrictions Bill, the chief provisions of which are as follows:—

Class A houses are decontrolled. Class B houses are left where they stand under the Act of 1923, but class C houses are exempted from the decontrolling provisions of that Act. The Committee (with a minority of one) rightly refused to reimpose control on decontrolled or uncontrolled houses, but it felt that the suspension of decontrolling in class C houses, by giving new tenants the same privileges as the old with regard to lower rents and security of tenure, would increase the

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much-needed mobility of labour and so promote the process of “filtering up.” The Bill likewise provides for the continued control of mortgages so long as the mortgaged property remains subject to control, and extends somewhat the definition of “alternative accommodation” with a view to facilitating the regaining of possession of houses by landlords in the interests of development and improvement. This provision should not cause any hardship seeing that class C houses will no longer be decontrolled.

The Bill also contains a clause (4) intended to prevent an abuse to which the Marley Committee drew attention, namely the exaction by tenants of exorbitant rents on subletting. This clause gives the landlord the right to resume possession in the case of extortionate charging by a statutory tenant, requires tenants to notify their landlords if they are subletting, and in certain cases imposes a penalty for extortionate charges to sub-tenants. The Bill also gives the local authorities power to give information and advice for the assistance of landlords and tenants as to their rights and duties under the principal Acts and as to the procedure for enforcing them in accordance with the recommendation of the Marley Committee that local authorities should be empowered to set up committees for this purpose.

Considered as a whole the Bill is a commendable attempt to deal with a very intractable problem, but, like all previous legislation on this subject, it should be regarded as a temporary expedient designed to facilitate the transition to a state of “normalcy” which unfortunately it has not been possible to attain after nearly fifteen years of effort. For in a healthy society rent restriction cannot be accepted as a normal part of our social machinery: indeed, the very fact that it is still necessary shows clearly that we have not yet attained the proper equilibrium between supply and demand of one of the prime necessities of existence. If we are to rid ourselves of the incubus of rent restriction it is clear that we must first tackle the problem of class C houses. Until the supply of smaller dwelling has been substantially increased there is no possibility of the housing industry standing upon its own feet.

SUN LIFE OF CANADA.

By far the largest and best-known of the Life Assurance Companies operating on an international basis, the Sun Life of Canada has pursued since the war a policy of energetic and forceful expansion, which has been equally successful in countries differing widely in racial and sociological conditions. Unusually aggressive publicity methods have done a good deal to force the public to a wider realization of the need for assurance cover, and this process has been beneficial, not only to the public, but also to the

cause of life assurance in general. The costs of management and commission have naturally been very heavy, and the company has been subjected to criticism on this account, though much of this criticism has failed to make proper allowance for the huge annual increase in new business, with its attendant heavy agency and other expenses. The company, owing to its Canadian domicile, has virtually escaped income tax, and has been able to invest its funds until recently at a net rate of interest considerably higher than the gross rates earned by British offices. This factor has enabled it to meet the abnormally heavy expenses, and, it may be, to justify the policy which has been followed.

The company's total new business in 1931 was £104,000,000, a fall of £38,000,000 as compared with 1930. The new business effected in this country alone was £9,000,000, against £10,000,000 in the preceding year. As is well known, the Sun Life of Canada, in investing about one-half of its funds in ordinary stocks, has adopted an investment policy which differs from that of all other life assurance companies. So long as the unprecedented prosperity in America continued, this policy was highly successful, and on December 31, 1928, a large undivided surplus existed over the liabilities. This surplus had been built up over a series of years, during which the annual bonuses, which formerly were unattractive, increased in nine successive years to the handsome rates declared in respect of the dividend year ended on March 31, 1931. The catastrophic fall in the prices of American equity stocks in 1930 and 1931 much more than cancelled all the accumulated free surplus; in consequence, on December 31, 1931, the company could not value its Stock Exchange securities at the market quotations on that date. It availed itself of the permissive emergency basis of the Canadian Government Insurance Department; bonds held on December 31, 1930, and ordinary and preferred stocks held on June 30, 1931, were taken in the balance sheet at their market values on these respective dates. It is stated that this method, as applied to the assets of the company, is slightly more stringent than that adopted by the National Convention of Insurance Commissioners of the United States.

The complexity of the accounts makes a true analysis of profits extremely difficult, and the figures which follow necessarily contain an element of conjecture, more especially in regard to the year 1931:—

	PROFIT AND LOSS.			
	1928.	1929.	1930.	1931.
	£	£	£	£
Trading surplus....	3,193,403	3,440,393	3,603,128	3,740,000*
Profits from securities (realised and unrealised)	4,839,131	5,097,903	-9,406,618	-5,970,141
Brought forward....	7,205,340	8,752,058	8,803,490	2,197,384
	15,237,874	17,290,354	3,000,000	32,757*
Allocations to—				
Bonuses paid to or reserved for policyholders ...	3,597,970	5,690,168	6,007,126	4,000,000*
Shareholders	133,790	194,564	250,751	292,825
Strengthening of actuarial reserves	699,261	547,337	...	350,000*
Weakening of actuarial reserves	...	...	-1,500,000	...
Strengthening of investment reserves.....	2,054,795	2,054,795	...	...
Weakening of investment reserves	...	...	-3,955,261	-5,034,250
Carried forward .	8,752,058	8,803,490	2,197,384	358,668
	15,237,874	17,290,354	3,000,000	32,757*

* Approximation.

It should be stated that the amounts carried forward in the above statement are smaller than those shown in the accounts. The difference is accounted for by the fact that we have deducted from the published "carry-forward" the estimated amount of the contingent allocations which the company customarily shows for bonuses payable during the dividend year commencing on April 1st following; and it may be open to argument whether or not these amounts should be deducted in arriving at a "carry-forward" comparable with that of a British office. The published "carry forward" on December 31, 1931, was

£3,359,668. It will be seen that had market values on December 31, 1931, been used in the last balance sheet, a larger deficit would have resulted.

The fall in security prices has been accompanied by a severe drop in 1931 in the rate of interest earned:—

Year.	Rate of Interest.		
	£	s.	d.
1927	6	2	7
1928	6	3	6
1929	6	5	11
1930	6	0	8
1931	5	2	10

The average rate of interest assumed in the valuation of future liabilities is about 3½ per cent., so that even in 1931 there was a margin of almost 2 per cent., which is considerably greater than that enjoyed by the majority of British companies.

The expense ratio, suitably adjusted for single premiums and annuities, was 24.7 per cent. in 1931, against 29.0 per cent. in 1930, but the fall is due mainly to a decrease of £521,000 in commission payments, owing to the reduced new business. The net interest income, at £5,879,000, was £688,000 below the corresponding figure of 1930 and was less than the total expenses, which amounted to £6,256,881.

The liabilities of the company are valued on a basis which is stringent when considered in relation to the probable future interest earnings, and it is necessary to bear in mind that where, as in the case of the Sun Life of Canada, the income exceeds the outgo, a temporary rise or fall in the market value of the assets is of secondary importance; investments need not be sold at unfavourable times to meet current liabilities. What is of primary importance is the net rate of interest earned, not on the book values of the assets, but on the actuarial liabilities, which are unaffected by the vagaries of the Stock Exchange. This rate was well over 5 per cent. in 1931 in spite of the numerous defaults—at least temporarily—in interest payments which must have been experienced; and it is probable that, in spite of the lower rates earned on new money, the net rate of interest will not fall below 5 per cent. of the policy reserve liabilities for a number of years.

As a result of the crisis it is understood that Governmental regulation has intervened in Canada in a form which will make it impossible for the Sun Life of Canada to invest any new money in common stocks for many years. This may prevent the company taking the fullest advantage of a revival in world economic conditions, but we think a healthier position should result. We do not share the view that a life assurance company should eschew ordinary stocks, but we believe it is unwise to hold so high a proportion of the assets in that form as has been the custom of the Sun Life of Canada.

It is common knowledge that rumours have circulated regarding the stability of this office, but there is no evident cause for any policyholder to feel uneasy as to the security of his contract. Any early return to the high scales of bonus that have been enjoyed in recent years, however, seems to be improbable. The rates declared for the dividend year commencing April 1, 1932, are approximately two-thirds of those for the previous two years, which were the highest in the history of the company. The system of additional maturity bonuses which was established only a few years ago with much publicity has apparently been discontinued. The present scale of bonuses compares unfavourably with the average rates declared by British offices, but should show some improvement on a return to more normal conditions. Omitting capital profits arising out of the sale of securities, or appreciation in market values, which are inappropriate for distribution in the form of bonuses, the main sources of profits are interest earnings in excess of valuation requirements, mortality more favourable than that assumed by the company, and expenses smaller than are provided for in the premiums. The last source of surplus is perhaps more within the direct control of the management than the other two items and, having regard to the lower interest earnings, the expenses of the Sun Life of Canada are decidedly excessive. A slowing up of the aggressive expansionist policy of recent years, combined with a severe retrenchment in other directions, seems to be called for in the best interests of the main body of policyholders.

A TURKISH DECENNIUM

DECENNIAL celebrations are in fashion. A few weeks ago, the completion of the first ten years of the Fascist regime was being celebrated in Italy; and, more recently, the Turks have been celebrating the first decennium of Kemalism. The coincidence is interesting; for there are certain obvious similarities between President Mustafa Kemal's work and Signor Mussolini's. Both statesmen have swept aside an exotic parliamentarianism in order to rule as dictators; and both have used—and sought to justify—their dictatorial power for the purpose of overhauling the whole life of the countries over which they have assumed their high-handed control. Both have either cowed or fascinated the great mass of their fellow-countrymen, but have encountered unyielding opposition on the part of a small intellectual élite. This conflict has been tragic, for in both countries there had been a dearth of upright, disinterested, able, well-educated leaders; and it is regrettable that the leaders who came to the top should not have made it possible for their peers to collaborate with them. The Italian Duce, to his honour, has celebrated his first decennium by a far-reaching amnesty; and we respectfully commend this example to the attention of his Turkish confrère. To amnesty his opponents is a dictator's last and hardest triumph; but if he can achieve it, it is the most convincing demonstration that he can possibly make of his own security and success. If President Mustafa Kemal were to amnesty his exiles now, this would be one of the finest acts in his career for the good of his country and for the credit of his own name.

So much for the points of similarity between the Turkish and the Italian revolutions that have brought to the surface a Mussolini and a Kemal. But the Turkish Revolution has been by far the most drastic of the two—degree almost amounts to a difference in kind. In Italy, Signor Mussolini has merely had to quicken the pace of a nation that has always been one of the great nations of the Western World in order to bring this nation abreast of the vanguard of Western progress—the traditional place of Italy, from which she had only temporarily fallen back. In Turkey, on the other hand, Mustafa Kemal has set himself to turn an ancient, proud and self-conscious Oriental people into a Western nation; and this has meant a political, religious, economic, social and cultural revolution that has left no sphere of Turkish life unaffected, and has changed out of all recognition every feature that it has touched.

No doubt, Kemal and his companions who started the present movement at Angora in 1920 were not the first Turkish "Westernisers." By that date, a dozen years ago, Turkey had been in process of "Westernisation" for nearly a century and a-half; and she had already come a considerable distance to meet the West. The change which "Kemalism" has introduced is a change of pace and, perhaps even more, a change of attitude. Kemal's "Westernising" predecessors were "Westernisers" against the grain. They had realised that Turkey must "Westernise" her army or perish; and then the reform of the army involved them step by step in far-reaching financial, administrative and educational changes which they had never foreseen when they first entered upon this course. In spite of themselves, the Turkish reformers were drawn forward, decade by decade, step by step. But they took no pleasure in their advance; and they never moved a step except under the force majeure of an imminent prospect of annihilation. It was Kemal who realised—and made his countrymen realise—that, beyond a point, it is ridiculous as well as painful to kick against the pricks; and that, if you are fated to traverse a certain course, you had much better run your race joyfully. For ten years Kemal has been setting the pace—with a cat-o'-nine-tails in his hand to quicken the step of any good citizens of the Turkish Republic who may show signs of fainting by the way and lagging behind his tireless and remorseless President.

The catalogue of changes leaves the mere stick-in-the-mud Westerner gaping. In these ten years, the Ottoman

Turks, under Kemal's auspices, have renounced the Ottoman Empire and established a Turkish Republic, which is a Successor-State of the old Ottoman Empire in the same sense as Greece or Bulgaria. More than that, they have cast out the House of Osman—the dynasty that originally created the Ottoman Turkish State and people and endowed them both with the Founder's name. The first thing which the revolutionaries of Angora did when they became masters of Constantinople in the autumn of 1922 was to depose the reigning Sultan and abolish the Ottoman Sultanate. But the Ottoman Sultans had also been Caliphs of Islam; and should the Caliphate follow suit? After a brief experiment in keeping a seion of the House of Osman as a tame Caliph, Kemal proceeded to abolish the Caliphate likewise, and thereby severed the religious link between Turkey and the rest of the Islamic world.

The abolition of the Caliphate was extraordinarily bold; for, ever since Turkey had felt herself unable to stand on her own feet she had been leaning for support on her Muslim brethren all over the world. But Kemal cast away this crutch and told his countrymen that they must either learn to stand by themselves again or perish. And he has done far more than sever the link between Turkey and the last of the Islamic world by abolishing the Caliphate. He has "disestablished" Islam inside Turkey itself. And this is a *tour de force* which it is not easy for the Western mind to grasp; for in Islam Church and State are one, so that the transformation of Turkey into an imitation of the French *Etat Laïque* does not mean simply divorcing two institutions that have been artificially wedded. It means rending from top to bottom the seamless robe of Islamic society.

To most of us, perhaps, the disestablishment of Islam in Turkey has meant little more than the regulation that all male Turkish citizens must wear hats with brims. This has been one of the outward and visible signs of secularisation because a hat with a brim—which precludes the pious Muslim from touching the ground with his forehead in prayer—is in Turkey the traditional mark of the beast: the mark, that is to say, of the Frankish infidel. For a pious male Muslim to wear a hat is at least as shocking as for a pious male Christian to keep his head covered in Church; and this is the inwardness of an apparently arbitrary decree which has caught the attention and excited the amusement of the Western world. But this business of brims is after all only superficial. A deeper change has been involved in the adoption, almost at one sitting, of the Swiss Civil Code and the Italian Criminal Code by the Turkish Great National Assembly. The Canon Law of Islam was thereby abolished at a stroke; and the passage from polygamy to monogamy was only one incidental change among many.

But perhaps the most revolutionary change of all has been the substitution of the Latin for the Arabic alphabet, which obliterates from the Turkish mind the whole Islamic cultural heritage. The rising generation will have no access to the literature and civilisation of the Persian and Arabic classics, on which their forefathers have been reared. Their minds will be re-orientated, by the change of script, to the languages and literatures of the Western world. The slate is being wiped clean; and we can only wonder what is going to be written upon it. Perhaps nothing very startling after all; for imitation is generally prosaic.

There is one admirable trait which Kemalist Turkey shares with Fascist Italy, and that is its pacific foreign policy. It is noteworthy that a movement born out of a national struggle for existence has not been tempted by its success into passing over to the offensive. The Turkish decennium which has just run out was inaugurated by the overthrow of the Greek Army and the liberation of Anatolia. Yet in spite of the bitterness caused by the wholesale compulsory interchange of minorities, the Turks and Greeks have now composed their secular feud and have contracted a national friendship which is little short of miraculous. Turkey has renounced all ambitions in the Balkans, and likewise in her former Arab provinces. This moderation is a sign of strength, and encourages hopes for the future progress of Turkey in the decennium which lies ahead.

Notes of the Week.

The League and Manchuria.—In the light of Wednesday's proceedings in the Assembly of the League, the optimistic despatch, written on Tuesday by our League correspondent and published on a later page, will be read with feelings of bitter disappointment. The disappointment will be all the more bitter in this country in that though the Great Powers—with the possible exception of France, whose attitude was equivocally guarded—adopted an attitude which must gravely impair the moral authority of the League, the lead in this disastrous policy was given by the British Foreign Secretary. In a speech which reads like that of counsel for the defendant rather than the judicial summing up of a world tribunal, Sir John Simon on Wednesday appears to us to have dealt the League a serious blow. As if he had been furnished with a brief to exculpate Japan, he extracted from the Lytton Report every point which, detached from its context, appeared to tell in Japan's favour. In particular, he quoted with approval the conclusion of the Commission that "a mere restoration of the *status quo ante* would be no solution" and refrained from adding that the Report said with quite as much emphasis that "the maintenance and recognition of the present regime in Manchuria would be equally unsatisfactory." Again, expressing his satisfaction with Japan's declarations of "loyalty to the League," he had no word to say with reference to Japan's blunt announcement of her claim to pursue in Manchuria her own policy and not to brook there any League interference. He ended by proposing that the Assembly "should stand by the principles of the League and promote conciliation" and that for this purpose the Manchurian issue should be entrusted to the Committee of Nineteen, strengthened, if possible, by representatives of the United States and the U.S.S.R. The speech was applauded by Mr Matsuoka with the ironical comment that Sir John Simon had said in half an hour what he had endeavoured to say for Japan in the last ten days; and the British proposals as to procedure were endorsed by both the German and the Italian representatives. Now the Lytton Report recommended that there should be direct negotiations between China and Japan, but only on the assumption that the principles of settlement which the Commission laid down were endorsed by the League and accepted by the disputants. It is clear that the effect of Sir John Simon's proposals would be to remove the dispute effectively from the purview of the League and from the limelight of public opinion, while "negotiations" could be indefinitely protracted by the Japanese Government and Japan remain equally indefinitely in possession of the territory forcibly seized by her army in Manchuria. It is true that M. Paul Boncour, alone among the spokesmen of the Great Powers, hinted that, if conciliation failed, the Assembly would eventually be bound to make recommendations on the basis of the Lytton Report. But in existing circumstances to play for time is to play into the hands of Japan. However specious the arguments in favour of "conciliation" and "patient exploration of possibilities," and however real may be the difficulties involved in bringing an aggressor to heel, the hard fact remains that the attitude of the great European Powers in this dispute is bound to alienate American opinion, shatter the faith which the minor nations have placed in treaties and conventions, and encourage throughout the world the disastrous belief that the authority of the League, if boldly challenged, will find no effective defenders. We regard Wednesday's developments in the Assembly with grave misgivings.

Disarmament.—The present situation of the Disarmament Conference is bafflingly obscure. As we write, the Five-Power conversations at Geneva do not seem to have made much progress in arriving at a formula on the basis of which Germany would consent to re-enter the Conference. So far as can be judged from the meagre information available, the suggestion has apparently been made to Baron von Neurath that the Powers should join in a

simple declaration that it is the aim of all concerned "to accord equality of rights to Germany within a system which provides security for all nations." German insistence that there must be a clear definition of what "equality" is to mean in practice for Germany in the immediate future has apparently been countered by French insistence that there must not be any extension of armaments in Germany unless and until plans for security have been given concrete shape. If these accounts be correct, the *impasse* remains unaltered; and Mr Norman Davis, the American delegate, is actually credited with having made the suggestion that the Conference should "gather up the results achieved" in an immediate convention—obviously embodying almost nugatory points of agreement—and should then adjourn until 1936, leaving the study of disarmament, with the associated question of security and equality of status for Germany, to be studied meanwhile by a permanent commission. If this really be the proposal, the result will be hardly distinguishable from a fiasco. The world will be told that, until 1936, highly unsatisfactory, there is to be little actual levelling down on the part of the heavily-armed powers; and it is difficult to see how Germany could be prevented from acquiring during such a protracted adjournment at any rate the so-called "defensive arms" and thus giving renewed impetus to a fatal armaments' race.

The New German Cabinet.—After sixteen days of unresolved "crisis," President von Hindenburg on Friday of last week decided definitely to entrust the formation of a new Government to General von Schleicher; and the completion of the Cabinet was announced last Sunday. The changes in *personnel* are relatively small. General von Schleicher now emerges from the background as Chancellor and Minister of Defence, and the portfolios of the Interior and Labour, formerly held by Baron von Gayl and Dr. Schäffer, now go to Dr. Bracht and Dr. Syrup, respectively. Otherwise the new Chancellor has taken over Herr von Papen's team *en bloc*. How the new Government will succeed in its relations with the Reichstag still remains to be seen. Our Berlin correspondent, in his despatch this week, reflects what is probably the view of the majority of German opinion that the new regime is undoubtedly preferable to the re-appointment as Chancellor of Herr von Papen—a step which would have made open war between the Government and Parliament inevitable. From the international point of view there are disadvantages in the appointment of a soldier as Chancellor, but General von Schleicher is widely credited with tact and adaptability. So far as the domestic situation is concerned, the Centre appears disposed to support him, while the growing evidence of an ebb in the wave of Nazi enthusiasm may incline Herr Hitler and his followers in the Reichstag to be somewhat more accommodating. It seems quite on the cards that General von Schleicher will be able to secure by agreement an adjournment of the Reichstag for a month or two while his policy is developed. Whether, as he frames his programme in the economic sphere, he can succeed in reconciling the clash of opinions between the exporting interests and the agricultural interests—represented in the Cabinet by Dr. Warmbold and Baron von Braun respectively—is a moot point; but in Germany, as in Europe as a whole, it is difficult to-day to see far into the future.

The Round Table Conference.—From such accounts of the proceedings as are allowed to appear it is evident that the Indian Round Table Conference has now got to grips with the difficult problems involved in the transfer of responsibility at the Centre; but it is not so evident that there is any real approach to agreement. After a general statement by Sir Samuel Hoare, last Friday, of the Government's views regarding the special powers to be vested in the Governor-General and Provincial Governors—the Government apparently desire that in both instances there should be power to enact legislation as well as to pass limited-period Ordinances—the Conference proceeded to discuss the relatively simple issue of Defence. There appears to have been general agreement that responsibility

for Defence, during a transitional period at least, should lie with the Governor-General; but the British Indian delegation urged (1) that the preamble to the forthcoming Bill should declare that Defence must be to an increasing extent the concern of the Indian people; (2) that there should be a definite agreed programme of "Indianisation" for the army in India; (3) that the Defence Minister, although responsible wholly to the Governor-General, should be a member of the Legislature and should participate in Cabinet discussions; (4) that no part of the Indian Army should be employed outside the limits of India without the approval of the Legislature; and (5) that the Army Budget, though not subject to the vote of the Legislature, should be discussed by it. On Tuesday, Sir Samuel Hoare, winding up the discussion on Defence, appears to have rejected, in effect, all these proposals with the exception of the unimportant point (5). The defence of India, he said, might require the use of Indian troops outside the boundaries of India. The Governor-General must be the judge of military exigencies, though if Indian troops were used for Imperial purposes the British Treasury would find the finance. "Indianisation" must be subject to the over-riding consideration of military efficiency, and the Viceroy's choice of a Defence Minister must be unfettered. The wisest course was "to leave things to develop by usage." On Wednesday the Conference decided to remit to a committee the controversial issue of financial safeguards and also the general question of federal finance in its bearing on the relations between the Centre and (a) the States, and (b) the Provinces. At Tuesday's session Sir Samuel Hoare had drawn a rather gloomy picture of the financial position. The Government, he said, were anxious to give the Provinces real autonomy and the fullest possible freedom over the disposal of their revenue. But the latest figures indicated that, taking India as a whole, receipts would not balance expenditure. Unless the Federal Government had the main part of the income tax now being collected, it could not remain solvent, and the application of the proposals of the Peel Report in present circumstances would mean that transference to the Provinces of the proceeds of income tax must result in the whole amount being taken back in the form of contributions. He suggested tentatively that special measures should be taken by means of Central contributions to start the deficit Provinces on an even keel; that Provincial Governments should be vested with a limited right of surcharging income tax; and that Central revenue should be transferred to the Provinces as and when the financial position improved. The discussion of these proposals on the following day revealed a strong desire on the part of the British India delegation that the Provinces should be given adequate power to develop their own resources, and the suggested retention of income tax by the Centre appears to have elicited criticism from several quarters.

The American Taxpayer.—It is to be feared that the Budget message which Mr Hoover delivered to Congress on Wednesday will do little to foster willingness on the part of Congressmen to assent to war debt revision. The message predicts a deficit of \$1,146 millions in the fiscal year ending June 30, 1933, but this estimate is based on the assumption that foreign obligations, yielding nearly \$300 millions will be met in full. For the next fiscal year a deficit of \$307 millions is provisionally said to be in sight, but this figure would be increased to \$636 millions if receipts from war debts were not forthcoming. In asking Congress to remedy a situation which "cannot continue without disaster to the Federal finances," the President urged that Congress should (a) enact a manufacturers' excise tax of 2½ per cent., yielding \$355 millions; (b) retain the existing tax of 1 cent per gallon on petrol; (c) reduce the salaries of Government officials by 11 per cent.; and (d) cut the amount now being expended to war veterans by \$127 millions. Appropriations requested for the fiscal year 1933-34 amount to \$4,219 millions, a reduction of \$478 millions below the estimated expenditure for 1932-33. The appropriations include \$581 millions for the army and navy, a reduction of \$38 millions. The

budgetary prospects are sufficiently uncomfortable to suggest that Congress will endeavour to find a way out of the difficulties in the shape of revenue from an excise duty on legalised liquor. When Congress met on Monday the House of Representatives cast 271 votes, against 144 dissents, in favour of a resolution to submit to the States the issue of direct repeal of the Eighteenth Amendment. As a two-thirds majority was required for the passage of the resolution, the motion just failed, and, in any case, the Presidential veto would probably have been a bar to such root-and-branch procedure. The legalisation of beer, however, is certainly within the field of practical politics as a first step, and the revenue resulting therefrom would more than fill the gap caused by the discontinuance of war debt payments.

The Housing Bill.—The Government's new Housing Bill abolishes the "Wheatley" housing subsidy given under the Act of 1924; and, in so doing, it follows the recommendations of the Ray Report. The Bill will certainly arouse a great deal of misgiving among housing reformers. All the evidence shows that the supply of the smallest type of working-class houses is still woefully inadequate, and though interest rates and the cost of building materials have both fallen substantially, it may be doubted whether private enterprise will be able, without a reduction in building wages, to supply the needs of the poorest paid workers—to say nothing of the unemployed. On the Government's own showing there is still a gap of 9d. between the rent of subsidised and unsubsidised houses, and it is only as a result of a further fall in interest rates that this gap is likely to disappear. While, therefore, there is a strong case for reducing the "Wheatley" subsidy very substantially, there is grave reason to doubt the wisdom of abolishing it entirely. It is true that in Germany the abolition of the housing subsidy did in fact result in a cheapening of the cost of building, but this was only accomplished by means of wage reductions in the building trades—a method which private enterprise in this country would find it much less easy to adopt. The second clause of the Bill, which embodies the proposals recently made by the building societies to the Minister of Health, has much to be said in its favour. It enables local authorities to assist the building societies to provide houses for letting, by permitting them to guarantee two-thirds of the difference between the percentage of 70 per cent. which would normally be advanced by a society under the present rules, and a new maximum of 90 per cent.; and it also permits the Government to guarantee half of any loss which may be incurred under this procedure. The effect of this part of the Bill should be to stimulate to a limited extent the provision of houses by private enterprise, but we still doubt whether it will assist very much in overcoming the shortage in the smaller type of houses which still exists. To do this a much more extensive "drive," backed by Government credit in some form or other, would seem to be necessary.

London Passenger Transport Bill.—The London Passenger Transport Bill, after last week's comedy of errors, made a somewhat more rapid progress in Committee than might have been expected. Only the new clauses and schedules now remain to be considered, and it is hoped that another half-day will be sufficient to complete the Committee stage. The Conservative opponents of the Bill kept up a close fire of criticism, but the position of the Government was never in any real danger. An attempt was made by the Labour Opposition to restore the powers which the Bill originally contained permitting the Transport Board to manufacture its own equipment. These powers were very much cut down by the Joint Select Committee, and were confined to the manufacture of a limited number of omnibus bodies. The Government refused to make any concessions except on a point of detail, and in the circumstances it could hardly have acted otherwise. One of the principal amendments to the Bill introduced by the Government, embodying the agreement with the Metropolitan Railway, came in for a certain amount of criticism from the Conservative back benches,

but the Government was able to show that the guarantee given to Metropolitan common stockholders was given by the main line railways in respect of their "pooled" suburban receipts, and involved no additional burden on the finances of the Board. The most serious criticism was directed against the provision enabling stockholders with a minimum holding of £500,000 to apply to the High Court for a receivership in the event of a failure on the part of the Board to pay the standard revenue—5 per cent. for the first two years and thereafter 5½ per cent.—for two consecutive years. It was suggested that the figures should be reduced, for this purpose, to 3½ and 4 per cent., and the Attorney-General promised, on behalf of the Government, to give this proposal sympathetic consideration, at any rate so far as the first two years are concerned. With this question we deal more fully in an Investment Note on page 1094. Here we would merely say that, in view of the reduction in the earnings of the constituent elements of the new undertaking during the past two years we consider it absolutely essential that the Transport Board should be given greater elasticity. Under the present conditions of trade depression it may very well prove impossible for the Board to earn its full standard rate of dividend to begin with; and the threat of a receivership hanging so closely over the heads of the management would certainly not add to its efficiency. The Government will therefore be well advised to embody this amendment, which would in no way endanger the security of the "C" stockholder. Otherwise the situation of the Board might become very precarious, not to say impossible.

Railway Wages.—The National Wages Board on Tuesday resumed the hearing of the Railway Companies' claim for a reduction in wages and salaries. The case for the trade unions was opened by Mr Marchbank, of the National Union of Railwaymen. Mr Marchbank submitted that salaries and wages could not be reduced without serious hardship to those concerned. He contended that a reasonable return on capital should be secondary to the payment of wages and salaries consistent with the economic needs of the workers. In answer to the companies' statement that the present rates of railwaymen's wages showed a higher increase over the pre-war level than those of industry in general, he maintained that before the war the rates of railwaymen's wages were unduly low. The unions could not allow them, therefore, to be made the basis for calculating present-day conditions. Discussing the companies' wage proposals, Mr Marchbank stated that it meant increasing the hours of work from 48 to 50, with a minimum wage of 38s. As many as 27,245 men would have their rates of pay reduced to this figure, subject to possible additions for overtime and Sunday duty. More than half the men in the conciliation grades, 173,500, would be receiving wages not exceeding 49s. 6d. a week. He contrasted these figures with the rates of relief for a married man with six children—Bristol, 36s. plus rent allowance up to 8s.; Cardiff, 40s.; Lanark, 39s.; Manchester, 31s., with rent allowance up to 10s.—and stated that a large number of railwaymen were compelled to seek for public assistance. He also quoted figures purporting to show that the companies were not now working at a loss. Taking all the companies together, their capital was £1,095,000,000; the Stock Exchange valuation of which was £564,584,500. The amount disbursed to stockholders for 1931 was £34,359,200, representing 3.19 per cent. on the capital and 6.09 per cent. on the Stock Exchange valuation. From this fallacious basis of computation he argued that railway stockholders were receiving on an average a higher rate for their money than was yielded by Government securities and that the companies should therefore take steps to readjust their capital—not a very convincing piece of ratiocination.

The More Looms System.—Our Manchester correspondent writes:—After very lengthy negotiations the cotton weaving employers of Lancashire and the representatives of the operatives have reached an agreement relating to the "more looms per weaver" system. The present negotiations began nearly a month ago, with

Mr F. W. Leggett, of the Ministry of Labour, as chairman of the joint negotiating committee and mediator. Discussions have taken place on fourteen separate days, and the members of the committee have had to deal with numerous difficulties. On Wednesday, however, Mr Leggett announced that the committee had completed its immediate task and had prepared terms of a provisional agreement covering a limited range of cloths for submission to the larger body of representatives of both sides for ratification. It is pointed out that in the draft agreement provision has been made for safeguarding the earnings of the operatives under the conditions under which this system is to operate, and for assuring a weaver of a certain wage, irrespective of the number of looms running. Provision has also been made to prevent employers from exploiting the system. It is not proposed to publish the detailed provisions until the draft agreement has been considered by the respective organisations; but it is understood that the agreement fixes a basis for payment per 100,000 picks, with percentages up and down according to the width of cloth produced. The trade union officials have been very strong in their demand for a minimum or "fall-back" wage, and a definite figure has now been reached. The terms will have to be ratified by the Cotton Spinners' and Manufacturers' Association and by the Operative Weavers' Amalgamation, and it is understood that special meetings of these bodies will be held next week. If approval is given, it will probably be possible for manufacturers to start work on the new system at the beginning of next year. Undoubtedly this revised system of working will result in a reduction in labour costs in the production of cloth, and thus enable manufacturers to compete more successfully in the markets of the world.

Unemployment.—The Ministry of Labour return relating to November 21st shows a figure of 2,799,806 for total unemployment on that date. This represents an increase of nearly 53,000 in the numbers unemployed as compared with the position on October 24th, and a rise of 185,000 as compared with a year ago, without making any allowance for the effect of administrative and legislative changes in removing unemployed persons from the register. The deterioration in employment during November was due largely to the continuance of a seasonal decline in building, public works, shipping, road transport and the catering trades. Presumably the usual seasonal engagements in the weeks preceding Christmas will result in the December figure making a better showing, but we shall clearly be lucky if the post-Christmas reaction does not carry the total to very nearly 3 millions. On November 21st it was estimated that there were 9,373,000 insured person aged 16 to 64 in employment in Great Britain. This figure represents a drop of 149,000 in twelve months—a grim figure when allowance is made for the natural growth in the employable population.

The Health of the School Child.—One of the most serious dangers of prolonged trade depression is that it may give rise to unfavourable effects upon the health and nutrition of the younger generation. The report for 1931 of the Chief Medical Officer of the Board of Education (H.M. Stationery Office, 2s.) shows that up to the end of last year, at all events, no such ill-effects had been observed. On the contrary, in many districts the children were actually better nourished than in 1930. There were, however, many border-line cases in which there would soon be deterioration were it not for the provision of school meals. On the whole, however, Sir George Newman speaks with satisfaction of the steady improvement in the physique, cleanliness and general nurture of the children, and ascribes it to the fact that the present generation of parents themselves received, as children, the benefit of the school health services. Of 2,843,653 children inspected, representing 57.7 per cent. of the average attendance, 20 per cent. suffered from definite defects, other than dental, which required treatment. Defects of vision, and adenoids and enlarged tonsils were by far the most numerous, and occurred, respectively, in 87.7 and 64.6 per thousand of the children. In all, 800,000 defects

—sometimes more than one in the same child—are awaiting treatment. The average cost per capita of that part of the school medical service which concerns medical inspection and treatment is 8s. 2d., so that it would be difficult to argue that this modest investment is not bringing in a worth while return.

Poland and Russia.—Our Warsaw correspondent writes:—Taking advantage of Article 49 of the Polish Constitution, which permits—with reservations not apparently applicable in this instance—the President to conclude treaties with foreign countries without obtaining the approval of Parliament, a Presidential Decree promulgated on November 26th formally ratified the Non-Aggression Pact with Soviet Russia, signed in Moscow on July 25th last, and the Conciliation Convention which was drawn up on November 23rd. A simultaneous act of ratification was announced by the Soviet authorities. It is perhaps more than a coincidence that the signatures of M. Litvinoff and M. Patek were affixed to the Conciliation Convention on the same day that M. Titulescu announced in the Roumanian Parliament the rupture of negotiations with the Soviets for the conclusion of a Non-Aggression Pact. With immediate recourse to war for the settlement of disputes now legally denied as between Soviet Russia and Poland, the latter country's military alliance with Roumania appears to assume an entirely different status. There is, however, no evidence yet of any desire on the part of Poland to revise her treaty relations with Roumania. On the contrary, there is an earnest hope that Roumania will soon reconcile her differences with Soviet Russia and thereby set all minds at rest over the security of Eastern frontiers. The ratification of the Non-Aggression Pact and Conciliation Convention marks the first major accomplishment of Colonel Beck, the new Foreign Minister who replaced M. Zaleski about a month ago. Although the policy of conciliation *vis-à-vis* Soviet Russia was begun during M. Zaleski's regime, it is generally understood that Colonel Beck, while subordinate to M. Zaleski at the Foreign Office, had won over Marshal Pilsudski to this policy, and that the improvement in Russian-Polish relations, which has been increasingly noticeable during recent months, is due mainly to the efforts of Colonel Beck. One result of this policy so far has been to create a decidedly better atmosphere in economic relations between the two countries.

Germany's National Income.—According to an official estimate, published in the second November issue of "Wirtschaft und Statistik," Germany's national income in 1931 was Rm. 57,074 millions, as compared with Rm. 70,165 millions in 1930, and Rm. 76,098 in 1929. The following table shows the trend of the total national income of Germany during recent years and the amount disposable after deduction of reparation payments:—

Period.	Total Income.		After deduction of Reparation Payments.			
	Nominal Value.		Nominal Value.		In terms of Purchasing power in 1928 (c).	
	Aggregate (Millions of R.M.)	Per head of Population (R.M.)	Aggregate (Millions of R.M.)	Per head of Population (R.M.)	Aggregate (Millions of R.M.)	Per head of Population (R.M.)
1913(a)...	45,693	776	45,693	766	69,326	1,162
1925 ...	59,978	961	58,921	944	63,940	1,024
1926 ...	62,673	991	61,482	978	66,053	1,051
1927 ...	70,754	1,119	69,170	1,094	71,089	1,124
1928 ...	75,373	1,185	73,374	1,153	73,374	1,153
1929 ...	76,098	1,190	73,597	1,151	72,595	1,135
1930(b)...	70,165	1,091	68,466	1,065	70,511	1,097
1931(c)...	57,074	883	56,082	868	62,605	969

(a) Present territory. (b) Provisional. (c) Adjusted by official cost-of-living index.

It will be seen that the national income per head, after deduction of reparation payments and after adjustment for variations in the purchasing power of the mark, rose steadily from 1925 to 1928, when it nearly equalled the pre-war figure. It began, however, to decline in 1929, and the total fall between 1928 and 1931 amounted to

about 16 per cent. After allowing for changes in the age composition of the German population, the Statistische Reichsamt calculated that even in 1928 the purchasing power per head was 6 per cent. below the figure for 1913, and has since fallen to 78 per cent. of the pre-war figure. Owing to changes in the income structure, the standard of living of the German population has by no means declined to the extent suggested by the fall in the income per head. The proportion of salaries and wages to the total income, adjusted for variations in the purchasing power of the mark, has risen from 45 per cent. in 1913 to 57 per cent. in 1928 and 58 per cent. in 1931. The average income of wage earners and salaried persons, whether occupied or not, rose from Rm. 1,735 in 1913 to Rm. 1,865 in 1928, and was only 8 per cent. below the pre-war figure in 1931. The average wage of partly and fully occupied employees rose from Rm. 1,764 in 1913 to Rm. 2,008 in 1928, and, at Rm. 1,999 in 1931, was still about 12 per cent. higher than before the war. The results of this official investigation suggest that there has been a considerable redistribution of Germany's national income in favour of the working population, accentuated, of course, by the destruction of savings during the inflation period.

Tea Restriction.—Once more an attempt is to be made to raise the price of tea by the restriction of supplies in India, Ceylon and in the Dutch East Indies. A few months ago negotiations were initiated by representatives of growers in the Dutch East Indies as a result of the drastic fall in their receipts. The average price of tea sold at Mincing Lane in July last was 7.27 pence per lb., against an average of 12.24 pence per lb. for the whole of 1931. In addition, Dutch growers have been adversely affected by the depreciation in the gold value of sterling and by the reimposition of the duty on April 20th last, at the rate of 4d. per lb. on foreign tea, as against 2d. per lb. on tea grown in the Empire. As about one-half of the world's tea exports are consumed in this country, Dutch growers found it impossible to evade the effect of the differential duty. After prolonged negotiations between British and Dutch interests, it was announced on December 7th that an agreed scheme had been worked out by representatives of the Indian Tea Association, the Ceylon Association in London, the South Indian Association in London, the British Chamber of Commerce for the Netherlands East Indies, and the Amsterdam and Java Tea Associations. As the failure of the scheme of 1930 was largely due to the unwillingness of the Dutch authorities to assume control over native production and exports, it is proposed that the new scheme, which is to be operative for five years, should be controlled by the respective Governments. Supplies are to be restricted by means of export quotas. In order to avoid controversy, each country will be allowed to have its export quota based on the year of maximum exports between 1929 and 1931. The initial quota is to be fixed at 85 per cent. for the first year, and subsequent quotas are to be determined at the end of each year. As agreement has already been reached by the various associations on the method of restriction, the measures will now be submitted to the proprietors of tea estates in the form of a referendum. Finally, provided that the result of the referendum is favourable, the sanction of the Governments concerned will be sought. As the completion of these two stages must take time, it is doubtful whether the scheme will come into operation before next spring. In view of past experience with restriction schemes it would be interesting to know whether provision is made in the present proposals to cease regulation before the rather extended period of five years in case it is found to affect adversely the position of the tea-growing industry in any of the participating combines.

Shipping Freight Index.—The general level of "tramp" shipping freights, as measured by our index number, works out at 88.8 for November, an advance of 1.7 per cent. as compared with the previous month. The November figure, however, contrasts with 95.8 a year

ago, and 92.2 for the same month of 1930. Details of the index number are as follows:—

AVERAGE 1898-1913 = 100.

	Average, 1913.	Nov., 1931.	Sept., 1932.	Oct., 1932.	Nov., 1932.
European Waters	110.0	91.1	83.1	84.9	85.9
North America	113.1	92.0	85.8	84.4	85.9
South America	123.4	85.0	79.4	76.6	82.3
India	106.3	99.1	92.6	94.5	94.7
Far East and Pacific	117.4	98.8	86.1	87.4	89.2
Australia	127.9	108.6	92.6	96.1	97.0
Total	116.3	95.8	86.6	87.3	88.8

The outstanding feature of the month was the improved demand for grain carriers from South America and Australia. In other distant markets requirements were on a limited scale, with the exception of Manchurian beans, where increased activity was observable. The position in Europe underwent no marked change; outward coal business from Great Britain was again restricted, while homeward chartering for ore was small. Movements of the various sections of our index number are shown in detail below:—

AVERAGE 1898-1913 = 100.

	Index No.	Inc. or Dec. Points.		Index No.	Inc. or Dec. Points.
Home trade	78.0	- 0.1	South America—out- wards	66.1	+ 0.9
Bay—outwards	102.7	+ 1.8	South America—home- wards	98.5	+ 10.6
Bay—homewards	87.1	+ 4.8	India—outwards	84.2	- 2.1
Mediterranean—out- wards	80.6	- 0.3	India—homewards	105.2	+ 2.5
Mediterranean—home- wards	89.1	- 0.1	Far East, &c.	89.2	+ 1.8
North America	83.9	- 0.5	Australia	97.0	+ 0.9

Expressed as a percentage of the average for 1913, the total figure of our index number for November works out at 76.3, compared with 75.1 in October, and 82.3 a year ago.

The 1930 Census of Production.—Volume XXII of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers the timber and allied trades. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various trades:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Timber (saw milling, &c.)	Thous. £ 23,630	Thous. £ 24,611	Thous. £ 6,950	Thous. £ 9,789	£ 200	£ 190
Furniture and upholstery	26,108	31,164	13,466	15,892	199	187
Wooden crates, cases, trunks	5,899	4,834	2,525	2,039	187	173
Cane and wicker furniture	583	746	358	423	154	163

The output of sawn hardwoods in 1930 shows a decrease of about 10 per cent. as compared with the earlier Census year. There was no important change in the aggregate production of sawn soft woods. The output of deals, planks and battens was somewhat greater than in 1924, but the figures for boards (not planed or dressed) show a decrease. On the other hand, planed and dressed woods recorded an increase in quantity of between 30 per cent. and 40 per cent. Similarly the total value of timber manufactures shows an advance of about 15 per cent. The average number of persons employed in this industry rose from 48,324 in 1924 to 51,575 in 1930. The returns for the furniture and upholstery trade reveal a substantial expansion. The total value of furniture and cabinetware of wood rose from £15,617,000 to £20,635,000, and the average number employed in this branch of activity was 84,832 in 1930, against 67,555 in 1924.

The Motor Industry in France.—Figures compiled from official sources, writes our Paris correspondent, indicate that France now stands at the head of the list of European motor-car-using countries. The total number of motor vehicles of all descriptions in use in France in 1931

was 1,710,955. This represents an increase of 398,560 units (or over 30 per cent.) on the year, and brings the number of motor vehicles in use in the country to the equivalent of one for every 24 inhabitants. The French figures, as in previous years, comprise touring cars, taxis, motor omnibuses, "sight-seeing" cars and cycle cars, and also industrial vehicles and tractors. Of these, 7½ per cent. are returned as having been over nine years in use, the proportion of industrial vehicles of that age or more being put at 27½ per cent. of the total. Motor-car production in France in 1931 amounted to 201,000 units, as compared with 231,000 units in 1931, and exports totalled 30,210 units. Out of a total of 523,532 sales of motor cars registered in France last year, over 335,000, or 64 per cent., were second-hand vehicles, i.e., for every new car sold, two second-hand cars changed hands. In 1928 the proportion of new cars sold was as two, against three second-hand.

Commercial Bank of Scotland.—The accounts of this bank tell, in the main, the familiar story of an increase in deposits, a decrease in advances and consequently a large expansion in the bank's holdings of gilt-edged stocks and Treasury bills. Net profits are therefore slightly less than in the previous year, while further provision is required for contingencies. The dividend, however, is maintained on both classes of shares.

	1930.	1931.	1932.
Liabilities—	£'000.	£'000.	£'000.
Capital	2,250	2,250	2,250
Reserve fund	2,850	2,850	2,850
Note circulation	3,418	3,309	3,270
Deposits, &c.	33,183	32,112	37,503
Acceptances, &c.	240	135	162
Assets—			
Cash	4,241	4,152	3,842
Call money	4,179	2,165	2,877
British Government securities ..	10,838	12,492	18,338
Discounts	1,818	2,311	1,333
Advances	18,548	17,790	16,616
Net profits	390	386	377
To reserve fund	50	...	...
To contingencies	...	50	50
Other appropriations	75	80	80
Dividend—			
"A" shares	16%	16%	16%
"B" shares	10%	10%	10%

When allowance is made for the year's heavy fall in both long-term and short-term money rates, net profits may be termed relatively satisfactory.

Bank of London and South America.—The accounts of this bank for the past three years illustrate, firstly, the intensity of the trade depression in South America and, secondly, the steps taken to strengthen the bank against the effect of the crisis. The decline in trade is shown clearly by the contraction in such items as bills payable, acceptances, and bills for collection on account of customers, bills receivable are £2.5 millions less than two years ago. The summary of the bank's accounts given below also brings to light the shrinkage in the omnibus item of advances and other accounts receivable, securities, etc. In fact, the shrinkage also reflects the decline in trade, but inasmuch as the total is struck after making provision for bad and doubtful debts, it is probably also due to the heavier writing-down of such debts as must have been necessary during the past two years. It is, however, a pity that advances and investments are not shown separately:—

	1930.	1931.	1932.
Liabilities—	£'000.	£'000.	£'000.
Capital	3,540	3,540	3,540
Reserve	3,000	1,500	1,500
Deposits	39,363	34,312	41,368
Bills payable	2,994	2,212	630
Acceptances	2,091	1,513	1,153
Bills for collection	11,085	8,569	7,823
Assets—			
Cash	8,706	10,575	17,069
Bills receivable	12,864	9,474	10,355
Advances, securities, &c.	26,118	20,156	18,305
Net profit	390	332	312
To contingencies	100	1,650*	200
Dividend	9%	5%	3%

* Including £1,500,000 from the published reserve.

This table shows that during the whole of the period covered the bank has been at pains to strengthen itself. Thus it has placed no less than £1,950,000 to contingencies, of which £450,000 came from current profits. Furthermore, it has added to its cash to such an extent that the ratio of cash to deposits has risen from 22.1 to 41.3 per cent. It is true that dividends have suffered, but this is an inevitable consequence of the depression. The bank has done everything within its power to maintain the confidence of its customers, with the result that it is in a position to take immediate advantage of a recovery so soon as it occurs.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — Manchuria.

(FROM OUR CORRESPONDENT.)

GENEVA, December 6.

It is difficult to write with precision about the disarmament conversations, as the Prime Minister, M. Herriot, Mr Norman Davis and Baron Aloisi are at this moment in conversation with Baron von Neurath, who, apparently, was presented last night with some suggestions arising out of the talks which had been held before his arrival. If the ideas put before him are such as they are supposed to be, it is not likely that Baron von Neurath will be able to accept them, but if, as is suggested but not confirmed, Baron von Neurath is considering the presentation of further proposals from the German side, and may be a valuable step.

No very great progress seems to have been made in bringing M. Herriot to a plain and simple acceptance of Germany's claim to equality of rights; he is taking his stand on the ground that the whole problem of equality, armaments and security cannot be split up into parts, but must be discussed as a whole. Before France can take any engagement, she must know exactly what the Germans have in mind. This does not appear to be an altogether unreasonable attitude. The general view, including that of Great Britain, has been that acceptance of the German claim must be accompanied by some security in the future against the use of force and against the rearmament of Germany. M. Herriot is saying that he cannot accept equality without knowing how it works out in terms of security; it ought not, therefore, to be impossible in the conversations to find out from Germany what precisely she has in mind, and for France then to accept the equality claim on condition that the way in which it is interpreted provides reasonable grounds for general security. It is all perhaps a little academic, for any admission by France of equality of rights would apparently depend upon an agreed convention covering the armaments allotted to each State; if this practical side of the work were unsuccessful, the parties would have to fall back on existing treaties and obligations. This would presumably mean, on Germany's side, an assumption of liberty of action, and that is the crucial point which seems not to be realised in France. Germany will be given equality of rights or she will take it, and it is better—however disagreeable it may be—to negotiate this rather than to let it be brought about by unilateral action in the worst possible political circumstances.

The discussions have been complicated by Mr Norman Davis' proposals to gather up as much as can be collected in a Convention now, and to have a Permanent Commission to consider for several years the possibilities of greater progress. Whether this includes a preliminary acceptance of the German claim is not perfectly clear, but it is doubtful whether that or any other plan could succeed unless this claim were conceded. Unless, also, the points agreed upon go considerably beyond some of the principles already accepted, it would be a meagre result to this first

laborious stage of the Conference, which would not be likely to meet again until 1936, when the Washington Naval Treaties reach their term. The best interpretation put upon the suggestion is that the equality claim should be admitted conditionally or otherwise; that between now and March or April an endeavour should be made to reach agreement on some outstanding practical points; and that, from then onwards, the Commission should sit in preparation for the resumption of the Conference in two or three years' time. But it seems unduly optimistic to imagine that a satisfactory arrangement in this sense can be reached before Christmas. If that is the idea, the results must almost inevitably be disappointing. Meanwhile, some more precise information must be awaited from the conversations now being pursued. M. Herriot and Mr MacDonald are leaving this evening, with the intention of returning again towards the end of the week, but there is some anxiety about the position of M. Herriot's Government. The whole situation is regarded with considerable disquiet.

The Assembly began its debate to-day on the Sino-Japanese conflict, and a very good beginning it was. Mr. Conolly (Irish Free State), Mr. Benes (Foreign Minister of Czechoslovakia), Mr. Unden (Sweden), and Mr. Lange (Norway) spoke the plainest language that has yet been officially heard, and placed the whole problem on the basis of the moral life or death of the League. They all stood frankly on the Lytton Report, with all its implications, and called for a firm, unhesitating pronouncement of the Assembly against the infractions of the Covenant, the Paris Pact and the Nine-Power Treaty. Mr. Conolly said that if the League shirked its duty in this affair it would not deserve to live, and similar terms were employed by Mr. Benes. These speeches have set a healthy tone and standard, which will make it difficult for the more timid and short-sighted to ignore. Things are approaching a critical and dramatic period, but the impetus is at present all in the direction of a courageous defence of the principles at stake.

What Dr. Yen asked the Assembly this morning was to declare that Japan had broken the Covenant and the treaties, to call upon Japan to put into execution forthwith the Council resolutions, so that all Japanese troops are withdrawn into the railway zone; to declare that it will not recognise or enter into relations with the "Manchukuo" Government; and to publish before a definite date and within the shortest possible time a report for the final settlement of the dispute under Article 15. He quoted, as did other delegates after him, the observation of Lord Lytton that, while Japan declared that Manchuria was the life-line of Japan, the League of Nations was the life-line of modern civilisation.

Mr Matsuoka (Japan) studiously presented a false analogy between Japan's action in Manchuria and Great Britain's action at Shanghai in 1927. Japan has repeatedly pretended, without refutation, that she has done no more than Great Britain then did, and it is time that the British Foreign Minister dealt with this point, if only for the reputation of Great Britain. Mr Matsuoka said that any suggestions made by the Assembly for a settlement should be governed by the following principles: The terms must be such as can be effectively put into operation and can accomplish and preserve peace; a solution must be found for the disordered condition of China; in the event of a plan for settlement being formed by the League, the responsibilities for its execution must be taken by the League. "Is any member of the League (he asked) ready to participate in such an undertaking?" This question was an illuminating explanation of the condition. For the rest, Mr Matsuoka vouched for the fact that the League had "fulfilled the high object of its existence" in preventing the Manchurian affair from leading to "open war between China and Japan," and added that, as to the apprehensions that the present conflict might weaken or undermine the principles of the Covenant, "we firmly believe that such apprehension is entirely groundless." This bland assertion was quickly and emphatically smashed by the speeches which followed. The time is past for finesse or bluff, and the majority of the Assembly has no more patience with it.

UNITED STATES.

War Debts — Taxation — Industry — Banking.

(FROM OUR CORRESPONDENT.)

NEW YORK, November 25.

In the best informed quarters in Wall Street the foreign debt problem is regarded as far more complex than is apparently realised by the many Congressmen and others who have hastened to broadcast their views. Wall Street has no settled conviction on any of the more important points such as whether, in case payment be demanded in dollars, Great Britain will make it; whether postponement of the December money will be permitted by Congress; or if payment is made just how it will be done.

It is understood that no request has been made for a loan to Great Britain; and while it is taken for granted that one could be obtained, there is no great expectation that one will be sought. It is assumed that President Hoover's suggestion for payment in sterling for this Government's account, while on the surface answering one of the questions, that of transfer, will not be looked upon as a valuable concession in London. Bankers here think that the British authorities will consider the bad effect on the remainder of the world of blocked payments, an effect which might be little better than default at once or purchase of dollars or shipment of gold. In the light of the experience of Austria, for example, it is felt here that the world at large might regard "blocking" a British instalment on the American debt as a first step in the direction of insolvency.

Meanwhile, it is appreciated that every resource will be tapped before default will be considered, and the sympathy of the country for the position of the foreign debtors is perhaps greater than might be supposed from the tenor of published statements. It is regretted that circumstances have worked against a proper presentation of the case, especially the fact that too effective a plea of poverty might do more harm than good. Adequately presented, the case for postponement of the December payment due from Great Britain, at least, might move Congress; and while President Hoover seems to feel that Congress should co-operate in appointment of a debt funding commission, the view of Mr Roosevelt, which is shared by many others, is that the President is fully empowered to reach a settlement which Congress would have to approve after all the facts were available. It is stated on the best authority that in the case of the British and French dollar bonds held by private investors in America, amounting to \$136 millions and \$132 millions respectively, the service can be easily met whatever action is taken on war debts. It is felt that the future course of business both here and abroad depends upon an early satisfactory debt settlement, and also upon the possibility of holding the World Economic Conference.

When Congress meets in December it will have other things to plague it. Its leaders are leaning to the view that additional tax measures must be passed, and while sentiment is strong for legalisation of beer, to produce from \$250,000,000 to \$300,000,000 in estimated revenue, it is felt that this will be insufficient, with or without foreign debt payments, to stave off a deficit for this fiscal year or for the next. The chief need, at least until the old tax measures have full chance to prove themselves, is reduction of expenditure; but at the short session of Congress the proposals of the Administration in this respect will probably get less consideration than the easier method of looking for more revenue. Those who feel this way about it have the sales tax answer constantly on their lips.

Most industries are feeling seasonal recession in trade. The improvement in the past three months was more than seasonal, and while here and there the decline also seems to have exceeded the usual pace of this time of year, no branch of industry has yet sunk back to the summer low levels. Railroad traffic is slipping, but the roads reported earnings in October at virtually the levels of last year. Negotiations continue on wage cuts and

sentiment is in favour of retention for another year of the higher freight rates, but without the revolving fund.

The steel industry has dropped back to around 15 per cent. of capacity and prices are weaker in tone. New orders of consequence from the principal consuming industries are unlikely for the remainder of this year, but the trade, nevertheless, is optimistic of the usual spring rise. Wholesale commodity prices are moving upward, after dropping last month, in spite of the weakness of certain raw materials, such as wheat and cotton. The Bureau of Labour Statistics weekly index for November 19th is up two-tenths to 64.2, as against 64.4 a month ago.

After a drop to around \$400 millions, the excess reserves of banks belonging to the Federal Reserve system have risen \$75 millions, thanks largely to gold receipts and releases from earmark. Gold imports this week were \$3.4 millions and net releases from earmark were \$32.8 millions, of which the larger part was believed to be for French account. The Federal Reserve system reports a gain of \$36 millions in monetary gold stock and a slight rise in circulation. Total Reserve Bank credit outstanding was a little lower on the week, but no change was made in bill or Government bond portfolios. Of the excess member bank reserves about \$275 millions are in New York.

Federal Reserve Bank open market policy was discussed at the meeting of governors a few days ago. It is understood that there was general agreement on maintenance of the Government bond account at the present stage, at least until after the turn of the year. While it is said that the Treasury did not bring up financing matters, the December 15th operations are expected to consist of perhaps some one-year notes and some three- to five-year issues. The time is not yet ripe for long-term Government financing.

Bank failures increased moderately in October, and this month has again been marked by troubles in some districts. Nothing alarming has come of it, and at the moment the situation appears to be much stronger. However, the total of failures is still high enough to give point to the movement for a revision of the banking laws to permit a regional branch banking system. Some pertinent remarks on this subject were recently made by Mr Thomas W. Lamont, who said he wished all banks could be made members of the Federal Reserve system, and suggested that though under no circumstances was this country in danger of abandoning the gold standard, and the Federal Reserve Bank management had been of high quality, there was nevertheless great need of banking reform in order to strengthen the entire structure. He urged a change in the laws to provide for branch institutions.

The blow given to rural purchasing power is measured to some extent by a recent estimate of the Department of Commerce of farm income, which for 1932 is placed at \$5,240 millions, a drop of \$1,715 millions from a year ago and of \$6,710 millions from 1929. The total of farm mortgages is estimated at around \$9,000 millions. It is apparent that the farmers have been living in many cases beyond their means and can only be expected to purchase the necessities of life and to meet the most pressing debts this winter.

FRANCE.

American Debt — Budget — Production.

(FROM OUR CORRESPONDENT.)

PARIS, December 7.

With the due date of the pending payment of the next instalment of the debt to America only a week distant, opinion of all shades is naturally almost at fever heat as to the decisions to be taken by the French and British leaders. At the moment of writing, it has been decided in principle that the question whether the French instalment shall on this occasion be paid shall be settled by the Chamber on Friday; but that this will be so, in fact,

seems by no means certain. M. Herriot's own situation, as Premier, is not enviable. He is admittedly anxious that the right thing shall be done, but what this right thing is will depend largely upon the line taken by the British Government. In these circumstances the presence in Paris to-day of Mr MacDonald and the Chancellor of the Exchequer is a factor of supreme importance. If Great Britain is prepared to return a definitely negative answer to Washington's demand, then France will undoubtedly adopt the same line. Should Mr MacDonald, on the contrary, as representing the British Government, declare irrevocably for payment, then M. Herriot's troubles will have only begun. He will be able, doubtless, to agree with his British colleagues as to the method of payment to be adopted—whether in gold, or by deposit in the respective national banks, or with the B.I.S. at Bale—but this will not help him much in dealing with the Chamber (with, probably, determined opposition in the Senate also).

The prime difficulty facing M. Herriot lies in the fact that, when the French Parliament ratified the American debt agreement it did so under a unilateral (but unanimous) reserve that in no case would France pay more to the United States, in respect of her war debt, than the total amount she would receive in the form of German reparation payments. In so doing France irrevocably crystallised the nation's will even more solemnly and definitely than was done by her deputies and senators when they ratified the Treaty with Germany after the 1870 war, but attached to it a declaration refusing to recognise Germany's right to annex Alsace-Lorraine. The programme to be followed by the Government in the Chamber will not be decided until after the British final decision has been made known to the Ministry, but it is already clear that, so far as the Cabinet is concerned, every effort will be made to prevent any rupture of the good understanding which was laboriously created at Lausanne. The Herriot Cabinet is anxious not to risk France being left isolated in the solution of a problem of such importance, and, as matters stand, it seems probable, should the two Premiers feel compelled to comply with the American demand, that M. Herriot will find it impossible to avoid making the question one of confidence when the vote is taken in the Chamber. In such a contingency a defeat of the Government seems practically certain. This would involve the fall of the Ministry; but it is generally considered that, in such circumstances, there is every probability the President of the Republic would feel justified in calling on M. Herriot to be his own successor.

Apart from the debt problem, however, the Ministry is faced with many obstacles, any one of which may prove fatal to its continued existence. The much-discussed Budget Bill is marked by a score of highly controversial proposals, of which those for the creation of a colossal pensions bureau of an autonomous character, the further "readjustment" of income tax rates, the imposition of further burdens and numerous fresh irritating formalities on holders of securities, and, above all, the demand for cuts in public service pay scales, are perhaps the most notable. All possibility of the Budget being disposed of by January 1st has been abandoned, but care has been taken to ensure that proposed expenditure shall be fixed as early as possible, to prevent any serious derangement resulting from monthly credit votes, in which case, apparently, the hand-to-mouth system would resolve itself into a mere matter of book-keeping. Should the Minister find any of these obstacles unsurmountable, which is generally considered practically certain, it is forecast that M. Herriot's successor would probably be M. Daladier (at present Minister for Public Works) at the head of a rather more advanced Radical Socialist Cabinet, which would be prepared to work more closely in liaison with the Socialists than the present combination. Experts consider that such a Ministry would be short-lived—in view of the powerful opposition to be expected from the banking and other interests—and would very possibly be replaced by a more stable Cabinet, under the captaincy of M. Caillaux. The political situation of the latter has im-

proved appreciably during the last two or three years, both in the Senate and in the country as a whole.

A further step towards the development of a new economic policy has been taken by the Government in the introduction of an anti-dumping Bill, which marks several striking new departures. The Government asks for powers for instance, "to apply super-taxes, rising as high as general tariff rates, or equal to the value of the merchandise originating from a country which applies super-taxes or particularly high duties to French goods; to apply equivalent super-taxes to all or part of merchandise originating from a country which treats French goods less favourably than those of other countries (up to 50 per cent. *ad valorem* on all or part of articles exempted by the tariff); in the absence of contrary agreements, to subject by reciprocity such or such foreign goods to duties, taxes or formalities identical or analogous, as the case may be, to those which, in the countries of origin, are applicable to French goods; to establish compensating duties on goods (subject to import duties or not) which benefit from direct or indirect export bounties of any kind whatsoever; to apply urgently all necessary steps, in the case of measures being applied by foreign countries which are of a nature to hamper French production and trade; such authority to be exercised by Ministerial Decree or by administrative action, according to the case." The text of the Bill suggests that, in the case of its adoption, the Government will have power to increase Customs duties, establish special extra imposts or apply new import quotas for almost any motive. *La Situation Economique* very pointedly suggests that it is to be hoped that the present Minister of Commerce will not exercise such rights except for very well-founded reasons, but adds that "in any case, the introduction of such a measure constitutes a very bad example for other countries, and may lead to fresh abuses. There need not be the least doubt but that other Governments will wish to defend themselves, in their turn, under pretext of combating dumping by France, and thus cause international commercial struggles to become more vigorous than ever."

It is significant that the Bill has been introduced at a moment when pourparlers are in progress with this country at the initiative of both the United States and Germany for a revision of existing trade agreements. The French delegates have just returned to Paris from Berlin to report progress already made in that direction. Little hope exists that Germany will receive much satisfaction, if only because French exports to Germany have fallen from 5,680,000,000 francs in 1929 to 798,000,000 francs for the first nine months of this year, mainly owing to recent German restrictive measures (have thus given Germany a surplus of exports of over 2,000,000,000 francs for the nine months).

Coal, iron and steel production figures for October, which are made public this week, all show a slight improvement on the month, although to what degree this has been due respectively to any real improvement in the general economic situation or, on the other hand, merely to artificial restriction of imports, no indications are available. Total coal output for the month, of 26 working days, was 4,091,500 tons, as against 3,916,000 tons in September (26 days) and 4,432,000 tons (27 days) in October last year. From the fact that the French high record for average monthly coal production stands at 4,586,000 tons (in 1930) (against 4,096,000 tons in October last), it may be inferred that France has succeeded, by drastic use of the tariff weapon, in restricting to about 13 per cent. the drop in her coal production resulting from the economic slump. The decline in the United States and in Great Britain since 1929 has been almost exactly 40 per cent. in each case.

Pig-iron output from the French plants in October was 457,000 tons, against 446,000 tons in the previous month and 637,000 tons in October last year. The number of blast furnaces in operation by the French plants in October was 81, against 103 in October last year. Crude steel output was 467,000 tons, against 456,000 tons in the previous month and 626,000 tons in October, 1931. Production of metallurgical coke by the colliery plants in

October was 273,991 tons, against 264,265 tons in the previous month and 368,597 tons in October last year. Metallurgical export prices, which had steadily risen until a fortnight ago, owing to increased demands, are now, under the influence of the international debt situation and the weakness of sterling, again on the decline. Offers are again in excess of demands, as usual at this period, immediately preceding the annual stocktaking.

GERMANY.

Schleicher Cabinet — Provision of Employment — Business.

(FROM OUR CORRESPONDENT.)

BERLIN, November 6.

THE uncertainty whether Herr von Papen was again to be Chancellor or whether his place was to be taken by General von Schleicher lasted for several days. In the end, however, the matter was settled by the refusal of several members of the Cabinet whose participation seemed indispensable to the future Government—including Herr Bracht, who had been designated for the office of Minister of the Interior—to accept the offices assigned to them in a new Papen Cabinet. This was not due to any objection to Herr von Papen on personal grounds, but to the fact that a new Papen Cabinet would only have come into conflict with the Reichstag and the overwhelming majority of the public. Precisely for that reason the Nationalists wanted it, for Hugenberg desired just such a war between the Government and Parliament, and wanted to see the Cabinet's independence of the checkmate demonstrated. Neither the President nor the more sober Conservatives shared this wish, however, and Herr von Papen himself did not desire to fill that rôle. The President wrote a particularly cordial letter of farewell to the retiring Chancellor, in which he expressed profound regret at the necessity of a change of Government. The President, none the less, recognised this necessity and bowed to it.

Herr von Schleicher will find his position more favourable than did his predecessors, both because he is a new man and because he is very adaptable. For that reason his advent to responsibility, after having for many years exercised a decisive influence on Germany's political fate from behind the scenes, is widely welcomed. The Centre in particular is well satisfied, and it may reasonably be assumed that that Party will do its best to make things easy for him when he first meets Parliament, though the chances that this encounter will be successful are doubtful. Herr von Schleicher will not, however, have to face such bitter opposition, at any rate at first, as Herr von Papen, and, at worst, he will find it easier to govern, after a fresh dissolution of the Reichstag, until the next one meets, while the chances for the new elections have undoubtedly improved, partly because of the change of Government.

The greatest hope for the Cabinet lies in the fact that National Socialism is definitely on the decline. The communal elections in the State of Thüringen, which were held on December 4, afford an illustration of this. The poll was very much smaller than at the general election, but the decline of about 15 per cent. in the Socialist and Communist votes compares with a decline of about 23 per cent. in those of the National Socialists. It is noteworthy that the Nationalists, too, have undergone some heavy losses, even if they are credited with the votes of certain associated groups. The groups of the Centre, which had previously declined very much, show a definite increase.

Herr von Schleicher could have increased considerably the political strength of his Cabinet if he had changed the holders of certain offices instead of taking them over direct from the Papen Cabinet. One wonders whether he did not realise the advantages of a change or whether he was unable to find any suitable people who were willing to throw in their lot with his at this still very critical juncture. At any rate, only the Ministry of Labour has

changed hands. The previous holder of this portfolio, Herr Schäffer, was a well-meaning ex-civil servant, but he had not succeeded in getting into the necessary footing of confidence with the employers' associations and the trade unions. Moreover, he was formally, though not actually, responsible for that part of the September emergency decree which deals with social policy. Herr von Schleicher intends to rescind it. The new Minister, Dr. Syrup, hitherto President of the Unemployment Insurance Institute, is particularly experienced in negotiations between trade unions and employers' associations. His measures in connection with the organisation of unemployment insurance have indeed been the subject of lively criticism, but his very conciliatory attitude will probably correspond very well with the Government's policy in social matters.

The most vigorous discussion ranged round the re-appointment of Herren Warmbold and Braun, Ministers of Economics and Food respectively. The new Chancellor frankly did not wish his Cabinet to inherit the conflict between the export interests and agricultural policy. He could not avoid the conflict itself, but he could have prevented its leading to a dispute. There was only one way of doing this: to refuse point-blank to introduce import quotas or similar measures, and to appoint as Food Minister somebody who was not wedded to the idea of limiting imports. Instead he instructed Herren Braun and Warmbold to agree upon a common programme as the condition of their retention in the Cabinet. Both Ministers then produced a sort of programme, but it appears only to amount to a postponement of the dispute until the expiry in spring of the commercial treaties. Presumably import quotas will cease to form part of Germany's policy for the time being.

The retention by Herr von Schleicher of Herr von Papen's Foreign Minister reflects his intention of pursuing an unchanged foreign policy. He will attach great importance to Germany's equality of rights in the armament question. He will not, however, pursue a militarist policy in any sense. The new Chancellor, who has really always been more of a politician than a soldier, will certainly seek to establish international understanding wherever it is possible. His position as head of the Reichswehr, which he is retaining—this is the first time that this office has been combined with that of Chancellor and the President has throughout had doubts as to the wisdom of thus bringing the Reichswehr into connection with politics—gives him more freedom in international affairs than another Chancellor would probably have had. At home, too, Herr von Schleicher will certainly not play the part of a military Chancellor. Dr. Bracht, whom he has chosen as his Minister of the Interior, is only formally responsible for the harshness with which he had to proceed against the Left in Prussia. Actually this harshness was a part of the von Papen policy, and Bracht did more to tone it down than to accentuate it.

The practical task with which the Cabinet must begin, and by means of which it means to make a bid for public support, is the provision of employment. Landrat Gereke, who has long been a public champion of proposals for the provision of work, has been nominated Reich Commissioner for the creation of employment. Probably this Commissioner, who is not a member of the Cabinet, together with the Minister for Economics and the President of the Reichsbank, will form a Commission whose especial task will be the provision of work for the unemployed. At all events the co-operation of Dr. Luther is certain, which constitutes a guarantee that the expansion of credit which will be necessary for the provision of employment will not be allowed to reach dimensions which would endanger the currency. Dr. Luther declared, in a speech in Munich in which he was outlining the measures which had already been taken to provide employment, that he was prepared to take steps on a larger scale for the direct provision of work. The 700 million taxation vouchers which the Papen Cabinet had intended for bounties on the engagement of workers, and of which very little had been used, are to be placed at the disposal of the Communes to enable them to place contracts. That

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will, of course, only be possible if the vouchers, which cannot be used directly as means of payment, are bought, or accepted as security, by the banks. The Reichsbank has already declared its willingness, as direct lending against the vouchers is legally permitted if only to a very limited extent, to grant credit in the form of discounts to a larger amount and on easier terms to holders of taxation vouchers. That makes it easier for the banks to take over the vouchers, as they acquire by doing so a right to more extensive recourse to the Reichsbank. At the same time it is unlikely that the Reichsbank will experience any excessive strain, if the plan is carried out with the 700 million vouchers, as against such a very liquid investment the banks will be able, to a large extent, to pay out money which they hold from other sources. The Rm. 1.5 milliard vouchers which were issued not for wage bounties or public contracts, but for refunds of taxation, have presumably for the most part been kept in the banks' portfolios and are therefore hardly likely to go to the Reichsbank. There is, however, no doubt that Dr. Luther will watch very carefully to see that the financing of the employment scheme has no unfavourable effects on the price level, and will give the alarm, if necessary, in good time. He has not committed himself in any way to provide credit facilities to the extent of the full 700 millions. By refraining from the adoption of a purely negative attitude to the scheme, and by himself championing that part of it which seems to him innocuous, he has secured the possibility of exercising a controlling influence on its further development.

The Institut für Konjunkturforschung has just published a quarterly report, in which it speaks of the contraction in economic activity as virtually at an end, both in Germany and abroad. The check to last summer's international rise in prices on the commodity and security markets is largely attributed to technical causes with no especial significance for the trade depression. In Germany the recovery is so far only due to orders for stock, and consumption has not yet increased. The reduction in bank "debtors" is due less to a calling in of debts than to voluntary repayment of unused credits. The Institute does not consider that the moment for real economic recovery has arrived yet, as, both abroad and in Germany, rates of interest are still too high.

AUSTRIA.

Commercial Treaties — Exchanges — Trade — Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, December 5.

THERE are a number of signs which in normal times would justify hope of a modest improvement in the economic position. Among the favourable circumstances, the most important is the relaxation of tension in commercial policy. On January 1st there comes into force the new commercial treaty with Hungary, the main lines of which have already been worked out. This treaty will facilitate trade between the two countries and, at the same time, it will guarantee that Austria's balance of imports from Hungary will not exceed a certain limit. Under this commercial treaty it will be possible to export to Hungary 7,000 wagons of timber, 1,700 wagons of cellulose and 900 wagons of newsprint (the last being free of duty) and also to secure a market for various textiles, hardware and other industrial articles, on which Austria will enjoy an actual preference in the form of customs rebates. The same applies to Hungary, which secures exportation of a large part of its surplus agrarian products to the Austrian markets under relatively favourable conditions. It is also important to note that the principle of prohibition of importation between Austria and Hungary will be suspended, except in those cases in which retention of import prohibition may render it possible to exclude supplies from a third country so that the parties to the agreement may be benefited.

The negotiations with Poland for the conclusion of a preference treaty are also well advanced. In view of its years of tariff war with Germany, Poland is prepared to make extraordinary concessions to Austrian industry in so far as they do not interfere with the existence of domestic industries. As, on account of the tariff war, the attitude of Germany is immaterial, and France is said to have expressed her willingness long ago to agree to preferential tariffs in favour of Austrian industry, Austria's prospects of arranging preferential treaties are good. At present there is an Austrian delegation in Paris dealing with questions of payments, and it is possible that it will at least raise the question of a preference treaty between Austria and France.

There is a close connection between these agreements in commercial politics and a steady relaxation of the foreign currency restrictions. The State clearing treaties are being slowly eliminated and are giving place to the principle that payments should be made not on the basis of the official rates of exchange of the schilling but upon its actual value abroad. The allocation of foreign exchange by the National Bank has been completely suspended, and all commerce is being dealt with by private clearing. In private clearing, premiums of 22 to 23 per cent. will be paid on the official rates for dollars and Swiss francs, about 19 per cent. on Czechoslovak crowns and lower premiums corresponding to the falls in the currencies of countries to the east of Austria. For the last few days a premium of 23 per cent. has been charged on railway tickets to stations abroad and on foreign currency bought for travelling purposes, so there are naturally protests against the maintenance of the official schilling rate, which is still causing complications and injustices; for instance, maintenance money for Austrian children staying abroad can only be bought at a premium of 23 per cent., while a poor man getting support from abroad is paid the schillings for the remittance at the official rate, which is 23 per cent. less than the actual value of the remittance.

The greatest confusion prevails in the matter of settling foreign debts. After the period of inflation very many debts were contracted in foreign money or in gold. There is now no basis on which to liquidate the debts when they fall due. Court decisions vary greatly in this respect, and the number of cases is increasing tremendously. The National Bank itself is making exceptions in the foreign-values restrictions; for example, the recently-matured coupon of the League of Nations loan was met in "effective" dollars even in the case of Austrian holders.

The clearing up of conditions in relation to foreign exchanges will have favourable influence upon trade. The reserve long exercised by consumers has given place to a slight rise in consumption. At the same time, stocks have been reduced. In October the insurance values of the goods in Vienna warehouses registered a low level of 5.8 million schillings, as compared with an average for the years 1927 to 1931 of eight millions. There is promise of a good turnover for Christmas; the money which is put into circulation will change hands rapidly. Foreign trade also shows a slight improvement. Imports in October rose to 107.3 millions from 98.3 millions in September. The corresponding figures for exports were 71.5 and 65.9 million schillings. This is the first expansion of foreign trade registered for the last six months. The Federal Railways also show an improvement in October. The index of the movement of wagons rose from 84.1 to 89.4, which is a high level for this year. Output figures in the heavy industries also show increase for November; for instance, iron ore went up from 24,300 to 34,300 tons, though no iron ore at all is being raised at the moment; crude iron from 19.3 to 21.1, crude steel from 19.8 to 31.1, rolled goods from 22.4 to 33.4 per cent. of normal capacity. The augmentation of unemployment is also not so rapid as it was last year; though, of course, the increase is on a much bigger basis this year.

SPAIN.

Catalonia — Foreign Trade — Railway Project.

(FROM OUR CORRESPONDENT.)

MADRID, November 28.

THE main political event of importance during the past month has been the celebration of the elections for the first autonomous parliament in Catalonia. As was expected, the extremists obtained a big majority and the number of seats conquered by the "Esquerra" (Left Party) is even more than the number of votes in their favour would seem to warrant, owing to the voting system employed. The fact that women were not allowed to vote in Catalonia, although they have obtained this right in the rest of Spain, may also have had some influence on the results. However, it is thought that as soon as the enthusiasm has died down somewhat, the moderate party will increase in strength; for the "Esquerra" contains elements of doubtful cohesion, and a split is quite possible as soon as the first serious difficulties have to be met. These may be furnished by the textile industry of the Barcelona district, which is rather a bad way in spite of high Customs barriers, and the application by the new-fledged deputies of their pet theories, even in a moderate form, will certainly not tend to keep down manufacturing costs.

In the rest of Spain business has been very dull and there has been a recrudescence of strikes and other social troubles. The economic crisis shows no signs of abating and there is little prospect of improvement in this direction in view of the situation abroad. The total foreign trade, to September 30th, is down by 387 millions when compared with the same period of 1931; of this amount 214 millions represents the reduction in imports and 173 millions the reduction in exports, so that the unfavourable balance of trade has been somewhat reduced. Revenue receipts to date are considerably below Budget estimates and it is now calculated that instead of a surplus of 80.9 millions of pesetas there will be a deficit at the end of the year of some 200 millions. The principal loss of revenue is in the tax on business, which is already down by 200 millions. On the other hand the petrol monopoly has yielded better results than had been anticipated.

An issue is to be made of Ptas. 20,000,000 in 6 per cent. 15-year bonds bearing the guarantee of the Spanish State, the proceeds of which are to be devoted to the execution of what is termed the "National Plan of Education," that is to say, a scheme for the improvement of the Spanish Educational system. In anticipation of a possible reluctance on the part of the market to absorb these bonds, it has been decreed that savings banks shall on and after December 1st devote 20 per cent. of the funds deposited with them to the purchase of such bonds.

The project of connecting the railway stations by means of a tunnel through the centre of Madrid with underground stations and even direct lifts to some of the principal hotels, has received the sanction of the Government. The full scheme is not to be put into execution for some time, but the main tunnel is to be commenced as soon as possible; this may serve to alleviate the scarcity of work available in the capital. The money for this and other schemes which are to be carried out in Madrid is to be provided by a Government grant of Ptas. 80,000,000, which Parliament has voted for the purpose of helping Madrid worthily to represent the nation. The tunnel in question will be an engineering feat, as it involves a severe gradient from the Northern Railway Station to the centre of the town. By the time the tunnel has been completed the Northern Railway at least will have been electrified to the Guadarrama Mountains and both winter sports and summer excursions will become even more popular than at present.

The peseta exchange has been stable during the past month and the Official Exchange Office continues to have the situation well in hand. On the other hand the Gold Treasury Bonds have been firm, owing, so it is said, to the estimated deficit on budgetary figures and to the fear of possible inflation.

ROUMANIA.

Budget — Foreign Trade — Banking.

(FROM OUR CORRESPONDENT.)

BUCHAREST, November 30.

THE beginning of Roumania's financial year has been changed from January 1st to April 1st. By this means the Minister of Finance has obtained three months' grace in which to prepare and submit next year's Budget, which in the ordinary course should have formed the principal business of Parliament during November and December. It would have been difficult to place before Parliament the estimates of receipts and expenditure for 1933 at a moment when negotiations are in progress which must have a far-reaching effect on the final commitments of the State and by which it is hoped to obtain concessions from the foreign creditors of Roumania, enabling the Minister of Finance to effect important economies.

Roumania's finances are, indeed, in a precarious situation. The ordinary Budget for 1932 amounted to 25,000 million lei, which was reduced to 23,500 million lei in the course of the year. The extraordinary Budget amounted to over 11,000 million lei; 3,000 million lei represented current requirements, the remainder all unpaid debts which were left entirely unprovided for. The actual receipts during the year have fallen far short of the estimates. The Treasury receipts for the ordinary Budget amounted to little over 10,000 million lei for the eight months ending August 31st, i.e., about 6 million lei short. The actual expenditure during the same months exceeded receipts by almost 500 million lei per month, causing a deficit of about 3,700 million lei by the end of August. The extraordinary Budget receipts amounted during the same period to almost 900 million lei, against an actual expenditure of only about 100 million lei. It is not unlikely that the resulting surplus will be diverted to the ordinary Budget. On the other hand, 2,000 million lei will have to be found before the end of the year to repay the temporary advance received from the National Bank at the beginning of the year in accordance with the Law of Stabilisation. The floating debt will therefore have increased by the end of the year to probably 10,000 million lei, to which will have to be added the deficit in the ordinary Budget of a further 8,000 million lei or so, less such sums as may have been financed by special measures.

It is now the difficult task of the Minister of Finance to find items in which he can make reductions. Of the 23,500 million lei of estimated expenditure, nearly 13,000 million lei are represented by salaries and pensions. The remaining 11,000 million lei are divided into 6,800 million lei for the funded debt service and only 4,200 million lei for Supply. So far, courage has failed the Government to effect radical economies in the Civil Service, and it is on the debt services that reductions are primarily to be effected. The total debt of the State, not including the above floating debt, amounts to about 100,000 million lei, plus about 40,000 million lei inter-governmental debts and 1,500 million lei Relief Bonds; a grand total of over 140,000 million lei. The yearly allocations for interest and sinking fund vary during the years 1933 to 1948 between 605 million lei and 609 million lei, but afterwards they are on a decreasing scale until 1988. By far the largest part of this debt is in foreign or gold currency. It will be seen that it is extremely unlikely that arrangements with Roumania's creditors, limited to a reduction in the yearly allocations for the debt service, would make an appreciable impression on the Budget deficit.

To provide funds for its most pressing expenses in view of the falling receipts, the Government has resorted to a number of special measures. It has taken 1,040 million lei from the profit resulting from the issue of token money—profits which, according to the original plan, were to go towards payment of the huge immobilised industrial bill holding taken over by the State from the National Bank under the stabilisation plan. It has further taken the sum of 400 million lei, which so far had remained unused, from the proceeds of the Stabilisation and Development Loans. This sum was originally earmarked

for the purpose of productive works. The State has also obtained 1,600 million lei from the National Bank under a discount arrangement with a group of Swiss banks. Of this amount there remained 722 million lei in the hands of the Treasury on September 3rd. Now that all these special resources are exhausted, it is difficult to see where the Minister of Finance will turn next.

The Monopoly Institute, however, is in a flourishing condition. Its profits cover amply the amounts necessary for the services of its two loans, the Stabilisation Loan of 1929 and the Development Loan of 1931. The sums required to cover the service are punctually paid to the National Bank, but the surplus, which goes to the State Budget, has been reduced by special charges which the Institute took over from the State.

So far, with the help of a favourable trade balance, it has been possible for Roumania to keep the value of the lei intact, although, mainly owing to the monetary policy of other countries, she has had to introduce very stringent restrictions applying to transactions in exchange and foreign accounts. These restrictions have led to a considerable reduction in imports. In June, July and August imports were about 20 per cent. less than in the previous months. This helps to maintain the exchange, but at the same time it means a serious reduction in economic activity. Foreign trade has fallen in 1932 as against 1931 by the following figures for the first eight months of each year:—

(In million Lei).		
	January to August, 1931.	January to August, 1932.
Imports	10,941	7,059
Exports	11,598	10,070

The reduction in imports has caused a considerable increase in the favourable trade balance. The diminution in exports is principally noticeable in cereals, the export of oil products having remained practically on the same level. It is to be feared that the reduced activity in the import trade will gradually produce its effects on exports which have already suffered, as shown by the above figures, from import restrictions in Roumania's best markets.

The note circulation of the National Bank, which stood at a little over 18,000 million lei during the first six months of 1931, and had risen owing to the banking crisis to 23,750 million lei in December of that year amounted to 21,313 million lei in September last. The circulation of token coins has risen to 2,652 million lei in September, as against 1,615 million lei in the same month of the previous year. The bills discounted at the National Bank amounted to 10,701,000 lei in September last. This compares with a fairly constant figure of between 7,100 million lei and 7,600 million lei during the first six months of 1931, from which amount it has risen to over 13,000 million lei in November last year owing to the banking crisis. These figures of increased circulation and increased discounts cannot be considered healthy in the light of the unmistakable signs of trade stagnancy.

POLAND.

Budgets — Bank — Anti-Usury Decree — Trade

(FROM OUR CORRESPONDENT.)

WARSAW, November 24.

As required by the Constitution, the ordinary session of the Sejm was convened at the beginning of November, and, in accordance with custom, was adjourned for a month. The House will re-assemble early in December, and its activity will be devoted mainly to the approval of Finance Bills for the fiscal year beginning April 1, 1933. Legislation is now enacted almost exclusively by decree. Parliament still retains nominal control over fiscal measures, but this control is no longer taken seriously.

The Budget Bill for the year 1933-34, as presented to the Sejm on November 3rd, asks for the approval of

revenues totalling 2,089 million zlotys and expenditure of 2,450 millions, of which the Ministry of War is to be allotted 823 millions. The Budget for the present year was voted in the amount of 2,377 million zlotys for revenue and 2,452 millions for expenditure, with 833 millions for the War Ministry. The new Budget, therefore, anticipates a deficit of 361 million zlotys—after making provision, it is believed, for the service of war debts or relief debts now in suspension under the Hoover moratorium. In his Budget speech to the Sejm the Minister of Finance stated that the indicated deficit of 361 millions could be covered as to a considerable portion by reserves that will be still available to the Exchequer. He did not specify in what form these reserves are now carried, but he intimated that the possibilities of economising had by no means been exhausted, and that, if the deficit should assume vital importance before the end of the fiscal period, world conditions in the meantime might have improved to the point where foreign borrowing could be resumed.

With revenue totalling 174 million zlotys and expenditure 182 millions, the Budget deficit for September was reduced to 8 millions. For the first half of the fiscal year (April-September) revenue is given as 1,007 millions and expenditure as 1,128 millions, leaving a deficit of 121 millions. The revenue is understood to include the increase of 70 million zlotys which has taken place this year in the Exchequer's non-interest-bearing overdraft at the Bank of Poland. On the other hand, the Exchequer had on deposit with the Bank at the end of September 20 million zlotys.

The reserve position of the Bank of Poland has been strengthened during recent weeks, and the misgivings which found expression a month or two ago, when an increase in the circulation of silver coinage was announced, appear to have been completely allayed. The actual gold reserve of the central bank on November 10th was 496 million zlotys, an increase of 8 millions since September 30th. During the same period foreign exchange serving as cover has increased by 2 millions (to 37 millions on November 10th), with a similar increase (to 105 millions) in the foreign exchange not used as cover. The percentage of cover for outstanding bank notes and sight liabilities now stands at close to 45. Owing to the placing in circulation of new silver coinage by the Ministry of Finance, the total bullion coinage outstanding at the end of October was 307 million zlotys—an increase of 17 millions during the month. The volume of silver coins in circulation appears to be increasing steadily, but not so rapidly as to cause apprehension.

In furtherance of the Government's campaign to curb "usury" and bring down the price of manufactured goods, a decree was published on November 7th for the regulation of interest rates. This decree provides that banking enterprises engaged in the granting of credit will not be allowed to make a profit in excess of 9½ per cent. per annum, except for credit co-operatives and communal savings banks, which may earn up to 10 per cent. Mortgage loans on property (securities and merchandise excepted) must not exceed 9½ per cent. per annum, inclusive of commission, with limits on the supplementary charges that may be made for insurance, appraisals, storage, etc. Previous attempts to combat "usury" have invariably broken down because lending institutions have added supplementary charges (commissions, etc.) to the maximum interest rate permitted. All-in interest rates of 2 and 3 per cent. per month, even in important industrial centres like Lodz, have not been at all uncommon for the past several years, and the purpose of the new decree is to relieve commerce and industry of such burdens—if it is possible to do so by Government regulation.

The following are the latest available figures on foreign trade:—

	Month of October, 1931.	Month of October, 1932.	January to October, 1931.	January to October, 1932.
	(In thousands of zlotys.)			
Exports	158,445	96,361	1,604,587	890,049
Imports	119,510	64,449	1,280,131	707,706
Excess of exports	38,935	31,912	324,456	182,343

The efforts of the Government are being increasingly directed toward the extension of merchandise exchange with foreign countries. Transactions of this character with Brazil, Bulgaria, Greece, Hungary, Persia and Jugoslavia have already been reported. Others with Argentina, Holland, Soviet Russia, Spain, etc., are said to be nearing completion. The general policy in this respect is to permit imports into Poland on a compensation basis, the officially-authorized importing group being granted a virtual monopoly in order to simplify the commodity exchange and to obviate as far as possible the purchase and sale of *devisen*.

SOUTH AFRICA.

Natal Separatism — Export Subsidies — British Loan — Banks.

(FROM OUR CORRESPONDENT.)

November 7.

THE Government, who have held office since 1924, and are now placed under the necessity of defending to ignorant supporters their actions in a time of great difficulty, must be grateful to Natal members of the South African Party for their very curious behaviour of the last few weeks. Mr Heaton Nicholls, the able but fanatical member for Zululand, has made the Government a rich present of a speech advocating unilingualism for Natal and describing the language clause in the Constitution as a "mere concession to sentiment." There are a good many people in South Africa who think the bilingual policy not only wasteful but regrettable in other ways. It is not, however, a tactful statement from a front bench member of the South African Party at the present moment. Much as British South Africans and a great many moderate Afrikaners deplore the attitude of left-wing Nationalists, it is not by Mr Nicholls' methods that we can hope at this stage in the development of the country to get nearer to peace and a sane attention to economic necessities.

It cannot be denied that Natal has considerable ground for complaint. There is no doubt that the Government have from time to time encouraged the movement of numbers of Afrikaners—not very important numbers so far—into certain constituencies, and that the newcomers are not of a class welcome in Natal. The whole Government policy is anathema in Natal, whose inhabitants feel themselves to be a homogeneous body under alien rule, rather than a political opposition like the South African Party members elsewhere in the Union. Prior to Union there was a strong body of Natal opinion opposed to the proposals. The Provincial Council system was in a great measure a concession to this opinion. Even if the Government were disposed to treat with Natal, it appears doubtful whether two sides, between whom exist such differences and such personal feeling, could come to a workable agreement. Natalians are not—in the general view of citizens of other parts of the Union—themselves the easiest people to deal with, and if they were to achieve any measure of separation it is unlikely that the sugar industry would receive the privileges of the local market it enjoys at present. Feeling in Natal is likely to prove a considerable difficulty to the protagonists of a South African Republic. It is politically unfortunate for General Smuts, and not unlikely to have serious consequences for the Union, that differences within his Party will impair the strength of its attack on a somewhat weary Government.

The leaders of the Natal Devolution League have been holding meetings on the Rand—the first held outside the Province of Natal. One of the professed objects of the League is to fight the Republican move of the left-wing Nationalists by means of its proposals for a Federal system of government. It is difficult to see, however, how republican proposals can possess more than academic interest in the face of the solid opposition of the whole of Natal, even though everyone in Natal is not a supporter of the League. In the meantime, Dr. Malan, the Minister

of the Interior and of Education, who took a prominent part in the Flag Bill controversy, is now active in proposing important technical alterations in the national status of South African citizens, the broad idea being the elimination of British citizenship, which would be a clear step towards a change to independent republican government. General Hertzog is strongly opposed to the step; whatever his personal and private views may be, the inadvisability of such action is certainly obvious to him. Moreover, Dr. Malan is the leader of the Cape Nationalists, who are not on the best of terms with their friends further north.

The Union Government Gazette for October 28th contains the Regulations for the Export of Deciduous and Sub-Tropical Fruit, and the Regulations under the Export Subsidies Act of 1931. The general amount of the subsidy is 10 per cent. on the value of the goods exported, except in certain cases of which the more important are referred to hereunder. This is not of great assistance in many cases of articles whose value in sterling is much affected by sea freight and charges overseas. The subsidy to coal is one shilling per short ton, but the coal trade is very dull at present. Deciduous fruit receives 20 per cent. on a fixed value of £12 per ton of 40 cubic feet, and citrus 20 per cent. on £8 10s. per ton of 40 cubic feet. Meat (live or chilled) is subsidised on a scale sliding downwards from 35 per cent. on a value of 28s. 9d. or more per 100 lbs. Maize receives sixpence per 200 lbs. There is provision for insuring as far as possible that the subsidy reaches the producer. Government speakers have lately alluded to the subsidy scheme as a temporary one, and have been warning producers of the necessity of standing on their own feet. This is presumably the best way of telling their supporters that they may not have the money to continue subsidising the export trade.

To those who have followed reports of speeches on the gold standard, and of our relations with Great Britain, the raising of South Africa's £8,000,000 loan in England is not without its humorous aspects. Fairly recent efforts in Holland and France had been unsuccessful, whilst American terms were excessively onerous and included the provision of a British guarantee. Perhaps it is understandable, therefore, that no references were made locally to the loan prior to the announcement that it had been underwritten. The news must have caused some surprise when published in the country papers whose readers believe Great Britain to be moribund and on the road to bankruptcy. It is understood that the proceeds will be spent in Great Britain in the settlement of South African indebtedness and the purchase of engineering material.

The summarised figures of the local banks, which have just been gazetted for September 30th last, are given below:—

(000's omitted.)						
Liabilities to Public in the Union.		Cash Reserves in the Union.				Advances and Discounts in the Union.
Demand.	Time.	Gold Coin and Bullion.	Subsidiary Coin.	S.A. Reserve Bank Notes.	Balance in S.A. Reserve Bank.	
£ Sept. 30, 1931, 33,815	£ Sept. 30, 1931, 27,583	£ Sept. 30, 1931, 500	£ Sept. 30, 1931, 631	£ Sept. 30, 1931, 1,558	£ Sept. 30, 1931, 4,486	£ Sept. 30, 1931, 45,621
1932, 28,695	1932, 24,749	1932, 345	1932, 770	1932, 1,238	1932, 3,977	1932, 37,946

The figures show clearly the shrinkage in the volume of business in the Union.

JAPAN.

Budget — Industrial Expansion — Amalgamation.

(FROM OUR CORRESPONDENT.)

Tokyo, November 11.

THE Budget estimates for the next fiscal year, which begins on April 1, 1933, were approved by the Cabinet Council on Wednesday night. The total national expenditure in the new Budget was fixed at 2,232 million yen,

showing a marked increase of 452 million yen upon the working Budget for the current year. The increase is principally accounted for by the military operations in Manchuria (166 million yen), re-equipment of armaments (243 million yen), and the farm relief and other remedial measures (193 million yen). The revenue for the fiscal year 1932-33 is estimated at 1,336.9 million yen, a slight increase of less than 10 million yen upon the current year, revealing an appallingly huge deficit of 895 million yen against the approved expenditure. The deficit will be met entirely by a new loan without resorting to fresh taxation, which, as the Finance Minister pointed out, would be impracticable in view of the general economic situation in the country. Government borrowing during the next fiscal year, including loans for the Special Accounts, will amount to over 1,000 million yen. Though taxpayers have been temporarily relieved of immediate taxation, an uneasy feeling is prevalent among them that the day of reckoning has only been postponed.

Greatly assisted by the further fall in the yen exchange, foreign trade records continue to be altogether encouraging. The October returns show that, in comparison with the corresponding month of last year, imports increased by 20,329,000 yen, or 26.3 per cent., while exports rose by 49,469,000 yen, or 50½ per cent. The increase in imports is mainly accounted for by raw cotton, rubber and crude oil, while timber, ammonium sulphate and woollen and worsted yarn declined substantially. The increase in exports spreads over the whole list, and manufactured goods generally have done exceedingly well, though textiles are as usual largely responsible for the expansion. The excess of exports over imports for October was 49,604,000 yen, compared with 20,464,000 yen in the same month of 1931, reducing the visible adverse balance of the year to 66,238,000 yen, against 55,904,000 yen.

In spite of the further depreciation of the currency, the upward movement in the general level of commodity prices slowed down appreciably during last month. The Bank of Japan's wholesale index number for October registered a comparatively small rise of 1 per

cent. on the month, following sharp advances of 5½ per cent. in August and of 7.4 per cent. in September. The advances, especially in metals and fuels, were largely offset by the falls in cereals and raw silk and silk manufactures.

There is evidence that the inducement offered by trade improvement has produced in several branches of industry a distinct disposition to launch into new capital expenditure. In the cotton industry 348,000 spindles were installed during the first ten months of the year, and another 60,000 spindles are to be fitted in the remaining two months. The total Japanese spindleage will reach 8,000,000 by the end of the year. Almost all rayon companies are enlarging or planning to enlarge their plants. The Kanegafuchi, one of the most powerful cotton mills, has decided to embark upon rayon manufacturing, establishing a plant with a capacity of two tons a day. Portland cement manufacturers also are reported to be planning to lay out more kilns with the aggregate monthly capacity of 130,000 tons. These extension schemes, however, are regarded with some misgivings in a sober section of business circles in view of the prevalent curtailment of production, though the curtailment rates are being gradually reduced or coming to an end in many cases.

Another feature in industry at the moment is an amalgamation movement, which has apparently been started with the big fusion in the paper manufacturing industry, which was consummated last month by the Oji taking over the other two large paper mills, the Fuji and the Karafuto. The combine controls 85 per cent. of the total Japanese production. A fusion scheme of three steel companies in Eastern Japan will be completed in the course of this month. It is also reported that the complete shipping union proposal has been revived, and conversations are going on between the managements of the two big steamship companies, Nippon Yusen Kaisha and Osaka Shosen Kaisha. As for the national electric power combine, of which we have heard so much, it seems at the present a remote possibility, and instead a merger by district has now been suggested and supported as more feasible.

Books and Publications.

BOOKS OF THE WEEK.

INDIA IN TRANSITION.

To say that this* is a book with a hero is to say that it is a book which deserves to be read. For the hero is Lord Irwin, while the author—a professor of economics in the University of London who has seen seventeen years' service in the Indian Police—is a man who knows his subject and who lies under no suspicion of being soft-headed. He knows the working of the Government of India from inside—and this from a key position; for the Indian Police is the buffer between the Indian people and the British Raj; and it is here that the pressure is most directly felt in times of social and political stress. But Professor Coatman, in his record of Indian history during Lord Irwin's administration, is not concerned to look at the situation from the standpoint of the service in which he himself has served. The responsibility which he emphasises is the responsibility of the Viceroy; and his admiration is evoked by the manner in which this responsibility was discharged by Lord Irwin.

Professor Coatman's book is admirable in a number of ways. First and foremost, it gives the reader a vivid impression of the swift and irrevocable march of events. "All the participants in what Fate holds in store for India—and they are the many Indian communities and the people of Great Britain—have taken irrevocable decisions and done things that cannot be undone." This sentence, which occurs a page or so from the end of the book, sums

up the sense of what the author has succeeded in conveying in the preceding 375 pages. Professor Coatman has also a flair for personalities. It is not only Lord Irwin who lives in these pages. We are given a whole gallery of Indian politicians, and the author gives us a vivid picture of their personalities in action. He does not hesitate to pass judgments on them; but his judgments are diverse and independent, and they are obviously founded upon a first-hand acquaintance. At the same time, Professor Coatman avoids the pitfall of treating the Indian drama as though it were simply an interaction among a limited number of personalities in India and England. He deplores the aloofness of the Government of India and the members of the Indian Civil Service from international affairs, because he is conscious of "the effect on India of certain international, long-range influences which are at work throughout the world, producing one more of the long, slow, cyclical changes in human conditions and relationships of which history is the record."

These are the materials with which Professor Coatman works; and in using them to paint his picture he shows discrimination and judgment. For instance, he does not shrink from criticising his hero, Lord Irwin, on occasion—for including the North-West Frontier Province in the Irwin-Gandhi Pact, and for allowing the Government of India to publish the despatch on the Simon Report which it did publish at the moment of the opening of the first session of the Round Table Conference. His criticism of Mr Gandhi is more trenchant:—

"A sharp division must be drawn between estimates of Mr Gandhi the man and Mr Gandhi the politician. As a man Mr Gandhi is justly revered by millions. As a politician, he is a sham, and a dangerous sham. He is dangerous because

* "Years of Destiny in India (1920-1932)." By Professor J. L. Coatman. (London: 1932. Cope. 10s. 6d.).

the prestige which he has acquired through his personal characteristics is attached to him in his capacity of politician, and earns for him the enthusiastic, indeed, the fanatical support of men and women who would not support his political tactics for one moment if they were not dazzled by the glamour of Gandhi the man and saint."

This judgment is obviously as sincere as it is outspoken. And it does not prevent Professor Coatman from dealing with Mr. Gandhi fairly and even sympathetically in the many pages in which the Mahatma is the protagonist.

The author particularly shows his judgment in his rejection of the crude formulations of the Indian problem at either extreme of the political gamut:—

"It is not, as enemies of Britain allege, a simple problem of a people struggling to be free and held down by a selfish and superior force, nor is it what so many apologists for British rule depict, namely, a vast population of simple, backward and much-divided people being stirred up against a rule, which at heart they love, by a few discontented intellectuals."

If we read Professor Coatman aright, he is deeply convinced of the reality of the Indian National Movement beneath the superficiality of much of what is said and done by Indian politicians, and believes that this Indian movement is a spiritual upheaval which is of English origin—for in this case it is possible to say where the wind which is sweeping over the cornfield has started. We are watching the impact, upon Indian hearts and minds, of the experiences and ideas and traditions and institutions which we have brought to India with us in coming to India ourselves. Our first task was to provide India with that framework of law and order and organised administration and economic equipment—railways and ports and irrigation canals and the like—which we have created for ourselves at home; and since all this was exotic to India when we came to her, we were bound to thrust it upon her from outside, bureaucratically. But every civilisation is a seamless garment, and these outward trappings presupposed an inward spirit. From the moment when we first set to work in India, we were challenging the Indians to take over the things that we were doing for them and to do them for themselves; and the hour for this transfer of responsibility has now come. History cannot stand still, and the bureaucratic British Raj was in its essence a transitory phenomenon. The Indian Empire must now either become self-governing or fall to pieces. That is the present issue.

SHORTER NOTICES.

"The Theory of Wages." By J. R. Hicks. Macmillan. 8s. 6d.

This book makes elaborate use of the method of abstraction characteristic of the Austrian economic school. Nor does it lack a certain gloomy pleasure in the drawing of unpleasant conclusions. Mr Hicks bases his entire analysis of the wage question on the doctrine of marginal productivity; that is to say, he treats wages as only one, though a somewhat peculiar, instance of the general principle that each factor of production tends, subject to frictions and interferences, to be rewarded in accordance with the productivity of the marginal dose. In common with other economists of the marginal productivity school he gives insufficient attention to the definition of productivity itself, or to the relation between productivity measured in terms of

money and the demand for commodities as affected by the magnitude of the incomes distributed in the course of production. He also makes somewhat confusing use of the doctrine of increasing and decreasing returns, without an adequate examination of the basis of these doctrines. He admits indeed that in strictness the theory of wages ought to regard each labourer as an individual, and to deal with the tendencies affecting the wage of each individual because each worker is in the last resort a special and singular factor of production. But after devoting some attention—rather more than is usually given—to individual differences between labourers, he goes on to treat of wage theory in terms of groups and classes. The latter part of his book is largely concerned with discussing the influence of such forces as Trade Unionism and State intervention which may tend to raise wages to higher levels than they would reach under purely competitive conditions. This treatment leads up to the view, which follows from Mr Hicks's premises, that such rises in wages must tend to cause unemployment—the more so because they accentuate the displacement of labour through the incentive which they afford to more capitalistic and highly mechanised methods of production. If once Mr Hicks's initial assumptions are granted, most of the remainder of his argument follows logically. But he has not added a great deal to the traditional wage theory of the Austrian school, nor has he improved upon the practice of that school in beginning with a study of wage relations which ignores the influence of the distribution of income upon demand, and endeavouring to introduce this vitally important factor only at a much later stage in the argument.

"The New York Money Market." Vol. II. Sources and Movements of Funds. Vol. III. Uses of Funds. By Benjamin H. Beckhart and James G. Smith. New York. Columbia University Press (H. Milford). 33s. 6d. net per volume; 106s. 6d. the set of four.

The first volume of this series, entitled "Origin and Development" has already appeared. It was mainly historical and traced the development of the New York money market up to the foundation of the Federal Reserve system just before the war. The next two volumes form the subject of the present notice. A fourth volume, on "External and Internal Relations," has yet to appear. While the period covered by these three last volumes is mainly that of the years 1913-31, in certain aspects the story is carried into 1932—a fact which encourages us to suggest that the last volume should be continued still further into 1933. The whole series forms one of those big pieces of joint research work which are so typical of American university activity.

Volume II. is concerned mainly with the banking side of the money market, and is based mainly on a consideration of member bank reserves. There is an important chapter showing how gold movements into and out of the United States affect the supply of credit. Volume III. describes the three great short-term money markets in the United States, these being the call loan market, the commercial paper market and the acceptance market. This will be found most useful by those who wish to study the mechanism of the New York money market, and to compare and contrast it with that of London.

OTHER BOOKS RECEIVED.

"Standard Gold" and Silver. By Dr. Ernest Zucker. (Manchester) Taylor Garnett Evans & Co. 88 pp.
An industrialist's scheme for the solution of the currency problem through devaluation.
Rumania. By George Clenton Logio. (Manchester) Sherratt and Hughes. 203 pp. 6s. net.
An interesting account of Rumanian history, politics and economics.

OFFICIAL PUBLICATIONS.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2.
Report from the Select Committee on Police Forces (Amalgamation). 11s. net.
British and Foreign State Papers. 1927. Part I. Vol. CXXVI. £1 12s. 6d. net.
Civil Judicial Statistics, England and Wales, 1931. Cmd. 4187. 1s. net. Scotland, 1931. Cmd. 4177. 9s. net.
A Study of the Deaf in England and Wales, 1930 to 1932. 3s. net.
Note addressed by the United States Government to H.M. Government in the United Kingdom in reply to a Note dated November 10, 1932, relating to the British War Debt. Cmd. 4208. 1d. net.
Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Countries, 1931, compared with the Years 1927-1930. Vol. I. 11s. net.

The Stock Exchange.

AUSTRALASIAN PASTORAL COMPANIES.

EVERY investor who has been impressed by the recent improvement in the credit of the Australian and New Zealand Governments should examine the accounts of the principal Australasian farming and pastoral agency companies, whose prosperity is a major constituent in national credit-worthiness. In the last few months of cheap money Australian and New Zealand Government stocks have advanced to a 4½ per cent. yield basis. The most recent trading accounts of the pastoral and agency companies, however, show no uniform improvement. The directors in every case complain that the low level of wheat, wool and livestock prices is holding back recovery in spite of the good seasons which Australia, if not New Zealand, is enjoying. In the 1930-31 and 1931-32 seasons the wheat crops in Australia have been large, and a record wool clip (of nearly 3 million bales) has been disposed of in the 1931-32 season. It is reported that a still heavier wool clip will be grown in the current season, and that the wheat crop shows every promise of being excellent.

Prices, however, do not yet afford an adequate profit to producers, in spite of reductions in costs. Wheat has lost much of its improvement, and wool prices, which reacted throughout the last selling season, have not yet shown any material recovery. The following table shows that, although producers have been blessed by the abundance of Nature, prices have been far from satisfactory:—

	Years ended June 30th.		
	1930.	1931.	1932.
WOOL SALES.			
Australia:			
Bales	2,553,000	2,481,000	2,714,000
Value	£33,924,000	£27,616,000	£29,643,000
Average value per bale realised at sales	£13 15s. 9d.	£11 2s. 10d.	£10 18s. 5d.
New Zealand:			
Bales	426,000	445,000	475,000
Value	£5,131,000	£3,559,000	£3,572,000
Average value per bale	£12 1s. 0d.	£7 19s. 10d.	£7 10s. 4d.
WHEAT EXPORTS.			
Australia:			
Centals (100 lbs.)....	24,234,000	71,534,000	76,427,000
Value	£10,037,000	£14,744,000	£19,209,000
Average value per cental	8s. 3d.	4s. 1½d.	5s. 0½d.

Apart from the handicap of low prices for their primary products, the Australian and New Zealand pastoral and agency companies have had special difficulties to meet. In the first place, the companies registered in England have been required to pay their fixed interest charges in sterling, while their competitors registered in Australia have not only avoided exchange losses, but have had the advantage of a reduction in interest on capital borrowed in Australia. In December, 1931, the exchange rate was reduced from £130 to £125 Australian for £100 sterling.

This is still the prevailing rate, but a section of Australian producers is continually urging the Commonwealth Bank to depreciate the Australian pound still further. If the adverse balance of Australian visible trade of the first two months of the current financial year is not corrected, it is possible that the exchange rate may be altered; but even at 125 per cent. the loss to the British pastoral companies must be considerable. For example, the chairman of Dalgety's mentioned at the last meeting that his company had suffered a loss of £175,000 in the remittance of funds to London for debt service and preference and ordinary share dividends. Normally this company would have met its London debt and dividend service by the payments due to it from Australian importers, but the high tariffs and import prohibitions in Australia have upset the balance of its trade.

In the second place, the mortgage and agency companies have been adversely affected by the Australian legislation for a reduction in interest on mortgage securities by 2½ per cent., which formed part of the Premiers' Financial Plan. This Act was passed late in 1931, so that its effect upon the revenue account of the companies will be more severely felt in the current year. Another piece of damaging legislation was the Moratorium Act passed by the late Labour Government in New South Wales in 1931. Under the provisions of this Act purchasers were authorised to postpone the payment of instalments on their purchases so long as interest was duly paid, or within four months of the passing of the Act to rescind their purchase agreements, subject to the forfeit of all moneys paid on account. This Act, which has seriously upset the sales of land in New South Wales, has not yet been amended by the present New South Wales Government.

We may divide the companies examined in this article into two classes: those concerned directly with pastoral and cattle farming and those which mainly conduct a loan and agency business in connection with the pastoral industry, but have farming estates also under their control or management. In the first category we need consider only the Australian Agricultural Company, a comparatively small concern, with a capital of £800,000, and the more important New Zealand and Australian Land Company, with a share capital of £3,000,000 and a loan capital of £677,400. The extent to which the latter company's prosperity is dependent upon the price of wool and stock is shown by the fact that the profit on wool, sheep and cattle accounts during 1931-32 was nearly £450,000 less than in 1928-29—an amount equivalent to 22½ per cent. on the ordinary share capital.

Of the farming and agency companies, the most important is Dalgety and Company, which has a share and loan capital of £5,654,354. This company's balance sheet, at

	Australian Agricultural.		New Zealand and Australian Land.		Australian Estates and Mortgage.		Australian Mercantile, Land and Finance.		Dalgety.		New South Wales Land and Agency.		New Zealand Loan and Mercantile.	
	December. 1930.	December. 1931.	March. 1931.	March. 1932.	December. 1930.	December. 1931.	June. 1931.	June. 1932.	June. 1931.	June. 1932.	January. 1931.	January. 1932.	June. 1931.	June. 1932.
Earned for fixed charges....	£ 1,065	Dr. 1,804	£ 42,105	£ 8,042	£ 30,154	£ 85,603	£ 124,592	£ 171,438	£ 198,181	£ 30,424	£ 6,539	£ 4,610	Dr. 80,464	£ 17,553
Debt interest.....	—	—	38,144	28,776	84,330	84,225	79,000	79,000	162,440	161,494	Nil	Nil	68,000	68,000
Preference dividend	—	—	30,000	30,000	16,250(a)	Nil	Nil	25,000	25,000	25,000	Nil	Nil	16,250	Nil
Earned for ordinary	1,065	Dr. 1,804	Dr. 110,249	Dr. 50,734	Dr. 70,426	Dr. 622	45,592	92,438	10,741	Dr. 166,070	6,539	4,610	Nil	Nil
Ordinary dividend	20,000	12,000	30,000	Nil	Nil	Nil	Nil	28,000	105,000	75,000	10,458	8,366	Nil	Nil
% earned	0.1	Nil	Nil	Nil	Nil	Nil	3.3	6.6(a)	6.6(a)	7.0(d)	5.0	4.4	Nil	Nil
% paid	2.5†	1.5†	2.0	Nil	Nil	Nil	2.0†	7.0†	7.0†	5.0†	8.0	8.0	Nil	Nil
Reserve and contingency fund.....	Dr. 17,000	Dr. 14,000	Dr. 130,000	Dr. 46,000	Dr. 70,000	Nil	Dr. 25,000	Nil	Dr. 67,729	Dr. 175,177	Nil	Dr. 3,000	Dr. 16,250	Dr. 50,000
Carry forward.....	890	1,085	*2,882	7,725*	7,429	6,807	38,435	102,873(a)	212,358	156,465	1,123	367	18,998	18,551

* After bringing in £6,066 from taxation account in 1931 and £10,377 in 1932. † Free of tax. (a) Subject to British and Dominion income tax, estimated at £58,000, including £24,543 from revised assessments in New South Wales. (b) And £275,000 from exchange to general reserve for years 1922-29 inclusive. (c) £3,000 from income tax suspense and £11,000 from general reserve. (d) Before charging cost of exchange: in 1931, 5.2 per cent., and in 1932 1.3 per cent. (e) Half Year to June 1930.

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June 30, 1932, showed that £6,784,000 was held in advances on land and stock. The Chairman, in his speech to shareholders last month, was not too cheerful as regards Australian prospects and was even pessimistic as regards New Zealand, where the company has over £2½ millions invested. In recent years the New Zealand interests have not been a remunerative holding; while investments in Kenya and Tanganyika have also been unsatisfactory. It is remarkable that Dalgety and Company was unable to earn its debenture interest in the year to March 31, 1932, in spite of the greater volume of wheat and wool sales.

A similar comment applies to the next largest company in this group—the New Zealand Loan and Mercantile Agency, with a share and loan capital of £4,500,000. In spite of an improvement in earnings it is still unable to meet its debenture interest and preference share dividends. The Australian Estates and Mortgage Company, with a share and loan capital of £3,300,000, has an important agency business in addition to its farms. Preference dividends have been passed since June 30, 1930. No ordinary dividend has been paid since 1928.

The Australian Mercantile Land and Finance Company's profits for the year to June, 1932, showed some improvement, in spite of the negligible profit now derived from its own stations. This company, which has a total capital of £3,400,000, is still able to earn its debenture interest and to pay a small dividend on its ordinary shares. The New South Wales Land and Agency Company is a small company with a capital of £130,725 and no debenture debt or preference capital. It is still able to show earnings on its ordinary capital and to pay 8 per cent. dividends.

The table at the foot of the preceding page summarises the accounts of these companies for the last two years. It will be seen that, of the larger companies, only the Australian Mercantile Land and Finance Company is covering its debenture interest. Happily, the financial position of practically all companies is liquid. Dalgety has a surplus of current assets over current liabilities of £6,356,000, New Zealand and Australian Land of £1,049,000, Australian Mercantile Land of £903,000 and New South Wales Land and Agency of £240,000. The next table shows the present market position of the securities of the various concerns:—

	Highest 1932.	Lowest 1932.	Present Price.	Dividend Yield (%)
Farming Companies.				
Australian Agricultural £1 shares	66/6	39/-	3½	£ s. d. Nil
New Zealand and { 4% debts.	78½	65	73½	5 8 9
Australian Land. { 4% "A" pref.	67	56	66	6 1 3
Ord. stock	80	56	80	Nil
Pastoral, Land, and Agency Companies.				
Australian Estates { 4½% 1st "A" debts.	85	53½	85	5 6 0
and Mortgage. { 5% "A" debts.	72	48½	72	6 18 11
4% "B" debts.			55	7 5 6
4% pref.	12/6	8/7½	12/6	Nil
Cons. ord. stock	27	16	26	Nil
Australian Mercantile { 4% debts.	85½	62	85	4 14 0
Land and Finance. { £25 shs. (£5 pd.)	71/3	32/3	3½xd.	4 2 0
£5 shs. fully pd.	95/-	55/3	4½xd.	2 19 2*
Dalgety	100	76	100	4 10 0
{ 4% 1st debts.	90	65	88	4 11 0
{ 4% 2nd debts.	101	76	100	4 10 0
{ £20 £5 pd. ord.	8½	5½	6½	5 2 7†
New South Wales Land & Agency 10s. shares	12/6	11/-	12/6	6 8 0‡
New Zealand Loan { 4% 1st debts.	73	55½	73	5 9 9
and Mercantile. { 4% 2nd debts.	72	54½	71	5 12 6
{ 5% pref.	47½	31	48	Nil
{ 6½% 2nd pref.	48½	30	48	Nil
Ord. stock	49	25	47	Nil

* Based on dividend of 2 per cent., tax free.
† Based on 5 per cent. tax free dividends.
‡ Based on 8 per cent. dividend.

The market, altogether, appears to be taking a fairly optimistic view of the recovery in the prices of primary products on which the prosperity of these companies depends. How far this attitude is justified may be debatable, in view of the recent fall in sterling and the uncertainty of a war debt settlement. Moreover, Australia is fully stocked with sheep, world supplies of wheat are plentiful and markets are restricted. The primary producer, unfortunately, is not yet out of the wood.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
December 20.

ACCOUNT.
December 22.

LAST week's unsettlement was replaced by calmer, and perceptibly firmer, conditions. The immediate effects of a possible debt payment had been discounted and the recovery of sterling was accompanied by a steady improvement in the Funds. Trading throughout was narrow, while demand coming mainly from small investors, while professionals preferred to await definite information before increasing their commitments.

Gilt-edged stocks were dull at the outset, with sellers predominating. Subsequently, prices turned upwards, old Consols and the new 3 per cent. Conversion Loan being well supported. In mid-week the recovery became general. India loans were firm, the 3 per cents. and 5½ per cents. both gaining ground. Business in Dominion issues was more satisfactory, Australians, in particular, benefiting from reinvestment orders following the December 1st gilt-edged disbursements. South African scrip improved to 2 discount. Home Corporation stocks were firmer in sympathy with the Funds.

In the Foreign market, interest centred mainly in Sino-Japanese bonds. The foreign issues of the Chinese 1919 Loan attracted fair attention, and Japanese bonds were in short supply. San Paulo Coffee regained a modicum of favour. European bonds had stronger appearance, German bonds reflecting hopes of an improved political outlook following the appointment of General von Schleicher to the Chancellorship. Greek Sevens, exceptionally, were weak.

The Home Rail market was quiet. A modest demand, in mid-week, for Southern junior stocks, on a favourable traffic statement, subsequently petered out. On Thursday, Metropolitan reflected anxiety concerning the final terms of the London Transport Bill. Foreign rails were lifeless in the face of discouraging traffic returns. Buenos Aires and Pacific 5 per cent. debentures lost a point on Wednesday. American rails, however, were higher throughout the list.

In the Industrial share market dull and irregular conditions were relieved by a few high lights. Milling shares were good, Spillers being in demand, while Associated London Flour reflected the favourable offer for its shares made by an unknown buyer (see page 1096). Electricity supply issues met a better investment inquiry. Iron and steel shares were generally firm. Whitehead iron improved on the interim dividend announcement. Motor shares were undecided, Ford being slightly lower. Breweries remained under the influence of reduced dividend declarations and pessimistic chairmen's speeches. Godfrey Phillips were a bright feature among Tobacco shares. Woolworth were again supported. Shipping shares were depressed by the unfavourable tenor of the chairman's speech at the P. and O. meeting (discussed on page 1097).

Oil shares were firm at the beginning of the week, but the improvement was not maintained. Anglo-Persian suffered a fresh decline, failing any more hopeful development in the dispute with the Persian Government. The company's statement of its case is summarised on page 1095. A fair business was done in Shell, but the price slipped back. The Eagle issues were readily absorbed from Paris.

Rubber shares were lifeless, the few changes being invariably to lower levels. News of a tea restriction agreement (discussed on page 1077) failed to energise the share market. Mining shares, likewise, were out of favour, the gold mining issues falling as sterling rose. The Cape was inactive. A sharp fall in Sub Nigel created some uneasiness. Ashanti Goldfields were out of favour early in the week, but improved later, while Santa Gertrudis declined. Sherwood Starr continued to make progress, but the Western Australian issues were less prominent.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Dec. 1, 1932.	Dec. 2, 1932.	Dec. 3, 1932.	Dec. 5, 1932.	Dec. 6, 1932.	Dec. 7, 1932.	Dec. 8, 1932.
Government and Municipal Loans	1,859	1,874	957	1,614	1,748	1,629	1,663
Transport, Communications, and Public Utilities	988	1,004	550	884	956	903	877
Commercial and Industrial*	1,992	2,050	1,084	1,856	1,878	1,967	1,856
Banks, Insurance and Financial ...	537	643	281	513	534	568	594
Mines (including Nitrate)	782	864	356	743	604	547	703
Oil	199	215	89	226	281	306	199
Rubber, Tea and Coffee	142	116	29	98	94	142	97
Total	6,499	6,762	3,346	5,934	6,095	6,152	5,999

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

	Highest of 1932. (Nov. 8).	Lowest of 1932. (June 1).	Dec. 1, 1932.	Dec. 2, 1932.	Dec. 3, 1932.	Dec. 5, 1932.	Dec. 6, 1932.	Dec. 7, 1932.	Dec. 8, 1932.
67.2	51.3	64.8	64.8	64.7	64.6	64.8	64.8	64.8	64.8

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.

(1928 = 100.)

	Highest of 1932. (Nov. 2).	Sept. 30, 1931.	Dec. 1, 1932.	Dec. 2, 1932.	Dec. 3, 1932.	Dec. 5, 1932.	Dec. 6, 1932.	Dec. 7, 1932.	Dec. 8, 1932.
127.4	90.6	123.1	122.9	122.8	122.9	122.9	123.1	123.4	123.4

We are officially informed that the Stock Exchange will be closed on Saturdays, December 24th and 31st.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets turned firmer on the President's Message to Congress, which was well received throughout the financial district. The earlier vote of the House of Representatives, which failed to obtain the necessary two-thirds majority for the repeal of Prohibition, encouraged only moderate speculation, and the ensuing sales were not heavy. The Presidential Message, on the other hand, was praised for its determination to face unpleasant budgetary realities, though some of the proposals were recognised as being likely to provoke sectional opposition, while others, like the manufacturers' sales tax, had been rejected by Congress some months earlier. The market generally agreed with the President's diagnosis of the root cause of the troubles of many small banks, but was disappointed by the absence of any concrete programme in this connection. It was understood, however, that Senator Glass's Banking Reform Bill would shortly be taken up in the Senate. The War Debt position continued to be a negligible market factor, the eventual opening of discussions for revision being regarded as inevitable in well-informed circles. Bonds had a stronger tone, and some of the better shares, particularly certain railroads, achieved gains of 1 to 5 points. The volume of dealings simultaneously increased, Wednesday's turnover, for example, being 1,200,000 shares against 700,000 on Monday. Evidence was even forthcoming of a resumption of pool activity, on a small scale, in a few issues like Aircraft, Chrysler and Montgomery Ward. The market, however, was easier on Thursday. There are no signs whatever of a resumption of activity on the scale of last September. Large financial interests are avoiding fresh commitments owing to international uncertainties, while the domestic trade situation gives speculative operators little to go for. There has been no worsening of conditions, beyond the normal seasonal movement, but Christmas trade is likely to reflect the hardships which the community is experiencing. Freight-car loadings for the week ended November 26th, at 493,700, showed a decrease of 82,000 as compared with the corresponding week last year. Steel activity has fallen to 16 per cent.

of capacity. Power production, however, shows a slight rise. Retail sales continue to run below last year's level. Woolworth's figures for November, for instance, recording a decrease of 8 per cent.

	Nov. 23, 1932.	Dec. 1, 1932.	Dec. 8, 1932.	Nov. 23, 1932.	Dec. 1, 1932.	Dec. 8, 1932.
U.S. 3½% T. Rds.	102½	102½	102½	Natl. Biscuit	37	36½
U.S. 4½% T. Rds.	101½	101½	101½	Phelps Dodge	5½	5½
Do. 4½% 32-47	102½	102½	102½	Fullman	19½	19½
Do. 4½% 33-38	103½	103½	103½	Sears-Robuck	19½	19½
Atchafalpa	39½	38½	41½	Studebaker	4½	4½
Chas. & Ohio	23½	23½	25½	Un. Fruit	22½	21½
Erie	5½	5½	5½	U.S. Leather	4	3½
Illinois Central	13½	13½	13½	U.S. Rubber	4½	4½
N.Y. Central	22½	22½	22½	U.S. Steel	35½	32½
Pennsylvania	12½	12½	12½	Westinghouse	25½	25½
Southern Pacific	17	16½	17½	Woolworth	35½	35½
Southern Ry.	6½	6½	6½	Am. Tel. & Tlg. ...	105½	104½
Union Pacific	67½	67½	69½	Interboro R.T. ...	4½	4½
Am. Can.	52½	50½	53½	Int. Tel. Teleg. ...	8½	8½
Amer. Smelting ...	14½	14½	12½	Radio Corp.	6	5½
Anacosta	8½	8½	7½	Utilities P. & L. ...	4	3½
Bethlehem Steel ...	16½	16	15½	W. Union Tlg. ...	28½	29
Chrysler Motor ...	14½	15½	16½	Associated Gas "A" ..	6	1½
Corn Produce Rf. ...	49½	48½	50	Pan. Amer. B. (New) ..	11½	12
Eastman Kodak ...	52	51	52½	Gen. Electric (New) ..	14½	13½
Gen. Electric (New) ..	15	14½	15½	Shell	13½	13½
Gen. Motors	13½	12½	13½	Shell Union	5½	5½
Int. Harvester	21½	21½	22½	Std. California	25½	24½
Mont. Ward	12½	12½	13½	Do. N.J.	20½	20½

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

	1930.		1931.		1932.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Nov. 30.
337 Industrials ...	98.2	174.1	51.5	114.7	52.2	43.5
33 Rails	89.1	145.6	31.7	105.7	32.2	24.3
34 Utilities	153.2	267.4	90.6	187.6	91.8	76.2
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	45.8
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	6.26%

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

Highest of 1932 (Sept. 7)	Lowest of 1932 (June 27)	Dec. 1, 1932.	Dec. 2, 1932.	Dec. 3, 1932.	Dec. 5, 1932.	Dec. 6, 1932.	Dec. 7, 1932.
72.3	35.2	51.4	49.5	49.3	49.9	52.4	53.7

TOTAL DEALINGS IN NEW YORK.

	Dec. 2, 1932.	Dec. 3, 1932.	Dec. 5, 1932.	Dec. 6, 1932.	Dec. 7, 1932.	Dec. 8, 1932.
Stock Exchange— Shares (Thous.) ...	700	400	700	1,100	1,200	700
Bonds (Value Thous. \$)	8,100	3,400	6,600	8,800	9,400	10,000
Curb— Shares (Thous.) ...	150	70	140	180	180	120

* 2-hour session.

PARIS.

Moderate professional activity developed after a dull opening. The payment of the Suez Canal dividend was a bull point, a steady demand for the shares persisting throughout the week. Bear covering tended to put prices up and the possibility of a compromise at Geneva encouraged cheerfulness. Ottoman Bank was well supported, but in the more speculative sections, Rio Tinto showed irregularity.

	Dec. 1, 1932.	Dec. 5, 1932.	Dec. 8, 1932.	Dec. 1, 1932.	Dec. 5, 1932.	Dec. 8, 1932.
Banque de France	11,105	11,150	11,395	Wagons Lits	79	80
Credit Lyonnais ..	2,005	2,035	2,050	Mexican Eagle	33	34
Suez Canal	15,750	16,090	16,450	"Chartered"	68	68
Changeurs Réunis..	208	209	215	Ford	101	104
Rio Tinto	1,362	1,385	1,411	De Beers	388	404
Royal Dutch	14,305	14,450	14,700	"Johnnies"	140	139

BERLIN.

Political uncertainties continued to weigh heavily on the Berlin Bourse, but sentiment improved with the appointment of General von Schleicher as Chancellor. Reichsbank recovered. Shipping shares were more

(Continued on page 1094.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Dec. 7) inclusive.		Name of Security.	Price Nov. 29, 1932.	Price Dec. 7, 1932.	Rise or Fall.	Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Dec. 7) inclusive.		Name of Security.	Price Nov. 29, 1932.	Price Dec. 7, 1932.	Rise or Fall.	Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
60 1/2	49 1/2	78 1/2	54 1/2	British Funds.	72 1/2	73 1/2	+1 1/2	3 8 0	21	8	6	6	Foreign Ry. — cont.	3	8	...	NH
97 1/2	77 1/2	111 1/2	81 1/2	Consols 4%	105 1/2	107 1/2	+2	3 16 3	150	9 1/2	8 1/2	8 1/2	Paraguay Cen. D. Deb.	3 3/4	8	...	7 15 0
85 1/2	67 1/2	102 1/2	73 1/2	Conversion Loan 3 1/2 %	97 1/2	98 1/2	+1 1/2	3 12 3	65	20	25	10 1/2	Taitai Ry. Ord. £5.	20	25	...	10 0 0
104 1/2	87 1/2	112 1/2	93 1/2	Do. 4 1/2 % 1940-44	107 1/2	108 1/2	+1	3 7 0	9 1/2	20	25	5	Utd. Havana Ord. Stk.	3 1/4	4	+	NH
97 1/2	78 1/2	110 1/2	89 1/2	3% Funding 4% 1960-90...	105 1/2	108 1/2	+2 1/2	3 11 0	16 9/8	5/9	6/10 1/2	2/5	Anglo-French (21)	4/6	4/6	...	NH
...	...	100 1/2	100 1/2	3% Treasury Bonds	101 1/2	101 1/2	...	2 19 6	16 9/8	5/9	6/10 1/2	2/5	Anglo Internat. (21)	9/1	9/1	...	NH
...	...	110 1/2	89 1/2	Victory Bonds 4%	105 1/2	107 1/2	+2	3 16 3	11 1/8	8/9	9/3	3/4	Am. Pacific (21)	5 1/2	5 1/2	...	...
...	...	102 1/2	100 1/2	War Loan 3 1/2 %	...	98	...	3 11 6	6 1/2	37/6	6 1/2	4 1/2	American B. £1 1/2 pd	6 3/4	6 3/4	...	...
70 1/2	57 1/2	69 1/2	60 1/2	India Loans 3%	85	86 1/2	+1 1/2	3 9 9	25 1/2	12 1/2	15	2	Bank of N. Zealand £1	45	45	...	6 7 0
...	...	64 1/2	62 1/2	Do. 3%	72 1/2	72 1/2	...	4 2 9	55 9/8	31 3/4	37/6	34 1/2	Bank of Eng. Stk.	317	320	+	3 15 0
...	...	41 3/4	39 1/2	Do. 3 1/2 %	83 1/2	83 1/2	...	4 3 9	58 1/2	33 1/2	35 1/2	23 1/2	Barclay B. (£1)	62 1/2	65	+2 1/2	4 6 0
...	...	170 1/2	67 1/2	* Do. 4 1/2 % 1958-58	104 1/2	106 1/2	+1 1/2	4 2 3	26 1/4	19 1/2	27 1/2	21 1/2	Barel. (Dom. &c.) A (£1)	27	27	...	3 11 0
106 1/2	94 1/2	115 1/2	97 1/2	Palestine 5% 42-67	113 1/2	113 1/2	...	3 8 0	9 1/2	6 1/2	9 1/2	3 1/2	Bk. of Australasia (A5)	8 1/2	7 1/2	-1 1/2	5 15 0
99 1/2	87 1/2	107 1/2	87 1/2	Ulster 4 1/2 % 45-75	106 1/2	106 1/2	...	3 18 0	63	47	53	3 1/2	Bk. of Montreal (£100)	23 1/2	23 1/2	...	6 18 0
...	...	...	...	Dutch Colonial Govts.	103	102 1/2	-1/2	4 14 9	26	18 1/2	27	20	Bk. of N.S.W. (£20)	23 1/2	23 1/2	...	5 18 0
...	...	107 1/2	77	Australia 5% 1945-75	103	103 1/2	+1/2	3 11 0	15 1/2	3 1/2	5 1/2	3 1/2	British Overseas A £5...	5	5	-1/2	6 18 0
...	...	105 1/2	100 1/2	Canada 4% 1940-60	103	103 1/2	+1/2	4 6 6	14 1/2	9 1/2	14 1/2	10 1/2	Chtd. of India (£25)	13 1/2	13 1/2	...	5 4 0
101 1/2	87 1/2	107 1/2	90 1/2	Ceylon 6% 1936-51	109 1/2	106 1/2	-3 1/2	4 10 0	66 1/2	43 1/2	67 1/2	45 1/2	Comcl. Bk. of Aus. 10/-	13	12 1/2	-1/2	4 0 0
108 1/2	90 1/2	113 1/2	94 1/2	Gold Coast 4 1/2 % 1956...	107 1/2	106 1/2	-1 1/2	3 18 0	42 1/2	38 1/2	49 1/2	34 1/2	Distric A £5, £1 pd...	66 1/2	65	-1 1/2	5 2 0
104 1/2	92 1/2	112 1/2	93 1/2	Kenya 5% 1940-58	113 1/2	113 1/2	...	4 0 0	44	28	100	57 1/2	Do. B £1 fully paid...	47 1/2	46 3/4	-1/4	4 5 0
102 1/2	85 1/2	111 1/2	84 1/2	Nigeria 5% 1940-58	112 1/2	112 1/2	...	4 0 0	44	28	100	57 1/2	Emu & W. £25, £5, £3 pd	45 1/2	44 1/2	...	3 12 0
...	...	111 1/2	84 1/2	N.S. Wales 5% 1945-75	100	100 1/2	+1/2	4 10 0	11 1/2	9 1/2	12 1/2	9 1/2	Hambros £10, £5, £3 pd	51 1/2	51 1/2	...	5 1 0
...	...	104 1/2	90 1/2	N. Zealand 5% 40-60	106	101 1/2	-4 1/2	5 0 0	63 1/2	58 1/2	61 1/2	41 1/2	Hong. & S. (£125)	51 1/2	51 1/2	...	5 1 0
105 1/2	82 1/2	112 1/2	90 1/2	Queensland 5% 40-60	101	101 1/2	+1/2	4 3 9	9 1/2	7 1/2	9 1/2	7 1/2	Lloyds £25, with £1 pd...	55 1/2	55 1/2	+6 1/2	4 18 0
...	...	104 1/2	98 1/2	S. Africa 5% 1945-75...	101	101 1/2	+1/2	4 3 9	9 1/2	7 1/2	9 1/2	7 1/2	Martins £20, £2 1/2 pd...	6 1/2	6 1/2	...	5 2 0
...	...	104 1/2	98 1/2	Strte. Sett. 4 1/2 % 35-45	101	101 1/2	+1/2	4 3 9	9 1/2	7 1/2	9 1/2	7 1/2	Midland £1, fully pd...	7 1/2	7 1/2	+6 1/2	4 3 0
...	...	...	...	Foreign Governments.	71 1/2	70	-1 1/2	7 11 3	34	27 1/2	45 1/2	21 1/2	Nat. of Egypt £10...	29	29	...	5 16 0
...	...	...	...	Argentina 1907-1910	100	97 1/2	-2 1/2	6 7 9	35 1/2	29 1/2	41 1/2	31 1/2	Nat. of India £25, £12 pd	43	43	...	5 16 0
...	...	...	...	Austrian 6% 1923-45	100	97 1/2	-2 1/2	6 7 9	35 1/2	29 1/2	41 1/2	31 1/2	Nat. of Persia £100	64 1/2	64 1/2	...	4 1 0
...	...	...	...	Do. 7% Int. Ref. by 1957	45	49 1/2	+4 1/2	11 17 3	47 1/2	60 1/2	56 1/2	47 1/2	Royal Bk. of Spain £1	11	11	...	5 0 0
...	...	...	...	B. Aires (Prov.) 3 1/2 %	31	29 1/2	-1 1/2	6 7 3	80 1/2	49 1/2	60 1/2	56 1/2	St. of S. Afr. £20, £5 pd	75 1/2	77 1/2	+2 1/2	4 12 0
...	...	...	...	Belgian 7% Ref. by 1956	110	110	...	8 5 0	21	16	24 1/2	16 1/2	Alliance £1, fully pd...	24 1/2	24 1/2	+3 1/2	3 16 0
...	...	...	...	Bulgaria 7 1/2 % Loan...	25 1/2	27 1/2	+2	11 10 0	15 1/2	11 1/2	12 1/2	9 1/2	Atlas £25, £10 pd...	12 1/2	12 1/2	...	3 0 0
...	...	...	...	Brazil 5% Fund. 1914	60	60 1/2	+1/2	6 17 9	30 1/2	28 1/2	29 1/2	21 1/2	Com. Un. £2 1/2 pd...	15 1/2	15 1/2	...	4 12 0
...	...	...	...	Do. 6 1/2 % (1927)	32	32	...	5 12 9	16 1/2	12 1/2	16 1/2	12 1/2	Gen. Accident £5, £1 pd	15 1/2	15 1/2	...	3 11 9
...	...	...	...	Chili 6% (1929)	14	14 1/2	+1/2	11 10 0	15 1/2	11 1/2	12 1/2	9 1/2	N. Brit. & Mer £5, £1 pd	35	34	-1	3 5 9
...	...	...	...	China 5% (1912)	43	43	...	6 17 9	30 1/2	28 1/2	29 1/2	21 1/2	Northern £10, £1 pd	17 1/2	17 1/2	...	4 14 0
...	...	...	...	Do. 6% (1913)	73	79 1/2	+6 1/2	5 12 9	16 1/2	12 1/2	16 1/2	12 1/2	Pearl (£1), fully paid...	14 1/2	14 1/2	...	3 10 0
...	...	...	...	Czechoslovakia 8%	88 1/2	87 1/2	-1	11 10 0	15 1/2	11 1/2	12 1/2	9 1/2	Prudential £1, fully pd	16 1/2	16 1/2	...	4 5 0
...	...	...	...	Danish 3%	82	82 1/2	+1/2	6 17 9	30 1/2	28 1/2	29 1/2	21 1/2	Do. £1, with 4d. paid...	46 1/2	46 1/2	+2 1/2	3 14 0
...	...	...	...	Do. 5 1/2 % 1927	65	65 1/2	+1/2	5 12 9	16 1/2	12 1/2	16 1/2	12 1/2	Royal Exchange (£1)...	6 1/2	6 1/2	...	4 5 0
...	...	...	...	Egypt 7 1/2 % 1927	50	50 1/2	+1/2	6 17 9	30 1/2	28 1/2	29 1/2	21 1/2	Royal £1, 10d. paid...	7 1/2	7 1/2	...	4 5 0
...	...	...	...	Estonia 7% 1927	60	60 1/2	+1/2	5 12 9	16 1/2	12 1/2	16 1/2	12 1/2	Sea Insur. £1 fully pd	4 1/2	4 1/2	...	4 5 0
...	...	...	...	Finland 6% 1923	75	80 1/2	+5 1/2	6 17 9	30 1/2	28 1/2	29 1/2	21 1/2	Sun Insur. £1 with 5/- pd	3 1/2	3 1/2	...	3 8 0
...	...	...	...	French 4% (British)	28	27 1/2	-1/2	7 11 9	3 1/2	2 1/2	3 1/2	2 1/2	Sun Insur. £2, £1 pd	5 1/2	5 1/2	...	2 14 0
...	...	...	...	German 7%	80	81 1/2	+1 1/2	6 17 9	30 1/2	28 1/2	29 1/2	21 1/2	Yorkshire £1, fully pd	15 1/2	15 1/2	...	3 0 0
...	...	...	...	Do. 5 1/2 % Stk. Bds. 1930	77	74 1/2	-2 1/2	16 13 0	10 1/2	11 1/2	12 1/2	9 1/2	Investment Trusts.	22 1/2	22 1/2	...	5 8 0
...	...	...	...	Greek 6% Stk. Bds. 1930	30	30 1/2	+1/2	11 10 0	15 1/2	11 1/2	12 1/2	9 1/2	Anglo-American Deb...	68 1/2	68 1/2	...	6 13 0
...	...	...	...	Do. 7% Refuge	30	30 1/2	+1/2	11 10 0	15 1/2	11 1/2	12 1/2	9 1/2	Anglo-Celtic Ord.	16 1/2	16 1/2	...	2 4 0
...	...	...	...	Hungary 7 1/2 %	45 1/2	45 1/2	...	16 13 0	10 1/2	11 1/2	12 1/2	9 1/2	Brit. Elec. & C. £1...	9 1/2	8 1/2	-1/2	2 4 0
...	...	...	...	Japanese 5 1/2 % 1936-65	77 1/2	82 1/2	+5 1/2	4 0 0	149	85	95	65 1/2	Brit. Elec. & C. £1...	16 1/2	14 1/2	-2	6 18 0
...	...	...	...	Do. 6% (1924)	68	72 1/2	+4 1/2	4 0 0	149	85	95	65 1/2	Debtent. & Trst. £1	187 1/2	187 1/2	...	6 18 0
...	...	...	...	Mexican 5% (1899)	8	8	...	4 0 0	149	85	95	65 1/2	For. Amer. & C. £1	65	65	...	5 17 0
...	...	...	...	Norwegian 5% 1911	100	100	...	4 0 0	149	85	95	65 1/2	Grange Trust...	149 1/2	149 1/2	...	7 9 0
...	...	...	...	Perm. 7 1/2 % 1922	30	35 1/2	+5 1/2	11 12 0	21 1/2	10 1/2	14 1/2	6 1/2	Guardian Investment...	215	200	-15	7 0 0
...	...	...	...	Poland 7%	77 1/2	77 1/2	...	18 3 9	25 1/2	17 1/2	22 1/2	10 1/2	Indus. & Gen. Ord.	365	360	-15	5 14 0
...	...	...	...	Roumania 4 % Com. 1922	20	22 1/2	+2 1/2	13 17 9	17 1/2	15 1/2	19 1/2	10 1/2	Lake View Invest. 10/-	12 1/2	12 1/2	...	8 0 0
...	...	...	...	Siam 6% 1934-64	103	104 1/2	+1 1/2	3 17 9	17 1/2	15 1/2	19 1/2	10 1/2	Mercantile Trust Invest.	227 1/2	222 1/2	-5	6 5 0
...	...	...	...	Swedish 3 1/2 % 1908	95	<											

LONDON NEW ISSUE PRICES.

This table will be found on page 1101.

(Continued from page 1091.)

active, Hamburg Amerika and Norddeutscher Lloyd gaining ground. Mining shares were in demand, and electricity issues shared in the improved tendency. The advance in sterling in mid-week was regarded as a favourable omen.

	Dec. 1, 1932.	Dec. 5, 1932.	Dec. 8, 1932.	Dec. 1, 1932.	Dec. 5, 1932.	Dec. 8, 1932.
Belchbank	130.75	128.50	129.10	A. E. G.	132.75	132.50
Disconto	75.00	75.00	75.00	Siemens & Halske	127.00	121.00
Dresdner (New)	61.75	61.75	61.75	A. K. U.	57.30	52.25
Norddeutscher				Hamburg-Amer.		54.25
Lloyd	18.00	18.60	19.75	("Hapag")	17.10	17.60

AMSTERDAM.

Business was restricted, though the undertone remained firm. Unilever N.V. were marked higher on the reported purchase of the 1933 season's whale oil production. Rubber share prices were maintained. The rise in sterling was insufficient to overcome the general apathy of the market, but Royal Dutch remained active on Paris account.

	Dec. 1, 1932.	Dec. 5, 1932.	Dec. 8, 1932.	Dec. 1, 1932.	Dec. 5, 1932.	Dec. 8, 1932.
2½% Dutch Loan	70	69½	69½	Steel Common	32½	31½
5½% German	48	47½	49½	A. K. U.	42½	40½
Unilever N.V.	107½	102	105½	Ford Motor	111	111½
Philips Lamps	125	125	126½	Deli Batavia	137	133
Netherlands Ship				Royal Dutch	140	144
Union	58	58	60½	Handels Am	156	167

OTHER CENTRES.

Inactive conditions prevailed on most of the minor European bourses, though prices had a perceptible upward tendency. Frankfurt was fairly active in the second half of the week. Stockholm was irregular, the bond market weakening on rumours of a forthcoming State loan. Quotations advanced slightly at Brussels and Copenhagen.

INVESTMENT NOTES.

The Capital Embargo.—The "consideration" which the Treasury promised a fortnight ago on the subject of the capital embargo appears to have had negative results, for the Chancellor of the Exchequer has now informed the House of Commons that he does not consider the present time opportune for any change in the regulations. This decision has caused disappointment and a certain bewilderment. Various dates have successively been suggested, in the market, as opportune for the removal of the embargo. These have been (1) the beginning of August, when the success of War Loan conversion was assured; (2) the beginning of October, when the operation was completed; (3) the beginning of November, when the Treasury rounded off its entire re-financing programme by the Three per cent. Conversion Loan issue; and (4) the

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beginning of December, when doubts as to the technical position in regard to the 52½ per cent. call on the Conversion issue, after its original "over-stagging," had been finally set at rest. The Treasury has given no explanation of its object in continuing an embargo which closes the market to concerns of the highest repute, desirous of reducing their burden of "callable" fixed charges, while allowing new greyhound racing companies, and other speculative domestic enterprises, complete liberty to appeal to the investor. The Chancellor's blunt statement at least abandons the pretence that the embargo is merely a "voluntary" measure on the part of the issuing houses. If restriction is to be more or less indefinitely maintained, it would seem incumbent on the authorities to state at least its main purpose. If it be contended that gilt-edged stocks must be "protected" against a possible drain of money into new issues, the reply may be made that the latter are not officially banned, and that, in fact, some £30,000,000 of new money has been raised in London, by borrowers other than the British Government, since the beginning of October. The maintenance of restrictions on conversion issues involving underwriting or application for cash, operates, in practice, inequitably as between large companies with a national reputation and standing (like the P. and O., which has nearly £7 millions of debenture stock eligible for conversion) and smaller concerns which can more readily employ devices honouring the letter but defeating the spirit of the regulations. A frank declaration of the Government's motives might go far to silence the suggestion of unfriendly critics that the authorities are not entirely satisfied as to the stability of the present basis of gilt-edged prices. The possibility of temporary disturbance owing to the war debts' crisis must clearly be borne in mind, but we have already given reasons for our belief that, on a longer view, firm conditions will continue without artificial aid in the gilt-edged market.

London Transport "C" Stock.—An important concession was extorted from the Government spokesman, last Tuesday, in the debate on the London Transport Bill. As the Bill now stands, holders of "C" stock in the proposed Traffic Board will have power to apply for a receiver upon the failure of the undertaking to pay, for two successive years, a dividend of 5 per cent. upon its "C" stock in its first two years, and 5½ per cent. thereafter. It is now proposed to make application for receivership contingent on a failure to pay 3½ per cent. during the first two years, but the Government has not committed itself as regards the subsequent period. The principle involved is not political, but financial. It is contemplated that the undertaking will have £87,031,030 of prior stocks ranking in front of £24,339,027 of "C" stock. The "C" stock would in normal circumstances correspond to the "equity" of the undertaking, but the Board will not, in theory, have any "equity," since the maximum dividend on the "C" stock normally is fixed at 6 per cent. The Bill, having thus limited the dividend position of the junior stockholders in the most favourable circumstances, seeks to protect it from less favourable contingencies by giving "C" stockholders, on the application of the Court for a receiver, if their "standard" 5½ per cent. dividend is not paid for two consecutive years. As "C" stockholders of the undertaking will contribute only 21½ per cent. of the total capital, many potential holders of senior stocks may be rightly dismayed by the possibility of receivership, on a mere fall in receipts of anything over £408,069 in the first two years, or £281,974 in subsequent years, below the *pro forma* estimate of £5,798,602—which is itself admittedly above the present earning power of the undertaking, as a result of economic depression. If "C" stockholders are to continue to hold this extremely far-reaching power, it is prudent, as well as equitable, to insist that it shall be exercisable only in the event of a "secular," and not merely a "cyclical" reduction in available earnings. Even if an estimate based on three years to December, 1930, be accepted as a fair measuring-rod of future earning power, it is obvious that fluctuations

of much more than 5 per cent. below this figure in "bad" years may not involve any suggestion of inefficient management or any necessity for a change of fares. The Government's concession promises slightly more elasticity in the first two years, but it is desirable that the Board should have a much longer period in which to establish the new undertaking on a thoroughly sound basis, undistracted by any fear of dispossession by a receiver on a temporary decline in profits.

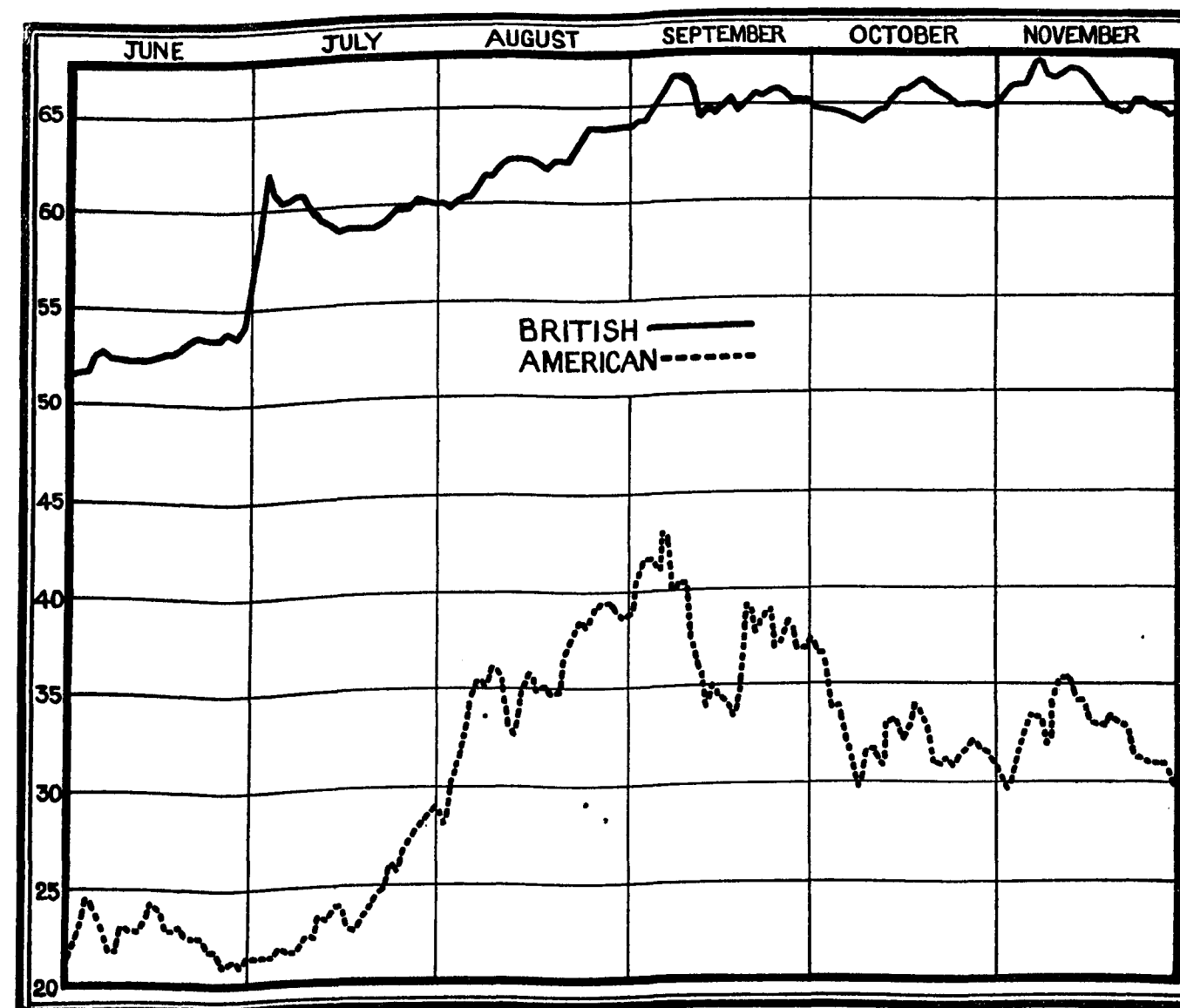
Course of Equity Share Values.—The net result of last month's movements in equity share values, both in London and New York, was much of a stalemate. Prices finished more or less where they had begun, after rising appreciably in the meantime. Little practical importance attaches to the intermediate fluctuations in either centre, though the rising tendency of the first few days of November may be attributed to a vague hope of favourable developments after the American elections, and the subsequent recession to disappointment over the war debts crisis. The volume of business, in fact, has been subnormal, and the slightly firmer tendency since the turn of the month has reflected a very moderate amount of buying in a narrow market. In London, equities and gilt-edged stocks have receded and recovered *pari passu*, though "technical" factors have counted for more in the latter than in the former group. The really significant feature is the tenacity with which, during the last three months, British equities have held their rise of last summer, as is shown by the chart reproduced on this page. In Wall Street, similarly, though

the buying movement of August and early September was overdone, prices have exhibited no tendency to return to the low levels of midsummer. In the absence of indications of a pending trade recovery, British equity share values appear relatively high. The dividend yield on 132 representative shares in the Actuaries' Index is only 4½ per cent., against 7 per cent. a year ago. The corresponding yield figure for American stocks is over 6 per cent.

Anglo-Persian Company's Case.—The directors of the Anglo-Persian Oil Company have issued a statement to their shareholders relating to the correspondence which has passed between the Persian Minister of Finance and the company's resident director in Teheran in the matter of the royalty dispute. It is pointed out that the concession provided for royalty payments to the Persian Government at the rate of 16 per cent. of any annual net profits that might be made, and it was not until after fifteen years' work, when profits were first derived from the concession, that the Government's share was called into question. In 1920, an interpretative agreement was signed, which was referred to in the article appearing in last week's *Economist*. Under this agreement the Persian Government received a lump sum of £1 million in final settlement of questions then outstanding. In 1928 further discussions took place with the object of effecting an agreed revision of the concession. Sir John Cadman and other directors visited Teheran in 1929, and, although agreement was reached on most of the matters in dispute, there were certain vital points relating to the nature and extent of the increased participation which

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES June to November, 1932. (1928=100)

British: "Financial News" Index of 30 Ordinary Shares. American: "Standard Statistics" Index of 50 Common Stocks—Daily Figures.



the Government desired, on which final agreement proved impossible. Further negotiations were opened up in 1931 and a formal draft royalty was submitted to Teheran for formal ratification by the Government. Ratification, however, was never accorded. Later (in June) a new set of proposals was prepared by the Persian Ministers, and the resident director was asked to inform the chairman of the company that the Government's proposals were "based on reality." The next communication was the annulment of the concession on November 27th. "It will be seen," the statement declares, "that the directors cannot be accused of having failed to treat seriously the views of the Persian Government." Indeed, Sir John Cadman warned the Government as long ago as 1929 that conditions in the oil industry might change for the worse and that the profits of the company would suffer accordingly. The fall in the royalty from £1,288,312 in 1930 to £306,872 in 1931 was a bitter disappointment to the Persian Government, but the Government should not lose sight of the fact that the country has benefited to an immeasurable extent by the employment of her people and the raising of the workers' standard of living. The directors emphasise that the Board is, and always has been, desirous of settling all questions in a fair and friendly manner, but their duty is to preserve a fair equilibrium between the interests of the Persian Government and the interests of the company. The British Government despatched on Friday last week a Note to the Persian Government and the reply being unsatisfactory has stated that unless the annulment has been withdrawn by December 15th it will refer the dispute to the Hague Court as a matter of urgency under the optional clause.

Associated London Flour Millers.—In a circular dated December 3 the shareholders of this company were informed that a cash offer had been received for their 5 per cent. and 7½ per cent. cumulative prior-preference shares and their ordinary shares. The prices offered were 21s. per share for the 5 per cent. preference shares, 27s. 6d. per share for the 7½ per cent. prior-preference shares, 26s. per share for the 7½ per cent. preference shares, and 21s. 6d. for the ordinary shares, the prices to include any dividend accrued to the date of acquisition. The directors state that the offer is the result of prolonged and detailed negotiations and recommend acceptance. The arrangement is subject to the condition that the holders of 51 per cent. of the ordinary shares shall have signed an acceptance on or before December 15, 1932. The directors propose to accept the offer in respect of their own holdings. In the event of the proposed acquisition, Associated London Flour Millers will continue to function as a separate entity, and its flour and other products will be manufactured as before. It is intended that all its brands should be maintained, and that its affairs should be conducted in the same name and by the same management. The identity of the prospective purchaser is not revealed, but the name of Joseph Rank, the Hull flour miller, is mentioned in the market. The prices of the various classes of shares on December 6th were:—7½ per cent. prior-preference, 27s. 6d.; 7½ per cent. cumulative preference, 26s. 8d.; 5 per cent. preference, 22s. 6d.; and ordinary, 21s. 8d. Acceptance of the offer is probable, and will make for closer concentration of financial interests in an industry which has already realised the benefits of co-operation in its trading policy.

Dorman, Long.—A loss of £247,000 on the famous Sydney Bridge contract (due, in part at least, to exchange factors) has contributed to the net debit at profit and loss of £517,488 shown for the year to September 30th last by this great north-east coast undertaking. This is a melancholy sequel to one of the outstanding engineering achievements of the present age. Trading profit is down from £340,905 to £258,824, but dividends and other income have risen from £88,415 to £155,149. A sum of

£179,860 is charged for upkeep of idle plant and £89,635 for writing down stock values. A surplus of £119,344 is transferred from taxation reserve, leaving a debit balance of £387,768 to go forward:—

	Year to September 30.		
	1930.	1931.	1932.
	£	£	£
Trading profit	347,824	340,905	258,324
Other income	146,720	63,415	Dr. 91,851†
Directors' fees, &c.	2,802	2,715	810
Pension fund	25,707	28,445	42,666
Interest	73,929	90,393	110,712
Depreciation	Nil	254,122	226,018
Debt interest	369,262	306,188	303,754
Net profit	22,844	Dr. 277,543	Dr. 517,488
Brought forward	97,820†	174,954	10,376
Preference dividend.....	51,205	Nil	Nil
Reserve	Dr. 242,642	Dr. 119,344	Dr. 119,344
Carried forward	174,954*	10,376	Dr. 387,768

† After bringing in £454,582 taxation reserve, not required. * After bringing in £105,495 provision for government liabilities, not required. ‡ After charging £129,677 exchange loss on transfer of Australian payments. § After debiting £247,000 loss on Sydney Harbour Bridge. || Surplus transferred from taxation excess.

Expenditure on capital account during the year amounted to £63,902. The financial position inevitably reflects the difficulties of the time. Depreciation on the fixed plant has not been charged on the accounts, but all plant in operation has been fully maintained. The balance sheet shows "debts due to the company" of £935,326, "bills receivable" of £70,761 and cash of £11,281. An amount of no less than £2,786,536 is due to bankers on general and bridge contracts accounts. The £1 ordinary shares are quoted at 2s. 9d., and the 8 per cent. preferred ordinary shares at 3s.

Tube Investments.—The dividends received by this holding company from its tube-manufacturing subsidiaries have declined from £240,806 in 1931 to £196,107 for the twelve months to October 31st last. The ordinary shares again receive 8 per cent. and the "liaison" shares, £30,000:—

	Year to October 31.		
	1930.	1931.	1932.
	£	£	£
Revenue	251,925	249,280	212,053
Directors' fees	2,623	2,154	2,150
Interest, &c.	3,304	7,704	8,049
Net profit	245,998	239,422	201,854
Brought forward	70,652	76,943	74,997
Preference dividend.....	33,906	32,813	43,495
"B" Preference dividend.....	6,221	8,950	
Ordinary dividend—			
Amount	124,580	150,009	150,549
Earned %	16.5	10.5	8.4
Paid %	10	8	8
Reserve	75,000	33,587	Nil
Carried forward	76,943	74,997*	82,806

* After applying £16,008 to writing down Government securities.

Prices and turnover suffered further contraction in 1932, which was "a most difficult and depressing year." Measures of rationalisation have been effected on the electrical side, which was found to be "susceptible to much improvement." A subsidiary has started the manufacture of steel furniture. "Full advantage has been taken" in the cycle fittings and allied trades group "of the assistance extended by the departure from the gold standard and by the import duties," but the effect on the total of profits is not impressive. The £1 ordinary shares are quoted at 26s. 8d. to yield about £8 9s. 6d. per cent.

Aerated Bread Company.—This famous catering firm continues to thrive under its present management. Profits for the year to October 1 last constitute a new "record." The ordinary dividend is maintained at 5 per

cent., and the directors are able to transfer £50,000 to a general reserve:—

	Year to September 30.		
	1930.	1931.	1932.
	£	£	£
Net trading profit.....	154,899	185,343	200,146
Interest received	20,270	12,732	9,516
Directors' fees, &c.	4,104	3,409	3,333
Depreciation	66,737	50,001	54,540
Income tax	25,000	40,000	44,000
Net profit	79,328	104,665	107,788
Brought forward	15,550	20,847	53,449
Preference dividend.....	25,594	25,188	23,969
Ordinary dividend—			
Amount	48,437	46,875	46,875
Earned %	5.5	8.5	8.9
Paid %	5	5	5
Reserve	Nil	Nil	50,000
Carried forward	20,847	53,449	40,394

The balance-sheet shows cash at £53,512 and debtors at £101,020, while creditors amount to £211,678. Most of the company's investments are in subsidiary concerns. Three new depots have been opened during the year, and a number of freehold sites and buildings have been purchased. In view of the upward trend of the company's business, it is proposed to seek powers to increase the capital by the creation of 500,000 shares. Of this total, not more than 250,000 shares will be issued as additional 6½ per cent. cumulative preference shares, subject to the consent of the preference shareholders. The £1 ordinary shares yield about £4 11s. per cent. at their present price of 22s.

South Durham and Cargo Fleet.—Both these Northern iron and steel manufacturing companies show reduced profits for the year to September 30. South Durham, the controlling company, reveals a trading profit of £49,077, compared with £56,411 for the previous twelve months. The depreciation allowance is halved at £15,000, and the preference dividend is just covered by earnings. The payment of 3 per cent. on the £350,000 ordinary capital (against 4 per cent.) requires a draft of £10,000 on dividend equalisation reserve. The balance-sheet is strong, cash and debtors aggregating £621,568, against creditors totalling £92,848. The reserve account still stands at £1,275,000, and exceeds the total issued capital.

	Year to September 30.		
	1930.	1931.	1932.
	£	£	£
Profit	85,044	56,411	49,077
Fees	2,315	2,315	2,315
Depreciation	30,000	30,000	15,000
Debt interest	13,500	13,500	13,500
Net profit	39,229	10,596	18,262
Brought forward	138,664	138,893	141,961
Preference dividend.....	18,000	18,000	18,000
Ordinary dividend—			
Amount	21,000	14,000	10,500
Earned %	6.0	Nil	Nil
Paid %	6	4	3
Reserve, &c.	Nil	Dr. 24,472	Dr. 10,000
Carried forward	138,893	141,961	141,724

The subsidiary company, Cargo Fleet, shows gross profits of £65,598, compared with £85,667. Debt interest, fees and an allowance of £25,000, against £45,000, for depreciation, absorb practically the whole amount, the carry-forward being increased from £187,904 to £189,756. The £1 ordinary shares of South Durham at 22s. 6d. yield about £2 14s. 6d. per cent., allowing for the dividend. The £1 "B" ordinary shares, which receive no dividend, are quoted at 7s. 6d.

P. and O. Meeting.—The exhaustive nature of the Peninsular and Oriental Steam Navigation Company's accounts left the chairman, the Hon. Alexander Shaw, little to add at Wednesday's meeting. Stockholders, however, were left under no misapprehension as to the

difficulties besetting the shipping industry. Mr Shaw declared, in effect, that no group, however strong, could earn profits, in a true economic sense, given the present attenuated movement of passengers and freight throughout the world. The P. and O. had considerably reduced its costs by reorganisation without lowering its standard of service. Total expenditure last year fell by £255,000, although port dues increased by £51,000 and Suez Canal dues by £133,000, thanks to the devaluation of sterling. A further reduction will be achieved in the current year's accounts, only a fraction of the total saving expected from the rationalisation of certain services having been reflected in the report for 1931-32. Stockholders, however, will realise the force of Mr Shaw's statement that "trade conditions for a good many years past have not been such as to permit the full depreciation necessary in each year to be found from earnings." This construction may not have been placed by all the proprietors on the somewhat oracular statements made at earlier meetings, while recent transfers from sources like the Insurance Fund for depreciation purposes may have been regarded as additions to, rather than appropriations in aid of, normal depreciation allowances out of revenue. Until this year, the actual dimensions of depreciation charges to profit and loss account have not been disclosed. There will be general commendation of Mr Shaw's decision to place the facts, so far as the present position is concerned, frankly before stockholders, and to face the implication that unless the company's earnings "are very much increased next year it will be necessary to draw upon . . . reserves to provide for depreciation." Happily, the group's reserves are strong and its current finances liquid. There is no doubt whatever of the company's ability to ride out the longest storm, but a revival in earning power depends upon world forces beyond the control of any one concern.

Second British Fixed Trust.—We have dealt, in earlier issues, with the formation of the First British Fixed Trust and have criticised the soundness of the "lock-up" principle, upon which fixed trust practice is based. A Second British Fixed Trust, has now been formed under the same auspices as the First. It has a "unit" of 2,720 shares, divided into 4,000 "sub-units." The First Fixed Trust unit included 1,280 shares divided into 2,000 sub-units. Although the Second Trust unit includes £500 nominal of Great Western Ordinary, which stands at a discount of 70 per cent., the unit as a whole is larger than its predecessor. As the Trust's calculations are based on a maximum life of twenty years for the units, the industries represented by the component shares can be regarded as epitomising the views of the Trust's founders as regards this country's future economic development. The selection, from this point of view, is significant. Of the basic British export industries, steel and engineering account for 11 per cent., and textiles for only 5½ per cent. of the present monetary

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

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investment represented by a unit. The proportion allotted to transport is $7\frac{1}{2}$ per cent. Retail trade and "consumption" industries, on the other hand, take $44\frac{1}{2}$ per cent., made up as follows:—Catering and foodstuffs, 15 per cent.; stores, 12 per cent.; domestic requisites, $9\frac{1}{2}$ per cent.; newspapers, $4\frac{1}{2}$ per cent.; and tobacco, $3\frac{1}{2}$ per cent. The list is completed by fuel, light and power, 19 per cent., and building and allied trades, $12\frac{1}{2}$ per cent. The Trust's organisers appear to envisage a future in which little will be produced and much consumed. The truth is, of course, that selectors of every mixed bag of equity shares must needs be influenced, predominantly, by the conditions of their time. The 26 comprised in the present holding are, at least, eminently sound concerns, with good earning records under the fiery test of depression.

Second Co-operative Investment.—The Second Co-operative Investment Trust report, as at September 30, 1932, shows a depreciation on investments of 48.6 per cent. before and 45.71 per cent. after taking account of the reserves. Over $35\frac{1}{2}$ per cent. of the portfolio is held in European countries, mainly by way of Government or municipal bonds which have suffered heavy depreciation. It is doubtful whether depreciation to this heavy extent can ever be recovered. A final dividend of 2 per cent. is paid on the ordinary shares, making 3 per cent. for the year, and the carry-forward is slightly increased at £4,925. Holders of approximately 50 per cent. of the shares have accepted the invitation to convert their 5 per cent. withdrawable preference shares into 4 per cent. shares. The non-converting shareholders have been repaid in cash.

Oil Conference.—A conference has been held in Paris between the international oil groups and the Roumanian producers regarding the carrying into effect of the Paris Agreement which limited the exports of the contracting parties to the requirements of their respective markets on an approved quota basis. Since this agreement was reached the Roumanian producers have not been restricted in their output in accordance either with the spirit or letter of the agreement. The second conference has resulted in an agreement allowing a small increase in the proposed Roumanian quota, and it is hoped that the Roumanian producers will make this new agreement effective. The report was current in the oil share market that petrol prices would be raised by 2d. per gallon in the event of agreement being reached, but there was never any justification for this report seeing that a rise in petrol prices to-day would be contrary to the trend in oil prices in America at the present time. "U.S. Motor" gasoline, ex refinery, in America, began the year at 3 cents per gallon, rose to $5\frac{1}{2}$ cents, and has since relapsed to $4\frac{1}{2}$ cents. This movement scarcely justified the rise in British petrol prices which followed the Paris Agreement and would certainly not justify any further increase. Petrol consumption in America at the present time is declining, and stocks are showing their seasonal increase. Oil companies have, on the whole, been fortunate in being able to close the year with higher values for their inventories.

The North Charterland Case.—A dispute between the North Charterland Exploration Company and the Colonial Office has provoked considerable discussion. At a special meeting of the company held on November 15 last the chairman, Mr H. B. Spiller, stated that the Secretary of State for the Colonies concluded an agreement with the British South Africa Company in 1923 whereby that company purported to grant to the Crown rights over the property of North Charterland without any authorisation. In 1924, the Colonial Secretary set up a Commission to inquire into the provision of land for native reserves in the North Charterland concession. The majority report recommended that the company should be paid compensation. The minority report, signed only by the

chairman, Mr Justice MacDonnell, recommended no compensation on the ground that the company had been aware of the agreement made between the British South Africa Company and the Colonial Office. The minority report was accepted. Correspondence ensued with the Colonial Office, and an advisory committee of shareholders was appointed in December, 1927, to inquire into the whole affair. An Order-in-Council was made in March, 1928. In April, 1929, the company lodged a Petition of Right claiming that it had a valid title to its property, but without favourable result. Following further representations, a request for a public inquiry was granted, and the inquiry opened in May, 1932. The company claims that certain features of the inquiry, particularly as regards the absence of important witnesses, were open to grave criticism, and further alleges that the decision eventually given in favour of the Colonial Office was based only on a legal quibble. The special meeting of the company unanimously passed a resolution requesting the Prime Minister to direct that the inquiry be reopened and that additional vital evidence be produced. There the matter now stands.

Panama Corporation.—This concern, writes our mining correspondent, made its début early in 1926. Its capital was £2,000,000 in £1 shares, of which 500,000 were offered for subscription at par. Three subsidiaries formed to deal with portions of the property were absorbed in March, 1930. In April, 1930, a further 250,000 shares were issued at par, and about a year later £250,000 8 per cent. debentures were offered under guarantee of the British, Foreign and Colonial Corporation. The prospectus making this offer contained highly optimistic reports by Mr Hugh F. Marriott and Mr V. F. Stanley Low. The former expert, indeed, stated that the existing ore reserves were "much more than sufficient to cover and repay the debenture stock" on offer; and he drew a parallel between the new field and the Witwatersrand. Nevertheless, underwriters were called upon to take up the bulk of the stock, which went to a heavy discount. Still further financing being found necessary, and Great Britain's departure from the gold standard making the process unnecessarily expensive, the decision was arrived at to transfer of the company's locale to Canada, and the assistance of the British, Foreign and Colonial Corporation was once more invoked. The subsequent intensification of the difficulties and delays connected with the transfer. This week a meeting was held to consider a postponement of the debenture interest until July 1, 1935. At this gathering the chairman mentioned that contributions had been received from Mr D. Elliott Alves (one of the promoters), from the British, Foreign and Colonial Corporation, and from the parent undertaking, the Central American Exploration. Certain properties had been placed under option, and the intention was to lease others. In the end the stockholders present agreed to a moratorium only for a year, pending a full statement to be made before December, 1933, and a committee was appointed to confer with the board. Pointed criticism has previously been directed against the glowing statements published by Mr Marriott—who earned a high reputation on the Rand. It may be hoped that the company will eventually obtain some recompense for its expenditure of over half a million in Panama. So far less than £20,000 of gold has been recovered.

Van Ryn Gold.—In its declining days, writes our mining correspondent, this hardy veteran of the Rand has actually been able to earn increased profits, the operating surplus for the past session of £58,100 comparing with £51,100 in the year ended June 30, 1931. Owing to variations in the special receipts and appropriations, the net surplus fell somewhat below the total for the preceding period. With a larger balance brought forward, however, the directors saw their way to the pursuance of a liberal policy. The rate for the December half-year was

$3\frac{1}{2}$ per cent., and for the June period 5 per cent., as against $2\frac{1}{2}$ per cent. each time on eleven preceding occasions. As regards the mine earnings, expansion in the tonnage of ore treated, in conjunction with a fresh reduction in working costs, more than offset the renewed decline in the average yield. Of the ore treated last year, the record proportion of 35 per cent., or 293,600 tons, was obtained from reclamation. At 490,500 tons the reserves are down by 86,200 tons. The total, even allowing, say, 300,000 tons for reclamation material, represents barely a year's supply. Doubtless the mine will continue to be worked for several years to come; but the current market quotation of the shares is chiefly based upon the prospective liquidation distributions.

Trepca.—Last year's operations on the part of this Chester-Beatty enterprise, whose property is situated in Jugo-Slavia, were characterised by the bringing into commission of additions to the treatment plant. Between October, 1931, and September, 1932, the tonnage milled monthly rose from 25,500 to 42,600. Nevertheless, the net profit came out no more than £4,500 up at £114,350, the effects of the expansion in output being largely counterbalanced by a decline in metal prices and the loss incurred through the purchase of local currency in depreciated sterling. Out of the profits of 1930-31—the initial period of production—a dividend of 5 per cent. was paid and the preliminary expenses of £37,500 written off. On the present occasion, a final dividend of 7 per cent. is to be paid, making 10 per cent. for the year but leaving the reduced balance of £7,100 to go forward. It may be noted that the marketing of flotation pyrites concentrates was commenced towards the end of the period under review. A re-examination of the ore reserves in the Stantrg mine is deferred pending the completion of further development at depth, but values so far are stated to compare favourably with those in the upper parts of the mine. The exploration of certain outside areas was attended with rather mixed results. With working costs at only 17s. per ton—a low record we believe—the company is obviously in a position to make large profits given a sustained recovery in lead and/or zinc. Trepca 5s. shares are quoted around 9s.

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

Monthly Average.	(000's omitted.)				Total. £
	United Kingdom.	British Possessions.	Foreign Countries.	£	
1924	7,051	6,023	4,370		17,444
1925	12,918	5,077	1,356		19,351
1926	10,765	4,431	4,036		19,232
1927	17,240	8,318	4,039		29,597
1928	21,965	5,263	3,526		30,754
1929	16,502	5,081	2,186		23,769
1930	14,220	5,121	2,975		22,316
1931	4,542	3,209	761		8,512
Monthly Total.	Govt. Other.				
May, 1931	1,450	381	10,045	11	11,887
May, 1932	107,689	7,847	1,918	Nil	117,454
June, 1931	1,100	12,107	4,983	2,850	21,040
June, 1932	1,400	12,291	2,077	Nil	15,768
July, 1931	1,600	2,265	2,856	Nil	6,721
July, 1932	Dr. 1,700	407	60	27	Dr. 1,206
August, 1931	750	740	Nil	60	1,550
August, 1932	Nil	20	22	Nil	42
September, 1931	Dr. 50	750	Nil	21	721
September, 1932	150	Nil	Nil	Nil	150
October, 1931	Dr. 1,350	684	49	Nil	Dr. 617
October, 1932	Nil	6,595	7,880	Nil	14,475
November, 1931	Dr. 450	2,468	Nil	10	2,028
November, 1932	300	7,423	Nil	Nil	7,723

The absence of further Dominion borrowing left the total issues in November at little more than half the October

figures. Our table does not include the British Government's issue of £300,000,000 3 per cent. Conversion stock, the proceeds of which were earmarked for the repayment of existing obligations. Purchases of National Savings Certificates exceeded repayments by £300,000. The most important public lion was that of the Metropolitan Water Board, £1,860,000 3 per cent. "E" stock at 93. The Daily Mail Trust borrowed £1,200,000 in £1 preference shares at par. Only one "greyhound" issue was publicly floated, that of Dumpton (Thanet), though several companies raised money by private "placing."

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Peninsular and Oriental Steam Navigation, New Zealand Loan and Mercantile Agency, British Tar Products, Steaua Romana (British), Bowaters Paper Mills, Ansell's Brewery, Tate and Lyle, Malaya General, Strand Hotel, Roan Antelope Copper Mines, Consolidated Gold Fields of South Africa, Lewis Berger and Sons, Wiluna Gold Corporation, and Messina (Transvaal) Development. Presiding at the annual meeting of Tate and Lyle, Sir Ernest Tate said that the British Sugar (Subsidy) Act 1925 would expire on September 30th, 1934. If any fresh assistance were given, it should help agriculture and not give artificial assistance to factories competing with an old-established industry. At the Malaya General meeting, Mr George M. Weekley said that though the price of rubber had dropped at one time to the incredible figure of $1\frac{1}{4}$ d. per lb., their selling average for the year had been 3.28d., and this just covered their estate and London expenditure, the additional items of directors' fees and depreciation being more than met by income from investments. At the meeting of British Tar Products the chairman referred to the possibility that an attempt might be made to start a new distillation plant. He suggested that it would be difficult for any new company to obtain adequate supplies of crude products in regular quantities and at remunerative prices. The P. and O. meeting is discussed on page 1097.

BP

PLUS

Plus what?

Plus a little
something
some others
haven't got

CAPITAL ISSUES.

BORROWERS of the highest grade are still conspicuous by their absence. Of the week's three public issues, *Grosvenor Gardens Estates, Limited*, offered debenture stock to yield over 6 per cent. The proceeds will be used to fund obligations incurred in connection with the erection of office property on a West End site. The service of the stock will be covered 1½ times if the property is fully let, and in addition, is fully guaranteed by one of the oldest concerns in the building trade. The stock, as its yield suggests, is not free from speculative elements. Underwriting and overriding commissions amount to 5 per cent. *McMichael Radio, Limited*, is a wireless business which expanded rapidly up to 1930, but subsequently appears to have been held up by limited working capital. Whether the prospectus estimate of dividends of 16 per cent. on the £1 preferred ordinary and 26 per cent. on the 5s. ordinary shares will be realised depends on the management's ability to run a large business as successfully as a small one. The *Greyhound Racing Association Trust, Limited*, has shared fully in the prosperity of its "industry" in the last four years. Provided the popularity of this form of activity continues, and competition, financed by subscribers to other greyhound issues, is not overdone, the preference shares should be satisfactorily covered.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Dec. 3, 1932, excluding conversions, £185,613,946.
Total recorded, Jan. 1 to Dec. 3, 1932, including conversions, £776,138,248.

National Savings Certificates.
Net receipts, week ended Dec. 3, 1932, £150,000.

To the Public.	Nominal Capital.	Conversions.	New Money.	First Payment.	Further Liability.
McMichael Radio.					
150,000 8% Pfg. Pref. Ord.	150,000	...	150,000	15,000	135,000
150,000 Ord. 5s. at par	37,500	...	37,500	15,000	22,500
Grosvenor Gardens Estates.					
200,000 6% Deb. at 99½	200,000	...	199,000	10,000	189,000
Greyhound Racing Association Trust.					
200,000 7% Cum. 1st Pref. £1 at par	200,000	...	200,000	20,000	180,000
Total	587,500	...	586,500	60,000	526,500

To Shareholders only.	Nominal Capital.	Conversions.	New Money.	First Payment.	Further Liability.
Electric Supply, 50,000 New Ord. £1 at 5s. 6d.	50,000	...	128,750	12,500	116,250
New Investment, 50,196 Ord. £1 at 30s.	50,196	...	75,294	12,549	62,745
Total	100,196	...	204,044	25,049	178,995

Total Offered for Subscription.	Including Conversions.	Excluding Conversions.	Total Offered for Subscription.	Including Conversions.	Excluding Conversions.
Jan. 1 to date—			Whole year—		
1932	777,878,792	186,416,490	1931	114,230,666	102,644,291
1931	114,230,666	102,644,291	1930	464,888,784	267,800,700
1930	430,304,936	247,892,305	1929	488,764,940	285,239,400
1929	485,966,698	281,491,098	1928	693,100,056	369,058,073
1928	538,263,908	363,882,925	1927	...	355,165,970
1927	...	355,165,970	1926	...	230,782,600
1926	...	227,321,825	1925	...	232,214,500
1925	...	229,414,290	1924	...	209,326,101

Nature of Borrowing.

January 1 to date—	Debt, Bonds, &c.	Preference.	Ordinary.	Total.
1932	168,619,331	11,938,182	5,796,977	186,354,490
1931	74,974,349	6,911,859	20,296,833	102,183,041
1930	210,147,608	15,754,638	21,990,059	247,892,305
Whole year—				
1931	74,835,698	6,911,859	20,296,833	102,044,291
1930	247,658,500	15,548,800	24,593,300	287,800,600
1929	137,670,500	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	98,381,400	364,176,000
1926	145,180,000	39,393,200	46,209,500	230,782,600

By Stock Exchange Introduction.

Amount previously recorded	Capital Introduced.	Price Dealings Began.	Cash Involved.
14,061,401	...	...	15,290,186
Aldon Greyhounds, 38,500 shares at 5s.	9,625	13/9	26,466
Ashley Gold Mining, 2,516,672 at \$1.	503,334	3/9	471,876
Wells and Winch, £150,000 5% Deb. at 98	147,000	101	151,500
Bournemouth and Southampton Stadium, 1,000,000 shares at 2s.	100,000	3/1½	156,250
Total, week ended Dec. 10, 1932	759,959	...	806,092
Total to date, 1932	14,821,360	...	16,096,278
Total to date, 1931	8,757,183	...	8,883,578

PUBLIC OFFERS.

McMichael Radio.—Issue at par of 150,000 participating preferred ordinary shares of £1 each and 150,000 ordinary shares of 5s. each. Gubbins and Company will receive applications. The company has been formed to acquire and develop the business of L. McMichael (Holdings), wireless

apparatus manufacturers. Profits before directors' fees, interest, depreciation and tax were: 1928, £12,799; 1929, £14,690; 1930, £28,670; 1931, £22,915; 1932, £25,539. After extensions the directors estimate there will be a net profit of £82,000 per annum.

Grosvenor Gardens Estate.—Issue of £200,000 6 per cent. guaranteed mortgage debenture stock at 99½ per cent. A mortgage of £165,000 will be redeemed out of the proceeds of the issue and a debt to Humphreys, Ltd., paid off. The stock will be redeemable on or before February 1, 1970, the company reserving the right to redeem in whole or part at any time after February 1, 1940, at 102½ per cent. on six months' notice. The company was incorporated as a private company in April, 1927. A new building known as "Terminal House" has been acquired; the estimated net revenue from the property is £27,375, which, after allowing £1,250 for the administration expenses of the company, will have upwards of £26,000 to cover debenture interest and sinking fund instalments. The payments are unconditionally guaranteed by Humphreys, Ltd., of Knightsbridge, whose profits in 1929 were £23,966; in 1930, £33,052; and in 1931, £38,234.

Greyhound Racing Association Trust.—Issue of 200,000 7 per cent. cumulative first preference shares of £1 each at par. The company was incorporated on December 1, 1927, and owns over 98 per cent. of the issued share capital of Greyhound Racing Association. Profits were: 1929, £91,094; 1930, £125,736; 1931, £145,817; 1932 (9 months), £156,028.

Newhaven Gas and Coke Company.—Offer for sale by tender of 5,000 £1 additional ordinary shares, ranking for standard dividend of 8 per cent., at minimum price of £1 9s. per share, yielding at that price £5 17s. 3d. per cent. Profits for the year to June 30, 1932, were £2,640, of which interest on loan capital required £487. The balance is more than sufficient to pay 8½ per cent. on the existing share capital, including the present issue.

FORTHCOMING ISSUES.

Aerated Bread Company, Ltd.—In order to expand and develop the business, and also owing to the fact that the company has no unissued capital, the directors are to ask shareholders to assent to the creation of 500,000 additional shares. Subject to the consent of the preference shareholders, the directors propose to create and issue not more than 250,000 additional 6½ per cent. cumulative preference shares. The new shares will rank equally with the 500,000 6½ per cent. cumulative preference shares already in issue.

Crompton Parkinson.—An extraordinary general meeting is to be held on December 22nd to consider resolutions that: (1) the capital be increased to £1,000,000 by the creation of a further 173,231 6 per cent. cumulative second preference £1 shares ranking *pari passu* with the existing preference shares; and (2) the Articles of Association be amended. The new preference shares are to be offered to existing second preference shareholders, as near as possible *pro rata* to their present holdings, at 22s. per share, with rights of renunciation. In addition, all other shareholders will be given an opportunity of tendering for any new shares not applied for by the second preference shareholders.

RESULTS OF ISSUES.

Bowater's Mersey Paper Mills, Ltd.—The London and Yorkshire Trust announces that the subscription list for the issue of 500,000 5½ per cent. cumulative preference shares of £1 each of Bowater's Mersey Paper Mills, Ltd., was closed at 9.30 a.m. on December 2nd, the issue having been over-subscribed.

London County Freehold and Leasehold Properties, Ltd.—The recent issue of 500,000 5½ per cent. cumulative preference shares of £1 each at £1 1s. 6d. per share to shareholders was over-subscribed.

McMichael Radio.—The lists in connection with the issue at par of 150,000 8 per cent. cumulative participating preferred ordinary shares of £1 each and 150,000 ordinary shares of 5s. each by McMichael Radio were closed at one o'clock on Tuesday. Country applications received by first post Wednesday morning received consideration.

REPAYMENTS AND CONVERSIONS.

Anglo-Portuguese Telephone Company.—It has been decided to redeem the 7 per cent. first mort. deb. stock at 102 per cent. £400,000 5½ per cent. first deb. stock has been created and holders of the 7 per cent. stock are invited to exchange their holdings on terms.

Bobby and Company, Ltd.—This company is redeeming its 10-year 6 per cent. reg. notes at 102 per cent., and is offering of price 99½.

Victoria Wine.—The directors are to redeem outstanding 6½ per cent. deb. stock, 1924, on May 31, 1933, at 103 per cent. and accrued interest.

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am. paid.	Price, Dec. 1, 1932.	Price, Dec. 8, 1932.
Conversion 3%, 1948-53	97½	57½	1½-1½ dis	1½-1½ dis
Treasury Bonds 2%, 1935-38	100	97½	97½-97½	98½-99
Albion Greyhound Ord.	...	5/-	11/6-12/6	11/-12/-
Def.	...	14/9-15/3	14/6-15/4	14/6-15/4
Amalgamated Anthracite 5% Deb.	98	...	97½-98½	98½-99
Associated Newspapers 4½ 10 Year Notes	...	100½-101½	101½-102	101½-102
Australia 3½, 1936-37	97½	97½	97½-98	97½-98½
Blackpool Greyhounds 2½	2½	2½	2½-2½	2½-2½
Bournemouth Stadium	2½	...	3½-3½	3½-3½
Bowater's Mersey Mills 5½ Pref.	25/-	12/6	3½-3½	3½-3½
British Plaster Board Ord.	98	25	4½-5½ pm	5½-5½ pm
Carlton Main Colliery 6% Deb.	98	...	10½-10½	10½-10½
City of London Elec. New	98	...	10½-10½	10½-10½
Covent Garden Properties, 4½ Deb.	25/-	6/-	9/-10/- pm	9/-10/- pm
Daily Mail Trust New Ord.	20/-	6/-	10½-10½	10½-10½
New 5% Pref.	20/-	6/-	10½-10½	10½-10½
Dumpton Greyhounds (2½)	14/-	...	14/-14/4	14/-14/4
Electric Supply Corp. New	51/6	...	10½-10½	10½-10½
J. G. Graves Pty. Ord. 5½	14/-	...	10½-10½	10½-10½
Lever Brothers 4% Deb.	21/6	4/-	10½-10½	10½-10½
London City Properties 5½ Pref.	...	...	10½-10½	10½-10½
Lovell and Christmas 4½	...	...	10½-10½	10½-10½
Marston Thompson and Evershed 4½	...	...	10½-10½	10½-10½
Met. Water Board 3% "B" Stk.	23/6	25	1½-1½ dis	1½-1½ dis
North-Eastern Electric New Ord. £1	35	25	1½-1½ dis	1½-1½ dis
Olympia 4% Deb.	10/-	...	19/-19/6	18/9-19/3
Portsmouth Newspapers 5% Pref. £1	20/-	10/-	9/6-10/-	9/6-10/-
Price's Tailors 7% Pref. Ord. £1	20/-	10/-	22/9-23/9	22/9-23/9
Quilcast 7% Cum. Pref. £1	101	46½	102-102½	103-104
Selfridge Provincial Stores 5% Deb.	96½	...	100-102	100-102
South Africa 3½, Ins. Stk., 1935-73.	100	25	100-102	100-102
South Metropolitan Gas Pref.	99	...	100½-101½	101-102
Southern Railway 4% Deb., 1962-67	99½	...	100½-101½	101-102
Stevenson (Hugh) & Sons, 6% Deb.	99½	...	100½-101½	101-102
Thames House 4½ Deb.	...	...	100½-101½	101-102
Tillotson (O) 7% Pref.	...	...	100½-101½	101-102
Wanderer Golf 7% Pref.	...	...	100½-101½	101-102
Yorkshire Dyers & Dyeing (10/-)	12/-	...	9/6-10/6	9/6-10/6

Calls Due December 12th to December 18th.

The grand total of calls falling due in December, 1932, is £166,683,160, which compares with £1,605,286 which fell due in December, 1931. The following calls fall due from December 12th, 1932, to December 17, 1932.

Due Date.	Call.	Already Paid.	No. of Shares or Amount.	£
Bowater's Paper Mills, Ord. £1, at 25s. Dec. 15	12/6	7/6 + 5/- pm.	80,000	50,000
County of London Electric, Ord. £1 at 30s. 6d. Dec. 15	11/-	1/7/6	896,337	492,986
South Staffordshire Waterworks Ord. Stock "B", at minimum, 150% Dec. 15	120%	30%	£200,000	£240,000
Stevenson (Hugh) & Sons, 6% Mt. Deb. at 99 Dec. 15	89%	10%	£125,000	£112,500

† On minimum price.

OIL OUTPUTS.

ATTOCK OIL COMPANY, LTD.—Production for November, 11,357 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended November 30th: Venezuela, 36,599 barrels; Trinidad, 24,426 barrels; total, 61,025 barrels.

PHENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix group of companies for November was 86,335 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended November 26, 1932, was 268,000 barrels.

TOCUGO OILFIELDS OF VENEZUELA, LTD.—Oil produced during November, 1932, 1,255 tons.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during November, 27,450 tons; oil purchased during November from other companies 50,600 tons.



SECURITY FIRST

FUNDS EXCEED
£42,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL
North John St.

LONDON
Lombard St.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Gross Receipts, week ended Dec. 5, 1932. (000's omitted.)						Aggregate Gross Receipts, 48 weeks, (000's omitted.)					
(b) Week ended Dec. 5, 1932. (c) Week ended Dec. 6, 1932.		Miles Open	Passen- ger, dec.	Merch- andise, dec.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, dec.	Merch- andise, dec.	Coal and Coke.	Total Goods.	Total Receipts.	
			£	£	£	£	£	£	£	£	£	£	
Great	1932	3,761	161	167	105	237	433	9,668	7,975	4,754	12,729	22,387	
Western	1932	3,761	178	195	105	300	478	10,488	9,176	5,052	14,228	24,716	
(c) L. & N.	1932	6,353	250	324	237	561	811	14,505	13,919	10,364	24,283	37,788	
Eastern	1931	6,353	270	360	258	618	888	15,577	14,336	11,244	27,680	43,257	
L. M. & S.	1932	6,948	373	414	265	679	1,052	22,272	19,224	10,923	30,847	53,119	
Scottish	1931	6,948	393	502	266	768	1,161	23,515	22,880	11,751	34,431	57,945	
Southern	1932	2,181	235	68	35	338	538	13,366	3,018	1,464	4,482	17,868	
	1931	2,180	232	68	30	330	330	14,465	3,494	1,506	5,000	19,465	
Total...	1924-33	1,019	732	642	165	2,334	3,591	59,831	44,836	27,505	72,341	132,172	
	1931	1,923-34	1,073	1,125	659	1,784	2,857	64,044	51,786	29,553	81,339	145,383	
(c) Metro- politan	1932	59	27.2	...	...	3.6	3.0	1401.2	...	...	...	159.7	
	1931	59	27.2	...	...	4.2	3.3	1483.9	...	...	...	178.2	
(c) Under- ground, B.	1932	...	29.0	...	...	...	29.0	13,914	...	...	...	13,914	
	1931	...	28.5	...	...	...	28.5	14,366	...	...	...	14,366	
(c) Buses, &c.	1932	...	28.7	...	...	...	28.7	1,503	...	...	...	1,503	
(c) L. & S.b.	1932	...	43.2	...	...	...	43.2	2,079	...	...	...	2,079	
Group	1931	...	43.0	...	...	...	43.0	2,135	...	...	...	2,133	
(b) Belfast & Co. Down	1932	...	80	...	...	0.7	2.4	126.0	...	...	30.0	153.0	
	1931	...	80	...	...	0.8	2.4	126.0	...	...	34.0	160.0	
(b) Northern	1932	562	7.7	...	...	10.9	18.5	527.2	...	...	547.3	1074.5	
	1931	562	8.9	...	...	13.6	22.5	522.1	...	...	691.3	1281.8	
(b) Great South	1932	2,182	18.1	...	...	37.7	55.8	1226.7	...	...	1575.1	2801.8	
	1931	2,182	18.2	...	...	44.5	66.6	1219.7	...	...	2004.2	3223.5	

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
			1932.	+ or -	1932.	+ or -
INDIAN.						
Assam Bengal	32	Nov. 5	1,330	Rs. 3,59,100	Rs. 31,186	98,20,316
Bairi L. Ry.	33	12	202	99,100	71,000	10,98,500
Bombay & N. Western	6	12	2,114	5,66,563	4,81,135	17,78,055
Bombay Nagpur	35	Dec. 3	3,091	20,58,000	29,000	6,53,32,000
Bombay Bar. & C.I.	31	Nov. 12	3,230	12,65,000	96,267	4,37,80,055
Madras & S. Mahr.	6	12	572	99,937	24,574	5,67,903
Madras & Kumaon	31	12	2,528	10,42,371	1,66,442	3,48,10,084
South Indian	31	12	2,528	10,42,371	1,66,442	3,48,10,084

† Including Lucknow-Bareilly State Railway.

CANADIAN.

		1932.	\$	\$	\$	\$
Canadian National	47	Nov. 30	20570	3,554,434	- 446,543	133,156,206
Canadian Pacific ...	47	30	16962	3,369,000	- 379,000	114,236 000
						+ 21,889,000

SOUTH AMERICAN.

We have come to a very satisfactory arrangement with the Mersey Docks and Harbour Board, who have given us improved facilities for handling our raw sugar there, which will tend to economy in working costs. I wish on behalf of the directors to tender our thanks to the chairman and other members of that body for the sympathetic manner in which they have met our requirements.

THE IRISH FREE STATE.

I should like to refer in a few words to the unfortunate dispute which has arisen between this country and the Irish Free State. For as long as I can remember we always had a very considerable trade in Southern Ireland. Unfortunately this now has entirely ceased. We are still keeping our sales organisation going in that country, but of course this cannot continue indefinitely.

I have purposely avoided saying anything about the three resolutions which you are going to be asked to pass, and about which shareholders have received special notice, as I think it best that they should be dealt with separately. With your permission we will now conclude the ordinary business of the meeting.

THE DIVIDEND.

I beg to move: "That the directors' report and statement of accounts be adopted; and that the following dividends upon the company's issued capital be declared payable, namely:—(a) To the holders of preference shares, into rim dividend to March 31, 1932, at 6½ per cent. per annum, subject to tax, paid June 15, 1932; final dividend to September 30, 1932, at 6½ per cent. per annum, subject to tax; (b) to the ordinary shareholders, interim dividend of 4 per cent., subject to income tax, paid June 15, 1932; final dividend of 12 per cent., subject to income-tax, making a total of 16 per cent. for the year." (Applause.)

Sir Leonard Lyle, Bart. (the chairman), seconded the resolution, which was carried unanimously.

The retiring directors were re-elected; the auditors were re-appointed; and resolutions submitted dealing with the remuneration of the managing directors were duly approved.

A vote of thanks to the president and directors, proposed by Sir Bernard Greenwell, Bart., and seconded by Sir Douglas Newton, K.B.E., M.P., concluded the proceedings.

MALAYA GENERAL COMPANY, LIMITED.

DIVIDEND OF 2½ PER CENT.

The twenty-fourth ordinary general meeting of the Malaya General Company, Limited, was held, on the 6th instant, at 7 Great Winchester Street, London, Mr George M. Weekley (chairman of the company), presiding.

The Chairman said: When I addressed you twelve months ago your directors anticipated a very difficult year ahead, and we were quite correct, for the price of rubber at one time dropped to the incredible figure of 1½d. per pound. Our selling average, however, was 3.28d., and this just covered our estate and London expenditure, the additional items of directors' fees and depreciation being more than met by the income from our investments. As regards depreciation, we have only allowed £1,653 for the reasons stated last year, and a similar amount during each of the next seven years would write the cost of our buildings, plant and machinery down to zero. The immediate result is that revenue account shows a credit balance of £792.

We propose to pay you the modest, but no doubt acceptable, dividend of 2½ per cent., which will absorb £4,872, and to carry forward the balance of £14,378.

A year ago you were informed that our estimates were based on a crop of 2,200,000 lbs., but the further fall in prices caused us to rearrange our programme and further to reduce our output; and so long as the price of sheet is unremunerative we will keep our crop down to practically the "Revertex" requirements only.

One effect of the continued depression has been to curtail rubber outputs throughout the East and bring supplies more into line with demand. Although the world is still producing more rubber than it consumes, the margin of excess is not so wide, and with any general revival in trade the rubber industry must be one of the first to benefit. Stocks in the United Kingdom are gradually coming down to a more manageable figure, but those in America are still abnormally high.

Your board feel that, in spite of the extremely uncertain immediate outlook, prospects are better than they have been for two or three years, and your company should be one of the first to benefit from any general improvement in conditions.

Your property has been kept in excellent order, and the visiting agent, reporting at the end of September, stated that, in spite of some disappointment with the budded stump planting in the younger areas, he found the estate in good condition and all works going on satisfactorily.

The report and accounts were unanimously adopted.

WILUNA GOLD CORPORATION, LIMITED.

LARGELY INCREASED ORE RESERVES.

Presiding at the annual general meeting of the Wiluna Gold Corporation, Limited, held on the 6th instant, Mr F. H. Hamilton (chairman) said that the directors' report brought the position up to five weeks ago with regard to production, working costs and working profits. The working surplus for the ten months of this year aggregated over £277,000 (Australian), or approximately £222,000 sterling, a total which was the more satisfactory when it was remembered that the ore treated averaged only about 27,600 tons per month, as against the 40,000 tons which they expected to be treating after June next. At the end of this year the reserves of positive ore should stand at about 1,500,000 tons, equal to over three years' supply at the rate of 40,000 tons per month. That left a comfortable margin, but all of them who had read the reports of Messrs Vail and Prior would realise that it was impossible at that stage to define the limits of the Wiluna lodes or to say what the ultimate production capacity would be. Recovery had improved by 4.85 per cent., treatment costs had been lowered by 1s. 1d. per ton, and positive ore reserves showed an increase of over 60 per cent. made during the first eight months of this year, or at the rate of about 60,000 tons per month. Those, however, were by no means the most significant aspects of the record.

INTERESTING DEVELOPMENTS.

The discovery of that splendid ore body No. 2 West was notable in itself, but it was the more interesting because there was no indication of its existence at the surface, and because payable values appeared only to come in as the sulphide zone was reached—that was at a depth of about 300 ft. No. 2 West lies west of the West lode. In the opposite direction there was a fourth ore body, some 150 ft. east of the East lode, which they had provisionally named the Far East lode, and which would be explored during the coming year. At present they knew very little about it. He could only say as a layman that it was that aspect of magnitude which had most impressed them during the last twelve months. They were evidently dealing with a great mineralised zone, or channel, of undefined width, but which they knew extended between the No. 2 West and the Far East lodes, a distance of 850 ft., and of unascertained length, but which they had in effect demonstrated over one mile and traced over two.

THE FUTURE.

It might help to clarify the situation in the minds of shareholders if they considered what the position would be after July, if no unforeseen difficulties arose, if the anticipations of the management were fulfilled, and if the gold and exchange premiums did not show any marked variations from the average of the last ten months. On the basis of the results of the period under review, these improvements would show an average yield of just over 46s., and a working surplus of over 28s. per ton (Australian). On a monthly output of 40,000 tons that would give a total working profit of £872,000 (Australian), equivalent at the present rate of exchange to about £538,000 sterling per annum, subject to depreciation, administration and taxation.

TWO IMPORTANT OBSERVATIONS.

For practical and present purposes the chances of this country returning to gold at the old parity of the £ could, he believed, be ignored, while in any case the suspended Bounty Act guaranteed in effect an important premium to Australian mines until the end of 1940. The Wiluna mine to-day was earning profits independently of all premiums. Mr Vail and Mr Prior envisaged an extension as probable within the not distant future, and, as a fact, provisional estimates had already been prepared for an increase from 40,000 tons to 50,000 tons per month. They would agree that the position in which they found themselves to-day, and still more the prospect that was indicated, could not fail to afford keen satisfaction.

Mr J. A. Agnew, in seconding the resolution, described in some detail the significance of recent developments and exploration. At the Essex property they had recently proved beyond any possible doubt the continuance of the East lode. One of the exposures had disclosed the lode to be 52 feet in width, of which 10 feet went 40s. per ton. The Essex was situated 3,500 feet north of the main shaft. The extension of No. 2 West Lode had been established in a borehole 2,622 feet north of the shaft, and had been traced for a further 2,000 feet northwards. He had no doubt that the 40,000 tons programme would further be materially increased after next year.

The report and accounts were unanimously adopted.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

BOARD'S CONSERVATIVE POLICY.

STATE-AIDED FOREIGN COMPETITION.

THE HON. A. SHAW'S REVIEW.

The ninety-second annual meeting of the Peninsular and Oriental Steam Navigation Company took place, on the 7th instant, at the Company's Offices, 122 Leadenhall Street, London, the Hon. Alexander Shaw, chairman of the company, presiding.

The report and accounts having been taken as read, the chairman said that the board, after having made, with the assistance of their auditors, Lord Plender and Mr Kilpatrick, a most careful survey of the year's results, had unanimously agreed that it would be in the best interests of the company and the proprietors not to recommend any dividend on the deferred stock.

The late chairman at one annual meeting after another had frankly intimated that only the conservative finance of past years had enabled the board to recommend any dividend on the deferred stock. In bad times there came a juncture when the choice had to be made between the easy path of distributions to stockholders, and the thorny and uphill path of further drastic economy in operation and restraint in dividend policy. The board had deliberately chosen the latter road, and in that he was confident that the proprietors would support the board.

A CONSOLIDATED BALANCE SHEET.

The board had this year presented the accounts in more detail than ever before. In addition, a consolidated balance sheet had been furnished which gave a general view of the affairs of the P. and O. Company and its allied undertakings.

THE AUDIT.

In their consideration of the whole position it had appeared to the board that, in view of the wide range of the company's business to-day, it would be in accordance with sound modern practice if the company's accounts were audited by a firm of skilled professional accountants.

The board had invited Lord Plender, the distinguished head of the firm of Deloitte, Plender, Griffiths and Company, to act, in his individual capacity, as auditor and he had agreed to do so in conjunction with Mr Kilpatrick, a partner in his firm. These gentlemen had in the last few months given a great deal of time and labour to their task and had made themselves thoroughly acquainted with the company's affairs.

THE ACCOUNTS.

The accounts, audited by Lord Plender and Mr Kilpatrick, were clear and told their own story. The company's income from holdings in allied concerns had been considerably less for the past twelve months than in previous years.

As regards bills payable, at £1,499,000, compared with £1,309,000 last year, he would explain that two new vessels had been delivered and had had largely to be financed in the year under review. This had involved a considerable cash payment, and the balance had been met by bills.

The reserve for redemption of debenture stock, composed of gilt-edged investments, had been increased by transferring to it £110,000 which had arisen mainly from profit, amounting to £98,009 on sales of investments.

The board, he added, had by no means lost sight of the question of the conversion of the 5 per cent. and 5½ per cent. debentures to a stock bearing a lower rate of interest.

Investments in shipping subsidiary companies, at £10,588,665, compared with a figure in the last balance sheet of £13,654,070, which latter included interests not purely shipping. The book value of their investments in shipping subsidiaries was very conservative, and the income from the whole group did not reflect their inherent value.

DEPRECIATION.

As pointed out in the report, the company's ships stood in the books at a figure somewhat below that which would have been arrived at on the basis of a depreciation of 5 per cent. per annum on the initial cost.

In past years the substantial amounts charged to profits in respect of depreciation had been supplemented by considerable

sums transferred from other sources. By way of example he would refer to the year 1930, when the late Chairman stated that in addition to the charge to profit and loss account, the board had applied two million pounds from the insurance fund to depreciation. If in past years the board had divided profits up to the hilt they would not have been able to provide for the necessary renewals to the P. and O. fleet, and their position to-day would have been very different. Unless earnings were much increased next year it would be necessary to draw upon their reserves to provide for depreciation.

SHIPPING'S CONTINUED DEPRESSION.

Shipping was pre-eminently a world trade. The P. and O. Company depended for its revenue upon the prosperity not only of Great Britain, but of India, of Australia, of Ceylon, of the Straits and of China; and each of these countries in turn depended upon the ability of many other countries to trade with it to their mutual advantage. The prosperity of the P. and O. Company was therefore intimately bound up with the solution of those problems, some of which were to be grappled with at the World Economic Conference—among them, the problem of those largely unpayable War Debts, which were blocking the channels of healthy international exchange.

OPERATING ECONOMIES.

They had made very effort to bring down expenditure still further without sacrificing the efficiency of the fleet or the attractiveness of P. and O. vessels to passengers and shippers. It would indeed be a short-sighted policy to curtail the comforts and amenities which a P. and O. passenger enjoys. They had not done so; on the contrary, they had increased them.

There had been an intensification of the board's economy campaign throughout the whole range of the company's expenditure. In spite of a somewhat larger tonnage employed in the year under review, the operating expenditure, including fuel, wages, water, marine stores and repairs, had fallen by no less than £255,000.

Port dues had increased by over £51,000, and the increase of Suez Canal dues amounted to over £133,000 as compared with last year.

RATIONALISATION.

There was another aspect of economy to which he would venture to refer—a form of internal rationalisation which they had effected this year, and which for certain technical reasons could not until this year be brought into operation.

It had always seemed rather wasteful to have two P. and O. ships running alongside each other from Ceylon to this country and vice versa; for these ships—one the Australian, and the other the China mail steamer—tended to rob each other for that part of the voyage during a considerable portion of the year. Further, there was a gap of a whole fortnight in their passenger sailings between this country and Ceylon. They desired to give a better service to the company's clientele, and to provide a regular link, without disembarkation, between Bombay on the one hand and Ceylon, Australia, the Straits and China on the other.

Under the old conditions it was necessary for their direct Bombay mail steamers to remain for 15 days at Bombay on arrival there, and for 14 days in London at the end of their voyage. So long a stay as this at each end was unnecessary for ships' purposes on the Bombay Line.

Under the new scheme, the Australian and China mail ships sailed via Bombay, in alternate weeks, and these ships were now capable of taking the Bombay call. The company were therefore able, while giving Bombay a considerably better service, to effect a more economical use of the ships on the Bombay Line which, in the slack season, had always been run at a loss. The through Australian and China ships had thus a much needed addition to their earnings during the slack period, and the company was saved the dead loss of running purely Bombay vessels at that time. The estimated economy purely from this rationalisation of services was £300,000 in a full year; moreover, the quicker turn round at Bombay allowed exactly

the same services to be run with four ships instead of five. They thus saved a ship. Under the old system the company this year, or at latest in 1933, would have been faced by the urgent need to lay down a new Bombay steamer by way of replacement at a cost probably not far short of one million pounds sterling. That outlay would not now be incurred.

HOLIDAY CRUISES.

As a result of the new system they had this year been able to release in the summer season three most attractive vessels for cruising over and above those they would otherwise have been able to spare, and these three vessels instead of incurring a loss, as under the old system, had been cruising at a modest profit to the company.

STATE-AIDED SHIPPING.

Referring to the State-aided shipping, the chairman said that in every single trade in which the P. and O. Company was engaged, it was faced with the competition of foreign vessels built with the aid of foreign exchequers and run with the assistance of very large subsidies.

He would choose one example alone—and did so in no spirit of hostility either to the foreign line concerned, or to the great nation whose flag it flew.

Not very long ago an Italian newspaper had boasted, not quite accurately, that an Italian line had achieved a predominance in the Bombay trade. That trade consisted above all in the carriage of British subjects coming home to Britain on leave, or returning to India after it. The Italian Press, he continued, prints lists of such people who travel foreign and naturally gloats over a highly-placed civil servant or soldier who travels in an Italian subsidised ship. Meantime the P. and O. stockholders, in their capacity as taxpayers, had the privilege of paying the fares of those very gentlemen who patronised foreign lines, which, by virtue of the lavish subsidies showered upon them, were engaged in the endeavour to oust British ships from the trade of a British port.

TRAVEL BRITISH.

He did not wish to be misunderstood. They all had nothing but admiration for the endurance, the patience, the skill and the labour which the soldiers and civil servants of Britain give so gallantly and ungrudgingly to the service of the great Dominion of India. But not all of them could have reflected that the mercantile marine is the indispensable link of Empire in peace and in war; and that without it the Empire could not have been created, and could not continue to exist.

It was, he concluded, not theirs to control great economic forces; nor could any power avail to keep from the company's roof the depression which darkened every shipping undertaking. But they could place the facts and figures before the proprietors frankly, as they had tried to do; and could go forward proud to be the company's servants in fighting the most formidable economic depression with which they had ever been faced. They, the board, would do their best. With the stockholders' aid and confidence, he believed they would prevail.

The Chairman moved the adoption of the report and accounts. Sir J. Fortescue Flannery, Bt., said that on behalf of himself and his fellow stockholders he would like to support what the chairman had said regarding the late Lord Inchcape. His death was not only a loss to this company, and not only a loss to the shipping industry; it was a loss to the whole Empire. As chairman of this company he was a great man; as a director of the Suez Canal Company he was an international influence, and, as a patriot and a man who loved his country his loss was one which all who knew him would feel. He approved the action of the directors, and he believed that their policy of maintaining the fleet in perfect condition would have happy results, and that some day the stockholders would again be able to congratulate them upon the success of their operations.

The resolution was carried unanimously. Mr E. T. Hargraves said that he would like to propose a hearty vote of thanks to the chairman for his services in the chair. It was certainly a hard task, especially when there was no dividend to be proposed. It was interesting to know that after 90 years without having had anything in the way of a subsidy they were still standing straight up. He sympathised with the directors in having to run ships against others which were receiving subsidies.

Colonel Hanbury, in seconding the motion, said that he had known the chairman for some years and had the greatest confidence in his capacity and integrity. They could rest assured that the company was in good hands.

The vote was unanimously accorded and a brief acknowledgment by the chairman brought the proceedings to a close.

BRITISH TAR PRODUCTS, LIMITED.

INCREASED SALES AND PROFITS.

DIVIDEND OF 10 PER CENT. AND BONUS OF 5 PER CENT.

The annual general meeting of the members of British Tar Products, Limited, was held on Thursday, the 1st instant, at the Royal Victoria Hall, Sheffield.

Mr A. Woolley Hart (the chairman) said:—
Ladies and Gentlemen: May I take it that the report of the directors and the balance sheet, which have been in your hands for some time, can be taken as read?

When I had the pleasure of meeting you last year, we had entered into a very serious and depressing time, and as I then pointed out, marketing conditions had been exceedingly difficult in the preceding year, and were continuing so in the then current year. I mentioned also that the falling off in the demand for coke had affected our supplies of raw material, which, coupled with the decrease in selling prices, had lowered our sales values by approximately £50,000. I also had to call your attention to the fact that our investments, then £77,091, which we showed in the balance sheet, at cost or under, had depreciated at the moment I was speaking by some £14,000, and your board had suggested—which I am glad to say you confirmed—that we should transfer £7,000 to the general reserve account as a set-off against that deficiency, at the same time expressing the view that I hoped by the time we met again they would have recovered sufficiently for the above sum set aside to be an adequate cover. It is very pleasant for me to be able to say that that pious hope has happily been fulfilled, but let me add frankly that although our best judgment was used, it was perhaps more by luck than anything else that our securities have made the wonderful recovery they have.

You will note that we have been able to increase our investments from £77,091, at which they stood in the balance sheet last year (at cost), to £108,073, and that at the date of the balance sheet the market value was £101,987. In the intermediate period the values have considerably increased, the depreciation at one time showing less than 5 per cent.

We have since purchased £5,000 Southern Railway Company 5 per cent. debentures at par, making a total of approximately £112,000, at cost or under, and spread over 33 separate investments.

LARGE INCREASE IN SALES.

As regards the general business of the company, you will see that although conditions have continued exceedingly difficult, we have more than caught up last year's £50,000 decrease in sales, this year (£40,498) have been increased by £8,651.

On the whole I think we as shareholders ought to feel very satisfied with such a result. Judging from what we have gone through in the meantime it might have been very much worse. I do not like to raise your hopes too much as regards the now current year. There is no doubt that at present the commodities business in which you cannot rely upon having to work on day-to-day sales. Forward sales of large quantities have to be entered into for months ahead and therefore the sales require great consideration and very careful handling. I give it to you, however, and the world's financial troubles are again going to upset this, that our present year should be no worse in its results than the last, and I naturally hope it will be better.

GOOD DIVIDEND RECORD.

I may remind you that last year I called attention to the fact that for the past eight years we have paid a regular dividend of 10 per cent. per annum, with the sole exception of the great coal strike year, when we were only able to pay 5 per cent., and that we had also paid bonuses of from 2½ per cent. to 5 per cent. in addition thereto, and we can now happily add a further year to that record of a 10 per cent. dividend with a bonus of 5 per cent., being the maximum we have paid, and I hope that in the future we shall not fall back from these figures.

It has come to my knowledge that there is a possibility that certain people, trading upon this company's success, may try to raise capital to start a new distillation plant in competition with the very considerable number that already exists.

I would give only one word of warning to any intending investors, that the question of obtaining sufficient supplies of crude products which necessarily would form the basis of any such undertaking will be exceedingly difficult on any terms whatever, and even if obtainable would probably be in irregular quantities and at a cost that would leave little chance of any profitable return.

The strength of the position of most of the undertakings engaged in this industry is that they have accrued their raw materials for a fixed term of years.

PURCHASE OF NEW PROCESS.

Now I would like to let you know that we have taken up a process which we are trying out, and should it prove successful we have acquired the right to use it on very favourable terms so far as our Cadishead Works are concerned, and have also secured the right to a substantial interest in what I think we may shortly state as the world rights except United States and Canada. Should this realise its fullest possibilities it should prove a very valuable adjunct to the company's assets and source of income.

BALANCE-SHEET ITEMS.

With regard to the balance sheet, I have already referred to two of the most important items, namely, the amount of profit for the year—£49,150—and to our investments outside the business. Our general reserve account has been raised from £9,500 last year to £16,500 this year, and the company's position in regard to its debtors—£70,101, against creditors £19,061—may be considered very satisfactory. The cash in hand and at bankers is also increased from £5,042 to £16,383. The usual adequate depreciation has been provided and the plant and machinery maintained in first-class order and condition.

I will now, Ladies and Gentlemen, formally propose that the audited balance sheet and accounts and the directors' report for the year ended September 30, 1932, as presented, be and they are hereby approved and adopted, and that the dividend and bonus as recommended by the directors be paid forthwith to the members whose names appear on the register on this date, and that the balance—£3,216 19s. 5d.—be carried forward.

This was seconded by Mr J. H. W. Laverick and carried unanimously.

The retiring director, Mr T. Greensmith, was re-elected to the board.

Messrs Bryden, Johnson & Company, chartered accountants, were re-appointed auditors.

A vote of thanks to the chairman, managing director and staff was proposed, seconded and carried unanimously. The Chairman replied suitably, and the proceedings terminated.

STRAND HOTEL, LIMITED.

VITALITY OF THE BUSINESS.

The twenty-fifth ordinary general meeting of the Strand Hotel, Limited, was held on the 7th instant, at the Trocadero Restaurant, London.

Major M. Gluckstein (the chairman) said that, having regard to the slow recovery in British industry, and the increasing competition among all concerns to obtain the maximum share of business available, he regarded it as an achievement of no little merit to be able to report a credit balance of £130,500. If the figures this year showed no increase, they still demonstrated that the company's establishments occupied a unique position in the hotel industry. The erection of the new Cumberland Hotel at Marble Arch was proceeding, and before the end of the year the major portion of the building should be roofed in. The London Electric Railway having opened their new station, with an entrance on the Oxford Street frontage of the hotel, the company had taken possession of the old station on the eastern corner of the site, and a special effort was being made to advance the work on this latter portion, so that it might attain to the progress of the main block. The intention was to open the hotel towards the end of next year. The result of the year's trading, particularly in view of the unsettled times, indicated the vitality of the business, and the great public reputation of the company's hotels.

Mr Maurice Salmon said that luxury hotels had suffered rather severely under present conditions, but people must move about, and if they could not afford the expensive hotels, they were forced to the less expensive, in which event the company reaped some benefit.

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

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

STEAUA ROMANA (BRITISH), LIMITED.

PROGRESS TOWARDS WORLD AGREEMENT.

The annual general meeting of the Steaua Romana (British), Limited, was held, on the 7th instant, at Winchester House, Old Broad Street, London, Sir Albert G. Stern, K.B.E., C.M.G., presiding.

The Chairman, in the course of his speech, said that since he addressed the shareholders in February last, progress had been made towards the re-establishment of the petroleum industry of the world on a sounder basis. As a result of discussions in Paris, a tentative agreement for a more economical distribution of exports from producing countries in accordance with the necessities of consuming countries had been ratified. It now remained for the various Roumanian companies to settle between themselves the various proportions which they would contribute towards the agreed total of the country's exports with a view to putting into effect the major scheme. Continuous discussions had been taking place in Paris between the representatives of the Roumanian group and the international group, and the latest information gave them great hopes that a very equitable agreement would be signed.

During the period under review the combination of a slightly firmer tendency in prices, further economies and improved technique, had brought about a great improvement in the financial situation of the Steaua Romana. In October he went to Roumania and made an inspection of the Steaua Romana properties, including fields and refinery, accompanied by Mr Anderson, the managing director, and he must stress the very great impression made upon them both by the noticeable progress in recent years. The distributing organisations of the Steaua Romana in Central European and Balkan countries had continued to suffer from the restriction of exchange facilities.

The production of the Steaua Romana Company for the year had been 1,005,358 metric tons, as compared with 886,421 metric tons in the previous year. The total profit of their own company, before making provision for taxation, was £110,014. The directors proposed to pay a final dividend on the ordinary shares at the rate of 2 per cent., less tax, making 4 per cent. for the year.

The report was unanimously adopted.

MESSINA (TRANSVAAL) DEVELOPMENT COMPANY, LIMITED.

EXCEPTIONALLY DIFFICULT YEAR.

The annual general meeting of this company was held, on the 7th instant, at Southern House, London, Lt.-Col. John P. Grenfell (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the accounts showed a profit of £1,255, as compared with £29,144 in 1931, but this result was after charging South African exchange amounting to £66,885, and crediting £17,097, the export subsidy received in South Africa from the Government. They brought forward £53,610, and had now an available balance of £54,866, and after making the provision set out in the directors' report they were carrying forward £53,256. He regretted that the directors were unable to recommend the payment of a dividend. But for the loss in exchange, the accounts, even with the present low prices for copper, would have shown a profit sufficient to pay a dividend.

LOWER PRODUCTION COSTS.

Referring to the year's operations, he said that the ore production had gone up from 313,220 tons to 368,258 tons, with an increase in copper content of 680 tons, and the total operating costs had decreased from £334,700 to £253,780, representing a reduction of over £6 per ton on their cost of production. Most of the mining and development of the year had been on the "K" lode. This lode was of lower grade than the average of ore reserves, but owing to its great width, it was very cheap to mine. They had opened up good ore in this lode on all its levels, and at the close of the year had struck a body of ore on the 13th level which was some 342 ft. long and 7 ft. wide, and averaged 3.28 per cent. copper, which was a decided improvement on the "K" lode average.

The milling and smelting departments had operated successfully and economically, and the over-all recovery had again shown improvement. The price of electrolytic copper, which last year averaged £48, had this year only averaged £37, and as two years ago it averaged £78 shareholders would appreciate that it had been difficult to keep pace with the decline.

The report and accounts were adopted.

ANSSELLS BREWERY, LIMITED.

Thirty-second ordinary general meeting, held at the Queen's Hotel, Birmingham, on Tuesday, December 6, 1932.

	£	s.	d.
Profits	121,151	4	8
(12 months ended September 30, 1932) after deducting all charges and expenses for management (including directors' fees) and making provision for debenture interest, taxation, depreciation, bad and doubtful debts, and other contingencies.			
Brought forward	261,800	9	1
	382,951	13	9
Dividends on preference and ordinary shares (paid and to be paid)	97,500	0	0
To reserve account	20,000	0	0
	117,500	0	0
To be carried forward	£265,451	13	9

POINTS FROM THE CHAIRMAN'S SPEECH.

Our licensed properties have increased from £2,099,042 to £2,144,598. Our reserves by £20,000 and our carry-forward by £3,651.

In comparing our accounts with those of other breweries, ours cover a full year's working under the extra taxation imposed by the Supplemental Budget in September last year.

We complain of the penalising taxation to which we have been, and are now, subjected when the result has been merely to retard our, and the allied trades, without a corresponding advantage to anyone.

Any increase the Chancellor may receive from the extra tax will easily be wiped out by the resulting decrease in death duties, income tax, sur-tax, etc., from people interested in the trade.

Professor Saintsbury, who is now eighty-seven, and the greatest living authority on English literature, in a recent book, has stated that the three staples of life, bread—cheese and beer—were supplied without stint from the buttery at Oxford when he was an undergraduate.

I am very grateful for this authoritative description of beer; it is not only grossly unfair but economically foolish so to tax this staple of life as to put it increasingly out of the reach of many who require and enjoy it.

I may point out that in the years given below the consumption and taxation were, generally speaking, as follows:—

Year.	Tax per barrel.	Barrelage.
		England and Wales.
1913.	7s. 9d.	28,853,000
1923.	£5	17,353,910
1924.	£5 0s. 0d. (less £1 per bulk barrel rebate)	18,530,952
1931.	£5 3s. 0d. (ditto)	17,173,999
1932.	£6 14s. 0d. (ditto)	14,422,359

The production for 1931 and 1932 shows a decrease despite the fact that in these two years the figures for Northern Ireland are included.

Copies of the Chairman's speech may be obtained from the Secretary, Park Road, Aston, Birmingham.

ROAN ANTELOPE COPPER MINES, LIMITED.**ABNORMALLY LOW COSTS.**

The fifth annual general meeting of Roan Antelope Copper Mines, Limited, was held on the 6th instant, at River Plate House, London, Mr A. Chester Beatty presiding.

The Chairman said that in the ten months covered by the accounts a profit of £156,740 had been earned, from which had to be deducted debenture interest amounting to £87,500. The ore, on account of its texture, had proved particularly suitable for easy drilling and blasting. That, combined with the adoption of a mining method admirably suited to the nature of the ore body, had resulted in a very large output per shift of labour and an abnormally low cost per ton for that type of mining. An adequate amount of development work was being carried on in the preparation of new areas. The mining cost, originally estimated at 7s. per ton, had averaged for the past six months 3s. 6d. per ton, and the mine was in a position, at very short notice, to increase its output to the full capacity of the concentrating plant, which was designed for a capacity of 2,000,000 short tons of ore per annum. The true capacity, as established by experience, was not less than 3,500,000 short tons per annum. That gave an output capacity of copper in the form of concentrates from average grade ore of not less than 90,000 long tons of copper per annum.

In the concentrating plant the estimated cost was 3s. per ton, but the current cost had averaged 1s. 6d. per ton—probably the cheapest concentrating cost ever achieved in copper milling in a plant of that nature. In the smelting plant also the average cost in the current financial year of £2 10s. per long ton was substantially below expectations. When embarking on that enterprise the estimated cost of producing blister copper with the plant operating at full capacity was £35 per long ton. For the quarter ended June 30th last, on a very curtailed production, the cost was down to nearly £25 and for the quarter ended September 30th it was £23.

A long-term contract had been entered into with British Copper Refiners, Limited, to purchase a large tonnage of blister copper for regular delivery to a refinery which was being erected at Prescott, in Lancashire. The terms of the sales contract included an option to the Roan Company, in certain eventualities, to take a substantial interest in the refinery company. All that was now required was an improvement in trade conditions.

The report and accounts were unanimously adopted.

BOWATER'S PAPER MILLS, LIMITED.**IMPORTANT INTERESTS CONSOLIDATED.**

The annual general meeting of Bowater's Paper Mills Limited was held on the 5th instant, at Southern House, London.

Mr Eric V. Bowater, the chairman, who presided, said that as against a slight decrease of about 4½ per cent. in the previous year, they were on this occasion able to record earnings £36,607 higher, at £181,359. They had operated the mills during the year in excess of 90 per cent. of their capacity, and to that greater basis of operations was almost wholly due the substantial increase in profits. For 1933 they had been able to make a further reduction in the price of newsprint, but orders on hand were already sufficient to assure the mills running full time, which should result in the most efficient basis of operations and enable them to maintain the present level of profits.

They had purchased the entire ordinary share capital of W. V. Bowater and Sons, Limited, whose sales organisation covered the United Kingdom and the principal newsprint markets overseas, and included amongst its customers most of the important newspaper publishing companies in Great Britain and the Dominion markets overseas. At the same time, they acquired control of Bowater's Mersey Paper Mills Limited, whose output was already sold under contract until the end of 1935.

To provide funds for those acquisitions, in May last 500,000 6½ per cent. £1 preference shares were issued with 120,000 ordinary shares from a new creation of 200,000 ordinary shares of £1 each. Applications for the new preference shares were extremely gratifying, amounting approximately to £2,000,000. He might add that from trading results to date both companies were likely to enjoy a satisfactory year. Their relations with the newspaper interests were always of the most cordial, and since the holdings to which he referred had been acquired, their business with them had substantially increased. He would like to acknowledge the wide and constantly increasing support accorded their company also by the many other newspaper publishing companies in this country and in the Dominions, and he was in a position to inform them that a large part of the increased output which would be available upon

completion of the extensions to Bowater's Mersey Paper Mills Limited had now been disposed of for the year 1934.

The recent issue of 500,000 5½ per cent. cumulative preference shares by the Mersey company had been subscribed three and three-quarter times over, and the lists were closed within half an hour of their being opened. The total applications for the 80,000 ordinary shares of this company at 25s. per share had amounted to nearly 500,000 shares.

The report and accounts were unanimously adopted.

NEW ZEALAND LOAN AND MERCANTILE AGENCY COMPANY, LIMITED.

The thirty-eighth annual general meeting of this company was held on the 1st instant, at 1 Coleman Street, London.

Mr Alfred Shephard (the chairman) said that since he addressed the stockholders last year world conditions had not, he feared, improved greatly, although there were signs of improvement which might develop into the beginnings of a return to more normal conditions. They must all unite in their admiration of the way in which both Australia and New Zealand had met the situation and determined to put their finances in order. Faced with a very heavy reduction in the price of wool, wheat, and other exports upon which they relied to balance their trade and to meet the obligations to this country and to America, they had taken strong measures to redress their adverse balances, with the result that their securities had very greatly improved and confidence in their financial position had been largely re-established.

It was gratifying to note that 28·6 per cent. of the wool sold in Australia during the past season, and no less than 54·5 of that sold in New Zealand was taken by buyers from the United Kingdom. The total quantity of wool handled by the company for the 1931-32 season was 311,914 bales of the value of £3,218,497, as compared with 303,629 bales of the value of £3,325,353 in the preceding 12 months. Since the close of the company's financial year the wool market had steadily improved; indeed, there was a much stronger feeling of confidence and stability in the future. Generally speaking, prices had advanced by from 15 to 25 per cent., and an important aspect was the fact that at the last London sales a large quantity of wool was sold at advanced prices.

Dairying in Australia and New Zealand had made good progress during the season, and the quantities of produce handled by the company in home markets had again marked a substantial increase. Indeed, in practically all the commodities which the company handled they had not only been able to maintain their volume of business but had gained substantial ground during the year. On account of the lower prices prevailing, the value of this produce, and consequently the company's commission, had not increased in anything like proportion to the greater volume of business done, but the results showed a substantial improvement on those of the previous year. They were able, after transferring £50,000 from general reserve to profit and loss, to cover the whole of the debenture interest with the exception of some £446, by which amount the carry forward was decreased, reducing it to £18,551. In the circumstances it was obvious that the directors were unable to recommend any dividend on either the preference or ordinary stocks.

The report was unanimously adopted.

LEWIS BERGER AND SONS, LIMITED.**SUCCESS OF POMPEIAN PROXCELIN AND LIFEGUARD.**

Lord Greenwood, the chairman, at the fifty-third annual general meeting of Lewis Berger and Sons, Limited, held, on the 8th instant, in London, said that despite abnormal depression sales of Pompeian Enamel-paint and Lifeguard car polish showed considerable expansion, due to continued national newspaper advertising. The general demand for paint and varnish showed shrinkage due to national and municipal economies and reduced prosperity of the building trades and shipping and railway companies. Notwithstanding the decline in motor-car output, sales of Proxcelin cellulose enamel had again advanced as they had done consistently since its introduction seven years ago. The company's position continued to improve amongst various users of fine colours. The plant was most efficient, the extensive technical staff was constantly investigating and developing improved types of finishes, and the 172 years' old policy of maintaining highest quality would continue.

Export demand had declined alike to all other manufacturers, due to reduced purchasing power, exchange restrictions, tariff increases and finally duties on imports of some of their raw materials. Trade would continue to be unfairly handicapped until the Government adopted a system of drawbacks. Lewis Berger and Sons were pioneers in Imperial trade and long ago had established businesses in Australia, New Zealand and South Africa.

The Berger modern factory of 15 acres was the largest plant in Australia, and, whilst its profits were naturally lower this year, economies effected had put the business in line with the conditions, which, however, had greatly improved. Despite difficulties, the South African company had earned a profit. New Zealand was down on last year, but current year sales showed an advance. The French company had benefited by economies outlined in the last report. Each of several English subsidiaries had operated at a profit.

Since the commencement of the present financial year, August 1st, the trade dealt with at Homerton showed an increase over the corresponding period of the previous year.

The report and accounts were unanimously adopted, and a dividend of 5 per cent. was declared on the ordinary shares. Lord Greenwood was re-elected a director.

CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA, LIMITED.**INTERIM DIVIDEND PROSPECTS.****IMPORTANT MINING DEVELOPMENTS.**

The ordinary general meeting of the Consolidated Gold Fields of South Africa, Limited, was held, on the 8th instant, at River Plate House, London.

Mr J. A. Agnew presided in the absence, through indisposition, of Lord Brabourne (the chairman), and read the speech which his lordship had prepared. In the course of this he said that the dividends received from New Consolidated Gold Fields, the operating company, amounted to £133,638. No dividend had been declared on the ordinary shares of either company in respect of the period ending June 30th last, up to which date the world had shown but slight signs of recovery from the economic depression. Since then, however, there had been a marked revival of interest in mining shares, and many securities which stood at a very low figure at the end of the company's financial year had shown a very decided turn for the better in the last few months; in fact, the appreciation had been so considerable that, if conditions continued as at present until the end of the year, when the board had six months' figures before them, they would be quite prepared to consider the possibility of paying a small interim dividend in respect of the current year. This was a departure from their usual practice, but in these days of burdensome taxation they considered that the shareholders would welcome such an innovation. (Hear, hear.) At the same time, it must not be taken that the payment of an interim dividend would justify the assumption that an equal or larger final payment would ultimately be made. That must depend on what the first six months of the new year brought forth, and in these days prophecy was inadvisable.

THE VOGELSTRUISBULT COMPANY.

Referring to the company's South African interests, a matter of major importance which had taken place in the past year was the formation by the company, in co-operation with the Central Mining and Investment Corporation and the Rand Selection Corporation, of a new company styled the Vogelstruisbult Gold Mining Areas, Limited, to exploit an area representing a total extent of over 4,400 claims, comprising 1,830 claims, the mining rights of which had been obtained from the Union Government, the mynpacht and claims totalling 1,631 claims on Grootfontein and Vogelstruisbult the property of their own company, and 948 claims belonging to the Rand Mines, Limited. Agreements had been made with Daggafontein Mines, Limited, and Springs Mines to enable the new mining area to be attacked in an expeditious manner, avoiding the necessity of shaft sinking in the immediate future. Some considerable time must, of course, elapse before any return could be looked for from the new company, but the day would no doubt come when the importance of this new organisation would be fully recognised.

Another area represented 2,470 claims to the east of Daggafontein Mines, to acquire the lease of the undermining rights of which a company was being formed by the Rand Selection Corporation, and the Gold Fields Company had taken a 25 per cent. interest in the initial working capital of £250,000, the subscribers to which would, with the vendors, have a preferential right to subscribe proportionately for further issues of capital of £700,000. This also should prove a profitable enterprise in the not distant future.

NEW OPTIONS.

A new development for which the Gold Fields Company was responsible was the taking of an option till the end of 1934—

which had now been exercised—on the property of Western Areas, Limited; also options for three to five years over 30,000 morgen between the boundaries of Western Areas and the Mooi River, a distance of 27 miles. This was the result of a magneto-metric survey which had been taking place during the last two years under Dr. Krahmann and detailed geological work by Dr. Reinecke, which apparently showed a total area available for mining, assuming an ultimate possible mining depth of 7,500 feet, of between 12,000 and 15,000 morgen.

Further geophysical work would be done, and it was estimated that the combined areas might contain as much as, or more than, 300 million tons of ore, this figure being based on the discovery of only one payable reef and 50 per cent. payability. An intensive bore hole sinking programme would be started at once with a view to testing, at depths varying from roughly 3,000 to 5,000 feet, that section in which it was expected that the sub-outcrop of the main reef series occurred. The cost of this was estimated at from £70,000 to £90,000, a trifling expenditure in view of the magnitude of the possible prize to be won. The reason why nothing had hitherto been done in this enormous area was that nearly the whole was overlaid by a dolomitic blanket, varying from 1,500 feet upwards in thickness, which had to be penetrated to reach the main reef series identified by Drs. Krahmann and Reinecke.

They had formed a company in Johannesburg, with an initial capital of £500,000, to take from Gold Fields their options and to purchase the mineral rights on all ground held by Western Areas, Limited. What would be the result of this venture it was impossible to guess. If the hoped-for success materialised it would unquestionably be the biggest mining development which had taken place in South Africa for many years, and by far the most important addition ever made to the Gold Fields Company's Witwatersrand interests; but they must not "count the unhatched chicken." At the same time, they should not forget that some fifty years ago the whole Rand was turned down as offering no prospects of profitable development at depth.

THE GOLD STANDARD

He did not propose to criticise the action of the Union Government in adhering to the gold standard. The views of the gold-mining industry were known and had been up to the present disregarded, though the mines unquestionably were the mainstay of the Union Government. They might hope that some compensation would be given to the industry by the adoption of some of the recommendations of the Low-grade Ore Commission by relaxing as far as it might become necessary the restrictions on the recruitment of native labour, and ultimately by a reduction of taxation which would make possible the working of ores which were at present on the border of or below the pay limit.

It seemed clear that there was insufficient gold in the world to serve as a basis for currency and the payment of war debts and reparations, and that a secondary metallic currency was required to maintain stability, which no managed paper currency could do. The remonetising of silver was no panacea, but many good judges were convinced that it would go far in the direction of alleviating trade stagnation.

The report was adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended December 3, 1932, amounted to £9,477,900 against ordinary expenditure of £56,798,200. After allocating £150,547 to Sinking Fund, and allowing for a decrease in Exchequer Balances of £1,050,344, the operations for the week, as shown below, increased the National Debt by £46,815,000 to approximately £7,945 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

(000's omitted.)

	£		£
Bank of England Advances	21,250	Treasury Bills	1,259
Public Department Advances	24,700	5% War Loan repaid	150,563
National Savings Certificates	150	4½% War Loan repaid	10,754
3% Conversion Loan	155,100	Treasury Bonds repaid	64,222
2% Treasury Bonds	72,800		
Land Settlement Repayments	13		
	+274,013		
			-227,197

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer			
		April 1, 1932, to Dec. 3, 1932.	April 1, 1931, to Dec. 5, 1931.	Week ended Dec. 3, 1932.	Week ended Dec. 5, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	63,224,000	69,391,000	1,551,000	1,184,000
Sur-tax, including Arrears of Super-Tax	66,000,000	13,120,000	19,050,000	200,000	450,000
Stamps	76,000,000	51,200,000	44,130,000	1,690,000	910,000
Excise Profits Duty and Corporation Profits Tax	23,000,000	9,610,000	8,920,000	120,000	450,000
Land Tax and Mineral Rights Duty	1,200,000	...	...	...	...
Total Inland Revenue	427,000,000	137,334,000	141,671,000	3,561,000	2,994,000
Customs and Excise—					
Customs	174,570,000	114,164,000	91,560,000	2,688,000	2,730,000
Excise	125,430,000	83,779,000	80,800,000	1,370,000	1,612,000
Total Customs and Excise	300,000,000	197,943,000	172,360,000	4,058,000	4,342,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,613,000	1,630,000	...	Dr 104,000
Post Office (Net Receipts)	11,700,000	10,150,000	10,350,000	600,000	700,000
Crown Lands	1,250,000	840,000	980,000	...	...
Receipts from Sundry Loans	4,350,000	3,879,375	12,515,277	100,593	285,387
Miscellaneous Receipts	17,500,000	13,018,192	12,060,186	1,158,310	286,080
Appropriation from Rating Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	364,577,567	355,466,463	9,477,903	8,503,467
SELF-BALANCING REVENUE.					
Post Office	59,188,000	37,450,000	37,350,000	600,000	500,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	8,888,000	8,546,000	...	104,000
Total Self-Balancing Revenue	82,098,000	46,338,000	45,896,000	600,000	604,000
Total		410,915,567	401,362,463	10,077,903	9,107,467

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Dec. 3, 1932.	April 1, 1931, to Dec. 5, 1931.	Week ended Dec. 3, 1932.	Week ended Dec. 5, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	224,382,783	243,089,032	47,642,440	48,414,307
Payments to Northern Ireland Exchequer	6,800,000	3,862,851	3,657,004	...	201,786
Other Consolidated Fund Services	3,500,000	1,563,116	1,839,215	8,710	57,497
Total	286,300,000	229,808,750	248,585,251	47,651,150	48,673,590
Total Supply Services (excluding Post Office)	447,210,000	290,155,590	285,243,592	9,147,000	10,092,000
Total Ordinary Expenditure	733,510,000	519,964,340	533,828,843	56,798,150	58,765,590
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	37,450,000	37,350,000	600,000	500,000
Road Fund	22,910,000	8,888,000	8,546,000	...	104,000
Total Self-Balancing Expenditure	82,098,000	46,338,000	45,896,000	600,000	604,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	566,302,340	579,724,843	57,398,150	59,369,590
New Sinking Fund (1928)	32,500,000	14,121,405	22,425,351	150,547	340,548
Total (including New Sinking Fund)		580,423,745	602,150,194	57,548,697	59,710,638

The aggregate revenue and expenditure to December 3, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1ST TO DECEMBER 3RD, 1932.
(000's omitted.)

	£		£
Expenditure	519,964	Revenue	364,577
New Sinking Fund	14,121	Decrease in balances	3,494
		Gross increase in borrowings	£342,047
		Less—	
		Exchange Equalisation Fund Investment	£150,000
		Loans to Road Fund	7,083
		War Loan Conversion bonus	18,950
		Net borrowing	£176,033
	534,085		166,014
			534,085

POSITION OF THE FLOATING DEBT.

	Dec. 5, '31.	Mar. 31, '32.	Dec. 3, '32.	Dec. 3, '32.
Ways and Means Advances Out-standing	2,500,000	2,500,000	2,500,000	2,500,000
Advances by Bank of England	50,600,000	7,500,000	21,250,000	+21,250,000
Advances by Public Departments	60,600,000	31,200,000	31,200,000	+24,700,000
Treasury Bills outstanding	687,600,000	604,455,000	877,860,000	+1,240,000
Total Floating Debt	720,700,000	611,955,000	930,310,000	+44,710,000

* Includes £19,000, the proceeds of which were not carried to the Exchequer until the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £55,000,000 in Treasury Bills were opened on December 2, 1932, and the total amount applied for was £91,375,000. Tenders were accepted for bills at three months, dated Monday at £99 15s. 8d., about 89 per cent., and Tuesday to Saturday at £99 15s. 8d. and above in full. The amount allotted was £55,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Nov. 11	50,000,000	74,225,000	0 14 11.17
Nov. 18	60,000,000	80,490,000	0 17 7.24
Nov. 25	60,000,000	74,465,000	1 2 4.44
Dec. 2	55,000,000	91,375,000	0 17 4.67

The Bankers' Gazette.

BANK OF ENGLAND.

Return for week ended Wednesday, December 7, 1932.

ISSUE DEPARTMENT.

	£		£
Notes Issued:—		Government Debt	11,015,100
In Circulation	365,662,242	Other Government Securities	253,514,092
In Banking Department	48,759,855	Other Securities	6,656,980
		Silver Coin	3,813,828
		Amount of Fiduciary Issues	275,000,000
		Gold Coin and Bullion	139,422,097
	£414,422,097		£414,422,097

BANKING DEPARTMENT.

	£		£
Proprietors' Capital	14,553,000	Government Securities	85,844,010
Reserve	3,320,984	Other Securities:—	
Public Deposits	8,522,323	Discounts and Advances	£11,807,235
Other Deposits	£104,251,534	Securities	£17,725,102
Other Accounts	£34,453,659	Notes	29,532,337
	138,705,230	Other Securities	48,759,855
7-Day and other Bills	1,655	Gold and Silver Coin	96,969,990
	£165,103,192		£165,103,192

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

Both Departments.	Amount, Dec. 7, 1932.	Inc. or Dec. on Last Week.		Inc. or Dec. on Last Year.	
		£	%	£	%
Note circulation	365,662,242	+ 6,818,994	+ 1.9	+ 6,812,041	+ 1.9
Public deposits	8,522,323	+ 1,625,122	+ 19.1	+ 2,151,558	+ 25.3
Bankers' deposits	104,251,534	+ 13,719,949	+ 13.2	+ 29,111,759	+ 28.0
Other deposits	34,453,659	+ 2,610,294	+ 7.6	+ 4,089,603	+ 11.9
Seven-day bills	1,655	+ 85	+ 5.2	+ 144	+ 8.7
Total, outside liabilities	512,891,450	+ 16,303,612	+ 3.2	+ 29,682,783	+ 5.8
Capital and rent	17,873,984	+ 30,587	+ 0.2	+ 1,982	+ 0.0
Government debt and securities	350,373,202	+ 16,952,613	+ 4.8	+ 34,146,564	+ 9.8
Discounts and advances	11,807,235	+ 59,799	+ 0.5	+ 743,440	+ 6.3
Other securities	24,382,082	+ 526,254	+ 2.2	+ 23,361,596	+ 9.6
Silver coin in issue department	3,813,828	+ 2,909	+ 0.0	+ 232,574	+ 6.1
Coin and bullion (bank's reserve)	140,389,087	+ 29,099	+ 0.0	+ 18,871,847	+ 13.4
Reserve of notes and coin in banking department	49,726,845	+ 6,848,093	+ 13.8	+ 12,059,806	+ 24.3
Proportion of reserve to outside liabilities					
(a) Banking Department only ("proportion")	33½%			+ 3½%	
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%			+ 24%	

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Nov. 2	414,422	361,472	7,018	102,672	34,898	Nil	2
" 9	414,422	361,210	20,498	79,758	33,857	Nil	2
" 16	414,422	359,397	20,447	82,500	33,198	Nil	2
" 23	414,422	357,847	26,531	78,082	33,742	Nil	2
" 30	414,422	358,843	10,147	90,532	37,064	Nil	2
Dec. 7	414,422	365,662	8,522	104,251	34,454	Nil	2

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			Reserve and "Proportion."	Ratio.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion Ratio.	and Reserve	Govt. Securities.	Discounts & Advances.	Other Securities.		
1932.									
Nov. 2	259,190	12,003	140,460	27½	78,813	11,954	17,536	53,988	41½
" 9	259,156	12,031	140,443	28½	68,053	11,799	17,787	54,233	37½
" 16	265,092	6,094	140,453	28½	68,563	11,795	17,476	56,055	40½
" 23	265,006	6,182	140,426	28½	68,582	11,958	18,021	57,578	41½
" 30	264,549	6,634	140,418	28½	68,872	11,867	18,274	56,575	41½
Dec. 7	264,529	6,657	140,389	27½	85,844	11,807	17,725	49,727	33½

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to November 23	24,836,476	1,440,418	2,397,655	28,674,549
Week ended November 30	562,056	28,764	44,930	635,750
Week ended December 7	773,122	38,334	61,931	873,369
Total to date, 1932	26,171,654	1,507,516	2,504,498	30,183,668
Total to date, 1931	30,421,758	1,573,748	2,595,828	34,591,334
Increase or decrease in 1932	-4,250,104	-65,232	-91,330	-4,407,666
	= 14.0%	= 4.1%	= 3.5%	= 12.8%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1932	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	-6,966,769	-144,294	-211,422	-7,322,485
	= 17.9%	= 7.9%	= 7.1%	= 17.8%

PROVINCIAL CLEARING RETURNS (000's omitted.)

No. of working days	Week ended December 3.		Month of November.			Aggregate Totals January 1 to December 3.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
	£	£	£	£	%	£	£
BIRMINGHAM	3,007	2,772	8,346	8,909	+ 6·7	103,607	105,058
BRADFORD	885	1,053	3,355	3,317	- 4·1	35,269	37,242
BRISTOL	1,134	1,153	4,563	5,036	+10·3	53,464	55,321
DUBLIN	4,843	7,174				234,323	253,003
HULL	760	628	2,915	2,861	- 1·8	34,075	33,538
LEEDS	877	854	3,331	3,166	- 4·9	40,357	39,574
LIVERPOOL	800	654	2,628	2,589	- 1·4	28,627	30,310
MANCHESTER	6,833	6,163	23,619	25,992	+10·0	269,737	278,291
NOTTINGHAM	10,723	10,751	38,552	40,029	+ 4·3	433,863	452,926
NEWCASTLE	1,548	1,680	5,044	6,038	+19·7	60,380	60,489
NOTTINGHAM	543	559	1,799	1,763	- 2·0	21,080	21,095
SHEFFIELD	951	864	2,870	2,882	+ 0·4	35,486	33,969
Total	32,864	34,305	96,822	102,482	+ 5·8	1,352,268	1,400,816

FEDERAL RESERVE MEMBER BANKS.

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

	Nov. 18, 1931.	Oct. 19, 1931.	Oct. 26, 1931.	Nov. 2, 1932.	Nov. 9, 1932.	Nov. 16, 1932.
Loans	13,442	10,632	10,516	10,441	10,425	10,343
Investments	7,560	8,499	8,602	8,585	8,601	8,604
Deposits	12,279	5,692	5,725	11,461	11,505	11,584
Due from banks	1,020	1,589	1,555	5,709	5,707	5,694
Due to banks	2,543	3,212	3,164	3,241	3,294	3,355
Federal reserve borrowings	385	94	103	105	99	98

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

	Nov. 13, 1931.	Oct. 14, 1931.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1932.	Nov. 11, 1932.
ASSETS.						
Gold coin and bullion	6,789	7,346	7,232	7,189	6,762	7,664
Subsidiary coin	394	562	569	572	568	578
Bills discounted: Domestic and Union Gov. Treas.	3,995	1,138	1,113	1,133	1,234	1,142
Bills discounted: Foreign	1,309	1,931	1,730	1,960	2,047	1,930
Investments	1,000	1,000	1,000	1,000	1,000	1,000
LIABILITIES.						
Capital	802	9	9	9	9	9
Reserve	4,435	6,524	6,153	7,365	7,355	6,593
Notes in circulation	1,442	1,171	1,585	1,042	870	1,111
Government deposits	4,795	5,097	4,154	3,790	4,274	4,978
Bankers' deposits	49.9%	60.0%	62.8%	60.1%	55.6%	63.8%
Ratio of cash reserves to liabilities to public	49.9%	60.0%	62.8%	60.1%	55.6%	63.8%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss, namely, £792,916, has been written off Reserve.

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

	Nov. 13, 1931.	Oct. 14, 1931.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1932.	Nov. 11, 1932.
ASSETS.						
Total securities	31,827.71	28,809.89	28,612.92	29,243.35	29,833.33	30,447.76
Loans	9,035.57	8,755.38	8,620.07	8,600.34	8,600.34	8,626.64
Cash credits	23,544.54	18,617.75	18,617.75	18,617.75	18,617.75	18,617.75
Inland bills	4,667.73	2,084.61	2,164.64	2,164.64	2,164.64	2,164.64
Foreign bills	30.59	18.56	21.59	20.33	19.11	18.76
Dead stock	2,743.34	2,665.52	2,670.03	2,670.03	2,670.03	2,670.03
Bal. with other banks	16.74	8.94	11.37	4.51	12.12	26.70
Cash	9,142.21	23,966.62	26,450.20	27,017.73	25,209.92	24,691.17
LIABILITIES.						
Capital paid up	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00
Reserve	5,425.00	5,150.00	5,150.00	5,150.00	5,150.00	5,150.00
Total deposits	70,304.04	76,740.03	74,161.36	74,301.57	72,801.01	73,086.65
The above includes—						
Deposits in London	820	1,225	1,258	1,219	1,254	1,363
Advances in London	810	1,378	1,384	1,356	1,327	1,328
Cash, &c., at other Banks in London	128	66	88	37	94	195

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

	Dec. 4, 1931.	Nov. 10, 1931.	Nov. 18, 1931.	Nov. 25, 1931.	Dec. 2, 1932.
ASSETS.					
Gold	67,953,568	83,233,443	83,308,287	83,341,562	83,359,066
Foreign assets	16,159,339	2,988,362	2,968,146	2,968,091	3,127,490
Bills, &c.	8,286,522	1,930,837	1,917,659	1,884,598	...
Home bills	6,291,780	2,581,828	2,473,950	3,265,872	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,844,087	2,546,074	2,510,094	2,500,126	2,595,514
Other advances	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Negotiable bonds	5,710,814	6,162,801	5,882,193	5,807,968	...
LIABILITIES.					
Notes in circulation	83,021,962	82,313,227	81,604,937	81,536,473	83,200,287
Public deposits	6,339,548	3,949,427	3,259,722	2,930,673	2,930,673
Private deposits	22,969,809	20,492,144	21,313,686	22,670,187	21,157,299
Other liabilities	3,179,609	2,721,901	2,372,877	2,451,777	...

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

	Nov. 30, 1931.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1932.
ASSETS.				
Gold	1,004,928	825,152	818,610	827,229
Of which deposited abroad	80,388	65,369	67,931	67,924
Reserve in foreign currencies	170,270	140,536	114,808	109,745
Bills of exchange and cheques	3,957,065	2,857,645	2,535,757	2,765,088
Silver and other coin	107,258	237,776	303,997	192,466
Notes of other German banks	4,171	10,441	303,997	192,466
Advances	254,274	95,312	13,449	3,341
Investments	102,885	394,885	366,011	206,964
Other assets	871,065	759,351	778,993	394,932
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserves	337,331	417,426	417,426	417,426
Notes in circulation	4,640,603	3,413,583	3,306,251	3,531,157
Other daily maturing obligations	508,086	357,645	429,025	418,125
Other liabilities	835,896	746,444	743,885	747,012
Cover of note circulation	25.4%	27.2%	28.2%	26.5%

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

	Position, May 30, 1914.	Dec. 3, 1931.	Nov. 8, 1931.	Nov. 17, 1931.	Nov. 24, 1931.	Dec. 1, 1932.
ASSETS.						
Gold	232,650	2,557,582	2,612,769	2,614,173	2,607,553	2,600,173
Foreign bills and balances abroad	697,600	34,520	63,647	65,222	65,934	65,604
Securities	...	928,384	692,123	689,367	689,776	674,767
LIABILITIES.						
Notes in circulation	934,150	3,586,326	3,657,244	3,625,716	3,623,388	3,682,068
Current account	112,125	266,346	138,997	178,431	197,070	116,193

(a) In thousand francs.

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

	Position, May 30, 1914.	Dec. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.	Nov. 26, 1931.	Dec. 3, 1932.
ASSETS.						
Gold	22,771	132,121	150,360	150,270	150,250	149,940
Reserve	29,785	85,428	85,500	85,500	85,500	85,500
Discounts, advances, and other investments	77,667	85,428	85,500	85,500	85,500	85,500
Foreign bills	...	...	...	...	...	...
Other assets	...	...	...	...	...	...
LIABILITIES.						
Notes in circulation	109,499	238,229	214,920	211,030	207,530	205,490
Deposits and bills payable	112,125	33,220	29,680	30,030	32,540	32,400

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

	Position, May 31, 1914.	Nov. 30, 1931.	Nov. 7, 1931.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1932.
ASSETS.						
Gold	171,175	2,200,925	2,637,509	2,637,513	2,552,730	2,552,730
Foreign bills and balances abroad	...	131,069	43,977	41,188	96,726	73,318
Discounts	...	30,666	14,177	15,010	14,709	15,563
Advances	103,000	53,287	50,234	41,869	39,656	43,141
LIABILITIES.						
Notes in circulation	275,925	1,476,529	1,525,151	1,496,099	1,480,588	1,534,607
Deposits	33,750	953,176	1,223,726	1,247,160	1,229,228	1,157,003

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

	Dec. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.	Nov. 26, 1931.	Dec. 3, 1932.
ASSETS.					
Gold reserve	205,792	205,970	205,971	205,971	205,971
Government securities—Swedish	4,131	238,364	238,364	238,364	238,364
Other Swedish bonds quoted on foreign bourses	...	...	...	...	...
LIABILITIES.					
Notes in circulation	542,889	526,085	498,805	478,058	540,896
Government deposits	143,933	81,539	158,689	203,111	197,132
Private deposits	31,716	143,305	108,436	107,793	85,068

† The sum of the items "Bills payable in Sweden" and "Advances" excludes advances and cash credits which are not available as cover for the note issue.

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

	Position, May 31, 1914.	Nov. 30, 1931.	Nov. 15, 1931.	Nov. 22, 1931.	Nov. 30, 1932.
ASSETS.					
Coin and bullion—Gold	44,224	118,075	144,257	144,257	144,257
Balance abroad and foreign bills	28,533	8,312	24,061	24,079	23,220
Norwegian and Foreign Government securities	8,816	33,682	26,773	27,238	27,238
Discounts and loans	76,911	235,796	255,577	255,389	253,918
LIABILITIES.					
Notes in circulation	113,484	288,165	296,051	293,854	300,838
Deposits at sight	7,188	87,513	89,180	89,871	81,604

* Includes an amount of Kr. 26,017,000, which the Bank has at its free disposal abroad.

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

	Position, May 30, 1914.	Nov. 30, 1931.	Aug. 31, 1931.	Sept. 30, 1931.	Oct. 31, 1931.	Nov. 30, 1932.
ASSETS.						
Coin and bullion	76,644	144,267	133,204	133,203	133,201	133,198
Loans and discounts	88,470	184,807	161,369	166,194	133,759	116,168
Debtors abroad	24,102	36,293	45,055	46,494	52,414	33,886
Securities	11,988	51,062	63,403	62,859	86,360	121,053
LIABILITIES.						
Circulation	157,266	339,669	308,010	315,370	332,830	318,284
Deposits	6,698	48,616	70,711	69,286	76,351	105,391

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

	Position, May 30, 1914.	Dec. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.	Nov. 26, 1931.	Dec. 3, 1932.
ASSETS.						
Gold	521,775	2,246,873	2,258,171	2,258,218	2,258,218	2,258,218
Silver	728,600	200,699	566,669	2,590,790	598,082	599,180
Loans & Discounts	800,725	3,324,027	2,896,087	2,590,790	2,801,142	2,801,142
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Adv. to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Notes in circulation	901,550	5,000,680	4,920,482	4,860,305	4,802,263	4,840,434
Deposits	477,500	1,123,134	952,747	962,853	975,443	938,708

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

	Oct. 12, 1931.	Oct. 19, 1931.	Oct. 26, 1931.	Nov. 2, 1931.	Nov. 9, 1931.	Nov. 16, 1931.
ASSETS.						
Gold	398,648	398,991	400,154	400,154	400,154	400,154
Foreign bills and balances abroad	554,062	551,413	564,977	564,977	564,977	564,977
Discounts	337,382	337,126	337,126	337,126	337,126	337,126
Government loans	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029	1,058,029
LIABILITIES.						
Notes in circulation	1,933,134	1,910,003	1,906,217	1,902,361	1,940,588	1,925,696
Government deposits	45,530	55,031	61,367	66,454	52,869	72,913
Bankers' deposits	251,772	265,965	244,787	264,282	272,131	275,759
Other deposits	41,443	37,232	32,126	28,297	26,202	26,738

* In dollar and sterling only. † In accordance with Art. 53 of the Statutes.

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

	Nov. 30, 1931.	Nov. 7, 1931.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1932.
ASSETS.					

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia.....	1½ dis.	1½ dis.	1½ dis.	2½ dis.	3½ dis.
South Africa.....	£68½	£68½	£69½	£69½	£70½

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia.....	£ s. d.	£ s. d.
South Africa.....	99 16 3	99 15 0
	67 11 3	67 10 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador.....	Sucres to £.....	24.3325	Sight London	19.51½
Venezuela.....	Bolivares to £.....	25.2215	"	20.15
Colombia (Bogota).....	Pesos to £.....	5	"	3.42½
Nicaragua.....	Corobas to £.....	4.8665	"	(a)
Salvador.....	Colonos to £.....	9.73	"	(a)
Bolivia.....	Bolivianos to £.....	13.33	90 days	7.99
Guatemala.....	Quoted in New York.			(a)

(a) No rates available. (f) Rates calculated on basis of New York cross rates. † Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.				Australia and New Zealand on London.*			
Buying.		Selling.		Buying.		Selling.	
Aus. tra.	New Zealand.	Aus. tra.	New Zealand.	Aus. tra.	New Zealand.	Aus. tra.	New Zealand.
T.T.	126½	111½	125½	109½	125½	110	110
Sight	126½	111½	125½	109½	125½	109½	109½
30 days ..	127½	112½	126½	110½	126½	110½	110½
60 days ..	127½	112½	126½	110½	126½	110½	110½
90 days ..	128½	113½	127½	111½	127½	111½	111½

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

INDIA: REMITTANCES TO THE HOME TREASURY.

	Week ending Dec. 3, 1932.	Apr. 1 to Dec. 3, 1932.
Sterling purchased in India.....	2,316,000	22,479,000
Sterling taken over in London.....	...	715,000
Net transfer to Home Treasury.	...	...
From paper currency reserve in England.....	...	...
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve.....	...	—3,750,000

Net remittances to Home Treasury..... 2,316,000 19,444,000
India Office, S.W.1, Dec. 7, 1932.

BULLION.

The following statistics of imports and exports of gold for week ended December 8, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.			Exported from Great Britain and Northern Ireland.		
From	Bullion.*	Coin.†	To	Bullion.*	Coin.†
Poland.....	£	£	Germany.....	£	£
Egypt.....	89,571	8	Netherlands.....	2,710	5,800
Iraq.....	25,886	...	Belgium.....	368,542	108,433
British W. Africa.....	1,649,673	...	France.....	360,058	135,164
Anglo-Egyptian Sudan.....	6,335	...	Switzerland.....	1,043	13,200
British India.....	787,081	21,101	Greece.....	5,978,579	2,000
Straits Settlements.....	48,773	...	Other Countries.....	410	5,000
New Zealand.....	44,341	...			
Other countries.....	4,743	2,503			
Total declared value.....	2,636,403	23,621	Total declared value.....	6,387,442	2,695,597

* At current market price.

† At par.

Messrs Samuel Montagu and Company write on December 7 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,422,094 on the 30th ult., and showed no change as compared with the previous Wednesday. Fair amounts of gold have been on offer in the open market; some purchases were made for the Continent, but most of the available supplies were again secured for a destination not disclosed.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
December 1.....	127s. 8½d.	13s. 3.65d.
" 2.....	127s. 3d.	13s. 4.23d.
" 3.....	129s. 4½d.	13s. 1.59d.
" 5.....	130s. 0½d.	13s. 0.79d.
" 6.....	129s. 2d.	13s. 1.85d.
" 7.....	128s. 1d.	13s. 3.19d.
Average.....	128s. 7.3d.	13s. 2.55d.

Exceptionally large shipments of gold, amounting to about £2,600,000 were made from India last week. The s.s. "President Harrison" has £1,826,000 and £18,000 consigned to New York and Marseilles respectively; the s.s. "Corfu" carried £355,000 consigned to London and £14,000 to New York; the s.s. "City of Simla" has £75,000 and the s.s. "Clan Murray" £300,000, both these shipments being for London.

SILVER.

Influenced by prevailing conditions, the market has continued quiet and unsettled. Re-selling by the Indian bazaars on a poorly supported market caused falls of respectively ½d. and ¼d. in the cash and two months' prices on the 1st inst., when quotations were fixed at 17½d. and 17¼d. Subsequent movements were very small, further sales from India being offset by China buying, which imparted a little steadiness. America has been more inclined to sell.

Definite indications as to tendency are still lacking as the present uncertainty tends to restrict business.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 28th ult. to mid-day on the 5th inst.:—

IMPORTS.		EXPORTS.	
Poland (including Danzig).....	£ 20,979	Poland.....	£ 22,800
Germany.....	22,130	Czechoslovakia.....	51,800
France.....	6,736	China.....	144,470
British West Africa.....	5,700	French Possessions in India.....	8,000
Japan.....	37,761	Germany.....	2,440
Australia.....	14,173	Other countries.....	5,577
Other countries.....	1,332		
	108,811		235,087

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std. delivery.	Cash	Two Months' delivery.	Cents per ounce .999 fine.
December 1.....	17½d.	17½d.	November 30 ... 25½
" 2.....	17½d.	17½d.	December 1 25½
" 3.....	17½d.	17½d.	" 2 25
" 5.....	17½d.	17½d.	" 3 25½
" 6.....	17½d.	17½d.	" 5 25½
" 7.....	17½d.	17½d.	" 6 25½
Average.....	17.594d.	17.677d.	

The highest rate of exchange on New York recorded during the period from the 1st inst. to the 7th inst. was \$3.25½ and the lowest \$3.16½.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Nov. 30.	Nov. 22.	Nov. 15.
Notes in circulation.....	17,563	17,563	17,563
Silver coin and bullion in India.....	11,297	11,296	11,354
Gold coin and bullion in India.....	1,175	1,163	1,163
Securities (Indian Government).....	5,091	5,104	5,046

The stocks in Shanghai on the 3rd inst. consisted of about 136,200,000 ounces in sycee, 225,000,000 dollars and 4,560 silver bars, as compared with about 132,900,000 ounces in sycee, 228,000,000 dollars and 4,040 silver bars on the 26th inst.

GOLD AND SILVER PRICES.

Gold		Silver—		Date.	
Per Ounce.		Per Ounce.			
		Cash.	Forward.		
1932.					
Dec. 2.....	127 3	17½	17½	Dec. 10, 1926	24½
" 3.....	129 4½	17½	17½	" 9, 1927	26½
" 5.....	130 0½	17½	17½	" 13, 1928	26½
" 6.....	129 2	17½	17½	" 12, 1929	22½
" 7.....	128 1	17½	17½	" 11, 1930	15½
" 8.....	126 8	17½	17½	" 10, 1931	20½

NOTICES.

Barclays Bank, Ltd., announce the opening of a new branch at 7 The Broadway, Beckenham.

Westminster Bank, Ltd., announce that Sir Montagu Turner has intimated his intention of retiring from the position of joint deputy chairman of the bank on December 31st next, and that the Hon. Walter Durant Gibbs has been elected to fill the vacancy.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben-ture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia-tion, &c.	Balance Forward.	Net Profit.	Divi-dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
			£	£	£	£	%	£	£	£	%
Banks.											
Bank of London and South America	Sept. 30	186,343	312,108	498,451	...	106,200	3	200,000	192,251	331,898	5
British Overseas Bank	Oct. 31	59,707	111,791	171,498	...	60,000	{ 6A NilB	50,000	61,498	166,131	{ 6A 2B
Commercial Bank of Scot-land	Oct. 31	75,770	377,061	452,831	...	{ 210,000 37,500	{ 16A 10B	130,000	75,331	385,736	{ 16A 10B
Breweries.											
Ashby's Staines Brewery ...	Sept. 30	34,351	30,329	64,680	5,625	16,875	7½	7,505	34,675	36,849	10
Benskin's Watford Brewery	Sept. 30	107,995	146,736	254,731	19,500	50,000	10	50,000	135,231	215,674	11½
Fremains, Ltd.	Sept. 30	33,014	62,875	95,889	26,250	26,250	7½	10,000	33,389	74,315	9
Ind. Coope and Co.	Sept. 30	273,177	209,511	482,688	29,814	124,576	19	19,400	308,898	280,666	22½
Leeds & Wakefield Breweries	Sept. 30	28,197	27,697	55,894	14,500	6,000	3	5,320	30,074	38,241	8
Massey's Burnley Brewery	Oct. 31	15,316	Dr. 7,899	7,417	...	...	...	...	7,417	9,436	...
Phipps (P.) and Co.	Sept. 30	69,647	91,228	160,875	8,750	66,410	10½	10,000	75,715	115,625	12½†
Showell's Brewery Co.	Oct. 1	15,833	32,239	48,072	13,800	16,000	20	...	18,272	35,918	22½
Starkey, Knight and Ford...	Sept. 30	26,057	47,654	73,711	6,000	36,500	13½†	10,000	31,211	59,870	16½†
Warwicks and Richardsons..	Sept. 30	27,152	72,128	99,280	15,000	21,000	7	10,000	33,280	72,346	13
Wenlock Brewery Company	Oct. 31	127,210	54,246	181,456	7,500	37,500	12½†	17,807	118,649	90,527	15†
Wolverhampton and Dudley Breweries.....	Sept. 30	114,240	172,853	287,093	5,250	89,750	17½	80,000	112,093	200,566	20
Younger (Robert), Ltd.	Sept. 30	16,649	13,713	30,362	5,000	8,000	10†	...	17,362	17,701	10†
Financial Land & Investment.											
Government and General Investment	Nov. 30	360	7,981	8,341	4,222	4,119	6	...	...	14,662	14½
Manbre Estates	Apr. 30	Dr. 18,586	Dr. 3,583	Dr. 22,169	...	...	...	...	Dr. 22,169	...	...
Tube Investments.....	Oct. 31	74,997	201,854	276,851	43,495	150,549	8	...	82,807	239,422	8
Hotels, Restaurants, &c.											
Aerated Bread Co.	Oct. 1	53,449	107,789	161,238	23,969	46,875	5	50,000	40,394	104,665	5
Iron, Coal and Steel.											
Bertrams, Limited	Sept. 30	1,487	6,334	7,821	...	2,531	7½	3,000	2,290	1,693	7½
Broomhill Collieries	June 30	48,278	11,325	59,603	7,744	...	...	20,000	31,859	24,564	2½
Blaenavon Co.	Sept. 30	Dr. 76,882	4,443	Dr. 72,439	...	...	...	...	Dr. 72,439	11,630	...
Cargo Fleet Iron Co.	Sept. 30	187,904	26,852	214,756	...	...	...	25,000	214,756	46,473	...
Dorman Long and Co.	Sept. 30	101,407	1,198	102,605	...	...	...	Dr. 119,344	Dr. 387,768	Dr. 277,543	...
Instone (S.) and Co.	June 30	141,962	33,262	175,224	18,000	10,500	3	5,000	141,724	65,068	4
South Durham Steel & Iron	Sept. 30	52,108	Dr. 47,538	4,570	...	...	...	...	4,570	4,850	...
Thornycroft (John I.) & Co.	July 31	20,337	61,795	82,132	30,000	13,500	6	20,000	18,632	68,560	6
Weardale Steel, Coal, &c. ...	Sept. 30	20,337	61,795	82,132	...	...	...	...	...	...	...
Motor and Cycle.											
Halford Cycle Co.	Oct. 29	22,325	22,882	45,207	...	21,658	15	1,000	22,549	28,554	17½
Rudge-Whitworth, Limited	Aug. 31	40,268	Dr. 33,667	6,601	...	...	...	...	6,601	...	...
Triumph Company	Aug. 31	20,637	Dr. 145,857	Dr. 125,220	1,219	...	...	Dr. 126,439	...	10,354	...
Oil.											
Anglo-Ecuadorian Oilfields	June 30	34,902	72,669	107,571	...	39,375	3½	30,596	37,600	Dr. 42,720	Nil
British Burmah Petroleum	July 31	5,971	44,110	50,081	...	...	...	41,562	8,519	124,935	5d. ps.
Steaus Romana (British)....	June 30	36,013	84,606	120,619	...	60,000	4	30,000	30,619	66,877	4
Tampico Oil.....	June 30	Dr. 767	109	Dr. 658	...	...	...	...	Dr. 658	Dr. 296	...
Rubber.											
Djasinga Rubber and Produce	June 30	Dr. 8,036	Dr. 11,979	Dr. 20,015	...	...	...	...	Dr. 20,015	Dr. 20,418	...
King Lee (Perak) Plantations	Aug. 31	1,652	930	2,582	...	812	2½	...	1,770	139	...
Kuala Lumpur Rubber	Aug. 30	26,656	Dr. 6,196	20,460	...	...	...	...	20,460	836	...
Ledang Bahrur	July 31	...	Dr. 600	Dr. 600	...	...	...	Dr. 600	...	...	...
Lumut Rubber	Sept. 30	26,121	1,443	27,564	...	3,965	2½	Dr. 2,750	26,349	4,159	2½
Rubber Estates of Malaya...	Sept. 30	Dr. 4,495	352	Dr. 4,143	...	...	...	...	Dr. 4,143	Dr. 5,376	...
Sungei Kari Rubber	June 30	Dr. 2,477	Dr. 3,385	Dr. 5,862	...	...	...	...	Dr. 5,862	Dr. 26,113	...
United Temiang Rubber ...	July 31	11,047	Dr. 806	10,441	...	...	...	Dr. 2,000	12,441	Dr. 4,155	...
Shipping.											
Orient Steam Navigation ...	June 30	153,321	Dr. 41,130	112,191	41,130	...	...	...	71,061	86,284	5†
Shops and Stores.											
Finlay and Co.	Sept. 30	26,635	38,032	64,667	1,875	26,250	10	8,500	28,042	40,286	11
Harrods (Buenos Aires)	Aug. 31	...	50,073	50,073	...	12,656	5(†)	...	37,417	72,308	5(†)
South American Stores (Gath and Chaves)	Aug. 31	...	39,531	39,531	...	...	...	...	39,531	Dr. 98	...
Tea.											
Rajawella Produce Co.....	June 30	896	4,017	4,913	4,500	...	...	...	413	4,883	...
Scottish Tea and Lands.....	June 30	17,277	14,639	31,916	...	16,875	5	...	15,041	42,067	12
Textiles.											
Shannon (John) and Son ...	Oct. 31	19,949	(m)16,177	36,126	...	11,324	...	1,000	23,802	21,534	...
Tramways and Omnibuses.											
Belfast Omnibus Co.	Sept. 30	653	38,071	38,724	...	4,498	2½	32,968	1,258	39,254	2½
Cears Tramway, &c.	June 30	9,543	Dr. 533	9,010	...	...	...	5,000	4,010	3,327	...
East Kent Road Car	Sept. 30	6,275	36,555	42,830	13,000	21,000	6	1,000	7,830	28,112	6
Trusts.											
London Scottish American Trust.....	Oct. 31	94,048	56,916	150,964	16,875	37,500	10	...	96,589	70,108	12½
Scottish Investment Trust	Nov. 1	26,402	76,021	102,423	50,625	18,750	10	15,000	18,048	90,816	17½
Other Companies.											
Agar, Cross and Co.....	June 30	14,812	Dr. 354,758	Dr. 339,946	24,500	...	...	...	Dr. 371,500	7,054	Dr. 235,986
Agua Santa Coffee Co.	Dec. 31	14,781	3,545	18,326	...	...	...	...	Dr. 1,200	19,526	Dr. 15,046
Associated Brick & Tile Wks.	Sept. 30	6,165	4,523	10,688	4,301	...	...	...	...	6,387	4,835
Baird (Hugh) and Sons	Aug. 31	3,559	Dr. 2,431	1,128	3,000	...	...	...	Dr. 2,500	628	7,020
Bergo (Lewis) and Sons.....	July 31	68,519	57,323	125,842	28,000	26,364	5	...	71,478	30,978	Nil
Blackpool Tower Co.....	Oct. 31	32,567	85,094	117,661	1,800	54,141	17½	25,000	36,720	85,208	17½
Bristol Industries	Oct. 31	6,535	13,563	20,098	3,940	6,416	4	2,500	7,242	13,059	4
Dick (R. and J.).....	Aug. 31	13,196	10,286	23,482	14,625	...	...	...	...	8,857	15,728
Foster Clark, Ltd.....	Sept. 29	63,361	115,850	179,211	7,500	78,750	22½	25,648	67,313	135,984	22½
Greenwich Inlaid Linoleum	Sept. 30	15,250	27,844	43,094	6,000	22,570	6	2,500	12,024	32,931	6
Ilford, Limited	Oct. 31	149,558	104,682	254,240	43,900	34,452	6	150,000	25,888	100,546	7½
Kia Ora Ltd.	Sept. 30	6,091	23,982	30,073	...	20,500	5	5,000	4,573	30,052	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS—Continued.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.		Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.				
					Amount	Amount.	Rate.		£	%
Other Companies—Cont.										
London Palace (1921)	Mar. 25	Dr. 2,226	Dr. 11,079	Dr. 13,305	£	£	%	£	£	%
Low Temp. Carbonisation	Oct. 31	Dr. 21,047	15,139	Dr. 5,908	...	...	...	Dr. 13,305	Dr. 10,188	...
Manbre and Garton	Sept. 30	184,012	288,042	472,054	35,000	{ 143,333 12½(a) 86,000 57(b) }	...	10,000	197,721	764
Marco Refrigerators	Sept. 30	Dr. 12,316	841	Dr. 11,475	...	...	...	...	326,167	{ 14a 68½b }
Pound (John) and Co.	Aug. 31	2,643	1,992	4,635	2,344	...	...	Dr. 11,475	Dr. 5,181	...
Power Gas Corporation	Sept. 30	9,389	14,752	24,141	...	...	...	2,291	5,059	...
Santa Cruz Coffee Co.	Dec. 31	Dr. 16,667	5,438	Dr. 11,229	...	12,000	4	2,000	10,141	6
Sunlight Laundries	Nov. 30	8,369	45,200	53,569	12,445	12,500	16½	Dr. 11,229	Dr. 29,940	18½
Sussex Brick Co.	Sept. 30	10,889	18,677	29,566	9,000	9,000	6	4,000	24,034	6
United Match Industries ..	Oct. 31	Dr. 43,512	16,155	Dr. 27,357	...	...	...	Dr. 27,357	Dr. 9,966	...
Valparaiso (Chile) Drainage	Mar. 31	17,979	Dr. 6,564	11,415	...	...	...	7,566	15,600	...
Viking Whaling Co.	Oct. 31	50,328	Dr. 9,470	40,858	2,674	...	...	3,640	187,209	12
Waterlow and Sons	Sept. 30	26,286	73,387	99,673	56,700	17,250	2½†	...	87,485	7½†

(a) Ordinary.

(b) Deferred.

† Free of income tax.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
TEA AND RUBBER.					
Hope Tea	2½*	...	Less tax	...	...
Luxur Rubber	5*	...	Less tax	2½	2½
Standard Tea of Ceylon	5*	...	Less tax	...	...
Telbedde Ceylon Estates	4*	...	Less tax	...	...
MINING.					
Blackwater Mines	5*	Dec. 31	Tax free	6d. ps.	Nil
Consolidated Gold Fields of N.Z.	...	Jan. 2	Tax free	12½	Nil
Lulpaards Veld	...	...	...	...	...
OTHER COMPANIES.					
Barclay, Perkins and Co.	2*	...	Less tax	...	...
Belfast Omnibus	...	...	Less tax	2½	2½
Bertrams	...	...	Less tax	7½	7½
Boots Pure Drug	6*	Dec. 31	Less tax	...	...
Chinese Engineering	5*	...	Tax free	7	2½
Finlay (James) and Co.	4*	...	Less tax	...	...
Fortnum and Mason	5*	...	Less tax	8	...
General Securities Investment ..	2*	Dec. 15	Less tax	...	...
Lipton, Ltd.	7½*	...	Less tax	...	...
Marks and Spencer "A"	10*	...	Less tax	...	...
Meadow Dairy	6*	...	Less tax	...	...
Met. Ry. Country Estates	...	...	Less tax	4	...
Mitchells and Butlers	4*	Jan. 5	Tax free	...	8
Oldham's Cape Breweries	3*	Jan. 9	Less tax 2/6 in £	...	...
Scribbans and Co., Ord.	5*	...	Less tax	...	...
Do., deferred	14-16*	...	Less tax	...	...
Sheffield Pure Ice	5*	...	Less tax	...	...
Whitehead Iron and Steel	5*	...	Less tax	...	...

SUMMARY OF BALANCE SHEETS.

BRITISH OVERSEAS BANK, LIMITED.			
LIABILITIES.		ASSETS.	
Oct. 31, 1931.	Oct. 31, 1932.	Oct. 31, 1931.	Oct. 31, 1932.
£	£	£	£
"A" ord. shares, 1,000,000	1,000,000	Cash	196,843
"B" ord. shares, 1,000,000	1,000,000	Money at call and notice	252,400
Current, deposit, and other accs., 3,046,880	2,531,990	Balances with bankers abroad	595,791
Owing to subsidiaries	100	Bills discounted	192,830
Reserve fund	225,000	Government securities	469,629
Acceptances	4,277,291	Investments in subsidiary cos.	450,467
Profit and loss	59,707	Other investments, including shareholding interests in foreign banks	56,925
		Bankers' industrial development	100
		Advances	1,981,370
		Owing from subsidiaries	52,191
		Acceptances	4,277,291
		Bank premises	335,737
Total	9,608,978	Total	9,608,978

REPORTS AND NOTICES.

INSURANCE.

BRITISH OAK INSURANCE COMPANY, LTD.—The directors of the British Oak Insurance Company, Ltd., desire to state that there is no connection whatever between this company and the Hearts of Oak Assurance Company, Ltd. No statement to that effect has been made at any time in the *Economist*.

MISCELLANEOUS.

BRITISH TAR PRODUCTS, LTD.—The report for year ended September 30, 1932, shows that this company has increased its investments from £77,091 at which they stood in the balance sheet last year (at cost) to £108,073. At the date of the balance sheet their market value was £101,987. The company has purchased £5,000 Southern Railway 5 per cent. debentures at par, making total investments approximately £112,000 at cost or under, and spread over thirty-three separate investments. The dividend for the year is 10 per cent. and a bonus of 5 per cent. is also paid. With regard to the balance sheet, the amount of profit for the year was £49,150. The general reserve account has been raised from £9,500 last year to £16,500 this year. Debtors stand at £70,101, against creditors £19,061. The cash in hand and at bankers is increased from £5,042 to £16,383. The usual adequate depreciation has been provided and the plant and machinery maintained in first-class order and condition.

FOSTER CLARK LTD.—The net profit for the year ended September 29, 1932, including income from investments, amounted to £115,850, compared with £135,984 for preceding year. Sales of investments during the year realised the sum of £12,757 in excess of book value, and this amount, together with £10,000 transferred from the investment reserve account, has been used to write down the book cost of investments. The ordinary shareholders again receive a dividend for the year of 22½ per cent. less tax. The sum of £10,000 is put to taxation reserve account, making this account £39,048. General reserve account receives £5,648, making it £80,000. A special provision of £10,000 is made for advertising. The sum of £67,313 is carried forward to next account, as compared with £63,361 brought in. Total assets amount to £941,650, as against £953,696 in balance sheet dated September 24, 1931. Cash stands at £78,317 compared with £63,521. Investments total £533,024, against £595,472 on September 24, 1931. Stock stands at £113,379, against £93,035. Debtors amount to £41,610, against £25,214. Goodwill remains at £100. The issued capital remains unchanged at £450,000 in ordinary shares of 10s. each £350,000 and 7½ per cent. cumulative preference shares (free of income tax up to 6s. in £) £100,000. Creditors amount to £84,010, against £63,431. Provisions for pensions amount to £42,867, against £46,372. Employees' deposit balance sheet, dated September 29th, 1932, at £193,400. The meeting will be held at Hart Street, Maidstone, on December 12th, 1932, at 12 noon.

ORIENT STEAM NAVIGATION COMPANY, LTD.—The operating profit for year ended June 30, 1932 (after charging income tax and income from investments amounted to £140,374 less loss on sale of investments £27,748, making £112,626. For the year ended June 30, 1931, the operating profit was £205,490, and there was a profit on sale of investments £100,597, making in all a profit of £306,096. The net profit of £112,626 has been transferred to depreciation on fleet. (The depreciation required by the Articles of Association is £219,810). For the previous year this amount, £219,810, was put to depreciation. The dividends on the preference shares have been provided out of the balance brought forward from previous year. No dividend is paid on the ordinary shares, against 5 per cent. free of tax in preceding year. The carry forward is

reduced from £153,321 to £71,061. The general reserve has been increased to £2,000,000 by a transference of £400,000 in repair and renewal account, and £575,000 from reserves for income tax and contingencies. Cash is higher at £282,043, against £78,565. Investments in government and other securities stand at £1,612,587, against £1,759,167.

IND COOPE AND COMPANY.—Trading profit for the year to September 30th last was £314,526, against £393,346. Net profit was £209,511, compared with £260,666. A final dividend on the ordinary shares of 9 per cent., less tax, &c., absorbs £59,010, and a bonus of 4 per cent., £26,227, making 19 per cent. for the year, against 22½ per cent. The sum of £19,400 is transferred to reserve for public-house improvements and £308,898 is carried forward, against £273,177 brought in.

ZINC CORPORATION, LTD.—Advice has been received that terms have now been settled with the labour unions at Broken Hill for a three years' agreement. These provide for a minimum wage of £4 4s. per week, to increase with any declared rise in the New South Wales basic wage over £3 16s. 6d. (now £3 10s.), and for a sliding-scale bonus when the price of lead is £16 (sterling) and over. Prior to August 26th, the New South Wales living wage was £4 2s. 6d. and the minimum wage at Broken Hill £4 10s. per week.

Commercial Reports.

MARKET SUMMARY.

Following the recent decline, the tendency of prices of the principal primary products has been irregular during the past week. The course of prices in the United States showed greater steadiness of the chief non-ferrous metals, with the exception of copper. Rubber remained unchanged at the lower level, but raw cotton continued to decline. Among cereals, the quotations for wheat, maize, oats and rye all show increases as compared with last week. On the other hand, cocoa was again cheaper, and raw sugar failed to recover. The market in coffee remained steady. Sterling prices of commodities, which lend themselves to grading and therefore to international arbitrage, moved in sympathy with gold prices. Among commodities whose value is largely determined in the British market, the restriction of supplies recently imposed by the Government. According to reports from various industrial centres, there has been a further improvement in the coal trade, and activity in the iron and steel industries records a slight, though sectional, increase. The demand for cotton and wool manufactures has been quiet, but a slight improvement has been noticeable in the rayon trade.

THE COAL TRADE.

SHEFFIELD.—No new feature has developed in the South Yorkshire coal market for a long period, although a slight increase in sales of industrial fuel is noted, and the prospects of this section of the trade appear to be improving. Association steams for export continue scarce and prices firm, with no substantial increase in quantities. Quotations are 17s. 6d. and 17s. 9d. f.o.b. The call for blast-furnace coke is a little stronger. Prices continue low, round about 10s. at ovens. There is more activity in house coal, but turnover keeps below normal. Best ordinary house commands 23s. and 24s. at pits.

GLASGOW.—Continued scarcity of supplies is the main feature of the Scottish coal market, and shipment values fully maintain recent levels. As a rule, large fuel in the Eastern districts is fully booked until the end of the year and, apart from doubles in the Lothians, washed smalls are also obtainable with difficulty. With the home demand more brisk, at firmer prices, only limited quantities came on the shipping market from the Lancashire field, and prime splint and Ell grades are notably firm. The recent quota increase has had little effect on market conditions. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 16s. 6d.—17s.; splint second, 15s. 6d.—16s.; navigation, 14s. 3d.; navigation second, 13s. 6d.; Hartley, 16s.; steam, 14s.; trebles, 15s.—16s.; doubles, 13s.—13s. 6d.; singles, 11s.; pearls, 11s.—11s. 6d.; dross, 9s. FIRE.—Screened navigation, 16s. 6d.—17s. 6d.; first-class steam, 14s.; third-class steam, 13s.; trebles, 17s.—18s. 6d.; doubles, 13s. 6d.—14s. 6d.; singles, 11s. 6d.—12s.; pearls, 10s. 6d.—11s. LOTHIANS.—Prime steam, 14s.; secondary steam, 13s. 6d.; trebles, 15s. 6d.—16s.; doubles, 12s.—12s. 6d.; singles, 11s. 3d.—11s. 6d.; pearls, 11s.—11s. 3d. Ayrshire.—Unscreened navigation, 15s.; jewel, 16s. 6d.; steam, 14s.—14s. 6d.; trebles, 15s. 6d.—16s.; doubles, 13s. 6d.; singles, 11s. 6d.; pearls, 11s.; dross, 9s.

NEWCASTLE-ON-TYNE.—The firmness of the Northumberland market for all grades above single nuts continues. Screened coal is becoming increasingly difficult to obtain, and loading turns cannot be arranged for this year. More than half of this coal is being shipped to English coasting ports, which is seasonal, but nevertheless, there is a better inquiry from abroad, and for shipment over next year, much more trade is being done with Scandinavia. The Durham position remains steady, with some prime brands of bunkers difficult to obtain for the next week or so. There is little change in the coking position, inquiry being negligible both for prompt and ahead. To-day's f.o.b. prices for export are as follows:—NORTHUMBRIA: D.C.B. screened steam, 14s. 3d.; smalls, 8s. 6d.; Howards, Bentinck, Newbiggin screened, 14s.; smalls, 8s.; Tyne prime, large, 13s. 3d.;

smalls, 9s.; Hartley Main, large, 13s.; smalls, 8s. DURHAM: Lambton, South Hetton screened steam, 15s. 6d.; smalls, 11s.; Wear Special, unscreened gas, 15s.; Holmside, Ryhope, Boldon, unscreened, 14s. 6d.; second class gas, 13s.; coking unscreened or smalls, 12s. 6d.; prime unscreened bunkers, 14s. 6d.; second-class unscreened bunkers, 13s. 3d.; prime foundry coke, 16s. 6d.; Newcastle and district gas coke, 19s.

CARDIFF.—The approach of the Christmas holidays has introduced a little more liveliness into the coal market. The tonnage position has improved, the increased import quotas recently authorised by France and Belgium, and a desire on the part of foreign consumers to obtain delivery before Christmas have all contributed to a slightly more active position. The volume of business is still considerably below normal, and the instability of sterling exchange is retarding new business, but the aggregate volume of trade is greater than it has been for some weeks past. Dry steam coals, however, are the only classes in which there is at the moment a shortage of supply. The position in the sized coal market continues favourable on the whole, though most of the business now passing in these classes is in the lower volatile grades. Smalls, generally, are firm, and washed grades are commanding in excess of the schedule prices. There is an improved demand for coke, and with expanding inquiries in the iron and steel trade, there are prospects of the re-firing of blastfurnaces. A report from Newfoundland states that a barter contract has been concluded for the exchange of 76,000 tons of pitwood for 40,000 tons of South Wales coals. Exports from the South Wales ports in November totalled 1,413,277 tons, compared with 1,242,448 tons in October, and 1,384,643 tons in the corresponding month last year. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best dries, 19s. 3d. to 19s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d. to 14s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best, large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 38s. 6d. to 45s.; rubbly culm, 8s. 6d. to 9s.; special foundry coke, 32s. 6d. to 34s.; patent fuel, 20s.; pitwood, ex ship, 24s. 6d. to 25s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland pig iron is in a strong position statistically. Current output, confined to three furnaces, is being consumed, and, in addition, substantial quantities are withdrawn from makers' stocks. There are no indications of any increase in the make at present, although it cannot be long before the position becomes one for serious consideration, particularly as the demand for iron shows indications of expanding. A steady business has been transacted during the past week, and at Tuesday's weekly market fair interest on the part of consumers was reported and a moderate turnover. Official prices were unchanged, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; No. 4 forge, 57s. per ton, with concessions for Scotland and other special cases. Hematite is a steady market. Sales have been fairly numerous at 59s. for mixed numbers, but most lots have been for early delivery, the lack of buying for forward being a disappointing feature and is difficult to understand under present market conditions. The shipments of pig iron last month were 10,145 tons, against 8,272 tons in October, and of this Scotland took 6,498 tons, against only 3,007 tons the previous month. For the first six days of this month the clearances are 1,109 tons, against 2,423 tons for the same period of November. In the finished trades there are more inquiries about, and the order for the Portuguese warships is a very substantial acquisition, providing, as it will, employment for a long period ahead. Altogether, the tone in regard to the future of the manufactured branches is very optimistic. The ore trades keep very quiet, as consumers needs are practically covered by their present commitments. Best rubio is nominally 15s. c.i.f. and the current freight Bilbao/Middlesbrough is 4s. 9d. Coke is rather firmer and some of the good medium blast-furnace qualities are now quoted at 15s. per ton delivered consumers' works. The number of furnaces in operation in the district remains at 15.

SHEFFIELD.—Business is decidedly more active in the finished branches of iron and steel, and there is a tendency to exaggerate the improvement. While the increase of orders is slight, however, the outlook for the New Year is much brighter. Fears are entertained lest the war debt crisis should check the upward tendency of trade, which is undoubtedly in actual evidence. The movement to produce Basic Bessemer steel, otherwise known as "Thomas steel" in this country will affect Sheffield only indirectly. For many years such steel has constituted a large proportion of our imports, as the material is not procurable in this country. England has specialised on the Siemens open-hearth steel. This gives good results as to quality, but costs 10s. or 12s. a ton more to produce than open-hearth. A number of local works are increasing their output in view of the approach of the end of the year. The market for ferro-alloys keeps unsettled and prices are being severely cut. Nevertheless, steelmakers cannot be persuaded to speculate. Toolmakers are moderately employed, and there has been a small monthly increase of exports of files and saws for over most of the present year. Nothing favourable can be said of cutlery and plate. This is the worst season these branches have ever experienced. A number of substantial firms have this year gone out of business.

GLASGOW.—While the expectations in regard to the improvement in the heavy steel trade have not materialised, there is more business being done than was the case a few months ago and the outlook is regarded much more favourably. The demand for home semis is increasing and there is less buying from the Continent, but there are in the hands of some users still considerable stocks of

Continental material. Sheetmakers continue well employed and bookings during the present week of both black and galvanised are satisfactory. Machinery makers and manufacturing engineers in the Glasgow district have recently secured a good deal of new work and employment shows considerable improvement.

CARDIFF.—On the Swansea Metal Exchange on Tuesday the outlook for the tinplate industry was generally regarded as considerably improved, and there are prospects of the resumption of work at some of the local steel works as well as at several of the tinplate mills. Continental Europe has been a large buyer, and contracts have been entered into for the shipment of considerable quantities to Canada over the first half of next year. Current quotations are steady at from 15s. 9d. to 16s. 3d. per basis box, and an advance is anticipated. The improved position of the tinplate market is also being reflected in the steel section, and competition of Belgian and French bars is at present practically negligible. Less than 400 tons of Continental bars are reported to have been discharged at Swansea during the past month. Galvanised sheets are steady at £10 to £10 15s. per ton for 24-gauge corrugateds in bundles. Shipments of tinplates at Swansea last week totalled 86,429 boxes, compared with 65,981 boxes, but apparently owing to the resumption of work at a number of mills stocks have increased from about 136,000 boxes to 160,000 boxes.

OTHER METALS.

TIN.—The London market in tin was active on Monday, but on Tuesday a lack of demand caused a further downward tendency in values which was, however, arrested by "inside" support. On Wednesday the market opened dull but recovered at the close of the session when the metal changed hands at last week's prices. Sales on the London Metal Exchange were 800 tons on Monday, against 300 last week; 350 tons on Tuesday, against 225 tons last week; and 400 tons on Wednesday, against 525 tons last week. The New York quotation on Tuesday was 22-80 cents per lb., against 22-50 cents a week ago and 23-70 cents a month ago. Wednesday's official closing quotation in London for standard cash was £151 12s. 6d. to £151 15s., compared with £151 15s. to £151 17s. 6d. last week. Stocks in London and Liverpool at the end of last week were 30,275 tons, a decrease of 95 tons on the week.

COPPER.—The copper situation has further deteriorated during the past week. The New York quotation of the metal for domestic consumption declined to 5 cents per lb. The turnover in London was moderate at the lower level of values. Incidentally, it is interesting to note that, as a result of the declining activity of the New York "futures" market, the Committee of the National Metal Exchange has decided to discontinue operation of the "A" contract as from December 1st next. Sales at the London Metal Exchange were 800 tons on Monday, against 200 tons last week; 500 tons on Tuesday, against 250 tons last week; and 750 tons on Wednesday, against 700 tons last week.¹ Domestic spot was quoted 5 cents per lb. New York on Tuesday, against 5½ cents a week ago and 5½ cents a month ago. Wednesday's official closing price for standard cash in London was £30 15s. to £30 16s. 3d., compared with £32 3s. 9d. to £32 5s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 30,735 tons, show a decrease of 426 tons, and stocks of rough copper, at 6,392 tons, an increase of 646 tons.

LEAD.—Lead declined sharply on Monday on heavy liquidation. Although there was a better demand on Tuesday, prices were carried down further. On Wednesday sellers were less predominant and values remained unchanged on the previous day. Sales at the London Metal Exchange were 1,500 tons on Monday, against 350 tons last week; 1,000 tons on Tuesday, against 150 tons last week; and 250 tons on Wednesday, against 700 tons last week. The New York quotation on Tuesday was 3·00 cents per lb., against 3·00 cents a week ago, and 3·15 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £11 6s. 3d. for November shipment, compared with £12 1s. 3d. last week.

SPELTER.—The predominance of sellers caused a sagging tendency in prices on Monday. Although demand showed no improvement on Tuesday and Wednesday, values remained steady at the lower level in the absence of selling pressure. Sales were 1,250 tons on Monday, against 550 tons a week before; 300 tons on Tuesday, against 450 tons the week before; and 500 tons on Wednesday, against 550 tons. The New York quotation on Wednesday was 3.125 cents per lb., against 3.15 cents the week before, and 3.00 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 2s. 6d. for November shipment, against £15 7s. 6d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminum was again quoted at £100 per ton. Nickel was unchanged at £280-£285 per ton. Quicksilver was higher at £10 5s.-£11 7s. 6d. per flask, against £10 5s.-£11 5s. per flask a week ago. Platinum declined from £9 10s. per ounce to £9 per ounce. Foreign antimony was reduced from £27 10s.-£28 per ton to £27-£27 10s. per ton.

TEXTILES.

THE COTTON TRADE.—*Liverpool.*—Imports for the week December 1st to 7th (inclusive) are 60,252 bales, of which 40,716 are American; 1,100 Peruvian; 1,105 Argentine; 4,472 Egyptian; 2,865 African; 1,577 East Indian; 8,610 Russian; and 7 sundries.

Manchester.—The market during the past week has been generally quiet. Trade developments have again been held back by the uncertainty relating to the war debts question and the fluctuations in sterling and raw cotton rates. Most buyers have

been in the mood to operate with caution. The general inquiry in piece-goods for export keeps up fairly well, but practically all the orders have been for trifling lots. A moderate turnover has taken place for India in light whites, dhooties, prints and fancies, but there has been no outstanding feature in the business done. Only isolated transactions have been put through for China, chiefly in white shirtings and dyed goods. Operations for Egypt and the Near East have been of limited dimensions. Printing, dyeing and bleaching qualities have been sold on a restricted scale for Central and South America and the Continent. Some manufacturers have had a fair week in home trade fabrics and on the whole favourable clearances are taking place in the wholesale houses. Quotations in American yarns have shown rather more irregularity. A fair business has been done, chiefly in the coarser counts. In Egyptian spinnings orders have been placed very unevenly.

Cotton Prices.

	1932.				Corresponding Date.	
	Nov. 16.	Nov. 23.	Nov. 30.	Dec. 7.	1930.	1931.
	d.	d.	d.	d.	d.	d.
Raw Cotton—Mid. American	5-54	5-50	5-38	5-17	5-63	5-30
" Sakellaridis Fully Good Fair						
Egyptian	7-72	7-66	7-27	6-84	8-00	7-30
Yarns — 32's twist	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
" 40's wett	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
" 50's twist (Egyptian)	15 1/2	15 1/2	15 1/2	14 1/2	16 1/2	15 1/2
32 in. Printers, 118 yds., 16 by 16, 32's and	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
50's	19 4 1/2	19 1 1/2	18 10 1/2	18 6	18 3	17 10 1/2
56 in. Shirtings, 75 yds., 19 by 19, 32's and						
40's	21 0	20 9	20 6	20 0	20 6	19 7 1/2
58-in. ditto, 38 yds., 18 by 16, 10 lb.	2 11 0	2 11 0	10 10 1/2	10 10 1/2	11 6	11 0
59 in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.....	10 0	9 10	9 9	9 6	10 11	9 11

THE WOOL TRADE. — **Bradford.** — According to our correspondent, there is a good demand for most descriptions of wool in London, Australia and elsewhere. All good greasy merino and fine crossbred wools are holding their own very well, though the latest cable information from Australia indicates just a slight tendency in buyers' favour. At this moment the outlook is rather obscure, but many holders of the raw material have confidence in their stock. It has been decided that the current series of London day's sale will be abandoned, which means that only one selling brokers are not anticipating much, if any, depreciation in value. Medium and coarse crossbreds are having an unfortunate experience, the large offering having its effect on values for these. There is a good demand for slip fine half-bred lambs, but other sorts are slightly in buyers' favour. Home trade woollen manufacturing requirements are inadequate in face of the big supplies. It is readily admitted that crossbred wool is too cheap, but at the moment nobody can see how the position can be improved. B.A. 40-44's wool has been offered at 5½d. clean, delivered this country, and even less has been accepted. It is evidently going to take some time longer before any description of crossbred wool gets a real turn. Good greasy merinos are selling on a parity with the opening of the series, but the demand for scoureds is rather indifferent, except for really superior lots. The Bradford market is simply marking time. Big spinning concerns who have top contracts running at less than to-day's selling prices are unable to find yarn orders at a corresponding basis. Standard makes of warp 64's are still quoted at 23d., but the best price realisable is 22½d. There is some demand for crossbred tops for export, but prices leave little margin in spite of the cheapness of wool and the depreciation of sterling.

THE GRAIN MARKETS.

WHEAT.—The past week has witnessed a slight improvement in the international wheat situation. This has not been due to an expansion in demand but to the news of a considerable deterioration in the Argentine crop and to reduced estimates of world production. According to the most recent estimate of the International Institute of Agriculture, the world's wheat production in 1932, excluding Russia, Persia, China, Turkey and Irak, was 3,673 million bushels, against 3,671 million bushels a year ago. This figure shows a reduction of 40 million bushels on the estimate made in October last. In addition, some delay appears to have been caused in winter sowing in some countries, while in North America part of the winter crop has suffered from drought. On Wednesday, "December" futures were quoted in Chicago at 4½ cents per bushel, against 42½ cents the week before, and 43½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. 6d. per 496 lbs., against 28s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 27s. against 27s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 26s. 6d., against 27s.; Australia, ex ship, 26s. 3d. to 27s. 3d. against 26s. 6d. to 27s. 6d. a week ago.

WHEAT FLOUR.—The slight improvement in international trade in flour recorded a week ago has been maintained. North American shipments were 163,000 sacks, compared with 171,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 24s. 6d. per 280 lbs., against 24s. 6d. last week; delivered London, 23s. 6d., as compared with 23s. 6d. a week ago; Manitoba patents, ex store, 23s. 6d. to 26s., against 23s. 6d. to 26s.; Australian, ex store, 20s. 6d. to 21s., against 20s. 6d. to 21s. last week.

BARLEY—In view of the heavy maize shipments the demand for feeding barley in importing countries has remained poor. "December" futures were quoted in Winnipeg on Wednesday at 28½ cents per bushel, against 28½ cents last week and 31½ cents.

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month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 22s. to 25s., against 22s. to 25s. a week before.

OATS.—The market in oats has been a little more active and shipments to the Continent show a slight increase. In Chicago, "December" futures were quoted at 15½ cents per bushel on Wednesday, against 14½ cents per bushel a week before and 16 cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. per 320 lbs., against 17s. 9d. a week ago; "River Plate," ex ship, 16s. 3d., against 16s. 18s. 9d.; "Chilean White," landed, 22s.-24s., against 22s.-24s. a week earlier.

MAIZE.—Although maize continues to be shipped in large quantities by Argentina and Danubian countries, prices have maintained. Last week Argentina exported 387,000 quarters and Danubian and Russian shipments totalled 491,000 quarters. "December" futures in Chicago were quoted on Wednesday at 22½ cents per bushel, against 21½ cents on Wednesday of last week and 25½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 20s. per 480 lbs., compared with 20s. last week; "Plate," ex ship, 19s., as against 19s.; "Plate," December-January, 19s. 3d., as against 19s. 3d. Yellow maize, ex wharf, was quoted at £5 12s. 6d. per ton, against £5 12s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30 :—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to December 3	Cwts. 316,455	Cwts. 61,685	Cwts. 105,929	Cwts. 273,751
14 weeks to December 3	3,779,807	1,037,087	2,047,452	4,156,789
Average price of English wheat per cwt.	s. d. 5 5	s. d. 6 7	s. d. 6 2	s. d. 9 6

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
Nov. 26, 1932 ...	302,111	427,915	47,352	5 5	7 2	5 10
Dec. 3, 1932 ...	316,455	395,707	50,559	5 5	6 11	5 9
				9 10	10 7	9 2
Dec. 1, 1928 ...	245,726	533,870	75,957	9 3	8 11	7 3
Nov. 30, 1929 ...	234,909	461,568	52,001	9 0	8 11	7 3
Dec. 6, 1930 ...	102,253	324,310	34,274	6 4	8 5	5 8
Dec. 5, 1931 ...	61,685	405,398	54,592	6 7	8 5	7 0

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Dec. 9, 1931.	Jan. 4, 1932.	Nov. 30, 1932.	Dec. 7, 1932.
Winnipeg (No. 1 Manitoba) —Dats per 60 lb.	146½	56½	57½	62½	44½	44½
Chicago (No. 2 Winter)— Cents per 60 lb.	130½	79½	52½	55½	42½	44½

The visible supply of wheat in Canada, at 83,865,000 bushels shows a decrease on the week of 614,000 bushels. Supplies a year ago stood at 56,543,000 bushels.

OTHER FOODS.

SUGAR—Raw sugar values failed to recover from last week's sharp decline, owing to the poor demand, and further heavy liquidation. December futures were quoted in New York at 0.71 cent per lb. on Tuesday, against 0.71 cent a week before and 1.05 cent a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 5s. 4½d. to 5s. 5½d. per cwt., against 5s. 6½d. a week before, and "March, 1933," at 5s. 8½d. to 5s. 8½d., against 5s. 9½d. to 5s. 10½d. The movements of raw sugar in London and Liverpool last week were as follows:—

Imports.		Deliveries.		Stocks.	
1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	346	1,113	1,546	13,341	5,136
Liverpool	15,283	13,138	13,571	12,365	119,007
Total	15,629	14,251	15,117	13,390	132,348
Last week ...	33,065	12,046	15,047	13,013	131,836
					78,551

COFFEE.—The New York market in coffee was steady during the past week. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8¼ cents per lb. on the corresponding day a week ago. At Tuesday's London auctions demand was only moderate, but prices were steadier. Last week's movements of coffee in London were as follows: Brazilian, landed, 3,683 bags; delivered, for home consumption, 723 bags; exported, 2 bags; stocks, 8,757 bags, against 2,806 bags a year ago. Central American, landed, 4,736 packages delivered for home consumption, 1,923 packages; exported, 1,916 packages; stocks, 56,250 packages, against 60,925 last year. Other kinds: Landed, 6,886 packages; delivered for home consumption,

THE ECONOMIST.

2,293 packages; exported, 1,858 packages; stocks, 63,152 packages, against 48,836 last year.

COCOA.—After a fortnight's relative steadiness at the lower level, cocoa quotations resumed a downward tendency during the past week. December futures were quoted at 3-59 cents in New York on Tuesday, against 3-67 cents a week ago and 3-96 a month ago; Accra, December-February, at 25s. 6d. per cwt. c.i.f. Continent, shows a fall of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 3,568 bags; delivered for home consumption, 8,314 bags; exported, 341 bags; stocks, 104,843 bags, against 132,397 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 62,873 packages of Indian and 27,757 packages of Ceylon tea. Monday's and Tuesday's auctions were characterised by a further decline in prices, but Wednesday's Ceylon sales showed a firmer tendency under the influence of a better demand. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasaland.	Total.
	d.	d.	d.	d.	d.	d.	d.
Dec. 3, 1931	10-72	12-63	17-35	8-20	7-69	7-41	11-72
Nov. 10, 1932	9-57	7-14	11-72	6-26	6-53	5-78	9-88
" 17, "	9-57	7-28	10-34	6-34	5-36	6-16	9-88
" 24, "	8-78	7-78	10-60	6-67	5-32	6-46	8-97
Dec. 1, "	8-20	7-21	10-02	6-56	4-81	4-97	8-47

RISE.—The market in rice has been quiet, and spot prices declined further. The spot price was 9s. per cwt., against 9s. 3d. per cwt. a week ago, while the forward quotations at 7s. per cwt. show no change on the week. Movements in London during the past week were as follows : Landed, 57 tons; delivered, 58 tons; stock, 2,436 tons, against 1,846 tons a year ago.

POTATOES.—There has been a good demand for potatoes at the principal markets, and prices were slightly firmer. At the London Borough Market, "King Edward" light soil, were quoted at 6s. to 6s. 6d. per cwt., against 6s. to 6s. 3d. a week ago.

SPICES.—The market in pepper was quiet at the lower level of prices reached last week. Spot pepper, "Black Singapore," was quoted at 6d. per lb. on Wednesday, against 6d. per lb. a week ago. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 2 tons; delivered, 1 ton; stock, 383 tons, against 331 a year ago. White, landed, 67 tons; delivered, 71 tons; stock, 667 tons, against 488 a year ago.

MEAT.—The course of quotations at the Smithfield market during the past week showed a firm tendency. Wednesday's quotation for Argentine beef, chilled hindquarters, was 3s. 10d. to 4s. 6d. per 8 lbs., as compared with 3s. 6d. to 4s. 6d. last week. New Zealand frozen mutton was 2s. 8d. to 3s. 2d. per 8 lbs., against 2s. 8d. to 3s. 4d. a week ago. According to the Smithfield market official report, supplies during last week amounted to 9,710 tons, against 9,599 tons in the corresponding week last year. Imported beef, principally Argentine, formed 81·6 per cent. of the beef supplies, against 82·9 per cent. a year ago. Imported mutton, mainly New Zealand, formed 71·7 per cent. of the total supply of mutton and lamb, against 68·9 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Reports that the Indian Assembly will ratify the Ottawa agreements and enable the new import duty to become operative on January 1st have imparted a steadier feeling to linseed, and there has been a renewed demand for seed on spot and “afloat” likely to reach port before that date. Plate nut at hand is thus at a premium over forward and to Hull is quoted around £9 10s. For new crop, December and January–February shipment, £9 is asked. The Continent has also been a buyer. Indian linseed is in better demand and firmer at £11, November–December shipment to London. Substantial shipments from the river Plate have increased the quantity of linseed afloat for Europe to 223,300 tons, or 31,300 tons more than a week ago. The quantity remaining for shipment from Argentina and India to the end of the year is estimated at 185,000 tons, as against 91,000 tons actually shipped in December last year. Cottonseed is quieter after an active demand. Black Egyptian afloat is quoted £7 15s. and December loading £7 7s. 6d.

'SWAN'
INK
for
BLUE-BLACK
RED, BLUE
GREEN OR
VIOLET
OFFICE USE

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—			
CEREALS AND MEAT.				s.	d.	s.	d.	s.	d.	s.	d.
GRAIN, &c.—	s.	d.	s.								
Wheat—											
No. 2, N. Man. 496 lb.	27	0									
Eng. Gaz. av., per cwt.	5	5									
Barley, Eng. Gaz. av.	6	11									
Oats—											
Malta, La Plata, landed,	5	9									
480 lb.	20	0									
Flour, Lon. stan. ex mill,											
280 lb.	22	3									
Ries, No. 2 Burma, per cwt.	7	0									
Tapioca, per cwt.											
Fair Flake, Singapore.	11	6									
MEAT—											
Beef, per 8 lbs.											
English long sides	4	0	4	10							
Argentine chilled hinds	3	10	4	6							
Mutton, per 8 lbs.											
English wethers	4	0	5	4							
N.Z. frozen	2	8	3	2							
Pork, English, per 8 lbs.	5	0	5	8							
OTHER FOODS.											
BACON—											
Irish, per cwt.	70	0									
Danish	64	0									
Dutch	58	0									
HAMS—											
Canadian	66	0	68	0							
American	64	0	72	0							
BUTTER—											
Australian	83	0	84	0							
New Zealand	83	0	84	0							
Danish	121	0	122	0							
CHIESES—											
Canadian	66	0	69	0							
New Zealand	60	0	61	0							
English Cheddars	98	0	105	0							
Dutch	73	0	80	0							
COCOA—											
(Duty, British grown,											
11s. 8d.; foreign, 14s. cwt.)											
Acacia, f.f., per cwt.	25	0	28	0							
Trinidad	40	0	46	0							
Grenada	30	0	37	0							
COFFEE—											
(Duty, British grown,											
4s. 8d.; foreign, 14s. cwt.)											
Santos sup., c. & f. cwt.	72	0	88	0							
Colombian, good	75	0	88	0							
Costa Rica, med. to good	82	0	106	0							
Best Indian	88	0	108	0							
Kenya, medium	72	0	85	0							
EGGS—											
English	16	3	17	3							
Danish	18	3	18	6							
FRUIT—											
Oranges—											
South African	14	0	17	6							
Java	12	0	17	0							
Lemons, Sicilian	8	0	15	0							
" cases	12	0	28	0							
Malaga, cases 420, No. 1	13	0	13	3							
Apples: Amer. (var.) bris.	26	0	32	0							
" (var.) boxes	9	0	12	6							
" Australian											
Onions—											
Valencia, case, 4s.	6	6	7	0							
Argentine, bags											
Grapes, Lisbon & boxes											
" Almeria	8	0	18	0							

Linseed oil is in poor demand from consumers and easier. December delivery ex Hull is quoted £16 7s. 6d. and January-April £17 per ton naked. Cotton oil is not so active and is a shade easier. Crude Egyptian ex Hull offers at £23 and common edible at £25 prompt. Oilcakes and meals are in moderate demand and mill prices are unchanged.

HIDE, LEATHER AND ALLIED TRADES.—Hides from home-slaughtered cattle were lower in price at the sales held in the north this week. At Manchester all classes and weights in ox and heifers sold for 4d. per lb. less than the previous week, as was also the case with all first clear cows and 60 lbs. and up second clear, and first and second warbled. At Leeds the position was, if anything, weaker, as the reductions in price recorded there ranged from 4d. down to 4d. per lb. Calfskins at Manchester were unchanged in value, while at the Yorkshire market several weights were lower by from 4d. to 4d. per lb. Business in imported hides has not been good, and as a result lower figures have had to be accepted for some types, particularly South Americans. For instance, sales of Argentine ox have been made at just under 4d., while cows have realised 5d., and Montevideo ox 5½d. Dry hides from the same source also are weaker, B. A. Americanos having sold at 5½d., M. V. Americanos at 6½d., and Sierra Cordobas at up to 7½d. All things considered, the African market has remained fairly steady with dry Capes selling at 6½d. and 5½d. for first and seconds, and dry salted 20/30 lbs. at 5½d. and 4½d. Heavy Mombasas are still offered at 5d., and unbathed Adis Abebas at 5½d. Australian hides are slightly cheaper. A steady trade has been done in sole leather and considering the time of the year the aggregate turnover is up to average. The call for English and wet salted bends has not been quite so active as of late, but there has been an increase in the demand for dry hide stock in the light and medium weights. Inquiry for offal has been moderate, as although the demand for bellies has not been up to the standard of recent weeks, additional business has been forthcoming for shoulders in various substances. In the upper leather market regular sales have been made of glacé kid and willow calf, and these two lines appear to account for the bulk of the business passing at present. In addition, patent and descriptions of upper leather is generally limited to sufficient to meet the needs of orders in hand for footwear.

RUBBER.—The London market in rubber was quiet and prices tended to sag. In New York, Wednesday's spot price for rubber, official closing price for standard ribbed smoked sheet in London was 2½d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for April-June, 1933, as against 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 784 tons; delivered, 1,772 tons; stocks at the end of last week, at 98,041 tons, show a decrease of 988 tons as compared with the preceding week.

COMMODITY PRICES IN UNITED STATES.

(New York quotations, unless otherwise stated.)

	Nov. 9.	Nov. 30.	Dec. 7.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	43½	42½	44½
Maize, nearest future, Chicago, per			
bushel	25½	21½	22½
Oats, nearest future, Chicago, per			
bushel	16	14½	15½
Rye, nearest future, Chicago, per			
bushel	28½	28½	29½
Coffee, Rio No. 7, cash, per lb.	8	8½	8½
" Santos No. 4, cash, per lb.	10½-10½	10½-10½	10
Cocoa, Accra, nearest future, per lb.	3-96	3-67	3-60
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-10	2-90	2-85
" Cotton, middling, spot, per lb.	6-15	5-95	5-75
Rubber, smoked sheet, spot, per lb.	3½	3½	3½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	142-104	142-104	142-104
Copper, "Electrolytic," Domestic,			
spot, per lb.	5½	5½	5
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	5-625	5-30	5-15
Spelter, East St. Louis, spot, per lb.	3-00	3-125	3-125
Lead, spot, per lb.	3-15	3-00	3-00
Tin, "Straits," spot, per lb.	23-70	22-50	23-80

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THE MONEY MARKET.

MONEY and discount rates were easy over the week-end, with new money running from ½ down to ¼ per cent., while the Treasury bills issued on December 9th went at an average rate of 16s. 5.89d. per cent. As the current week progressed, however, both money and discount rates definitely stiffened. The advance in money rates to ½ per cent. was due to such factors as the Christmas expansion in the note circulation, the current excess of Treasury bill payments over maturities, and a limited amount of special selling of bills designed to reduce the surplus of

funds left in the market by the War Loan dividend payments. The rise in discount rates from $\frac{1}{2}$ per cent. for hot Treasury bills at the week-end to $\frac{3}{4}$ per cent. on Wednesday was a reflection of the same causes; but the Chancellor's warning on Wednesday afternoon that the withdrawal of gold from the Bank would probably involve some stiffening in discount rates led to a sudden advance in rates on Thursday morning, which was accentuated by an unfortunate broadcast address the same evening which contained an erroneous passage predicting an immediate advance in Bank rate. As a result, hot Treasury bills were quoted on Thursday at $1\frac{1}{2}$ per cent., and three months' bank bills at $1\frac{1}{4}$ per cent. $1\frac{1}{2}$ per cent. was the rate for standstills.

	Nov. 24, 1932.	Dec. 1, 1932.	Dec. 8, 1932.	Dec. 15, 1932.	Previous Rate and Date Changed.
Bank Rate	2	2	2	2	2 (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount (Call).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses' Notice	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate ("hot")	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Treasury bills).....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate (3 months' bank bills)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Market rate (standstill bills)	1-2	1-2	1-2	1-2	1 (May 12, '32)

Market opinion is very critical of the broadcast address. It is felt that the broadcasting authorities should realise that wireless addresses are heard and acted upon in all neighbouring Continental financial centres, and that extreme care should be taken not only to ensure the accuracy of statements on financial subjects, but even to confine their deliverance to competent and recognised financial authorities who fully appreciate the likely repercussions of what they propose to say. As it is, much avoidable loss and uncertainty has been caused by this unfortunate error. The wider considerations involved in Mr Chamberlain's statement are discussed in a Note on page 1130.

This week's Bank return was dated too early to show the American debt gold withdrawals, and the Bank's gold holdings are returned at £139.4 millions, or the same figure as last week. There has been a further increase of £6.6 millions in the note circulation to £372.3 millions, and the Reserve is reduced by the same amount to £43.0 millions. Excess payments for Treasury bills over maturities and other factors have reduced Government securities by £12.3 millions, while Bankers' Deposits have contracted from £104.3 to £86.2 millions as the result of the increase in the note circulation and the decrease in Government securities. The Proportion stands at 33.3 per cent.

The Bank's gold loss of about £19.5 millions resulting from the American debt payment will reduce its gold stocks to a round £120 millions, or to practically the same level as a year ago. So far as can be told, the peak figure for this Christmas' note circulation is likely to be about £377 millions, or £7 millions more than a year ago. On this basis, the decision not to increase the fiduciary note issue means that the Reserve will fall to about £19 millions, and the Proportion to about 16 per cent. compared with £26 millions and 18.4 per cent. a year ago. It may be recalled that at Christmas, 1922, the Proportion fell to 13.8 per cent., but that no anxiety arose and Bank rate stood at what was then the very low level of 3 per cent., and remained there till the following summer.

Another point that will affect the Bank return for Christmas week is the extent to which the joint-stock banks think it necessary to strengthen their own currency reserves. Until a year ago, some special strengthening was their general practice, but it will be recalled that last year, in order to avoid too big a reduction in the Bank of England's reserve, they refrained from doing so. This change in practice worked perfectly smoothly, and so it may fairly be regarded as a valuable precedent which should be followed both now and in subsequent years. In fact, the tentative calculations made in the previous note are based on the assumption that it will be followed.

The November averages of the nine English clearing banks show that there is some tendency for the expansion in deposits to be checked, for the month's increase was one of less than six millions. There was a further increase in acceptances, for the second month in succession. Advances were reduced by £10.3 millions, and are now only 41.4 per cent. of deposits.

	Nov., 1931.	Aug., 1932.	Sept., 1932.	Oct., 1932.	Nov., 1932.
Capital and reserves.....	132.1	122.8	122.8	122.8	122.8
Acceptances	102.5	78.7	74.8	78.9	83.3
Deposits (including undivided profits, &c.)	1,670.4	1,812.7	1,826.6	1,853.6	1,859.1
Total liabilities	1,905.0	2,014.2	2,024.2	2,005.3	2,065.2
Coin, notes, balance at bank, and cheques in course of collection	221.3	234.1	228.3	234.5	235.6
Money at call.....	106.6	112.8	108.4	110.0	110.4
Investments.....	309.0	371.3	390.8	419.2	432.6
Discounts	238.2	372.5	390.4	388.8	389.4
Loans and advances.....	884.6	800.7	787.3	779.9	769.6
Cover for acceptances, &c.	145.3	122.8	119.0	123.1	127.6
Total assets	1,905.0	2,014.2	2,024.2	2,005.3	2,065.2

The banks have once more refrained from buying fresh bills and have been content to replace maturities. Instead they have employed their surplus resources in investments, which have risen by 13.4 millions. Apart from the further increase in acceptances, which rose by £4.4 millions, there is not much evidence of any recovery in trade.

In the Foreign Exchange market sterling improved considerably, but closed rather below the best. New York, after 3.29 $\frac{1}{2}$, went to 3.28 $\frac{3}{4}$, against 3.25 $\frac{1}{2}$ last week. Montreal lost two points at 3.79. Paris moved from 83 $\frac{1}{2}$ to 84 $\frac{1}{2}$, after being higher. Brussels weakened to 23.74. Milan was cheaper by $\frac{1}{2}$ at 64 $\frac{1}{2}$, and Madrid by $\frac{1}{8}$ at 40 $\frac{3}{4}$. Lisbon lost a point at 108 $\frac{1}{2}$, and Amsterdam 7 points at 8.17. Berlin fell away from 13.70 to 13.80, and Switzerland from 16.88 to 17.09. The Scandinavian currencies moved in different directions, Stockholm improving by 2 points to 18.33 and Oslo by 3 points to 19.40, while Copenhagen lost 2 points at 19.30. The South American currencies remain at largely nominal quotations, Rio being $\frac{1}{2}$ d. lower at 5 $\frac{1}{2}$ d. (sellers) and Buenos Aires $\frac{1}{2}$ d. cheaper at 35 $\frac{1}{2}$ d. Montevideo was unchanged at 29d. In the Far East the rupee was steady at 1s. 6 $\frac{1}{2}$ d. The yen, after some hesitation and weakness, closed at last week's level of 1s. 3 $\frac{1}{2}$ d. Batavia lost 10 points at 8.20. In the forward market, dollars were more offered at discounts of $\frac{1}{4}$ and $\frac{1}{2}$ cents for one and three months respectively, a decline of $\frac{1}{4}$ in each case. Paris went from 1 and 2 centimes premium to par for both deliveries (offered). Brussels was unchanged at 9.25 centimes discount. Milan was cheaper by $\frac{1}{8}$ at $\frac{1}{8}$ lira discount for one month and by $\frac{1}{4}$ at $\frac{1}{4}$ lira discount for three. Madrid lost $\frac{1}{8}$ for both deliveries and closed at $\frac{1}{8}$ peseta and $\frac{1}{8}$ peseta discount. Amsterdam was quoted at the spot rate for both deliveries. Switzerland was at $\frac{1}{2}$ and 1 centime premium. The silver market was inactive, and prices fell away with the improvement in sterling, both deliveries being cheaper by $\frac{1}{4}$ d. at 17 $\frac{1}{2}$ d. for cash and 17 $\frac{1}{2}$ d. for forward. The China silver currencies weakened in sympathy, Hong Kong and Shanghai both being cheaper by $\frac{1}{4}$ d. at 1s. 3 $\frac{1}{2}$ d. and 1s. 8 $\frac{1}{2}$ d. respectively.

In New York call money remains at 1 per cent., and the open market discount rate on 90-day bankers' acceptances at $\frac{1}{4}$ per cent. Among the leading foreign exchange rates, Paris fell from 3.90 $\frac{1}{2}$ to 3.90 $\frac{1}{4}$ cents and Brussels from 13.85 $\frac{1}{2}$ to 13.84 $\frac{1}{2}$ cents, but Swiss francs improved from 19.22 $\frac{1}{2}$ to 19.23 $\frac{1}{2}$ cents and Dutch florins from 40.16 to 40.18 cents. Heavy gold movements were reported on Tuesday and Wednesday, including the arrival of \$12.9 millions from England, \$905,000 from Canada and \$656,000 from China. Foreign ear-markings were increased by a net \$8.8 millions, so that most of this gold apparently retains its foreign ownership.

DECEMBER THE FIFTEENTH.

THE fateful day has come and gone. As the result of a month of high-speed negotiations, culminating in the last few days in a perfect barrage of diplomatic Notes, Britain has paid—conditionally; France has "deferred" payment pending negotiations for revision; Poland and Belgium are among the non-payers; while Italy and other debtors have met their obligations. Britain for the time being holds her claim against her European debtors in suspense, thus endeavouring to limit the area of the storm raised by America's insistence on this payment; but M. Herriot's Government is included among the wreckage.

So far as Great Britain is concerned, the decision to pay was conveyed in a Note despatched on Sunday. In that message the Government maintained its thesis that the only solution that would obviate the difficulties of transfer would be suspension of payment due on December 15th, and that the system of inter-governmental payments, as it existed prior to the Hoover moratorium, "cannot be revived without disaster." Since America was not in a position to accept this view, we would make the payment—in gold—but would regard it not "as a resumption of the annual payments contemplated by the existing agreement," but "as a capital payment of which account should be taken in any final settlement." Mr Stimson replied, with record promptitude, that the American Administration was not authorised to receive any payment except under the Funding Agreement, and that America's acceptance of our gold would not constitute approval of any reservations outside the terms of the bond. Naturally, we replied that our Note could only be read as stating our own position, and that, without in any way intending to touch upon any matter affecting the constitutional position of the United States Government, we retained the right to recur to the considerations they had set forth.

Parliament on Wednesday had, therefore, nothing to do but comment upon the decision which the Government had taken. The question raised by Mr Lansbury and others as to whether a payment which a debtor chooses to consider as something other than the fulfilment of his bond, but which the creditor regards as implementing it, constitutes technical default or not, is academic, and need never become important provided negotiations for revision are rapidly initiated and reach satisfactory conclusions. In fact, the test of the utility of making this present transfer will be afforded by the attainment, or not, of agreement between now and June 15th. The majority of the House, with the notable exception of Mr Lloyd George, appeared to differ from the view expressed in these columns last week, and to consider the "speculation" worth while. In any case it was too late for Parliament to alter the decision; there could be no withdrawal of our final offer; and, apart from a personal controversy as to responsibility for the Baldwin settlement—a question that can only be settled by the production of the documents—the chief interest of the debate lay in the explanation given by the Chancellor of the Exchequer as to the method of payment. Some questions raised in this statement are discussed in Notes of the Week.

Meanwhile proceedings across the Channel were far more stormy. After a talk with Mr MacDonald and Mr Neville Chamberlain, M. Herriot did his best to persuade France to fall into line with the British policy. But whatever chance he may have had of doing this was dissipated by Mr Stimson's blunt declaration to Great Britain that he could not concur in regarding any payments made as being conditional. Unwilling to make payment unconditionally, or without more definite assurance of final revision, the Chamber had the logic of its possibly "undiplomatic" convictions; and M. Herriot had to resign. The debate and the voting showed once again that, while we in this country may have accustomed ourselves to regard this problem purely from the practical economic point of view, in France it is one that

deeply stirs the national passion; for France it is a matter of equity that she should not be called upon to pay these external debts if she gets nothing from Germany. Both England and America would be wise if they accept this as one of the facts of the situation.

While from some points of view it would have been useful if France and England could have acted on a common principle, France's position may at least have the useful effect of re-emphasising the special character of these obligations. We shall be greatly surprised if, in the opinion of the world, France is considered to have humbled herself in the dust, or if her commercial debtors promptly proceed to repudiate their obligations. If France's considered decision enables some nervous folk in this country to realise that this whole question is in the realm of high politics, and not in the ordinary commercial sphere, it may perhaps strengthen the hands of our negotiators in the coming months in insisting on the sort of solution that the world really needs.

With the debtors thus sorted out into their various categories, the position revealed by the passage of "pay-day" may thus be said to have defined itself with a fair degree of clarity. The same, however, cannot be said of the future. In his statement in the House on Wednesday Mr Chamberlain accepted Sir Robert Horne's description of the December 15th transfer as a payment by which "we had bought time" to negotiate if possible an agreed settlement with the United States, and he claimed that Mr Hoover's expression of willingness to "survey the whole situation" was a major concession. Whether negotiations with America can be effectively begun before Mr Roosevelt's Administration enters into office, time will show. We shall have ample opportunity of indicating in these columns our views as to the nature of the final settlement which the realities of the case render imperative as the only alternative to complete cancellation, whether agreed or unilateral. To-day we are concerned merely to urge that no false move should be made in the general orientation of the European position.

In the debate in the Commons several members showed a disposition to suggest that we should cut ourselves clear of any "entanglements" with France or any other of our late Allies; and though Mr Chamberlain was at pains to point out that the "preferential offer" in respect of the December 15th instalment, which we were supposed to have declined as a gesture of solidarity with France, was, in fact, simply a suggestion that we should issue marketable bonds, and was therefore, in any case, unacceptable to this country, Mr Churchill was not alone in urging that we should "free ourselves from all contact with France" in our negotiations with the United States. If the receipt by the American Treasury of hard cash from Britain on December 15th overshadows in the eyes of Congressmen the reservations made by us in respect of the payment and creates a feeling in favour of treating Great Britain with exceptional leniency, there may well be a growing tendency in this country to consider that our best course is to enter into bilateral negotiations with the United States at the earliest opportunity and leave the rest of Europe to look after itself. Such a policy would be, in our view, a profound and disastrous mistake.

In the first place, it would frustrate the welcome desire which M. Herriot expressed so passionately in the Chamber that the good relations established at Lausanne and elsewhere between Great Britain and France should be maintained unimpaired; a Franco-British estrangement which left France smarting with a sense of isolation would not merely involve the risk of losing all the fruits of the laborious conference at Lausanne, but would jeopardise every hope of friendly co-operation and the laying of the spectre of nationalism in Europe. No results that could be achieved by Anglo-American harmony would be a substitute for such a deplorable setback in European relations. In the second place, it would hinder rather than promote the chances of our working out a

practicable agreed settlement of our own obligations to America.

For, though there is time enough yet to consider possibilities in detail, some considerations are already self-evident. We could not contemplate making any fresh bargain with America which left us in the position of having to collect from our debtors, including Germany, a sum which we should regard as intolerable if we had to bear it alone. Equally, it is manifestly fair that, in a general settlement of debts, account should be taken of the fact that we are a creditor as well as a debtor, and that our burden has hitherto been much the heaviest of those shouldered by the victors in the late war. Furthermore, it would obviously be inequitable that the debts of Continental countries to America should be regarded as having a prior claim over their debts to us, and we are glad to note that M. Herriot specifically stated in the Chamber that the French Government considered that there was absolute "equality" between the debts of France to Washington and her obligations to London. This being so, we would urge that before any of the debtor countries embarks on negotiations with America for debt revision, there should be a general understanding on the debtors' part as to the proportions of the ultimate liability—taking into account the potential receipts from Lausanne bonds—that each is to bear.

The idea of a "common front" of debtors is apparently regarded—with little justification that we can see—as being offensive to America, and Mr Chamberlain was concerned to make it clear on Wednesday that under the Lausanne understanding each country held itself free to make independent arrangements with the United States Government, subject always to prior communication with one another. This is quite proper; and though a general conference would be in many ways the most convenient method of negotiation, it may in practice prove essential, as a concession to the views of Congress, to hold the various parleys, as it were, in separate rooms. But of this we are convinced: there is no escape from the necessity of the European countries acting with a prior understanding of each other's intentions in an issue in which each factor depends on the treatment of all the other factors. A policy whereby Great Britain turned its back on the rest of Europe would be bad business and worse statesmanship.

A STEP TOWARDS DISARMAMENT.

THE signature of the Five-Power Disarmament Declaration at Geneva last Sunday is a notable event, not because it was unexpected—for few international negotiations nowadays turn out according to forecast—but because, for once in a way, the result has been distinctly better, instead of worse, than the prophets had foretold. The Five-Power negotiations, which lasted just a week, had opened in an atmosphere of pessimism. The delay in Baron von Neurath's arrival in Geneva, owing to the protraction of the internal political crisis in Germany, gave the negotiations a bad start; and then, when the German crisis was resolved at last and the German Foreign Minister was free to travel, hopes were further damped by the report of a pessimistic utterance, on Monsieur Herriot's part, as to the unlikelihood of an agreement being reached at Geneva during the few days left over for negotiations before the necessity of meeting the Chamber over the debts question would inexorably recall the French Prime Minister to Paris. In the event, all these forebodings have been falsified; for, in the brief interval between the day on which the German Government came out of the melting-pot and the day on which the French Government went into it, an agreement had been harvested which at all events reopens the way towards genuine progress in disarmament.

The Five-Power Declaration consists of four paragraphs. In the first, the four European Powers declare—"that one of the principles that should guide the Conference on Disarmament should be the grant to Germany, and to other Powers disarmed by treaty, of equality of rights in a system which would provide security for all nations, and that this principle should find itself embodied in the convention containing the conclusions of the Disarmament Conference."

This decision is interpreted as implying that the respective limitations of the armaments of all States should be included in the proposed disarmament convention. That is to say, the new convention is to supersede the disarmament chapter of the Treaty of Versailles and the other three European peace treaties. It is also set forth as "clearly understood" that the methods of applying the principle of equality of rights are to be discussed by the Disarmament Conference.

On the basis of this declaration, the willingness of Germany to resume her place at the Disarmament Conference is signified in the second paragraph.

In the third paragraph, the four European Powers declare their readiness to join in—

"a solemn reaffirmation, to be made by all European states, that they will not in any circumstances attempt to resolve any present or future differences between the signatories by resort to force."

Considering the number of times that this kind of thing has been said before, some critics may be inclined to feel that the Governments "do protest too much," and that these "vain repetitions of the Gentiles" may be nothing more than lip-service to a standard of behaviour which the Governments believe, in their hearts, to be too high for their moral capacity. All the same, the reaffirmation is not really otiose; for the point lies in the use of the word "force" instead of the word "war"; and in this case there is something to be said for the lawyer in international politics. Whether it was Sir John Simon or one of his foreign colleagues who drafted this paragraph, it is evident that the draftsman had in mind the history of the Far Eastern crisis during the past fifteen months. For Japan has shown how a Great Power can keep the letter of the Covenant of the League while violating its whole spirit and intention, by sedulously refraining from going to "war" with a victim against whom it is using "force" to the uttermost extreme. Nor need we look as far afield as the Far East in order to find instances of "force" without "war" which give point to this paragraph. One signal instance in Europe was the Polish General Zeligowski's military coup by which the Polish Government reaped—without ever taking responsibility for it—the gain of Vilna. Another instance of "force," albeit on different lines, was the Franco-Belgian occupation of the Ruhr; but here we strike a difficulty, for the French can quite legitimately point out that—force or no force—the occupation of the Ruhr could be interpreted as falling within the terms of the Versailles Treaty. What is to happen if the provisions of a treaty permit the use of force in certain contingencies? This question raises the whole issue of "automatic sanctions"; and the third paragraph of the Five-Power Declaration ends with an awkward gloss to the effect that the self-denying ordinance in regard to the use of force is to be "without prejudice to fuller discussions on the question of security."

In the fourth and last paragraph the Five Governments, including, this time, the Government of the United States, declare that they are resolved to co-operate in the Disarmament Conference with the other States there represented—

"in seeking without delay to work out a convention that shall effect a substantial reduction and limitation of armaments with provision for future revision with a view to further reduction."

In France and Germany alike, this agreement has had a good reception; and it is welcome news that French and German public opinion is simultaneously in a more or less reasonable and constructive mood. This is surely one of those rare moments in international affairs when there is a prospect of getting something substantial accomplished; and we are delighted to see it announced that Mr Arthur Henderson intends to follow up this success by promoting further conversations in London, with his own participation, in January.

The situation is now relatively favourable because both France and Germany have made genuine concessions. The French have abandoned their insistence that French recognition of Germany's right to equality of treatment must be conditional upon the acceptance of the Herriot Plan in its entirety. The Germans, on their side, have

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waived their demand that their right to equality shall be worked out in detail in concrete terms before they participate in the Conference again. The formula of the first paragraph in the declaration—"Equality of rights in a system which would provide security for all nations"—is skilfully framed to bring out the underlying common interest of Germany and France; for Germany, after all, so long as she stands, disarmed, in the heart of Europe, with a ring of armed neighbours all round her, is in more obvious need of security than France herself.

The question remains whether this new opening for progress towards disarmament will be taken advantage of by the world. Some sceptics may foresee a re-armament of Germany up to something like the French and English and Italian levels on land and sea and in the air through a virtual collusion between the Admiralties and the War Offices. This is, no doubt, a real danger unless the respective Governments have the courage to carry out the mandates which they have received from their electorates by keeping their fighting services in order and refusing to allow them to dictate policy. At the same time, there is no evidence that re-armament is really desired either by the German people or by General von Schleicher's Government. Equality of treatment is an object which every German has at heart; and if he is refused it on any basis except re-armament, then, no doubt, he will eventually opt for re-arming. But this is not what Germany wants. She would much prefer to attain her *Gleichberechtigung* by persuading the ex-victorious Powers to come down gradually to the German level. The next move lies with us. Disarmament is in our grasp, if we have the resolution to put the experts in their place and insist upon the Governments giving the peoples what the peoples want.

BRITAIN AND PERSIA.

In the diplomatic sphere the controversy between the British and the Persian Governments with respect to the Anglo-Persian Oil Company's concession has been carried forward by an interchange of Notes along lines which give Persia no ground of complaint against the British attitude. In the House of Commons on December 8th, as briefly noted in our last issue, the Under-Secretary for Foreign Affairs announced that on December 5th a "wholly unsatisfactory" reply had been received from the Persian Government to the British Government's demand for the immediate withdrawal of the notification cancelling the concessions, which the Persian Minister of Finance had delivered on November 27th to the Resident Director of the Anglo-Persian Oil Company. In its Note the Persian Government declined to withdraw its notice of cancellation and stated that it had for some time past been of opinion that it was entitled to cancel the concession on the ground that its stipulations were "not in accord with the legitimate interests of Persia," and that the situation arising from the concession was unsatisfac-

tory. The Note, however, reiterated the willingness of the Persian Government to enter into direct discussions with the Anglo-Persian Oil Company with a view "to the negotiation of a new concession which would safeguard in an equitable manner the rights and interests of Persia."

Since a purely unilateral declaration that an agreement is working unsatisfactorily scarcely constitutes a valid case for the cancellation of a concession which contains no cancellation clause still operative, the British Government were well within their rights in declaring in a further Note, delivered on December 8th, that such a cancellation would be a confiscatory measure in clear breach of international law. Holding this view, the British Government, while expressing its desire that an amicable agreement should be reached between the Persian Government and the Anglo-Persian Oil Company, once more repeated its demand for the withdrawal of the notification of November 27th and declared that, failing a withdrawal by December 15th, H.M. Government would have no alternative but to refer the dispute to the Permanent Court of International Justice at The Hague, as a matter of urgency, under the Optional Clause. The Note added that in doing so H.M. Government would request the Court to indicate under Article 41 of the Statute the provisional measures that ought to be taken to preserve their rights.

To this Note the Persian Government replied on December 12th that it had nine reasons, summarised below, for cancelling the concession:—

- (1) That the original concession was obtained under pressure.
- (2) The amount of the royalty paid to Persia has been unfairly calculated.
- (3) That the Persians are not permitted to check the accounts.
- (4) That the royalty was not paid in war time in spite of repeated Persian complaints.
- (5) That the company has refused to pay income tax.
- (6) That the reckless expenditure by the company in other parts of the world is detrimental to the interests of the Persian oil industry.
- (7) That the cost of oil in Persia is excessive.
- (8) That the company has failed fully to exploit the Persian oilfields, while fields outside Persia have been developed.
- (9) The company's refusal to send a representative to negotiate last summer.

The Persian Government reiterated its refusal to withdraw the notice of cancellation and declined to accept reference to the Permanent Court on the very questionable ground that the Court could not adjudicate between a sovereign Government and a commercial company. The Note ended with the announcement that the Persian Government proposed to bring before the Council of the League the "threats and pressure" directed against it by the British Government.

In the House of Commons on Wednesday Mr Eden stated that, in view of this reply, H.M. Government had decided not to pursue their case for a reference to the Hague Court, but instead to join with Persia in referring

the matter to the Council of the League under Article 15 of the Covenant. In so doing they are undoubtedly acting wisely, though it remains to be seen how the Council will succeed in evolving appropriate machinery for adjudicating on the very complex financial issues involved. It should, however, find little difficulty in putting it on record that the British Government is guiltless of "threats" against Persia and that many of the nine points of Persia's Note given above have little substance.

It is to be hoped, however, that notwithstanding Persia's present attitude, which is that it is impossible to start negotiations with the company owing to the British Government's "threats," it may yet be found possible to explore *pari passu* with the working out of diplomatic procedure the possibility of an amicable settlement.

In a previous article in the *Economist** a correspondent outlined the various considerations which, rightly or wrongly, have led the Persian Government to the conclusion that the operation of the concession is inequitable. Comparing the description of the case as it presents itself to Persian eyes with the statement issued last week and summarised in our columns†, in which the Anglo-Persian Oil Company gave in measured and temperate terms its version of the history of the concession, we are inclined to think that a mutually acceptable accord to govern the future relations of the company and the Persian Government should not be impossible, but that it will probably have to involve a fairly drastic revision of the present provisos regarding royalty. It is, after all, an issue in which the British Government can afford to be generous. Admittedly, as Sir Arnold Wilson pointed out in a broadcast address on December 6th, the Persian Government has so far received about £11 millions in royalty, while Persian citizens have enjoyed the spending of about three times as much in the form of wages paid by the company. Indeed, without the increment directly and indirectly derived from the company, modern Persia could not have been born. On the other hand, when allowance is made for dividends received, taxation on the company's profits and the considerable savings on oil contracts, the British Treasury and the British investor between them have benefited to no small degree from the successful results of the exploitation of the oil in Persia with the assistance of British capital. There are strong arguments which may be adduced in support of the contention that Great Britain should go to considerable lengths in endeavouring to satisfy Persia's claim for "fair" treatment.

This being so, we would suggest that the most helpful lines of solution lie in an attempt to reconcile three separate principles:—

(1) It would go far to meet Persian views if an agreement were reached whereby each ton of oil removed from Persia should yield a fixed minimum royalty. Much of the present trouble would have been avoided had such a provision been incorporated in the original D'Arcy concession. It was doubtless thought in 1901 that the fixing of a royalty of 16 per cent. on the annual net profits of "any company or companies which might be formed to operate the concession" would be more satisfactory to Persia in the event of a great success, and would be fairer to the pioneer prospectors in the event of anything like failure. To-day, however, the abundance of oil resources is beyond dispute, and ample precedents are apparent for the devising of a "tonnage royalty." Indeed, it is believed that on more than one occasion negotiations to this end between the company and the Persian Government have been within measurable distance of agreement.

(2) There is much to be said for giving Persia an interest in the profits of the company *whenever arising*. The company's operations to-day are founded upon a very broad basis of financial and commercial enterprise. Admittedly, Persia has made no direct contribution to the development of the company's activities in spheres which the D'Arcy concession never contemplated; yet it is arguable that, for Persian oil, the present imposing structure of the

Anglo-Persian Oil Company and its subsidiaries could not have been built up. Lines of demarcation showing where Persia's contribution ends and the company's "independent" operations begin are all but impossible to draw; and the fact has to be faced that the history of the past decade has been one of continual disagreement arising out of the complicated problems of interlocking company finance. There would, we suggest, be no insuperable difficulty in providing that Persia should be paid a fixed percentage of the entire proceeds of the company derived in whole or in part from oil enterprises, whether from subsidiaries or otherwise. Many definitions would call for prior agreement, but none is incapable of adjustment.

(3) In order to assure to Persia a reasonably stable oil revenue, thus obviating budgetary difficulties occasioned by the violent fluctuations of recent years, the Anglo-Persian Oil Company might well agree that receipts accruing from (1) and (2) above should never fall below a certain minimum. In return for such a concession, the Persian Government should certainly be required to scale down radically the ideas which it is now believed to hold as to the appropriate magnitude of the total revenue which it is to derive. Provisions should also be made for periodic revision of the minimum, and it would be desirable to have a "cumulative" arrangement whereby payments made in excess of (1) *plus* (2) in order to make up the minimum in any year would operate in reduction of subsequent claims in years when (1) *plus* (2) actually exceeded the minimum.

Negotiations on some such basis, conducted less with an insistence on legal punctilio than with a desire to treat the Persian Government liberally and magnanimously, would, in our opinion, even to-day have a good chance of resulting in a new concession redounding to the mutual interests both of Persia and of the company. At the same time, it is right and proper that the British Government should have made it clear that it is not prepared to submit tamely to a brusque announcement of cancellation. Not by such methods can Teheran hope to advance its own interests. The Persian Government will, we trust, not fail to remember the story of the goose which laid golden eggs. It may draw therefrom a moral very pertinent to its own position.

RAILWAY WAGES.

THE National Wages Board this week continued the hearing of the railway companies' claim for a further reduction in wages. Both parties have now stated their case, but as the railways have still to reply to the trade unions' submissions the findings of the Board will not be published until after Christmas. The railway companies are asking that the "cut" of 2½ per cent. from all earnings and a further 2½ per cent. on earnings above 40s. a week, introduced in March, 1931, should be replaced by a deduction of 10 per cent. from all earnings, with a minimum wage of 38s. per week. According to the figures produced by Sir Ralph Wedgwood, the wages "cut" made last year resulted in a saving of £3,660,000 per annum, and the present application is expected to yield a further saving of £4,600,000, making a total of £8,260,000—about £1,250,000 less than the companies asked for in March of last year.

The companies' case is based upon a very simple comparison between the enormous contraction in receipts since 1929 and the large increase in railwaymen's wages since the war. The decline in earning power is shown in the following table:—

	(£ millions.)		
	1930.	1931.	1932.
Gross receipts	196.5	180.0	164 (estimated).
Net revenue	37.7	33.3	26
Per cent. on total capital earned	3.48	3.08	2.5
Per cent. earned on ordinary stocks	2.23	0.95	Nil

As compared with pre-war days, the position of the ordinary shareholder has greatly deteriorated. Earnings on ordinary stocks, which in 1913 amounted to 5.5 per cent.—not, after all, a very extortionate figure—have declined to vanishing point. Already last year 10 per cent.

of ordinary stocks went without return, and, as the story published in the *Economist* of December 3rd shows, it is more than likely that a substantial volume of preference capital will this year go without dividend.

The position of the wage-earner has, on the other hand, greatly improved. Of the receipts of the companies in 1913, after meeting costs of materials and miscellaneous charges, 51 per cent. went to wages and salaries and 49 per cent. to capital; in 1931 the respective figures were 75 per cent. and 25 per cent. The average remuneration of a railway wage-earner in 1932 was £3 1s. 7d. per week, an increase of 117 per cent. above the 1913 figure. When the rise in the cost of living is taken into account, the increase in "real" wages, according to Sir Ralph Wedgwood, amounts to 51 per cent. Though these figures are open to a certain amount of interpretation, the picture which they present is tolerably clear.

A rough idea of the effect of the increase in wages on the railway companies' finances may be gathered from the following data:—Standard rates and charges are approximately 60 per cent. above the pre-war level, but in 1931 the cost of wages and salaries, which amounted to rather more than two-thirds of the total costs of the railways, was no less than 114 per cent. above the 1913 figure. Meanwhile the railways are being subjected to a double competition from the road and from the sea. Shipping freights have sunk to 16 per cent. below the pre-war level, and Sir Ralph Wedgwood stated that the railways had recently lost the carriage of 2,000,000 tons of coal, because the Northumberland and Fifehire mineowners, with a coastwise freight, were able to drive the Midland coal-owner out of the London market. Competition from the road is sharper than ever, and the recent decision of the Rates Tribunal declaring "flat" rates illegal is likely to involve a loss of traffic to road hauliers, who are bound by no such restriction.

Against this very strong *prima facie* case for the companies the trade unions scarcely succeeded in producing very convincing arguments. Their reply may be reduced to two main contentions, namely (1) that the 1913 figures form an inequitable basis for comparison, because railwaymen's wages were much too low before the war; and (2) that the railway companies are over-capitalised.

The first of these statements certainly contains a large measure of truth, but it is not really so relevant as it might at first sight appear to be. When the war broke out, railway wages were undeniably low; but during the period of control the railway unions succeeded in extorting from the Government wage rates and conditions of service of a highly "sheltered" kind. It was, no doubt, expected that the economies arising out of the grouping of the companies would enable these high standards, the product of optimism and inflation, to be maintained; but, unfortunately they were improved just at the time when the monopoly of more than two generations was, in fact, being undermined by the development of road transport. If we compare the increase in wages which has taken place in other industries since the war, there can be no doubt that the railway unions made full use of their privileged position to obtain a very much greater increase than their less fortunate brethren in the unsheltered industries exposed to foreign competition.

The allegation that British railways are over-capitalised is one which cannot be dismissed out of hand, though the argument against the finance of British railways stands on rather different grounds from those made by the trade union leaders. It has been assumed by railway shareholders, not only in this country, but all over the world, that railways will always be worth their cost on the basis of profit-earning power, and that if the system is kept abreast of the times, largely out of depreciation, the financial structure will be sound. Now, if it had been foreseen that in the process of time railways might be superseded almost entirely by other means of transport, it would have been prudent to provide from the outset for the writing-off of capital on the basis of obsolescence. This was not done; but, given equal terms of competition between road and rail, and efficient co-ordination between them, it has yet to be proved whether the assumption of the railway builders was not justified. It has, moreover, to be observed that if railway capital had been written

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off or "redeemed," the process would inevitably have involved either higher rates and fares, which would have meant slower national development, or even lower wages. In any case this is a matter of past history, and the fact that railwaymen are in employment at all is an indication that the country is endeavouring to maintain rail haulage as an integral feature of our economic life. Even the railway workers would scarcely contend that we should suddenly presume that the shareholders should be entirely sacrificed and the system handed over as, in effect, a free gift to the community.

Unless we accept this assumption that the assets of the companies are valueless to their owners and that the railways are incapable henceforth of earning anything except the wages of those who work on them, we must pay attention to the valuation of these assets, whether we look at the matter from the point of view of cost or of replacement. In this connection, Mr Wood was able to show that out of the total railway capital on amalgamation of approximately £1,100,000,000 there was not more than £10,000,000 in excess of cash received, and he estimated the replacement cost of the present railway system at £1,672,000,000, or more than 45 per cent. more than the total capital receipts. The arguments of Mr Walkden and his colleagues on railway capitalisation were certainly not strengthened by Mr Marchbank's preposterous assertion that 4 per cent. is an extortionate and outrageous rate of dividend. Moreover, the whole line of argument really involves a *petitio principii*, for the substance of the railway companies' case is surely that the high cost of labour is one of the chief factors which has reduced their earning power. The suggestion that railway capital should be reduced to its present Stock Exchange value begs the whole question of equity between shareholder and wage-earner. The ordinary shareholder, and even, in many cases, the preferred shareholder—a numerous class by no means composed of plutocrats—has already suffered heavy losses during the past few years, and the writing down of capital would merely make it impossible for the companies to obtain on reasonable conditions the fresh capital which is required for much-needed developments.

The argument *ex misericordia*, as presented by Mr Marchbank, has rather more substance. The proposed reduction of 10 per cent. may in certain cases press heavily upon the lowest grades. A minimum wage of 38s. per week is not very high in industrial areas when the well-known housing difficulties of railwaymen are taken into account. For the mobility of railway labour often makes it difficult to secure accommodation at suitable rents. The decision of the Government to stop the decontrolling of Class "C" houses should, however, make things easier. While therefore there is something to be said in favour of fixing the minimum wage at 40s. instead of 38s., at least in industrial districts—a concession which would not really cost the companies very much, seeing that only a small proportion of the workers would be involved—it can hardly be maintained that the cut of 10 per cent. would really inflict intolerable hardship on the higher grades. When the fall in the cost of living during the last six or seven years is taken into account, the cut claimed by the companies can scarcely be considered unreasonable. If railway wages were tolerably adequate in 1925, with the cost-of-living index at 175, it is difficult to see how, with the index at 143, a cut of 10 per cent. can be regarded as an insufferable lowering of the standard of living. There is, after all, a good deal of truth in the contention of the companies that to-day the railway worker is, in fact, 25 per cent. better off than he was in the most prosperous

* *Economist*, December 3rd, p. 1019.

† *Economist*, December 10th, p. 1095.

days after the war, during the early part of 1921. It is, of course, well known that, psychologically, a cut in money wages always appears unjust to those who are forced to undergo it; but, on economic grounds, the case for it is hard to resist. It might perhaps, from the railway companies' point of view have been more desirable to leave wage rates unchanged and to attempt to make the necessary savings by altering conditions as to overtime, Sunday duty, etc., but proposals on these lines would probably have aroused even more determined opposition from the trade unions. Moreover, however strong, on general grounds, the arguments against reducing wages at the present moment may appear to be, they are not really applicable to the present case. The disparity between sheltered and unsheltered wages in this country has long been an important cause of disequilibrium, and the reduction claimed by the companies may therefore be regarded as a salutary corrective.

Finally, the plight of the railway companies if their claim is rejected will indeed be serious. Hedged in by numerous restrictions from which their rivals are wholly free, and burdened with labour costs which are irreducible, how will they be able to help themselves? With the earning power on so much of their capital gone, they must inevitably be subjected to a process of financial deterioration which can only end in their becoming a burden on the already harassed taxpayer. This gloomy prospect might indeed be changed fairly quickly by a trade revival, but in the meanwhile how long can the companies afford to wait?

THE TREND OF OVERSEAS TRADE.

THE trade returns for November show a small increase over October on both sides of the account, though the number of working days was the same. Exports were only 2.4 per cent. below those of November last year, this year's slight increase in November contrasting with a decline in November, 1931. The figures for November, and for the eleven months which have been completed, are shown below:—

MONTH OF NOVEMBER. (000's omitted.)					
	1932.	Increase or Decrease as compared with			
		November, 1931.		November, 1930.	
Imports.....	£ 61,567	— £ 21,673	— 35.2	— £ 17,865	— 28.5
British exports.....	31,094	— 2,445	— 7.9	— 12,964	— 29.4
Re-exports.....	4,060	— 907	— 22.4	— 2,788	— 40.7
Total exports.....	35,154	— 1,677	— 4.6	— 15,752	— 30.9
Excess of imports over total exports.....	26,413	— 19,996	— 43.1	— 2,113	— 7.4

JANUARY-NOVEMBER. (000's omitted.)					
	1932.	Increase or Decrease as compared with			
		1931.		1930.	
Imports.....	£ 642,575	— £ 142,643	— 22.2	— £ 312,651	— 32.7
British exports.....	332,541	— 24,445	— 7.3	— 199,453	— 37.5
Re-exports.....	46,781	— 11,718	— 25.0	— 34,956	— 42.8
Total exports.....	379,322	— 36,163	— 9.5	— 234,409	— 38.3
Excess of imports over total exports.....	263,253	— 106,480	— 28.8	— 78,242	— 29.3

While imports were less than three-quarters of their value last November, when the figure was artificially inflated by "forestalling," it is satisfactory that less than one-tenth of the fall was due to diminished imports of raw materials; of a reduction of about £21½ millions, £15½ millions was due to reduced imports of manufactured goods. Though imports of raw materials over the eleven months' period are down by £6 millions, imports of textile materials have actually increased. The following are the quantity figures for certain leading materials:—

RETAINED IMPORTS. (January-November.)			
	1930.	1931.	1932.
Iron ore and scrap..... tons	4,102,890	1,963,108	1,748,117
Sawn soft timber..... loads	4,433,414	3,951,610	3,913,938
Raw cotton..... cents	9,480,421	8,528,428	10,528,935
Sheep and lambs' wool..... cents	4,375,632	5,158,503	5,358,606
Wet hides..... cwts.	573,117	679,868	783,141
Crude rubber..... cents	2,415,154	1,809,230	1,058,152

The increased imports of raw cotton and wool are accompanied by an improvement in exports of textile products which in some instances, as the table below shows, have more than recovered the 1930 level. Figures for other articles, however, are not so reassuring:—

SOME LEADING EXPORTS. (January-November.)			
	1930.	1931.	1932.
Coal..... tons	50,632,504	39,122,250	35,810,180
Pig iron and ferro-alloys..... tons	297,867	188,455	111,468
Tinned and terne plates and sheets..... tons	480,017	358,860	430,994
Railway material..... tons	379,425	187,232	92,857
Total iron and steel manufactures..... tons	2,988,381	1,805,631	1,724,679
Machinery..... tons	446,720	298,896	280,332
Cotton yarns..... lbs.	125,063,600	118,592,400	129,920,200
Cotton piece-goods..... thous. sq. yds.	2,276,612	1,566,549	2,002,213
Woolen yarns..... lbs.	29,454,100	27,145,900	29,121,400
Woolen piece-goods..... thous. sq. yds.	74,121,200	51,513,900	48,913,200
Linen piece-goods..... sq. yds.	57,248,400	59,821,900	59,626,600
Leather boots and shoes..... doz. prs.	854,132	635,733	595,351
Motor-cars and chassis..... number	27,509	21,591	34,925
Locomotives..... tons	48,243	19,784	2,931

Motor-car exports have recovered substantially, but exports of locomotives and other railway material, as well as of iron and steel manufactures in general, continue to be disappointing. Certain other groups of manufactures, of which it is impracticable to give quantity figures, were exported to a greater value in the first eleven months of this year than in the corresponding period of 1931. These include cutlery, hardware and instruments; chemicals, drugs, dyes and colours; and paper and cardboard.

While, on the one hand, there have been developments during the last few months which render the eleven months' figures, taken *en bloc*, an unsatisfactory basis for study, it is, on the other hand, useless to examine the trade returns one month at a time, as the results are confused by seasonal influences. In order to eliminate as far as may be this difficulty we have constructed the following table, showing a twelve months' moving average of imports and exports:—

AVERAGE MONTHLY IMPORTS AND EXPORTS. Twelve months ending—		
	Imports.	British Exports.
	£	£
October, 1931.....	72,627,446	33,978,229
November,	72,944,775	32,962,074
December,	71,892,257	32,430,318
January, 1932.....	70,785,387	31,893,596
February,	71,327,320	31,745,147
March,	70,537,439	31,512,381
April,	69,165,519	31,703,997
May,	68,007,757	31,395,793
June,	67,084,565	31,420,098
July,	65,564,822	31,006,935
August,	64,567,470	30,958,174
September,	63,398,524	30,656,725
October,	61,743,686	30,457,376
November,	59,937,590	30,393,228

When the influence of seasonal factors is thus eliminated, it appears that imports have declined without a break from one twelve-month period to another since the period ending with last February, and the decline during those nine months has amounted to some 16 per cent. Exports, on the other hand, have declined much more slowly, with occasional upward flickers, and were only 5 per cent. lower in the last twelve-month period than in that which ended last February. Thus, in spite of the drastic curtailment of our imports, we have been managing, in recent months, seasonal influences apart, to keep our exports in the neighbourhood of £80 millions. While this is no sort of satisfactory figure for a country which lives by its exports, it would still be reassuring if it could be taken to represent an absolutely "cast-iron" minimum which we could count on selling, whatever our commercial policy, because the world could not get on without it. This may indeed be the case, and we should be very glad to think so, but another less

satisfactory explanation is possible. The great depreciation of the sterling exchange throughout the past fifteen months has given a continuing stimulus to our exports—limited, however, by the depressing reactions which this has caused to the world as a whole. Not until we know the conditions that will obtain when the pound is steady shall we be able to gauge whether British exports have really touched bottom.

WAR DEBTS—A POSTSCRIPT.

IN the rapid series of diplomatic interchanges between London and Washington on the subject of war debts, the Note of the day before yesterday has tended almost immediately to pass into the region of ancient history; and since the essence of wise policy in this problem is to look constructively towards the future rather than to revert argumentatively to *choses dites*, we are not inclined to occupy much space in amplifying the brief comments, which were all we could make in our last issue, on the American Note delivered on December 7th in reply to the reasoned statement of the British case both for radical revision of the existing debt obligations and the suspension of the instalment which fell due last Thursday. Nevertheless there are certain points in this Note from Mr Hoover's Government which seem to us to demand a brief reference in retrospect, lest it be thought in America that public opinion in this country accepts without demur the arguments therein employed.

The major points at issue may conveniently be considered *seriatim*:—

(1) In its Note of December 1st, H.M. Government had very properly reminded America that "the system of war debts was called into being by the war requirements of the belligerent nations . . . (which) could only be financed by means of loans from the producing countries . . . taken, not in the form of money, but in the form of goods." To this the reply of the American Note is that of the amounts expended in the United States by America's debtors during the war, less than one-third was spent on munitions and remounts, and that very large amounts were spent on food, tobacco, cotton, etc., in addition to the fact that part of the credits were utilised outside the United States. Moreover, a portion of the credits were given after the Armistice, representing relief loans and surplus supplies sold on credit. On the strength of these considerations the American Government traverses the implication of the British Note that the war loans differ from other normal forms of international lending in that they were devoted to expenditure on "destruction."

Thus stated, the American argument has little substance. As regards the periods of hostilities, it is impossible to distinguish logically between steel purchased for the manufacture of shells and food and clothing purchased for the maintenance of the armies in the field and the civilian population supporting the armies. All such purchases were made for the common purposes of the war. In so far as this country is concerned, we had to procure food and raw material on credit from America because our industries, whose exports would normally have enabled us to pay for our needs, were entirely engaged in supplying our own armies and those of our Allies with munitions and other war requirements. The proportion of the credits expended otherwise than in the United States—*e.g.*, in purchasing Argentine grain—was comparatively small, and in any case formed part of the concerted war effort. The fact remains that whereas America's loans to the Allies between April, 1917, and the Armistice totalled \$7 billions and her post-Armistice loans and sales of surplus stores on credit somewhat over \$3 billions, the Allied war purchases in the United States amounted, in 1917-20, to nearly \$12 billions. The goods purchased were sold at war-inflated prices—our imports from America in 1918 cost us treble their 1932 value—and large profits were made by American suppliers, to the benefit indirectly of the United States Treasury's tax receipts. Moreover, of the post-Armistice credits the greater part—in the case of Britain almost the whole—was utilised in winding up contracts for war supplies which obviously could not be

terminated abruptly on November 11, 1918. Finally, it is pertinent to recall that, excluding America's advances to the new countries created by the Treaty of Versailles, the amount of her receipts on war debt account to date, namely, \$2.6 billions, represents the repayment, without interest, of nearly the whole of her post-Armistice loans.

(2) The American Note next suggests that the British Government in its statement of December 1st exaggerated the difficulties of transfer. It points out that, in the period 1924-30, United States debt receipts totalled \$1,673 millions, whereas American tourist expenditure abroad amounted to \$3,900 millions and immigrants' remittances to \$1,495 millions net. The further observation is made that "in measuring the transfer question account must be taken not only of trade directly with the United States, but of the whole area of international dealings."

Here again, we find the American arguments singularly unconvincing. No considerations of the obvious fact that trade cannot be regarded as merely bilateral can serve to eliminate the difficulty that the ultimate creditor must have an import balance if transfers are to be effected; and American tariff policy has been consistently directed towards preventing an import balance arising. There is no disposition in this country to overlook America's "invisible" imports in the shape of tourist expenditure abroad, etc., but the fact remains that, as we pointed out in our recent supplement dealing with War Debts, when all allowance is made for "invisibles" on both sides of the account, America had a credit balance *vis-à-vis* the rest of the world of some \$5 billions in the nine years 1922-30, in the course of which she received some \$2 billions on war debt account; and the impossibility of war debt transfer was not disclosed in that period only because of the fact that America's net lending abroad on private account during that period, namely, \$4.3 billions, bridged the gap—save for \$700 millions which were paid to America in the form of gold.

(3) The British contention that the repayment of war debts has led to maldistribution of gold and consequently contributed to the collapse of prices is traversed in the American Note with the answer that, when war debt payments began, America's gold holding amounted to \$4,028 millions, and is to-day only \$4,338 millions; and that the most striking change in the distribution of gold is to be found in Europe's total holding, which now stands at \$6,963 millions, as compared with \$3,018 millions on January 1, 1924. It is suggested that "the distribution . . . as between the countries of Europe cannot be attributed to forces originating in the United States." Moreover, the Note argues, the causes of the present economic crisis lie generally "in much more potent forces than in these debt transactions."

On this point, let it be fully admitted that the whole responsibility for the present world depression cannot be laid to the door of reparations and war debts, still less to the latter alone. With this qualification, it would be difficult to find an economist of standing in the whole world who would dispute the view that these payments, taken together, played a dominant rôle in creating the conditions out of which the crisis of 1931 arose. To compare the present aggregate gold holdings of Europe and the United States, respectively, with the figures for 1924 is misleading, for the flow of gold from America to various Continental "gold" countries which took place following the breakdown of the gold exchange standard, represented not, as the American Note suggests, simply the withdrawal of "demonstrably temporary" deposits by other nations in the United States, but a direct consequence of the crisis itself. It is clearly open to America to argue that French reparation receipts played equally an important part in accounting for the great accretions of gold in France from 1928 onwards. But this is merely to say that reparations were as potent a disturbing influence as war debt payments. Moreover, the piling up of gold in France in 1928-31 was the result, to a great extent, not of her reparation receipts, but of the repatriation of private funds placed abroad during the preceding period of franc exchange depreciation. However deplorable may have been the effects on the world economy of this development, the

French Government is entitled to claim that whereas the United States has had a credit balance on merchandise account ever since the war, France from 1927 onwards has imported to an increasing extent more than she has exported in goods, thus accepting an obligation imposed on all creditor countries.

(4) Mr Hoover suggests that misunderstanding may arise from the British statement that "the initiative in devising a settlement of reparations was taken by the Creditor Governments of Germany at Lausanne with the cognisance and approval of the United States Government." We quite appreciate that the President desires, for domestic reasons, to make his position clear and to reassure America that he is under no responsibility for what happened at Lausanne, and did not commit America to follow on with a debt revision. But the British statement stands. It is not the fact, nor did the British Note suggest, that the United States Government approved or was specifically consulted about the actual terms of the Lausanne settlement. That settlement was admittedly made on the responsibility of the European Governments alone. Nevertheless the fact remains that after the visit of the French Premier to Washington in October, 1931, the joint *communiqué* issued by Mr Hoover and M. Laval stated that "the initiative" in respect to "some agreement" relating to inter-governmental obligations should be taken by the European Powers principally concerned. Further, Mr Neville Chamberlain pointed out in the House on Wednesday that the United States Government also indicated to the British Ambassador that "if the European Powers devised a reasonable settlement, that would be the best method of approach with a view to the revision of the war debts due to the United States of America." It is not open to the United States now to disclaim responsibility for encouraging, indeed, admonishing Europe to set its house in order by laying the spectre of reparations. If the consequences of that settlement are not palatable to the United States, that is not Europe's fault.

(5) Finally, the American Note asserts that in the debt funding settlements between the United States and her European debtors, no debtor country "set their hands to any agreement which they believed at the time did not fulfil" the policy laid down by the United States Debt Funding Commission, namely, that the settlement should take account of "the ability of the particular Government to put aside and transfer . . . the payments called for."

This is perfectly true; but it is quite beside the point. It is not given to man to foresee the future, and contracts which seemed feasible in 1923 may be demonstrably incapable of fulfilment if circumstances prove to be entirely different from those which were anticipated; and the case for change becomes unanswerable when it is proven that the contract is partly responsible for an economic cataclysm which is involving everyone in ruin.

In conclusion, we would express the hope that after this long-range bombardment with arguments which, for all practical purposes had better be left for settlement by the judgment of history, the American Government will feel satisfied that it has "had its say" sufficiently to assure the American taxpayer that his interests have not been abandoned lightly or without a due sense that America has a case of her own to state. It may be a long time before American and European opinion is in complete accord as to the rights and wrongs of the whole history of the attempt at financial liquidation of the war; but the intricacies of old controversial arguments are the worst possible line of approach towards agreement on the plain necessities of the future.

Notes of the Week.

December 15th and the Budget.—Mr Chamberlain's statement in the House of Commons on Wednesday cleared up several uncertainties with regard to the effects of the December 15th debt payment to America on both the Budget and the position of the Bank of England. The payment would, he explained, mean a deficit of £20½ millions in the Budget, but that deficit would be dealt with by having recourse partly to the saving arising

from lower rates of interest than he had anticipated on Treasury bills, and partly to the sums provided for sinking funds which were no longer required by statute on account of the rise in the value of gilt-edged securities. In view of the terms on which the British Government had stated that it was making this payment—i.e., as a capital sum on account of any future settlement—the Chancellor's policy, in so far as the budgetary treatment is concerned, is in the circumstances entirely justified.

The Fiduciary Issue.—We are less satisfied with the decision which has been taken with regard to the effects on the Bank of England's position. Mr Chamberlain announced that payment would be made in gold, as stated in the final British Note; that the gold would be provided in the first instance by the Federal Reserve Bank of New York, for whose account an equivalent sum in gold would be earmarked by the Bank of England, and subsequently shipped in such manner as might be arranged between the two Banks. The gold earmarked in London would be taken from the holding in the Issue Department and would be paid for by the Government at the current price of gold in Treasury bills. Since the gold in the Issue Department is valued at the old par value, and any profit or losses on gold dealings are dealt with in the Exchange Equalisation Account, the Bank would retain £19½ millions as the value of the purchase of the gold and £10 millions would go into the Exchange Equalisation Account, where it would remain as an asset until required for the purpose of buying gold again at the current price of the day. To offset the loss of gold in the Issue Department there would be no increase in the fiduciary issue. No request for such an increase had been made by the Bank of England and he, Mr Chamberlain, would have been surprised if such a request had been made because "it is in my opinion very essential at this time that we should not give the impression abroad either that we are careless about our resources of gold or that we want to mask the real truth or conceal anything of what is taking place." We agree with the Chancellor that there is every reason that it should be made clear to America what consequences are involved in the transfer of this instalment, but we cannot agree that a declaration that we were forced thereby to increase the fiduciary note issue—or, to put the matter another way, reduce the proportion of gold backing of our note issue—would have been "concealment." Nor do we think that it would have led foreign opinion to suppose that we were going to "inflate" the currency. There is hardly any country in the world which has a fixed fiduciary issue, and public opinion is content to leave the variations in the hands of the central bank—provided the ratio does not fall below a legal minimum. To-day our note is inconvertible and its value dependent on our monetary policy. The gold backing of our notes has, indeed, very little significance except that the more it shrinks, the less possible will it be for us to stabilise the pound. On the other hand the policy of drawing on the "banking reserve," which stood last Wednesday at £43 millions, will reduce it to a level suggestive of deflationary action to come. Indeed, Mr Chamberlain admitted that he expected to see "some rise" in the recent very low level of market rates for bills. He went on to say that he saw no reason for anticipating that any shortage of credit would result and he made the important declaration that he did not expect that the guardianship of the sterling exchange would "dictate any departure from the general line of policy"—i.e., decisively easy money—recently followed by the Bank of England on the lines of the Government's declaration at Ottawa. Nevertheless the fear remains. We do not anticipate that difficulties will arise in providing the exceptional requirements of the Christmas trade—a matter which is discussed elsewhere; but the more remote effects depend on the efforts—if any—which the Bank may feel itself called upon to make to reconstitute its "banking reserve." If no special steps are taken to do this, and we are content to await the result of our negotiations with America—which might well involve an arrangement for the replacement of this gold—the source of the gold now shipped is immaterial. But if we try to replace it—whether from India, South Africa, France or any other source—it would mean

that Thursday's instalment to the United States was not really being paid by a transfer of gold, but that we were attempting to fit it into our balance of payments at the cost of a corresponding contraction of imports other than gold. The results of this decision will require to be carefully watched by the Government, who will, we hope, not hesitate to reconsider their policy if it should appear that deflationary effects are beginning to develop. In a matter so vital, the responsibility must lie, not with the Bank of England, but with the Government of the country.

General von Schleicher Starts Well.—In domestic politics as well as in foreign affairs, General von Schleicher has made a good start. The *Prügelei*, between the Nazis and the Communists in the Reichstag on December 7th, has been atoned for by the subsequent passage, with the necessary two-thirds majority, of a Bill, introduced by the Nazis, for amending the constitution of the Reich in the matter of the appointment of an Acting President in the event of the President's death or "hindrance" from fulfilling his functions. Hitherto, the Acting Presidency has devolved upon the Chancellor of the day. The new amendment provides that the Acting Presidency shall devolve upon the President of the Supreme Court of the Reich at Leipzig—a dignitary who will possess the necessary prestige with the advantage of being, presumably, more or less neutral in the party conflict. The object of the amendment is to prevent the President from virtually appointing his own successor; and it has been supported by all parties except the Communists and the Conservatives—an even stranger pair of yoke-fellows than the Communists and the Nazis, who have sometimes been bracketed in this fashion. The Reichstag also passed a Bill, introduced by the Zentrum, which revoked Herr von Papen's measure—enacted on September 4th last by Presidential Decree—whereby employers of labour were authorised to reduce wages in proportion to the engagement of new hands. This measure has been as unpopular as it has been ineffective for reducing unemployment; and as the People's Party and the Conservatives were the only factions of the Reichstag which voted against its repeal. A more controversial question was that of an amnesty for persons convicted of political offences; but this matter was settled by compromise; and thereupon, last Friday, in the Reichstag adjourned—to reassemble, perhaps, in January. Thus the relations between the Reichstag and the new Government, at their first encounter, have passed off smoothly; and much may happen before the Reichstag meets again. In the Nazi organisation, for instance, there is something very like a split between the orthodox, led by Herren Hitler, Göring and Goebbels, who are in favour of uncompromising opposition to the Schleicher regime, and a heretical faction, led by Herren Strasser and Frick, who are in favour of co-operation. Herr Strasser seems to have got the worst of it in the first round; but the prevailing current of German public opinion is now flowing in the direction of political peace in order to give an opportunity for economic reconstruction; and it is by no means certain that Herr Strasser will not prevail over Herr Hitler in the end. It looks as if the Nazi movement were now faced with the wholesome choice of helping to reconstruct Germany or else destroying itself.

The League and Manchuria.—A full account of the proceedings of the League in the Sino-Japanese dispute will be found in the despatch from our League correspondent on a later page. Briefly, the position is that the representatives of Czechoslovakia, the Irish Free State, Spain and Sweden have presented the Assembly with a draft resolution which proposes to put it on record that "the relations between China and Japan were those of disguised war"; that the military operations undertaken by the Japanese troops "could not be regarded as measures of legitimate defence"; and that "without declaration of war an important part of what was indisputably Chinese territory has been seized by force and occupied by Japanese troops and that, as a sequel to this operation, it has been separated and declared independent of the rest of China." In the interests of "conciliation," the reso-

lution containing these plain statements has been shelved; and the Assembly, acting on the recommendation of its Bureau, has handed the whole business over to its Committee of Nineteen. The Nineteen has appointed a Subcommittee of Five to draft a resolution. The sub-committee is certainly representative, for it includes representatives of the Great Powers who want to confine themselves to the rôle of "honest broker," as well as representatives of the small States which feel that the maintenance of international law and order depends upon the vindication of the League Covenant and the Kellogg Pact. In consequence, the Subcommittee of Five is finding some difficulty in agreeing upon the draft of a resolution on which the Committee of Nineteen can act; but on one point there is no difference of opinion, and that is on the advisability of inviting the United States and the U.S.S.R. to send assessors to the Committee of Five in order to take part in the attempt to solve the Far Eastern problem. On this point Japan has not been slow to express her dissent, and China has once more declared her decision not to negotiate with Japan *à deux*. She has also resumed diplomatic relations with the U.S.S.R. after a breach which has lasted five years. We regard this as an ominous straw which shows which way the wind will blow unless the League finds the courage of the world's moral convictions.

Great Britain and the U.S.S.R.—An incident of a well-worn type between the British Government and the Government of the Soviet Union has passed, fortunately, without producing anything more serious than a storm in a tea-cup. It might have been supposed that, at the present juncture, the Soviet Government was really more sinned against than sinning as far as Anglo-Russian relations were concerned; for the British Government's action in terminating the existing Anglo-Russian trade agreement, while it was strictly within our rights, was disagreeable, if not positively unfriendly, from the Russian standpoint. The British Government, however, chose this moment to add another to their already innumerable protests against the anti-British propaganda of the Third International both in this country and in India. At the same time they demanded an apology for a ridiculous statement in the *Izvestiya* that the Foreign Office in Whitehall had instructed its agents to furnish documents, genuine or forged, to establish a connection between the Third International and the Soviet Government. Last Tuesday, it was announced in the House of Commons that this rather childish incident has happily been closed. The Soviet Government have returned a soft answer: they only take responsibility for official communications in the *Izvestiya*, and they dissociate themselves from the statements in the newspaper against which the British protest was directed. His Majesty's Government, on their part, seem content to have struck an attitude in which they have appeared in the right and the Russians in the wrong. It is to be hoped that they will now lose no time in getting back to business. Last weekend the Foreign Office published the text of a Note which it had received from the Soviet Ambassador to the effect that the Government of the U.S.S.R. accepts the proposal in the British Note of October 17th that negotiations for a new commercial treaty should be set on foot. We hope these negotiations will be pressed forward with good will and common sense on both sides, and we are glad to note Lord Londonderry's statement in the House of Lords on Wednesday that in the opinion of the British Government the market afforded by 180 million people is not one which can lightly be ignored.

The Japanese Naval Proposals.—At the moment when France and Germany have made a substantial contribution towards the progress of disarmament by arriving at an agreement on the difficult question of the German claim to equality of rights, Japan has intervened in a fashion which is distinctly unhelpful. She has put forward proposals for naval disarmament which reopen all the vexed questions settled at London in 1930 and at Washington in 1921-22—the most startling innovation being a proposal to modify the American-British-Japanese

ratio of capital ships from 10—10—6 to 11—11—8. Now the present naval ratios, together with the self-denying ordinance precluding the construction of fresh naval bases in a certain area in the Western Pacific, were expressly worked out in the Washington and London naval treaties with a view to rendering Japan immune from any possibility of attack by the English-speaking naval Powers in Far Eastern waters. This was done in order to reassure Japan that the termination of the Anglo-Japanese alliance did not imply any aggressive intentions towards Japan on the English-speaking Powers' part. The treaties left Japan navally and militarily dominant in the Far East; and, in consideration of this handsome concession, which gave Japan absolute security, Japan made a collateral agreement with the English-speaking Powers that she would not take advantage of this security in order to embark on an aggressive policy against China. This pact of non-aggression was embodied in the famous Nine-Power Treaty regarding China, which was one of the diplomatic instruments signed at Washington. Within the last fifteen months Japan has broken this treaty both in letter and in spirit; and now she comes to the British Empire and the United States with a proposal that, in these circumstances, the agreed naval ratios are to be modified in her favour. It is safe to prophesy that the proposal will not be accepted either by London or by Washington.

The World's Alternatives.—In an address to the National Peace Council last Friday Sir Arthur Salter made some wise observations regarding policy for the World Economic Conference, in respect of which, he argued, entry without a plan would mean leaving without a remedy. The objectives at which we should aim were, firstly, a world policy of controlled deflation: it was vital that the general level of prices should rise, and though monetary policy could not do everything, it could do much if it was co-ordinated. Secondly, the world's credit system must be reformed and restored—a task which involved some scaling down of existing indebtedness and encouraging a modest restarting of foreign lending, which must be better directed in future. Thirdly, there must be a reduction of tariff barriers. Britain's part should be to try to encourage and join low tariff groups and to formulate principles which would help countries to remove from their fiscal systems the tariffs which did most harm and brought least benefit. Sir Arthur concluded by remarking that the world to-day had two alternatives before it. It would either move towards a world order of peace and co-operation, or drift on towards "a system of closed preserves, of separate, opposed, and ultimately hostile economic units, regional, imperial and national." Do we intend, he asked, to utilise the gifts of science or destroy them? Do we wish to lessen distance with the advance of science or to increase it with the erection of trade barriers? Are the world's habitations to be fortresses or homes in a free society? There can surely be little doubt which answer to these questions should be given by this country even on the lowest basis of self-interest.

Canada's Textile Tariff.—Recent cables from Ottawa suggest that the reclassification, which is now being carried out, of several items in the Canadian tariff is likely to neutralise largely even the small benefits which seemed to accrue to Lancashire and Yorkshire from the Ottawa Agreement. For example, under that Agreement it was provided that woollen woven fabrics "in the gray or unfinished condition" should be admitted free if of British origin. The revised definition of "gray or unfinished" now issued by the Canadian National Revenue Department will have the effect of excluding from this category a large proportion of British woollens formerly covered by it, hence placing them in the categories subject to high rates of duty. Again, Canada made a concession at Ottawa whereby British cotton fabrics woven from yarns of counts of one hundred or more should be given free entry. Hitherto double-strand yarn has been reckoned by the Canadian Customs as equivalent

to two single strands; but a new reclassification provides that "doubles" are in future to be counted as "singles." As a result, a large volume of Lancashire's cotton exports to Canada will be placed in the highly dutiable classes. Here, surely, is a case in which friendly representations might be made by the British Government that the spirit of the Ottawa Agreement is not being adhered to by the Canadian Government.

Road Users and the Salter Report.—Further objections to the conclusions of the Salter Conference on Rail and Road Transport have been raised by the "Conference of National Organisations Interested in Road Transport," of which Sir William Lobjoit is Chairman, in the form of a statement circularised to the members of the House of Commons. Objection is taken to the proposal of Sir Arthur Salter's Conference that the taxation of mechanically-propelled road vehicles should be revised so as to yield £60,000,000 per annum. It is argued, in the first place, that the figure is an over-estimate of what will actually be spent over the next five years, and in the second place that it is inequitable to ask road users to bear the whole cost of road maintenance. The problem of estimating road expenditure is too complex to be discussed in a brief Note, but on the point of principle we are not greatly impressed by the arguments advanced. The Report of the Salter Conference, which was signed by the representatives of road transport as well as by the railway managers, decided to place the whole burden of the cost of road maintenance and of any future capital outlay on the road users, on the ground that the community value of the roads (that is, their value other than as a permanent way for road transport) could be roughly offset by the advantages enjoyed by road users as a result of expenditure by the community in the past, to which they had not contributed. Until this argument is directly refuted we think the public will remain unmoved by complaints of inequity. Further objection is taken, as was inevitable, to the "costly, complex and bureaucratic" licensing and regulation proposals, and, in particular, to the suggestion that the Minister should have power to prohibit the carriage of certain classes of traffic by road. Any form of regulation is always objectionable in the eyes of those submitted to it. As we have stated previously, we can see no reason to believe that the Minister of Transport would not use his powers with reasonable discrimination, and Sir William Lobjoit's Conference does not, and, indeed, could not, argue that no regulation of the present chaotic state of road transport is necessary. Finally, the Conference criticises the Salter Report for not proceeding to draw up a comprehensive plan for the co-ordination of road and rail transport. We have frequently emphasised that such an inquiry is urgently needed, and we believe that it should be undertaken as soon as the passage into law of the London Passenger Transport Bill sets the energies of the Minister of Transport free to be devoted to it. But the Salter Conference cannot rightly be condemned for refraining from going outside its terms of reference. Those terms did, indeed, include "division of function," but the words were used in conjunction with a "fair basis of competition." In our opinion, the elimination of the present subsidising of road transport, mutually agreed upon by the representatives of both parties in the Salter Conference, is a necessary condition for the establishment, as an interim step, of equitable conditions between road and rail.

The More Looms Agreement.—As we go to press, the Weavers' Amalgamation are considering the proposed agreement on the "more looms per weaver" system. The draft agreement, whose text was published this week, embodies a detailed price list which, after the manner of price lists in the cotton industry, is too technical to mean anything to the outside world, but which is designed to enable a weaver of average ability to earn about 41s. in a 48-hour week on six looms weaving standard cloth. Where conditions at a mill are alleged to be such that average wages fall 10 per cent. below this standard, provision is made for a joint investigation and for an increase

of wages as agreed upon by the investigators for the time being. The agreement only covers cloths made up to and including five lifts and with not more than 200 threads to the square inch, but provision is made, at a weekly wage of 45s. or 10 per cent. over normal earnings, whichever is the higher, for experiment, with not more than 6 per cent. of looms upon other cloths. The Joint Subcommittee is to continue discussions with the object of extending the agreement to other cloths. Where a weaver is employed in the mill with four or less looms running out of six under this system, he is to be entitled to a weekly wage of not less than two-thirds of his normal earnings from six looms, or not less than 28s., whichever is the higher. Provision is made for joint investigation of allegations that employers are working the four-loom system on six-loom prices, and for the payment of uniform list prices if the allegation is found to be true. This should help to remove one of the causes of the suspicion with which the weavers have been disposed to regard the system. Loom speeds are to be reduced by $7\frac{1}{2}$ to 10 per cent. of the average normal speed on the four-loom system, and it is provided that the displacement of labour shall be carried out in such a way as to reduce to a minimum the hardship involved. This proposed agreement has already been accepted by the employers, and as the Weavers' Committee intend to give a definite lead to their members in the direction of acceptance, it may be hoped that this important and thorny question has at last been settled.

Sterling and International Prices.—During the past fortnight the exchange value of sterling has recorded on balance a fractional improvement, and our index of international gold prices, after its catastrophic fall in the last half of November, has also shown a slight recovery. Our index of the sterling prices of primary produce is practically unchanged, while the complete Economist index records a decline of approximately 1 per cent.

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistisches Reichsamt, Germany.
	British Complete Index (sterling).	British Primary Products (sterling).	International Gold Prices.				
Jan. 1932.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Jan. 27th	100.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th	103.8	105.4	83.6	89.6	97.0	95.3	90.3
June 1st	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 29th	97.4	99.3	80.5	86.4	91.5	89.5	88.1
July 27th	99.5	101.5	84.1	88.3	91.3	88.5	88.1
Aug. 24th	102.5	111.8	89.3	89.8	89.0	89.3	87.1
Sept. 7th	107.1	120.2	94.7	91.7	89.0	91.5	87.9
Sept. 21st	106.0	117.4	89.6	89.6	89.9	93.2	87.1
Oct. 5th	104.6	115.3	85.7	88.8	88.8	92.7	86.8
Oct. 19th	103.1	112.3	84.0	87.3	88.4	92.8	86.4
Nov. 2nd	102.6	110.8	82.9	87.6	88.4	92.3	86.5
Nov. 16th	103.8	113.0	77.7	87.3	88.4	91.4	85.7
Nov. 30th	103.1	112.3	78.2	85.1*	...	91.6*	85.2*
Dec. 14th	102.2	112.1	78.2	85.1*	...	91.6*	85.2*

* These figures relate to December 7th.

In the complete list of articles forming the basis of the Economist index almost the only exceptions to the general downward tendency were the prices of meat (including bacon) and copper.

"ECONOMIST" INDEX.

(1927 = 100.)

	Sept. 18, 1931.	Nov. 30, 1932.	Dec. 14, 1932.
Cereals and meat	64.5	63.8	63.5
Other foods	62.2	62.0	60.6
Textiles	43.7	49.8	48.8
Minerals	67.4	75.4	75.9
Miscellaneous	65.8	62.5	62.1
Complete index	60.4	62.3	61.7
1913 = 100	83.1	85.7	84.9
1924 = 100	52.2	53.8	53.3

It will be observed from the first of the above tables that, save for the case of Italy, the foreign indices quoted show no signs of recovery. Indeed, the United States' index dropped in the week ended December 7th in a dramatic fashion.

November Iron and Steel Production.—The latest return issued by the National Federation of Iron and Steel Manufacturers shows that there were fifty-nine turnarounds in blast at the end of November; this was the same as at the beginning of the month, for five furnaces commenced operations and five were blown out. The production of pig iron in November amounted to 267,700 tons—a figure which represents a slight increase in the daily rate. Steel production rose to 473,800 tons, compared with 439,800 tons in October. Except for February, this is the highest total registered during the year. The increase is doubtless due to the fact that recent rises in Continental steel prices have rendered Continental material uncompetitive in many products. Imports were high in October, owing to fears that the duty on iron and steel might be increased, but they fell in November to 57,900 tons, or the lowest figure reached since July, 1922. Exports of iron and steel rose from 160,400 tons in October to 170,300 tons in November. The principal item in the exports was tinplates and sheets, which amounted to 40,100 tons. Recently the rising tendency of Continental prices has sustained a check, and in several cases there have been declines of a few shillings per ton. British prices remain steady, the Board of Trade iron and steel index number (1913 = 100) standing at 104.4 for November, compared with 103.5 in October.

The American Cotton Crop.—Our Manchester correspondent writes:—At the end of last week the Crop Reporting Board of the United States Department of Agriculture published further statistics relating to the cotton crop for this season. The reports were contrary to market expectations, the information being definitely "bearish." The revised estimate of the crop was given as 12,727,000 bales, against 11,947,000 bales a month earlier. There was considerable surprise at this report, for the estimate was nearly half a million bales higher than expected. The ginning return to the end of November of 11,631,000 bales was also heavy. As compared with the previous return, the Government increased the yield per acre from 156.2 lb. to 162.1 lb., and the acreage left for harvest was stated to be 37,589,000 acres. The crop for last season was 17,096,000 bales, the production per acre being 201.2 lb. At the end of last season there was a "carry-over" of 13 million bales, so that current supplies are about 25,750,000 bales, or the equivalent of two years' world consumption at the present rate. In view of these statistics some surprise was expressed that prices did not fall after the figures were issued, but the New York and Liverpool markets kept steady; indeed, there has been a slight rise in values. Owing to the low level of prices market operators are afraid to adopt a "short" policy.

Chile's Finances.—A correspondent writes:—The recent political troubles in Chile and their effects upon an already impoverished Exchequer made it desirable for the present Government to institute a study of the position of the national finances. Following upon a preliminary examination, the Chilean Minister of Finance has issued a Report showing the position as at the end of September, 1932. With regard to the National Budget for the current year, the ordinary revenue for the nine months ended September, 1932, is placed at 346,499,838 pesos, as compared with expenditure of 412,199,167 pesos. The resulting deficit of 65,699,329 pesos is augmented to 96,699,329 pesos by outstanding payments as at September 30th of about 31,000,000 pesos. It is now estimated that the total expenditure on the ordinary Budget for this year will be 650,255,000 pesos—this figure comprising also certain items of supplementary expenditure—while the corresponding revenue is calculated at 494,500,000 pesos, thus indicating a deficit of over 155,000,000 pesos. Revealing the manner in which the floating debt has been increased to meet expenditure, the Report states that the deficit brought forward from 1931 was 357,697,000 pesos, of which 240,000,000 pesos have been met by the issue of "Cosach" Bonds to the Banco

Central, as well as by Treasury "Vales." Of the remainder of 117,697,000 pesos, as much as 65,178,000 pesos has been met by the issue of Treasury bills. The outstanding balance in this respect was therefore 52,521,000 pesos, which, added to the figure of 155,725,000 pesos mentioned above, gives a probable deficit on the 1932 Budget of 207,246,000 pesos. Extraordinary expenditure in connection with public works, unemployment, etc., totalled 118,457,599 pesos at the end of September, against which there were authorised issues of Treasury "Vales" amounting to 310,000,000 pesos; and in this respect the Banco Central had been drawn on to the extent of 190,000,000 pesos at the date mentioned. With regard to the public debt in foreign currencies, this—calculated in pesos of 6d.—totalled 2,807,778,000 pesos, or the same as at the end of August. The internal debt—mainly of a floating nature—had increased from 874,507,000 pesos at the end of August to 916,344,298 pesos a month later. The external consolidated debt of 2,430,829,000 pesos (of 6d.) does not include the unpaid interest on the external debt, which was suspended on July 30, 1931, and which now amounts to 172,606,047 pesos. State-guaranteed external loans (State railways, Hipotecario Bonds, etc.) aggregated 1,156,461,000 pesos, and the internal loans 54,978,000 pesos. Law No. 4,972 of July 30, 1931, declared a moratorium on the external guarantees, but the paying institutions have had to deposit the service of these loans in the Banco Central.

Barclays Bank (D.C.O.).—This bank operates in South Africa, the East and West African Crown Colonies, the West Indies, and other parts of the Empire, and also in Egypt and Palestine. Thus its accounts give a fairly good impression of banking conditions over a large part of the world. *Prima facie*, the following summary of the bank's position suggests that there was an expansion in its deposits during the year ended September 30, 1932; but, in interpreting the accounts, it must be remembered that one of the bank's main fields of activity is in South Africa, so that a large part of its assets and liabilities, therefore, would be expressed originally in South African currency. For incorporation in the balance sheet, however, such assets are reduced to the common denominator of sterling; and inasmuch as sterling was worth considerably more in South African pounds on September 30, 1931, than it was a year later, it follows that the items in the 1932 balance sheet have been inflated somewhat by the further depreciation of sterling. On balance, therefore, it looks as if there has really been a decline in most items in the balance sheet, quite apart from the fact that the actual sterling value of such items as call money, discounts and advances was reduced during the past year:—

	September 30th.		
	1930.	1931.	1932.
Liabilities—	£'000.	£'000.	£'000.
Deposits	62,690	68,462	71,622
Note circulation	919	781	744
Acceptances	3,975	3,559	3,544
Capital	4,975	4,975	4,975
Reserve fund	1,650	1,650	1,650
Assets—			
Cash	11,845	13,646	14,502
Call money	3,011	2,075	1,849
Remittances in transit	1,149	1,039	1,332
Discounts	14,081	13,103	12,713
Investments	12,970	14,509	18,315
Advances	25,090	29,262	27,858
Net profit	465	403	372
To contingencies	Nil	Nil	100
To reserve fund	100	Nil	Nil
Dividend—			
"A" shares	4½%	4½%	4½%
"B" shares	4½%	4½%	4½%

In short, there is ground for thinking that this bank has not been immune from the common fate of banks under existing conditions. Advances and discounts are both lower; and, as a result, the bank has had to add substantially to its investments. At the same time, trade in certain of the areas served by the bank is not too unsatisfactory in the present world circumstances, and the bank's own position remains strong. The fall in profits is not

surprising, but it is largely offset by a saving of £20,000 in provision for income tax, while the decision to transfer £100,000 to contingencies, even though partly at the cost of undivided profits, will help the bank to deal with such difficulties as arise. Any recovery in profits, of course, is dependent upon a revival in trade in the areas served by the bank.

Bank of Montreal.—As the appended summary of this Canadian bank's accounts for the past three years shows, there has been a moderate contraction in both the note circulation and in deposits subject to interest. The contraction in the note circulation is largely (but not entirely) explained by the fall in both wholesale and retail prices during the year ended October 31st last, but the decline in deposits is less easy to understand. To some extent it may represent a depletion of savings, but investment in Canadian Government loans may also be a factor:—

	October 31st.		
	1930.	1931.	1932.
	\$ mill.	\$ mill.	\$ mill.
Liabilities:—			
Capital	36.0	36.0	36.0
Reserve	38.0	38.0	38.0
Note circulation	39.7	38.0	34.1
Deposits:—			
(a) Not bearing interest	148.0	116.9	115.3
(b) Bearing interest	541.0	539.9	520.4
(c) Made by Canadian banks	2.6	1.7	2.8
(d) Made by banks elsewhere	5.8	10.4	10.3
Assets:—			
Gold and subsidiary coin	33.9	27.8	19.6
Dominion notes	56.2	47.9	59.1
Deposit in central gold reserves	10.0	8.0	6.0
Balances due by banks outside Canada	35.1	22.3	31.8
Call loans in Canada	17.8	9.2	5.2
Call loans elsewhere	60.9	28.3	20.1
Dominion securities	131.1	169.1	206.0
Other securities	51.5	69.1	61.3
Loans and discounts:—			
(a) In Canada	290.9	291.1	252.1
(b) Elsewhere	42.5	23.0	17.9
Loans to public authorities	24.2	31.3	28.7
Net profits	6.5	5.4	4.7
Dividend	14½%	12%	11%

* Includes 2 per cent. bonus.

The heavy gold shipments from Canada to the United States during the past year have deprived the Canadian banks of part of their gold resources, and this accounts for the Bank of Montreal's gold losses, which incidentally have been replaced by Dominion notes, so that its total cash remains intact. A further contraction in both Canadian and external call loans is noticeable; this reflects the prevailing inactivity of Stock Exchange business. Holdings of Dominion securities are considerably higher. To some extent this is due to the falling-off in other means of employing bank resources, as witness the contraction in loans and discounts, but it may also be due to fresh Canadian Government borrowing. The decline in loans and discounts has been a common experience of banks this year. Bad trade is the most obvious explanation, but it is to be hoped that it also arises to some extent from a thawing-out of past loans of long standing. Profits have inevitably been affected by the decline in many of the bank's assets, and the decision to reduce the quarterly dividend from 3 to 2½ per cent. for the last half of the year now under review was no more than an obvious precaution.

The British Overseas Bank.—Viscount Churchill, in his address to the shareholders of the British Overseas Bank, had much of interest to say on the course of trade during the past few months. Basing his conclusions partly on the bank's own experience, he stated that the atmosphere of depression gave way to definitely more active conditions in September, with the result that since the beginning of October the bank's figures began to indicate some business expansion. Unfortunately that experience had recently not been maintained. Returning to this point at a later stage of his address, Viscount Churchill attributed the autumn revival in the commodity markets to the favourable outcome of the Lausanne Conference, and was equally certain that the subsequent check was due to prevailing political uncertainties, among

which he instanced "war debts and reparations, the nationalistic hysteria of tariff barriers, and exaggerated armaments." The centre of the problem, therefore, was the restoration of international confidence in the widest sense of restoring international good feeling and co-operation. If only this could be achieved, he was of the opinion that our economic system possessed sufficient reserve strength and resilience to be capable of working out its own cure.

Banque Italo-Belge.—The report of this institution, which operates largely in South America, states that owing to the "very appreciable" fall in the British and South American exchanges, it had been decided to convert the balance sheets of the bank's branches into francs at the rate of exchange for June 30th last—the date to which the accounts relate—instead of at par. It is claimed that this gives a more accurate view of the position, but the report admits that it makes it impossible to compare the accounts with those of previous years. In point of fact, practically all items in the accounts show substantial declines below those of 1931, and it is only fair to the bank to recognise that part of the decline is due to this cause. The report states that the results for the year 1931-32 are quite satisfactory, when regard is had to the prevailing adverse conditions in South America, which it reviews in detail. Net profits are returned at Frs. 11.2 millions, against Frs. 16.0 millions in 1930-31, and Frs. 20.0 millions in 1929-30. A dividend of 8 per cent. is proposed, against 10 per cent. in 1930-31 and 12 per cent. in 1929-30. Such results are fully as good as could have been expected.

British Textiles Exhibition.—In anticipation of the coming British Textiles Exhibition, to be held as a separate section of the British Industries Fair, at the White City, London, from February 20th to March 3rd next, the *Financial News* has published a special British Textiles Supplement, in which the articles, prefaced with a foreword by Lord Derby, the president of the Exhibition, are printed in English and in twelve foreign languages. We commend the enterprise of our contemporary in this novel experiment in multi-lingual journalism for the instruction of foreign buyers.

Overseas Correspondence.

LEAGUE OF NATIONS. Disarmament — Debate on Manchuria.

(FROM OUR CORRESPONDENT.)

GENEVA, December 13.

THERE has been a change in the turn of events. While the Assembly's early promise of firmness on the Sino-Japanese conflict had a set-back from the moment of Sir John Simon's intervention, last week's disquiet over the disarmament conversations has turned to satisfaction and modified hope regarding the prospects of a reasonable disarmament convention now that a formula has been found for Germany's return. Japan, however, has thrown something like a monkey-wrench into the machinery by her naval proposals, which, as anticipated, are directed solely to a definite increase in Japan's relative strength. If the first stage of the German difficulty has been satisfactorily negotiated, there will be an almost equally serious obstacle to be overcome in dealing with Japan's claims. The differences of principle and plan in the British, American and Japanese naval suggestions are very great, and they must not be lost sight of in the celebrations of Sunday's agreement between the five Great Powers. There are tremendous tasks ahead.

This is not to underrate the valuable progress made on Sunday, failing which it would have been difficult to see

any disarmament prospects whatever. Coming after so many months of gloom and indecision, it should not only have important political consequences but should also provide a much-needed tonic to the jaded statesmen. While no one here is unmindful of what is left to be done, there is a general feeling that a real step has been taken. The dangerous talk of closing down the Conference for several years without any substantial results has now ceased. The exact procedure is a little uncertain, but the intention is that the five Powers should meet in London about the middle of January, under the chairmanship of the President of the Conference, to consider how the agreement shall be translated into the practical clauses of a disarmament convention, and there should be no further suggestions of adjournment until the substantial reduction and limitation referred to in the terms of the agreement are achieved. The Bureau will meet again on January 23rd to hear the results of the London Conversations, and the General Commission on January 31st.

On the Sino-Japanese conflict, the central problem for the moment is whether the Assembly's Committee of Nineteen is to attempt conciliation after first framing the principles upon which conciliation should be based, or whether there should be an effort at unconditional conciliation. The Chinese have definitely insisted upon knowing within what framework any collective negotiations will be carried on. Japan, they said, had at every point refused peaceful settlement, and had declared emphatically that she would not enter into consideration of an alternative solution to that of "Manchukuo," which China would never accept. Negotiations, they urged, must be collective, must provide for an Assembly resolution pledging Members of the League not to recognise "Manchukuo" or enter into relations therewith, and must be begun upon the basis of, and be limited by, the resolutions of March 11th and the principles laid down in the Lytton Report.

There could be no mistaking M. Matsuoka's attitude. "Our nation (he said) is prepared to undergo even the severest sanctions under the Covenant of the League of Nations because they believe that it is a question of now or never." He proceeded to argue that some of the main suggestions for settlement laid down in the Lytton Report were an "absurdity," and then painted an astonishing picture of a Japan prepared to be crucified like Jesus of Nazareth but confident that, as with Him, world opinion would in the end understand.

It was only natural that most of the speakers in the Assembly debate, while showing every readiness to pursue any possible method of conciliation, recalled that there had been twelve months of this without result, and that it was of little use to continue in this direction without outlining the principles which must be at the root of any negotiations. As M. Paul-Boncour said, all efforts at conciliation would be wasted if there were not some specific basis upon which it was to be attempted, and in drawing up an outline for negotiations, the Assembly should be guided by the conclusions of the Lytton Report. A strong resolution was tabled by Czechoslovakia, Spain, Sweden and the Irish Free State stating on the basis of the Lytton Report, that Japan's action was not taken in legitimate self-defence, that "Manchukuo" is not a spontaneous expression of the will of the people of Manchuria, and that the existing conditions in Manchuria are contrary to the treaties. This disturbed Mr Matsuoka to the point of an implied threat of Japanese withdrawal, but the draft resolution, together with all the other suggestions made during the course of the debate, was referred to the Committee of Nineteen. No conclusion was reached, and a small committee, comprising Great Britain, France, Czechoslovakia, Spain and Switzerland, has been appointed to draw up some resolution in the light of the discussion. There the matter stands for the present, and everything depends upon the result.

It seems inevitable that the Assembly will have to face a decision; the attitude of Japan makes it almost impossible for them to run away from it, and Great Britain cannot forever press for conciliation in impossible conditions. Mr Quo Tai Chi, with considerable truth, declared that China was bearing the struggle far better than Japan.

Japan's economic and financial situation (he said) was growing daily worse; they were faced with a gigantic burden of taxation, and with a Budget deficit greater than in any country in the world. Bank deposits had steadily diminished, capital was flying abroad, markets were dwindling, and the burden of their adventure on Chinese soil grew daily greater. Japanese national currency had fallen to two-fifths of its value in 1931, and the two days' debate in the Council the week before was enough to drive down all stocks and shares on the Tokyo market by between five and seven points. Japanese securities and Japanese currency had fallen lower than those of China, whilst in the same period China, despite all her sufferings, had continued to grow stronger. The truth of the matter was that in the modern inter-dependent world no nation could long stand moral, political and financial and economic isolation.

The danger is that this protracted situation may lead to the issues being fought out between Japan and China in a long and disastrous struggle. So long as Japan finds comfort from Great Britain she will continue, as long as she can, to hold fast; and it would be a hazardous prediction to say that China has not the population, power and resources to stay the course. An interesting development here has been the exchange of notes between Mr Litvinoff and Dr. Yen announcing the resumption of diplomatic relations between China and Russia. Mr Matsuoka has made considerable play with the sympathetic attitude of Russia towards Japan, at the same time arguing that the sole reason why China is not completely Bolshevik is because Japan is there. The Chinese initiative in resuming diplomatic relations with Russia, on a merely narrow view, is an astute step, though Mr Litvinoff, in a statement to the Press, asserted that this in no way involved any change of relations with other Powers. At the same time, the resumption of relations between these two countries may not be without its risks if the League fails to stand by its principles, for there is always the possibility that China may in such circumstances throw herself into Russia's arms.

UNITED STATES.

Debts — Industry — Copper — Finance — Congress.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 1.

IN Wall Street the second British Note on debts made a good impression, but in this section of the country there was no great need for further argument. Wall Street has long been of the view that realities must be faced, that the debtor must be given a hearing, and that the question ought to be decided in the light of what would be to the best interests of this country in the long run and what plan would eventually bring in the most money. While outright cancellationists are in the minority in the financial district, the revisionists and those in favour of postponement of instalments are in a great majority. Most people are counting on payment, if insisted upon by Congress, of at least one more instalment, but are anxious as to the effect on sterling and commodity prices. Meanwhile, it is noted with satisfaction in Wall Street that the British Note has stuck to the principle of considering the debts of all nations at once. The tendency of some here to make a special case of Great Britain is disliked.

Uncertainty as to the debt outcome has acted as a drag on all markets, and has probably to some extent injured trade in general. In spite of the absence of external worries, the American business man has had plenty of trouble this autumn. Since the middle of October there has been a distinct slackening, no worse than seasonal in some industries, but exceeding it in others. Holiday trade has been slow in appearing in the cities, and has been non-existent in rural areas, where the recent fall in wheat and weakness in other farm products prices have further reduced purchasing power. Major industries are operating at a slower pace. The steel trade has eased to around 16 per cent. of capacity, and no improvement is

anticipated until after the turn of the year. Railroad traffic continues to decline along the seasonal slope. Motor factories have recently increased their production, but new models and not rising sales have been responsible. Output in October, as computed by the Department of Commerce, was 51,857 passenger cars and trucks in this country and Canada. For the ten months, total production was 1,262,000, against 2,278,000 vehicles a year ago. It is rumoured that the Ford works are preparing new models, but no one seems to have obtained an inkling as to what the new types may be.

The world copper conferences began this week, but a difficulty was encountered early in the proceedings with the insistence of the Roan Antelope interests upon an increase in their quota. The company, it is reported, instead of keeping to the 20 per cent. of capacity production as agreed upon a year ago, increased to 50 per cent. of capacity, and now insists on an 80 per cent. increase over the previous quota. This the other companies seem unwilling to allow, on the ground that it would imperil the whole restriction scheme. Only such American companies as have foreign mines are meeting, as this conference is under the aegis of the Copper Institute, and not Copper Exporters, as was the last. Domestic concerns wish to avoid any implication in price-fixing schemes that might involve them in anti-trust prosecutions, but that does not apply to the foreign field.

On the financial side little recent change has taken place. After a sharp reduction in excess member bank reserves in October, the tide has turned and the total now is again around \$475 millions. Since the middle of June, the Federal Reserve Bank of New York estimates, the country's gold stock has risen \$430 millions, the gain in November being \$76 millions. Money rates have been easy. In New York the principal development has been a cut of about one-half of 1 per cent. in commercial loans made direct to customers. The volume of commercial paper outstanding rose about 3 per cent. in October.

Banks have continued to build up their investment account in Government bonds, as deflation in loans continued, but more recently they have turned to the general bond market. Their Government security holdings are perhaps in some instances becoming a trifle top-heavy, important decisions must be made by the Government on wiping out the Treasury deficit, and Government bond yields are low. The Comptroller of the Currency recently published figures for banks as of June 30th last. They show that for the twelve months loans and investments for the country fell \$9,000 millions and deposits \$10,000 millions, which is eloquent testimony to the extent of deflation.

This week the Federal Reserve System reports a small drop in monetary gold stock, the first decline since last June. The cause was the usual preparations of the banks made at this time of year to provide a supply of gold certificates and gold coin for holiday purposes, and doubtless the condition will prove to be temporary. Money in circulation rose only \$13 millions, in spite of month-end operations and total Federal Reserve Bank credit outstanding was virtually unchanged.

Financial turnover this month will amount to around \$2,000 millions, including income-tax collections on December 15th and the Treasury operations. Corporate maturities foot up to \$95 millions. Interest disbursements amount to \$400 millions and dividend payments \$225 millions. It is estimated that about \$125 millions will be collected in income taxes, while the Treasury has \$600 millions in maturities to meet. However, the need of new revenues will mean, it is anticipated, total Treasury flotations at the income-tax date of \$800 millions, of which part will be in one-year notes and the remainder in three- to five-year notes. Longer-term financing will quite properly be left to determination by the incoming administration. Half the extra cash provided will probably go to the Reconstruction Finance Corporation and half to building up the Treasury's cash position.

The most recent issue of Treasury discount bills sold at a record low rate of 0.18 per cent. New financing in November sagged further to around \$80 millions, against

\$120 millions in October. Over half the November issues were municipal loans and nearly as much was in public utility refunding. Four Treasury bills issues last month totalled \$311 millions.

As the time for the reopening of Congress approaches hope is growing that enough constructive work may be done to improve sentiment this winter. The problems of the Treasury deficit and relief are outstanding. It is rumoured that President Hoover will suggest a sales tax to Congress to make good the \$1,000 millions deficit. This form of tax is generally favoured, not because it is believed intrinsically sound, but because it is the only means left of balancing the Budget, provided no drastic cuts in expenditure can be made. Best opinion is, of course, strongly on the side of heavy reduction in expenditure. Pressure on Congress from business men and others to do something real along this line will be indeed heavy this winter, as it is felt that tax relief rather than new forms of levies are badly needed. Economy guns are being concentrated on the ex-soldiers' relief expenditures, so much so that large cuts are expected in lieu of any fresh demand for a bonus. With the farmers the matter is different. If not in this Congress, at least in the next, some form of farm relief is sure to receive serious consideration. Meanwhile, the publicly expressed views of Democratic leaders on the subject of economy sound encouraging.

FRANCE.

Cabinet Crisis — Prices — Wheat — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, December 14.

AFTER an exciting sitting lasting over fifteen hours, the Chamber, at 5.30 this morning, rejected by an overwhelming majority M. Herriot's proposal that France should pay to-morrow the instalment of \$19 millions due on account of her American debt; and the country is again in the throes of a Ministerial crisis. M. Herriot entered the Chamber with a fairly certain knowledge that the vast majority of the Deputies had already made up their minds, and his task was exceptionally difficult. Prior to the sitting, the Finance Commission of the Chamber, which comprises a large majority of his own official Radical supporters and his Socialist semi-allies, had rejected his draft proposal for payment, and it was known that the Socialists intended to cast their 128 votes solidly against him.

The Premier's main arguments were that France must on this occasion honour her signature, but that she should accompany her payment of this instalment with a demand for the opening "without delay" of negotiations between America and her debtors, with a view to a fresh and final settlement of the problem, in view of the changed circumstances. He contended that France should maintain the closest liaison with Great Britain, in regard to the payment of the December instalment, in order that the solidarity established at Lausanne should not be broken. The Premier's stirring and often impassioned appeals had the sympathy of probably every member of the House, but all minds were already made up and, by a vote of 402 against 107 (with only 17 abstentions), the Government proposal was rejected. Early this morning the Cabinet tendered its collective resignation to the President of the Republic.

The majority consisted practically of the whole of the Right and of the Extreme Left of the House. The Radical Left, as usual, was split into two unequal parts, 31 voting against the Cabinet and 15 supporting M. Herriot. The fact that 10 of M. Herriot's own Party voted against him, and 11 others abstained, is sufficient to underline the unusual nature of the situation. The Republican Socialists were also divided (seven against and six for). Of the minority of 187, no fewer than 137 were Socialistic Radicals.

It is not yet possible to indicate whether M. Herriot will, as seemed likely a week ago, again "succeed him-



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self." The Premier, accepting the certainty of his defeat, warned the Chamber plainly that in no circumstances would he return to power to continue negotiations with either America or Great Britain, but that it would have to be either a Moderate, or a Socialist, who would follow him. Whether this is to be taken literally remains to be seen. Opinion in general appears to regard M. Herriot's return to power as likely.

The general (unweighted) index of wholesale prices at the end of November is 391 (1914 = 100), a drop of one point on the month, six points since the end of September, 13 since July, and 26 since November, 1931. The index for French products (29) is returned as 448, or four points higher on the month, but 27 points below the figure for November last year. The index for imported goods (16 products) is 290, representing a drop of eight points on the month, and 23 since November last year. The weighted figure, covering 126 commodities (100 = 1913), is 414, against 412 in the previous month and a mean of 502 in 1931. The weighted general index for retail prices in Paris in November, covering 34 articles of common household use, is returned as 533, representing a rise of 10 points on the month, but is 28 points below the figure for November, 1931, and 76 points lower than the mean for last year.

Simultaneously with the application of a much-discussed policy designed to maintain wheat prices, in the interest of the growers, the officially-fixed selling price of bread has been rapidly brought down. As from this week, best quality bread is to be sold in Paris at 1.75 francs per kilo, as compared with 2.25 francs in November, 1931, and 2.45 francs (highest) from April to July last year, this unusual level having been due to bad 1931 harvest prospects. The fall of the Herriot Ministry will probably render certain the expected rejection by the Senate of the proposal for the creation of a National Wheat Office for the control of bread-making cereals. It will be remembered that early last month, during the debate on the Government's plans for the stocking of wheat, the Socialists insisted that, as a first step towards wheat nationalisation, wheat market prices should be fixed by the Government and that a self-governing department should be created to deal with the country's entire supplies, including stocking, financing the growers' crops, etc. After having declared, on November 15, through its Minister for Agriculture, that a National Wheat Office was something which the Government "could not seriously envisage," the Government, on November 17th, through the same Minister, when faced with certain defeat in the event of a refusal, definitely promised that such an Office should be created, and that this would prove "an effective measure, which the Government believed would be final."

The Socialist proposal which the Radical Government thus felt compelled to accept involved the opening of a credit, under the pending Budget, for 670 million francs,

mainly designed to provide for immediate advances to growers, against the stocking of their grain, to prevent a drop in prices. The proposal adopted also provided for the utilisation of the stocked grain as cover for the increased note circulation accruing from the need to finance the farmers whose grain would be held back from the market. Experts have been denouncing the whole scheme as impracticable, and suggesting that the experience of Mr Hoover's unfortunate Farm Board experiment should be sufficient to prevent any such adventure in this country. The Farm Board, it is pointed out, endeavoured to hold market quotations at 120 cents, but had to liquidate their stocks at between 42 and 43 cents, at a cost to the taxpayers of the equivalent of some \$600 millions. In view of the proportional value of the respective crops, it is argued, the French Government, should the Socialist proposal be applied, would require some 6,500 million francs to finance it, instead of the 670 million francs the Government agreed to ask for.

Industrial production figures continue to improve. The general index for October is 95 (1913=100) (against means of 124 in 1931 and 140 in 1930). This continues the improvement of a single point per month which has been registered since the end of July. Of the nine great industries, four remain unchanged on the month (engineering, metallurgy, building and leather). The paper industry, which stood at 100 in July, went back a further two points to 94, and motor-car construction fell seven points to 398 (mainly a seasonal drop), as compared with 492 in October last year and a maximum of 657 in 1929. Textiles and extractive industries moved up three points each on the month, to 67 and 99 respectively. The improvement in the French textile industry, which touched its lowest level last April, when production was equivalent to only 53 per cent. of the pre-war volume, has moved up 14 points during the past six months, and to this extent (as in Great Britain and the United States) appears to have benefited more than other industries from recent general increases in import duties on foreign textile goods.

Bankruptcies continue abnormally numerous. "Failures and judicial liquidations" in November were 1,159, against 1,176 in the previous month, and monthly averages of 906 in 1931, 756 in 1930, and 726 in 1929. Railway receipts averaged 241 million francs daily in October (representing a decline of 6 million francs on the month), against 281 million francs in October, 1931, and means of 298,500,000 francs in 1929 and 1930. Loaded trucks in October were 50,400 daily, against 47,800 in September, 43,400 in August, and means of 53,900 in 1931 and 65,400 in 1930. Outward bound cargoes in October were 3,978,000 tons, against 4,498,000 tons in the previous month and 4,112,000 tons in October, 1931. Inward tonnage was 4,932,000 tons, against 4,714,000 tons in September and 5,095,000 tons in October last year.

Speaking generally, employment is increasing. Ministry of Labour figures, based on the monthly inquiry covering all concerns throughout the country which employ 100 or more hands, show that at the beginning of November the index figure for employment (1930=100) moved up on the month from 78.8 to 80.3, as against 90.5 in October last year. The proportion of workers on short time at the beginning of November was 43.1 per cent. of the whole, as compared with 46.6 per cent. in the previous month, 56.4 (highest) in February last, and a mean of 3.8 per cent. in 1930. The number in receipt of benefit in November was 255,411, against 303,218 (highest) in March last.

GERMANY.

Disarmament — Acts of Reichstag — Nazi Differences.

(FROM OUR CORRESPONDENT.)

BERLIN, December 13.

THE Geneva compromise on the disarmament question has been hailed by large sections of public opinion as an important success. It is, of course, recognised that its significance cannot be assessed until certain important points have been cleared up in the course of the Con-

ference, as, for example, the method of application of the principle of equality of rights; the kind of system which "would offer security for all nations"; and the question whether the principle of equality will be rendered ineffective by the imposition upon Germany of obligations which she cannot accept. A few papers criticise the agreement on these points: the Hugenberg Press, for example, characterises the Geneva announcement as a "dubious compromise," but apart from the Press of the extremist groups nobody expressly reproaches the Government with their return to the Disarmament Conference. However necessary it seemed to public opinion in the summer that Germany should keep aloof from the Conference, no reasonable German found any pleasure in this isolation.

The Reichstag rose at the end of last week, and will re-assemble when its National Socialist President summons it. That represents a success for the von Schleicher Government which was only possible because the Nazis are afraid of fresh elections. The Reichstag, before it rose, passed a number of important measures, of which one, the new law for the temporary representation of the President, received almost general assent. According to the Constitution, if the President dies or is prevented from exercising his office before the expiration of his term, he is represented "in the first place" by the Chancellor. If his incapacity lasts long his representative is to be appointed by Act of Parliament. When President Ebert died in the spring of 1925, the President of the Supreme Court was commissioned by a special Act to exercise the presidential functions until the new election. It was thus even then regarded as undesirable that the President, whose duty it is to supervise the actions of the Government, with special reference to their conformity to the Constitution, should be one and the same person as the head of the Government, even for a few months. That is, of course, far more important today, now that the President is obliged to exercise his plenary powers to an extraordinary extent, and has far oftener to consider, not only whether a given act of intervention is desirable as a matter of policy, but also whether it is in accordance with the spirit and the letter of the Constitution. The principle has therefore been laid down that the President of the Supreme Court shall take over the representation the moment that the President of the Reich is unable to exercise his office.

The National Socialists pressed for the passing of this law with particular urgency for two reasons: in the first place, they did not wish General von Schleicher to be in a position to combine the office of President with that of Chancellor; in the second place, they probably felt that President von Hindenburg would be more likely to agree to Adolf Hitler's becoming Chancellor if the possibility were ruled out of his exercising the plenary powers of the President at the same time. For the moment, however, Herr Hitler is further from the Chancellorship than ever.

The long latent conflict of leadership in the National Socialist Party has now broken out. Herr Strasser, a member of the Reichstag who has hitherto been the Nazi candidate for the office of Prime Minister of Prussia, has received three months' "sick leave" from Hitler because he wished, in co-operation with the Centre, to reconstruct the Prussian Government, and with this object in view would even have been ready to enter the Reich Cabinet as Vice-Chancellor. Herr von Schleicher is demanding—less indeed on principle than in order to force the National Socialists to share the responsibility—that the future Prussian Prime Minister shall become a member of the Reich Cabinet, and only on these terms will he withdraw the Commissioners from Prussia. That wing of the National Socialists, led by Göring and Goebbels, which at the moment exercises paramount influence upon Hitler, is not, however, willing to be hampered in its opposition to the Reich Government. Göring has therefore been substituted for Strasser as candidate for the office of Prime Minister. Göring has had an interview with the President, who apparently shares von Schleicher's point of view, and who in any case does not seem to like the idea of Göring as Prime

Minister of Prussia. Nor does Göring seem very popular among the Centre. Though the National Socialist leaders tried at first to deny the serious character of the differences of opinion between Hitler and Strasser, it has become common knowledge. At the same time, though for different reasons, the economic theorist of the National Socialist Party, Gottfried Leder, has also "gone on leave."

Among the important decisions taken by the Reichstag just before its adjournment were the passing of an Amnesty Act in favour of the instigators of acts of sabotage during the Berlin transport strike, and the repeal of the social measures contained in the emergency decree of September 4th. The clauses in question empowered the Government to alter at will all the laws which govern social insurance; labour agreements, especially wage tariffs; the protection of wage-earners and the assistance of the unemployed. The most important use which the Government made of this power was the issue of the decree of November 5th, by which they empowered employers to reduce wages below the tariff levels if they engaged additional workers. Most of these reductions were resisted by the employees, and the granting of this power was violently attacked by trade unions of every shade of opinion as a lasting danger to the structure of social policy. Probably the Government had never intended when they took these powers to use them to any great extent except to make these provisions for wage reduction. At all events, they did not attempt to do so in fact. The rescission of all that part of the Presidential decree which affects social policy, and the cancellation of the Government orders based upon it, make hardly any difference in practice. Politically, however, this gaining of their point by the trade unions is very important. Herr von Schleicher, who is tolerating this rescission and not even responding by a dissolution of the Reichstag, appears to the public to be a Chancellor with sound views on social policy. The Reichstag has, it is true, apparently been careful not to make difficulties for the Government on essential questions. The motions of the Social Democrats, the Communists and the National Socialists to give additional assistance to the unemployed during the winter, to raise social payments, and so on, have been referred to committees, which means that, for the moment, the Government retains a free hand in such matters. In the regulations relating to taxation vouchers the Government has made no changes, in spite of vigorous criticism. It is, however, not unlikely that the Government will withdraw the regulations which provide for the issue of taxation vouchers to employers as a bounty on the employment of additional workers, and will instead place the vouchers at the disposal of the communes to be used for the financing of contracts.

ITALY.

Italia Shipping Company — State and Private Concerns — Preferred Shares.

(FROM OUR CORRESPONDENT.)

TURIN, November 28.

MUCH comment has recently been caused by the change in the governing body of the Italia Shipping Company, a combine of the biggest Italian shipping companies (Navigazione Generale Italiana, Lloyd Sabaudo and Cosulich). As usual in combines where representatives of the former companies retain their places on the board of directors, there was, instead of a thorough reorganisation based on strict economies, much overlapping and subterranean rivalry. Suddenly the Genoese shipping world was startled by the news that the Duke of Abruzzi, president of the combine, together with all other directors, including such well-known names as Senators Rolando-Ricci, Biancardi and Signor De La Penne, had resigned, and in their stead a new board had been nominated, the most representative men in it being Marquess Federico Negrotto-Cambiaso, chairman of the Port of Genoa Authority, Rocco Piaggio and Giuseppe Lojaco, respectively as

president, vice-president and managing director. As the shareholders were in the dark a minute before the nomination of the new board took place, everyone saw in the change at the helm of the biggest Italian shipping company a true stroke of Mussolini policy, making for economy and strong unity of purpose.

Signor Rocco Piaggio, the present representative of a Genoese dynasty of shipowners, and one of the guiding minds of the new board, is said to be the author of a letter to Professor Cabiati (published in the August issue of *La Riforma Sociale*) in which a strong policy of reduction of the number of existing shipbuilding yards was advocated. This is, indeed, one of the crucial points of the situation. The number of active concerns is too great. Shipbuilding yards, although reduced from the maximum of 30 reached during the war to 15, are still far too many, and they must perforce work at an excessive cost. The nomination to the Italia board of first-rate men, free from political entanglements, may be the beginning of a policy of deflation in our industrial equipment. What will be the effect of this State intervention remains to be seen. For good or evil, the State is to-day interested in many private concerns, being in some instances their sole shareholder or owner, as, for example, in the Cogne Company (iron mines and metallurgy), the Idria Quicksilver Company, the Agip Oil Company, and the Miliani Paper Company. In other cases the State has an indirect responsibility, through the Istituto di Liquidazioni and other controlling agencies (such as the Sofindit). Signori Olivetti and Vassallo, the general rapporteurs to the Lower House of the State Budget, are much concerned as to the consequences of this State responsibility. They advocate the passing to the Istituto di Liquidazioni of all bad ventures and their winding-up within the shortest possible lapse of time. The granting of a new lease of life to unsound concerns would mean a regrettable use of public money.

Many good but financially embarrassed enterprises, heavily indebted to the banks, are now under the control of financial trusts, created to relieve the banks of their huge frozen assets. The Istituto Mobiliare Italiano (IMI) was to have issued debentures, with the proceeds of which the Sofindit and other similar trusts would have been enabled to pay to the banks the price of the assets bought from them. The success depended on the capacity of the market to absorb big debenture issues. That capacity is certainly not very high. As Signori Olivetti and Vassallo observe, the State Budget deficit alone has absorbed in the fiscal year 1931-32 the sum of 4,274 million lire from the market, and the requirements of the current year will be no less. Owing to the difficulty of converting at once the frozen credits of the banks transferred to the Sofindit and other financial trusts into debentures purchased by the investing public, another way was sought and a recent Cabinet Council approved of a decree authorising the issue by joint stock companies of preferred shares. The agitation thereby created in the stock exchanges may seem strange in other countries where preferred stocks are so popular. In Italy, however, shares having a prior claim to interest (simple or cumulative) or to capital are almost unknown. Moreover, in the present case, the issue of preferred shares, when approved by the Government, will take place without the equity shareholders being given the right to obtain the reimbursement of their capital, a right granted to them by the Commercial Code.

The scope for the issue of preferred shares is clearly the conversion of bank credits bearing high rates of interest into preference shares. The banks would renounce the frozen credits and acquire a privileged interest in the equity of the indebted concern, these acquiring in their turn an increased elasticity in the handling of their resources. The banks and their financial trusts hope to be able at some future time when the crisis is over to sell the preferred shares to the public. In the meantime the Stock Exchanges were unfavourably affected. Equity or ordinary shares, being the only ones dealt in on the market, were heavily marked down in all cases in which the issue of preferred shares was deemed possible, the market taking the view that the payment of preferred dividends would mean indefinite postponement of dividends on equity shares. It cannot be denied that transformation

of fixed-interest debt into preferred shares is the beginning of reorganisation. For the moment, as far as the market is concerned, the change is on paper only. It may be hoped that the present decrease in top-heavy charges of industrial concerns will be followed in better times by increased liquidity for banks and financial trusts.

FINLAND.

Short-term Debt — Money — Trade — Industry.

(FROM OUR CORRESPONDENT.)

HELSINGFORS, November 25.

THE rapid repayment of Finland's short-term foreign indebtedness is still going on. In the course of the current year (up to the end of September) it is estimated that the total short-term foreign indebtedness has been reduced from about 2,200 to about 1,630 million marks (calculated at the par of exchange), or by about 570 million marks, 260 millions of which were redeemed between July and September. Part of the funds were obtained by exports and the rest by the use of Finland's foreign reserves. The reduction in the net amount of the short-term foreign indebtedness was about 160 million marks from January to June and over 100 millions from July to September. The net short-term indebtedness is estimated to amount at present to only slightly over 800 million marks in comparison with 3,100 millions at the end of 1929. In addition, interest and redemption have been paid regularly on the bond loans raised abroad, and small packets of bonds have also been bought from abroad.

The weak tendency of sterling since the end of October has increased the difficult position of the Finnish mark. A very large portion of Finland's income from abroad is received in sterling, while, on the other hand, a large part of the foreign indebtedness is in gold currency, so that the Finnish currency is between two fires. As it is vital that exports should not suffer, the mark has followed the pound sterling, with slightly modified fluctuations, so that all gold currencies have become dearer. The Finnish money market has therefore not grown easier, but has remained tight, especially as some internal conditions accentuated the tendency to stringency. There is a notable falling off in deposits in the Joint Stock banks and Savings banks. This is due to the consumption of savings, a phenomenon characteristic of hard times, and to endeavours to obtain a higher rate of interest than is offered by deposits, or to invest funds in real estate. The deposits of the Joint Stock banks fell off in September by 173.8 million marks and in October by 124.9 millions. Their credits were reduced simultaneously by 30.4 and 66.0 million marks respectively. The banks were therefore forced to increase the amount of their re-discounted bills at the Bank of Finland, the latter rising by 60.1 and 17.4 million marks during those months. The direct credits of the Bank of Finland also increased by 89.2 and 29.2 million marks, so that the total credits of the Bank at the end of October amounted to 1,219.6 millions, compared with 1,157.3 millions a year ago. On account of the redemption of debt already referred to, the foreign balances of the Bank of Finland have dropped to some extent, in September by 11.5 million marks and in October by 34.5 millions. The note circulation has been falling steadily, and is now lower than it has been since 1919. The ordinary cover for the notes has also decreased, and at the end of October it amounted to 54.3 per cent. of all liabilities payable on demand in comparison with 47.0 per cent. a year ago but 75.7 per cent. two years earlier. During the first fortnight in November the tendency was, on the whole, in the same direction.

The balance of trade was favourable during the autumn months, as it has been throughout the year. In October the volume of imports was 14.6 per cent. less than last year, while the volume of exports recorded a rise of 15.8 per cent. The value of imports amounted to 895.7 million marks and of exports to 470.7 millions, so that the balance of trade resulted in a surplus of exports of 75.0 million marks.

The available figures regarding economic activity in the country are fairly comforting. Trade inside the country has increased by about 11 per cent., which indicates greater purchasing power. One of the causes of this is the fairly good harvest. Several branches of industrial production have also considerably advanced since the autumn of 1931. The value of the whole industrial production during the third quarter is estimated to exceed the corresponding figure for the same quarter last year by approximately 22 per cent., only a slight part of which is a result of the rise in prices. Industry supplying the home market, in particular, has benefited by the additional protection afforded by the rise in the foreign exchanges. The sawmills have been less active, while in the cellulose trade there has been considerable expansion. Although the financial depression does not yet show signs of recovery, and although the feeling in wide circles of the population is extremely gloomy, there has been some economic improvement.

CANADA.

Unemployment — Finance — Business Conditions — Parliament.

(FROM OUR CORRESPONDENT.)

OTTAWA, November 28.

CANADA is already experiencing the full brunt of winter conditions which, beginning early, have been abnormally severe for November. If this severity persists, it will aggravate the difficulties of the unemployment problem, which is already taxing all the resources of the Federal, provincial and municipal authorities. The Minister of Labour has given a pledge that nobody will be allowed to want for food and shelter; but he admitted that in September some 800,000 people were getting some kind of public relief, and the latest employment survey of the Bureau of Statistics indicates that this number has probably now grown. According to official figures, the Federal Treasury since the Bennett Ministry came to power has disbursed about \$115 millions on special expenditure for direct and indirect relief, including loans and subsidies to provinces and industries, and the drain upon it this winter is likely to be much heavier than last; for several provinces and a substantial number of municipalities, faced with shrinking taxation revenues, are at their wits' end for money and cannot shoulder further burdens for unemployment relief.

The budgetary outlook at Ottawa becomes increasingly dark. The high tariff policy of the Government has inevitably resulted in a sharp curtailment of Customs revenue, and in the first seven months of the current fiscal year ending October 31st the yield is nearly \$21 millions behind the Budget estimate. Mr Rhodes, placing ordinary expenditure at \$369 millions and revenue on the former basis of taxation at \$319 millions, aimed by increased taxation to bring the revenues up to \$374 millions and have a surplus of \$5 millions apart from special expenditure. But in the seven months' period the Treasury, so far from securing \$30 millions of additional revenue, actually finds its receipts down by about \$7 millions, as compared with the parallel period of the last fiscal year. So, unless there is a sudden revival of trade, the Government will have to admit at the end of the fiscal year a deficit of between \$50 and \$60 millions on ordinary account. In addition, unemployment relief will absorb at least \$20 millions and about \$50 millions will be required for the public obligations of the Canadian National Railways, while capital expenditures will take some \$10 millions more. Altogether, it looks as if the Federal deficit may not be far short of \$130 millions. The recent Federal loan of \$80 millions was only disposed of with great difficulty and, speaking in the Senate recently on the railway problem, Senator Meighen, the Government leader, declared that the Federal Government had nearly reached the end of its borrowing powers. The financial plight of more than one western province is also causing anxiety, and Mr Rhodes has disclosed that up to November 8th the Federal Treasury has made advances totalling

\$37,085,778 to the four western provinces, of which Saskatchewan received \$20 millions, or more than half. Most of these advances were made to avert defaults in maturing obligations held in the United States, but in the case of Saskatchewan substantial sums were lent to defray provincial expenditures in connection with relief and other matters.

Nor are there many encouraging signs of an improvement in the business situation. The colder weather and snowfall has stimulated a retail demand for seasonal merchandise such as warm clothing, heavy footwear, rubber goods, and winter sporting equipment, but there has been a slight setback rather than a gain in industrial activity. The carloading figure for the week ending November 19th, placed at 45,950 cars, 10,231 cars below the figure for the parallel week in 1931, showed a gain of 1,674 cars over the previous week's figure, but the latter had been effected by a holiday and the index number of 59.27 in reality showed a sharp decline from the index of 63.25 for the previous week. The production of pig iron for October, 6,731 long tons, showed the first gain in output since March, being 15 per cent. over the September figure, but on the other hand the steel output, 17,102 tons, was 26 per cent. under the September total, and the output for primary steel for the first ten months of the year has only been 274,945 tons, as compared with 623,781 tons in the parallel period of 1923. There is continued dullness in the building trade and little improvement in the lumber business, but the gold mining industry is prospering and the ten months' gold output of Ontario, valued at \$38,701,345, shows a gain of \$3½ millions, or roughly 10 per cent., over the figures for the corresponding period of 1931.

The Federal Parliament adjourned on November 25th for a long Christmas recess which will end on January 30th. Its chief accomplishment was the passage of the legislation giving effect to the agreements reached at the other Conference and this task, in view of the determined opposition of the Liberals, occupied more than six weeks. The Government got the support of half a dozen Progressives for the agreements, but all the rest of the Opposition forces were arrayed against them and kept up their resistance to the last. During a discussion on the projected Tariff Board Mr Bennett explained that it would not embody specific recommendations about tariff changes and would not be mandatory for the Government, and that the British Government would have to endorse and assume responsibility for applications for hearings before it made by British exporters.

ARGENTINA.

Public Finance — Foreign Trade.

(FROM OUR CORRESPONDENT.)

November 26.

NOTWITHSTANDING the wordy war now being waged in the Argentine Press between the advocates of inflation and the supporters of the *status quo*, the general situation remains unchanged, and the Minister of Finance is as emphatic as ever regarding the necessity for adhering strictly to the principles of sound finance. It is to be hoped that he will be able to sustain this position, inasmuch as it is clearly demonstrable that there is no shortage whatsoever either of currency in circulation or of the means of payment, considered as a whole. At the close of November, 1929, notes in circulation amounted to 1,286 million pesos, whereas to-day the amount is 1,301 million pesos, while the percentage of cash in hand held by the banks has risen from 16.6 per cent. in 1929 to 24.7 per cent. at the present time.

Inflation on a scale of any importance would be a monstrous injustice. Not only would the labouring

classes, who are paid in paper, suffer immediately and severely, but a large proportion of those who have confided their savings to Argentine investments would also be hit. Moreover, the Argentine Government, and all national departments, have, in their official publications during the last twenty years, striven to the best of their ability to state all statistics in Argentine paper, even including items such as the gold holdings of the Conversion Office, their argument being that nowadays the gold peso is not sufficiently current even to be treated as money of account. Practically no firms in Argentina to-day carry any accounts in gold pesos, while a glance at the bank returns confirms this statement, for the gold holdings on October 31, 1932, were barely \$2,000,000 dollars gold, while deposits were \$400,000 gold and discounts and advances merely \$74,000 dollars gold. When it is mentioned that the paper deposits of the banks total \$3,657,583,025 paper and the discounts and advances \$3,217,426,384 paper, it will be realised that to all intents and purposes the Argentine gold peso has dropped out of commercial existence.

There is at present a growing and somewhat unreasonable anti-foreign feeling in certain quarters which appears to be fanned by those in favour of inflation. The fact that foreign interests are unanimously opposed to such a course, and wholly in agreement with the attitude of the Minister of Finance, is not, however, due to fears of the immediate result of inflation, but rather takes its rise in the knowledge that the adoption of such a course would throw Argentine progress back for at least half a century, especially having regard to the innumerable difficulties and complications which beset her external trade at present.

The recently appointed advisory Financial Committee has not hesitated to recommend a forced loan of \$700,000,000 paper, in the form of bonds to be issued at par and apportioned among all banks in Argentina to the extent of 15 per cent. of their sight deposits and 10 per cent. of their fixed deposits. Proceeds would be used to reduce the floating debt, and the bonds would be discountable with the Conversion Office, bringing down the minimum of gold cover to 35 per cent. This is but the bare outline of a scheme that has been formally drafted and presented by the body appointed to act as assessors in case of need to the Minister of Finance himself. It illustrates very clearly how imminent is the danger of inflation at the present time, and it would be idle to deny that everything indicates an increase rather than a decrease in the pressure. Budget estimates for 1933 have been published, and the total expenditure is put down at \$865,113,494 paper—an increase of \$23,700,000 paper over the figures for the current year. Practically the whole of this increase corresponds to debt service, which calls for \$320,947,805 paper. No figures showing estimated receipts have yet been published, but it has been stated that all existing taxation will be maintained, including the additional 10 per cent. on imports, and sundry new imposts applied. It is generally believed that when these estimates are discussed in the extraordinary sessions of Congress now about to be held the Deputies, irrespective of party, will refuse to consider the imposition of additional taxation; in which case there is a grave danger that Cabinet changes may take place, with results that cannot be foreseen.

Business in general is languishing. Uncertainty regarding exchange and currency possibilities reacts sharply upon the import trade, while a further drop in the prices of cereals and meat has limited export movement. For the first ten months of 1932 imports are less by 32 per cent. and exports down by 7 per cent., as compared with the values of the corresponding period of 1931. The complications brought about by protective tariffs and exchange restrictions have reduced the general commercial movement of Argentina to half what it was five years ago.

NEW ZEALAND.

Budget — Debt — Unemployment.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, October 31.

Owing partly to the fact that a special session was held early in the year, the usual session of Parliament did not begin until September 22nd, after the return of most of the Ottawa delegation. The annual Budget was introduced early in October. For the financial year ended March 31st last, revenue amounted to £22,719,733, compared with £23,068,931 in the preceding year. Customs yielded £5,900,000, or £1,700,000 less, while stamp and death duties and land tax (which had been revised), were each about £600,000 less than in 1930-31. Income tax increased by £510,000, but total taxation yielded £2,400,000 less than in the preceding year. Interest on public investments changed little and amounted to £2,868,000. Most of the departmental receipts were lower, but the Post Office profits were £940,000 higher owing partly to the higher rates of postage imposed, which have since been reduced. Revenue returns included £1,495,000 transferred from reserves.

Expenditure amounted to £24,860,552, which was £150,000 higher than in 1930-31. Debt Services, at £10,512,000, were about £400,000 lower than in the previous year, the decrease being due mainly to the agreement with the British Government to postpone payments on war debt. There was an increase of £1,119,000 in the subsidy (which has since been abolished) to the Unemployment Fund. Annual appropriations, including Departmental votes, decreased by £660,000 as a result of economies. The deficit declared by the Budget was £2,140,819, but, if account be taken of the transfer of £1,494,825 from reserves built up from accumulated Budget surpluses in the past, the shortage on the year's operations was £3,635,644. For the present year, 1932-33, the expenditure is estimated to amount to £22,507,442 and the revenue to £21,630,000, leaving an estimated deficit of £877,442. This is the first occasion on which New Zealand has budgeted for a deficit. Moreover, among the revenue items budgeted for is a transfer of £2,500,000 from Reserves. If this is omitted, the estimated shortage on the year's working exceeds £3,300,000.

Despite the unsatisfactory Budget position, no additional taxation was imposed, the Finance Minister stating that the Cabinet considered that the limits of taxable capacity were already nearly reached and that an increase in the tax burden would hamper trade recovery. The reserves drawn upon are from accumulated surpluses in the past amounting to £30,000,000. Of this amount about £6½ millions has been used mainly in the last three years, to meet Budget deficits and losses on discharged soldier settlement accounts. Another £6½ millions has been used for loan redemptions and the remainder is invested in a variety of public securities. Arrangements have been made with the banks to take up some of these securities to meet the present year's shortage.

The provision of money for unemployment relief now depends mainly on special unemployment taxation on wages and incomes being paid into a special fund administered by the Unemployment Board. This money is excluded from the statement of ordinary revenue and expenditure. It is estimated that for the present year the special taxation levied for unemployment will amount to nearly £4 millions. Last year, when the taxation was lower and a subsidy was paid from the Consolidated Fund, the receipts of the Unemployment Fund amounted to £2,439,000 and the expenditure to £2,253,000.

The reduction in estimated expenditure for the present year, amounting to more than £2 millions as compared with last year, is due largely to the recommendations of the National Expenditure Commission appointed in January last to recommend economies in public expenditure. The Interim Report recommended economies amounting net to £2,700,000, including salary and wage reductions £1,164,000, and transfer from the Highways Fund £800,000. The final report outlines a comprehen-

sive investigation of Departmental organisation and expenditure and proposes further economies totalling £845,000. Some of the economies recommended have already been imposed, others cannot be imposed immediately, but the reductions in expenditure are appreciable. They have been partly offset, however, by increases in items such as exchange on interest due overseas and increases in pensions and family allowances due to the prevailing depressed conditions.

Letters to the Editor.

A SETTLEMENT WITH AMERICA.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The British Note to America, expounding the case for the cancellation or drastic curtailment of war debts, doubtless merited all the tributes paid to it as a great State document, but it revealed little practical recognition either of American psychology or of the American budgetary position, and the present *impasse* represents the inevitable sequel.

In the peculiar political situation in the United States, the over-riding need is to escape from five-thousand-word generalisations covering ground which is *terra incognita* to most American politicians, and to force, and focus, the issue by making a concrete offer, on the lines suggested in the *Economist*, on a basis which would render it extremely difficult even for the American Congress to resist. In other words, link the European debts with the United States budgetary deficit, offer a final payment adequate to bridge that deficit without recourse to new taxation, and let American legislators, in consultation with their constituents, decide, after full consideration, which is the safest policy to pursue—to accept an immediate and substantial cash payment, in final settlement, or to risk a general repudiation of all war-debt settlements, with the world-wide shock to credit and commerce which would undoubtedly ensue.

American politicians of all parties are pledged to the hilt to oppose cancellation, and no programme is worth the paper it is written on which does not make full allowance for that electoral commitment, and offer a solution which the American Legislature can accept, with honour to itself and advantage to its electorate, whose verdict is clear and recent, and cannot be set aside as of no account in devising a final settlement. Important developments, however, have occurred, even since the American elections, and of these the American Legislature, however unwillingly, will be forced to take full cognisance; the outstanding fact being that neither British nor French opinion will agree to a further payment on the present basis. Whether the justification for this refusal to pay is adequate or otherwise does not alter the fact that, in any event, the present payments will not be continued; and if default begins, it will not extend to all commercial debts without exception, but neither will it be limited to war debts, and, as a great creditor Power, America, on balance, would, in such a situation, probably be the heaviest loser. Faced with such a prospect, even American politicians might deem it advisable to revise their attitude; but it is equally clear that the initiative in formulating a definite proposal must come from this side.

The Hoover Administration cannot formulate proposals, nor can the "lame duck" Legislature by which the retiring President is nominally supported. The task remains of effecting a modification of American popular opinion adequate to enable the incoming President and Legislature to adopt a new attitude. The *Economist* has expounded "The Choice Before Britain"; but "The Choice Before America" can be made clear to the American electorate, which is unversed in world economics, only by laying before it, possibly in the form of a Joint Debtors' Memorandum, the choice between two inescapable alternatives—an immediate and substantial lump payment in final settlement, taking the form of a loan or loans issued by the debtor countries in America to eliminate all difficulties of transfer, or joint default, enforced by the proved impossibility of complying, in the new financial and economic situation which has emerged in the last two years, with the terms of an obsolete settlement. If, in such circumstances, America refused the first alternative, the position would be clear-cut, the debtor countries would escape the odium of deliberate default, and America herself would be the only loser. This being the position and the prospect, why should the debtor countries hesitate to force the issue?—Yours, etc.,

December 12, 1932.

R. W. BROOK.

Books and Publications.

BOOK OF THE WEEK.

CARTELS.

DR. LIEFMANN is one of the best-known students of the problem of industrial combination not only in Germany but also in its international aspects, and his small book on international cartels was translated into English some years ago. It is useful now to have in English his much larger work* dealing with the whole subject of industrial combination, together with an interesting introduction by Professor Macgregor, of Oxford, who attempts to carry the theoretical study of the effects of combination a stage further than Dr. Liefmann has carried it in his book.

To some extent Dr. Liefmann's study bears the impression of the circumstances under which it has reached its present form. Its author has been studying the problem for a great many years, and has constantly revised what he has written under the influence of changing economic conditions. Some of his chapters, particularly those which deal more generally with the economic influence of industrial combinations, read as if they were written a long while ago and have been rather amplified and modified to suit present conditions than thoroughly reconsidered in the light of more recent developments. But in general Dr. Liefmann's work has been brought thoroughly up to date, and it includes a vast mass of information, especially about the growth of the cartel movement in Germany and the post-war developments of international cartel organisation. There are also valuable chapters describing the growth of "concerns"—that is to say, of combined businesses under unified financial control, but falling short of complete fusion, and about the *interessengemeinschaft* in Germany.

On American and British developments Dr. Liefmann writes much less fully, and his work is chiefly valuable as a study of and comment upon the cartel movement rather than for its review of industrial combination in general. He writes with a strong bias against direct State intervention in industrial enterprise by way of the actual public operation of industries or services, though he fully admits the necessity which the growth of combination has brought about for a substantial measure of State regulation and indirect control. Even this necessity, however, he considers to have been exaggerated, for his view is that the power of cartels, or indeed of any kind of industrial combination, to raise prices at the consumers' expense is far less extensive than many critics of the combination movement suppose. He holds strongly to the view that prices are determined in the last resort on the demand side and not by costs of production, and that the marginal cost is set for the producer by the pressure of consumers' demand. He holds further that cartels, so far from leading as a rule to the concerted restriction of output, in the long run tend usually to increase output of the commodities which they control, both because any success which they may have in raising prices tends to bring in outside competitors who have subsequently to be included in the cartel, and because the cartel has usually a strong incentive to reduce costs by keeping its plants fully employed. He stresses, moreover, the services which cartels can render in the stabilisation of prices and employment and thus in evening out the trade cycle.

Professor Macgregor is on all these points a good deal more cautious, not to say suspicious, in his attitude. Dr. Liefmann defends the cartels, not only from the charge of extravagantly penalising the consumer, but also in comparison with trusts and other forms of industrial combination. This is largely because he holds that the cartel serves to maintain the incentives of private enter-

* "Cartels, Concerns and Trusts." By Dr. Robert Liefmann. With an Introduction by Professor D. H. Macgregor. (London.) Methuen. 21s.

prise within a system of regulated production. To all conceptions of organised public planning over industry as a whole he is strongly opposed, and indeed his defence of the cartels is based partly on the narrow limitation of their powers in these respects. Not the least interesting section of his book is that in which he surveys the cartel legislation enacted in post-war Germany, and compares the legal position of the German cartels with that of the various forms of industrial combination in other countries, particularly Great Britain and the United States. Though he is by no means a whole-hearted defender of the German cartel law, he greatly prefers the German system of regulation to the American attempt at prohibition or to the British system of withholding legal recognition from practices in "restraint of trade" without any positive outlawry of industrial combination. Throughout Dr. Liefmann illustrates his theoretical contentions with a mass of facts drawn mainly from German experience, and to anyone who wishes to understand the currents of industrial combination and State regulation of industry in post-war Germany his book is indispensable.

SHORTER NOTICES.

"The Functions of Money." By Leonard Alston, University Lecturer in Economics, Cambridge. (London) Macmillan. 5s.

Mr Alston's short book is addressed to the general reader rather than to the professional economist, and it possesses a delusive simplicity of language. The author writes well, and easily sustains his readers' interest throughout the whole of his argument, though he is inclined in pursuit of brightness to be sometimes unduly paradoxical in his method of statement. He begins with an interesting section of "English Monetary Habits," in which he puts before the reader an account of the working of the present banking system. In this section Mr Alston goes out of his way to tilt at the practice of paying interest on time deposits, for he holds that these constitute idle money held off the market by their owners and therefore incapable of breeding any real interest. This view follows from Mr Alston's contention that bank credits are created out of nothing and not by means of actual deposits placed by the customers of the bank in its custody. In Part II. he goes on to consider the changing value of money, criticising the traditional "quantity theory," and stressing the importance of monetary habits and psychological reactions in determining the level of prices. He is strongly opposed to all schemes for price stabilisation by means of any system of general index numbers, and, unlike many of his fellow economists, he believes that prices ought to be encouraged not to fall as productivity increases, but rather to move slowly upwards in order to give a greater encouragement to the development of production and gradually to amortise existing debts. He also delivers a strong attack on the policy of national economy in times of trade depression, but seems to push this to a point of unsoundness when he suggests that "when a State spends there is no less money than before," for is not this equally true—and untrue—of private spending? A third section deals with money and capital, but is much less clear and fully worked out than the other two.

PITMAN'S

AN INTRODUCTION TO INTERNATIONAL TRADE & TARIFFS

By R. A. HODGSON, B.Com.

An essential book for business men and students of modern world conditions. It treats of the problems of international trade and tariffs side by side in their proper relationship to each other, and contains much important and interesting information on the economic viewpoint of recent British experiences in tariff operation. 208 pp. 6/- net.

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"Statistics in Theory and Practice." By L. R. Connor. London. Sir Isaac Pitman and Sons, Ltd. 371 pp. 12s. 6d. net.

In attempting to comprise the whole theory and practice of statistics into one short book, Mr Connor has set himself a hard task, even though his theory only covers the elementary stage; but on the whole he has performed his task well. In the first part of the book, which deals with statistical method, he covers such ground as the organisation of a statistical inquiry, the collection of data, and classification and tabulation, as well as the use of the more familiar instruments of statistics, such as averages, dispersion, correlation and index numbers. We are glad that he has dealt with the preliminary organisation of a statistical inquiry, for that is a point too often neglected or scamped. At the same time we deduce from this part of the book that Mr Connor is in a position where he can often use compulsory or official power for the garnering of his data. He might have dealt more fully with the technique of the statistician who has to do the best he can with the very scanty material he can get.

The second part of the book is really a review of current statistical work, and it is here that certain *lacunae* have to be noted. For one thing, this section deals almost entirely with economic statistics to the total neglect of the vast amount of work being done in the medical field. But even in the economic field the review is incomplete. For example, the author implies that there are only three British wholesale price index numbers. In point of fact there are five, one of which, incidentally, would have given Mr Connor just that example of a chain index number that he needed to round off his theoretical comments. Again, he discusses "sensitive" index numbers, based on a few commodities. Here he has overlooked the new *Economist* gold and sterling index numbers of prices of primary materials, which would have illustrated not only this point, but also the theory of international price comparisons with which he is disinclined to grapple. Despite such omissions, however, the author has given a reasonably good "sample" of current economic statistical work, and the book provides a useful summary of both theory and practice.

"A Short History of the British Working Class Movement, 1789-1927." By G. D. H. Cole. Allen and Unwin. In one volume. 237 pp. 12s. 6d.

It is a great convenience to have between two covers the three volumes which compose this important history. The time is perhaps not yet ripe for a writing of the history of the five years which have elapsed since the first edition was completed, but meanwhile Mr Cole has given us a foretaste of his interpretation of it in his foreword to the present volume. From a brief analysis of the failure of the second Labour Government, he draws the lesson—which will not be accepted as valid by all his readers—that the Labour Party will in future have to be more clearly and decisively Socialist and that there is no future for a "gradualist" Labour Party. The trade union movement, Mr Cole suggests, will have to undergo a very considerable process of adaptation if it is to meet the profound changes in industrial conditions which have marked the development of recent years, and it will, in particular, have to become more and more political.

"The Mineral Industry of the British Empire and Foreign Countries, 1929-31." By the Imperial Institute. H.M. Stationery Office. 8s.

The Imperial Institute has done much to promote the development of the mineral resources of the British Empire by placing the experience of its technical staff at the disposal of producers and consumers. Not the least important of the Institute's work is the collection and dissemination of statistical information. Its annual statistical summary covers no fewer than 48 minerals, and shows the geographical distribution of their production, imports and exports during the past three years.

OTHER BOOKS RECEIVED.

International Trade. By Barrett Whale. (London) Thornton Butterworth. 254 pp. 2s. 6d.

In addition to a clear statement of the general theory and practice of international trade this Home University volume contains chapters on protection, commercial treaties and tariff bargaining.

Political Salvation, 1930-32. By Warden Chilcott. (London) Ernest Benn. 159 pp. 5s. net.

A reprint of articles appearing in the Press during the last two years in which the author urges the claims of national as opposed to party Government.

The Routine of a Public Issue. By Oswald M. Brown. With a Foreword by Harold G. Brown. (Cambridge) W. Heffer & Sons, Ltd. 236 pp. 7s. 6d. net.

A detailed account of the work involved in a public issue of capital by a joint-stock company.

Letters from Afar. 9d.; *The Tasks of the Proletariat in the Revolution.* 9d.; *The April Conference.* 1s.; *The Threatening Catastrophe.* 1s.; *Will the Bolsheviks Maintain Power?* 9d.; *On the Eve of October.* 9d. (London) Martin Lawrence.

The first five volumes are reprints from Lenin's *Revolution of 1917*, and the last from his *Towards the Seizure of Power*.

Days with Lenin. By Maxim Gorky. (London) Martin Lawrence, Ltd. 61 pp. 1s. 6d.

What America Owes Europe. By Francis Gribble. With a Foreword by Harold Cox. (London) Hurst and Blackett. 2s. 6d.

The author maintains that America owes to Europe more than Europe owes to the United States, giving the history of several American "defaults" as a basis for his somewhat crudely-stated claim.

Animal Industry in the British Empire. By A. N. Duckham. With a Foreword by J. O. Orr. (London) Oxford University Press. 216 pp. 15s.

An illustrated account of the methods, problems and potentialities of the Empire's livestock and dairy industries.

Business Budgets and Budgetary Control. By A. W. Willmore. (London) Pitman. 225 pp. 10s. 6d. net.

A detailed study of all branches of the subject which should prove of considerable value to all concerned with business administration.

An Introduction to the Practice of Foreign Exchange. By H. E. Evitt. With a Foreword by Alfred Hoare. (London) Pitman. 100 pp. 3s. 6d. net.

An extended reprint of four lectures delivered to the Institute of Bankers last spring.

OFFICIAL PUBLICATIONS.

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

Road Vehicles—Great Britain: Return showing the Number of Mechanically-Propelled Vehicles Registered for the first time under the Roads Act, 1920, by each Licensing and Registration Authority during the month of September, 1932. 2s. 6d. net.

Department of Overseas Trade: Economic Conditions in Germany to September 1932. 4s. 6d. net.

Third Report from the Select Committee on Publications and Debates Reports, 1931-32. 6d. net.

The Ulster Year Book, 1932. 1s. net.

Annual Statement of the Navigation and Shipping of the United Kingdom for the Year 1931, with Comparative Tables for the Years 1927-1931. 4s. net.

Report on a Financial Mission to Tanganyika, 26th September, 1932. Cmd. 4182. 2s. 6d. net.

Mining Industry Act, 1926: Fifth Report by the Board of Trade under Section 12 on the Working of Part I. of the Act. Cmd. 4193. 1d. net.

Report of the Committee on Local Expenditure (England and Wales). Cmd. 4200. 2s. 6d. net; (Scotland). Cmd. 4201. 2s. 6d. net.

Third Report of the Dyestuffs Industry Development Committee on the Present Position and Development of the Dyestuffs Manufacturing Industry in Great Britain, 1932. Cmd. 4191. 9d. net.

Report of the Chief Registrar of Friendly Societies for the Year 1931. Part 4—Trade Unions: Section 1, Proceedings and Statistical Notes. 1s. net.

Colonial Reports: No. 75—Palestine and Trans-Jordan, 1931. 8s. net; No. 76—Cameroons under British Mandate, 1931. 4s. 6d. net; No. 77—Togoland under British Mandate, 1931. 5s. 6d. net; No. 1585—Hong Kong, 1931. 1s. 6d. net; No. 1589—Trinidad and Tobago, 1931. 2s. 6d. net; No. 1590—St. Lucia, 1931. 1s. 3d. net; No. 1591—Federated Malay States, 1931. 3s. 6d. net; No. 1592—Northern Rhodesia, 1931. 2s. net; No. 1593—State of Kelantan, 1931. 2s. 6d. net; No. 1594—Swaziland, 1931. 2s. net; No. 1595—Barbados, 1931-32. 1s. 6d. net; No. 1596—Bermuda, 1931. 9d. net; No. 1597—Mauritius, 1931. 2s. net.

Twenty-second Report of the Development Commissioners being for the Year ended March 31, 1932. 2s. net.

Import Duties: Recommendations of the Import Duties Advisory Committee and Additional Import Duties (No. 9) Order, 1932. Cmd. 4205.

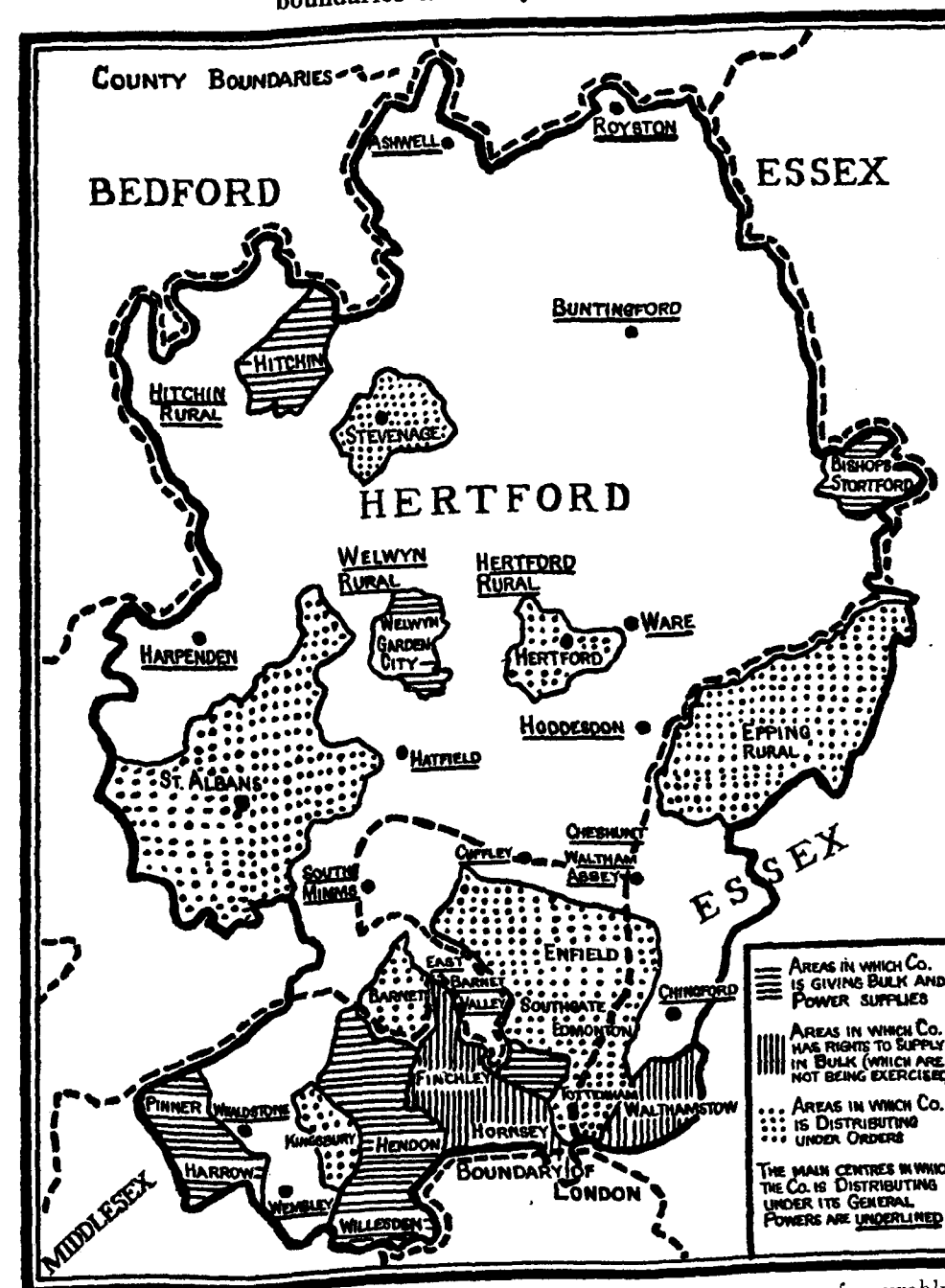
The Stock Exchange.

NORTH METROPOLITAN ELECTRIC.

PARTICULAR interest attaches to the North Metropolitan Company because its ordinary shares are the most highly valued—on a yield basis—of any of the more important electric supply equities. More than 50 per cent. of the ordinary capital of £1,657,415 is held by the "Under-ground" group, while a further large block is understood to be owned by the Greater London and Counties Trust, whose ramifications were discussed in the *Economist* of July 23rd last, page 179. The market for the North Metro-

NORTH METROPOLITAN COMPANY'S AREA.

Boundary of Company's Area shown by thick black line. County boundaries shown by broken lines.



politan Company's shares, therefore, is more restricted than the amount of its issued capital would imply.

The Company was incorporated by Act of Parliament in 1900, and its various Acts were consolidated in 1928. It enjoys the right to supply electricity, in bulk and for power purposes, in perpetuity, over an area of 660 square miles in Middlesex, Hertford and Essex. This area extends from the northern suburbs of London to the northern

boundary of Hertfordshire. The map on this page shows the districts in which bulk supplies are being given. The distributing undertakers are the Willesden Urban District Council, the Colne Valley Electric, Harrow Electric, Hendon Electric, Tottenham Gas and Electric, and Welwyn Garden City Electric Companies, the Hitchin Urban District Council and the Bishop's Stortford, Harlow and Epping Gas and Electric Company. The last-named concern was recently acquired by the North Metro-

politan, which now owns over 93 per cent. of the issued ordinary and preference capital.

In addition to its bulk and power supplies, the Company distributes current retail, under various Lighting Orders, in the districts of Enfield, Edmonton, Tottenham, Barnet, Southgate, Kingsbury, St. Albans, Hertford, Stevenage and part of Epping Rural District. The undertakings in question are purchasable by their respective local authorities at various dates. Over the rest of its area the Company has "general powers" to distribute electricity where a supply is not already available. The table on p. 1146 shows sales of current in the Company's area in 1930, and illustrates the amount of business for which the North Metropolitan was directly responsible, as well as the comparative importance of the distribution done under its lighting orders and "general powers" respectively.

The Company was directly responsible, in 1930, for just over 60 per cent. of the total power sales, but for only 42 per cent. of the total lighting and domestic business within its area. If the sales in which the Company was indirectly interested, by virtue of its bulk supplies, be taken into consideration, the proportions were, respectively, power 88.2 per cent. and lighting and domestic 76.6 per cent. Since 1930 the Company has acquired the Bishop's Stortford Company—the smallest of the independent undertakers—but the position remains substantially unchanged. The percentage of lighting and domestic business in which the Company is directly interested

compares unfavourably with those of the Metropolitan Electric Supply and the County of London Electric Supply Companies, both of which have pursued a policy of acquiring control of the distributing companies within their areas. *Prima facie*, the North Metropolitan appears to have been somewhat less enterprising than its sister power companies in this respect. In practice, however, it is difficult to

REVENUE FROM SALES OF CURRENT, 1930.

	Lighting and Domestic.		Power.	
	Revenue.	% of Total.	Revenue.	% of Total.
North Metropolitan Company—	£'000.		£'000.	
Distribution under "General Powers"	207.4	17.9	198.3	44.7
Distribution under "Lighting Orders"	278.9	24.1	72.2	16.2
Total, North Metropolitan Company	486.3	42.0	270.5	60.9
Independent Undertakers, receiving supplies from company	400.4	34.6	121.5	27.3
Other Independent Undertakers	271.5	23.4	52.5	11.8
Grand Total	1,158.2	100.0	444.5	100.0

appraise the merits of the policies pursued. Though it may undoubtedly be advantageous for a power company to control the distributing undertakings in its area—particularly when it has shown itself as successful as the North Metropolitan in developing its potential load—there is a real danger of the price of control becoming excessive. Under its "general powers" the Company is already doing a substantial business, and there is ample scope for future development. The Company may therefore be expected, in due time, to control an increasing proportion of the distribution business in its area.

In the case of all distributing undertakings, the purchase rights of local authorities are an important factor. Parts of the Company's undertaking, under its general powers, are subject to a limited right of purchase, but the rights are so restricted that it is doubtful whether they could ever be exercised. As regards lighting orders, under which more than half the Company's lighting and domestic sales are made, the purchase rights under two of the most important orders—Edmonton and Enfield—have recently become operative, and several others are apparently due for purchase in the near future. The Electricity Commissioners, however, are opposed to any multiplication of authorities or disintegration of supply areas, without strong justification. It is reported that negotiations have in view the extension of the North Metropolitan Company's tenure in these and other cases, subject to a sliding scale restriction of earnings. Whilst the scope for increased earnings in this sphere may therefore be somewhat curtailed in the future, serious adverse developments need not be expected.

The Company's sales of current have recently increased more rapidly than those of the London and Home Counties Electricity District, although the latter is one of the most rapidly progressing authorities in the country.

	Rate of Increase in Units Sold.				Proportion of Gross Revenue derived from each Class.	
	1930 compared with 1929.		Average Annual Increase since 1927.			
	North Metropolitan.	London and Home Counties.	North Metropolitan.	London and Home Counties.	North Metropolitan.	London and Home Counties.
Lighting and domestic	%	%	%	%	%	%
Power	+27.2	+20.2	+30.4	+14.4	43.2	68.2
Bulk	+6.8	+4.0	+12.9	+11.2	24.0	25.2
Traction	+17.3	...	+17.1	...	21.8	...
	+9.9	...	+8.9	...	9.5	...
Total (excluding traction)	+16.0	+11.1	+18.3	+14.0	...	...

The extraordinarily rapid development of the Company's lighting and domestic load is significant both of the potentialities of its area and of the energy and resourcefulness of the "sales" side of the management. How far have increased sales been reflected in higher profits? Comparison of earnings with those of other electricity concerns is affected by the Company's practice of making no specific allowance for depreciation, but writing down plant, etc., out of substantial allocations to reserve. To obtain an approximation of net earnings, therefore, we have ventured to make a reasonable estimate of depreciation. We have also allowed for the total cost of generation, including estimated capital charges on generating plant. The following results for every year since 1928 are

shown by consolidating the figures for the North Metropolitan and its Power Station Company:—

PROFITS, 1928 to 1931.

(000's omitted.)

	Years to December 31.			
	1928.	1929.	1930.	1931.
Gross revenue from sales of current and meter rentals	913	1,009	1,149	1,241
Total cost of current, generated and purchased*	398	483	523	577
Gross profit	515	526	626	664
Distribution expenses:—				
Repairs, maintenance and depreciation	112	124	148	156
Other distribution expenses†	161	198	215	246
Net profit	242	204	263	262
Additional credit items‡	57	127	143	157
Total available for fixed charges	299	331	406	419
Debt service, &c., service	43	76	104	121
Payments to local authorities	14	14	14	14
Income tax	...	1	5	6
Preference dividends	69	69	69	71
Available for ordinary capital	173	171	214	207
Ordinary dividends	128	160	160	166
Earnings (%) (gross)	13.6	10.7	13.4	12.5
Paid (%) (gross)	10	10	10	10

Total ordinary capital at end of year\$... 1,275 1,600 1,600 1,657

* Including fuel, repairs and maintenance, other costs, rates, &c., on generating plant, interest and depreciation on generating plant and cost of current purchased.

† Including management, &c., rent, rates, and other costs.

‡ Including other operating revenue, non-operating income, and interest on generating expenditure charged back.

\$ North Metropolitan Company.

On this basis, the margin of undistributed earnings, though satisfactory from every viewpoint, is much less than a mere computation of published figures, without allowance for depreciation, would suggest. Our own allowances under this head are, of course, entirely unofficial, and may be somewhat on the high side, since the Company's charges for repairs and maintenance are liberal.

The fall in the rate of earnings in 1929 was a temporary feature, connected with the coming into operation of the Brimsdown "B" Station. This station belongs to the North Metropolitan Power Station Company, a wholly-owned subsidiary. It is leased to the parent company on terms providing for the payment of a rent equal to interest charges and sinking funds on the loan capital issued for its construction, and is planned for a final capacity of 150,000 kilowatts. An initial 50,000 kilowatts was completed and in operation by 1929, and a full year's rent was payable, although the increased generating resources could not be fully utilised for the time being. A further 50,000 kilowatts of generating plant has since been installed and is understood to have been put into commercial operation in the latter part of this year. The rent payable by the Company will be correspondingly increased, and there may, as in 1929, be a slight "lag" before revenue-earning capacity develops sufficiently to cover the charge.

It would appear that, despite the operation of the new station, the Company's generating costs are somewhat on the high side. In 1928 the old Brimsdown "A" and Willesden Stations accounted for the greater part of the total output was generated at the new Brimsdown "B" Station. The following tables show, however, that the total costs per unit have not yet fallen significantly under the new arrangements:—

UNITS GENERATED.					
Stations.	1928.*		1931.		Thermal Efficiency 1931.
	Units.	% of Total.	Units.	% of Total.	
Brimsdown "A" ...	Thous. 39,805	21.8	Thous. 9,097	3.6	10.28
Brimsdown "B" ...	62,800	34.4	165,714	63.4	20.73
Willesden	80,920	43.8	84,232	32.6	17.29
	183,625	100.0	259,043	100.0	...

* For 12 months ended March 31, 1929.

GENERATION COSTS.

(Pence per unit generated.)

	1928.	1931.
Fuel	0.2275	0.1805
Total running costs	0.3432	0.3021
Capital charges*	0.1534	0.1586
Total cost of generation	0.4966	0.4607

* Interest and depreciation on generating plant.

There is still scope, clearly, for increased use of the Company's present generating facilities. While, therefore, the plant which came into operation this year may not immediately earn a full return, the increase in output should ultimately produce substantially lower in capital charges per unit generated, and a decrease in the total cost of current. Possibly, geographical circumstances have much to do with the fact that the Company's fuel cost per unit generated is about 45 per cent. higher than that, say, of the County of London Electric Company, since at Brimsdown there are available neither cheap supplies of coal nor abundant supplies of water for condensing purposes.

Within the next few months the Company may have an opportunity for converting its debenture stocks, totaling nearly £1,300,000, of which £1,050,000 consists of 5½ per cent. stock and the balance of 5 per cent. stock. Both are redeemable on six months' notice at 102½ and 105 per cent. respectively. If the Company succeeded in refunding these stocks at 4 per cent., a saving of approximately £15,000 would result—equivalent to just under 1 per cent. on the ordinary capital. The Company has just placed £200,000 of £1 6 per cent. preference shares, privately, which will be available in the market at about 28s. 3d., free of stamp. The £1 ordinary shares, at 52s. 9d., yield £3 16s. per cent.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
December 20.

ACCOUNT.
December 22.

THE War Debt discussions, culminating in Thursday's payment, had a mixed effect on the market. Although sterling was firm, the announcement that the fiduciary issue would not be increased, and Mr Chamberlain's forecast of higher bill rates caused a slight reaction in the Funds on Thursday. The November trade returns were favourably received, but the approach of the holidays discouraged business, and most markets, though steady, were quiet.

Gilt-edged stocks strengthened in the earlier part of the week. Old and New Consols were in favour, and Local Loans were active. War Loan, Funding and Victory Bonds were all better on Wednesday. The market, however, was quiet on Thursday, with an easier undertone. Long-dated India stocks found fresh support, and Dominions issues were well maintained, with Australians in the forefront of the market.

Foreign bonds were stronger at the outset, but easier on Thursday. German issues improved on the country's re-entry into the Disarmament Conference, and Austrians strengthened on the report of steady progress in financial reconstruction. The market became easier on the fall of the French Government. Brazilian bonds showed initial strength on the news that coffee planting had been forbidden for the next three years, but Argentine stocks weakened on reports of a possible funding plan. Japanese declined after an early rise.

In the Home Rail market a recovery occurred in Metropolitan, the preceding fall, due to nervousness over the Passenger Transport Bill, having been overdone. Traffic movements of the "Big Four" were a little below expectation, but comparison was made with an unusually good week of 1931. London, Midland and Scottish stocks lost

ground on the directors' decision to defer first preference dividends till February. Business in foreign rails was practically confined to the Argentine group, where price movements were irregular. Among Brazilians, Leopoldina were firm.

Industrial shares were quiet, business being restricted by the approach of the holidays. Coal shares were in demand from the provinces, and Horden Collieries rose smartly, though profit-taking occurred later. Electrical shares were favourably regarded, investment inquiry for supply issues being encouraged by the success of the Midland Counties debenture offer. Tobacco shares improved after a shaky opening, Carreras being well supported. Brewery shares were steadier, though Allsopp reflected disappointment over the lower profits and dividend. Woolworth continued to gain ground on expectations of an increased dividend and a share issue with "rights." Turner and Newall advanced, the preliminary profit figures (set out on page 1152), being above market expectation.

Attention in the Oil share market was centred mainly on the Anglo-Persian position, the market welcoming the Government's decision to refer the controversy to the League of Nations. News of agreement at the Paris Conference had little effect on share values. Rubber shares were lifeless, the week being the quietest experienced for many months. Such movements as occurred were adverse. Tea shares failed to maintain a slight improvement on Tuesday. Mining shares were very quiet at the outset, though Sub Nigel continued to recover lost ground. On Tuesday, however, business improved in the West African and West Australian markets, Lake View and Star and Wiluna being active. On Thursday, "Kaffirs" came into the picture again, Randfontein being in special request. Base metal shares were depressed by the recession in tin and copper prices—the latter reflecting the break-up of the Copper Conference (discussed on page 1153), and the pessimistic views of Sir Auckland Geddes as regards the prospects of a new producers' agreement.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Dec. 8, 1932.	Dec. 9, 1932.	Dec. 10, 1932.	Dec. 12, 1932.	Dec. 13, 1932.	Dec. 14, 1932.	Dec. 15, 1932.
Government and Municipal Loans	1,663	1,384	779	1,482	1,691	1,649	1,610
Transport, Communications, and Public Utilities	877	853	464	859	913	1,014	837
Commercial and Industrial	1,856	1,775	944	1,800	1,835	2,011	1,920
Banks, Insurance and Financial	504	540	243	552	508	552	550
Mines (including Nitrates)	703	680	300	711	689	683	745
Oil	199	189	86	175	196	203	198
Rubber, Tea and Coffee	97	68	36	92	79	112	68
Total	5,899	5,489	2,852	5,671	5,911	6,224	5,528

* Including iron and steel and breweries.

(Continued on page 1150.)

WALL STREET.

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LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Dec. 14) Inclusive.		Name of Security.		Price Dec. 7, 1932.	Price Dec. 7, 1932.	Rise or Fall.	Yield.	Prices Year 1931.		Prices Year 1932 (Jan. 1 to Dec. 14) Inclusive.		Name of Security.		Price Dec. 7, 1932.	Price Dec. 7, 1932.	Rise or Fall.	Yield.
High- est.	Low- est.	High- est.	Low- est.						£ s. d.	High- est.	Low- est.	High- est.	Low- est.						£ s. d.
British Funds.																			
60 1/2	49 1/2	78 1/2	64 1/2	Consols 2 1/2%	75 1/2	74 1/2	+1	3	7 2	21	8	6 1/2	6 1/2	Foreign Ry.—cont.					
97	77 1/2	111	81 1/2	Consols 4%	107	106 1/2	+1	3	15 6	150	94 1/2	117	87 1/2	Paraguay Cen. D. B.	8	8	—	NH	3 1/2
85 1/2	67 1/2	102 1/2	73 1/2	Conversion Loan 3 1/2% ..	98 1/2	99 1/2	+1	3	11 5	65 1/2	20 1/2	25 1/2	10 1/2	Sa. Paulo Ord. Stk.	92 1/2	92 1/2	—	10	0 0
104 1/2	88 1/2	112 1/2	93 1/2	Do. 4 1/2% 1940-44	108	109 1/2	+1 1/2	3	10 0	94	24	6		Tal. Ry. Ord. Stk.	20 1/2	20 1/2	—	10	0 0
102 1/2	83 1/2	117 1/2	94 1/2	Do. 5% 1944-54	114	115 1/2	+1 1/2	3	10 0					Uti. Havana Ord. Stk.	4	4	—		
108 1/2	93 1/2	120 1/2	103 1/2	Pending 5% 1960-90	109	109 1/2	—	3	9 0	16 9	6 10 1/2								
97 1/2	78 1/2	102 1/2	83 1/2	3% Treasury Bonds	101 1/2	102	+1	2	18 0	16 9	6 10 1/2								
98 1/2	85 1/2	110 1/2	89 1/2	Victory Bonds 4%	107	106 1/2	+1 1/2	3	15 6	11 6	8 9	2 1/2	10 1/2	Anglo-French (E1)	4 6	4 6	—	NH	NH
70 1/2	57 1/2	98 1/2	79 1/2	War Loan 3 1/2%	98	98 1/2	—	3	11 0	6 1/2	1/2	37 1/2	64 1/2	Anglo-Italian (E1)	4 6	4 6	—	NH	NH
44 1/2	29 1/2	69 1/2	36 1/2	Local Loans 3%	86 1/2	87 1/2	+1	3	9 0	25 6	12 1/2	15 1/2	34 1/2	Anglo S. S. S. £10 25 pd.	5 1/2	5 1/2	—		
56 1/2	41 1/2	62 1/2	42 1/2	India 2 1/2%	61 1/2	63 1/2	+1 1/2	3	19 3	55 9	31 3/4	57 1/2	34 1/2	American Ry. & P. Co.	4 1/2	4 1/2	—	1 1/2	3
84 1/2	41 1/2	93 1/2	49 1/2	Do. 3 1/2%	72 1/2	73 1/2	+1 1/2	3	18 1 1/2	27 1/2	23 1/2	35 1/2	23 1/2	Bank of N. Zealand £1 ..	4 1/2	4 1/2	—	6	9 6
84 1/2	41 1/2	93 1/2	49 1/2	Do. 3 1/2%	72 1/2	73 1/2	+1 1/2	3	18 1 1/2	27 1/2	23 1/2	35 1/2	23 1/2	Bank of Eng. Stk.	320	323	+3	3	14
106 1/2	55 1/2	110 1/2	67 1/2	Do. 4 1/2% 1958-68	106	107	+1	4	1 0	58 1/2	43 9	65 1/2	47 1/2	Barclay B. (E1)	65 1/2	65 1/2	—	4	6
106 1/2	55 1/2	110 1/2	67 1/2	Do. 4 1/2% 1958-68	106	107	+1	4	1 0	58 1/2	43 9	65 1/2	47 1/2	Barcl. (Dom. Acc.) A51	27 1/2	27 1/2	—	3	11
99 1/2	87 1/2	107 1/2	87 1/2	Palestine 5% 42-67	113	114	+1	3	7 0	54 1/2	19 9	27 1/2	21 1/2	Bk. of Australasia (E1)	7 1/2	7 1/2	—	5	18
				Uster 4 1/2% 45-75	106	106	—	3	18 0	63 1/2	5 1/2	34 1/2	20	Bk. of Montreal (E100)	65 1/2	65 1/2	—	6	18
				Dom. & Colonial Govts.	102 1/2	105 1/2	+2 1/2	4	9 9	26	18 1/2	27 1/2	20	Bk. of N.S.W. (E20)	23 1/2	23 1/2	—	5	5
				Australia 6% 1945-75	102 1/2	104 1/2	+2 1/2	4	9 9	26	18 1/2	27 1/2	20	British Overseas & A.S.	5	5	—	6	0
				Canada 6% 1923-43	102 1/2	104 1/2	+2 1/2	4	9 9	26	18 1/2	27 1/2	20	Obtd. of India (E5)	13 1/2	13 1/2	—	5	6
				Ceylon 6% 1935-51	106 1/2	106 1/2	—	4	6 6	14 1/2	9 1/2	14 1/2	9 1/2	Comcl. Bk. of Aus. 10/-	12 1/2	12 1/2	—	4	0
				Gold Coast 4 1/2% 1956 ..	106 1/2	106 1/2	—	4	1 10	66 1/2	43 1/2	107 1/2	57 1/2	District A. £5, £1 pd....	46 1/2	46 1/2	—	2	4
				Kenya 5% 1948-58	113	113	—	3	18 0	42 1/2	38 1/2	47 1/2	45 1/2	Do. B.1 fully paid	46 1/2	46 1/2	—	4	15
				Nigeria 5% 1950-60	112	112	—	4	0 0	42 1/2	38 1/2	47 1/2	45 1/2	East. Scot. & N.E. £5, 35pd.	44 1/2	44 1/2	—	7	10
				S. N. Wales 5% 35-55	100	101	+1	5	0 0	113 1/2	93	120 1/2	92	Hong. & S. (£125)	61 1/2	61 1/2	—	5	6
				N. Zealand 5% 1926-56	105 1/2	105 1/2	—	4	10 0	63 1/2	38 1/2	58 1/2	41 9	Lloyds £5, with £1 pd....	55 9	55 9	—	4	18
				Queensland 5% 40-60	101	103	+2	4	19 0	80 1/2	60 1/2	80 1/2	60 1/2	Martins £20, £2 1/2 pd.	6 1/2	6 1/2	—	4	2
				S. Africa 5% 1945-75	108 1/2	108 1/2	—	4	3 9	31 1/2	19	40 1/2	28 1/2	Midland £1, fully pd....	78 1/2	78 1/2	—	4	0
				Stria. Sett. 4 1/2% 35-45 ..	101	101	—	4	2 9	31 1/2	19	40 1/2	28 1/2	Nat. of Egypt £10	29	29	—	4	3
Foreign Governments.																			
				Australia 6% 1923-43	70	70	—	7	11 3	3	2	14 1/2	9 1/2	Nat. of India £25, £12 1/2 pd.	43 1/2	43 1/2	—	4	16
				Austrian 6% 1923-43	49 1/2	49 1/2	—	6	2 6	367	295	414	9 1/2	Nat. of S. Africa £5, £2 1/2 pd.	13 1/2	13 1/2	—	4	12
				Do. 7% Int. red. by 1957 ..	29 1/2	30	+1	11	13 3	80 1/2	47 1/2	80 1/2	47 1/2	Royal Bk. of Scotland	11 1/2	11 1/2	—	4	2
				B. Aires (Prov.) 3 1/2%	110	109	-1	6	9 0					St. S. A. £20, £5 pd....	11	11	—	4	0
				Belgian 7% red. by 1956 ..	27 1/2	27 1/2	—	7	17 3	21	16	24 1/2	16 1/2	Westminster £4, £1 pd.	77 9	78 1/3	+6 1/2	5	11
				Bulgaria 7 1/2% Loan	60 1/2	61 1/2	+1	3	11 3	13 1/2	9			Alliance £1, fully pd....	24 1/2	24 1/2	—	3	18
				Brazil 5% Fund. 1914	31	31 1/2	+1 1/2	—	—	13 1/2	9			Atlas £5, £1 pd.	120	120	—	4	4
				Do. 6 1/2% (1927)	12 1/2	12 1/2	—	11	5 0	24	16 1/2	22 1/2	17	Com. Un. £24, fully pd.	20 1/2	20 1/2	—	4	18
				Chile 6% (1929)	43	45	+2	11	5 0	24	16 1/2	22 1/2	17	Gen. Accident £5, £1 pd.	16 1/2	15 1/2	—	4	12
				China 5% (1912)	79	77	-2	6	19 3	15	11	15 1/2	11	Lon. & Lanc. £5, £2 pd.	27 1/2	27 1/2	—	3	11
				Do. 5% (1913)	79	77	-2	6	19 3	15	11	15 1/2	11	N. Brit. & Mer. £5, £1 pd.	34 1/2	34 1/2	—	3	16
				Czechoslovakia 6%	87 1/2	84 1/2	-3	11	6 6	28	19 1/2	28 1/2	18 1/2	Northern £10, £1 pd....	17 1/2	17 1/2	—	3	10
				Danish 3%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Phonix £1, fully paid....	14 1/2	14 1/2	—	4	5
				Danish 4%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Prudential £1 A. 26x	26 1/2	26 1/2	—	3	7
				Danish 5%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Do. £1, with 4s. paid....	48 9	48 9	—	2	14
				Danish 6%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Royal Exchange (E1) ..	6 1/2	6 1/2	—	4	3
				Danish 7%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Royal £1, 10s. paid....	7 1/2	7 1/2	—	4	5
				Danish 8%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Sea Insur., £1 fully pd.	4 1/2	4 1/2	—	3	8
				Danish 9%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Son Life Assur. & Fy pd	5 1/2	5 1/2	—	3	5
				Danish 10%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	St. S. Life £1, with 5/-	5 1/2	5 1/2	—	3	15
				Danish 11%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2	Yorkshire £1, fully pd.	16 1/2	16 1/2	—	3	0
				Danish 12%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 13%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 14%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 15%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 16%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 17%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 18%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 19%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 20%	82 1/2	84 1/2	+2	3	12 9	16	12 1/2	15 1/2	12 1/2						
				Danish 24															

(Continued from page 1147.)

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

Highest of 1932. (Nov. 8).	Lowest of 1932. (June 1).	Dec. 8, 1932.	Dec. 9, 1932.	Dec. 10, 1932.	Dec. 12, 1932.	Dec. 13, 1932.	Dec. 14, 1932.	Dec. 15 1932.
'67-2	51.3	64.8	64.9	64.8	64.9	65.1	65.2	65.3

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.
(1928 = 100.)

Highest of 1932. (Nov. 2).	Sept. 30, 1931.	Dec. 8, 1932.	Dec. 9, 1932.	Dec. 10, 1932.	Dec. 12, 1932.	Dec. 13, 1932.	Dec. 14, 1932.	Dec. 15 1932.
127.4	90.6	123.4	123.6	123.6	123.7	123.9	124.0	123.7

FOREIGN STOCK EXCHANGES.

NEW YORK.

The market did not anticipate a French debt default. Wednesday's news from Paris accentuated the feeling of uncertainty which had previously restricted business. The attitude of Congress is anything but helpful. It has been reluctant to consider President Hoover's economy programme, and finds difficulty in making up its mind over the adoption of a Beer Bill. Another influence making for stagnation has been a clause in the new income tax provisions which disallows losses on sales of stocks which have not been held for two years. This stipulation, on the other hand, may reduce "tax selling" at the end of the year. The number of daily share transactions remained well below the million mark until Wednesday, when the market closed stronger after a more active day, advances being recorded by leading issues like Steel, Telephone and some of the better utilities. The movement, for the most part, was spontaneous, but did not appear to have a great deal behind it. Business advices are slightly more favourable, though steel activity is running only at 16 per cent. of capacity. Christmas trade, however, is slightly better than had been expected, and may not involve a full seasonal increase of money in circulation, which rose during November only from \$5,627 millions to \$5,647 millions. Car loadings for the week ended December 3rd, at 547,461, showed an increase of 53,761 as compared with the previous week. Unfilled orders of the U.S. Steel Corporation at the end of November totalled 1,968,301 tons, a decrease of 28,739 tons during the month. Railroad receipts continue slowly to improve, but discussions for further wage reductions have made no headway. Plans are being discussed for farm relief based on a tax on domestic sales of produce to provide a fund for compensating farmers who reduce their acreage. It is doubtful, however, whether legislation on these lines has any hope of passage during the present session.

	Dec. 8	Dec. 15	Dec. 15		Dec. 8	Dec. 15	Dec. 15
	1932.	1932.	1932.		1932.	1932.	1932.
U.S. 3 1/2% T. Bds.	102 1/2	102 3/4	103 1/2	Natl. Biscuit	36 1/2	39	40 1/2
Lb. Ln. 5 1/2% 32-47	101 1/2	101 1/2	102	Phillips Dodge	5	5	4
Do. 4 1/2% 32-47	102 1/2	102 1/2	102 1/2	Fulman	19 1/2	19	19
Do. 4 1/2% 33-38	103 1/2	103 1/2	103 1/2	Sears-Robch	18	20 1/2	20 1/2
Atchafson	38 1/2	41 1/2	41 1/2	Studebaker	4	4 1/2	4 1/2
Ches. & Ohio	23 1/2	25 1/2	26 1/2	Un. Fruit	21 1/2	22 1/2	23 1/2
Eds	5 1/2	5 1/2	5 1/2	U.S. Leather	3 1/2	3 1/2	3 1/2
Elmore	5 1/2	5 1/2	5 1/2	U.S. Rubber	4	4	4
Elmore Central	23 1/2	23 1/2	23 1/2	W. Steel	32	32 1/2	31 1/2
N.Y. Central	22 1/2	22 1/2	21 1/2	Westingh	25 1/2	27 1/2	27 1/2
Pennsylvania	13 1/2	13 1/2	14 1/2	Woolworth	34 1/2	35 1/2	35 1/2
Southern Pacific	16 1/2	17	18				
Southern Ry	6 1/2	6	5 1/2				
Utah Pacific	67 1/2	69 1/2	72	Am. Tel. & Tlg. ...	104 1/2	106 1/2	107 1/2
				Interboro R.T.	4	3 1/2	4
Am. Can.	50 1/2	53 1/2	54 1/2	Int. Tel. Teleg.	8 1/2	7 1/2	7 1/2
Amer. Smelting	14 1/2	12 1/2	13 1/2	Int. Corp'n.	5 1/2	5 1/2	5 1/2
Anconada	16 1/2	15 1/2	17 1/2	Utahes	3 1/2	3 1/2	3 1/2
Beckham	15 1/2	15 1/2	16 1/2	W. Union Tlg.	29	29 1/2	30 1/2
Crysler Motor	15 1/2	16 1/2	16 1/2				
Com Produce Bk.	48 1/2	50	53				
Eastman Kodak	51	52 1/2	56 1/2	Associated Gas "A" ..	1 1/2	2 1/2	1 1/2
Gen. Electric (N.Y.)	14 1/2	15 1/2	16 1/2	Fan Amer. B. (New) ..	12	11 1/2	11 1/2
Gen. Motors	12 1/2	12 1/2	13 1/2	Shell	13 1/2	13 1/2	14 1/2
Inf. Harvester	21 1/2	22 1/2	22 1/2	Shell Union	6	5 1/2	5 1/2
Mont. Ward	12 1/2	13 1/2	14 1/2	Std. California	24 1/2	24 1/2	24 1/2
				St. N.J.	28 1/2	30 1/2	29 1/2

By courtesy of the Standard Statistics Company, Inc., of New York, and 18, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Dec. 7.	Dec. 14.
337 Industrials ...	98.2	174.1	51.5	114.7	52.2	45.5	46.4
33 Rails	89.1	145.6	31.7	105.7	32.2	26.1	27.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	78.9	81.9
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	47.9	49.1

Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.88%	5.75%
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DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1932 (Sept. 7)	Lowest of 1932 (June 27)	Dec. 8, 1932.	Dec. 9, 1932.	Dec. 10, 1932.	Dec. 12, 1932.	Dec. 13, 1932.	Dec. 14, 1932.
72.3	35.2	52.6	53.8	53.6	53.7	52.9	53.9

TOTAL DEALINGS IN NEW YORK.

	Dec. 9, 1932.	Dec. 10, 1932. *	Dec. 12, 1932.	Dec. 13, 1932.	Dec. 14, 1932.	Dec. 15, 1932.
Stock Exchange— Shares (Thous.) ...	1,180	480	920	730	1,010	1,150
Bonds (Value Thous. \$)	\$,500	5,200	11,400	8,700	10,700	10,400
Curb— Shares (Thous.) ...	170	80	180	170	230	180

- 2-hour session.

PARIS.

Contrary to expectation, the decision of the Chamber against payment of the American Debt instalment had only a slight effect upon the market. French rentes had a moderate setback, but semi-official support was forthcoming, and all offerings were quickly absorbed. Banking and railway shares lost ground fractionally. A sharp fall in copper adversely affected Rio Tinto. All sections of the market were strong on Thursday.

	Dec. 8, 1932.	Dec. 12, 1932.	Dec. 15, 1932.		Dec. 8, 1932.	Dec. 12, 1932.	Dec. 15, 1932.
Banque de France	11,395	11,945	12,220	Wagons Lits.....	80	82	85
Crédit Lyonnais.....				Mexican Eagle	34	36	37
Suez Canal	16,450	16,700	17,175	Chartered	68	70	73
Chargeurs Réunis.....	215			Ford	104	107	110
Rio Kinto	1,411	1,395	1,452	De Beers	107	107	108
Royal Dutch.....	14,700	15,200	15,550	"Johnnies"	135	135	146

BERLIN.

BERLIN. After a bright opening, based chiefly on the disarmament agreement at Geneva, the Berlin Bourse became heavy on the uncertain tendency in Wall Street and the shortage of money consequent on the approach of Christmas. The defeat of M. Herriot also caused buyers to hesitate. Fixed-interest securities, however, were steady, and electrical shares improved, both Siemens and A.E.G. being marked up. Reichsbank, however, had an easier tendency. Mines were weaker for the most part, Hirsch declining slightly, though Rheinische Braunkohlen were in fair demand.

	Dec. 8, 1932.	Dec. 12, 1932.	Dec. 15, 1932.		Dec. 8, 1932.	Dec. 12, 1932.	Dec. 15, 1932.
Reichsbank	129-10	130-25	130-75	A. R. G.	33-10	33-75	33-10
Disconto	75-00	75-00	75-00	Siemens & Halske..	125-60	125-50	127-00
Dresdner (New) ..	61-75	61-75	61-75	A. K. U.	54-25	57-80	58-00
Norddeutscher ..				Hamburg-Amer.			
Lloyd	19-75	19-60	19-25	("Hapag")	18-75	18-75	18-75

AMSTERDAM.

An optimistic tone prevailed at the opening, but events in Paris caused a sharp setback to sentiment. Business remained on a very small scale. Tea shares, exceptionally, rose a few points on the Dutch restriction decision. Among industrials, Unilever N.V. were well maintained on the appreciation of sterling. Royal Dutch were steady at the beginning of the week, but lost ground later.

	Dec. 8 1932.	Dec. 12 1932.	Dec. 15 1932.		Dec. 8 1932.	Dec. 12 1932.	Dec. 15 1932.
24% Dutch Loan.....	69 1/2	69 1/2	69 1/2	Steel Common	35 1/2	35 1/2	35 1/2
5% German	49 1/2	51 1/2	52 1/2	A. K. U.	114 1/2	114 1/2	114 1/2
Unifac N.V.	108 1/2	108 1/2	108 1/2	Ford Motor	139	140	140
Phillip's Lampe	126 1/2	130	131 1/2	Deft Batavia	144	144	144
Netherlands Ship Union	60 1/2	60 1/2	60 1/2	Royal Dutch	178 1/2	178 1/2	178 1/2
				Holland A.M.			

OTHER CENTRES

" War Debts Week " passed without materially affecting most of the minor European Bourses. Brussels reacted after early firmness, occasional rallies failing to prevent irregularity at the close. Conditions were irregular at Budapest and Milan and easier at Stockholm.

INVESTMENT NOTES.

Building Societies and the Housing Act.—The Government's new Housing Bill, whose terms we discussed last week (see the *Economist*, December 10th, page 1075), gives the building societies practically all they asked for in the report submitted by the Housing Committee of the National Association to the Minister of Health at the end of October. The subsidy goes, and the societies obtain, for the last 20 per cent. of a 90 per cent. advance, the joint guarantee of the Government, the local authority and the building society concerned. Undoubtedly, the new opportunity will be welcomed by many Northern societies. The inception of the plan is credited to Mr Walter Harvey, of the Burnley Society, who was warmly supported by Sir Enoch Hill, of the Halifax Society. Whether it will be as enthusiastically taken up by the Southern and, particularly, by the Metropolitan societies, is an open question. There may still be wider scope in the South than in the North for activity in the field the building societies know best—the making of advances to owner-occupiers of houses costing from £600 to £1,200. That this business has not been quiescent, even under the somewhat exceptional conditions of the last twelve months, is suggested by the report of the National Building Society, the majority of whose business is done within a twenty-mile radius of London. During the twelve months to October 31st last, the net new subscriptions (less withdrawals) received by this society were £3,638,000, a decline of no more than 6½ per cent. from the previous year's figure of £3,881,000. Although new advances showed a larger proportionate decline, at £4,257,000, against £5,255,000 in the previous year, the total was, in fact, the highest in the society's history apart from the "record" figure of 1931. The returns of the Northern societies, and of the London societies with nation-wide operations are likely to show a more considerable falling off. The making of advances on properties valued at between £300 and £400 will have obvious social significance, but will definitely mark a new departure in building society technique. The "risk factor," undoubtedly, will be higher, and in other ways the movement will have new lessons to learn. Before the Bill reaches the Statute Book, it would be useful for acknowledged leaders of opinion within the movement, who have hitherto been chary of voicing criticism of the proposed new departure in public, would make a reasoned statement of their view. That the whole movement will sympathetically examine the practical possibilities, in the light of its serious national responsibility as an active agent in housing under the new Bill goes, of course, without saying.

Stock Exchange Education.—Sir Archibald Campbell, chairman of the Stock Exchange Committee, in his speech which followed the distribution of prizes and certificates awarded by the Stock Exchange Committee in connection with their evening classes, was presumably thinking in national rather than Stock Exchange terms when he emphasised the distinction between education and culture. The standard of culture is high among members of the great institution which Sir Archibald adorns, but every profession demands the highest skill and specialised knowledge from its practitioners. The excellent tuition given by bodies like the London County Council and the Business Training College is valuable precisely because its recipients must one day shoulder their burden of responsibility in the affairs of an institution whose importance, after all, is national. Sir Archibald, nevertheless, was right in stressing the importance of inculcating high moral

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standards as well as professional skill in young men who adopt the Stock Exchange as a career. We rejoice to learn that the classes, admirably devised for their purpose, are being well supported. The older type of student, however, seems to be lacking in enthusiasm. This is unfortunate, as much of the work in the advanced classes is of a nature to appeal chiefly to the more mature mind.

Lower Brewery Profits.—The effect of reduced purchasing power and higher taxation on beer consumption is revealed by the fact that, for the year to September 30, 1932, the number of standard barrels of beer charged with duty fell from 17,412,000 to 13,610,000, or by nearly 22 per cent. Brewery companies whose results for the same period show a decline in profits of less than 20 per cent. may, therefore, be congratulated either on good fortune or good management, or both. In the following table we show the latest results of fifteen representative breweries. Seven disclose a reduction of 20 per cent. or more in earnings, and thirteen have reduced their dividend. In the aggregate, net profits show a decline of 20.5 per cent.

Name of Company and Par. Value Ord. Shares.	Net Profit, 1931.	Ord. Div.	Net Profit, 1932.	Ord. Div.	% Inc. or Dec. in Profit.	Present Price.	Yield.
	£	%	£	%	%		%
Samuel Allsopp £1.	174,111	9	131,402	8	-24.7	24/-	6 13
Ansell's Brewery.....	166,153	15½	121,152	10	-27.1	...	...
Bass Ratcliff and Gretton £1.....	522,059	17½	445,293	14½	-14.7	56/-	5 0
Benakin's Watford £1	210,574	11½	182,936	10	-13.2	31/-	6 8
Bentley's Yorkshire £10.....	44,639	11	25,726	5	-42.2	7½	6 13
Bristol Brewery Georges £1.....	172,474	20½	164,148	20	-4.6	3½	6 0
Fremelin's £1.....	97,864	22½	77,376	17½	-21.1	23½	7 0
Ind Coops £1.....	205,666	22½	200,111	19	-19.5	54½	6 8
Messer's Burnley £1	9,437	Nil	Dr. 7,900	Nil	...	2/6	Nil
Northampton Brewery £1.....	44,570	11½	36,449	11½	-20.0	18½	7 2
H. & G. Simonds £1	119,689	12½	105,623	11½	-11.7	30/-	7 13
Stretton's Derby.....	118,281	30	81,948	22½	-30.5	5	7 0
Stroud Brewery £1	58,322	20½	48,251	17½	-17.2	2½	7 6
Peter Walker (Warr.) £1.....	365,458	17½	191,391	3	-47.7	9/-	6 13
Wenlock Brewery £1	100,349	15	54,246	12½	-40.0	2	6 5

† Tax free. ‡ 15% tax free.

A certain correlation can be discerned between brewery profits and trade depression. Companies with a wide area of distribution or a trade localised in the South reveal, in general, the greatest powers of resistance to declining earnings. Thus Bass, Benskins (of Watford), Fremmins (of Maidstone), Ind Coope (of Romford), H. and G. Simonds (of Reading), and the Stroud Brewery have done relatively well. In view of the improbability of any early reduction of the beer tax, the immediate course of profits may depend on further rationalisation of brewery technique in accordance with a régime of reduced output.

Industrial Profits in November.—During November we received 173 company reports, aggregate profits showing a decline of 2.69 per cent., compared with a rise of 19.99 per cent. in October. Comparison, in all cases, is made

with the figures of identical companies in their preceding financial year. The following table shows the number of reports received each month since July, 1931, together with the monthly variation in net profits after payment of debenture interest :—

Reports Published in	No. of Companies.	Rise or Fall in Profits.	Reports Published in	No. of Companies.	Rise or Fall in Profits.
1931—		%	1932—		%
July	185	-39.46	March	210	-13.37
August	55	-19.59	April	244	-13.66
September....	74	-44.02	May	196	-33.30
October	170	-58.26	June	235	-21.80
November ...	147	-35.59	July.....	152	-34.31
December....	157	-68.54	August	69	-26.66
1932—			September ..	82	-15.69
January.....	127	-19.65	October	123	+19.99
February.....	211	- 6.81	November....	173	- 2.69

The rise recorded in October was due, as we explained last month, to the favourable results of a few large companies. The November figures are dominated by a single concern, United Africa, which achieved in its latest financial year a profit of £81,673 against a loss of £1,288,123 in the previous year. Improved results were also shown by Tate and Lyle, Trinidad Leaseholds and Tobacco Securities Trust, while lower earnings were recorded by P. & O., British India Steam Navigation and Daily Mail Trust. Nineteen breweries showed an average drop in net earnings of 26 per cent., while five motor concerns had an aggregate loss of £858,000, against a debit of £98,000 in their previous accounts. The income of investment trusts continues to fall, nineteen of these companies issuing reports last month showing a 36 per cent. decline in profits.

Royal Mail Report.—The report of the Royal Mail Steam Packet Company for the year 1931 is interesting as a historical document, but has little immediate significance. From the viewpoint of creditors under the three-year moratorium, there is partial reassurance in the disclosure that the company made a profit on voyages last year of £29,536, against a loss in 1930 of £371,692—before provision for depreciation in both cases. Rents and other receipts bring gross profits up to £138,907, which was £95,174 short of the year's outgoings, largely because the company was required to pay interest on its 5 per cent. debenture stock for the first half-year. Under the scheme of arrangement sanctioned last spring, this interest is now contingent on profits. Unless depression has reduced receipts this year below those of 1931, the company will at least clear its outgoings, but will have very little for depreciation. The debit balance of £414,796 brought forward is increased to £509,970, to which £149,908 is added for interest obligations (including £94,000 to the International Mercantile Marine), of which payment is deferred under the scheme of arrangement. The balance sheet figures remain at the old levels, with a directors' note describing the valuation of assets as excessive. The Royal Mail Company's vessels have now been transferred to the new operating company, sanctioned under the scheme of arrangement, which was registered on August 4th last, under the title of Royal Mail Lines, Limited. Creditors can merely continue to exercise the supreme virtue of patience, for it is clear that any amelioration of their position demands a world-wide trade revival. It has yet to be seen whether such a movement will have gained decisive momentum before the three-year moratorium expires. Stockholders, meanwhile, have a purely platonic interest.

Waring and Gillow—New Company.—Particulars have been published relating to Waring and Gillow (1932), which is to take the place of its unfortunate predecessor. The business and assets of the old company have been purchased by Mr Ivan C. Sanderson, who has taken £1,573,000 in debentures and preference shares of the new company, which has a share capital of £920,000, divided into 150,000 10 per cent. non-cumulative first preference shares of £1, 380,000 7 per cent. non-cumulative redeemable second preference shares of £1, and 390,000 ordinary shares of £1. Mr Sanderson is offering

the old shareholders of Waring and Gillow the 150,000 first preference shares at par, each shareholder taking up one new preference share and receiving two £1 ordinary shares, fully paid, as a bonus. Shareholders will subscribe to this issue purely as a gesture of faith. No less than £993,000 of debenture stock ranks before the 10 per cent. preference shares. The profits of the old company, before charging income tax, debenture service and interest on loans, depreciation, etc., have varied from £223,000 to £45,720 during the past seven years. In the last three years, apart from non-recurring expenditure, the profit and loss account has shown a profit of £80,612, a loss of £76,723, and a profit of £45,720 respectively. Debenture interest now requires £60,510 per annum, so that on the basis of recent earnings the cover for the £15,000 dividend required by the 10 per cent. preference shares is not impressive. Economies of £150,000 per annum have been introduced since November, 1930, but these were effective during the last trading year.

Carreras.—That Carreras were able to increase their trading profits at all in a year of intense competition is something for which shareholders should be grateful. It is well-known that the sales of the popular brands of both Imperial Tobacco and Carreras have suffered from the competition of J. Wix and Company, a subsidiary of the American Tobacco Company, which has been a pioneer in the coupon method of cigarette selling. In the cheaper brands of cigarettes, Carreras have introduced the coupon "five-for-twopence" cigarette "Clubs," which is no doubt designed to compete with the Imperial Tobacco's "Woodbine" cigarettes. This move, in turn, has been countered by the Imperial Tobacco's placing in the market a five-for-2d. cigarette, with coupons, called "Four Aces." In spite of this competition, the net profits of Carreras have been more than maintained, after falling off in 1931.

	Year to 1930.	Year to October 31st. 1931.	1932.
Trading profit	975,366	746,412	772,358
Other income	26,004	23,105	14,694
Total profits	1,001,370	769,517	787,050
Taxes	204,655	32,545	20,170
Other expenses	6,194	16,841*	7,280
Depreciation	32,213	32,326	35,391
Net profit	758,308	687,805	724,209
Preference dividends	20,000	20,000	20,000
Earned for ordinary ("A" & "B") Earned %.....	738,308	667,805	704,209
Paid %	53.8	38.8	41.8
Reserves.....	50.0	35.0	35.0
Carry forward	726,608†	Nil	48,188‡

* Including £10,000 Exchange Reserve.
 † Including £3,831 written off and £50,000 for development fund and taking £672,777 from premium on shares.
 ‡ Including £20,965 for development fund, to which also added £79,035 profit on sale of investments.

The balance sheet shows a strong financial position, current assets (including stock of leaf, £2,175,000) amounting to £3,752,000, against current liabilities of £827,000. Cash has risen from £195,000 to £264,000, but Government securities shown in the previous balance sheet at £431,000 have been eliminated. The fixed assets are shown at a slightly higher figure and goodwill remains unchanged at £204,000. The "A" shares of £1 are quoted in the market at 6½ to yield £5 15s. 6d. on 35 per cent. dividends.

Turner and Newall Results.—The preliminary profit figures of this great asbestos combine for the year to September 30th last show no repetition of the huge decline in receipts which the company experienced last year. Gross profit is £423,820, against £530,037, while as a result of a sharp fall in income tax provision, the net figure is only £55,000 down at £305,671. The final

dividend of 2½ per cent., making 3½ per cent. for the year (against 5 per cent.) was above market expectations:—

	Year to September 30.		
	1930.	1931.	1932.
	£	£	£
Profit	1,101,846	530,037	423,820
Directors' fees	3,225	3,500	3,503
Depreciation	57,723	94,806	102,842½
Income tax	170,160	70,852	11,804
Net profit	870,738	360,879	305,671
Brought forward	13,127	17,252	34,840
Preference dividend.....	101,099	101,099	101,099
Ordinary dividend :—			
Amount	544,544	242,192	181,647
Gained %	17·2	5·5	4·2
Paid %	11½	5	3½
Investment reserve	150,000	...	...
Amalgamation expenses	40,970	...	...
General reserve	150,000	...	5,000†
Carried forward	17,252*	34,840	52,766

* Including £120,000 balance on purchase account of Bell's United Asbestos. † Including £10,622 for mines amortisation.

The £1 ordinary shares are quoted at 22s. to yield about £3 9s. 6d. per cent., allowing for the final dividend of 2½ per cent.

Orompton Parkinson.—This efficient electric light and power plant manufacturing company has rather more than maintained its position in a difficult year. The ordinary dividend has been reduced from 30 per cent. to 22½ as a precautionary measure:—

	Year to June 30. 1930.	15 months to Sept. 30. 1931.	Year to Sept. 30. 1932.
	£	£	£
Profit	117,198	105,675*	111,705
Fees	1,584	1,675	1,396
Depreciation	12,000	15,000	14,000
Net profit	103,614	89,000	96,309
Brought forward	50,358	60,708	46,922
Preference dividend	13,658	16,219	13,658
Preferred ordinary dividend	19,606	23,282	19,606
Ordinary dividend :—			
Amount	45,000	48,285	42,919
Earned %	51.8	31.0	36.6
Paid %	30	30	22½
General reserve	15,000	15,000	15,000
Carry forward	60,708	46,922	52,048

* After charging £11,021 income tax on final dividends for 1931, paid during year to September 30, 1932.

The report indicates that the sales of the company's products continue to expand, the demand for Crompton lamps being particularly satisfactory. During the year, a controlling interest was acquired in the British Electric Transformer Company and Derby Cables, Limited. The balance sheet reveals a sound liquid position with reserves totalling £281,920. The 5s. ordinary shares are quoted at 20s. 9d. to yield about £5 8s. 6d. per cent. allowing for the final dividend of 12½ per cent.

The Copper Conference.—The failure of the conference of copper producers in New York was not unexpected. A statement has been issued by the Roan Antelope Copper Mines rebutting the allegations that the sole responsibility for the breakdown of the Conference rested with the company. Roan Antelope began producing in the summer of 1931. In November, 1931, and in March, 1932, a group of leading copper producers of the world met to consider the question of over-production and accumulation of stocks. The proportions between the operating quotas of the participants of these conferences are now obsolete, and Roan Antelope directors claimed that for 1933 their company should be accorded treatment no less favourable than that accorded to other producers and to its neighbour in the same Rhodesian field. It claimed that the imposition of the American copper tariff in June,

1932, had brought about conditions that have subjected international co-operation to a severe strain. During the past few months American mines have exported large quantities of copper to Europe in competition with the producers who are barred from the American market. Further, American companies owning mines both within and without the United States have demanded the right to transfer to their foreign subsidiaries part of the operating quotas allotted to their United States mines. Such practices, the Roan Antelope directors claim, preclude the possibility of effective international co-operation. Though the company is willing to join in any logically-conceived plan for effective international restriction, it will not become a party to unfair and unsound arrangements. There is some force in the Roan Antelope arguments. The company has a special grievance, for its production capacity is in excess of what was initially calculated, and it has in mind the possibility of securing a share of the British domestic market which is now going to the Braden Mines, the South American subsidiary of Kennecott Copper, controlled by the Guggenheim interests. There is no doubt that the Empire output of copper will eventually be sufficient to supply British requirements. Since the breakdown of the Copper Conference, the American quotation for electrolytic copper c.i.f. to European ports has fallen to a new low record of 4.85 cents per lb. On the London Metal Exchange electrolytic has fallen to £33 5s. per ton, which is the lowest level since August, the lowest ever recorded being £27 15s. last July.

Rhodesian Copper.—The calculations made by the sponsors of the Northern Rhodesian copper industry have for the most part been justified by events. But one contingency which they obviously did not take into account was a catastrophic fall in the price of the metal—accompanied by a severe shrinkage in the demand. To meet this position, actual and prospective producers of copper decided upon the restriction policy described above. This, as regards the new Rhodesian undertakings, rendered necessary a lightening of the heavy prior charges with which the companies had been burdened, and energetic measures to that end were taken. In the initial three months of the operation to June 30th the Rhokana Corporation made an operating profit of £25,700. Administration and other expenses converted this sum into a deficit of £28,200. Debenture interest called for £78,750, and £50,000 was allocated to depreciation, giving a total debit of £157,000. Against the former amount of £4,500,000 there are now only £275,100 of debentures outstanding. Costs have been brought down to just under £23 per long ton delivered Europe. Consequently, even at the current low price of the metal (unprecedented on a gold basis) there is a small margin of profit. N'Kana ore, incidentally, contains cobalt in a form which can be readily separated and marketed. The Rhokana holds one-third and the Rhodesian Selection Trust two-thirds of the capital of the

BANCO DE SEGUROS DEL ESTADO
(State Insurance Bank)

HEAD OFFICE: Calle Rincón 437, Montevideo (Uruguay)
INSURANCE WRITTEN: Fire, Life, Accident, Hail, Glass, Live-
Stock, Marine and all classes of Reinsurance.

ABRIDGED BALANCE SHEET PER 31st DECEMBER 1931.	
ASSETS.	LIABILITIES.
Investments in stocks	Capital:
Properties	Debtors bonds
Sundry debtors	for creation
Loans and mortgages	of the Banco
Cash and banks	de Seguros
Deposits with other com-	del Estado
panies, guarantee reserves	Bonds amorti-
Value deposited, Art. 47 of	sed by the
Law on Work Accidents... ..	Government
	and reinte-
	grated with
	their profits
	Sundry creditors
	Deposits by other companies,
	guarantee reserves
	Deposits, Law on Work Acci-
	dents, Art. 47
	Reserves
\$ o/u 20,387,911-25	\$ o/a 20,387,911-25

Américo Calamet, Accountant.	Juan José Amézaga, Président.	Hector Olivera Risso, Manager.
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Mufulira, whose quota is being produced by the former company. Of the Trust's debenture issue of \$6,612,000 some \$3,237,000 has been converted into shares. A curious procedure has been followed in the preparation of the balance-sheet. A surplus of £883,000 on revaluation of Mufulira shares is supplemented by £118,600 premium on shares. From the total of £1,002,500, preliminary and other expenses to the amount of £689,600 are written off. On September 30th cash stood at the comfortable figure of £102,200.

Tin Company Results.—Our Mining Correspondent writes: In view of the severity of output restriction, the latest returns of various Eastern tin producers make a better showing than might have been expected. Curtailment of output has, in fact, been partially counterbalanced by improvement in price and economy in costs. In the case of the Malayan Tin Dredging Company, profit fell so little that the total dividend was cut only from 17½ per cent. to 16½ per cent. Its subsidiary, Southern Malayan, earned £28,400, against £43,400, and the disbursement of 7½ per cent. (compared with 10 per cent.) left the increased balance of £22,500 to go forward. The Southern Perak repeated the previous year's 2½ per cent., absorbing £3,750. The profits for the two years were £4,590 and £1,930 respectively. The position as regards Kamunting has been complicated by the acquisition of the Pangnga's property, which is situated in Siam. Owing to the appreciation in local currency as measured in sterling, operations at the latter centre resulted in a small loss, which was written off the share premium account. Work in Malaya resulted in a net profit of £50,650, of which £17,500 was required for debenture interest and redemption. Dividends totalling 5 per cent. left an increased carry-forward of £60,800. Since the close of the financial year the debenture holders have agreed to accept 4½ per cent. interest instead of 8 per cent. The Ayer Hitam earned £21,100, against £28,700, but paid 10 per cent., an increase of 2½ per cent. as compared with 1930-31, when a special writing off of nearly £10,000 from property account was made. In the case of the Pahang Consolidated—the solitary reef-mining concern—the restriction of output was, naturally, accompanied by some expansion in costs, and profits declined from £35,200 to £19,300. Various special appropriations were made and provision of the fixed preference dividend of 7 per cent. required a draft upon the carry-forward. For 1929-30 the preference capital received 15 per cent. and the ordinary 12½ per cent. For 1930-31 the payments were 7 per cent. and nil respectively.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—The British Overseas Bank, Bank of London and South America, Foster Clark, Anglo-Ecuadorian Oilfields, Low Temperature Carbonisation, Agar, Cross and Company, British Burmah Petroleum, Ind Coope and Company, Camp Bird, Santa Gertrudis, and Trepana Mines. At the annual meeting of Foster Clark, Mr H. C. Clark declared that the trade in canned English fruits and vegetables continued to expand, but, unfortunately, the production of fruit for canning was not yet sufficient to satisfy the industry's need. At the meeting of Ind Coope, Mr Louis E. Walner said it was only through economies effected during the year that further satisfactory results had been obtained. It was quite impossible to continue to reduce overhead charges in proportion to the decrease in sales. Presiding at the meeting of Santa Gertrudis, Mr F. W. Baker informed shareholders that reserves amounted to approximately 250,000 tons, which would probably be exhausted by September next unless exploratory work over a large area disclosed fresh fields for exploitation.

CAPITAL ISSUES.

TRUSTEE borrowers have again remained outside the market, and only two public issues have been made by industrial concerns. That of the *Midland Counties Electric Supply Company, Ltd.*, however, was of substantial character, the £700,000 of 4 per cent. debenture stock, at par, being regarded as a well-secured holding, likely to be readily absorbed by conservative investors. *United Counties Stores, Ltd.*, issued 6 per cent. cumulative preference shares without underwriting. The company owns grocery stores in the West of England. The shares are not generously covered, since net assets, excluding goodwill but including the proceeds of the present issue, cover principal only twice, and the company has power to issue a further block, of equal total amount, in the future. The sole issue by way of public notice prior to Stock Exchange "placing" was made by *Heinemann Holdings, Ltd.*, in connection with the acquisition of shares in two related publishing businesses.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Dec. 10, 1932, excluding conversions, £186,554,490.
Total recorded, Jan. 1 to Dec. 10, 1932, including conversions, £2,697,078,792.

National Savings Certificates.
Net receipts, week ended Dec. 10, 1932, Dr. £100,000.

	Nominal Capital.	Conversions.	New Money.	First Payment.	Further Liability.
To the Public.					
Midland Counties Electric, £700,000 4% deb. at par	700,000	...	700,000	70,000	630,000
United Counties Stores, 100,000 6% cum. pref. £1	100,000	...	100,000	12,500	87,500
Total	800,000	...	800,000	82,500	717,500
To Shareholders only.					
Star Explorations, 301,583 shs. ls. at ls. 1d.	15,079	...	16,338	16,338	...
Tarfold (1931), £8,000 6% deb. £10 at 25 14s.	8,000	...	7,760	4,000	3,760
John Blundell 6% cum. 1st pref. £100,000	100,000	...	100,000	25,000	75,000
Waring and Gillow 150,000 10% non cum. 1st pref. £1 at par	150,000	...	150,000	15,000	135,000
Total	273,079	...	274,098	60,338	213,760
Total Offered for Subscription—Including Conversions.					
Jan. 1 to date—					
1932 (a) 2,698,052,890	187,528,588	...	187,528,588	102,044,291	...
1931 114,429,416	102,183,041	...	102,183,041	267,800,700	...
1930 430,304,916	247,892,305	...	247,892,305	488,764,940	...
1929 485,966,698	181,491,098	...	181,491,098	693,100,056	...
1928 538,263,908	353,882,925	...	353,882,925	355,165,970	...
1927 353,507,382	227,321,325	...	227,321,325	230,782,600	...
1926 227,321,325	229,414,290	...	229,414,290	232,214,500	...
1925 229,414,290	...	...	...	209,358,101	...
(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.					

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference.	Ordinary.	Total.
January 1 to date—				
1932 169,427,091	12,288,182	5,813,315	187,528,588	...
1931 74,835,599	6,911,859	20,296,833	102,044,291	...
1930 230,364,842	15,824,638	22,090,059	268,279,539	...
Whole year—	74,835,599	6,911,859	20,296,833	102,044,291
1929 227,658,500	15,548,800	24,593,300	267,800,600	...
1928 137,670,300	31,543,400	116,025,700	285,239,400	...
1927 218,817,900	45,062,600	111,177,600	375,058,100	...
1926 228,958,000	36,836,800	98,381,400	364,176,200	...
1925 145,180,000	39,393,200	46,209,500	230,782,600	...

By Stock Exchange Introduction.

	Capital Introduced.	Price Dealings Began.	Cash Involved.
Amount previously recorded	14,821,360	...	16,096,278
Heinemann Holdings—150,000 6% cum. pref. £1	150,000	20/-	150,000
300,000 ord. £s.	75,000	5/9	89,063
Total, week ended Dec. 17, 1932	225,000	...	239,063
Total to date, 1932	15,046,360	...	16,335,342
Total to date, 1931	8,757,183	...	8,885,578

PUBLIC OFFERS.

Midland Counties Electric Supply.—Issue of £700,000 4 per cent. debenture stock at par. The stock will be redeemed at par on December 31, 1932, but the company reserves the right to redeem on three months' notice (a) on December 31, 1936, or thereafter, at 103 per cent., or (b) on December 31, 1947, or thereafter, at 102 per cent. Net profits before debenture interest were: 1929, £236,975; 1930, £261,275; 1931, £271,597. There is outstanding £282,160 5 per cent. debenture stock, which will be repaid on March 10, 1933. Interest on the present issue requires £28,000 per annum.

United Counties Stores.—Issue of 100,000 6 per cent. cumulative preference shares of £1 each at par. No part of the issue is being underwritten. The company was incorporated as a private company in February, 1928, as the Boon Property Trust to finance the acquisition of high-class grocery stores. It was converted into a public company in November, 1932. The subsidiaries control 57 shops. Net profits for the past four years have been £17,905, £24,275, £32,126, and £32,690.

Rugby Gas Company.—Issue by tender of £10,000 4½ per cent. perpetual debenture stock at a minimum price of £105 per £100 stock, yielding at that price £4 5s. 9d. per cent. The net revenue of the company for the year to December 31st last was £15,125. Interest on loan capital, including the present issue, totals £4,286.

STOCK EXCHANGE "INTRODUCTIONS."

Heinemann Holdings.—Issued capital, £150,000 in 6 per cent. £1 cumulative redeemable preference shares and £75,000 in ordinary shares of 5s. each. The preference shares are to be redeemed by December, 1952, or prior to this at the company's option at a premium of 2s. per share. The company was incorporated in November, 1932, to acquire the shares of William Heinemann, Ltd., and 51 per cent. of the capital of World's Work (1913), Ltd. The average profits of William Heinemann for the last four years were £28,976, and of World's Work (1913), £5,813. The preliminary expenses of the company are estimated at £11,888.

FORTHCOMING ISSUES.

Godfrey Phillips, Ltd.—The subscription list for the issue at par of 300,000 6½ per cent. "C" cumulative preference shares of £1 each of Godfrey Phillips, Ltd., will open on Monday next.

RESULTS OF ISSUES.

Greyhound Racing Association Trust.—The lists in connection with the issue of 200,000 7 per cent. cumulative first preference shares of £1 each at par for the Greyhound Racing Association Trust were closed at 12 o'clock on December 10th. Allotment letters were posted the same night.

Midland Counties Electric Supply.—The subscription list for the issue of £700,000 Midland Counties Electric Supply Company 4 per cent. debenture stock at par, was closed at 9.15 Wednesday morning, owing to heavy oversubscription.

REPAYMENTS AND CONVERSIONS.

Three per Cent. Treasury Bonds.—The first drawing of 3 per cent. Treasury bonds, which were issued in April, 1932, took place on December 13th. The numbers of the bonds drawn for repayment, which is to be made at par on April 15th next, are published in a supplement to *The London Gazette*. The total amount is £11,000,000. There are altogether 19,800 bonds, the numbers and amounts for the various categories being:—

	£
2,640 Bonds of £50 each =	132,000
4,840 " of £100 each =	484,000
1,320 " of £200 each =	264,000
1,760 " of £500 each =	880,000
9,240 " of £1,000 each =	9,240,000
Total	11,000,000

Copies of the list of numbers drawn may be obtained at the Bank of England, 5 and 6 Lombard Street, E.C., or 18 Finsbury Circus, E.C.

Midland Counties Electric Supply.—The outstanding £282,160 5 per cent. debenture stock will be repaid on March 10th next at 105. It is intended, if Treasury regulations then permit, to make a further issue of £300,000 4 per cent. debenture stock to replace the redeemed stock.

Calls Due December 18th to December 26th.

The grand total of calls falling due in December, 1932, is £166,683,160, which compares with £1,605,286 which fell due in December, 1931. The following calls fall due from December 19th, 1932, to December 26, 1932.

	Call.	Already Paid.	No. of Shares.	Now Due.
British Tin Invest. Ord. 10s. at 10s. 6d.	Dec. 20	5/-	5/6	254,804
Daily Mail Trust, 5% Cum. Pref. £1	Dec. 20	14/-	6/-	1,200,000
Prices Tailors, 7% Cum. Pref. Ord. £1	Dec. 20	10/-	10/-	500,000
Southern Railway, 4% Red. Stk. ...	Dec. 19	35%	25%	£4,750,000
Spies Petroleum, 6½% Deb. at 96%	Dec. 20	46%	50%	£275,000

LONDON NEW ISSUE PRICES.

Stock or Share.	Issue.	Amt. paid.	Price, Dec. 8, 1932.	Price, Dec. 15, 1932.
Conversion 3%, 1948-53	97½	57½	1½-1½ dis	1½-1½ dis
Treasury Bonds 2%, 1935-38	100	Fy pd	98½-99	98½-99
Albion Greyhounds Ord.	5/-	1/-	11/-12/-	11/-12/-
Amalgamated Anthracite 5% Deb.	98	...	14/6-15/-	14/6-15/-
Associated Newspapers 4½% 10-Year	...	...	98½-99	98½-99
Notes	...	...	101½-102	101½-102
Australia 3½%, 1936-37	97½	Fy pd	97½-98½	97½-98½
Blackpool Greyhound 2/-	2/-	2/-	2/5-2/6	2/5-2/6
Bournemouth Stadium	2/-	2/-	3/1½-3/7½	3/1½-3/7½
Bowater's Mersey Mills 5½% Pref.	25/-	12/6	6d-9d pm	6d-9d pm
British Plaster Board Ord.	...	...	3½-3½	3½-3½
Carlton Main Colliery 6% Deb.	98	25	5½-5½ pm	5½-5½ pm
City of London Elec. New	...	...	33/-34/-	32/9-33/9
Covent Garden Properties, 4½% Deb.	98	Fy pd	101½-102	101½-102
Daily Mail Trust New Ord.	25/-	6/-	9/-10/- pm	9/9-10/9 pm
" " New 5% Pref.	20/-	6/-	10/-10½ pm	10/-10½ pm
Dumpton Greyhounds (2/-)	Par	Fy pd	1/4-1/4	1/4-1/4
Electric Supply Corp. New	51/5	...	2/3-2/9 pm	2/3-2/9 pm
J. G. Graves Pty. Ord. 5/-	14/-	Fy pd	14/-14/3	14/-14/3
Grovenor Gardens Estates 6% Deb.	99½	10	5/6-6/-	5/6-6/-
London County Properties 5½% Pref.	21/6	4/-	1½-1½	1½-1½
Met. Water Board 3% "E" Stk.	93	28	1½-1½	1½-1½
North-Eastern Electric New Ord. £1	23/6	...	3/4-3/4 pm	3/4-3/4 pm
Olympia 4% Deb.	95	25	1½-1½	1½-1½
Portsmouth Newspapers 5% Pref. £1	81	Fy pd	18/9-19/3	18/9-19/3
Price's Tailors 7% Pref. Ord.	20/-	10/-	9/6-10/-	9/6-10/-
Qualcast 7% Cum. Pref. £1	61	Fy pd	22/9-23/9	22/9-23/9
Selfridge Provincial Stores 5% Deb.	101	Fy pd	102-102½	102-102½
South Africa 3½% Ins. Stk., 1953-73	96½	71½	2½-2½ dis	2½-2½ dis
South Metropolitan Gas Pref.	...	...	100-102	100-102
Southern Railway 4% Deb., 1962-67	100	25	1 dis-1 dis	1 dis-1 dis
Stevens (Hugh) 6% Deb.	99	Fy pd	101-102	101-102
Thames House 4½% Deb.	99½	Fy pd	104-105	104-105
Tilston (O) 7% Pref.	81	10/-	par-6d pm	par-6d pm
Wanderer Gas	...	...	8½-8½	8½-8½
Yorkshire Dyers and Dyeing (10/-)	12/-	Fy pd	9/6-10/6	9/9-10/9

Further Stock Exchange information, including the latest summary of balance sheets, oil outputs, profit and loss accounts, dividend announcements, reports and notices and weekly traffic returns, will be found under the heading "Company News" on page 1169.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
RESERVE FOR EXCHANGE CONTINGENCIES	£664,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

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

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

Head Office: 10 CLEMENTS LANE, LOMBARD STREET,
and 77, KING WILLIAM STREET, LONDON, E.C.4.
London Wall Branch: 63, LONDON WALL, E.C.2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C.2.
NEW YORK BRANCH: 67, WALL STREET.

HAMBURG AGENCY.
Bank of British West Africa, Ltd., 49-53, SCHAUENBURGER-STRASSE
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

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

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

COMPANY MEETINGS, &c.

THE BRITISH OVERSEAS BANK, LIMITED.

DIFFICULT BANKING CONDITIONS.

RECENT SIGNS OF TRADE REVIVAL.

RECOVERY IN COMMODITY PRICES.

DANGER OF POLITICAL UNCERTAINTY.

VISCOUNT CHURCHILL ON NEED FOR GOOD WILL.

The thirteenth annual general meeting of the British Overseas Bank, Limited, was held on Tuesday, December 13th, at the Bank's premises, 33, Gracechurch Street, London, E.C.

The Rt. Hon. Viscount Churchill, G.C.V.O. (chairman of the Bank), presided.

The Chairman: I will call upon the Secretary to read the notice convening the meeting.

The Secretary (Mr A. E. Thorne) read the notice convening the meeting.

The Chairman: I have also to ask the Secretary to read the auditors' report.

The Secretary then read the auditors' report.

The Chairman: Ladies and Gentlemen,—It is now my pleasure to submit the report and accounts for your consideration. They have been circulated and you will no doubt wish me to take them, as usual, as read. (Agreed.)

The figures before you reveal very fairly our experience last year. A steady, if slight, shrinkage of business has been experienced throughout the greater part of this period. This was brought about partly by the lower prices of commodities and partly by dullness in business. This atmosphere of depression, however, gave way to definitely more active conditions in September, with the result that since the beginning of October the process that had formerly held good ceased and our figures began to indicate the greater activity of business. That experience, I am sorry to say, has recently not been maintained.

THE BALANCE SHEET.

The total of our balance sheet as a consequence is reduced to £8,217,612 5s. 8d., as compared with £9,608,977 18s. This shrinkage is shown chiefly in acceptances granted, which, as you will see from the figures before you, amount to £3,448,932 6s. 9d., being a reduction of some £800,000 as compared with last year. An equivalent reduction, of course, appears on the other side of our accounts. Current and deposit accounts also show a reduction of some £500,000 as compared with a year ago, while advances are diminished by approximately £400,000. Bills discounted, at £647,496 6s. 6d., show a contrary movement, being increased by about £400,000. This movement is, however, entirely a matter of policy as, owing to the unremunerative rates for money on the market, it was undesirable for us to retain more of our resources there than was actually necessary. Our portfolio of bills discounted, while yielding a better return, is of course available for increasing our cash resources whenever this is thought to be desirable.

I do not feel that it is necessary to say much about our investments. Our Government securities are mostly Treasury bills. Investments in Subsidiary Companies have increased on account of an issue of shares by the Dorpat Bank having been taken up by the local shareholders only to a limited extent. This increased our holding in the Bank above 50 per cent., with the result that this investment now appears under the heading of Subsidiary Companies along with our holding in the Anglo-Polish Bank.

Last year I mentioned that we unfortunately had a substantial shareholding interest in the Credit Anstalt, and we have felt it desirable that this asset should be written down to the nominal figure of £1.

In order to provide for depreciation on investments and other contingencies, the Directors have transferred from open reserves to contingencies account the sum of £50,000. Bad debts have, as usual, been provided for before declaring profits.

I think this deals with all outstanding items in our balance sheet, but you will see that the note at the foot of the balance sheet says "Contingency Liability on account of Endorsements on Bills Discounted amounts to £1,040." Last year this figure was given as

£1,254,673. The liability in any event is purely nominal and has this year almost disappeared because our Polish friends, for whom, I think you are aware, we have for a number of years arranged a syndicate credit in connection with the marketing of their sugar crop, did not desire the credit so early as usual for the present campaign.

You will notice from our report that we had with great regret to part company with Sir George May some months ago on account of the new responsibility that he has taken on as Chairman of the Import Duties Advisory Committee. Sir George May was a valued member of the Board, and the advice he gave and the interest he took in our affairs are greatly missed, but we are glad to feel that his services are being made use of in a wider sphere than we could offer.

WORLD-WIDE DIFFICULTIES.

Before moving the formal resolutions, I would like to say a few words about the state of affairs in general. At first sight a survey of the present world situation is certainly not encouraging. Exchange restrictions and "standstill agreements," tariffs, and import restrictions have crushed most of the life out of international trade, and exchange fluctuations add to the difficulties and risks, even where other positive impediments do not make trade impossible. Declining trade has aggravated unemployment, and the prospects of widespread distress and hardship through the coming winter make the situation exceedingly grave.

In addition, budgetary difficulties have multiplied, owing to the needs of unemployment relief and the abrupt falling off of revenue, and there are few countries whose finances are in at all a satisfactory state. Signs of inflation are to be observed in many places, and the maintenance of currency stability, in the face of these difficulties, is a problem of increasing embarrassment. At the same time the memories of the post-war collapse are still too much alive, in many countries, for any experiments with their currencies to be practicable, such as that of the so-called "sterling group"; so that even that slight relief is excluded.

HOPEFUL SIGNS.

But before accepting the pessimistic conclusions to which these considerations seem to point, there are some further underlying factors to take into account. It is undeniable, to begin with, that within the last few months there has been a distinct change of sentiment and some signs of trade revival, not only at home, but also, though to a lesser extent, both in America and on the Continent. This change, I think, is important and significant, and it is well worth enquiring into the reasons for it. I feel inclined to suggest that they are to be found in the fact that economic forces, if we may argue by the experience of trade depressions in the past, have, so to speak, a distinctly self-righting tendency.

The so-called trade cycle of alternate prosperity and depression has hitherto been a feature of economic experience, and the present depression has all the characteristic symptoms of this cycle. It has also a number of special features of its own in the shape of political complications, to which I shall refer later. But, setting these aside for the moment, I think it is possible that the purely economic forces making for depression have, for the time being, spent themselves, and are giving way to an underlying tendency towards revival. The change of sentiment from possibly exaggerated pessimism to possibly unreasonable optimism is, or has been in previous cases, the turning point whence recovery can begin.

The fact that there is so much sentiment in the process makes it difficult to give concrete facts in evidence, but I think the recent behaviour of prices gives some support to this view; I refer to the

recovery of the commodity markets, when prices quickly rose well above their low levels of the summer as a result of the favourable outcome of the Reparations Conference at Lausanne. This recovery has rather faded out for the moment, under the influence, mainly, of political uncertainties, but the fact of its occurrence certainly seems to signify that a tendency for improvement is present and can operate if not discouraged.

POLITICAL UNCERTAINTIES.

Assuming, then, that the economic situation shows a capacity for improvement, what is there to prevent that improvement taking place? The answer is, unfortunately, all too obvious—the political uncertainties of the international situation. To a great extent these are a legacy of the War and of the Peace Treaties, from which arise, for instance, the problem of war debts and reparations, and the nationalistic hysteria of tariff barriers and exaggerated armaments. These factors have all played their part in promoting our economic difficulties, and economic difficulties, in their turn, have aggravated and multiplied political differences until the international atmosphere is charged with mistrust and suspicion. Lack of confidence in the economic sense is a feature of trade depression which is to be expected and can be overcome. But we have to contend with something far more difficult, and powerful enough to stifle any of the hesitating tendencies towards recovery that may appear.

The restoration of international confidence, then, is at the centre of our problem. As I have already indicated, I do not mean by this merely reanimating the international capital markets, or reassuring the creditors of the weaker countries, but the wider question of restoring international good feeling and the will towards international co-operation in the many directions where it is so urgently needed. Disarmament, treaty revision and war debts, are matters which can only be dealt with by intelligent common action, and agreement on these issues is an indispensable condition for economic revival.

Again, the fear that the political differences—not only of Europe, but in the Pacific, the Far East, and elsewhere—may lead to situations not to be solved by peaceful means further discourages initiative and enterprise. The atmosphere that makes these problems so difficult to handle, and creates these anxieties in the public mind, must first be cleared if recovery is to come; given this, it is not impossible that the economic obstacles that seem so insuperable now will, in their proper perspective, be effectually dealt with.

NEED FOR CONFIDENCE.

Much is being said—particularly in the United States—as to the part monetary policy is playing in the depression, and must play in bringing us out of it; but the breakdown of the monetary system is only another manifestation of the general lack of confidence, and unless that is remedied monetary policy alone cannot solve our problems. If a proper atmosphere is restored to political relations, the financial structure is perfectly capable of responding and making available the necessary basis of credit for new enterprise. Without confidence, however, inflationary policies can do little beyond possibly tiding over temporary difficulties at the cost of more serious trouble in the future.

I do not mean to suggest that the concrete problems to be faced are not of the utmost magnitude, both politically and economically. Many major adjustments are necessary, but I would repeat that they cannot be effected except by international co-operation, and in an atmosphere of good will. Given these, I believe there is some reason to hope that our problems may prove more easily soluble than they appear to be at the present moment.

Ladies and Gentlemen,—I do not think I need trouble you with any further remarks at the present time. We have been through a very serious position in the past year, and I feel that on such an occasion as this it is better not to prophesy.

I now move the following resolution:—

"That the report and accounts for the year ended 31st October, 1932, as audited and certified by your auditors, now before the meeting, be approved and adopted; that the final dividend of 3 per cent. recommended on the 'A' ordinary shares be approved, and paid to shareholders on the register of members at the closing of the books on November 29th, 1932."

I call upon Mr Norman L. Hird to second the resolution.

MR NORMAN HIRD'S SPEECH.

Mr Norman L. Hird (Advisory Director): My Lord, Ladies and Gentlemen,—Our Chairman has dealt so adequately and so concisely not only with the position of the Bank itself, but also with world affairs, that in seconding the motion there is really very little left that I need add. In banking, as in trading, the last twelve months have been extremely difficult. Probably the year has not been as exciting as the previous period, but it has been a period full of

anxiety and worry. Lord Churchill referred to the extraordinary wave of nationalism that has spread over the various countries of the world, and it is quite clear that that—very largely the result of the war—has been a curse to the world.

It is also very clear now that if the process of over-nationalisation is not checked the world will freeze up from a trading point of view. It is gradually freezing up now, but I do not know that people realise what a further freezing up of the world really means. It means a definite setback to civilisation, chaos in many countries and a very definite setback to the standard of living of the individual all over the world. In fourteen years since the end of the war I think we have realised very clearly the real economic damage done by the war, and one feels that, although that damage would in any case have been difficult to repair, much might have been done in mitigation of it if the statesmen of the world had been bolder and if they had faced the truth and told the truth to democracy.

One thing is very clear—that the war benefited no one, neither victor nor even non-participant, and in that, of course, there is a certain amount of hope for the future as regards the conduct of nations towards each other. I think it is also obvious, as the Chairman has said, that the adoption of a new monetary policy—this theory or that—is going to be useless as a cure unless it is accompanied by confidence.

Well, Ladies and Gentlemen, I hope that when we meet twelve months hence there will be a proper realisation of this matter, not only by statesmen, but also by the various parliaments of the world, and that we shall meet in a more cheerful atmosphere. In the meantime, I think you will all agree with me that it is a matter for congratulation that this Bank has weathered the storms so successfully. (Hear, hear.) I have much pleasure in seconding the resolution.

The Chairman: I shall be very happy, if there are any questions which any lady or gentleman would like to ask, to listen to them and to answer them to the best of my ability.

A SHAREHOLDER'S CONGRATULATIONS.

Mr A. J. Thorogood: I have no questions to ask, Mr Chairman, but I should like to comment on the extraordinarily strong position of this relatively small Bank in regard to its liquid assets. I think that all shareholders must be extremely pleased to see that our liquid assets—not including those assets with banks abroad, which are always a rather uncertain quantity—amount to over £800,000, which is an extremely satisfactory state for any bank to be in. In fact, I suppose, Mr Chairman, it is the basis of sound banking that liquid assets to a very large extent should be kept in hand.

Another thing which I should like to mention, and which is also complimentary to the Directors, who have done extremely well, is that they have written off the investment in the Austrian Bank to a nominal sum—so nominal that it hardly exists—which is a very satisfactory state of things from the point of view of the shareholders. There is still another point which I should like to make and which is also complimentary to the Board. It is that none of the accounts of the Subsidiary Companies shows a loss. In many cases that, unfortunately, is a means of covering up liabilities which sometimes wreck companies. We do not look to bankers to do that sort of thing in England, and I may say from my knowledge of figures and economics that the operations of this particular Bank seem to be carried on in the very best traditions of English banking. (Hear, hear.)

The Chairman: Well, Ladies and Gentlemen, I can only thank Mr Thorogood for the very kind remarks he has made. I am sure it is very gratifying to know that he so thoroughly approves the policy followed by the Bank. Before I actually put the motion to you I am sure you would like to hear a few words from my old friend, the Deputy-Chairman, Mr Gairdner, if he would be good enough. (Applause.)

MR GAIRDNER'S REMARKS.

Mr Arthur C. D. Gairdner (Deputy Chairman and Managing Director) said: Lord Churchill, Ladies and Gentlemen,—Rather than words, which frequently have a mystifying effect, the present time seems to demand action. I will, therefore, confine myself to an endeavour to clarify one or two points underlying those aspects of the situation more briefly touched upon by Lord Churchill.

There are, of course, many contributory causes leading up to the present crisis. Two, however, stand out beyond all others. I refer to the fact that developments in science and finance have gone ahead more rapidly than man's power to control them, or to understand their reactions.

In regard to finance, its over-development has brought about the burden of national debts, excessive municipal and rural expenditure, the rise in the individual standard of living, aided and abetted as it has been by instalment buying and kindred devices. The inevitable result has been the disbursement of capital as revenue by both governments and individuals. As difficulties became

greater, the temptation to encourage consumption by inflation also increased, but relief on these lines was temporary and local. The consequence of maintaining or increasing consumption was that imports were encouraged, whereas the capacity was lacking to make the necessary exports to pay for them; in fact, a lower standard of living had become essential, and inflation had merely delayed for a time the recognition of this. In some cases, after the necessities of life had been paid for, the balance of trade was too unfavourable to meet the service of foreign loans, and defaults on these obligations have been of somewhat frequent occurrence.

The development of machinery received a great impetus during the war owing to the demand for man-power to fill the armies. On the conclusion of peace, dependence on machines was increased in order to replace the material losses caused by the war, but this development only accentuated the tendency towards unemployment, which at this point made further progress through rationalisation. This process had the further result of intensifying international competition, and so of increasing the difficulties of those nations whose scientific progress was less highly developed. This increased competition was replied to by the erection of tariff barriers and Customs restrictions, thus producing for the time being still further stagnation.

In close connection with this competition another factor played a prominent part. Industry and, to a somewhat greater extent, agriculture are largely dependent upon unskilled labour, and, when this is coloured, competition becomes even greater, while recently the effect of forced labour has had to be taken into account. The standard of living, where it was highest, thus became increasingly difficult to maintain.

SIMPLER FORM OF LIFE NEEDED.

I feel that real progress cannot be made until these facts are fairly faced, and the manner in which public opinion is gradually realising the situation and the necessity for dealing with it in a broader and more sympathetic fashion than has yet been attempted is most encouraging. Let us grant that the objective of the theorists—a general raising of the standard of life—is desirable, but let us also realise that, as the French say, "Il faut reculer pour mieux sauter," by which I mean, let us make the economies which are necessary, reduce burdens to a point that is bearable, refrain from calling science to our aid to the extent that machinery renders humanity in the bulk largely unnecessary, and return to a simpler form of life until the other factors that go to the making of civilisation are brought into line. It is as if a boy were to take charge of a high-powered car and, being able by setting his foot on the accelerator to reach a certain speed, should proceed to do so without taking into account the roughness of the track, its curves and inclines. Possibly, if the conditions were perfect the results forecasted could be obtained, but with imperfect conditions a crash is the inevitable sequel to such conduct.

It must be realised that the world has now become so closely knit that in many respects it must be regarded as a unit, and it is a natural law that no component parts of a unit can be developed unduly except at the expense of the remainder. Consequently, to obtain real progress, the whole, that is to say all the parts composing a unit, have to go forward more or less at the same pace. Let us hope that the basis for this ordered progress will be found in the approaching Economic Conference and in the clearer appreciation of the necessity for this equilibrium. (Applause.)

The Chairman: Ladies and Gentlemen,—I will now put the resolution to the meeting. Those in favour will kindly hold up their hands; to the contrary; carried unanimously. I will now ask Mr Hindley to be kind enough to move a resolution.

RE-ELECTION OF RETIRING DIRECTORS.

Mr R. T. Hindley (Advisory Director): My Lord Chairman, Ladies and Gentlemen,—I consider myself very fortunate that such a pleasant duty has been entrusted to me as the moving of the resolution: "that the Rt. Hon. Viscount Churchill, G.C.V.O., and the Hon. Henry McLaren, C.B.E., be re-elected as Directors of the Bank." We have been very fortunate to have had the services of these two Directors since the early days of the Bank, and, as they are prepared to stand again for another term of office, I consider that we are again fortunate and I have no doubt that you will share my feelings.

They have given steadily and regularly their time and ability to the conduct of the affairs of this Bank, and the present position of the Bank and its balance sheet bear testimony to the good work that has been done by the Board. They are not narrow-minded specialists. Whether you go to the coalfields of Yorkshire or to the lovely coast and valleys of North Wales, or down into Devon and Cornwall, you will find their names respected and you will find evidence of their organising ability. If those journeys which I

have suggested are too long for you, and if you will take the Tube either to Vincent Square or to Paddington, I have no doubt you will find equal evidence of their guiding intelligence. I have not the slightest doubt that you will heartily approve the resolution that we should keep what we have and should re-elect them. I beg to move that. (Applause.)

Sir James Caird, Bt. (Director): My Lord, Ladies and Gentlemen,—I can thoroughly endorse all the remarks which Mr Hindley has made with regard to our worthy Chairman and Mr McLaren, and I have very much pleasure in seconding the resolution.

The Chairman: Will you kindly put it, Mr Hindley?

Mr Hindley: I have much pleasure in putting that. Those in favour kindly signify in the usual way; against; carried unanimously.

The Chairman: Thank you, Ladies and Gentlemen, very much. The Hon. Henry McLaren: Thank you.

The Chairman: I will now ask one of the shareholders to be good enough to propose the reappointment of the retiring Auditors.

Mr Thorogood: Mr Chairman, I beg to move: "That the retiring Auditors, Messrs George A. Touche and Company and Messrs McClelland, Ker and Company, be reappointed as Auditors of the Company for the current year at the same remuneration, namely, a collective fee of £750." I feel sure that the shareholders will agree with me that the audit could not be placed in better hands.

Mr Walter Scott: I beg to second that.

The Chairman: Will you kindly put it to the meeting?

Mr Thorogood: Are you agreed, Ladies and Gentlemen? (Agreed.)

The Chairman: Ladies and Gentlemen,—I think that brings our proceedings to an end, and I can only thank you most sincerely for having come here to-day. I am very glad that in these serious times we have been able to put such a report before you. After what has been said I will only thank you once more for your support. I assure you that it is the greatest encouragement to all of us here, including the staff, to whom I should like to pay a tribute—and I am sure that Mr Gairdner will agree with me—for the admirable and loyal way in which they have carried out their duties to the Bank. (Applause.)

VOTE OF THANKS.

Mr James M. Gairdner: Ladies and Gentlemen,—Before we separate I am sure we should like to pass a hearty vote of thanks to our Chairman for presiding over us to-day. You have had an opportunity of showing your confidence in him by re-electing him as a member of the Board. I am sure we should all like to take this opportunity of thanking him and the Board for their services during the past year. (Hear, hear.) I hope that they will have a much pleasanter time in the coming year. They must have been through a very trying time, and it would doubtless have given the Chairman greater pleasure in meeting us if he had been able to produce a more brilliant set of figures, but those figures are as good as we could possibly have expected, and we can only hope that they will be able to present an even stronger position next year, and that the business will continue to prosper under their very able management. I ask you all to pass a very hearty vote of thanks to our chairman. (Applause.)

The Chairman: Thank you very much indeed. The proceedings then terminated.

OFFER TO NEW READERS.

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

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BANK OF LONDON AND SOUTH AMERICA, LIMITED.

MR J. W. BEAUMONT PEASE ON THE POSITION AND OUTLOOK.

The seventieth ordinary meeting of the Bank of London and South America, Limited, was held, on the 13th instant, at the head office of the Bank, 6, 7 and 8, Tokenhouse Yard, London, E.C.

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

Mr J. Beaumont Pease (the chairman), in the course of his speech, said:—It is common knowledge that the depression in trade which so adversely affected the period I reviewed two years ago and again at our meeting last year has continued in even greater degree, and, unfortunately, still persists.

I had occasion last year to outline the factors which were deferring the return to normal conditions in those countries in South America where we are established, and it is disappointing to have to record that the impediments to a recovery have not been removed. Internal political unrest has, in some countries, stayed a progress in course of initiation, while international disagreements between others have threatened peace, and this menace alone has been sufficient to constrain enterprise and to divert the attention of the peoples from their efforts at reconstruction.

BRITISH TRADE WITH SOUTH AMERICA.

Our particular interest lies in trade with South America, of which Great Britain is accustomed to enjoy a large share. It continues to be affected by high and frequently augmented duties.

Uncertainties arising from the exchange controls, under which payment in foreign currencies may or may not be forthcoming at due date, make exporters to South America diffident to fulfil orders, and in neither duties nor control are there any signs of relaxation.

Local moratoria suspending the payment of foreign commercial debts have locked up the resources of creditors, whilst proposed legislative measures in some centres are having a detrimental effect on industrial and business movement, with the result that banking operations are becoming increasingly difficult.

Widening of the present restricted channels to allow a fuller flow of commerce is recognised by statesmen, bankers, and traders the world over as urgent and imperative, and hopes are entertained that, from the deliberations of the Economic Conference next year, the practical measures may arise for achieving this desired end. The fact that the call to a conference has been so largely accepted points to the conviction that the burdens of the suffering world can be lightened only by a united effort. The idea that in modern times any one country can live within itself should be finally dispelled, and the Conference, it is hoped, will check that dangerous reversion to insularity which is having such a bad effect on the peace and prosperity of the world at large. We realise that individual action can have but little effect on the re-establishment of the world's well-being, but this Bank is willing and eager to co-operate as far as may be possible with any sane endeavour in this direction.

STRONG FINANCIAL POSITION MAINTAINED.

In present circumstances, and in continuance of the policy which has always been followed by your Bank, your board has considered it essential to protect the interests of its depositors by the maintenance of a strong financial position. This is reflected in the balance-sheet before you. Its total of £56,722,000 compares with £52,252,000 last year, or, say, an increase of £4,470,000, which in part is accounted for by the higher rates of exchange applied to the conversion of some of the South American currencies, notably those of Argentina, Brazil, and Uruguay. Current and deposit accounts, which this year stand at £41,368,000, are higher by £7,057,000 than last year's figures of £34,311,000, and this testimony of continued public confidence in the Bank will, I am sure, be welcome to you.

Bills payable, at £829,962, show a reduction of £1,582,000, due partly to restricted imports into South America and partly to the more general use of the telegraphic transfer as the mode of payment.

The total of bills for collection this year is £7,823,000, as compared with £8,569,000 a year ago. Local bills for collection in the hands of the various branches abroad show a reduction of £576,000. The total of head office collections, representing principally British exports, is but 6 per cent. less than that of a year ago. The turnover, however, was only a third of that of 1928—a normal year.

Turning to our assets, we see that cash in hand and at bankers has increased by £6,494,000, being now £17,069,000, as compared with £10,575,000 last year. This item, in itself, represents over 41 per cent. of our liability to customers in current, deposit, and other accounts, which shows a very strong and liquid position.

DEARTH OF SOUND COMMERCIAL BUSINESS.

It is significant that the increase in current and deposit accounts is almost entirely held in cash, which is but another instance of the present state of trade, and demonstrates the lack of a suitable outlet for funds through the dearth of sound commercial business, added to which prevailing restrictions in exchanges preclude the movement and employment of our resources in a manner that would tend to a more profitable return.

Taking the next two items of our assets together—viz., bills receivable and advances and other accounts receivable—they total £28,659,000, or £970,000 less than a year ago.

At the closing rates of exchange on September 30th last the capital of the Bank employed abroad shows some depreciation, but this is fully provided for.

The maintenance of an extremely liquid position, advisable as it may be, has an unfavourable effect on our earning capacity, for a diminished revenue cannot rapidly be compensated by a reduction in expenses. Much, however, has been done in the latter direction, although the full benefit of the enforced economies effected has yet to be felt.

PROFIT AND DIVIDEND.

I told you last year that the earning of profits might be difficult, and in some places might even be impossible, and this has proved to be the case. Commercial failures have continued on a large scale, and heavy provision has again been required for bad and doubtful debts.

Gross profit this year stands at £1,395,700, which is £58,910 less than that of last year. Charges at head office and branches, including directors' fees, on the other hand, show a reduction of £39,121, the profit after deducting all expenses and charges, other than bad and doubtful debts, which have again been provided for out of contingency reserve, being only £19,789 lower than that of last year. It stands at £312,108, and after adding £186,342 brought forward from last year, the balance available reaches a total of £498,451.

Your board feel that a conservative attitude must be adopted in the recommendations which they make to you as to the distribution of profits. We therefore recommend that a dividend of 3 per cent. for the year be payable on December 19th next, subject to income tax, absorbing £106,200, and a transfer made to contingency reserve of £200,000, which will leave the sum of £192,251 to be carried forward in profit and loss account.

ARGENTINA.

During the last year the volume and value of the trade of the Argentine Republic have fallen in comparison with the two previous years; in the case of imports to such an extent that the operations of many old-established houses have had to be greatly curtailed. Increased duties have played their part in restricting imports, although a greater handicap is the lesser spending power of consumers. An efficient control on exchange has not only sustained but enhanced the value of the Argentine peso. Throughout the year all national and provincial obligations, internal and external, have been duly met, save in the case of the province of Santa Fé, which has declared a three years' moratorium. In contrast to this act may be set the emphatic declarations made on more than one occasion by the Minister of Finance to the effect that no such step has ever been contemplated by the National Government, nor, he adds, is there any truth in the rumours that among the measures to be taken to relieve financial pressure, emission of currency and further gold shipments have been discussed.

URUGUAY.

With regard to Uruguay, the dearth of foreign exchange became pronounced at the end of last year, and to cope with the position a partial moratorium of commercial debts in foreign currencies was instituted. In spite of this measure and of the control of exchange which had previously been established the dearth increased, and important amounts of Uruguayan dollars accumulated in the banks awaiting remittance. To liberate this massed money a scheme has been evolved whereby creditors may obtain the equivalent of their Uruguayan dollars in bonds issued in foreign currencies which, under the operation of an annual sinking fund will be repaid within five years and will, meanwhile, earn 6 per cent. per annum. Bonds are guaranteed by the State, and, although only recently issued, are meeting with ready acceptance. The political situation is clear and relations with all other countries are friendly and cordial. Uruguay is feeling the pinch, as we all are, but it is not extravagant to envisage a return to her former prosperity as soon as the world-wide depression of trade gives way to a more liberal and welcome expansion.

BRAZIL AND CHILE.

The past year has been a most difficult one for Brazilian administrators. The country is in a state of transition, passing towards a modernised form of Republican Constitution.

Many improvements have been accomplished under the present Administration; expenditure has been reduced in all public departments to a level covered by current revenue, and the finances of the States are now being seriously cared for by the governors nominated by Dr. Getulio Vargas.

Exchange control is vested in the Bank of Brazil, and during the first nine months of this year the volume of exchange cover acquired was over £26,200,000. The Bank of Brazil has repaid this year £3,556,000 on account of the consolidation credit granted to them by London bankers in 1930.

Chile has been hard hit by circumstances not altogether under her control, and especially by the waning demand for and devaluation of her products. More attention is now being given to agriculture and in this respect she is usually self-supporting, but it must be some time before her exports of grain and wool assume sufficient importance to compensate the reduced returns from her mines.

THE OUTLOOK.

I have no doubt that there is a question in the minds of many of you as to the future outlook of our business, and I wish, for your satisfaction as for my own, that I could satisfactorily answer that question. The success and progress of the bank must be dependent upon the prosperity or otherwise of the countries in which we do our business. If the circumstances of those countries improve you may depend upon it that your bank will obtain its full share of such progress, as we are well equipped and ready to take advantage of any improvement in trade and to reflect such improvement in the results of our banking operations. Meanwhile, we can only wait with patience upon the turn of events, but while so waiting we are leaving no stone unturned to effect, by reorganisation and careful investigation, all possible economies in the overhead expenses of the bank, to offer even better service to our customers, and generally to conserve in every possible way the resources of the bank. You may rest assured that in these very difficult and anxious times your interests are being fully and unceasingly cared for.

The report and accounts were unanimously adopted.

ANGLO-ECUADORIAN OILFIELDS, LIMITED.

GRATIFYING PROGRESS.

GOOD PROSPECTS.

The fourteenth annual general meeting of the Anglo-Ecuadorian Oilfields, Limited, was held, on the 12th instant, at Winchester House, London.

Mr H. C. R. Williamson (the chairman) said that the most gratifying feature of the past year's operations was that they were able to show a profit of £72,668 instead of a loss of £42,719 in the previous year. This result was due to the smaller amount written off to development account, to increased cheap production, particularly from two wells, and to the programme of rigid economies, which was bearing fruit. The production of crude oil had increased from 204,663 tons to 214,060 tons for the year under review. During the year 28 producing wells had been brought in, not a single dry hole having been drilled. At June 30, 1932, there were 370 producing wells, and two were in course of drilling. As to their drilling policy, they were aiming at retaining their monthly production at round about 16,000 tons. To arrest the natural decline in the production from the deeper oil horizons the directors recently decided to place one rig on deep-well drilling. The board recommended writing down development account by £22,596, which was the amount expended in 1931-32, in addition to the usual writing off corresponding to expenditure in 1930-31. They also recommended setting aside £8,000 to reserve for depreciation and obsolescence. Sooner or later the whole of their percussion drilling equipment would have to be replaced by the more efficient rotary equipment, and for this reason they considered it prudent to commence the building up of a fund to meet this expense. Their investments in British Government securities had been increased during the year to £388,133, and their market value at June 30, 1932, was £416,680.

As to the company's prospects, not many months of the year had gone, but upon the facts at present known to them, and if oil prices and exchanges did not become more unfavourable, they hoped to present at their next meeting a balance sheet fully as good as that now under consideration.

The report and accounts were unanimously adopted, and a dividend of 3½ per cent. was declared.

AGAR, CROSS AND COMPANY, LIMITED.

MR WILLIAM AGAR REVIEWS A DIFFICULT YEAR.

The twenty-sixth ordinary general meeting of Agar, Cross and Company, Limited, was held, on the 12th instant, at Dorland House, 14-16, Regent Street, London, Mr William A. Agar (the chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, after referring to the loss the company had sustained through the death of the late chairman (Mr Thomas F. Agar), said that the main cause of the adverse trading was undoubtedly the extremely low prices ruling during the year under review for the principal Argentine products, and more particularly those which affected the agricultural interests of that country, such low prices reacting directly on the fortunes of the farming community, reducing their purchasing power to such an extent that in many cases it was non-existent. The changes in prices had come so quickly that the farmer had had no time in which to readjust his costs of production to the new conditions, and as he had had long periods of prosperity his ideas in this connection had become somewhat extravagant. Further, under the conditions on which business was usually carried on in the Camp in the Argentine, practically all the farmers were caught at a time when they were heavily in debt to the regional stores, who, in turn, were in debt to the large houses in Buenos Aires and other principal towns. In all these circumstances, and as the farmer had found it very difficult to obtain credit, the company's sales, especially in agricultural implements, had been disappointingly reduced.

Reference was made to the new taxes imposed by the Argentine Government; and the all-important question of exchange was dealt with at considerable length in its bearing on the company's trading—for which reason the board had thought it desirable to alter the method this year of compiling the figures in the balance sheet, in order to show as clearly as they could the company's position. Explaining the economies which had been effected throughout the organisation, the chairman stated that Mr Henry S. F. Alexander and Mr Thomas F. Agar, jun.—the latter having been elected on the retirement of the chairman and his late brother—were now filling the posts of managing directors. In consequence of this, a very considerable saving in managerial expenses would be made in the current year, and, in addition, all the directors had voluntarily reduced their fees by 20 per cent. for the same period.

As to the prospects for the current year, the board were very diffident about making any forecasts at all.

Generally speaking, however, the chairman summed up the position as follows:—"We should, if prices do not get worse or new restrictions be imposed, have improved sales for the current year. We should have some further reduction in the expenses, a very large reduction in the amount required to meet doubtful debts, and some reduction in interest charges. The board consider it impossible to give a more accurate forecast of the probable results of the current year. What must be borne in mind is that the company's organisation has been maintained to take care of any quick reaction in trade conditions, and that owing to the economies effected and for the other reasons given above a comparatively moderate improvement in sales should enable the company to make a small profit, or at least make ends meet. As was said in the directors' report, we now take a much more hopeful view of the outlook for the current year, more especially as we feel that the balance sheet which is now before you for the year ended June, 1932, has made very ample provision for any possible or prospective losses which may arise."

The further difficulty the company had to face on the question of obtaining remittances from the Argentine owing to the regulations and restrictions of the Exchange Control Board appointed by the Argentine Government was explained, and the chairman added that the great credit was due to the local board there for the manner in which they had handled this difficulty.

Mr Henry S. F. Alexander then dealt with the balance sheet and accounts, and, in doing so, made particular reference to the new basis on which the balance sheet had been prepared and presented. He made particular reference to the basis adopted for arriving at the balance-sheet figures for the fixed assets, such as properties, and also to the reduction of the stock and book debts, and the manner in which the reserve accounts had been dealt with, and explained that, although it was not shown on the face of the balance sheet, the company had made very ample provision for depreciation, not only on the buildings, but on the plant, machinery, motor vehicles, etc. He also referred to the increase in the sundry investments, explaining that there was included under this heading a sum which had been invested in the Argentine Patriotic Loan—which had been issued in the spring of the year. He also referred to sundry debtors and the provision which had been made to meet doubtful debts, and to the reason for the apparent increase in the amount of sundry creditors.

The report and accounts were unanimously adopted.

FOSTER CLARK, LIMITED.

STRONG FINANCIAL POSITION.

LARGE INCREASE IN SALES.

EXCELLENCE OF PRODUCTS MAINTAINED.

The annual general meeting of Foster Clark, Limited, was held, on the 12th instant, at Maidstone.

After the meeting had stood in silence for a minute as a mark of respect to the memory of Mr George Foster Clark, the late chairman and founder of the business,

Mr H. C. Clark, J.P. (the chairman), said: Ladies and gentlemen, with your permission we will take the report as read. There was a considerable increase of sales during the year, but the average rate of profit showed some decrease. Due to world-wide depression, income from investments was naturally less.

The sales of investments have yielded an additional profit of £12,757 to that shown in the accounts, and this amount has been used to write down the book cost of investments.

DIVIDEND OF 22½ PER CENT.—STRONG RESERVE POSITION.

The net profit for the year amounts to £115,850 10s. To this should be added the amount brought forward, £63,360, giving a total of £179,211 available for allocation. The dividends already paid amount to £40,625, leaving a balance of £138,586. The directors recommend that this should be allocated as follows: Preference dividend for three months to September 30, 1932, £1,875; final dividend on ordinary shares of 12½ per cent., less tax, £43,750; making a total dividend for the year of 22½ per cent.; to taxation reserve, £10,000 (making this £39,047); to general reserve, £5,648 (making this £60,000); special provision for advertising, £10,000, thus leaving a balance to carry forward to next year of £67,313.

The balance sheet is absolutely clean and reveals a very strong position. The taxation reserve, in the opinion of the directors, is sufficient to pay the income tax on all profits to date, payable in January, 1933, and January, 1934. The reserves are invested outside the business, and are therefore available for any development that may be desirable.

On the assets side of the balance sheet, goodwill, although of great value, stands at the nominal figure of £100. Stock and other assets have been valued on a conservative basis.

The investments total £533,024, and cash at bank amounts to £78,316. Since June there has been a considerable rise in securities, and at the end of the year the market value was in excess of the aggregate amount shown in the balance sheet. There is also an investment reserve of £50,000. Although the income from investments shows a decrease compared with last year, a reasonable average rate of interest was earned under the prevailing conditions.

FACTORS IN COMPANY'S SUCCESS.

I feel sure that you will agree that the figures before you are reasonably satisfactory, especially considering that they represent results of a year during which competition for the lessened purchasing power of the public was at its very keenest. Several factors have contributed to this success: first, the carefully maintained excellence of our products, and, second, the energy, and I think I may say also the courage, which has been put into the popularising and selling of them. Our policy has always been to produce the very best article at a reasonable price; this, when I mentioned from conviction—the conviction that we were offering the public the best at the best price. We have not hesitated to announce this conviction far and wide. Continuous and ever-increasing use has been made of advertising, with the result that our Eiffel Tower lemonade, Foster Clark's cream custard, jellies, canned fruit, garden peas, soup squares, and many other of our products are to-day household words. Very large sums of money have been spent in various forms of publicity, and I claim some experience as to their relative values.

PART PLAYED BY ADVERTISING.

Advertising in the newspapers and magazines of this country has played a most valuable, indeed an outstanding part in maintaining and increasing our trade during the past year. We have great faith in this form of salesmanship, and if all newspapers could be persuaded to issue net circulation certificates your company—and no doubt others like it—would feel that this great selling force was in better harness and more exact control for their particular purpose. The big advertiser can no more afford to take chances on circulation than on the value of any other product he buys.

Another important factor is our intimate knowledge of the requirements of the distributing trade. The late Mr Foster Clark, the founder of the company, our sales manager, and myself, were all originally grocers, and therefore we feel that we understand in a somewhat unusual way for a manufacturing firm, the requirements of the trade and the public. We have always been mindful of the valuable and important part distributors play in business development, and it is largely because of the mutual confidence and respect between the distributing trade and ourselves that we occupy the successful position we do to-day.

THE AUSTRALIAN COMPANY.

Our Australian company has had to cope with difficult conditions owing to depressed trade and lessened purchasing power of the public. In spite of these difficulties, the company has made a larger trading profit than in the previous year, which the directors consider very satisfactory, but, owing to loss on exchange, the net profit has been considerably reduced. Under the circumstances the directors considered it prudent not to pay a dividend for the past year. Dividends have always been on a conservative basis and the company remains in a strong financial position.

The trade in canned English fruits and vegetables continues to expand and develop. About a year ago we realised that our existing capacity was quite inadequate to produce the quantity of these goods that we could sell. We therefore decided to build and equip with the best and most up-to-date machinery a new factory for this purpose. This came into operation at the commencement of the past season, and the output of fruits and garden peas, compared with the previous year, was largely increased. Unfortunately, owing to weather conditions, the strawberry and raspberry crops were of short duration, otherwise the pack would have been still larger. We are looking forward to a steady development of this side of the business. At the present time the supply of fruit is limited. Growing fruit for canning is profitable to the farmer and the acreage is being steadily increased. We hope that before long the production will keep pace with the rapidly growing requirements of the canning industry.

The report and accounts were unanimously adopted and the meeting terminated.

At an extraordinary general meeting which followed, resolutions altering the Articles of Association were adopted.

TREPÇA MINES, LIMITED.

GOOD RESULTS—STRONG POSITION.

The annual general meeting of Trepça Mines, Limited, was held, on the 12th instant, at the Institute of Chartered Accountants, Moorgate Place, London, Mr W. Selkirk presiding.

The Chairman said: In describing the results as satisfactory, I would remind you that they have been achieved in the face of exceptional disadvantages.

The principal feature of the year has been the completion and bringing into commission of the third unit of the treatment plant, which was effected gradually during the early summer. This has increased our treatment capacity to over 1,400 tons per day; the reduction in costs resulting from this increased scale of operations became effective only during the latter part of the year under review, and it is with great satisfaction that I tell you that our all-in costs for the months of October and November, excluding depreciation and taxation, were less than 15s. per ton, as against an average for last year of 17s. 4d.

The shipment of our products has proceeded throughout the year without a hitch, thanks to the admirable railway service provided by the Yugoslav and Greek Governments and to the excellent work done by our agent at Salonica, Mr de Charnaud. We have recently acquired the lease of additional storage accommodation at this port which will enable us to load two steamers simultaneously, and so cope comfortably with the shipping of our increased tonnages.

Some anxiety may have been caused to shareholders by the recent earthquakes in the Balkans, but I am pleased to say that our operations were in no way affected, as the centre of disturbance was far removed from our properties. Moreover, while we consider the risk of damage by earthquake to our mine or plant to be very remote, we have, since production started, always carried an ample policy of insurance against loss of profits and standing charges; this policy covers losses arising from dislocation of operations due to fire and other causes, and includes the earthquake risk.

Summing up the position as it stands to-day, we own one of the very few lead-zinc mines able to earn and pay dividends under existing conditions, and we have no prior charges ranking ahead of our ordinary capital. We have ample ore reserves, a modern plant of large capacity, a convenient outlet for our products, and a first-rate organisation.

The report and accounts were unanimously adopted.

CAMP BIRD, LIMITED.

THE NEW INTERESTS.

The thirty-first ordinary general meeting of Camp Bird, Limited, was held, on the 14th instant, at River Plate House, London, E.C., Mr F. W. Baker (the chairman) presiding.

The Secretary (Mr R. H. A. Neuschil) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said:—The directors' report sets out the position clearly. The loss for the year represents the sum of £40,256; adding to this amount £20,000 for interest on debentures and instalment of premium, and £54,448 in respect of amounts written off investments, advances and loans, makes a total loss of £114,704. The deduction from this sum of £54,377, credit balance brought forward from the previous year, and the amount transferred from income tax reserve, £5,386, which is no longer required, leaves a debit balance to be carried forward of £54,941.

The loss on realisation of investments is attributable almost entirely to the heavy loss we made on the sale of our holding in the Creole Petroleum Corporation. That this policy was justified is instanced by the fact that we made a substantial investment in Wiluna shares which to-day shows us a very large appreciation, and I feel confident that as development progresses in respect of the interests acquired we shall have better opportunity of speedy capital appreciation in reduction of this year's loss.

I may say that whereas part of our Creole holding was sold during the period covered by the report, the balance was written down to the price at which it was subsequently realised after June, 1932, so that this year's accounts are burdened with an amount which, strictly speaking, should have been charged in the period 1932-33, in which case the accounts before you would have shown a balance carried forward to the debit of profit and loss account of under £10,000, as against £54,941.

I will now deal with the several interests which this company owns and the development of the mines in which we are interested. First of all I would like to dwell on the position of Santa Gertrudis. A large amount of development work was done, all charged to revenue, with results that added but little to the ore reserves. This development work did, however, disclose the possibility of proving a future supply of ore from the Elena and Necesidad Claims. The ore reserve position as at June 30th is estimated at 229,000 tons, having a gold content of 21,390 ozs. and 4,731,000 ozs. silver.

We still retain a substantial interest in the Mexican Corporation and our interest in Siparia Trinidad Oilfields, Limited. This company is developing its oil territory, but, in its turn, like most oil companies, is feeling the effect of world over-production of oil and the restriction of imports into the United States.

The property of the Lagares Tin Mines, Limited, is shut down; recent reports indicate that the mine and plant are being kept in excellent condition and could restart at very little cost as soon as the price of tin warrants. It has been decided not to reopen the mine until tin reaches a price of over £160 a ton with a reasonable certainty of stabilisation at that price or better.

I now turn to our new business. When the New Consolidated Gold Fields, Limited, took up the subscription of the debenture issue of this company it was part of the terms of the arrangement that Gold Fields should give us an opportunity of taking up to a 10 per cent. interest in any new business undertaken by them. This arrangement may have a very important bearing on the fortunes of our company. Through their good offices we have been offered and have taken a participation in the six undertakings referred to in the directors' report.

Our Wiluna investment has to-day proved a very profitable one. I attach a great deal of importance to the possibilities of West Witwatersrand Areas, Limited. I look upon this as one of the most important pieces of constructive mining development that have taken place in the city for many years. An interest in the Gold Fields Australian Development Company, formed to prove the extension into the areas acquired by it, of the Wiluna ore system, and for the purpose of acquiring options on properties in Western Australia, should give hopes of satisfactory results.

The Gold Mines of Australia, Limited, controlling the Mount Coolon Mine, should again be a useful asset. Milling operations at the Mount Coolon Mine have commenced with satisfactory results. The other two Transvaal interests referred to in the directors' report are sponsored by Gold Fields and other leading South African mining houses, which should encourage optimism as to their future. We also propose, as I have already told you, taking a participation in a syndicate being formed by the Santa Gertrudis Company to acquire and develop mining interests in Mexico.

The Chairman concluded by moving the adoption of the report and accounts, which was seconded by Mr J. A. Agnew, and, after the Chairman had replied to questions, was carried unanimously.

SANTA GERTRUDIS COMPANY, LIMITED.

ACTIVE DEVELOPMENT POLICY.

The twenty-fourth ordinary general meeting of the Santa Gertrudis Company, Limited, was held, on the 14th instant, at River Plate House, Finsbury Circus, London, Mr F. W. Baker (chairman of the company) presiding.

The Secretary (Mr R. H. A. Neuschil) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said: The net result of the year's operations is that there is a credit balance to profit and loss account of £44,194, out of which reserve for income tax absorbs £37,644, leaving a balance of £6,550. Adding to this the amount brought forward from the last account, viz., £35,767, there is a total available of £42,317, from which is deducted dividend No. 24 of 6d. per share paid in January last, and which absorbed £38,835, leaving a net sum of £3,482 to be carried forward to next year.

It has been decided that a policy of active and still further increased development should be undertaken at Santa Gertrudis, and, secondly, that we should continue the policy outlined to you at last year's annual meeting of investigating, with a view to acquisition, other mining interests in Mexico.

The work which we propose to carry out in our search for further and new ore reserves will be to test all the possibilities of our large unexplored area, and that we have more than reasonable justification in carrying out this policy is instanced by, firstly, the discovery made on a north-south vein system on the Elena area, carrying good values, but broken, and faulted at the point of intersection, and a discovery on the Necesidad property of an east-west vein showing large widths with a high-grade pay streak. In both cases the ore encountered was at a horizon which Santa Gertrudis technical advisers have reported as probably being at the top of the ore shoots. We propose to sink, drift and diamond drill at both the Elena and Necesidad to determine whether in these two locations we can develop further reserves and values that would add to our mining life.

Advices from our management show that the tonnage reserves amount to approximately 250,000 tons, and should probably be exhausted by September next unless the exploratory work, details of which I have given you, opens up fresh reserves. The possibilities are really good, but only the future can determine how good or how bad. If past work is any criterion, then we may duplicate the Santa Gertrudis experience in the discovery of the Dos Carlos vein, for I can recall to your minds the fact that ten years ago the Santa Gertrudis vein system was practically exhausted. In a cross-cut from the Santa Gertrudis we intersected the Dos Carlos vein, which was a pure blind vein, with no surface indications to suggest that it existed. Development of the Dos Carlos property added ten years to our life, yielding us an enormous silver production.

Economies effected maintained a low operating cost and offset for the most part the increased outlay for development. All property and equipment were kept in excellent condition. The average milling rate was 27,371 tons per month. There was crushed and treated by cyanide 328,450 dry tons of ore, the gross value of which was \$2,764,000, equal to \$8.42 per ton. The bullion recovered contained 28,726 ounces of gold and 6,390,000 ounces of silver. The ore reserve position as at June 30th is estimated at 229,000 tons, having a gold content of 21,390 ounces and 4,731,000 ounces silver.

In the Mexican Corporation, which, through its Mexican subsidiary, holds a 50 per cent. interest in the Fresnillo, we still retain a substantial interest. The Fresnillo Company reports that low base metal prices resulted in operations at the mine being carried on at a loss, which was kept within minimum limits by reducing the scale of operations to a point consistent with maintaining the mine organisation on the most economical basis. It also reports that basic operating conditions at Fresnillo are now more favourable than at any time in the history of the company and that with any appreciable upturn in metal prices, profits would be higher than at corresponding metal prices ruling during previous years, when considerable profits were made.

The Fresnillo Company owns a great mine whose reserves have been largely added to during the past year. Metallurgical improvements and operating conditions have led to substantial economies, and there are few mines in the world which are working under such economical conditions as have been created by its management. Mr J. A. Agnew seconded this resolution, and it was carried unanimously.

A resolution of thanks to Mr Hugh Rose, Mr F. H. Walsh and the staff in Mexico for their work during the past year was unanimously accorded, and the retiring directors, Mr F. W. Baker and Mr R. Annan, having been re-elected and Messrs. Price Waterhouse and Company having been reappointed auditors, the proceedings terminated.

LOW TEMPERATURE CARBONISATION, LIMITED.

REVIEW OF PAST YEAR'S OPERATIONS.

THE DEMAND FOR "COALITE."

PRODUCTION OF FUEL OILS.

ASSISTANCE FOR THE MINING INDUSTRY.

COLONEL BRISTOW'S VIEWS.

The fifteenth annual general meeting of Low Temperature Carbonisation, Limited, was held, on the 13th instant, at Winchester House, London, E.C.

Colonel W. A. Bristow, M.I.E.E., F.R.Ae.S. (the chairman and managing director), presided.

The Chairman said: Ladies and gentlemen,—The report and accounts are before you and I propose that they shall be taken as read. Nevertheless, there are several items in the accounts to which I would direct your especial attention.

The credit balance on the trading account is £39,079, to which must be added £9,166, representing interest on your investment in Doncaster Coalite, Limited, and £1,582 other sundry revenue.

These credit balances amount to £49,828, from which must be deducted all the expenses for the year amounting to £16,790, leaving a balance of £33,038. These total expenses are only 7½ per cent. on the turnover, an unusually small proportion for any manufacturing and distributing business.

This balance of £33,038 provides the £12,000 debenture interest and £5,899 for depreciation, leaving £15,138 to be carried to the profit and loss account on the balance-sheet.

It says much for the inherent soundness of the business that for the past six years 8 per cent. has been paid regularly on the whole of the effective capital invested in the reconstructed company managed by your present directors. This year the total of the interest aged by your present directors is £27,138—that is to say, more than 18 per cent. on this effective capital.

You will observe that the cash at the bank has increased during the year from £19,874 to £37,369. In addition we have this year extended the works at Askern by 50 per cent., and the two new batteries of 72 retorts were brought into operation in October. The increased output should benefit next year's results.

"COALITE."

The sales of "Coalite" and oils totalled £222,163, an improvement of £27,353 on last year. The works have run without a stop during the whole of the period and at maximum possible production. In the heat-wave in August the ordinary daily orders totalled 531 wagons for the week, and at no time this year has it been possible to accumulate any stock. In spite of the 50 per cent. increase in supplies from Askern, demand continues in excess of production.

In the first five weeks of this financial year both works have established new records for output and profit. The plant at Green-wich owned by the South Metropolitan Gas Company has worked continuously throughout the year without the slightest difficulty.

Exactly five years ago there were 32 retorts in operation, as against the 556 now installed at Barugh, Askern, and Greenwich. These figures show the great advance that has been made in the manufacture and sale of the smokeless fuel, and also indicate the remarkable growth of the engineering side. The carbonisation or distillation of coal is a difficult business, and its operation on a commercial scale is beset with innumerable pitfalls. The care and maintenance of 556 retorts and all the subsidiary plant constitutes a task of some magnitude, and only a short time since the continuous operation of such a large number of low temperature retorts would have been declared impossible.

The company's oil distillation plant at Barugh has worked throughout the year and has this month established a new output record. Your directors have placed a contract for a 50 per cent. extension of this plant, and the new portion is expected to come into operation before the end of March next. The oils produced are being distributed over much wider markets, and some of the derivatives are sent to almost every country in the world.

Coal Petrol.—During the year the company's research department have been developing a new method for the refining of coal petrol, and have evolved a process which has yielded greatly improved results. The petrol now produced is water white, free from any objectionable odour, and official tests show that it possesses

anti-knock properties about 25 per cent. better than those of any other normal petrol. (Hear, hear.) It is also highly volatile, and its many special properties make it the ideal motor fuel.

Naval Fuel Oil.—Work has continued on the production of fuel oil suitable for naval use. On December 5 last we dispatched to an Admiralty fuelling depot the first bulk consignment of naval fuel oil produced from British coal by any process of low temperature carbonisation. To the best of my knowledge and belief, this is the first occasion in history on which a warship has proceeded to sea fuelled only by oil produced from its national coal. (Applause.) In view of the success which has attended the preliminary trials of our naval fuel oil, it is expected that this will lead to regular and increasing contracts.

The outstanding success of "Coalite" Smokeless Fuel is the keystone of the company's success, from which all other of the company's activities depend. Although the use of "Coalite" has increased in a remarkable manner, it is not yet even 1 per cent. of the total consumption of domestic fuel. From the manner in which "Coalite" has been taken up by every class of user it is obvious that only the question of supplies stands in the way of rapid development, and I see no reason that should prevent the consumption of at least 5,000,000 tons per year, and that within a very short time. This would necessitate the carbonisation of about 7,000,000 tons of coal, and, taking the combined oil yields as 8 per cent. only, there would be produced each year 560,000 tons of oil and petrol, a valuable addition to our national resources, and one that might prove decisive in any future war.

HYDROGENATION.

The treatment of the oil now being made from coal should precede any scheme for the hydrogenation of solid coal, and our views have been confirmed by the letter of Mr H. T. Tizard, Rector of the Imperial College of Science, published in *The Times* of December 10.

Mr Tizard in the last paragraph of his letter asks a very pertinent question. He says: "Is it really wise at a time when there is general agreement that serious troubles are caused by the over-production of primary materials to contemplate adding to the over-production of one of these materials by methods which are demonstrably uneconomic?"

It is important, however, that the public should realise that this question does not apply to the case for the hydrogenation of coal oil. This oil already exists, is bound to increase in quantity, and its accretion in value by hydrogenation would be of national importance.

FUTURE DEVELOPMENT.

The report and accounts now before you constitute a most important advance in the history of this company. This is all the more significant, bearing in mind that it has been won at a time when the general conditions in the country and in trade have been by far the worst we have ever experienced.

Your directors are, however, by no means satisfied and have prepared a further programme of development and extension of such a character as should ensure an adequate return for the ordinary shareholders. (Hear, hear.)

Our work will be assisted by the manifold efforts which are being made to restore prosperity to the mining industry. As you know, the conditions in this industry have been getting worse. Modern and efficient mines are working at little, if any more, than half their capacity, and many thousands of miners have been thrown out of employment apparently for ever. The raw coal is usually burnt in an inefficient manner, and each year many millions of pounds' worth of the valuable volatiles contained therein are either wastefully consumed or discharged as soot and smoke to poison the air we breathe and cut off the sunlight.

The very existence of the industry is also being seriously threatened in its foundations by the ever-growing menace of

imported oil, and what the end may be one does not care to contemplate.

Further, the British Navy and Air Force, and to an important extent the Army also, can only move when supplied with large quantities of oil, so that one day the fate of the British Empire may depend from the fine and delicate thread of hundreds of miles of pipeline in a hostile country.

This company has already unmistakably indicated the direction in which some reforms can be carried out. The "Coalite" process converts coal dust into first-class fuel of high calorific value. In the course of manufacture oil and petrol are obtained as by-products, thus raising the value of a large portion of the treated coal and helping the coal industry to fight the competition of oil by itself producing oil. The value of the oil and petrol produced improves the balance of trade by reducing the imports of foreign oil, and, lastly, a supply of home-produced oil is provided for the Navy, Army, and Air Force. I know of no other development which leads to the solution of so many of these urgent problems simultaneously, and it appears to me inevitable that when we do seriously take in hand the task of reforming these industries, as reform them we must, we shall find ourselves occupying a very prominent place in the new order.

The report and accounts were adopted.

BRITISH BURMAH PETROLEUM COMPANY, LIMITED.

The twenty-second ordinary general meeting of this company was held, on the 12th instant, at Southern House, Cannon Street, London.

The Hon. Lionel Holland, the chairman, who presided, said that there was little in the accounts to give satisfaction. But for a fortuitous profit accruing from the sale of investments, the year's working would have resulted in an actual loss. The position was due to the low value of oil products and the crushing taxation levied on the oil industry in India. Largely owing to the action of the Government in lowering the measure of protection formerly enjoyed by indigenous kerosene, Indian producers had had to sell in a market flooded with cheap production. They had sold a couple of million gallons more of kerosene, but had received less revenue by over £150,000, and to the heavy fall in receipts they had had to add the loss of revenue from increased taxation in India, which had been raised to a level which the industry as a whole was quite unable to support. Indian income tax, Excise duties, and royalties had cost them over £270,000—a sum four times in excess of the company's whole trading profit.

It was possible that the coming months would see the company's interests outside India increase. The potentialities of the German oilfields had recently attracted much attention, and they had joined with certain foreign interests in testing a couple of selected areas held under favourable options with opportunities of considerable extensions. They were also investigating the possibilities of the large deposits of shale and torbanite in the Transvaal, the retorting and refining of which presented no insuperable difficulties. Generally, the company was in a position, thanks to a conservative financial policy, to hold its ground until normal conditions were restored and prices improved.

The report and accounts were adopted.

IND COOPE AND COMPANY, LIMITED.

EFFECT OF INCREASED BEER DUTY.

The twentieth ordinary general meeting of Ind Coope and Company, Limited, was held, on the 12th instant, at the Great Eastern Hotel, Liverpool Street, London.

Mr Louis E. Walker (the chairman) said that the accounts now under review covered a complete year during which the increased beer duty had been in operation. Unfortunately, the exceptionally heavy duty placed on beer in September, 1931, had coincided with a period of unprecedented trade depression, the combined effect of which had been to reduce their output materially. To meet to some extent the decrease in profit as a result of such loss of sales, economies had been effected during the year, and it was only on account of such economies and careful working that the present results had been obtained, which, under the circumstances mentioned, he thought shareholders would agree, were fairly satisfactory.

The position, however, remained that it was not possible to continue effecting economies without trespassing on efficient working. With a business like theirs, with three breweries in different parts of the country, it was quite impossible to reduce overhead charges in proportion to a decrease in sales such as had been experienced during the past year, and which they were still having to face. It was only right to tell the shareholders that while one did read

occasionally of some slight evidence of improvement in trade in various parts, it had not yet reached the brewing industry. It had been their experience in the past that brewers were frequently the last to feel trade depression, and were nearly always the last to feel the benefit of any recovery.

He was glad to be able to say, however, that the shrinkage in their output was not due to loss of customers, but to smaller orders received from them as a consequence of the depressed conditions prevailing.

While the brewery business was under a cloud at present, he was confident that when times became more normal, and the Government could see their way to take off the extra duty imposed, there was little doubt whatever that their company would be in an excellent position to take advantage of the improved trading conditions. In the meantime the shareholders could congratulate themselves on the very sound position disclosed by the figures in the balance sheet.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended December 10, 1932, amounted to £10,560,200 against ordinary expenditure of £12,889,700. After making no allocation to Sinking Fund, but allowing for an increase in Exchequer Balances of £208,600, the operations for the week, as shown below, increased the National Debt by £2,708,000 to approximately £7,948 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

(000's omitted.)

Treasury Bills	£ 19,103	Bank of England Advances	£ 17,800
Public Department Advances	10,600	5% War Loan repaid	5,170
3% Conversion Loan	1,850	4% War Loan repaid	600
		Treasury Bonds repaid	1,175
		National Savings Certificates	190
	31,553		22,945

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer			
		April 1, 1932, to Dec. 10, 1932.	April 1, 1931, to Dec. 12, 1931.	Week ended Dec. 10, 1932.	Week ended Dec. 12, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	63,606,000	69,956,000	382,000	565,000
Sur-tax, including Arrears of Super-Tax	66,000,000	13,580,000	19,710,000	460,000	860,000
Stamps, &c., Duties	76,000,000	52,880,000	45,150,000	1,480,000	1,020,000
Excise	23,000,000	10,640,000	10,170,000	1,030,000	1,250,000
Excise Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	180,000	...	...
Total Inland Revenue	427,000,000	140,686,000	145,166,000	3,352,000	3,495,000
Customs and Excise—					
Customs	174,570,000	118,439,000	94,115,000	4,275,000	2,555,000
Excise	125,430,000	85,600,000	82,500,000	1,821,000	1,700,000
Total Customs and Excise	300,000,000	204,039,000	176,615,000	6,096,000	4,255,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,637,000	1,630,000	24,000	700,000
Post Office (Net Receipts)	11,700,000	10,900,000	11,050,000	750,000	...
Crown Lands	1,250,000	940,000	980,000	...	...
Receipts from Sundry Loans	4,350,000	3,916,875	12,517,881	337,500	2,604
Miscellaneous Receipts	17,500,000	13,018,926	12,077,591	734	17,408
Appropriation from Existing Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	375,137,801	363,936,472	10,560,200	8,470,000
SELF-BALANCING REVENUE.					
Post Office	59,188,000	38,100,000	37,850,000	650,000	500,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	9,008,000	8,546,000	120,000	...
Total Self-Balancing Revenue	82,098,000	47,108,000	46,396,000	770,000	500,000
Total		422,245,801	410,332,472	11,330,200	8,970,000

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

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Dec. 10, 1932.	April 1, 1931, to Dec. 12, 1931.	Week ended Dec. 10, 1932.	Week ended Dec. 12, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	229,534,774	247,327,815	5,157,991	4,238,783
Payments to Northern Ireland Exchequer	6,800,000	4,095,529	3,657,004	232,678	...
Other Consolidated Fund Services	3,500,000	1,563,116	1,896,347	...	57,132
Total	286,300,000	235,193,419	252,881,166	5,384,669	4,295,915
Total Supply Services (excluding Post Office)	447,210,000	297,660,590	297,233,592	7,505,000	11,990,000
Total Ordinary Expenditure	733,510,000	532,854,009	550,114,758	12,889,669	16,285,915
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	38,100,000	37,850,000	650,000	500,000
Road Fund	22,910,000	9,008,000	8,546,000	120,000	...
Total Self-Balancing Expenditure	82,098,000	47,108,000	46,396,000	770,000	500,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	579,962,009	596,510,758	13,659,669	16,785,915
New Sinking Fund (1928)	32,500,000	14,121,405	22,615,351	...	190,000
Total (including New Sinking Fund)	...	594,083,414	619,126,109	13,659,669	16,975,915

The aggregate revenue and expenditure to December 10, 1932* is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1ST TO DECEMBER 10TH, 1932.		(000's omitted.)	
	£		£
Expenditure	532,854	Revenue	375,138
New Sinking Fund	14,121	Decrease in balances	3,285
		Gross increase in borrowing	£344,756
		Less—	
		Exchange Equalisation Fund Investment	£150,000
		Loans to Road Fund, &c.	7,254
		War Loan Conversion bonus	18,950
			£176,204
		Net borrowing	168,552
	546,975		546,975

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-	Dec. 12, '32.	31. Mar. 31, '32.	Dec. 10, '32.	Dec. 10, '32.
standing	£	£	£	£
Advances by Bank of England	49,000,000	7,500,000	41,800,000	+10,600,000
Advances by Public Departments	681,620,000	604,455,000	896,960,000	+19,100,000
Treasury Bills outstanding	730,620,000	611,955,000	942,510,000	+12,200,000
Total Floating Debt	1,261,240,000	1,059,910,000	1,440,270,000	+380,360,000

* Includes £16,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on December 9, 1932, and the total amount applied for was £67,740,000. Tenders were accepted for bills at three months, dated Monday at £99 15s. 11d., about 89 per cent., and Tuesday to Saturday at £99 15s. 10d. and above in full. The amount allotted was £50,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1932.			
Nov. 18	60,000,000	80,490,000	0 17 7-24
Nov. 25	60,000,000	74,465,000	0 12 4-44
Dec. 2	55,000,000	91,375,000	0 17 4-87
Dec. 9	50,000,000	67,740,000	0 16 5-89

The Bankers' Gazette.

BANK OF ENGLAND.

Return for week ended Wednesday, December 14, 1932.

ISSUE DEPARTMENT.

	£		£
Notes Issued:—		Government Debt	11,015,100
In Circulation	372,256,239	Other Government Securities	253,037,067
In Banking Department	42,165,858	Other Securities	5,130,311
		Silver Coin	3,817,522
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	139,422,097
	£414,422,097		£414,422,097

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 74,249,011
Reserve	3,333,332	Other Securities—	
Public Deposits	8,537,123	Discounts and Advances	£11,740,213
Other Deposits—		Securities	£18,047,883
Bankers' Advances	£86,291,044		29,788,096
Other Accounts	£34,368,430	Notes	42,165,858
	120,659,474	Gold and Silver Coin	883,119
7-Day and other Bills	3,155		
	£147,086,084		£147,086,084

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

Both Departments.	Amount, Dec. 14, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 372,256,239	+ 6,593,997	+ 8,722,239
Public deposits	8,537,123	+ 14,800	+ 3,489,421
Bankers' deposits	86,291,044	+ 17,960,490	+ 12,953,259
Other deposits	34,368,430	+ 85,266	+ 3,810,818
Seven-day bills	3,155	+ 1,500	+ 2,064
Total outside liabilities	501,455,991	+ 11,435,459	+ 14,376,923
Capital and rest	17,886,332	+ 12,348	+ 10,360
Government debt and securities	340,301,178	+ 10,072,024	+ 21,803,384
Discounts and advances	11,740,213	+ 67,022	+ 1,131,785
Other securities	23,178,194	+ 1,203,888	+ 24,949,690
Silver coin in issue department	3,817,522	+ 3,694	+ 232,198
Coin and bullion (bank's reserve)	140,305,216	+ 85,871	+ 18,876,852
Reserve of notes and coin in banking department	43,048,977	+ 6,677,868	+ 10,155,013
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	33%	+ 8%	+ 6%
(b) Gold stocks to deposits and notes ("reserve ratio")	28%	+ 8%	+ 3%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Total
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.							
Nov. 9	414,422	361,210	20,428	79,758	33,857	Nil	2
" 16	414,422	359,397	20,447	82,500	33,198	Nil	2
" 23	414,422	357,847	26,531	78,082	33,742	Nil	2
" 30	414,422	358,843	10,147	90,532	37,064	Nil	2
Dec. 7	414,422	365,662	8,522	104,252	34,494	Nil	2
" 14	414,422	372,256	8,537	86,291	34,368	Nil	2

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			Reserve and the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion Ratio.	Reserve	Govt. Securities.	Discounts & Advances.	Other Securities.	
1932.								
Nov. 9	259,156	12,031	140,443	28%	68,053	11,799	17,787	54,235 37%
" 16	265,092	6,094	140,452	28%	68,563	11,795	17,478	56,058 40%
" 23	265,006	6,182	140,426	28%	68,582	11,958	18,021	57,578 41%
" 30	264,549	6,634	140,418	28%	68,872	11,867	18,274	56,575 41%
Dec. 7	264,529	6,657	140,389	27%	85,844	11,807	17,725	49,727 33%
" 14	266,052	5,130	140,305	28%	74,249	11,740	18,048	43,049 33%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to November 30	25,398,532	1,469,182	2,442,585	29,310,299
Week ended December 7	773,122	38,334	61,913	873,369
Week ended December 14	466,580	30,297	49,220	546,

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia appeared in the *Economist* for September 10; Canadian Banks, Lithuania, Danzig, Estonia and Chile in November 26; Turkey, Poland and Latvia in December 3; Bank for International Settlements, Denmark, Finland, Egypt and Spain in December 10.

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

RESOURCES.	Dec. 17, 1931.	Nov. 24, 1932.	Dec. 1, 1932.	Dec. 8, 1932.	Dec. 15, 1932.
Total gold reserve	2,982,040	3,053,150	3,049,320	3,078,060	3,093,340
Total bills discounted	697,910	307,520	305,970	298,620	284,470
Bills bought in open market	307,080	34,650	34,880	33,720	33,770
Total U.S. Govt. securities	905,690	1,850,750	1,850,770	1,850,680	1,850,730
Total bills and securities	1,941,350	2,198,260	2,200,030	2,188,350	2,174,350
Total resources	5,843,080	5,962,110	5,985,690	5,964,620	6,053,160
LIABILITIES.					
Federal Reserve notes in actual circulation	2,528,330	2,694,430	2,692,290	2,723,670	2,713,930
Deposits—Memberbank—reserve account	2,167,800	2,400,350	2,410,590	2,395,480	2,424,530
Total deposits	2,308,830	2,478,900	2,484,230	2,466,820	2,484,870
Capital paid in and surplus	435,310	411,390	411,010	410,940	410,840
Total liabilities	5,843,080	5,962,110	5,985,690	5,964,620	6,053,160
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	65.1%	62.7%	62.6%	62.9%	63.1%

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

RESOURCES.	Dec. 17, 1931.	Nov. 24, 1932.	Dec. 1, 1932.	Dec. 8, 1932.	Dec. 15, 1932.
Total gold reserve	1,003,540	1,021,510	1,022,220	970,700	1,011,950
Total bills discounted	117,730	63,460	61,580	65,360	62,850
Bills bought in open market	81,600	10,330	10,260	9,900	9,970
Total U.S. Govt. securities	382,730	735,790	735,790	733,290	733,290
Total bills and securities	596,340	813,640	811,710	812,520	810,150
Deposits—Memberbank—reserve account	978,950	1,194,680	1,199,750	1,151,640	1,206,980
Ratio of total res. to dep. and Federal Res. note liabilities combined	66.9%	59.8%	59.8%	58.5%	59.5%

FEDERAL RESERVE MEMBER BANKS.

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

	Dec. 2, 1931.	Nov. 2, 1932.	Nov. 9, 1932.	Nov. 16, 1932.	Nov. 23, 1932.	Nov. 30, 1932.
Loans	13,350	10,441	10,425	10,343	10,375	10,413
Investments	7,506	5,885	5,801	5,804	5,858	5,859
Discounts	12,199	11,461	11,505	11,584	11,559	11,745
Time deposits	6,142	5,709	5,707	5,694	5,682	5,668
Due from banks	988	1,689	1,618	1,675	1,623	1,639
Due to banks	2,513	3,241	3,294	3,335	3,267	3,290
Federal reserve borrowings	424	105	99	98	95	100

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

ASSETS.	Nov. 20, 1931.	Oct. 21, 1932.	Oct. 28, 1932.	Nov. 4, 1932.	Nov. 11, 1932.	Nov. 18, 1932.
Gold coin and bullion	7,634	7,233	7,189	6,762	7,664	7,498
Subsidiary coin	402	569	572	568	578	587
Bills discounted: Domestic and Union Gov. Treas.	3,704	1,113	1,133	1,234	1,142	1,143
Bills discounted: Foreign	17	1,730	1,960	2,047	1,930	1,701
Investments	1,087	1,730	1,960	2,047	1,930	1,701
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	802	9	9	9	9	9
Notes in circulation	6,787	6,153	7,365	7,356	6,593	6,159
Government deposits	1,985	1,585	1,042	870	1,111	1,648
Bankers' deposits	5,089	4,154	3,790	4,274	4,978	4,788
Ratio of cash reserves to liabilities to public	55.6%	62.8%	60.1%	55.6%	63.8%	63.8%

* In accordance with Financial Adjustments Act, 1932, balance of Exchange Loss namely, £792,916, has been written off Reserve.

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

ASSETS.	Nov. 20, 1931.	Oct. 21, 1932.	Oct. 28, 1932.	Nov. 4, 1932.	Nov. 11, 1932.	Nov. 18, 1932.
Total securities	31,78,077	28,61,922	29,24,356	29,83,333	30,44,776	30,13,025
Loans	8,70,778	6,52,077	6,50,066	6,60,344	6,62,684	6,28,044
Cash credits	23,58,770	18,61,600	18,65,577	17,87,987	17,92,477	17,43,544
Inland bills	3,95,899	2,16,844	1,66,391	1,90,111	1,87,776	1,83,227
Foreign bills	24,58	21,59	20,23	18,19	18,96	28,23
Dead stock	2,73,32	2,67,03	2,67,09	2,67,15	2,67,20	2,67,25
Bal. with other banks	7,48	11,37	4,61	12,12	25,57	40,46
Cash	9,37,46	26,45,20	27,01,73	25,20,92	24,69,17	24,25,33
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,42,50	5,15,00	5,15,91	5,15,00	5,15,00	5,15,00
Total deposits	69,32,37	74,16,16	74,30,57	72,80,01	73,08,65	73,68,83
The above includes—						
Deposits in London	802	1,258	1,219	1,254	1,363	1,406
Advances in London	855	1,384	1,356	1,327	1,328	1,290
Other deposits at other Banks in London	58	88	37	94	195	306

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

ASSETS.	Dec. 11, 1931.	Nov. 18, 1932.	Nov. 25, 1932.	Dec. 2, 1932.	Dec. 9, 1932.
Gold	67,993,508	83,308,287	83,341,562	83,359,066	83,343,870
Foreign					
Eight deposits	15,778,693	2,968,146	2,968,091	3,127,490	3,155,091
Bills, &c.	8,994,087	1,917,659	1,884,598	1,662,951	1,662,951
Home bills	6,191,863	2,743,950	3,265,872	2,601,700	2,601,700
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,835,691	2,610,094	2,500,126	2,595,514	2,551,558
Other advances	5,064,818	6,620,893	6,620,893	6,620,893	6,620,893
Notes in circulation	82,649,581	81,604,937	81,636,473	82,200,287	82,482,068
Public deposits	6,297,286	3,259,723	2,930,673	2,353,362	2,341,881
Private deposits	23,699,615	21,913,688	22,670,187	21,157,299	21,882,649
Other liabilities	3,078,079	2,372,877	2,481,777	2,505,536	2,505,536

THE REICHSBANK.—In Reichmarks (000's omitted).

ASSETS.	Dec. 7, 1931.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.
Gold	1,005,116	818,610	827,229	804,069
Of which deposited abroad	129,951	57,931	57,924	40,435
Reserve in foreign currencies	170,466	114,908	109,743	113,931
Bills of exchange and cheques	3,903,847	2,535,757	2,765,808	2,717,213
Silver and other coin	122,246	303,997	192,466	203,052
Notes of other German banks	5,145	13,449	3,341	7,183
Advances	190,882	86,011	206,964	101,124
Investments	102,889	394,920	394,932	396,209
Other assets	853,754	778,993	763,237	753,955
LIABILITIES.				
Share capital	150,000	150,000	150,000	150,000
Reserve	337,331	417,426	417,426	417,426
Notes in circulation	4,591,576	3,306,251	3,531,157	3,438,962
Other daily maturing obligations	415,950	429,083	418,125	354,708
Other liabilities	859,488	743,885	747,012	738,340
Over of note circulation	25.6%	28.2%	26.5%	26.7%

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

ASSETS.	Position, May 28, 1914.	Dec. 3, 1931.	Nov. 17, 1932.	Nov. 24, 1932.	Dec. 1, 1932.	Dec. 8, 1932.
Gold	232,650	2,556,884	2,614,173	2,607,553	2,600,173	2,584,538
Foreign bills and balances abroad	697,600	36,700	65,222	65,934	65,604	65,944
Silver and other coin	930,891	689,367	689,776	689,776	674,767	681,425
Securities	934,150	3,573,597	3,625,716	3,621,388	3,682,068	3,653,389
Notes in circulation	112,125	309,625	178,431	197,070	116,193	142,380

(a) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Dec. 7, 1931.	Nov. 14, 1932.	Nov. 21, 1932.	Nov. 28, 1932.	Dec. 5, 1932.
Gold	163,092	803,888	1,032,581	1,032,581	1,032,583	1,032,583
Silver	8,436	26,894	18,799	19,836	20,619	21,101
Home bills discounted	253,504	86,946	39,362	38,175	38,047	40,413
Foreign bills	84,545	71,336	71,336	71,336	71,321	71,321
Loans and advances in current acct.	109,826	74,933	74,116	73,581	74,870	74,870
LIABILITIES.						
Notes in circulation	316,632	1,031,361	971,424	962,954	967,681	981,477
Deposits	5,016	198,246	285,915	293,479	301,028	278,529

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

ASSETS.	Position, May 30, 1914.	Dec. 12, 1931.	Nov. 19, 1932.	Nov. 26, 1932.	Dec. 3, 1932.	Dec. 10, 1932.
Gold	22,971	124,676	150,270	150,250	149,940	150,130
Silver	29,785	45,603	45,603	45,603	45,603	45,603
Discounts, advances, and other investments	77,567	83,143	62,500	60,470	60,790	63,880
Foreign bills	337,126	338,112	338,112	338,112	338,112	338,112
Other assets	...	...	33,960	24,270	25,490	25,210
LIABILITIES.						
Notes in circulation	109,499	237,482	211,030	207,530	209,060	212,970
Deposits and bills payable	11,250	31,709	30,030	32,540	32,400	30,530

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

ASSETS.	Position, May 31, 1914.	Dec. 7, 1931.	Nov. 15, 1932.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.
Gold	171,175	2,200,850	2,637,513	2,552,730	2,552,730	2,552,730
Foreign bills and balances abroad	...	145,086	41,188	96,726	73,318	37,000
Discounts	...	30,933	15,010	14,709	15,565	15,971
Advances	103,000	49,813	41,869	39,656	43,141	49,917
LIABILITIES.						
Notes in circulation	275,925	1,458,268	1,496,099	1,480,588	1,534,607	1,615,978
Deposits	33,750	977,184	1,247,160	1,229,228	1,157,003	1,142,100

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

ASSETS.	Nov. 30, 1931.	Oct. 31, 1932.	Nov. 10, 1932.	Nov. 20, 1932.	Nov. 30, 1932.
Gold, coin and bullion	5,628,000	5,810,700	5,814,600	5,820,100	5,820,100
Foreign bills and balances abroad	2,361,500	1,405,000	1,407,800	1,410,000	1,410,000
Other cash	271,200	326,900	325,200	325,300	319,000
Gold deposited abroad by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,924,500	4,953,000	4,985,000	4,961,700	4,961,700
Advances	1,181,900	1,509,300	1,350,200	1,139,100	1,117,400
Credit with "Istituto di Liquidazione"	1,528,400	1,370,400	1,387,300	1,384,300	1,384,300
Government securities	1,377,000	1,363,700	1,364,100	1,363,900	1,364,000
LIABILITIES.					
Notes in circulation	14,254,300	13,792,800	13,578,700	13,372,300	13,563,000
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,906,000	1,084,600	969,100	1,036,500	1,048,000
Ratio of reserve to note and sight liabilities combined	48.53%	47.54%	48.64%	49.15%	48.15%

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

ASSETS.	Dec. 12, 1931.	Nov. 19, 1932.	Nov. 26, 1932.	Dec. 3, 1932.	Dec. 10, 1932.
Gold reserve	205,792	205,971	205,971	205,973	205,973
Government securities—Swedish	4,131	238,364	238,364	238,364	238,364
Other Swedish "foreign"	...	...	...	...	...
Foreign bonds quoted on Bal. exchange in Sweden	493,449	104,388	112,601	140,816	130,743
Bills payable in Sweden	32,714	157,732	184,760	184,186	179,326</

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.						Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.	
					Prefee.	Ordinary.						
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%	
Banks.												
Barclays Bank (Dominion, Colonial and Overseas)....	Sept. 30	244,738	292,104	536,842	107,580	113,377	4½	100,000	215,885	302,754	4½	
National Bank of Scotland	Nov. 1	72,727	265,367	338,094	...	132,000	16	130,000	76,094	270,433	16	
Breweries.												
Allsopp (Samuel) and Sons	Sept. 30	72,167	131,402	203,569	52,760	74,625	8	...	76,184	174,111	9	
Alton and Co.	Sept. 30	49,009	35,995	85,004	10,000	25,000	25	...	50,004	49,488	35	
Bell and Co.	Oct. 31	14,661	18,787	33,448	5,221	5,250	5	...	15,977	25,423	5	
Bentley's Yorks. Breweries	Sept. 30	29,585	25,727	55,312	14,211	11,750	5	7,000	15,977	25,423	5	
Dublin Distillers Co.	June 30	...	Dr. 17,563	Dr. 17,563	...	...	...	...	29,351	44,638	11	
Lichfield Brewery Co.	Sept. 30	14,256	25,272	39,528	6,250	18,300	10	Dr. 6,578	Dr. 10,985	Dr. 22,092	...	
Officers' Brewery	Sept. 30	75,556	40,783	116,339	2,400	18,000	15	...	14,978	35,753	12½	
St. Louis Breweries	Sept. 30	1,864	1,086	2,950	...	...	...	18,983	76,956	57,933	22½	
Simonds (H. and G.)	Sept. 30	94,673	105,625	200,298	25,808	46,596	11½	...	2,950	Dr. 657	...	
Stretton's Derby Brewery	Sept. 30	59,738	81,949	141,687	12,600	67,500	22½	...	32,953	94,941	140,789	
Electric Lighting, &c.	Sept. 30	...	...	...	...	...	...	...	61,587	118,281	30	
Perak River Hydro-Electric	July 31	2,358	50,562	52,920	...	...	...	36,750	16,170	37,353	...	
Financial Land, &c.												
Agricultural Credit Corp.	Oct. 31	...	17,405	17,405	...	13,125	5	4,280	...	16,406	5	
Peel River, Land, &c.	June 30	17,782	5,948	23,730	...	10,800	3½	...	12,930	15,327	5½	
Scottish Australian Invest.	June 30	29,140	14,192	43,332	32,000	25,000	5	Dr. 40,000	26,332	Dr. 4,798	5	
Hotels, Restaurants, &c.												
Cadena Cafés	Oct. 1	18,046	40,606	58,652	15,104	31,877	20	...	11,671	41,131	20	
Iron, Coal and Steel.												
Duffield Coal Products	Sept. 30	Dr. 2,437	Dr. 2,198	Dr. 4,635	...	...	...	...	Dr. 4,635	Dr. 2,734	...	
Hill (Richard) and Co.	Sept. 30	Dr. 25,166	Dr. 2,688	Dr. 27,854	...	...	...	...	Dr. 27,844	147	...	
Redpath, Brown and Co.	Oct. 31	47,240	Dr. 16,094	31,146	7,875	...	...	...	23,271	32,897	6½	
Sheffield Steel Products	May 31	11,736	Dr. 26,193	Dr. 14,457	...	...	...	...	Dr. 16,957	1,844	...	
Shotts Iron Co.	Sept. 30	24,300	Dr. 23,998	302	...	...	...	1,500	...	18,010	...	
Yarrow and Co.	June 30	18,382	18,479	36,861	...	7,500	5	10,000	19,361	16,212	5	
Motor and Cycle.												
Rossleigh, Ltd.	Sept. 30	28,955	15,902	44,857	450	6,750	10	...	37,657	18,150	10	
Rubber, &c.												
Aboyno-Clyde Rubber	June 30	Dr. 1,228	Dr. 5,188	Dr. 6,416	...	...	...	...	Dr. 6,416	Dr. 5,179	...	
Bukit Kajang Rubber	June 30	4,051	Dr. 5,280	Dr. 1,229	...	...	...	...	53	Dr. 3,440	...	
Glen Bervie Rubber	Sept. 30	576	133	709	...	...	...	Dr. 1,282	709	Dr. 4,266	...	
Glen Muar Estates	July 31	5,486	1,760	7,246	...	...	...	...	650	6,596	5,897	
Kelantan Rubber Estates	June 30	282	Dr. 5,556	Dr. 5,574	...	...	...	Dr. 6,000	426	Dr. 6,716	...	
Sembilan Estates Co.	July 31	...	Dr. 1,343	Dr. 1,343	...	...	...	Dr. 1,343	...	Dr. 7,467	...	
Sungei Puntar Rubber	Sept. 30	6	Dr. 437	Dr. 431	...	...	...	Dr. 632	201	Dr. 14	...	
Shipping.												
Royal Mail Steam Packet Co.	Dec. 31	Dr. 414,796	Dr. 245,082	Dr. 659,878	...	...	...	...	Dr. 659,878	Dr. 566,219	...	
Shops and Stores.												
Taylor's (Cash Chemists)	Oct. 1	1,215	23,890	25,105	14,062	...	...	6,527	4,516	21,876	...	
Textiles.												
Barran (John) and Sons	Oct. 31	5,955	19,705	25,660	17,550	4,965	3	...	3,145	19,487	3	
Combined Egyptian Mills	Sept. 28	Dr. 849,701	Dr. 119,124	Dr. 968,825	...	...	...	...	Dr. 968,825	Dr. 357,627	...	
Fison (Wm.) and Co.	Oct. 31	Dr. 38,929	Dr. 8,239	Dr. 47,168	...	...	...	...	Dr. 47,168	Dr. 32,638	...	
Trusts.												
Army and Navy Investment	Nov. 30	17,655	35,640	53,295	13,500	15,000	10	7,000	17,795	46,107	15	
Northern American Trust	Nov. 1	70,028	115,938	185,966	27,000	85,500	19	...	73,466	130,021	22	
Scottish Allied Investors	Nov. 15	10,378	8,575	18,953	11,375	...	...	...	7,578	14,095	...	
Other Companies.												
Amalg. Cotton Mills Trust	Oct. 31	11,461	5,977	17,438	...	...	...	...	17,438	2,531	...	
British & Dominions Films	Oct. 29	Dr. 196,582	30,740	Dr. 165,842	...	...	...	...	Dr. 165,842	17,004	...	
British Benzol, &c.	Oct. 31	Dr. 40,042	Dr. 25,541	Dr. 65,583	...	...	...	...	Dr. 65,583	Dr. 36,832	...	
British Goodrich Rubber	Sept. 30	17,644	63,729	81,373	16,802	24,353	5	20,000	20,218	73,333	5	
British Instructional Films (Proprietors)	May 31	Dr. 82,893	3,298	Dr. 79,595	...	...	...	...	Dr. 79,595	Dr. 669	...	
British Syphon Co.	Sept. 30	3,284	12,365	15,649	7,000	5,000	5	...	3,649	11,432	2½	
Brockhouse (J.) and Co.	Sept. 30	12,767	6,570	19,337	855	10,688	5	...	7,794	5,504	6	
Caldwell's Paper Mill	Sept. 30	46,947	22,391	69,338	12,562	6,094	2½	10,000	40,682	11,611	...	
Carreras, Ltd.	Oct. 31	1,104,918	809,524	1,914,442	20,000	620,048	35	133,502	1,140,892	697,806	35	
Carrongrove Paper Co.	Sept. 30	205	Dr. 926	Dr. 721	...	...	...	...	801	Dr. 4,170	...	
Chinese Engineering & Min'g.	June 30	1,202	167,634	168,836	...	...	...	...	Dr. 1,522	21,836	2½	
Crittall Manufacturing Co.	Aug. 31	17,676	Dr. 6,729	10,947	8,750	147,000	7½	...	2,197	94,007	2½	
Dumpton Parkinson	Sept. 30	46,922	96,309	143,231	33,264	42,919	22½	15,000	52,048	100,021	30	
Dumont Coffee Co.	Dec. 31	Dr. 92,765	Dr. 23,551	Dr. 116,316	...	...	...	...	Dr. 6,500	Dr. 110,816	...	
General Billposting Company	Sept. 30	208	10,863	11,071	1,661	7,370	10	1,500	540	9,891	10	
Idris, Ltd.	Oct. 31	4,512	16,101	20,613	7,300	7,700	10	...	5,613	13,847	10	
India Rubber, Gutta Percha	Sept. 30	Dr. 123,755	Dr. 88,894	Dr. 212,649	...	...	...	...	Dr. 212,649	Dr. 61,593	...	
Industrial Newspapers	Sept. 30	3,674	12,586	16,260	10,547	4,125	5	...	1,588	14,404	...	
Internat. Bitumen Emulsions	Sept. 30	5,641	3,059	8,700	...	...	...	1,700	7,000	7,115	...	
Mackintosh (John) and Sons	Sept. 30	90,151	64,047	154,198	70,000	...	...	...	84,198	93,544	...	
Maratti High Speed Circular												
Knitting Machines	June 30	Dr. 7,032	Dr. 322	Dr. 7,354	...	...	...	...	Dr. 7,354	Dr. 5,322	...	
Marcus Clark and Co.	July 30	2,967	Dr. 44,129	Dr. 41,162	...	...	...	...	Dr. 45,000	Dr. 66,381	...	
Ocean Salvage and Towage	Sept. 30	1,227	2,697	3,924	...	...	...	...	674	3,345	...	
P.C.T. Construction Co.	Sept. 30	3,984	100,282	104,266	85,925	3,250	5½	...	5,000	90,473	4	
R. Hood Haggie and Son	Oct. 31	43,706	37,176	80,882	4,000	24,000	10	10,000	42,882	30,070	10	
Radiovisor Parent, Ltd.	Mar. 31	Dr. 43,660	Dr. 8,354(1)	52,014	...	...	...	...	Dr. 2,014	...	...	
Tarry (E. W.) and Co.	June 30	Dr. 3,648	Dr. 4,968	Dr. 8,616	...	...	...	...	Dr. 8,616	Dr. 13,177	...	
Tennamaram Palm Oil	June 30	6,694	Dr. 1,428	Dr. 5,266	...	...	...	...	5,266	Dr. 2,226	...	
Wright's Ropes	Sept. 30	12,753	10,167	22,920	2,500	7,500	5	...	12,920	15,301	8½	

(1) Seven months.

† Free of income tax.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Bengal and North-Western	7%†	...	Plus bonus	16	16
Bohlikund and Kumaon	6%†	...	Plus bonus of 3%	15	15
BANKS.					
Barclay's Overseas Bank	5†	...	...	...	...
MINING.					
Ayer Hitam Tin	2½%*	Dec. 30	...	...	...
Apex Mines	5%*	Jan. 27	...	...	...
Cam and Motor Gold	12½%*	...	Less tax	...	...
Consolidated Main Reef	1/3 p.s.	...	Less tax	...	...
Crown Mines	4/3 p.s.	...	Less tax	...	...
Durban Rodepoort Deep	9d. p.s.	...	Less tax	...	...
East Rand Proprietary	3d. p.s.	...	Less tax	...	...
Goldenhul Deep	1/- p.s.	...	Less tax	16½	17½
Malayan Tin Dredging	3½%†	...	...	...	...
Modder "B"	1/3 p.s.	...	Less tax	...	...
Modder East	2/- p.s.	...	Less tax	...	...
New Modderfontein	5/- p.s.	...	Less tax	...	...
Nourse Mines	9d. p.s.	...	Less tax	...	...
Rand Mines	2/- p.s.*	...	Less tax	...	...
Rezende Mines	2/6 p.s.	...	Less tax	...	...
Robinson Deep	1/6 p.s.	...	Less tax	...	...
Do. "B"	7d. p.s.	...	Less tax	...	...
Sherwood Star Gold	15%	...	Less tax	...	...
Simmer and Jack	1½d. p.s.	...	Less tax	...	...
Sub Nigel	4/- p.s.	...	Less tax	...	...
Tromps Mines	2½%*	Dec. 31	Tax free	...	...
Van Ryn Gold	5%*	Jan. 1	...	6½	Nil
West Rand Consolidated	3½%†	...	...	...	...
OTHER COMPANIES.					
Aberdeen, Edinburgh & London Trust	3%†	...	Less tax	...	...
Army & Navy Investment Trust	7%†	...	Less tax	10	15
Associated Biscuit	1%*	Jan. 1	Tax free	...	...
Automotor Finance	5%*	Jan. 16	Less tax	...	...
Avery (W. and T.)	5%*	Jan. 1	Less tax	...	...
Bell and Co.	5%	...	...	5	11
Bentley's Breweries	5	...	...	7	10
Birkenhead Brewery	5%†	...	Less tax	...	...
Bullcroft Main Collieries	2%*	Dec. 31	Less tax	11	13
Camperdown Trust	6%†	...	...	7½	20
Chinese Eng. and Mining	12½%†	...	...	22½	30
Crompton Parkinson	4½%†	...	...	...	...
Crystal Palace Gramophone	4%*	Dec. 30	Tax free	...	...
Dundee Electric Sup.	4%*	...	Less tax	...	...
Dundee, Perth & London Shpg.	4%*	...	...	5	3
Fison, Packard and Prentice	2%*	...	...	...	...
Furness, Withy and Co.	10%*	...	...	...	...
General Billposting	6%*	Dec. 7	Less tax	...	...
Greene, King and Sons	5%*	...	...	...	...
Guaranty Trust	9%†	Dec. 15	...	...	...
H. and G. Simonds	5%†	...	...	5	...
Industrial Newspapers	5	...	...	4	6
J. W. Cameron and Co.	2%†	...	...	10	10
Lewis and Burrows	10	...	...	...	...
Liabon Electric Tram.	3%*	...	Less tax	...	...
Methuen	2½%*	...	Less tax	...	...
North British Cold Storage	7½d. ps.	...	Tax free	3	5½
Peel River Land, &c.	14½%†	...	Less tax	10	10
R. Hood Haggie and Son	2½%*	...	Less tax	...	...
South African Coal	22%*	...	...	7	10
Southern Malayan Tin	2½%†	...	...	22½	30
Stratton's Derby Brewery	2½%*	...	...	...	...
Telephone Properties (Pref.)	8%*	...	Less tax	3½	5
Turner and Newall	2½%†	...	...	...	...
United Dairies (6% Pref.)	3%*	Jan. 2	Less tax	...	...
United Dominions Trust "A"	10%*	Jan. 1	Less tax	...	...
United States Trust of Scotland	3%*	...	...	...	...
Williamsons	5%*	Jan. 2	Less tax	...	...

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
 ASSETS EXCEED - £15,600,000
 FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square.
 London: 5, Walbrook E.C.4 and 4, St. James's Street, S.W.1.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Dec. 12, 1932. (c) Week ended Dec. 13, 1932.		Miles Open	Gross Receipts, week ended Dec. 12, 1932. (000's omitted.)					Aggregate Gross Receipts, 49 weeks. (000's omitted.)				
			Passenger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total for Week.	Passenger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts.
			£	£	£	£		£	£	£	£	£
Great Britain	1932	3,761	167	161	108	269	436	9,835	8,136	4,862	12,998	22,833
Western	1931	3,761	179	191	110	301	480	10,667	9,367	5,162	14,529	25,196
(c) L. & N. Eastern	1932	3,353	258	288	258	546	804	14,763	14,207	10,622	24,829	39,592
L. M. & S.	1931	6,353	276	359	266	616	892	15,853	16,786	11,510	28,296	44,149
Scottish	1932	6,948	388	417	297	714	1,102	22,660	20,341	12,201	31,561	54,221
	1931	8,948	407	425	289	784	1,191	23,921	23,174	12,041	35,215	59,130
Southern	1932	2,181	239	62	34	96	335	13,625	3,079	1,499	4,578	18,203
	1931	2,180	243	68	34	102	345	14,708	3,562	1,540	5,102	19,810
Total...	1932	19,243	1,052	928	697	1,625	2,677	60,883	45,763	28,203	73,966	134,849
	1931	19,232	1,105	1,104	699	1,803	2,908	65,149	52,889	30,253	83,142	148,291
(c) Metropolitan	1932	59	27.9	...	3.7	31.6	1429.1	...	...	...	163.4	1592.5
(c) Underground B.R.	1931	59	29.9	...	4.2	34.1	1513.8	...	...	...	182.4	1636.2
(c) Green Buses, &c.	1932	...	295.0	...	295.0	...	14,209	...	...	...	14,209	...
(c) L. & S. B.	1931	...	303.0	...	303.0	...	14,689	...	...	...	14,689	...
(c) Group	1932	...	29.2	...	29.2	...	1,532	...	...	...	1,532	...
(c) Belfast & Co. Down	1931	...	42.2	...	...	...	4.2	...	...	...	...	...
(c) Great Northern	1932	...	44.7	...	...	...	2.121	...	...	...	2.121	...
(c) Great Southern	1931	...	80	1.7	...	0.6	3.4	...	...	...	1.777	...
(c) Belfast & Co. Down	1932	...	80	1.6	...	0.6	3.4	...	...	...	1.55	...
(c) Great Northern	1931	...	562	8.0	...	9.8	17.8	...	...	...	34.5	...
(c) Great Southern	1932	...	562	8.9	...	12.2	21.1	...	...	...	37.1	...
(c) Belfast & Co. Down	1931	...	562	8.0	...	12.2	21.1	...	...	...	37.1	...
(c) Great Northern	1932	...	562	8.9	...	12.2	21.1	...	...	...	37.1	...
(c) Great Southern	1931	...	2,182	22.0	...	43.7	62.5	...	...	...	104.5	...
(c) Belfast & Co. Down	1932	...	2,182	22.0	...	41.5	63.5	...	...	...	104.5	...
(c) Great Northern	1931	...	2,182	22.0	...	41.5	63.5	...	...	...	104.5	...
(c) Great Southern	1932	...	2,182	22.0	...	41.5	63.5	...	...	...	104.5	...

* The operations of these Companies were extended during 1931.

OVERSEAS RAILWAY RECEIPTS.

Name.	Week.	Ending.	Present Millage.	Gross Receipts for Week.		Total Gross Receipts.	
				1932.	+ or -	1932.	+ or -
INDIAN.							
Assam Bengal	33	Nov. 12	1,330	3,77,600	+ 5,468	1,01,97,916	- 18,25,212
Bam. L. Ry.	34	Nov. 202	43,100	- 16,300		11,41,400	- 1,22,500
Bengals & N. Western	33	Nov. 2,114	6,23,103	+ 87,730		37,26,714	+ 2,65,789
Bengal-Nagpur ...	33	Dec. 3,274	13,52,000	+ 2,69,639		4,01,49,898	- 16,83,681
Bombay, Bar. & C.I.	32	Nov. 3,031	20,58,000	- 29,000		6,53,32,000	- 8,60,000
Madras & S. Mahr.	35	Nov. 3,230	13,75,000	+ 62,203		4,51,55,055	- 26,67,267
†Bhoikh'de Kumaon	7	Nov. 572	47,782	+ 5,344		6,65,299	+ 57,110
South Indian	34	Nov. 2,528	10,45,332	13		3,58,55,416	- 89,020
† Including Lucknow-Bareilly State Railway.							

† Including Lucknow-Bareilly State Railway.

OTHER OVERSEAS.

			1932.	£	£	£	£
Canadian National	48	Dec.	7	20570	2,572,342	- 891,638	135,728,548
Canadian Pacific ...	48		7	16962	2,363,500	- 865,000	116,599,000
							- 31,298,000
							- 22,424,000

SOUTH AMERICAN.

			1932.	£	£	£	£
Antofagasta (Chili and Bolivia).....	49	Dec.	11	804	10,730	- 990	507,440
Argentina N.E.	23		10	783	9,300	- 2,000	278,400
B.A. and Pacific....	23		4	2,086	101,000	- 31,000	2,235,000
B.A. Central	22		4		6,460	- 3,636	221,666
B.A. Gt. Southern ..	23		10	5,076	188,000	- 7,000	3,741,000
B.A. Western	23		10	1,926	70,000	- 10,000	1,420,000
Central Argentine....	23		10	3,505	178,000	- 43,000	2,494,000
Central Uruguayan ..	23		10	273	16,197	- 219	354,319
C. Urg. (East Ext.)...	23		10	311	3,417	- 311	46,556
C. Urg. (N. Ext.)...	23		10	185	1,933	+ 208	14,295
C. Urg. (W. Ext.)...	23		10	211	1,564	+ 302	10,898
Cordoba Central ...	23		10	1,218	38,000	- 12,000	1,035,000
Entre Rios	23		10	1,052	13,400	- 7,700	379,800
G. Westn. of Brazil ..	49		10	1,918	20,200	+ 5,000	519,900
Leopoldina	49		10		34,291	- 3,946	1,493,127
Leopoldina Termal. ..	49		10		R286,000	+ 10,000	131,080
Nitrate	49		10		873	- 1,526	39,585
Paraguay Central ..	49	Nov.	30	4,115	800	- 540	66,510
Salvador	23	Dec.	10	274	3,000	- 387	39,792
San Paulo	48		4	1,532	47,511	+ 4,028	1,315,515
United of Havana ..	23		10	1,367	13,101	- 3,281	328,053

† Months.

OTHER OVERSEAS.

			1932.	£	£	£	£
Egyptian Delta	34	Nov.	30	820	9,766	+ 1,147	167,523
Light Railways -	48	Dec.	1		1,752	- 97	75,457
Lybia Markets	48		3	104	Ps. 63,911	+ 19,729	2,695,388
Gt.Southern Spain	48		1	483	139,400	- 52,700	3,337,100
Mexican Railway...	22		1				562,700

† Months.

Commercial Reports.

MARKET SUMMARY.

The tendency of prices in terms of gold of the principal primary products during the past week, though irregular, has on the whole been steadier. In the United States, the course of non-ferrous metal quotations shows a further decline in tin and copper. Lead and spelter are unchanged on the week. Rubber was again lower, but raw cotton advanced a few points. Among cereals, wheat, maize, rye and oats have maintained last week's advance. Coffee sold at firmer. Sterling quotations of commodities subject to international arbitrage, moved in sympathy with gold prices, but other products, such as tea, and dairy produce, are scarcely changed on the week. The recent advance in the price of meat was maintained. Reports from various industrial centres reveal a further expansion in the activity of the coal trade. There has been no similar tendency in the iron and steel industries, but the recent improvement appears to have been maintained. Demand for cotton manufactures has tended to broaden, and activity in the rayon trade has been maintained, but combing and spinning machinery in the wool trade appears to have been slightly less active.

THE COAL TRADE.

SHEFFIELD.—Demand for best steams for export has improved, a number of orders having been diverted from other centres which have reached their quotas to South Yorkshire. Prices remain at 17s. 6d. and 17s. 9d. f.o.b. The working of collieries is irregular. The call for industrial fuel is only slightly better than it has been and there is a surplus of small and secondary sorts. Increased activity in house coal is reported, but the quantities disposed of lately have been considerably less than normal for the season. Prices of best ordinary house vary from 23s. to 24s. at pits. There is little expansion in blast-furnace coke, although considerable quantities are being used for domestic heating. Good qualities fetch from 9s. 6d. to 10s. 6d. at ovens, and bargains are to be picked up.

GLASGOW.—Strong conditions continue in the Scottish coal market, and for export the shipping collieries are mostly fully booked until the end of the year, any odd lots of fuel being eagerly taken up. Screened coals are notably scarce, and washed material is strong, apart from Lothian doubles. Contrary to last week's increase, the Scottish Executive Board have applied for a further increase in the current quarter's quota of 150,000 tons, but the decision of the Central Council is not yet known. Shipment prices (f.o.b. district ports): LANKARSHIRE.—Ell best, 16s.-16s. 6d.; navigation second, 13s. 6d.; Hartley, 16s. 6d.; steam, 16s.; 11s. 9d.-12s. 3d.; doubles, 12s. 6d.-13s.; singles, 11s.; pearls, 16s. 6d.-17s. 6d.; dross, 9s. 6d. FIFE.—Screened navigation, 17s.-18s. 6d.; first-class steam, 15s.; third-class steam, 13s.; 12s.; pearls, 11s. 6d.-12s. LOTHIAN.—Prime steam, 14s.; secondary steam, 13s. 6d.; 12s. 6d.-13s.; doubles, 12s.-13s.; singles, 11s. 3d.-11s. 6d.; pearls, 11s. 3d.-11s. 6d.; dross, 9s. 6d.

NEWCASTLE-ON-TYNE.—The demand for Northumberland coal is so insistent that colliery owners have made an application for a further increase in quota. This was recently raised by 3 per cent. to 87½ per cent., and there is no doubt that if 100 per cent. is granted, the supply will be absorbed. It must be borne in mind, however, that more than half of this trade is English coal, which is now being placed with Northumberland owing to lower prices. In Durham, the activity in prime brands of unscreened steam continues, which is due to a better cooling-station demand, and in ballast on homeward charter. The foundry coke market is fairly quiet, but there is a good demand for coke nuts from the United States, four or five vessels having been chartered during the last fortnight to load cargoes. To-day's f.o.b. prices are as follows: NORTHUMBRIA.—D.C.B. screened steam, 14s. 3d.; smalls, 8s. 6d.; Howards, Bentinck, Newbiggin, screened, 14s.; Main, large, 13s.; smalls, 8s. 3d.; smalls, 9s.; Hartley screened steam, 16s.; smalls, 11s.; Wear Special, unscreened gas, class gas, 13s.; coking, unscreened or smalls, 12s. 6d.; Prime, 13s. 3d.; Prime foundry coke, 16s. 6d.; Newcastle and District gas coke, 19s.

CARDIFF.—During the past week the French State Railways have placed contracts for the supply of 230,000 tons of large coals and 70,000 tons of small coals, and the British Admiralty for about 100,000 tons, delivery in both cases to be over next year. There is also an inquiry in the market for the supply of 60,000 tons to in current requirements, but exports are being fairly well maintained, and the shipments, foreign and coastwise, last week totalled 369,815 tons, compared with 344,200 tons in the previous week, and 466,977 tons in the corresponding week last year. The market for dry smalls and washed coals continues firm, and with the reopening of two blast-furnaces and the resumption of operations at a few steel and tinplate works, there are prospects of an

increased demand for coke and ordinary smalls. There has been little change in the position of large steam coals, which are in abundant supply on the basis of the scheduled minimum prices. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best dross, 19s. 3d. to 19s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d. to 14s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. to 26s. 6d.; machine-made cobbles, 37s. 6d. to 48s. 6d.; French nuts, 37s. 6d. to 48s. 6d.; stove nuts, 36s. 6d. to 45s.; rubbly culm, 8s. 6d. to 9s.; special foundry coke, 32s. 6d. to 34s.; patent fuel, 20s.; pitwood, ex ship, 27s. to 27s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland pig iron keeps steady, and, although the tonnage of iron being sold is not large, the position is satisfactory. When the holidays are over and conditions resume their normal course, it is expected that there will be an expansion of business generally. All the local consuming works will be affected more or less by stoppages during the last ten days of the month when reduced quantities of pig iron will be required, but as the make is confined to three furnaces only, it will cause no accumulations of importance. Fair sales of foundry iron have been made during the past week, and a moderate business was reported at the weekly market on Tuesday. Official prices were unchanged, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; No. 4 forge, 57s. f.o.b. or f.o.t. There is a little more Cleveland iron booked to go forward to Scotland, where the concessions are still operative and rebates are also allowed in other special cases. In hematite there is a little more business doing, but mostly for early dates, though there has been some inquiry within the last week or two for forward, and consumers seem to be taking more interest in business ahead. The quotation for ordinary mixed numbers for early delivery is 59s. per ton, and a shade more is asked forward, but little business has resulted so far. Shipments of pig iron this month are only moderate, the quantity cleared to 13th inst. being 3,753 tons, compared with 3,855 tons to November 13th. In manufactured departments there is more doing all round and several good contracts are under negotiations in which local firms are interested. Messrs Dorman Long and Company, Ltd., are expecting to secure on the 21st inst. from the Swansea Electricity Committee confirmation of an order of the value of about £151,000 for structural steel work required for the Swansea new power station, which will prove a welcome addition to the firm's present undertakings. Prices for steel material are generally unchanged. In the imported ore trades there is not much new business, consumers' needs being practically covered by arrears of old contracts, though an odd extra cargo or two requires to be purchased now and again. Prices are higher, owing to the advance in freight rates and scarcity of tonnage. Best rubio is nominally £151,000 for structural steel work required for the Swansea new power station, which will prove a welcome addition to the firm's present undertakings. Prices for steel material are generally unchanged. In the imported ore trades there is not much new business, consumers' needs being practically covered by arrears of old contracts, though an odd extra cargo or two requires to be purchased now and again. Prices are higher, owing to the advance in freight rates and scarcity of tonnage. 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THE WOOL TRADE.—Bradford.—The soundness of wool values, writes our correspondent, was demonstrated during the seventh series of London sales, which closed last Tuesday. Extending the auctions into two days of another week roused a little criticism.

but the offering of an extra few thousand bales this week, instead of closing last Friday, has done no harm. On the day named the market was firm. Whilst big quantities of wool have been offered in London and elsewhere, and disturbing financial influences have been at work, the first half of the Colonial selling season is closing with no small measure of confidence in values. It is not expected that there will be any marked variation during the next few weeks, and by the time another series of London sales commence, there is every probability of quite as much interest being shown in all descriptions of wool as during the auctions just closed. Some excellent Australian new clip has been available, and both home and Continental buyers have competed readily. Good combing merinos show par to five per cent. improvement, compared with the close of the September-October auctions. Faulty classes are five per cent. cheaper, though Continental competition was largely instrumental in the level of values forthcoming. More interest was shown towards the end of the series in scoured merinos. For special lots, very good figures were forthcoming, but generally speaking, prices were irregular. Greasy crossbreds have not been in large supply, and consisted mostly of medium and low sorts. Good greasy halfbreds were fully firm, while medium and coarse classes declined 1d. Home trade topmakers bought freely of the large supply of alipes, halfbred lambs being par to 5 per cent. cheaper, other classes declined 10 to 15 per cent. About 117,000 bales were sold; 65,000 bales went to the Continent, and 52,000 bales to the home trade, which leaves about 42,500 bales for the next series. The Bradford market is quiet, but quotations for all qualities of tops are barely steady. The pressure on combing and spinning machinery has abated somewhat, particularly in the section working up fine qualities of wool and tops. There is no profit in these at the prices realisable to-day. Medium and low crossbreds are nearer a working basis, but more business is needed.

THE JUTE TRADE.—Dundee.—There is little movement in the jute trade. Business in all sections is very slow, and only the merest trifling lots are being bought. Prices, however, are all more or less maintained, and spinners and manufacturers display great unwillingness to allow their rates to decline further. There is a great lack of demand for goods in Calcutta, but an undertone of steadiness prevails, and the value of 10 oz. 40 in. continues in the vicinity of 19s. and 8 oz. 15s. for early shipment positions. Even in normal times, the present month is usually one of quietude, so that no improvement in business can be expected during the remainder of the year. The holidays at New Year will probably extend to a fortnight in most cases, but some of the works here will be off for only one week. Prices of raw jute have slightly fluctuated round about £14 12s. 6d. for Daisee assortment full group, and £14 10s. has been accepted yesterday, with four's ruling at £13 15s., December-January. Single marks are offered at from £14 12s. 6d. for Rangali to £15 5s. for Mahabir, same shipment. Tossa assortment is quoted at £15 12s. 6d. and four's at £14 12s. 6d., PR being offered at the latter figure, December-January. Substitute-M First Mark is named at £16 15s., and good Lightnings at from £16, with Hearts of good quality at £15 5s. for Ram assortment, December-January. Only a few small sales have taken place during the past ten days. Jute yarns are quiet, but nominally steady. Spinners are not quoting less than 1s. 10½d. for common 8 lb. cops, and 1s. 11½d. for 8 lb. spools, but buyers are unwilling to pay these rates, and are holding off after recent fair purchases at 1s. 10d. and 1s. 11d. respectively. Twist has been sold at from 3½d. to 3¾d. for 3 ply 8 lb., and sacking yarns have been in rather better demand on account of more doing in the cloth. For 24 lb. web 2½d. is lowest, and 3¾d. for 8 lb. chains. Rove is irregular, at from £18 5s. for 48 lb. and £15 10s. for 200 lb., while the finer yarns are practically neglected at 2s. 5d. for second quality 8 lb. Rio warp, 2s. 2d. for third, and 2s. for fourth. Carpet yarns are dull. Cloth business is confined to small lots for early delivery. Nevertheless, manufacturers are very steady in their prices and are still refusing to accept less than 2½d. for 10½ oz. 40 in. and 2d. for 8 oz. Inquiry has been more prominent during the past few days. Linoleum hessians are very quiet, and, with exception of an improved business in sackings, heavy goods remain slow.

WHEAT.—The international wheat situation is scarcely changed on the week. Importers' requirements continued to be satisfied, mainly by Canada and Australia. According to the first official estimate of Argentina's crop, it is expected to yield about 29 million quarters, against an actual harvest of 28.2 million quarters a year ago. The feature of the week has been the further decline in Canadian quotations from 44½ cents per bushel to 42½ cents per bushel. Despite the depreciation of the Canadian dollar, Winnipeg quotations are therefore lower than quotations for United States wheat in Chicago. It is because of this discrepancy in prices that only a small volume of United States wheat finds an outlet abroad. Mr. Broomhall has now published a revised estimate of exporters' surpluses and importers' requirements during the current season. Thus, the world's export surplus is estimated at 122.5 million quarters, against 88 million quarters likely to be required by importing countries, leaving an unsold surplus of 34.5 million quarters at the end of the season. On Wednesday, "December" futures were quoted in Chicago at 44½ cents per bushel, against 44½ cents the week before, and 44½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 27s. per 496 lbs., against 27s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 26s., against 27s.; No. 3 Northern Manitoba, Vancouver, ex ship, 25s. 6d., against 26s. 6d.; Australia, ex ship, 26s. to 27s. 6d., against 26s. 3d. to 27s. 3d. a week ago.

WHEAT FLOUR.—Business in flour has been on a small scale. North American shipments were 87,000 sacks, compared with 163,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 24s. 6d. per 280 lbs., against 24s. 6d. last week; delivered London, 23s. 6d., as compared with 23s. 6d. a week ago. Manitoba patents, ex store, 23s. 6d. to 26s., against 23s. 6d. to 26s.; Australian, ex store, 20s. 6d. to 21s., against 20s. 6d. to 21s. last week.

BARLEY.—The market in feeding barley was again dull. "December" futures were quoted in Winnipeg on Wednesday at 28½ cents per bushel, against 28½ cents last week and 32½ cents a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 22s. to 23s., against 22s. to 25s. a week before.

OATS.—The volume of international trade in oats has been small. In Chicago, "December" futures were quoted at 15½ cents per bushel on Wednesday, against 15½ cents per bushel a week before and 17 cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 9d. per 320 lbs., against 18s. a week ago; "River Plate," ex ship, 16s., against 16s. 3d.; "Chilean White," landed, 22s.—24s., against 22s.—24s. a week earlier.

MAIZE.—Heavy shipments of maize from Argentina and Danubian countries have again been recorded, and prices gave way under the influence of a slightly less active demand. "December" futures in Chicago were quoted on Wednesday at 22½ cents per bushel, against 22½ cents on Wednesday of last week and 26½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 19s. 9d. per 480 lbs., compared with 20s. last week; "Plate," ex ship, 18s. 9d., as against 19s.; "Plate," December-January, 19s., as against 19s. 3d. Yellow maize, ex wharf, was quoted at £5 12s. 6d. per ton, against £5 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1922-23, 1931-32, 1930-31, 1929-30 :—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to December 10	Cwts. 267,558	Cwts. 82,018	Cwts. 105,929	Cwts. 373,751
15 weeks to December 10	4,047,365	1,119,075	2,047,452	4,156,789
Average price of English wheat per cwt.	s. d. 5 4	s. d. 6 5	s. d. 6 2	s. d. 9 6

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
Dec. 3, 1932 ...	316,455	395,707	50,559	5 5	6 11	5 9
Dec. 10, 1932 ...	267,558	346,273	54,633	5 4	6 11	5 9
Dec. 8, 1928 ...	244,819	473,911	66,252	9 9	10 5	9 1
Dec. 7, 1929 ...	260,293	389,605	48,502	9 4	8 11	7 3
Dec. 13, 1930 ...	105,929	358,394	43,522	6 2	8 3	5 8
Dec. 12, 1931 ...	82,018	363,143	52,183	6 5	8 6	7 2

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Dec. 16, 1931.	Jan. 4, 1932.	Dec. 7, 1932.	Dec. 14, 1932.
Winnipeg (No. 1 Manitoba) — per 60 lb.	148½	56½	60½	62½	44½	42½
Chicago (No. 2 Winter)— Cents per 60 lb.	130½	79½	54½	55½	44½	44½

The visible supply of wheat in Canada, at 83,547,000 bushels, shows a decrease on the week of 318,000 bushels. Supplies a year ago stood at 56,859,000 bushels.

SUGAR.—The New York market in raw sugar has been a little steadier and values show a slight advance on the week. December futures were quoted in New York at 0-74 cent per lb. on Tuesday, against 0-71 cent a week before and 1-05 cents a month ago. Wednesday's sales of raw sugar in London include "December delivery" at 5s. 24d. per cwt., against 5s. 4½d. to 5s. 5d. a week before, and "March, 1933," at 5s. 3½d. to 5s. 5½d., against 5s. 8½d.

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BARTHOLOMEW'S
GRAPHIC
ATLAS
of the
WORLD

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JOHN BARTHOLOMEW & SON LIMITED
DUNCAN STREET, EDINBURGH.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—			
CEREALS AND MEAT.				a. d. s. d.				a. d. s. d.			
GRAIN, &c.—				a. d. s. d.				a. d. s. d.			
Wheat—				a. d. s. d.				a. d. s. d.			
No. 2, N. Man. 496 lb.				a. d. s. d.				a. d. s. d.			
Eng. Gaz. av., per cwt.				a. d. s. d.				a. d. s. d.			
Barley, Eng. Gaz. av.				a. d. s. d.				a. d. s. d.			
Oats, " "				a. d. s. d.				a. d. s. d.			
Maize, La Plata, landed.				a. d. s. d.				a. d. s. d.			
480 lb., ex mill.				a. d. s. d.				a. d. s. d.			
Flour, Lon. stan. ex mill.				a. d. s. d.				a. d. s. d.			
280 lb.				a. d. s. d.				a. d. s. d.			
Rice, No. 2 Burma, per cwt.				a. d. s. d.				a. d. s. d.			
Tapioca, per cwt.				a. d. s. d.				a. d. s. d.			
Fair Flake, Singapore.				a. d. s. d.				a. d. s. d.			
MEAT—				a. d. s. d.				a. d. s. d.			
Beef, per 8 lbs.—				a. d. s. d.				a. d. s. d.			
English long sides				a. d. s. d.				a. d. s. d.			
Argentine chilled hinds				a. d. s. d.				a. d. s. d.			
Mutton, per 8 lbs.—				a. d. s. d.				a. d. s. d.			
English wethers				a. d. s. d.				a. d. s. d.			
N.Z. frozen				a. d. s. d.				a. d. s. d.			
Pork, English, per 8 lbs.—				a. d. s. d.				a. d. s. d.			
OTHER FOODS.				a. d. s. d.				a. d. s. d.			
BACON—				a. d. s. d.				a. d. s. d.			
Irish				a. d. s. d.				a. d. s. d.			
Danish				a. d. s. d.				a. d. s. d.			
HAMS—				a. d. s. d.				a. d. s. d.			
Canadian				a. d. s. d.				a. d. s. d.			
American				a. d. s. d.				a. d. s. d.			
BUTTER—				a. d. s. d.				a. d. s. d.			
Australian				a. d. s. d.				a. d. s. d.			
New Zealand				a. d. s. d.				a. d. s. d.			
Danish				a. d. s. d.				a. d. s. d.			
ORANGES—				a. d. s. d.				a. d. s. d.			
Canadian				a. d. s. d.				a. d. s. d.			
New Zealand				a. d. s. d.				a. d. s. d.			
English Cheddars				a. d. s. d.				a. d. s. d.			
Dutch				a. d. s. d.				a. d. s. d.			
COCOA—				a. d. s. d.				a. d. s. d.			
(Duty, British grown,				a. d. s. d.				a. d. s. d.			
11s. 6d.; foreign, 14s. cwt.)				a. d. s. d.				a. d. s. d.			
Acacia, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Tinned, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Grenada, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Coffees—				a. d. s. d.				a. d. s. d.			
(Duty, British grown,				a. d. s. d.				a. d. s. d.			
4s. 8d.; foreign, 14s. cwt.)				a. d. s. d.				a. d. s. d.			
Santos, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Colombian, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Cocoa, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
East Indian, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Kenya, medium, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
RUBBER—				a. d. s. d.				a. d. s. d.			
English, per 120				a. d. s. d.				a. d. s. d.			
Siam, per 120				a. d. s. d.				a. d. s. d.			
FRUIT—				a. d. s. d.				a. d. s. d.			
Oranges—				a. d. s. d.				a. d. s. d.			
Dania, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Jaffa, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Lemons, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Malaga, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Apples: Amer. (var.) f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Australian, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Onions:—				a. d. s. d.				a. d. s. d.			
Valencia, case, 4s.				a. d. s. d.				a. d. s. d.			
Argentine, bags, 4s.				a. d. s. d.				a. d. s. d.			
Grapes, Liban, f.f., per cwt.				a. d. s. d.				a. d. s. d.			
Almeria, f.f., per cwt.				a. d. s. d.				a. d. s. d.			

to 5s. 8d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	627	1,169	1,147	1,160	12,821	5,145
Liverpool.....	24,935	9,507	14,564	12,267	129,378	71,516
Total.....	25,562	10,676	15,711	13,427	142,199	76,661

Last week 15,629 14,251 15,117 13,390 132,348 79,412

COFFEE.—There was a slight improvement in coffee quotations in New York at the end of last week. On Monday quotations began to sag under renewed selling and by Wednesday the whole of the earlier advance had been lost. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., against 8½ cents per lb. on the corresponding day a week ago. Tuesday's London auctions were characterised by a moderate demand, and "Costa Rica" was easier. Last week's movements of coffee in London were as follows: Brazilian, landed, 194 bags; delivered, for home consumption, 35 bags; exported, 73 bags; stocks, 8,843 bags, against 2,637 bags a year ago. Central American, landed, 4,118 packages; delivered for home consumption, 2,354 packages; exported, 2,425 packages; stocks, 55,589 packages, against 61,266 last year. Other kinds: Landed, 9,048 packages; delivered for home consumption, 2,245 packages; exported, 2,011 packages; stocks, 67,344 packages, against 45,539 last year.

COCOA.—The market in cocoa has been a little steadier. December futures were quoted at 3.65 cents in New York on Tuesday, against 3.59 cents a week ago and 3.92 a month ago; Accra, December-February, at 25s. 9d. per cwt. c.i.f. Continent, shows a rise of 3d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 4,128 bags; delivered for home consumption, 5,956 bags; exported, 494 bags; stocks, 102,521 bags, against 133,017 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 54,888 packages of Indian and 27,959 packages of Ceylon tea. Monday's "Indian" auctions encountered a good demand for common grades but other qualities were irregular. With the exception of common varieties the price paid for Ceylon teas on Tuesday was generally lower. On Wednesday, the demand for "Indian" tea of common and fine quality was active, but medium sorts were easier. The following table shows the average

prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.
Dec. 10, 1931.....	10-56	12-27	16-70	8-95	7-77	7-21
Nov. 17, 1931.....	9-25	7-28	11-34	6-34	5-36	6-16
" 24, ".....	8-78	7-78	10-60	6-67	5-32	6-46
Dec. 1, ".....	8-20	7-13	10-02	6-56	4-81	4-97
" 8, ".....	7-71	6-58	9-72	6-08	4-88	4-05

RICE.—Business in rice was quiet but prices were slightly firmer. The spot price was 9s. per cwt., against 9s. 3d. per cwt. a week ago, while the forward quotations at 7s. 0½d. per cwt. show a rise of ½d. per cwt. on the week. Movements in London during the past week were as follows: Landed, 166 tons; delivered, 29 tons; stock, 2,626 tons, against 1,817 tons a year ago.

POTATOES.—The principal potato markets have been well supplied and prices showed little change on last week. At the London Borough Market, "King Edward" light soil, were quoted at 6s. 9d. to 6s. 3d. per cwt., against 6s. to 6s. 6d. a week ago.

SPICES.—The market in spot pepper was again quiet and forward quotations were largely maintained. Spot pepper, "Black Singapore," was quoted at 6d. per lb. on Wednesday, against 6d. per lb. a week ago. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 12 tons; delivered, 9 tons; stock, 386 tons, against 323 a year ago. White, landed, 23 tons; delivered, 66 tons;

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General Bank Balances	...	£67,320,999
Savings Bank Balances	...	116,300,001
Note Issue Department	...	51,346,911
Rural Credits Department	...	2,155,050
Other Items	...	11,272,374
		£248,395,335

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NOTICE IS HEREBY GIVEN that DIVIDENDS have been declared payable to Shareholders registered in the books of the under-mentioned Companies at the close of business on the 31st December, 1932, and to persons presenting the respective coupons, detailed below, detached from Share Warrants.

The dividends are declared in the currency of the Union of South Africa, but the London Office will pay on the basis of the equivalent British currency calculated at the rate of exchange ruling on the date fixed for payment of the dividends from the Head Office, Johannesburg, viz., 27th January, 1933. Amounts payable in respect of Share Warrants will be on the same basis irrespective of the date of presentation of coupons.

Warrants in respect of dividends payable in South Africa will be posted from the Head Office, Johannesburg, on 26th January, 1933. In order to provide time for preparation of warrants after the rate of exchange has been determined, those payable from the London Office cannot be posted until 16th February, 1933.

Warrants despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief in respect of Dominion Taxes.

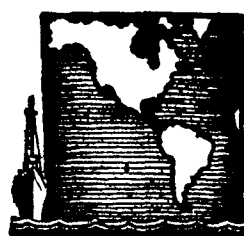
Shareholders with registered addresses outside South Africa who desire to have their dividends paid to an address therein must give notice to the Companies to that effect on or before 21st January, 1933.

The Transfer Books and Register of Members will be closed in each case from 2nd to 10th January, 1933, both days inclusive. The Dividends on the shares included in Share Warrants will be payable to the persons presenting the relative Coupons at the London Office on or after 17th February, 1933, in accordance with a Notice to be issued by the London Office after the rate of exchange has been fixed.

Coupons must be deposited FOUR CLEAR DAYS before being paid, and those lodged at the London Office will, unless accompanied by Inland Revenue Declarations, be subject to a deduction of United Kingdom Income Tax as above.

NAME OF COMPANY (each of which is incorporated in the Union of South Africa).	Rate of Dividend			
	Div. No.	Cou. No.	Per cent.	Per Share in the Union of South Africa.
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The Langlaagte Estate and Gold Mining Co., Ltd.	83	72	10	2/-
New State Areas, Ltd.	16	16	11½	2/3
The Randfontein Estates Gold Mining Co., Witwatersrand, Ltd.	10	10	5	1/-
Van Ryn Deep, Ltd.	39	29	10	2/-
Witwatersrand Gold Mining Co., Ltd.	54	52	1½	-/3

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Vol. CXV.

SATURDAY, DECEMBER 24, 1932.

No. 4,661.

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THE MONEY MARKET.

MONEY has been a little more usable this week, mainly because this week's Treasury bill maturities were largely held by the banks so that their proceeds have not reached the market. The usual week-end glut of funds was absent last Saturday, and ½ per cent. was charged for both old and new money. On Monday conditions were definitely easier. This was because there were a relatively small number of Treasury bills to be

paid for that day. On Tuesday money was again easy until late in the afternoon, when some borrowers had to pay $\frac{1}{2}$ per cent.; but on Wednesday and Thursday conditions were harder. Some calling by one of the clearing banks was found necessary on Wednesday, but the main cause of the firmness lay in the heavy Treasury bill payments due on those days. Money has been lent freely into the New Year at $1\frac{1}{2}$ per cent.

The Chancellor's warning last week regarding a likely advance in discount rates was fully reflected in the result of the tender of December 16th, for the average rate rose sharply from 16s. 5.98d. to £1 5s. 6.41d. per cent. Hot Treasury bills were initially quoted at $1\frac{1}{2}$ per cent., but the advance in rates had the inevitable result of stimulating a foreign demand for bills. This foreign demand caused the rate for hot Treasuries to react to $1\frac{1}{8}$ per cent., but by Thursday the rate had once more hardened to $1\frac{1}{2}$ per cent. January and February Treasuries were quoted at $1\frac{1}{8}$ per cent. early in the week and at $1\frac{1}{2}$ per cent. later on, but the banks were not buying, and so business was very limited. Three months' bank bills were quoted at $1\frac{1}{2}$ per cent. for the finest bills and at $1\frac{1}{2}$ -2 per cent. for standstills.

	Dec. 1, 1932.	Dec. 8, 1932.	Dec. 15, 1932.	Dec. 22, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$2\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount / Call	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses / Notice ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$1\frac{1}{2}$ (May 12, '32)
Market rate ("hot")	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...
Treasury bills	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...
Market rate (3 months' bank bills)	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...
Market rate (standstill bills)	$1\frac{1}{2}$ -2	1-2	$1\frac{1}{2}$ -2	$1\frac{1}{2}$ -2	...

It is now possible to trace the effects of the American war debt payment on Thursday of last week. As regards the national finances, the revenue return for December 17th contains a special entry, immediately below the Sinking Fund allocation, entitled "Payment to U.S.A. Government on December 15, 1932, £28,956,349." This represents the amount issued by the Exchequer in payment for the gold purchased from the Bank of England, and it is returned in this way so as to keep it out of the Budget. Consequently, Ways and Means Advances from Public Departments have risen by £1,950,000 and Treasury bills outstanding by £34,065,000. This increase of £36.0 millions in the floating debt agrees closely with the amount of the American debt payment, together with the week's deficit between current revenue and expenditure.

In interpreting the Bank return, it is necessary to remember that the changes due to its gold sale are to some extent merged in the normal changes arising out of the conduct of its business during the week. Gold coin and bullion shows a reduction of £19.6 millions. This represents the value at par of the gold sold by it, for the Bank customarily values its gold at par, any profit or loss on its sales or purchases being a matter for the Exchange Equalisation Account. Therefore, of the £28.9 millions of Treasury bills issued by the Government in payment for the gold, £9.3 millions passed to the Exchange Equalisation Account, and £19.6 millions to the Bank; and as the fiduciary note issue was not increased, these last bills have been lodged in the Banking Department. The note circulation has been reduced during the week by £2.1 millions, the inference being that, as we suggested a week ago, the clearing banks have been reducing the notes held by them in reserve. There is no other obvious explanation for the fact that the Christmas note circulation apparently reached its peak so early as December 14th.

The Banking Department shows a reduction in the Reserve of only £17.5 millions, the gold sale being offset by

the contraction in the circulation. Government Securities have risen by £25.4 millions, which is £5.9 millions more than is accounted for by the gold sale. This extra amount must arise from such normal factors as the discrepancy between Treasury bill payments and maturities. Other Securities are higher by £3.5 millions, and as a result of all these changes, Bankers' Deposits have risen by £12.6 millions to £98.9 millions. The Proportion is 18.1 per cent. The main impressions left by the Bank return are, firstly, that it shows the Bank in quite a strong enough position, and, secondly, that there is not the smallest evidence of deflation.

The Foreign Exchange market was considerably more active this week, and sterling steadily improved as a result of a strong demand, principally from Paris. Some reaction set in towards the close, however, when this was satisfied. The New York rate rose from 3.28 $\frac{1}{2}$ to 3.33 $\frac{1}{2}$, after 3.34 $\frac{1}{2}$. Montreal fell away from 3.79 to 3.84 $\frac{1}{2}$. Paris, after touching 85 $\frac{1}{2}$, settled at 85 $\frac{1}{2}$, against 84 $\frac{1}{2}$. Brussels reacted to 24.05 after 24.15. Milan was at one time one lira cheaper at 65 $\frac{1}{2}$, but finished at 65 $\frac{1}{2}$. Madrid weakened by $\frac{1}{2}$ to 41.00. Lisbon fell away to 109 $\frac{1}{2}$, against 108 $\frac{1}{2}$. Amsterdam lost 14 points at 8.31, and Berlin 20 points at 14.00, after touching 14.04. Switzerland lost 25 points on balance at 17.34, after being 17.37. The Scandinavian currencies were by comparison very much firmer. Stockholm only lost one point at 18.34; Oslo was unchanged at 19.40; while Copenhagen gained 2 points at 19.28. Most of the other Continental currencies moved slightly in our favour. The South American exchanges were rather weaker, Buenos Aires losing $\frac{1}{2}$ at 35d. and Rio $\frac{1}{2}$ d. at 5 $\frac{1}{2}$ d. (sellers). Lima was unchanged. In the Far East the rupee was unchanged at 1s. 6 $\frac{1}{2}$ d., but the yen gained $\frac{1}{2}$ d. at 1s. 3 $\frac{1}{2}$ d. Batavia fell away by 10 points to 8.30. In the forward market one month's New York fell away by $\frac{1}{2}$ to $\frac{1}{2}$ cent discount, three months being unchanged at $\frac{1}{2}$ cent discount. Paris from par for both deliveries moved to 2 and 9 centimes discount. Brussels was considerably weaker at wider discounts of 13 and 28 centimes for one and three months respectively. Milan improved to $\frac{1}{2}$ lira and $\frac{1}{2}$ peseta discount. Madrid, one month, was unchanged at $\frac{1}{2}$ peseta discount, but gained $\frac{1}{2}$ at $\frac{1}{2}$ peseta discount for three months. Amsterdam remained unchanged at par for both deliveries, as did Switzerland at $\frac{1}{2}$ and 1 centime premium. Silver prices fell away with the advance in sterling and as a result of China sales in a quiet market. Cash was $\frac{1}{2}$ d. lower at 16 $\frac{1}{2}$ d. and forward $\frac{1}{2}$ d. lower at the same quotation. The China silver exchanges reacted in sympathy, Hong Kong weakening by $\frac{1}{2}$ d. to 1s. 3 $\frac{1}{2}$ d., and Shanghai by $\frac{1}{2}$ d. to 1s. 7 $\frac{1}{2}$ d.

New York money rates are unchanged, with call money at 1 per cent. and 90-day bankers' acceptances at $\frac{1}{2}$ - $\frac{3}{4}$ per cent. Bankers' acceptances outstanding at end of November are returned at £719.6 millions, this representing an increase of \$20.9 millions during the month, but a decline of \$282.8 millions since a year ago. Still, there has been a total improvement of \$87.0 millions from the low point touched at the end of August. The Paris exchange rate has improved from 8.90 $\frac{1}{2}$ to 8.90 $\frac{1}{2}$ cents, and there has been a sharp recovery in the has fallen from 40.18 $\frac{1}{2}$ to 19.25 $\frac{1}{2}$ cents. The Dutch rate include \$1,830,000 from England, \$997,000 from Canada and \$486,000 from China. Foreign ear-markings have been reduced by \$15.1 millions. Gold imports for November are returned at \$94.4 millions and exports at \$5.0 millions. The November trade returns show commodity imports of \$104 millions and exports of \$189 millions, compared with respective figures of \$148 and \$193 millions a year ago. The returns for the first against \$2,240 millions in 1931; and imports \$1,225 millions, against \$1,936 millions. It is reported that since the Glass amendment to the Home Loan Bank Act \$160 millions of National Bank notes have been issued against Treasury bonds bearing interest at 3 $\frac{1}{2}$ per cent., or less.

MR HOOVER'S MESSAGE.

If the roads along which the parliaments and statesmen of the United States and of America's European debtors are moving still bear a strong resemblance to those parallel lines which only meet at infinity, there is no gainsaying that one, at least, of the roads is paved with good (presidential) intentions. Mr Hoover's special war debt message to the United States Congress may not represent exactly a Christmas present to Europe—there is little chance of the President figuring as *le père Noël* in the cartoons of the French Press—but its tone and substance are none the less welcome as an indication of growing recognition on the part of the retiring President that American prosperity is bound up with that of the rest of the world; that the economic crisis, with its concomitant problem of war debt payments, requires treatment on comprehensive lines; and that there is grave danger in a policy of drift. If Mr Hoover is no longer in a position to act effectively alone, and if, as seems likely, he is to be denied co-operation by the leaders of the Democratic Party so long as his official tenure of office lasts, he has at least demonstrated that he means well. For, though his message reveals here and there an inclination to adhere obstinately to points of view which seem, in the eyes of the debtor countries at least, to be untenable, he has nevertheless eschewed scrupulously the "popular" line of vilifying the defaulters and dwelling on the easy theme of "justice for America." Indeed, his measured approach to the problem from a broad viewpoint should be of real value in its educative influence on American public opinion.

The message begins with a salutary reminder to Congress that the question of war debts cannot be considered apart from the world economic crisis and its repercussions on the United States. In dealing with the crisis, the President suggests that the most urgent economic effort still before the world is the restoration of price levels, whose fall, menacing debtor-creditor relationships through the world, has been due in part to "international influences," including latterly the instability of currencies. Trade and prices must be disorganised until some method of monetary and exchange stability has been attained, but "it seems impossible to secure such a result by individual action by the different countries each striving for a separate defence."

Having thus emphasised the need for international co-operation in the spheres of monetary and economic policy, the message goes on to observe that there are other factors in the situation. Heavy expenditure on armaments has contributed to creating the present unbalanced state of many national budgets and, consequently, instability of credit and currencies. In addition, the problem of war debts "has entered this world situation." The importance of these payments "relative to other world economic forces in action is exaggerated," but "in times of deep depression some nations are unable to pay, and, in some cases, payments do weigh heavily on exchange and currency stability," while—significant admission—"the emotions of the peoples must be taken into account."

After this preamble, which endeavours in effect to lead Congress gently up to the question of war debts in their proper perspective against the economic background, Mr Hoover gives an account of his policy in relation to the December 15th instalment and propounds suggestions for the future. He defends his insistence on payment—not that such defence was needed so far as Congress was concerned—on the ground that agreed postponement would have meant a departure from the policy of dealing separately with the obligations of each nation, and would have created a situation in which war debts would have been regarded as a counterpart to reparations. Furthermore, "it would not be proper to call upon the American people to make further sacrifices unless there were definite compensations." Nevertheless, the President bids Congress recognise that America is "confronted with the

realities of a situation in connection with debts not heretofore contemplated."

He is at pains to make it clear that he has not committed himself to acceptance of the contentions of the debtors, and in one passage he appears to imply that he is still under the impression that the problem of transfer would be eliminated by lessened expenditure on armaments by the debtors even if it be not already circumvented by "triangular trade" and American tourist expenditure. The moratorium year meant for America double the sacrifice of any other nation, and any further concessions in the way of the adjustment of cash payments "must be compensated by definite benefits in the markets overseas." Nevertheless, the request for discussion "by the nations who have sought to maintain their obligations to us" must be honoured; and though the question of the war debts is not suitable for inclusion on the agenda of the World Economic Conference, since it is a problem concerning only a few of the participants, the successful outcome of that Conference would be greatly furthered if the debt problem were explored in advance, "even though final agreement might well be contingent on the satisfactory solution of the economic and armament questions in which our country has a direct interest."

Accordingly, in Mr Hoover's view, the immediate task is to create "adequate and proper machinery" for negotiation, a task in which the co-operation of Mr Roosevelt is sought. Failing reconsideration by Congress of its refusal a year ago to recreate the Debt Commission, Mr Hoover's proposal is that a delegation should be constituted, including some members of Congress and some of the American representatives already attending the Disarmament Conference, with the dual function of preparing both for the World Economic Conference and "exchanging views upon the debts questions with certain nations and advising others on the course to be pursued." The constitution of such a body would in no way commit Congress, to whose approval any conclusions would be subject; but it would provide for subsequent presentations of the "deliberations, intricacies and reasoning of facts" upon which recommendations might be based.

There are many *minutiae* in this message which are open to criticism. However much it may reflect predominant American sentiment, the linking of the problems of war debts and armaments gives rise to many practical difficulties, of which not the least is the vast growth of armaments expenditure in the United States. The demand for "compensation" offers little hope of practical fulfilment in view of America's already insupportable export surplus. The implication that the Hoover Year was an act of pure altruism on America's part and had no connection with the commercial investments of the United States is a trifle disingenuous. The suggestion that an "exchange of views" is apparently to be confined on the debtors' side to those nations who have paid, and that the non-payers should be given only "advice," is as unhelpful as is Mr Hoover's refusal to countenance "any collective conference with our debtors." Above all, there is a singular absence in the message of any signs of recognition that the United States tariff has played a great part both in rendering the collection of war debts impossible and in leading to the general economic crisis. With these qualifications, however, we find in Mr Hoover's attitude a refreshing sense of internationalism, very different from his standpoint a few years ago, which makes his message noteworthy. As a "lame duck" President he appears to us to be playing a rôle which is neither partisan, narrow-minded nor ungenerous; and we wish that we could add that Mr Roosevelt showed signs of corresponding political stature.

The President-Elect has again been invited to co-operate; but unhappily at the time of writing there is no

sign that he will accept Mr Hoover's invitation, or take any part in the affair unless he is asked to assume full responsibility at once. Mr Hoover on his side, however, is apparently not prepared to go to this degree of self-effacement; so there for the moment the matter rests. If this dilemma is unresolved, it means that nothing more than unofficial talks can take place until March; for clearly the European debtors can only negotiate with the representatives of those who have power to bring talks to a conclusion. It looks, therefore, as though we must possess our souls in as much patience as we can command and hope for the best when spring-time comes.

HOUSING AND THE COMMONS.

THE House of Commons last week devoted three days to the discussion of the Government's housing measures—the Rent Restriction (Amendment) Bill and the Housing Bill. The debate was maintained at a very high level; and the House, with a refreshing absence of party spirit, showed itself capable of a really serious and impartial consideration of a great national problem. But the effect was somewhat marred by the ambiguity of the Government's policy which appeared, like Janus, to be double-headed, combining in a rather incongruous synthesis the benign visage of Lord Marley with the more forbidding countenance of Sir William Ray. Indeed, the Government seems to be pursuing two divergent courses which are hard indeed to reconcile with each other. For the Rent Restriction Bill carries out almost to the letter the Report of the Inter-departmental Committee of 1931, while the Housing Bill is obviously inspired by the much less liberal spirit of the Committee on Local Expenditure.

The net result is, to say the least of it, more than a little confusing. On the one hand the Government is suspending for a further five years the decontrolling of Class "C" houses, the smallest type of working-class dwellings, on the ground that decontrol would involve a very substantial rise in rents, while on the other hand it is pursuing the contrary policy of abolishing the Wheatley subsidy under the Act of 1924 for the ostensible reason that building costs have now sunk so low that private enterprise is able to supply small houses at a rent which is within the reach of the low-paid worker. The mutual inconsistency of these two divergent lines of action certainly did not escape the notice of some of the Government's supporters, who evidently felt acutely uncomfortable about the second of these measures. And though they filed obediently into the Government lobby, it was plain enough that their approval was dictated in more than one instance rather by loyalty than by reason.

The essential fact about the housing situation to-day is that, in spite of the effort which has been made by successive Governments since the war, there is still a very substantial shortage of Class "C" houses. The Minister of Health, in presenting the case for the Rent Restriction Bill, himself admitted that, whereas the rent of controlled houses is 50 per cent. above the 1914 figure, the rents of decontrolled houses have risen on an average by about 85 per cent. If that is so, it is difficult to believe, notwithstanding the recent fall in building costs, that private enterprise without a subsidy will be ready and willing to supply houses to let at "controlled" rents. Such an act of self-denial would be almost unprecedented. The speculative builder and the building society, as Miss Rathbone pointed out, will naturally endeavour to get the biggest rent they can, and will therefore continue to cater for the artisan rather than the labourer.

Moreover, the figures produced by Sir Hilton Young in his speech on the Second Reading of the Housing Bill are open to a much less optimistic interpretation than he gave them. On his own showing, there would still be on an average a gap of 5d. per week—the Ray Report reckoned it at 9d.—between the rent of the subsidised house and the house built by unaided private enterprise. That means that even if costs continued at their present low level, the difference in a large number of cases would be very much greater. Moreover, as the building trade is

to-day notoriously depressed, it must surely follow that any considerable revival in activity would be likely to lead to a rise in costs. All the indications point clearly in this direction. Finally, the fact that there is to-day an acute shortage of suitable accommodation for the lower-paid worker, as is proved by the appallingly high rents exacted for sub-tenancies in many parts of the country, and the serious overcrowding that undoubtedly still exists, is in itself a convincing proof that an immediate return to *laissez faire* would mean a definite postponement of progress in the housing conditions of the poorest class.

Meanwhile, the housing problem remains almost as acute as it was before the war. The problem of slum clearance, as the Minister of Health pointed out, has barely been scratched, and overcrowding in many districts is as bad as, if not worse than, ever before—all owing to the shortage of Class "C" houses. For, unless there is an adequate supply of small houses, slum clearance and the reduction in the number of inhabitants per house are alike impossible. The Government has, it is true, attempted in the Rent Restriction Bill to alleviate the problem of overcrowding by restricting the liberty of the tenant in the matter of sub-letting; but so long as the supply of houses is inadequate, these measures are likely to prove unavailing.

The only solution to the housing problem is to increase the supply of small houses, and it is difficult to see how the abolition of the subsidy is going to help towards this end. It has frequently been alleged that the only effect of the subsidy has been to increase the cost of building, and the figures seem at first sight to lend some plausibility to this view. There can be no doubt whatever that, so far as assisting the building of Class "C" houses is concerned, the money spent in subsidies has been largely wasted. This fact was admitted candidly enough by Miss Rathbone; but she was careful to point out the reason: *viz.*, that the subsidy has hitherto been applied to the larger type of houses (let mainly to the higher-paid wage-earners and the lower middle classes) owing to the policies pursued by most local authorities. That does not prove that a subsidy is no longer needed; it only shows that what is wanted is a change in the method of application. The lowering of interest rates and the fall in the cost of building should certainly enable the subsidy to be substantially reduced; and there is much to be said, too, for altering the conditions, which in practice are such that only local authorities have been able to take advantage of it. This has undoubtedly been a serious defect since it has deflected. But it should not be impossible to invent a form of subsidy which would be applicable on equal terms to local authorities and private builders. In filling up the gap that still exists in the national supply of Class "C" houses, there is surely room enough for a form of assistance which, while avoiding the notorious risks of an indiscriminate subsidy to private speculators, would assist both municipal and private building. There might even be something to be said for adopting the interesting but rather revolutionary alternative suggested by Miss Rathbone, that the subsidy should be applied not to the landlord, but to the tenant under a strict means test. This might perhaps prove a more economical method seeing that it would permit a much closer adaptation to the real needs. Housing conditions differ very widely in different parts of the country, and a flat rate of subsidy has this distinct disadvantage, that it tends to be inadequate in some cases and grossly extravagant in others.

In the meantime, the attempts made by the Government in the second clause of the Housing Bill (which embodies proposals made by the building societies) to encourage private enterprise are all to the good. The only question is whether, in the absence of a subsidy, they will be adequate to fulfil their purpose. Some doubts were expressed on this subject by Lord Eustace Percy, who envisaged some further plan for co-ordinating private effort. But we doubt whether unaided private effort is enough. We fully recognise the great improvement that has been made in the housing conditions of a very large part of the population; we realise also that we are to-day very much nearer to an economic basis for the housing industry than we were a year or two ago. But if costs

and interest rates have fallen, so too has rent-paying capacity. We are, therefore, driven to the conclusion that a further effort on the part of local authorities is still urgently needed.

It is difficult to avoid the inference that the Government's optimistic trust in the efficacy of private enterprise has really been inspired by a totally misguided zeal for what it chooses to call economy, a ruthless cutting down of all forms of capital expenditure, which is precisely the wrong policy at the present time. An increase in taxation is, of course, most undesirable; but is taxation really the appropriate source for capital expenditure? To-day houses are urgently needed by the community, while savings are idle and trade depressed. Is not, therefore, this precisely the right moment for a vigorous "drive" to make up once and for all the shortage of Class "C" dwellings. The notion of a National Housing Corporation, working in conjunction with local authorities and the building societies, seems forcibly to suggest itself.

Finally, what is the use of continuing to subsidise slum clearance, as the Government proposes to do, while the immense shortage of houses still continues? Some improvement might indeed be hoped for from a subsidy for reconditioning, for which Sir Austen Chamberlain, in an eloquent and profoundly moving speech, recalling the radical spirit of his father, made a powerful appeal, but the crux of the matter still remains the Class "C" house. However undesirable subsidies and rent restriction may be in themselves, both would appear to be still necessary until the existing shortage has been made good. As things are there is a grave danger that the Janus policy of the Government will only stultify itself, and that the abolition of the subsidy will, in fact, make the decontrolling of small houses which the Government hopes to achieve in five years' time quite impracticable.

"FLAT RATES" ON THE RAILWAYS.

BOTH "Ayes" and "Noes" have had their say on the Salter Report, and the next decisive move in the road *versus* rail controversy lies with the Government. The railways have every incentive to press for an early official statement of policy, for the gross receipts of the four British main lines from goods traffic this year will show a decline of about £9 millions as compared with 1931, and of no less than £25 millions as compared with 1929. Moreover, even if the main findings of the Salter Committee are, as we hope, implemented by Parliament, the position of the railways will be by no means on all fours with that of their road-haulier competitors. The latter will be free to choose traffic which suits them best, and will not—initially, at least—be subject to statutory machinery for the regulation of their charges. Under these conditions, the recent decision of the Railway Rates Tribunal, refusing consent to the quotation of a "flat rate" by the Great Western Railway in the neighbourhood of Bristol, has come most inopportunistically for the railways, and may bring to a head their dissatisfaction with the whole question of legislative restrictions which hamper their freedom of competitive management.

The principle of statutory regulation is as old as the railways, but the present "charging" machinery dates only from 1921, when road transport competition, despite the stimulus given to design and employment of commercial vehicles during the war, was only in its chrysalis stage, and the occurrence of the present trade depression was unforeseen. Part III. of the Railways Act, following the report of a Rates Advisory Committee published in 1920, gave concrete expression to two major principles. The first was that railway charges for the carriage of merchandise must in no case be less than the cost of the required services to the railway companies; the second was that charges must in no case be more than the value of the service rendered. The Committee's report made it clear that the former requirement would be satisfied if out-of-pocket costs of carriage were covered, with a balance sufficient to contribute to general costs, provided that other traffic existed which could bear sufficiently high rates to meet the remainder of the general costs.

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Since the passing of the Act, trade depression has depressed the railway companies of a significant part of their heavy traffic, and road transport, which has no large proportion of fixed costs, no statutory charging principles, and extensive facilities for door-to-door carriage, has obtained a substantial share of the higher-paying traffics. On a percentage basis, the falling off in railway gross receipts has, in fact, been even more serious as regards the heavier than the lighter traffics, a comparison between the figures for 1931 and for 1929 showing a decline of 27 per cent. in traffic classes 1 to 6 (comprising minerals and heavy merchandise), as compared with 17 per cent. in classes 7 to 21 (including all other merchandise except coal, coke and patent fuel). The companies, therefore, have been driven to discover ways and means of alleviating a difficult situation by rendering their charging structure more flexible, within the four corners of the Railways Act. The existing railway merchandise classification has represented hitherto the resultant of four main considerations, applied to any particular traffic:—(1) its "value" ("what the traffic will bear"); (2) its bulk in comparison with its weight; (3) its cost of handling; and (4) the possibility of effecting important savings in costs on the transport of consignments of more than average size.

In the past, (1) has been the dominant factor in the fixing of rates, but hard times have tended to shift the emphasis towards (2) to (4). So long as adequate high-paying traffic was obtainable, to subsidise, in effect, much of the heavier traffic, there was no urgent incentive to explore the ultimate possibilities of cost-saving by "good loading"—using the term in its widest sense. The first important break with tradition was the introduction, in 1931, by the London and North Eastern Railway, of an arrangement under which traffic between London City stations and depôts, including docks, and certain Eastern towns was charged according to a classification based on weight per wagon, irrespective of the nature of the traffic. The experiment proving successful, a similar expedient was adopted for traffic between Newcastle and specified Northumberland towns. More recently, the London Midland and Scottish and the London and North Eastern obtained sanction for a further experiment between London and Southend. "Per truck" rates may be a valuable weapon in areas of acute road competition, and will doubtless be steadily extended, with the approval of the Railway Rates Tribunal. Their universal adoption, however, is impracticable, for a variety of reasons.

A second new departure, which also, in selected cases, gave promising results, was the quotation to certain of the larger commercial and industrial undertakings in the country of "averaged" rates, covering the whole of their consignments. These "flat rates" were found, in practice, to secure important economies, as regards charging, handling, and clerical expenses, both to the consignors and the railways. Although earlier applications obtained the consent of the Rates Tribunal, the latter's refusal to sanction the Great Western application, in respect of a Unilever subsidiary at Bristol—regarded, by general consent, as a test case—threatens to make any further extension of the principle dependent upon far-reaching amendment of the Railways Act.

The judgment of the Rates Tribunal was supported by reasoning which appears, in the present state of the law, to leave no loophole for successful appeal. The Tribunal declared that every statutory undertaking must neces-

sarily be limited by the terms on which its powers were granted, and that the intricate method of rate regulation embodied in the Act of 1921 could be fulfilled only if the railway companies duly applied their authorised statutory charges to the traffics they carried. They were required to make separate charges for every consignment at a given rate per ton per mile, for conveyance according to distance and class of traffic, plus terminal charges. They were not authorised to quote "averaged" rates, which were independent of some of these factors. The Tribunal also stated that, in their judgment, the evidence was conclusive that the experimental flat rate at issue had seriously affected the trade of the Bristol district, since by making under-cutting possible it had put the business of other traders in peril. This suggests that the Great Western application might not have succeeded, even if the Rates Tribunal had been sole arbiter on the question, unhampered by the specific legislative provisions of the 1921 Act. It may, indeed, be strongly argued that the granting to the railways of plenary powers to make "flat rates" at discretion may have undesirable and even dangerous public possibilities. At the same time, there is almost universal recognition that the machinery of Part III. of the Railways Act has been rendered, in important respects, anachronistic, by conditions which can be reversed only by setting back the clock, and that both the companies and the community will benefit, in the long run, if rate-fixing machinery is made more flexible.

The *via media* may not be readily perceptible. Prolonged experience of the working of "flat rates," on a wider scale and under more normal conditions of national trade, may well be demanded as a prelude to the formulation of any final policy. The railways are unlikely, on the other hand, to acquiesce in the perpetuation of what they may regard as a crippling disability, in a life-and-death struggle with non-statutory forms of transport. It would appear that the legitimate interests of both the companies and railway-users might be safeguarded, with the minimum of immediate interference with the existing legislative position, by the enactment of a supplementary clause to the Act of 1921, empowering the railway companies to quote any special rates they considered necessary, subject to the prior consent of the Railway Rates Tribunal itself. Under such an arrangement, the Tribunal would remain, as at present, the expert but impartial final arbiter in every case, but would be free to consider all applications on their individual merits, without reference to any rigid provisions regarding the basis of charging. The Tribunal, in fact, would be free to make the public interest its main criterion, and gradually to build up a valuable body of precedents, based on steadily-widening experience of the working of "flat rates" under practical conditions.

CANADIAN NEWSPRINT.

(BY A CANADIAN CORRESPONDENT.)

THE fortunes of the Canadian newsprint industry have for some time past been a source of anxiety; but now, as the result of a progressive aggravation of the troubles, they may be said to have reached an acutely critical condition. One or two companies which enjoy special advantages or have been extremely conservative in their financial management are able to pay their bond interest, but the great majority are not even contriving to show operating profits. Some idea of their plight can be gleaned from the last reported income statements of some leading companies:—

RESULTS IN 1931.

Company.	Trading Profit.	Profit after meeting Fixed Charges.
Abitibi Power and Paper	5,199,946	481,245
Price Brothers	— 633,769	— 3,612,327
Mersey Paper	1,093,573	333,464
Donnacona Paper	434,879	— 835,931

The Abitibi Power and Paper Company, reckoned one of the strongest concerns, is now under a receivership, and its bonds can be bought for less than 25 cents on the dollar; a similar fate has overtaken the Backus-Brooks Corp., which operates in North-Western Ontario. Price

Brothers has defaulted on its bond interest, and its common stock, which stood at \$71 in 1929, can be bought for 50 cents; its bonds are now selling for about \$35 (par \$100); and a total market valuation of about \$4 millions is placed on newsprint mills, timber limits and other properties, whose value two years ago was conservatively estimated at \$45 millions. Investors have incurred great hardship, while it is an open secret that more than one Canadian bank is heavily involved through advances made to newsprint corporations which now rank as frozen credits. Equally, and even more serious, has been the effect on many communities which largely depended for their prosperity upon a local newsprint plant; not only did it afford employment in the mill, but its purchases of pulpwood furnished a valuable reinforcement to the incomes of the adjacent settlers. To-day pulpwood brings a pitiable price, and many of the mill workers are subsisting on public relief.

At present very few of the newsprint plants are working at more than 50 per cent. of their operating capacity, and in some cases the ratio is as low as 30 per cent. There seems little hope of an immediate improvement in the American market, which takes all but a fraction of Canada's exports of newsprint and pulp, and, in view of the numerous casualties and amalgamations which the depression has caused in the newspaper world of the United States, it is very doubtful if the American demand for newsprint will regain its former volume for many a long year.

The Canadian newsprint producers considered that the price of \$53 per ton, which was agreed upon as the standard rate for 1932, was too low to be profitable; but further reductions which have recently taken place have brought them to a mood of desperation. Scandinavian producers, who are reported to be offering newsprint in New York at below \$40 per ton, are credited with the main responsibility for the latest break in the market; but the trade figures do not support the view that Scandinavian competition is increasing in severity. In the first seven months of the present calendar year imports of newsprint into the United States from Scandinavia, placed at 89,811 tons, showed an increase of only 189 tons over the figure for the parallel period of 1931; and slight gains in the exports of Norway and Finland were offset by declines in the shipments from Sweden. Scandinavian competition may be a certain factor, but the real source of trouble lies in Canada itself and in the chaotic condition to which the newsprint industry has come.

In 1928, when the troubles of the industry were trivial by comparison with the present difficulties, the Newsprint Institute of Canada was organised for the purpose of allocating business to its members and maintaining prices, and the majority of the newsprint producers of Eastern Canada joined it. Mutual jealousies and distrust wrecked the Institute; but when its disappearance was foreseen, banking interests took a hand in the game and organised the Canadian Newsprint Committee, whose avowed objective was to secure a common policy for the industry through the consolidation of the principal producers. Its sponsors took the view that centralised control was necessary for the evolution of a co-ordinated standard policy for the industry in regard to prices and other matters. Sub-committees were formed, and elaborate questionnaires were sent to each company asking for data on properties, costs, tonnage, etc., in order that the Committee should have a clear picture of the situation as a prelude to the formulation of its proposals for a consolidation of the industry.

The task of collecting the desired material is now understood to have been completed, and for some weeks past the Newsprint Committee has been meeting regularly in Montreal and trying desperately to evolve a plan of consolidation which will satisfy all parties. Every interest involved is faced with the necessity of making substantial sacrifices; but naturally they all want to keep their sacrifices down to as low a level as possible, and the task of reconciling divergent viewpoints and claims has been extraordinarily difficult. So far, there has been no definite announcement of the consummation of a generally acceptable plan, but it is understood that considerable progress has been made in this direction.

Recently there was great alarm in newsprint circles when it was announced that Price Brothers were offering newsprint at \$47.50 per ton; but worse was to follow, for the Great Lakes Paper Company, of Fort William, Ontario, has been taking orders on a basis of not much more than \$40 per ton; it is under a receivership on behalf of the bondholders, and the receiver has only to find earnings sufficient to cover the bond interest. Consumers of newsprint under these circumstances will not be content to renew their contracts for 1933 at \$53 per ton; but if the current price level were reduced to \$45 per ton or lower the aggregate annual loss in income to the industry would be something between 15 and 20 million dollars, and the situation of practically every company would become hopeless. The power interests have been seriously concerned with the troubles of the newsprint industry, and are following the negotiations for its reorganisation with keen interest. At the beginning of 1931, out of a total Canadian installation of 6,666,337 h.p., no less than 1,594,020 h.p., or nearly one-fourth, was used in the pulp and paper industry; and of this it is estimated that some 900,000 h.p. was purchased from power companies, the balance being furnished by power plants owned by the pulp and paper companies themselves. Power is one of the principal items in the cost of newsprint, and some companies which have to buy power have found great difficulty in meeting their power bills. In most cases they are tied up by long-term contracts, but requests for modification have so far not been sympathetically received. Already there is a serious glut of power in Eastern Canada, and a further collapse of the newsprint industry might have serious consequences for various power companies.

AN IMPRESSION OF GERMANY.

To an English observer who paid his last visit to Germany eighteen months ago, on the eve of the collapse of the Darmstädter Bank, the impression made by Germany, revisited this month, is decidedly that of a country which is once more travelling on the up-grade. Not that the majority of Germans at this moment would be likely to agree with this proposition. For the majority, after all, are the poor; and upon the poor the pressure of the economic crisis has been cumulative. If you ask the railway porter or the hairdresser how the present time compares with eighteen months ago, he will reply without hesitation that it is far, far worse; and in the streets of Berlin his testimony is superficially borne out by the number and the desperation of the beggars, whose plight in that city is even more painful than it is in New York. It is in the middle and the upper classes that the foreign observer notices the change for the better. It is not so much that they are materially better off (though, of course, they are; for, if the paper pound sterling buys as much to-day as eighteen months ago, the gold reichsmark buys perceptibly more; and you can see the difference in the people's clothes). The deeper reason for the German bourgeoisie's greater ease of mind is that, for the first time for three or four years, they are now seeing a glimmer of economic light.

In Germany, at this moment, notwithstanding the depressing returns of unemployment, there is a perceptible improvement in a number of aspects of the economic situation; and the bourgeoisie, who perceive it, are supremely concerned to harvest it. Compared with this economic objective, all political interests have become subordinate. "Will it help or hinder economic recovery?" is, in fact, the test by which any political question is being judged by the politically-minded elements in Germany to-day. And in this respect there is at present no fundamental difference of interest or aim in Germany to-day in each of the different classes, in spite of the sharpness of the outward diversity in their fortunes and the resulting acuteness of class-consciousness.

This nail was deftly hit on the head by the new Chancellor, General von Schleicher, in his broadcast speech of December 15th:—

"Their programme," he said in the new Government's name, "contained only one point, the provision of work, and all the Government's measures would more or less serve this end."

Recent travels throughout the country had convinced him that Germans of all classes were dominated by that single idea. Nothing else interested them—least of all constitutional changes and such petty things, which filled no stomachs."

This authoritative judgment is certainly confirmed by one's foreigner's observations, for what they are worth. And in face of this overmastering urgency of the unemployment problem—a problem which must be solved if society is to be saved—the old distinctions between "Capitalism" and "Socialism" seem to have lost their sharpness. "The first business of capital is not to earn profits, but to provide employment" is a sentiment which you will hear freely expressed in bourgeois circles in Germany to-day. The truth is that the social menace of unemployment is so formidable for all classes that, in all minds alike, the reduction of unemployment has an unquestioned priority over all other aims.

At the present moment, the German bourgeoisie—though not, as yet, the German working-class—see a substantial prospect ahead of gaining some ground in this desperate economic battle for life. But though this prospect has put fresh heart into them, they are at the same time most sensitively and salutarily aware that Germany cannot make any definitive progress towards economic recovery except *pari passu* with the world as a whole. Hence a deep and widespread solicitude in Germany over the fate of the pound sterling—a solicitude which has its ludicrous side for the English visitor because it is so much more lively than the concern over the pound which is being felt by the man in the street at home.

When we turn to internal politics, we find that, here too, "a quiet life" is the desideratum which determines the present attitude on almost all issues. Anything that seems to stand in the way of getting back to business and harvesting the opportunity for economic recovery now arouses impatience; and this unpopularity is shared by the Reichstag, by the problem of constitutional reform, by the political parties, and by the private armies—including the Brown Army and the National Socialist Organisation that is behind it. Hitlerism is assuredly on the wane—as the split in the Nazi ranks testifies. For the moment, Herr Hitler has kept the upper hand over Herr Strecker and has declared his implacable opposition to the Schleicher regime. But his slogan that von Schleicher is as bad as von Papen is not the popular view, which is that the present Chancellor and his predecessor are at opposite poles; and for practical purposes this view is correct.

The gist of von Papen—apart from the personal charm which endeared him to President von Hindenburg—was his unrivalled genius for raising storms and creating enemies; and in the week ending December 3rd, when his re-appointment to office was on the cards, there was a real fear that the consequence would be something like a general *émeute* in which the sober Social Democrats would make common cause with the Communists and the Nazis. Hence, the appointment of General von Schleicher to the Chancellorship was hailed with almost universal relief. His uniform is misleading; for this is not the calm strong Prussian soldier with the iron will and the ruthless hand. Those who know him describe him as a *Stimmungsmensch*—"a temperamental fellow"; and the reverse side of this psychological defect is his political flair and tact and ability to talk to many different kinds of people—including the Social Democrats—in their own language. The quality which, at this moment, commends him perhaps most strongly to his countrymen is his freedom from partisanship. He has no party attachments, no faith either in transcendental creeds or in shoddy nostrums; in fact, he is free from "enthusiasm" in the depreciatory eighteenth-century meaning of the word. To know that an able man of this temperament is now at the helm is an excellent sedative for German nerves. To sum up in one word the impression which General von Schleicher's appointment to the Chancellorship has made upon his countrymen, one may say that above all the impression is "reassuring."

On the whole, then, the present mood of the German people and the German Chancellor is a mood of sober and constructive common sense; and this is a psychological asset of inestimable importance, not only for Germany, but

for the world. There remain, however, certain snags in the fairway. We may sum them up in the words "Conscription," "Gleichberechtigung," and "Ostmark."

Conscription is in favour in Germany now. In this, as in the rest of his programme, Chancellor von Schleicher has accurately gauged and echoed the prevailing sentiment in the country. But it must be added that conscription, to-day, in German eyes, is primarily an internal and not an external issue. "The young men will wear uniforms of some sort. Shall they put on a brown shirt or a red shirt and join an unruly private army? Or shall they be given the alternative of putting on the national uniform and being trained in unity and discipline instead of in turbulence and discord? We cannot afford private armies if we are to throw ourselves into the task of economic reconstruction; and nothing but a conscript national militia can drive these private armies out of favour with the rising generation." That is the German argument for conscription as one hears it now; and in this form it is no menace to Germany's neighbours. But supposing Germany obtains the consent of the other signatories of the Versailles Treaty to the reintroduction of conscription without anything being done to consider, and as far as possible remove, her grievance over the Polish frontier? May not conscription in Germany then assume a menacing complexion?

This is not a practical question to-day. In Germany, as in the rest of the world, the problem of depression and unemployment puts all political problems into the shade. But, if Germany and the world recover, these awkward political questions will re-emerge. If we are wise, we shall show sufficient faith in the prospects of recovery to prepare for its awkward, as well as for its desirable, consequences in good time. The folly of attempting to discriminate against a great nation in perpetuity must be undone while there is still time to undo it peaceably.

Notes of the Week.

Cabinet Secrets.—The personal controversy as to the part played by various British statesmen in the issue of the Balfour Note and the Debt Funding Agreement with America, which provided the only dramatic incident in the War Debts Debate last week, has been followed by a request, which has been refused by the Government, for the publication of the Cabinet Minutes in question; by a short exchange of letters in the Press between Mr Lloyd George and Sir Robert Horne; and finally, the curtain has been rung down on the whole affair with a touch of comedy by a debate in the House of Lords, in the course of which Cabinet Ministers have been solemnly warned by the Lord Chancellor and Lord Hailsham of the severe penalties which attach to the disclosure of official secrets. So the world is not to know after all what Mr A. or Mr B. said on a particular occasion, or why he voted in this way or that. Having regard to the course which events have taken, we can sympathise with politicians who have been refused the opportunity of proving that they were on the side of the angels. Apart, however, from the personal reputation of those concerned, it does not seem to us that any public interest would be served either by publication of the Cabinet Minutes or by pursuing the controversy any further. The Balfour Note was a great State paper, but was marred by one very unfortunate phrase and robbed of its effect in the United States in the manner of its issue. The Debt Funding Agreement, though onerous, was one which, to the great mass of opinion in the country at the time, seemed wise and capable of being absorbed into the international exchanges of the world. We suspect that the publication of the Cabinet Minutes would merely give grounds for fresh disputes regarding their interpretation, rather than set the controversy at rest. On the other hand there are very strong reasons why Cabinet discussions should not be revealed, at all events while those taking part are still alive and hold responsible positions. Moreover, if the doctrine of joint Cabinet responsibility is not to be reduced to a farce, Cabinet Ministers must deny themselves the luxury of explaining afterwards

the differences of opinion they may have had with their colleagues, and thereby shifting from their own shoulders their personal responsibility for actions which subsequent events may prove to be mistaken or unwise.

The Last Stages of the R.T.C.—To the accompaniment of succeeding waves of optimism and pessimism, which always mark the culminating stages of an international negotiation, the Round Table Conference is now at grips with a few outstanding important points that still remain at issue. The Conference clearly cannot finish before Christmas, and it would be a thousand pities to rush matters in such a way that there might remain any doubt or ambiguity as to the main features that will appear in the new Government of India Bill. Indeed, it is to be presumed that, before the Indian delegations leave, the points of agreement will be embodied in a report or summary of decisions which the delegates may take back with them to India. There is, we think, good reason to expect that such a statement will show that the present Conference has led to decisions on a large number of controversial points, and that the British Government has loyally adhered to the underlying principles laid down at the First Round Table Conference. If it is able to do this, the statement will set at rest the fears that have been very widely held that the Constitutional progress of India had received a setback compared with two years ago. Whether this satisfactory outcome is to be achieved or not, the next few days will show. Solutions have yet to be found in regard to the form of certain of the financial safeguards which have to reconcile security for the Army budget, pensions and loan interest with responsibility to the Indian Parliament of the Federal Finance Minister; keen controversy is still going on between the States and the spokesmen of British India regarding the allocation of resources—a matter which is particularly difficult at a moment of extreme financial stringency—and finally there remains the question of the date at which the Federation is to come into existence. But determined efforts to find solutions have been successful in so many directions that it is difficult to believe the Conference will refuse to take these last few hurdles. Some City opinion is a little uneasy at the effect on India's credit of any relaxation of the Secretary of State's control over finance. But it is not possible to put back the clock. It must be accepted that under a new "responsible" constitution the basis on which India will be able to borrow in the future is unlikely to be on the same low level as Britain's credit commands; but that is part of the price to be paid for self-government. And, after all, the important point for the City to consider is that the credit-worthiness of a contented India will be intrinsically far better than that of an India seething with discontent. Even from the purely financial point of view, this country could not go back on its promises to India except at grave risk and the danger of putting a burden on the British taxpayer which he would be extremely loath to undertake.

The New Government in France.—M. Camille Chautemps, the Minister of the Interior in M. Herriot's defeated Government, having tried and failed to form a new Ministry, the task was handed on by the President of the Republic to M. Paul-Boncour—the free-lance Socialist statesman who was M. Herriot's Minister of War. Last Sunday evening M. Paul-Boncour was able to announce his success. He has formed a Government which has received promises of parliamentary support from groups in the Chamber which muster, between them, some 400 votes out of 614. In substance, the new Government is of the same political complexion as the old; and M. Paul-Boncour has publicly described his Ministry as "a continuation of M. Herriot's"—to whom he refers as "our leader of yesterday and to-morrow." The chief differences between the positions of the old Government and the new appear to be two. In the matter of Inter-Ally Debts, M. Paul-Boncour, unlike M. Herriot, is personally free to bow to the will of the Chamber—at any rate, long enough to "wait and see." On the other hand, in the matter of balancing the French Budget, he can no longer put off the evil day which

M. Herriot was fortunate in being able to postpone until his own handsome exit from the stage on account of the debt question. As for Inter-Ally Debts, when one considers the temper of the respective parliamentary bodies which M. Paul-Boncour and Mr Hoover have to humour, it may be long indeed before the French Premier and the American President, with the best will in the world, are successful in arranging negotiations. And, long before that moment arrives, the Budget problem may have settled M. Paul-Boncour's political fate. The new French Prime Minister has shown his recognition of the formidable character of the internal financial problem which he has to face by choosing for his Minister of Finance M. Chéron—the "strong man" who saved French public finances for M. Poincaré in 1926. M. Chéron has the reputation of being a veritable dragon; but it looks as though M. Paul-Boncour has rather spoilt his hunting in advance. For, in an attempt to secure the participation of the Socialists in his Ministry, he appears to have committed himself to an undertaking not to make any reductions in salaries and pensions; after which he forfeited the political support which he had purchased at this high financial price by refusing, on his part, to pledge himself to any reduction in public expenditure on armaments until after a satisfactory settlement of the question of security. Thus M. Chéron has to start operations with both the two most promising fields ruled out of bounds. But, fortunately for the new French Minister of Finance, the French direct taxpayer is still to-day a less emaciated creature than his British counterpart; and apparently M. Chéron can look forward to making quite a good meal off his victim by a touch of sternness in insisting upon the payment of such income tax as is already legally due. This is a resource which has long been exploited to the uttermost by English Chancellors of the Exchequer. Yet, even allowing for a substantial margin here, M. Paul-Boncour's financial problem is formidable enough to make his tenure of office seem precarious.

Italy and Yugoslavia.—It is disappointing to have to record a recrudescence of manifestations of hostility between Italy and Yugoslavia. It is, of course, one of the most serious dangers inherent in the long continuance of the economic crisis that nerves subjected to an intolerable strain of economic anxiety tend to seek relief in outbursts of political extravagance. This is probably the true, as well as the charitable, explanation of the recent acts of violence against Italian nationals, and vandalism against historic monuments of Italian origin, that have been perpetrated at a number of places on the sea-board of Yugoslavia and have evoked counter-manifestations of feeling in Italy. These incidents in Dalmatia have been the subject of an interpellation in the Senate at Rome, which gave occasion for Signor Mussolini to make a public statement in reply on December 14th. The statement was conciliatory in tone; but there was also a sting in Signor Mussolini's words in the shape of the distinction which he was at pains to draw between the Croats and "all those persons in Yugoslavia who had assimilated Western civilisation" as against "certain elements who guided the dominant political class" in Yugoslavia. This is a natural Italian retort to Yugoslav provocation at a time when, within Yugoslavia itself, the tension between Croats and Serbs is apparently more acute than it has ever been at any time since the foundation of the Yugoslav United Kingdom after the war. In the circumstances, it is perhaps only human that Signor Mussolini should speak softly to the Croats and rap the Serbs over the knuckles. But his speech brings home the danger of the situation. Yugoslavia certainly cannot afford to cultivate an internal feud and an anti-Italian policy simultaneously. That road leads to disruption; and the very threat or foreboding of a disruption of Yugoslavia is against everybody's interest, since it involves a serious danger to the maintenance of European peace. It is to be hoped that the sport of breaking the pillars surmounted by lions of St. Mark, which are the monuments of the ancient Venetian regime on the Dalmatian Coast, will now be dropped. It is a political folly as well as an archaeological misdemeanour.

Political Unrest in Argentina.—On Friday of last week a conspiracy—or reputed conspiracy—in the Argentine was forestalled by the arrest of two ex-Presidents, Dr. de Alvear and Dr. Irigoyen, together with a number of Radical leaders. There has been no breach of the peace; but the Government, having apparently decided to take no risks, has proceeded to proclaim martial law. When the Argentine succumbed to the revolutionary epidemic which swept over Latin America in 1930, this was taken as something of a portent in this country, where the investing public had come to regard the Argentine as a stable country in the same category as the British self-governing Dominions rather than as a volatile Latin republic in the style of Portugal or Nicaragua. The events of the last two years have shown that the current British estimate of the Argentine was justified after all; for, while the continuance of the economic depression has weighed upon the Argentine as heavily as upon the other principal overseas raw-material-producing countries, President Justo's Administration has shown remarkable determination, and has achieved on the whole substantial success, in preserving political tranquillity while pursuing a sober policy. In neighbouring South American countries—in Chile on one side and in Brazil on the other—the revolutionary fever has turned during these last two years into a quartan or a tertian ague. The history of the Argentine has been calm and happy by comparison; and we trust that, notwithstanding the present threat of upheaval, this relative immunity from political alarms and excursions may continue. For experience shows that while political unrest is a natural reaction to economic distress, it is a form of convulsion which can only aggravate the disease and cannot possibly relieve it.

South African Politics.—An interesting development is reported in the political situation in South Africa. Mr Tielman Roos, formerly Minister of Justice in General Hertzog's Nationalist Government and leader of the Transvaal Nationalists, has resigned his seat on the Bench of the Supreme Court in order to return to politics. His policy, to judge from a speech which he delivered on December 16th, is to work for co-operation between the Afrianders and the English-speaking section of the population; and the suggestion is made that by a concordat with the South African Party he can bring about the defeat of the Government and its succession by a coalition Cabinet, including General Smuts. If Mr Roos can achieve his objective, a coalition on these lines should hold the promise for South Africa of a valuable sense of National unity. More immediately, in the economic sphere, it seems probable that the defeat of the present Government would be the first step towards the abandonment by the Union of the gold standard.

The "Tote"—The effect of the High Court judgment delivered last Friday on the subject of totalisators is to emphasise the authority of the Betting Act of 1853, except in so far as it was amended by the Race Course Betting Act of 1928, which legalised the totalisator for horse-racing on approved courses. Thus totalisators operating on a ready-money basis, either on greyhound-racing tracks or in the "tote clubs," whose mushroom growth in England during recent months has been a novel and far from desirable feature, now pass outside the pale of the law; and the Home Secretary announced in the Commons on Monday that the law would be enforced. In so far as the "tote clubs" are concerned, the decision is to be welcomed on social grounds. These institutions, formed for the profitable exploitation of human frailty by a combination of facilities for betting and in some cases—through an ingenious manipulation of the licensing laws—twelve hours' continuous drinking, were a very unsavoury form of "racket" whose suppression is distinctly in the public interest. We should be surprised if any support could be raised in Parliament to amend the law in their favour. The "dogs," however, stand on a rather different footing; for if the blessing of the State is to be given to totalisator betting on racecourses it is difficult to see by

what logic a distinction can be made between equine and canine contests. Unless all "on course" betting is to be suppressed—and public opinion would not tolerate such a step—totalisators on greyhound tracks are clearly no more immoral than at Newmarket; and in both instances there is much to be said in their favour as against the traditionally legalised (because moveable) bookmaker. The Government apparently propose to await the report of the Lotteries Commission before making up their mind whether to extend to greyhound tracks the enabling provisions of the Act of 1928. Let us hope that the Commission will be able to wed logic to commonsense reform in a most difficult problem.

—**Mr J. M. Keynes.**—By a commonsense treatment of the problem of betting, sweepstakes and similar forms of gambling, we mean a policy which takes into account the fact that reformers' zeal may frustrate the best intentioned efforts if it runs too far counter to the current instincts of *l'homme moyen sensuel*. To endeavour to stamp out by the rigour of the law every form of betting or gaming for money stakes would be regarded by the vast majority of the population as an unwarrantable interference with liberty; and if betting on credit or club bridge with high stakes is to remain within the four corners of the law, the suppression of the race-course "tote" or bookie, patronised as they are by large numbers of people to whom clubs and credit betting are unobtainable luxuries, is bound to be tinged with an air of anti-democratic class discrimination. This, however, is not to say that we regard betting as anything but a regrettable propensity. In the submissions which he recently made to the Lotteries Commission, Mr J. M. Keynes appeared to find an analogy between the poor man's "flutter on a horse" and the rich man's speculative investment. He suggested that in both cases a form of enjoyment was derived which might become uncontrollable indulgence, like drug-taking, but, within reasonable limits, was better for people than having to look forward without hope to a life of poverty. We question gravely Mr Keynes' sense of values in this problem. Conceivably the glow of satisfaction at a successful "redouble" is analogous to that obtained from correct divination of a coming change in Bank rate. But we have yet to be convinced that gambling makes for happiness, even in the case of those who have a large margin out of which to stand losses. In the case of four-fifths of the population of this country the situation of family budgets is generally such that following "the horses" or "the dogs" brings aggregate misery out of all proportion to individual enjoyment. For the great mass of wage-earners economic life surely involves quite enough uncertainties and dangers without need for the extra stimulation of risk-taking. We do not believe that it is impossible to-day to find the necessary colour for life except by means which often mean that in a "losing" week there is not enough for the family to eat.

—**And the Newspapers.**—On the same day as Mr Keynes appeared, the Newspaper Society also laid its evidence before the Lotteries Commission and took, in our opinion, a very sensible line. So long as racecourse betting is legal it is impossible for newspapers, as servants of the public, to deny their readers the service of racing news. Equally, the Press can hardly be blamed for publishing the results of "illegal" sweepstakes, such as those organised in Dublin, seeing that participation in them by the British public has been to a large extent winked at by the authorities in this country. All that newspapers can fairly be required to do is to refrain from encouraging by publicity activities which the State is endeavouring sincerely to repress. As for competitions organised by the newspapers themselves, it is obviously difficult to say where the element of skill ends and that of pure chance begins. The offer of huge money prizes for successful forecasts in which the odds against correctness run into millions is scarcely distinguishable from running a lottery pure and simple. But the same charge cannot be laid against, say, a prize of £100 for solving a

really difficult puzzle. If the Lotteries Commission could succeed in laying down some rough and ready line of demarcation, the newspapers, we are confident, would be glad to co-operate in applying it reasonably. As for the problem of the gigantic sweepstake, we agree with Mr Keynes that it is better to have State lotteries rather than State connivance at illegalities in this direction which it cannot or does not care to suppress, but we should not look forward with any satisfaction to the prospect of regular, and probably increasingly frequent State lotteries, with all their distracting and demoralising effects. To the specious argument that distractions of this sort are a necessary safeguard against Bolshevism we would reply that beer is on the whole a less socially evil political sedative.

The Free List.—The Import Duties Advisory Committee has given the British consumer a welcome Christmas present in the form of a decision, which takes effect by Treasury Order from December 29th, to place on the Free List manila hemp; iron bromide; pig bristles; artificial pearls, non-precious stones, and beads; imitation tortoiseshell, mother-of-pearl, amber and coral; foreign Patent Office specifications, and tantalum metal. Of these commodities the most important are bristles and manila hemp. The Committee observe that in 1931 bristles to the value of £811,000 were imported, whereof £348,000 were re-exported. The retained imports form a raw material for the brush-making industry, and their preparation in this country is held by the Committee "not to be a commercial possibility." Imports of undressed manila hemp in 1931 were valued at £854,000. In the first schedule of the Import Duties Bill all undressed hemp was on the Free List, but in the interests of the East African sisal industry the exemption from duty was subsequently limited to "true" hemp, thus rendering manila and other hems liable to the general *ad valorem* duty. The Committee observe that though ropes of sisal and other Empire fibres are now being tested under sea-going conditions, shipowners are still reluctant to change from manila ropes, which long experience has proved to fulfil the high standards of safety required. Moreover, the export trade in rope is being prejudiced by the duty. An agreement is stated to have been reached between the Hard Fibre Section of the British Empire Producers' Organisation and the British ropemakers for co-operation in extending the use of Empire fibres in those fields in which their suitability may be proved; but for the present the Advisory Committee consider that the case for free entry of manila hemp is established. We welcome this rational decision.

Canadian Wheat and the Tariff.—On Wednesday night an official statement was issued by the Treasury defining the position of Canadian wheat shipped via United States ports. As a test case three car-loads of wheat were recently shipped down the Great Lakes to Buffalo, received there by a local elevator company, railed to New York, and thence shipped to Liverpool. The decision of the British Customs is that the preference cannot be accorded in this case. The Ottawa Agreements Act provides that, in order to obtain preference, goods must not only be of Empire origin, but must be consigned to the United Kingdom from a port of the Empire. In the present case it is held that, though the origin of the wheat is not in dispute and its transit from Canada to Liverpool can be traced by the documents, there is no evidence that when the wheat left Canada "it was definitely consigned to the United Kingdom." The Treasury statement observes that though mere transit through a foreign country does not of itself form a fatal obstacle to preference—

"This requirement of consignment from a part of the Empire has been an essential principle of preference ever since its initiation in Sir Austen Chamberlain's Budget of 1919, and it has always been regarded as of primary importance, in order to ensure as far as possible that the benefit of preference is not diverted to non-Empire traders, as may well be the case where goods pass through foreign countries." It is a principle from which we strongly dissent. So long as the documents give adequate proof of origin, insistence

on direct consignment is an additional form of preference in an aggressive form which, in the present instance, is calculated to create the worst possible impression in the United States; for the present ruling, even though shipments via Buffalo may not altogether cease (since presumably stocks can be held at the Canadian instead of the American Lake terminal) must entail great and needless disturbance of the normal course of trade.

Persian Oil.—The Anglo-Persian dispute duly came before the League Council last Monday; but the only step which it was possible for the Acting President, Mr Lester (Irish Free State), to take at this stage was to postpone a detailed examination of the question until January 23rd, in order to give the Persian Government the time which they require in order to prepare and communicate their case. In the meanwhile, the British case has been communicated to the League already in a memorandum, which has now been made public. If both Governments mean all that they have already said up to date, the way ought now to be open for a friendly and reasonable discussion of the whole issue in all its bearings, in equity as well as in law. While the Persian Government, in declaring the d'Arcy Concession cancelled, repudiated responsibility for any damage that the Anglo-Persian Oil Company might suffer, they have hastened to add that they have no intention of doing the company any damage themselves. On the other side, the British Government repudiate the allegation that their action has prevented or impeded an amicable and fair agreement between the company and the Persian Government. In fact, they maintain that the company had made manifest its readiness to negotiate, right down to the moment when the Persian Government precipitated a crisis by its high-handed declaration of November 27th. The Persian Government, on their part, in a Note of December 12th, have put on record their hope that the company would send their duly authorised representative to Teheran "in order that he might enter into negotiations forthwith with the Persian Government with a view to concluding an agreement which would safeguard the legitimate interests of Persia." For our part, we believe that direct negotiations of this kind offer the best prospect of a speedy and a mutually satisfactory settlement; and there seems no reason why such negotiations should not be put in hand forthwith now that they have received the official blessing of both the Governments concerned. The Council of the League would assuredly not object.

Supplementary Estimates.—On Monday the Government presented to Parliament two Supplementary Estimates. One of these—for £3,410,955—in substitution for payments due from the Government of the Irish Free State, is a timely reminder of the waste involved in the dispute about the Land Annuities and the deplorable tariff war to which it has driven both countries. The other, a much larger item—namely, £19,010,000—is in respect of the cost of unemployment, of which £12,600,000 is for transitional benefit and £6,400,000 for the deficiency grant for the Unemployment Fund. An eloquent contrast to these items is formed by the niggardly sum of £10,000 to be devoted to grants for assisting the voluntary provision of occupation for unemployed persons. The presentation of this estimate, which is an interesting commentary on the failure of the Government's fiscal policy to provide employment, will cause no surprise to those who understood the basis of the votes on the Ministry of Labour's estimate in this year's Budget. It was clear at the time that the Government, anxious, no doubt, to swell the total of its hypothetical economies, had taken an unduly optimistic view of the probable course of unemployment—not a particularly creditable piece of window dressing. The effect of these "supplementaries" is to turn the anticipated Budget surplus of rather under a million into a substantial deficit. Mr Clay's note in the Report of the Royal Commission on Unemployment, suggesting that the Unemployment Fund might be permitted a certain amount of temporary borrowing in bad years is one which is undoubtedly open to discussion. But if the Government intend to act

upon it, they should surely say so and indicate the actuarial basis of the plan. To slip into borrowing though loose estimates is not a course which is calculated to inspire confidence.

The Salter Report—Second Round.—The Report of the Conference on Rail and Road Transport was signed on July 29th, and in the ensuing months criticisms of the proposals have been made by various interested parties, most of which have been summarised in the *Economist*. In a letter dated last Saturday and addressed to the Minister of Transport, Sir Arthur Salter and his colleagues have replied to their critics. They wisely take their stand on the fact that their Report was the product of three months' study of the problem by representatives of both sides. They point out that the Conference was not concerned with the burden of taxes on passenger vehicles, and made no recommendations affecting them. The figure of £23½ millions was decided upon, after considerable study, as the proportion of the total estimated annual roads expenditure of £60 millions which it was fair to ask the owners of goods vehicles to pay, having regard to the relative use of the roads by this and other classes of vehicles. There is admittedly a large element of discretionary judgment in any such figures, but the composition of the Conference must constitute the authority of the recommendations. In distributing the £23½ millions among the different categories according to the single criterion of arriving at a just incidence of contribution, the Conference was keeping strictly to its terms of reference, which it would have exceeded if it had considered matters such as the advisability of encouraging the use as fuel of British coal. In particular, the Conference rebuts the suggestion that its proposals were intended to equalise the fiscal burdens of road vehicles and the railways. It was concerned only to see that neither industry should be subsidised by the community. On two of the most controversial points of their report, the setting-off of "community use" of the roads against the "legacy of the past" and the estimate of future road expenditure at £60 millions per annum, the Conference has nothing to add to its previous statement. The higher duties recommended for the heavier petrol vehicles and for all vehicles using a motive power other than petrol are defended on the perfectly reasonable ground that these vehicles do not at present pay their fair share of road costs. Of the present total of commercial goods vehicles, 80 per cent. would be unaffected by the Conference's recommendations; the present burden of taxation on the remaining 20 per cent. is so manifestly too low that drastic increases are inevitable. We are not aware of any alternative proposals which are nearly as equitable and logical as those made by the Salter Conference. The same comment can be equally applied to the recommendations for regulation and licensing, where the need for bringing some beginnings of order out of chaos is admitted by all parties. We endorse the suggestion of the Conference that the owners of commercial goods vehicles "would do well to consider seriously whether they would not be ill-advised to attempt to secure the rejection of the scheme agreed in the Conference and to take all the chances of an alternative policy."

The More Looms Agreement.—The draft agreement which was outlined in these columns last week was ratified by the General Council of the Weavers' Amalgamation last Saturday. The ratification, however, was made on the understanding that certain questions should be further discussed with the employers. The most important of these, it is understood, are the reinstatement of strikers and the displacement of labour that will be caused by the adoption of the more looms system. There is dissatisfaction among the weavers in many districts with the rate at which the strikers have been reinstated, but the employers state that they have fulfilled the spirit of the agreement and reinstated the workpeople as fast as they could. Now that the main questions at issue have been definitely settled, it is, however, not too much to hope that these few remaining points will not be allowed to stand in the way of complete agreement.

Irish Railways Truce.—The prospect of a general railway strike in Ireland during Christmas week has apparently been averted, as the men have accepted, and the companies' leaders have agreed to lay before their principals a compromise postponing the coming into effect of the wages cuts. The threat to strike arose out of the finding, issued on November 25th, of the Irish Railways Wages Board, which reduced the rates of wages and salaries as paid prior to May, 1931, by 10 per cent., a reduction equivalent to about 6 per cent. of present earnings. The Irish Free State Government offered to pay the difference as far as lines operating within its boundaries were concerned if the companies would maintain the old rates until the end of April; but the Government of Northern Ireland declined absolutely to pay a similar subsidy to the northern lines, while the Free State Government was adamant in its refusal to extend its payment outside its own frontiers. As far as the workers on the Great Northern system were concerned there was, therefore, no half-way course between acceptance of the reduction and a strike. The situation was further exacerbated by the fact that the companies had, on grounds of economy, given notice of dismissal to a certain number of men; but the unions have now decided that the number is not sufficiently great to justify strike action, and they propose instead to make representations to the Great Southern Railway Company with a view to withdrawal of the notices. After prolonged negotiations last Sunday the men agreed to accept the proposal that cuts should not be put into operation for Northern Ireland until January 23rd and in the Irish Free State until April 30th. This will give the Wages Board time to reconsider the matter as it affects the railways in Northern Ireland, but it is not easy to see along what lines they may be expected to find a solution.

New Steel Development.—One of the earlier experiments in the rationalisation of steel production was the formation of the Lancashire Steel Corporation, for which the Bankers' Industrial Development Company was primarily responsible. The progress of the Corporation has evoked less public attention than the more recent enterprise of Messrs. Stewarts & Lloyds at Corby, with similar financial support; yet in its sphere it is equally important, and the extension announced this week indicates that the method of what might be described as a limited vertical form of organisation is gradually gaining in favour. The original Lancashire merger brought into one control unit the iron, steel furnace, and rolling-mill plants of four firms—the Partington Iron and Steel Company; the Wigan Coal and Iron Company; Messrs. Pearson and Knowles; and Messrs. Rylands Brothers—while the mining properties were separated and merged in an associated Coal Corporation. This was a break from a semi-vertical to a horizontal organisation from the point of view of management and administration. Arrangements were made for the concentration of steel production at a new plant, with continuous operation from coke ovens to rolling mills, at a convenient centre on the Manchester Ship Canal. The Corporation has now acquired the Whitecross Company Limited, a Warrington firm of wire manufacturers. A new continuous wire rod mill is being laid down as part of the steel plant; and, in addition to supplying the associated companies and other users of wire rods with their material, it will be possible to develop the manufacture of wire products in one continuous process. Considered in conjunction with the application of the same method to the manufacture of motor cars at the Ford works at Dagenham, and the production of tubes at Corby, it will be seen that a notable development of the steel industry in this country is beginning. The resulting economies in fuel, power, and transport have yet to be measured in conditions of full production, but the prospects of ultimate financial advantages are promising.

Poland's Default.—Our Warsaw correspondent writes:—Asserting that no formal reply has been received from Washington to their second Note on December 9th, and forbidding the Press to comment on the matter, the Polish Government failed to meet the interest payment of

\$3,070,000 due December 15th to the United States on account of war relief debts. Arrangements were made last September, in accordance with a provision in the Debt Funding Agreement, for suspension of the amortisation payment of \$1,387,000 likewise due on December 15th. While it is generally assumed that Poland's failure to make the interest payment of \$3,070,000 is a consequence of the decision of France not to pay its debt instalment to the United States, the Polish Government in their second Note are understood to have explained that the payment could not be made on the due date without serious danger of having to abandon the gold standard, or at least being compelled to impose restrictions on money transfer which so far they have been able to avoid. Poland at great sacrifice during the past year or two has met all her foreign obligations promptly and with good grace, and it is very unfortunate that she should now be classed as a defaulter for such a comparatively small amount. In support of their request for the suspension of the December 15th payment, the Polish Government are reported to have pointed out that during the years 1929-31 inclusive their commercial balance with the United States was adverse in the amount of 744 million zlotys, plus 388 millions for interest payments and a further 121 millions for amortisation of long-term loans. During the present year moreover, it is stated, the balance of payments with the United States is "passive" to the amount of more than 180 million zlotys. The conclusion appears accordingly to have been reached by the Polish Government that, in the final analysis, it is in the best interest of American private and commercial creditors of Poland that this country should continue on the gold standard without exchange restrictions.

An Important Banking Judgment.—Early this month, an important judgment was delivered by the House of Lords in the case of R. B. Savory and Company v. Lloyds Bank, Limited. The plaintiffs, a well-known firm of stockbrokers, unfortunately had in their employment two dishonest clerks, who, between them, stole from time to time crossed bearer cheques made payable to various stock jobbers. These cheques were paid into two banking accounts with Lloyds Bank, standing respectively in the name of one of the clerks and in that of the wife of the other clerk; but the thieves were careful to pay in the cheques, not at the branches where those accounts were kept, but at other offices of Lloyds Bank. In accordance with the recognised banking practice of forty years and more, the receiving branch passed the cheques in question straight through the Clearing House to the banks upon which they were drawn, and forwarded only the paying-in slip to the branch where the accounts were kept. Eventually, of course, the whole business came to light, and the clerks were prosecuted and convicted. Then Messrs. Savory and Company sued Lloyds Bank for negligence, on the ground that it was a bank's admitted duty to scrutinise closely all cheques paid into accounts kept with them, with a view *inter alia* to detecting such malpractices, and that this system of accepting cheques at one branch for the credit of an account at another branch divided responsibility between the two branches; for the one branch had no knowledge of the customer, and the other branch never saw the cheque. The trial judge decided in favour of the bank, but his judgment was reversed by the Court of Appeal, and now the House of Lords has found for the plaintiffs by a bare majority of three to two. The House of Lords' judgment leads to two consequences, which are of some public interest. The first is that the banking practice described above must be modified, so that the customer's branch has some means of knowing what cheques are paid into the customer's account. This is an inevitable consequence of this case, and it is conceivable that paying-in slips may have to bear the drawer's and drawee's name in respect of each cheque paid in. The second question arises from the fact that one of the clerks used his wife's account, and this is likely to give rise to greater public perturbation. Both Lord Justice Scrutton and Lord Buckmaster have stated that when a bank opens an account for a married woman, it is the bank's duty to ascertain the name of her husband's employer—and a

fortiori in the case of the husband himself. This dictum appears to put the banks in a very invidious position, and we feel that in this case employers have received greater protection at the hands of the law than they really merit. The real lesson of the case, however, is one for the banks themselves, for in all such cases of alleged negligence the banks are liable to find themselves at a disadvantage owing to the multiplication of their own rules and regulations and to the differences in practice between the various banks and the absence of any standardised code of practice which in course of time would obtain the force of legal custom. It is only natural for the Courts to interpret rigorously the rules drawn up by the banks themselves and also to go back to first principles in the absence of any banking custom. The result often bears hardly upon the banks, and in this particular case will also affect the obligations and convenience of the general public.

Transvaal Gold Output and Profit.—The output of gold of the mines of the Transvaal for the month of November amounted to 978,716 ounces of fine gold as compared with an output of 974,965 ounces in October. The output during November, 1931, was 900,510 ounces of fine gold. The total estimated working profit of the gold mines of the Transvaal for the month of November, 1932, amounted to:—Witwatersrand, £1,174,637; outside districts, £82,080; total, £1,256,717. The estimated working profit in October, 1932, was:—£1,181,448, £81,826, £1,263,274. In the following table we show the monthly output since the beginning of 1926:—

Month of	1926.	1927.	1928.	1929.	1930.	1931.	1932.
	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.
January	796,270	839,782	843,857	876,452	882,801	914,576	936,784
February	753,924	779,339	816,133	815,284	818,188	839,937	914,012
March	834,340	860,511	877,380	866,529	889,370	910,998	960,035
April	803,303	824,014	825,907	872,123	868,606	882,337	949,796
May	849,214	859,479	886,186	897,598	916,213	910,279	965,644
June	852,145	855,154	862,363	856,029	887,867	897,750	959,011
July	860,134	851,861	867,211	889,480	912,652	916,843	981,160
August	843,854	863,345	891,863	889,601	921,081	916,425	991,322
September	839,939	842,118	857,731	849,553	903,176	916,024	961,501
October	853,296	855,743	897,720	888,690	926,561	945,113	974,965
November	840,276	848,059	872,484	861,593	884,753	900,510	978,716
December	836,157	851,225	859,761	851,134	908,492	923,353	...
Total.	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	10,874,145	...

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

	March, 1932.	April, 1932.	May, 1932.	June, 1932.	July, 1932.	Aug., 1932.	Sept., 1932.	Oct., 1932.	Nov., 1932.
Gold mines	214,024	214,334	215,926	217,077	217,525	217,658	216,398	216,298	219,024
Coal mines	12,009	11,943	11,972	11,833	12,056	11,727	11,642	11,353	11,207
Diamond mines	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	226,033	226,277	227,898	228,910	229,581	229,385	228,040	227,651	230,231

The number of natives employed at the gold mines showed a pronounced increase during the month.

The New Zealand Reserve Bank.—Late last week it was announced by cable that the New Zealand Government had introduced their Bill for the establishment of a reserve bank on the lines recommended by Sir Otto Niemeyer. The few details that have been made available show that the new bank is to conform to modern central banking practice. It will have the sole right of note issue for twenty-five years, will keep all Government accounts, and will act as a bankers' bank, other banks being required under the Bill to maintain balances with it and make monthly returns to it. It may also be required to manage the public debt. It is to have a capital of £2,500,000, divided into 500,000 shares of £5 each, and the Government is contributing £1,000,000 to the reserve fund of the bank. It is still too early to know what views have been voiced on the Bill since its introduction, but earlier this year, when it was realised that the introduction of the Bill was imminent, one or two bankers expressed doubts as to whether New Zealand

was large enough to need a reserve bank. Certainly the commercial banks hitherto have between them provided the Dominion with an adequate currency and credit system, but inasmuch as many of the commercial banks have their headquarters in Australia, the New Zealand Government may well see certain advantages in setting up its own central bank.

Overseas Correspondence.

LEAGUE OF NATIONS.

Manchuria — Disarmament — Persian Oil.

(FROM OUR CORRESPONDENT.)

GENEVA, December 20

It is perhaps well, for various reasons, that the Christmas interval has arrived to give opportunity for reflection before the League comes to further grips with the Manchurian question, disarmament, and now the Anglo-Persian oil dispute. But it means an accumulation of serious tasks for January, to which all these problems are postponed, and during which there is also to be the meeting of the Preparatory Commission of Experts for the Monetary and Economic Conference. On the Manchurian affair, the Committee of Nineteen proposes still to continue its efforts to find a basis of conciliation, and is to meet again not later than January 16th. Its Drafting Committee drew up a resolution indicating the lines upon which conciliation should be effected; and, though the text has not been published, its terms are generally known. The President and the Secretary-General entered into negotiations with China and Japan, and, as anticipated, the indications from Japan are that she opposes everything in the resolution that is essential. The implications of the resolution leave no room for doubt that conciliation should be based on the principles of the Lytton Report, and this Japan cannot accept unless she completely changes her attitude.

The attempt inside the Committee of Nineteen to obtain conciliation procedure without conditions of any real importance failed, and as soon as that satisfactory stage was reached, it became clear that Japan would refuse the only possible alternative, namely, conditions at least approximating to the conclusions of the Lytton Report. It may possibly be wise for the Committee to continue, hoping against hope that by so doing Japan may be persuaded to be more reasonable, or at all events that she will be in no position to complain that the Committee has not made every possible effort to avoid, until compelled to make it, a pronouncement on the situation. There would be greater approval of the course now being pursued if there were any confidence that it had this calculated purpose; but, unfortunately, experience leads to the suspicion that the step has been guided largely by the reluctance of some Powers to face their responsibilities. Nobody expects Japan to alter her course by any further efforts at conciliation.

The President of the Committee of Nineteen, in explaining its attitude, says that the Committee is fully conscious of the necessity for early decision, but it is none the less conscious of the extreme importance of the issues involved. It feels that it would be failing in its duty if it did not exhaust every effort for conciliation and show the utmost patience in trying to reach a settlement. The problems raised (he said) concerned not only the parties themselves, the League as an institution, and the Member or non-Member States individually; they affected also the principles of world co-operation as a whole and the new and developing system of international relationships. The Committee believes the two parties should be able to accept substantially the text which has been submitted to them, and, while considerable differences exist, necessary time must be given not only to continue conversations, but also to permit all Governments to work together to find a solution.

The best that can be said for the moment is that Japan now knows what the Committee of Nineteen thinks should be the basis of settlement and what the probabilities are, if the Assembly is driven, in default of a solution, itself to declare what the settlement should be.

The meeting of the General Commission of the Disarmament Conference, at which the agreement of the Five Powers was reported, showed signs in some quarters of a certain hesitation in accepting fully the work which had been done outside. Some of the smaller Powers in Europe were not too well pleased with the satisfaction given to Germany, but it is surely pushing the matter a little too far to complain of the procedure of doing outside the Conference what, in view of Germany's attitude, it was impossible to do inside. A rather sharp controversy also has arisen over the semi-official interpretation issued in France, where it was contended that if agreement is not ultimately reached on the terms of the ultimate disarmament convention, which is to include the basis of negotiation reached by the Five Powers, the *status quo* must subsist, and Germany remain governed by the conditions of the Versailles Treaty. No doubt, from a strictly legal point of view, this is accurate; but from every real political standpoint there is not the slightest doubt that equality of rights is definitely established for Germany, and that if there is failure to reach an agreed convention, Germany will not consider herself bound by the Treaty. It is waste of time to discuss the strict legality or propriety of Germany's attitude; the only sensible policy is to work for a good disarmament convention; without it, all talk of security would be idle.

The apparent purpose of the British Government in its demand for an urgent meeting of the Council on the Anglo-Persian oil controversy has achieved its aim. The Council has met and has obtained, both from the representative of Persia and by telegram from the Persian Foreign Minister, an undertaking that Persia will abstain from any act calculated to aggravate or extend the dispute. In these circumstances there was no reason why the examination of the substance of the question should not be postponed, as was decided, until the next ordinary meeting of the Council on January 23rd in order to meet the reasonable Persian request for sufficient time to prepare its case and send qualified people from Teheran to Geneva.

The British Memorandum made a good impression here, and the main point that emerged from the Council meeting was the Persian representative's emphasis on the paragraph in this Memorandum which expressed the hope that the dispute would not disturb the relations between the two countries and which added that Great Britain would do everything to contribute to a settlement. Persia, he said, was also anxious to maintain friendly relations. The President—who, ironically enough, was the representative of the Irish Free State—said there was nothing to prevent the parties themselves reaching direct agreement. That may be the result of the reference of the dispute to the Council, the mere fact of which brings some order into the affair; otherwise it may be rather complicated. We are not escaping the criticism that we are playing the usual imperialist game against a small State; but whatever opinions may be held on foreign exploitation, a contract is a contract, and the riches of Persia's soil would not have been exploited without foreign capital, from which Persia benefits. The British Memorandum, though firm, is altogether fair and moderate, and shows a readiness to discuss the basis of these benefits. The true imperialist doubtless dislikes the restriction which membership of the League puts upon the kind of national action that he would like to see taken in such a dispute; but reasonable folk will comprehend the all-round advantages of getting a fair deal by fair methods, in observance of the League Covenant. The League still means something to a State which has a regard for its obligations and its self-respect.

UNITED STATES.

Congress — Budget — Money — Railroads — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 9.

A RESOLUTION for submission to the 48 States to repeal the Eighteenth Amendment to the Constitution, which prohibits the manufacture and sale of intoxicating beverages, was the first business to come before the House of Representatives. Without waiting for the customary opening Presidential Message, the house voted on the Speaker's own measure, which fell only half-a-dozen votes short of the necessary two-thirds majority. Should repeal later pass the Senate, the House might reconsider it, but at any rate the next order of business will be modification of the Volstead Enforcement Act. Hearings are now being held with the purpose of permitting beer with low alcoholic content to be made and sold.

Feeling on the prohibition question is high, and while many who otherwise would be opposed to the return even of beer or wine are now willing to see it in the hope that it will help to keep down income taxes, the social factor is still by far the largest. Undoubtedly the legal manufacture and sale of beer would, for a time at least, do much to improve the morale of the public; but the economic benefits are held by most observers to be more doubtful. Incidentally, President Hoover did not mention the prohibition question, either in his annual message or in his special Budget message to Congress.

Admittedly, with the recently-elected Congress overwhelmingly Democratic and with the next President of the opposite party, President Hoover's policies are of no great moment. However, his special Budget message will at least start Congress to work on a programme of economy and tax revision, which ought to result in a balanced Budget for the fiscal year beginning July 1st next. The President estimates the deficit for the current fiscal year at \$1,644 millions, including debt retirement from the sinking fund, but excluding the extraordinary Budget for Reconstruction Finance Corporation account. Actually, the public debt is rising on account of R.F.C. loans to the extent of over \$1,000 millions for the fiscal year.

To bring the Budget for 1933-34 within comparatively easy reach of a balance, President Hoover proposes, first, to reduce appropriations by a net amount of \$580 millions, of which \$127,000,000 is to be cut from Veterans' Bureau expenditure. Some of the saving also is to come from an 11 per cent. cut in civil service wages, on top of the furlough system, which will mean net reductions, according to the Treasury estimates, of nearly 15 per cent. This will still leave the Treasury with a deficit, on estimates of tax collections, of around \$840 millions. President Hoover would fill this gap partly with a general sales tax of 2½ per cent., to replace the "nuisance taxes" now in force, and the carrying over of a gasoline sales tax. He estimates \$355 millions from the one and \$137 millions from the other. The indicated deficit would be only \$807 millions, exclusive of sinking fund debt retirement, and consequently, if these cuts were made and if the new taxes yielded as much as is hoped, the 1934 year would bring no further rise in public debt.

Reduction of public works expenditures, paring of the emergency construction programme, cutting of appropriations for roads, rivers and harbours are included in the economy programme. The message was given favourable reception in Wall Street, but it had been hoped that more stress would be laid on economy. It is felt that the saving on veterans' service could easily be doubled or tripled, and that departmental appropriations also could be reduced much further. Moreover, those who are inclined to criticise feel that every proposal made would have been better made a year ago.

Supporters of the legalisation of beer claim that the tax to be expected from it would just fill the deficit of \$807 millions. Whether a balance will be achieved if President Hoover's suggestions are carried out depends largely on the state of business. A somewhat better level of trade

must be anticipated if revenue estimates are to be realised. Already much opposition is developing against the sales tax, but it has the support of strong interests who, although disliking it for itself, feel that it is the only means of bringing in the necessary revenue, and that some form of tax which extends to the whole nation will be a good thing. It is likely to be carried, although opposition will be vigorous, and the rate may need to be raised unless Congress takes more kindly to economy than it did last time.

It is felt that the discussion on war debts has at least had the effect of directing public attention to the necessity for re-examination of the question. Payment on December 15th will probably be seized upon by the inflexible collectors as proof that Europe was bluffing about ability to pay, but odds favour a subsequent revision of terms, chiefly on the ground that continued payments on the present scale may, in the long run, even if possible, be undesirable for this country.

The Treasury announced its December 15th tax date financing by offering \$600 of one-year and four-year certificates and notes, at a low coupon, which has been largely oversubscribed. Since the new issue was only equal to tax date maturities, it is supposed that the Treasury plans to allot far in excess of the nominal issue, or intends to allow its cash balances to run down, or, as is more probable, is planning interim certificate issues or larger discount bill sales between this and the March tax date. The financial district had rather expected an offering of \$800 millions, but the other terms were about as anticipated.

Money continues easy, with gold imports offsetting the usual year-end rise in currency in circulation. Open-market bill rates have dropped another ½ per cent., bringing ninety-day documents to ½ per cent. asked. Time funds for four months' maturity are now also ½ per cent. Gold imports this week were \$16 millions, of which \$13 millions were from England, and metal earmarked for foreign account rose \$5.5 millions. The week's gain in monetary gold stock was \$14 millions, and money in circulation rose \$21 millions. Other items in the Federal Reserve system's statement are virtually unchanged. Some expansion is being shown by member bank loans and investments, but it is entirely in the New York district. That is often seen toward the close of a business depression and is regarded as the forerunner of expansion in the interior.

The life of the Reconstruction Finance Corporation will be extended another year, as anticipated; in fact, it is supposed that the R.F.C. will be with us for many years. Hearings are being held this week before the Coolidge Commission selected by leading insurance companies and investors in railroad securities to provide a complete plan for guidance of the country's transportation system. A lively dispute has developed on truck and motor bus regulation, while railroad labour is alarmed at the suggestions for further wage cutting. Meanwhile the Inter-State Commerce Commission in its annual report has restated its old recommendations for legislation, such as repeal of the "recapture clause" of the Transportation Act, and makes a new request for legislation to facilitate capital structure reorganisation without receivership and to permit greater speed and less expense in reorganising under receivership. Opinion on all sides leans in the direction of a scaling down of investment and property values as a permanent thing.

Few people believe that the present level of traffic and earnings—about 50 per cent. below what railroad men consider normal—will not be raised, but it is doubted whether, for a good many years at least, railroad traffic will return to the old pre-depression volume. Undoubtedly Congress, within the next year, will recognise the situation sufficiently to give some legislative relief to the railroads, but rehabilitation can scarcely come without some acceptance by investors of the losses which already are apparent in the markets.

Business continues to recede along seasonal lines. The steel trade is operating at around 15 per cent. of capacity, with little new business in sight. Some motor companies

are busy on new models; and sales in November of 61,000 units, as estimated by the National Automobile Chamber of Commerce, were a little higher than for October. General Motors, on the other hand, produced only 2,405 cars in November, as against 5,810 in October, the smallest monthly volume in the history of the company. However, stocks of new and used cars in dealers' hands were reduced sharply.

FRANCE.

New Cabinet — Finance — Treasury.

(FROM OUR CORRESPONDENT.)

PARIS, December 21.

THE problem presented by the fall of the third Herriot Ministry last Wednesday has been solved with unexpected ease by M. Paul-Boncour, after an attempt by M. Chautemps, Minister for the Interior in the Herriot Cabinet, had failed. On Monday morning decrees were promulgated confirming the nomination of a new Ministry, which can fairly be described as a continuation of its predecessor. M. Herriot himself definitely declined office, and with him disappeared M. Germain-Martin, his Finance Minister, and M. Palmade, Minister for the Budget (a post which has again been suppressed). M. Paul-Boncour has assumed, as was expected, the post of Foreign Minister, as well as that of Premier, with M. Henri Chéron as Finance Minister, and M. Georges Bonnet, a former Budget Minister, at the Ministry for Public Works, where a financial expert is badly required, in view of the confused state of railway finance. There has been a reshuffling of four of the other more important portfolios, including the promotion of M. Daladier, M. Herriot's second in command, from the Ministry of Public Works to the War Office, in place of his new chief. Twelve of the seventeen Ministerial portfolios are held by Ministers in the previous Cabinet, and six of the twelve Under-Secretaries have also been retained.

It is not surprising that M. Paul-Boncour, who was one of the leaders of the Socialist Party until his recent transfer from the Chamber to the Senate, should have attempted to induce his old colleagues to participate in his Ministry. But last Saturday the Socialists met M. Paul-Boncour's overtures by demanding, as their price for co-operation, acceptance by him of a programme which included cutting down military expenditure to the 1928 level, nationalisation of railways and all insurance business, State control of the banks, application of unemployment insurance, prohibition of private manufacture of arms, enforcement of a 40-hours' week, and the balancing of the Budget by other means than cuts in social services and Civil Service pay. M. Paul-Boncour, although really more favourable to Socialist aspirations than M. Herriot, declined to pay the price asked. Further substantial reduction of military expenditure, he said, was impossible unless security without armaments could be internationally guaranteed. Prohibition of commerce in arms and the 40-hours' week also would depend on international agreement, while a balanced Budget would be impossible without sacrifices by all classes. This brought all question of Socialist participation to an end, and M. Boncour formed his Ministry from the same groups as those represented in the preceding Cabinet.

The new Ministry, which is to meet the Chamber to-morrow, appears likely, at the time of writing, to secure a favourable reception for its declaration of policy, but the real test will probably not come until the Chamber returns to work after the holidays, when the Budget is to be taken in hand in earnest. M. Chéron's return to the Finance Ministry was received at first by the Bourse with a sharp recovery in Rentes, but reflection over the grave difficulties existing in regard to the national finances subsequently somewhat damped this optimism. It is now known that M. Chéron was at first "pencilled" as Budget Minister, and that it was not until the superior post had been declined successively by M. Pietri, M. de Monzie and Professor Rist, that the Finance Ministry was offered to M. Chéron. This will be M. Chéron's third Budget, and by far his most difficult one. When he last

left office, in the spring of 1930, he left the Treasury with an accumulated surplus in hand of 19,000 million francs, the result of the taxation policy which M. Poincaré deemed necessary to render the franc impregnable. Lavishly increased expenditure, imprudently heavy taxation relief and the general slump have within two years left the Treasury practically empty, and the framers of the 1933 Budget Bill are faced with a deficit of 12,000 million francs, of which 8,000 million francs have yet to be found.

Last March M. Chéron, in a remarkable speech in the Senate, insisted that the country must choose between currency inflation (which he said it was impossible to accept) and Budgetary deflation. Increased taxation, in present circumstances, he declared, is impossible; as is also resort to further loans, at a period when it is imperative to reduce rather than increase the debt service burden. "The country must be told the truth," M. Chéron said last March (and M. Paul-Boncour repeated the same doctrine last Sunday); "we are living beyond our means. Expenditure must be cut down and certain promises must be renounced. It will be sufficient if we will it, and refuse to be stopped by the protests and cries of those who have got into the habit of asking everything from the State." This programme was that of M. Chéron's predecessors over two years ago. It remains to be seen whether, in the present more ticklish circumstances, he will be strong enough again to enforce it, against the opposition of the public servants. It is significant that the members of the Socialist Party, who are *rapporteurs* of several of the departmental budgets, have unanimously refused to hand in their reports for advance consideration by the new Ministers (as is customary in circumstances like the present, following a change of Government) unless the Cabinet, as a condition precedent, withdraws the proposal concerning cuts in Civil Service pay, allowances to former soldiers, remarried war widows, etc.

M. Chéron announced yesterday that he proposes to put in hand forthwith preparatory measures for the application of the recommendations of the commission which has for three years (on his own initiative) been considering drastic simplification of the public accounts. He has also notified that he proposes to move, before the House rises for Christmas, for a single *douzième provisoire* (vote on account), but that this shall be made automatically renewable month after month, for as long as may be necessary. The Finance Minister further denies emphatically that he proposes to raise money for immediate needs by the application of a special form of poll tax.

The revenue returns for November register a yield from indirect taxation of 587 million francs less than Budget estimates, thus bringing the deficit for the first eight months of the nine-months' financial year to around 3,500 million francs. The retiring Ministers of Finance and for the Budget, MM. Germain-Martin and Palmade, on handing over to M. Chéron yesterday morning, presented a statement showing that on December 14, when the Herriot Ministry fell, the total funds at the Treasury's disposal were 3,392 million francs, made up as follows:—

	Francs.
Cash in hand and at bank	605,000,000
Balance of authorised issue of Treasury Bonds	1,787,000,000
Repayment due at end of month from—	
(a) Moorish loan, in respect of advances	400,000,000
(b) Another loan by the Caisse des Dépôts, made to reimburse other advances made by Treasury	600,000,000

The deficit, apart from the fall in the revenue, it was stated, amounted to a further sum of "over a milliard, in consequence of the fictitious character of resources inscribed in the 1932 Budget" (presumably the lapsed German reparation instalment). "In the absence of accumulated reserves, the Treasury has had to furnish 800 million francs on account of frontier defence expenditure." The Minister of Finance, it was pointed out, notified the Chamber Finance Commission, as far back

as October 20th, that it would be necessary for him to ask, at the end of the year, for a further 3,000 million francs to meet the needs of the Treasury.

"A severe policy, due to the opposition of the two Ministers of Finance and the Budget, during their whole term of office, to solicitations for supplementary credits, explains," the retiring Ministers declared, "the existence of larger Treasury facilities than were forecast in preceding months. As a matter of fact—and for the first time for many years—the supplementary and extraordinary credits authorised during the period June-December, 1932, have been insignificant." Criticisms of these statements advanced to-day suggest that the balance of Treasury bonds still available for issue is not 1,787 millions, but between 250 and 300 millions, and that if the volume of supplementary credits to be provided for is exceptionally low, it is because the greater part of the items usually found under this heading have already been transferred to the section of the new public works programme now before the Chamber, with the intention of their being met out of the proposed loan, instead of directly from the Budget. Looked at impartially, however, it seems clear, from the above figures, that the Treasury has emerged fairly satisfactorily from an exceptionally difficult six months, as the result of an effort which has perhaps been the greatest it has been called on to make since the end of the war.

GERMANY.

Chancellor's Speech — Banking — Municipal Debts.

(FROM OUR CORRESPONDENT.)

BERLIN, December 20.

On Thursday of last week the Chancellor expounded his programme in a broadcast speech which lasted an hour. The Chancellor's speech was conciliatory towards all parties, and the principal point he made was that he did not intend to force a decision on any questions of principle. He was "an adherent neither of capitalism nor of socialism," and expressed the view that "the thing to be done is the thing that seems reasonable at the moment." The Government does not propose to undertake any constitutional reforms; they "interest nobody at present." That constitutes a decided renunciation of the policy of the preceding Cabinet, though Herr von Schleicher, in another passage, spoke of ex-Chancellor von Papen, his "friend," as "a knight without fear and without reproach." In foreign policy, too, the Government will work with calmness, steadfastness and decision, "for they know that the vital interests of the German people cannot be served by bold experiments and venturesome policies."

The task of the day, said the Chancellor, is the provision of employment, and in connection with the carrying out of this task the agricultural settlement scheme is to be accelerated. The programme of settlement which the Chancellor outlined would mean that of the land which is now held in large estates, about as much would in future be transformed into peasant holdings as has already been so transformed since 1919. The Chancellor also proposes to take decisive steps to raise the prices of agricultural produce, but care is to be taken not to contravene the provisions of existing commercial treaties. The Government will merely make use of the tariff autonomy they recover when treaties which have been denounced expire. At the same time, the Chancellor considers "a lively interchange of goods with other countries" to be indispensable, and he is therefore not in favour of unrestrained protectionism. Great as is the importance which Herr von Schleicher ascribes to the provision of employment, which will preclude all danger of inflation. "The co-operation of the President of the Reichsbank, Dr. Luther, that."

The Chancellor's speech, characterised primarily by its prudence, thus differed completely in tone from the speeches of Herr von Papen. Its reception by the German people showed that the prudence was perhaps carried

a little too far. German public opinion would probably have been very receptive to the tone of the speech, considered on its own merits, for the public wants to hear no more of adventures and "radically new policy," but it remembers that Herr von Schleicher also had a very great influence on the policy of the preceding Government, and therefore shares the responsibility for its, in some instances, very drastic measures. For that reason a speech from him of so conciliatory a character, in which he endeavoured to avoid all dangerous statements, could not be heard in Germany entirely without misgiving. People would have liked some concrete announcement of proposed policy, and for that reason Herr von Schleicher did not receive such a good Press as his very rational speech deserved. All the same, it is a great advantage for him that no section of the Opposition has found any point to attack in his speech.

At the assembly of the Central Association of German Banks and Banking Houses, Dr. Georg Solmsen, of the Deutsche Bank and Diskontogesellschaft, lamented the injustice of public opinion towards the banks:—

"We feel it bitterly hard that large sections of the German people, nourished upon party misrepresentations, have worked themselves up into a sort of hostility to the banks and are inclined to attribute to banks and bankers the chief share of responsibility for the difficulties with which our economic life is struggling. It is always being pointed out, with a certain satisfaction, that it was banks and bankers who availed themselves of State help, and on the basis of this doctrine our profession is reproached with having adopted as its slogan the socialisation of losses. In reply to this it cannot be too strongly emphasised that during a downward movement of the trade cycle the banks and bankers, as intermediaries in the trade in money and capital, are forced into situations which are entirely beyond their resources. That the German banks were able notwithstanding to pay back, between February, 1930, and November, 1931, Rm. 4½ milliards, or 30 per cent. of their deposits, and between February, 1931, and the end of the year almost 3½ milliards, or 24 per cent. of the deposits which they held at the beginning of 1931, was an immense achievement, unparalleled in the history of international banking."

Dr. Solmsen further pointed out that the "socialisation of losses" was preceded by a "socialisation of profits," as many of the banks' debtors had collapsed under the growing burden of taxes and other payments. He also attacked the notion which prevails among many industrialists that obligations towards the banks do not need to be fulfilled with the same conscientiousness as obligations towards other creditors.

After prolonged negotiations the holders of the Rm. 30 millions of Frankfurt City Treasury bills, originally due on September 30, 1932, have concluded an agreement with the city which removes all danger of its insolvency. The Treasury bills were prolonged in the first place until December 31st by an emergency decree, in order to give time for further negotiations. There was from the beginning no question of repayment in full, for the heavy unemployment payments have left the city without any funds of its own, and a new issue is impossible in Germany just now, but discussion as to the partial amounts to be repaid and the means of raising them has been going on for weeks. Finally the city procured Rm. 3 millions from credits of the Prussian State and a banking consortium. The creditors will receive back 10 per cent. of their capital and have agreed to leave the rest, at 6 per cent. interest, until September 30, 1934. Attempts are being made to arrive at a similar solution for the Rm. 40 millions Treasury bills of the City of Cologne, which are also overdue, but the funds for this repayment have not yet been secured. The avoidance of municipal bankruptcies is of the greatest importance for the German capital market.

HOLLAND.

Gold Movements — Money — Trade — Sugar Reorganisation

(FROM OUR CORRESPONDENT.)

AMSTERDAM, December 12.

WITH the renewed drop in sterling, international gold movements have again become important. New gold shipments to America are being reported almost daily in the Press, with the Netherlands often figuring as a gold-

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exporting country. It is remarkable that the weekly returns of the Netherlands Bank do not give the slightest indication of an efflux of gold, the gold cover of the Central Bank remaining unchanged. Evidently the export of gold is entirely for account of third parties and private banking institutions. It is undeniable that Amsterdam, in consequence of the completely disorganised monetary conditions in the world, has become a centre for the "outside" trade in gold—that is, the trade in gold beyond the control of the Central Bank. Amsterdam is assuming increasing significance in this trade, and the following figures, taken from the official returns of the Central Statistical Bureau, give some idea of its volume:—

GOLD MOVEMENTS (value in guilders).		
Week ended:—	Imports.	Exports.
November 5	4,269,937	3,914,695
" 12	2,565,628	2,100,174
" 19	2,495,261	13,277,270
" 26	4,099,750	6,277,356
Total	13,430,576	25,569,495

From the stocks accumulated in the open market in Holland, gold to a value of 12,138,919 guilders on balance has accordingly left the country during this period; and these figures do not include a shipment of £3,000,000 which is said to have been sent to America last week. The shipments, it should be pointed out, have no direct connection with rates of exchange. The purchase and selling prices of the Netherlands Bank have not been a criterion of the possibility of exporting and importing gold since the private banks started storing up the precious metal as an investment for surplus funds.

The following list of the countries chiefly involved in these gold movements will give some impression of the nature of the trade:—

	(Guilders.)	
	Exports to:	Imports from:
United States	8,808,400	...
Germany	7,757,792	...
Dutch Indies	...	4,491,925
British India	...	3,629,890
Great Britain	...	3,140,763
Belgium	3,077,500	...
France	2,254,546	...
Switzerland	1,336,600	...

Numerous other countries also participate in the gold trade with the Netherlands, but to a less important extent.

Despite these exports of gold, great liquidity still continues to characterise the Amsterdam money market. The average rate for prolongation money was 1 per cent. in November, 1932, as compared with 1.76 per cent. in November, 1931, and during the past month the rate never varied from the average figure. It will be seen that a remarkable degree of stability has been reached, and this is also noticeable in the private discount rate, which has been on the level of $\frac{1}{2}$ to $\frac{3}{4}$ per cent. for weeks at a stretch, that is to say, far below the official rate of discount. A certain stability has also set in on the capital market, and the rates for State and municipal loans have fluctuated

within very narrow limits. The few domestic loans launched here in the course of November were a success. As has been the case in recent months, they were all for account of public bodies. Issues publicly offered for subscription during the first 11 months of this year totalled 436 million guilders, of which 29 millions fall in November. In November of last year the issues totalled less than 6 millions, while the total for 1931 was 338 millions.

Our trade returns for November show a decline both as regards imports and exports:—

VALUE, IN MILLIONS OF GUILDERS (excluding gold and silver).

	Nov., 1931.	Oct., 1932.	Nov., 1932.	Jan.-Nov., 1931.	1932.
Imports	140	117	106	1,752	1,193
Exports	101	82	70	1,231	776

It is apparent from these figures that the seasonal improvement recorded in exports during the last couple of months has again become a thing of the past. For two important export lines, however, the upward trend has continued; electric lamps rose from 703,000 guilders in October to 741,000 guilders in November, and exports of wireless apparatus increased from 3,727,000 guilders in October to 4,286,000 guilders in November. Our exports of artificial silk, on the other hand, declined from 1,662,000 to 1,369,000 guilders. It is reported that the Dutch Government is to enforce quota restrictions on the importation of all cotton goods into this country. All preparatory measures have been taken to enable the quota to be put into operation forthwith. The measures apply only to the importation of cotton goods into the Netherlands. As regards the Dutch East Indies, no decision is expected for the time being; the advisory report submitted to the Government was not in favour of it.

The new plans for the organisation of the Java sugar industry have now become known. The old sugar trust, the V.I.S.P., has lost its power and significance through the resignation of a number of members, and will not be prolonged after 1932. The Government has accordingly intervened, and it is proposed to set up a compulsory single seller for Java sugar in the form of an association to be founded under the name of Nivas, which will have the monopoly of the marketing of Java sugar entirely in its hands. Although participation in the association is optional for the Java sugar producers, they will, nevertheless, have to join in order to market their sugar. The independent sugar mills are, of course, violently opposed to the formation of this association under Government supervision. The necessary legislation has already been submitted to the approval of the National Council in the East Indies, and it is expected that the new measures will become binding upon the entire Java sugar industry very shortly.

HUNGARY.

Politics — Deficit — Transfer Moratorium — Banking.

(FROM OUR CORRESPONDENT.)

BUDAPEST, December 12.

THE new Government has to its credit that it has refrained so far from any hasty ventures. General Gömbös, the Prime Minister, has proved to be a very different man from Captain Gömbös, the rising political extremist of twelve years ago, and his popularity, especially in the rural districts, is the greatest asset of his Government. If Hungary struggles through the coming winter without disturbances, it will be in no small degree the merit of the new Premier, who knows how to speak to the farmers in distress and is trusted by them. But the great popularity of General Gömbös may become as time passes rather embarrassing, as he will find himself soon confronted with the choice between embarking on a ruthless financial policy demanding further sacrifices from all sections of

the population, risking thereby his great popularity, or letting the situation drift towards a financial collapse with all its attendant social evils. In all fairness to the new administration, it must be pointed out that it inherited a Budget hopelessly out of balance, an inadequate banking system which needs urgent reorganisation, a Parliament which had never yet faced facts, foreign creditors who show little understanding for the problems of an insolvent debtor nation, and exchange and trade restrictions which paralyse international trade.

Treasury receipts are very disappointing. According to the last report of the Finance Minister the revenue of the Administration in July-October amounted to 221.7 million pengö and about 80 million pengö are estimated for November, a total of 300 million pengö, as against 842 million pengö in the same period of 1931; a drop of 12½ per cent. Assuming a drop of 10 per cent. only for the remaining seven months of the current year, from the 440 million pengö, revenue realised in the previous financial year, the total receipts for the Administration in the present financial year will be at best around 700 million pengö, as against 806 million pengö budgeted for by the previous Administration, and 782 million pengö realised in 1931-32. Thus the Budget of the Administration alone threatens a deficit of 100 million pengö, unless drastic measures are taken to effect immediate cuts.

The finances of the State undertakings are in an equally bad state. Their receipts in July-October amounted to 120.2 millions, as against 137.4 million pengö in the same period of 1931. Railway and postal revenue showed a decrease of 15 per cent. since last year, so that it is obvious that the revenue estimates of the past Administration, amounting to 401 million pengö are quite out of touch with realities. Considering that the total receipts of the State undertakings amounted to 362 millions in the previous financial year, at best 320 million pengö can be reasonably expected in the current fiscal year, which means a deficit of 50-60 million pengö to be met from the Treasury. Thus the new Administration is confronted with a deficit of 150-160 million pengö, as compared with the total gross receipts of 700 million out of taxation.

Great pressure is being brought to bear again on the Government to permit the repayment of mortgage debts with bonds, which the previous transfer moratorium strictly prohibited beyond the original schedule. This is a most inopportune and unfair demand as the debtors are unable even to meet the payment of interest. It is hoped that the Government will resist this prejudiced proposal, which would incidentally be a great danger to the stability of the pengö, as any relaxation of the strict prohibition would give a new impetus to the smuggling of the bonds from abroad into Hungary and would create an excessive demand for foreign exchanges in the black market, thus undermining the none too strong position of the pengö. Apart from the danger to the currency it is obvious that a permission to repay the mortgage debts with bonds would benefit chiefly the speculators and the banks, but not the original debtors, who have no liquid funds to buy these securities. In point of fact there have been numerous complaints in Parliament and in the Press that the commercial and mortgage bond issuing banking institutions have repurchased their own bonds in spite of the prohibitive clause of the transfer moratorium decree. Considering that the banks have scarcely any liquid funds and their bill liabilities with the National Bank are steadily increasing, this practice is very objectionable as, further, it is worth while to point out that the total debt of all the banking institutions with the National Bank decreased to less than 30 million pengö, as against an average of 90 million pengö in the same period of last year. The police recently arrested several smuggling brokers, but the only effective weapon to stop smuggling and to protect the currency and the National Bank would be to make the outstanding mortgage and commercial bonds ineligible for capital repayment *sine die*, the more so because the proposed new transfer moratorium decree will suspend all amortisation payment.

IRISH FREE STATE.

Politics — Railways — Currency — Agricultural Credit.

(FROM OUR CORRESPONDENT.)

DUBLIN, December 16.

NEVER were the politics and economics of any country so inextricably intermixed as in the Free State to-day, where the whole economic life of the community is affected by the political quarrel with the British Government. Economic forces on both sides are being employed simply as weapons in the political struggle, which now appears to have reached a position of complete stalemate. Trade in both directions is gradually disappearing, partly as a result of the hostile tariffs, but also, it is to be feared, partly as a result of a public boycott in each country of the goods of the other. If this economic trench warfare continues much longer, the injury will be permanent, and the old conditions of mutually advantageous trade will never be restored. Yet the politicians remain adamant, and no settlement appears anywhere in sight.

An intensification of the struggle rather than a settlement is an imminent danger, if the report be true that Mr Thomas intends to raise the duties on Irish imports in the new year. It is doubtful if the ordinary Englishman realises the full implications of the policy which the British Government is pursuing on this matter, which may quite possibly have the effect of severing the last political tie between the Free State and the rest of the British Commonwealth. The present Government in Dublin is perfectly frank that it is prepared to remain in the Commonwealth simply because of the commercial benefits to be derived from that position, and its declaration of an independent Republic would be immensely facilitated by a continuance of the present hostile tariff policy in Great Britain. There is not the slightest doubt that Mr Thomas has been Mr de Valera's most useful political ally, and nothing would assist the latter more in the coming bye-elections than an intensification of tariff "frightfulness" on the part of Great Britain.

The idea that the Irish electorate can be bullied into voting against Mr de Valera is based upon ignorance of the character of the people and the circumstances of the country. The more the "war" spirit is fomented by further reprisals, the more the voters will swing to the left as a protest against "coercion." Up to the present the tariff warfare has not hit the farmers very much on account of the equivalent export bounties that are being paid on agricultural produce, and the class adversely affected are the payers of income tax, whose voting power is small, especially in rural constituencies. A policy of bounties may amount to feeding the dog on its own tail, but it is a quite satisfactory sedative as long as it lasts and induces an illusion of satisfaction. The same method

is being utilised to allay the clamours of the railway workers.

Rumours continue to circulate to the effect that the Government is contemplating the severance of the link between Free State currency and sterling. It is certain that proposals of this kind have been discussed in high quarters, and that a certain section of political opinion is in favour of such a departure. What would take the place of the existing sterling standard is a matter of extreme uncertainty, since some Ministerial utterances seem to favour the adoption of a gold or dollar standard, which would be deflationary, while others appear to point to the adoption of some fancy credit scheme, which would be certainly inflationary. The one thing on which both sections of opinion agree is that sterling must be abandoned. Needless to say, such a step at the present critical juncture would be fraught with danger both to the price level and the exchange of the Free State; and, if it is taken, it will be taken in defiance of all academic, banking, and business opinion. The passion for change, which is rampant, may, however, prove strong enough to overbear the most informed opposition.

The work of providing credit for farmers on favourable terms is being carried on with growing success by the Agricultural Credit Corporation, which was established in 1929. The Corporation has already lent £1,115,000 on long-term loan and has experienced practically no defaults in repayment. Of the total loans outstanding 90 per cent. are for sums less than £500, and the average amount lent is £125, which shows that attention is being paid to the needs of the small farmer. The minimum amount advanced has been recently reduced from £50 to £30. Many of the Government's new agricultural schemes involve the outlay of further capital; this will, no doubt, be provided through the Corporation, which will itself probably soon find it necessary to borrow again from the public. In view of the fact that the Corporation's existing 5 per cent. bonds stand at 111, any further borrowing will be done on easy terms, and the rate on advances to farmers will be proportionately reduced.

The growth of trans-oceanic aviation has aroused interest anew in the facilities available at Galway for a great Atlantic terminal, and an ambitious scheme of development is under consideration. Plans are in preparation for the construction of an air port, harbour and docks at Furbo, seven miles west of Galway, at a capital expenditure of two and a-half million pounds. Apparently, the co-operation of Imperial Airways, Limited, and the L.M.S. Railway has already been sought, and the approval of the British and Canadian Governments obtained. Pending the initiation of the full scheme, a minor scheme is in contemplation, which would improve the existing accommodation for liners at Galway and provide an airport for "feeder" services to Dublin and Great Britain.

Books and Publications.

BOOK OF THE WEEK.

RECOVERY??

MR KNICKERBOCKER is known throughout Europe as one of the liveliest and most sensitive of America's impressionistic journalists; and his contribution, made after a rapid survey of the principal European capitals, to the great question of the likelihood of Europe's economic survival will therefore be read with interest in countries other than his own.

Mr Knickerbocker is undisguisedly an optimist. "The undertakers," he says in his final chapter, "have moved out of Europe's parlour, and the nurse is feeding the patient with broth. Relapse might come; but relief is certainly here. The patient may not get up and walk tomorrow, but he knows he is not going to die." And, in

* "Can Europe Recover?" By H. R. Knickerbocker. (London.) John Lane. 308 pp. 7s. 6d.

a final sentence which has a paragraph all to itself, and seems to be crying out for capitals or italics, he adds: "Europe will recover."

It is all to the good that remarks to this effect should be widely circulated in the United States, whose citizens' sudden conviction that Europe not only would not recover, but was rapidly descending into a bottomless pit, was so largely responsible for the events of the period which Professor Toynbee in a recent publication aptly christened the *Annus Terribilis*; but a closer examination of Mr Knickerbocker's book causes one to doubt a little, not merely the evidence on which he bases his optimistic conclusions, but whether the conclusions are so optimistic after all. Certain points he makes are undoubtedly true. It is certainly correct that there is, at the moment, a psychological arrest of "slump feeling" which may or may not be lasting. The worst-hit countries are, for the most part, no longer trembling in fear of social revolution; the situation is not at the moment growing rapidly worse; the bourgeoisie in Danubia, for example, has become

rather more acclimatised to its post-peace scale of living, and is finding that it does not mean actual starvation; there is an impression abroad, whether it be right or wrong, that the bottom of the slump is reached. Further, it is also true that a good deal of the present distress, particularly in Central and Eastern Europe, which has attracted attention among people who, to all intents and purposes, had never before considered a Hungarian as having an economic life or as being, in fact, anything but a political complication in Franz Joseph's Empire, is not due to present conditions, but is endemic in areas inhabited by a backward and poverty-stricken peasantry. It is good that Western European complacency, which has been a little shaken by the events of the last few years, should be reminded that millions of persons in the Europe of 1913 lived in conditions of shocking squalor and poverty, which could at that time be ignored because it was not believed that poverty was infectious. Now we have discovered that poverty, like cholera, tends to spread from the slums of civilisation to its respectable middle-class areas; and it is well that we should be told that it existed even in the days when we were too comfortable and well-fed to notice its existence. It is probably true that the beggars of Buda-Pesth are no more numerous and no worse off, actually, than before the war; and if it is true, it had better be known.

Nevertheless, it is rather poor comfort for the better-off parts of Europe to be told, as Mr Knickerbocker in effect tells them that, even if they all descend to the economic level of Hungary, it will not therefore mean their complete destruction. It is not even certain whether that is so; great as is the proved endurance of humanity, a serious decline in productivity and prosperity may produce results quite different from those of a mere continuance of century-old misery; but at any rate it can hardly be termed "recovery." Nor is it encouraging to realise that Mr Knickerbocker's hopes for the Danubian States depend a good deal upon their practical administration as bankrupts by commissioners of the League of Nations or some such body, who, being impervious to national political pressure, will be able drastically to reduce wage-rates, doles, and such types of expenditure. It sounds a grim prospect for the workman of Belgrade.

As to Mr Knickerbocker's evidence, it seems, to one reader at any rate, to be based rather unduly upon a series of interviews with leading nationals in the leading cities of the various countries, and upon little else. It is, for instance, very interesting to read Signor Mussolini's views upon the economic situation of Italy; but one would hardly expect Signor Mussolini to inform a representative of the

American Press that the Italian workman was underpaid, even if he thought so; one would like a little more evidence. In England, again, Mr Knickerbocker saw only London, and noticed, as any observer would notice, the really astonishing way in which the level of spending has been maintained in its central districts. He did hear that it was not so in the North and Midlands; but he did not go to see for himself. He did not, apparently, even visit one of the harder-hit suburbs, so that his picture of England reads rather as though it had been drawn by Dick Whittington. Finally, anyone who could deduce from the phenomenally unenthusiastic observations of President Masaryk, here quoted, the dawn of a new era of Central European co-operation must be an optimist indeed.

It may be that he is right. We will hope so, and hope, even more, that his countrymen will think so. As an impression, meantime, his book should be read and compared with the impressions of another journalist, Mr Tiltman, which were recently noticed in these columns.

SHORTER NOTICES.

Modern Money. By Lord Melchett. (London) Martin Secker. 10s. 6d.

Lord Melchett's *Modern Money* is a curious book. In the first place, it is much more than a treatise on money, for the author appears to have been unable to resist the temptation to throw into it any observation on any point relating to industry or politics which seemed to him even remotely relevant to the general subject under discussion. The reader thus encounters in the midst of a discussion of monetary problems a brief treatise on political theory, in which the achievement of Italian Fascism comes in for high praise, while the Russians are cautiously commended for their planning activities and at the same time reprimanded for their fundamental mistake of believing in the class war. There are also sections dealing with rationalisation and the future organisation of industry, with the prospects of Empire, and with many other matters not obviously pertinent to a treatise on monetary questions.

The first part of the book does, however, deal mainly with money. Lord Melchett wants a dual system of money, one kind for internal and one for external use. He profoundly disbelieves in the gold standard and in the limitation of the internal supply of currency and credit on any basis dependent on the adequacy of the stock of gold; and he also puts forward a curious scheme for ensuring the automatic liquidity of the banks through the creation at the Bank of England of a discount and securities corporation prepared to make advances on company debentures, commodities, real estate, stock exchange securities and any other non-liquid assets on the basis of which bank advances are at present given. This extension of rediscounting from self-liquidating paper to long-term securities would obviously make the operations of the joint-stock banks completely liquid, but would do this only by transferring the risk of getting "frozen up" from these banks to the new securities and discount corporation. Another part of the book puts forward a scheme for the use of stocks of commodities as a "stabilising factor." In this case the Central Banks of the leading countries are to "accept and such further stocks as are necessary to bring each stock up to twelve months' supply based on averaging world consumption for the past ten years, the price fixed to be the average cost of production of the last ten years, less 10 per cent." Once again it is difficult to visualise any great enthusiasm on the part of the Central Banks for such a scheme. Lord Melchett argues in support of his proposals with a fine vigour and impetuosity, but his book would have been more valuable if he had covered a good deal less ground and that more thoroughly.

OTHER BOOKS RECEIVED.

Le Mats dans le Commerce Mondial. Compiled by V. Desmirean. (Rome) Treves, Treccani, Tumminelli. 135 pp.
A statistical monograph prepared for the International Institute of Agriculture.

Capitalism at the Cross-Roads. By Dr. Jan Loevenstein. (Prague) Orkis Publishing Company. 151 pp.

The author maintains that the fundamental cause of the present crisis is the disturbance between production and consumption, brought about by too rapid rationalisation in conjunction with the capitalist system of distribution.

The Stock Exchange.

P. AND O.

Few who occupy their business in great waters recall a more cheerless Christmas than 1932. International trade has been reduced by nearly two-thirds within three years. Nearly 15,000,000 tons of shipping are laid up in the ports of five continents. The world's largest and fastest liner is a "suspended" hulk in a Clydebank shipyard.

Along the grim road of shipping depression the passing of the deferred dividend of the Peninsular and Oriental Steam Navigation Company marks a new milestone. For generations the P. and O. flag has been a symbol of British enterprise, commercial power and social tradition. In every major port, from Gibraltar to Sydney, the black hulls of the company's vessels have been as familiar as the British Ensign. On the Stock Exchange the company's stocks have steadily attracted conservative investors. Between 1911 and 1928, when the capital of the P. and O. (including debenture stocks) increased from £4,120,000 to £16,120,078 and its reserves from £1,250,000 to £6,773,279, dividends on the equity stock averaged as much as 13½ per cent., and never fell below 10 per cent. Since 1928, however, earnings on the stock have fallen from 14½ per cent. to nil, and dividends from 12 per cent. to nothing.

For seventeen years to 1932 the story of the P. and O. was the story of its late chairman, a historic figure, whose name was writ large in the trade of the East. James Lyle Mackay, first Earl of Inchcape, became head of the P. and O. board in January, 1915. The company, incorporated by Royal Charter in 1840, had just entered a new phase of its career with the acquisition (in 1910) of the Blue Anchor Line and (in 1914) of the British India Steam Navigation Company. Under Lord Inchcape's strong personal rule the extension of its interests—and commitments—proceeded rapidly. Control of the New Zealand Shipping Company and the Federal Steam Navigation Company was acquired in 1916, of the Union Steam Ship of New Zealand and the Hain Steam Ship in 1917, of the Orient Steam Navigation, the Khedivial Mail, and the Eastern and Australian Steam Ship in 1919, and of the General Steam Navigation in 1920.

Thus the P. and O., which in 1910 had a tonnage of 454,000, is to-day the head of a group owning or controlling 2,217,724 tons, of which the P. and O. fleet accounts for 485,595 tons. The group holds an interest in a lengthy list of companies. The extent of its shareholdings in some of the more important is shown on the next page. The period of P. and O. expansion was associated with a rise in declared profits, before debenture interest, from £272,000 in 1910 to £1,565,000 in the "boom" year, 1919. The war-time period, however, during which many of the new interests were acquired, was a time of high values as well as of handsome profits in the industry as a whole, and subsequent conditions have offered a forcible contrast in both respects. Under Lord Inchcape the company's accounts could not be accused of prolixity. Stockholders, in fact, were never taken into the late chairman's confidence on such matters as the original cost and current valuation of the group's tonnage, the annual depreciation charge, or the extent to which disclosed P. and O. earnings were derived, respectively, from the parent company's trading, from subsidiary companies and from outside investments.

The report for 1932 has made a welcome break with tradition. From its detailed figures stockholders may learn that the group, as a whole, owns 354 steamers originally costing £39 a ton, of which the P. and O. fleet itself comprises 41 steamers with first cost of £59 a ton. To-day, the total tonnage is carried in the group's books at under £15 a ton, and the P. and O. tonnage at £33½ a ton. The latter has an average age of under eleven years, and includes some practically brand-new vessels of the highest class, like the *Strathnaver*, *Strathaird* and

Viceroy of India. The average age of the subsidiary companies' fleets is about twelve years. These comprise some 1,732,129 tons of shipping, of smaller average size than the P. and O. Company's vessels, valued at under £10 a ton. In all, a "group" fleet costing £87,000,000, which, depreciated at 5 per cent. per annum, would now be worth £44,000,000, is actually valued at £33,000,000.

To attempt to assign the writings-off, inducted by these figures, to any particular year is impracticable, but it may be surmised that a considerable share of the whole fell into the late war and early post-war period, when large profits afforded ample scope for the exercise of soundly conservative financial principles. Subsequent opportunities, for all shipping concerns, have been more restricted. Recently, indeed, current P. and O. earnings have not been providing full depreciation, and other sources have been drawn upon. For example, £2,000,000 was taken from the insurance fund in 1930 to write down tonnage values. In other words, the decline in the *gross* earning power of the group, from its post-war peak, has been steeper than that shown by the *net* figures. In 1932 the parent company set aside £350,000 for depreciation of its steamers, against £1,400,000 "ordinarily required" on a basis of 5 per cent. of original cost. A similar condition has applied to some subsidiary companies' earnings. A directors' note to this year's P. and O. profit-and-loss account states that the earnings of these companies, in the aggregate, were insufficient to cover depreciation of their fleets on a 5 per cent. basis. The report of the Orient Company discloses that only £113,000 was earned for depreciation this year, out of the £220,000 required by the articles of association. The recent profit and dividend figures of the P. and O. and its two most important subsidiaries, set out below, must, therefore, be qualified in this sense.

NOTE.—Financial Years to September 30 for P. and O. and British India; to June 30 for Orient.
(000's omitted.)

	P. & O.			British India.			Orient.		
	1930.	1931.	1932.	1930.	1931.	1932.	1930.	1931.	1932.
Gross profits	£ 7	£ 7	£ 2,257	£ 7	£ 7	£ 7	£ 7	£ 7	£ 7
Depreciation	?	?	353	?	?	230	?	220	113
Other charges	50*	?	1,209	?	?	3	25	...	?
Net profit†	1,115	948	695	294	297	243	213	86(6)	Nil
Ordinary : Earned (%)†	9.3	6.0	Nil	7.8	8.1	2.4	12.5	0.4	Nil
Paid (%)†	10	6	Nil	8	8	2.5	5.0	5.0	Nil
Reserves, &c.	-6(a)	Nil(a)	+14(a)	-2	+0.5	-1	+52	-48	-82(c)

* Provident fund only; other charges not stated.

† Tax free.

‡ Before debenture interest and redemption.

(a) Not including amounts reserved for debenture redemption, £90,000, £100,000 and £110,000, in three years respectively.

(b) After crediting £101,000 profit on sales of investments.

(c) Required to pay preference dividends.

Stockholders have appreciated the frank *exposé* of the position made by the new chairman, the Hon. Alexander Shaw, this month. It is clear that, pending the removal of crippling factors like world trade strangulation, economic insularity, foreign shipping subsidies, *et hoc genus omne*, the efforts of a strong board must be concentrated on the maintenance of the company's organisation, connections, and financial structure for better times. Meanwhile, there will doubtless be further prosecution of economies, which even last year reduced expenditure by £255,000, despite increased port and Suez Canal charges of over £184,000, resulting chiefly from Britain's departure from the gold standard.

Whenever recovery begins, the group should compete effectively for its full share of Eastern trade. In the interim, its past conservatism may be of the greatest

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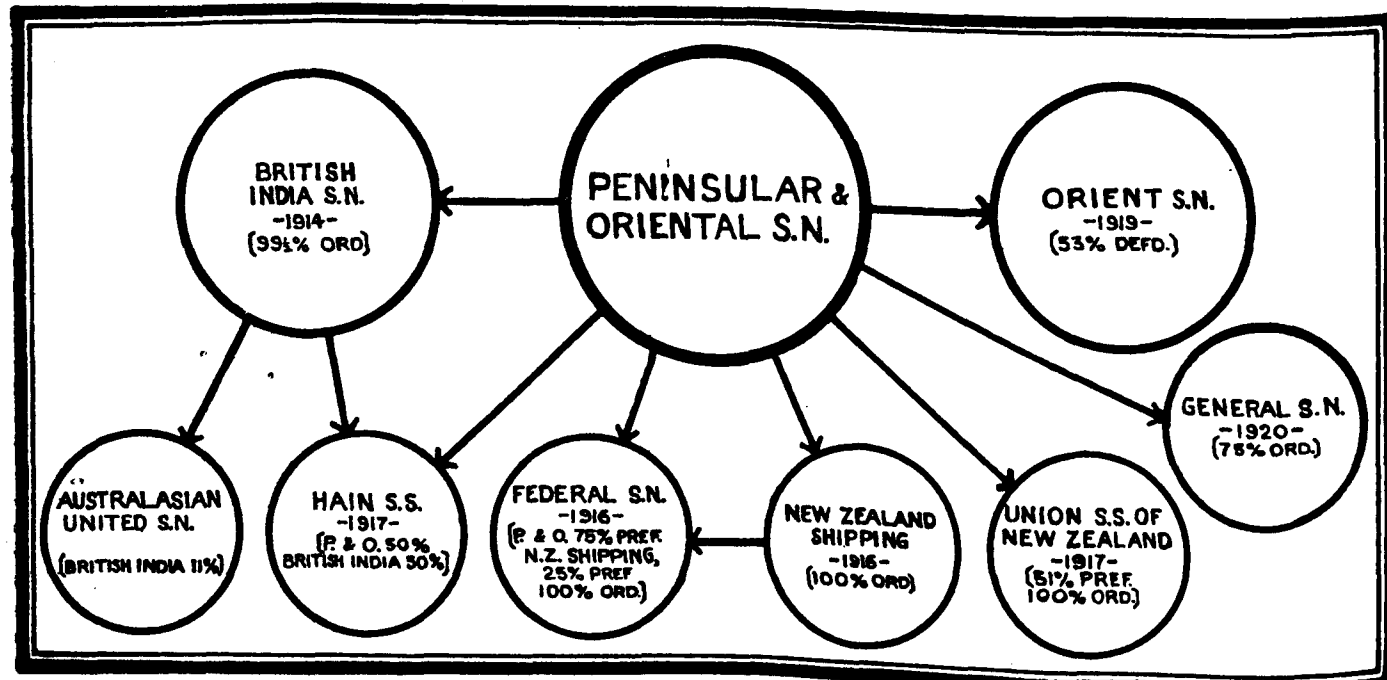
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LARGE COMPANIES IN P. AND O. GROUP.

(Date of Acquisition and Extent of Direct Shareholding Interest shown in each case.)



Name of Company.	Debentures, Mortgages, &c.	Paid-up Capital.		Held by P. & O.		Held by other Companies in the Group.	
		Pref.	Ord.	Pref.	Ord.	Pref.	Ord.
Peninsular and Oriental	8,468,560	£ 3,040,000	£ 459,258	£ ...	£ ...	£ ...	£ ...
British India Steam Navigation	1,657,200	2,700,000	957,200	...	...	...	...
Federal Steam Navigation Co.	Nil	400,000	500,000	300,000	953,450	100,000*	500,000*
New Zealand Shipping Co.	492,000	226,680	906,720	...	906,720	...	...
Union Steamship of N.Z.	Nil	2,000,000	1,000,000	1,010,880	999,970	...	...
Hain Steamship	Nil	...	499,570	...	249,790	...	249,780†
Orient Steam Navigation	Nil	1,284,260	1,040,880	...	551,930	...	...
General Steam Navigation	21,617	367,580	379,920	...	284,673	...	...
Australasian United Steam Navigation	290,500	...	445,200	...	...	...	50,000†

* Held by New Zealand Shipping Co.

† Held by British India Steam Navigation.

service. Last year the receipts of the parent company from its ships, subsidiary companies and ancillary undertakings totalled £1,372,000, while current expenses and loan interest aggregated £1,157,000. The figure of receipts from subsidiaries (£357,000) must be interpreted in the light of the statement regarding depreciation, previously referred to. In view of the continuance of severe shipping depression, a further decline in receipts during the coming year may, unfortunately, be unavoidable. On the other hand, the company has a valuable source of income, against its payments for debenture interest (which required £419,000 last year), in the shape of dividends from its "outside" investments, miscellaneous income, rentals, etc. These produced £683,000 in 1932. A successful market conversion of its 5½ per cent. and 5 per cent. debenture stock to a 4½ per cent. basis would lower the annual interest burden by £58,000, and by extending the date of final repayment, would lighten annual appropriations for debenture redemption, which have averaged nearly £100,000 in the last four years.

While earnings are limited by *force majeure*, the determination of policy as regards depreciation must needs be a matter of careful deliberation. Although assets have been generously written down, the group could not indefinitely reduce its maintenance expenditure or abandon new tonnage construction without risking serious impairment of its competitive position. If it were necessary, for the time being, to entrench on reserves for the purpose, the combined balance sheet shows that the current finances of the group would be much more liquid than those of the parent company. The latter, on September 30th last, had only £7,278,000 of floating assets against £15,480,000 of current liabilities, but the consolidated group balance sheet showed £16,151,000 of floating assets against £12,428,000 of current liabilities. Of the total floating

assets, no less than £10½ millions were marketable securities, chiefly gilt-edged, while a further £1½ millions of investments were held against reserve for redemption of debenture stocks. Any sales of gilt-edged securities would, naturally, reduce *pro tanto* the group's income from interest, which, as we have suggested, may represent an important part of its revenue in the immediate future.

The P. and O., in short, is better equipped to ride out an economic storm than the majority of its competitors who are not State-aided, but future payments to preferred as well as deferred stockholders may be contingent on the date of trade revival. This, clearly, is the view of the market, which values P. and O. 8½ per cent. perpetual debenture stocks on a 4½ per cent. yield basis and the 5 per cent. cumulative preferred stock on a 6½ per cent. basis. The £1 units of deferred stock have fallen to 14s., from a high point this year of 24s. 6. and a post-war maximum equivalent to 189s.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
January 10.ACCOUNT.
January 12.

The markets were quiet and "professional" in the pre-holiday week, but the undertone remained firm. British Government stocks, indeed, came back strongly to favour, encouraged by an advance in sterling, by foreign (especially French) investment, and by the tepidly satisfactory reception of President Hoover's debt message.

Gilt-edged stocks started irregularly, though Treasury bonds responded to easier money rates. On Tuesday, prices advanced generally and held their ground. Indian and Roumanian issues were strong, and home corporation stocks in demand.

The strength of German bonds is discussed in a "Note" on page 1203. Austrian Sevens were assisted by the new loan agreement and the prospect of the January coupon payment. Hungarian 7½'s and Greek 7's were better, but Argentine loans were again depressed by political news. Brazilian stocks were offered, but San Paulos improved on a favourable announcement regarding the January coupon and the reserve fund of the 7½ per cent. loan.

Home rail prior charges had an improving tendency, but the week's traffic figures were disappointing. Uninteresting conditions prevailed in foreign rails, another batch of poor Argentine figures accentuating the downward trend of prices.

Dealings in industrial shares were restricted by a three week's holiday account. Iron and steel and textile shares were bought from the provinces. Electrical shares continued to improve, the new Midland Counties Electric debenture scrip being actively dealt in. Carreras were firm after the chairman's speech. Leyland Motors, Sudan Plantations and Woolworth were popular, while greyhound issues partially recovered after the first shock of the "tote" decision. The outlook for the market is discussed on page 1202.

In the oil share market a moderate demand arose for the established leaders, particularly Burmah. Anglo-Persian improved on hopes of a direct settlement. Rubber shares were featureless, and quotations nominal. Interest in tea shares, similarly, remained suspended, and prices were lower.

Mining shares were quiet, though the tone was firm. Kaffirs were out of favour while the sterling exchange was rising. Copper shares and West African issues were mostly easier. Australians were dull, both Lake View and Star and Wiluna being marked down. Tin shares were fairly steady, the market being convinced of the ability of "the group" to maintain the price of the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Dec. 14, 1932.	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
Government and Municipal Loans	1,649	1,610	1,587	759	1,357	1,631	1,478
Transport, Communications, and Public Utilities	1,014	837	984	451	816	835	890
Commercial and Industrial	2,011	1,920	2,049	894	1,709	1,766	1,679
Banks, Insurance and Financial	552	550	523	269	466	503	527
Mines (including Nitrate)	683	745	839	322	584	466	480
Oil	203	198	201	97	149	139	128
Rubber, Tea and Coffee	112	68	125	13	65	58	70
Total	6,224	5,928	6,308	2,805	5,146	5,398	5,252

* Including iron and steel and breweries.

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

	Highest of 1932. (Nov. 8.)	Lowest of 1932. (June 1.)	Dec. 14, 1932.	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
	67.2	51.3	65.2	65.3	65.1	65.2	64.9	65.2	65.2

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.
(1928 = 100.)

	Highest of 1932. (Nov. 2.)	Sept. 30, 1931.	Dec. 14, 1932.	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
	127.4	90.6	124.0	123.7	123.6	123.5	123.3	123.8	123.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

THE markets continue to drift to lower levels. A little professional buying lasted only for a few hours on Monday and a fairly general reaction followed. A contributory cause was selling to establish tax losses, but sentiment generally was dispirited. Although the reported intention of the Steel Corporation to sell its cement plants to strengthen its cash resources was denied, both its Preferred and Common stocks came on offer. The reduction or omission of the Preferred dividend, after the January directors' meeting, was freely canvassed. Railroad bonds were weak, New York Central being particularly affected. Tobacco shares made an unfavourable showing on further rumours of price cutting. The market was greatly disappointed with a further contraction of operations in the steel industry to 14 per cent. of capacity, which badly belied prophecies of stability till the end of the year and a subsequent upturn in activity. Car loadings for the week ended December 10th were 521,000, a decrease of 26,000 as compared with the preceding week and of 92,400 as compared with the corresponding week of 1931. The railroad wage negotiations continue. The Union leaders have conceded an extension of the present 10 per cent. cut for six months but refuse to agree to the inception of new steps, under the Railway Labour Act, to secure a reduction of basic wage scales by 20 per cent. before the expiration of the present agreement. On Wednesday, the House of Representatives passed, by 230 votes to 165, a Bill to legalise the manufacture and sale of beer with a 3.2 per cent. alcoholic content. It is probable, however, that, if the measure passes the Senate, the necessary two-thirds majority of Congress may not be forthcoming to override Mr Hoover's veto. Christmas trade has not been particularly active, and little tightening of money rates over the year-end is expected.

	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
U.S. 3½% T. Bds.	102½	103½	103½	103½	103½	103½
U.S. 4½% T. Bds.	101½	102½	102½	102½	102½	102½
Do. 4½% '32-47	102½	102½	102½	102½	102½	102½
Do. 4½% '35-38	103½	103½	103½	103½	103½	103½
Atchafalpa	41½	41½	38½	38½	38½	38½
Ches. & Ohio	25½	26½	25½	25½	25½	25½
Erie	5½	5½	5½	5½	5½	5½
Illinois Central	13½	13½	11½	11½	11½	11½
N.Y. Central	22½	21½	18½	18½	18½	18½
Pennsylvania	14½	14½	14½	14½	14½	14½
Southern Pacific	17½	18½	16½	16½	16½	16½
Southern Ry.	6½	5½	5½	5½	5½	5½
Union Pacific	69½	72½	69½	69½	69½	69½
Am. Can.	53½	54½	53½	53½	53½	53½
Amer. Smelting	12½	13½	11½	11½	11½	11½
Amsonda	7½	7½	6½	6½	6½	6½
Bethlehem Steel	15½	15½	13½	13½	13½	13½
Chrysler Motor	16½	16½	16½	16½	16½	16½
Corn Prods. Rf.	50	53	52	52	52	52
Eastman Kodak	52½	52½	52½	52½	52½	52½
Gen. Electric (New)	15½	16½	14½	14½	14½	14½
Gen. Motors	13½	13½	13½	13½	13½	13½
Int. Harvester	22½	22½	21½	21½	21½	21½
Mont. Ward	13½	14½	13½	13½	13½	13½
Do. N.J.	30½	29½	29½	29½	29½	29½
Natl. Biscuit	8½	15½	15½	15½	15½	15½
Phelps Dodge	5	4½	4½	4½	4½	4½
Pullman	19	20	19	19	19	19
Seam-Roebuck	20½	20½	18½	18½	18½	18½
Studebaker	22½	23½	23½	23½	23½	23½
Un. Fruit	22½	22½	22½	22½	22½	22½
U.S. Leather	34	34	34	34	34	34
U.S. Rubber	4	4	4	4	4	4
U.S. Steel	32½	31½	27½	27½	27½	27½
Westinghouse	27½	28½	27½	27½	27½	27½
Woolworth	35½	35½	35½	35½	35½	35½
Am. Tel. & Tlg.	106½	107½	103½	103½	103½	103½
Interboro R.T.	5	4½	4½	4½	4½	4½
Int. Tel. Telegr.	7½	7½	7½	7½	7½	7½
Radio Corp.	5½	5½	5½	5½	5½	5½
Utilities F. & L.	3½	3½	3½	3½	3½	3½
W. Union Tlg.	29½	30½	28½	28½	28½	28½
Associated Gas "A" ..	2½	1½	1½	1½	1½	1½
Pan.Amer. B.(New) ..	11½	11½	11½	11½	11½	11½
Shell	13½	14½	14½	14½	14½	14½
Shell Union	5½	5½	5½	5½	5½	5½
Std. California	25½	24½	23½	23½	23½	23½

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	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Dec. 7.	Dec. 14.
337 Industrials ...	98.2	174.1	51.5	114.7	52.2	45.5	46.4
33 Rails	89.1	145.6	31.7	105.7	32.2	26.1	27.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	78.9	81.9
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	47.9	49.1
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	5.88%	5.75%

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

Highest of 1932 (Sept. 7)	Lowest of 1932 (June 27)	Dec. 8, 1932	Dec. 9, 1932	Dec. 10, 1932	Dec. 12, 1932	Dec. 13, 1932	Dec. 14, 1932
72.3	35.2	52.6	53.8	53.6	53.7	52.9	53.9

TOTAL DEALINGS IN NEW YORK.

	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
Stock Exchange—Shares (Thous.) ...	1,150	910	410	920	1,000	730
Bonds (Value Thous. \$) ...	10,400	12,500	5,700	11,000	9,300	12,000
Curb—Shares (Thous.) ...	180	160	110	190	200	160

* 2-hour session.

PARIS.

A recovery in Renten, in several instances to the highest for a number of weeks, took the market rather by surprise. It was supposed that the appointment of M. Cheron as Finance Minister had encouraged sentiment, though subsequent rumours that he was contemplating a special "crisis" super-tax upset the market, until an official denial was published. Suez Canal showed weakness and Young bonds were out of favour, but the Dawes loan enjoyed a swift rise, adding 100 in a day. Several of the more speculative issues went ahead on Wednesday.

	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
Banque de France	12,220	12,170	11,705	Wagons Lits.....	85	83
Crédit Lyonnais...	2,125	2,130	2,100	Mexican Eagle	37	36
Suez Canal	17,175	16,755	16,695	"Chartered"	72	72
Chargers Réunis...	218	235	217	Fort	110	108
Elektro	1,452	1,441	1,443	De Beers.....	439	434
Royal Dutch.....	15,550	15,450	15,125	"Johnnies"	146	142

BERLIN.

Following the spectacular improvement in some sections on Saturday, professional profit-taking set in. After initial strength, mining shares sagged heavily, with the notable exception of Laurahütte, which advanced against the trend. Fixed interest securities were moderately firm, and Reichsbank was supported. Siemens shared the weakness of the electrical section. In mid-week the markets became lifeless, with changes mostly against holders.

	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
Reichsbank.....	130.75	132.75	133.80	A. E. G.....	31.60	29.75
Disconto	75.00	75.00	75.00	Siemens & Halske...	127.50	122.50
Dresdner (New) ..	61.75	61.75	61.75	A. K. U.	54.10	48.80
Norddeutscher Lloyd	19.25	17.80	17.25	"Hapag"	18.60	17.25

AMSTERDAM.

Conditions on the Amsterdam Bourse were mainly firm at the opening, though the volume of business was extremely small. Royal Dutch were fairly active and the price strengthened, but the stock came on offer later on Paris account. Rubber shares were firm, Amsterdam Rubber advancing, while Philips' Lamps held their own. Sugar shares were firm and the shares were

higher. Business became scantier as the week progressed, and the market developed irregularly.

	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
2½% Dutch Loan...	69½	70½	70½	Steel Common	33½	31½
5½% German	52½	55½	55½	A. K. U.	42½	40½
Calveit N.Y.	108½	106½	107½	Ford Motor	121½	116
Philips' Lamps	131½	130	128	Deli Batavia	146	140
Netherlands Ship Union	59½	57½	57	Royal Dutch.....	151	150
				Handels Arms	173	170

OTHER CENTRES.

Most of the minor European bourses took their cue from Paris and London, and business was of extremely small proportions. Brussels was an easy market, declines being fairly general, though Frankfurt was more irregular, Rheinische Braunkohlen and Deutsche Linoleum being among the better issues. Prices at Stockholm moved uncertainly, while at Vienna the few changes which occurred were mainly to slightly higher levels.

INVESTMENT NOTES.

Greyhound Racing Promotions.—The decision that totalisators are illegal on greyhound racing tracks in England (discussed on page 1187), may serve to check the spate of new greyhound company issues which has followed the partial raising of the new issue "embargo." The "industry" first came to the notice of the public in the halcyon days of speculation which preceded the 1929 collapse. Some of the survivors of that hectic period have since achieved admitted prosperity. Early this year the success of half a dozen companies in selected centres encouraged the belief, in some quarters, that greyhound racing, unlike midget golf, had become a permanent feature of our national economic life. In 1932, therefore, seven new companies have been floated to invest in greyhound tracks and electric hares and one to invest in the shares of its forerunners. The chief characteristics which these flotations have had in common have been the sale of ordinary or deferred shares of low denomination and the avoidance of any cut-and-dried prophecies regarding profits. Indeed, the grounds upon which investors have been expected to favour the new companies are, in the main, statistics of attendances during recent years at other courses. A list of greyhound concerns is given below:—

Name of Company.	When registered.	Prof. Capital.	Ord. or Def. Capital.	Last Net Profit.	Last Div.	Denom. of equity Shares.	Present Price.
Albion Greyhounds	1932	£ ...	£ 40,000	£ ...	%	1/-	13/9
Associated Greyhound	1927	...	208,845*	12,273	...	5/-	1/3
Blackpool Greyhound	1932	...	47,500	...	...	2/-	2/3
Bournemouth & Southampton	1932	...	100,000	...	...	2/-	2/9
British Greyhound Reg.	1932	...	20,000	...	...	2/-	4/-
Clapton Stadium	1932	...	250,000†	...	...	2/-	18/-
Dumpton (Thames)	1927	...	100,000	61,635	...	5/-	1/3
Greyhound Racing Ass.	1932	...	50,000	...	...	2/-	1/3
Scottish Greyhound Reg.	1927	790,018	198,938	131,867	10	1/-	1/9
South London Greyhnd.	1927	30,000	6,000	25,191	100	1/-	7/-
South Shields Greyhnd.	1927	44,049	30,000	54,117	125	1/-	5/-
Southend Stadium	1932	...	57,500†	...	...	2/-	1/4
Wembley Stadium	1932	30,000†	30,000†	...	...	2/-	1/4
West Ham Stadium	1927	180,000	75,000	28,566	17½	1/-	2/6
	1927	100,000	25,000	24,128	25	1/-	3/3

* Reduced in 1932 to £40,575.

† No payment yet made.

‡ Authorised.

We do not regard the employment of any part of the nation's capital resources for the expansion of the betting industry, at this juncture, as desirable either socially or financially. From the investors' point of view, in any case, the industry is intensely speculative, as the events of the last few days have shown. The attitude of local authorities is not uniformly friendly, and there may be increasing opposition to the indefinite expansion of greyhound racing, both on town planning and on general social grounds.

Cosach Sterling Bonds.—Holders of prior secured 7 per cent. sterling bonds of the Nitrate Corporation of Chile ("Cosach") have been informed that the trustee for the bonds has not received, in respect of the last eight months of 1932, the monthly payments provided for under

the Trust Deed. The total funds now in the trustee's hands exceed only slightly the amount required for interest on the December coupon, and unless further remittances are received, the payment of that coupon will practically exhaust the funds available. The bonds were issued in London last year at 96. They are not specifically secured as to principal, but for interest and sinking fund requirements they have a prior claim on a charge of 30s. per metric ton of nitrate extracted from grounds worked by Cosach or its subsidiaries. The charge is actually collected on shipment, and to cover the loan service an annual total of approximately 700,000 tons is required. In 1931 the requirements of the bondholders were amply covered, but throughout the present year shipments have fallen rapidly, and since midsummer have almost completely ceased. Only in January did they exceed the minimum monthly average of 59,000 tons required to cover loan service. In February they were 54,800 metric tons, and in June only 16,300 metric tons. During the three months from July to September last they totalled only 6,800 tons. The outlook for bondholders is anything but encouraging. No settlement has been reached as yet with the Chilean Government as regards the company's future, and although the prospect of a regime of more settled authority under the new President, Don Arturo Alessandri, may provide a basis for firm negotiations in 1933, the various groups of creditors involved in the complex tangle of Cosach finances have yet to find a practicable *modus vivendi*.

German Bonds.—An all-round improvement has occurred this week in leading German bonds, and quotations in most cases have touched their highest points of the year. Some State and Municipal loans have risen by as much as twelve or fourteen points. Recovery from the lowest prices of the year has been spectacular:—

Stock	High. 1932.	Low. 1932.	Nov. 25, 1932.	Dec. 14, 1932.	Dec. 21, 1932.	Yield Flat. %
German 7% (Dawes)	90	52½	79	86	88	£ s. d. 7 19 0
German 5½% (Young).....	83	39½	75	78	83	6 12 6
German Potash 7%	107½	58	98½	101½	107½	6 10 3
German Potash 6½%	106½	54	98½	100½	106½	6 2 0
Berlin City 6%	63½	25	50½	50	63½	9 9 0
Colonne 6%	63	31	52½	49½	63	9 10 0
Hamburg 6%	62½	24	50½	49½	62½	9 12 0
Munich 6%	72	28½	58½	57½	72	8 6 8
Saxony 6%	65	26	55	50	60	9 12 0
Prov. of Westphalia 7% ..	72½	39½	55	55	72½	9 13 3

The appointment of General von Schleicher as Chancellor has had an unexpectedly strong moral effect. Germany's return to the Disarmament Conference has been another subject of favourable comment. The trade returns show a modest improvement and the foreign exchange position is perceptibly better, following repayments of short-term credits and the slow but steady repatriation of German capital. It is generally recognised, however, that the narrow market in the bonds tends to exaggerate both upward and downward movements of quotations.

Estonia's League Loans.—In connection with our recent review of the position of loans issued under the auspices of the League of Nations (see the *Economist*, November 19, 1932, page 938), a correspondent draws attention to Estonia's excellent record as regards her Banking and Currency Reform Loan of 1927. Like Danzig, Estonia has fulfilled all her "commercial" contractual obligations completely, punctually and without question—though, in common with certain larger States, she has not remitted her December war debt payment to the United States. The necessary *devisen* for the payment of the January, 1933, coupon of the League Loan has already been procured, and there is no ground for supposing that Estonia will not continue to meet her subsequent obligations. The gold and foreign exchange reserves of the Eesti Banki, which reached their lowest point at September 30, 1932, have been increasing as a result of the continued active trade balance. The

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note circulation is covered, according to the last return of the Eesti Banki, dated December 7th, by 49½ per cent. gold and 62½ per cent. gold and gold exchange. In view of these facts, our correspondent suggests, with reason, that the 7 per cent. bonds of the Currency and Banking Reform Loan at 65 (including five and a half months' interest) fall into a different category from certain other League Loans, whose unfortunate recent experience has depressed the market.

London and Suburban Traction—Position under London Transport Bill.

—We have received a reasoned private estimate of the position, under the London Transport Bill, of the London and Suburban Traction Company, Limited—a holding concern, controlling practically all the privately-owned tramway undertakings in the Metropolis, and controlled, in its turn, by the "Underground" Company. Under the Bill, the London and Suburban Company will be liquidated and its assets distributed among its shareholders. Our informant surmises that, in the first place, the settlement of outstanding debtor and creditor relations with subsidiary companies will leave the London and Suburban in funds (including its own cash in hand) to the extent of £100,000, in round figures. Next, its receipts from the liquidation of its subsidiaries may be considered, in due order. It is computed that the company's holdings in the London United Tramways should produce £122,884 of London Transport Board "C" Stock, and its Metropolitan Electric Tramways holdings some £483,920 of "C" stock. Under the terms of the Bill, it would appear that the London and Suburban is entitled to the whole of the London Transport stock exchanged for the undertaking of the Tramways (M.E.T.) Omnibus Company, viz.:—£182,634 4½ per cent. "A" stock, £101,545 5 per cent. "B" stock, and £348,015 "C" stock. The holding in South Metropolitan Electric Tramways and Lighting should produce about £475,000 in cash and £46,875 in Transport "C" stock for the London and Suburban Company. Lastly, the company's block of 75,021 North Metropolitan Power ordinary shares, if sold to the "Underground" Company at, say, 45s. per share, would produce £168,000 in cash. The company, now having approximately £750,000 in cash, might exercise its right, under Section 88 of the Bill, to subscribe for Transport 5 per cent. "B" stock, at 95, and would thus become possessed of, say, an additional £800,000 of that stock. Thus, the total Transport stocks obtained by the company would comprise £182,635 4½ per cent. "A" stock, about £900,000 "B," and £1,001,693 "C." These are to be distributed among the company's stockholders. After debenture holders have received pound for pound in Transport "A" stock (£182,635) and "A" debenture holders, similarly, "B" Transport stock (£47,787), the company will be left, in round figures, with £850,000 of "B" and £1,000,000 of "C" stock. In theory, this should belong entirely to the preference shareholders and, even so, would be insufficient to repay capital and arrears

of dividend (now 66½ per cent. gross). Its complete distribution would give preference shareholders approximately 10s. in the £ in "B" stock and 12s. 6d. in the £ in "C" stock. They might, however, regard a small *ex gratia* payment to the ordinary shareholders as well advised, since the latter, possessing a voting majority, have a distinct "nuisance value." If 2s. 6d. in the £ in "C" stock were distributed on the ordinary shares, this would leave sufficient "B" and "C" stocks to cover the par value of the preference capital. London and Suburban 5 per cent. (£1) preference shares are quoted at 10s. 6d. to 12s. 6d. and the ordinary (£1) shares at 9d. to 1s. 9d.

Turner and Newall Accounts.—The accounts confirm the favourable impression given by last week's preliminary figures, and are supplemented by an informative survey of the company's finances in the chairman's "speech"—a copy of which accompanies the annual report. From the fixed assets shown in the consolidated balance sheet a total of £248,173 has been written off for depreciation, including £92,220 shown in the profit and loss account of the parent company. Trading stocks are heavily reduced, partly owing to lower prices and partly to reduced quantities. Current finances are strong, cash at bankers and in hand being £500,000 more than a year ago. In addition, investments totalling £271,274 have been made since the end of last year. The surplus of floating amounts is nearly £2½ millions. As regards the mining companies, operations have been further curtailed in Rhodesia, and production has been brought into balance with the requirements of the market without any undue increase in costs. The position has been rendered somewhat difficult by South Africa's retention of the gold standard. The export subsidy of 10 per cent. has not prevented a drastic reduction of output. The volume of business of the textile manufacturing companies has been lower than in 1931, but the asbestos cement section has almost maintained its volume of sales. In the insulation section, nine subsidiary companies which previously dealt with the sale of insulation materials have been amalgamated into one major organisation under the title of Newalls Insulation Company, Branch of Turner and Newall.

British American Tobacco.—The accounts of this prosperous company speak for themselves and, as usual, are left to do so. Profits have risen from £5,334,448 to £5,438,253 during the year to September 30th last. The ordinary dividend is maintained at 20 per cent. tax free:—

	Year to September 30,		
	1930.	1931.	1932.
Profit	£ 6,501,560	£ 5,334,448	£ 5,438,253
Brought forward	1,748,764	1,800,144	1,833,040
Preference dividends	555,000	585,000	585,000
Ordinary dividend—			
Amount	5,895,180	4,716,552	4,716,552
Earned %	25.2*	20.1*	20.6*
Paid %	25*	20*	20*
Carried forward	1,800,144	1,833,040	1,969,741

* Tax free.

The company's position has always been strong and liquid. Creditors total £8,816,252, while among current assets "debtors" amount to £2,094,742 and cash to £8,634,119. The £1 units of ordinary stock yield about £3 19s. per cent. tax free at 5½, allowing for the final dividend.

Dorman, Long Finance.—Shareholders in Dorman, Long and Company were taken very fully into the chairman's confidence, as to the company's position and prospects, at last Tuesday's annual meeting. The misfortunes reflected in the report for the year to September 30th last (summarised in the *Economist* of December 10th, page 1096) were due to two main factors—under-employment of productive resources and the unhappy dénouement of the Sydney Harbour bridge contract. Some £179,859

was charged last year against the maintenance of idle collieries, mines and works. The company's steel works operated only at 30 per cent. of capacity. Since 1929 the company's production, under various heads, has fallen off by the following percentages: Coal, 40 per cent.; coke, 58.2 per cent.; pig-iron, 61.5 per cent.; steel ingots, 55.6 per cent.; finished steel, 53.4 per cent.; invoiced value of sales (excluding bridges), 55.2 per cent. These figures tell their own story. The Sydney Bridge contract was made in 1924, when the depreciation of Australian currency was unforeseen. Possibly the company would have been better advised to stipulate for payment in London in sterling. Further, when work was started it was discovered that Australia was not well equipped for structural engineering enterprise, and it was found necessary to create, inside the country, substantial assets in the way of plant, buildings and machinery. These, it was hoped at the time, would eventually be realisable on advantageous terms. Instead, the company was compelled to dismantle and bring home much of the plant, and to write down the valuation of the whole to a very small sum. The company, altogether, has paid heavily for inability to predict an economic crisis which was equally unforeseen by every other trading body. Hopes of better results in the company's business generally depend much more upon a revival in economic conditions than upon direct assistance from the British Government's tariff policy. At the moment, public works or every kind have come under the economy axe, and the company's order book has been depleted. An order secured last October for the West Ham Viaduct, to the value of £330,000, is particularly welcome. The chairman threw out a strong hint that a capital reconstruction scheme would eventually be unavoidable.

"Apex" and the Oil Position.—The preliminary statement of the Apex (Trinidad) Oilfields for the year to September 30th last shows that profits are practically unaltered, in spite of an increase in output of crude oil from 522,194 to 546,700 tons. A final dividend is declared of 17½ per cent., less British tax of 2s. 6.59d. in the £, making a total dividend of 25 per cent. for the year to September 30, 1932, against 20 per cent. in the previous year:—

	Year to September 30,		
	1930.	1931.	1932.
Oil profits	£ 330,128	£ 335,236	£ 332,457
Brought in	120,022	159,273	100,114
Amortisation	120,713	139,272	115,058
Office expenses	3,818	7,573	3,956
General reserve	...	100,000	40,000
Tax reserve	35,096	42,550	40,528
Dividends—			
Amount	125,000	100,000	125,000
Rate	25%	20%	25%
Directors' extra fees	6,250	5,000	6,250
Forward	159,273	100,114	101,779

The full accounts will be published by the company early in January. It is unfortunate that the balance sheets of oil companies to be made up at the end of the calendar year 1932 will be affected by the recent cut in crude oil prices in America. We pointed out in our issue of December 10th that the trend of oil prices in America was downward, and that a further rise in British petrol prices would not be justified. The attempt to raise the price of crude oil in America was finally wrecked last week by the Texas Company. Gasoline prices have been falling, both for internal consumption and for export. The outlook is by no means promising. A complete shut-down has been ordered in the East Texas field. American crude oil prices, except in California, are now lower than at the beginning of this year. Only in the case of gasoline has a price advance been maintained, amounting to 1 cent per gallon in America and 8d. per gallon in Great Britain. It would be unwise to assume that the last advance in British petrol prices could be maintained in the event of a complete break in American oil prices.

Kreuger and Toll Secured Debentures.—An article in a leading Swedish newspaper discusses the value of Kreuger and Toll 5 per cent. secured sinking fund gold debentures of 1929. These bonds recently fell to 10 per cent. of par in New York, but their true value, it is suggested, is nearer 25 to 30. The security consists of various holdings in bonds of Ecuador, Yugoslavia, Hungary, and Latvia, most of which have no market quotation. A forced sale would result in a heavy loss, but it is suggested that if the Kreuger bondholders took over and managed the securities, considerably better prices would be procured. Even if the Hungarian and Yugoslavian loans were valued on a 20 per cent. basis and the Ecuador loans were regarded as worthless, the value of the securities would still correspond to 25 per cent. of the Kreuger and Toll loan. An estimate is put forward of a probable dividend of about 10 per cent. in the bankruptcy of Kreuger and Toll. The holders of secured debentures must be paid in full before any dividend is paid on participating debentures and "A" and "B" shares. The argument appears largely to depend on somewhat arbitrary estimates of the ultimate value of foreign Government securities, whose present status cannot be assessed with confidence. Meanwhile, the protective committee has informed holders that proof of claim, accompanied by the actual debentures, is required in the American bankruptcy. Arrangements may be made through the Guaranty Trust Company, 32, Lombard Street, E.C. 3.

The Rand December Dividends.—Our mining correspondent writes—So far as the announcements for the current half-year have contained any surprises, the pessimists rather than the optimists have had the best of it. Recent Johannesburg buying of Consolidated Main Reef was believed to have been based upon the prospect of an increased distribution, as well as upon additions to the property. Despite some expansion in the earnings, however, the rate is unchanged. The Sub Nigel was expected in certain quarters to improve upon the June announcement, but has failed to do so. The year's total, of course, largely exceeds that of 1931. Both the New State Areas and the Randfontein are paying more, but certain operators had been hoping for an increase of 6d. instead of 8d. The one striking example of realisation of the highest expectations is provided by the Crown Mines, whose declaration of 42½ per cent. compares with 35 per cent. in the June session. We give below our usual table of company dividends:—

Company.	Dec., 1931.	Total, 1931.	June, 1932.	Dec., 1932.	Total, 1932.
Brakpan	20	40	15	20	35
Consol. Main Reef	6½	12½	6½	6½	12½
Crown Mines	35	70	35	42½	77½
Durban Deep	7½	15	7½	7½	15
East Geduld	...	...	5	8½	13½
East Rand Propy.	5	5	2½	2½	5
Geduld Proprietary ...	17½	33½	17½	20	37½
Geldenhuis Deep	5	10	5	5	10
Government Areas ...	45	90	45	45	90
Langlaagte Estate ...	10	20	10	10	20
Luipaards Vlei	...	...	25	12½	12½
Modderfontein B.	30	60	55	25	50
Modderfontein Deep ...	60	120	55	55	110
Modder East	10	20	10	10	20
New Modderfontein ...	55	115	52½	50	102½
New State Areas	10	20	10	11½	21½
Nourse	3½	7½	3½	3½	7½
Randfontein	2½	2½	3½	7½d.	1s. 1½d.
Robinson Deep	6d.	10½d.	6d.	...	...
Rose Deep	2½	2½	...	1½d.	1½d.
Simmer and Jack	2d.	2d.	...	...	...
Springs Mines	20	38½	18½	18½	37½
Sub Nigel	35	65	40	40	80
Van Ryn Gold	3½*	6½*	5*	5*	10*
Van Ryn Deep	12½	25	10	10	20
West Rand	...	...	2½	3½	6½
West Springs	3½	7½	3½	3½	7½
Witwatersrand Gold ...	2½	5	1½	1½	2½
Johannesburg Consol.	...	7½	7½	...	7½
New Era Consol.	...	5	...	...	...
Rand Mines	40	80	40	40	80

* Tax free, in sterling.

This table does not include declarations made at dates other than June and December.

The balance of the purchase consideration for the Witpoort undertaking—together with some additional working

capital—having been secured by the issue of 102,000 shares at £2 10s. (South African), the Brakpan is able to revert to what may be regarded as its normal rate. The increase in the percentage of the Geduld Proprietary reflects the receipt in respect of that company's interest in the East Geduld, whose initial distribution of 5 per cent. has been followed by 8½ per cent. A feature is the re-entry into the list of the Luipaards Vlei. The progressive decrease shown in the case of the New Modder arises from the development position. Prospective capital expenditure in connection with the Southern Area precludes any payment on the part of the Rose Deep. As regards the finance concerns, the Rand Mines alone makes any announcement. Shareholders in the New Era have received nothing for eighteen months. The directors of the Johannesburg Consolidated Investment Company—whose financial year ends June 30th—decided not to make any interim distribution on account of 1932-33. With the exception above indicated, the amounts are declared in Union currency and will be paid at the rate of exchange ruling on the day of payment in South Africa—January 27th. A few weeks ago the difference on exchange represented an addition of 50 per cent. to the sum receivable by a shareholder in this country. What rate will rule on January 27th is a very open question, but probably less than that lately prevalent.

North Charterland Case.—A new circular has been issued by the North Charterland Exploration Company, to whose unhappy experience we referred in our last issue. The circular dilates upon the conditions the company was asked to accept before a public inquiry was held, declaring that these would, in fact, have prejudiced its prospects at the inquiry. It also deals with the position of certain witnesses whose evidence for quasi-medical reasons was not taken. The legal position is also discussed, the circular asserting that the company had been encouraged to suppose that if at the inquiry it succeeded in establishing a moral, as distinct from a legal, grievance its rights would be recognised. In law, indeed, the position of North Charterland has grave elements of weakness. It may be advantageous, however, on general grounds, to clear up the main issue as to the right of the British South Africa Company to act for North Charterland, in order that no charge of lack of sympathy may be sustained against any of the authorities concerned.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Mexican Railway, National Bank of Scotland, Orient Steam Navigation, India Rubber, Gutta Percha and Telegraph Works, Samuel Allsopp and Sons, Showell's Brewery, Hall's Oxford Brewery, Carreras, E. W. Tarry, and Luipaards Vlei Estate and Gold Mining. At the annual meeting of the Mexican Railway Company, Mr Vincent Yorke said that probably well over a million sterling was still owing by the Mexican Govern-

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ABRIDGED BALANCE SHEET PER 31st DECEMBER, 1931.

ASSETS	LIABILITIES
Investments in stocks	12,822,626-79
Properties	2,275,130-74
Sundry debtors	1,122,901-98
Loans and mortgages	2,746,655-27
Cash and banks	228,564-57
Deposits with other companies, guarantee reserves	1,034,881-90
Value deposited, Art. 47 of Law on Work Accidents...	157,150-00
Capital	3,000,000-00
Debtors bonds for creation of the Banco de Seguros del Estado	2,270,100-00
Bonds amortised by the Government and re-integrated with their profits	729,900-00
Sundry creditors	940,844-84
Deposits by other companies, guarantee reserves	213,925-38
Deposits, Law on Work Accidents, Art. 47	158,065-56
Reserves	16,075,075-47

\$ o/u 20,387,911-25

\$ o/u 20,387,911-25

Américo Calametz, Accountant. Juan José Amézaga, Préndent. Hector Olivera Rizzo, Manager.

ment. Presiding at the meeting of Carreras, Sir Louis Baron said that the company's stock of raw material was the largest in the history of the business, and had been bought at rates securing the full benefit of lower prices. At the annual meeting of the Orient Steam Navigation Company, Sir Allan Anderson pointed out that the official reports of the United States Shipping Board showed that during the five years to June, 1928, the United States taxpayer paid about £5,000,000 annually in operating losses and in laying-up expenses, while the total loss for the twelve years from 1920 had been about £600,000,000.

CAPITAL ISSUES.

BEFORE the start of the holiday "close season," new issues were made by *Godfrey Phillips, Limited*, and *United Canners, Limited*. The former enterprising tobacco concern has suffered a certain falling off in profits since 1929. The prospectus, issued in the last fortnight of its 1932 financial year, ought to have contained a preliminary figure of profits. The shares now issued are a Third Preference, and were covered 2½ times in 1931 profits, but only 1.6 times in 1930 (calculating requirements of Notes and prior preference capital cumulatively). United Canners is a merger of four Lincolnshire concerns, which were so recently established that percentage figures of increased production in their latest periods are meaningless. The purchase consideration is generous.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Dec. 17, 1932, excluding conversions, £187,528,588.					
Total recorded, Jan. 1 to Dec. 17, 1932, including conversions, £2,698,052,890.					
National Savings Certificates.					
Net receipts, week ended Dec. 17, 1932, £350,000.					
	Nominal Capital.	Conversions.	New Money.	First Payment.	Further Liability.
To the Public.					
Godfrey Phillips, 300,000 6½% "C" Cum. Pref. £1 at par	300,000	...	300,000	37,500	262,500
United Canners, 600,000 Ord. shares, 5s. at par	150,000	...	150,000	30,000	120,000
Total	450,000	...	450,000	67,500	382,500
To Shareholders only.					
Bobby and Co., £350,000 5% Notes at 99½ (to repay 6% Notes)	350,000	250,000	98,250	35,000	313,250
Bovril, 150,000 6% Pref. £1 at 24s. 9d.	150,000	...	185,625	18,750	166,875
General Ceylon Rubber & Tea, £50,000 7½ 5-year Notes at 95	50,000	...	47,500	5,000	42,500
Total	550,000	250,000	331,375	58,750	522,625
Total Offered for Subscription—					
Including Conversions. Excluding Conversions.					
Jan. 1 to date	£	£	Whole year—	£	£
1932 (a) 2,699,434,265	188,659,963	1931	114,290,666	102,044,291	
1931	114,290,666	1930	454,888,784	267,800,700	
(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.					

By Stock Exchange Introduction.

	Capital Introduced.	Price Deals Began.	Cash Involved.
Total to date, 1932	15,046,360	...	16,335,341
Total to date, 1931	8,757,183	...	8,883,578

PUBLIC OFFERS.

Godfrey Phillips.—Issue of 300,000 6½ per cent. "C" cumulative preference shares of £1 each at par. The company was registered in 1908. The proceeds of the issue are to be applied in further reduction of loans recently raised to finance the acquisition of ordinary shares of Cohen Weenen. Net profits, before charging bank and loan interest on an amount equivalent to the net proceeds of the recent issues of 6 per cent. and "B" preference shares and the estimated proceeds of the present issue, were: 1928, £132,893; 1929, £168,821; 1930, £90,013; 1931, £126,069. Net profits for the current year to September 30th show that ordinary dividend could be maintained at the previous rate.

United Canners.—Issue of 600,000 shares of 5s. each at par. The company was incorporated to carry on the business of canners of English vegetables, fruits and other products. The company has agreed to purchase the issued capital of English Preserved Foods, Sandring, Ltd., and Lincolnshire Products, and will entertain proposals for co-ordinating other businesses. No dividends have yet been paid by the three companies, but from May 31, 1932, to November 30, 1932, they experienced an increase in output of over 40 per cent. compared with the corresponding period of last year.

RESULTS OF ISSUES.

United Counties Stores.—The list in the issue of 6 per cent. cum. pref. shares £1 at par was closed at 12.30 p.m. on December 16th owing to oversubscription. Applications made on the special forms from the shareholders of H. H. and S. Budgett and Company were accepted up to first post December 17th. Allotment letters were posted Tuesday night.

Godfrey Phillips, Ltd.—The list in issue of 6½ per cent. "C" cum. pref. shares £1 at par was closed at 11.20 Monday morning, having been heavily oversubscribed. Applications on the special forms provided, and country applications received in London not later than the first post Tuesday, received consideration.

United Canners.—The subscription lists for the offer of 600,000 shares of 5s. each were closed Tuesday at 12.15 p.m. Applications from the country and upon special forms received by first post Wednesday were considered.

Rugby Gas.—Issue of 4½ per cent. perp. deb. stock was considerably oversubscribed at prices ranging from £110 down to the minimum of £105 per £100, the average price obtained being £106 8s. 4d. per cent.

REPAYMENTS AND CONVERSIONS.

Northcliffe Newspapers.—Northcliffe Newspapers announces its intention to wind up voluntarily and to redeem at 107 per cent. on December 31st its 5½ per cent. guaranteed debenture stock.

Calls Due December 28th to December 31st.

The grand total of calls falling due in December, 1932, is £166,683,160, which compares with £1,605,286 which fell due in December, 1931. The following calls fall due from December 28th, 1932, to December 31st, 1932.

	Due Date.	Call.	Already Paid.	No. of Shares or Amount.	Now Due.
British Greyhound Investment Trust ord. 5s.	Dec. 31	2s. 6d.	2s. 6d.	1,000,000	125,000
Brigham Gas and Electricity, ord. £1 offered at min. of par	Dec. 31	18s. 0d.	2s. 0d.	24,518	22,066½
Chungloong Rubber, 2s. credited with 1s. 6d. paid	Dec. 31	2d.	1s. 10d.	200,000	1,666
General Consolidated Investment 4% red. deb. 1953-73, sold at 91%	Dec. 28	25%	25%	£300,000	75,000
Grosvener Elec. Batt. ord. £1	Dec. 30	7s. 6d.	12s. 6d.	20,154	7,569
Hitchin Gas, 4½% deb. at min. of par	Dec. 31	90%	10%	£6,000	5,400
Indian Copper, 7½% deb. at min. of 23s.	Dec. 31	30%	70%	£160,000	48,000
Newhaven Gas, ord. £1 shares at minimum of 23s.	Dec. 31	27s. 0d.	2s. 0d.	5,000	6,750
Olympia 4% mort. deb. at 95%	Dec. 29	25%	25%	£1,000,000	250,000
Rugby Gas, 4½% deb. stk. at minimum of 105%	Dec. 31	95%	10%	10,000	9,500
South Suburban Gas, 4% perp. pref. stk., offered at min. of 101%	Dec. 31	91%	10%	£300,000	273,000
Do, 4% perp. deb. stock, offered at min. of 103%	Dec. 31	93%	10%	£100,000	93,000
Tongnat Rubber, 2s. shares, credited with 1s. 6d. paid...	Dec. 31	2d.	1s. 10d.	275,000	2,291
† Approximately. ‡ On minimum price. § On price of par.					

Further Stock Exchange information, including the latest oil outputs, weekly traffic returns, profit and loss accounts, and reports and notices, will be found on page 1215, under the heading "Company News."

SUMMARY OF BALANCE SHEETS.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED.			
LIABILITIES.		ASSETS.	
Sept. 30, 1932.	Sept. 30, 1931.	Sept. 30, 1932.	Sept. 30, 1931.
5% cum. pref. stk.	4,500,000	Real estate and buildings at cost	852,194
6% 2nd cum. pref. stk.	6,000,000	Plant, &c., at cost or under Goodwill, &c.	607,946
Ord. stk.	23,582,761	Investments at cost or under:	200,000
Deposits by and current accounts with:		Shares in subsidiaries	19,433,869
Subsidiary cos.	2,783,202	Shares & bonds in associated cos.	4,072,943
Associated cos.	2,293,259	Dominion Government and other investments	372,201
Other creditors	3,739,791	Loans and current accounts:	5,115,049
Employers' benevolent fund	108,478	Subsidiary cos.	2,803,430
Reserves for buildings, &c.	625,000	Associated cos.	4,797,406
Premium on ord. stock	580,808	Debtors	2,094,742
Provision for redemption of coupon	86,619	Cash	8,634,118
Special reserve	1,928,147	Treasury bills (£1,460,000)	—
Profit and loss	2,755,833		—
Total	48,983,898	Total	48,983,898

COMPANY MEETINGS, &c.

MEXICAN RAILWAY COMPANY, LIMITED.

CONTINUED FALL IN TRAFFICS.

MR VINCENT W. YORKE'S SPEECH.

The 135th ordinary general meeting of the Mexican Railway Company, Limited, was held at Winchester House, Old Broad Street, London, E.C., on Wednesday, December 21, Mr Vincent W. Yorke (chairman of the company) presiding.

The Secretary (Mr C. Tennant) having read the notice convening the meeting and the report of the auditors,

The Chairman said: It is my sad duty in the first place to refer to two deaths within our small circle which have occurred since our last meeting, namely of Mr Henry Goschen and Mr B. E. Holloway. Mr Goschen had been a director of the company for the almost incredible number of sixty-three years and was for a short time its chairman. Up to quite a short time before his death he was most regular in his attendance at board meetings, and his long experience of affairs and his great interest in our business were highly valuable to us. We shall long mourn his genial presence and regret the loss of his services. Mr Holloway was for eight years our secretary in London. He left this post to take that of manager in Mexico at a very difficult and critical time in our history. He was successful in obtaining the return of the railway to private management in 1920, and for this alone he is entitled to a deep sense of gratitude on our part. He continued to act as our manager until 1925, after which he was manager of the National Railways for about two years, retiring from active business in the year 1928. During his management of our railway he showed great skill in difficult negotiations with the Mexican Government, and considerable administrative ability. I am sure that you will join with me in offering our sincere condolence to his family on his premature decease.

TRAFFIC FIGURES.

I very much wish that in reviewing the half-year to June 30th last I could point to any improvement in any direction, but honestly I cannot. Gross traffic, which had fallen below 30,000 pesos per diem in 1931 and which we then thought a very low figure, have fallen by 20 per cent. to just below 24,000 pesos per diem, and were 40 per cent. lower than in the first half-year of 1928. Both passenger and goods traffic have fallen off, practically speaking, to the same extent, but national goods have shown a greater decline than foreign goods. Fruit traffic, consisting mainly of the all-rail movement of bananas to the American border, shows a decrease of no less than 47,000 tons, owing to the small demand and consequent bad prices for this fruit in the American markets.

Every effort has again been made by the management to curtail expenses in all directions, but it has, of course, been impossible to reduce them to a commensurate extent. Thus, while gross traffic have fallen off by 1,060,000 pesos, expenses are only \$508,000 less, though, in my opinion, our general manager is much to be congratulated on having so far succeeded in what is always a most unpleasant task.

The net result has been an actual loss on working for the half-year of over £34,000 which, when added to the debenture interest chargeable to the period, produces a total net debit of £108,000.

The Gross receipts for the current half-year have continued to fall away and only average about \$21,500 per diem as compared with \$24,000 during the first half of this year, or a decline of about 10 per cent., and though expenses are still being reduced, the actual loss on working for the four months to October 31st last is, as stated in the report, \$572,000, or about £57,000.

MORATORIUM FORESHADOWED.

It must be obvious to you from my recital of these losses that we have reached a very critical and anxious position. The payments on account of indemnity, which we have been receiving for many years past and which have helped us considerably to pay our way, are based automatically on our gross traffic and have naturally also declined, with the result that we have very nearly arrived at the end of our cash resources. There is a very considerable sum still owing to us by the Mexican Government, probably well over a million sterling, payment of which we have been anxiously soliciting, and though the Government take up a sympathetic attitude in the matter, I do not see that there can be any immediate prospect of their liquidating a portion of this debt sufficient to get us through our difficulties.

This being so the board have come to the conclusion with the greatest reluctance that there is no course open to them, but to lay the position before the debenture and debenture stock holders, and to request a moratorium of interest for three years. A scheme on these lines has, therefore, been prepared, and when it has received the sanction of the Courts, will be laid before meetings

of all classes of debenture and debenture stock holders. I can only sincerely hope that they will take a reasonable view of our difficulties and grant the moratorium for which we shall ask.

GENERAL SITUATION IN MEXICO.

Turning now to the general situation in Mexico I am glad to be able to say that political affairs continue to be thoroughly stable. The change of Presidents from Señor Ortiz Rubio to General Abelardo Rodríguez took place without disturbance of any sort, and was followed by few changes in the Cabinet. Trade, however, is showing no sign of revival. The Northern Continent of America has, probably suffered more severely from the present depression than any other part of the world, and it is only to be expected that Mexico should be suffering as much as her neighbour. There has been no rise in the price of the primary commodities which she produces, and silver, a commodity of the greatest importance to her, is lower than ever in terms of gold. The high tariff wall erected by the United States, in many ways the natural market for Mexican products, creates a very difficult problem for the Mexican producer. The public revenues have, of course, fallen below expectations in these difficult times, but it is believed in well-informed quarters that the Budget is being balanced. Exchange has taken a distinctly favourable turn in the last few months and the peso stands at about three to the dollar. From this it results that the depreciation of the peso and the pound sterling stands at the same ratio, and the relation of the peso to the pound is very nearly as ten to one, or two shillings. It is much to be regretted, therefore, that we have at the moment no earnings for remittance.

FUTURE OF THE BUSINESS.

As to the future of the business, it is impossible to speak with any confidence until there are some signs of a revival in world trade. We shall continue to endeavour to reduce our costs of operation by negotiations with our men for lower wages and by curtailing our services to the lowest point allowed by the authorities. Fortunately the excellent condition of the property means that we have little or no capital expenditure to face in the near future, and the only programme we had in view, the adaptation of the shops at Apizaco for the steam repairs of the whole line, has been suspended. Meanwhile, we are losing no opportunity of impressing on the Mexican Government the urgency of our situation and endeavouring to obtain a settlement of some portion of our large financial claims. I do not despair in the least of our ultimate success in the matter, but, as is common knowledge, the collection of Government debts in my country at this moment is a difficult task.

I will now read the cable just received from the general manager:—

"Coffee crop good though shipments will be limited on account of low prices and sugar crop also confined to quota of about 14,000 tons, of which 50 per cent. will be exported. Textile factories at Orizaba and Puebla working approximately at normal rates. Imports continue on a reduced scale and local traffic is still poor. Oil traffic shows decreased earnings, but we may possibly secure oil movement by the Aguila Oil Company from Vera Cruz to Puebla. Three foreign excursions, Vera Cruz to Mexico City, are projected for early part of next year.

"In spite of stagnation and depression in business, slight improvement may be expected shortly.

"Agreement just signed with Labour Unions, reducing wages on sliding scale, which will amount to a saving of approximately \$20,000 per month for a period of three months from January 1st next, and if conditions not then improved the arrangement is to continue for a further three months. Salaries of officials reduced from November 1st and with other economies will result in a saving of \$8,500 monthly. Government current freight service punctually paid. Completion of programme of concentration of shops at Apizaco will have to be postponed until next half-year.

"Government appears strongly consolidated and working well."

DEFINITE LABOUR AGREEMENT.

This cable very largely confirms most of what I have said to you to-day. It is good news that a definite agreement has been reached with the Labour Unions, from which he anticipates so large a saving as \$20,000 per month, and I must express our gratitude to him and the other officials who have consented to have their salaries reduced, which again will help us.

I cannot conclude without again expressing our appreciation of the valuable services rendered by our general manager and his staff through these difficult times. They have, I know, been reviewing the whole of our expenditure most carefully and anxiously, and from the latest news that we have received by cable, it would appear that their efforts are about to meet with success.

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

Mr John A. Gibbs seconded the resolution and it was carried unanimously.

CARRERAS, LIMITED.**SUCCESSFUL RESULTS—CONTINUED PROGRESS.****GOOD PROSPECTS FOR CURRENT YEAR.**

The twenty-ninth annual general meeting of Carreras, Limited, was held, on the 19th instant, at Arcadia Works, London, N.W.1. Sir Louis B. Baron, Bart. (chairman and managing director), presided.

The Chairman, in moving the adoption of the report, said: Your directors are happy to place before you the very satisfactory results of the past year, and to point to the stronger position of the company in all directions, not only in the maintenance of the dividend, but by the increase in the reserve fund from £972,777 to £1,000,000 and in the figure carried forward from £1,104,918 to £1,140,892, after having made provision for every expense incurred in the past year. This was no easy task, and I would be failing in my duty to you, and ungrateful to my co-directors, if I did not express how ably I have been supported by them. Each in his turn, and in his respective sphere, was constantly at his post, and worked continuously and harmoniously to achieve this result.

EXPORT BUSINESS.

During the past year our export business has shown an improvement, and the difficulties which were experienced the previous year have to some extent been overcome, so that we are able to record some progress in this section of our activities. We are watching every opportunity of getting our business still more firmly established in the various overseas markets, and in spite of all the problems confronting us we have every confidence of this achievement. In the home market we are still surrounded by difficult conditions and keen competition, and the cost of advertising and selling our products has exceeded by a considerable amount the figure for any preceding year, but for all this every one of our principal brands has shown a substantial increase.

Not only have we been able to employ our entire staff of contented workpeople throughout the year at full wages, but we have been able to increase our staff by nearly one thousand more people, which is particularly pleasing to your directors, when so many are unfortunately unable to find employment.

QUESTION OF EXCHANGE.

Owing to the present situation, arising out of the debt problem with which our country is faced, and the fact that we are compelled to buy a large proportion of our raw material from abroad, the question of the rate of exchange will, no doubt, be in your minds, and you will naturally like to have some information regarding the position of this company in that respect. All our commitments for tobacco have been fully covered, and the exchange already effected from sterling into dollars. Further, I am glad to be able to inform you that our stock of raw material, of the very best quality, is the largest we have ever had in the history of our business, and bought at rates which secure to the company the full benefit of the lower prices for commodities which have been prevalent during the past year.

CURRENT YEAR'S PROSPECTS.

With regard to the prospects of the coming year, I cannot be expected to forecast the course of events. As far as our own company is concerned, your directors will endeavour to carry on in the same progressive spirit that has marked the conduct of the business in the past, and to see that this progressive spirit is developed throughout the whole organisation. We make a point of keeping our factory equipped with every modern device for turning out goods in as perfect condition as is humanly possible, and to include everything which will add to the comfort and efficiency of our workers.

We realise the problems which confront the world of commerce to-day; nevertheless, we are not among those who think that all is lost, we still have faith in the qualities of honesty, tenacity, and courage peculiar to the people of this nation, which have enabled them to overcome what appeared to be insurmountable difficulties.

With this thought in mind, we still look forward with optimism, and, even though we have many problems to solve, we enter into the coming year in the same spirit that has carried us through so successfully in the past, and if business continues at the rate of progress which has marked the first two months of this new financial year the directors are hopeful of being able to show you, at the close, results that are as good as, if not better than, those reported to-day.

The report was unanimously adopted.

INDIA RUBBER, GUTTA PERCHA AND TELEGRAPH WORKS COMPANY, LIMITED.**MR B. H. BINDER ON POSITION AND PROSPECTS.**

The sixty-ninth ordinary general meeting of the India Rubber, Gutta Percha and Telegraph Works Company, Limited, was held, on the 21st instant, at Southern House, London.

Mr B. H. Binder, F.C.A. (the chairman), in the course of his speech, said: In October last your directors unanimously invited me to join the Board and accept the position of chairman. As certain calls on my time in other directions had been reduced, I felt able to consider the proposal. I therefore visited the company's works at Persan and Silvertown, and, after conferring with the directors, accepted their invitation in the hope that I might, with their co-operation, be able to help in carrying out the programme already inaugurated of progressive methods combined with economy, with the object of bringing back the company to a profit-earning basis. Changes in a big business take time, and especially when one has to carry on "business as usual." The trying period of transition is reflected in the accounts now before you, which have been further adversely affected by the difficulties arising from the general depression and severe competition.

As summarised in the directors' report, there is a loss for the year of £88,893, thus bringing up the total debit balance on profit and loss account to £212,648. These figures are most disquieting, but I can assure you, as a newcomer on this Board, that every effort is being made to cope with the situation.

It is satisfactory to note that the total floating assets at £431,000 amount to about three times the total of current liabilities. Cash at bankers has inevitably shown a considerable reduction, due not only to the losses incurred, but also to the amount of capital and special expenditure made during the year.

REORGANISATION FORESHADOWED.

You will observe a note on the balance-sheet to the effect that the value of the fixed assets is less than their book value. As indicated by my predecessor at last year's meeting, proposals for a scheme of reorganisation, including the writing down of certain items in the balance-sheet, will in due time be submitted to you, but it would be advisable for this step to be deferred until the general outlook is less uncertain and a profit-earning basis is again in sight. Such a scheme must deal not only with the value of the fixed assets, but also with the debit balance on profit and loss account and the balance on reconstruction suspense account. The debit balance on this account has increased during the year from £30,689 to £97,257, representing further expenses, mainly in connection with the removal from Burton, machinery, etc., scrapped, and special expenditure in connection with the reconstruction of the Silvertown factory. The transfer from Burton to Silvertown was completed during the first half of the financial year and, while this work was carried out with a minimum of disturbance to the other sections of the Silvertown factory, yet it caused certain unavoidable delays which had had some adverse influence on the result for this year. In addition, the training of new hands for the processes transferred from Burton to Silvertown inevitably involved time and expense. Certain key men were brought to Silvertown, but in general it was necessary to train new labour, and the cost of production in consequence suffered while this was taking place.

Competition in both home and foreign markets in products manufactured at Silvertown has increased in intensity during the year, and I am informed that it has been admitted in the industry that the market prices of certain rubber products have been unremunerative. Steps have recently been taken to alleviate the situation. However, our sales of goods classified as general rubber products were fully maintained throughout the period.

Reviewing the golf ball side of Silvertown's activities, the management are satisfied that "Silver King" and "Lynx" balls, and particularly the "King Plus" ball are retaining their popularity.

PERSAN FACTORY.

Having been advised of the past results of the Persan factory, I went there with the preconceived idea that it should be closed down, but the information given to me on the spot caused me to change my views. The facts demonstrated to me—and these applied to some extent also to Silvertown—were that the difficulties and losses have been accentuated because the factory cannot produce quickly enough to meet the sum of sales that can be made. That is a question of organisation, and the returns received for the first period of the new financial year indicate that progress is now being made at Persan towards increased production at lower cost, which is the necessary basis for its continued existence.

The report and accounts were unanimously adopted.

SAMUEL ALLSOPP AND SONS, LIMITED.**BURDEN OF TAXATION.**

The forty-fourth ordinary annual general meeting of Samuel Allsopp and Sons, Limited, was held, on the 21st instant, at the Great Eastern Hotel, Liverpool Street, London, Sir William B. Peat, C.V.O. (the chairman), presiding.

The Chairman, in the course of his speech, said that the profits for the year amounted to £131,402, as compared with £174,111 in the previous year, the reduction being £42,709, which was approximately 24 per cent. of the profits of the previous year. On the ordinary shares they were paying 8 per cent. for the year, as compared with 9 per cent. in the previous year. Every chairman of a brewery company who had spoken up to the present had referred to the burden of taxation extracted from the brewing industry. He did not think that their troubles were wholly caused by the additional taxation, but that to some extent they arose from the present unemployment in the country and the reduced earning of the people, but he thought that the main cause was the heavy taxation to which brewers were subject. He proceeded to quote figures which showed that the taxation on tea, coffee, and sugar had shown a considerable reduction as compared with 1918, but that the taxation on beer was now 114s. a barrel, as compared with 50s. in 1918, or more than double.

It was not surprising that beer drinkers, who had contributed this year about 7½ millions to the revenue of the State, should feel that they were badly treated in comparison with the users of other products, and resented it to such a serious extent that they declined to be customers at the prices brewery companies were compelled to charge.

Their trade had been seriously diminished, their licence holders were in financial distress; labour of every class connected with the industry was diminished, and plant, buildings, and public houses had diminished in value owing to diminished use of it. What the Government's loss would be in income tax, super tax, and widespread discontent, it was impossible to say, and what was worse, even under better conditions, it would be difficult to get their trade back. A bigger reduction than the recent addition to the Beer Tax would be necessary. The financial position of the company was satisfactory, and he was hopeful in regard to the future if their efforts to get the beer duty reduced were successful.

The report was unanimously adopted.

SHOWELL'S BREWERY COMPANY, LIMITED.**EFFECT OF EXCESSIVE TAXATION.**

The forty-sixth annual meeting of Showell's Brewery Company was held, on the 19th instant, at Winchester House, London, Mr James Davenport, the chairman, presiding.

The Chairman said that for the first time he had to report a severe setback in their profits, which had been pretty well cut in two. That reduction in profits arose from no fault of theirs. The article which was produced for them by Messrs. Allsopp and Sons had not lost anything of its high quality. The fact was that they were being taxed out of existence and their business was being strangled by confiscatory legislation. He thought they were entitled to put one simple question to the Government. Was the present rate of beer duty imposed for revenue, or was it meant for bringing about prohibition in this country? If it was meant for revenue then he was confident it would fail. A year ago their contribution to the finances of the country by way of beer duty, income tax, etc., amounted to £271,000. He calculated this year, notwithstanding that the increased duty had ruled for the whole period—that they would pay as a maximum £250,000.

Their barrelage had shown a material reduction, their tenants had suffered severely, and he ventured to say that allowing for the reduction in income tax and sur-tax, not only directly from the brewing industry, but from the trades dependent upon it, the revenue would not only not benefit from the retention of this grossly unfair duty, but would eventually come out very materially on the wrong side.

They might ask what the prospects were for the current year. It was his duty to tell them that they were unfavourable. Barrelage was still declining and would continue to decline until excessive duties were reduced and a revival in trade took place. He anticipated therefore that their profits for the current year would show a further reduction. Taking the longer view, however, he had no hesitation in saying that the company would give a good account of itself.

The report and accounts were adopted. Mr J. J. Calder was re-elected a director, and the proceedings closed with a vote of thanks to Mr James Davenport for presiding, and expressions of satisfaction for the splendid service given by Mr Holland and the staff during a year of unexampled difficulty.

HALL'S OXFORD BREWERY, LIMITED.**SALES RESTRICTED BY EXCESSIVE TAXATION.**

The annual meeting of Hall's Oxford Brewery, Limited, was held, on the 19th instant, at Winchester House, Old Broad Street, London.

Lieut.-Colonel Sir Rhys Williams, Bart., K.C., D.S.O. (the chairman), presided.

Mr C. Robinson (the secretary) read the notice calling the meeting.

Sir Rhys Williams, in moving the adoption of the report and accounts, said he wished that he had a more satisfactory report to place before the shareholders.

At the annual general meeting held in December, 1931, he proceeded, I had to report a considerable decrease in our trade, and I lamented that an additional tax of 31s. per standard barrel should have been imposed at a time when all industries were in such a depressed condition.

The trading accounts for the past year show a serious decline upon the figures of 1931. Week after week these declines have continued, and the weekly returns since September 30th last, the termination of the year, show a still further drop in our sales.

ECONOMIES EFFECTED.

The management has done everything in its power to meet this loss of trade. All expenses have been cut down as low as possible, and a reduction has been made of £2,000 in the cost of repairs to our licensed houses. But the accounts show that the profits are nearly £2,000 less than for the preceding year notwithstanding the economies effected. There is little hope of an improvement while this most unpopular tax remains.

Last year, in my speech, I pointed out this tax would cause decreases in the staff of brewery companies, disastrous loss of profits to licence holders, loss of trade to growers of barley and hops, to maltsters, transport workers and all the trades dependent on the brewing industry, with a consequent increase in unemployment.

All these things have come to pass, and I can only repeat my earnest hope that this disastrous tax will shortly be repealed.

Captain R. H. E. Hall seconded the adoption of the report, which was carried.

On the proposition of Mr J. J. Calder, a vote of thanks was passed to Sir Rhys Williams for presiding.


 The
Anglo-South
American Bank Ltd
 OLD BROAD STREET EC2

*The Bank is represented
 by Branches and Affiliated
 Institutions throughout LATIN
 AMERICA and SPAIN and
 affords complete facilities for
 the transaction of every
 description of modern
 banking business.

E. W. TARRY AND COMPANY, LIMITED.**BETTER OUTLOOK.**

The annual general meeting of E. W. Tarry and Company, Limited, was held, on the 20th instant, at Southern House, E.C.

Commander Oliver Locker-Lampson, C.M.G., D.S.O., M.P., who presided in the absence, through indisposition, of Sir Fortescue Flannery, Bart. (the chairman), said that in South Africa, apart from the gold-mining industry, they had passed through a period of dwindling exports, falling retail prices and increased unemployment.

SEVERE COMPETITION.

The orders for goods from the mines, railways and private firms had been reduced to the minimum, and competition for these orders had been very severe. Turning to the brighter side, there were reports of gold-mining revival in Southern Rhodesia, and it was claimed from Johannesburg that the main reef continued beyond its present known limit for a distance of approximately 40 miles. If this should prove true, big developments might be looked for. A tangible sign of improvement in business was in respect of railway earnings, which during October last showed a considerable recovery. This season there was an advance of about 20 per cent. in the price of wool, which, with the 25 per cent. subsidy granted by the Government with the object of counteracting to some extent the adverse effects of the exchange, made it possible for farmers to ship their clip with the hope of making a profit.

The accounts submitted showed a gross profit of £27,377 in excess of that of the previous year—nearly double—and the net result was a loss of £4,968, against £52,179 in the previous year. With regard to the current financial year, the company's turnover had slightly improved, and it was believed that they were turning the corner.

COMPANY WELL EQUIPPED.

The Rt. Hon. Viscount Knollys, D.F.C., said he had just returned from South Africa, after three years' residence in that country. The company was well equipped, and, with its excellent connection, added to its first-class name, was ready to take full advantage of an improvement in general trade whenever that might come.

The report was unanimously adopted.

THE LUIPAARDS VLEI ESTATE AND GOLD MINING COMPANY, LIMITED.**RESUMPTION OF DIVIDENDS.**

The annual meeting of the Luipaards Vlei Estate and Gold Mining Company, Limited, was held in London on the 19th instant.

Mr E. Turk (the chairman) said that the report before them disclosed a substantial improvement on the previous year's operations, and that the net profit in sterling at £63,676 showed an increase of over 40 per cent. compared with that of the preceding period. This had enabled them to reduce development account to a satisfactory figure and recommend a dividend of 12½ per cent., after payment of which they would carry forward £23,701. The balance sheet showed that their assets were standing at very conservative valuations, particularly having regard to the reserve account of £100,000 for depreciation of plant, machinery, etc., and against development account. The year's development results showed an average of 6.3 dwts. and 60 per cent. payability, while the exposures at the deepest points were most encouraging. Should, as they hoped, the reefs improve with depth, the effect on profits would be considerable, an increase of only ½ dwt. would almost double their profits. The arrangement with the West Rand Consolidated Mines, Limited, for the extension of a deep level drive into the Luipaards Vlei property for 3,000 feet would greatly accelerate development of the Western section in depth and would provide 1,500 feet on the incline of the reefs below their present workings. This drive had already been commenced.

The most important acquisition during the year was the purchase from the Government of the Midas section, which contained considerable tonnages of South Reef and the Midas shaft should ultimately prove invaluable for the further exploration and development of the eastern section in depth.

Should South Africa decide to link their currency with sterling or to devalue in any other way, the result would be of considerable benefit to a low-grade mine like the Luipaards Vlei. Summing up, he stated that they had now attained the position towards which they had been steadily working during the past few years. They had increased their output from 20,000 to 35,000 tons monthly, resulting in regular profits which had enabled the resumption of dividend payments. Ore reserves standing at 1,100,000 represented two and a half years' supply ahead of present milling requirements. The report and accounts were unanimously adopted.

ORIENT STEAM NAVIGATION COMPANY, LIMITED.**"DUMPING" OF SHIPPING SERVICES.**

The thirty-third ordinary general meeting of the Orient Steam Navigation Company, Limited, was held, on the 20th instant, at the company's offices, 3 and 5 Fenchurch Avenue, London, E.C. Sir Alan G. Anderson, K.B.E. (the Chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: You have already heard that to our regret we are unable this year to recommend a dividend to the ordinary shareholders. The dividend on both classes of preference shares has been paid as usual. This is the first time since I became a manager in 1900, the first time in 32 years, that the ordinary shareholders have had no dividend. I need not tell you how much the managers regret our bad result, but I hope it will not take you by surprise, as I told you last year what we must expect. We have been guided in this recommendation not so much by our cash, which would enable us to pay a dividend, as by the prospects of our trade. The Australian passenger trade has gone from bad to worse in the last three years and does not yet show those clear signs of improvement which would alone justify us in paying a dividend from reserves.

The profit and loss account shows an operating profit of £112,000, or approximately half the sum required to cover the depreciation required by the articles. This figure is arrived at after charging £27,000 loss on sale of investments, which might have been charged against investment reserve account, but as we brought in a profit from the sale of investments last year we deduct the loss this year. As the fleet has by reserves in previous years been written down well below the required figure, we do not recommend a transfer from reserves to meet depreciation this year. No one can pretend to be satisfied with this result from the operation of seven vessels, five of which are in their first youth and, as we believe, well designed and well run. Even this poor result is only reached by including the interest on large reserves invested outside the business, but, bad as it is, I expected a year ago to have to tell you an even worse tale. We have reason to be thankful that, in this year of collapse, we have not only avoided actual loss, but have realised a cash profit of over £100,000.

CHEAP PLEASURE TRAVEL.

Continuing, the Chairman said that their main business was to carry passengers and cargo to and from Australia, and this having been suddenly restricted by forces outside their immediate control, they had tried to develop business on other lines, and to offer the public services which they were willing to buy. They had for the last forty-five years catered for pleasure travel, which had developed rapidly, and they now offered what must be about the cheapest and best of holidays, a round ticket to Brisbane and back at £150, three months' board, lodging and recreation and 28,000 miles travel at 30s. a day.

As an instance of how these cruises helped to solve our employment problem, he might mention that last year the company's cruises employed the equivalent of 1,000 British seamen, in addition to many hundreds of workers in ancillary trades, at a time when the ships would otherwise have been laid up.

Sir Alan went on to emphasise the disastrous effects of Government subsidies on shipping. He said that it was as bad to dump services as to dump goods, but one nation after another had become obsessed with the desire to fly its flag on merchant ships, and by giving enormous subsidies had dumped shipping services on the world market, with the apparent object of ruining shipowners who tried to make ends meet. The official reports of the United States Shipping Board showed that during the five years to June, 1928, the United States taxpayer paid about £5,000,000 annually in operating losses and in laying up expenses, while the total loss for the twelve years from 1920 had been about £600,000,000. It was difficult to exaggerate the injury the U.S.A. did to world trade, and incidentally to herself, by devoting such a mass of wealth to rejecting payment by her debtors in the form of shipping services.

The report was unanimously adopted.

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

THE NATIONAL BANK OF SCOTLAND, LIMITED.**ANNUAL MEETING.**

The one hundred and seventh annual general meeting of the proprietors of the National Bank of Scotland, Limited, was held, on the 22nd instant, in the bank's head office, Edinburgh.

The Most Hon. the Marquess of Zetland, P.C., G.C.S.I., G.C.I.E., the governor of the bank, presided.

The Governor said: In submitting the bank's accounts for the year which ended on November 1st, the directors are pleased to place before you results which they regard as satisfactory in view of the manifold difficulties of the period under review. The balance at profit and loss account available for distribution is £338,094, a reduction of £6,000 compared with the previous year, and I would direct your attention to the fact that of this sum only £132,000, or little more than two-fifths, is proposed to be dispensed in dividend. Of the balance, a sum of £100,000 has been allocated to the bank's contingent fund, £25,000 to the heritable property account, £5,000 to the staff widows' fund, and the remainder, £76,094, falls to be carried forward. All bad and doubtful debts have been duly provided for.

Comparing the balance sheet with that of the previous year, you will notice a substantial increase of nearly £5,000,000 in the will deposits, which stand at £33,867,000, the highest figure reached for some years past. Note circulation remains at approximately the same level as before, while acceptances show a small contraction. On the assets side of the balance sheet the immediately liquid resources of the bank show a substantial increase at nearly £8,000,000, apart from a large holding of British Government Treasury Bills. It will be seen, therefore, that the liquidity of its resources, an essential feature in the position of any bank, is extremely well secured. In addition, there are investments in British Government Securities standing in the books at £12,607,000, and Indian and Colonial Government Railways and other stocks and Investment at £975,000, showing a considerable increase over last year. These figures are well below the market value at November 1st.

A study of the balance sheet and of the figures to which I have called your particular attention will satisfy you, I hope, that while your board has been rendering generous assistance to trade and industry during a period of acute depression, it is also in a strong position to meet any demands which, on a revival of business, may legitimately be made upon it.

The report and accounts were unanimously adopted.

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

The total ordinary revenue for the week ended December 17, 1932, amounted to £11,100,300 against ordinary expenditure of £14,801,300. After allocating £135,000 to Sinking Fund, paying £28,956,349 to the U.S. Government on War Debt Account, and allowing for an increase in Exchequer Balances of £63,654, the operations for the week, as shown below, increased the National Debt by £33,849,000 to approximately £7,982 millions†:—

† Including £150 millions on account of Exchange Equalisation Fund.

(000's omitted.)		(000's omitted.)	
Treasury Bills	£ 34,059	5% War Loan repaid	£ 1,370
Public Department Advances	1,950	4½% War Loan repaid	460
3% Conversion Loan	200	Treasury Bonds repaid	480
National Savings Certificates	350	P.O. and Telegraph Money	400
			—2,710
	36,559		

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Dec. 17, 1932.	April 1, 1931, to Dec. 19, 1931.	Week ended Dec. 17, 1932.	Week ended Dec. 19, 1931.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	63,967,000	70,534,000	361,000	578,000
Super-tax, including Arrears of Super-Tax	66,000,000	13,870,000	20,430,000	290,000	720,000
Stamps, &c., Duties	76,000,000	54,090,000	46,460,000	1,410,000	1,310,000
Stamps	23,000,000	10,890,000	10,170,000	250,000	...
Excess Profits Duty and Corporation Profits Tax	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	180,000	...	...
Total Inland Revenue	427,000,000	142,997,000	147,774,000	2,311,000	2,608,000
Customs and Excise—					
Customs	174,570,000	121,660,000	96,571,000	3,221,000	2,456,000
Excise	125,430,000	90,600,000	89,485,000	5,000,000	6,985,000
Total Customs and Excise	300,000,000	212,260,000	186,056,000	8,221,000	9,441,000

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer			
		April 1, 1932, to Dec. 17, 1932.	April 1, 1931, to Dec. 19, 1931.	Week ended Dec. 17, 1932.	Week ended Dec. 19, 1931.
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,637,000	1,630,000	...	...
Post Office (Net Receipts)	11,700,000	11,450,000	9,900,000	550,000	Dr1150000
Crown Lands	1,250,000	940,000	980,000	...	...
Receipts from Sundry Loans	4,350,000	3,916,875	12,517,881	...	...
Miscellaneous Receipts	17,500,000	13,037,218	12,177,591	18,292	100,000
Appropriation from Rating Relief Suspense Account	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	386,238,093	374,935,472	11,100,292	10,999,000
SELF-BALANCING REVENUE.					
Post Office	59,188,000	38,750,000	39,750,000	650,000	1,900,000
Motor Vehicle Duties apportioned to Road Fund	22,910,000	9,008,000	8,546,000	...	...
Total Self-Balancing Revenue	82,098,000	47,758,000	48,296,000	650,000	1,900,000
Total	...	433,996,093	423,231,472	11,750,292	12,899,000

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Dec. 17, 1932.	April 1, 1931, to Dec. 19, 1931.	Week ended Dec. 17, 1932.	Week ended Dec. 19, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	230,822,178	249,174,977	1,287,404	1,847,162
Payments to Northern Ireland Exchequer	6,800,000	4,099,529	3,677,004	- 4,000	20,000
Other Consolidated Fund Services	3,500,000	1,573,001	1,896,347	9,885	...
Total	286,300,000	236,494,708	254,748,328	1,301,289	1,867,162
Total Supply Services (excluding Post Office)	447,210,000	311,160,590	305,233,592	13,500,000	8,000,000
Total Ordinary Expenditure	733,510,000	547,655,298	559,981,920	14,801,289	9,867,162
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	38,750,000	39,750,000	650,000	1,900,000
Road Fund	22,910,000	9,008,000	8,546,000	...	...
Total Self-Balancing Expenditure	82,098,000	47,758,000	48,296,000	650,000	1,900,000
Total Ordinary and Self-Balancing Expenditure	815,608,000	595,413,298	608,277,920	15,451,289	11,767,162
New Sinking Fund (1928)	32,500,000	14,256,405	22,940,351	135,000	325,000
Total (including New Sinking Fund)	...	609,669,703	631,218,271	15,586,289	12,092,162
Payment to U.S.A. Government on 15th Dec., 1932	...	28,956,349	...	28,956,349	...
Total	...	638,626,052	631,218,271	44,542,638	12,092,162

The aggregate revenue and expenditure to December 17, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1ST TO DECEMBER 17TH, 1932.

(000's omitted.)

	£	Revenue	£
Expenditure	547,655	Revenue	386,238
New Sinking Fund	14,256	Decrease in balances	3,221
Payment to U.S.A. Government	28,956	Gross increase in borrowing	£378,605
		Less—	
		Exchange Equalisation Fund Investment	£150,000
		Loans to Road Fund, &c.	8,247
		War Loan Conversion bonus	18,950
			£177,197
		Net borrowing	261,408
	590,867		590,867

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Dec. 19, '31.	Mar. 31, '32.	Dec. 17, '32.	Dec. 17, '32.
Advances by Bank of England	...	...	3,750,000	+ 1,950,000
Advances by Public Departments	48,250,000	7,500,000	43,750,000	+ 34,065,000
Treasury Bills outstanding	682,920,000	604,455,000	931,025,000*	+ 36,065,000
Total Floating Debt	731,170,000	611,955,000	978,225,000	+ 36,015,000

* Includes £22,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on December 16, 1932, and the total amount applied for was £67,260,000. Tenders were accepted for bills at three months, dated Monday at £99 13s. 5d., and above in full, and Tuesday at £99 13s. 4d., about 59 per cent., and above in full. The amount allotted was £50,000,000. The following table shows the weekly record for the past three months, also at various dates.

(000's omitted.)

Date, 1932.	Amount Offered.	Amount Allotted.	Total Applications.	Average Rate %.
January 1	40,000	38,000	50,320	5 8 4
April 1	45,000	43,950	61,860	2 3 3-73
July 1	45,000	45,000	58,945	0 16 11-82
October 7	50,000	50,000	100,325	0 16 11-24
October 14	50,000	46,000	105,565	0 15 0-84
October 21	50,000	45,115	72,415	0 13 7-36
October 28	50,000	50,000	83,010	0 13 2-84
November 4	50,000	50,000	60,470	0 10 11-16
November 11	50,000	50,000	74,225	0 14 11-17
November 18	60,000	60,000	80,490	0 17 7-24
November 25	60,000	60,000	74,465	1 2 4-44
December 3	55,000	55,000	91,375	0 17 4-67
December 10	50,000	50,000	67,740	0 16 5-89
December 16	50,000	50,000	67,260	1 5 6-41

The Bankers' Gazette.

BANK OF ENGLAND.

Return for week ended Wednesday, December 21, 1932.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	£
In Circulation	370,097,754	Other Government Securities	11,015,100
In Banking Department	24,690,530	Other Securities	255,111,486
		Silver Coin	5,062,528
		Gold Coin and Bullion	3,810,886
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	119,788,284
			£394,788,284

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Best	14,553,000	Other Securities	99,676,824
Public Deposits	3,346,937	Discounts and Advances	211,832,965
Other Deposits	7,825,512	Securities	£21,573,915
Bankers' Capital	£98,898,276	Notes	33,406,880
Other Accounts	£33,988,747	Gold and Silver Coin	24,690,530
7-Day and other Bills	132,887,023		839,747
	1,509		
	£158,613,981		£158,613,981

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

Both Departments	Amount, Dec. 21, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	370,097,754	- 2,158,485	+ 66,763
Public deposits	7,825,512	+ 711,611	+ 6,815,699
Bankers' deposits	98,898,276	+ 12,607,232	+ 26,616,612
Other deposits	33,988,747	+ 379,683	+ 4,732,552
Seven-day bills	1,509	- 1,646	+ 438
Total outside liabilities	510,811,798	+ 9,355,807	+ 15,135,562
Capital and rest	17,899,937	+ 13,605	+ 4,664
Government debt and securities	365,803,410	+ 25,502,232	+ 45,061,316
Discounts and advances	11,832,965	+ 92,752	+ 1,703,647
Other securities	26,536,443	+ 3,458,249	+ 27,533,755
Silver coin in issue department	3,810,886	- 6,336	- 2,238,451
Gold and bullion (bank's reserve)	120,628,031	- 19,677,185	- 725,237
Reserve of notes and coin in banking department	25,530,277	- 17,518,700	- 792,000
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	18½%	- 15½%	- 2½%
(b) Gold stocks to deposits and notes ("reserve ratio")	23½%	- 4½%	- 1%

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.	%
1932.				
Nov. 16	414,422	20,447	82,500	Nil
" 23	414,422	26,531	78,082	Nil
" 30	414,422	26,531	78,082	Nil
Dec. 7	414,422	26,531	78,082	Nil
" 14	414,422	26,531	78,082	Nil
" 21	394,788	7,826	98,898	19,634 out

(000's omitted.)

Date.	Govt. Debt and Securities.	Other Securities.	Gold and Bullion Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve and the "Proportion."
1932.							
Nov. 16	285,000	6,094	140,482	88,563	11,798	17,478	56,055 40½
" 23	285,000	6,182	140,426	88,543	11,958	18,021	57,578 41½
" 30	285,000	6,234	140,418	88,572	11,987	18,274	58,578 41½
Dec. 7	285,000	6,234	140,389	88,572	11,987	18,274	58,578 41½
" 14	285,000	6,234	140,389	88,572	11,987	18,274	58,578 41½
" 21	285,000	6,234	140,389	88,572	11,987	18,274	58,578 41½

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to December 7	26,171,654	1,507,516	2,504,498	30,183,668
Week ended December 14	466,580	30,297	49,220	546,097
Week ended December 21	500,013	32,374	54,599	586,986
Total to date, 1932.	27,138,247	1,570,187	2,608,317	31,316,751
Total to date, 1931.	31,336,152	1,634,035	2,700,141	35,670,328
Increase or decrease in 1932	- 4,197,905	- 63,848	- 91,824	- 4,353,577
	- 13.4%	- 3.9%	- 3.4%	- 12.2%
Total for year 1931	31,815,808	1,667,852	2,752,209	36,235,869
Total for year 1930	38,782,577	1,812,146	2,963,631	43,558,354
Increase or decrease in 1931	- 6,966,769	- 144,294	- 211,422	- 7,322,485
	- 17.9%	- 7.9%	- 7.4%	- 17.8%

PROVINCIAL CLEARING RETURNS (000's omitted.)

('000's omitted.)

	Week ended December 17.		Month of November.			Aggregate Totals January 1 to December 17.	
	1931.	1932.	1931.	1932.	Inc. or Dec.	1931.	1932.
No. of working days			27	26			
BIRMINGHAM	£	£	27	26	%	£	£
BRADFORD	2,103	2,126	8,346	8,909	+ 6.7	108,001	109,211
BRISTOL	603	657	3,355	3,217	- 4.1	36,741	38,596
DUBLIN	1,081	1,183	4,563	5,036	+ 10.3	55,567	57,995
LIVERPOOL	5,004	4,636				246,558	262,580
LEEDS	712	663	2,915	2,861	- 1.8	31,045	34,877
MANCHESTER	1,066	981	3,331	3,166	- 4.9	49,029	41,076
NEWCASTLE	687	747	2,628	2,589	- 1.4	31,583	31,583
NOTTINGHAM	5,421	5,291	23,619	25,992	+ 10.0	280,507	289,155
SHEFFIELD	8,910	9,284	38,352	40,029	+ 4.3	452,335	470,728
Total	1,073	1,456	5,044	6,038	+ 19.7	62,429	63,228
	395	465	1,799	1,763	- 2.0	21,871	21,904
	840	693	2,870	2,882	+ 0.4	36,697	35,050
Total	27,895	28,032	96,822	102,482	+ 5.8	1,409,504	1,455,841

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia appeared in the *Economist* for September 10; Canadian Banks, Lithuania, Danzig and Chile in November 8; Poland in December 3; Bank for International Settlements, Denmark, Egypt and Spain in December 10; U.S. Federal Reserve Banks, New York Federal Reserve, Federal Reserve Member Banks, South African Reserve, Imperial Bank of India, France, Belgium, Italy, Sweden, Austria, Hungary, Jugoslavia, Portugal, Bulgaria, Czechoslovakia, Roumania and Japan in December 17.

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

	Dec. 15, 1931.	Nov. 30, 1932.	Dec. 7, 1932.	Dec. 15, 1932.
Gold	1,002,174	827,229	804,069	798,337
which deposited abroad	126,600	127,924	104,335	104,335
Reserve in foreign currencies	158,555	109,743	113,931	117,637
Bills of exchange and cheques	3,792,175	2,765,808	2,717,213	2,650,080
Notes of other German banks	159,855	192,466	203,052	234,334
Advances	7,442	3,341	7,883	9,690
Investments	222,219	206,964	101,124	110,413
Other assets	102,892	394,932	396,209	398,506
Share capital	866,693	763,237	753,995	756,639
LIABILITIES.				
Reserve	150,000	150,000	150,000	150,000
Notes in circulation	337,331	417,426	417,426	417,426
Other daily maturing obligations	4,536,137	3,531,157	3,438,962	3,400,444
Other liabilities	434,112	418,125	352,708	394,039
Cover of note circulation	852,225	747,012	736,340	761,827
	25.6%	26.5%	26.7%	26.5%

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

	Position, May 30, 1914.	Dec. 14, 1931.	Nov. 21, 1932.	Nov. 28, 1932.	Dec. 5, 1932.	Dec. 12, 1932.
Gold	163,092	906,967	1,032,581	1,032,581	1,032,581	1,032,581
Silver	8,436	27,926	19,836	20,619	21,101	22,021
Home bills discounted	85,539	38,175	38,047	40,413	39,847	39,847
Foreign bills	253,504	87,513	71,336	71,321	71,321	71,321
Loans and advances	109,612	74,116	73,581	74,870	75,675	75,675
Notes in circulation	316,632	1,017,039	962,954	967,681	981,477	961,508
Deposits	5,016	214,471	293,479	301,028	278,929	298,347

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

	Position, May 30, 1914.	Dec. 19, 1931.	Nov. 26, 1932.	Dec. 3, 1932.	Dec. 10, 1932.	Dec. 17, 1932.
Gold	22,971	121,183	150,520	149,940	190,130	149,500
Silver	29,785	46,838	60,470	60,790	63,880	68,860
Foreign bills	77,567	80,600	18,610	18,610	19,190	18,960
Loans and advances	109,612	74,116	73,581	74,870	75,675	75,675
Notes in circulation	316,632	1,017,039	962,954	967,681	981,477	961,508
Deposits and bills payable	5,016	214,471	293,479	301,028	278,929	298,347

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

	Position, May 31, 1914.	Dec. 15, 1931.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.	Dec. 14, 1932.
Gold	171,176	2,228,482	2,552,732	2,552,732	2,552,732	2,552,732
Foreign bills and banknotes	142,094	96,726	73,318	73,318	73,318	73,318
Discounts	103,000	48,656	14,709	15,563	15,971	16,943
Advances	275,828	1,459,690	1,480,588	1,434,407	1,415,978	1,408,078
Notes in circulation	33,780	1,007,331	1,229,228	1,157,003	1,142,109	1,132,678
Deposits	275,828	1,459,690	1,480,588	1,434,407	1,415,978	1,408,078

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

	Position, May 31, 1914.	Dec. 15, 1931.	Nov. 30, 1932.	Dec. 7, 1932.	Dec. 15, 1932.
ASSETS.					
Gold and bullion	14,224	118,074	144,257	144,257	144,257
Balance abroad and foreign bills	28,533	8,294	23,220	22,762	24,598
Norwegian and Foreign Government securities	8,816	33,682	27,238	27,238	27,238
Discounts and loans	76,911	245,342	253,918	254,172	253,607
LIABILITIES.					
Notes in circulation	113,484	315,985	300,638	299,832	312,618
Deposits at sight	7,188	68,879	81,604	82,232	69,545

* Includes an amount of Kr. 26,017,000, which the Bank has at its free disposal abroad.

BANK OF GREECE.—In drachmae (000's omitted.)

	Dec. 7, 1931.	Nov. 15, 1932.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.
ASSETS.					
Gold	869,226	1,986,325	2,023,830	1,902,743	1,884,596
State exchange	1,404,653	607,930	607,930	607,930	607,930
Other foreign exchange	5,962	2,039	2,039	2,212	2,833
Bills discounted	158,106	285,445	289,833	289,220	289,237
Advances	350,250	1,850,642	1,820,689	1,909,414	2,103,305
Debt to the State	3,128,042	2,714,111	2,714,111	2,714,111	2,714,111
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	3,983,479	4,608,975	4,500,467	4,488,364	4,702,009
Deposits and current accounts	818,507	3,057,282	3,172,582	3,157,130	3,110,362
Foreign exchange liabilities	198,759	217,358	209,834	233,053	218,843

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted.)

	Nov. 10, 1932.	Nov. 17, 1932.	Nov. 24, 1932.	Dec. 1, 1932.	Dec. 8, 1932.
ASSETS.					
Gold coin and bullion	14,075	14,248	14,400	14,522	14,665
Other coin and notes	8,679	9,261	10,350	9,605	8,534
Free foreign exchange	698	334	178	202	435
Treasury bonds	155,340	155,275	155,180	155,120	154,960
Bills	33,798	33,798	33,944	33,944	33,944
Securities	4,522	4,522	4,522	4,459	4,454
LIABILITIES.					
Capital	15,000	15,000	15,000	15,000	15,000
Note issue :—					
Ordinary	155,340	155,275	155,180	155,120	154,960
Supplementary	8,688	8,688	8,688	4,688	8,688
Sight liabilities	10,319	10,649	11,303	11,285	10,542

OVERSEAS BANK RATES.

Changed	From To	Changed	From To
Albania.....	July 1, 1931 9 8	Madrid.....	July 8, 1931 6 6
Amsterdam...	Apr. 18, 1932 24	Oslo.....	Sept. 1, 1932 4 4
Athens.....	Dec. 3, 1932 10 9	Paris.....	Oct. 9, 1931 2 2
Batavia.....	Mar. 10, 1930 5 4	Prague.....	Sept. 26, 1932 5 4
Belgrade.....	July 20, 1931 6 7	Pretoria.....	Oct. 8, 1932 6 5
Berlin.....	Sept. 22, 1932 5 4	Reval.....	Jan. 28, 1932 6 5
Buenos Aires...	Oct. 17, 1932 3 4	Riga.....	Oct. 1, 1930 7 6
Bucharest.....	Mar. 3, 1932 8 7	Rome.....	May 2, 1932 6 5
Budapest.....	Oct. 17, 1932 5 4	Sofia.....	May 16, 1932 9 8
Calcutta.....	Oct. 12, 1932 4 3	Stockholm...	Sept. 1, 1932 4 3
Copenhagen...	July 7, 1932 5 4	Swiss Bank	
Danzig.....	July 12, 1932 5 4	places.....	Jan. 22, 1931 2 2
Helsinki.....	Apr. 19, 1932 7 6	Tokio.....	Aug. 17, 1932 5 11
Kyoto.....	May 4, 1932 7 6	Vienna.....	Aug. 23, 1932 7 6
London.....	Apr. 4, 1932 7 6	Warsaw.....	Oct. 20, 1932 7 6
New York Fed- eral Reserve	June 23, 1932 3 2	Irish.....	June 30, 1932 3 3

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

	Dec. 21, 1931	Nov. 23, 1931	Nov. 30, 1931	Dec. 7, 1931	Dec. 14, 1931	Dec. 21, 1931
Call money.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days' mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances:—						
Members—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-members—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Ineligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level.	Dec. 21, 1931.	Dec. 7, 1932.	Dec. 14, 1932.	Dec. 21, 1932.
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London—					
60 days.....	Dollars for £1	4.8666	3.38 1/2	3.23 1/2	3.2762
Obol.....			3.38 1/2	3.24 1/2	3.2837
Obol.....			3.38 1/2	3.24 1/2	3.2837
Paris.....	Cents for 1 franc	3.918	3.93 1/2	3.9037	3.9031
Brussels.....	Cents for 1 franc	13.90	13.91	13.855	13.845
Switzerland.....	Cents for 1 franc	19.30	19.51	19.23	19.235
Italy.....	Cents for 1 lire	5.263	5.10 1/2	5.13	5.12
Berlin.....	Cents for 1 mark	23.82	23.67	23.77	23.81
Vienna.....	Cents for 1 schilling	14.07	14.07	14.07	14.07
Madrid.....	Cents for 1 peseta	19.30	19.30	19.30	19.30
Amsterdam.....	Cents for 1 guilder	40.195	40.25	40.15	40.14
Copenhagen.....	Cents for 1 kroner	26.80	18.80	16.90	17.00
Oslo.....	Cents for 1 kroner	26.80	18.80	16.90	17.00
Stockholm.....	Cents for 1 kroner	26.80	18.80	16.90	17.00
Athens.....	Cents for 1 drachma	1.297	12.87 1/2	0.65 1/2	0.62
Montreal.....	Cents for Can. \$1	100	80 1/2	86 1/2	86 1/2
Yokohama.....	Cents for 1 yen	49.85	40	20.50	21.30
Hong Kong.....	Cents for H. Kong \$	...	25.50	...	...
Shanghai.....	Cents for 1 Sheng. tael	...	34.00	...	...
Calcutta.....	Cents for 1 rupee	36.50	25.625	24.60	25.38
Buenos Aires.....	Gold pesos for £100	103.65	...	...	...
Rio de Janeiro.....	Cents for 1 milreis	11.96	...	...	...
Valparaiso.....	Cents for 1 peso	12.125	...	...	...

SOUTH AFRICAN EXCHANGE RATES.

	BUYING RATES.				
	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia.....	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	2 1/2 dis.
South Africa.....	1 1/2 dis.	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	2 1/2 dis.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on:—		
Rhodesia.....	£ s. d.	£ s. d.
South Africa.....	£ s. d.	£ s. d.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires.....	Escudos to \$	24.3325	Sight London	19.86 1/2
Venezuela.....	Bolivares to \$	25.2215	"	20.50
Colombia (Bogota).....	Pesos to \$	5	"	3.48 1/2
Nicaragua.....	Cordobas to \$	4.8665	"	(a)
Salvador.....	Colonos to \$	9.73	"	7.99
Bolivia.....	Bolivianos to \$	13.33	90 days	(a)
Guatemala.....	Quoted in New York.			

(a) No rates available. (b) Rates calculated on basis of New York cross rates.
† Nominal.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.
T.T.	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	109 1/2	125 1/2	110 1/2
Sight	127 1/2	113 1/2	127 1/2	111 1/2	127 1/2	111 1/2	127 1/2	109 1/2
30 days ..	127 1/2	113 1/2	127 1/2	111 1/2	127 1/2	111 1/2	127 1/2	109 1/2
60 days ..	127 1/2	113 1/2	127 1/2	111 1/2	127 1/2	111 1/2	127 1/2	109 1/2
90 days ..	127 1/2	113 1/2	127 1/2	111 1/2	127 1/2	111 1/2	127 1/2	109 1/2

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

INDIA: REMITTANCES TO THE HOME TREASURY.

	£	Apr. 17, 1932.
Sterling purchased in India	1,640,000	26,189,000
Sterling taken over in London	...	715,000
Net transfer to Home Treasury	...	—8,750,000
Net remittance to Home Treasury	1,640,000	18,154,000

India Office, S.W.1, Dec. 20, 1932.

BULLION.

The following statistics of imports and exports of gold for week ended December 22, 1932, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.			Exported from Great Britain and Northern Ireland.		
From	Bullion.*	Coin.†	To	Bullion.*	Coin.†
France.....	1,183	1,443	Germany.....	6,080	7,000
Iraq.....	3,804	...	Netherlands.....	776,645	73,253
Greece.....	85,910	...	Belgium.....	...	130,789
Brazil.....	84,700	...	France.....	3,858	...
British S. Africa.....	919,187	...	Switzerland.....	1,000	...
Anglo-Egyptian.....	4,533	...	Portugal.....	394,200	...
Sudan.....	777,893	98,282	Australia.....	8,125	...
British India.....	102,877	...	U.S.A. and other countries.....	2,964,628	104
Straits Settlements.....	257,419	...			
Australia.....	5,894	36			
British Guiana.....	3,598	...			
Other countries.....	...	...			
Total declared imports.....	2,216,998	99,761	Total declared exports.....	4,154,620	211,041

* At current market price. † At par.

GOLD MOVEMENTS.

1932. ARRIVALS. Dec. 16-21 inclusive..... £19,633,976 out. During 1932, £1,198,906 out. Since April 29, 1925, £48,588,541 out. Since September 21, 1931 (Gold Standard suspended), £16,184,127 out.

Measrs. Samuel Montagu and Company write on December 21, 1932, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £139,422,097 on the 14th instant, showing no change as compared with the previous Wednesday. The next return will show a reduction in the gold holding of the Bank, owing to the sale announced on the 15th instant, of £19,632,831 in bar gold and £1,145 in foreign gold coin. This represents gold purchased by the Government to meet the payment of \$95,500,000, which became due on the 15th instant in respect of this country's War Debts to the United States. Purchases of gold by "undisclosed buyers" were made in the open market during the week, but most of the substantial amounts which came on offer were taken for export.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
December 15th	125s. 3 1/2d.	13s. 6.73d.
" 16th	124s. 9 1/2d.	13s. 7.38d.
" 17th	124s. 7 1/2d.	13s. 7.60d.
" 19th	124s. 1 1/2d.	13s. 8.26d.
" 20th	123s. 8d.	13s. 8.87d.
" 21st	123s. 5d.	13s. 9.20d.
Average	124s. 3.8d.	13s. 8.01d.

Gold shipments from Bombay last week amounted to over £1,500,000. The s.s. "President Hayes" carries £1,156,000, consigned to New York, and the s.s. "Comorin" £331,000, consigned to London, £14,000 to New York, and £21,000 to Holland.

SILVER.

Although until to-day movements in prices were very small, the tendency was still downward; to-day, following weak advices from the East, quotations fell 1/4d. and 1/2d. respectively, being fixed at 16 1/4d. for both cash and two months' delivery, which were the lowest since July 6th last.

China buying has again been met by selling by the Indian Bazaars and America, but demand continued poor and the market quiet, the low prices, so far, attracting little interest.

For the first time since August 15th last, level prices were quoted during the week.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 12th instant to mid-day on the 19th instant:—

IMPORTS.	£	EXPORTS.	£
Japan.....	66,168	China.....	74,477
Poland (including Dan- zig).....	21,202	Poland.....	22,800
Soviet Union (Russia)	21,768	British India.....	52,475
Germany.....	24,111	France.....	10,085
British West Africa.....	14,479	French Possessions in India.....	8,000
British India.....	8,829	Germany.....	1,860
Australia.....	18,308	Other countries.....	6,883
Other countries.....	5,529		
	£180,394		£176,580

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std. delivery.	Cash Two Months' delivery.	Ounce Cents per 1000 fine.	
December 15th.. 17 1/4d.	17 1/4d.	December 14th.. 25 1/2	
" 16th.. 17d.	17d.	" 15th.. 25 1/2	
" 17th.. 17d.	17 1/4d.	" 16th.. 25 1/2	
" 19th.. 17d.	17 1/4d.	" 17th.. 25 1/2	
" 20th.. 16 1/4d.	17d.	" 19th.. 25 1/2	
" 21st.. 16 1/4d.	16 1/4d.	" 20th.. 25 1/2	
Average	16.948d.		16.990d.

The highest rate of exchange on New York recorded during the period from the 15th instant to the 21st instant was \$3.34, and the lowest \$3.28.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Dec. 15.	Dec. 7.	Nov. 30.
Notes in circulation	17,490	17,534	17,563
Silver coin and bullion in India	11,164	11,268	11,297
Gold coin and bullion in India	1,854	1,175	1,175
Securities (Indian Government)	4,472	5,091	5,091

The stocks in Shanghai on the 17th instant consisted of about 143,800,000 ounces in sycee, 217,500,000 dollars and 6,100 silver bars, as compared with about 139,500,000 ounces in sycee, 222,000,000 dollars and 7,780 silver bars on the 10th instant.

The London Bullion Market will be closed on Monday, January 2, 1933.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
	Cash.	Forward		Cash.
1932.				
Dec. 16.....	124 9 1/2	17 1/2	Dec. 17, 1926	24 1/2
" 17.....	124 7 1/2	17 1/2	" 16, 1927	26 1/2
" 19.....	124 1 1/2	17 1/2	" 20, 1928	26 1/2
" 20.....	123 8	16 1/2	" 19, 1929	22 1/2
" 21.....	123 5	16 1/2	" 18, 1930	14 1/2
" 22.....	123 4 1/2	16 1/2	" 17, 1931	20 1/2

NOTICES.

The directors of Martins Bank intimate that Mr A. F. Shawyer, whose intention to retire at the end of the year was recently announced, has agreed, at their request, to continue in office as general manager for the time being.

Company News.

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended December 14th: Venezuela, 33,426 barrels; Trinidad, 25,709 barrels; total, 59,135 barrels.

STEAUA ROMANA (BRITISH), LTD.—Production of the Steaui Romana Company, Bucharest, for the month of November was 108,664 tons.

THE ANGLO-PERSIAN OIL COMPANY, LTD.—Production in Persia for the month of November amounted to 545,000 tons, making a total of 5,926,000 tons for the first 11 months of 1932.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—Production during the month of November amounted to 66,920 barrels, or approximately 9,680 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended December 3, 1932, was 270,000 barrels. Production for the week ended December 10, 1932, was 271,000 barrels.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Gross Receipts, week ended Dec. 19, 1932. (000's omitted.)						Aggregate Gross Receipts, 50 weeks. (000's omitted.)					
(b) Week ended Dec. 19, 1932.	(c) Week ended Dec. 20, 1932.	Miles Open	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.	
			£	£	£	£	£	£	£	£	£	£	
Great Western	1932	3,761	180	166	125	291	471	10,015	8,302	4,987	13,289	23,304	
	1931	3,761	204	191	119	510	514	10,871	9,581	5,281	14,839	27,141	
(c) L. & N.	1932	6,553	265	292	265	557	822	15,028	14,499	10,887	25,386	40,411	
Eastern	1931	6,553	294	347	271	612	912	16,147	17,133	11,721	28,914	45,060	
L. M. & S.	1932	6,948	415	424	320	744	1,159	23,075	20,766	11,539	32,305	53,380	
Scottish	1931	6,948	453	493	295	788	1,241	24,374	23,666	12,337	36,003	57,377	
Southern	1932	2,181	255	64	41	105	360	13,880	3,143	1,540	4,683	18,367	
	1931	2,180	275	68	38	106	361	14,983	3,629	1,579	5,208	20,191	
Total...	1932	19,243	1,115	946	751	1,697	2,812	61,938	47,100	28,953	75,663	137,661	
	1931	19,238	1,226	1,099	723	1,822	3,048	66,375	53,986	30,978	84,964	151,333	
(c) Metro- politan	1932	59	28.1	...	...	3.7	31.8	1,457.2	...	...	167.1	1,624.3	
(c) Under- ground R.	1931	59	30.3	...	...	4.2	34.4	1,544.3	...	...	186.6	1,730.9	
(c) Green	1932	...	302.9	...	...	302.9	14,591	...	...	...	14,591	...	
(c) Buses, &c.	1931*	...	30.2	...	...	30.2	1,562	...	...	...	1,562	...	
(c) L. & S.b.	1932	...	44.5	...	...	44.5	2,165	...	...	...	2,165	...	
Group	1931	...	44.7	...	...	44.7	2,222	...	...	...	2,222	...	
(b) Belfast	1932	80	1.7	...	...	0.9	6.4	126.4	...	...	31.3	157.7	
(c) Co. Down	1931	80	1.7	...	...	0.9	6.4	126.4	...	...	31.3	157.7	
(b) Great	1932	562	8.5	...	...	11.3	19.8	543.7	...	...	568.4	1,112.2	
Northern	1931	562	10.1	...	...	13.8	23.9	591.7	...	...	717.3	1,288.4	
(b) Great	1932	2,182	24.0	...	...	37.7	61.7	1,269.9	...	...	1,056.2	2,292.1	
Southern	1931	2,182	28.0	...	...	43.6	71.6	1,269.9	...	...	2,089.3	3,358.6	

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.						Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.	
					Prefce.	Ordinary.						
						Amount.	Rate.					
					£	£			£	£	%	
Breweries.		£	£	£	£							
Hall's Oxford Brewery.....	Sept. 30	59,247	53,023	112,270	11,000	40,000	20	£	£	£	22	
Newcastle Breweries.....	Oct. 31	58,526	Dr. 13,444	45,082	12,000	...	...	...	61,270	54,931	%	
Iron, Coal and Steel.						...	...		33,082	45,700	6	
Armiston Coal Company ...	Sept. 30	13,503	12,857	26,360	1,106	6,094	5	5,000	14,166	14,213	5	
Motor and Cycle												
Maudslay Motor Co.	Aug. 31	4,605	Dr. 28,819	Dr. 24,214	...	...	...	Dr. 24,214	...	Dr 13,847	...	
Rubber.												
Krubong (Malacca) Rubber	Sept. 30	155	Dr. 860	Dr. 705	...	...	...	Dr. 1,000	295	Dr. 1,015	...	
Pontian (Malay) Rubber ...	Sept. 30	1,871	Dr. 988	883	...	...	...	...	883	220	...	
Rembia Rubber	Sept. 30	Dr. 7,008	Dr. 3,368	Dr. 10,376	...	...	...	...	Dr 10,376	Dr 10,949	...	
Sungei Buaya (Sumatra) Rubber	Sept. 30	1,221	Dr. 9,040	Dr. 7,819	...	...	...	...	Dr. 7,819	Dr. 6,264	...	
Shipping.												
West Hartlepool Steam Navigation	Mar. 31	53,402	67,630	121,032	11,000	65,881	31½†	20,000	24,151	47,691	15†	
Tramways.												
United Electric Tramways of Caracas	June 30	64,223	Dr. 953	63,270	...	...	...	...	63,270	3,146	...	
Trust.												
Great Northern Investment Trust	Nov. 30	7,641	37,441	45,082	34,005	...	...	...	11,077	62,154	6	
Second British Steamship Trust.....	Dec. 1	6,398	21,626	28,024	9,375	7,500	4	3,500	7,649	19,197	4	
Other Companies.												
Acetex Safety Glass	June 30	Dr. 34,688	Dr. 7,692	Dr. 42,380	...	...	...	...	Dr. 42,380	Dr. 2,516	...	
Barton Transport	Sept. 30	...	10,943	10,943	5,600	1,250	...	...	1,165	Dr. 9,452	...	
British-American Tobacco ..	Sept. 30	1,833,040	5,438,253	7,271,293	585,000	4,716,552	10	2,928	1,969,741	5,334,448	20†	
Cavendish Furniture Co. ...	June 30	Dr. 146,598	Dr. 14,710	Dr. 161,308	...	...	20†	...	Dr 161,308	Dr. 15,681	...	
Cow and Gate Limited.....	Sept. 30	8,083	49,826	57,909	11,601	10,312	16†	...	18,996	50,158	...	
Cyprus and General Asbestos	June 30	...	Dr. 3,236	Dr. 3,236	...	...	...	17,000	Dr. 3,236	...	...	
East India Distilleries and Sugar Factories	Sept. 30	337	27,613	27,950	14,000	8,000	10	2,500	3,450	2,029	...	
Ford Paper Mills	Sept. 30	5,274	335	5,609	...	...	...	...	5,609	3,230	...	
Shaw (John) and Sons	June 30	3,532	Dr. 6,507	Dr. 2,975	...	...	...	...	Dr. 2,975	Dr 23,244	...	
South American Cattle Farms	Sept. 30	2,662	14,924	17,586	...	...	...	...	2,586	9,603	...	
Taylor's Drug Company	Oct. 1	23,252	33,677	56,929	14,918	18,375	6†	...	23,636	34,228	...	
Transparent Paper	Sept. 30	...	9,004	9,004	...	...	...	...	9,004	...	...	
Turner and Newall	Sept. 30	34,840	305,671	340,511	101,098	181,647	3†	5,000	52,766	360,880	...	

† Free of Income Tax.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Credit Foncier D'Algerie et de Tunisie	Fr 16.50*	Jan. 1	...	...	...
Ionian Bank	p.s. 2½†	...	Less tax	...	...
TEA AND RUBBER.					
Bogawantalawa District Tea	3%*	Dec. 31	Less tax	...	...
MINING.					
Brakpan	4/- p.s.	Feb. 16	...	...	...
Gopeng Consolidated	3d. p.s.*	Jan. 7	Less tax	...	...
Government Areas	2½ p.s.*	Feb. 16	...	...	...
Langlaagte Estate	2/- p.s.	Feb. 16	...	...	...
New State Areas	2½ p.s.	Feb. 16	...	...	...
Randfontein Estates	1/- p.s.	Feb. 16	...	...	...
Springs	3/9 p.s.	Feb. 16	...	...	...
Tebeldy Minerals	...	...	Less tax	4½d. p.s.	4½d. p.s.
Van Ryn Deep	2/- p.s.	Feb. 16	...	...	...
Wanderer Gold	5%*	Jan. 12	Less tax	...	...
West Springs	9d. p.s.	Feb. 16	...	...	...
Witwatersrand (Knights)	3d. p.s.	Feb. 16	...	...	...
OTHER COMPANIES.					
Aberthaw and Bristol Channel Portland Cement	2½%*	Jan. 2	Less tax	...	...
Aibion Greyhounds (Glasgow)	11%*	Dec. 30	Less tax	...	...
Do. deferred ord.	89-15-99	Dec. 30	Less tax	...	...
Apex (Trinidad) Oilfields	17½%*	...	Less tax of 2/- 59.	25	20
Barry and Staines Linoleum	2½%*	Jan. 10	Less tax	...	...
Berkley Property, &c.	2½%*	...	Less tax	...	...
Bluemel Brothers	2½%†	...	Less tax	5	5
British American Tobacco	8d. p.s.*	Jan. 16	Free of tax	20	20
Do.	10d. p.s.*	Jan. 16	Free of tax	...	...
British Steamship Investment Trust (deferred)	5%*	Jan. 2	Less tax	...	...
Cammer Investment Trust	2½%†	...	Less tax	3	5
Colombo Commercial	6%†	...	Less tax	10	12½
East India Distilleries	...	Jan. 2	Less tax	10	12½
Essex Fuel Ord.	5%*	Jan. 1	Less tax	10	8
Essex Dock Ord.	7½%*	Jan. 1	Less tax	12½	11
Essex Aviation	...	Jan. 2	Tax free	10	10

Name of Company.	Rate % per Annum, except where marked %, or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Year.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
Graves (J. G.)	12½%*	Jan. 1	Less tax	...	%
Greenwood and Batley, pref.	3½%	Dec. 30	Less tax	...	%
Hardy's Crown Brewery	3/- p.a.*	...	Less tax	...	10
Hardy's Kimberley Brewery	...	...	Less tax	7½	...
John Waddington	5%*	...	Less tax	...	...
London County Freehold and Leasehold Properties	2%*	Feb. 1	Less tax	...	...
New Investment	2½%*	Jan. 2	Less tax	...	...
New Zealand and River Plate Land Mortgage	3½%†	...	Less tax	7	9
Odhams's Properties	2½%*	Jan. 1	Less tax	...	10
Rio Claro Railway & Investment	3%†	...	Less tax	6	10
Roberts (J. F. and H.)	6½%†	...	Less tax	10	...
Second British Steamship Trust	6½%†	Dec. 31	Less tax	4	...
Sheepheards Coal and Iron	4d. p.a.*	...	Less tax	...	...
South British Investment	1½%*	Jan. 2	Less tax	...	...
Tamplyn and Sons Brewery	2½%*	Jan. 16	Less tax	...	...
Telephone Rentals	2½%*	...	Less tax	...	...
Third Scottish American Trust	8%*	Jan. 2	Less tax	...	7
Transvaal Consolidated Land	7½%†	Dec. 31	Less tax	5	22
United Tobacco (South)	...	...	Free of S.A. Tax.	17½	...
Do.	2½%*	Dec. 31	S.A. Tax.	...	...
West Hartlepool Steam Navigation Company Deferred	5%*	Jan. 2	S.A. Tax.	...	...
White (A. J.)	2½%*	...	Less tax	15	NH
Yorkshire Dyeware, &c.	...	...	Less tax	...	...

‡ 3s. 9d. in £.

JETINGA VALLEY TEA COMPANY, LTD.—The directors regret that, owing to the continued unsatisfactory state of the tea market, they do not see any prospect of the company earning a profit on this year's crop. They are, in consequence, unable to pay the dividend on the preference shares due on 31st instant. The quantity of tea manufactured to the end of November was 1,159,440 lbs., of which 462,053 lbs. have been sold in London at an average price of 6-4½d. per lb., the corresponding figures to the same date in 1931 being 1,040,960 lbs. and 15-12½d. and 15-18d. per lb. The board continue to insist on rigid economy, and estimates of expenditure for next year are being cut down to the lowest possible point consistent with reasonable efficiency.

REPORTS AND NOTICES.

Mr Francis Maurice Grosvenor Glyn has been elected a director of the Rio de Janeiro City Improvements Company, Ltd.

♣ Captain A. O. Pollard, V.C., M.C., D.C.M., has joined the board of the Low Engineering Company, Ltd.

INSURANCE.

"ROYAL" LIFE BONUSES.—The directors of the Royal Insurance Company announce that interim bonuses on "Royal" participating policies, which may become claims or be surrendered during the twelve months to December 31, 1933, and which are entitled to an interim bonus, will be at the rate of 45s. per cent. per annum, the same rate as for the current year.

MISCELLANEOUS.

ASSOCIATED LONDON FLOUR MILLERS.—The directors of Associated London Flour Millers announce that the offer put forward by them to their shareholders on December 3rd on behalf of a prospective purchaser has now been accepted by the holders of the requisite percentage of the ordinary capital, and the agreement to purchase the shares has, therefore, become absolute. The directors confirm the reports that the offer was on behalf of Joseph Rank, the £4,206,500 private milling company. Associated Company's ordinary capital totals £833,043 and the percentage required was 51. The offer was dealt with in the *Economist*, December 10th, page 1096.

PEASE AND PARTNERS, LTD.—At meetings of the 5 per cent. debenture stockholders, unsecured creditors and shareholders of Pease and Partners, Ltd., which were held December 16th, the scheme of arrangement dated November 24, 1932, was approved by overwhelming majorities. At an extraordinary general meeting of the company which followed, resolutions to give effect to the scheme were passed by overwhelming majorities after a poll had been taken.

Commercial Reports.

MARKET SUMMARY.

The steadier tendency of the gold value of the principal primary products noticeable a week ago has been maintained. A survey of the course of quotations in New York reveals a hardening tendency in the price of copper and tin. Lead and spelter are again unchanged on the week, and rubber was sold at previous rates. On the other hand, raw cotton declined to a slightly lower level. Among grains, wheat, maize, rye and oats are scarcely changed on the week. Coffee was steady, but raw sugar and cocoa suffered a setback. Sterling quotations of primary products were lower in accordance with the improvement in the gold value of sterling. According to reports from various industrial centres, the coal trade continues active and the outlook for the iron and steel industries is more hopeful. Similarly, Manchester goods have been in better demand, and sales of rayon piece-goods tend to broaden, both at home and abroad.

THE COAL TRADE.

SHEFFIELD.—The closing period of the year is being marked by increased activity in all departments and better prospects in the overseas markets. The output quota for South Yorkshire is to be increased substantially as from the New Year. A larger tonnage of best steams for export has been sold and shipped lately, and this improvement is likely to continue. Prices are firm at 17s. 6d. to 18s. f.o.b. The pre-Christmas demand for house coal has been brisk, with tonnage below normal. Blast-furnace coke is selling freely for heating, whereas iron-trade consumption continues low. The price remains about 10s. at ovens.

GLASGOW.—The main activity this week has been the search for odd lots of coal to complete cargoes due for dispatch before the end of the month. With supplies still scarce, however, and that despite the further increase in the production quota, requirements have not been easily covered, and values remain strong. Most of the extra output will, it seems, be absorbed in the home market. Little forward business is being arranged, but a number of collieries are well placed for the month of January.

NEWCASTLE-ON-TYNE.—The Northumberland market for all classes of screened steam, trebles and doubles, is firm, and there is a steady arrival of tonnage, but if the present mild weather continues there is a possibility of an ease in the position after the holidays, as most of this coal is shipped for domestic purposes. The inquiry from abroad is much better than was experienced at this time last year, and of the 27,000 tons inquiry from the Swedish State Railways, 20,000 tons have been placed in this district. The Durham market in unscreened gas and coking is steady. Foundry coke is quiet, but the demand from the United States for nuts continues, good sales having been made over next year.

CARDIFF.—The most important development in the coal trade situation this week has been an understanding between the colliery owners and the miners' representatives to secure the peace and stability of the industry during the coming year. The Conciliation Board Agreement entered into in January, 1931, is operative till the end of January, 1934, and thereafter subject to a month's notice, and under this agreement either side has the power to apply for the revision of the minimum wage and the subsistence allowances at the

end of each year. At a meeting of the Joint Disputes Committee on Tuesday the representatives of the coalowners stated that they had waived this right in order that no uneasiness should be created as to the possibility of a discontinuance of work next July, when the undertaking given by the owners nationally last July that they would not disturb existing wage rates for a period of at least twelve months expires. A joint statement, moreover, was issued to the effect that "there cannot possibly be any difference of opinion on any question of wages or conditions of employment until, at the earliest, some time in 1934," and that an early meeting of the Conciliation Board is to be held "with the definite object of endeavouring to ensure that the period of stability is extended far beyond 1934." These official pronouncements have not merely cleared up a point on which some doubt had existed, but have also removed all cause for hesitation over the arrangement of contracts for the new year. The tenders for the Egyptian State Railways contract for 60,000 tons of large coals were opened at Cairo on Tuesday, when the quotations were found to range from 23s. to 25s. 9d. c.i.f. Alexandria, and from 17s. 4½d. to 18s. 7½d. f.o.b. The lowest tender was for German coals. The general position on the market is unchanged.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland pig iron, whilst not showing any outstanding improvement, remains steady, and a fair number of small transactions have been put through during the past week mostly for home consumers. Local foundries will be closed down during the holidays next week, and, although this will mean slight additions to the stocks of pig iron in makers' yards, it is not anticipated this will have any effect on prices. Official prices remain unchanged. So far as hematite is concerned, a regular flow of small orders continues, and makers are inclined to increase prices for forward delivery, having in mind the recent rise in the costs of raw materials. For prompt, the price of ordinary mixed numbers is 59s. per ton. One good sign here is that home users are tentatively inquiring for delivery up to the middle of next year. In the manufactured departments there is a slight improvement all round in the number of orders received. It is announced that Messrs Dorman Long and Company have received an order for 4,000 tons of tram rails from the London County Council, which is very satisfactory. Prices for steel material show no alteration. Deliveries of imported ore consist chiefly of arrears under old contracts, although here and there buyers are compelled to buy an odd cargo of special quality.

SHEFFIELD.—Business has been curtailed this week owing to holiday influences, but orders and inquiries are more numerous than twelve months ago, and the outlook for most sections of the steel trade continues to improve, partly as a result of lower imports. Consumption of steel for sheets, tinplates, constructional material and tools is considerable, although still substantially below normal and there are still many bad patches about. The keenness of competition keeps down prices of steel goods to a level which cannot yield a profit on many of the transactions. On the other side, it should be noted that the steelmakers have carried out this year big economies in operating costs, and there has been substantial progress in the modernisation of processes in nearly every branch of local industry. Demand for scissors and razor blades increases every week, but business continues extremely flat in knives, spoons and forks and silver and electro-plate. The tool industry maintains its former position. The export trade in cutlery and tools tends to expand.

GLASGOW.—In the heavy steel trades business this week seems in the main to be confined to small parcels for immediate delivery to meet requirements for repair work to be carried out during the approaching holiday season or for the completion of urgent orders on hand. In the heavy trades little important business has been placed, and for semis also the demand is poor. During the week



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there has been a considerable amount of ship-repairing work done at Clyde yards, but the tonnage of steel involved is small. Bookings of black and galvanised sheets, both for home and export, have been satisfactory, and mills have been fully employed. It is understood that a large proportion of the sheet mill plant will be stopped for the holidays this week-end, instead of a week later, when the general stoppage in Scotland takes place, and that one concern will be closed down for about a fortnight to permit of extensive repairs. In the tube trade the position is unchanged.

CARDIFF.—On the Swansea Metal Exchange on Tuesday prices of tinplates were steady to firm at from 15s. 9d. to 16s. 3d. per basis box, and a feature of the market is an increased demand for wasters. The competition of foreign steel bars continues negligible, and local bars are still quoted at 95s. per ton delivered. Galvanised sheet prices are unaltered at from £10 to £10 15s. per ton. Shipments of tinplates from Swansea last week were 27,000 boxes greater than in the previous week, and stocks were consequently reduced from 164,272 to 144,952 boxes. There was a spirit of quiet optimism as regards business in the New Year.

OTHER METALS.

TIN.—Business at the London Metal Exchange was quiet during the past week. The demand for tin was slow and sterling quotations tended to sag from Monday to Wednesday. Sales on the London Metal Exchange were 275 tons on Monday, against 400 last week; 125 tons on Tuesday, against 750 tons last week; and 150 tons on Wednesday, against 175 tons last week. The New York quotation on Wednesday was 22.85 cents per lb., against 22.55 cents a week ago and 23.15 cents a month ago. Wednesday's official closing quotation in London for standard cash was £148 15s. to £149, compared with £148 5s. to £148 10s. last week. Stocks in London and Liverpool at the end of last week were 29,808 tons, a decrease of 333 tons on the week.

COPPER.—The reaction in prices which followed the news of the failure of the New York Copper Conference gave way to a slightly steadier tendency during the past week. Sales at the London Metal Exchange were 400 tons on Monday, against 1,100 tons last week; 350 tons on Tuesday, against 225 tons last week; and 400 tons on Wednesday, against 700 tons last week. Domestic spot was quoted 5 cents per lb. New York on Tuesday, against 5 cents a week ago and 5½ cents a month ago. Wednesday's official closing price for standard cash in London was £28 3s. 9d. to £28 5s., compared with £27 15s. to £27 16s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 30,233 tons, show an increase of 23 tons, and stocks of rough copper, at 6,353 tons, an increase of 25 tons.

LEAD.—Prices hardened on an active demand on Monday, but part of the advance was lost on Tuesday and Wednesday, when buyers showed less interest in this metal. Sales at the London Metal Exchange were 1,000 tons on Monday, against 600 tons last week; 350 tons on Tuesday, against 150 tons last week; and 200 tons on Wednesday, against 300 tons last week. The New York quotation on Tuesday was 3.00 cents per lb., against 3.00 cents a week ago and 3.00 cents a month ago. The official closing quotation in London on Wednesday for soft foreign was £11 1s. 3d. for November shipment, compared with £10 18s. 9d. last week.

SPELTER.—The expectation that the cartel will continue to curtail output at the present rate resulted in a firm tendency on Monday, but owing to the lack of buyers, quotations receded slightly on Tuesday and Wednesday. Sales were 350 tons on Monday, against 500 tons a week before; 200 tons on Tuesday, against 350 tons the week before; and 150 tons on Wednesday, against 400 tons. The New York quotation on Wednesday was 3.125 cents per lb., against 3.125 cents the week before, and 3.15 a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" was £15 6s. 3d. for November shipment, against £15 1s. 3d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium was again quoted at £100 per ton. Nickel was unchanged at £255-£260 per ton. Quicksilver was lower at £10-£10 15s. per flask, against £10 5s.-£11 2s. 6d. per flask a week ago. Foreign antimony was again sold at £27-£27 10s. per ton. Platinum remained unchanged at £9 per ounce.

TEXTILES.

THE COTTON TRADE.—**Liverpool.**—Imports for the week December 15th to 21st (inclusive) are 83,570 bales, of which 57,660 are American; 24 Peruvian; 9,003 Egyptian; 1,025 East Indian; 14,853 Russian; and 105 sundries.

Manchester.—Although trading in the market during the past week has not been at all active, the general inquiry has been well maintained and a fair miscellaneous business has been done. There have been no indications, however, of buyers being prepared to increase the size of orders, and numerous contracts have been for very trifling lots. General advices from India continue rather more encouraging and a steady trade has been done in piece-goods, especially in light bleaching descriptions and fancies. The outlook for China has again been disappointing, and very few bids have been met with in staple makes and fancies. Limited quantities of bleaching, printing and dyeing cloths have been sold for the Near East, West Africa and the Continent, but rather less demand has been mentioned for South America. Active buying for the home trade is not usual at this time of the year, but business has not been at a standstill. Spinners of American yarns continue to present a stiffer front to their customers. A fairly encouraging turnover has taken place, especially in coarse and medium counts. A varied business has been put through in Egyptian yarns, and spinners have experienced some difficulty in preventing loss of ground.

Cotton Prices.									
	1932.				Corresponding Date.				
	Nov. 30.	Dec. 7.	Dec. 14.	Dec. 21.	1930.	1931.			
Raw Cotton—Mid. American	d. 5.38	d. 5.17	d. 5.14	d. 5.21	d. 5.36	d. 5.22			
" Sakellaridis Fully Good Fair	d. 7.27	d. 6.84	d. 7.00	d. 7.13	d. 7.95	d. 7.05			
Yarns—32's twist	9 9	9 9	9 9	9 9	9 9	9 9			
" 40's twist	9 9	9 9	9 9	9 9	9 9	9 9			
" 60's twist (Egyptian)	15 1	14 1	14 1	15 1	16 1	15 1			
32-in. Printers, 116 yds., 16 by 16, 32's and 60's	a. d. 18 10	a. d. 18 6	a. d. 18 0	a. d. 17 9	a. d. 18 0	a. d. 17 6			
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 6	20 0	19 6	19 3	20 3	19 4			
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 10	10 8	10 5	10 4	11 4	10 9			
39 in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9 9	9 6	9 3	9 2	10 3	9 9			

THE WOOL TRADE.—**Bradford.**—The first half of the selling season finished at Melbourne on Wednesday, with prices at the highest point since the season opened. A sale last Monday at Perth went most satisfactorily, and a very firm market is being witnessed for merinos everywhere. Another very encouraging feature, writes our correspondent, is the report of the Dunedin sale on Tuesday, at which the best prices were made since the opening of the selling season in the Dominion. Another very pleasing feature is the fact that every country is disposing of its clip at a much faster rate than last year. Home markets do not display very much activity. Bradford topmakers are finding quarters somewhat slack, but prices are steady. In one or two but spinners are very reluctant to pay more for any quality. During the week some sales have been made of B.A. 40-44's at 4½d., clean, c.i.f. Liverpool—a record low level. The result is that medium and coarse crossbred tops are still on the easy side, but 56's and upwards are firm.

THE GRAIN MARKETS.

WHEAT.—The setback in international wheat prices caused a week ago by cheap Argentine offers has persisted throughout the week. Although Russia is not now important as a market factor, and the United States is holding aloof, a substantial improvement in prices seems precluded by the smallness of importers' demand. At the same time, it is doubtful whether the acreage under wheat will be substantially reduced during the current crop year. According to the Crop Reporting Board of the Bureau of Statistics of the United States Department of Agriculture, the area sown to winter wheat during the current season is 39,902,000 acres, against 38,682,000 acres a year ago. The final official estimate of the United States wheat crop, published on December 15th, is 726,930,000 bushels, against 892,271,000 bushels in 1931. The total acreage under wheat, at 55,177,000 compares with 54,949,000 in the preceding year. On Wednesday, "December" futures were quoted in Chicago at 44½ cents per bushel, against 44½ cents the week before, and 42½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 25s. 6d. per 496 lbs., against 27s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 24s. 9d., against 26s.; No. 3 Northern Manitoba, Vancouver, ex ship, 24s. 6d., against 25s. 6d.; Australia, ex ship, 25s. to 27s. 6d., against 26s. to 27s. 6d. a week ago.

WHEAT FLOUR.—Business in flour has been quiet despite the lower level of quotations. North American shipments were 106,000 sacks, compared with 87,000 the week before. Wednesday's London quotations were: Straight run, delivered country, 23s. 6d. per 280 lbs., against 24s. 6d. last week; delivered London, 22s. 6d., as compared with 23s. 6d. a week ago. Manitoba patents, ex store, 23s. to 25s., against 23s. 6d. to 26s.; Australian, ex store, 20s. to 20s. 6d., against 20s. 6d. to 21s. last week.

BARLEY.—The demand for feeding barley in importing countries has been poor, although Canadian and Argentine varieties were offered at reduced rates. "December" futures were quoted in Chicago on Wednesday at 28½ cents per bushel, against 32½ cents last week and 29½ cents a month ago. Quotations in London on Wednesday were: "English feeding," f.o.r., per 448 lbs., 22s. to 25s., against 22s. to 25s. a week before.

OATS.—The market in oats has been dull. In Chicago, "December" futures were quoted at 15½ cents per bushel on Wednesday, against 15½ cents a week before and 15½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 3d. per 320 lbs., against 17s. 9d. a week ago; "River Plate," ex ship, 15s. 9d., against 16s.; "Chilean White," landed, 22s.-24s., against 22s.-24s. a week earlier.

MAIZE.—Contrary to that of many other cereals, the demand for maize continues active, but shipments from Argentina and from Danubian countries have recently been so large that their absorption was only made possible at a slightly lower level of values. "December" futures in Chicago were quoted on Wednesday at 22½ cents per bushel, against 22½ cents on Wednesday of last week and 24½ cents a month ago. Quotations in London, Wednesday: "Plate," landed, 19s. 3d. per 480 lbs., compared with 19s. 9d. last week; "Plate," ex ship, 18s. 3d., as against 18s. 9d.; "Plate," December-January, 18s. 3d., as against 19s. Yellow maize, ex wharf, was quoted at £5 12s. 6d. per ton, against £5 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1932-33, 1931-32, 1930-31, 1929-30:—

	1932-1933.	1931-1932.	1930-1931.	1929-1930.
Estimated sales of home-grown wheat—				
1 week to December 17.....	Cwts. 262,930	Cwts. 82,348	Cwts. 116,523	Cwts. 273,751
16 weeks to December 17	4,310,295	1,201,433	2,163,975	4,430,540
Average price of English wheat per cwt.	s. d. 5 3	s. d. 6 4	s. d. 6 1	s. d. 9 6

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

Week ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Dec. 10, 1932 ...	Cwts. 267,558	Cwts. 346,273	Cwts. 54,633	s. d. 5 4	s. d. 6 11	s. d. 5 9
Dec. 17, 1932 ...	262,930	364,045	41,099	5 3	7 0	5 8
Dec. 15, 1928 ...	261,543	424,169	76,619	9 7	10 2	9 2
Dec. 14, 1929 ...	273,751	370,417	34,448	9 6	8 11	7 3
Dec. 20, 1930 ...	116,523	319,853	34,445	6 1	8 2	5 8
Dec. 19, 1931 ...	82,348	298,035	53,729	6 4	8 7	6 10

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

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 2, 1931.	Dec. 23, 1931.	Jan. 4, 1932.	Dec. 14, 1932.	Dec. 21, 1932.
Winnipeg (No. 1 Manitoba)	148½	56½	58½	62½	42½	40½
Chicago (No. 2 Winter)	130½	79½	52½	55½	44½	44½
Cents per 60 lb.						

The visible supply of wheat in Canada, at 84,896,000 bushels, shows an increase on the week of 1,349,000 bushels. Supplies a year ago stood at 58,329,000 bushels.

OTHER FOODS.

SUGAR.—The slight improvement in raw sugar values in New York, noticeable last week, has again given way to a sagging tendency. December futures were quoted in New York at 0.68 cent per lb. on Tuesday, against 0.74 cent a week before and 0.94 cent a month ago. Wednesday's sales of raw sugar in London include "March, 1933, delivery" at 5s. 4½d. per cwt., against 5s. 3½d. at 5½d. a week before, and "December, 1933," at 6s., against 5s. 11½d. to 6s. 1d. The movements of raw sugar in London and Liverpool last week were as follows:—

	Imports.		Deliveries.		Stocks.	
	1932.	1931.	1932.	1931.	1932.	1931.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	1,867	456	831	1,319	13,857	4,282
Liverpool.....	41,656	32,731	14,415	12,406	156,619	91,841
Total tons ...	43,523	33,187	15,246	13,725	170,476	96,123
Last week ...	25,562	10,676	15,711	13,427	142,199	76,661

COFFEE.—The New York market in coffee has been steady. On Wednesday, Rio No. 7 (cush) was quoted at 8½ cents per lb., against 8½ cents per lb. on the corresponding day a week ago. Tuesday's London sales met with a better demand at steady rates. Last week's movements of coffee in London were as follows: Brazilian, landed, 141 bags; delivered, for home consumption, 15 bags; exported, 23 bags; stocks, 8,946 bags, against 2,733 bags a year ago. Central American, landed, 1,886 packages; delivered for home consumption, 2,358 packages; exported, 3,443 packages; stocks, 51,674 packages, against 59,296 last year. Other kinds: Landed, 2,594 packages; delivered for home consumption, 2,987 packages; exported, 1,898 packages; stocks, 65,053 packages, against 42,410 last year.

COCOA.—After a slight advance a week ago, cocoa prices began to decline again during the past week. December futures were quoted at 3.54 cents in New York on Tuesday, against 3.65 cents a week ago and 3.67 a month ago; Accra, December-February, at 25s. 3d. per cwt. c.i.f. Continent, shows a fall of 6d. per cwt. on the week. Last week's movements of cocoa in London were as follows: Landed, 8,174 bags; delivered for home consumption, 4,648 bags; exported, 21 bags; stocks, 106,026 bags, against 131,225 a year ago.

TEA.—The quantities catalogued for this week's auction comprised 27,661 packages of Indian and 27,616 packages of Ceylon tea. At Monday's "Indian" auctions, the demand for common grades was again active, but medium qualities were irregular. A similar tendency was noticeable on Tuesday, when "Ceylon" tea was on offer. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account during past weeks:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.
	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	
Dec. 17, 1931	10-18	12-07	16-03	8-59	8-17	7-36	11-99						
Nov. 24, 1932	8-78	7-78	10-60	6-67	5-32	6-46	8-97						
Dec. 1, "	8-20	7-21	10-02	6-56	4-81	4-97	8-47						
" 8, "	7-71	6-98	9-72	6-08	4-88	Nil	8-03						
" 15, "	7-46	7-06	9-08	6-05	4-86	6-04	7-84						

RICE.—The market in rice was quiet, but "forward" quotations were slightly steadier. The spot price was 9s. per cwt., against 9s. per cwt. a week ago, while the forward quotations at 7s. 2½d. per cwt. show a rise of 1½d. per cwt. on the week. Movements in London during the past week were as follows: Landed, 98 tons; delivered, 101 tons; stock, 2,623 tons, against 1,739 tons a year ago.

POTATOES.—There has been a good demand for potatoes, but prices eased slightly under the pressure of supplies. At the London Borough Market, "King Edward," light soil, were quoted at 5s. 6d. to 6s. per cwt., against 5s. 9d. to 6s. 3d. a week ago.

SPICES.—The pepper market was dull. Spot pepper, "Black Singapore," was quoted at 6d. per lb. on Wednesday, against 6d. per lb. a week ago. Forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 9 tons; stock, 382 tons, against 311 a year ago. White, landed, 23 tons; delivered, 45 tons; stock, 602 tons, against 471 a year ago.

MEAT.—As a result of excessive supplies of beef, mutton and lamb, at the Smithfield market, prices were generally easy. Wednesday's quotation for Argentine beef, chilled hindquarters, was 2s. 8d. to 4s. per 8 lbs., as compared with 3s. 10d. to 4s. 6d. last week. New Zealand frozen mutton was 2s. 8d. to 3s. 2d. per 8 lbs., against 2s. 8d. to 3s. 2d. a week ago. According to the Smithfield market official report, supplies during last week amounted to 10,578 tons, against 11,236 tons in the corresponding week last year. Imported beef, principally Argentine, formed 81.7 per cent. of the beef supplies, against 82.0 per cent. a year ago. Imported mutton, mainly New Zealand, formed 69.6 per cent. of the total supply of mutton and lamb, against 74.8 per cent. in the same week last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—On the whole markets have a fairly steady tone, but business is not large. In view of the coming into operation shortly of the 10 per cent. import duty, linseed on spot is firm and at a substantial premium, Plate being quoted £9 10s. per ton, while for shipment January to March £8 15s. has been paid. There is still a fair quantity afloat for Europe, viz., 171,700 tons, besides which there is available for shipment between now and December 31st 126,000 tons from South America and 59,000 tons from India. The official estimate of the yield of the new crop in Argentina is 1,350,000 tons, as against 2,170,000 tons harvested in the past season. To what extent India will increase production as a result of the 10 per cent. preference remains to be seen. Trade in linseed oil is quiet and current value of raw oil ex Hull around £16 10s. per ton for December delivery and £17 10s. January-April. Cottonseed is steadier, but in slow demand, shippers indicating £7 10s. for black Egyptian afloat and December loading. Cotton oil is neglected and crude Egyptian readily available at £23 per ton ex Hull. Oilcakes are in fair request at late prices.

HIDE, LEATHER AND ALLIED TRADES.—At the Manchester auctions of hides and skins this week, when supplies were sold for a fortnight, prices for several weights of ox and heifers were lower by ½d. per lb. Cow hides declined by a similar amount, while calfskins showed little alteration. The market for sheepskins remains steady, but in view of the low prices realised for felled mongers pelts, it is quite likely that slight reductions in the figures for woolled skins will be made. Trade in foreign hides has been of moderate dimensions and quotations for most descriptions have continued steady. Turnover of leather has been affected by the approaching holidays and consumers generally have taken only just sufficient to carry them on until the closing down.

RUBBER.—The market in rubber has been quiet at the lower level of prices. In New York, Wednesday's spot price for rubber, at 3½ cents per lb., shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2½d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for April-June, 1933, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 512 tons; delivered, 1,975 tons; stocks at the end of last week, at 93,229 tons, show a decrease of 1,463 tons as compared with the preceding week.



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THE MONEY MARKET.

WHILE no borrowing from the Bank was thought necessary on Christmas Eve, large amounts were borrowed immediately after the holidays on Wednesday and Thursday of this week. It is clear that the easy experience of last June is not being repeated, but that a fair amount of preparation has been necessary for the end of the year. Meanwhile, day-to-day money has not been quite so abundant as might have been expected. Over the week-end $\frac{3}{4}$ and $\frac{1}{2}$ per cent. were the general rates, while $\frac{3}{4}$ per cent. had again to be paid fairly freely on Wednesday.

The clearing banks have been lending a certain amount of day-to-day money at their minimum rate. January money was obtainable this week from outside quarters at $1\frac{1}{2}$ and 2 per cent. The clearing banks were not lenders, as they had previously lent all the January money they could spare at 1 per cent. As matters have turned out, it appears that it would have been better for them to have waited, but it must be remembered that it was by no means certain before it actually began that on this occasion there would be anything like the normal end-year pressure for funds. The Bank of England's rate has been $2\frac{1}{2}$ per cent., and by Thursday some borrowers had found themselves in the Bank for eight days. It is also reported that a few early January bills have been discounted at $2\frac{1}{2}$ per cent., as their holders preferred this course of action to borrowing at the Bank. Bank rate, of course, does not apply to bills with only a week or ten days to run.

The cause of the year-end pressure, which had not been generally anticipated, lies in the present heavy weight of Treasury bills. Allotments of £50 and £60 millions per week have lately been the general rule, and both this week and last the allotment amounted to £50 millions. Naturally, the banks have not been tendering for or buying bills during the last few weeks, for they wished to accumulate cash for the end of the year, and the same motive has led them to acquire as many late December maturities as possible. The result is that this week the discount market has had to pay for practically all the new bills itself, while few maturities have come its way to put it in funds. This accounts for the pressure for funds over the end of the year, whereas, in view of the general abundance of money, the market might have expected an easy time.

Bill-brokers, however, are likely to make a good turn out of this week's bills. The average tender rate on December 23rd was £1 5s. 2.8d. per cent., or practically $1\frac{1}{2}$ per cent., though it is known that there was a considerable divergence between individual tenders, so that many applicants probably put in for their bills at rates more like $1\frac{3}{4}$ and even $1\frac{1}{2}$ per cent. Hot Treasury bills were on offer this week at $1\frac{1}{2}$ per cent., this being a "spot" rate for payment and delivery before the end of the year. Against this, the banks are ready to buy bills next month to a limited extent, and consequently there has been a certain "forward" market in hot Treasury bills at $\frac{3}{4}$ per cent. for payment and delivery next week. The cost to a borrower from the Bank for, say, ten days at $2\frac{1}{2}$ per cent. is only $\frac{1}{4}$ per cent., so that it has well paid bill-brokers to take up bills this week, borrow against them from the Bank, and sell them for payment after the turn of the year. Three months' bank bills have been generally quoted this week at $1\frac{1}{2}$ per cent., though some dealings at $1\frac{3}{4}$ per cent. are reported. Standstills may be called $1\frac{1}{2}$ up to 2 and even $2\frac{1}{2}$ per cent.

	Dec. 8, 1932.	Dec. 15, 1932.	Dec. 22, 1932.	Dec. 29, 1932.	Previous Rate and Date Changed.
Bank Rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$2\frac{1}{2}$ (June 30, '32)
Banks' Deposit Rate..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Discount (Call)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1 (May 12, '32)
Houses (Notice) ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$1\frac{1}{4}$ (May 12, '32)
Market rate ("hot" Treasury bills)	$\frac{1}{2}$	$1-1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	...
Market rate (3 months' bank bills)	$\frac{1}{2}-\frac{3}{4}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}-1\frac{3}{4}$	...
Market rate (standstill bills)	1-2	$1\frac{1}{2}-2$	$1\frac{1}{2}-2$	$1\frac{1}{2}-2\frac{1}{2}$	...

This week's Bank return gives some clue to the extent of Wednesday's market borrowing, for Discounts and Advances have increased during the week ended Wednesday night by £6.7 millions. One estimate, consequently, is that by December 31st the market will have borrowed £25 or even £30 millions. A comparison with a year ago is inadmissible, for December 31, 1931, fell in the middle of the week, with the result that the market could pay for that week's Treasury bills after the end of the year and so conserve its funds over the critical day. It is in

part true to say that the market made the Exchequer borrow for it. Two years ago the market borrowings amounted to about £40 millions, so that it is obvious that this year's abundance of money has helped to reduce the market's needs.

The other interesting feature of the Bank return is a slight increase of £1.1 millions in the note circulation. This may cause some surprise, as it follows a slight contraction of the previous week, though we have already suggested an explanation of that contraction. This week's increase, however, is a perfectly natural movement. Christmas currency was in use for shopping purposes right up to Christmas Eve, while an appreciable amount of currency must have been needed for travelling and other personal expenses during the holiday itself. As Monday and Tuesday were Bank Holidays, there was no time for this currency to return from circulation before the Bank return was made up on Wednesday. The result of this and other movements in the Bank return is that, despite market borrowings, Bankers' Deposits have only increased by £3.6 millions. The Proportion has been reduced from 18.1 to 16.8 per cent., but this may be the full extent of the decline, as henceforward currency will be returning from circulation into the Reserve.

The foreign exchange market was quiet before the holidays, but displayed greater activity afterwards. Sterling reacted after early strength, and closed rather lower on balance for the week against most of the principal currencies. The New York rate declined from 3.33 $\frac{1}{2}$ to 3.32 $\frac{1}{2}$, after touching 3.34 $\frac{1}{2}$ and 3.31 $\frac{1}{2}$. Paris improved by $\frac{1}{4}$ to 85 $\frac{1}{2}$. Brussels gained 11 points at 23.94. Milan moved against sterling by the same margin to 64 $\frac{1}{2}$, and Madrid by $\frac{1}{4}$ to 40 $\frac{1}{2}$. Berlin was 5 points dearer at 13.95, and Switzerland 9 points dearer at 17.25. The Scandinavian currencies showed less movement, Stockholm improving by 4 points and Oslo by 3 points to 18.30 and 19.37, respectively, while Copenhagen was unchanged at 19.28. The South American currencies remain at nominal quotations, Rio being unchanged at 5 $\frac{1}{2}$ d. (sellers), Buenos Aires $\frac{1}{4}$ d. cheaper at 34 $\frac{1}{2}$ d., and Monte Video unchanged at 29d. In the Far East the rupee improved $\frac{1}{2}$ d. to 1s. 6 $\frac{1}{2}$ d., but the yen weakened by $\frac{1}{4}$ d. to 1s. 3 $\frac{1}{2}$ d. Batavia gained 2 points at 8.28. In the forward market dollars, after some earlier weakness, were at $\frac{1}{2}$ cent and $\frac{3}{4}$ cent discount, or little change from last week. Paris was more offered at wider discounts of 5 and 10 centimes, as were belgas at 10 and 25 centimes discount. Milan was weaker at $\frac{1}{4}$ lira and $\frac{3}{4}$ lira discount for the two deliveries. Madrid was unchanged. Amsterdam went from par for both periods to $\frac{1}{4}$ and $\frac{1}{2}$ cent premium. Switzerland was weaker for one month at $\frac{1}{2}$ centime premium, but unchanged for three months at 1 centime premium. The silver market was quiet with the holidays, and prices fell, first with the temporary improvement in sterling and later on account of China, India and America selling in a restricted market. Cash silver was $\frac{1}{4}$ d. cheaper at 16 $\frac{1}{2}$ d., and forward $\frac{1}{4}$ d. cheaper at 16 $\frac{1}{2}$ d. The China silver exchanges fell away in sympathy, Hongkong and Shanghai both being $\frac{1}{4}$ d. cheaper at 1s. 3 $\frac{1}{2}$ d. and 1s. 7 $\frac{1}{2}$ d., respectively.

New York money rates are unchanged at 1 per cent. for call money and $\frac{1}{2}-\frac{3}{4}$ per cent. for 90-day bankers' acceptances. The Paris exchange was unchanged at 3.90 $\frac{1}{2}$ cents, but the Dutch rate improved from 40.14 $\frac{1}{2}$ to 40.17 $\frac{1}{2}$ cents, while the Swiss rate weakened from 19.25 $\frac{1}{2}$ to 19.24 $\frac{1}{2}$ cents. Gold imports totalled \$9.5 millions, of which \$8.3 millions came from England and \$1.1 millions from China. A reduction of \$7.8 millions in ear-marked gold held abroad was reported on the same day as the arrival from England. Foreign ear-markings in New York are practically unchanged. The total of Reconstruction Finance Corporation loans to November 30th is given as \$1,634 millions. Banks and trust companies have had loans of \$616.1 millions authorised to them, and railroads loans of \$316.6 millions

THE INDIAN CONFERENCE ENDS.

THANKS to a last-minute hustle the third session of the Indian Round Table Conference came to an end on Christmas Eve. Thus terminates one more chapter in the slow evolution of a new constitution for India; the stage of conferences is past, and the way is now clear for the introduction of a new Government of India Bill in the Imperial Parliament a few weeks hence. Two winters ago the Indian delegates met the representatives of the British Parliament in the full glare of the limelight, and the public imagination was caught—at a moment when India was seething with discontent and civil disobedience—by the hope suddenly held out that the Indian tangle might be unravelled by Federation. This year the Conference, greatly reduced in numbers, has been much less spectacular, but the delegates have come down to detail with regard to the outstanding points of the new Constitution. Full details of the points that have been discussed will not be available until a White Paper is issued next month or in February in preparation for the proceedings in Parliament; but the statements issued to the Press, and the public speeches of the Secretary of State and others, have made it clear that in spite of pressure from Diehard quarters in this country, the British Government has not wavered in its intention of fulfilling the hopes held out to India two years ago.

Several serious difficulties have, it is true, been thrown up in the course of the present session; but although, on some of them, certain of the Indian delegates have gone home without being entirely satisfied, the British Government representatives have tried in one way or another to meet the objections that have been raised. In regard to the Army, for example, which the Indian delegates agreed two years ago should be a reserved subject, it was urged that the Military Member of the Governor-General's Cabinet, though not responsible to the Indian Parliament, should be chosen from members of the Legislature; that, inasmuch as the Army Budget must radically affect the resources at the disposal of the Federal Finance Minister, the amount to be found by India should be a subject of discussion with the Governor-General's Ministers before being finally decided. It was also urged that it should be a statutory obligation upon the Governor-General to provide for the increasing Indianisation of the Army. The British Government maintained their preference, however, for giving the Governor-General unfettered discretion to choose his Army Member, though without ruling out the possibility that the practice of selecting him from the Chamber might develop. They accepted the view that there should be close consultation with the responsible Ministers of the Governor-General in regard to the Defence Budget and are prepared to lay down this principle in the Governor-General's Instrument of Instructions. As to Indianisation of the Army, the Government is not prepared at the present stage to lay down a comprehensive and definite scheme, and holds that the pace at which the change can be brought about must depend on circumstances; but they are prepared to consider enunciating the principle that the Defence of India must be to an increasing extent the concern of the Indian people. These decisions regarding the Army illustrate two points which emerge from the results of the Conference generally; for they show, on the one hand, that the Government is genuinely seeking to meet the practical needs of a responsible Indian Parliamentary system, and, on the other, that in seeking to devise a practical working Constitution they are resorting to devices which may undoubtedly prove cumbersome or even generate friction, but may prove triumphantly successful if carried out with good will on both sides, and a genuine desire to make a success of self-government in India.

On the question of the distribution of resources between the federal units and the centre—a subject which has proved a very thorny one—the report of the Committee

of the Conference dealing with this subject is clearly a compromise. The dispute has centred round the problem of direct taxation. The Princes are unwilling to give the Federation the right to impose an income tax, though they have yielded so far as to allow the corporation tax to be levied in their territories. But they are anxious that the Federation shall have at its disposal a substantial share of the proceeds of the existing income tax raised in British India—for clearly it is not a very safe plan to leave the Federal revenue almost entirely dependent on Customs duties. There has therefore been a rather inconclusive wrangle about figures. The problem is complicated by the need of supplying funds to those provinces which cannot possibly meet their expenditure. It is agreed that a sum must be made available to the centre from income tax for a period of years; but the details of a final system of Federal finance have yet to be worked out. This important practical matter, however, is one of rival claims between various parts of India, and does not seriously affect the issues involved between Britain and India as a whole.

Britain is, however, vitally interested in the important question of financial safeguards. In this connection the four chief points at issue have reference to the powers of the Governor-General to secure financial solvency; the powers of the Legislature over currency and exchange; the setting up of a Federal Reserve Bank, and the appointment of a financial advisor to the Governor-General. In regard to the first point, the existing power of certification is not to be embodied in the Constitution. But as the Governor-General is to have a "special responsibility" in financial matters, he is to have power to intervene "if methods are being pursued which would seriously prejudice the credit of India in the money markets of the world." Unless this situation arises, the responsibility of the Ministry as to means of raising the necessary revenue wherewith to balance expenditure in the responsible field, and allocating the programme of internal and external borrowing, is to be unfettered. If ever the Governor-General has occasion to intervene and exercise his power, his action will be in such a form as to make it clear that his Ministers bear no responsibility for it. His financial Advisor will have no executive power, and though his services should be available to the Finance Minister as well as to the Governor-General, he will be appointed by and responsible to the latter alone, though after the first appointment the selection will only be made after consultation with the Ministry.

Provision is also apparently to be made that no legislation is to be introduced into the Legislature affecting currency and exchange without the prior consent of the Governor-General. This provision was suggested two years ago, when the rupee ratio question was still a burning political issue. This controversy has now receded into the background, and when once a Reserve Bank is set up to control the currency, it is hard to see that a case can be made out for retaining this provision as a permanent feature of the Constitution. It remains to be seen what Parliament will do in regard to plans of this kind, which are clearly appropriate only to an "interim period."

As to the setting up of a Reserve Bank to deal with the management of currency and exchange, the Secretary of State has undertaken to see that a Bill is introduced into the Indian Legislature for the purpose as soon as possible. Warning has, however, been given that its successful establishment requires that the Indian Budgetary position shall be assured; that the short-term debt both in London and in India shall be reduced; that reserves shall be accumulated, and India's normal export surplus restored. Hard doctrine this, when it is remembered that New Zealand is setting up a Central Bank in the midst of a great depression, that the National Banks of the United States were set up in the midst of civil war and that the present Central Bank of Austria was created with foreign

assistance at a time when the country was in virtual bankruptcy. Clearly no one can foresee when these conditions will be fulfilled, and one of the chief difficulties of the Conference has been that if—as the British Government now maintain—Federation cannot be introduced until the Bank is established, these conditions may mean an indefinite postponement. The suggestion has been considered that, if in other respects the arrangements for Federation have been satisfactorily completed, some interim arrangement for the control of currency might be designed, but the British Government take the view that the difficulties and complications of such a plan would be very great. They have therefore in a sense shelved the question by insisting on the establishment of a Reserve Bank as a "condition precedent" of Federation, but have given an undertaking to India that if a situation arises when Federation is ready to be launched, but it is still not possible for the Bank to be set up, they will consult afresh with India's representatives as to the steps that should then be taken. In such circumstances the conditions previously mentioned may clearly have to be reconsidered, for it would be a great mistake to give India the impression that her constitutional progress may be held up indefinitely while we wait for the economic horizon to clear.

Indeed, this question of date is naturally one of the chief preoccupations of the people of India. Though a small section of Indian Nationalist opinion has hesitated to accept a plan of Federation which gives considerable influence to the representatives of Indian States, the majority have realised that this is the path of advance for India. But if Provincial Autonomy were to come into being far in advance of Federation, there is a real danger that the Separatist tendencies of the great areas of India might become so strong as to prevent Federation from coming into being. The Indian delegates, therefore, pressed not merely that the two parts of the Constitution should be in one and the same Act, but that a definite date should be fixed for the Federation. Sir Samuel Hoare has not seen his way to agree to this; but he has been able to reassure the Indian delegates first by convincing them that the British Government is really keen on securing Federation in India; secondly, by assuring them that he will do his utmost to persuade a sufficient number of Princes to take an early decision to take part (and by a sufficient number he means the inclusion of States covering at least half the population of Indian States); and finally, by his statement that the new autonomous constitution of the Provinces will not be brought into effect until the way is clear and it is possible to fix a time for launching the Federation.

The next step is the passage of the new Act. In his closing speech Lord Sankey intimated that some Indian representatives will be required again in London in connection with the sittings of a Joint Committee of Parliament in the early spring, the hope being that the Act will finally be passed before the summer recess of 1933. Clearly, there are still some rough surfaces to be smoothed out; but if Parliament approaches the problem in the same spirit as has been shown by the British members of the recent Conference, we may hope by that date to see a far-reaching and practicable Constitution upon the Statute Book. Then will come the great testing time not only for the British statesmen entrusted with the difficult task of putting it into effect, but also for the people of India itself.

The launching of the new Constitution in the form now contemplated will be the greatest constitutional experiment of modern times. The attempt to transfer responsibility by peaceful evolution from alien rulers to an Eastern people representing a substantial proportion of the world's population, and to implant Western ideas of democracy in an Asiatic country which is the most populous State in the world that is effectively administered as a single unit, is a unique event in history and one which will never be repeated. Its success or failure will profoundly affect the history of the world, and, in particular, will influence for good or ill the future relations, political and economic, as well as social, between the white and coloured races.

GOLD IN KENYA.

If Thomas Hardy were alive to-day to cast the world crisis into the shape of a drama in the manner of "The Dynasts," he would assuredly include among his scenes the session of the Kenya Legislature which was held on December 21st—four days before Christmas—at Nairobi. For there was something in this session that recalls the first act of a Greek tragedy, when the gods are tempting the hero to commit a transgression for which they will turn and rend him before the play is over. The situation is indeed strangely tragic. A world endowed with unprecedented potential wealth has lapsed into poverty because the peoples cannot agree to distribute and utilise their existing gold stocks wisely. While Paris and New York are glutted with more gold than they can do with, the other financial centres are starved of gold, with the result that many countries, including most parts of the British Empire—have been driven off the gold standard. The discovery of new supplies of gold is at a premium; and, at this juncture, the eagerly-awaited discovery—and possibly a grand discovery—is made in British territory, beneath the soil of a Native Reservation.

The dramatic irony is heightened by the fact that this territory happens, of all territories, to be Kenya Colony, where the treatment of the African by the white man has been particularly open to criticism, and most of all in the matter of the compulsory alienation of native land. For years there has been a struggle over this question in Kenya—a struggle which has been recognised, on both sides, as being momentous for the future of the whole of Tropical Africa. In Kenya itself the worst mischief has already been done. The best lands have been alienated wholesale, and the residual Native Reserves are manifestly inadequate. In its last stages, therefore, the struggle in Kenya has turned not so much upon local justice as upon the establishment of a principle which may at least stop the injustice in Kenya from going further and may possibly prevent a similar injustice from being committed in adjoining Tropical African territories.

This principle seemed at last to be embodied in the recent Native Land Trust Ordinance of Kenya Colony, which provided that no leases of land in Native Reserves should be granted except for purposes of direct benefit to the natives, and that, in every case in which such a grant was made, the natives affected should be compensated by the grant of an equivalent amount of land elsewhere. The consideration which inspired these stringent provisions was sound. It was the recognition that, in the abnormal situation created by the sudden wholesale introduction of the Western social system into primitive Africa, the sole hope of social salvation for the native African is his association with the land. So long as he retains his land he has a chance of keeping his feet economically until he has become socially acclimatised to the new conditions of life that are being introduced all around him. Divorce him from his land, and he is lost. This is palpably true and desperately important; yet the Kenya ordinance in which this truth has been given practical effect has not been strong enough to stand in the way of the white man's gold-hunger. The business of the Kenya Legislature last week was to approve an amendment to the Lands Trust Ordinance, whereby land in the Reserves may now be granted for mining purposes, with discretion to give compensation in cash and not in an equivalent amount of land elsewhere.

The amendment is sweeping in its terms: the white prospectors for gold in Native Reserves are empowered "to use and divert water, to dig trenches, to sink shafts, to cut down trees, to take fuel, to graze cattle, to erect buildings, to instal machinery, and to employ salaried personnel to any number for their own industrial purposes" (we quote the summary given by Major Ross in a letter published in the *Manchester Guardian* of December 27th). In other words, the amendment sanctions a regular invasion of native reserves in Kenya by the white man with his economic steam-roller, if gold is the object of the white man's quest. And the compensation to the native for his dispossession is to be paid not in real estate, but in money—which, as all the world knows, it is virtually impossible for natives unversed in western economic

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methods to retain in their hands. And so we can see the end of this miserable story. By one channel or another, the monetary compensation that will be paid out of white men's pockets into native hands will flow out of native hands into white men's pockets again. In a few years, the dispossessed native will have been dispossessed without having anything left to show for it. And Kenya Colony will be cursed with a landless native proletariat.

These thoughts must have been in the mind of the Chief Native Commissioner, to whom (of all people) it fell to propose the amendment in the session of the Kenya Legislature on December 21st. At any rate, from the report of his speech on this occasion, a reader would judge that the Commissioner found his task unpalatable. He admitted that the Bill would not be popular with the natives, because it involved a conception of the use of land which was foreign to native ideas; he also admitted that no amount of compensation would induce the natives to agree to the leasing of land voluntarily.

"I am afraid," he said, "we shall have to hurt their feelings, wound their susceptibilities, and in some cases violate their most cherished and sacred traditions by moving natives from a piece of land on which they had the right to live and setting them up on another piece, the holders of which would have the right to eject them. We have to face these difficulties."

But why have we "to face these difficulties," or, in more candid language, to commit this injustice in violation of our pledged word? The Commissioner, in his speech, went on to state the British case for doing evil in the sight of the Lord. No doubt this was his official duty; but also, no doubt, the policy was not of his making.

"I can think of no other alternative," he went on to say, "unless we allow to lie undeveloped wealth that may provide prosperity to the country in which every single community can share. It is not with the greatest pleasure that I introduce something which will not be popular among the natives, whose interests it is my duty to protect; but the natives are going to be among the greatest gainers. They have opportunities of wealth and prosperity they have never known or imagined before, and, despite the inconvenience and the injury to their feelings and susceptibilities, it is certain that they will derive greater advantage from the proper conduct of this matter. In any case, we are treating them the same as any of His Majesty's subjects. If gold is found in their lands, that gold must be developed."

This passage makes strange reading. For if the Commissioner really thinks that the natives are going to be the greatest gainers, why is his conscience troubled about his duty to protect his protégés? And how can he really think this when he knows what will happen if the natives are given an evanescent monetary compensation for the alienation of their land? And how can a juridical equality of treatment as between natives and white men be represented as justice when the native is incomparably less capable than the white man of looking after his own economic interests? Juridical equality of treatment may be the opposite of equity when the parties are of unequal strength. In advancing the juridical argument, the poor Commissioner's drowning conscience is clutching at a

straw; and in the next sentence—"If gold is found in their lands, that gold must be developed"—he blurts out the commandment which is constraining him to play a part which is confessedly "not the greatest pleasure" to him.

The commandment is presented in the form of a truism, but actually it is a burning question. Is it really a maxim of British policy that it is impossible to procure gold at too high a price? The question was ventilated at question time in the House of Commons at Westminster on the day before the amendment to the Ordinance was introduced into the Legislature at Nairobi, and the statements that were elicited on this occasion from Sir Philip Cunliffe-Lister were not reassuring. He spoke of the sanctity of the Native Land Trust Ordinance as "a technical point"; he announced that, though the minerals belonged to the Crown, the right to mine them was going to be granted on leases—presumably to private white men. And he added that "nobody could tell when a goldfield had just been discovered how much land would be taken."

Is this the Government's last word? If we cannot touch their sense of equity, perhaps we may penetrate the armour of their conscience through the joint of superstition. It is a common superstition that gold is apt to carry a curse; and this superstition is an allegory of sober truth. If this gold in Kenya is mined without first assuring the economic welfare of the native dwellers, it will carry as heavy a curse as the treasure of the Niebelungs.

STERLING AND THE PRICE LEVEL.

In the past fifteen months which have followed Great Britain's suspension of the gold standard considerable controversy has arisen as to the influence which the depreciation of the pound has exercised on the level of international gold prices. The assertion has been made with assurance in many quarters that the depreciation of sterling has had a definitely deflationary effect in the "gold" world, as a result of (a) the restriction of British imports from "gold" countries; (b) the necessity imposed on producers in these countries of cutting their prices in order to retain some hold on the British market, for which there is no alternative; (c) the effect on markets generally of the lower prices in gold at which British exports are being sold; (d) the aggregate shrinkage of trade in the world as a result of exchange uncertainty and the inability of traders to shoulder the risks which it involves. Clearly there is much force in these considerations, and the conclusion has been freely drawn, not merely that a stabilisation of the pound would be helpful—as it obviously would—to international trade, but that a rise in the exchange value of sterling would have a stimulating effect upon international prices.

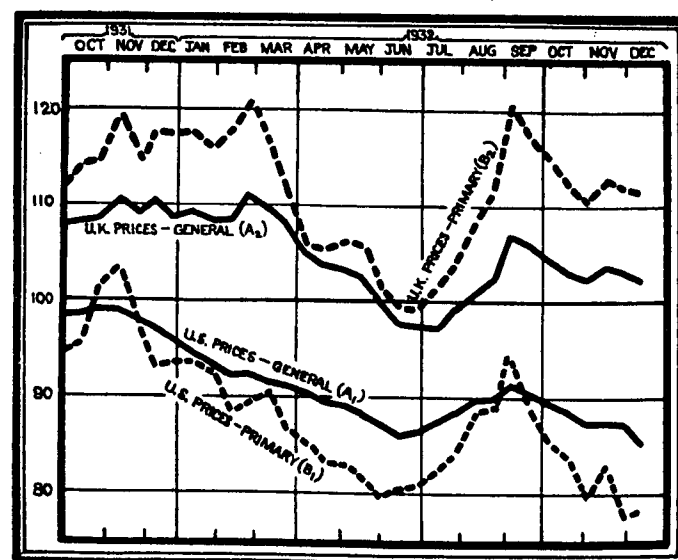
These questions are obviously of great importance as factors to which careful consideration must be given in determining British monetary policy in the future. The preceding considerations, however, are not the whole

of the story, for a moment's glance at the price curve will show that it came tumbling down long before Britain went off gold, and there is no reason to doubt that the causes which were operating prior to September last year have been operating since. The tendency to impose restrictions upon trade, for example, though no doubt encouraged by exchange depreciation, has been in full swing both before and after September, 1931. To the extent that the downward price movement is the result of previously existing causes, a continued depreciation of sterling may quite well be regarded as a natural consequence and not a cause of falling gold prices. It is indeed the only condition under which prices could be made relatively stable in this country.

Clearly, therefore, it is by no means easy to distinguish cause and effect, and it is certain that a narration of the bare facts of the case in the last fifteen months cannot answer the question. It will, however, be useful to those who are trying to seek for an answer to have before them the broad outline of the picture of what has happened in this period.

In the following diagram we have plotted four index numbers of prices. The two continuous lines (A1 and A2) represent, respectively, the Irving Fisher index of wholesale prices in the United States, and the complete *Economist* index of British wholesale prices. The dotted lines (B1 and B2) depict the course of (1) the fortnightly index number published in our columns of international "primary" gold prices (as the quotations for all but one of the eighteen commodities composed in the index are taken from the various American markets, the index can fairly be described as being one of United States prices), and (2) our index of sterling "primary" prices computed from a list of seventeen commodities, whereof all but one are imported, so that the list corresponds fairly closely to that forming the basis for our "gold" index.

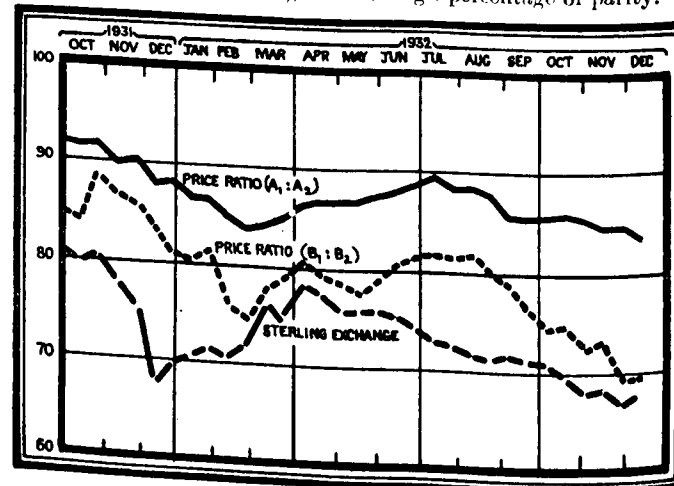
DIAGRAM I.—BRITISH AND AMERICAN PRICE LEVELS
(September 18, 1931 = 100).



In the first five months covered by the chart the general level of sterling wholesale prices remained fairly stable around a point roughly 10 per cent. above the datum line, whereas the sterling price of primary products had, as was to be expected, a more pronounced upward tendency. On the other hand, American prices continued to fall from the middle of November onwards. In the spring and early summer of this year both sterling primary prices and sterling general prices fell sharply, and it was not until midsummer that all four curves showed a sharp recovery which lasted until September. Looking at the charts in a general way, we find, as is to be expected, that the divergence between the indices of primary prices has been greater than that of the indices of general prices, which contain in both cases a number of products whose price depends to a greater extent on internal factors than those commodities which are almost entirely products of international trade. Indeed, if we had taken retail prices, wages and other fixed charges into account, we should have arrived at indices which would have shown a much smaller divergence still.

Clearly, however, if the price level in gold and sterling countries could immediately adjust itself to a movement in the exchange, this "divergence" would correspond exactly to the exchange. In order to show how far this adjustment has occurred we have plotted in a second diagram curves showing the price ratio in the first instance of the general indices and in the second of primary products, and we have compared these curves with a third curve showing the movement of the exchange itself. In the case of all the curves of prices and price ratios the base (100) is September 18, 1931; sterling is plotted as a percentage of its gold parity. In studying the charts it should be appreciated that for considerations of space the full scale from zero upwards is not shown, so that, in consequence, fluctuations look more marked to the eye than they would do if presented on an untruncated diagram.

DIAGRAM II.—RATIOS OF AMERICAN TO BRITISH PRICE LEVELS
(September 18, 1931 = 100), and sterling's percentage of parity.



As one would expect, the price ratio for international products has followed sterling much more closely than the price ratio of the general indices. Both curves, and in particular that for primary products, show, however, some interesting divergencies from the exchange curve. In the first place, during last winter the exchange curve showed a much more marked movement than was reflected immediately in the price movements. In other words, sterling prices did not jump, nor did gold prices drop to the full extent of the exchange depreciation. This fact made it possible for the exchange to recover considerably over the turn of the year, and in January and February—a movement largely brought about by the repatriation of capital—without altering the trend of prices. In the spring, however, the continued improvement of sterling was accompanied by a fresh fall of sterling prices which narrowed the gap between gold and British prices. From April onwards the sterling exchange has shown a continuous and almost steady depreciation. General prices have shown a slight, but not very marked, tendency to adjust themselves to this trend, while primary prices have adjusted themselves fairly closely, with, however, an important variation between July and October. From June onwards, indeed, there is one of the most interesting features of the whole chart, namely, a sharp rise of prices, particularly in primary products, that took place in the two months following the conclusion of the Lausanne Conference. This movement began a little earlier in the United States than in Great Britain and seems definitely to have originated in the "gold" area. It was followed by an even sharper rise in sterling prices, but there was no corresponding movement in the exchange, which continued to sag owing, partly, to the fact that the normal seasonal pressure on sterling began somewhat early in 1932, but even more to the effect of the short-lived activity in Wall Street during the early months of the summer. This activity, coinciding with a reduction of interest in Britain by our War Loan Conversion, attracted British and other funds to the United States, and thus put a strain upon the exchange.

From the various phases of the situation thus depicted we find little evidence to support the conclusion either that the sterling exchange has been dominated by the ratio

between British and American prices or that the movements of gold prices have been consistently conditioned by the exchange value of the pound. Beyond doubt the whole influence of a general situation of currency instability has been to restrict trade and so make for depression of prices. Nevertheless, the discrepancies between the curves of the United States prices and of sterling exchange are very considerable. Just as it would be a mistake to deduce from the present relationship between the sterling exchange and the price ratio A1:A2 that the pound is so undervalued that it must recover, irrespective of such factors as capital movements or the current balance of payments, so, we would suggest, is it unsafe to infer that the British price level has governed that of the United States. The latter, it seems to us, has acted with a substantial degree of autonomy and has been followed rather than dictated by British prices. In other words, if the depreciation of sterling has been an influence tending to depress world prices, it is certainly not the only or even the predominant cause. If this be so, it is unreasonable to assume that the stabilisation of the pound is all that is required to turn the economic tide.

THE OUTLOOK FOR THE "GRID."

With the Central Electricity Board starting to function in the New Year as a wholesale trader in electrical energy, particular interest attaches to certain observations of the Electricity Commissioners on the outlook for the national "grid" scheme which are contained in their recently issued Report.* The Commissioners allude to the wide differences in various parts of the country in the degree of electricity development and in the nature and extent of the facilities offered to existing and potential consumers. Not even in the most developed areas can it be said that the saturation point of economic electrical development is yet in sight of attainment. The Commissioners suggest that all electrical supply undertakings should take an early opportunity of reviewing their policy, organisation and methods with the object of providing the general public with a better electrical service. Whether the national "grid" scheme is to yield in practice the advantages claimed for it or whether it is to prove an expensive white elephant depends fundamentally upon the distribution service of the electricity supply industry. Unfortunately, in the matter of salesmanship, electricity is far behind an industry even so Victorian as gas.

The Report of the Electricity Commissioners deals only with the twelve months ending March 31, 1932. In this period, in spite of a decline of 104 million units in output in Central Scotland and North-East England, the electricity supply industry was able to show a net increase in output of 537 million units, or nearly 5 per cent., as compared with the output of the previous twelve months. Excluding the depressed areas above mentioned, the gross increase in output would have amounted to 6.9 per cent. Detailed figures for the period under review are not available, but it is clear that the slowing down in the rate of growth in output was due entirely to the further decline in the sales of electricity for power purposes.

The past decade has witnessed a remarkable expansion of the electricity supply industry. The annual sales of electricity by authorised undertakings have increased from 3,512 million units to 9,074 million units; that is, an average increase of 556 million units per annum. The Electricity Commissioners point out in their Report that the total output of the electricity supply industry in 1931-32, namely, 11,609 million units generated, accords very closely with their estimate of 11,500 million units, forecast by the original curve of growth for the country as a whole, which they prepared in 1926 as a preliminary to the "grid" scheme. On the other hand, the total output has not attained to the aggregate shown by the sum of the individual curves of growth adopted in connection with each of the regional schemes. In the case of the regional schemes for the whole of England and Wales and the industrial belt of Central Scotland covering nearly 98 per cent. of the population and electricity output in

* Twelfth Annual Report of the Electricity Commissioners (April 31, 1931, to March 31, 1932).

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SKANDINAVISKA KREDITAKTIEBOLAGET

Great Britain, the actual realised output fell short of the forecast by about 10 per cent. The approach of a period of acute industrial depression could not have been foreseen when these estimates were made, but, trade depression apart, there is scope for much greater expansion in the future. The Electricity Commissioners estimate that, with the resources of centralised generation behind the supply industry and with the fullest co-operation of the distribution companies, the annual sales of electricity by the end of next decade should show an increase of the order of 10,000 million units over the present figures. To achieve this expansion the national "grid" scheme will have to be exploited to the utmost.

In order to enable a proper measure to be taken of the "grid" scheme, it is necessary to appreciate the fundamental nature of electricity supply costs. Considering the costs of generation and distribution as a whole, it may be broadly stated that the total cost of supply is made up as to 47½ per cent. by capital charges for interest, reserves, depreciation and sinking funds; 40 per cent. for maintenance, rates, wages and salaries; and 12½ per cent. for the fuel bill. The significant point is that only the last item is directly variable with changes in the number of units sold. The other portion of costs is a function of the installed capacity rather than of units sold, so that any increases in sales of current not necessitating additional generating plant can be made economically at a very low figure. Correspondingly, any additions to capital plant not directly associated with increases in load imply an increase in the average cost per unit sold.

Broadly speaking, the activities of the Electricity Board have so far resulted in the creation of an additional burden on the electricity supply industry represented by the capital charges on the cost of construction of the grid and associated developments, and by the general operative and administrative expenses of the Board itself. As compensation for this additional burden, certain advantages should accrue to the industry from the operations of the Board. In the first place, an economy in capital expenditure, with a corresponding reduction in the fixed charges per kilowatt, is expected on the following grounds:—(1) Through the use only of the largest and most efficient plants to generate the anticipated load, the capital cost per kilowatt installed will be reduced; (2) through the co-ordination of the system of generation there will be a substantial reduction in the aggregate amount of spare plant needed to cope with the peak load. Secondly, the concentration of the load on the selected stations is expected to lead to substantial reductions in operating costs apart from capital charges, and, by removing the technical problems of generation from the distribution authorities, it will enable them to devote themselves more fully to the problem of improvements in the distribution field. Finally, the general availability of electricity supply will be increased, and this should facilitate the exploitation of undeveloped areas.

There can be no question but that these advantages should ultimately outweigh the additional charges implied by the construction of the "grid." Unless, however, the distribution authorities realise to the full their responsibilities for encouraging new business and developing sales to "fill up the grid," the potential asset may prove to be a temporary liability. The advantages claimed for the "grid" are, in fact, based on the assumption of an increase in demand. The benefits from a reduction in spare plant

capacity can, for example, only be realised as demand develops up to a point where the present surplus plant can be put into operation. The nature of the "grid" tariff itself indicates quite clearly that advantages will only accrue when sales develop and the load factor is improved. For example, under the proposed two-part tariff established for the Mid-East England and Central Scotland areas a company with a maximum demand of 8,000 kilowatts and sales of 25,000,000 units would pay £47,375 to the Central Board for its supplies, representing .4548d. per unit. If, as a result of sales efforts, the company was able to induce its consumers to use their supply for longer hours without increasing the maximum demand, it would pay only .186d. per unit for the additional units sold. Similarly, if by the development of rural electrification and domestic utilisation of electrical energy the sales of energy were increased to 35,000,000 units with an increase of only 2,000 kilowatts in the maximum demand, the additional supply would cost the undertaking .354d. per unit. Such an increase in sales would also benefit the distribution company by enabling the capital charges on the distribution system itself to be spread over a larger volume of business.

If the success or otherwise of the national "grid" depends upon an upswing in consumption above the previous rate of growth, the problem of salesmanship must command the full attention of the electricity supply industry. There is enormous scope for development in methods of educative propaganda to discover new uses for electricity and to encourage existing consumers to take more current. Industry still offers a wide field for electrification. Rural electrification has not as yet been developed to any appreciable degree, while, compared with American standards, the domestic utilisation of electricity in this country is on an absurdly low level, not only in the number of units sold per consumer, but also in the actual proportion of dwellings connected. On the technical side, as the Electricity Commissioners point out, it is obviously desirable that the co-ordinated system of generation at a standard frequency under the direction of the Central Board should find its counterpart in a standardised system of distribution, at any rate in the undertakings which will derive their bulk supplies directly or indirectly from the "grid." The official statistics of the Commissioners for 1930-31 show that 253 undertakings were distributing alternating current only, 288 both alternating and direct current, and 121 direct current only, while there were as many as 45 different voltages, between the range of 100 and 480 volts, at which supplies were being given to consumers in different parts of the country. Great advantages would undoubtedly accrue not only to the supply companies, but also to manufacturers of electrical equipment and apparatus by a standardised system of distribution, with, say, two standard voltages for supplies to consumers. The Electricity Commissioners are advocating standardisation on the basis of 3-phase 50-cycle alternating current, with declared voltages of 230 volts (single phase) and 400 volts (three-phase), and we hope that their plea for this and other essentials of efficient salesmanship will be seriously considered by the supply industry. The efficiency of the supply companies in the matter of distribution in the next twelve months will largely determine the success of the great national electrification scheme.

CAPITAL ISSUES IN 1932.

THE history of the new capital market in London during 1932 falls into three phases, all of which have one factor in common—an extreme dearth, as might be expected in the depth of a world-wide depression, of speculative enterprise. The first phase, which lasted from January until the end of June, was characterised by successive reductions of Bank rate; the "financial crisis" passed into the stage of "economic stagnation," and riskless borrowing became possible at steadily cheapening rates. During that period, in contrast to the complete paralysis of the last quarter of 1931, a limited number of first-class bond

issues were successfully floated. This modest and selective revival of new financing, however, was abruptly terminated at the beginning of July by the British Government's announcement of a conversion issue to repay the 5 per cent. War Loan; and the next three months formed a phase in which the whole capital market was monopolised by this gigantic and successful operation. The third phase, from October onwards, witnessed some relaxation of the "ban" on new issues, but, whether or not complete decontrol would have resulted in appreciably greater activity, the crop of new issues in the fourth quarter of the year was not impressive.

The total figure of offers for conversion purposes in 1932 amounted to no less than £2,511 millions, as compared with £12 millions in 1931. A résumé of the British Government's refinancing is given below:—

BRITISH GOVERNMENT CONVERSIONS IN 1932.

Month of Offer, 1932.	Nature of Offer.	Amount Converted, £
March	Conversion of 4½% Treasury Bonds into 4½% Conversion Loan	116,467,382
July	3½% War Loan to repay 5% War Loan	1,920,000,000
October	2% Treasury Bonds at par	150,000,000
November	3% Conversion Loan at 97½%	292,500,000
Total converted by British Government		2,478,967,382

In a market dominated by these immense operations, which are excluded from our statistics of borrowing, the total of capital issues involving "new" money is comparatively insignificant. As will be seen from the following summary, the total new capital raised in 1932 amounted to approximately £189 millions, or £87 millions more than in the previous year; but £103 millions of the aggregate was represented by British Government borrowing:—

NEW CAPITAL ISSUES. CLASSES OF BORROWERS. (£ million.)

	Total.	British Government.	Foreign and Colonial Govt.	British Colonial and Foreign Corpns.	Foreign Railways.	Mines, Finance, and Exploration.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1927	355.1	66.0	67.5	37.9	5.4	33.2	11.0	134.1
Total whole year, 1928	369.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
Total whole year, 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
Total whole year, 1931	102.1	10.7	32.2	8.0	2.9	12.2	0.2	35.9
1932—1st quarter	17.7	Dr. 3.0	4.1	9.8	Nil	0.5	0.4	5.9
1932—2nd quarter	145.9	106.2	12.0	17.2	Nil	...	...	10.5
1932—3rd quarter	Dr. 1.0	Dr. 1.5	...	...	...	...	...	0.5
1932—4th quarter	26.3	1.1	7.7	1.9	...	2.2	0.4	13.0
Total whole year, 1932	188.9	102.8	23.8	28.9	...	2.7	0.8	29.9

The figure of British Government borrowing is made up of £107.6 millions, being the cash received from the issue of 3 per cent. Treasury Bonds on May 7th, less an excess of £4,850,000 in repayments over receipts on account of National Savings Certificates. The destination of the £189 millions of new capital is analysed below:—

DESTINATION OF NEW CAPITAL.

	1913.	1928.	1929.	1930.	1931.	1932.
United Kingdom—Government	Nil	83,861,000	65,400,000	65,640,000	10,700,000	102,739,200
Other	35,951,200	179,722,100	132,626,500	105,006,100	43,802,000	60,332,800
British Possessions—Government	35,951,200	263,583,100	198,026,500	170,646,100	54,502,000	163,072,000
Other	26,278,700	40,223,000	26,366,100	49,081,300	30,571,600	23,761,200
Foreign countries—Government	49,858,500	22,935,400	34,610,900	12,366,900	7,936,800	1,785,800
Other	76,137,200	53,158,400	60,977,000	61,448,200	38,508,400	25,547,000
Grand total	196,537,000	369,058,100	285,239,400	267,800,700	102,144,300	188,910,000

With foreign borrowing virtually out of the picture and loans to the Dominions confined almost entirely to Governments and municipalities, it is not surprising to find that an analysis of the nature of the year's financing

should reveal an even greater tendency towards "absence of risk" than in 1931:—

NATURE OF BORROWING.

	Debtentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
Year 1927	228,958,000	36,836,600	89,371,400	355,166,000
" 1928	212,817,900	45,062,600	111,177,600	369,058,100
" 1929	137,670,300	31,543,400	116,025,700	285,239,400
" 1930	230,364,800	15,824,600	22,090,100	268,279,500
" 1931	74,935,600	6,911,900	20,296,800	102,144,300
" 1932	170,172,800	12,773,800	5,963,400	188,910,000

Apart from bonds, the new capital raised amounted to less than £19 millions, as compared with £27 millions in 1931. The industrial entrepreneur had little temptation or encouragement to approach the market, even after the Government's conversion operations had been got out of the way. The circumscribed scope of new financing in 1932 is brought out even more clearly in the detailed analysis which we give below:—

Description.	Whole Year, 1931.	Year 1932.		
		Three Quarters to Sept. 30.	Fourth Quarter.	Total, Whole Year, 1932.
British Government Loans	10,700,000	101,639,200	1,100,000	102,739,200
Dominion and Colonial Government Loans	30,571,600	16,041,200	7,720,000	23,761,200
Foreign Government Loans	1,740,000	Nil	Nil	Nil
British Corporations, County and Public Board Loans	8,007,300	26,971,800	1,860,000	28,831,800
Colonial Corporations and Public Board Loans	Nil	117,200	Nil	117,200
Foreign Corporations	Nil	Nil	Nil	Nil
British Railways	Nil	3,412,500	4,750,000	8,162,500
Colonial Railways	Nil	60,000	Nil	60,000
Foreign Railways	2,910,000	Nil	Nil	Nil
Australasian Mines	Nil	Nil	Nil	Nil
South African Mines	371,900	Nil	Nil	Nil
Other Mines	8,963,500	541,400	185,000	726,400
Exploration, Financial and Investment Trusts	2,949,500	336,500	2,056,400	2,392,900
Breweries and Distilleries	112,500	Nil	Nil	Nil
Merchants, Importers, &c.	337,500	Nil	Nil	Nil
Stores and Trading	10,401,300	49,200	1,716,500	1,765,700
Estates and Land	174,800	42,200	47,500	89,700
Rubber	Nil	350,000	364,000	714,000
Oil	67,500	378,200	Nil	378,200
Iron, Steel, Coal and Engineering	Nil	Nil	Nil	Nil
Electric Light, Power and Telegraph	4,217,100	4,885,400	1,660,700	6,546,100
Tramways and Omnibuses	98,000	Nil	Nil	Nil
Motor Traction and Manufacturing	7,102,300	289,000	10,000	299,000
Gas and Water	429,000	Nil	Nil	Nil
Hotels, Theatres and Entertainment	82,500	1,689,400	116,500	1,805,900
Patents and Proprietary Articles	300,000	105,000	Nil	105,000
Docks, Harbours and Shipping	3,200,000	Nil	Nil	Nil
Banks and Insurance	136,400	Nil	Nil	Nil
Manufacturing and Miscellaneous	9,212,200	5,766,600	4,300,300	10,066,900
Total	102,144,400	162,674,800	26,235,200	188,910,000

Bearing in mind the fact that the third quarter of the year, except for the War Loan conversion scheme, was a complete blank in the capital market, it will be observed how limited was the revival of new financing after the partial removal of the embargo at the beginning of October. Whereas, in the first half of the year, nine Colonial Government loans accounted for £16 millions in all, the fourth quarter witnessed only an issue of £8 millions of 3½ per cent. stock by the Union of South Africa, though mention should be also made of the £12 millions short-dated 3½ per cent. issue by the Commonwealth of Australia for conversion purposes. Similarly, only one new issue was made in the last quarter of the year by a British public board, namely, £1,860,000 of 3 per cent. Metropolitan Water Board E. Stock, whereas borrowings by corporations and public bodies amounted in the first quarter to nearly £10 millions, and in the second quarter to over £17 millions. For the rest, it will be seen that the only important sums raised during the year were £8 millions on account of British railways, whereof the Southern Railway took £4,750,000 in 4 per cent. debenture stock at par during October, and the Underground a total of £3,412,500 in 5 per cent. stock at 97½ in two issues during March; £6 millions raised by various electricity supply companies; and £10 millions spread over the miscellaneous group. In the last-named category, offers of shares were confined in the main to shareholders only and, with the exception of an issue of £2 millions in 6½ per cent. cumulative preference shares by Allied Newspapers, the flotations (excluding those wholly or mainly

for conversion purposes) were for comparatively small amounts.

In the next table we show the current prices, as compared with the issue price, of the principal securities offered for public subscription during the year:—

Month of Issue.	Name and Description.	Nominal Amount.	Issue Price.	Price, Dec. 28 1932.
1932.		£		
January	Uganda 5% Ins. Stk., 1951-71	1,600,000	96	113
February	Nyasaland 4½% Guar. Stk., 1952-72	2,000,000	97½	112
February	Central Electricity 5%, 1955-75	7,000,000	95	112
March	Metropolitan District Rly. 5% Stk., 1985-95	1,500,000	97½	113½
March	Metropolitan Railway 5% Stk., 1957-62	2,000,000	97½	113½
March	Port of London 5% Stk., 1950-70	2,000,000	101½	115
March	Lever Brothers 5% Deb. Stk., 1950-70	3,440,000	98	109½
April	London and Home Counties Joint Electricity 5% Stk., 1955-75	1,500,000	101½	114
April	New Zealand Govt. 5% Stk., 1956-71	5,000,000	98½	113
April	Agricultural Mortgage Corporation 4½% Deb. Stk., 1961-91	2,000,000	95	110
April	Bristol Corporation 4½% Stk., 1952-62	2,250,000	100½	111½
April	Government of India 5% Stk., 1942-47	10,000,000	95	109
May	3% Treasury Bonds	110,000,000	(a)	102
May	Hull Corporation 4½% Stk., 1952-72	1,000,000	100½	109
May	British Columbia 5% Stk., 1957-67	1,500,000	99	107½
May	Edmundson's Electricity 6% Cum. Pref.	1,250,000	21/-	25/9
June	Allied Newspapers 6½% Cum. Pref. £1	2,000,000	Par	22/-
June	Central Electricity 4½% Stk., 1957-62	10,000,000	96	107
October	2% Treasury Bonds, 1935-38 (i)	150,000,000	Par	99
October	Australia 3½% Stk., 1936-37 (i)	12,051,877	97½	98½
October	Union of South Africa 3½% Stk., 1953-73	8,000,000	96½	94½
October	Southern Rly. 4% Deb., 1962-67	4,750,000	Par	100
November	3% Conversion Loan, 1948-53	300,000,000	97½	96½
November	Met. Water Board E. Stk., 3%	2,000,000	93	93
December	Midland Counties Electric 4% Deb.	700,000	Par	102

(a) Issued by tender. Price accepted, £97 15s. 1-97d.

(i) For conversion purposes. || £6,000,000 for conversion purposes.

As a result of the progressive fall in the long-term rate of interest, stimulated as it was by the success of the War Loan conversion scheme, subscribers to bonds placed in the first half of the year have had the satisfaction of seeing their securities rise to a substantial premium.

In the final table we give our usual analysis of the cash involved in issues by Stock Exchange introduction:—

CASH INVOLVED IN ISSUES BY STOCK EXCHANGE INTRODUCTION.

	United Kingdom.	Colonies.	Abroad.	Total.
Year 1931—				
1st Quarter	£ 2,174,200	£ 632,900	£ Nil	£ 2,807,100
2nd Quarter	1,121,600	2,366,500	581,900	4,069,800
3rd Quarter	1,289,500	Nil	265,500	1,555,000
4th Quarter	Nil	451,500	Nil	451,500
Total Year 1931	4,585,300	3,450,700	847,500	8,883,500
Year 1932—				
1st Quarter	473,800	96,500	Nil	570,300
2nd Quarter	4,866,500	1,515,100	Nil	6,381,600
3rd Quarter	2,200,000	Nil	Nil	2,200,000
4th Quarter	5,851,000	550,000	Nil	6,401,000
Total Year 1932	13,391,300	2,161,600	Nil	15,552,900

In this by-path to the new capital market a distinct revival of activity is to be seen as compared with the stagnation of the winter of 1931-32. Yet, when the picture of the year is viewed as a whole, it is difficult not to feel a little regret that, whereas up to June a market in new bonds was developing satisfactorily, even though the long-term rate of interest at that time could only be regarded as moderately low, the dramatic change from moderate to extremely low rates of interest brought about by the War Loan conversion success was not followed during the autumn by any such revival of refinancing by high-class or other borrowers as would encourage hopes that the benefit of cheap interest rates was filtering down to industry. For this, the Treasury policy of retaining, even in partial form, an embargo on new issues under conditions when complete freedom would have been fully warranted, cannot escape some responsibility.

THE POLITICS OF IRAK OIL.

(BY A CORRESPONDENT.)

IN 1926 King Feisal opened the petroleum works in connection with the exploitation of the oil reserves in the Karkur district in Irak. The works belonged to a Turkish company which, although it had undertaken the enterprise on its own behalf, obtained most of its backing from German interests. At about the same time the King inaugurated the development of a second oil reserve in Kankin, which

is adjacent to the Persian Gulf. In both these celebrations of five years ago the King of Irak dwelt with great emphasis upon the significance of oil to his under-developed land, and envisaged the laying of pipe lines to connect the oil reserves with the Mediterranean. Since that date a complex chapter of diplomatic history has been written.

The question facing the various interested Governments was not merely who should exploit the oil and operate the wells, but which routes the pipe lines should take on their way to their terminus on the Mediterranean. It is now common knowledge that the Quai d'Orsay had very strong views as to the route to be prescribed, and the question whether the route should pass purely French or purely British territory, or both, formed the subject of more than one strongly worded memorandum. The Dutch Government was a not disinterested observer in that diplomatic battle, while German interests were equally concerned—not without a strong political *arrière pensée* reminiscent of the "Berlin-Baghdad" ambitions of pre-war days. In the past four or five years the battle waged mainly around the question of the allotment of shares in the company which was to become the ultimate concessionaire of the Mosul petroleum. In 1927 a deadlock was reached; British, French and Dutch interests refused to co-operate with one another in the acquisition of the concession. The Turkish Petroleum Company, which was then regarded as the almost certain recipient of the concession, found itself in a dilemma. It was a British concern, but was financed largely by American interests. In the end, a unity of purpose was temporarily secured. In June, 1929, the Turkish Petroleum Company changed its name to the Irak Petroleum Company, Limited, and that company became the final recipient of the concession, which was originally signed on March 14, 1925, between the Government of Irak and the Turkish Petroleum Company.

The final agreement between the Irak Petroleum Company and the Iraqi Government was signed in March, 1931. Subsequently there was a very full debate in the French Chamber of Deputies as to the rôle played by the French Government and French capital in the final outcome of the concession. The debate revealed that French diplomacy had managed to secure two points:—

- (1) The pipe line was to pass through French, as well as through British territory; and
- (2) The line was to have two termini, one of them at Tripoli.

The French Government acquired a considerable interest financially in the Compagnie Française de Pétroleum participating in the concession.

It is obvious that it was not economic interests alone that prompted the French Government to secure its due share in the concession. The navy authorities had insisted upon oil-filling facilities for Mediterranean ships in a Mediterranean naval centre under French control. To this end a political bargain was struck with England; for England was anxious to introduce Irak in 1932 as a member of the League of Nations, and this required a two-thirds majority which, of course, it was impossible to secure without the wholehearted support of France and her friends in the League.

Yet, although on the face of it, the two pipe lines are to enjoy the same status, there is no question which line is destined to become the most powerful instrument for development in Near-Eastern countries. This will unquestionably be the one drawn to Haifa, and there is more than one reason for its predominant importance. First, unlike Tripoli, which is a rather obscure and undeveloped naval centre on the Syrian coast, Haifa, as the only modern harbour on the Syrian and Palestine coast, is destined to become a serious competitor alike to Beirut in the North and to Alexandria in the South. It will offer anchoring facilities to ships of all sizes and denominations, and its petroleum installation will be perfect and up to date. Secondly, the pipe line will run parallel to the Baghdad-Haifa Railway, for which the preliminary survey operations have already been completed. Again, in the case of Haifa, both the ends of the pipe line, the beginning as well as the terminus, will be under British control, a factor of no mean import in Oriental lands, where treaties, to mean anything, must invariably be backed by authority.

Last, but not least, the speedy development of Palestine, agriculturally as well as industrially, would tend to enhance the value of Haifa as a clearing house for much of the trade between Europe and the Middle East.

The drawing of the pipe line between Mosul and Haifa was the subject of a very elaborate concession which was signed in Jerusalem on January 5, 1931, between the then High Commissioner for Palestine, Sir John Chancellor, and one of the directors of the company, Mr J. Skliros. A convention, valid for 70 years, gave the company a number of important concessions, which have been made the subject of great controversy in both the Arabic and the Hebrew Press of Palestine. It freed the company of any taxation on products, whether in a crude state, or in any other form of derivatives; it exempted it from all Customs duties and from import dues upon all its equipment and materials, etc., and promised facilities by the Government for the importation of its plant. The concession further promised a number of general facilities and exemptions in matters of State and private lands, which, it was provided, would be expropriated in the interests of the company should this be deemed necessary.

The Irak Petroleum Company has proceeded with the preliminary survey of the land to be crossed by the proposed pipe line. Engineers and survey parties have been at work for the last twelve months or so; an elaborate installation has been built in Haifa by both the Shell Company of Palestine and the Vacuum Oil Company, with huge drums and filling instruments from which the oil from Mosul will be loaded upon the ships waiting at anchor to take it to European ports. But the success of the enterprise, which may yet have serious political repercussions, does not depend only upon the very fine quality of the oil expected to be pumped from the wells. A successful issue of the enterprise depends, firstly, upon a number of world marketing conditions over which neither the company nor the Government of Irak can have any control; and, secondly, on the foresight and understanding with which the Irak Petroleum Company utilises the powers of development which it has secured, but which have been the subject of much hostile criticism in the Irak Parliament.

Notes of the Week.

The Holiday Interregnum.—In one sense it may be said that the world has been able to avail itself of the traditional Christmas break in financial and industrial activity with somewhat better heart than was the case a year ago. The Christmastide of 1931 was clouded not only by the general depression, but by a general sense of apprehension, accentuated by the first shock of the depreciation of sterling and other currencies, that the fabric of ordered civilisation might be in the initial phase of a disintegration whose end no man could foresee. This at least may be placed to the credit of 1932, that, though the depression itself shows little sign of lifting, civilisation has given reassuring proof of its "toughness" and ability to withstand an unparalleled economic strain. We shall have further opportunity to evaluate the record of the past year and to measure the tasks for the future. Here we would merely observe that consolation is to be found in the fact that even though "hopes were dupes," the worst fears were not realised; and in consequence there are signs even in the hardest hit centres of the depression that public opinion is psychologically steadier and less apt to be swayed by emotional foreboding than was the case a year ago. At the same time there can rarely have been a mid-winter recess in which so many major unsolved world problems were temporarily laid aside in favour of a brief season of relaxation. Manchuria, disarmament, war debts, the future of the world's international monetary standard, fiscal policy, and, above all, the reabsorption into productive activity of 30 million unemployed in the world's chief manufacturing countries—all these sombre issues loom large in the New Year. In addition, news published during the holidays strengthens the impression that, as was to be expected, the protracted depression is bringing into being a crop of formidable budgetary

problems. Apart from the astronomical figures of the accumulating American deficit, the debit balance of the French Budget, excluding a large railway deficit, is now put at 17 milliard francs; and Italy reports a deficit of over 3,000 million lire. Whoever may be destined to be the recipients of happiness at the hands of Fortune in 1933, Finance Ministers, it is clear, are unlikely to be in that favoured company.

South Africa and the Gold Standard.—During the past few days events in South Africa have moved fast. As soon as it became known that Mr Roos, the former leader of the Transvaal Nationalists was re-entering politics in opposition to his former party's policy of maintaining the gold standard, the conclusion was widely drawn that the Government's days were numbered and that within a few weeks the South African pound would undergo a substantial depreciation. Right or wrong, this conclusion naturally gave rise to a serious flight from the South African pound, and it is reported that during the week before Christmas several million pounds left the country. On Tuesday last, at the conclusion of the Cabinet meeting held during the holidays, it was announced that, in order to check the hoarding and export of sovereigns, the Government, acting under its emergency powers, had relieved the Reserve Bank of its obligation to redeem its notes in gold coin. The effects of this step on the future value of the South African pound remain obscure. Following the ambiguous official pronouncement that the Union is now upon a "regulated gold exchange standard" a further complication was quickly added in the shape of an announcement by the Chamber of Mines that it now considers its agreement with the Reserve Bank at an end and that it proposes in future to sell its gold to the highest bidder. If the Government permits the free sale and export of gold, and the free sale of exchange drawn thereagainst, the exchange value of the South African pound will inevitably fall to a level at which all demands for foreign exchange can be satisfied. If, on the other hand, the Government uses its emergency powers to compel the mines to sell only to the Reserve Bank, the responsibility for the foreign exchange policy of the country will devolve upon that institution. In any case, if the exchange is allowed to fall to a level below parity—and it seems unlikely that this can be avoided—it will be interesting to see whether the Government will permit the mines to obtain or retain the whole of the benefit of the gold premium. At the time of writing, it is officially admitted that South Africa is "off the gold standard" and the Government is said to be considering the rival policies of allowing the exchange to slide or of devaluing to a new gold parity. Meanwhile, South African pounds are being unofficially quoted in London at a heavy discount against gold, and the commercial banks in Africa are said to be offering exchange on a similar basis. But the Reserve Bank has not yet shown its hand. If it attempts to maintain its sales of exchange at gold parity, it will be compelled to introduce a strict rationing system. In view of the experiences of a year ago, the efficacy of such a policy of exchange restriction as a means of preventing the outflow of capital is doubtful. In view of the large export surplus (including gold), the banks could perhaps finance a capital outflow up to a figure of some £2,000,000 per month for a considerable time without serious difficulty; but if the outflow should exceed this figure, it is to be feared that the consequent depletion of bank deposits would involve a continuation of a state of acute strain. The political excitement that is accompanying the financial crisis makes it evident that such a state of affairs would not be tolerated.

Canada and Russian Trade.—While Mr Bennett has been in London, for reasons undisclosed, but connected, according to rumour, with a desire on his part to secure a British embargo on timber imports from Russia, and, if possible, a loan in the London market, a situation has arisen in Canada which is likely to tax the Canadian Premier's diplomacy. A Winnipeg syndicate is reported

to have negotiated an agreement with the Soviet Government to barter 100,000 head of cattle and 10,000 tons of hides in exchange for Russian petroleum and anthracite. The terms of sale are apparently highly attractive to the Canadian cattlemen; and though Mr Bennett, from mid-Atlantic, has stated in reply to a wireless inquiry from London that "the report is obviously without foundation," the Canadian Cabinet, to judge from a pronouncement by the Minister of Agriculture, seems to have been actively occupied with this deal and to favour its conclusion. This would involve not merely the repeal of the present Canadian embargo on imports of Russian anthracite, but also, it is understood, an arrangement whereby, until the transaction was completed, Russian bills would be discounted by the Canadian banks on the strength of the Canadian Government's guarantee to the extent of 60 per cent. of their face value. If Mr Bennett sanctions this scheme, what becomes of his famous fulminations against Bolshevism and his demands for the suppression of the Anglo-Russian Trade Agreement? But if he vetoes it he will do so in defiance of a tremendous pressure from the agricultural interests, which, if denied, might go far to wreck his Government.

A Timely Warning to Belgrade.—At the end of last week, there was published in the daily press of this country a letter, dealing with the present situation in Yugoslavia, which is authoritative both by reason of what it says and in virtue of its signatories. The list of signatories contains the names of distinguished Englishmen and Englishwomen of many different parties and points of view. They are all authorities on international affairs; many of them have an intimate knowledge of Yugoslavia; some of them—for example, Sir Arthur Evans and Professor Seton-Watson—are old and tried friends of the Yugoslav cause; not one of them is its enemy. Accordingly, we hope that the very serious warning which this letter conveys—a warning which is not the less impressive for the friendliness and the moderation of the language in which it is expressed—will be taken to heart by the present Dictatorship at Belgrade. The letter gives a masterly review of all the factors that have gone to the making of the present acute crisis—the difference in cultural tradition between the "Orthodox" Serbs and the "Occidental" Croats and Slovenes; the advantage taken by the Serbs of the military preponderance with which they issued from the war in order to ride roughshod over a situation which was the outcome of more than a thousand years of history; their deliberate effacement of historic frontiers and their policy of filling administrative posts with Serb officials, from top to bottom of the hierarchy, in the non-Serb parts of the present United Kingdom of the Serbs, Croats and Slovenes. The inevitable opposition which this policy has aroused has latterly been met by a repression which has run over into sheer terrorism.

"The press is gagged. Official espionage is general. Police methods have reached such a pitch that, following on the successive murders of, or attempts to murder, prominent leaders of the Opposition parties, the belief, whether justified or not—and it must be hard to substantiate it—is universally shared throughout a large part of the country that guardians of public security are in league with assassins."

Considering the information that has come to light, since the war, about the relation between Serb terrorists and murder-gangs and individual Serbian Ministers of State in the pre-war years, the passage from the letter which we have just quoted is particularly disquieting. The writers go on to point out that the present opposition to the Belgrade Dictatorship is not confined to the Croats but includes the Bosnian Moslems and also those Orthodox Serbs who before the war were Hungarian or (in Dalmatia) Austrian subjects. In fact, the recent armed uprising in certain parts of Croatia and Slavonia has been the work of Serb bands. The writers plead for a federal solution of the Yugoslav problem, and rightly demand that whatever system of regional devolution satisfies the Western Yugoslavs shall also be applied in Macedonia. The alternative to a federal solution which they foresee is "absolute disruption"; and they hint at the danger

for European peace which this Yugoslav catastrophe would involve. They conclude by urging the British, French, Czechoslovak and Roumanian Governments to use their friendly offices at Belgrade in order to persuade the present masters of Yugoslavia to withdraw, while there is still time, from a position which is manifestly untenable. We sincerely hope that, in all quarters concerned, this letter will have the influence that it deserves. Nobody wishes to see Yugoslavia go to pieces; but the world cannot help the dictators at Belgrade unless they come to their senses sufficiently to help themselves.

Japanese Embarrassments.—While the issue between Japan and the rest of the world is momentarily in abeyance during the recess at Geneva, Japan's embarrassments are on the increase in Manchuria and at home. The Japanese Press campaign for anticipating a hypothetical Chinese military offensive in Manchuria by a Japanese occupation of Jehol—the fourth of the four eastern provinces of China outside the Great Wall—indicates that the Japanese Army, unable to report the pacification of the provinces already overrun, is playing with the desperate idea of diverting public attention in Japan from the realities of the military situation on the Continent by staging another spectacular advance which will merely increase Japan's ultimate continental commitments. The inability of the Japanese Army to restore law and order and prosperity in Manchuria is extremely serious for the Army on two grounds. In the first place, it is keeping up a drain on Japanese public finances which is making ever more remote any prospect of balancing the Budget. In the second place, it is disappointing the hope of "the millennium while you wait," which the Japanese Army was rash enough to promise, more than a year ago, to the Japanese farmer, who is down and out, as the sure first fruits of the Manchurian military adventure. The formal introduction of the Budget was the only business transacted at the perfunctory meeting of the Diet, which opened a new session at Tokyo on December 26th, only to adjourn until January 24th. As for the awakening of the Japanese farmer from his Manchurian fool's paradise, the dangerous agitation and exaltation of the public mind in Japan in these times is testified by news of the formation of a new political party called "the National League," which appears to be the Japanese equivalent of Fascism or Hitlerism. The new organisation is reported to have equipped itself with the whole Nazi-Fascist apparatus: banner, colours, uniform, "juvenile section," and the rest. This is not so difficult. The really difficult problem which the present masters of Japan have to solve is how to make figs grow on thistles. Prosperity is not the natural fruit of their violent courses.

The End of the Piatiletka.—On December 31st the first Soviet Five-Year Plan comes to an end, four years and three months after its initiation. In a later issue of the *Economist* we hope to discuss the achievements and deficiencies of this quinquennium in some detail. In the meantime, the broad results industrially have been published for the first ten months of 1932. Production in the heavy industries increased by 22 per cent., compared with the corresponding period of 1931, output being valued in each case on the basis of 1926-27 prices. Pig-iron production was 28.3 per cent. higher; coal production 16.7 per cent. higher; and the output of machinery 30.8 per cent. higher than last year. The continued "enforced abstinence" of the Soviet consumer—leaving out of account the foodstuffs problem—is demonstrated by the fact that the production of "light" industry rose by only 5.9 per cent. A sum of 7.5 milliard roubles was spent on industrial construction, against 5.4 milliards in 1931. It is pointed out in authoritative quarters that one of the least satisfactory features of the year was the widening gap between "output per man-day" and nominal wages. The daily wage in roubles in the coal industry showed an increase in 1932 of no less than 30.9 per cent., while the output per man-day actually fell by 2.6 per cent. Similar

conditions prevailed in other industries, wages in the metallurgical industry rising by 30.1 per cent., while output per man-day rose by 8.6 per cent. It seems clear that, as wage rates are fixed in accordance with a planned output, and not revised downwards as deficiencies in the plan appear, there is a constant tendency (the exact reverse of that prevailing outside the U.S.S.R.) for purchasing power to exceed the volume of goods available for consumption; and disequilibrium ensues in the finance plan. There are three ways of remedying this situation:—(1) By increasing output, (2) by revising wage rates in accordance with results, and (3) by recalling a part of wages by means of loans and voluntary subscriptions. The latter method is largely employed, though it is interesting to note that the "plan for the mobilisation of resources" from January to November, 1932, was only 63.3 per cent. fulfilled. As the Soviet Government has to pay very high rates of interest on its internal loans, it may be anticipated that in the course of the next plan a more drastic attempt will be made to bring the output of goods and the volume of purchasing power nearer together.

Light and Shade in Latin America.—The past week's news from Latin America is variegated in its colours. In the Argentine, all seems quiet once more; and in Chile the inauguration—or re-inauguration—of Don Arturo Alessandri as President on December 26th has passed off with a calm that portends, we hope, a less disturbed history for Chile in the coming year than in that just ended. In Peru, again, there have been pacific changes in the personnel of the Government. The most chequered news comes from the heart of the South American Continent, in the Gran Chaco, where for months past a war between two republics, which would have been sensational news in other times, has been dragging on almost unnoticed in the midst of the pressing preoccupation of the rest of the world. Diplomacy has left no stone unturned to bring this war to an end. The latest proposal, put forward by the Commission of Neutrals at Washington, is that hostilities should cease and that neutral military representatives should be sent to the spot to see that this proposal is carried out. The proposal was recently commended to both belligerents by the Council of the League of Nations; and Bolivia which are couched in ironically similar terms. Neither party is prepared to cease fighting unless and until the whole guilt is assessed upon the other party, and unless the other party—as on this premise is most meet and right—makes preliminary amends by evacuating the territory in dispute! This attitude on both sides is tragically ridiculous; but happily this dismal news from Geneva has been followed by better tidings from Rome. It is now reported that, in response to an appeal from the Pope, the Bolivian and Paraguayan Governments agreed to observe a Christmas truce; and it is hoped at the Vatican that this break in the hostilities may lead to their permanent suspension. At the moment of writing, we have no further news from the spot to tell us whether the Christmas truce really did take effect; and, if it did, it is still too early to say what the upshot may be. Meanwhile, we must welcome the report from Rome as a sign of grace in these two particularly intractable Latin American peoples.

The Maintenance of the Peace.—On December 17th Mr Tom Mann, the well-known labour leader, and Mr Emrys Llewellyn were summoned at Bow Street and ordered to find sureties for their future good behaviour and to keep the peace. This they refused to do, and in consequence were committed to prison for two months. The proceedings arose out of an article in the Communist journal, the *Daily Worker*, calling for further mass action by the unemployed, followed by a letter to the Prime Minister—written on behalf of the National Unemployed Workers' Movement, of which the defendants were described as officials—asking Mr MacDonald to receive a deputation. This case, which was discussed on December 22nd in the House of Commons on the motion for

the adjournment, has several difficult and somewhat disquieting features. It is clearly the duty of the authorities to take all possible steps to prevent mass demonstrations of a kind which are likely to lead to a breach of the peace and which in any case create a serious public nuisance. On the other hand, the prosecution was based, in part, upon a notorious Act of Edward III., passed originally to deal with the very different problem of the soldiery disbanded after the French wars, and subsequently mutilated (so it has been alleged) into its present established text by a careless copying clerk in the reign of Henry VI. Here we would venture the opinion that if powers of this kind are still required they should rest upon fresh legislation which Parliament should pass for the purpose. On the wider question of "preventive" arrest and prosecution it is difficult not to feel some misgivings. Personal liberty is a traditional British right, which should be preserved even if it entails some risk and throws extra burdens upon those responsible for the maintenance of law and order; and, in any case, once freedom of speech is interfered with, complaints of discrimination must inevitably arise. On the other hand, it is intolerable that self-appointed leaders of the unemployed should be at liberty to bring unconstitutional pressure upon Parliament and the Government, even though it is very difficult to determine where the border-line between proper and improper action lies. On the whole, we cannot see why the defendants in this case could not have given the required undertaking without any loss of prestige or inequitable sacrifice of their rights; but at the same time we have an instinctive dislike of the exercise of powers of this kind, and we hope that they will be used very sparingly in the future and under the most rigid and jealous scrutiny. It is particularly essential that at the present juncture the administration of the law should not give ground for the faintest suspicion of partiality.

India's Foreign Trade.—The Indian trade returns, writes a correspondent, continue to reflect the difficulties confronting countries dependent mainly on the export of primary products to provide the resources necessary to meet external debt obligations and to pay for imported materials outside the range of domestic production. In the decade ending March 31, 1930, the average value of Indian merchandise exports was about £243½ millions sterling, and of merchandise imports about £181½ millions sterling, leaving a favourable balance of about £62 millions sterling. In 1931-32 exports dropped to £120 millions and imports to £92 millions, reducing the favourable balance to £28 millions; while in the six months ending September, 1932, the trade in merchandise reveals an adverse balance of about £6 millions, compared with a favourable balance of about £9 millions in the corresponding half-year in 1931 and of over £29½ millions in the same period in 1930. The Government, in order to meet its loans obligations, has to find about £30 millions sterling annually, while a further margin of at least £7½ millions is required to meet other items in the adjustment of payments on private accounts. In the past, not only has this balance been achieved; there has normally been a margin of £15 to £20 millions, which India has utilised to import gold and silver. To-day, the holder of gold in India is finding it the most profitable commodity to sell. Shipments of gold, which began when Britain abandoned the gold standard, are expected to aggregate £80 millions sterling by the end of this year. Without these bullion exports India would have been unable to maintain her import trade even on its present attenuated scale, and, in that event, the losses sustained would not have been confined to the producing industries in the countries from which these imports have been derived. To India herself a very much more important consideration is that, to the extent of approximately 50 per cent., the Government of India depends on Customs duties for its tax revenues, and that if these revenues had declined to the level to which they would have certainly descended if merchandise imports

had fallen to the same extent as merchandise exports, the results would have included a new budgetary deficit which, in present conditions, it would have proved extraordinarily difficult, if not impossible, to balance. Let it be added that the reduction in Indian commodity imports has not been due exclusively to the decline in foreign demand for Indian produce, but is also traceable to some extent to the forced suspension of capital outlay on public utility projects, especially railways—owing partly to the decline in the revenues at present derived from such undertakings, but, even more, to the inability of the Government of India to borrow for such purposes on terms offering the assurance of a reasonable return on the funds available for investment. A necessary corollary has been a steep decline in the importations of machinery, locomotives, etc., which normally figure so largely as an item in India's import trade. The direct loss thus occasioned has not ended there, for, to quote only one reaction, in order to compensate the Tata steel works for the reduction in contracts for rails from 200,000 to 38,000 tons, tariffs have been imposed to assist development in other directions, including the manufacture of galvanised sheets, etc., thereby curtailing the importation of competitive products. There has been a considerable recovery in imports of cotton goods, but mainly to the advantage of Japan rather than of Lancashire, followed by new tariff impositions likely to stimulate Indian mill production at the expense of all imported materials, whatever their source.

Sterling and International Prices.—During the past fortnight the level of international gold prices as measured by our index number more than lost all the slight improvement recorded in the first half of December and established a new low record. Cereals, cotton, tin and sugar all participated in the decline. The fall registered up to December 21st by the foreign indices quoted in the following table was most pronounced in the case of the United States:—

SEPTEMBER 18TH, 1931 = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistische Reichsanstalt, Germany.
	British Complete Index (sterling).	British Primary Products (sterling).	International Gold Prices.				
1932.							
Jan. 27th ...	108.3	115.7	93.8	93.5	93.6	95.8	91.6
Feb. 24th ...	110.9	120.9	89.6	92.4	95.1	97.2	92.0
Mar. 22nd ...	108.1	111.9	86.5	91.5	96.3	97.0	91.4
Apr. 20th ...	103.8	105.4	85.6	89.6	97.0	95.3	90.3
June 1st ...	100.2	101.0	79.8	87.3	94.0	91.7	88.5
June 29th ...	97.4	99.3	86.4	87.3	91.5	89.5	86.1
July 27th ...	99.5	103.5	84.1	88.3	91.3	88.5	88.1
Aug. 24th ...	102.5	111.8	89.3	89.8	89.0	89.3	87.1
Sept. 7th ...	107.1	120.2	94.7	91.7	89.0	91.5	87.9
Sept. 21st ...	106.0	117.4	89.6	90.5	89.7	91.2	87.1
Oct. 5th ...	104.6	115.3	85.7	89.6	89.9	93.2	87.1
Oct. 19th ...	103.1	112.3	84.0	88.6	88.8	92.7	86.8
Nov. 2nd ...	102.6	110.9	79.4	87.3	88.4	92.3	86.4
Nov. 16th ...	103.8	113.0	82.9	87.6	88.4	92.3	86.5
Nov. 30th ...	103.1	112.3	77.7	87.3	88.4	91.4	85.7
Dec. 14th ...	102.2	112.1	78.2	85.1	87.9	91.4	85.0
Dec. 28th ...	101.2	109.3	76.9	84.8	...	91.4	84.9

* These figures relate to December 21st.

Sterling prices did not escape altogether the effect of the fall in gold prices. The complete *Economist* index is approximately 1 per cent. lower on the fortnight, while our index of the sterling price of primary products has fallen by slightly over 2½ per cent. Fuller details of the complete *Economist* index are given below:—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	Dec. 14, 1932.	Dec. 28, 1932.
Cereals and meat	64.5	63.5	63.1
Other foods	62.2	60.6	60.0
Textiles	43.7	48.8	48.6
Minerals	67.4	75.9	73.9
Miscellaneous	65.8	62.1	61.9
Complete index	60.4	61.7	61.1
1913 = 100	83.1	84.9	84.1
1924 = 100	52.2	53.3	52.8

Movements of individual commodities were for the most part of small dimensions.

Cotton Trade's Stocktaking.—Our Manchester correspondent writes:—The improved trading conditions in the Lancashire cotton spinning and manufacturing industry during the past twelve months are reflected in the financial reports of mills. The accounts of 121 concerns show that during 1932 nineteen made profits totalling to £35,090, whereas in the previous year six companies only returned profits totalling £17,733. In 1931, 115 companies made losses totalling £968,546, an average loss per company of £7,858; but during the past year the losses of the 102 "non-profitable" mills amounted to £471,532, an average loss per company of only £3,607. The average dividend in 1932 of 210 cotton spinning and manufacturing companies was 1.41 per cent., compared with 1.39 per cent. for the same companies in the previous year. The total paid-up ordinary share capital of these 210 companies is £30,760,351, controlling 21,445,806 spindles and 25,875 looms. Of the 210 companies 179 paid no dividend, against 178 in 1931. The remaining 31 companies paid dividends absorbing £232,526, equal to 0.75 per cent. In 1931 the dividends of 225 companies absorbed £273,155, equal to 0.84 per cent. on a total capital of £32,528,405. The profit and loss accounts for 204 of the companies revealed that 57 have credit balances of £864,349, and 147 debit balances totalling £6,931,314. There was a big reduction in the amount of money called up by mills on unpaid shares. Twenty-eight companies called up additional share capital totalling £655,583, as compared with 73 companies and £3,464,339 in 1931.

British Crops in 1932.—The Ministry of Agriculture and Fisheries has issued its usual return of the production of cereals and other crops in England and Wales during 1932. The following table shows the average, the total yield, and the yield per acre of the various crops during the last two seasons:—

PRELIMINARY CROP STATISTICS.

Crops.	Estimated Total Produce.		Acreage.		Estimated Yield per Acre.		Average of the Ten years, 1922-31
	1931.	1932.	1931.	1932.	1931.	1932.	
Wheat	Thous. Cwt. 19,230	Thous. Cwt. 22,092	Thous. Acres. 1,197	Thous. Acres. 1,288	Cwt. 16.1	Cwt. 17.2	17.3
Barley	15,457	15,542	1,029	961	15.0	16.0	15.6
Oats	24,786	25,018	1,552	1,580	15.0	15.8	14.9
Mixed corn	1,688	1,841	121	114	13.9	16.2	15.0
Beans	2,403	2,363	145	139	16.6	17.1	16.3
Peas	1,046	893	75	66	14.0	13.6	14.2
Seeds hay*	Thous. of Tons. 2,608	Thous. of Tons. 2,176	1,726	1,538	30.2	28.3	28.1
Meadow hay†	5,317	4,662	4,778	4,547	22.3	20.5	20.5
Potatoes	2,454	3,308	447	504	5.5	6.6	6.3
Turnips & swedes	6,978	7,535	619	578	11.3	13.0	12.6
Mangolds	4,529	4,336	270	229	16.8	18.9	19.1

* Hay from clover, sainfoin and grasses under rotation. † Hay from permanent grass.

The feature of the past year has been a further reduction in the acreage under the principal crops, with the exception of wheat and potatoes. The yield per acre has, however, been higher than a year ago, except in the case of hay, and, on the whole, compares favourably with the ten-year average from 1922 to 1931. As a result, the estimated total production of oats, mixed corn, turnips and swedes exceeded last year's harvest despite the reduction in acreage. The potato crop was particularly satisfactory, and the total yield, at 3,308,000 tons, was 228,000 tons above the average production during the past ten years. The declining tendency in the acreage under crops generally is an inevitable consequence of the low level of prices. It should, however, be remembered that the value of farm crops sold off farms is only about 18 per cent. of the total value of the output of agriculture in England and Wales.

British Film Progress.—During the past year in British cinemas the silent film may be said to have been finally ousted by the "talkie." The following table, which shows the average weekly length, in feet, of films registered with the Board of Trade, gives some indication of the quantitative development of the British cinema industry during recent years:—

Period	Silent.		Synchronised.		All Films.	
	Total feet.	British proportion of Total.	Total feet.	British proportion of Total.	Total feet.	British proportion of Total.
Weekly average:		%		%		%
1928	112,532	13.6	Nil	—	112,532	13.6
1929	72,065	14.9	61,482	7.5	133,547	11.5
1930	44,752	15.0	96,074	14.5	140,826	14.7
1931	7,701	15.3	97,084	16.8	104,785	16.7
1932*	756	77.8	90,784	21.6	91,540	22.0

* January–November.

It will be seen that, while the total length of films registered shows an appreciable decline in 1932, the proportion of British films advanced from 16.7 per cent. to 22 per cent. This advance was, of course, assisted by the operation of the Cinematograph Films Act of 1927, which imposed a renters' quota of 15 per cent. during the year ended March 31, 1933. It has been said in the United States that trade follows the film, and that every foot of film shown abroad results in a dollar's worth of trade. The Cinematograph Act has ensured the production of a certain quantity of films in this country, but it could not guarantee quality. It is therefore to be hoped that producers in this country will shirk no effort to establish at last a serious reputation for their output in foreign countries.

The 1930 Census of Production.—Volume XXIII of the preliminary reports of the Census of Production of 1930, published in a recent issue of the *Board of Trade Journal*, covers the railway, clothing, bread, and motor and cycle repairing industries. The following summary shows the gross value, the net value (gross value less cost of materials and work given out to other firms), and the net output per person employed in the various trades:—

Industry.	Gross Output.		Net Output.		Net Output per Employee.	
	1924.	1930.	1924.	1930.	1924.	1930.
Railways.....	Thou. £ 70,727	Thou. £ 63,152	Thou. £ 43,146	Thou. £ 39,154	£ 173	£ 171
Clothing	106,810	99,714	43,772	43,107	152	151
Bread and biscuit	72,169	70,899	26,645	29,397	279	257
Motor and cycle repairing	5,117	13,365	2,933	7,811	174	176

The returns relating to railways show that in 1930 the companies still carried out themselves a large proportion of construction, maintenance and repair work. The average number of employees in the construction, maintenance and repair department declined from 248,555 in 1924 to 228,452 in 1930. The number of main-line steam locomotives built by the companies rose from 223 in 1924 to 324 in 1930, and the number of carriages constructed, at 1,417, shows an increase of 804 on the earlier year. On the other hand, the number of complete wagons and trucks built by the companies declined from 26,494 in 1924 to 19,363 in 1930. The quantity of steel rails made increased from 17,170 tons to 19,620 tons. The total cost of manufacturing and repairing rolling stock and permanent way equipment in 1930 was about 14 per cent. less than in 1924. In the case of repair work the decrease was 17 per cent., but the cost of new equipment showed a decline of only about 9 per cent. The value of work done in 1930 on stations, buildings, on hoists and cranes, and on ships and boats was substantially higher than in 1924. On the other hand, less money was spent on the improvement of docks, harbours and wharves, and on the construction of telegraphic and telephonic lines. The total quantity of electricity used by these departments rose from 77 million kilowatt-hours in 1924 to 109.8 million kilowatt-hours in

1930. There has been a substantial increase in the proportion of electric power purchased by the companies. Of a total of 109.8 million kilowatt-hours used in 1930, only 10.4 million kilowatt-hours were produced by the companies' own generators.

British Fire Insurance in the U.S.A.—The amount of fire insurance premium income obtained in the United States by British companies has shown a diminution each year since 1926, the premiums received in 1931 amounting to less than 80 per cent. of the corresponding figures for 1926. This has been due to a variety of causes, but in the last few years is due probably in the main to the fall in commodity prices. Competition from local offices has also become increasingly keen, though it is encouraging to notice that while the premium income of the American offices fell by 12 per cent. last year, the decrease in the case of the British offices was only 8 per cent. The table which follows is based on the official reports of the companies furnished to the American insurance authorities, and published annually by the Spectator Company of New York. The figures have been converted into sterling at par of exchange. The 21 companies or groups of companies have been selected to comprise all the principal British offices operating in the United States and the figures of underwriting profits have been adjusted to conform with the British practice of allowing for an unexpired risk reserve equal to 40 per cent. of the total premiums. The aggregate results for each of the past six years on this basis are as follows:—

Year.	Premium Income.	Amount.	Underwriting Profit. Percentage of Premium Income.
	£	£	%
1926	33,601,253	752,354	2.2
1927	31,710,646	2,110,373	6.7
1928	31,417,664	2,540,633	8.1
1929	31,224,583	2,236,280	7.1
1930	27,945,315	624,882	2.2
1931	25,814,406	40,521	.2

The results of individual companies and groups of companies for each of the last two years are shown in the following table:—

Company or Group of Companies.	1930.			1931.		
	Premium Income.	Underwriting Profit or Loss.		Premium Income.	Underwriting Profit or Loss.	
		Amount.	Percentage of Premium Income.		Amount.	Percentage of Premium Income.
1. Atlas	£ 887,378	£ 2,488	.3	£ 805,758	£ 67,225	8.3
2. Eagle Star and Brit. Dominions	520,993	34,424	6.6	470,802	9,512	2.0
3. British General	111,585	675	.6	97,307	5,304	5.5
4. Caladonian	554,250	12,730	2.3	510,696	38,598	7.6
5. Commercial Union	3,549,270	74,202	2.1	3,220,369	27,414	.9
6. Century	392,681	18,475	4.7	225,358	3,452	1.5
7. Employers' Liab.	515,162	4,066	.8	438,896	1,711	.4
8. General Accident	329,804	25,105	7.6	326,817	31,304	9.8
9. London Assurance	891,613	36,162	4.1	893,458	14,460	1.6
10. London & Lancs.	1,411,742	51,520	3.6	1,347,640	13,118	1.0
11. Nth. British and Mercantile	3,884,917	150,116	3.9	3,601,688	32,326	.9
12. Northern	1,003,599	915	.1	931,751	17,501	1.8
13. Norwich Union	776,776	18,230	2.3	732,748	19,384	2.6
14. Phoenix	1,314,799	375	.0	1,425,568	50,734	3.5
15. Prudential	363,269	19,796	5.4	316,857	27,327	8.6
16. Royal	5,248,585	280,629	5.3	4,647,818	218,633	4.7
17. L'pool & London and Globe	2,764,690	83,366	3.0	2,585,108	68,197	2.6
18. Royal Exchange	771,819	6,189	.8	740,030	53,320	7.2
19. Scottish Union & National	955,821	8,223	.9	820,771	64,709	7.9
20. Sun	875,856	15,228	1.7	907,670	33,275	3.7
21. Yorkshire	820,707	44,782	5.5	747,316	43,351	5.8
	27,945,315	624,882	2.2	25,814,406	40,521	.2

It will be seen that both as regards premium income and underwriting profit, a reduction has been almost universally experienced, and while present economic conditions in America continue results are scarcely likely to improve. With regard to the individual results, once again each of the four British companies operating on the largest scale in the United States, viz., the Commercial Union, North

British and Mercantile, Royal, and Liverpool, London and Globe, report a profit, though with reduced margins. It will be seen that no less than fourteen out of the twenty-one companies or groups of companies disclose a loss on the year's operations.

Overseas Correspondence.

UNITED STATES.

Debts — Gold — Prices Industry — Railroads.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 15.

WHILE a good impression has been created in this country by full payment of the December debt instalment due from Great Britain, and while, if partly by contrast with the non-paying nations, British credit has been strengthened, the French deferment is regarded in most Wall Street quarters as by no means an unmixed evil. Leaders of opinion regret that the matter was handled in such a way as to increase the chances of default by France. While the first response of Congress appears to be resentment toward France, and many of the staunchest friends of that country fear that some harm may result to future negotiations, talk of retaliatory measures, such as embargoes on investment in defaulting countries, may be regarded as the outcome of the passions of the moment. Nothing, of course, is likely to come of such talk.

Meanwhile, by opening eyes to the realities of payments, the French action is believed to have increased the probability of early negotiations for debt revision. The matter will doubtless impress upon the country the desirability of a new settlement and the close relation which the debt payments have to world trade. Some gold shipments are expected here from Paris, but no flight from the franc is anticipated.

Shipment of the \$95,550,000 of gold from London to cover the British debt instalment, together with imports now known to be on the way, will completely restore the monetary gold stock position of this country for the New Year, with 15 or 20 millions in addition. Excess of gold exports from the beginning of the year to the middle of December were \$512 millions, but deductions from released earmarked gold reduced the net loss to \$137 millions. The monetary gold stock as at December 7th was only \$106 millions less than at the beginning of the year, but that included new gold produced during the year.

Little or no progress is being made in Congress on new revenue measures and ways and means of cutting expenditures. Debate is still largely devoted to prohibition, with farm relief schemes coming forward occasionally. The Secretary of the Treasury, Mr. Mills, said this week that he did not think the Government could obtain more than \$150 millions yearly from a beer tax, and urged a general manufacturers' sales tax as a supplement to beer taxes as a means of bringing the budget into balance.

Doubtless a vote in this Congress or early in the special session of the new Congress, which is now believed likely, will be taken on that form of farm relief which enjoys current popularity among the self-styled saviours of the farmers. This scheme envisages a bounty to farmers on wheat, for example, equal to the existing tariff, in case prices are below cost of production; on cotton, which has no tariff, an arbitrary bounty of 5 cents a lb. is proposed. This bounty will be paid to farmers agreeing to limit production in the ensuing year to, say, 20 per cent. of current output. It will in turn be levied by the Government on consumers, through a tax on spinners, millers and users of the raw materials.

Opposition to such a scheme is bound to be great, owing to the obvious temptation constantly to increase the bounty, to be lax in enforcement of production restrictions, and to tax one class of people in favour of another.

Actually, the farmer is in far better position than is the unemployed general labourer. Distress is rare on the farms, although purchasing power is so low that only the necessities of life are had in many instances.

Christmas shopping is giving some stimulus to wholesale and retail trade, but the volume is lower than a year ago, and business enterprise is still lethargic. Prices for many raw materials, while comparatively steady, are not acting in a way suggestive of an upturn. The Bureau of Labour Statistics wholesale commodity price index for November is down three-quarters of 1 per cent., but is only 9 per cent. under a year ago, against a recent monthly decline of 12 per cent.

INDEX NUMBERS OF WHOLESALE PRICES BY GROUPS AND SUB-GROUPS OF COMMODITIES.

(1926 = 100.0).

Groups and Sub-Groups.	Nov., 1931.	Oct., 1932.	Nov., 1932.
All commodities	70.2	64.4	63.9
Farm products	58.7	46.9	46.7
Foodstuffs	71.0	60.5	60.6
Hides and leather products	81.6	72.8	71.4
Textile products	62.2	55.0	53.9
Fuel and lighting materials	69.4	71.1	71.4
Metals and metal products	82.6	80.3	79.6
Building materials	76.2	70.7	70.7
Chemicals and drugs	76.1	72.7	72.4
House furnishing goods	80.9	73.7	73.7
Miscellaneous	68.7	64.1	63.7
Raw materials	62.0	54.6	54.2
Semi-manufactured articles	64.9	60.7	58.9
Finished products	74.8	69.6	69.3
Non-agricultural commodities	72.6	68.1	67.5
All commodities other than farm products and foodstuffs	73.5	70.2	69.8

Major industries continue to decline slightly, mostly for seasonal reasons. Steel mills are operating at about 15 per cent. of capacity, and it is expected that the year-end "shut downs" will send the general rate to a new low level of around 10 or 12 per cent. The United States Steel Corporation's unfilled orders at the end of November were down moderately, wiping out the slight gains of the preceding three months. Ford is working on new models, and mild hope is entertained in the motor industry that enough spring revival in trade will take place to stimulate car sales. Railroad traffic is sagging with the season, but November earning reports now coming to hand indicate that, for the first time in three years, the railroads have done as well as in the corresponding month of the previous year. In October the net earnings were only six-tenths of 1 per cent. under those for October, 1931.

The copper trade is rather pessimistic over the failure of the conference and the fall in price of the metal to under 5 cents a pound. Some think it may have to go lower before any improvement is possible under existing production agreements. The oil trade also has taken a turn for the worse, and the attempt to put up crude oil prices has ended with cutting by a number of leading companies, preceded by lower gasoline prices. The lower prices will be reflected in year-end balance sheets, but for all that most oil companies have done fairly well this year. One recently resumed dividend payments.

Progress is being made on an understanding between the railroads and the labour unions on wages. The 10 per cent. cut agreed to a year ago expires on February 1st. It now looks as though the unions would be willing to grant a year's extension, but it is not certain that the roads would accept that, many thinking a 15 to 20 per cent. cut is justified by the state of earnings and living costs.

Currently the tenor of railroad executive opinion is that the least the roads will agree to is an indefinite extension of the 10 per cent. cut from the old scale, and later the screws will be tightened for a further reduction. Since the majority of railroad men actually employed are the older men, it is unlikely that the negotiations will end in strikes. As time passes resistance to wage cutting is weakening. An example was had in the recent experience of New York City. Refusal of the city officials to put into effect genuine economies destroyed the long-term bond market for New York obligations and caused the banks to refuse further short-term loans. The result is that the city has been forced into a comprehensive economy programme,

made possible through legislation passed at a special session of the State Legislature called for the purpose and including wage reductions for school teachers, policemen, firemen and other services.

Short-term money is more redundant than ever. Tax date financing was carried through with a \$50 million overdraft for the Treasury at the Federal Reserve Bank. On December 15th the Treasury redeemed \$604 millions of four-year notes, and allotted approximately \$700 millions in new one- and four-year notes. Quarterly tax collections were around \$180 millions and interest paid on Government bonds was \$100 millions. Six nations paid a total of around \$100 millions on war debts, while about \$26 millions was in default. Altogether the financial turnover, including corporation interest and dividends, was over \$1,500 millions. Commercial paper rates have weakened another $\frac{1}{2}$ per cent. to one-half to three-quarters of 1 per cent., and time money is available for four months at three-quarters of 1 per cent.

FRANCE.

Finance — Railway Deficit — Production.

(FROM OUR CORRESPONDENT.)

PARIS, December 28.

THE new Government's declaration of policy was accepted by the Chamber, on a vote of confidence, by a majority of 213 votes (379 against 166, with 61 abstentions) when it made its first appearance before the House last Thursday, but exactly what its financial and other proposals are to be it was impossible to gather from M. Paul-Boncour's very skilfully-phrased text. "We will indicate when the moment comes," the document stated, in regard to its Budget proposals, "their method and their amplitude." So far, as several sly hits by Opposition interrupters have shown, the new Ministry has kept its secrets closely, and it now appears probable that these will not be revealed until after the Chamber returns from its short recess over the New Year holidays, during which M. Chéron proposes to perfect his plans. There are indications, however, that most, if not all, of the Herriot proposals have been thrown into the melting pot again, and there are suggestions that the re-drafted Budget Bill will probably be much more exigent in the way of Socialistic demands, than the original measure.

For a first step there was the end-of-the-year situation of the Treasury to be got over; and to this end M. Chéron, the new Finance Minister, and M. Lamoureux, the *rapporteur* of the Chamber Finance Commission, have been devoting much time before the Commission and the Chamber. One of the outstanding factors of the proceedings in Commission was the statement by the *rapporteur* that the deficit to be met under the pending Budget will not be 12,100 million francs, as hitherto estimated, but certainly in the neighbourhood of 16,550 million francs. He added that economies already realised by the Rente conversion operation justified this total being brought back perhaps to 11,750 million francs, but he emphasised the fact that this left entirely out of the account the deficit on the railways, which, with the accumulations of previous years, would amount by the end of 1932 to around 10,000 million francs. The Finance Minister himself, before the Chamber, placed the total deficit (exclusive of that on the railways) at 17,385 million francs (6,707 million francs for 1930-31, 5,611 million francs for 1931-32, and (to date) 5,067 million francs for 1933). The figures, it is reported, made a deep impression on the majority of the members.

The Finance Minister yesterday morning formally asked the Chamber for a Vote on Account equivalent to one month's supplies, to tide the Treasury over January. He startled the House by stating, at the outset, that when he returned to power last week he found "just sufficient funds in the hands of the Treasury to continue the public services until December 31st," which explained why it was absolutely necessary to ask for authority for an issue of Treasury Bonds. The Bill asked for provisional credits

amounting to a total of 5,292,627,000 francs (4,825,472,000 francs for the General Budget, and 467,154,000 francs for the Post Office and other annexed Budgets), and that the necessary funds should be made available by an issue of Treasury Bonds, which would necessitate raising the present legal limit of such issues by a further 5,000 millions. Since April 1st the total amount of Treasury Bonds issued has amounted to 9,190 million francs, so that the new issue will bring the total of this renewed form of short-term debt to nearly 15,000 million francs, and, with the 28,000 million francs of Defence Bonds now in existence, raise the total short-term debt to 43,000 million francs. Significant clauses of the Bill were those stipulating that the yield from the new bills shall be applicable in the course of January, 1933, and that Ministers are made personally responsible for seeing that "no new measures shall be taken involving increased expenditure imputable to the credits now opened, and which does not arise from previous laws."

Another clause approves of the convention signed last September, at the time of the Rente Conversion operation, under which the Caisse d'Amortissement undertook to take over the redemption charge in respect of Tranche A of the new 4 $\frac{1}{2}$ per cent. Rentes (representing an annual burden of 52,000,000 francs); agreed to take over other redemption charges amounting to 205 million francs, in respect of credits hitherto figuring in the Budget, plus a further 36 million francs "which may be there included"; and also consented to renounce to the State the profit to be derived from the minting of silver currency during 1933, estimated at 343 million francs. M. Louis Marin made a characteristic but vain effort to induce the Finance Minister to reduce his new Treasury Bond issue to 2,000 million francs, instead of 5,000 million francs, the voting of which, he insisted, will "bring back the tragic days of 1926." He also described the clause concerning the Caisse d'Amortissement as the "assassination" of that organisation. Another deputy demanded the reduction of the new issue to a maximum of 4,000 million francs, so long as the balancing of the Budget was not assured; which drew from M. Chéron the retort that he "refused to accept five francs less than the total asked for by the Bill." M. de Tinguy du Pouët, one of the Chamber's financial experts, pointed out that the new convention would reduce the annual disbursements of the Caisse d'Amortissement to 1,200 million francs, with which to deal with the 28,000 million francs of Defence Bonds and other increasing short-term debt, and would not be sufficient. "Henceforth," he said, "there will be no more debt extinction except through the Caisse, and the smallest decrease in that body's constitutional revenue will compel recourse to another constitutional law and a subsidy from the Budget." The debate finished the same day with the approval of the Bill by a show of hands (after two amendments had been rejected by (in round figures) 370 votes against 200); and thus the first step towards what the *Temps* described as M. Chéron's "impossible miracle" was accomplished.

In view of the importance of the railway deficit as a factor in the present involved financial situation, it will be interesting to set forth some of the causes of the present position of the lines. Down to the war, railway passenger and goods rates, which are fixed to the last detail by the Ministry for Public Works, were gauged to enable the companies to pay a moderate dividend after covering working costs and capital charges, the State benefiting from a 10 per cent. tax on passenger tickets, while goods traffic was practically free from taxation. After the war, when the lines were entirely in the hands of the State, and a huge deficit was accumulated, the Government, by the convention of 1921, became much more closely associated with the financial side of the undertakings. It agreed that the State should guarantee the capital charges and give the companies "management premiums," and itself take the risk of benefit, if there were profits, or loss if none were earned. To minimise the risk, it was agreed that if deficits resulted two years in succession, rates should be raised to re-establish a balance. When the franc met disaster in 1925 and 1926, and Finance Ministers were at their wits' end for new resources, M. Loucheur imposed the heavy tax of 32 $\frac{1}{2}$ per

cent. on passenger tickets (equivalent to one-third of the companies' receipts from this source), plus taxes of from 5 to 10 per cent. on goods traffic. This was anti-economic in itself. What was perhaps worse, was that the companies were refused power to raise their rates, and have been refused it ever since. The companies, therefore, have for some years enjoyed their "management premiums" for acting as tax collectors for the Government, the public has enjoyed (and is still enjoying) cheaper railway travelling facilities than before the war, the shareholders have had their dividends paid under the Government guarantee, and the taxpayers as a whole have had to pay the difference under the Budget. This situation caused no great difficulties during the period of artificial prosperity, between 1928 and 1930, but since then the lean years have come. Traffic receipts have dropped seriously, under both passenger and goods headings, in consequence of the crisis, while normal expenditure, which has increased enormously owing to the high post-war material prices and higher wage scales, has been still further inflated by the coming into full operation of the eight hours' and the national insurance laws, and capital charges have risen substantially owing to constant new bond issues, which are now necessary to finance the working of the lines. The result is a steadily-growing deficit, now estimated to be equivalent to 10 million francs per day, which must be met from the Budget. The comparatively slight deficit in 1930 has been increased, it is understood, to one of 4,000 million francs for the current year. The solution of the railway problem is therefore one of the most difficult and urgent tasks facing the new Government.

Coal production returns for November, for the fourth month in succession, indicate fractionally increased output. Total tonnage extracted from the French mines during the 24 working days of the month was 4,182,896 tons, with 254,760 labour units employed, against 4,091,508 tons in October (24 days and 254,800 units), and 4,163,219 tons (24 working days and 276,555 units) in November last year. The output of metallurgical coke by the colliery plants was 279,096 tons, or over 5,000 tons more than in October, but about 1 $\frac{1}{2}$ per cent. less than in November last year. The metallurgical industry, which a few weeks ago showed distinct signs of recovery, is again dull, which accounts for the slower improvement in coke figures, while the increase in coal production has been due to increased protection against foreign entries. Coal imports in November, nevertheless, were 1,902,000 tons, or 210,000 tons more than in October. It is announced that, with a view to reducing imports of anthracite for domestic use, the Vicoigne, Nœux and Drocourt Colliery Company has successfully applied a system of making "smokeless anthracite blocks," similar to those which have been used for some years in Great Britain. The blocks are made from anthracite residue, washed in order to reduce ash waste to 6 per cent. It is stated that the popularisation of these "anthracite" blocks will appreciably reduce the amount of imported hard coal, which normally averages about 2,500,000 tons a year, mostly from Great Britain.

GERMANY.

Employment Plan — Agriculture — Bank Rectification.

(FROM OUR CORRESPONDENT.)

BERLIN, December 27.

THE fact that the provision of unemployment constitutes the most important economic item in the programme of the Schleicher Government was once more brought home to the German people just before Christmas in a speech of the new Reich Commissioner, Dr. Gereke. There are, it is true, some very confused ideas abroad as to the extent of the intended measures, for the Government are naturally concerned to make their plans appear as comprehensive as possible, so that the figures officially mentioned are often arrived at only by means of somewhat artificial arithmetic. Actually the Government are adding Rm. 600 millions to the Rm. 700 millions of public works which the Brüning and Papen Cabinets had already sanctioned, but which to a large extent have not yet begun to affect the labour market. In addition,

there is the additional employment of labour by private economy which was to result from the issue of taxation vouchers as bounties on the engagement of new workers, as planned by the Papan Cabinet. This was originally expected to cost Rm. 700 millions, but it is now likely to take only about Rm. 200 millions, as it is not thought that *entrepreneurs* can be induced to take on new men on a larger scale than that. This point is, however, still the subject of dispute between industry and the Government.

The Rm. 500 millions of taxation vouchers which, according to the Government plan, will thus be saved out of the financing of private employment, will be used for the financing of public works. They will be placed at the disposal of individual communes and associations of communes, through the agency of the German Public Works Society and the Rentenbank-Kreditanstalt, and the communes will be pledged to place contracts to an equivalent amount. The remaining Rm. 100 millions, which completes the sum of Rm. 600 millions, is to be taken from the Unemployment Fund. The Reichsbank has declared its willingness to take over bills in unlimited quantities and without strict scrutiny from anybody who deposits taxation vouchers as additional security. (This concession also applies to the taxation vouchers which are issued, not as employment bounties, but as rebates of taxation, but it is no longer supposed that any great demand will arise for loans against these.) This announcement by the Reichsbank does not mean that its loans will increase by the full Rm. 500 millions. By far the larger part of the taxation vouchers which are issued to employers and used by them to procure capital will probably remain with the banks. The banks are now easily in a position to furnish the necessary sums themselves, and they will be glad to do this, as the Reichsbank's concession makes the taxation vouchers a particularly liquid investment. The liquidity of the money market has thus greatly altered the considerations upon which criticism of the programme must be based. It will not lead to a great expansion of credit, and therefore, as long as it does not exceed the limits at present planned, it involves no danger to the currency. There is perhaps more reason to fear that it might absorb too much of the liquid resources of the money market and so have the undesirable effect of slackening the downward pressure which the abundance of money is exercising upon interest rates.

The Schleicher Cabinet was unable to bring itself to make important decisions on agricultural questions before Christmas. Quotas were, indeed, introduced for pulpwood and lard, but otherwise the idea of quotas seems to have been finally buried. On the other hand, in renewing the commercial treaties which are about to expire, the duties on agricultural products will certainly be raised, and this intention has already been announced to Holland, with whom negotiations open in January. The next aim of agriculturists is to secure the compulsory admixture of butter with margarine. The draft of a decree to this effect is already before the President, but has not yet been signed. The demand is being vigorously resisted both by consumers and by the margarine industry, as, if it is conceded, it will inevitably cause a substantial rise in the price of margarine.

The number of unemployed increased in the first half of December by about a quarter of a million. This is a normal seasonal increase, and is substantially less than the increase a year ago; but the public is none the less somewhat disappointed, after the excessively optimistic prophecies in which the Papen Government indulged last summer, when the first signs of improvement set in. The improvement in the depression is not yet sufficient to counteract the influence upon the labour market of the beginning of frosty weather, which is always very great.

In November the surplus of exports over imports was almost unchanged at 82 millions, though the trade balance usually becomes worse at this season. In comparison with the preceding year, both the absolute amount of exports and the export surplus have diminished substantially; but, considering the extraordinary difficulties with which German exports have had to contend, the results of recent months are not unsatisfactory.

Just before Christmas the two institutions were formally founded which had been planned some months ago as instruments for the further consolidation of German banking: the Deutsche Industriefinanzierungsinstitut A.G. and the Tilgungskasse für gewerbliche Kredite. The Deutsche Finanzierungsinstitut will take over parcels of securities from the banks in order to free them from the necessity of disturbing the stock exchanges by unloading their holdings too quickly upon the open market. This necessity would then only arise if the banks needed new money. That may be the case if business improves further, but at the moment the banks are thoroughly liquid. The Finanzierungsinstitut can also take over other assets of the banks, but only those of unquestionable soundness. The 10 million preference shares of the Finanzierungsinstitut have been taken over by the Golddiskontbank, the Akzept- und Kreditbank and the Bank für Industrieobligationen; the 25 million ordinary shares are at present in the hands of a large consortium of banks and are to be disposed of on the open market. All shares are 25 per cent. paid.

The Tilgungskasse is to take over up to 150 millions of the "debtors" of the small and medium-sized banks which have to be written off. The banks remain responsible for the recovery of the debts and are to hand over to the Tilgungskasse for writing-off purposes $1\frac{1}{2}$ per cent. of the total debts in each of the first four years and $\frac{1}{2}$ per cent. each year afterwards. The debts which are paid up will be handed back to the banks according to the rates of redemption, and they should all be redeemed in twenty-five years at latest, after which the Tilgungskasse is to be liquidated. The Tilgungskasse represents for the banks a means of rectifying their balance sheets. They can substitute for very dubious claims a holding at the Tilgungskasse, and in return for this they are required to pledge a part of their future earnings.

AUSTRIA.

Exchange — Foreign Debt — Credit-Anstalt.
(FROM OUR CORRESPONDENT.)

VIENNA, December 18.

THE National Bank has just issued an edict, whereby it renounces its rights to the surrender of the so-called "raw" material quota. This means, in substance, that the exporters need not hand over at the official rates any part of the proceeds of their exports, but are at liberty to dispose of the whole amount in private clearing, in which the rates ruling are 22 per cent. higher. For dollars, French and Swiss francs the respective private clearing rates are calculated for imports and exports, and the consequence will undoubtedly be that the export premiums the Government has so far cancelled or modified all State rates and not the fictitious rates of the Austrian National Bank are applicable; the only exception is the Austro-Hungarian clearing treaty, which functions satisfactorily and is therefore being retained, as the Austrian schilling and the Hungarian pengő have fallen in about the same degree on the international money markets.

The position in regard to financial relations is, however, entirely different from that in regard to merchandise trade. For financial operations the compulsory official exchange rates, on the one hand, and the transfer prohibition, on the other, are as strictly maintained as ever. In all foreign debt affairs this has produced considerable uncertainty, which is the more noticeable, as in the last decade at least 90 per cent. of the long-term commitments debts and insurance policies—have been concluded in terms of dollars or with a gold-value clause. As the fusion exists: many mortgagees are depositing their commitments, at the official rate of conversion, with the courts, as the creditors will not accept payment on this basis. Further, one of the big insurance companies is

refusing to accept schillings in payment of premiums on policies made out in dollar values, so that the insurance contracts are endangered.

Foreign creditors still come under the provisions of the transfer moratorium of last summer. Up to the present, it is unknown whether and in what manner the annual coupon of the international Federal Loan of 1930, which calls for an issue of 20 million schillings' worth of foreign values, will be met. The December coupon of the League of Nations Loan has been honoured both abroad and at home; indeed, contrary to the express regulations of the foreign exchange restrictions, the holders were paid in "effective" dollars. For the debt service of the League of Nations Loan and of the Federal Loan of 1930 the total revenue from customs and tobacco is pledged. Each month the trustees should receive—at the official conversion rates—one-twelfth of the amount corresponding to the annual debt service for these loans; but in the months of June to September, though the customs and tobacco revenues amounted to 182 millions, only 41 million schillings were paid into the trustee accounts of the two loans. Interference with the foreign debt service through the foreign exchange restrictions and the transfer prohibition involves big sums, as the consolidated indebtedness to foreign countries comes to 1,922 million schillings, the long-term and medium-term debts to 502 millions and the short-term debts to 1,100 million schillings, of which a total of 1,733 million schillings is due from the State.

In the short-term indebtedness is included the 410 million schillings of foreign liabilities of the Credit-Anstalt, which, after the ratification of the London agreements—expected shortly—will be regulated for the greater part through the issue of shares and bonds. In connection with this agreement a holding company with a share capital of 30 million schillings, of which the foreign creditors are to receive ten millions, is to be founded, probably with its office in Switzerland or in Holland; the holding company will look after the foreign participations and claims of the Credit-Anstalt. It will take over these assets at low rates, so that there is a great possibility of improvement, and from this anticipated improvement the foreign creditors, who are to receive 130 million schillings of the nominal obligations of the holding company, are to profit. The Credit-Anstalt itself has determined to undertake a rigorous internal adjustment of its balance sheet. For the time being, it is exempt by special law from publishing a balance sheet. In comparison with the level of December 31, 1930, there has been tremendous depreciation in the most important items: "debtors" have fallen from 1,382 to 553 million schillings, "creditors" from 1,359 to 474 millions, savings deposits from 316 to 92 millions, shares and participations from 173 to 47 millions, bill portfolio from 92 to 27 millions, and the total of the balance sheet from 1,884.6 to 879.2 million schillings. After this reconstruction, the share capital will amount to 142 millions, as compared with 177.5 millions, and of the new capital 70 million schillings will be in 5 per cent. preference shares.

Political events in France are being watched with the greatest interest in Austria, as there is a danger that the fall of Herriot might affect the ratification of the Lausanne loan protocol by the French Chamber by December 31st, the term set. The Bill to empower the French Minister of Finance to guarantee 100 million schillings of this loan has already been brought before the Chamber, but it is very doubtful whether it will be carried.

SWEDEN.

Production — Trade — Banking — Stock Exchange.

(FROM OUR CORRESPONDENT.)

December 3.

RECENT economic developments in Sweden have been similar to those of the world in general. An improvement in the late summer has given way to increasing uncertainty. The index number of production compiled by Industriförbundet (1930=100) reached its lowest point, 74,

in July, and recovered to 81 in August and 83 in September, the latest figure available. Some part of the increased activity in September is to be attributed to the fact that the pulp industry was able to resume production during the later part of August after the settlement of the prolonged labour conflict.

The statistics of production are not yet available for the present quarter, but that the improvement has not continued appears clearly from the statistics of unemployment, which indicate an undoubted deterioration of the position. Thus from September to October the number of unemployed seeking assistance increased, according to the Unemployment Commission, from 106,000 to 123,600, a figure which is almost double that of the corresponding period a year ago, namely 57,100.

There has been a progressive decrease in the tremendous adverse balance of trade of last year. Whereas it then amounted to Kr. 272 millions for the period January-October, the corresponding figure this year is Kr. 193 millions. Should this tendency continue during November and December, we can count upon the adverse balance of trade for 1932 of between Kr. 215 millions and Kr. 220 millions, a deficit which there will be no difficulty in rectifying by net freights and the invisible items in the balance of payment. The result of movements of capital to foreign countries during the first three quarters of the year was a net import of Kr. 72 millions, a figure which was increased in October by a further Kr. 11 millions. During the same period our total exchange reserves increased from Kr. 290 to Kr. 354 millions, and during October the sum was increased by a further Kr. 12 millions to Kr. 366 millions.

It is not surprising under these conditions that the Swedish crown has recently shown a very marked firmness. Had not the Riksbank, in consequence of the instructions issued by the Riksdag in the spring, found itself compelled slowly to depreciate the international value of the crown, our currency would in all probability have shown quite a different curve from that which it actually has shown. If we measure its gold value by the exchange rate on New York, the crown has successively depreciated from an average of 70 per cent. in May to the lowest point of not quite 64 per cent. at the end of October. This depreciation, however, could not have been effected had not the Riksbank been a buyer of all available exchange in the market. Since the beginning of the year the Bank's exchange reserve has increased from Kr. 49 millions to Kr. 216 millions.

If foreign trade, the balance of payments and the exchange market to some extent reflect a slow revival, developments in the money market illustrate the uncertainty and stagnation of the position during recent months. The official Bank Report for October, the last available, is very eloquent from this point of view. It points to continued restriction of the demand for credit, combined with great liquidity on the part of the commercial banks, which have unexampled reserves of cash. This almost abnormal liquidity is to be found throughout the world, and has been conspicuous since last autumn. But it has never been so marked as it was in October. Whereas normally the sight means of the commercial banks stand at between Kr. 80 and 90 millions, rising at the end of the quarter to about Kr. 100-110 millions, and a little more at the turn of the year, they have now far exceeded these limits. The previous maximum was Kr. 175 millions at the end of July. At the end of October the record of Kr. 211 millions was reached, or more than double the corresponding sum of a year ago.

The general stagnation thus visible has naturally also dominated the Stock Exchange. Since the ebb of the newly awakened confidence of the summer the Stock Exchange has shown a quiet and dull tone which has gradually become accentuated in proportion as the international political unrest has increased. A further restraining influence was also the uncertainty as regards next year's labour agreements, which happily have now been concluded without any serious disturbances. The fall in prices on the Stockholm Stock Exchange has, however, been comparatively moderate. As against a rise in July

of Kr. 147 millions, in August of Kr. 207 millions and even during September of a further Kr. 24 millions, there was in October a decline of only Kr. 56 millions. To some extent, of course, this relative power of resistance is to be explained by the fact that the rise in the summer never assumed any exaggerated proportions.

TURKEY.

New Policy — Private Enterprise — Trade.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, December 5.

THE "new economic policy" set up by Angora in November is developing rapidly in the direction of greater toleration of private initiative. Private capital was almost in despair owing to increasing State usurpation, but the last three months have seen a beginning of attempts at co-operation between the State economic department and the capitalists. One of the determining gestures of the Government, making it clear that it is not going to take everything into its hands, has been the revocation of the Assembly decision to set up a State monopoly of the shipping trade and to force all private shipowners to sell their vessels to the State. Private shipowners are now to be allowed to form a company for the exploitation of certain lines independently, alongside the already existing State shipping service, but under Government supervision as to fares, rates, standard of comfort and so on. It is hoped that by leaving a section of shipping to private initiative Turkish shipping may later develop lines to foreign ports.

Apart from this move, the restrictions on imports are being progressively lightened. The new list for the first three months of next year places seventy more articles in the free category and gives the Ministries of Agriculture, Industry and Economy permission to authorise further imports beyond the quota lists. Besides this, a precedent is established which will be applied more fully in future lists. This is the division of import quotas between the importing countries with especial reference to the trade balances with Turkey of the respective countries. Thus, those countries in which the trade balance is definitely unfavourable will find their chances of importing into Turkey reduced. It is to be noted that British exports to Turkey this year have been higher than usual. Meanwhile the Minister of Economy is entering into specific trade arrangements with foreign countries for the purpose of eliminating restrictions and developing trade dealings. Such an arrangement has been made with Spain, one of Turkey's new customers, which is taking an increasing quantity of Turkish products. Barter treaties are being concluded with Austria, Hungary, and Czechoslovakia.

Another development which shows the tendency of the new economic policy is the engagement of foreign specialists in the economic departments of the national life. This is a definite confession that the policy of imitating foreign economic measures, but applying them without foreign expert aid, has broken down. The legacy of prejudice from the capitulations regime, and the desire to prove that the Turks were naturally competent in all matters, had led to over-confidence. But the application of measures was found more difficult than their adoption, and many tangles resulted. On the other hand, the Government has found that experts taken from Europe never met the needs of the country. What it sought and is now utilising more and more are foreign specialists who have had a pioneer experience in undeveloped or less developed States, as, for instance, in South America. It is taking these pioneer specialists chiefly from the United States at present. The whole Customs system is now being overhauled by an American controller, the State railways apparently are to undergo the same treatment, and the State monopolies are likely to come under the same system.

An attempt is being made to get the industrialists to work in with the mineowners of the country and, as far as possible, to provision themselves from home mines.

This will increase the already increasing development of Turkish coal, which is becoming an important export to neighbouring countries such as Greece. The Minister of Economy has stated that with the foundation of new sugar factories and with the utilisation of the Soviet credit in the establishment of textile factories, the country's needs in sugar and cotton goods will be fully covered in three years' time. The Industrial Bank will soon have a credit of one million Turkish pounds to aid industry. The Government have also decided to ask for credits to exploit a gold-producing area between Kagizman and Kalp in the valley of the Aras, which was exploited in the seventeenth century and which has been shown to be profitable, as well as certain oil areas.

In order to ensure the return to Turkey of the value of exports a decree has just been issued ordering exporters to deposit at the Central Bank or to sell to a Bank in Turkey the proceeds of their exports within a fortnight of their receipt. This will correct the leakage which has been going on. Meanwhile, trade returns show that Turkish exports for the first nine months of this year were 41 million kilograms more than last year, but that the value is down by nearly 20 million Turkish pounds. The trade balance, aided by the quota system, is favourable to the extent of six million Turkish pounds.

SOUTH AFRICA.

By-election — Poor Whites — Mealie Control — Census.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, December 6.

A BY-ELECTION at Germiston has given the Government the most severe and unmistakable blow it has yet received. Mr George Brown, the late Labour member was elected in 1924 as a supporter of the Pact Government, but had lately voted on occasion with the Opposition. The constituency is an industrial one, with several mines, the largest railway junction in the Union, and a number of factories. In these days of agricultural depression, numbers of poor country people have obtained employment in industries in Germiston and similar constituencies. Just after the late member died, the Government decided on a big deviation scheme at the junction and absorbed a number of the unemployed. After an exceptionally long and lively campaign—Brown died in July and the poll was on November 30th—and a record heavy poll, the Government lost the seat by nearly twelve hundred votes on a roll of eight thousand five hundred. In addition to the there were three "freak" candidates who all forfeited their deposits. The Nationalist candidate had the assistance of most of the Cabinet (except its two "Labour" members), but in South African politics at present the damage caused to the other side by party big guns is by no means proportional to the reverberations of their utterances. Before the poll, each side professed to think that their man would get in by a narrow majority—no one expected such a blow to the Government prestige in a seat which was regarded at the beginning of the campaign as a safe win for them. Mr J. G. Strauss, the new member, was at one time private secretary to General Smuts.

Although Government spokesmen disclaim any intention of resigning, political movement has become much more active recently. The Labour Party is reduced and divided, and Afrikaner workmen tend on the whole to be discredited. The success at Germiston will be a great encouragement to young South African Party men, and Government position are not lacking. It is to be hoped that we are not treated to too much of the jingoist enthusiasm which would restrain or kill any move of the country Afrikaner away from his more retrogressive and insular points of view.

In 1927, the President and Secretary of the Carnegie Corporation of New York visited South Africa, and initiated an investigation into the "poor white" question. The six members of the Commission appointed and

financed with the assistance of the Corporation were all South Africans of standing with the necessary knowledge of rural conditions; their report has just been issued. Poor whites are defined as poor farm squatters, hired men on farms, owners of dwarf holdings or of small undivided shares of land, poor settlers, and the growing group of unskilled or poorly-trained labourers and workers outside farming. The commissioners consider that the problem is not an isolated phenomenon, but is inherent in our social structure. It is considered that more than 300,000 in a European population of 1,800,000 are very poor. This estimate relates to 1929-30, when rural business of all kinds was much better than now. The report attributes economic decline to inadequate adjustment to modern conditions by a portion of the older European population. The influx of emigrants with modern business outlook, the industrialisation of parts of the country, and the rapid penetration of modern transport during the last fifty years had brought the older white population face to face with entirely changed conditions. Education had been insufficient and unsuitable, whilst isolation had bred an inflexible type of mentality. The report condemns the policy under which the State, in effect, bolsters up obsolete farming methods by providing financial assistance whenever debt becomes pressing. The Report has a good deal to say on the subject of education, particularly the domestic training of young girls. At present young European girls of the poorer classes are on the whole adverse to domestic service and not, as a rule, very satisfactory if obtainable. Speaking of industrial policy in colour questions, the Report says: "It will be disastrous for the poor white himself if any protection given him is of such a nature that it results finally in impairing his ability to compete with the non-European in the labour market." Consequently, the recommendation is in favour of utilising a period of protection as one of training for greater efficiency. Considerable criticism is extended to our policy in this matter, in questions of charity, and in regard to the problem generally. Another recommendation is for the creation of a Bureau of Social Welfare as a department of State.

The results of the Mealie Control Act are proving to be worse than was anticipated by even the most pessimistic critics. Last season's advance of seven shillings and sixpence per bag (200 lbs.) was known at the time to be somewhat generous, but it was generally hoped that the final settlement of local and overseas transactions would find the farmers still in credit. Co-operative Societies now find themselves in the position of owing large sums to the Land Bank on behalf of their members. The liability of members is unlimited in most cases, and the action of the Land Bank is a matter of much interest. On an advance of seven and sixpence sums as great as three shillings and sevenpence per bag are owing on some accounts.

The Director of Census has just published his Report on the Vital Statistics of the Union of South Africa for 1930 (U.G. No. 24-32). The Union birth rate and survival rate (for Europeans) are high, the birth rate being 26.4 per thousand. This is the highest of any British Dominion and comparable with Italy, Lithuania and Spain. The survival rate shows an excess of births over deaths of 16.8 per thousand. Over a period of twenty years this figure has averaged about 18. Its magnitude is due in part to the age-composition of the population of the Union. It is, however, one of the highest rates in the world and carries certain problems of its own—notably the numerical relation between the sections of population of working and of non-working age respectively.

HONGKONG.

Public Finance — Foreign Trade — Ottawa — Textiles.

(FROM OUR CORRESPONDENT.)

HONGKONG, November 1.

THE finances of this Colony are in a remarkably healthy condition. The year started with a surplus of over \$11 millions. The revised estimate of revenue for 1932 exceeds \$33 millions and the estimated expenditure is half a million dollars less. Thus, if these estimates are

realised, there will be half a million dollars to be added to the Colony's surplus funds, without taking into account a windfall of nearly two million dollars in respect of death duties payable on the late Lord Inchcape's estate in Hongkong. The Budget for 1933 is framed on the same lines as that for the current year, and no fresh taxation is to be imposed. The Government's policy is to maintain its present surplus in order to meet unforeseen contingencies; and in these days of world-wide financial embarrassment a reserve of one-third of the Colony's normal revenue forms a very solid backing.

Little local interest was shown in the proceedings of the Ottawa Conference, as no one thought that the Imperial Government would tamper with the commercial machinery of a colony which is entirely dependent upon a basis of free and unrestricted trade. It was, therefore, a shock to read one morning the following *communiqué* from the Hongkong Government:—

"The Ottawa Conference has made it necessary for all parts of the Empire to support the conclusions there made as far as circumstances permit. The conditions of Hongkong give few openings for reciprocating in the way of preference, but motor vehicles provide one such opening of which it is proposed to take advantage. A general import duty is possible, but it is considered that such a duty might interfere with the *entrepôt* trade in motor vehicles, and it has therefore been decided to recommend that the principle of preference should apply only to motor vehicles registered for use in the Colony and to add 20 per cent. of the c.i.f. value to the licence fee of all foreign made motor vehicles on first registration."

The position of motor agents who have a stock of unsold foreign cars appears to have been ignored. Such cars were imported in good faith, and it seems unfair to the agents for a penalty of 20 per cent. to be imposed without warning. The Treaty of Nanking, which secured Hongkong to the British Crown, lays it down that the trade of the Colony is to be kept free from any form of discrimination, and although revenue duties are imposed on liquors, tobacco and opium there has never, hitherto, been any distinction between the countries of origin. It is a matter of regret that the principles of the Treaty of Nanking should be sacrificed on the altar of Imperial Preference. However desirable it may be to foster the importation of British cars, the overwhelming presence of American cars is largely due to the difference in horsepower, American cars being far better adapted to the steep gradients of this Colony than British cars of similar price. The important trade in used cars which has now developed as a result of a growing demand from the interior may be restricted by the fact that foreign cars will have an inflated value due to the new tax. Moreover, many of the American manufacturers have provided the Colony with service depôts, whereas, with one or two honourable exceptions, British makers have done little to provide such facilities. The only other adjustment of the Colony's laws rendered necessary by the Ottawa Conference is a reduction of 50 per cent. of the duty on brandy in the case of such liquor produced within the Empire. So far, however, the public has not discovered any stocks of Empire brandy, or at any rate such brandy has not been advertised by any of the local wine merchants.

The trade statistics for the first nine months of the year record a decrease in local currency value, as compared with the corresponding period of 1931, but the sterling equivalent is higher. The following are the figures:—

	January— September, 1931	January— September, 1932
Imports	\$549,300,000 (\$26,700,000)	\$477,800,000 (\$31,400,000)
Exports	\$403,200,000 (\$19,700,000)	\$352,300,000 (\$23,200,000)

Imports from the United Kingdom during this period formed 13.2 per cent. of the total, as compared with 10.9 per cent. in the first nine months of 1931. On the other hand, imports from Japan were only 3.1 per cent., as compared with 11 per cent., Japanese piece-goods having decreased from \$22.6 millions to \$5.4 millions.

The buying season for fancy cotton piece-goods is now at an end. As was to be expected, bookings were on a much reduced scale, owing to the substantial carry-over from last spring, and the quantity ordered was less than half of that ordered last year, probably not more than

seven or eight thousand cases, as compared with over 20 thousand cases in 1932. Towards the end of the buying season negotiations for some of the smaller lines were interrupted by a disagreement between the Chamber of Commerce and the Piece Goods Guild in regard to the terms of the standard contract. Clearances of woollen piece-goods are proceeding satisfactorily, but dealers are making a very bare margin of profit. The demand from up-country has been affected by a further increase in the Customs tariff, and it is reported that sales have fallen off considerably.

Letters to the Editor.

THE WAR DEBTS.

TO THE EDITOR OF THE ECONOMIST

SIR,—The supplement on war debts issued with the *Economist* of November 12th is being widely read in the United States, where the periodical has a reading circle much larger than the number of subscribers.

Among other American reactions, I venture to mention one and make mention and comment upon a second. Americans will not accept any statement on the Lausanne agreement as sweeping away "all pre-existing obligations of Germany on reparations account." On the contrary, prevailing American opinion, led largely by Keynes, holds that Germany has about paid the reparation bill laid upon her in the Armistice agreement. Therefore, the Lausanne agreement represented an agreed cessation of exploitation of Germany, rather than a default by Germany.

The second comment relates to the concept of the "clean slate." Americans have never regarded the proposal in the Balfour note as the equivalent of the clean slate. The clean slate is something more than mere bookkeeping. In wiping the slate clean, there must be observance of the spirit as well as of the letter; it must embody historical outlook as well as historical experience. Would the cumulative operation of the following erasures represent to the *Economist* such a clean slate?

(1) The United States to cancel all loans made during the war and since the war to seventeen European countries.

(2) All loans to Russia before, during, and since the war to be cancelled. Cancellation of loans to Russia is based upon the fact that these were largely political and contributed to the outbreak of the World War.

(3) Great Britain to cancel loans made during and since the war to France, Italy, Portugal, Yugoslavia, Roumania, and Greece, it being understood that loans to Belgium are already cancelled.

(4) France to cancel loans to Italy, Portugal, Poland, Czechoslovakia, Hungary, Roumania, Yugoslavia, Greece, Albania, and Georgia, it being understood that loans to Belgium are already cancelled.

(5) Italy to cancel post-war loans to Poland, Czechoslovakia, Roumania and Bulgaria.

(6) Great Britain to cancel war loans to the Dominions of the British Empire.

(7) Germany to pay a final sum equivalent to three billion gold Reichsmarks.

(8) All loans to Austria to be cancelled.

(9) All governments of countries receiving debt cancellation to pledge themselves not to raise a foreign loan for any purpose for ten years.

The pledge of governments not to raise a foreign loan during the next ten years would be necessary to prevent political flimflamming between countries, whereby a debt would be cancelled only to be renewed after the slate had been wiped clean.

This would leave the field practically clear for private capital. Does such a broad proposition strike the liberal *Economist* as wiping the slate clean in the spirit and in the letter?—I remain, very truly yours,

Box 3031,

Stanford University, California.

December 6, 1932.

A. E. TAYLOR.

[The view that the reparations obligations imposed upon Germany had, in fact, been fully liquidated before the Lausanne Agreement is a controversial question which will never be settled. What is not open to question is that Germany had undertaken to make the Young Plan payments in precisely the same way as the debtors of America had undertaken to make their debt funding payments. As for the "clean slate," our advocacy of revision so drastic as to approach complete cancellation has always been directed to inter-Governmental obligations. In the case of commercial obligations, if there are over-riding objections to repayment, there must be a downward revision, but the creditors have an obvious right to be consulted. With regard to (9) we are inclined to suggest that some well-directed fresh loans are a factor essential to recovery.—Ed. *Econ.*]

THE TOTALISATOR.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I'd be curious to know if the writer of the note on my recent evidence before the Betting Commission had read either the text of my evidence or my own summary of it in a letter to the *Manchester Guardian*. For he has been rash if he has relied for a balanced report of what I said on a *Press résumé* primarily prepared for papers belonging to groups which make their profits out of the provision of off-course betting news. At any rate, the reporters suppressed the passages in which I recommended, amongst other things, the total prohibition of off-course betting.

One may, it seems, make money out of facilitating off-course betting, which is socially the most disastrous form of gambling. That, as you express it, is being "a servant of the public." But one must not say that taking a chance is capable, in favourable circumstances, of adding to enjoyment, even if one couples this with drastic proposals for reducing the admitted evils to a minimum! To keep a public-house involves no loss of virtue. We save our hard words for the wretch who has the cynicism to declare that an occasional glass of beer may do a man good!—Yours, etc.,

46 Gordon Square,

Bloomsbury.

J. M. KEYNES.

December 27, 1932.

[We confess that when we wrote our Note we had not seen the full text of Mr Keynes' evidence, but we were not dealing in any general way with his views on the specific reform of the Betting Laws—merely with his reported *obiter dicta* on the psychological effect of financial risk-taking. If these were misleading, and if we misinterpreted the sense of his evidence as a whole, we owe him our apologies.—Ed. *Econ.*]

Books and Publications.

BOOK OF THE WEEK.

BREAD AND GOLD.

"Gold and corn," says Mr Fay on page 135 of his new book,* have ever roused men's passions. Over these there have been wars, not of words only: they have run the herring and the clove a close race." He then goes on to compare, with interest if not quite with conviction, the passionate pamphleteers of corn-growing and corn-trading, from the seventeenth century down to the Anti-Corn Law League and Henry George, with the motley

* "The Corn Laws and Social England." By C. R. Fay. Cambridge University Press. 215 pp. 10s. 6d.

crew which clusters round Major Douglas and his kin, as in past generations they clustered round Thomas Attwood and Malachi Malagrowther. Perhaps the best example of the type of circumstance which has caused men to rave over gold and corn is quoted by Mr Fay himself, from a letter received from an unknown farmer correspondent in Saskatchewan: "... Butter is 5d. lb., cockerels 5d. each, hides 1s. 8d. for a 50-lb. hide. Wool thrown out, a neighbour of mine was offered one halfpenny per lb. for a dressed carcass of beef. Pork is 2d. per lb. the best quality. . . ." This may not be typical of present-day Canadian farming, and one trusts it is not; but in a world where such conditions can obtain it is surprising that men rush to manipulations of tariffs or to "printed papers about the currency," in the hope of obtaining relief from such lunacy?

We in Great Britain, after sixty years during which we were in the curious and fortunate position of being able as a State to ignore the problem of food supply, the problem which has conditioned the policy of almost every other State since the days of ancient Athens, have recently changed our minds and embarked on a policy—or half a policy—which commits us again to State interference in the grain trade. It may therefore be valuable that Mr Fay's researches should remind us what particular difficulties and dangers were connected with State interference in the past; how sudden changes in the attitude to imported corn—either automatic, by the rigid working of a Corn Law, or designed, by the repeal of a Corn Law and the introduction of another—disorganised the market; how much room there was, under the "average" system, for deliberate swindling as well as plain inefficiency; and how difficult it was, as the experience of the Assize of Bread and attempts to regulate the economic behaviour of bakers and millers show, to combine any form of protection for the producer with protection for the consumer without controlling the price of the article from start to finish. Perhaps, if history can teach politicians, we may find some way of working a quota system while avoiding these pitfalls; at least Mr Fay can show us that they are there.

It is less clear what his own remedy is. He has much interesting information about the working of the corn bounties, the London corn market, the attempts to bring some sort of order and uniformity into that terrible jungle, the "English Weights and Measures," on the price of wheat at various dates, and on the effects, both particular and general, of Corn Law Repeal. Also, he would not be Mr Fay if his book did not contain a number of excursions and *obiter dicta* which, while strictly foreign to the argument, are often more illuminating and interesting than the argument itself. Of such a kind is the brief account of the rise and success of the Anti-Corn Law League, which for the student of political psychology must always be one of the most interesting phenomena in British nineteenth-century history. There are some useful pages about Huskisson, whom Mr Fay greatly admires, and a pleasant and suggestive section about the replacement of the baker, as the arch-stealer of the people's food, by the miller. (But surely Mr Fay has forgotten some of his folk-lore. Bakers may have had a bad reputation; but the Miller of the Dee was not a popular character). His remarks on the weakness of agrarian unrest in England, and the lack of fear which it has inspired—though this has not prevented savage repression in 1830 and at other times—are also very true. But what he would have us do is not so clear; at one time he seems to favour a return to complete Free Trade, and certainly speaks highly of those who brought it about; at another he deplores the results on English farming after the flood of Chicago imports began, and indicates that in his view a community of free small farmers, such as Bright and Cobden hoped to see, would far sooner have dammed the flood with a tariff; while at yet another he thinks we ought to do something to help the Canadian farmer with his glut of produce—but what, he does not say. Those who are looking for a British agrarian policy will not find it here; but they will find a good deal of food for thought.

SHORTER NOTICES.

"Deutschland im weltpolitischen Geschehen." By Dr Otto Leibrock. Leipzig. Deutsche Wissenschaftliche Buchhandlung G.m.b.H.

Dr Leibrock presents the German case in regard to the World War and the Peace Treaty. France and England, he says, worked for war—the former to maintain her "prépondérance légitime" on the Continent, the latter to smash the rising sea-power of Germany. Germany was "inclined to peace to the point of pacifism." Before, as after, the war, the German people failed to work together for the maintenance of German integrity. Revision of the frontier in Upper Silesia, restoration of Danzig and the Polish Corridor to Germany, and the freeing of the Saar from foreign control, are an economic, ethnographic and strategic necessity. The Eastern European states supported by France are waiting to absorb

the two Central European powers. "With seriousness, constancy and confidence the Czech people believe in a Czech Vienna." An Austro-German union is inevitable. Further, Germany must use the right given to her by Article 8 of the Covenant to re-arm.

Dr Leibrock reckons that all in all Germany made to the Allies payments to the value of far more than 200 milliard marks. The Allies' claims exceeded both the obligations and the ability of Germany to pay. The world crisis is largely due to the effort to make huge international transfers in the face of a universal policy of self-sufficiency, which prevents Germany from exporting. Protectionism, the author concludes, is strangling trade. Restoration of economic freedom and of a spirit of international co-operation is essential if Europe is to be saved from revolution and destruction.

The partisan spirit of the book leads to one-sided judgments (Britain obtained her Empire by a "policy of expansion" and force, "dividing up the world" and "hunting" concessions; Germany "offered to awaken the old civilisation of Turkey from economic death") and even to absurd mis-statements (the strikes in England before the war are attributed to the desire of English workers to attain the German workers' standard of living). But it gives a clear statement of a German point of view. It is worth while for Englishmen, even more than for Germans, to read it.

"The Class Struggle in Britain, 1880-1914." Part One of a work to be published in three parts. By Ralph Fox. London. Martin Lawrence. 96 pp. 2s.

This vituperative little work reproduces much of the matter of Lenin's writings on pre-war Britain, including Lenin's controversial style, which does not reproduce happily in modern English political writing. It contains, further, some history derived from Mr Cole's "Short History of the British Working Classes," and a few statistical tables, one at least of which has been remade by the author from undisclosed sources. Its moral is the same as that of Mr Strachey's book, reviewed in these columns some weeks ago; but it bears much less evidence of thought. It is a tract for the converted, and for only a few of them.

OTHER BOOKS RECEIVED.

The Pond Gold Mines. By E. Sturzenegger. Third edition. Published by the author at 28, Throgmorton Street. 204 pp. 21s. Gives full particulars in a handy form of the leading concerns of the Transvaal gold mining industry.

OFFICIAL PUBLICATIONS.

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

Sixty-second Annual Report of the Deputy Master and Comptroller of the Royal Mint, 1931. 3s. 6d. net.

Twenty-third Report of the Commissioners of His Majesty's Customs and Excise for the year ended March 31, 1932. Cmd. 4195. 3s. 6d. net.

Colonial Report, No. 1598. British Guiana, 1931. 2s. net.

Department of Overseas Trade: Economic Conditions in Venezuela (August, 1932). 1s. 6d. net.

Road Vehicles—Great Britain: Return showing the number of Mechanically-Propelled Vehicles registered for the first time under the Roads Act, 1920, by each Licensing and Registration Authority during the month of October, 1932. 2s. 6d. net.

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The Stock Exchange.

THE STOCK EXCHANGE IN 1932.

For the first time since December, 1928, our review of the Stock Exchange year makes moderately cheerful reading. Whatever the individual experience, the average holder of securities is to-day considerably richer, on paper, than he was twelve months ago. The joint-stock banks and discount companies have perhaps fared best, for the remarkable rise in British Government securities has not only wiped out the investment depreciation they suffered in 1931, but has given them a handsome additional profit. The insurance companies, with a more mixed bag of investments, have probably less profit to show, but should at any rate have recovered the depreciation on their funds of the previous year. The investment trust companies, which are not holders of British gilt-edged securities, but international investors, have perhaps benefited only slightly. The explanation of the year's recovery is comparatively simple. Cheap money has exerted its inevitable influence in a not unfavourable political environment—at any rate, up to the War Debt "crisis" of December. The history of earlier economic depressions has repeated itself to this extent—that low interest rates have acted as a stimulus to stock market activity well in advance of a definite revival in industry. There were few tangible signs of trade improvement in America or Great Britain when the remarkable recovery of equity shares began in July. Nevertheless, if the political weather-glass were to change from "unsettled" and "stormy" to "set fair" a further appreciation of security values might not unreasonably be predicted for 1933.

As regards individual markets, history has been made by the gilt-edged boom. Cheap money, symbolised by a decline in Bank rate from 6 per cent. to 2 per cent. in the six months ended June 30th, and relief from short-lived

fears of currency inflation after Britain's departure from gold, encouraged an almost unprecedented demand for fixed-interest securities immune from "trade risks." British Government stocks led the rise to the accompaniment of conversion rumours. The Treasury "played" the market with consummate skill, and when the War Loan Conversion scheme was announced on June 30th British Government long-dated stocks were already on a 3½ per cent. yield basis. When the final stage of conversion was reached on November 2nd with an issue of 3 per cent. Conversion Loan at 97½ to deal with the December 1st maturities, the long-dated stocks had touched a 3½ per cent. yield basis. The "staggering" of the 3 per cent. Conversion Loan, however, left the market in a condition of indigestion, from which, thanks partly to the War Debts crisis, it has not yet fully recovered.

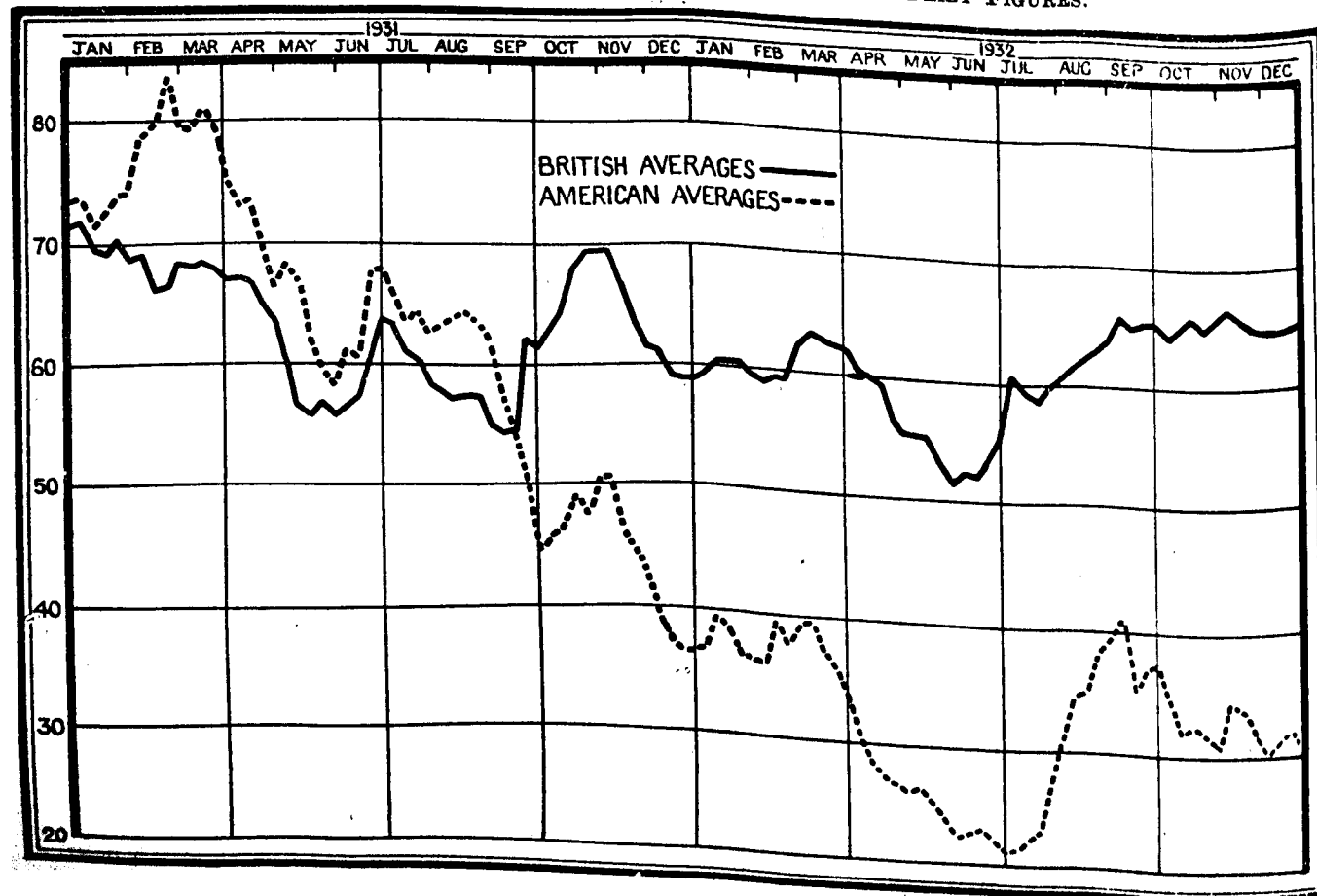
The remarkable appreciation in gilt-edged stocks over the year has not been confined to British Government funds. Home corporation and public board stocks, India and Dominion Government loans have all participated. Indeed, judged merely by the number of points gained, stocks such as India 3½ per cent., and New South Wales 5 per cent. (1935-55) have, as our table on the next page show, fared even better than the long-dated British Government stocks. First-class debentures and preference shares of British industrial companies have also scored remarkable advances. Only foreign Government bonds, where defaults have been heavy, and the "trade risk" prior charges of commercial and industrial companies, have had no part or lot in the rise.

The following extracts from the Actuaries Investment Index show the general extent of the rise in fixed-interest

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES, 1931 and 1932.

(1928=100.)

BRITISH: "FINANCIAL NEWS" INDEX OF 30 ORDINARY SHARES. AMERICAN: "STANDARD STATISTICS" INDEX OF 50 COMMON STOCKS.—WEEKLY AVERAGES OF DAILY FIGURES.



securities. It will be seen that over the year British Government funds have moved from a 4½ per cent. to a 3½ per cent. yield basis, home corporation stocks from 5 per cent. to 3½ per cent., industrial debentures from 6½ to 4½ per cent., and industrial preference shares from 6½ per cent. to 4½ per cent. :—

(December 31, 1928 = 100.)

Group	Dec. 29, 1931.		Dec. 28, 1932.	
	Price.	Av. Yield (%)	Price.	Av. Yield (%)
British Government	92.9	4.85	123.0	3.67
Home Corporations	93.4	5.01	130.8	3.58
Industrial debts. (all classes).....	89.4	6.18	108.1*	4.61
Industrial pref. shs. (all classes)	77.2	6.75	93.5*	4.88

* Nov. 29, 1932.

The equity share markets continued to suffer from liquidation until June, when the Lausanne Conference gave wings to hopes of a trade recovery. Many operators, in Europe as well as Wall Street, assumed that the elimination of reparations would be followed by the disappearance of war debts from the international scene. Lausanne was the external and outstanding political event for which the cheap money forces had long been waiting. British industrial share values, as measured by the "Financial News" daily index (1928=100) rose from 51.3 (June 3rd) to 66.9 (November 9th)—a rise of 15.6 points, or 30.4 per cent. American industrial shares, measured by the Standard Statistics daily index, rose, on the same basis, from 20.9 (June 27th) to 42.9 (September 7th)—a rise of 22.0 points, or over 100 per cent. The course of these two indices, over the past two years, is shown by the chart on the preceding page. It will be observed that after the end of August the British and American curves no longer run in more or less parallel fashion. British industrial shares have maintained their gains—having reached, in fact, a new high level in November—while American equities in the last four months of the year have lost half their summer rise. An outstanding exception to the rise in British industrial shares was provided by home railway stocks. These continued to react with the heavy fall in traffic receipts, which left junior preference dividends "uncovered" on the two largest lines. Before the year closed, however, the decline in values was arrested, and there was a tendency to look more favourably upon a revival in the heavy industries, particularly iron and steel.

The more speculative share markets have made, generally, a less favourable showing, for the reason that the trend of prices of primary commodities has continued downwards. The slight recovery of "gold" prices in the midsummer period was fully reflected in share values. The movement lacked vitality, and few speculative shares stand higher to-day than a year ago, as the following *Investors' Chronicle* Index figures suggest :—

(December, 1923 = 100.)

	End Nov., 1931.	End June, 1932.	End Sept., 1932.	End Nov., 1932.
Gold mines	90.4	94.3	110.1	124.1
Rubber	65.5	63.6	117.2	107.4
Oil	39.0	19.1	43.0	36.3
Tea	53.3	40.3	48.2	47.7
Tin mines	65.7	50.5	73.5	61.2

Activity in South African gold mining shares was stimulated by the fall in the sterling exchange in the concluding months of the year, and overflowed into the West African gold mining market. The rise in oil shares, after the establishment of higher petrol prices in Europe, received a distinct check before the year's end, by reason of the Anglo-Persian oil dispute and the cut in American oil prices. Apart from a temporary (and somewhat exaggerated) recovery in the summer, rubber and tea shares were generally neglected by investors.

A review of a year's events may, advisedly, halt on the safe side of prognostication. One encouraging omen, at least, emerges from the story of 1932. Forced liquidation has ceased and investors are again showing a disposition to buy securities in anticipation of the long-deferred trade recovery. The next chapter is for the world's statesmen to write.

CHANGES IN QUOTATIONS DURING 1932.

Description.	Prices in 1932.		Price beginning of 1932.	Price Dec. 28, 1932.	Rise or Fall in Year.	Yield, allowing for Accrued Interest and Redemption where necessary.	
	High.	Low.				Beginning of 1932.	Dec. 28, 1932.
British Govt. Stocks.						£ s. d.	£ s. d.
2½% Consols.....	78½	54½	55	73½	+ 18½	4 10 11	3 8 0
4½% Consolidated Loan	111	81	81½	107½	+ 26½	4 18 9	3 15 10
3½% Conversion Loan	102½	72½	72½	99	+ 26½	4 18 0	3 11 5
4½% Indg. Loan, 1960-90	110½	83	83	108½	+ 25½	4 18 3	3 13 9
4½% Victory Bonds	110½	89½	89½	108	+ 18½	4 11 6	3 14 9
3½% War Loan	98½	96½	96½	98½	—	3 11 0	3 11 0
3½% Local Loans	92½	60½	60½	87	+ 26½	4 19 6	3 9 0
India and Dominion.							
India 3½%	93½	49½	50	88	+ 38	7 0 0	3 19 6
Australia 5½%, 1945-75	107½	75	77½	105	+ 27½	6 11 0	4 9 9
N.S. Wales 5½%, 1935-55	103½	58	71½	101	+ 29½	7 14 0	5 0 0
Foreign Governments.							
Argentine 4½% Rec.....	80	55½	78	62½	+ 15½	6 14 6	8 15 0
Austrian 6½%, 1923-43....	103½	76	89	98½	+ 9½	7 8 0	6 3 3
China 5½% (1913) Reorg.	79	52	63	75½	+ 12½	8 15 0	7 4 3
German 7½%	90	52½	54½	88	+ 33½	12 15 0	8 1 0
Japanese 6½%, 1924.....	91	55½	79½	72½	+ 7	8 2 6	8 16 0
Other Fixed Interest.							
Pt. of Lond. 5½%, 1950-70	117	97	95½	114	+ 18½	5 4 0	3 17 10
Met. Water Board, 3½% B	92½	60½	61	89	+ 28	4 18 9	3 7 6
Imperial Chem. 7½% Pref.	28½	18½	19½	27½	+ 8½	7 4 9	5 1 9
Gas Lt. & Coke 3½% Deb.	82½	54½	54½	79½	+ 25	5 10 1	3 16 11
Shell Trstpt. 7½% 2nd Pf.	29½	20½	20½	26½	+ 5½	6 16 0	5 6 8
Railways.							
L.M. & S. 4½% Deb. Stk.	101½	67½	69½	90½	+ 21	5 15 3	4 8 5
Gt. Westn. 5½% Guar. Stk.	111½	84½	85	105½	+ 20½	6 0 6	4 16 7
L.N.E.R. 4½% 2nd Pf. Stk.	33½	8½	12½	12½	+ 16	14 0 9	8 0 0
L.M.S. 4½% Pf. Stk. 1923	39	13	34	17½	+ 16½	11 15 3	NI
British Chinese (10s.).....	208	9½	18	15	+ 3	12 2 3	NI
L.M. & S. Ord. Stk.	48½	22	44½	33½	+ 11	12 7 3	8 19 0
L. & N.E.R. Pf. Ord. Stk.	14½	5½	12½	8½	+ 3½	2 0 0	NI
Southern Def. Stk.	11½	5	10½	10	+ ½	11 18 0	NI
Canadian Pacific (25s.)....	29½	9½	17	21	+ 4	7 7 0	6 5 0
Buenos A. Gt. Stn. Ord.	41½	14½	37	22	+ 15	2 14 1	NI
Banks.							
Barclays "B" (£1).....	65½	47½	47½	65½	+ 17½	5 19 0	4 6 0
Lloyds £5, with £1 paid	58½	41½	43½	55½	+ 12½	7 0 0	4 19 6
Midland £1, fully paid	80½	62½	62½	78½	+ 15½	5 14 9	4 2 0
Commercial & Industrial							
Associated Cement (£1).....	27½	21½	25½	27½	+ 2½	6 8 0	6 0 0
Assoc. Newspapers (5s.)....	23½	9½	10½	19½	+ 9½	20 0 0	6 10 0
Austin Motors (5s.).....	36½	21½	23½	30½	+ 6½	21 0 0	8 6 9
Bradford Dyers (£1).....	23½	12½	17½	17½	—	4 2 9	NI
Brit. Amer. Tobacco (£1)....	106½	68½	73½	103½	+ 29½	5 8 0†	3 18 0†
Cables & Wires 5½% Pf.	12½	4½	10½	7½	+ 2½	NI	NI
Coats (J. & P.) (£1).....	48½	35½	41½	48½	+ 29	11 6 9	3 11 0
Courtaulds (£1)	38½	23½	35½	30½	+ 5½	3 8 0†	3 6 0†
Cory (W.) (£1)	62½	47½	53½	62½	+ 8½	6 10 0	4 17 0
Distillers Co. (£1)	57½	40½	43½	55½	+ 11½	9 2 9	6 6 0
Dunlop Rubber (£1).....	21½	7½	15½	19½	+ 4½	8 0 0	NI
Ford Motors (£1)	34½	14½	27½	18½	+ 8½	7 3 9	NI
Guest, Keen, & Co. (£1)....	17½	9½	16½	15½	+ 1½	NI	NI
Harrods (£1).....	60½	41½	46½	57½	+ 11½	8 13 0	6 17 0
Imperial Chem. Ord. (£1)...	24½	11½	14½	24½	+ 9½	8 11 0	3 14 0
Imperial Tobacco (£1)....	100½	73½	73½	87½	+ 13½	6 6 0	4 13 0†
P. & O. Deferred (£1)....	25½	11½	21½	14½	+ 7½	6 8 0	NI
Spillers (£1)	48½	31½	31½	48½	+ 17½	6 6 0	6 5 0
Tate and Lyle (£1).....	59½	38½	39½	57½	+ 18½	6 17 0	5 11 0
Turner & Newall (£1)....	32½	20½	24½	24½	—	4 2 0	3 0 0
Unilever (£1)	35½	22½	24½	30½	+ 5½	8 4 2	6 13 3
Vickers (6s. 8d.).....	9½	5½	8½	7½	+ 1½	6 8 0	4 13 0
Woolworth (F. W.) (5s.)...	74½	46½	46½	74½	+ 28½	7 10 0	4 14 0
Plantation.							
Rubber Trust (£1)	17½	6½	16½	13½	+ 2½	NI	NI
Anglo-Dutch (£1)	14½	5½	13½	9½	+ 4½	NI	NI
Consolid. Tea, &c. (£10)	8½	4½	7	6½	+ ½	3 11 0	NI
Oil.							
Shell (£1)	55½	27½	35½	47½	+ 12½	10 0 0†	3 4 0†
Burmah Oil (£1)	70½	33½	33½	60½	+ 26½	13 2 0	7 10 0
Anglo-Persian Oil (£1)...	58½	24½	31½	36½	+ 5½	9 12 0	2 15 0
Mining.							
Ashanti Goldfields (4s.)...	42½	23½	40½	41½	+ 1½	5 0 0	12 4 0
Crown Mines (10s.).....	7½	6½	6½	7½	+ 1½	6 4 0	5 9 0
Rio Tinto (25s.).....	21½	10½	14½	16½	+ 2½	7 2 0	NI
Riohama Corp. (£1)	6½	2	3½	4½	+ 1½	NI	NI
Randfontein (£1)	49½	24½	26½	46½	+ 18½	5 14 0	3 15 3
Sub-Nigel (10s.)	6½	3½	3½	6½	+ 2½	8 11 0	6 8 0
Wiluna Gold (£1)	49½	7½	8½	42½	+ 34½	NI	NI

* On smaller capital.

† Free of income tax.

x Ex dividend.

IRON AND STEEL SHARES.

THERE have lately been welcome signs of a return of interest in iron and steel shares. This market, taken by and large, has been one of the most consistently depressed on the Stock Exchange in the last ten years. The *Investors' Chronicle* index of nine iron and steel shares (December 31, 1923 = 100) stood only at 26.1 at the end of last month, as compared with 31.8 in November, 1931.

Numerous influences have contributed to the new movement, which does not yet deserve the name of "revival." In the last twelve months the industry has obtained protection at home and the competitive advantages of a depreciated pound abroad. It is true that progressive world trade shrinkage has so far nullified this latter boon,

that British exports of iron and steel manufactures, which were 3.0 million tons in the first eleven months of 1930 and only 1.8 millions in the same months of 1931, have shown a further slight decline to 1.7 million tons this year. British producers, however, are, naturally, obtaining a larger share of the home market, imports for the eleven months having been only 1.5 million tons this year, against 2.6 millions last year. Earning power in the industry, however, with a few exceptions, remains meagre. The following table is based on recently published reports:—

Company and Balance Sheet Date.	Earned after Debiture Interest.		Ordinary Dividend.		De-nomination of Ord. Sha.	1932 Prices.		
	1931.	1932.	1931.	1932.		Lowest	Present.	Yield % at present Price.
Staveley (June 30)	£'000. 286	£'000. 219	% 6†	% 5†	£1	22/6	28/1½	£ s. d. 3 12 0†
Thos. W. Ward (June 30)	Dr. 63	Dr. 28	Nil	Nil	£1	4/6	6/3	Nil
United Steel (June 30)	Dr. 159	12	Nil	Nil	...	...	...	...
Dorman Long (Sept. 30)	Dr. 278	Dr. 517*	Nil	Nil	£1	2/5½	3/3	Nil
South Durham (Sept. 30)	11	18	4†	3†	£1	15/7½	23/9xd	2 11 0
Weardale (Sept. 30)	69	62	6	6	£1	16/3	24/3xd	4 18 6
Tube Investments (Oct. 31)	239	202	8	8	£1	19/6	26/3xd	6 2 0

* After charging £247,000 loss on Sydney Bridge contract.
† Free of tax.
‡ Nil on "B" ordinary.

The intervention of "the City" in the industry's financial reorganisation, through the medium of the Bankers' Industrial Development Company, has not been unfruitful. The amount of space devoted in the Press, however, to recent developments, such as the decision to build a basic Bessemer works for Stewarts and Lloyds at Corby, and the acquisition of the Whitecross Company by the Lancashire Steel Corporation (see the *Economist*, December 24, 1932, p. 1190), has given, possibly, undue publicity to the industry's better prospects. Nascent optimism may be tempered by a little of the caution expressed by company chairmen at recent shareholders' meetings. For example, Viscount Furness, at the South Durham meeting this month, emphasised the difficulties of all plate mills in view of the practical cessation of activity in shipbuilding, which in the pre-war year absorbed as much as one-third of the entire British steel output. During the year ended June 30th last the surveyors of Lloyds Society tested only 164,000 tons of shipping and boiler steel at home and 111,000 tons abroad—an insignificant tonnage compared with the average of nearly 1 million tons for the preceding four years. At the meeting of Tube Investments, one of the most profitable concerns in the whole industry, the chairman, Mr Arthur Chamberlain, declared that an isolated improvement in this country could only be a flash in the pan, and a removal of trade barriers throughout the world was vital.

Such a recovery, however, whenever it comes, may find the industry in a stronger competitive position than for a generation. Technical efficiency has been improved, wage costs on a gold basis have been lowered (mainly by the depreciation of the £), and the process of financial over-

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haul has proceeded steadily. During the last twelve months, for instance, reconstruction schemes have been formulated for important concerns like Cammell Laird, Ebbw Vale, and Pease and Partners. The industry has avoided grandiose "horizontal" amalgamations, but closer co-ordination of interests is imperative, and the success of tariffs as an instrument for producing enthusiasm for unity has not yet been conspicuous.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
January 10.

ACCOUNT.
January 12.

The markets were cheerful after the holiday, though the volume of dealings was seasonably restricted. Sterling was steady, and gilt-edged held their ground. Interest, however, tended to veer towards industrial securities, particularly steel company shares. An enhanced demand also arose for railway junior stocks. South Africa's currency policy provoked keen discussion, the market generally taking a cautious view of the "benefits" of potential devaluation from the viewpoint of the gold-mining industry.

Gilt-edged stocks made a satisfactory showing, though business was small. Sir Samuel Hoare's speech had a tonic effect on India loans. South African issues were unaffected by the currency decision. In the foreign market German bonds were again in demand—partly, it was believed, on German account. Austrian Sixes strengthened. Most Brazilian stocks were fractionally lower, but Argentine stocks were inclined to harden. The Argentine position is discussed on page 1250.

Home Rails were stronger than for some weeks past on improved reports regarding the North-East Coast coal trade, London and North-Eastern preference stocks being particularly in favour. Last week's returns showed an increase over 1931 in gross traffic on all lines, but the figures, unlike those of last year, did not include the returns for December 25th—a "dead" day on the railways. Business in foreign rails was very limited, interest being confined almost entirely to the Argentine "Big Four," whose stocks were sold on fears of a labour dispute.

Industrials experienced a steady investment demand, iron and steel shares being in special request. Textile shares, similarly, were firm after the signature of the "more looms" agreement. Tobacco shares were harder. Dealings started at a small premium in the Godfrey Phillips preference scrip. Electricity shares were well maintained. Provincial support was forthcoming for Dunlop, Pinchin Johnson, Imperial Chemical, and Wall Paper deferred. A tentative recovery occurred in shipping shares. British bank shares reflected the general view that possible dividend reductions, next month, had been fully discounted. Insurance shares more than held their ground.

The oil share market had a firm appearance, numerous buying orders having accumulated. Anglo-Persian continued to improve. Rubber shares were neglected and mostly unchanged, while the dullness of the tea share market remained unrelieved.

Mining shares were overshadowed by the currency position in South Africa. The high-grade gold mines, whose dividends have been declared but are not to be paid until the end of January, were marked down, though for a time dealing was a matter of difficulty. The low-grade mines were assisted by the prospect of an increase in payable ore, but the market generally was oppressed by uncertainty regarding the position of the mines vis-à-vis sales to the Reserve Bank, and the possibility that increased taxation and operating expenses might offset the advantages of a gold premium. In other sections business was dull, though West African issues were steadier and De Beers improved. Base metal prices showed little change, and only slight interest was taken in the shares.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Dec. 22, 1932.	Dec. 23, 1932.	Dec. 24, 1932.	Dec. 26, 1932.	Dec. 27, 1932.	Dec. 28, 1932.	Dec. 29, 1932.
Government and Municipal Loans	1,323	983				1,247	1,171
Transport, Communications, and Public Utilities	889	775				936	988
Commercial and Industrial*	1,909	1,389				1,650	1,825
Banks, Insurance and Financial...	463	370				381	410
Mines (including Nitrates)	634	626				857	803
Oil	110	100				130	120
Rubber, Tea and Coffee	56	40				53	83
Total	5,384	4,283				5,234	5,400

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1932. (Nov. 8.)	Lowest of 1932. (June 1.)	Dec. 22, 1932.	Dec. 23, 1932.	Dec. 24, 1932.	Dec. 26, 1932.	Dec. 27, 1932.	Dec. 28, 1932.	Dec. 29, 1932.
67.2	51.3	65.8	65.9	Closed	Closed	Closed	66.4	67.1

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS.

(1928 = 100.)

Highest of 1932. (Nov. 2.)	Lowest of 1932. (June 27.)	Dec. 22, 1932.	Dec. 23, 1932.	Dec. 24, 1932.	Dec. 26, 1932.	Dec. 27, 1932.	Dec. 28, 1932.	Dec. 29, 1932.
127.4	90.6	123.6	123.7	Closed	Closed	Closed	123.9	123.9

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets opened weak after the holiday, but subsequently showed the incipient firmness which is not uncommon at the end of a year, despite the incidence of selling to establish tax losses. This has been, on the whole, of less than normal dimensions. Railroads led the mid-week recovery, partly by way of a rebound after over-heavy liquidation, but many leading industrials, like Steel Corporation and General Motors, remained under selling pressure. Year-end news is not conducive to a sustained price recovery. Doubts are expressed whether Congress will balance the Budget this session, and a special meeting of the new legislature in March is regarded as more than probable. The steel industry is operating at an average of about 13 per cent., which is little above the extreme low point of 12 per cent. reached last July. Even this showing is slightly better than was expected, but the "Iron Age" describes 1932 as a disastrous year for the industry. Statements recently made by several leading automobile manufacturers point to renewed price-cutting in the New Year. The railway position is overshadowed by the possibility of further receiverships. Car-loading figures, over the

holiday season, have had a not unfavourable trend, and out of 40 railroads which have reported November earnings, 21 showed an improvement in operating income as compared with the corresponding month of last year. The result for the whole 40 systems, however, was a drop in gross revenue, as compared with 1931, of 17 per cent. and in net revenue of 11 per cent. Pressure for concessions as regards receiverships has been increased—the more so as some of the larger companies are not covering their fixed charges. The heavy imports of gold of the last few days have been without effect on stock market sentiment.

	Dec. 15, 1932.	Dec. 21, 1932.	Dec. 29, 1932.		Dec. 15, 1932.	Dec. 21, 1932.	Dec. 29, 1932.
U.S. 3½% T. Rds.	103½	103½	104½	Natl. Biscuit	40½	38½	38½
Do. 4½% '32-47	102½	102½	102½	Phelps Dodge	4½	4½	4½
Do. 4½% '32-47	102½	102½	102½	Fulman	20	19	18
Do. 4½% '33-38	103½	103½	103½	Seam-Roebuck	20½	18½	18½
Archison	41½	38½	39½	Studebaker	4½	4½	4½
Ches. & Ohio	26½	25½	26½	Un. Fruit	23½	22½	22½
Erie	5½	5	4	U.S. Leather	3½	3½	3
Illinois Central	13½	11½	10½	U.S. Rubber	4½	4½	3½
N.Y. Central	21½	18½	16½	U.S. Steel	31½	27½	26½
Pennsylvania	14½	14	13½	Westinghouse	28½	27½	27½
Southern Pacific	18	16	15½	Woolworth	35½	35½	35½
Southern Ry.	5½	5	4½				
Union Pacific	72	69	70				
Am. Can.	54½	53½	54½	Am. Tel. & Tlg. ...	107½	103½	104½
Amer. Smelting ..	13½	11½	11½	Interboro R.T. ...	7½	6½	4½
Anacosta	7½	6	5½	Int. Tel. Teleg. ...	4½	4½	4½
Bethlehem Steel ..	15½	13½	12½	Radio Corp.	5½	5	4½
Chrysler Motor ...	16½	16½	15½	Utilities P. & L. ...	3½	3½	2½
Corn Producers Rl.	53	52	53½	W. Union Tlg. ...	30½	28½	26½
Eastman Kodak ...	56½	55	53½				
Gen. Motors (New) ..	16½	14½	14½				
Gen. Motors	13½	13½	12½	Associated Gas "A" ..	1½	1½	2
Int. Harvester	22½	21½	20½	Eastman Kodak ...	11½	11½	11½
Mont. Ward	14	13½	12½	Gen. Motors (New) ..	14½	14½	14½
				Shell Union	6½	6½	4½
				Std. California ...	24½	23½	23½
				Do. N.J.	29½	29½	30½

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

	1930.		1931.		1932.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Dec. 21.	Dec. 28.
337 Industrials	98.2	174.1	51.5	114.7	52.2	44.2	42.9
33 Rails	89.1	145.6	31.7	105.7	32.2	25.3	24.2
34 Utilities	153.2	267.4	90.6	187.6	91.8	79.2	78.2
Total, 404 stocks...	105.5	184.2	54.7	124.6	55.5	47.0	45.7
Average yield of 50 Industrial Common Stocks	4.15%	5.95%	9.37%	5.11%	9.29%	6.07%	6.29%

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

Highest of 1932. (Sept. 7.)	Lowest of 1932. (June 27.)	Dec. 14, 1932.	Dec. 15, 1932.	Dec. 16, 1932.	Dec. 17, 1932.	Dec. 19, 1932.	Dec. 20, 1932.	Dec. 21, 1932.
72.3	35.2	53.9	53.3	52.6	52.4	52.3	51.1	51.1

Highest of 1932. (Sept. 7.)	Lowest of 1932. (June 27.)	Dec. 22, 1932.	Dec. 23, 1932.	Dec. 24, 1932.	Dec. 26, 1932.	Dec. 27, 1932.	Dec. 28, 1932.
72.3	35.2	49.4	49.4	50.2	*	49.7	49.3

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Dec. 23, 1932.	Dec. 24, 1932.	Dec. 26, 1932.	Dec. 27, 1932.	Dec. 28, 1932.	Dec. 29, 1932.
Stock Exchange—Shares (Thous.) ...	930	330	Closed	800	1,600	1,600
Bonds (Value Thous. \$)	9,600	4,900	Closed	10,900	14,000	15,300
Curb—Shares (Thous.) ...	200	90	Closed	200	320	480

Number of Dealings December 22. Shares, 1,300,000. Bonds, 12,500,000.
Curb, 170,000.
* 2-hour session.

PARIS.

The Bourse opened quietly after the holiday, but prices were mainly firm. Interest centred in Banque de France, which rose 280 on the final dividend of 100 francs. German bonds were well supported, and South African gold shares were cheerful at the outset, but on Wednesday liquidation was induced by the uncertainty regarding the future of South African currency. De Beers were buoyant. On Thursday there was a further relapse in gold shares, but industrials were moderately firm, sugar and bank

(Continued on page 1250.)

WALL STREET.

Moody's Investors Service Ltd., acting as agents for their New York organisation, can supply immediately a complete statistical service on American Companies (up to date to the current week), company analyses for circularising, or any special service.

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NOTE.—Shares with a New York quotation, or whose selling price is shown in American prices, are denominated in dollars. In calculating yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1931.		Prices Year 1932 (Jan. 1 to Dec. 28) Inclusive.		Name of Security.		Price Dec. 14, 1932.		Price Dec. 28, 1932.		Rise or Fall.		Yield.	
High.	Low.	High.	Low.			High.	Low.	High.	Low.				
60 1/2	49 1/2	78 1/2	54 1/2	Consols 2 1/2 %	74 1/2	74	74	21	8	6	6	Do. Foreign Ry. cont.	
87 1/2	77 1/2	111 1/2	81 1/2	Consols 4 %	108	108	108	150	94 1/2	117	106 1/2	Paraguay Gen. D. B.	8
85 1/2	67 1/2	102 1/2	73 1/2	Conversion Loan 3 1/2 %	99	99	99	65 1/2	20 1/2	25 1/2	6	8 1/2	8
104 1/2	88 1/2	112 1/2	93	Do. 4 1/2 % 1940-44	109	109	109	25 1/2	2 1/2	6	1	-6	8
108 1/2	93 1/2	117 1/2	99	Do. 5 % 1944-46	109	109	109	16 1/2	8 1/2	17 1/2	6	10	10
97 1/2	78	110 1/2	99	Funding 4 1/2 % 1960-60	109	108 1/2	108 1/2	5/9	5/9	6/10 1/2	2/3	Anglo-French (E1)	4/8
98 1/2	85	110 1/2	100 1/2	5 % Treasury Bonds	102	102	102	11/6	8 1/2	37 1/2	6 1/2	Anglo Internat. (E1)	9/1
98 1/2	85	110 1/2	100 1/2	Victory Bonds 4 %	108	108	108	25 1/2	12/6	37 1/2	6 1/2	Anglo S. C. (E1) 4 1/2 %	5 1/2
70 1/2	57	92 1/2	60 1/2	War Loan 3 1/2 %	98 1/2	98 1/2	98 1/2	11/6	8 1/2	37 1/2	6 1/2	American B. E1 1/2 %	5 1/2
46 1/2	29 1/2	69 1/2	36	Local Loans 3 %	87 1/2	87 1/2	87 1/2	55 1/2	31 1/2	57 1/2	34 1/2	Bank of N. Zealand E1	4/26
64 1/2	41	82 1/2	42 1/2	India 2 1/2 %	63 1/2	62 1/2	62 1/2	27 1/2	23 1/2	35 1/2	23 1/2	Bank of Eng. Sct. E1	32 1/2
85 1/2	65	113 1/2	49 1/2	Do. 3 1/2 %	87 1/2	87 1/2	87 1/2	58 1/2	43 1/2	65 1/2	47 1/2	Barclay B. (E1)	65 1/2
81 1/2	48	104 1/2	67 1/2	Do. 4 1/2 % 1958-58	107	107	107	26 1/2	19 1/2	27 1/2	21 1/2	Barcl. (Dom. & C) A E1	27 1/2
106 1/2	94	115 1/2	97 1/2	Palestine 5 % 42-57	114	114	114	3 1/2	0	6 1/2	3 1/2	Bk. of Australasia (E5)	7 1/2
89 1/2	87 1/2	107 1/2	87 1/2	Uster 4 1/2 % 45-75	106	106	106	6 1/2	4 1/2	10 1/2	8 1/2	Bk. of Montreal (E100)	250
85 1/2	58	107 1/2	77	Dom. & Colonial Govts.	105 1/2	105	105	26	18 1/2	27 1/2	20	Bk. of N.S.W. (E20)	23
75 1/2	105	82	72	Australia	104	104	104	5 1/2	3 1/2	5 1/2	3 1/2	British Overseas A E5 1/2 %	5
105 1/2	97	109 1/2	100 1/2	Canada 4 1/2 % 1940-60	104	104	104	14 1/2	9 1/2	14 1/2	9 1/2	Chtd. of India (E5)	13 1/2
101 1/2	87 1/2	107 1/2	91 1/2	Ceylon 6 % 1935-51	106 1/2	106	106	46 1/2	37 1/2	47 1/2	37 1/2	Comml. Bk. of Aus. 10 1/2 %	12 1/2
100 1/2	90	113 1/2	94 1/2	Gold Coast 4 1/2 % 1956-56	106 1/2	106	106	42 1/2	38 1/2	48 1/2	36 1/2	District A E5, E1 pd.	65 1/2
104 1/2	92	112 1/2	95 1/2	Kenya 5 % 1948-58	112 1/2	112 1/2	112 1/2	11 1/2	9 1/2	12 1/2	9 1/2	Em. Sct. E1 fully paid	46 1/2
80 1/2	46 1/2	102 1/2	55 1/2	Nigeria 5 % 1950-50	101	101	101	8 1/2	6 1/2	8 1/2	6 1/2	Eng. Sct. & Trust E5, E3pd	4
85 1/2	65	111 1/2	84	N. W. Africa 5 % 1925-55	101	101	101	11 1/2	9 1/2	12 1/2	9 1/2	Hamb. Sct. E10, E2 1/2 %	4

† Free of Income Tax.

[illegible]

† Free of Income Tax.

(Continued from page 1247.)

shares being in demand. Rentes opened firm, but weakened subsequently.

	Dec. 1932.	Dec. 1932.	Dec. 1932.		Dec. 1932.	Dec. 1932.	Dec. 1932.
Banque de France	11,705	12,070	12,120	Wagons Lits	80	82	81
Crédit Lyonnais	2,100	2,130	2,145	Mexican Eagle	36	36	37
Suez Canal	16,595	17,280	17,175	"Chartered"	75	75	76
Changars Réunis	217	218	221	Ford	105	108	107
El Tinto	1,443	1,485	1,535	De Beers	424	450	455
Royal Dutch	15,125	15,300	15,645	"Johnnies"	143	154	146

BERLIN.

Most stocks were firm, and business tended to expand. Tax Credit Certificates were marked up, and Reichsbank strengthened. Dye Trust, however, were lower, and Siemens were sold. Mining shares were generally higher, but the improvement was not shared by lignite stocks. In the middle of the week quotations became more irregular, and a number of trading issues lost their earlier gains.

	Dec. 1932.	Dec. 1932.	Dec. 1932.		Dec. 1932.	Dec. 1932.	Dec. 1932.
Reichsbank	133.80	144.25	145.30	A. E. G.	29.25	31.10	29.75
Disconto	75.00	75.00	75.00	Siemens & Halske	120.50	124.00	122.00
Dresdner (New)	61.75	61.75	61.75	A. K. U.	48.25	48.25	46.12
L. G. Farbenindustrie	...	96.25	97.25	Hamburg-Amer.	...	...	...
Norddeutscher Lloyd	17.25	18.75	18.50	("Hapag")	16.7	18.00	17.75

AMSTERDAM.

Quiet conditions prevailed, but undertone was firm. Royal Dutch and Unilever advanced, and Amsterdam Trading improved, in common with most sugar shares. Subsequently the volume of business became more restricted, but prices were maintained.

	Dec. 1932.	Dec. 1932.	Dec. 1932.		Dec. 1932.	Dec. 1932.	Dec. 1932.
2½% Dutch Loan	70½	71½	71½	Steel Common	28½	27½	26½
5½% German	55½	54½	56½	A. K. U.	39	40½	39½
Unilever N.V.	107½	106½	107½	Ford Motor	117	116½	114½
Philips' Lamp	128	128	130½	Deil Batavia	140	145	143
Netherlands Ship Union	57	57½	58½	Royal Dutch	147	148	152
				Handels Ams	169	169	173

OTHER CENTRES.

The volume of business was fairly satisfactory on the minor European Bourses. Firm conditions obtained at Frankfurt in sympathy with the improved tone of Berlin. Quotations at Vienna showed a moderate improvement. Stockholm was quiet, but Brussels hardened. Irregularity, however, became more noticeable in most centres as the week progressed.

INVESTMENT NOTES.

Argentine Government Bonds.—To relieve the strain on its Budget, the Argentine Government is considering a somewhat novel debt conversion scheme. According to reports from Buenos Aires, the scheme consists in the conversion of all internal bonds, except the Patriotic Loan, and subsequently all external bonds, into new issues amounting only to the sums actually outstanding, thus wiping out the service on that portion of each original issue which has been already extinguished by amortisation. It is proposed that the new issues should carry the same interest as the original loans. The reduction in the sinking fund payments, however, would effect an estimated economy of 56 million paper pesos annually. The scheme has been discussed with leaders of the different parties and will be voted upon by Congress this week. It is doubtful, however, whether bond holders, if they were required to choose between two evils, would not prefer a temporary suspension of the sinking fund payments, such as has been freely advocated in the Argentine Press. The suggested scheme would operate unfairly as between different issues, for holders of the older loans would suffer proportionately more than the holders of more recently issued stocks. All the older Argentine loans are, in fact, sterling issues. Meanwhile, the Province of Buenos Aires has anticipated the Central Government by proposing (a) to suspend sinking funds of all internal and external loans (with one exception); (b) to pay interest on foreign loans (with certain exceptions) in

currency; and (c) to satisfy any balance by the issue of Arrears Certificates, bearing interest at 5 per cent. Full service will be resumed after three years. It is understood that certain sterling and franc bondholders have given the scheme their unofficial benison, but that dollar bondholders have yet to approve it. As the Argentine peso has depreciated only 12½ per cent. in terms of the £, but 40 per cent. in terms of the dollar, currency payments involve a larger immediate sacrifice for the American than the British holder. The American loans, however, are "younger" than the British, and the suspended sinking fund payments thus represent a smaller part of each year's service. The following table shows the loans affected:—

(000 omitted)

Province of Buenos Aires.	Service in full.	Interest in full.	Interest (less 12½%).	Amortisation, not to be paid.	Percentage of total service paid.
Sterling and Franc Issues.	£	£	£	£	%
5% Sterling, 1908 (Drainage Loan)	90	41	36	49	39.54
5% External Gold, 1910	63	27	24	35	38.25
4½% External 1909 (Railway Loan) English Issue	39	24	21	15	53.91
Do. French Issue	3,685	2,269	1,985	1,416	53.87
Dollar Issues.	\$	\$	(Less 40%)	\$	%
External 7½%, 1925	1,375	869	522	506	37.92
External 7%, 1926	901	621	373	280	41.36
External 6½%, 1928	2,877	2,333	1,340	544	48.64
External 6½%, 1930	876	709	425	167	48.56

* Extent of present depreciation of peso in terms of sterling and dollars, respectively.

The bonds of the new Internal 6½ per cent. Consolidated Loan are unaffected by the scheme, while interest on the 3 to 3½ per cent. Loan of 1906-09 and the 5 per cent. Consolidation Gold Loan of 1915 will be paid in full. The scheme appears to apportion the burden of inevitable sacrifice in rough-and-ready but not inequitable fashion.

And Argentine Railways.—British investors are concerned mainly with the effect of the Argentine Government's policy on the national economy, for whereas British holdings of Argentine Government and municipal stocks had a par value of little more than £32 millions in 1930, our total commercial and industrial holdings in the country have been put at over £290 millions. None of the "Big Four" railways paid an ordinary dividend for the year to June 30th last, and the position has subsequently deteriorated:—

TOTAL GROSS RECEIPTS.
(First 25 weeks of each year, at par of exchange.)
1931-32. 1932-33. Difference.

	(£000)	(£000)	(£000)	%
B.A. Gt. Southern	4,575	4,179	-396	-8.7
Central Argentine	5,555	4,646	-909	-8.4
B.A. and Pacific	3,109	2,456	-653	-7.9
B.A. Western	1,830	1,555	-275	-8.6

All the four companies show a decline in gross receipts, so far, of approximately 8 per cent. Stockholders will, in addition, be required again to bear the brunt of a depreciated exchange. The railways would benefit from any Government action resulting in a relaxation of the present severe restriction of imports. Argentina's "favourable" visible trade balance of \$237 millions (gold), in the year to June 30th last, was achieved by the shipment of heavy tonnages of primary products (her exports increasing during the year by 27.6 per cent. in volume, but by only 8 per cent. in value) concurrently with a reduction of no less than 36.8 per cent. in the value of imports. All the railways handled an increased "outward" traffic last year, but lost heavily on "inward" traffic and passengers. A single year of deficiency in the staple Argentine crops would obviously place the railways in an unenviable position. The period of heavy crop movements, for the present season, has still to come, but the official estimates, happily, indicate that while traffic may not reach last year's dimensions, the total falling off is unlikely to be considerable. The 1932-33 wheat crop is put at 29 million quarters, compared with a final figure of 28.2 million quarters for 1931-32, the maize crop at 83.8 million quarters, against 86 million quarters, and linseed at 1,350,000 tons, against 2,170,000 tons. In the absence of

The Financial News

of Monday and Tuesday next will include surveys of the year 1932 in

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prospects of an early amelioration of economic conditions, the railways are making strenuous efforts to reduce wage costs. In November, 1931, a reduction of 6 per cent. was agreed to with the enginemens, but the Union Ferroviaria (Railwaymen's Union) would agree only to a system of short-time working, which itself, from February 1st last, was abrogated as regards certain categories. The B.A. Great Southern has now announced an 8 per cent. wage cut, to take effect in January, and other lines may adopt a similar policy. The possibility of a railway strike is being canvassed, and long discussions have taken place between the railways and the President. In the last resort, the sympathies of the Government (which is fully cognisant of the railways' difficulties) may be with the companies, but the power of the unions is considerable and has been strikingly demonstrated in the past.

Co-operative Interest and Loan Policy.—As long ago as 1930, writes a co-operative correspondent, attention was drawn to the rise in the share and loan capital of distributive co-operative societies, despite the prevailing industrial conditions. While the sales of the societies had risen two and a-half times between 1913 and 1928, to £209,389,555, the capital had more than quadrupled in the same period. Many societies were paying 5 per cent. per annum interest to their members on share capital, and slightly less on loan, and were anxious to find securities bringing a minimum of 5 per cent. and avoiding speculative risks. This fact explains the steady flow of co-operative capital into municipal loans during 1930 and 1931. Although more than a hundred societies reduced the interest rates returned to their shareholders last year, this did not stem the flow of capital, and the committees have continued their policy of taking up municipal loans. At the present time the Leeds society has investments of £490,665, of which no less than £350,874 is on loan to corporations and local authorities. The Doncaster Society recently lent £25,000 to the Leeds Corporation. The Huddersfield Society has £46,000 with the local corporation. The society at Macclesfield has £30,000 loaned to the municipality and £79,000 invested in colonial securities. The Peterborough Corporation is indebted to the local co-operative society for £75,000. Ripley Society has £150,000 invested with local district councils. These examples are typical of similar investments throughout the country. Since the inception of the Government's War Loan conversion policy, the societies at Doncaster, London, Peterborough, Plymouth, Oldham, Birmingham, Carlisle, Hull, Middlesbrough, Weymouth and Rochester have all lowered their rates on share and loan capital, and it would seem that 4 per cent. will replace 5 per cent. as a standard return in the movement. Simultaneously, the latter may be forced more thoroughly into production. Many municipalities are already lowering loans interest to a point which is unattractive to the societies, which are urging their federations—the Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society—to undertake new productive activities. Examples are the milk business, glass bottle manufacture, drugs, furniture, etc.

Lautaro Nitrate.—The latest accounts of the Lautaro Nitrate Company make unhappy reading. No shareholder familiar with the Chilean nitrate situation in the last eighteen months will be surprised that the company has made a heavy loss, or that the small surplus of liquid assets shown a year ago had, by June 30th last, been converted into a substantial deficit. The manner in which the year's results are set out, however, tends to hinder rather than facilitate comparison with earlier periods. The profit and loss account shows a net loss of \$48.3 millions (Chilean gold pesos); but the precise import of this figure is difficult to perceive. It is arrived at after crediting \$13.6 millions for exchange profit and profit on debentures retired, and before debiting \$12 millions of depletion and royalties, plus a further unstated amount for unpaid bond and debenture interest. Thus the total loss appears to have been a minimum of \$73 millions (gold pesos), or, say, £1,800,000 at par, compared with last year's loss of £656,511. Shareholders, however, have no

assurance that this is, in fact, the limit of their loss. Although the profit and loss account includes a debit of over \$15 millions for inventory losses, the extended references made in the auditors' report to the method of stock valuation employed makes it uncertain whether the auditors are themselves prepared to accept responsibility for the valuation as it stands. The most controversial feature of the balance sheet, however, is the valuation of the company's nitrate reserves. Exact comparisons with last year are not possible, since the nitrate reserves are now shown separately. That considerable "writing up" has taken place, however, is suggested by the fact that in the 1932 balance sheet the nitrate reserves, before depletion, are valued at the equivalent of £17,414,000, against a value of £9,145,351 set on nitrate reserves, plus all the Shanks plants and equipment, on June 30, 1931. The nitrate valuation is now at the rate of 10½d. per metric quintal. Seeing that a large part of that nitrate was bought only a little over three years ago at 4½d., the revaluation in present conditions seems excessive, altogether the directors may claim to be merely following the precedent set up by "Cosach." Altogether, the accounts suggest that whenever a revival occurs in the Chilean nitrate industry (at present, unfortunately, a remote contingency), the finances of the Lautaro Company may call for substantial adjustment.

"Coffee Loans."—Last week's announcement by the agents of the San Paulo Coffee Institute 7½ per cent. bonds serves to draw attention to the position of Brazilian Coffee Loans generally. The repayment of the Brazilian 7½ per cent. Coffee Security Loan of 1922, last October, left three coffee loans on the market—San Paulo 8 per cent. of 1921, San Paulo Coffee Institute 7½ per cent. of 1926, and San Paulo 7 per cent. Coffee Realisation Loan of 1930. The first, San Paulo 8 per cent. 1921, is secured on the surtax of 5 francs per bag on the export of coffee grown in the State. The collections of this tax being insufficient for the service of the bonds, the loan comes within the Moratorium Decree of April 30, 1932 (No. 5490), which provides for the payment of interest and sinking funds in two-year promissory notes bearing interest at the rate of 5 per cent. per annum. As cover for and in guarantee of the promissory notes, the Government undertook to deposit certain sums, beginning with 4,000 contos of reis per month. Only two such deposits have so far been made, the last being made in June. The San Paulo Coffee Institute 7½ per cent. bonds are secured as a first charge on a transport tax of 1 gold milreis (2s. 3d.) per bag of coffee grown in and transported through the State, as well as on the assets of the Coffee Institute and an equivalent amount of 7½ per cent. sterling bonds of the San Paulo Government. The amount required for the service of the bonds on July 1st last was completed by the temporary utilisation of part of the reserve fund. The reconstitution of the reserve fund was delayed by the revolution of San Paulo, which lasted from

July to early October. It is expected that the reserve fund will soon be completely re-established. The Coffee Institute is unable to make normal remittances in respect of the transport tax collections for the current half-year, but has informed its agents that arrangements have been made for future remittances to supplement the reserve fund, to provide for the sinking fund and to pay the interest in full at the rate of \$4.86 to the £. The agents are therefore making temporary use of the reserve fund to meet the January 1, 1933, coupon. The 7 per cent. Coffee Realisation Loan, 1930, has a specific charge on a special tax levied on all San Paulo coffee arriving at Santos or otherwise exported from the State. The principal is specifically secured by the deposit of the documents of title on 3 million bags of Government coffee to be redeemed at £2 10s. per bag and on planters' coffee to be redeemed at £1 per bag. A minimum average sum of £2,100,000 received each year on the redemption of pledged coffee is to be applied as to £2 millions in repayment of the loan and the balance to reserve. The agents of the Loan announced in August that owing to the revolution monthly statements had been suspended. Later, in November, it was stated that small remittances had been received, and on December 12th it was announced that \$635,000 had been received since November, when communications were reopened in San Paulo. The Government added that payments would be larger in future, and that supplementary remittances would be made to provide for the arrears. It is expected the monthly returns will shortly be resumed. The prices and yields returnable on the San Paulo Coffee Loans are shown in the following statement:—

	Lowest Redn. Dates.	Price, 1932.	Present Price.	Redemp- tion Yield %.	£	s.	d.
San Paulo 8%, 1921.....	1951 at 105	20½	25	...	...	...	...
San Paulo Coffee Inst. 7½% Bonds, 1926	1956 at 102	44	68	17 6	9*	...	...
San Paulo 7% Coffee Realisa- tion, 1930	1940	71	82	10 5	0	...	...

* Allowing for interest paid at \$4.86½ to £.

It is not expected that the return to normal conditions in San Paulo will be rapid, but the resumption of remittances in respect of the San Paulo Coffee 7½ per cent. and 7 per cent. loans is an encouraging sign.

Fairey Aviation.—During each of the three years since its incorporation in March, 1929, this progressive aircraft manufacturing company has recorded increased profits. For the year to September 30th last, trading profit, at £185,640, shows an increase of 6½ per cent., and an unchanged dividend of 10 per cent., tax free, is covered by earnings of 25½ per cent:—

	Year to September 30, 1930.	1931.	1932.
Trading profit	161,102	174,165	185,640
Other income	9,749	11,289	13,720
Fees	887	869	850
Income tax	36,000	48,000	45,000
Debt redemption	21,000	22,700	25,404
Net profit	112,964	113,885	128,106
Brought forward	24,904	32,868	26,753
Ordinary dividend:			
Amount	35,000	50,000	50,000
Earned %	22.6	22.8	25.6
Paid %	7*	10*	10*
Patents, &c., reserve	40,000	40,000	40,000
General reserve	30,000	30,000	30,000
Carried forward	32,868	26,753	34,859

* Tax free.

The distribution of the surplus follows the usual conservative lines. The balance sheet reveals a strong liquid position, the increase in cash resources to £448,846 suggesting the possibility of early repayment of the £220,330 6 per cent. debenture stock, which is redeemable at any time, on three months' notice, at 110. At 16s. 8d., the 10s. shares yield about £6 11s. per cent., tax free.

Great Universal Stores.—Shareholders in the Great Universal Stores have learned with surprise that, within seventeen months of the public offer for sale of a block of ordinary shares at a premium of 300 per cent., matters have arisen "which need careful consideration," and three directors have resigned, including the chairman, who founded the business and had made a five-year agreement, "thereby securing continuity of the... successful management." Three new directors—Sir Philip Nash, Mr R. H. Griffith and Mr T. H. Jones—have joined the board after an examination of the position by eminent accountants, with the approval of the company's stock-brokers. A full statement of the position is promised after the end of the current financial year on March 31st next, but in the meantime the 5s. shares stand at 8s. 9d., as compared with a maximum for 1932 of 23s. 6d. The offer for sale, made in July, 1931, suggested that both the company's profits and capitalisation had increased with exceptional rapidity in the preceding period, earnings, before income tax and depreciation, being (to March 31st), 1929, £110,000; 1930, £213,000; 1931, £411,000. Between March and July, 1931, the capital was increased from £15,000 to £600,000 by the capitalisation of undivided profits, and the inside interests retained for themselves 800,000 out of 1,200,000 5s. ordinary shares. The report to March 31, 1932, was disappointing. Profits were revealed as having fallen to £267,000, out of which income tax required £105,000, and ordinary shareholders would have received a mere 10 per cent. but for the generosity of three directors who, having received a capitalised £100,000 out of the year's profits, made the ordinary dividend up to 50 per cent. out of their own pockets—a somewhat unprecedented proceeding. The report also showed that the company's stock-in-trade, as a mail-order business, had risen between March 31, 1931, and March 31, 1932, from £369,000 to no less than £664,000. The board's latest circular hints broadly at the necessity for writing-down stock. Shareholders may speculate as to how far the statement that turnover has been satisfactorily maintained should be qualified by the proviso "under prevailing conditions." The reconstructed board do not hazard a categorical opinion as regards the company's prospects, but merely state that "there is nothing in the information... so far furnished to them" which suggests that the business cannot be steadily developed to earn reasonable profits under efficient direction. That is all to the good, but the next report, obviously, may not be pleasing. The vendor interests, who hold voting control, are now represented only by two directors on a board of seven. Further comment must needs be reserved for the issue of the accounts of March 31, 1933.

Chosen Corporation Affairs.—The financial transactions of this company have occasioned some discussion among shareholders. A year ago the corporation's auditors criticised certain share purchases by the company's Japanese subsidiaries. Following a requisition by a number of shareholders, a Board of Trade inspector was appointed. His report, which appeared in November, suggested certain irregularities. The auditors' certificate accompanying the corporation's latest accounts (to June 30, 1932) is, to say the least, unusual and disquieting. "We have been unable," the auditors declare, "to obtain all the information and explanations we have required." They point out that amounts aggregating £120,076 are said to have been invested in Chosen Corporation shares by the Japanese companies, the average price per share having been 14s. 4½d. This figure, they allege, is substantially in excess of the Stock Exchange quotation ruling during the course of the transactions. The present price is 8s. At the annual meeting on Wednesday the chairman, Mr H. H. Pounds, explained that documentary evidence as to the payments had been tendered to the auditors, though the share certificates were held on behalf of the Japanese companies by their own trustees. The accountants who audited the accounts of the Japanese companies, however, declared that they were unable to verify either the number of shares held or the total

amounts paid, owing to the fact that the necessary documentary evidence was in London. The report of the corporation's auditors, further, states that they were refused verification of the shareholdings, and that they obtained no satisfactory evidence either of the subsidiary companies' title or of the fact that the alleged purchases had been made. Their request to see a copy of the inspector's report was refused. A motion, at Wednesday's meeting, to re-elect the auditors was declared defeated on a show of hands, but a poll was demanded, whose result is to be announced at an early extraordinary meeting. Whatever the result, it is unlikely that matters can remain indefinitely in their present unsatisfactory state. Apart from the moral duty of the board to meet the points raised by responsible representatives both of the Board of Trade and the shareholders, the authorities, having once intervened, can scarcely be content, in view of their powers under the Companies Act, with anything less than complete satisfaction on all matters of fact.

Large Gas Co-ordination Scheme.—A new holding company has been formed to acquire controlling interests in a number of important gas undertakings in Kent. The company will be known as the South-Eastern Gas Corporation, and will have an initial capital of £323,000. Among the undertakings with which the new corporation is concerned are the Folkestone Gas and Coke Company (incorporating the Hythe and Sandgate Gas Company); East Kent Gas Company (incorporating Wye, Chilham and Bridge Gas Companies); Deal and Walmer Gas Company, and Whitstable Gas and Coke Company. The above companies, along with others not mentioned, will maintain their identities, the new company concerning itself purely with the co-ordination of financial and technical administration and policy. The formation of the new corporation is in keeping with the gradual trend towards the rationalisation of gas undertakings. It is understood that the developments announced represent only the first steps in a broad programme of co-operation and co-ordination in this field by the new corporation.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Total recorded, Jan. 1 to Dec. 24, 1932, excluding conversions, £188,659,963.
Total recorded, Jan. 1 to Dec. 24, 1932, including conversions, £2,699,434,265.

National Savings Certificates.
Net receipts, week ended Dec. 24, 1932, £250,000.

	Nominal Capital.	Conver- sions.	New Money.	First Payment.	Further Liability.
To the Public.	Nil.	Nil.	Nil.	Nil.	Nil.
To Shareholders only.	Nil.	Nil.	Nil.	Nil.	Nil.
Total Offered for Subscription in Whole Year—					
		Including Conversions.			Excluding Conversions.
1932	(a) 2,699,684,265	188,909,963			
1931	114,290,666	102,044,291			
1930	454,888,784	267,800,700			
1929	488,764,940	285,239,400			
1928	693,100,056	369,058,073			
1927	...	355,165,970			
1926	...	230,782,601			
1925	...	232,214,500			
1924	...	208,326,100			

(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
Whole year—				
1932	170,172,800	12,773,800	5,963,400	188,910,000
1931	74,935,599	6,911,859	20,296,833	102,144,291
1930	230,364,800	15,824,600	22,090,100	268,279,500
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Capital Introduced.	Price Dealings Began.	Cash Involved.
Total, 1932.....	15,046,360	...	16,335,341
Total, 1931.....	8,757,183	...	8,883,578

East Daggafontein Mines.—Issued capital 260,000 shares of 10s. each, South African, fully paid, and 440,000 shares of 10s. each, South African, 1s. paid. The company was formed to take over a mining lease. It is paying to Daggafontein Mines £100,000 in cash for an undivided half share in the claim area on which No. 1 Shaft Daggafontein Mines is situated.

LONDON NEW ISSUE PRICES.

Stock or Share	Issue price.	Amt. paid.	Price, Dec. 15, 1932.	Price, Dec. 29, 1932.
Conversion 3%, 1948-53	97½	57½	1½-1½ dis	1½-1½ dis
Albion Greyhounds Ord.	5/-	5/-	1½-1½	1½-1½
Associated Newspapers 4½% 10-Year Notes	98	...	98½-99½	99-99½
Australia 3½%, 1936-37	97½	Py pd	101½-102½	103½-104½
Blackpool Greyhound 2/-	2/-	2/-	97½-98½	98½-99
Bournemouth Stadium	2/-	2/-	2½-2½	2½-2½
Bovril 6% Pref. £1	24/9	9/9	2½-2½	3d-3d pm
Bowater's Mersey Mills 5½% Pref.	25/-	12/6	6½-6½ pm	6d-6d pm
British Plaster Board Ord.	...	...	3½-3½	3½-3½
Carlton Main Colliery 6% Debs.	98	25	5½-6½ pm	6½-7½ pm
Covent Garden Properties, 4½% Debs.	98	Py pd	102½-103½	103½-103½
Daily Mail Trust New 5% Pref.	20/-	Py pd	6½-1½ pm	9d-1½ pm
Dumpton Greyhounds (2/-)	Par	Py pd	1½-1½	1½-1½
Electric Supply Corp. New	51/6	...	3½-3½ pm	6½-6½ pm
G.R.A. 7% 1st Pref.	£1	10/-	1½-1½	1½-1½
Grosvenor Gardens Estates 6% Debs.	99½	10	1½-2 pm	2-3 pm
J. G. Graves Pty. Ord. 5/-	14/-	Py pd	14½-14½	13½-13½
London County Properties 5½% Pref.	21/6	4/-	2½-2½ pm	2½-2½ pm
Midland Counties Electric 4% Debs.	100	30	1½-1½	1½-1½
North-Eastern Electric New Ord. £1	23/6	...	3½-3½ pm	4½-4½ pm
Olympia 4% Debs.	95	Py pd	1½-1½	9d-9d
Phillips (G.) 6½% "C" Pref.	£1	10/-	19-19½	19-19½
Portsmouth Newspapers 5% Pref. £1	£1	Py pd	18/9-19/3	19-19½
Price's Tailors 7% Pref. Ord.	20/-	Py pd	22/9-23/9	22/9-23/9
Quakost 7% Cum. Pref. £1	£1	Py pd	102-102½	102-102½
Selfridge Provincial Stores 5% Debs.	101	Py pd	2½-2½	2½-2½
South Africa 3½% Ins. &c., 1953-73	96½	7½	2½-2½	2½-2½
Southern Railway 4% Debs., 1962-67	100	50	2½-2½ pm	2½-2½ pm
Stevenson (Hugh) 6% Debs.	99	Py pd	101-102	101-102
Thames House 4½% Debs.	99½	Py pd	104½-105½	105-106
Thames House 4½% Debs.	£1	10/-	6½-1½ pm	6½-1½ pm
Tilldown (O.) 7% Pref.	£1	10/-	10½-10½	10½-10½
Yorkshire Dyers and Dyeing (10/-)	12/-	Py pd	9/9-10/9	11/-12/-

SUMMARY OF BALANCE SHEETS.

TURNER AND NEWALL, LIMITED.

LIABILITIES.			ASSETS.		
	Sept. 30, 1932.	Compared with Sept. 30, 1931.		Sept. 30, 1932.	Compared with Sept. 30, 1931.
	£	£		£	£
Ord. shares (£1) ...	4,843,933	+ 75	Freehold and leasehold land and buildings	1,695,752	- 76,928
7% cum. pref. (£1) ..	1,444,269	...	Machinery and plant	1,607,194	- 152,545
Share capital out- side group	22,360	- 60	Mining proper- ties and develop- ment	1,165,239	- 15,808
Divs. unclaimed ...	314	- 38	Investments in as- sociated cos. ...	126,213	+ 10,571
Creditors	680,500	- 77,288	Stocks	1,324,522	- 325,303
General reserve ...	900,000	...	Debtors	808,057	- 255,622
Final dividends ...	171,647	+ 1	Investments	271,274	+ 271,274
Turner & Newall Trust	5,000	+ 5,000	Cash	892,157	+ 508,728
Profit and loss	77,625	+ 17,926	Inter-company accounts net dif- ference	8,600	- 32,039
			Goodwill	246,640	+ 13,288
Total	8,145,648	- 54,384	Total	8,145,648	- 54,384

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Stock, Marine and all classes of Reinsurance.

ABRIDGED BALANCE SHEET PER 31st DECEMBER, 1931.			
ASSETS.		LIABILITIES.	
Investments in stocks	12,822,626.79	Capital:	
Properties	2,275,130.74	Debtors bonds	
Sundry debtors	1,122,901.98	for creation	
Loans and mortgages	2,746,655.27	of the Banco	
Cash and banks	228,564.57	de Seguros	
Deposits with other com- panies, guarantee reserves	1,034,881.90	del Estado	2,270,100.00
Value deposited, Art. 47 of Law on Work Accidents...	157,150.00	Bonds amor- tized by the Government and reinte- grated with their profits	729,900.00
		Sundry creditors	3,000,000.00
		Deposits by other companies, guarantee reserves	940,844.84
		Deposits, Law on Work Acci- dents, Art. 47	213,925.58
		Deposits, Law on Work Acci- dents, Art. 47	158,065.56
		Reserves	16,075,075.47
\$ o/u	20,387,911.25	\$ o/u	20,387,911.25

Américo Calamet, Accountant. Juan José Amézaga, President. Hector Olivera Risso, Manager.

EGYPT AS A GOING CONCERN.

INTRODUCTORY

By H.E. Ismail Sedky Pasha, President of the Council.

The *Economist* has offered the hospitality of its columns for a statement of the present position of affairs in Egypt, an offer which is gladly accepted. Since, however, this journal is financial and economic, in presenting this co-operative picture of Egypt as a going concern, it is not my intention to enter deeply into Egyptian politics. The whole world, Egypt not excluded, has been, and still is, suffering from a surfeit of politics, to the repression of the much more vital economic policy. I shall content myself with reminding my readers that my Ministry is liberal, that we govern constitutionally, and shall continue to do so. Nevertheless, it may not be out of place to recall that liberalism cannot have exactly the same connotation in a country like Egypt, as it has in politically developed countries like Great Britain. The people here have been accustomed for scores of centuries to have many matters thought out, and many problems solved for them by the Government, and it is impossible, in a day, to break with this ingrained reliance on authority. The Government must perforce do many things for the governed, which sometimes seem to be done arbitrarily. But is Egypt the only country, I may ask, where such is the case? Still, despite these appearances of arbitrariness, I can assure my readers that the one object of the Government which I have the honour to lead has been to work for the greater good of the free to devote their undistracted efforts to facing and overcoming the economic difficulties that confront them. In this we have been successful. Egypt is free from political unrest. The country has responded with unexampled efforts to and we believe our interpretation to be in conformity with the intentions of those who drafted our engagements; we have had to call upon no external aid to help us out in our difficulties, and if our currency is depreciated, it is still as good as sterling. How many countries that pride themselves on more democratic institutions can say the like? Doubtless, withstanding these handicaps, I have the fullest confidence that the same policy, backed by the hard work and frugality successfully through the "economic blizzard," even if its worst blast may yet lie ahead. In continuing this policy, we shall do so with the greater assurance, knowing that, besides the confidence of the people and the support of Parliament, we enjoy the trust of His Majesty King Fuad, himself now as ever more solicitous than any for the highest interests of his subjects.

THE BUDGET.

The underlying idea of this exposé is to set forth the position of Egypt as a going concern, with achievements in the past, a multitude of cares in the present, but lively hopes for the future. As far as possible, figures will be left to tell their own tale and verbal exposition will be explanatory. In such an exposé it is natural that a beginning should be made with the Budget.

The following table sets forth condensed budgetary statements of the past three years, as estimated, and against them displays the results actually obtained. The financial year begins in May and ends in April.

BUDGET AND FINAL ACCOUNTS OF THE EGYPTIAN STATE (in £E.1,000)*						
	Estimates.			Final Accounts.		
	1929/30.	1930/31.	1931/32.	1929/30.	1930/31.	1931/32.
Revenue	38,950	37,477	39,316	41,886	38,584	37,771
Expenditure	47,410	46,115	38,884	41,128	41,222	36,992
Balance	- 8,460	- 8,638	+ 432	+ 758	- 2,638	+ 779

Adverse balances are met by drafts on, and favourable balances go to swell, the Reserve Fund (see below). When the present Cabinet took office in July, 1930, they inherited a budget which closed with an estimated deficit of £E.8.6 millions. The economic crisis which started in 1929 was then in full course, and there was little hope that, as had often happened in Egyptian public finance, a conservative estimate of receipts and a maximum estimate of expenditure would be falsified in the event. Accordingly, the first financial duty of this Cabinet was to overhaul the budget of its predecessors with a view to the most stringent economies. In this way, and by keeping a watchful eye on item by item of expenditure, and also by a small amount of additional taxation, the Cabinet was successful in reducing the final adverse balance to £E.2.6 millions, which came from the Reserve. Profiting by the experience of the last year, and still with a close eye on requests for additional expenditure, the Cabinet presented a budget for 1931/32, with a small surplus of £E.432,000, which grew, in the event, to £E.779,000. The budget for 1932/33, given in more detail below, estimates for a surplus of £E.183,000, which, at the moment of writing, appears likely to be exceeded.

BUDGET OF THE EGYPTIAN STATE FOR 1932/33
(in £E.1,000).

Expenditure.	
Royal Civil List, Council, Parliament, Advisers' Offices, Ministry of Foreign Affairs	1,099
Ministry of Finance	3,169

* £E. = £1 0s. 6.154d. at legal par of exchange.

Ministry of Education	3,278
" Interior and Public Health	5,935
" Justice	1,685
" Public Works	6,580
" Agriculture	652
" Communications	6,424
" War and Marine	1,825
Pensions	2,269
Public Debt	4,349
Contingencies	44
Total	37,309
Surplus	183

Revenue.	
Direct taxes	6,168
Customs, Excise, &c.	13,190
Various dues and fees	1,492
Judicial, &c., fees	2,116
Communications	6,351
State Domains	628
Ghaflir Cess	1,518
Pensions, contributions to	620
Interest on funds	1,542
Cotton tax	500
Miscellaneous receipts	2,979
Surtax on tobacco	388
Total	37,492

As will be seen, the budget in course shows a reduction of both expenditure and revenue. Reductions in expenditure have been obtained, as before, by a drastic reduction of such activities as can be either economised permanently or deferred, without prejudice to the well-being of the State. Vacant posts have been left unfilled wherever possible, or filled at reduced salaries, and universal cuts have been made, increasing in magnitude with the value of the salary. The Cabinet, however, has not carried the policy of economy so far as to stop public works of urgent necessity. The sur-elevation of Aswan Dam, begun in 1929, has, of course, been continued, and will entail further public works, if it is to be of any value. The project for a reservoir dam at Gebel Awlia, on the White Nile, near Khartum, has been resuscitated, and will be put in hand with a minimum of delay, for in truth this project is now half a generation in arrears, and its want begins to be felt. These projects and the institution of an electric power station at Aswan Dam are productive schemes of the first utility, the postponement of which would be a false economy of the worst kind.

Revenues have been marked down in many cases, in consequence of the decline in trade, which has affected customs receipts, railway, telephone, telegraph and postal receipts, and judicial and other

similar fees. The agricultural depression has affected the payment of land tax to some extent, but this revenue, the first line of guarantee for the service of the debt, is coming in rather better this year than last.

The success of these various measures may be gauged from the fact that, in the first five months of the fiscal year to September 30th, revenue was approximately £E.14,365,000 and expenditure £E.13,272,000, with a surplus of over one million pounds. Egypt has thus every reason to congratulate herself, firstly, because sail was shortened before the economic blizzard in good time—a year in advance of the United Kingdom, in fact—and secondly, because the results of the measures taken show that the ship of State is riding the storm staunchly and well.

THE RESERVE FUND.

Up to 1904 the Egyptian Government was precluded, by engagement with its creditors, from borrowing other than small sums on current account. Consequently, the Minister of Finance had perforce to budget for a surplus, since he could not seek refuge from a deficit in a loan. Although the disability was removed in 1904, the tradition remains, and it is *de règle* to budget conservatively. As one result of this cautious policy, there accrued, year after year surpluses, sometimes small, sometimes important, which were employed, not as is customary in other countries in paying off debt, but in building up a reserve fund on which the Minister could draw, in the event of a rainy day. It was the custom to allocate portions of this fund for the execution of works of public utility, as well as to meet unforeseen necessities, and practically the whole of the fund, which had grown to £E.17.1 millions by 1919, was wiped out in the following year, either owing to the slump of 1920, or in making good capital expenditure, postponed during the war. A return of careful finance in the ten ensuing years, together with a renewal of the postponement of certain works, raised the fund of £E.39.85 millions, or, allowing for the market value of silver coin, borne as an asset at face value, £E.38.6 millions, on May 1st, 1929. Since then, some £E.14 millions were immobilised by operations on the cotton market, £E.2.6 millions of deficit were written off in 1931, £E.608,000 were written off on the disposal of superfluous silver coin at its true, not face, value, and on the other hand, £E.779,000, surplus of 1932, was added. Thus the position of the fund on April 30th, 1932, was as shown in the table.

RESERVE FUND AS AT APRIL 30TH, 1932.

Investments (at cost).		£E.	£E.
Egyptian securities		9,358,033	
British securities		6,786,400	
Miscellaneous securities		540,435	16,684,868
Purchases of cotton		8,696,400	
Advances on cotton and agricultural advances		2,948,988	
Loans to Agricultural Credit Bank		1,285,251	
Loans to proprietors of agricultural land		763,022	13,693,661
Advances to co-operative societies		251,258	
Advances to industrial societies		742,763	994,021
Cash in the Treasury, including metallic coin at face value, and cash in bank (net balance)		1,518,707	1,518,707
Total		32,891,257	

In addition, the Commission of the Public Debt holds:—

Securities, nominal value £E.1,846,160	1,520,000
Cash	1,150,000
Total	2,670,000

It will be seen that the Government had then a reserve in gilt-edged securities of £E.16.7 millions sterling, now worth considerably more at market value, with another £E.1.5 millions of cash, or altogether £E.18.2 millions of liquid resources. A considerable portion of the cotton held has been sold, largely in introducing Egyptian cotton into markets where it has hitherto been a stranger, and the corresponding loss has been written off, but there was still outstanding some £E.11.6 millions tied up in cotton. If this were discounted to one-third of its cost, the value would have been about £E.4 millions. The other loans are on a good security, and need no writing down. Consequently, at a reasonable estimate of true values, the reserve fund represents assets of £E.25.3 millions. In addition, the Caisse de la Dette Publique held securities or cash worth £E.2.67 millions, so that the full cash and invested reserve of the Government was £E.28 millions, at that date. This is equivalent to six and a half years' full service of the outstanding loans, or over a quarter of their nominal value. But it must be repeated that much of this fund represents cash earmarked for public works of urgent necessity.

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Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended December 24, 1932, amounted to £9,150,400 against ordinary expenditure of £7,249,800. After making no allocation to Sinking Fund, but allowing for an increase in Exchequer Balances of £276,637, the operations for the week, as shown below, decreased the National Debt by £1,384,000 to approximately £7,981 millions* :—

* Including £150 millions on account of Exchange Equalisation Fund.

		(000's omitted.)	
		£	£
Bank of England Advances	+ 2,250	Public Department Advances	- 9,200
Treasury Bills	+ 6,181	5% War Loan repaid	- 680
3% Conversion Loan	+ 200	4% War Loan repaid	- 200
National Savings Certificates	+ 250	Treasury Bonds repaid	- 185
	+ 8,881		-10,265

A complete analysis of the National Debt at September 30, 1932, was printed in the *Economist* of October 8, 1932.

REVENUE.	Estimate for the year 1932-33.	Total Receipts into the Exchequer.			
		April 1, 1932, to Dec. 24, 1932.	April 1, 1931, to Dec. 26, 1931.	Week ended Dec. 24, 1932.	Week ended Dec. 26, 1931.
ORDINARY REVENUE.					
Inland Revenue—	£	£	£	£	£
Income Tax	260,000,000	64,541,000	72,103,000	574,000	1,569,000
Sur-tax, including Arrears of Super-Tax	66,000,000	14,730,000	20,910,000	860,000	480,000
Estate, &c., Duties	76,000,000	55,930,000	47,900,000	1,840,000	1,440,000
Stamps	23,000,000	11,130,000	10,170,000	240,000	...
Excess Profits Duty and Corporation Profits Tax ..	1,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	190,000	180,000	10,000	...
Total Inland Revenue ...	427,000,000	146,521,000	151,263,000	3,524,000	3,489,000
Customs and Excise—					
Customs.....	174,570,000	125,432,000	98,950,000	3,772,000	2,379,000
Excise.....	125,430,000	93,630,000	90,378,000	3,030,000	893,000
Total Customs and Excise	300,000,000	219,062,000	189,328,000	6,802,000	3,272,000
Motor Vehicle Duties (Ex- chequer Share)	5,000,000	1,637,000	1,630,000	...	...
Post Office (Net Receipt).....	11,700,000	10,100,000	9,500,000	<i>Dr1356000</i>	<i>Dr400,800</i>
Crown Lands	1,250,000	970,000	1,010,000	30,000	30,000
Receipts from Sundry Loans	4,350,000	3,929,069	12,517,881	12,194	...
Miscellaneous Receipts.....	17,500,000	13,169,448	12,293,700	132,230	116,109
Appropriation from Rating Relief Suspense Account ...	...	...	3,900,000	...	...
Total Ordinary Revenue	766,800,000	395,382,517	381,442,581	9,150,424	6,507,109
SELF-BALANCING REVENUE.					
Post Office	59,188,000	41,800,000	41,150,000	3,050,000	1,400,000
Motor Vehicle Duties appor- tioned to Road Fund	22,910,000	9,008,000	8,546,000	...	...
Total Self-Balancing Revenue	82,098,000	50,808,000	49,696,000	3,050,000	1,400,000
Total	...	446,190,517	431,138,581	12,200,424	7,907,109

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

EXPENDITURE.	Estimate for the year 1932-33 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1932, to Dec. 24, 1932.	April 1, 1931, to Dec. 26, 1931.	Week ended Dec. 24, 1932.	Week ended Dec. 26, 1931.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	276,000,000	231,643,931	250,763,698	821,753	1,588,721
Payments to Northern Ireland Exchequer	6,800,000	4,332,208	3,878,789	232,679	201,785
Other Consolidated Fund Services	3,500,000	2,083,356	1,957,977	510,355	61,630
Total	286,300,000	238,059,495	255,600,464	1,564,787	1,852,136
Total Supply Services (excluding Post Office)	468,631,000	516,845,590	508,233,592	5,685,000	3,000,000
Total Ordinary Expenditure	754,931,000	554,905,085	564,834,056	7,249,787	4,852,136
SELF-BALANCING EXPENDITURE.					
Post Office	59,188,000	41,800,000	41,150,000	3,050,000	1,400,000
Road Fund	22,910,000	9,008,000	8,546,000	...	...
Total Self-Balancing Expenditure	82,098,000	50,808,000	49,696,000	3,050,000	1,400,000
Total Ordinary and Self-Balancing Expenditure	837,029,000	605,713,085	614,530,056	10,299,787	6,252,136
New Sinking Fund (1928) ...	32,500,000	14,256,405	23,109,351	...	169,000
Total (including New Sinking Fund)	869,529,000	619,969,490	637,639,407	10,299,787	6,421,136
Payment to U.S.A. Government on 16th Dec., 1932 ...	...	28,956,349	...	...	...
Total	869,529,000	648,925,839	637,639,407	10,299,787	6,421,136

The aggregate revenue and expenditure to December 24, 1932, is shown below:—

FINANCIAL YEAR, 1932-33, APRIL 1ST TO DECEMBER 24TH, 1932.

(000's omitted.)

Expenditure	Revenue	Revenue	Revenue
554,905	395,388	395,388	395,388
14,256	2,945	2,945	2,945
28,956	2,945	2,945	2,945
Total	377,221	377,221	377,221
Less—			
Exchange Equalisation Fund Investment	£150,000		
Loans to Road Fund, &c.	8,487		
War Loan Conversion bonus	18,950		
Total	£177,437		
Net borrowing	199,784		
598,117	598,117		

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Dec. 26, '31.	Mar. 31, '32.	Dec. 24, '32.	Dec. 24, '32.
Advances by Bank of England	...	6,000,000	+	2,250,000
Advances by Public Departments	40,050,000	7,500,000	+	9,200,000
Treasury Bills outstanding	692,150,000	604,455,000	937,200,000*	+ 6,175,000
Total Floating Debt	732,200,000	611,955,000	977,750,000	- 775,000

* Includes £16,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £50,000,000 in Treasury Bills were opened on December 23, 1932, and the total amount applied for was £67,715,000. Tenders were accepted for bills at three months, dated Wednesday to Saturday at £99 13s. 7d., about 43 per cent., and above in full. The amount allotted was £50,000,000. The following table shows the weekly record for the past three months, also at various dates.

Date.	Amount Offered.	Total Applications.	Amount Allotted.	Average Rate %.
1932.				
January 1	40,000,000	50,320,000	38,000,000	£ 8. 4.
April 1	45,000,000	61,860,000	43,950,000	2 3 3-73
July 1	45,000,000	59,945,000	45,000,000	0 16 11-82
October 7	50,000,000	100,325,000	50,000,000	0 16 11-24
October 14	50,000,000	105,565,000	45,000,000	0 15 0-84
October 21	50,000,000	72,415,000	45,115,000	0 15 0-84
October 28	50,000,000	83,010,000	50,000,000	0 13 7-36
November 4	50,000,000	60,470,000	50,000,000	0 13 2-84
November 11	50,000,000	74,225,000	50,000,000	0 14 11-17
November 18	50,000,000	80,490,000	50,000,000	0 17 7-24
November 25	50,000,000	74,465,000	60,000,000	1 2 4-44
December 3	55,000,000	91,375,000	55,000,000	0 17 4-67
December 10	50,000,000	67,740,000	50,000,000	0 16 5-89
December 16	50,000,000	67,260,000	50,000,000	1 5 6-41
December 23	50,000,000	67,715,000	50,000,000	1 5 2-8

Sir James Alexander Cooper, K.B.E., has joined the boards of the Western Assurance Company and the British American Assurance Company.

The Telephone and General Trust, Ltd., announce that Mr Alan Stuart Roger has been appointed a director of the company.

We are informed that Mr Theodor Petersen, M.I.E.E., has been appointed a director of Callender's Share and Investment Trust, Ltd.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for week ended Wednesday, December 28, 1932.

ISSUE DEPARTMENT.

Notes Issued:—	£	Government Debt	£
In Circulation	371,193,057	11,015,100	
In Banking Department	23,595,227	255,211,496	
		5,067,979	
		3,715,435	
		275,000,000	
		119,788,284	
		£394,788,284	

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	102,371,824	
Public Deposits	3,430,563		
Other Deposits	8,865,481		
Bankers'	£102,409,590	Advances	£18,509,400
Other Accounts	£33,760,123	Securities	£17,738,428
			36,247,828
7-Day and other Bills	1,510	Notes	23,595,227
		Gold and Silver Coin	805,388
			£163,020,267

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

Both Departments	Amount, Dec. 28, 1932.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 371,193,057	£ 1,095,303	£ 7,043,015
Public deposits	8,865,481	+ 1,039,969	+ 1,132,826
Bankers' deposits	102,409,590	+ 3,511,314	+ 23,980,140
Seven-day bills	33,760,123	+ 228,242	+ 6,580,960
Capital and rest	1,510	+ 1	+ 439
Government debt and securities	516,229,761	+ 5,417,963	+ 22,392,820
Discounts and advances	17,983,563	+ 83,626	+ 13,051
Other securities	368,598,410	+ 2,795,000	+ 19,532,751
Other deposits	12,409,400	+ 6,676,435	+ 1,131,202
Gold and silver coin	22,796,407	+ 3,840,036	+ 32,038,597
Gold and silver coin (bank's reserve)	3,715,435	+ 95,451	+ 37,572
Reserve of notes and coin in banking department	120,593,672	+ 34,359	+ 755,049
Proportion of reserve to outside liabilities	24,400,615	+ 1,129,662	+ 7,798,064
(a) Banking Department only ("proportion")	16 1/2 %	+ 1 1/2 %	+ 1 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	23 1/2 %	+ 1 1/2 %	+ 1 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1932.		£				£	%
Nov. 23	414,422	357,847	26,531	78,082	33,742	Nil	2 1/2
" 30	414,422	358,843	10,147	90,532	37,064	Nil	2 1/2
Dec. 7	414,422	365,662	8,522	104,252	34,454	Nil	2 1/2
" 14	414,422	372,256	8,537	96,291	34,368	Nil	2 1/2
" 21	394,788	370,098	7,826	98,898	33,989	19,634 out	2 1/2
" 28	394,788	371,193	8,865	102,410	33,760	Nil	2 1/2

(000's omitted.)

Date.	Issue Department.		Both Depts. Gold Coin and Bullion Ratio, and Reserve	Banking Department.			Reserve and the "Proportion."
	Govt. Debt and Securities.	Other Securities.		Govt. Securities.	Dis-counts & Advances.	Other Securities.	
1932.	£	£	£	£	£	£	%
Nov. 23	265,006	6,182	140,426	68,582	1,968	18,021	67,578
" 30	264,549	6,634	140,418	68,872	1,867	18,274	66,578
Dec. 7	264,529	6,657	140,387	85,844	1,807	17,725	49,727
" 14	266,052	5,130	140,305	74,249	1,833	18,048	43,048
" 21	266,127	5,063	120,628	96,677	1,574	25,530	40,919
" 28	266,227	5,058	120,594	102,372	1,568	25,301	40,186

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			Reserve and the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Govt. Debt and Securities.	Other Securities.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1932.								
Nov. 23	265,006	6,182	140,426	28 1/2 %	68,582	11,958	18,021	67,578 41 1/2 %
Dec. 7	264,549	6,634	140,418	28 1/2 %	68,872	11,967	18,274	66,578 41 1/2 %
Dec. 14	264,529	6,657	140,389	27 1/2 %	68,844	11,807	17,725	49,727 33 1/2 %
" 21	266,052	5,130	140,305	28 1/2 %	74,249	11,740	18,048	43,049 33 1/2 %
" 28	266,127	5,063	120,628	27 1/2 %	99,677	11,533	21,574	25,530 18 1/2 %
	266,227	5,058	120,594	23 1/2 %	102,372	18,509	17,738	24,401 16 1/2 %

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1932.				
January 1 to December 14	£ 26,638,234	£ 1,537,813	£ 2,553,718	£ 30,729,765
Week ended December 21	800,013	32,374	64,599	896,986
Week ended December 28	394,107	24,765	33,330	452,202
Total to date, 1932	27,532,354	1,594,952	2,641,647	31,768,953
Total to date, 1931	31,613,180	1,657,694	2,733,060	36,003,934
Increase or decrease in 1932	-4,080,826	-62,742	-91,413	-4,234,981
	-12.9 %	-3.8 %	-3.3 %	-11.7 %
Total for year 1931	31,815,808	1,667,882	2,782,209	36,238,899
Total for year 1932	28,782,577	1,512,146	2,965,631	33,250,354
Increase or decrease in 1931	-3,033,231	-155,736	-816,578	-3,995,545
	-9.5 %	-9.3 %	-29.3 %	-11.0 %

PROVINCIAL CLEARING RETURNS. (000's omitted.)

No. of working days	Week ended December 24.		Month of November.		Aggregate Totals, January 1 to December 24.	
	1931.	1932.	1931.	1932.	1931.	1932.
BIRMINGHAM	1,305	2,332	8,346	8,909	+ 6-7	109,306
BRADFORD	602	738	3,355	3,617	+ 10-3	56,297
BRISTOL	730	1,115	4,563	5,036	...	58,710
DUBLIN	3,422	4,769	2,915	2,861	- 1-8	249,980
HULL	592	842	3,331	3,166	- 4-9	267,349
LEEDS	408	517	2,628	2,589	...	35,583
LEICESTER	3,512	5,747	23,619	25,992	+ 10-0	42,551
LIVERPOOL	6,726	9,828	38,352	40,023	+ 4-3	41,918
MANCHESTER	843	1,411	5,044	5,638	+ 19-7	31,454
NEWCASTLE	302	427	1,799	1,763	- 2-0	284,019
NOTTINGHAM	411	724	2,870	2,882	+ 0-4	480,556
SHEFFIELD	...	...	...	...	...	63,272
Total	19,375	29,156	96,822	102,482	+ 5-8	1,429,123

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Russia appeared in the *Economist* for September 10; Canadian Banks, Lithuania, Denmark and Chile in November 28; Poland in December 3; Bank for International Settlements, Denmark, Egypt and Spain in December 10; Yugoslavia, Portugal, and Roumania, in December 17; Greece, Netherlands, Reichsbank, Switzerland, Turkey and Latvia in December 27.

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

RESOURCES.	Dec. 31, 1931.	Dec. 31, 1932.	Dec. 15, 1932.	Dec. 22, 1932.	Dec. 29, 1932.
	1931.	1932.	1932.	1932.	1932.
Total gold reserve	2,987,540	3,078,060	3,093,340	3,111,620	3,148,530
Reserves other than gold	...	298,620	284,470	270,310	267,380
Total bills discounted	1,024,130	33,720	33,770	33,220	33,310
Bills bought in open market	326,970	1,850,680	1,850,730	1,850,700	300,690
Total U.S. Govt. securities	803,250	2,188,350	2,174,350	2,159,810	1,850,740
Total bills and securities	2,185,220	5,964,620	6,053,160	6,075,830	6,105,130
Total resources	5,985,920	...	...	...	...
LIABILITIES.	Dec. 31, 1931.	Dec. 31, 1932.	Dec. 15, 1932.	Dec. 22, 1932.	Dec. 29, 1932.
Federal Reserve notes in actual circulation	2,613,100	2,723,670	2,713,930	2,756,360	2,735,460
Deposits—Memberbank—reserve account	2,322,790	2,395,480	2,424,530	2,446,060	2,481,670
Government Deposits	2,480,110	2,466,820	2,484,870	2,521,400	2,563,240
Total deposits	4,35,190	4,10,940	4,10,940	4,10,940	4,10,940

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

ASSETS.	Dec. 15, 1931.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.	Dec. 15, 1932.
Metal reserve—					
Gold coin and bullion	104,796	96,557	96,557	96,557	96,558
Drafts and notes	12,180	9,905	11,847	12,280	12,353
Silver coin and bullion	7,549	9,725	9,847	9,605	10,428
Inland bills, warrants and securities	399,408	432,730	450,912	446,480	435,986
Advances to Treasury	58,438	52,432	52,432	52,410	52,410
LIABILITIES.					
Share capital (gold crowns 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	375,991	315,193	347,792	333,182	317,398
Current accounts, deposits, &c.	140,339	95,826	77,925	83,377	89,536

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.
(000's omitted).

ASSETS.	Dec. 15, 1931.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.	Dec. 15, 1932.
Gold	1,599,086	1,658,092	1,691,837	1,708,541	1,708,398
Balance abroad and foreign currency	2,113,195	1,078,964	1,049,002	1,052,201	1,046,349
Discounts and advances	1,660,085	1,141,151	1,267,277	1,304,476	1,220,503
State notes debt balance	3,166,548	2,688,432	2,687,957	2,687,719	2,687,428
Other assets	587,610	512,454	498,508	506,563	523,245
LIABILITIES.					
Bank notes in circulation	6,724,032	5,355,797	5,950,676	5,834,235	5,681,044
Cheque account balances	552,693	989,123	511,852	702,753	778,855
Other liabilities	339,088	297,602	295,482	285,941	289,453

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

ASSETS.	Dec. 7, 1931.	Nov. 15, 1932.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.
Gold and silver holdings	1,511,024	1,517,295	1,517,432	1,517,573	1,517,652
Balance abroad and foreign currencies	480,346	247,056	229,945	245,062	270,439
Discounts and advances	860,793	805,173	800,796	795,343	786,889
Advances to the Treasury	3,030,593	2,934,567	2,934,567	2,934,567	2,934,567
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,184,648	1,190,595	1,190,345	1,191,063	1,191,105
Bank notes in circulation	2,978,856	2,702,291	2,637,731	2,590,224	2,593,645
Sight liabilities	1,408,422	1,493,604	1,576,568	1,637,136	1,650,618
Deposits	245,217	218,213	218,090	216,848	216,574

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Dec. 15, 1931.	Nov. 23, 1932.	Nov. 30, 1932.	Dec. 7, 1932.	Dec. 15, 1932.
Gold coin and gold bullion	6,554	13,722	13,721	15,225	15,226
Net foreign exchange	14,595	5,359	5,342	3,890	3,978
Subsidiary Estonian coin	1,747	1,350	1,476	1,551	1,544
Home bills discounted	11,156	8,985	8,748	8,494	8,592
Loans and advances	12,331	11,723	13,042	12,411	12,505
Thereof loan to Government	2,900	4,600	5,000	4,800	4,600
LIABILITIES.					
Notes in circulation	36,390	32,921	31,881	30,633	30,348
Sight deposits and current accounts	12,624	9,605	11,906	12,148	12,707
Ratio of reserve to current liabilities	43.15%	44.96%	45.54%	44.68%	44.60%

* Includes Ekr. 3,899,976-87 guaranteed by the Government.

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1934.	Dec. 5, 1931.	Nov. 12, 1932.	Nov. 19, 1932.	Nov. 26, 1932.	Dec. 3, 1932.
Gold coin and bullion	221,320	520,835	429,068	429,068	429,068	428,068
Other coin and bullion		65,223	63,573	62,825	60,611	58,984
Discounts	41,740	740,462	654,062	654,800	663,319	662,659
Advances	70,540	57,016	127,649	77,548	77,622	74,576
LIABILITIES.						
Notes	362,270	1,022,953	986,050	998,777	1,076,676	1,108,839
Govt. deposits	87,340	327,859	338,008	315,721	411,801	340,210
Other deposits	11,440	85,235	192,913	202,861	174,103	205,625

LONDON RATES.

	Dec. 22, 1932.	Dec. 23, 1932.	Dec. 24, 1932.	Dec. 26, 1932.	Dec. 27, 1932.	Dec. 28, 1932.	Dec. 29, 1932.
Bank rate (changed from 2½% June 30, 1932)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury Bills—							
3 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Short	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Deposit allowances: Bank	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount houses at call	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
At notice	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1932.	%	%	%	%	%	%	%
Dec. 15.	1-1	1-1	1-1	1-1	2-3	2-3	2-3
" 16	1	1	1	1	2-3	2-3	2-3
" 22	1-1	1-1	1-1	1-1	2-3	2-3	2-3
" 29	1-1	1-1	1-1	1-1	2-3	2-3	2-3

RATES OF EXCHANGE.

London on	Usance.	Par.	Dec. 31, 1931.	Dec. 22, 1932.	Dec. 29, 1932.
New York	dollars to £1	Cable	4.86½	3.38½-3.39	3.33-3.33½
Paris	dollars to £1	Cable	124.25	4.09-11	3.84-3.85
Amsterdam	francs to £1	T.T.	20.43	86½-86½	85½-85½
Brussels	francs to £1	T.T.	20.43	86½-86½	85½-85½
Berlin	marks to £1	T.T.	12.107	14½-14½	13.97-14.02
Milan	lire to £1	T.T.	35.00	24½-24½	24.02-24.07
Zurich	francs to £1	T.T.	92.46	66½-67	65-65½
Oslo	kroner to £1	T.T.	25.22½	17½-17½	17.34-17.35
Stockholm	kronor to £1	T.T.	18.159	18½-18½	19.35-19.45
Copenhagen	kroner to £1	T.T.	18.159	17½-18	18.25-18.35
Madrid	pesetas to £1	T.T.	25.22½	40-40½	40½-41
Lisbon	escudo to £1	T.T.	110	109½-110	109-110
Prague	koruna to £1	T.T.	34.58½	27-27½	27½-28½
Belgrade	dinars to £1	T.T.	164½	115-115	112-113
Bucharest	leu to £1	T.T.	276.316	185-195	240-245
Sofia	leva to £1	T.T.	813.6	255-275	250-255
Athens	drachma to £1	T.T.	673.659	440-480	460-480
Constantinople	roubles to £1	T.T.	375	255-275	250-255
Moscow	roubles to £1	T.T.	110	700-750	650-655
Warsaw	zloty to £1	T.T.	9.45	6.34-6.65	648-650
Helsingfors	F. marks to £1	T.T.	193.23	30-31	29½-30
Riga	litas to £1	T.T.	48.66	230-240	228-230
Reval	kroon to £1	T.T.	18.159	12-14	11-13
Alexandria	piastres to £1	Sight	25.22½	17-19	11½-13½
Buenos Aires	pence to peso	Sight	97½	97½-97½	97½-97½
Rio de Janeiro	pence to mla.	90 days	47.62½	40-40½	41-41½
Montevideo	pence to peso	T.T.	51	51-51	51-51
Valparaiso	pence to peso	T.T.	51	51-51	51-51
Lima	pence to £1	90 days	40	31-32	28-30
Calcutta	pence to £1	90 days	17-3	12-07½	18-70½
Bombay	pence to £1	T.T.	18	16½-16½	16½-16½
Madras	rupee to £1	T.T.	18	16½-16½	16½-16½
Hong Kong	ster. to dollar	T.T.	1/11-1/11	1/11-1/11	1/11-1/11
Singapore	ster. to dollar	T.T.	1/11-1/11	1/11-1/11	1/11-1/11
Shanghai	ster. to dollar	T.T.	2½-4d.	2/4-2/4	2/3½-2/4
Kobe	ster. to yen	T.T.	24.582½	2/4-2/4	2/3½-2/4
Manila	peso to £1	T.T.	24.066½	1/11-1/11	1/11-1/11
Mexico	pence to £1	T.T.	9.76	8.50-60	10.10-10.10
San Francisco	ster. to baht.	T.T.	21.82½	1/9½-1/10	1/9½-1/10

† Nominal.

OVERSEAS BANK RATES.

Changed	From	To	Changed	From	To
Albania	July 1, 1931	8	Madrid	July 8, 1931	8
Amsterdam	Apr. 18, 1932	3	Olo	Sept. 1, 1932	4
Batavia	Dec. 3, 1932	10	Paris	Oct. 9, 1931	2
Bombay	Mar. 10, 1930	5	Prague	Sept. 26, 1932	5
Berlin	July 20, 1931	6	Reval	Oct. 8, 1932	6
Brussels	Sept. 22, 1932	5	Riga	Jan. 28, 1932	6
Bucharest	Jan. 15, 1932	24	Rio de Janeiro	Oct. 1, 1930	7
Buenos Aires	Mar. 3, 1932	3	Rome	May 2, 1932	6
Canton	Oct. 17, 1932	5	Soňa	May 16, 1932	9
Cebu	July 7, 1932	5	Stockholm	Sept. 1, 1932	4
Copenhagen	Oct. 12, 1932	4	Swiss Bank		
Helsingfors	July 12, 1932	5	Places	Jan. 22, 1931	2
Danzig	Oct. 19, 1932	7	Tokio	Aug. 17, 1932	5
Hankow	Apr. 19, 1932	7	Vienna	Aug. 23, 1932	7
Kobe	Apr. 4, 1932	7	Warsaw	Oct. 20, 1932	7
Lisbon	June 23, 1932	3	Yokohama	June 30, 1932	3

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

CURRENT MONEY AND EXCHANGE RATES IN NEW YORK.

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

	Dec. 30, 1931.	Nov. 30, 1932.	Dec. 7, 1932.	Dec. 14, 1932.	Dec. 21, 1932.	Dec. 28, 1932.
Call money	3½	3½	3½	3½	3½	3½
Time money (90 days' mixed coll.)	3½	3½	3½	3½	3½	3½
Bank acceptances—						
Members—eligible, 90 days	3½	3½	3½	3½	3½	3½
Non-mem.—eligible, 90 days	3½	3½	3½	3½	3½	3½
Intelligible, 90 days	3½	3½	3½	3½	3½	3½
Commercial accept. 90 days	3½	3½	3½	3½	3½	3½

Rates of Exchange, New York on—	Par Level.	Dec. 30, 1931.	Dec. 14, 1932.	Dec. 21, 1932.	Dec. 28, 1932.
London					
60 days					
Cable					
Cheques					
Paris					
60 days					
Cheques					
Switzerland					
60 days					
Italy					
60 days					
Berlin					
60 days					
Vienna					
60 days					
Madrid					
60 days					
Amsterdam					
60 days					
Copenhagen					
60 days					
Stockholm					
60 days					
Athens					
60 days					
Montreal					
60 days					
Yokohama					
60 days					
Hong Kong					
60 days					
Shanghai					
60 days					
Calcutta					
60 days					
Buenos Aires					
60 days					
Rio de Janeiro					
60 days					
Valparaiso					
60 days					

SOUTH

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Dividend Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.		Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Profce.	Ordinary.				
		£	£	£	Amount	Amount.	Rate.	£	£	%
Motor and Cycle.										
Matchless Motor Cycles (Collieries).....	Aug. 31	37	18,695	18,732	...	...	...	...	...	...
"Romac" Motor Accessories Rubber.	Sept. 30	4,068	3,525	7,593	...	3,500	5	...	18,732	Dr. 11,608
Soembar Aje Rubber.....	Sept. 30	1,002	Dr. 2,283	Dr. 1,281	...	...	...	4,093	2,862	5
Waterfall (Selangor) Rubber Shops and Stores.	Sept. 30	23,608	Dr. 19,730	3,878	...	...	...	719	Dr. 3,538	...
Abbott (W.) and Sons.....	Aug. 31	6,326	Dr. 11,130	Dr. 4,804	12,600	...	...	3,878	Dr. 18,850	...
Lockwood and Bradley.....	Aug. 13	7,346	Dr. 55,583	Dr. 48,237	...	...	...	1,646	14,329	2½
Tramways and Omnibuses East Yorkshire Motor Services	Sept. 30	10,464	18,541	29,005	...	12,800	8	5,000	21,605	8
Scottish Consolidated Trust	Nov. 30	19,670	18,270	37,940	17,063	...	...	261	20,616	3
Scottish Stockholders Investment Trust.....	Nov. 30	7,637	7,518	15,155	6,229	...	...	79	8,847	4
Other Companies.										
British Automatic Co.....	Sept. 30	2,582	11,323	13,905	...	...	...	10,809	3,086	10,121
Debenhams Securities.....	Sept. 30	70,196	616	70,812	...	...	...	70,812	...	...
Edison Bell (International)	Sept. 30	Dr. 20,159	Dr. 25,019	Dr. 45,178	...	...	...	Dr. 45,178	Dr. 3,745	...
Leeds Fireclay Co.....	June 30	20,715	9,124	29,839	...	...	...	29,839	19,578	4
New Northfleet Paper Mills.	Sept. 30	Dr. 119,869	15,028	Dr. 104,841	...	...	...	...	...	...

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay-ment.	Method of Payment.	Latest Year.	Pre-vious Year.
TEA AND RUBBER					
Rajmal Tea	10%*	Dec. 31	Less tax of 4/2 in £.	%	%
MINING.					
Ashanti Goldfields.....	75%†	Jan. 31	Less tax of 5/- in £.	125	90†
OTHER COMPANIES.					
Bassett (Geo.) and Co.	6%*	...	Less tax	...	...
Cape Electric Tramways	2½%†	Jan. 16	Less tax	...	...
Fairley Aviation	5%*	...	Tax free	10	10
Hoare and Co.	5%*	Jan. 27	Less tax	...	...
Liebig's Extract of Meat	5%†	Jan. 26	Tax free	9	10
Montreal Light	80-38*	Jan. 31	...	...	...
Woodhouse (Edwin) and Co.	...	...	Less tax	1	...

(i) Also scrip bonus of 33½ per cent.

POTASH SYNDICATE OF GERMANY 25-YEAR SINKING FUND 1 PER CENT. GOLD BONDS SERIES "A" AND "B."—J. Henry Schroder and Company (who are entrusted with the application of the sinking fund of the Potash Syndicate of Germany Sinking Fund Gold Bonds Series "A" and "B") are instructed by the Potash Syndicate of Germany to publish the following notice: Owing to the depreciation of sterling in terms of dollars since the issue of these bonds the price on the London market may exceed £102 10s. per £100 nominal amount, but may yet be below the sterling equivalent of the dollar redemption price. It should not, therefore, be assumed that a drawing will take place merely because the London market price of bonds has previously exceeded £102 10s. per £100 nominal amount. The normal operation of the sinking fund will not be affected.

REPORTS AND NOTICES.

INSURANCE.

LEGAL AND GENERAL ASSURANCE SOCIETY, LTD.—The Legal and General Assurance Society, Ltd., announce the opening of two London branch offices on January 2nd next at 110A, George Street, Croydon, and 2, North End Road, Golders Green, N.W.11. The directors have appointed Mr Harold Watson manager of the Croydon office and Mr A. W. Pryke manager of the Golders Green office. Mr Watson has been for some time in the service of the society at head office and its City branch. Mr Pryke has represented the society as inspector in North London for many years. The Sheffield sub-office of the Legal and General Assurance Society, Ltd., will remove to 51, 53 and 55, Surrey Street, Sheffield 1 (telephone: 21653 Sheffield) on January 2nd next. Mr R. H. McLaren, lately inspector attached to Leeds branch, has been appointed resident secretary to succeed Mr Mower, who has retired, but who will continue his association with the society as special representative.

MISCELLANEOUS.

HAY'S WHARF.—Working for the year resulted in a profit of £208,808, as compared with £230,826. The sum of £81,710 has been brought forward from last year's account and makes a total of £290,518 available for distribution. Of this, the preference dividend absorbs £89,400. A final dividend of 6 per cent., making 10 per cent. for the year, is being paid on the ordinary shares, and £25,000 is carried to reserve. This leaves £76,118 to be carried forward to the next account. With reference to a statement in last year's report as to a Bill promoted by the Port of London Authority, the directors announce that the clauses in the Bill relating to the acquisition of the company's undertaking have been withdrawn.

AMERICAN RAILROAD MONTHLY GROSS AND NET RECEIPTS.

Company.	Month.	Ending.	Description.	Receipts for Month of October.		Aggregate 10 Months to October 31.	
				1932.	Compared with 1931 or -	1932.	Compared with 1931 or -
				1932.	Compared with 1931 or -	1932.	Compared with 1931 or -
Alabama Gt. Southern	10	Oct. 31	Gross	383,731	-129,141	3,458,479	1,840,841
Atlantic Coast Lines.....	10	Oct. 31	Net	53,601	19,541	Dr. 232,584	542,348
Atchafalaya Topeka	10	Oct. 31	Gross	2,341,404	-755,882	31,355,102	15,248,033
Baltimore and Ohio.....	10	Oct. 31	Net	11,074,094	+357,384	Dr. 514,337	4,606,085
Boston and Maine	10	Oct. 31	Gross	2,901,126	-1,105,016	11,432,072	43,881,427
Chicago and North Western	10	Oct. 31	Net	11,755,038	-2,860,142	106,274,371	42,694,573
Chicago Great Western	10	Oct. 31	Gross	3,409,351	-47,619	18,528,898	6,488,193
Chicago Mill & Paul	10	Oct. 31	Net	3,855,551	-966,036	38,129,885	11,355,744
Delaware and Hudson	10	Oct. 31	Gross	770,549	-56,544	6,185,541	2,527,546
Denver & Rio Grande Wn.	10	Oct. 31	Net	7,045,328	-1,449,325	61,656,119	27,126,451
Erie Railroad.....	10	Oct. 31	Gross	1,014,051	-489,534	1,208,794	5,520,479
Great Northern	10	Oct. 31	Net	7,846,250	-1,899,583	62,730,439	26,273,495
Gulf Coast Lines	10	Oct. 31	Gross	1,796,621	-334,419	6,304,126	10,166,565
Illinois Central	10	Oct. 31	Net	1,509,785	-313,968	12,842,038	4,191,503
International	10	Oct. 31	Gross	174,603	-92,325	524,854	1,699,411
Lackawanna Railroad	10	Oct. 31	Net	8,529,575	-1,188,126	71,583,548	24,215,277
Lehigh Valley.....	10	Oct. 31	Gross	1,461,139	-281,162	Dr. 935,475	8,290,977
Louisville and Nashville	10	Oct. 31	Net	2,174,298	-647,004	19,542,296	6,749,602
Long Island Railroad	10	Oct. 31	Gross	2,680,320	-488,289	27,924	5,253,081
Minn. St. Paul and Sault	10	Oct. 31	Net	2,360,607	-146,281	14,540,550	2,341,491
Missouri Pacific	10	Oct. 31	Gross	957,508	-103,686	1,996,127	2,341,491
New York Central	10	Oct. 31	Net	7,168,326	-1,073,608	62,193,189	15,384,181
N. York, New Haven and Hartford	10	Oct. 31	Gross	1,695,226	-321,544	7,168,326	1,073,608
Norfolk and Western	10	Oct. 31	Net	2,153,499	-1,404,914	46,645,474	19,973,731
Peninsula and North Wales	10	Oct. 31	Gross	487,332	-695,217	101,059	10,373,450
Pennsylvania Railroad	10	Oct. 31	Net	32,300	-39,277	6,847,121	502,491
Pere Marquette.....	10	Oct. 31	Gross	8,984,598	-1,252,899	75,103,738	24,584,161
Reading Co.	10	Oct. 31	Net	2,230,198	-362,454	10,278,802	1,716,624
Rock Island Lines.....	10	Oct. 31	Gross	878,991	-261,023	8,489,205	7,455,095
Santa Fe	10	Oct. 31	Net	4,134,548	-29,377	39,102	2,006,546
Seaboard Air Line	10	Oct. 31	Gross	1,052,880	-302,356	63,266,851	11,057,514
Southern Railway	10	Oct. 31	Net	3,742,721	-901,244	32,326,626	10,722,885
St. Louis-San Francisco	10	Oct. 31	Gross	2,877,747	-307,645	2,339,363	2,171,331
Texas and Pacific	10	Oct. 31	Net	6,136,897	-1,030,347	53,018,165	21,548,768
Union Pacific.....	10	Oct. 31	Gross	1,625,818	-673,069	4,998,756	3,198,252
Wabash.....	10	Oct. 31	Net	2,263,726	-659,203	24,179,806	6,825,852
			Gross	1,451,515	-42,128	18,761,175	5,938,556
			Net	2,199,356	-136,525	17,187,900	6,439,553
			Gross	2,674,423	-261,310	17,187,900	6,439,553
			Net	2,690,421	-735,566	22,690,232	9,130,583
			Gross	810,201	-519,790	3,194,095	1,310,181
			Net	6,907,647	-1,221,612	58,884,188	23,480,494
			Gross	1,635,331	-40,111	7,405,091	7,920,974
			Net	25,966,902	-5,139,793	246,929,577	80,506,576
			Gross	3,575,385	+1,707,143	16,934,527	9,581,447
			Net	6,278,322	-2,380,114	63,266,851	22,017,931
			Gross	1,153,045	-623,387	9,524,281	6,115,743
			Net	884,428	-27,284	8,902,063	844,043
			Gross	146,817	-29,922	1,562,737	2,902,671
			Net	6,252,490	-1,100,610	50,816,481	16,836,441
			Gross	2,514,818	-27,522	14,150,356	6,537,533
			Net	4,701,352	-1,032,852	39,681,738	13,699,269
			Gross	978,390	-249,012	953,974	3,990,252
			Net	29,052,574	-9,154,325	273,954,966	111,422,624
			Gross	5,907,192	-483,655	34,732,337	10,260,471
			Net	2,014,322	-391,138	17,837,141	5,449,927
			Gross	218,655	-40,654	147,325	987,940
			Net	4,976,844	-1,488,634	43,405,122	16,813,605
			Gross	1,711,486	-145,187	9,005,059	2,754,430
			Net	6,300,486	-1,693,501	60,514,533	9,815,418
			Gross	780,602	-463,865	3,993,237	8,262,498
			Net	2,381,434	-483,558	25,683,288	10,539,742
			Gross	25,319	-82,919	77,563	2,334,342
			Net	13,238,657	-3,651,822	121,896,470	26,056,364
			Gross	6,712,280	-1,380,499	61,053,005	22,577,299
			Net	1,112,216	-186,005	2,468,834	4,893,309
			Gross	1,459,947	-807,855	36,078,148	13,239,143
			Net	1,930,683	-17,983	2,818,402	6,032,743
			Gross	511,807	-445,819	17,643,247	7,949,718
			Net	12,423,351	-2,499,963	97,316,187	35,319,790
			Gross	3,778,907	-1,203,678	14,400,579	4,184,285
			Net	3,439,555	-518,042	31,695,127	10,980,204
			Gross	446,460	-757,440	139,440	844,517

† Net operating income.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Gross Receipts, week ended Dec. 26, 1932. (000's omitted.)						Aggregate Gross Receipts, 51 weeks. (000's omitted.)					
		Miles Open											
(b) Week ended Dec. 26, 1932.	(c) Week ended Dec. 27, 1932.	Passen- gers, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.		
		£	£	£	£	£	£	£	£	£	£		
Great Western	1932	3,761	271	146	120	266	537	10,288	8,448	5,107	13,555	23,841	
(c) L. & N. Eastern	1931	3,761	254	109	82	191	455	11,135	9,667	5,363	15,030	26,165	
L. M. & S.	1932	6,353	372	289	243	532	904	15,400	14,788	11,330	25,918	41,318	
Scottish	1931	6,353	370	249	184	433	809	16,523	17,382	11,967	29,347	45,672	
Southern	1932	6,948	616	364	296	660	1,270	23,685	21,130	11,835	32,965	56,550	
	1931	6,948	582	317	230	547	1,129	24,955	23,984	12,566	35,550	61,506	
	1932	2,181	370	55	28	93	463	14,250	3,198	1,578	4,776	19,026	
	1931	2,180	341	41	27	68	409	15,324	3,671	1,605	5,276	20,605	
Total...	1932	19,243	1,623	854	697	1,151	3,174	63,621	47,564	29,650	77,214	140,835	
	1931	19,239	1,563	716	523	1,239	2,842	67,938	54,704	31,499	86,203	154,591	
(c) Metro- politan	1932	59	31.7	...	...	3.7	34.8	148.3	...	...	170.8	165.9	
(c) Under- ground E.R.	1931	59	31.1	...	...	2.8	34.5	157.6	...	...	189.4	178.5	
(c) Great Buses, &c.	1932	...	316.7	...	...	...	316.7	14,828	...	...	14.8	14.8	
(c) L. & S. Group	1931	...	364.0	...	...	...	364.0	15,261	...	...	15.2	15.2	
	1932	...	37.0	...	...	...	37.0	1,599	...	...	1.5	1.5	
	1931	...	48.3	...	...	...	48.3	2,214	...	...	2.2	2.2	
	1932	...	41.9	...	...	...	41.9	2,265	...	...	2.2	2.2	
(b) Belfast & Co. Down	1931	...	80.1	...	...	0.5	2.6	128.4	...	...	31.8	160	
(b) Great Northern	1932	...	2.0	...	...	0.6	2.6	131.4	...	...	36.5	167	
(b) Great Southern	1931	...	562	...	...	9.3	20.0	554.5	...	...	77.7	713.32	
	1932	...	562	...	...	9.3	26.3	586.1	...	...	728	731.32	
	1931	...	2,182	...	...	27.7	53.7	1,295.9	...	...	1,685.9	3,491.5	
	1932	...	2,182	...	...	24.5	57.0	1,301.6	...	...	2,113.8	3,215	

VEGETABLE OILS AND OILSEEDS.—Markets opened quietly after the recess, but the undertone was firm to steady. Linseed offers freely, and both English and Continental crushers have taken fairly liberal supplies of the new Argentine crop now being shipped. Plate on spot is held for a premium, and is quoted £9 10s., while shipment to March is around £8 15s. per ton plus the 10 per cent. import duty which, the Indian Assembly having now ratified the Ottawa agreements, will, it is understood, become operative from January 1st. The quantity of linseed on passage to Europe

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				Wool—				Dry and Dressed Hides—			
CEREALS AND MEAT.				POTATOES—				COAL—				LEATHER—			
GRAIN, &c.—				Irish bladders	58	0	74	0	English Southdown, greasy per lb. 10			Market Hides, London—			
Wheat—				American, boxes, 56 lbs. 48					Lincoln hog, washed	54		Best heavy ox and halber	0	34	0
No. 2, N. Man. 496 lb. 25	3			Good English, per cwt. 5	6	0	6	0	N.S.W. greasy, super	19		Best cow	0	34	0
Eng. Gaz. av., per cwt. 5	4			SPICES—					N.Z. gray, half-bred 50-56	11		Best calf	0	34	0
Barley, Eng. Gaz. av. 6	11			Pepper, per lb.	0	6	1		Tops—	11					
Oats, " 5	9			Muntok, fair White	0	6	1		Merino 70's	24					
Maize, La Plata, landed, 19	0			Black Lampong	0	6	1		Crossbred 40-44	23					
480 lb. 280 lb. 21	3			Ch. Ramon—1st sort, per lb. 0	6	1			64's	23					
Rice, No. 2 Burma, per cwt. 7	11			C. Ramon—Zanzibar per lb. 0	7				Crossbred 42's	10					
Tapioa, per cwt.				Ginger—per cwt.	21	0			46's	9					
Fair Fluke, Singapore. 13	0			African	21	0									
MEAT—				B.W.I., crystallised	16	6	18	3							
Beef, per 8 lbs.	4	0	5	Java, white, c. & f. India	7	6									
English long sides	4	0	5	Dec-Jan.	7	6									
Argentine chilled hinds 3	4	0	2	REFINED—											
Mutton, per 8 lbs.	4	0	5	Yellow Crystals	18	11									
English wethers	4	0	5	Cubes	22	6	23	0							
N.Z. frozen	2	8	3	Crushed	20	6	21	0							
Pork, English, per 8 lbs. 5	4	0	6	Granulated	18	6	19	4							
				Home Grown	17	10	18	3							
				Molasses, in bond	1	5									
OTHER FOODS.				TEA—											
Irish	65	0	70	Indian—per lb.											
Danish	64	0	66	Pekoe											
Dutch	52	0	54	Broken Pekoe											
HAMS—				Broken Orange Pekoe											
Canadian	62	0	64	Ceylon—per lb.											
American	58	0	62	Market closed.											
BUTTER—															
Australian	82	0	84												
New Zealand	82	0	84												
Danish	122	0													
CHICKEN—															
Canadian	60	0	68												
New Zealand	56	0	57												
English Chockers	98	0	105												
Dutch	68	0	74												
COCOA—															
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)															
Acacia, f.d., per cwt. 24	0	27	6												
Trinidad	33	0	45												
Grenada	30	0	37												
COFFEE—															
(Duty, British grown, 4s. 8d.; foreign, 14s. cwt.)															
Santos sup., c. & f. cwt. 68	0	88	0												
Colombian, good	75	0	106												
Costa Rica, med. to good 88	0	108	0												
East Indian	88	0	108												
Kenya, medium	72	0	85												
EGGS—															
English	16	0	17												
Danish	18	6	19												
FRUIT—															
Oranges—															
Denia	13	0	20												
Jaffa	12	0	17												
Lemons, Sicilian	8	0	15												
Malaga	12	0	28												
Apples: Amer. (var.) boxes 26	29	0													
" (var.) boxes	10	0	12												
" Australian															
Onions:—															
Valencia, case, 4s.	8	0	8												
Argentine, bags															
Grapes, Lisbon & boxes 8	0	16	6												
" Almeria															

181,200 tons in addition to which there remained for shipment to the end of the year 146,000 tons (including 56,000 tons from India) as against 23,000 tons actually shipped in the remainder of 1931. The new crop in South America is estimated to yield under 1,400,000 tons, or about 700,000 tons less than last season, and the question is as to how far increased production in India favoured by the tariff will redress the balance. Cottonseed is quiet but steady, black Egyptian on passage being quoted £7 12s. 6d., and January loading £7 10s. Trade in vegetable oils is slow. Expectations are that the present 10 per cent. duty on imported linseed oil from Holland, &c., will be substantially increased to offset the duty on seed. Current value of raw oil ex Hull mill for December delivery is £16 12s. 6d., and January-April £17 10s. Cotton oil is quiet. Crude Egyptian, ex Hull, offering at £23, and refined £25 10s. Oilcakes are in fair request, and mill prices are unchanged.

HIDE, LEATHER AND ALLIED TRADES.—In consequence of the Christmas holidays no sales of hides and skins from domestic cattle will be held this week, supplies having been sold forward for two weeks at the previous auction. Prices then showed very little change in the presence of a fairly good demand and not too abundant supplies. Trade in foreign hides remained moderate until the closing down, but since then turnover has been very restricted at the fractionally lower prices being quoted. In South American wet-salted hides offers of Argentine ox have been made at 4½d., and cows at just over 4½d., but the majority of users have not appeared interested. Dry hides from the same source have perhaps been a better market, with B.A. Americans changing hands at 5½d., Inservibles at 3½d., and Sierra Cordobas at up to 7½d. There has been no change in the position of African hides, which have accounted for some business at last figures. The Australian market remained quiet, with prices firm. Since the holidays business in both sole and upper leather has been very small, and no improvement in the position is looked for until the shoe factories resume operations. The feeling is held that the market should then experience a fair amount of inquiry, as the bulk of leather consumers have for some time past limited their purchases to requirements only, and are therefore not carrying large stocks.

RUBBER.—The market in rubber has been dull and easy. In New York, Wednesday's spot price for rubber, at 3½ cents per lb.,

shows no change on the week. Wednesday's official closing price for standard ribbed smoked sheet in London was 2½d. per lb., against 2½d. per lb. on the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for April-June, 1933, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,195 tons; delivered, 1,650 tons; stocks at the end of last week, at 92,769 tons, show a decrease of 460 tons as compared with the preceding week.

COMMODITY PRICES IN UNITED STATES.

(New York quotations, unless otherwise stated.)

	Nov. 30.	Dec. 21.	Dec. 28.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	42½	44½	43½
Maize, nearest future, Chicago, per bushel	21½	22½	21½
Oats, nearest future, Chicago, per bushel	14½	15½	15
Rye, nearest future, Chicago, per bushel	28½	30½	29
Barley,	32-75	28-87	28-62
Coffee, Rio No. 7, cash, per lb.	8½	8½	8½
" Santos No. 4, cash, per lb.	10½-10½	10½	9½-10
Cocoa, Acacia, nearest future, per lb.	3-67	3-64	3-53
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	2-90	2-82	2-75
Cotton, middling, spot, per lb.	5-95	6-00	6-00
Rubber, smoked sheet, spot, per lb.	3½	3½	3½
Petroleum, Pennsylvania crude, standard grades, per barrel	142-164	142-164	142-164
Copper, "Electrolytic," Domestic, spot, per lb.	5½	5	5
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	5-30	5-125	5-10
Spelter, East St. Louis, spot, per lb.	3-125	3-125	3-125
Lead, spot, per lb.	3-00	3-00	3-00
Tin, "Straits," spot, per lb.	22-50	22-85	22-75

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The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

ONCE more little change for the better is noticeable in the British industrial situation; all that can be said with assurance is that the approach of the holidays is temporarily causing a general slowing down. This is particularly noticeable in the heavy industries; for, although the June steel production returns showed some improvement over previous months, later reports are to the effect that business remains very quiet. Our indices of business activity, published on a later page, also give evidence of the continuance of a slow general decline, and the sharp fall in the consumption of electric power, particularly by the heavy trades, is ominous.

The unemployment returns for the end of June are in some respects more cheerful. It is true that the total percentage figure shows a slight increase over May, but this is explained by a substantial increase in the number of coal miners temporarily stopped from work, and it is conceivable that this arises from the exhaustion by certain collieries of their quotas under the Coal Mines Act for the second quarter of the year. Now that the third quarter has opened work should once more be available for the miners so affected. Apart from this, June witnessed a slight improvement in employment in a large number of industries. These include cotton and jute; bleaching, dyeing and furnishing; boots and shoes; iron and steel manufacture, general engineering and iron-foundry; building; printing and publishing; the distributive trades; and transport and hotel and boarding house services. In some cases this improvement is seasonal, and in others it may reflect the inclusion in the May unemployment returns of those out of work as the result of extensions of the Whitsun holidays. There was also a decline during June in employment in the pottery, wool textiles, motor vehicle and tinsplate manufacture, and in public works contracting. The general lesson of the June returns is that no real change has occurred, but that the employment position generally is perhaps no worse.

While the inception and success of the War Loan conversion scheme has undoubtedly been a great encouragement to the country at large, it is not likely to be of any direct immediate benefit to British industry. Ultimately industry will benefit from being able to raise fresh long-term capital upon cheaper terms as the result of conversion, but apart from the fact that in only a small number of cases can outstanding debentures be redeemed at an early date, it will be difficult to arrange fresh capital issues on behalf of industrial concerns at reasonable interest

rates unless and until confidence is restored in the earning powers of British industry. The War Loan conversion scheme, therefore, can only be of deferred benefit industrially, and the same applies to the Lausanne agreement. So far as European business is concerned, the substantial benefits which will accrue from a final settlement of the reparations question can only gradually take effect. At the moment, business conditions on the Continent are no better than they were a month ago, and in certain respects the position has deteriorated. The Belgian coal industry

has been in the throes of a strike which is only just approaching its termination, and the recent hardening of cotton and wool prices has only been of temporary assistance to the French textile industries. The German business situation is overshadowed by political troubles, while a tariff war between Austria and Hungary is adding to the difficulties of Central Europe. No settlement has yet been reached as regards the Credit Anstalt's liabilities, and Austria has lately had to impose further restrictions upon the payment of foreign debts.

Still, difficult as the situation is, once the Lausanne agreement is ratified the outlook may be regarded less pessimistically. If the projected World Conference can lay down a basis for the liquidation of international commercial debts, the termination of standstill agreements, and—still more important—the removal of restrictions upon the movement of goods and funds, the psychological effect of

the beginning of reconstructive work should quickly assist business. To-day is still too early to expect any tangible improvement, and indeed it is not impossible that, owing to the inevitable time-lags that must occur, a further deterioration may take place before the world business curve turns upwards. This makes it all the more important to accelerate the work of reconstruction, for the business curve has already fallen well below the danger-point.

In the meantime it is necessary to await the conclusion of the holidays, and no striking development can be expected much before the end of September. If by then the Lausanne agreement is on the way to ratification, and if the decisions taken at Ottawa are calculated not only to foster Imperial trade but to pave the way for a successful World Economic Conference, then an improvement can reasonably be expected. It is at least permissible to hope that the bottom of the depression has been reached, even if recovery is destined to prove slow and attended by many difficulties yet to be solved.

HOME TRADE STATISTICS.—JUNE, 1932.

	May	June	June, '31.
(State Insurance %)	22.1	22.3	1.1
UNEMPLOYMENT—			
Coal (million tons)*	4.0	4.0	0.2
Iron (thous. ")	315	311	13
Steel (" ")	417	459	30
PRODUCTION—			
Imports (million £'s)	55.7	57.5	11.1
Re-exports (" ")	4.4	4.2	1.8
British Exports (" ")	30.2	29.7	0.3
FOREIGN TRADE—			
Railway Receipts* (£0,000)	267	273	28
Shipping Freight (av. level †)	75.6	71.6	6.5
COMMODITY PRICES (" ")			
Working days lost (thous.)	96	77	39
TRADE DISPUTES (thous.)			
SECURITY VALUES (av. level ‡)	101.8	100.6	8.0
FINANCIAL DATA—			
Bnk. of Eng. Notes (mill. £'s)*	357	358	4
Bank Deposits (" ")*	1,699	1,764	18
Bank Advances (" ")*	871	852	71
Banks' Cash Ratio (†) (%)	10.5	10.8	0.3
Bank Clearings:			
London (million £'s)*	621	619	78
Manchester (" ")*	8.9	8.9	0.5
Three months' Bank Drafts (Discount Rate %)*	1½	1½	1½
Day-to-day Loans (%)	1½	1½	1½

(*) 1913 = 100. (†) Economist Index No.: 1927 = 100. (‡) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (†) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover, in most cases, the period to the middle of July. In the remainder they relate to the month of June.

THE COAL TRADE.

Business this month has been very slow. In Northumberland prices are still on their minimum basis, and there are no signs of any early revival. Export demand is at a very low ebb, and the only bright feature is the bunker trade. In South Yorkshire business has reached the lowest point for many years, and notwithstanding the prevalence of short-time working, stocks remain heavy. Sales of house coal are at their usual summer level, and there has been no improvement in industrial demand. Cardiff reports a fair French demand for dry coals, and some difficulty is being experienced in securing supplies. All kinds of steam coal are readily obtainable at schedule prices. At Swansea there is a fairly active demand for anthracite, mainly from Canada. Business in Scotland is very limited.

IRON AND STEEL.

Demand has been very limited and business very quiet, with few signs of improvement. Continental producers have continued to reduce prices. It is noticeable, however, that less ground is being lost in Great Britain than on the Continent. Last month British pig iron production exceeded that of Germany, while recently British steel production has outstripped the French output. Imports have fallen to the lowest level touched since the occupation of the Ruhr. This is not so much due to the tariff as to the very limited home demand for steel and the after-effects of forestalling.

ENGINEERING.

The past month has shown no general improvement, and actually the situation in certain sections of the trade has become more depressed. The employment statistics, as at the end of June, show a very slight improvement, and export trade figures were generally well maintained compared with recent levels; but there is a regrettable continuing lack of new business, and even of inquiries. Imports of machinery for June amounted to 4,210 tons, which is slightly less than in May, but there is still a considerable importation of agricultural machinery, mainly tractors, and also of textile machinery. It is probable that these "abnormal" importations still persisting are, for the most part, due to the fulfilment of pre-tariff contracts. The annual reports of engineering companies, relating in general to the calendar year 1931, are now available in sufficient numbers to show that the intensification of the industrial and trading depression had a most damaging effect on the financial results of the industry as for that year; and the sequel in the present year must of necessity be still more calamitous.

PRODUCTION OF ELECTRICITY.
INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building and Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	158
1930—December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	256	227	256	207
December	207	173	276	236	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214
March	198	168	262	236	256	205
April	180	150	250	212	233	205
May	168	135	219	175	208	164
June	148	122	218	135	192	156

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

The sharp relapse of May has been continued into June, the decline being particularly severe in the heavy industries group. General engineering and textiles have not experienced the same relapse as in previous years. The corrected figure for June was 83.0. This compares with one of 89.0 both for May last and for June, 1931.

ELECTRICAL INDUSTRY.

The past month has been very disappointing. No orders of note have been received, and the export index in particular shows a very heavy decline. So far as the home market is concerned, the

British industry has not, relatively, suffered the same decline as either the American or German industry.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*
(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	78
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	43	119	65
December	46	114	59
1932—January	45	106	56
February	47	111	58
March	46	112	57
April	49	110	59
May	56	104	62
June	53	94	58

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY.

The general level of motor activity has, considering the general low level prevailing, more than held its own, not only in the home market, but in the export field. The latter, when compared with the comparable six months ending June, 1931, shows an increase of 6,294, or over 52 per cent. The total sales in the home market for the eight months ending May have only decreased by 6 per cent. Apart from tricycles, the motor-cycle sales show a decrease of about 12 per cent. for the eight months ending May, and the total cycles in use for the quarter ending May have decreased by 2.5 per cent. when compared with May, 1931.

THE COTTON TRADE.

No striking change has occurred during the past month. At times there has been an increased inquiry with rather more business, but spinners and manufacturers have complained that all orders were for small quantities, and the turnover has not been sufficient to improve their general position. Although fluctuations have occurred in raw material rates, there has been little change in their general level. Diverse reports are being received with regard to the progress of the new crop in the United States. The Government has estimated the acreage at 37,290,000 acres, or 9½ per cent. less than a year ago. Negotiations between the employers and the operatives in the weaving branch with regard to wages have been resumed. More individual firms have got their work-people to accept a reduction, pending a county agreement. In the cloth section a feature of interest has been the expansion of the inquiry for India, and in a variety of goods the turnover has been rather healthier, the bulk of the buying being for Karachi and the up-country markets. News from China has not been favourable, and only occasional transactions have been put through. There has been very little activity for most minor outlets, but an encouraging trade has been done for the West Coast of Africa, especially in printed and dyed goods. A fair amount of buying has taken place for the home trade, and there have been fairly good clearances in the retail and wholesale establishments. Quotations in American yarns have been rather steadier. Selling pressure has been rather less pronounced, but it has been hard work for spinners to improve their margins. A rather better turnover has taken place, chiefly in coarse and medium counts. Irregular operations have been reported in Egyptian spinnings, but in certain specialities rather more business has been done.

THE WOOL TEXTILE TRADES.

The July London wool sales proved relatively encouraging. Greater competition was in evidence and prices rose by 5 to 7½ per cent. for merinos, by 10 to 12½ per cent. for fine cross-breeds and by 15 to 20 per cent. for medium and coarse wools. The improvement in the lower grades is particularly welcome. This rise in prices led to a considerable amount of covering by home manufacturers, and they are now contenting themselves with taking delivery of tops already contracted for. Top prices have consequently eased a little during the past week. Demand for woollen and worsted cloth is at the moment limited, owing to the approach of the holidays.

THE JUTE TRADE.

The first forecast of the jute crop, issued in early July, points to a crop of 8,660,000 bales, against 5,560,000 bales last year. Stocks held by Indian mills were reduced by 2,000,000 bales during the year ended June 30th. Business at Dundee was definitely hotter at the beginning of July, but conditions have since become quieter, and buyers are again holding back. Still there is a more confident undertone noticeable in the market, and some spinners are engaged on their present restricted basis of production until the end of August. It is thought that prices are not likely to recede to the low levels recently touched.

RAYON.

There has been rather more activity in the rayon yarn market, but production has not yet been fully absorbed, and output has been considerably reduced. The summer trade in fabrics is now finished, and autumn business is slow in developing.

THE LINEN TRADE.

The quantity of unsold flax still available is only negligible and is steadily diminishing. Prices are firm. Official statistics now available from the flax-growing countries confirm the reduced sowings previously reported, but these do not include Soviet Russia. Private reports from that territory are contradictory, and therefore unreliable. Yarns have lately received more attention, and home spinners seem to be in a relatively better position than Continental producers. Further cloth business is reported. Exports are well maintained both to Empire and outside markets.

BOOTS AND SHOES.

Northampton manufacturers benefited from the fine weather prevalent during June and early July, and numerous orders were received. Unfortunately their size was smaller than usual, and retailers are still only buying with a view to their immediate requirements. Demand from Ireland is affected by political and tariff uncertainties, and in certain cases orders are being held back.

POTTERY.

Business is very quiet and no improvement is expected until after the holidays. Overseas trade, both import and export, shows a decline below last year.

THE CHEMICAL INDUSTRY.

A steady though rather small business was transacted in the home chemical market during June. The only price changes of importance were reductions in Rochelle salt, citric and tartaric acids and cream of tartar, and increased quotations for bromides. The overseas trade returns for June are encouraging. There was an increase of £264,538 in the value of chemicals, drugs, dyes and total colours exported, as compared with June, 1931, while the total exports for the first six months of this year are £201,078 greater than for the same period last year. Nearly all products showed an increase, that for sodium compounds being particularly large both in quantity and value. Imports of chemical products again

decreased, the only products for which the value was greater than June last year being natural indigo (of which there were no imports last year), acetic anhydride and potassium nitrate.

AGRICULTURE.

According to an official report, on appearances at the end of June, wheat, barley and oats were expected to yield rather under average crops. Prospects as regards early potatoes were moderate, but main crops, although rather backward, seemed fairly satisfactory. Root crops required moisture, but rain has since fallen. Yields of hops were expected to be considerably below average. Rapid progress had been made with haymaking, and yields of both seeds and meadow hay were estimated to be below average. Grass was generally fairly plentiful. Cattle and sheep benefited considerably from the drier and warmer conditions prevalent until recently, and milk yields were well maintained.

SHIPPING.

The normal midsummer slackness of cargo shipping has this year been more than usually pronounced, and the fresh high level of unemployed tonnage at the beginning of July illustrates the severity of the depression. The coal trade has been dull; grain traffic, especially from Canada, has fallen to a low ebb; and in the "key" Plate market there has been a growing tonnage surplus. The only redeeming feature has been a slight revival of chartering from Eastern, and notably Manchurian, ports.

BUILDING.

According to the Ministry of Labour's returns, employment showed a further slight seasonal improvement during June, offset to some extent by a decline in the painting, decorating and plumbing sections. The unemployment percentage for June 27th was 26.0, compared with 26.4 a month before, and 18.1 in June of last year. Returns furnished by 143 urban authorities (excluding the London County Council area) show that plans passed for new buildings in June comprised a total cost of £6,445,400, compared with £5,972,800 in May and £5,242,300 in June, 1931. Of the total for June, 1932, dwelling-houses accounted for £4,951,600; factories and workshops for £206,380; shops, offices, warehouses and business premises for £284,500; and other buildings and alterations and additions for £1,003,000.

RETAIL TRADE.

A London store reports that demand for fashion goods has shown a decided improvement during the past month. Business in utility goods remains rather slow.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	95	88	102	103.5	98	104	101.5	102
1926	107 _a	100	57	98	175	72	92	57	101	104	98	94	102	109.5	105	117	104.5	100
1927	113 _a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65	95
"Corrected" average for 3 months ended:																		
1931—June ...	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63	...
July ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66	...
Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	...
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Oct. ...	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64	...
Nov. ...	81	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64	...
Dec. ...	95	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64	...
1932—Jan. ...	106	97	92	107	238	109	131	65	97.5	116	100	77	94	119.5	96	91	64	...
Feb. ...	109	100	88	102	298	106	133	64.5	98	116.5	100.5	74	97	119.5	93	90	64	...
Mar. ...	109	105	77	101	240	106	132	64	98	117	101	70	99	119.0	91	99	65	...
Apr. ...	101	100	75	97	287	105	128	63	99	118	102	68	98	117.5	91	110	69	...
May ...	99	99	75	97	306	101	121	62	99	118.5	102	...	97	116	92	119	69	...
June ...	93	103	73	87	318	93	111	58.5	99	119.5	101.5	...	94	113.5	96	119	68	...
June, 1925 ...	91	111	100	118	57	89	94	88.5	103	103	101	94	104	102.5	98	104	94	...
June, 1926 ...	101	100	32	83	177	34	83	49.5	100.5	104.5	94	79	93	96.5	80	109	84	...
June, 1927 ...	107 _a	111	142	110	206	96	103	87.5	108.5	108.5	105.5	98	101	108.5	106	118	100	...
June, 1928 ...	99	118	87	104	152	93	101	83.5	108.5	109	105.5	90	102	111	107	126	103	...
June, 1929 ...	105	135	106	103	265	98	108	84.5	110.5	113	107.5	94	98	114.5	113	126	106	...
June, 1930 ...	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87	...
June, 1931 ...	93	126	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63	...
June, 1932 ...	93	103	73	87	318	93	111	58.5	99	119.5	101.5	...	94	113.5	96	119	68	...

a Excluding coal imports.

STATE OF TRADE ABROAD.

Once more it is difficult to find any signs of real improvement. Empire trade remains very quiet, while on the Continent the difficulties of Central Europe are becoming accentuated, and the new clearing arrangements for trade between certain countries appear to be breaking down. News from the United States is in reality no better.

BRITISH EMPIRE.

Australia.—Trade generally is dull and retail turnovers are about the same as last year. Adverse factors are the low prices ruling for primary products, continued severe unemployment and the heavy budget deficits. There has, however, been some improvement in confidence, this being the outcome of the recent elections, the stronger London market for wool and butter, and current indications of a large production of wool, wheat, butter, frozen lamb and mutton.

Canada.—This year's crop reports to the end of June showed a great improvement in condition as compared with a year ago. Prices, unfortunately, were deplorably low and have since shown no real improvement. Little change occurred in the general business situation. Retail trade was stimulated by the advent of warm weather, but wholesale trade remains below last year's level, and building operations are this year at a very low ebb. The only industries which are really busy are textiles and boot and shoe manufacture. There has only been a slight increase in automobile production.

India.—The monsoon has made good progress and is well distributed over the country. Sowing is therefore proceeding normally and standing crops are in fair condition. The Bombay raw cotton market has been steadier, and Indian mills have been able to sell cloth more readily, though still at unremunerative prices. Some apprehension, however, is felt at the heavy depreciation of the yen, as it is feared that it will stimulate Japanese competition to the serious detriment of local mills.

South Africa.—Business remained very quiet during June, and demand was centred on the cheaper classes of goods. Fair to good rains have lately fallen, and apart from losses among young lambs prospects for the winter are not unsatisfactory. The wool season has now ended. The carry-over has been provisionally estimated at 50,000 bales, which is not much above normal. The latest estimate of the maize crop gives a figure of 16,726,000 bags, an increase of 493,000 bags over the previous estimate.

EUROPE.

France.—The recent advance in cotton and wool prices stimulated a little temporary activity in the textile areas, but no real improvement has taken place, and several mills remain closed at Lille and Roubaix, while unemployment is very widespread. Sales of industrial coal have lately remained steady, and no real change has occurred in the steel trade. The trade returns for the first half of 1932 show that, compared with the first half of 1931, imports have fallen from Frs. 23.2 to 15.3 milliards, and exports from Frs. 16.2 to 10.1 milliards.

Belgium.—The coal industry has been dislocated by the strike which began early in July, and although an agreement has lately been reached providing for the stabilisation of wages on the present basis until November 1st, and establishing a system of allotting work in rotation, very few men have so far resumed work. The steel market was little affected by the strike, as demand was already almost completely lacking. The textile industries remain very depressed, and flax spinners have decided to work only three weeks out of four.

Germany.—Steel prices showed greater firmness during the Belgian coal strike, but the prospect of its early termination has led to renewed weakness. Pig iron and steel production declined in June as against May, owing to the completion of Russian orders. There was an unusually large decrease in unemployment during the second half of June, amounting to 93,000, against 46,000 last year. This was due to a belated seasonal improvement in agriculture and to a revival in certain of the textile trades.

Holland.—The new Customs convention with Belgium has been generally welcomed, but certain practical difficulties remain to be overcome, including Holland's most-favoured-nation treatment commitments with other countries. Money remains very easy, and many expect an early reduction in Bank rate. The report of the special Government Committee on National Economy has been issued. It proposes economies of Fl. 102 millions, which are designed as an initial step towards covering the budget deficit of Fl. 108 millions on ordinary services.

Scandinavia.—Norwegian imports for the first half of 1932 amounted to Kr. 336.5 millions, against Kr. 415.4 millions in the first half of 1931. Exports amounted to Kr. 289.5 millions, against Kr. 232.4 millions in September. During June there was a net increase of 34 in the number of vessels in commission. The dispute in the Swedish pulp industry continues, and no settlement is at present in sight. The timber trade is quiet, and Swedish exporters are feeling the effects of new French "contingent" import duties and a reduction in the French import quota. In early July Danish agriculture was seriously affected by the dry weather, which then had lasted for over two months. Butter prices were firmer, partly as a result of the better demand from England due to the new duties on Irish butter.

Switzerland.—Exports for June amounted to only Frs. 58.4 millions, as against Frs. 110.2 millions in June, 1931. This serious decline is attributed to the exchange and credit restrictions and difficulties of many Central European countries and to the appreciation of the franc against the currencies of countries where the gold standard is suspended. The clearing arrangements concluded with certain countries have on the whole proved disappointing. The Swiss Government is extending the import restrictions intro-

duced this year, and the importation of certain goods is forbidden except under licence.

Central Europe.—The difficulties of the Austrian Succession States have been further accentuated by the tariff war between Austria and Hungary which began on July 15th. Hungarian crop reports are also disappointing, as wheat has been damaged by rust, and so the prospects for an improvement in Hungary's transfer capacity are at present remote. The terms of the proposed international loan of 300 million schillings have met with keen opposition in the Austrian Parliament, and little fresh progress has been made over the Credit-Anstalt negotiations.

UNITED STATES OF AMERICA.

Apart from an improvement in the price of hogs which stimulated a more optimistic feeling at the end of June, no change in American business conditions has occurred. The average rate of operation in the iron and steel trade has been as low as 12 per cent., and the number of furnaces in blast was reduced during June from 53 to 46. Car-loadings have fallen to 2,455,628 for the latest five-week period, this being considerably below the level prevailing at the beginning of the year. The latest cotton acreage estimate shows a decrease in the area planted of about 9½ per cent. below last season. Heavy rains have fallen in the South, and this is expected to bring about heavy weevil emergence.

AMERICAN TRADE STATISTICS—JUNE, 1932.

	May, 1932.	June, 1932.	Compared with June, '31.
EMPLOYMENT —(June, 1914=100)†	63.9	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	18,500*	17,500*	— 11,700
Pig-iron (" ")	784	628	— 1,011
Steel (" ")	1,107	897	— 1,179
Unfilled orders, U.S.			
Steel Corporation (Thous. tons) ..	2,177	2,035	— 1,444
Building permits (Thous. \$)	34,567	32,173	— 57,424
CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	83.0	77.6	— 24.1
FOREIGN TRADE —			
Imports (Thous. \$)	112,274	121,000*	— 52,534
Exports (" ")	132,292	115,000*	— 72,190
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	522	492	— 256
SECURITIES —			
30 industrial stocks—			
Highest quotations†	59.01	50.88	— 106.05
Lowest quotations†	44.74	42.84	— 78.86
Thous. shares sold during month—			
(New York)	23,151	22,998	— 35,720
New securities issued (Thous. \$) ...	79,317	103,745	— 237,446
BANK CLEARINGS —			
New York (Million \$)	12,739	13,902	— 12,158
Other cities (" ")	7,671	7,752	— 5,048
RETAIL BUSINESS —			
Total sales, mail order houses‡			
(Thous. \$)	40,315	40,769	— 8,647

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

In Argentina, the sowing of wheat, linseed and oats is proceeding well, and wheat sowing is nearing completion. Maize harvesting continues inland, but in the coastal districts the work has been hampered by recent rains. Export demand for grain is poor, but a slightly weaker tendency in the exchange during the past few days has resulted in an advance in grain prices in the Buenos Aires market. The Argentine import trade continues to be drastically restricted, and the export surplus of the Republic for the first five months of the current year has increased to 132,525,000 pesos (gold), as compared with 26,379,000 pesos in the corresponding period of 1931. Chilean trade continues depressed, but the political situation appears to have settled down, and it is hoped that there may be some revival of activity in the nitrate of soda industry as a result of the conversations now being conducted in London with the synthetic nitrogen producers. In Brazil, progress continues to be made with the elimination of surplus coffee stocks, the total quantity destroyed up to June 25th having been 7,978,386 bags. Further political disturbances have been reported in Peru, but it appears that these have been of a local character and that the Government has the situation in hand. Latest reports received from Guatemala City indicate that the last coffee crop had been under-estimated; indeed, exports may exceed a total of 1,000,000 quintals, as compared with the previously calculated crop of only 750,000 quintals.

THE FAR EAST.

The limit of the fiduciary note issue was extended on July 1st from Yen 127 to Yen 1,000 millions. The decision to make the increase led to a sharp fall in the exchange, which it is hoped will benefit export trade considerably. The raw silk market has become more cheerful as a result of the Government's decision regarding the purchase of old stocks, the depreciation of the yen and the expectation of a short crop of spring cocoons, but exports of raw silk are still restricted owing to the lack of demand from America. Export business in cotton yarn and cloth and in rayon has become more active.

PRODUCTION. (Thousands of Metric Tons.)

	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.
COAL.																
Monthly Average.																
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,825	2,822	45,052	1,704	13,799	543
1929.....	21,837	2,244	1,377	4,485	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,010	1,880	14,598	587
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,932	864	991	1,913	2,615	40,176	1,602	12,159	515
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	4,883	701	880	1,729	2,150	35,085	1,497	11,102	509
1931—June	18,118	2,293	998	4,106	9,492	1,106	2,784	...	747	915	1,593	2,092	30,598	1,249	11,827	394
July	17,357	2,306	1,082	4,037	10,039	1,167	3,197	...	684	982	1,410	2,130	30,614	1,338	12,052	443
August	16,368	2,189	1,057	3,933	9,518	1,063	3,851	...	594	914	1,306	1,887	31,614	1,368	11,021	436
September	18,247	2,300	1,175	4,074	9,847	1,121	3,482	...	648	894	1,511	2,073	32,919	1,586	12,263	545
October	19,986	2,360	1,233	4,076	9,615	1,085	3,740	...	690	785	1,339	2,136	31,072	1,739	11,401	655
November	18,883	2,083	1,134	3,882	9,021	1,069	3,184	...	729	861	1,847	2,250	31,689	1,702	11,204	618
December	18,887	2,062	1,151	3,750	8,703	1,025	2,713	5,610	673	809	1,874	2,184	28,839	1,339	9,956	556
1932—January	18,973	2,132	1,036	3,738	8,580	1,001	2,134	5,589	708	796	1,907	2,088	23,050	1,333	9,741	549
February	18,815	1,988	972	3,738	8,468	1,072	2,379	6,023	679	824	1,786	2,410	33,601	1,300	9,810	508
March	19,091	2,108	948	3,795	8,501	1,069	2,264	...	555	790	1,657	...	25,522	940	9,395	397
April	18,663	1,967	923	3,887	7,977	997	...	...	...	817	...	...	19,668	923	9,158	...
May	17,275	1,828	795	3,681	...	...	...	...	...	...	...	...	18,600†	795	...	...
June	16,130†	...	...	3,765	...	...	...	...	...	...	...	...	...	...	...	...

	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.
STEEL.																	
Monthly Average.																	
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,487	62	88	2,564
1927.....	617	537	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	4,916
1928.....	617	552	832	161	984	33	281	88	3,167	722	539	792	173	1,205	51	107	4,222
1929.....	643	583	864	175	1,117	38	360	92	3,580	816	569	808	184	1,354	59	117	4,599
1930.....	525	489	836	159	808	38	418	63	2,659	618	471	787	161	962	52	86	3,326
1931.....	318	440	685	126	505	32	398	36	1,547	438	430	651	128	691	46	57	2,108
1931—June	329	450	691	119	575	29	410	57	1,665	436	445	650	121	779	37	56	2,109
July	322	466	679	121	569	35	410	41	1,487	436	465	650	120	803	40	46	1,916
August	280	473	680	117	499	31	410	24	1,388	406	465	644	119	689	45	53	1,747
September	282	456	655	112	438	28	410	18	1,192	465	445	626	126	603	51	31	1,672
October	289	444	637	125	434	29	444	12	1,121	467	415	538	105	548	47	29	1,619
November	301	425	543	100	352	26	431	14	996	429	392	535	93	438	48	21	1,323
December	336	397	490	112	358	23	494	10	988	437	388	469	111	400	37	25	1,485
1932—January	335	397	458	116	330	24	423	11	980	488	403	463	126	448	44	29	1,483
February	341	400	471	109	314	29	452	18	983	470	403	464	118	435	56	44	1,433
March	322	404	460	112	336	21	516	17	866	440	415	457	124	521	48	37	1,260
April	320	...	459	125	381	21	454	14	796	430	...	445	134	624	49	30	1,125
May	320	...	...	...	...	...	...	...	640	470	...	...	...	...	...	...	917
June	316	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

a Figures for Luxembourg communicated by the "Groupe des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Until end 1928 saleable coal. i Including coal waste. j Including lignite. k Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	...	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	979	153	642	137.6	148	495	167	100.0	174	172	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	645	140.0	149	462	167	100.0	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.2	851	924	150	627	137.2	142	446	149	95.7	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	744	817.9	130	554	124.6	117	386	137	82.3	187	172	122	126.5	146.7	117	135.3
1931.....	104.1	89.3	626	107.5	114	502	110.9	97	330	122	70.5	...	174	111	109.7	131.3	96	113.4
										<i>a</i>	<i>b</i>	<i>c</i>			<i>d</i>			
										<i>e</i>	<i>f</i>	<i>g</i>			<i>h</i>			
1931—June	103.2	87.5	642	112.1	110	518	112.3	100	327	120	73.2	...	169	110	110.4	131.0	93	112.8
July	105.2	86.0	616	105.1	109	488	110.2	94	322	120	70.5	...	175	110	109.5	132.3	95	113.0
August	99.5	85.7	597	104.6	109	473	108.6	92	319	117	67.0	...	178	109	108.8	128.6	92	110.8
September	99.2	83.6	597	104.6	109	473	108.6	92	322	119	66.3	...	175	107	106.3	127.8	91	109.4
October	104.4	90.1	591	104.3	113	417	107.1	89	322	119	68.2	...	178	108	106.4	128.9	96	110.0
November	106.4	90.7	584	103.8	117	447	106.6	89	320	119	68.2	...	176	110	106.2	131.3	97	110.3
December	105.8	90.6	573	102.3	119	442	103.7	85	319	122	66.4	...	177	111	103.1	131.0	98	109.8
1932—January	105.8	90.0	557	101.4	118	439	100.0	84	317	123	63.9	...	176	109	101.4	130.0	97	108.4
February	104.6	88.3	554	101.4	119	446	99.8	83	314	123	64.6	...	176	110	99.6	133.2	97	108.1
March	105.3	92.2	548	100.7	117	444	99.8	82	315	122	65.8	...	180	109	98.7	132.9	94	108.0
April	102.6	86.3	539	99.5	115	439	98.4	80	311	120	65.3	...	181	109	97.7	131.5	...	106.9
May	100.7	83.3	526	97.3	114	438	97.2	79	305	120	65.1	...	177	109	95.6	129.4	...	105.8
June	98.1	80.9	514	...	...	425	...	...	...	120	...	...	...	...	...	...	...	...
										<i>a</i> 4th following month		<i>a</i> Official		<i>f</i> Second half of month				

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Italy.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank" Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Reichsmark.	Drachmae.	Pengö.	Dinars.
1913.....	29.6	...	1,067	189	...	152	113	95,714	92,742	...	...	315	...
1916.....	381.0	947	9,646	3,481	8,203	386	1,746	52,449	5,736	1,164	245	...	...
1917.....	382.3	1,005	10,951	3,727	8,417	354	1,514	56,301	5,736	1,164	245	...	...
1918.....	378.3	1,067	12,358	4,175	8,466	360	1,513	62,181	5,464	716	4,965	487	5,745
1919.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,528	854	5,745
1920.....	368.8	1,090	16,419	3,296	7,824	360	1,279	75,436	4,778	439	5,133	851	5,745
1921.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	5,172
1931-May.....	354.9	1,141	16,092	3,183	7,732	342	1,257	78,185	4,299	423	4,304	370	4,791
June.....	352.8	1,111	15,967	3,283	6,988	343	1,232	76,927	4,295	426	4,255	385	4,564
July.....	359.4	1,205	16,791	3,209	7,017	336	1,204	79,862	4,295	426	4,170	501	4,970
Aug.....	350.3	1,095	16,613	3,338	6,979	330	1,189	78,635	4,384	420	4,153	415	4,983
Sept.....	357.2	1,111	17,283	3,335	7,172	334	1,201	78,173	4,609	422	4,297	435	5,197
Oct.....	356.0	1,134	18,008	3,185	7,218	366	1,264	83,539	4,746	421	4,297	435	5,197
Nov.....	354.4	1,130	17,748	2,981	7,166	340	1,237	82,543	4,641	420	4,003	423	5,172
Dec.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,304	370	4,791
1932-Jan.....	345.9	1,093	18,500	2,730	6,808	325	1,220	84,723	4,407	419	3,797	415	4,945
Feb.....	346.4	1,044	18,576	2,672	6,693	321	1,271	83,189	4,268	419	3,797	415	4,945
Mar.....	360.5	1,009	18,318	2,797	6,826	322	1,299	81,782	4,231	411	3,909	417	4,824
Apr.....	352.8	995	18,266	2,827	6,740	335	1,224	82,774	4,128	415	4,060	370	4,933
May.....	354.2	995	18,040	2,825	6,580	318	1,168	81,418	3,961	413	4,060	370	4,933
June.....	363.1	962	18,300	2,628	6,410	325	1,136	80,667	3,984	412	...	...	...

Period.	Italy.	Norway.	Poland.	Romania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lira.	Lira.	Kroner.	Zloty.	Zloty.	Leu.	Gd. Rbls.	Rbls.	Kronor.	Francs.	£	Dollars.	Yen.
1913.....	2,284	499	108	...	...	437	...	...	234	314	10.0	...	426
1916.....	18,340	1,793	337	593	428	20,951	398	797	525	874	19.0	...	1,570
1917.....	17,992	1,783	331	1,003	309	21,025	480	1,003	526	917	19.0	...	1,570
1918.....	17,995	1,611	316	1,295	244	21,211	730	1,091	546	953	19.0	...	1,570
1919.....	16,774	80	318	1,340	259	21,144	1,028	1,501	569	999	19.0	...	1,570
1920.....	16,680	658	332	1,328	241	19,605	1,946	2,080	594	1,062	19.0	...	1,570
1921.....	14,295	...	314	1,218	241	17,755	...	2,784	583	1,609	19.0	...	1,570
1931-May.....	14,722	...	291	1,222	237	18,709	1,891	2,181	542	990	19.0	...	1,570
June.....	14,683	...	296	1,230	238	18,715	2,013	2,200	587	1,078	19.0	...	1,570
July.....	14,678	...	296	1,234	237	19,401	2,110	2,281	582	1,078	19.0	...	1,570
Aug.....	14,323	...	294	1,245	240	21,151	2,207	2,362	567	1,293	19.0	...	1,570
Sept.....	14,474	...	302	1,225	242	21,261	...	2,527	594	1,462	19.0	...	1,570
Oct.....	14,441	...	295	1,254	244	21,261	...	2,527	594	1,462	19.0	...	1,570
Nov.....	14,254	...	288	1,211	238	21,519	...	2,673	579	1,498	19.0	...	1,570
Dec.....	14,295	...	334	1,218	241	21,750	...	2,784	583	1,609	19.0	...	1,570
1932-Jan.....	13,971	...	311	1,152	236	22,713	2,462	2,670	526	1,619	19.0	...	1,570
Feb.....	13,938	...	310	1,151	243	22,542	...	2,635	526	1,619	19.0	...	1,570
Mar.....	13,872	...	310	1,131	243	22,542	...	2,635	526	1,619	19.0	...	1,570
Apr.....	13,375	...	312	1,148	269	22,504	...	2,673	579	1,498	19.0	...	1,570
May.....	13,137	...	304	1,103	257	21,982	...	2,747	576	1,529	19.0	...	1,570
June.....	...	...	318	1,105	...	...	...	2,925	594	1,574	19.0	...	1,570

a Until November, 1928, including State notes, then transferred to Bank. b May. c In terms of new lire = 8,373 millions. d Excluding Government notes held as reserve by Chartered Bank. e Since January, 1926, excluding notes held by the State Bank. f Since 1926, including Austrian-Hungarian and other notes converted after the war into National Currency. g Since 1926, excluding notes held by the State Bank. h In terms of new francs. i Since May, 1922, including Luxembourg. j Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes. k Provisional.

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amster- dam.	Stock- holm.	Oslo.	Copen- hagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kronor to £1.	Kronor to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to £1.
Par level	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½	4.86½	47.62½
Highest, 1931	124.48	34.98½	93.03	25.26	62.25	12.12½	19.12½	18.154	19.60	30.00	34.80	4.86½	47.62½
Lowest, "	82.62½	23.25	62.62½	16.62½	38.75	8.00	13.75	16.50	16.25	30.00	25.00	3.23	28½
Beginning of—													
July, 1914	25.15	† 25.35½	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	† 24.55	4.87½	47½
January, 1926	129.31½	† 107.00	120	25.08½	34.31½	12.05	18.08	18.23½	19.60½	20.37½	34.37½	4.85½	47½
January, 1927	122.81½	34.89	109.62½	25.14½	31.23½	12.12½	18.15½	18.34	19.60½	20.37½	34.42½	4.85½	47½
January, 1928	124.00	34.92½	92.32	25.27½	28.24	12.09½	18.15½	19.04	18.20	20.43	34.37½	4.85½	47½
January, 1929	124.10½	34.88½	92.64	25.18½	29.74	12.08	18.13½	18.34	18.20	20.45	34.52	4.87	47½
January, 1930	123.91	34.88½	95.22	25.13½	36.62½	12.09½	18.13½	18.19	18.17½	20.38	34.44	4.85½	47½
January, 1931	123.66½	34.76½	92.74	25.04½	46.30	12.05	18.13½	18.16	18.20	20.43	34.65	4.87½	47½
January, 1932	86.37½	24.37½	66.62½	17.37½	40.18½	8.44	17.75	18.16	18.16	20.38	34.48	4.85	47½
February "	87.68½	24.75	66.75	17.68½	44.50	8.57	17.75	18.25	18.12	20.38	34.48	4.85	47½
March "	88.62½	25.04½	67.25	18.03½	45.50	8.68	17.81½	18.37	18.18½	20.38	34.65	4.87½	47½
April "	96.00	27.06½	72.87½	19.50	50.00	9.34	18.12½	18.37	18.15	20.38	34.48	4.85	47½
May "	93.00	26.15½	71.00	18.87½	46.50	9.03	18.33½	18.93½	18.18½	20.38	34.65	4.87½	47½
June "	93.25	26.34½	71.68½	18.81½	44.75	9.09	19.43½	19.75	18.25	20.38	34.65	4.87½	47½
July "	91.09½	25.71½	70.12½	18.37½	43.43½	8.87	19.50	20.06½	18.37½	20.38	34.65	4.87½	47½

	Rio de Janeiro.	Monte Video.	Valpa- raiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singa- pore.	Place.	Method of Quoting.	June Quotations.		
	Pence to Milreis.	Pence to Dollar.	Pesos to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.			Highest.	Lowest.	Average.
Par level	16	51	40	s. d. 1 6	s. d. 1 6	s. d. 1 1½	s. d. 2 0	s. d. 2 0	New York.				
Highest, 1931	4½	38½	40.10	1 6½	1 7	2 1	2 0½	2 4	June, 1931	Dollars to £1.	4.86½	4.86½	4.86
Lowest, "	2½	19½	26.80	1 5½	1 10½	1 1½	2 0	2 3½	May, 1932		3.71	3.64	3.67
									June, 1932		3.69½	3.59½	3.64
Beginning of—													
July, 1914	16½	51½	39½	1 3½	1 10½	2 6½	2 0½	2 4	Paris.				
January, 1926	5½	50½	40.30	1 6½	2 3½	3 1½	2 0	2 4	June, 1931	France to £1.	124.30	124.07	124.23
January, 1927	5½	50½	39.80	1 6½	2 4	3 1½	2 0	2 4	May, 1932		94.00	92.25	92.13
January, 1928	5½	50½	39.65	1 6½	1 11½	2 5½	2 0	2 4	June, 1932		93.75	91.60	92.66
January, 1929	5½	50½	39.55	1 6½	1 11½	2 5½	2 0	2 4	Amsterdam.				
January, 1930	5½	50½	39.45	1 6½	2 0½	2 5½	2 0	2 4	June, 1931	Florins to £1.	12.09½	12.07½	12.00
January, 1931	4½	46½	39.80	1 5½	1 8	2 1½	2 0	2 4	May, 1932		9.18	8.93	9.06
January, 1932	4½	46½	39.89	1 5½	1 1½	2 1½	2 0	2 4	June, 1932		9.12½	8.87½	9.02
February	4½	31½	28.00	1 6½	1 6½	1 11½	2 0	2 3½	Berlin.				
March	4½	31½	28.60	1 6½	1 6½	1 10½	2 0	2 3½	June, 1931	Reichmarks to £1.	20.61½	20.47½	20.45
April	4½	30	29.00	1 5½	1 5½	1 10½	1 9½	2 3½	May, 1932		15.75	15.25	15.45
May	4½	29	31.50	1 6½	1 5½	1 8	1 9½	2 3½	June, 1932		15.68½	15.06½	15.35
June	4½	30	65.00½	1 5½	1 3½	1 8	1 9½	2 3½					
July	4½	30½	60.50	1 5½	1 3½	1 8	1 9½	2 3½					
	5½	30½	60.50	1 5½	1 5½	1 7½	1 8	2 3½					

† Pence to £1. † Pence to Peso. † Kroon to £1. * Daily rates. † Normal.

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover in most cases the period to the middle of August. In the remainder they relate to the month of July.

THE COAL TRADE.

Export business is very dull and depressed, and in South Wales it has been necessary to form a new association of steam and bituminous colliery selling in order to check under-selling. A rather better tone, however, became noticeable towards the end of August. Anthracite remains firm. Home coal sales are under the influence of the holidays, and although a certain amount of stocking is taking place in anticipation of the September 1st price increases, supplies are more than adequate to meet this demand. Industrial sales are adversely affected by holiday stoppages in numerous trades.

IRON AND STEEL.

Demand remains very limited, and the July production figures were disappointing, even though the decline was largely seasonal. By the end of July only 56 furnaces were in blast, this being the lowest number for many years, but it is believed that one or two of the furnaces out of action have only been damped down, and so may be re-opened shortly. The embargo upon new capital issues has aroused considerable criticism, and it is pointed out that the steel industry is largely dependent upon fresh capital expenditure. Continental prices remain competitive, notwithstanding the new tariff, and though these prices are now so low as inevitably to involve Continental producers in heavy loss, there is no sign of any reversal of their policy. The main trouble, however, is a complete absence of demand, but there is a general hope that business will improve after the conclusion of the holidays.

ENGINEERING.

The industry as a whole has maintained its ground well, and it is noticeable that unemployment is only a little worse than it was a year ago. At the moment activity is overshadowed by the holidays, but inquiries and orders continue to come forward, and there are definite hopes of an autumn revival. Manufacturers of power-house equipment, such as engines and boilers, and also cranes and lifting gear, are perhaps in the most favourable position, but makers of locomotives and railway equipment say that business is ripe for a revival. The machine tool trades are maintaining a moderate degree of activity, but marine engineering is still almost lifeless.

PRODUCTION OF ELECTRICITY.

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	158
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	150	222	213	212	180
October	176	149	240	219	232	189
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214
March	198	168	262	236	256	205
April	180	150	250	212	235	190
May	168	135	219	175	208	164
June	148	122	218	135	192	156
July	148	122	218	135	196	157

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

The corrected figure for July was 84.0. This compares with figures of 83.0 for June last and 88.0 for July of last year. The July index shows that production was very well maintained, and may even indicate a turning point in the depression. The increase in the marine transport figure is due to greater activity at Liverpool and Bristol.

ELECTRICAL INDUSTRY.

Practically no new export orders were received during the month, and so there has been a serious decline in foreign business. Home demand has been fairly well maintained.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*
(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	100	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1931—January	75	152	95
February	69	150	90
March	66	123	78
April	62	126	74
May	60	130	76
June	63	137	79
July	65	128	78
August	62	142	80
September	51	132	70
October	47	130	67
November	48	119	65
December	53	119	62
1932—January	46	114	59
February	45	106	56
March	47	111	58
April	48	112	57
May	49	110	59
June	56	104	58
July	52	72	52

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY.

Sales of private cars during June showed an increase of 700 over June last year, while July exports showed an improvement of 500 vehicles. The position of commercial vehicles, including omnibuses and coaches, is not so good, as both June sales and July exports show a drop. Manufacturers have in many instances already issued their 1933 programmes. Sales of motor cycles are still below last year's level.

THE COTTON TRADE.

During the past month there have been two developments of considerable importance, a distinct advance in raw cotton prices and the breakdown of the wages negotiations in the weaving section. The higher rates for raw cotton have been almost entirely due to this being 11,306,000 bales, or nearly 1,000,000 bales less than had been expected. The report resulted in extensive buying, which brought about an advance of nearly 1d. per lb. The wages negotiations in the weaving branch broke down on the refusal of the employers to consider a claim from the trade unions for the reinstatement of discharged operatives, although at that point in the strike at Burnley has now been going on for nearly a month, and a county strike is threatened on for nearly a month. The spinning employers have given the trade unions one month's notice of a reduction in wages of 25 per cent. off list rates, which is equal to about 2s. 9d. in the pound off current wages. The labour situation, therefore, is in a more chaotic state than ever, and the uncertainty prices has stimulated cloth inquiry. A rather larger turnover has taken place for India in a variety of goods, mostly in light whites, prints and fancies. Rather more activity has also shown itself for East and West have attracted increased attention. Home trade has been rather disappointing. It has been impossible to arrange to state definite delivery terms. Quotations in American yarns have followed rather slowly, business being checked by the possibility of a general stoppage of looms. Rather more inquiry has been reported in fine yarns for India. Some producers of Egyptian spinings have sold rather more freely, but business has been improving their position.

THE WOOL TEXTILE TRADES.

Business in tops has been restricted by the holidays, and only small lots have changed hands. Prices remain firm, and the tone has been improved by the news of a revival in business on the Boston market and by more encouraging Continental reports. Merinos and fine cross-breeds remain the strongest, but holders of medium and low cross-breeds are beginning to display greater resistance. Noils are also a little stronger. The yarn market has been still, the outlook is viewed with greater confidence, and an improvement is expected within the next few weeks.

THE JUTE TRADE.

The rise in raw jute prices has awakened interest among buyers of jute cloth, but so far fresh business has been slow in materialising. Calcutta hessians, however, are dearer, and stocks were reduced during July from 161 to 151 million yards. Stocks of sackings increased from 112 to 123 million yards. Some business has been done at Dundee in jute yarns and prices are firmer.

RAYON.

Demand has been seasonally quiet during the past month, and there has been a considerable curtailment of production. Stocks are rather high, and in some types of yarns there is a certain amount of "weak selling." The general outlook for the autumn is good, but the cotton trade dispute may seriously handicap business.

THE LINEN TRADE.

The Russian Monopolies, both Soviet and Baltic, have disposed of existing supplies of flax and tow, most of which were bought up by spinners. Prices are likely to rise owing to the reduction in acreage and the uncertain outlook of the new crop in the different flax-growing regions. Yarns have been purchased in greater volume than is usual at this period, and there are indications of further activity. Cloth is quiet. Manufacturers are busy with the preparation of designs and lists for the new buying season, which opens next month.

BOOTS AND SHOES.

Business at Northampton has been very much restricted as a result of the holidays. Seasonal orders from retailers are this year proving unusually slow in coming forward.

POTTERY.

Trade remains very quiet. Exports to Australia showed some improvement in July, but those to other destinations were less than in the previous year. Imports show a substantial decline.

THE CHEMICAL INDUSTRY.

The tone of the chemical market was quiet but steady during the month of July. In the industrial chemicals section prices were well maintained. Trade in acetic acid, acetone and potassium permanganate was good, and there was a fair market, with keen competition, for formaldehyde. In the coal tar section pitch was in good demand, with supplies still scarce. The refined tar market was disappointing for the time of year. The pharmaceutical market was fairly quiet, and there was a further reduction in the price of cream of tartar. According to the Board of Trade returns for July the value of chemicals, drugs, dyes and colours exported (at

£1,445,804) showed a decline of £125,511 below the figures for July, 1931. There was a further decrease of £224,356 in imports compared with the same month last year.

AGRICULTURE.

According to an official report, corn crops were satisfactory except where damaged by rain. As regards anticipated yields, wheat should about equal the decennial mean, while oats should be slightly better, but barley slightly worse. Main crop potatoes were free from disease, and an average yield was expected. Root crops were moderate. Some hay still remained unsecured at the end of July. Quality was very good and yield about average. Grass was in abundance at the end of last month. Cattle and sheep were in good condition and milk yields normal.

SHIPPING.

Depressed conditions have continued to rule in all markets. Outward coal freights have sagged on the steady shrinkage of traffic, and homeward grain quotations from both North and South America have weakened further. The volume of unemployed tonnage at this season of the year is unparalleled, and the outlook for the autumn not encouraging.

BUILDING.

According to the Ministry of Labour's returns, there was a slight setback in employment during July, which was most marked with painters and slaters. In many districts short time was occasionally rendered necessary by bad weather. The unemployment percentage for July 25th was 27.6, compared with 26.0 at the end of June, and 18.4 a year before. Unemployment is particularly severe in Wales and Northern Ireland, and least serious in South-Eastern England. Returns furnished by 140 urban authorities (excluding the London County Council area) show that plans passed for new buildings in July comprised a total cost of £5,176,900, compared with £6,303,300 in June and £7,503,400 in July of last year. Of the total for July, 1932, dwelling-houses accounted for £3,375,000; factories and workshops for £410,000; shops, offices, warehouses and business premises for £313,800; and other buildings and alterations and additions for £1,078,100.

RETAIL TRADE.

A London store reports that business showed a considerable improvement early in August, but later in the month was affected to a slight extent by the very warm weather. Retail sales for the whole country show a decline in value since July last year of 6.3 per cent.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107 _a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113 _a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	88	95	115.5	111.5	135	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65	95
"Corrected average for 3 months ended:																		
1931— July ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66	...
Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	...
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Oct. ...	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64	...
Nov. ...	81	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64	...
Dec. ...	95	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64	...
1932— Jan. ...	106	97	92	107	238	109	131	65	97.5	116	100	77	94	119.5	96	91	64	...
Feb. ...	109	100	88	102	298	106	133	64.5	98	116.5	100.5	74	97	119.5	93	90	64	...
Mar. ...	109	105	77	101	240	106	132	64	98	117	101	70	99	119.0	91	99	65	...
Apr. ...	101	100	75	97	287	105	128	63	99	118	102	68	98	117.5	91	110	69	...
May ...	99	99	75	97	306	101	121	62	99	118.5	102	65	97	116	92	119	69	...
June ...	93	103	73	87	318	93	111	58.5	99	119.5	101.5	...	94	113.5	96	119	68	...
July ...	88 _c	107	72	82	317	90	103	56	98	120.5	101	...	98	112.5	100	131	64 _c	...
July, 1925 ...	84	118	87	117	68	93	91	87.5	102.5	103.5	101	96	101	102	103	106	97	...
July, 1926 ...	94 _a	90	...	77	188	10	76	27.5	97.5	104	88.5	72	90	101	78	111	90	...
July, 1927 ...	100 _a	106	128	109	163	96	98	87	109	109	106	97	101	107	109	118	103	...
July, 1928 ...	94	114	84	102	139	91	97	80	108	110	105	91	100	110	112	126	107	...
July, 1929 ...	96	123	105	98	278	94	104	82	110	112	107	94	98	113.5	119	129	111	...
July, 1930 ...	95	121	102	61	303	96	98	76.5	102	113.5	104	87	90	115	117	144	89	...
July, 1931 ...	88	118	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66	...
July, 1932 ...	88 _c	107	72	82	317	90	103	56	98	120.5	101	...	98	112.5	100	131	64 _c	...

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Jugo-Slavia.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank."	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markka.	Francs.	Reichsmark.	Reutenmark.	Drachmas.	Pengö.	Dinara.
1913.....	29.6	...	1,067	189	...	152	113	5,714	2,742	...	245	...	313
1926.....	381.0	947	9,646	3,481	8,203	386	1,346	52,449	3,736	1,164	4,865	416	812
1927.....	382.3	1,005	10,951	3,727	8,417	354	1,514	56,301	4,564	716	4,966	487	817
1928.....	378.3	1,067	12,358	4,173	9,466	360	1,513	62,181	4,930	530	5,690	513	854
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,193	501	851
1930.....	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	469	843
1931.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	1,023
1931-June.....	352.8	1,111	15,967	3,283	6,988	343	1,232	76,927	4,295	426	4,255	385	979
July.....	359.4	1,205	16,791	3,209	7,017	336	1,204	79,862	4,454	419	4,170	501	872
Aug.....	350.3	1,095	16,613	3,338	6,979	336	1,189	78,635	4,384	420	4,153	515	839
Sept.....	357.2	1,111	17,283	3,335	7,172	334	1,201	78,173	4,609	422	4,222	383	1,035
Oct.....	356.0	1,134	18,008	3,185	7,218	366	1,264	83,639	4,746	421	4,297	435	1,037
Nov.....	354.4	1,130	17,748	2,981	7,166	340	1,237	82,543	4,641	420	4,302	435	1,037
Dec.....	354.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	1,023
1932-Jan.....	345.9	1,093	18,360	2,730	6,808	325	1,220	84,723	4,407	420	4,302	435	1,037
Feb.....	346.4	1,044	18,576	2,672	6,693	321	1,211	83,189	4,268	419	4,302	435	1,037
Mar.....	350.5	1,009	18,318	2,797	6,826	322	1,229	81,782	4,261	411	4,302	435	1,037
Apr.....	352.8	999	18,266	2,827	6,740	335	1,224	82,774	4,238	415	4,302	435	1,037
May.....	354.2	995	18,040	2,675	6,582	318	1,168	81,418	3,961	415	4,302	435	1,037
June.....	354.2	962	18,300	2,628	6,410	325	1,136	80,667	3,984	419	4,302	435	1,037
July.....	369.3	949	18,491	2,638	6,224	314	1,088	82,118	3,967	413	4,302	435	1,037

Period.	Italy.	Norway.	Poland.	Roumania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Token Notes and Coins.	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes and Dominion Notes.	Bank Notes.	Bank Notes.	Federal Reserve Notes.	All notes, certificates, and coins.
	Lire.	Lire.	Kroner.	Zloty.	Zloty.	Leu.	Gd. Rbla.	Rbls.	Kronor.	Francs.	£	Dollars.	Yen.
1913.....	12,284	499	108	...	437	...	234	314	116	2-3	2-2	...	406
1926.....	18,340	1,793	337	593	428	20,951	398	797	190	6-6	27-8	...	1,870
1927.....	17,992	783	331	1,003	309	21,025	480	1,003	192	7-2	27-5	...	1,682
1928.....	17,295	161	316	1,295	244	21,211	730	1,091	196	7-3	30-3	...	1,739
1929.....	16,774	80	318	1,340	259	21,144	1,028	1,501	199	7-5	26-6	...	1,642
1930.....	15,680	868	312	1,328	241	19,605	1,946	2,080	194	7-1	21-0	...	1,436
1931.....	14,295	...	334	1,218	241	23,755	...	2,784	159	7-3	19-5	...	1,286
1931-June.....	14,683	...	296	1,230	238	18,715	2,013	2,200	587	6-8	18-4	...	1,161
July.....	14,678	...	296	1,254	237	19,401	2,110	2,281	562	7-1	18-1	...	1,086
Aug.....	14,323	...	294	1,245	240	21,161	2,207	2,362	567	6-9	17-9	...	1,094
Sept.....	14,474	...	302	1,225	242	21,861	...	2,527	594	6-8	19-3	...	989
Oct.....	14,441	...	295	1,254	244	23,243	...	2,596	579	7-1	19-5	...	1,093
Nov.....	14,254	...	318	1,211	248	23,519	...	2,673	576	6-9	19-6	...	1,087
Dec.....	14,295	...	334	1,218	241	23,750	...	2,784	159	6-9	19-2	...	1,286
1932-Jan.....	13,971	...	311	1,152	236	22,713	2,462	2,635	526	6-9	19-6	...	1,187
Feb.....	13,938	...	303	1,151	243	22,542	...	2,676	601	7-0	19-4	...	1,158
Mar.....	13,872	...	310	1,131	233	22,742	...	2,740	576	6-7	18-8	...	1,059
Apr.....	13,375	...	312	1,148	269	22,904	...	2,767	553	6-7	18-1	...	1,042
May.....	13,137	...	304	1,103	264	21,982	...	2,925	594	6-7	18-1	...	1,042
June.....	13,035	...	318	1,105	m	20,891	...	2,925	594	6-7	18-1	...	1,042
July.....	13,492	...	317	1,089	m	20,891	...	2,925	594	6-7	18-1	...	1,042

a Until November, 1928, including State notes, then transferred to Bank. b May. d In terms of new lire=8,373 millions. e Excluding Government notes.
 g Marks—including Reichs- und Darlehenkassenscheine. h Excluding notes held by Reichsbank. i Token coin 268 million sloty. j Gross loan. k Excluding Government notes held as reserve by Chartered Banks. l Since January, 1925, excluding notes held by Bank of Poland. m Since 1926, excluding notes held by the State Bank. n In terms of new francs, replacing similar bank notes. o Provisional.
 p In terms of new francs. q Since May, 1922, including Luxembourg. r Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes. s Provisional.

LONDON RATES OF EXCHANGE.

Period.	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oso.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
End of	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kronor to £1.	Kronor to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to £1.
Par level.....	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½	4.86½	47.62
Highest, 1931.....	124.48	34.98½	93.03	25.26	62.25	12.12½	19.12½	19.12½	19.12½	30.00	34.80	4.86½	41½
Lowest, ".....	82.62½	23.25	62.62½	16.62½	38.75	8.00	13.75	16.60	16.25	13.68½	25.00	4.86½	28½
Beginning of—													
July, 1914.....	25.15	107.00	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	34.58½	4.86½	47½
January, 1926.....	129.31½	34.89	109.62½	25.14½	31.23½	12.12½	18.15½	18.15½	18.15½	20.43½	34.58½	4.86½	47½
January, 1927.....	122.00	34.92	92.32½	25.27½	28.24	12.09½	18.11½	18.11½	18.11½	20.43½	34.58½	4.86½	47½
January, 1928.....	124.00	34.88½	92.64	25.18½	29.74	12.08½	18.13½	18.13½	18.13½	20.43½	34.58½	4.86½	47½
January, 1929.....	123.91	34.88½	92.64	25.18½	29.74	12.08½	18.13½	18.13½	18.13½	20.43½	34.58½	4.86½	47½
January, 1930.....	123.91	34.88½	92.64	25.18½	29.74	12.08½	18.13½	18.13½	18.13½	20.43½	34.58½	4.86½	47½
January, 1931.....	123.66½	34.76½	92.74	25.03½	29.74	12.05½	18.12½	18.12½	18.12½	20.43½	34.58½	4.86½	47½
January, 1932.....	86.37½	24.37½	66.62½	17.37½	40.18½	8.44½	18.12½	18.12½	18.12½	20.43½	34.58½	4.86½	47½
March.....	88.62½	25.04½	67.25	18.03½	45.50	8.68½	18.12½	18.12½	18.12½	20.43½	34.58½	4.86½	47½
April.....	96.00	27.06½	72.87½	19.50	50.00	9.34½	18.12½	18.12½	18.12½	20.43½	34.58½	4.86½	47½
May.....	93.00	26.15½	71.00	18.87½	46.50	9.03½	18.12½	18.12½	18.12½	20.43½	34.58½	4.86½	47½
June.....	93.25	26.34½	71.68½	18.81½	44.75	9.09½	19.43½	20.06½	18.28½	15.59½	36.50	3.68½	36½
July.....	91.09½	25.71½	70.12½	18.37½	43.43½	8.77½	19.50	20.31½	18.37½	15.03½	34.00	3.58½	34½
August.....	89.71½	25.34½	68.93½	18.06½	43.56½	8.71½	19.50	19.96½	18.56½	14.78½	34.00	3.51½	40
Beginning of—													
July, 1914.....	16½	51½	49½	1 3½	1 10½	2 6½	2 0½	2 0½	2 0½	2 0½	2 0½	2 0½	2 0½
January, 1926.....	50½	140.30	1 1 6½	2 4½	2 4½	3 1½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
January, 1927.....	50½	139.80	1 1 6½	2 4½	2 4½	3 1½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
January, 1928.....	50½	139.80	1 1 6½	2 4½	2 4½	3 1½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
January, 1929.....	50½	139.80	1 1 6½	2 4½	2 4½	3 1½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
January, 1930.....	50½	139.80	1 1 6½	2 4½	2 4½	3 1½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
January, 1931.....	50½	139.80	1 1 6½	2 4½	2 4½	3 1½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
January, 1932.....	50½	139.80	1 1 6½	2 4½	2 4½	3 1½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
March.....	4½	30½	29.00	1 1 6½	1 1 6½	1 10½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
April.....	4½	29½	31.50	1 1 6½	1 1 6½	1 10½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
May.....	4½	30½	30.00	1 1 6½	1 1 6½	1 10½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
June.....	4½	30½	30.00	1 1 6½	1 1 6½	1 10½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
July.....	4½	30½	30.00	1 1 6½	1 1 6½	1 10½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½
August.....	4½	30½	30.00	1 1 6½	1 1 6½	1 10½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½	2 4½

† Francs to £1. ‡ Pence to £1. § Pence to £1. ¶ Pence to £1. †† Pence to £1. ††† Pence to £1. †††† Pence to £1. ††††† Pence to £1.

• Daily rates. •• Weekly rates. ••• Monthly rates. •••• Quarterly rates. ••••• Annual rates.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherland.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drachmas.	Lire.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£B.	Dollars.
1913	54,931	...	386,384	15,775	64,785	701,778	4,035	897,474	14,828	303,803	...	325,231	...	70,545	159,985	...	2,271	147,932
1926	92,581	5,043	1,920,460	520,578	127,319	4,968,923	472,309	833,454	80,592	2,156,571	635,982	203,496	128,242	124,151	201,209	50,941	4,199	367,940
1927	91,282	5,012	2,422,920	510,749	131,508	4,416,334	532,157	1,185,672	1,053,018	1,697,900	607,191	212,405	240,998	132,051	213,650	54,439	3,896	364,324
1928	89,610	4,928	2,668,564	586,745	137,276	4,452,763	667,742	1,166,772	1,034,700	1,826,702	652,944	223,659	280,180	134,230	228,723	68,940	4,123	339,828
1929	92,569	5,020	2,951,520	639,719	142,907	4,851,719	883,026	1,120,566	1,106,740	1,805,397	632,836	229,358	259,248	148,549	231,987	61,317	4,451	361,548
1930	79,762	4,630	2,576,812	382,477	138,028	4,562,031	437,306	866,096	904,184	1,445,746	680,009	181,522	187,164	138,650	222,017	76,608	5,823	260,000
1931	66,512	4,139	1,798,495	388,339	115,894	3,516,609	289,809	560,590	735,471	968,691	400,023	157,728	121,854	139,949	187,600	...	2,542	174,176
1931—June	62,598	4,265	1,993,630	483,360	115,116	3,914,315	304,013	607,319	778,794	1,392,098	384,073	162,968	129,430	114,446	188,247	69,648	2,257	174,516
July	65,210	4,322	1,973,909	441,249	107,497	3,635,935	303,429	562,550	728,147	785,004	388,702	165,497	127,827	110,060	187,252	72,607	2,265	174,559
Aug.	61,411	4,582	1,846,832	396,092	115,350	3,189,869	289,865	454,340	705,236	853,269	388,835	147,376	109,102	117,441	178,827	119,987	2,431	168,735
Sept.	64,557	4,144	1,925,690	358,650	119,844	3,354,851	334,801	448,419	709,888	897,045	388,835	150,945	114,865	122,865	186,639	76,589	2,868	174,740
Oct.	75,408	4,802	1,941,941	380,171	126,230	3,123,299	349,804	482,591	794,917	792,976	392,959	159,948	113,510	114,647	180,531	105,531	2,908	175,589
Nov.	78,265	4,131	1,741,894	352,215	117,470	2,800,990	360,233	482,395	681,808	765,397	308,545	139,766	97,036	131,373	182,341	82,505	2,549	158,022
Dec.	71,491	3,966	1,715,184	256,224	105,439	2,340,791	170,463	439,765	505,487	731,957	228,185	130,621	80,462	100,969	164,713	68,016	2,120	134,341
1932—Jan.	57,027	3,533	1,468,195	247,702	90,503	2,399,079	164,885	440,759	638,571	741,639	229,361	110,620	63,588	84,030	159,729	43,669	2,556	130,988
Feb.	64,751	3,928	1,651,548	254,200	100,267	2,617,861	172,286	363,827	674,108	734,402	246,375	115,765	65,606	81,801	147,312	...	2,134	131,341
Mar.	55,691	4,876	1,513,691	345,148	100,267	2,482,090	130,978	351,137	716,832	785,518	248,927	112,708	78,896	102,299	154,747	...	2,017	126,676
Apr.	48,846	4,624	1,322,307	337,447	91,992	2,867,841	222,764	347,521	716,832	785,518	248,927	112,708	78,896	102,299	154,747	...	2,017	126,676
May	51,337	3,572	1,210,940	373,340	89,116	2,682,090	130,978	351,137	716,832	785,518	248,927	112,708	78,896	102,299	154,747	...	2,017	126,676
June	55,343	3,764	1,265,294	274,256	83,329	2,601,831	131,497	366,412	512,115	943,970	...	106,502	71,951	87,023	144,696	...	2,061	111,410
								364,219			...	96,345	68,905	...	132,377	...	...	795,000

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover, in most cases, the period to the middle of September. In the remainder they relate to the month of August.

THE COAL TRADE.

The undertone is steadier, and there are thought to be prospects of an early improvement in home industrial demand. There is, however, no tangible evidence of this at present, and the Lancashire cotton strike has, indeed, had the contrary effect in certain districts. As regards export business, there is a slightly better volume of inquiry on the North-East Coast, and one or two forward quotations show a tendency to harden. Trade at Cardiff is a little more active, and the Irish railways are still taking most of their contract coal, though their Government intends them to substitute Continental fuel so soon as it has passed the necessary tests. Swansea reports the demand for anthracite to be well maintained. In the Midlands the demand for house coal has fallen away after the re-stocking prior to the rise in prices at the beginning of the month, but should gradually revive as the autumn progresses. No improvement in either home or export business is reported from Scotland.

IRON AND STEEL.

The August production returns, disappointing though they appear, reflect mainly the holiday inactivity and the completion of some large Russian orders. One additional furnace was blown in during the month, and three more during September, raising the total number in blast to 60. The recent increases in Continental steel prices amount to 3s. or 4s. per ton upon a gold basis, and, after scaling them up by the depreciation of sterling and the tariff of 33½ per cent., the total increase in the British market becomes one of 8s. 6d. to 7s. 6d. per ton. There are also prospects of further increases and even of a revival of the International Steel Cartel. This has improved the general tone of the British industry, and Middlesbrough and Scottish ironmasters report a slight improvement in sales of pig iron. Still, apart from this, no tangible revival in business has yet become noticeable.

ENGINEERING.

Once more conditions remain unchanged, and so far the hopes entertained a month ago of an impending revival have not yet been realised. Still it is felt that conditions have become no worse and that the industry is in a better position than it was earlier in the year to take advantage of a revival. At the moment, machine-tool makers are still complaining of foreign competition, notwithstanding the protection given them by the tariff. Makers of power equipment are doing a fair business, and locomotive and crane builders find the outlook more encouraging. Marine engineers have received some small Admiralty contracts, but otherwise they are as idle as ever. Textile machinists are fairly well placed.

PRODUCTION OF ELECTRICITY.

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, London and Wales.	Coal Mining, Iron and Steel, Ship- building Heavy Engi- neering.	General Engi- neering and Auto- mobile Construc- tion.	Chem- icals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927 " "	146	143	158	210	163	139
1928 " "	156	150	177	237	190	147
1929 " "	171	164	211	260	196	160
1930 " "	167	152	216	234	215	158
1931—February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214
March	198	168	262	236	256	205
April	180	150	250	212	233	190
May	168	135	219	175	208	164
June	148	122	218	135	192	156
July	148	122	218	135	196	157
August	141	120	190	127	186	144

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

Owing to the holidays, the figures show a fairly general drop, this being most serious in the general engineering section. The corrected figure for August is 84.0, or the same as the preceding month. It compares with 90.3 for August last year.

ELECTRICAL INDUSTRY.

The home figure was raised by a contract for a 30,000-kw. set for Brighton electricity supply. Export business has again diminished.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL
MANUFACTURING INDUSTRY.*

(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927 " "	87	195	114
1928 " "	75	112	85
1929 " "	83	157	102
1930 " "	66	211	103
1931—January	69	150	90
February	66	123	78
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	44	119	62
November	45	119	65
December	46	114	56
1932—January	45	106	55
February	47	111	58
March	46	112	57
April	49	110	59
May	56	104	62
June	53	94	58
July	52	72	52
August	56	68	54

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY

Conditions in the motor industry are still encouraging. Exports for August, when compared with 1931, show an increase of 700 ir private cars and 300 in commercial vehicles. Among exports of tyres, motor car outer covers show a good increase over last year, both for the month of August and the eight months' total. New registrations, however, show a slight decrease in all sections when compared with a year ago. In the motor cycle section business is still rather quiet and new registrations show a decline when compared with 1931.

THE COTTON TRADE.

Labour matters have dominated the industry during the past month. At the time of writing the strike in the weaving section has been going on for three weeks, but negotiations for a settlement are now taking place under the auspices of the Ministry of Labour. The notices of wage reductions for spinners have been postponed by the employers for a month, and negotiations with the trade unions are now taking place. The situation at the moment is rather critical, but there are hopes of a way being found out of the difficulties. Another development of importance has been the sharp decline in raw cotton prices of nearly 1½d. per lb. from the highest rates; this being largely due to the bearish official crop estimate. Conditions in the Manchester market have consequently not been favourable for active trade operations, but cloth inquiry for India has been considerable, and, as many buyers were prepared to grant a strike clause in contracts, a fair amount of buying has taken place in some of the up-country markets. News from China has been rather disturbing, and very little has been done in standard makes, but occasional sales have been reported for Egypt and the Near East, but advices from South America have improved somewhat with a little more activity in printing descriptions, and some makers have done rather better in fine goods for the Continent. Home trade buyers have acted with caution. Owing to the weaving stoppage, stocks have been in increased request, and have now been considerably reduced. Many spinning mills have been compelled to close down as a result of the weavers' strike, and sales of home counts have been limited, but producers have presented a stiffer front to buyers. Egyptian yarns have moved off rather more freely for the Continent.

THE WOOL TEXTILE TRADES.

Substantial advances over the previous close were recorded in wool prices on the opening of the Australian selling season early this month, while South African wool is also selling much better than in the disturbed conditions of a year ago. In consequence, there has been a general tendency for Yorkshire prices to improve throughout all the stages of production. There is also a better demand for yarn, both as regards new orders and also deliveries against old contracts. Reports from the worsted side of the industry are not so encouraging, as many manufacturers are unable to give full employment to their machinery. There is a belief that this is likely to be a woollen season.

THE JUTE TRADE.

The outturn for the 1932-33 season is now estimated at 5,844,600 bales, and, as world annual consumption is in the neighbourhood of 8,000,000 bales, this suggests that about 2,000,000 bales will have to be withdrawn from existing stocks. This has imparted great strength to the market, and raw jute prices rose by nearly £2 per ton early in September. Yarn also became very firm, and demand for cloth improved, with buyers showing greater interest. During the past fortnight, however, raw jute prices have reacted in sympathy with the general setback upon the commodity markets.

RAYON.

The turnover in rayon yarns has been restricted by the stoppage in the cotton trade, but there has been a large business with Yorkshire and a rapidly expanding demand from the Midlands, where Leicester and Nottingham have been buying cheap-quality mass-produced yarns on quite a large scale. The general outlook is fairly encouraging.

THE LINEN TRADE.

The past few weeks have been marked by progressive advances in all classes of flax fibre, with selling offers at a minimum, and fine spinning material most difficult to procure. Yarns have sold freely, in some cases at slightly higher rates, but prices remain below production costs based on current fibre quotations. Reports from Continental centres are of a similar nature. An encouraging volume of new cloth orders has been fixed for forward delivery both for home and overseas markets.

BOOTS AND SHOES.

Leather prices are advancing, and boot and shoe manufacturers are beginning to restock in anticipation of further increases. Business at Northampton is seasonally dull, but a few manufacturers have slightly improved their position.

POTTERY.

So far trade shows no permanent improvement, but Christmas orders are beginning to come to hand and are giving rise to some temporary activity. Employment is a little better.

THE CHEMICAL INDUSTRY.

Trade in chemical products during August was fairly satisfactory for the time of year. In the home market there was a moderate demand for most industrial chemicals, and business in pharmaceutical products was steady although rather quiet. Pitch continued the best item in the coal-tar products market. Sales of refined tar for road making were disappointing. Overseas trade showed an improvement as compared with August last year, exports of chemicals, drugs, dyes and colours recording an increase of £316,203. This was largely due to increased exports of ammonium sulphate, bleaching powder, coal-tar products, copper sulphate and sodium compounds. Items showing a decrease as compared with last year were sulphuric acid, glycerine, potassium chromate and bichromate, quinine and its salts, and dyes and dyestuffs. A further considerable fall was recorded for imports of chemicals, drugs, dyes and colours during

August. The only products for which imports showed a greater value than in August, 1931, were potassium compounds, quinine and its salts and cinchona bark.

AGRICULTURE.

According to an official report, good progress was made with the corn harvest during August. The yield per acre was forecast to be below the ten-year average for wheat, equal to it for barley, and above it for oats. Main crop potatoes are satisfactory, and there is no abnormal disease. Yield is estimated at 6½ tons per acre, or up to the ten-year average. Root crops made good progress, and hops greatly improved as a result of favourable weather. The hay harvest was completed during August in very favourable conditions. The yield was average. Grass was plentiful, and cattle and sheep maintained their conditions. Milk yields showed their usual seasonal decline.

SHIPPING.

September has witnessed a slight seasonal recovery in the cargo freight market. Outward coal business has remained very dull, but a more satisfactory feature has been a fairly active demand for grain tonnage from Montreal. The number of vessels available has been such as to check any upward tendency of rates from this quarter, but homeward quotations from the Plate have improved, and there has been a slight broadening of demand from Australia.

BUILDING.

According to the Ministry of Labour's returns, employment remained bad during August with the exception of an improvement in the London district, due partly to activity in the painting and decorating section. The unemployment percentage for August 22nd for the whole country was 27.3, compared with 27.6 on July 25th last and 19.1 in August last year. Returns furnished by 144 urban authorities (excluding the London County Council area) show that plans passed for new buildings in August comprised a total cost of £3,289,700, compared with £5,457,400 in July and £3,156,800 in August of last year. Of the total for August, 1932, dwelling-houses accounted for £2,439,500; factories and workshops for £232,900; shops, offices, warehouses and business premises for £159,900; and other buildings and alterations and additions for £457,400.

RETAIL TRADE.

A London store reports that trade during late August and early September was very difficult. Since then, however, there has been a distinct improvement in certain sections, especially in the better-class goods.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65	95
"Corrected" average for 3 months ended:																		
1931—Aug. ...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	...
Sept. ...	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Oct. ...	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64	...
Nov. ...	81	99	91	86	243	100	118	64	96	115	100	83	92	116.5	101	101	64	...
Dec. ...	95	94	98	96	266	107	128	65	98	115.5	100	77	94	119.5	96	91	64	...
1932—Jan. ...	106	97	92	107	238	109	131	65	97.5	116	100	74	97	119.5	93	90	64	...
Feb. ...	109	100	88	102	298	106	133	64.5	98	117	101	70	99	119.0	91	99	65	...
Mar. ...	109	105	77	101	240	106	132	64	98	118	102	68	98	117.5	91	110	69	...
Apr. ...	101	100	75	97	287	105	128	63	99	118	102	65	97	116	92	119	69	...
May ...	99	99	75	97	306	101	121	62	99	118.5	102	64	94	113.5	96	119	68	...
June ...	93	103	73	87	318	93	111	58.5	99	119.5	101.5	64	98	112.5	100	131	64c	...
July ...	88c	107	72	82	317	90	103	56	98	120.5	101	...	98	112	100	130	62.5c	...
Aug. ...	86c	102	70	80	315	88	97	54	98	121	101	...	97	110	103	130	...	...
August, 1925...	79	119	82	100	145	88	87	86	102.5	104	100.5	93	98	102	103	102	98	...
August, 1926...	91a	98	17	79	178	31	76	28.5	98	104	89	80	88	101	90	108	91	...
August, 1927...	91a	107	121	103	159	95	93	86	108.5	109.5	105.5	96	99	107	112	110	102	...
August, 1928...	92	113	83	98	143	88	95	79.5	107	109	104.5	90	96	110.5	114	123	109	...
August, 1929...	92	123	114	85	299	95	102	84	110.5	114	108	94	96	113	122	129	109	...
August, 1930...	88	116	90	58	314	96	93	74.5	101	113	103	83	88	114	117	138	85	...
August, 1931...	83	111	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	...
August, 1932...	86c	102	70	80	315	88	97	54	98	121	101	...	97	110	103	130	...	...

a Excluding coal imports.

c Provisional figures.

STATE OF TRADE OVERSEAS.

Sentiment has continued to improve in most countries and in certain of the Dominions, and also in several European countries trade has become a little more active. It is still premature, however, to say that a definite recovery is beginning.

BRITISH EMPIRE.

Australia.—Cabled reports show that the improvement in business continues. Rising prices and anticipations of heavy exports of staple commodities, together with an expansion in gold production, are tending to restore normal trading conditions. July imports were 50 per cent. above those for July, 1931, but even so there was a favourable trade balance of £30.0 sterling, excluding gold. Rural prospects are excellent in all States except Queensland.

Canada.—Business conditions showed little real change during August, but sentiment definitely improved, partly owing to the outcome of the Ottawa Conference. The western wheat crop is about 100,000,000 bushels above last year, and production costs are so low that, with improving markets, there should be a margin of profit. Industrial activity is only moderate, and building operations are severely restricted. Shipowners have had a better season owing to heavier grain movements and large coal imports from England.

India.—The rise in the United States and heavy Japanese purchases caused a sharp advance in Bombay raw cotton prices during August, accompanied by some speculative operations. Local cotton mills experienced a steady demand at firm to rising prices. The recent increase to 50 per cent. in the duties upon foreign goods is welcomed. Demand for Manchester goods is still irregular and affected by political troubles, but, provided that prices remain steady, a gradual widening of inquiry is expected. There was a good business during August in Japanese goods, but it was still too early to forecast the effects of the new duties. The crop outlook improved during August as a result of clear weather.

South Africa.—Some slight improvement in business was noticeable during August, including rather better traffic returns, more movement in wholesale trade and increased activity in the boot and shoe industries. Crop prospects are good in Western Cape Province, where fair rains have fallen, but elsewhere drought conditions prevail, and winter grain and fodder crops are likely to be small. The wool season has opened much better than it did a year ago.

EUROPE.

France.—Some seasonal improvement in both the house and industrial sections of the coal trade is noticeable, and demand for pig iron is also better. Little change is noticeable in the steel trade. Lille reports a definite revival in the cotton industry. August orders were the best for six months, and weavers are able to work longer hours, though still not back to full time. The revival has also spread to the Roubaix woollen industry. There has been a big turnover in tops at better prices, and spinners are also obtaining more business. The improvement, however, has not yet reached the weaving end of the industry.

Belgium.—The coal strike has at last been settled, but it will be some time before normal conditions are completely restored. The one fortunate consequence of the strike is that it has enabled stocks of coal to be reduced from over 4,000,000 to about 2,500,000 tons. The iron and steel market is definitely firmer, and the recent price advances are being well held. Several good orders have been booked recently. The demand for plate glass is also better, as more export orders have been received.

Germany.—Sentiment has improved during recent weeks, and the Government's new economic programme has had a favourable reception. At the same time, business has been under the influence of the holidays, for both coal production and car-loadings declined during August, though they have since shown a better tendency. Pig-iron and steel production has lately fallen away with the completion of the large Russian orders, but the engineering industry has lately received some fresh business. Imports for August were Mks. 332 millions, against Mks. 366 millions in July and Mks. 454 millions in August last year. Exports were Mks. 428 millions, against Mks. 431 millions in July and Mks. 803 millions in August last year. Unemployment fell during August from 5,392,000 to 5,225,000.

Holland.—There has been no noticeable change in business during the past month. Attempts to reduce wages in the shipping industry led to a seamen's strike, which has only been settled by a very temporary agreement, which expires on October 15th in the case of tramp steamers. Attempts are now being made to reduce wages in the building industry. Imports for the first eight months of 1932 were returned at Fl. 868 millions, and exports at Fl. 547 millions. The corresponding 1931 returns were Fl. 1,301 and Fl. 899 millions. Unemployment has increased slightly, the latest estimate being one of 350,000, or 4.5 per cent. of the total population.

Denmark.—Most of the restrictions upon foreign exchange dealings were removed at the beginning of September, but simultaneously drastic reductions were made in the quantities of goods for which the Exchange Centralisation Office are prepared to grant import licences. Prices of dairy produce and bacon have again improved, and production has once more become profitable.

Sweden.—Recent harvest reports are very favourable, and the country's wheat requirements are fully covered. Timber sales have improved during the month, except in the white wood market, which is depressed by Russian offerings.

Switzerland.—August export returns were slightly better than those of July, the improvement being from Frs. 59 to Frs. 60 millions. It was chiefly due to better trade in textiles and dyestuffs.

Imports also showed an increase of Frs. 2 millions to Frs. 134 millions. A general improvement in tone is noticeable.

Austria.—Although the situation remains extremely difficult, industry has recently undergone a slight improvement. In the iron industry a furnace which had recently been blown out is now to be restarted, while exports of bicycles and motors have lately expanded considerably. The tourist season has been excellent, and has brought in a revenue of about 300 million schillings. Possibly, as a result of the rise in stock prices, several of the luxury industries also report a better demand.

UNITED STATES OF AMERICA.

In spite of the recent spectacular increases in numerous commodity and stock prices, there has only been a very limited expansion in activity, and the reaction in prices which followed the Maine election showed how unstable markets had become. Steel production improved in early September to 15 per cent. of capacity, against 14 per cent. in August, and there was a slight seasonal expansion in car-loadings. The textile industries were also a little more active, and coal output increased, but, up to the end of August, the automobile industry had failed to gain ground. The improvement in prices has undoubtedly eased the financial position of many sections of the community, but so far it has not led to any assured expansion in the volume of trade.

AMERICAN TRADE STATISTICS—AUGUST, 1932.

	July, 1932.	Aug., 1932.	Compared with Aug., '31.
EMPLOYMENT—(June, 1914=100)†	60.1	...	...
PRODUCTION—			

Bituminous coal (Thous. tons)	17,857	22,465	— 8,069
Pig-iron (" ")	572	531	— 750
Steel (" ")	793	832	— 887
Unfilled orders, U.S.			

Steel Corporation (Thous. tons) ...	1,966	1,970	— 1,199
Building permits (Thous. \$)	26,971	27,566	— 69,279

CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	77.4	71.5	— 25.8
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FOREIGN TRADE—			
Imports (Thous. \$)	79,422	91,000*	— 76,000
Exports (" ")	106,765	109,000*	— 56,000

TRANSPORT—			
Monthly average of weekly car loadings (Thous. cars)	484	516	— 231

SECURITIES—			
30 industrial stocks—			

Highest quotations†	54.26	75.61	— 70.19
Lowest quotations†	41.22	53.16	— 80.61
Thous. shares sold during month			

—(New York).....	23,056	82,649	+ 57,760
New securities issued (Thous. \$) ...	148,785	132,270	+ 15,563

BANK CLEARINGS—			
New York (Million \$)	11,675	12,667	— 5,372
Other cities (" ")	7,374	7,131	— 3,738

RETAIL BUSINESS—			
Total sales, mail order houses‡			

(Thous. \$) 32,051	32,096*	— 11,053
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* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania.

‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

The Argentine cereal crop outlook appears satisfactory. Business conditions generally in the Republic are unchanged, exports being maintained, whilst imports are severely curtailed, owing to the exchange restrictions. Statements recently issued by the Argentine Minister of Finance reiterate the Government's firm intention to maintain the external debt service, and it appears possible that special shipments of gold may take place in this connection, thus affording relief to the exchange position. Chilean trade conditions measures designed to stimulate industry and thus diminish unemployment have not yet had time to take effect. The Brazilian situation remains unchanged, and no peaceful method of settlement has so far emerged in the Sao Paulo revolt against the Federal Government. Political difficulties also continue to affect adversely business in other Latin American countries, but it is to be noted that the recent assistance. In Peru quotations for the chief export products of cotton and sugar have risen appreciably, thus enhancing the value of agricultural and other property.

THE FAR EAST.

Japanese exports for August amounted to Y. 136 millions, against Y. 110 millions in July. Imports increased from Y. 68 to Y. 73 millions. The depreciation of the yen has imparted greater activity to the leading produce markets, so much so that dealings in raw silk had to be suspended for three days at the end of August to allow settlements to be arranged and orderly marketing resumed after an outbreak of excited dealings. Industrial conditions have improved, and the cotton, rayon and cement industries have all decided to mitigate the present curtailment of production.

PRODUCTION. (Thousands of Metric Tons.)

	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.
Period. Monthly Average.																
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1927.....	21,272	2,296	1,164	4,316	12,800	777	3,174	2,683	1,028	770	1,313	2,794	45,197	1,835	7,269	520
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,313	2,822	43,052	1,704	7,269	543
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,510	1,880	7,269	587
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,332	864	991	1,913	2,615	40,176	1,602	7,269	515
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	4,883	701	880	1,729	2,150	33,085	1,497	7,269	509
1932—August.....	16,368	2,149	1,057	3,933	9,518	1,068	3,301	...	648	894	1,311	1,887	31,614	1,368	7,269	436
September.....	18,247	2,300	1,175	4,078	9,847	1,124	3,763	...	729	840	1,554	2,073	32,919	1,586	7,269	545
October.....	19,986	2,360	1,233	4,289	10,321	1,156	3,763	...	690	786	1,339	2,136	31,072	1,739	7,269	684
November.....	18,883	2,083	1,184	4,076	9,615	1,085	3,740	...	729	861	1,847	2,250	31,689	1,702	7,269	618
December.....	19,887	2,062	1,151	3,882	9,021	1,069	3,184	...	673	809	1,874	2,184	28,839	1,339	7,269	556
1932—January.....	18,973	2,152	1,036	3,750	8,703	1,025	2,713	5,610	708	796	1,907	2,088	28,059	1,353	7,269	549
February.....	18,815	1,988	972	3,738	8,340	1,001	2,134	5,889	679	824	1,786	2,410	33,601	1,300	7,269	508
March.....	19,091	2,108	948	3,795	8,468	1,072	2,379	6,023	555	790	1,660	2,162	23,522	948	7,269	397
April.....	18,663	1,967	925	3,667	8,501	1,069	2,264	...	547	817	1,528	2,231	19,668	1,246	7,269	344
May.....	17,275	1,828	795	3,594	7,977	997	1,969	...	621	825	1,502	...	18,377	1,127	7,269	380
June.....	17,028	1,822	801	3,772	8,291	1,067	2,125	...	539	819	...	...	18,821	1,145	7,269	380
July.....	15,275	758	792	3,756	8,256	1,035	2,354	...	...	...	...	...	23,420†	...	7,269	...
August.....	13,850†	...	...	3,845	...	...	...	...	...	...	...	...	...	...	7,269	...

PIG IRON.

	United Kingdom.	Belgium.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.
Period. Monthly Average.																	
1913.....	859	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,864
1927.....	617	537	775	148	1,091	35	252	60	3,036	722	513	698	158	1,359	44	77	3,676
1928.....	560	552	832	161	984	33	281	68	3,167	722	539	792	173	1,205	51	105	4,222
1929.....	643	583	864	175	1,117	41	360	83	3,580	816	569	808	184	1,354	60	117	4,599
1930.....	525	489	836	159	808	38	418	63	2,659	618	471	787	161	962	52	86	3,326
1931.....	318	440	685	126	505	32	398	36	1,547	438	430	651	128	691	46	57	2,108
1932—August.....	280	473	680	117	499	31	410	24	1,301	363	465	644	119	689	45	53	1,747
September.....	252	456	655	121	438	28	421	18	1,182	406	453	656	128	693	52	34	1,572
October.....	289	444	637	125	434	29	444	12	1,192	465	445	626	126	603	51	31	1,618
November.....	301	425	567	110	427	25	450	15	1,121	467	416	538	105	548	47	29	1,619
December.....	336	397	543	100	352	26	431	14	996	429	392	535	93	438	48	21	1,323
1932—January.....	335	397	543	100	358	23	494	10	988	437	388	469	111	400	37	25	1,485
February.....	329	397	490	112	350	24	423	11	980	488	403	463	125	448	44	29	1,483
March.....	341	400	471	109	314	29	482	18	983	470	403	464	118	435	56	44	1,433
April.....	322	404	460	112	336	21	516	17	856	440	415	467	124	521	48	37	1,258
May.....	320	407	459	125	381	21	554	14	796	424	404	444	134	624	49	30	1,124
June.....	316	392	452	111	310	19	...	8	637	467	396	468	126	506	44	18	912
July.....	297	334	453	100	294	18	...	7	581	437	334	465	104	429	36	28	805
August.....	264	...	...	...	...	...	...	...	539	367	...	...	...	...	...	...	844†

a Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Until end 1928 saleable coal. i Including coal waste. j Including lignite. k Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	979	153	642	137.6	148	495	157	100.0	174	172	145	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	645	140.0	149	462	157	101.0	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.2	851	924	150	627	137.2	142	446	149	95.7	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	744	117.9	133	554	124.6	117	383	137	82.3	187	172	122	126.5	146.7	117	135.3
1931.....	119.5	106.8	744	117.9	133	554	124.6	117	383	137	82.3	187	172	122	126.5	146.7	117	135.3
1931.....	104.1	89.3	626	107.5	114	502	110.9	97	328	122	70.5	...	174	111	109.7	131.3	96	113.4
1931—August.....	99.5	85.7	616	105.1	109	488	110.2	94	322	120	69.0	...	177	110	109.7	128.2	92	110.8
September.....	99.5	85.7	616	105.1	109	488	110.2	94	322	120	69.0	...	177	110	109.7	128.2	92	110.8
October.....	104.4	89.6	591	104.3	113	457	107.1	89	321	117	67.0	...	178	107	106.3	127.8	91	109.4
November.....	106.4	90.7	584	103.8	117	442	106.1	89	320	119	66.3	...	175	108	106.4	128.9	96	110.0
December.....	105.8	90.6	573	102.3	118	439	100.0	84	317	123	65.3	...	176	111	106.2	131.3	97	110.3
1932—January.....	105.8	90.0	575	101.4	119	446	99.8	83	314	123	64.8	...	176	110	105.1	131.0	98	109.8
February.....	105.3	92.2	554	100.7	117	444	99.8	82	315	122	63.7	...	176	109	101.4	130.8	97	108.4
March.....	104.4	88.5	548	100.7	117	444	99.8	82	315	122	63.7	...	176	110	101.4	130.8	97	108.4
April.....	105.3	88.5	548	100.7	117	444	99.8	82	315	122	63.7	...	176	110	101.4	130.8	97	108.4
May.....	100.7	83.3	526	97.3	114	438	97.2	79	305	120	65.3	...	181	109	97.7	131.5	92	106.9
June.....	98.1	80.9	514	98.0	115	425	96.2	78	297	120	61.8	...	177	109	95.6	129.4	89	105.8
July.....	97.7	82.7	512	97.9	115	430	95.9	...	296	122	60.4	...	174	108	94.5	127.8	86	104.0
August.....	99.5	85.2	524	...	117	415	95.4	...	...	123	...	...	...	108	93.6	128.4	87	104.0
1st half of month.																		

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Italy.	Japan.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank" Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Rentenmark.	Drachman.	Pengö.	Dinars.	Gulden.
1913.....	29-6	...	1,067	189	...	152	113	95,714	92,742	...	245	...	...	...
1926.....	381-0	947	9,646	3,481	8,203	386	1,346	52,449	4,564	...	...	...	...	...
1927.....	382-3	1,005	10,951	3,727	8,417	354	1,514	56,301	3,736	1,164	4,865	471	5,812	817
1928.....	378-3	1,067	12,358	4,173	8,466	360	1,513	62,181	4,330	716	4,966	487	5,743	797
1929.....	369-8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,690	513	5,528	854
1930.....	368-8	1,130	16,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	501	5,818	851
1931.....	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	5,397	843
1931-July.....	359-4	1,205	16,791	3,209	7,017	336	1,204	79,862	4,454	419	4,170	501	4,970	932
Aug.....	350-3	1,095	16,613	3,338	6,979	330	1,189	78,635	4,584	420	4,153	415	4,983	934
Sept.....	357-2	1,111	17,283	3,335	7,172	334	1,201	78,173	4,609	422	4,222	383	5,197	1,035
Oct.....	355-0	1,134	18,008	3,185	7,218	366	1,264	83,639	4,746	421	4,297	435	5,302	1,037
Nov.....	354-2	1,130	17,748	2,991	7,166	340	1,237	82,543	4,641	420	3,987	392	5,239	1,051
Dec.....	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	5,397	843
1932-Jan.....	345-9	1,093	18,350	2,730	6,808	325	1,220	84,723	4,776	422	4,003	423	5,397	843
Feb.....	346-4	1,044	18,576	2,672	6,693	321	1,271	84,723	4,776	422	3,797	416	4,995	984
Mar.....	350-5	1,009	18,318	2,797	6,826	322	1,229	81,782	4,776	422	3,797	383	4,776	1,008
Apr.....	352-8	999	18,266	2,827	6,740	325	1,294	82,774	4,776	422	3,797	374	4,824	983
May.....	355-2	995	18,040	2,675	6,582	318	1,168	81,418	3,961	413	4,210	417	5,043	982
June.....	363-1	962	18,040	2,675	6,582	318	1,168	81,418	3,961	413	4,210	417	5,043	982
July.....	369-3	949	18,491	2,638	6,410	325	1,136	80,667	3,961	413	4,210	417	5,043	982
August.....	365-3	915	18,259	...	6,144	308	1,075	79,312	3,817	411	4,202	403	4,933	981

Period.	Italy.	Norway.	Poland.	Roumania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Token Notes and Coins.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes and Dominion Notes.	Bank Notes.	Bank Notes.	Federal Reserve Notes and coins.	Bank Notes.
	Lira.	Lira.	Kroner.	Zloty.	Leu.	Gd. Rbls.	Rbls.	Kronor.	Francs.	£	Dollars.	£	Yen.
1913.....	42,284	499	108	...	437	...	...	234	314	...	...	...	426
1926.....	18,340	1,793	337	593	428	20,951	398	525	874	...	...	...	1,570
1927.....	17,992	1,783	331	1,003	309	21,025	480	525	874	...	...	...	1,570
1928.....	17,295	1,611	316	1,295	244	21,211	730	546	953	...	...	...	1,632
1929.....	16,774	80	318	1,340	259	21,144	1,028	546	953	...	...	...	1,632
1930.....	15,680	668	312	1,328	241	19,605	1,946	594	1,062	...	...	...	1,632
1931.....	14,295	...	334	1,218	241	23,755	...	594	1,062	...	...	...	1,632
1931-July.....	14,678	...	296	1,254	237	19,401	2,210	562	1,255	...	...	...	1,086
Aug.....	14,323	...	294	1,245	240	21,161	2,207	562	1,255	...	...	...	1,086
Sept.....	14,474	...	302	1,245	242	21,861	2,207	562	1,255	...	...	...	1,086
Oct.....	14,441	...	295	1,254	244	23,243	...	574	1,462	...	...	...	1,093
Nov.....	14,254	...	288	1,211	238	23,519	...	574	1,462	...	...	...	1,093
Dec.....	14,295	...	334	1,218	241	23,755	...	594	1,062	...	...	...	1,632
1932-Jan.....	13,971	...	311	1,152	236	22,713	2,462	562	1,255	...	...	...	1,086
Feb.....	13,838	...	303	1,151	243	22,542	...	562	1,255	...	...	...	1,086
Mar.....	13,872	...	310	1,151	243	22,542	...	562	1,255	...	...	...	1,086
Apr.....	13,375	...	312	1,148	269	22,742	...	562	1,255	...	...	...	1,086
May.....	13,137	...	304	1,103	257	21,982	...	576	1,529	...	...	...	1,138
June.....	13,035	...	318	1,105	264	20,861	...	576	1,529	...	...	...	1,138
July.....	13,492	...	317	1,089	m	20,891	...	576	1,529	...	...	...	1,138
August.....	13,582	...	314	1,082	...	...	...	556	1,561	...	...	...	1,097

a Until November, 1928, including State notes, then transferred to Bank. b May. c In terms of new lire = 8,373 millions. d Excluding Government notes. e Gross issue. f Including marks held as reserve by Chartered Banks. g Excluding notes held by Reichsbank. h Token coin 268 million rity. i Since January, 1926, excluding notes held by Bank of Poland. j Since 1920, including Austrian-Hungarian and other notes converted after the war into National Currency. k Since 1926, excluding notes held by the State Bank. l In terms of new franc = 1,829 millions. m Since May, 1922, including Luxembourg. n Since Oct., 1926, including Government Notes of 5 and 10 francs of value of 700 to 750 million francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oso.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.	
	Francs to £1.	Belgas to £1.	Lira to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kroner to £1.	Kroner to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to £1.	
Par level	124-21	35-00	92-46	25-22½	25-22½	12-107	18-159	18-159	18-159	20-43	34-58½	4-86½	47-62	
Highest, 1931	124-48	34-98½	93-03	25-26	62-25	12-12½	19-124	19-124	19-124	30-00	34-80	4-86½	47-62	
Lowest, "	82-62½	23-25	62-62½	16-62½	38-75	8-00	13-75	16-50	16-25	13-68½	34-58½	4-86½	47-62	
Beginning of—														
July, 1914	25-15	25-35½	25-25½	21-16½	26-10	12-11½	18-30	18-25	18-30	20-49½	34-58½	4-86½	47-62	
January, 1926	129-31½	107-00	109-62½	25-08½	34-31½	12-05	18-08	18-25	18-30	20-49½	34-58½	4-86½	47-62	
January, 1927	122-81½	34-89	109-62½	25-14½	31-23½	12-12½	18-15½	18-25	18-30	20-49½	34-58½	4-86½	47-62	
January, 1928	124-00	34-92	92-32½	25-27½	31-24	12-09½	18-11½	18-34	18-20	20-43½	34-42	4-85½	46½	
January, 1929	124-10	34-88½	92-64	25-18½	29-74	12-09½	18-11½	18-34	18-20	20-43½	34-42	4-85½	46½	
January, 1930	123-91	34-88½	93-22	25-13½	36-62½	12-09½	18-13	18-19	18-17	20-38½	34-42	4-87½	47½	
January, 1931	123-66½	34-76½	92-74	25-04½	46-30	12-05½	18-13½	18-20	18-20	20-43½	34-44	4-85½	46½	
January, 1932	86-37½	24-37½	65-62½	17-37½	40-18½	8-44½	17-75	18-16	18-16	20-38½	34-44	4-87½	47½	
April	93-00	27-06½	72-74	19-50	50-00	9-34	18-62½	18-25	18-12	14-25	34-46	4-85½	46½	
May	93-00	26-15	71-00	18-87½	46-50	9-03½	19-87½	18-25	18-12	15-81½	34-46	4-85½	46½	
June	93-25	26-34½	71-68½	18-81½	44-75	9-03½	19-87½	18-16	18-12	15-81½	34-46	4-85½	46½	
July	91-09½	25-71½	70-12½	18-37½	43-43½	8-71½	19-43½	20-06½	18-25	15-37½	34-00	3-66½	36½	
August	89-71½	25-34½	68-93½	18-06½	43-56½	8-71½	19-50	20-31½	18-37	15-03½	34-00	3-68½	37½	
September	88-40½	25-00	67-56½	17-87½	43-00	8-59½	19-50	19-96½	18-56½	14-78½	34-00	3-51½	40½	
							19-46½	19-93½	19-37½	14-56½	34-00	3-46½	40½	
	Rio de Janeiro.	Monte Video.	Valparaíso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singapore.		Place.	Method of Quoting.	August Quotations.		
	Pence to Milreis.	Pence to Dollar.	Pesos to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.				Highest.	Lowest.	Average.
Par level	16	51	40	s. d.	s. d.	s. d.	s. d.	s. d.	New York.	Dollars to £1.	4-86½	4-85	4-858	
Highest, 1931	44	38½	40-10	1 6½	1 7	2 1	2 0½	2 4	Aug., 1931	3-59½	3-59½	3-49	3-552	
Lowest, "	2½	19½	26-80	1 5½	1 10½	2 1	2 1½	2 1½	Aug., 1932	3-52½	3-52½	3-44½	3-476	
Beginning of—														
July, 1914	16½	51½	40	1 3½	1 10½	2 3½	2 6½	2 0½	Aug., 1931	124-00	123-25	123-509		
January, 1925	50½	50½	40-30	1 6½	2 4	2 3½	2 4	2 4	Aug., 1932	101-56½	89-93½	88-684		
January, 1926	50½	50½	39-80	1 6½	2 4	2 3½	2 4	2 4	Aug., 1932	101-56½	89-93½	88-684		
January, 1927	50½	50½	39-65	1 6½	2 4	2 3½	2 4	2 4	Aug., 1932	101-56½	89-93½	88-684		
January, 1928	50½	50½	39-35	1 6½	2 0	2 2½	2 0	2 0	Aug., 1932	101-56½	89-93½	88-684		
January, 1929	50½	50½	39-64	1 6½	2 0	2 2½	2 0	2 0	Aug., 1932	101-56½	89-93½	88-684		
January, 1930	50½	46½	39-80	1 5½	1 8	2 2½	2 1½	2 1½	Aug., 1932	101-56½	89-93½	88-684		
January, 1931	50½	39½	39-89	1 5½	1 8	2 2½	2 1½	2 1½	Aug., 1932	101-56½	89-93½	88-684		
January, 1932	44	31½	28-00	1 5½	1 5½	2 1½	2 0½	2 0½	Aug., 1932	101-56½	89-93½	88-684		
April	4	29	31-50	1 6½	1 11½	2 1½	2 0½	2 0½	Aug., 1932	101-56½	89-93½	88-684		
May	4	30	65-00½	1 5½	1 3½	1 8½	1 9½	1 9½	Aug., 1932	101-56½	89-93½	88-684		
June	4	30	60-00	1 5½	1 3½	1 8½	1 9½	1 9½	Aug., 1932	101-56½	89-93½	88-684		
July	4	30	60-00	1 5½	1 3½	1 8½	1 9½	1 9½	Aug., 1932	101-56½	89-93½	88-684		
August	5½	29½	58-00	1 6½	1 3½	1 8½	1 9½	1 9½	Aug., 1932	101-56½	89-93½	88-684		
September	5½	30½	58-00	1 6½	1 3½	1 8½	1 9½	1 9½	Aug., 1932	101-56½	89-93½	88-684		
	† Francs to £1.		‡ Pence to Peso.		• Krone to £1.									

† Francs to £1.

‡ Pence to £1.

§ Pence to £1.

|| Kronor to £1.

¶ Daily rates.

|| Nominal.

RAILWAY STATISTICS.—(000,000's omitted.)												198	199
Great Britain (g).												181	182
Gross Receipts.		Freight Traffic (f).					Austria.	Germany.	Italy.	Canada.	United States.		
Passengers.	Freight.†	Merchandise.††	Coal, &c.‡	Minerals‡ and Other Merchandise	Total.‡								
	£	£	Tons.	Tons.	Tons.	Ton-Miles.	(b) (h)	(a)	(e) (f)	(c) (e)	(e)		
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	...	5,126	1,095	42,511	438,483		
December	4.8	8.7	5.1	17.2	4.8	1,401	...	5,398	928	44,128	434,580		
1928—June	5.5	8.3	4.8	14.9	5.3	25.0	...	5,528	1,038	43,129	437,304		
December	4.6	8.3	4.7	16.1	4.8	1,400	...	4,715	1,030	6,808	54,961		
1929—June	5.2	8.4	4.8	15.7	5.6	25.6	...	5,603	1,087	4,846	59,458		
December	4.5	8.2	4.7	17.6	5.0	26.1	...	4,874	1,031	3,767	52,651		
1930—June	5.7	7.3	4.4	13.2	4.7	1,426	...	4,502	1,044	4,222	50,251		
December	4.3	7.4	4.2	16.9	4.2	1,196	319	3,346	879	3,607	42,377		
1931—June	4.7	7.4	4.2	16.1	4.2	1,388	245	4,162	921	3,629	41,256		
December	3.9	7.6	3.8	14.1	3.7	24.0	281	2,839	801	3,024	33,088		
1932—February	2.8	6.9	3.8	13.8	3.4	21.3	190	3,198	725	2,679	31,728		
March	3.8	6.6	3.7	14.1	3.4	1,187	217	3,407	...	2,923	34,426		
April	4.4	6.4	3.6	13.2	3.3	20.8	211	3,256	...	2,670	31,033		
May	6.0	6.0	3.4	12.1	3.2	1,091	204	2,963	...	2,649	29,010		
June	4.4	6.1	3.4	12.2	3.2	1,026	219	3,288†					
						1,043							

* Inc. live-stock.
† at least \$500,000.

(a) "Reichsbahn." Excl. free-hauled.
(d) Ton-miles.
(b) State and private railways.
(e) Excl. free-hauled.

HOME TRADE STATISTICS.—SEPTEMBER, 1932.		Compared with		
		August	Sept.	Sept. 1931.
UNEMPLOYMENT—				
(State Insurance %)	.....	23.1 ...	22.9 ...	+ 0.3
PRODUCTION—				
Coal (million tons)*	.....	3.5 ...	3.7 ...	— 0.5
Iron (thous. " )	.....	259 ...	260 ...	+ 12
Steel( " " )	.....	362 ...	430 ...	+ 29
FOREIGN TRADE—				
Imports (million £'s)	.....	53.3 ...	54.3 ...	— 14.0
Re-exports ( " " )	.....	3.5 ...	2.9 ...	— 0.9
British Exports ( " " )	.....	28.6 ...	26.2 ...	— 3.6
TRANSPORT—				
Railway Receipts* (£0,000)	.....	299 ...	280 ...	— 34
Shipping Freights (av. level ¹)	.....	70.3 ...	74.4 ...	— 0.3
COMMODITY PRICES (" " ²)	.....	61.9 ...	63.2 ...	— 1.9
TRADE DISPUTES (thous. working days lost)		1,281	3,325	+ 3,224
SECURITY VALUES (av. level ³)		108.4	111.4	+ 21.4
FINANCIAL DATA—				
Bnk. of Eng. Notes (mill. £'s)*	.....	368 ...	362 ...	+ 8
Bank Deposits ( " " )*	.....	1,851 ...	1,865 ...	+153
Bank Advances ( " " )*	.....	816 ...	803 ...	—108
Banks' Cash Ratio (°) (%)*	.....	10.4 ...	10.4 ...	+ 0.3
Bank Clearings:				
London (million £'s)*	.....	576 ...	541 ...	— 71
Manchester ( " " )*	.....	8.6 ...	7.9 ...	+ 0.3
Three months' Bank Drafts				
(Discount Rate %)*	.....	$\frac{1}{2}$...	$\frac{1}{2}$...	— $\frac{1}{2}$
Day-to-day Loans (%)*	.....	$\frac{1}{2}$...	$\frac{1}{2}$...	— $\frac{3}{8}$
(°) 1913 = 100. (°) Economist Index No.: 1927 = 100.				
(°) Bankers' Magazine Index No. of 365 securities; December 1921 = 100. (°) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.				
* Average weekly figures.				

News from the United States may be summarised as consisting of a record of numerous small improvements. Each one, taken by itself, appears insignificant, but in the aggregate they do point to a limited amount of progress. No pronounced movement can be expected, however, until after the Presidential Election with its attendant uncertainty is over.

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover, in most cases, the period to the middle of October. In the remainder they relate to the month of September.

THE COAL TRADE.

Export demand has lately become stronger. South Wales reports a fair demand for anthracite and dry steam coals, largely because shipments to Canada are being accelerated while the St. Lawrence still remains open. New contract business is very disappointing. On the North-East Coast Northumberland collieries are very well supplied with orders, and prices have advanced. Fresh business has lately been received from Scandinavia. Demand for Durham coal has also improved, but is still very irregular. At Hull orders for prompt shipments are also coming forward more freely. In general, too much emphasis must not be laid upon this improvement in export trade, as competition from Germany and Poland remains very keen. Home business is not very encouraging. The winter house coal trade is slow in developing, and demand for industrial fuel is no better than a month ago. Manchester, however, reported an improvement following the settlement of the cotton strike.

IRON AND STEEL.

Business remains unchanged in volume, and the September production returns did little more than register the normal improvement after the holiday month. The number of furnaces in blast increased by two during September to 59 at the end of the month. Fortunately Continental prices continue to advance, and Belgian prices for steel bars were on October 19th 52s. 6d. (gold), against 43s. in July, 47s. 6d. in August and 48s. 6d. in September. The total advance is appreciable, and when allowance is made for the depreciation of sterling, freight and duty, there is now practically no difference between Continental and home prices for bars delivered in the Midlands. British prices have remained unchanged, and it is recognised that, with the tariff in force, any advance would be impolitic. The decision to maintain the tariff for two years is welcomed. It was never expected that any further increases in duties would be recommended, but the stabilisation of the present rates should discourage Continental producers from undercutting home prices in order to keep a hold of the British market for the short period for which it had been hoped the duties would remain in force.

ENGINEERING.

The expected improvement in business has failed to take place, and it now appears that no revival can be expected this year. This disappointment has caused a slight setback in confidence, accentuated by a falling-off in the volume of new orders. All sections of the industry have shared in this recession. In the marine and agricultural engineering sections the depression remains acute, and makers of boilers and prime movers have lost ground. The machine-tool and textile machinery sections are inactive and disappointing, and the September machinery exports were the worst since 1919, being only 20,000 tons, compared with pre-war figures of 50,000 to 60,000 tons, and one of 40,000 tons for three years ago. Employment remained very bad during September.

PRODUCTION OF ELECTRICITY.

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding and Heavy Engineering.	General Engineering and Auto-motive Construction.	Chemicals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	126	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	158
1931—March	184	162	245	243	247	180
April	158	156	208	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	145
August	143	121	182	197	197	143
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214
March	198	165	262	236	256	208
April	180	150	250	212	233	190
May	168	135	219	175	208	164
June	148	122	218	135	192	156
July	148	122	218	135	196	157
August	141	120	190	127	186	144
September	161	136	212	131	220	167

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

The corrected figure for September is 86.5, compared with 84.0 for August and 89.0 for September last year. The rise of 2.5 points since August is the first appreciable increase in the corrected figure for quite a long time, and shows that there was more than a seasonal improvement between August and September.

ELECTRICAL INDUSTRY.

The rise of four points in the home index represents the influx of a number of orders for reconstruction and repair work. Few con-

tracts for new plant have so far been placed. The export market is still falling.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

Period.	Home.	Export.	Total.
1926—Monthly Average	85	100	88
1927	87	135	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1931—April	60	130	76
May	53	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	56
1932—January	45	106	55
February	47	111	58
March	46	112	57
April	49	110	59
May	56	104	62
June	53	94	58
July	52	72	52
August	56	68	56
September	60	66	66

* Copyright of the British Electrical and Allied Manufacturers' Association.

The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of the orders.

MOTOR INDUSTRY

During September motor manufacturers were actively engaged. August sales of private cars show the remarkable increase of 45 per cent. when compared with August, 1931, and it is fairly certain that September will also prove to be a good month. Commercial vehicle sales, however, show a small decrease, although during the quarter ending August the total goods vehicles in use had increased by over 8,000. Exports of both private cars and commercial vehicles show a large increase, the nine months' figures being over 50 per cent. higher than that of 1931. The motor cycle industry showed increased signs of activity in sales during August, having an increase of 4 per cent. Export business, however, showed a decrease when compared with the first nine months of 1931.

THE COTTON TRADE.

Although trade has been unsettled by the weavers' strike, followed by the threatened stoppage in the spinning branch of the industry, inquiry has been on a considerable scale, and more trade has been done than might have been expected. Thus, now that the labour troubles have been settled, the outlook is more hopeful. Fluctuations have occurred in raw material rates, but on balance there is not much change in values compared with a month ago. The new American crop will be about 11,500,000 bales, and, with the carry-over from last season of 13,000,000 bales, ample supplies during the next twelve months are assured. The general demand for piece-goods has shown some improvement. Dealers in India have taken much more interest in Manchester prices, and an increased turnover has taken place in light bleaching descriptions, especially for Karachi. Many more offers have been met with in dhooties for Calcutta, but only occasional sales have taken place. Fancies of various kinds have moved off more freely for the several outlets of India. There has not been any general activity for China, but during the last ten days rather more transactions have been put through in bleached shirtings and printed and dyed goods, whilst rather more support has been forthcoming from Hong Kong and the Straits Settlements. Near Eastern outlets have been disappointing, but printing and finishing cloths have moved off fairly well for South America and the Continent. Steady buying has been reported in home trade fabrics. Engagements of manufacturers remain very irregular, but some makers are fully sold for three months ahead. The tone of the yarn market has been rather firmer, and so long as there was the possibility of a strike, home users asked spinners to expedite deliveries against old contracts. A fair amount of new business has also been done in American and Egyptian counts. Export trade has been at a rather low ebb.

THE WOOL TEXTILE TRADES.

Although prices have been well tested during the past month and have, in fact, receded a little below the high points touched at the opening of the season, it is clear that markets remain strong and supplies of raw wool are being well absorbed. Foreign buyers are obviously in need of wool, and both Australian and South African wool should be well cleared, at least for the first half of the season. Bradford reports a steady demand for fine cross-bred tops, and below the spot price. Spinners have received good orders from hosiery and underwear manufacturers, and particulars are coming forward well. Yarn prices are well held, and concessions are no longer being made in the hope of attracting fresh business. There is only a moderate demand for piece-goods.

THE JUTE TRADE.

Business at Dundee remains very quiet, and raw material prices are easier. Even the decline during September in Calcutta stocks of hessians and sackings has failed to strengthen markets. Apart from a demand for fine yarns by Brazilian importers, who were anxious to obtain delivery before the expiry of the Brazilian tariff concessions on November 20th, business in yarn has been very limited, and spinners have bought raw material very sparingly. Orders for jute cloth are also very small and prices are not being seriously tested.

RAYON.

Following the settlement of the Lancashire weaving dispute there has been a considerable improvement in the demand for rayon weaving yarns and the general outlook is fairly good. The strongest demand, however, is from the hosiery and underwear trades, and the bulk business is in cheap viscose yarns which are wound direct from the spinning cakes to hosiery cones by the latest process. Overseas business in yarns and fabrics is moderately good for the time of the year.

THE LINEN TRADE.

Flax sales continue to be made on suppliers' terms, not only as to price, but also as to assortment, shipping dates, etc. The downward tendency of sterling is telling against British purchasers, who have operated only on a restricted scale compared with Continental consumers. So far spinners have failed to secure corresponding advances for yarns, and are, therefore, not disposed to sell ahead except at improved rates. Cloth manufacturers find themselves similarly placed, and it is certain that buyers generally will have to face up to the realities of higher values.

BOOTS AND SHOES.

Demand for leather remains quiet, but prices are slightly harder. The boot and shoe trades are very quiet, and this year's Shoe and Leather Fair have had very indefinite results.

POTTERY.

Production has improved under the influence of the Christmas trade, but it is believed that the expansion is more than seasonal and represents a slight but genuine recovery. As a result greater confidence is apparent in the Potteries. There is a better demand for the higher-class wares both from the home and Australian markets.

THE CHEMICAL INDUSTRY.

Home chemical markets were moderately busy during September, most sections showing an improvement as compared with the summer months. More interest was shown in industrial chemicals, particularly in acetic acid and acetone. Pitch continued a good item in the coal-tar products market, but demand for other items in this section was limited. Sales of pharmaceutical chemicals were not altogether satisfactory, as, although manufacturers received a steady flow of orders, these were only for small quantities. Exports of chemicals, drugs, dyes and colours for September were rather disappointing, the Board of Trade returns showing a decrease of £104,636 as compared with September, 1931. The total for the first nine months of this year, however, has risen to nearly £300,000 above that of last

year. The only products for which exports showed appreciable increases last month were bleaching powder, crude glycerine, zinc oxide, quinine and its salts, and dyes and dyestuffs. The value of chemical products imported during September showed a considerable drop as compared with the same month of last year, and the decrease since the beginning of this year now amounts to over £2,000,000.

AGRICULTURE.

According to an official report, corn harvested before the end of August was mainly secured under favourable circumstances. Grain harvested later, however, was badly weathered and gathered in damp condition. Estimated yields per acre are nearly 17 cwt. for wheat, and 15.5 cwt. for barley and oats. The main potato crop is yielding well, and condition and quality are good. Disease is not unusually prevalent. The yield per acre is forecast at 6½ tons. Yield and sugar content of sugar beet are expected to be about average. Cattle and sheep have done well, but in some cases fat stock has been marketed in an unfinished condition. Milk yields have decreased slightly.

SHIPPING.

Apart from a slight seasonal expansion in grain traffic, business remains at a low ebb. Freight rates are still on an unremunerative basis, and the volume of unemployed tonnage shows little diminution.

BUILDING.

According to the Ministry of Labour's returns, employment registered a further slight decline in all districts during September, which was partly of a seasonal character. The unemployment percentage for September 26th was 28.7, compared with 27.3 at the end of August and 21.0 the year before. Returns from 145 local authorities (excluding the London County Council area) show that plans passed for new buildings in September comprised a total cost of £5,478,500, compared with £3,294,600 in August and £5,481,000 in September, 1931. Of this total dwelling-houses accounted for £3,884,100; factories and workshops for £309,400; shops, offices, warehouses and business premises for £619,000; and other buildings and alterations and additions for £666,000.

RETAIL TRADE.

A London store reports that the improvement that occurred towards the end of September has since been maintained, and that recent results have been extremely gratifying. The Incorporated Association of Retail Distributors reports that sales over the whole country during September were only 3.6 per cent. below those of September, 1931. This is the smallest decrease recorded since April.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.					Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	General Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65	95
"Corrected" average for 3 months ended:																		
1931—Sept.	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Oct.	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64	...
Nov.	81	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64	...
Dec.	95	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64	...
1932—Jan.	106	97	92	107	238	109	131	65	97.5	116	100	77	94	119.5	96	91	64	...
Feb.	109	100	88	102	298	106	133	64.5	98	116.5	100.5	74	97	119.5	91	99	65	...
Mar.	109	105	77	101	240	106	132	64	99	118	102	68	98	117.5	91	110	69	...
Apr.	101	100	75	97	287	105	128	63	99	118.5	102	65	97	116	92	119	69	...
May	99	99	73	87	318	93	111	58.5	99	119.5	101.5	64	94	113.5	96	119	68	...
June	93	103	72	82	317	90	103	56	98	120.5	101	...	98	112.5	100	131	64c	...
July	88c	107	70	80	315	88	97	54	98	121	101	...	97	110	103	130	62.5c	...
Aug.	86c	102	70	80	300	89	100	53	97.5	120.5	100.5	...	96	111	104	127	60c	...
Sept.	86c	100	69	78	300	89	100	53	97.5	120.5	100.5	...	96	111	104	127	60c	...
Sept., 1925	78	108	78	95	191	90	92	86	102.5	104	100.5	97	96	102.5	102	97	100	...
Sept., 1926	87a	92	40	79	202	46	78	31	99	104	91	81	86	101	94	103	94	...
Sept., 1927	90a	105	113	102	135	95	86	86	108.5	109.5	105.5	98	98	107.5	113	109	106	...
Sept., 1928	84	104	83	87	181	89	96	79	107	110	104	95	95	113	123	129	111	...
Sept., 1929	96	117	118	76	354	96	102	84.5	110.5	114	108	95	85	114	118	135	84	...
Sept., 1930	84	108	85	53	370	102	96	74.5	100.5	115	101.5	85	85	114	110	131	66	...
Sept., 1931	78	103	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	...
Sept., 1932	86c	100	69	78	300	89	100	53	97.5	120.5	100.5	...	96	111	104	127	60c	...

a Excluding coal imports.

c Provisional figures.

FINANCE.

Notes in Circulation. (000,000's omitted.)

P. 1000. (000,000 £ omitted.)															
Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czecho-slovakia.	Denmark.	Finland.	France.	Germany.		Greece.	Hungary.	Jugo-Slavia.	Netherlands.	
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank."	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	State Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Reutenmks.	Drachma.	Pengö.	Dinar.	Gulden.	Gulden.
1913.....	29-6	...	1,067	189	...	152	113	55,714	22,742	...	...	...	...	...	...
1926.....	381-0	947	9,646	3,481	8,203	386	1,346	52,449	3,736	1,164	245	...	...	313	...
1927.....	382-3	1,005	9,927	3,727	8,417	354	1,514	56,301	4,564	1,716	4,865	471	5,812	817	13
1928.....	378-3	1,067	12,358	4,173	8,466	350	1,513	62,181	4,930	530	5,969	487	5,743	797	12
1929.....	369-8	1,094	14,683	3,609	8,230	361	1,361	68,571	5,044	397	5,193	501	5,528	854	11
1930.....	368-8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	469	5,818	851	11
1931.....	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	5,172	1,023	4
1931-Aug.	350-3	1,095	16,613	3,338	6,979	330	1,189	78,635	4,384	420	4,153	415	4,983	934	2
Sept.	357-2	1,111	17,283	3,355	7,172	334	1,201	78,173	4,609	422	4,152	383	5,197	1,035	2
Oct.	356-0	1,134	18,008	3,400	7,218	366	1,264	83,639	4,746	421	4,237	435	5,302	1,037	2
Nov.	354-4	1,130	17,748	2,981	7,166	340	1,277	82,543	4,641	420	3,987	423	5,239	1,051	2
Dec.	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	5,172	1,023	2
1932-Jan.	345-9	1,093	18,360	2,730	6,808	325	1,220	84,723	4,407	420	3,797	416	4,946	984	2
Feb.	346-4	1,044	18,576	2,672	6,693	321	1,271	83,189	4,268	419	3,739	383	4,775	1,008	2
Mar.	350-5	1,009	18,518	2,797	6,826	322	1,299	81,782	4,231	411	3,909	374	4,824	983	2
Apr.	352-8	999	18,666	2,827	7,640	338	1,156	80,657	4,128	415	4,050	417	5,043	982	2
May	354-2	995	18,040	2,675	6,589	335	1,224	82,774	4,128	415	4,050	374	4,824	983	2
June	363-1	962	18,300	2,628	6,410	325	1,168	81,418	3,961	413	3,700	374	4,824	983	2
July	369-3	949	18,491	2,638	6,224	314	1,088	82,118	3,984	412	4,208	389	4,942	1,006	2
August	365-3	915	18,259	2,658	6,144	308	1,075	79,912	3,967	413	4,202	403	4,933	981	2
September	359-8	902	18,155	2,773	6,218	315	1,090	82,459	3,817	411	4,323	376	4,855	983	2
									3,755	412	4,683	372	4,836	996	2
													4,836	974	2

Period.	Italy.		Norway.	Poland.		Roumanian.	Russia.		Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.		Japan.	
	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Token Coins.	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes and Dominion Notes.	Bank Notes.	Bank Notes.	Federal Reserve Notes.	All certificates, & coins.	Bank Notes.	
End of	Lire.	Lire.	Kroner.	Zloty.	Zloty.	Leu.	Gd. Rbls.	Rbls.	Kronor.	France.	\$	Dollars.	£	£S	Dollars.	Dollars.	Yen.	
1913	d 2,284	w 499	108	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1926	18,340	1,793	337	...	437	...	...	...	234	314	10	116	...	...	...	...	...	
1927	17,992	783	331	...	593	...	...	...	525	874	49	9	2-3	2-2	...	...	...	
1928	17,295	161	316	...	1,295	...	...	...	526	917	51	8	6-6	27-8	1,824	5,095	1,570	
1929	16,774	80	318	...	1,340	...	...	...	546	953	48	7	190	7-2	1,763	5,003	1,682	
1930	15,680	668	312	...	1,328	...	...	...	569	999	45	3	193	7-6	30-3	1,808	4,973	
1931	14,295	...	334	...	1,218	...	...	...	594	1,062	48	2	188	7-5	26-6	1,862	4,865	
1932	14,295	...	334	...	1,218	...	...	...	583	1,609	54	8	166	7-1	21-0	1,641	4,890	
1933	14,295	...	334	...	1,218	...	...	...	583	1,609	54	8	159	7-3	19-5	2,603	5,647	
1931-Aug.	14,323	...	294	...	1,245	...	...	...	567	1,293	52	2	...	...	...	...	...	
Sept.	14,474	...	302	...	1,226	...	...	...	567	1,293	52	2	...	...	...	...	...	
Oct.	14,441	...	295	...	1,254	...	...	...	594	1,462	52	1	...	...	...	...	...	
Nov.	14,254	...	288	...	1,211	...	...	...	579	1,498	52	1	...	...	...	...	...	
Dec.	14,295	...	334	...	1,218	...	...	...	576	1,477	51	8	...	...	...	...	...	
1932-Jan.	13,971	...	331	...	1,152	...	...	...	583	1,609	54	8	...	...	...	...	...	
Feb.	13,938	...	303	...	1,151	...	...	...	526	1,519	52	3	...	...	...	...	...	
Mar.	13,872	...	310	...	1,131	...	...	...	526	1,505	51	6	...	...	...	...	...	
Apr.	13,378	...	312	...	1,148	...	...	...	526	1,529	51	8	...	...	...	...	...	
May	13,137	...	304	...	1,103	...	...	...	535	1,535	51	3	...	...	...	...	...	
June	13,035	...	318	...	1,202	...	...	...	563	1,578	52	3	...	...	...	...	...	
July	13,492	...	317	...	1,089	...	...	...	594	1,574	51	8	...	...	...	...	...	
August	13,382	...	314	...	1,082	...	...	...	556	1,571	50	1	...	...	...	...	...	
September	13,814	...	311	...	1,056	...	...	...	556	1,561	49	1	...	...	...	...	...	
a Until November, 1928, including State notes, then transferred to Bank of Italy.																		

a	Until November, 1922, including State notes, then transferred to Bank.	b May.	d In terms of new lire = 8,373 millions.	e Excluding Government notes.
* Marks—including Reichsbank- und Darlehenskassenscheine.	f Excluding notes held by Reichsbank.	*	In terms of new franc coins only.	G Gross issue.
n Notes held as reserve by Chartered Banks.	S State notes.	s Since January, 1926, excluding notes held by Bank of Poland.	o Since 1920, including Austrian-franc,	p Excluding
r Hungarian and other notes converted after the war into National Currency.	v Since 1926, excluding notes held by the State Bank.	V Since Oct., 1926, including Government Notes.	w In terms of new lire = 1,823 millions.	
T In terms of new franc.	M May, 1922, including Luxembourg.	X Since Oct., 1926, including Luxembourg.		
y Replacing similar bank notes.				

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oslo.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kroner to £1.	Kroner to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to Dollars.
Par level	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159				
Highest, 1931	124.48	34.98½	93.03	25.26	25.22½	12.12½	19.12½	18.159	18.159	20.43	34.58½	4.86½	47.62
Lowest,	82.62½	23.25	62.62½	16.62½	38.75	8.00	13.75	16.50	16.25	30.00	34.80	4.86½	282
Beginning of—													
July, 1914	25.15	† 25.35½	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	1 24.55	4.87½	47½
January, 1926	123.31½	† 107.00	120	25.08	34.31	12.05	18.08	23.83½	19.60½	20.37½	34.37½	4.85½	46½
January, 1927	122.81½	34.93	103.62	25.14	31.23½	12.12½	18.08	23.83½	19.60½	20.37½	34.42	4.85½	46½
January, 1928	124.00	34.92½	92.32½	25.14	31.23½	12.12½	18.08	23.83½	19.60½	20.37½	34.42	4.85½	46½
January, 1929	124.10½	34.88½	92.64	25.18	28.24	12.09½	18.11½	18.19	18.19	20.38	34.44	4.85½	47½
January, 1930	123.91	34.88½	93.22	25.13	29.74	12.08	18.13	18.19	18.19	20.38	34.44	4.85½	47½
January, 1931	123.66½	34.76½	92.74	25.04	46.30	12.09½	18.13	18.20	18.20	20.38	34.44	4.85½	47½
January, 1932	86.37½	24.37½	66.62½	17.37½	40.18½	8.09	18.13	18.16	18.20	20.43	34.65	4.87½	45½
May	93.30	26.15	71.00	18.87	46.50	9.03	18.16	18.25	18.25	20.38	34.48	4.85½	35½
June	93.25	26.34	71.68½	18.87	44.75	9.09	18.16	18.25	18.25	20.38	34.48	4.85½	35½
July	91.09½	25.71½	70.12½	18.81	43.43	8.97	18.16	18.25	18.25	20.38	34.48	4.85½	35½
August	89.71½	25.34	68.93	18.06	43.56	8.71	19.50	20.06	18.28	15.59	32.00	3.66	34½
September	88.40	25.00	67.56½	17.87	43.56	8.71	19.50	20.31	18.37	15.03	36.50	3.68	34½
October	88.25	24.93½	67.43½	17.93	42.25	8.59	19.46	19.87	19.37	14.56	29.50	3.46	40½
									19.28	14.53	29.50	3.45	40½

	Rio de Janeiro.	Monte Video.	Valparaíso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singapore.	Place.	Method of Quoting.	September Quotations.		
	Pence to Milreis.	Pence to Dollar.	Pence to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.			Highest.	Lowest.	Average.*
Par level	16	51	40	s. d.	s. d.	s. d.	s. d.	s. d.	New York.				
Highest, 1931	4½	50½	40.10	1 6	1 7	2 0	2 0	2 4	Sept., 1931	Dollars to £1.	4.86½	3.43	4.541
Lowest,	2½	19½	26.80	1 5	1 10½	1 1½	3 0½	2 3½	Aug., 1932		3.52½	3.44½	3.476
							2 0½	2 3½	Sept., 1932		3.50½	3.44½	3.472
Beginning of—													
July, 1914	16½	51½	49½	1 3½	1 10½	2 6½	2 0	2 4	Paris.				
January, 1925	5½	50½	40.30	1 6½	2 3½	3 1½	1 7½	2 4½	Sept., 1931	Francs to £1.	124.00	86.00	115.839
January, 1926	7½	50½	39.80	1 6½	2 3½	3 1½	1 7½	2 4½	Aug., 1932		89.93	88.00	88.684
January, 1927	6½	50½	39.65	1 6½	2 3½	3 1½	1 7½	2 4½	Sept., 1932		89.50	88.00	88.613
January, 1928	6½	50½	39.35	1 6½	2 3½	3 1½	1 7½	2 4½					
January, 1929	6½	51	39.64	1 6½	2 0½	2 7½	1 11½	2 4	Amsterdam.				
January, 1930	5½	46½	39.80	1 5½	1 8	2 1½	1 10½	2 3½	Sept., 1931	Florins to £1.	12.06	8.25	11.263
January, 1931	4½	35½	39.89	1 5½	1 8	2 1½	1 10½	2 3½	Aug., 1932		8.75	8.62	8.632
January, 1932	4½	30	28.00	1 5½	1 8	1 5	2 0	2 3½	Sept., 1932		8.75	8.56	8.644
May	4½	30	65.00||	1 5½	1 5½	1 11½	1 9½	2 4					
June	4½	30	60.50||	1 5½	1 5½	1 8	1 9½	2 4	Berlin.				
July	4½	30		1 5½	1 5½	1 8	1 9½	2 4	Sept., 1931	Reichmks. to £1.	20.87	15.00	19.365
August	5½||	29½||	58.00||	1 5½	1 3½	1 8	1 9½	2 3½	Aug., 1932		14.81	14.43	14.959
September	5½||	30	58.00||	1 6	1 4	1 8	1 9½	2 3½	Sept., 1932		14.75	14.43	14.690
October	5½||	30	58.00||	1 6	1 4	1 8	1 9½	2 3½					

† Francs to £1. ‡ Pence to Peco. § Krona to £1 * Daily rates. || Nominal.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Belgium.	Bulgarla.	Denmark.	France.	Finnland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Swed'n.	Switzerland.	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drachma.	Lire.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£E.	Dollars
1913	49,931	5,043	586,384	15,775	64,785	701,778	41,035	897,474	14,828	303,803	a	325,231	c	70,545	159,985	50,941	2,271	147,932
1916	52,982	5,043	1,920,460	520,578	127,519	4,968,923	472,309	833,454	830,592	2,156,571	635,982	203,496	128,242	124,151	201,209	50,941	4,199	367,340
1917	51,282	5,012	2,422,921	510,749	131,308	4,416,334	532,157	1,185,627	1,050,018	1,697,900	507,191	212,405	240,998	132,030	213,659	54,453	3,896	366,225
1918	89,610	4,928	2,668,664	586,745	137,276	4,452,963	667,742	1,166,772	1,034,740	1,826,702	552,944	225,659	288,722	148,350	228,722	113,329	2,222	339,822
1919	90,520	5,020	2,951,520	629,179	142,907	4,851,719	437,026	1,166,772	1,166,772	1,805,397	632,896	229,558	259,248	148,549	231,987	73,386	4,453	361,000
1920	97,762	4,630	2,576,812	382,477	138,028	4,562,031	437,026	866,096	904,184	1,443,746	580,009	201,521	187,164	138,620	222,017	88,235	3,823	265,544
1931	66,512	4,139	1,978,495	368,339	115,894	3,516,609	288,089	560,590	735,471	968,691	400,023	157,728	121,854	119,949	187,600	92,086	2,542	174,178
1931—Aug.	61,411	3,582	1,846,632	396,050	115,350	3,189,869	289,865	454,340	705,236	853,269	388,835	147,376	109,102	117,441	187,329	119,993	2,431	168,735
Sept.	64,557	4,144	1,925,930	358,690	119,844	3,345,851	334,801	448,419	799,888	881,391	351,521	152,790	113,319	128,555	185,839	85,361	2,868	174,700
Oct.	75,408	4,802	1,941,941	380,171	117,430	3,128,293	300,529	482,788	794,917	927,976	392,959	159,938	119,510	129,791	203,014	116,280	2,908	171,589
Nov.	78,265	4,131	1,741,892	320,255	125,447	3,006,476	262,594	482,788	681,088	765,397	308,545	139,766	97,036	131,373	182,341	99,025	2,549	152,802
Dec.	71,491	3,966	1,715,186	313,702	126,470	2,806,476	252,494	490,591	632,851	*960,546	297,948	140,847	91,076	129,138	204,352	85,457	2,922	149,516
Jan.	67,027	3,533	1,468,195	287,720	105,430	2,340,791	170,463	439,765	550,487	731,997	228,185	130,621	80,462	106,969	163,710	80,150	2,126	131,341
Feb.	64,751	3,728	1,651,548	257,702	95,031	2,399,079	164,885	440,759	388,571	741,639	229,261	110,160	65,858	84,900	159,729	52,554	2,556	130,984
Mar.	55,695	4,871	1,515,691	237,702	84,324	2,006,476	122,268	363,627	674,106	734,402	246,375	115,765	65,605	91,801	174,122	59,476	2,344	131,341
Apr.	48,846	4,524	1,322,307	100,267	61,992	2,836,846	171,288	427,123	716,832	753,518	234,960	102,705	73,227	90,819	144,061	77,991	2,097	112,676
May	51,337	3,572	1,210,940	77,340	89,116	2,482,098	130,978	351,337	778,561	*979,733	202,954	106,902	71,951	87,023	144,696	69,480	2,061	111,431
June	53,343	3,764	1,265,294	74,256	85,329	2,681,587	300,726	366,219	473,252	544,763	199,102	96,320	68,905	82,091	132,377	47,384	1,996	79,935
July	48,617	3,517	1,120,757	36,660	77,771	2,360,843	332,633	331,485	541,095	526,370	233,366	95,482	67,371	94,713	134,385	53,535	2,083	91,141
Aug.	49,821	2,756	1,147,293	274,003	...	2,228,038	...	360,183	...	...	...	101,822	64,502	...	134,108	...	...	*98,000

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)

[illegible]

^a Including bullion and specie. ^b Since 1922 declared values. ^c Including Danzig. ^d Old Greece only. ^e Since May, 1922, figures refer to "Union of South Africa". ^f Including bullion. ^g Since 1928 declared values. ^h Great Britain and Northern Ireland with the Irish Free State, and excluding the direct trade of Great Britain and Northern Ireland with the Irish Free State. ⁱ From April 1, 1923, including trade of Great Britain and Northern Ireland with the Irish Free State. ^j Including parcel post for the half-year. ^k Provisional figures.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Value.								Quantity (Metric Tons).										
Period.	Australia.	British India.	Canada.	New Zealand.	South Africa.	Japan.	Brazil.	Belgium.	Czechoslovakia.	France.	Germany.	Greece.	Hungary.	Netherlands.	Poland.	Switzerland.	Brazil.	
Monthly Average.	£s.	Rupces.	Dollars.	£s.	£s.	Yen.	Milreis.	q	o	3,685	h, 0, 699	p 84	i	3,739	j	d	f	
1913.....	6,355	152,725	54,917	1,785	3,365	60,474	83,958	2,772	2,859	555	3,783	3,606	156	450	203	590	412	
1926.....	13,429	196,606	64,028	4,073	5,804	192,101	225,463	3,172	613	4,114	5,574	190	528	2,365	409	621	460	
1927.....	11,890	206,740	60,593	3,655	5,779	174,883	272,764	3,172	780	4,112	5,500	197	553	2,488	430	657	487	
1928.....	11,685	208,107	101,860	3,661	6,180	177,792	307,916	3,312	836	4,955	5,565	231	559	2,582	424	726	509	
1929.....	11,841	208,569	108,249	3,998	4,398	233,978	374,746	3,746	714	5,063	4,746	214	407	2,616	803	711	407	
1930.....	7,680	156,632	84,040	4,494	4,995	125,572	195,309	3,499	698	4,841	3,397	212	275	2,492	244	757	296	
1931.....	3,403	108,954	52,342	2,015	4,143	100,528	155,590	3,233	844	4,618	3,286	197	274	2,582	260	837	249	
1931—Aug.....	3,611	96,217	47,308	2,152	4,507	84,055	147,453	3,273	743	5,038	2,897	238	297	2,644	268	847	275	
Sept.....	3,180	97,601	45,379	2,093	4,052	90,014	150,366	3,569	855	4,545	3,002	243	328	2,719	259	877	260	
Oct.....	3,597	98,424	45,333	1,777	4,320	73,377	148,225	3,503	932	4,450	2,990	229	257	2,387	207	803	323	
Nov.....	3,597	98,424	46,911	2,009	3,668	78,324	171,115	2,962	850	4,153	3,161	189	213	2,426	220	814	336	
Dec.....	3,453	98,123	40,290	1,748	3,436	109,348	155,030	2,989	850	4,153	3,161	189	213	2,426	220	814	336	
1932—Jan.....	3,425	94,876	40,290	1,748	3,436	109,348	155,030	2,989	850	4,153	3,161	189	213	2,426	220	814	336	
Feb.....	3,180	108,769	34,115	2,118	2,976	113,568	134,689	2,397	...	3,787	2,678	199	163	2,178	144	662	306	
Mar.....	3,524	99,384	35,586	1,769	2,545	162,616	142,284	2,759	...	4,047	2,387	285	162	1,846	104	690	263	
Apr.....	3,531	107,639	57,437	1,822	2,747	142,333	132,132	2,564	...	4,222	2,694	245	152	1,875	123	694	231	
May.....	3,893	131,170	29,394	1,620	2,307	145,155	132,352	2,600	...	3,795	2,498	221	169	1,893	123	705	287	
June.....	3,815	117,806	40,743	1,809	2,456	106,385	137,158	2,610	...	4,339	2,916	139	192	2,130	130	814	340	
July.....	4,118	121,112	55,711	1,793	2,401	64,568	114,550	2,428	...	3,796	2,954	145	154	2,114	141	774	241	
Aug.....	4,394	113,088	36,527	1,912	2,579	73,363	124,428	2,428	...	3,940	2,838	135	...	2,014	187	774	241	
Sept.....	5,174	108,637	36,527	1,912	2,579	73,363	124,428	2,428	...	3,753	2,763	...	...	2,034	166	725	...	

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.

EXPORTS														
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>
1912	6,070	200,993	36,333	1,751	2,334	52,393	81,814	1,740	1,840	h, 143	p	50	2,451	7
1913	10,821	268,689	105,715	3,511	3,311	164,371	265,880	1,934	1,067	2,712	5,048	55	2,451	7
1914	11,268	265,405	101,528	3,648	3,985	159,313	303,677	2,019	1,167	3,165	3,913	53	1,691	115
1915	11,489	275,534	112,489	4,511	4,047	159,095	336,586	2,423	1,204	3,427	3,751	54	1,785	168
1916	10,940	268,689	98,534	4,471	3,905	175,077	324,776	2,423	1,092	3,326	4,564	62	2,330	173
1917	7,407	210,517	73,826	3,635	2,586	119,222	230,280	1,979	899	3,048	4,759	63	1,917	186
1918	7,429	137,089	50,445	2,815	1,875	95,137	281,138	2,052	722	2,527	4,335	49	1,582	182
1919	4,110	129,195	48,764	1,532	2,498	104,790	266,824	2,018	697	2,451	4,726	104	1,754	166
1920	4,991	129,195	48,764	1,532	2,498	104,790	266,824	2,018	697	2,451	4,726	104	1,754	166
1921	5,683	126,382	55,538	1,638	1,810	93,842	211,532	2,126	685	2,538	4,734	73	2,004	175
1922	9,083	126,382	55,538	1,638	1,810	93,842	211,532	2,126	685	2,538	4,734	73	2,004	175
1923	9,901	137,652	57,487	1,950	1,950	80,479	309,869	1,659	757	2,451	4,366	45	1,500	176
1924	10,266	156,630	63,567	3,102	1,487	68,246	266,763	1,479	1,877	3,406	3,477	177	1,176	147
1925	8,872	132,367	56,431	4,255	1,904	71,309	235,637	1,645	2,081	3,075	15	83	1,141	163
1926	9,717	151,513	66,431	3,102	1,487	68,246	266,763	1,479	1,877	3,406	3,477	177	1,176	147
1927	9,014	129,407	39,749	2,484	1,548	97,099	245,194	1,528	1,980	3,231	3,321	109	1,132	160
1928	9,494	104,534	29,976	3,961	1,205	96,981	243,494	1,518	1,814	3,071	54	133	1,101	977
1929	7,111	96,145	24,599	2,296	1,168	96,520	176,355	1,518	2,002	3,379	19	115	1,196	977
1930	5,043	94,343	40,945	2,926	1,168	96,520	176,355	1,518	1,809	3,476	25	90	1,151	1,040
1931	4,743	90,474	42,321	1,294	1,060	107,205	102,013	1,419	1,581	2,541	20	...	1,080	1,119
1932	4,743	90,474	42,321	1,294	1,060	107,205	102,013	1,419	1,581	2,541	20	...	1,080	1,119
1933	3,632	100,159	41,314	2,282	1,189	136,882	...	...	2,202	2,568	...	...	1,151	1,109
1934	...	...	...	...	...	140,000	...	...	...	...	...	...	...	...

a Including a few articles shown by number. *e* Until Feb., 1923, Julian Calendar; excludes including live stock and

a General trade. b Sea-borne trade only. c Including ships' stores. d Excluding a few articles shown by number only. e Including Luxembourg. f Until 1923, excluding live stock and articles shown by number. g General trade, gross weight. h Until 1927 fiscal year beginning July 1st. i Including a few goods declared by number only. j Excluding weight of live animals. k Excluding reparation deliveries. l Discontinued. m Articles shown by number. n Excluding weight of live animals. o Including a few goods declared by number only. p 1913-1914. q 1914-1915. r 1915-1916. s 1916-1917. t 1917-1918. u 1918-1919. v 1919-1920. w 1920-1921. x 1921-1922. y 1922-1923. z 1923-1924. aa 1924-1925. ab 1925-1926. ac 1926-1927. ad 1927-1928. ae 1928-1929. af 1929-1930. ag 1930-1931. ah 1931-1932. ai 1932-1933. aj 1933-1934. ak 1934-1935. al 1935-1936. am 1936-1937. an 1937-1938. ao 1938-1939. ap 1939-1940. aq 1940-1941. ar 1941-1942. as 1942-1943. at 1943-1944. au 1944-1945. av 1945-1946. aw 1946-1947. ax 1947-1948. ay 1948-1949. az 1949-1950. ba 1950-1951. bb 1951-1952. bc 1952-1953. bd 1953-1954. be 1954-1955. bf 1955-1956. bg 1956-1957. bh 1957-1958. bi 1958-1959. bj 1959-1960. bk 1960-1961. bl 1961-1962. bm 1962-1963. bn 1963-1964. bo 1964-1965. bp 1965-1966. bq 1966-1967. br 1967-1968. bs 1968-1969. bt 1969-1970. bu 1970-1971. bv 1971-1972. bw 1972-1973. bx 1973-1974. by 1974-1975. bz 1975-1976. ca 1976-1977. cb 1977-1978. cc 1978-1979. cd 1979-1980. ce 1980-1981. cf 1981-1982. cg 1982-1983. ch 1983-1984. ci 1984-1985. cj 1985-1986. ck 1986-1987. cl 1987-1988. cm 1988-1989. cn 1989-1990. co 1990-1991. cp 1991-1992. cq 1992-1993. cr 1993-1994. cs 1994-1995. ct 1995-1996. cu 1996-1997. cv 1997-1998. cw 1998-1999. cx 1999-2000. cy 2000-2001. cz 2001-2002. da 2002-2003. db 2003-2004. dc 2004-2005. dd 2005-2006. de 2006-2007. df 2007-2008. dg 2008-2009. dh 2009-2010. di 2010-2011. dj 2011-2012. dk 2012-2013. dl 2013-2014. dm 2014-2015. dn 2015-2016. do 2016-2017. dp 2017-2018. dq 2018-2019. dr 2019-2020. ds 2020-2021. dt 2021-2022. du 2022-2023. dv 2023-2024. dw 2024-2025. dx 2025-2026. dy 2026-2027. dz 2027-2028. ea 2028-2029. eb 2029-2030. ec 2030-2031. ed 2031-2032. ee 2032-2033. ef 2033-2034. eg 2034-2035. eh 2035-2036. ei 2036-2037. ej 2037-2038. ek 2038-2039. el 2039-2040. em 2040-2041. en 2041-2042. eo 2042-2043. ep 2043-2044. eq 2044-2045. er 2045-2046. es 2046-2047. et 2047-2048. eu 2048-2049. ev 2049-2050. ew 2050-2051. ex 2051-2052. ey 2052-2053. ez 2053-2054. fa 2054-2055. fb 2055-2056. fc 2056-2057. fd 2057-2058. fe 2058-2059. ff 2059-2060. fg 2060-2061. fh 2061-2062. fi 2062-2063. fj 2063-2064. fk 2064-2065. fl 2065-2066. fm 2066-2067. fn 2067-2068. fo 2068-2069. fp 2069-2070. fq 2070-2071. fr 2071-2072. fs 2072-2073. ft 2073-2074. fu 2074-2075. fv 2075-2076. fw 2076-2077. fx 2077-2078. fy 2078-2079. fz 2079-2080. ga 2080-2081. gb 2081-2082. gc 2082-2083. gd 2083-2084. ge 2084-2085. gf 2085-2086. gg 2086-2087. gh 2087-2088. gi 2088-2089. gj 2089-2090. gk 2090-2091. gl 2091-2092. gm 2092-2093. gn 2093-2094. go 2094-2095. gp 2095-2096. gq 2096-2097. gr 2097-2098. gs 2098-2099. gt 2099-2100. gu 2100-2101. gv 2101-2102. gw 2102-2103. gx 2103-2104. gy 2104-2105. gz 2105-2106. ha 2106-2107. hb 2107-2108. hc 2108-2109. hd 2109-2110. he 2110-2111. hf 2111-2112. hg 2112-2113. hh 2113-2114. hi 2114-2115. hj 2115-2116. hk 2116-2117. hl 2117-2118. hm 2118-2119. hn 2119-2120. ho 2120-2121. hp 2121-2122. hq 2122-2123. hr 2123-2124. hs 2124-2125. ht 2125-2126. hu 2126-2127. hv 2127-2128. hw 2128-2129. hx 2129-2130. hy 2130-2131. hz 2131-2132. ia 2132-2133. ib 2133-2134. ic 2134-2135. id 2135-2136. ie 2136-2137. if 2137-2138. ig 2138-2139. ih 2139-2140. ii 2140-2141. ij 2141-2142. ik 2142-2143. il 2143-2144. im 2144-2145. in 2145-2146. io 2146-2147. ip 2147-2148. iq 2148-2149. ir 2149-2150. is 2150-2151. it 2151-2152. iu 2152-2153. iv 2153-2154. iw 2154-2155. ix 2155-2156. iy 2156-2157. iz 2157-2158. ja 2158-2159. jb 2159-2160. jc 2160-2161. jd 2161-2162. je 2162-2163. jf 2163-2164. jg 2164-2165. jh 2165-2166. ji 2166-2167. jj 2167-2168. jk 2168-2169. jl 2169-2170. jm 2170-2171. jn 2171-2172. jo 2172-2173. jp 2173-2174. jq 2174-2175. jr 2175-2176. js 2176-2177. jt 2177-2178. ju 2178-2179. jv 2179-2180. jw 2180-2181. jx 2181-2182. jy 2182-2183. jz 2183-2184. ka 2184-2185. kb 2185-2186. kc 2186-2187. kd 2187-2188. ke 2188-2189. kf 2189-2190. kg 2190-2191. kh 2191-2192. ki 2192-2193. kj 2193-2194. kk 2194-2195. kl 2195-2196. km 2196-2197. kn 2197-2198. ko 2198-2199. kp 2199-2200. kq 2200-2201. kr 2201-2202. ks 2202-2203. kt 2203-2204. ku 2204-2205. kv 2205-2206. kw 2206-2207. kx 2207-2208. ky 2208-2209. kz 2209-2210. la 2210-2211. lb 2211-2212. lc 2212-2213. ld 2213-2214. le 2214-2215. lf 2215-2216. lg 2216-2217. lh 2217-2218. li 2218-2219. lj 2219-2220. lk 2220-2221. ll 2221-2222. lm 2222-2223. ln 2223-2224. lo 2224-2225. lp 2225-2226. lq 2226-2227. lr 2227-2228. ls 2228-2229. lt 2229-2230. lu 2230-2231. lv 2231-2232. lw 2232-2233. lx 2233-2234. ly 2234-2235. lz 2235-2236. ma 2236-2237. mb 2237-2238. mc 2238-2239. md 2239-2240. me 2240-2241. mf 2241-2242. mg 224

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SATURDAY, NOVEMBER 26, 1932.

No. 114.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations (published by George Allen & Unwin, Ltd., London, 1s. 6d. net), supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

So far as this country is concerned, October witnessed a further moderate improvement in business activity, and there is some evidence that this has continued into the current month. Among indications of an improvement come the slight increase from £74.8 millions to £78.9 millions in bankers' acceptances, the check to the contraction in bank advances and the rise in provincial bank clearings from £95.2 millions to £105.9 millions. The unemployment returns are less definite, for while there was a slight improvement in September and October in the

meat prices due to the new regulations restricting imports. Admittedly these restrictions may for the moment add to the purchasing power of the rural areas, and to that extent may stimulate trade; but it is patent that a price increase due to the restriction of trade is no adequate foundation upon which to base hopes of a maintenance of business activity. To pursue the point no farther, the effect of the restrictions upon the cost of living and so upon general purchasing power must obviously be taken into account. The other factor is that,

though this country is relatively well placed, in that it is escaping the worst effects of the deflation of gold prices abroad, the downward course of prices in the "on-gold" countries is having, from the international point of view, a depressing effect. Since the end of September the depreciation of sterling and the limited fall of sterling prices have been accompanied by a bigger fall in gold prices. This is most noticeable in the case of certain commodities such as wheat; but taking the *Economist* gold and sterling index numbers of primary products, the fall in the gold index between September 21st and November 16th is 7.5 per cent., while the sterling index has only fallen by 3.7 per cent. Coincident with the fall in gold prices, reports from foreign centres have assumed a less hopeful tone. In the United States it is now being suggested that the peak of the autumn revival had been reached by the middle of October, and the latest business indica-

tors point to a slight recession since that date. In France the weakness of sterling has had an unsettling effect, and commodity prices are less steady. In Roubaix, in particular, October activity was not up to that of the two previous months. Swiss export trade for October fell short of the seasonal improvement which should have occurred. Even Empire trade bears some evidence of this, for Canada has been hard hit by the collapse of wheat prices, which will inevitably diminish still further the purchasing power of the Prairie Provinces.

In short, the autumn fall in sterling is for the moment helping British business at the expense of that of other countries. To the extent that we can depend upon our own market and upon other markets linked to sterling, the recent improvement in trade may persist for a time. Ultimately, however, our own trade is dependent upon purchasing power all over the world, and until the foundations for economic reconstruction are laid by international co-operation we cannot hope to make much real or lasting progress in this country.

CAPITAL ISSUES.—(000,000's omitted.)																
Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Roumania.	Sweden.	Switzerland.	British India.	Japan.	U.S.A.		
Monthly Average.	£	Schilling.	Koruna.	Francs.	Marks.	Lira.	Guilder.	Zloty.	Lei.	Kroner.	Francs.	Ruppes.	Yen.	Dollars.		
1913	16-3	..	..	d	m	s	eh	y	..	o	..	..	p	..	..	..
1914	29-6	10-5	31	..	616	114-1	264	43	17-7	271	22	73	17	255	649	..
1915	30-8	12-0	60	..	1876	110-0	450	50	27-1	384	31	57	24	335	676	..
1916	23-8	8-5	12	..	1,259	80-2	607	29	17-8	318	23	81	56	222	849	..
1917	22-3	4-8	38	..	1,432	46-8	374	47	17-5	460	21	125	24	208	587	..
1918	8-5	3-1	42	..	1,362	65-2	361	..	6-4	210	28	109	27	..	259	..
1919	24-8	3-7	28	..	2,365	31-4	211	45	17-3	164	28	116	26	285	346	..
Oct.-Dec.	16-0	5-6	36	..	2,008	45-6	193	20	6-5	127	58	157	22	313	411	..
Jan.-Mar.	13-3	1-6	86	..	1,381	110-2	533	36	9-6	492	33	111	25	240	320	..
Apr.-June	3-0	2-7	20	..	565	85-5	374	17	7-6	34	11	92	45	303	205	..
July-Sept.	1-3	2-6	26	..	1,496	19-6	344	9	2-1	126	9	75	17	190	90	..
Oct.-Dec.	5-7	2-8	34	..	509	11-4	..	6-3	3-3	59	11	145	52	312	138	..
1920	48-6	12-6	11	..	829	23-7	30	1-0	7-6	39	16	58	30	221	80	..
Jan.-Mar.	15-8	6-3	10	..	223	5-0	..	8-0	9-4	16	36	24	37	228	78	..
Apr.-June	Dr-2	0-4	67	..	321	4-4	..	6	10-7	19	7	30	19	..	104	..
July-Sept.	0-04	1-2	..	..	328	8-8	..	1-8	18	10	14	20	..	..	62	..
Oct.-Dec.	0-15	..	..	..	197	4-9	..	..	..	9	..	..	..	..	..	..

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Brc large railway issues. f "Riviera Bancaria." h Issues exceeding Fla. 100,000 on the Dutch market and conversions. Until end 1922 included foreign issues. m Since 1924, excluding amalgamations subscriptions on Swiss market including obligations and Local Govt. loans. p India, compiled by "Commercial & Financial Chronicle." y Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.													
	1927.		1928.		1929.		1930.		1931.		1932.		
	End of June	Dec.	End of June	Dec.	End of June	Dec.	End of June	Dec.	End of June	Dec.	End of June	Aug.	Sept.
London	4 1/4	4 1/4	4 1/4	5 1/4	3 1/2	3 1/2	4 1/4	4 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Paris	5	5	3 3/4	3 3/4	3 3/4	3 3/4	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Berlin	6	7	7	7	7 1/2	7 1/2	7	7	7 1/2	7 1/2	2 1/2	2 1/2	2 1/2
New York	4	3 3/4	4 1/4	5	5	4	4 1/2	4 1/2	1 1/2	3 1/4	2 1/2	2 1/2	2 1/2
Amsterdam	5	4 1/4	4 1/4	4 1/4	5 1/4	4	3	3	2	3	3 1/2	3 1/2	3 1/2
Brussels	5	4 1/4	4 1/4	4	4	3 3/4	3	3	2	2 1/2	3 1/2	3 1/2	3 1/2
Rome	5	4 1/4	4 1/4	4	4	3 3/4	3	3	2	2 1/2	3 1/2	3 1/2	3 1/2
Switzerland	3 1/4	3 1/4	5 1/4	5 1/4	7	7	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Vienna	6	5 1/4	6	5 1/4	6	5 1/4	6	5 1/4	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Warsaw	8	8	8	8	8	8	6 1/2	6 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Tokyo	5.84	5.48	5.48	5.48	5.48	5.4	5.1	5.1	6.5	6.5	1.4	3.8	3.8
Calcutta	5	7	5	7	5	6	5	6	5	4	4	4	4

LONDON BANKERS' CLEARING RETURNS.					LONDON BANKERS' CLEARING RETURNS.				
(000's omitted.)					(000's omitted.)				
Town.	Metropolitan.	Country.	Total.		Town.	Metropolitan.	Country.	Total.	
1913	14,191,275	855,648	1,389,481	16,436,404	1929	36,815,808	1,667,852	2,752,290	39,435,950
1926	35,346,429	1,660,757	2,817,868	39,825,054	1930	36,815,808	1,667,852	2,752,290	39,435,950
1927	36,815,808	1,758,032	2,972,827	41,550,541	1931 (Oct. 19) ..	27,178,656	1,360,250	2,223,900	29,762,806
1928	39,313,117	1,854,130	3,039,422	44,204,729	1932 (Oct. 19) ..	22,216,298	1,287,567	2,142,393	25,646,258
1929	39,313,117	1,854,130	3,039,422	44,204,729					
1930	38,782,577	1,812,146	3,018,764	44,896,677					
1931	38,782,577	1,812,146	3,018,764	44,896,677					
1931 (Oct. 19) ..	27,178,656	1,360,250	2,223,900	29,762,806					
1932 (Oct. 19) ..	22,216,298	1,287,567	2,142,393	25,646,258					

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)													
Monthly Average.	Food.		Raw Materials.		Manufactures.		Imports of			Exports of			
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Wool.	Cotton Piece Goods.	Iron and Steel.	Coal.	
1913	£	£	£	£	£	£	Owts.	Centals.	Centals.	Sq. Yds.	Tons.	Tons.	
1926	24.2	2.7	23.5	5.8	16.1	34.1	1.8	0.7	0.7	*589	0.41	1.7	
1927	41.9	4.2	32.7	3.9	26.3	44.9	8.8	1.5	0.7	319	0.26	4.3	
1928	44.9	4.4	29.3	6.4	26.9	47.0	8.1	1.5	0.7	343	0.36	4.2	
1929	44.3	4.5	27.9	5.8	25.7	48.2	9.2	1.3	0.7	319	0.26	4.3	
1930	44.7	4.6	28.3	6.6	27.9	47.8	8.6	1.1	0.7	322	0.36	4.0	
1931	39.8	3.0	20.0	5.3	25.6	36.6	8.1	1.3	0.7	306	0.36	4.6	
1932—March	34.8	2.7	16.5	3.5	13.0	24.2	8.8	1.0	0.7	201	0.26	3.6	
April	30.9	2.9	13.4	4.0	11.8	24.2	9.9	1.0	0.7	143	0.17	2.9	
May	27.5	2.6	13.7	3.6	11.6	23.2	10.0	1.5	1.2	205	0.17	3.6	
June	31.4	2.3	13.5	3.6	11.8	22.9	9.3	1.0	1.0	199	0.16	3.3	
July	29.3	2.3	10.8	3.5	11.4	22.9	9.7	1.0	1.2	201	0.15	3.3	
August	28.2	2.6	11.7	3.4	13.1	21.7	10.0	0.7	0.8	185	0.15	3.3	
September	30.6	2.5	11.2	3.2	12.1	19.8	9.2	1.0	0.3	198	0.16	3.2	
							8.3	0.7	0.3	177	0.13	2.8	

RAILWAY STATISTICS.—(000,000's omitted.)																
Great Britain (g).																
Gross Receipts.		Freight Traffic (f).						Austria.		Germany.	Italy.	Canada.	United States.			
Passengers.	Freight.†	Merchandise.*‡	Coal, &c.‡	Minerals‡ and Other Merchandise	Total.‡											
£	£	Tons.	Tons.	Tons.	Tons.	Ton-Miles.	(b) (h)	(b) (h)	(e) (f)	(e) (f)	(e) (f)	(e) (f)	(e) (f)			
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	...	5,126	1,095	42,511	438,483	438,483			
December	4.8	8.7	5.1	17.2	4.8	27.0	1,400	...	5,398	928	44,128	434,580	434,580			
1929—June	5.5	8.3	4.7	16.1	4.8	25.2	1,352	...	5,528	1,038	43,129	437,304	437,304			
December	5.2	8.4	4.8	15.7	5.6	25.6	1,352	...	4,715	1,030	43,129	437,304	437,304			
1930—June	4.6	7.3	4.7	17.6	5.0	27.3	1,392	...	5,603	1,087	44,846	438,483	438,483			
December	5.7	8.1	4.4	13.2	4.7	22.2	1,426	...	4,874	1,044	44,846	438,483	438,483			
1931—June	4.3	7.4	4.2	15.8	4.2	25.5	1,388	319	4,502	1,044	44,846	438,483	438,483			
December	3.9	7.6	4.2	16.1	3.7	22.2	1,250	245	3,846	879	3,607	42,377	42,377			
1932—March	3.8	6.6	3.7	13.8	3.3	24.0	1,492	281	4,162	921	3,629	41,256	41,256			
April	3.4	6.0	3.6	13.2	3.3	20.1	1,150	217	2,839	801	3,024	35,088	35,088			
May	4.0	6.0	3.4	12.1	3.2	18.6	1,091	211	3,256	876	2,923	34,426	34,426			
June	4.4	6.1	3.4	12.2	3.2	18.9	1,026	204	2,965	...	2,670	29,010	29,010			
July	...	...	...	...	...	...	1,043	219	3,319	...	2,649	27,255	27,255			
...	...	...	...	...	...	...	...	218	3,045†	...	2,614	27,835	27,835			

• Inc. live-stock.
at least \$500,000.

(a) "Reichsbahn." Exo. free-hauled.
(h) Revised figures; net tonnage given.

(b) State and private railways, including freight on foreign lines.
(i) Fiscal year ending June 30.

(c) Railways with annual operating revenues of at least \$500,000.
(j) Excluding free-hauled.

(d) Ton-miles.
(k) From January, 1932, onwards figures relate to 4-week periods.

(e) Including free-hauled.

(f) Freight Traffic (f).

(g) Long ton = kg. 1,016.05; mile = metres 1,609.34.

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HOME INDUSTRIES AND TRADE.

The following reports on British industry cover in most cases the period to the middle of November. In the remainder they relate to the month of October.

THE COAL TRADE.

Some revival in export demand is noticeable, both in South Wales and on the North-East Coast, but it is pointed out that the recent strength of the markets is to some extent due to restriction of output by the collieries either voluntarily or under the quota. Still, Northumberland producers are well booked forward, and Durham pits have lately been able to improve their position. In South Wales, there is a good demand for smalls and sized coals, but stocks of large coal are very heavy and difficult to clear. Few new contracts are coming forward. As regards inland demand, house coal sales are much below normal for the time of year, but there is a slight improvement in sales of industrial coal, and electricity undertakings are purchasing more freely. Scotland reports an acute shortage of coal for export, which is only partly due to the operations of the quota, and a strong market for both large and small coal.

IRON AND STEEL.

The October production and export figures were better than those for the preceding month, but there was an increase in imports from 127,000 to 160,000 tons. This last, however, is believed to be due to forestalling in anticipation of an increase in the tariff, which it was thought would be recommended towards the end of the month. Such a recommendation was not made, and these imports have now to be absorbed. Further increases in Continental prices took place during October, from £2 14s. 6d. to £3 1s. per ton for steel billets, from £2 16s. to £3 4s. for sheet bars, and from £3 8s. to £4 9s. per ton for merchant bars. All these prices are in sterling, f.o.b. Antwerp, and freight and the 334 customs duty must be added to make them comparable with British prices. In actual fact, some kinds of British steel are now cheaper, even on the sea-coast. Thus, allowing 7s. 6d. for freight, the South Wales prices of foreign sheet bars (including duty) comes to a few pence over £4 15s. per ton, which is the current price for British sheet bars in the same area.

ENGINEERING.

Little change has occurred during the past month, but employment is slightly better. The industry has now had time to consider the Ottawa agreements, and is confirmed in its original view that they are of little immediate benefit, and that everything depends upon how they are interpreted by the Dominions. In some respects, the general tone of the industry is pessimistic. In some respects, and the absence of any prospect of a reduction in taxation is having a depressing influence. Again, though some improvement in business is noticeable, it is very limited and also regarded as spasmodic. Locomotive and rolling stock builders are now a little more active, and agricultural engineers should shortly be receiving their next year's orders. Shipbuilding and marine engineering remain depressed, but the new destroyer contracts recently placed should give rise to a certain number of orders for equipment. Makers of prime movers are doing fairly well, but there is no improvement in the machine-tool or textile machinery sections.

PRODUCTION OF ELECTRICITY.

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	158
1.31—April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	192	145
September	157	130	222	213	217	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	160	266	165	258	207
February	204	165	271	212	266	214
March	198	165	262	212	266	214
April	180	150	250	236	256	205
May	168	135	219	212	233	190
June	148	122	218	135	208	164
July	148	122	218	135	196	156
August	141	120	190	127	186	144
September	161	126	212	131	220	167
October	193	160	283	158	258	199

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

The corrected figure for October is 88.0, compared with 86.5 for September and 91.8 for October last year. It will be seen that there has been a further general increase in the production and consumption of electricity, but that this was largely of a seasonal character.

ELECTRICAL INDUSTRY.

The rise of one point in the index number of export orders is particularly encouraging, as it comes at the end of a long period of decline. The home index number is disappointing, and it is reported that there is a noticeable absence of repair and reconstruction orders.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*
(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1931—May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59
1932—January	45	106	56
February	47	111	58
March	46	112	57
April	49	110	59
May	56	104	62
June	53	94	58
July	52	72	52
August	56	68	54
September	60	66	56
October	58	67	55

* Copyright of the British Electrical and Allied Manufacturers' Association.

The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of the orders.

MOTOR INDUSTRY.

During the past month the motor industry has maintained its high level of activity. Registrations for private cars were 63.4 per cent. above those for September, 1931, and the twelve months figures also show an increase. Exports of private cars for October have risen from 1,756 in 1931 to 3,958 for this year, and commercial vehicles from 410 to 657. Imports are correspondingly decreasing, the total of private cars and commercial vehicles for October, 1932, being 151, against 520 in October, 1931. The motor cycle section is fairly quiet, but shows a rise in registrations of 646 when compared with September, 1931.

THE COTTON TRADE.

Since the conclusion of the week's strike on November 7th the tone of the Manchester market has steadily improved. Inquiry in yarn and piece goods has broadened and there has been more disposition to arrange contracts. The revised American crop estimate of the Government of 11,947,000 bales was larger than expected, but the fall in prices which followed has since been recovered. Manufacturers of piece goods have met with a larger demand. Much difficulty has been experienced in arranging terms of fresh contracts, but there have been indications of supplies being more urgently wanted in several outlets abroad. A definite improvement has shown itself in the demand for India. An increased turnover has taken place in a variety of goods for the several outlets, and rather healthier reports have been received with regard to clearances. News from China has been bad and trade has been at a low ebb. Fancies, however, have been in request for Java and the Straits Settlements. Some exporters to Egypt and the Near East have displayed more interest in prices, but the turnover for these outlets has been unimportant. Some falling off has occurred in sales for South America, but a certain amount of business has been available, chiefly for the Argentine. Steady buying has again been reported for the several outlets of Africa. The improvement in demand for the Continent has continued, and some encouraging orders have been placed for Scandinavia. Buyers for the Dominions have been more active, especially for Australia. In the yarn market, the spinners' strike came as a surprise to the trade, and owing to the sudden cessation of output a brisk demand was experienced and cloth manufacturers pressed for deliveries. In the circumstances spinners have sold more freely, and have raised their prices and improved their margin.

THE WOOL TEXTILE TRADES.

This season's wool clip is being well absorbed both in Australia and South Africa, and in particular it is estimated that one-quarter of the merino clip has already been sold. The seventh series of London sales opened on November 22nd, and prices were well maintained in comparison with the preceding sales. Bradford combers are well employed, and are receiving more export orders. Inquiries for merino and fine cross-bred tops are coming forward more readily, and it is becoming difficult to obtain delivery of tops before the end of the year. Yarn prices are firmer, and there is a very good demand for knitting and hosiery yarns. There is rather more activity in the dress goods trade.

THE JUTE TRADE.

By the end of October Calcutta stocks of hessians and sackings had been reduced to 91.5 and 72.8 million yards respectively, compared with 159.6 and 78.9 million yards a year ago. Even so business at Dundee remains slow and current purchases of cloth are only just sufficient to keep prices steady. Plenty of inquiries are coming forward, but buyers are afraid to do more than fill their immediate requirements.

RAYON.

Though the actual turnover in rayon yarns is only moderately good, machinery activity would appear to indicate that there was confidence that considerable increase in consumption was likely in the near future. Demand in the weaving section is steadily improving, but the improvement in the demand for hosiery yarns which began in September has now subsided.

THE LINEN TRADE.

In view of the high sterling cost of imported flax, buyers have confined themselves to actual requirements. Sellers are very firm, offering only in restricted quantities and declining to consider any concession. A considerable volume of new business in yarns has been refused by spinners who find themselves compelled to hold for higher rates against increased production costs. The outlook for cloth is encouraging and a feature is the big amount of inquiry from American centres.

BOOTS AND SHOES.

Leather prices are steadier, and inquiries are firmer in both the leather and boot and shoe trades. Orders, however, are still of very limited dimensions.

POTTERY.

Earthenware manufacturers remain fairly busy, but Christmas trade is approaching its end, and the better demand for higher-class ware which was noticeable a month ago has now fallen away.

THE CHEMICAL INDUSTRY.

Conditions in the chemical industry showed no material change during October. Business was fairly active, industrial chemicals enjoying the best markets. Greater interest was shown in wood distillation products and in coal tar products. Business in pharmaceutical chemicals was limited, this section continuing the least satisfactory of the industry. The Board of Trade returns for exports during October again showed a decline as compared with the normal seasonal cessation of painting and decorating. The unemployment percentage for October 24th was 29.8, compared with 28.8 for September 25th, and 24.7 for the end of October, 1931. Returns from 143 local authorities (excluding the London County Council area) show that plans passed for new buildings in October comprised a total cost of £6,317,900, compared with £5,457,400 in September and £4,732,400 in October, 1931. Of the total for October last, dwelling-houses accounted for £4,760,200; factories and workshops for £166,100; shops, offices, warehouses and business premises for £343,900; and other buildings and alterations and additions for £1,047,700.

AGRICULTURE.

According to an official report, the potato crop has been harvested under good conditions, but potatoes lifted towards the end of October were wet and dirty. The tubers are up to the average in quality and size, and disease is not very prevalent. Yield is estimated at about 6.3 tons per acre. Turnips and swedes may yield 13 tons per acre, mangolds about 18.2 tons per acre, and washed and topped sugar-beet roots 8 tons per acre. Fair progress had been made with autumn cultivation and sowing, but in some parts work was less forward than usual. Winter keep has not been heavily drawn upon, and supplies are expected to be sufficient. Cattle and sheep are looking well, and milk yields have been maintained.

SHIPPING.

Trade has been adversely affected by the instability of grain prices, and homeward quotations in almost every section have been weak. Outward coal business shows little change.

BUILDING.

According to the Ministry of Labour's returns, a further slight decline in employment occurred during October, mainly due to the normal seasonal cessation of painting and decorating. The unemployment percentage for October 24th was 29.8, compared with 28.8 for September 25th, and 24.7 for the end of October, 1931. Returns from 143 local authorities (excluding the London County Council area) show that plans passed for new buildings in October comprised a total cost of £6,317,900, compared with £5,457,400 in September and £4,732,400 in October, 1931. Of the total for October last, dwelling-houses accounted for £4,760,200; factories and workshops for £166,100; shops, offices, warehouses and business premises for £343,900; and other buildings and alterations and additions for £1,047,700.

RETAIL TRADE.

According to a London store, November began very well, but recent weeks have witnessed a slight decline in activity. The returns of retail trade for the country as a whole, published in the *Board of Trade Journal*, show that the value of sales for October last was 3.3 per cent. below that of October, 1931. In interpreting this decline it must be remembered that trade in October, 1931, was affected by the general election. Boot and shoe sales showed an increase of 2.7 per cent., but there was a large decrease of 12.1 per cent. in sales of piece-goods.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	95.5	98	102	103.5	98	104	101.5	102
1926	107 _a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113 _a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65	95
"Corrected" average for 3 months ended:																		
1931—Oct. ...	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64	...
Nov. ...	81	99	91	86	243	100	118	64	96	115	99	83	86	114	104	109	64	...
Dec. ...	95	94	98	96	266	107	128	65	98	115.5	100	83	92	116.5	101	101	64	...
1932—Jan. ...	106	97	92	107	238	109	131	65	97.5	116	100	77	94	119.5	96	91	64	...
Feb. ...	109	100	88	102	298	106	133	64.5	98	116.5	100.5	74	97	119.5	93	90	64	...
Mar. ...	109	105	77	101	240	106	132	64	98	117	101	70	99	119.0	91	99	65	...
Apr. ...	101	100	75	97	287	105	128	63	99	118	102	68	98	117.5	91	110	69	...
May ...	99	99	75	97	306	101	121	62	99	118.5	102	65	97	116	92	119	69	...
June ...	93	103	73	87	318	93	111	58.5	99	119.5	101.5	64	94	113.5	96	119	68	...
July ...	88c	107	72	82	317	90	103	56	98	120.5	101	63	98	112.5	100	131	64c	...
Aug. ...	86c	102	70	80	315	88	97	54	98	121	101	...	97	110	103	130	62.5c	...
Sept. ...	86c	100	69	78	300	89	100	53	97.5	120.5	100.5	...	96	111	104	127	60c	...
Oct. ...	84c	97	70	76	305	92	108	54	98	119	100	...	98	111	102	128	59c	...
Oct., 1925 ...	85	101	71	96	158	91	100	85	103.5	104	100.5	99	87	103	102	99	103	...
Oct., 1926 ...	90 _a	97	55	88	167	57	85	34.5	99.5	104	91.5	84	97	101.5	93	104	90	...
Oct., 1927 ...	95	102	111	107	197	101	103	86.5	108.5	109.5	105.5	100	100	108.5	112	111	105	...
Oct., 1928 ...	86	104	83	92	257	95	103	79	107	109.5	104	95	91	114	117	122	110	...
Oct., 1929 ...	104	117	119	85	358	99	109	84.5	110	113.5	108	98	92	114	121	125	109	...
Oct., 1930 ...	87	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82	...
Oct., 1931 ...	75	95	79	70	365	93	105	63.5	95	115	98.5	79	88	112	108	120	64	...
Oct., 1932 ...	84c	97	70	76	305	92	108	54	98	119	100	...	98	111	102	128	59c	...

a Excluding coal imports.

STATE OF TRADE OVERSEAS.

The general impression left by the following reports is that, when allowance is made for the seasonal factor, the recent improvement in trade has been very limited. There are some indications that it had already reached its turning-point by the middle of October.

BRITISH EMPIRE.

Australia.—Seasonal prospects are excellent except in the pastoral areas of Queensland. Trade continues to improve. Unemployment is diminishing, and September exports were double those for August, while imports for the third quarter of the year were 50 per cent. above those for the third quarter of 1931. The main retarding factor was the weakness in overseas prices for wheat, butter and frozen meat.

Canada.—The recent upturn in business has been largely arrested by the October collapse of wheat prices. Unemployment only registered a very slight improvement, while car loadings and electric power production registered less than normal seasonal gains. Railway traffic returns are better as the result of heavy grain movements, and there has been a moderate expansion in retail trade. The lumber industry has improved slightly, but newsprint remains very depressed.

India.—Bombay raw cotton prices fell during early October in sympathy with the downward world trend, but have since recovered owing to the depreciation of sterling. Good Japanese buying took place whenever prices weakened. The piece-goods market was quiet. Calcutta jute prices fell steadily during October, but tea prices hardened on the possibility of the adoption of the restriction scheme.

South Africa.—Business remained steady during October. Clothing and boot and shoe factories are well employed, and retail trade shows signs of the usual Christmas and summer expansion. Wool prices have eased slightly, but clearances have been rapid and overseas demand good. Agricultural prospects have been improved by good rains in areas where they were badly needed. The diamond industry is more active. Sales during October equalled those for the past two years, and prices have risen by 30 per cent. from the low point touched in June.

EUROPE.

France.—Some improvement is noticeable in the coal trade, and there is a better export demand for iron and steel. The Lille textile trades report that the September improvement has hardly been maintained, and demand for flax, hemp and jute is less active, with business more difficult to arrange. Roubaix dealings in tops and noils fell below the August and September level, but there is a keen demand for hosiery yarns.

Belgium.—The coal industry is improving, and current output is passing into consumption, so that stocks are not being increased. In the iron and steel industries new business is less active than in previous weeks, when large orders were booked, but prices remain firm and many manufacturers are now well supplied with work.

Germany.—The business outlook was slightly more favourable early in November, but the resignation of the Government has had an unsettling effect. Unemployment remained unchanged during October at 5,109,000, but steel production improved from 15,100 tons in September to 20,100 tons in October, while coal production rose from 242,000 tons for the week ended October 8th to 283,000 tons for the week ended November 5th. Car loadings also improved, the returns for these two weeks being 102,800 and 115,200. A slight expansion is reported in the wool textile industry, while the foreign trade returns show moderate improvements in both imports and exports.

Holland.—Business is slightly better, but it is now estimated that the improvement during the third quarter of the year was no more than seasonal. Still, unemployment is a little less serious, and more movement is noticeable in the port of Amsterdam, where there has been a reduction in laid-up tonnage and an increase in entries.

Scandinavia.—Interest is being taken in the impending commercial negotiations with Great Britain, and industrial representatives in favour of a liberal commercial policy. The Danish Government has accepted the British Government's desire to limit bacon shipments for two months, but has made certain reservations as to the future, on the ground that stocks cannot be reduced at once. Sweden reports some revival in export industries, and a better balance between production and sales of sulphite and mechanical wood pulp.

Switzerland.—It is now clear that the autumn improvement in trade has not come up to expectations. The hotel and transport industries are severely affected by the depression, and the Government is considering means of assistance. The watch-making, embroidery, paper and machinery industries, and certain of the textile trades, are also severely affected. The October export returns were disappointing, this being attributed to the depreciation of sterling, the British tariff, the impoverishment of Germany, and to exchange restrictions elsewhere.

Central Europe.—In Austria the seasonal decline in employment has been less marked than a year ago, but this may be due to the recent increase in the number of unrecorded unemployed. Indus-

trial employment in August is now estimated at only 50 per cent. of the August, 1929, figure, and there has been no improvement since. Commercial turnover has fallen to the lowest point since the termination of inflation in 1922. Czechoslovakia reports a moderate improvement since midsummer, but there are signs of its approaching termination. Export industries remain very depressed, and so are the iron and steel and engineering trades. The harvest was above the average, but prices are very low.

UNITED STATES OF AMERICA.

The collapse of wheat prices and the publication of poor third-quarter earning statements depressed business sentiment at the end of October, and it then looked as if the limited autumn improvement had reached its peak in the middle of that month. This view is confirmed by recent slight recessions in current business indicators, such as car loadings and steel production, the last-named having fallen to 17 per cent. of capacity in early November against a top figure of 20 per cent. in October. Commodity prices have also fallen by a point during the past five weeks, and stock and bond prices are lower.

AMERICAN TRADE STATISTICS—OCTOBER, 1932.

	Sept., 1932.	Oct., 1932.	Compared with Oct., '31.
EMPLOYMENT—(June, 1914 = 100)†	62.6	63.2	9.8

PRODUCTION—

Bituminous coal (Thous. tons)	26,266	33,200*	2,540
Pig-iron (" ")	593	645	528
Steel (" ")	975	1,069	523

Unfilled orders, U.S.

Steel Corporation (Thous. tons) ..	1,985	1,997	1,122
Building permits (Thous. \$)	30,437	26,107	50,859

CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)	84.0	84.4	12.7
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FOREIGN TRADE—

Imports (Thous. \$)	98,448	106,000*	62,000
Exports (" ")	132,026	153,000*	51,000

TRANSPORT—

Monthly average of weekly car loadings (Thous. cars)	573	634	129
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SECURITIES—

30 industrial stocks—			
Highest quotations†	79.93	72.09	37.61
Lowest quotations ‡	65.06	58.47	28.01
Thous. shares sold during month—			
(New York)	67,424	29,188	18,706
New securities issued (Thous. \$) ...	104,565	115,369	74,354

BANK CLEARINGS—

New York (Million \$)	13,279	12,260	8,453
Other cities (" ")	7,111	7,535	3,831

RETAIL BUSINESS—

Total sales, mail order houses§	(Thous. \$) 38,872	46,191*	5,900
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* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

In Argentina the harvesting period for the main cereal crops is now drawing near, and it appears that the state of the crops is excellent, apart from the damage which has been caused by locusts, which is largely confined to the linseed areas. Business in the new crop grain will commence next month; this should materially increase the supply of export drafts and relieve the pressure recently in evidence in the exchange market. Following the Presidential elections on October 30th last, when Señor Don Alessandri was the successful candidate, Chile appears to have again settled down to a Constitutional regime. The new Administration is giving close consideration to the question of consolidating the national finances and resuscitating the nitrate industry. Fundamentally, conditions in Brazil are being restored, and, whilst some time may elapse before shipments of coffee through the port of Santos take place on a normal scale, the National Coffee Council has announced that there will be no modification in the plans for the defence of coffee. A revival of trade in Latin America continues to be prejudiced by the low level of commodity prices and the continuance of foreign exchange restrictions. The effect of the latter upon import trade is becoming increasingly serious, and, in Chile, complete removal of the exchange restrictions has already been mooted.

THE FAR EAST.

Japanese imports and exports showed some improvement in October over the preceding month. The raw silk market is firm, and reports from the cotton and rayon industries are more encouraging. The fall in the exchange is officially explained by speculation in Shanghai and by the covering of import commitments. It has proved of benefit to shipping business.

PRODUCTION. (Thousands of Metric Tons.)

COAL.															LIGNITE.		
Period.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.	
Monthly Average.																	
1913.....	24,337	1,903	1,189	3,338	15,812	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460	
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520	
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,585	2,885	1,037	1,028	1,826	2,822	43,052	1,704	13,799	543	
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,855	45,510	1,880	14,598	587	
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,332	864	991	1,913	2,615	40,176	1,602	12,159	515	
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	4,883	701	880	1,729	2,150	33,065	1,497	11,102	509	
1931—October.....	19,986	2,360	1,233*	4,289	10,321	1,156	3,763	...	729	840	1,554	2,216	38,329	1,723	12,724	584	
November.....	18,883	2,083	1,184	4,076	9,615	1,085	3,740	...	690	786	1,339	2,136	31,072	1,739	11,401	655	
December.....	19,887	2,062	1,151	3,882	9,021	1,059	3,184	...	729	861	1,847	2,250	31,689	1,702	11,207	618	
1932—January.....	18,973	2,132	1,036	3,750	8,703	1,025	2,713	5,610	...	809	1,874	2,184	28,339	1,339	9,996	556	
February.....	18,815	1,988	972	3,738	8,340	1,001	3,4	5,589	708	796	1,907	2,088	29,059	1,393	9,741	549	
March.....	19,091	2,108	948	3,795	8,448	1,072	2,379	6,023	679	824	1,786	2,410	33,601	1,300	9,810	508	
April.....	18,663	1,967	923	3,867	8,301	1,069	2,264	5,259	555	790	1,660	2,152	23,522	918	9,395	397	
May.....	17,275	1,828	795	3,694	7,977	997	1,959	5,259	517	817	1,528	2,231	19,659	1,246	9,158	344	
June.....	17,025	1,822	801	3,772	8,291	1,067	2,125	5,259	621	825	1,502	2,141	18,415	1,127	10,447	380	
July.....	15,275	1,738	792	3,729	8,256	1,035	2,354	...	539	819	1,348	2,080	18,940	1,145	9,940	383	
August.....	15,542	1,708	803	3,833	8,463	1,043	2,434	...	540	868	1,258	...	23,708	1,322	10,131	457	
September.....	16,350	1,708	903	3,853	8,610	1,069	2,362	...	...	801	1,529	...	27,555	1,387	10,372	...	
October.....	17,112†	...	...	4,096	...	...	...	...	...	...	...	...	34,500†	...	...	...	

PIG IRON.

Period.	PIG IRON.											STEEL.							
	Monthly Average.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.	
	<i>b</i>	<i>a</i>				<i>g</i>					<i>a</i>				<i>g</i>			<i>c</i>	
1913.....	869	419	434	114	1,397	61	...	...	85	2,601	649	307	391	159	1,467	62	88	2,554	
1927.....	610	537	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675		
1928.....	617	507	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675		
1929.....	643	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,599		
1930.....	525	489	856	159	808	38	418	63	2,659	618	471	787	161	962	52	86	3,326		
1931.....	318	440	685	126	505	32	398	36	1,547	438	430	651	128	691	46	57	2,108		
1931—October.....	289	444	637	125	434	29	444	12	1,192	465	445	626	126	603	51	31	1,618		
November.....	301	425	567	110	427	25	450	15	1,121	467	415	538	105	548	47	29	1,619		
December.....	336	397	543	100	352	26	431	14	996	429	392	535	93	438	48	21	1,323		
1932—January.....	335	397	490	112	358	23	449	10	988	437	388	469	111	400	37	25	1,485		
February.....	329	397	458	116	330	24	423	11	980	488	403	463	125	448	44	29	1,483		
March.....	341	400	471	109	314	24	482	18	1,010	470	403	464	118	435	56	37	1,483		
April.....	322	404	460	112	336	21	516	17	966	440	415	457	124	452	48	37	1,258		
May.....	320	407	459	125	381	21	554	14	837	467	396	468	126	506	44	18	912		
June.....	316	392	452	111	310	19	513	8	581	437	334	465	104	429	36	28	805		
July.....	297	334	455	100	294	18	502	6	539	367	389	473	100	416	39	27	846		
August.....	264	385	456	97	278	18	517	7	602	437	394	456	128	392	43	24	991		
September.....	265	389	446	114	273	20	...	...	6	655	445	...	...	...	...	...	1,080†		
October.....	280	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		

a Including ferro alloys.

c Excluding castings.

d Saleable coal, since end of 1927.

a Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Coal sold. i Until end 1928 saleable coal. m Including coal waste. n Including lignite. o Strike in coal mines. † Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Econ. mist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	919	153	642	137.6	148	495	167	100.0	174	172	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	645	140.0	149	462	157	101.0	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.2	851	924	150	627	137	142	466	149	95.7	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	744	917.9	130	554	124.6	117	383	137	82.3	172	122	126.5	146.7	117	135.3	...
1931.....	104.1	89.3	686	107.9	114	502	110.9	97	328	122	70.5	...	174	111	109.7	131.3	96	113.4
									<i>a</i>	<i>c</i>	<i>k</i>	<i>d</i>	<i>e</i>	...	...	...	...	...
1931—October	104.4	90.1	591	104.5	113	457	107.1	89	320	119	63.3	...	175	108	106.4	128.9	96	110.0
November	106.4	90.7	584	103.8	117	447	106.6	89	322	119	68.2	...	176	111	106.2	131.5	97	109.3
December	105.8	90.6	573	102.3	119	442	103.7	85	319	122	66.5	...	177	111	103.1	131.0	98	109.8
1932—January	105.8	90.0	558	101.4	118	439	100.0	84	317	123	63.9	...	176	109	101.4	130.0	97	108.4
February	105.3	92.2	564	100.7	117	444	99.8	82	315	122	63.8	...	180	109	98.7	132.2	94	108.0
March	105.2	90.5	548	100.7	117	444	99.8	80	311	120	65.3	...	181	109	97.7	131.5	92	106.9
April	102.4	86.3	539	99.5	115	438	97.2	79	305	120	66.1	...	177	109	95.6	129.9	89	105.0
May	100.7	83.3	526	98.0	113	425	96.2	78	297	120	61.8	...	174	108	94.5	127.8	87	104.0
June	98.1	80.9	514	97.9	115	430	95.9	76	296	122	60.2	...	171	108	95.0	130.1	91	104.3
July	97.7	82.7	512	100.1	117	416	95.4	75	296	123	60.0	...	171	110	94.8	...	91	104.5
August	99.5	85.2	533	99.5	119	413	95.1	76	300	...	...	...	...	...	...	...	...	...
September	102.1	88.1	529	...	118	412	94.3	...	...	123	...	...	...	...	...	...	...	...
October	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

FINANCE

Notes in Circulation. (000,000's omitted.)

Imports in value, £ millions (000,000 £ omitted.)															
Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.		Greece.	Hungary.	Yugo-Slavia.	Netherlands.	
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank."	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmks.	Rentenmks.	Drachma.	Pengö.	Dinars.	Gulden.	Gulden.
1913.....	29.6	...	1,067	189	...	152	113	95,714	92,742	...	...	...	...	...	...
1926.....	381.0	947	9,646	3,481	8,203	386	1,346	52,449	3,736	...	245	...	...	313	...
1927.....	382.3	1,005	10,951	3,727	8,413	368	1,346	52,449	3,736	1,164	4,966	...	...	...	...
1928.....	378.3	1,067	12,358	4,173	8,466	360	1,515	56,301	4,564	716	4,865	471	5,812	817	13
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,515	62,181	4,930	530	5,699	487	5,743	797	12
1930.....	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	5,044	397	6,193	501	5,528	854	11
1931.....	364.2	1,183	18,270	2,919	7,679	346	1,233	85,725	4,776	439	4,803	469	5,818	851	11
1931-Sept.	357.2	1,111	17,283	3,335	7,172	334	1,201	78,173	4,609	422	4,003	423	5,172	1,023	4
Oct.	356.0	1,134	18,008	3,185	7,218	368	1,264	83,639	4,746	421	4,422	383	5,197	1,035	2
Nov.	354.4	1,130	17,748	2,981	7,166	360	1,237	82,543	4,641	421	4,297	435	5,302	1,037	2
Dec.	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	420	3,987	323	5,239	1,051	2
1932-Jan.	345.9	1,093	18,350	2,730	6,808	325	1,220	84,723	4,776	422	4,003	323	5,172	1,023	2
Feb.	346.0	1,044	18,576	2,672	6,693	321	1,271	83,189	4,407	420	3,797	416	5,239	1,023	2
Mar.	365.5	1,009	18,318	2,797	6,826	322	1,239	81,782	4,231	419	3,739	383	4,776	1,008	2
Apr.	352.8	999	18,266	2,582	6,582	335	1,224	82,774	4,128	415	3,909	374	4,824	983	2
May	354.2	995	18,040	2,675	6,582	332	1,168	81,418	3,961	410	3,700	317	5,043	982	2
June	365.1	962	18,300	2,628	6,410	325	1,136	80,687	3,984	413	4,208	389	4,942	1,006	2
July	369.3	949	18,491	2,638	6,224	314	1,088	82,118	3,967	413	4,202	403	4,933	981	2
Aug.	365.3	915	18,259	2,658	6,144	308	1,075	79,912	3,817	411	4,323	376	4,855	983	2
Sept.	359.8	902	18,155	2,773	6,218	315	1,090	82,459	3,755	412	4,683	372	4,833	974	2
Oct.	358.4	903	18,183	2,173	6,957	333	1,066	82,205	3,620	412	4,750	410	4,759	1,003	2
Period	Italy.	Norway.	Poland.	Romania.	Roumania.	Saxony.	Siam.	Soviet Union.	Sweden.	Switzerland.	Turkey.	Ukraine.	USSR.	Vatican.	Yugoslavia.
	£	Kr.	zł.	lei.	lei.	Mark.	฿.	roub.	Kr.	fr.	liras.	roub.	roub.	fr.	fr.
1913.....	29.6	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1926.....	381.0	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1927.....	382.3	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1928.....	378.3	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1929.....	369.8	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1930.....	368.8	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1931.....	364.2	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1931-Sept.	357.2	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Oct.	356.0	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Nov.	354.4	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Dec.	364.2	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1932-Jan.	345.9	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Feb.	346.0	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Mar.	365.5	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Apr.	352.8	...	...	...	...	...	...	...	...	...	...	...	...	...	...
May	354.2	...	...	...	...	...	...	...	...	...	...	...	...	...	...
June	365.1	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July	369.3	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Aug.	365.3	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Sept.	359.8	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Oct.	358.4	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Period.	Italy.		Norway.	Poland.		Roumania.	Russia.		Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.		Japan.
	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Token Notes and Coins.	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes and Dominion Notes.	Bank Notes.	Bank Notes.	Federal Reserve Notes	All notes, certificates, & coins.	Bank Notes.
End of	Lire.	Lire.	Kroner.	Zloty.	Zloty.	Leu.	Gd. Rbla.	Rbles.	Kronor.	Francs.	£	Dollars.	£	£s	Dollars.	Dollars.	Yen.
1913	42,284	10,499	108	...	...	437	...	...	...	...	...	...	...	...	...	...	...
1926	18,340	1,793	337	593	428	20,951	398	...	234	314	10 0	716	2 3	2 2	...	...	...
1927	17,992	783	331	1,003	309	21,025	480	1,003	526	917	49 9	190	6 6	27 8	1,824	5,095	1,770
1928	17,295	161	316	1,295	248	21,211	730	1,091	526	917	51 8	192	7 2	27 5	1,763	5,003	1,682
1929	16,774	80	318	1,340	259	19,228	1,028	1,501	569	999	45 3	183	7 6	30 3	1,808	4,973	1,739
1930	15,680	668	312	1,328	241	19,605	1,046	2,080	594	1,062	48 2	166	7 5	26 6	1,862	4,865	1,642
1931	14,295	...	334	1,218	241	23,755	...	2,784	583	1,609	54 8	159	7 1	21 0	1,641	4,490	1,436
1931-Sept.	14,474	...	302	1,225	242	21,861	...	2,527	594	1,462	...	156	6 8	19 3	2,080	5,246	989
Oct.	14,441	...	295	1,054	244	23,243	...	2,596	579	1,498	...	157	7 2	19 3	2,412	5,840	1,093
Nov.	14,254	...	288	1,211	244	23,519	...	2,673	576	1,477	...	160	7 1	19 1	2,463	5,647	1,087
Dec.	14,295	...	334	1,218	241	23,750	...	2,784	583	1,609	...	159	7 3	19 1	2,503	5,647	1,086
1932-Jan.	13,971	...	311	1,152	236	22,713	2,462	2,680	526	1,519	52 3	151	6 9	19 2	2,648	5,641	1,187
Feb.	13,938	...	303	1,151	243	22,542	...	2,635	526	1,505	51 6	149	7 0	19 6	2,634	5,603	1,181
Mar.	13,872	...	310	1,131	253	22,742	2,455	2,676	526	1,505	51 6	151	6 9	19 2	2,648	5,641	1,187
Apr.	13,575	...	312	1,148	269	22,904	...	2,740	601	1,517	52 3	149	7 0	19 6	2,634	5,603	1,181
May	13,104	...	304	1,104	257	21,982	2,688	2,673	553	1,529	52 3	154	7 0	19 6	2,546	5,459	1,138
June	13,035	...	318	1,105	265	20,861	...	2,925	594	1,535	51 8	147	6 8	18 8	2,551	5,465	1,158
July	13,492	...	317	1,089	m 268	20,891	...	2,925	594	1,535	51 8	147	6 8	18 8	2,551	5,465	1,158
Aug.	13,382	...	314	1,082	m 278	21,194	...	2,373	556	1,571	50 3	152	6 8	17 1	2,558	5,480	1,158
Sept.	13,814 ^a	...	311	1,056	m 288	21,313	...	2,430	556	1,561	49 1	156	6 8	17 4	2,780	5,695	1,150
Oct.	...	...	306	1,063	...	...	...	...	612	1,575	...	145	6 8	17 2	2,793	5,692	1,057
...	...	...	...	...	...	...	...	...	571	1,553	...	...	6 8	18 9	2,731	5,603	979

^a Until November, 1928, including State notes, then transferred to Bank of Japan.

[illegible]

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amster- dam.	Stock- holm.	Oslo.	Copen- hagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kroner to £1.	Kroner to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to Dollars.
Par level	124-21	35-00	92-46	25-22½	25-22½	12-107							
Highest, 1931.....	124-48	34-98½	93-03	25-26	62-25	12-12½	18-159	18-159	18-159	20-43	34-58½	4-86½	47-63
Lowest, "	82-62½	23-25	62-62½	16-62½	38-75	8-00	19-124	19-124	19-124	30-00	34-80	3-23	41½
Beginning of—													
July, 1914	25-15	+ 25-55½	25-25½	21-16½	26-10	12-11½	18-30	18-25	18-30	20-49½	± 24-55	4-87½	47½
January, 1926	129-31½	107-07	120	25-08½	34-31½	12-05	18-08	23-83½	19-60½	20-37	34-37	4-85½	46½
January, 1927	122-81½	34-89	108-62½	25-14	31-23½	12-09½	18-15½	19-04½	18-20	20-45½	34-42	4-85½	46½
January, 1928	124-00	34-92½	92-32½	25-18	28-24	12-12½	18-11½	19-04½	18-20	20-45½	34-44	4-85½	47½
January, 1929	124-10½	34-88½	92-64	25-18½	29-74	12-08	18-13	18-34	18-20	20-45½	34-42	4-85½	46½
January, 1930	123-91	34-88½	93-22	25-13½	36-62½	12-09½	18-13½	18-19	18-17½	20-38½	34-44	4-85½	47½
January, 1931	123-66½	34-76	92-74	25-04	46-30	12-05½	18-13½	18-20½	18-20	20-43	34-65½	4-85½	46½
January, 1932	86-37½	24-37	66-62½	17-37	40-18	12-05½	18-13½	18-16	18-20	20-43	34-65½	4-85½	46½
July	95-25	25-34½	70-12½	18-81½	44-75	9-09½	18-17½	18-25	18-12½	20-38½	34-48	4-85	35½
June	91-09½	25-71	68-62½	18-37	43-43½	8-77½	19-43½	20-06½	18-28	14-25	30-00	3-38	40½
August	89-71½	25-34	68-93½	18-06	43-56½	8-71½	19-50	20-31½	18-37	15-03	36-50	3-68	34½
September	88-40	25-00	67-56½	17-87½	43-00	8-59	19-46½	19-96½	18-56½	14-78	34-00	3-58	34½
October	88-25	24-93½	67-43½	17-93	42-25	8-59	19-46½	19-93½	19-37	14-56½	34-00	3-51	40½
November	83-87½	23-68	64-25	17-06½	40-18½								

[illegible]

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugoslavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Roumania or Gold Roub.	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Lova.	Kroner.	Francs.	Markka.	Mark.	Drachmæ.	Lira.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	...	...	£E.	Dollars.
1913	64,931	...	386,384	15,775	64,785	701,778	41,035	897,474	14,828	303,803	...	325,231	...	70,545	159,985	...	2,271	147,332	
1926	92,989	5,043	1,920,460	520,578	127,319	4,968,923	472,309	833,544	830,592	1,266,571	635,982	209,246	128,424	124,151	201,209	50,941	4,199	367,340	
1927	91,282	5,012	2,422,921	510,749	131,508	4,416,334	532,157	1,185,672	1,050,018	1,697,900	607,191	212,405	240,938	124,030	215,500	5,883	3,884	347,724	
1928	89,610	4,928	2,668,564	586,745	137,276	4,452,963	667,742	1,166,772	1,034,740	1,895,702	652,944	228,659	280,180	142,333	228,727	79,425	4,123	339,828	
1929	92,850	5,020	2,951,520	691,739	142,400	4,362,031	437,306	1,066,996	1,106,270	1,805,397	632,896	223,528	259,248	148,549	231,987	73,386	4,453	361,548	
1930	79,762	4,630	2,576,812	382,477	138,028	4,362,031	437,306	1,066,996	904,184	1,443,746	580,009	219,157	187,164	138,650	222,017	78,235	3,823	260,000	
1931	66,512	4,139	1,978,495	386,339	115,894	3,516,609	288,089	560,590	735,471	968,691	400,023	157,728	112,819	113,949	187,630	92,086	2,542	174,176	
1931—Sept.	64,557	4,144	1,925,890	358,650	119,844	3,345,851	334,801	448,419	799,888	837,045	442,312	152,739	119,315	128,565	186,639	85,361	2,868	174,740	
Oct.	75,408	4,802	1,941,941	380,171	117,420	3,123,228	349,869	482,788	794,181	792,976	392,959	159,948	119,510	129,791	203,014	176,280	2,908	171,589	
Nov.	78,265	4,131	1,741,892	352,325	123,408	2,890,920	360,235	1,182,395	681,808	766,397	308,545	139,766	97,036	131,373	182,341	99,025	2,499	152,802	
Dec.	71,491	3,966	1,715,186	311,379	105,239	2,806,476	252,494	490,591	632,851	960,546	297,948	140,847	91,076	129,138	204,352	85,457	2,922	149,516	
1932—Jan.	57,027	3,533	1,468,185	246,324	103,439	2,611,895	170,463	339,765	550,487	731,957	228,185	130,621	80,462	100,969	164,173	80,150	2,120	134,311	
Feb.	57,027	3,533	1,468,185	246,324	103,439	2,611,895	170,463	339,765	550,487	731,957	228,185	130,621	80,462	100,969	164,173	80,150	2,120	134,311	
Mar.	55,695	4,876	1,513,691	345,148	100,267	2,611,895	171,288	363,627	612,108	741,659	229,361	110,650	63,885	84,030	159,729	62,544	2,556	130,384	
Apr.	48,846	4,524	1,322,307	337,447	91,992	2,836,841	222,764	427,321	716,832	785,833	248,927	112,709	78,896	102,292	147,712	59,426	2,133	131,341	
May	51,337	3,572	1,210,940	373,540	89,116	2,482,098	190,978	361,412	512,115	979,733	202,954	106,502	71,951	87,019	144,696	69,480	2,061	111,274	
June	53,343	3,764	1,265,239	274,556	85,329	2,681,831	314,497	364,412											
July	48,617	3,517	1,200,767	236,560	77,371	2,388,547	300,726	366,219	473,252	544,763	199,112	96,320	68,305	82,691	134,377	47,384	1,994	79,934	
Aug.	49,21	2,756	1,167,293	274,108	84,393	2,274,347	332,633	331,485	541,095	523,910	233,366	95,482	67,577	94,173	134,385	53,355	2,084	93,375	
Sept.	51,565	2,669	1,242,000	259,172	80,309	2,228,038	367,583	360,183	639,825	545,039	298,735	101,822	64,502	99,240	134,308	46,329	2,419	98,448	
Oct.	57,135	...	...	...	...	...	...	398,148			...	...	...	...	143,876	...	...	1106,000	

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)

		<i>m</i>	<i>n</i>	<i>g</i>	<i>f</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>	<i>o</i>	<i>p</i>	<i>q</i>	<i>r</i>	<i>s</i>	<i>t</i>	<i>u</i>	<i>v</i>	<i>w</i>	<i>x</i>	<i>y</i>	<i>z</i>	<i>aa</i>	<i>ab</i>	<i>ac</i>	<i>ad</i>	<i>ae</i>	<i>af</i>	<i>ag</i>	<i>ah</i>	<i>ai</i>	<i>aj</i>	<i>ak</i>	<i>al</i>	<i>am</i>	<i>an</i>	<i>ao</i>	<i>ap</i>	<i>aq</i>	<i>ar</i>	<i>as</i>	<i>at</i>	<i>au</i>	<i>av</i>	<i>aw</i>	<i>ax</i>	<i>ay</i>	<i>az</i>	<i>ba</i>	<i>bb</i>	<i>bc</i>	<i>bd</i>	<i>be</i>	<i>bf</i>	<i>bg</i>	<i>bh</i>	<i>bi</i>	<i>bj</i>	<i>bk</i>	<i>bl</i>	<i>bm</i>	<i>bn</i>	<i>bo</i>	<i>bp</i>	<i>bq</i>	<i>br</i>	<i>bs</i>	<i>bt</i>	<i>bu</i>	<i>bv</i>	<i>bw</i>	<i>bx</i>	<i>by</i>	<i>bz</i>	<i>ca</i>	<i>cb</i>	<i>cc</i>	<i>cd</i>	<i>ce</i>	<i>cf</i>	<i>cg</i>	<i>ch</i>	<i>ci</i>	<i>cj</i>	<i>ck</i>	<i>cl</i>	<i>cm</i>	<i>cn</i>	<i>co</i>	<i>cp</i>	<i>cq</i>	<i>cr</i>	<i>cs</i>	<i>ct</i>	<i>cu</i>	<i>cv</i>	<i>cw</i>	<i>cx</i>	<i>cy</i>	<i>cz</i>	<i>da</i>	<i>db</i>	<i>dc</i>	<i>dd</i>	<i>de</i>	<i>df</i>	<i>dg</i>	<i>dh</i>	<i>di</i>	<i>dj</i>	<i>dk</i>	<i>dl</i>	<i>dm</i>	<i>dn</i>	<i>do</i>	<i>dp</i>	<i>dq</i>	<i>dr</i>	<i>ds</i>	<i>dt</i>	<i>du</i>	<i>dv</i>	<i>dw</i>	<i>dx</i>	<i>dy</i>	<i>dz</i>	<i>ea</i>	<i>eb</i>	<i>ec</i>	<i>ed</i>	<i>ee</i>	<i>ef</i>	<i>eg</i>	<i>eh</i>	<i>ei</i>	<i>ej</i>	<i>ek</i>	<i>el</i>	<i>em</i>	<i>en</i>	<i>eo</i>	<i>ep</i>	<i>eq</i>	<i>er</i>	<i>es</i>	<i>et</i>	<i>eu</i>	<i>ev</i>	<i>ew</i>	<i>ex</i>	<i>ey</i>	<i>ez</i>	<i>fa</i>	<i>fb</i>	<i>fc</i>	<i>fd</i>	<i>fe</i>	<i>ff</i>	<i>fg</i>	<i>fh</i>	<i>fi</i>	<i>fj</i>	<i>fk</i>	<i>fl</i>	<i>fm</i>	<i>fn</i>	<i>fo</i>	<i>fp</i>	<i>fq</i>	<i>fr</i>	<i>fs</i>	<i>ft</i>	<i>fu</i>	<i>fv</i>	<i>fw</i>	<i>fx</i>	<i>fy</i>	<i>fz</i>	<i>ga</i>	<i>gb</i>	<i>gc</i>	<i>gd</i>	<i>ge</i>	<i>gf</i>	<i>gg</i>	<i>gh</i>	<i>gi</i>	<i>gj</i>	<i>gk</i>	<i>gl</i>	<i>gm</i>	<i>gn</i>	<i>go</i>	<i>gp</i>	<i>gq</i>	<i>gr</i>	<i>gs</i>	<i>gt</i>	<i>gu</i>	<i>gv</i>	<i>gw</i>	<i>gx</i>	<i>gy</i>	<i>gz</i>	<i>ha</i>	<i>hb</i>	<i>hc</i>	<i>hd</i>	<i>he</i>	<i>hf</i>	<i>hg</i>	<i>hh</i>	<i>hi</i>	<i>hj</i>	<i>hk</i>	<i>hl</i>	<i>hm</i>	<i>hn</i>	<i>ho</i>	<i>hp</i>	<i>hq</i>	<i>hr</i>	<i>hs</i>	<i>ht</i>	<i>hu</i>	<i>hv</i>	<i>hw</i>	<i>hx</i>	<i>hy</i>	<i>hz</i>	<i>ia</i>	<i>ib</i>	<i>ic</i>	<i>id</i>	<i>ie</i>	<i>if</i>	<i>ig</i>	<i>ih</i>	<i>ii</i>	<i>ij</i>	<i>ik</i>	<i>il</i>	<i>im</i>	<i>in</i>	<i>io</i>	<i>ip</i>	<i>iq</i>	<i>ir</i>	<i>is</i>	<i>it</i>	<i>iu</i>	<i>iv</i>	<i>iw</i>	<i>ix</i>	<i>iy</i>	<i>iz</i>	<i>ja</i>	<i>jb</i>	<i>jc</i>	<i>jd</i>	<i>je</i>	<i>jf</i>	<i>kg</i>	<i>kh</i>	<i>ki</i>	<i>kl</i>	<i>km</i>	<i>kn</i>	<i>ko</i>	<i>kp</i>	<i>kq</i>	<i>kr</i>	<i>ks</i>	<i>kt</i>	<i>ku</i>	<i>kv</i>	<i>kx</i>	<i>ky</i>	<i>kz</i>	<i>la</i>	<i>lb</i>	<i>lc</i>	<i>ld</i>	<i>le</i>	<i>lf</i>	<i>lg</i>	<i>lh</i>	<i>li</i>	<i>lj</i>	<i>lk</i>	<i>ll</i>	<i>lm</i>	<i>ln</i>	<i>lo</i>	<i>lp</i>	<i>lq</i>	<i>lr</i>	<i>ls</i>	<i>lt</i>	<i>lu</i>	<i>lv</i>	<i>lw</i>	<i>lx</i>	<i>ly</i>	<i>lz</i>	<i>ma</i>	<i>mb</i>	<i>mc</i>	<i>md</i>	<i>me</i>	<i>mf</i>	<i>mg</i>	<i>mh</i>	<i>mi</i>	<i>mj</i>	<i>mk</i>	<i>ml</i>	<i>mn</i>	<i>mo</i>	<i>mp</i>	<i>mq</i>	<i>mr</i>	<i>ms</i>	<i>mt</i>	<i>mu</i>	<i>mv</i>	<i>mw</i>	<i>mx</i>	<i>my</i>	<i>mz</i>	<i>na</i>	<i>nb</i>	<i>nc</i>	<i>nd</i>	<i>ne</i>	<i>nf</i>	<i>ng</i>	<i>nh</i>	<i>ni</i>	<i>nj</i>	<i>nk</i>	<i>nl</i>	<i>nm</i>	<i>nn</i>	<i>no</i>	<i>np</i>	<i>nq</i>	<i>nr</i>	<i>ns</i>	<i>nt</i>	<i>nu</i>	<i>nv</i>	<i>nw</i>	<i>nx</i>	<i>ny</i>	<i>nz</i>	<i>oa</i>	<i>ob</i>	<i>oc</i>	<i>od</i>	<i>oe</i>	<i>of</i>	<i>og</i>	<i>oh</i>	<i>oi</i>	<i>oj</i>	<i>ok</i>	<i>ol</i>	<i>om</i>	<i>on</i>	<i>oo</i>	<i>op</i>	<i>oq</i>	<i>or</i>	<i>os</i>	<i>ot</i>	<i>ou</i>	<i>ov</i>	<i>ow</i>	<i>ox</i>	<i>oy</i>	<i>oz</i>	<i>pa</i>	<i>pb</i>	<i>pc</i>	<i>pd</i>	<i>pe</i>	<i>pf</i>	<i>pg</i>	<i>ph</i>	<i>pi</i>	<i>pj</i>	<i>pk</i>	<i>pl</i>	<i>pm</i>	<i>pn</i>	<i>po</i>	<i>pp</i>	<i>pq</i>	<i>pr</i>	<i>ps</i>	<i>pt</i>	<i>pu</i>	<i>pv</i>	<i>pw</i>	<i>px</i>	<i>py</i>	<i>pz</i>	<i>qa</i>	<i>qb</i>	<i>qc</i>	<i>qd</i>	<i>qe</i>	<i>qf</i>	<i>qg</i>	<i>qh</i>	<i>qi</i>	<i>qj</i>	<i>qk</i>	<i>ql</i>	<i>qm</i>	<i>qn</i>	<i>qo</i>	<i>qp</i>	<i>qq</i>	<i>qr</i>	<i>qs</i>	<i>qt</i>	<i>qu</i>	<i>qv</i>	<i>qw</i>	<i>qx</i>	<i>qy</i>	<i>qz</i>	<i>ra</i>	<i>rb</i>	<i>rc</i>	<i>rd</i>	<i>re</i>	<i>rf</i>	<i>rg</i>	<i>rh</i>	<i>ri</i>	<i>rj</i>	<i>rk</i>	<i>rl</i>	<i>rm</i>	<i>rn</i>	<i>ro</i>	<i>rp</i>	<i>rq</i>	<i>rr</i>	<i>rs</i>	<i>rt</i>	<i>ru</i>	<i>rv</i>	<i>rw</i>	<i>rx</i>	<i>ry</i>	<i>rz</i>	<i>sa</i>	<i>sb</i>	<i>sc</i>	<i>sd</i>	<i>se</i>	<i>sf</i>	<i>sg</i>	<i>sh</i>	<i>si</i>	<i>sj</i>	<i>sk</i>	<i>sl</i>	<i>sm</i>	<i>sn</i>	<i>so</i>	<i>sp</i>	<i>sq</i>	<i>sr</i>	<i>ss</i>	<i>st</i>	<i>su</i>	<i>sv</i>	<i>sw</i>	<i>sx</i>	<i>sy</i>	<i>sz</i>	<i>ta</i>	<i>tb</i>	<i>tc</i>	<i>td</i>	<i>te</i>	<i>tf</i>	<i>tg</i>	<i>th</i>	<i>ti</i>	<i>tj</i>	<i>tk</i>	<i>tl</i>	<i>tm</i>	<i>tn</i>	<i>to</i>	<i>tp</i>	<i>tq</i>	<i>tr</i>	<i>ts</i>	<i>tt</i>	<i>tu</i>	<i>tv</i>	<i>tw</i>	<i>tx</i>	<i>ty</i>	<i>tz</i>	<i>ua</i>	<i>ub</i>	<i>uc</i>	<i>ud</i>	<i>ue</i>	<i>uf</i>	<i>ug</i>	<i>uh</i>	<i>ui</i>	<i>uj</i>	<i>uk</i>	<i>ul</i>	<i>um</i>	<i>un</i>	<i>uo</i>	<i>up</i>	<i>uq</i>	<i>ur</i>	<i>us</i>	<i>ut</i>	<i>uu</i>	<i>uv</i>	<i>uw</i>	<i>ux</i>	<i>uy</i>	<i>uz</i>	<i>va</i>	<i>vb</i>	<i>vc</i>	<i>vd</i>	<i>ve</i>	<i>vf</i>	<i>vg</i>	<i>vh</i>	<i>vi</i>	<i>vj</i>	<i>vk</i>	<i>vl</i>	<i>vm</i>	<i>vn</i>	<i>vo</i>	<i>vp</i>	<i>vq</i>	<i>vr</i>	<i>vs</i>	<i>vt</i>	<i>vu</i>	<i>vv</i>	<i>vw</i>	<i>vx</i>	<i>vy</i>	<i>vz</i>	<i>wa</i>	<i>wb</i>	<i>wc</i>	<i>wd</i>	<i>we</i>	<i>wf</i>	<i>wg</i>	<i>wh</i>	<i>wi</i>	<i>wj</i>	<i>wk</i>	<i>wl</i>	<i>wm</i>	<i>wn</i>	<i>wo</i>	<i>wp</i>	<i>wq</i>	<i>wr</i>	<i>ws</i>	<i>wt</i>	<i>wu</i>	<i>wv</i>	<i>ww</i>	<i>wx</i>	<i>wy</i>	<i>wz</i>	<i>xa</i>	<i>xb</i>	<i>xc</i>	<i>xd</i>	<i>xe</i>	<i>xf</i>	<i>xg</i>	<i>xh</i>	<i>xi</i>	<i>xj</i>	<i>xk</i>	<i>xl</i>	<i>xm</i>	<i>xn</i>	<i>xo</i>	<i>xp</i>	<i>xq</i>	<i>xr</i>	<i>xs</i>	<i>xt</i>	<i>xu</i>	<i>xv</i>	<i>xw</i>	<i>xx</i>	<i>xy</i>	<i>xz</i>	<i>ya</i>	<i>yb</i>	<i>yc</i>	<i>yd</i>	<i>ye</i>	<i>yf</i>	<i>yg</i>	<i>yh</i>	<i>yi</i>	<i>yj</i>	<i>yk</i>	<i>yl</i>	<i>ym</i>	<i>yn</i>	<i>yo</i>	<i>yp</i>	<i>yq</i>	<i>yr</i>	<i>ys</i>	<i>yt</i>	<i>yu</i>	<i>yv</i>	<i>yw</i>	<i>yx</i>	<i>yy</i>	<i>yz</i>	<i>za</i>	<i>zb</i>	<i>zc</i>	<i>zd</i>	<i>ze</i>	<i>zf</i>	<i>zg</i>	<i>zh</i>	<i>zi</i>	<i>zj</i>	<i>zk</i>	<i>zl</i>	<i>zm</i>	<i>zn</i>	<i>zo</i>	<i>zp</i>	<i>zq</i>	<i>zr</i>	<i>zs</i>	<i>zt</i>	<i>zu</i>	<i>zv</i>	<i>zw</i>	<i>zx</i>	<i>zy</i>	<i>zz</i>
1913		43,771		302,882	7,778	53,113	573,351	33,482	841,436	9,917	209,303		255,453		68,112	114,700		2,626	204,024																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		

a Including Bullion and specie. b Since 1922 declared values. c Including Dantzig. d Trade across all frontiers. Exports exclude raw platinum. e Old Greece only. f Since May, 1922, figures refer to "Union of Entente" countries. g Since 1922 declared values. h Since 1922 declared values. i From April 1, 1923, including trade of Great Britain and Northern Ireland with the Irish Free State, and excluding the direct trade of the Irish Free State. j Including parcel post for the half-year. k Provisional figures.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Imports for Domestic Consumption.								Quantity (Metric Tons).									
Value.																	
Period.	Australia.	British India.	Canada.	New Zealand.	South Africa.	Japan.	Brazil.	Belgium.	Czechoslovakia.	France.	Germany.	Greece.	Hungary.	Netherlands.	Poland.	Switzerland.	Brazil.
Monthly Average.	£s.	Rupess.	Dollars.	£s.	£s.	Yen.	Milreis.	q	o	3,685	h 6,069	p 84	i	3,739	j	d	f
1913	6,355	152,725	54,917	1,785	3,365	60,474	83,958	2,772	555	3,783	3,606	156	450	2,362	203	590	494
1926	13,429	286,740	84,028	4,057	5,804	192,101	225,463	2,859	613	4,114	5,674	138	428	2,335	409	621	412
1927	11,890	206,600	70,593	3,655	5,779	174,883	272,764	3,172	780	4,112	5,500	197	553	2,488	430	667	487
1928	11,685	208,170	70,593	3,651	5,779	177,792	307,916	3,172	613	4,112	5,500	197	553	2,488	430	667	487
1929	11,841	208,569	70,593	3,651	5,779	177,792	307,916	3,172	613	4,112	5,500	197	553	2,488	430	667	487
1930	7,680	156,632	54,917	2,015	4,995	152,572	195,309	3,499	718	5,063	4,746	214	407	2,616	298	711	296
1931	3,403	108,954	52,342	2,015	4,143	100,528	155,590	3,233	614	4,841	3,397	212	275	2,492	244	757	207
1931—Sept.	# 3,180	97,601	45,379	2,093	4,052	90,014	150,366	3,550	743	5,038	2,897	238	297	2,644	268	847	275
Oct.	# 3,597	98,424	45,933	1,777	4,320	73,377	148,225	3,503	855	5,454	3,002	243	328	2,719	259	877	260
Nov.	# 3,453	89,123	46,911	2,009	3,668	78,324	171,115	2,962	850	4,450	2,990	229	257	2,387	207	803	322
Dec.	# 3,425	94,876	40,290	1,748	3,436	109,348	155,030	2,983	850	4,450	3,161	189	213	2,426	220	814	336
1932—Jan.	# 3,180	108,769	34,115	2,118	2,976	113,568	134,689	2,397	759	3,680	2,678	199	163	2,178	144	662	300
Feb.	# 3,254	99,384	35,586	1,769	2,558	125,459	141,088	2,759	759	3,680	2,678	199	163	2,178	144	662	300
Mar.	# 3,531	107,689	57,437	1,824	2,748	122,433	132,132	2,564	759	3,680	2,678	199	163	2,178	144	662	300
Apr.	# 3,893	131,170	29,794	1,711	2,547	142,616	142,284	2,672	759	3,680	2,678	199	163	2,178	144	662	300
May	# 3,815	117,806	40,743	1,809	2,307	145,155	132,352	2,600	759	3,680	2,678	199	163	2,178	144	662	300
June	# 4,118	121,112	35,711	1,793	2,401	64,568	114,650	2,428	759	3,680	2,678	199	163	2,178	144	662	300
July	# 4,394	113,088	36,527	1,856	2,596	69,488	96,641	2,428	759	3,680	2,678	199	163	2,178	144	662	300
Aug.	# 5,174	110,704	34,504	2,156	2,404	...	...	2,532	759	3,680	2,678	199	163	2,178	144	662	300
Sept.	...	...	...	...	...	98,000	...	...	...	...	2,772	...	...	...	...	...	...

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)

	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>	<i>o</i>	<i>p</i>	<i>q</i>	<i>r</i>	<i>s</i>	<i>t</i>	<i>u</i>	<i>v</i>	<i>w</i>	<i>x</i>	<i>y</i>	<i>z</i>	<i>aa</i>	<i>ab</i>	<i>ac</i>	<i>ad</i>	<i>ae</i>	<i>af</i>	<i>ag</i>	<i>ah</i>	<i>ai</i>	<i>aj</i>	<i>ak</i>	<i>al</i>	<i>am</i>	<i>an</i>	<i>ao</i>	<i>ap</i>	<i>aq</i>	<i>ar</i>	<i>as</i>	<i>at</i>	<i>au</i>	<i>av</i>	<i>aw</i>	<i>ax</i>	<i>ay</i>	<i>az</i>	<i>ba</i>	<i>bb</i>	<i>bc</i>	<i>bd</i>	<i>be</i>	<i>bf</i>	<i>bg</i>	<i>bh</i>	<i>bi</i>	<i>bj</i>	<i>bk</i>	<i>bl</i>	<i>bm</i>	<i>bn</i>	<i>bo</i>	<i>bp</i>	<i>bq</i>	<i>br</i>	<i>bs</i>	<i>bt</i>	<i>bu</i>	<i>bv</i>	<i>bw</i>	<i>bx</i>	<i>by</i>	<i>bz</i>	<i>ca</i>	<i>cb</i>	<i>cc</i>	<i>cd</i>	<i>ce</i>	<i>cf</i>	<i>cg</i>	<i>ch</i>	<i>ci</i>	<i>cj</i>	<i>ck</i>	<i>cl</i>	<i>cm</i>	<i>cn</i>	<i>co</i>	<i>cp</i>	<i>cq</i>	<i>cr</i>	<i>cs</i>	<i>ct</i>	<i>cu</i>	<i>cv</i>	<i>cw</i>	<i>cx</i>	<i>cy</i>	<i>cz</i>	<i>da</i>	<i>db</i>	<i>dc</i>	<i>dd</i>	<i>de</i>	<i>df</i>	<i>dg</i>	<i>dh</i>	<i>di</i>	<i>dj</i>	<i>dk</i>	<i>dl</i>	<i>dm</i>	<i>dn</i>	<i>do</i>	<i>dp</i>	<i>dq</i>	<i>dr</i>	<i>ds</i>	<i>dt</i>	<i>du</i>	<i>dv</i>	<i>dw</i>	<i>dx</i>	<i>dy</i>	<i>dz</i>	<i>ea</i>	<i>eb</i>	<i>ec</i>	<i>ed</i>	<i>ee</i>	<i>ef</i>	<i>eg</i>	<i>eh</i>	<i>ei</i>	<i>ej</i>	<i>ek</i>	<i>el</i>	<i>em</i>	<i>en</i>	<i>eo</i>	<i>ep</i>	<i>eq</i>	<i>er</i>	<i>es</i>	<i>et</i>	<i>eu</i>	<i>ev</i>	<i>ew</i>	<i>ex</i>	<i>ey</i>	<i>ez</i>	<i>fa</i>	<i>fb</i>	<i>fc</i>	<i>fd</i>	<i>fe</i>	<i>ff</i>	<i>fg</i>	<i>fh</i>	<i>fi</i>	<i>fj</i>	<i>fk</i>	<i>fl</i>	<i>fm</i>	<i>fn</i>	<i>fo</i>	<i>fp</i>	<i>fq</i>	<i>fr</i>	<i>fs</i>	<i>ft</i>	<i>fu</i>	<i>fv</i>	<i>fw</i>	<i>fx</i>	<i>fy</i>	<i>fz</i>	<i>ga</i>	<i>gb</i>	<i>gc</i>	<i>gd</i>	<i>ge</i>	<i>gf</i>	<i>gg</i>	<i>gh</i>	<i>gi</i>	<i>gj</i>	<i>gk</i>	<i>gl</i>	<i>gm</i>	<i>gn</i>	<i>go</i>	<i>gp</i>	<i>gq</i>	<i>gr</i>	<i>gs</i>	<i>gt</i>	<i>gu</i>	<i>gv</i>	<i>gw</i>	<i>gx</i>	<i>gy</i>	<i>gz</i>	<i>ha</i>	<i>hb</i>	<i>hc</i>	<i>hd</i>	<i>he</i>	<i>hf</i>	<i>hg</i>	<i>hh</i>	<i>hi</i>	<i>hj</i>	<i>hk</i>	<i>hl</i>	<i>hm</i>	<i>hn</i>	<i>ho</i>	<i>hp</i>	<i>hq</i>	<i>hr</i>	<i>hs</i>	<i>ht</i>	<i>hu</i>	<i>hv</i>	<i>hw</i>	<i>hx</i>	<i>hy</i>	<i>hz</i>	<i>ia</i>	<i>ib</i>	<i>ic</i>	<i>id</i>	<i>ie</i>	<i>if</i>	<i>ig</i>	<i>ih</i>	<i>ii</i>	<i>ij</i>	<i>ik</i>	<i>il</i>	<i>im</i>	<i>in</i>	<i>io</i>	<i>ip</i>	<i>iq</i>	<i>ir</i>	<i>is</i>	<i>it</i>	<i>iu</i>	<i>iv</i>	<i>iw</i>	<i>ix</i>	<i>iy</i>	<i>iz</i>	<i>ja</i>	<i>jb</i>	<i>jc</i>	<i>jd</i>	<i>je</i>	<i>jf</i>	<i>jj</i>	<i>jk</i>	<i>jl</i>	<i>jm</i>	<i>jn</i>	<i>jo</i>	<i>jp</i>	<i>jq</i>	<i>jr</i>	<i>js</i>	<i>jt</i>	<i>ju</i>	<i>jv</i>	<i>jw</i>	<i>jx</i>	<i>ky</i>	<i>kz</i>	<i>la</i>	<i>lb</i>	<i>lc</i>	<i>ld</i>	<i>le</i>	<i>lf</i>	<i>lg</i>	<i>lh</i>	<i>li</i>	<i>lj</i>	<i>lk</i>	<i>ll</i>	<i>lm</i>	<i>ln</i>	<i>lo</i>	<i>lp</i>	<i>lq</i>	<i>lr</i>	<i>ls</i>	<i>lt</i>	<i>lu</i>	<i>lv</i>	<i>lw</i>	<i>lx</i>	<i>ly</i>	<i>lz</i>	<i>ma</i>	<i>mb</i>	<i>mc</i>	<i>md</i>	<i>me</i>	<i>mf</i>	<i>mg</i>	<i>mh</i>	<i>mi</i>	<i>mj</i>	<i>mk</i>	<i>ml</i>	<i>mm</i>	<i>mn</i>	<i>mo</i>	<i>mp</i>	<i>mq</i>	<i>mr</i>	<i>ms</i>	<i>mt</i>	<i>mu</i>	<i>mv</i>	<i>mw</i>	<i>mx</i>	<i>my</i>	<i>mz</i>	<i>na</i>	<i>nb</i>	<i>nc</i>	<i>nd</i>	<i>ne</i>	<i>nf</i>	<i>ng</i>	<i>nh</i>	<i>ni</i>	<i>nj</i>	<i>nk</i>	<i>nl</i>	<i>nm</i>	<i>nn</i>	<i>no</i>	<i>np</i>	<i>nq</i>	<i>nr</i>	<i>ns</i>	<i>nt</i>	<i>nu</i>	<i>nv</i>	<i>nw</i>	<i>nx</i>	<i>ny</i>	<i>nz</i>	<i>oa</i>	<i>ob</i>	<i>oc</i>	<i>od</i>	<i>oe</i>	<i>of</i>	<i>og</i>	<i>oh</i>	<i>oi</i>	<i>oj</i>	<i>ok</i>	<i>ol</i>	<i>om</i>	<i>on</i>	<i>oo</i>	<i>op</i>	<i>oq</i>	<i>or</i>	<i>os</i>	<i>ot</i>	<i>ou</i>	<i>ov</i>	<i>ow</i>	<i>ox</i>	<i>oy</i>	<i>oz</i>	<i>pa</i>	<i>pb</i>	<i>pc</i>	<i>pd</i>	<i>pe</i>	<i>pf</i>	<i>pg</i>	<i>ph</i>	<i>pi</i>	<i>pj</i>	<i>pk</i>	<i>pl</i>	<i>pm</i>	<i>pn</i>	<i>po</i>	<i>pp</i>	<i>pq</i>	<i>pr</i>	<i>ps</i>	<i>pt</i>	<i>pu</i>	<i>pv</i>	<i>pw</i>	<i>px</i>	<i>py</i>	<i>pz</i>	<i>qa</i>	<i>qb</i>	<i>qc</i>	<i>qd</i>	<i>qe</i>	<i>qf</i>	<i>qg</i>	<i>qh</i>	<i>qi</i>	<i>qj</i>	<i>qk</i>	<i>ql</i>	<i>qm</i>	<i>qn</i>	<i>qo</i>	<i>qp</i>	<i>qq</i>	<i>qr</i>	<i>qs</i>	<i>qt</i>	<i>qu</i>	<i>qv</i>	<i>qw</i>	<i>qx</i>	<i>qy</i>	<i>qz</i>	<i>ra</i>	<i>rb</i>	<i>rc</i>	<i>rd</i>	<i>re</i>	<i>rf</i>	<i>rg</i>	<i>rh</i>	<i>ri</i>	<i>rj</i>	<i>rk</i>	<i>rl</i>	<i>rm</i>	<i>rn</i>	<i>ro</i>	<i>rp</i>	<i>rq</i>	<i>rr</i>	<i>rs</i>	<i>rt</i>	<i>ru</i>	<i>rv</i>	<i>rw</i>	<i>rx</i>	<i>ry</i>	<i>rz</i>	<i>sa</i>	<i>sb</i>	<i>sc</i>	<i>sd</i>	<i>se</i>	<i>sf</i>	<i>sg</i>	<i>sh</i>	<i>si</i>	<i>sj</i>	<i>sk</i>	<i>sl</i>	<i>sm</i>	<i>sn</i>	<i>so</i>	<i>sp</i>	<i>sq</i>	<i>sr</i>	<i>ss</i>	<i>st</i>	<i>su</i>	<i>sv</i>	<i>sw</i>	<i>sx</i>	<i>sy</i>	<i>sz</i>	<i>ta</i>	<i>tb</i>	<i>tc</i>	<i>td</i>	<i>te</i>	<i>tf</i>	<i>tg</i>	<i>th</i>	<i>ti</i>	<i>tj</i>	<i>tk</i>	<i>tl</i>	<i>tm</i>	<i>tn</i>	<i>to</i>	<i>tp</i>	<i>tq</i>	<i>tr</i>	<i>ts</i>	<i>tt</i>	<i>tu</i>	<i>tv</i>	<i>tw</i>	<i>tx</i>	<i>ty</i>	<i>tz</i>	<i>ua</i>	<i>ub</i>	<i>uc</i>	<i>ud</i>	<i>ue</i>	<i>uf</i>	<i>ug</i>	<i>uh</i>	<i>ui</i>	<i>uj</i>	<i>uk</i>	<i>ul</i>	<i>um</i>	<i>un</i>	<i>uo</i>	<i>up</i>	<i>uq</i>	<i>ur</i>	<i>us</i>	<i>ut</i>	<i>uu</i>	<i>uv</i>	<i>uw</i>	<i>ux</i>	<i>uy</i>	<i>uz</i>	<i>va</i>	<i>vb</i>	<i>vc</i>	<i>vd</i>	<i>ve</i>	<i>vf</i>	<i>vg</i>	<i>vh</i>	<i>vi</i>	<i>vj</i>	<i>vk</i>	<i>vl</i>	<i>vm</i>	<i>vn</i>	<i>vo</i>	<i>vp</i>	<i>vq</i>	<i>vr</i>	<i>vs</i>	<i>vt</i>	<i>vu</i>	<i>vv</i>	<i>vw</i>	<i>vx</i>	<i>vy</i>	<i>vz</i>	<i>wa</i>	<i>wb</i>	<i>wc</i>	<i>wd</i>	<i>we</i>	<i>wf</i>	<i>wg</i>	<i>wh</i>	<i>wi</i>	<i>wj</i>	<i>wk</i>	<i>wl</i>	<i>wm</i>	<i>wn</i>	<i>wo</i>	<i>wp</i>	<i>wq</i>	<i>wr</i>	<i>ws</i>	<i>wt</i>	<i>wu</i>	<i>wv</i>	<i>ww</i>	<i>wx</i>	<i>wy</i>	<i>wz</i>	<i>xa</i>	<i>xb</i>	<i>xc</i>	<i>xd</i>	<i>xe</i>	<i>xf</i>	<i>xg</i>	<i>xh</i>	<i>xi</i>	<i>xj</i>	<i>xk</i>	<i>xl</i>	<i>xm</i>	<i>xn</i>	<i>xo</i>	<i>xp</i>	<i>xq</i>	<i>xr</i>	<i>xs</i>	<i>xt</i>	<i>xu</i>	<i>xv</i>	<i>xw</i>	<i>xx</i>	<i>xy</i>	<i>xz</i>	<i>ya</i>	<i>yb</i>	<i>yc</i>	<i>yd</i>	<i>ye</i>	<i>yf</i>	<i>yg</i>	<i>yh</i>	<i>yi</i>	<i>yj</i>	<i>yk</i>	<i>yl</i>	<i>ym</i>	<i>yn</i>	<i>yo</i>	<i>yp</i>	<i>yq</i>	<i>yr</i>	<i>ys</i>	<i>yt</i>	<i>yu</i>	<i>yv</i>	<i>yw</i>	<i>yx</i>	<i>yy</i>	<i>yz</i>	<i>za</i>	<i>zb</i>	<i>zc</i>	<i>zd</i>	<i>ze</i>	<i>zf</i>	<i>zg</i>	<i>zh</i>	<i>zi</i>	<i>zj</i>	<i>zk</i>	<i>zl</i>	<i>zm</i>	<i>zn</i>	<i>zo</i>	<i>zp</i>	<i>zq</i>	<i>zr</i>	<i>zs</i>	<i>zt</i>	<i>zu</i>	<i>zv</i>	<i>zw</i>	<i>zx</i>	<i>zy</i>	<i>zz</i>
1913	6,070	200,993	36,333	1,751	2,294	52,393	1,814	1,740	o	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...</																																																																																																																																																																																																																																																																																																								

a General trade. b Sea-borne trade only. c Including ships' stores. d Excluding a few articles shown by number. e Until Feb., 1923, Julian Calendar; excludes articles shown by number. f General trade, gross weight. g Until 1927 fiscal year beginning July 1st. h Including Luxembourg. i Until 1923, excluding live stock and articles shown by number. j Excluding weight of live animals. k Excluding repatriation deliveries. l Including a few goods declared by number only. m 1914. n "Union Bonoimobiles Belgo-Luxembourgeoises." o English currency values. p Discontinued.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Roumania.	Sweden.	Switzerland.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Guilder.	Zloty.	Lei.	Kroner.	Francs.	Yen.
1913	16.3	...	...	...	...	...	...	...	...	...	...	...
1927	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17
1928	30.8	12.0	30	60	110.0	264	43	17.7	271	22	73	17
1929	25.8	8.8	25	55	100.0	264	43	17.7	271	22	73	17
1930	22.5	4.8	22	48	100.0	264	43	17.7	271	22	73	17
1931	18.5	3.1	18	38	100.0	264	43	17.7	271	22	73	17
1932	16.0	2.6	16	32	100.0	264	43	17.7	271	22	73	17
Jan.-Mar.	13.3	1.6	13	26	100.0	264	43	17.7	271	22	73	17
Apr.-June	13.3	1.6	13	26	100.0	264	43	17.7	271	22	73	17
July-Sept.	13.3	1.6	13	26	100.0	264	43	17.7	271	22	73	17
Oct.-Dec.	13.3	1.6	13	26	100.0	264	43	17.7	271	22	73	17

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are included. *c* Excluding Treasury Bills. *d* Excl. large railway issues. *e* "Rivista Bancaria." *f* Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. *g* Since 1924, excluding amalgamations and conversions. *h* Until end 1922 paper mark. *i* "Société de Banque Suisse," invitation for subscriptions on Swiss market including obligations and Local Govt. loans. *j* India, compiled by "Commercial & Financial Chronicle." *k* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.

	1927.	1928.	1929.	1930.	1931.	1932.
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.
London	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Paris	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Berlin	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
New York	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Amsterdam	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Brussels	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Rome	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Switzerland	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Vienna	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Warsaw	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Tokyo	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Calcutta	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4

* Federal Reserve.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
	£	£	£	£
1913	14,191,275	855,648	1,389,481	16,436,404
1926	35,346,429	1,660,757	2,817,868	39,825,054
1927	36,819,682	1,758,032	2,972,827	41,550,541
1928	39,311,177	1,854,190	3,039,422	44,204,789
1929	39,935,924	1,881,764	3,078,764	44,896,452
1930	38,782,577	1,812,146	2,965,631	43,558,354
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932	29,035,157	1,481,575	2,435,733	32,952,465
1932 (Nov. 16)	24,369,057	1,411,011	2,349,036	28,129,104

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	Centals.	Centals.	Sq. Yds.
1926	41.9	4.2	32.7	3.9	26.1	44.9	8.1	Centals.	Centals.	Sq. Yds.
1927	44.9	4.4	29.3	6.4	26.9	47.0	9.2	Centals.	Centals.	Sq. Yds.
1928	44.3	4.5	27.9	5.8	25.7	48.2	9.2	Centals.	Centals.	Sq. Yds.
1929	44.7	4.6	28.3	6.6	27.9	47.8	8.6	Centals.	Centals.	Sq. Yds.
1930	39.8	4.0	20.9	5.3	25.6	36.6	8.3	Centals.	Centals.	Sq. Yds.
1931	34.8	3.0	14.5	3.9	21.8	24.2	9.9	Centals.	Centals.	Sq. Yds.
1932	27.5	2.9	13.4	3.6	11.8	26.8	9.3	Centals.	Centals.	Sq. Yds.
May	29.9	2.6	13.7	3.6	11.6	27.3	9.3	Centals.	Centals.	Sq. Yds.
June	31.4	2.3	13.5	3.6	11.8	23.2	8.8	Centals.	Centals.	Sq. Yds.
July	29.3	2.3	10.8	3.5	11.4	22.9	9.7	Centals.	Centals.	Sq. Yds.
August	28.2	2.6	11.7	3.4	13.1	21.7	10.0	Centals.	Centals.	Sq. Yds.
September	30.6	2.5	11.2	3.2	12.1	19.8	9.2	Centals.	Centals.	Sq. Yds.
October	35.1	2.9	11.9	3.9	13.5	22.7	10.5	Centals.	Centals.	Sq. Yds.

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).		Austria.		Germany.		Italy.		Canada.		United States.	
	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.	Passengers.	Freight.
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	5.1	10.95	42.61	438.483	438.483	438.483
December	6.1	8.7	5.1	15.5	5.8	26.4	5.1	10.95	42.61	438.483	438.483	438.483
1928—June	6.1	8.3	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
December	6.1	8.3	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
1929—June	6.1	8.4	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
December	6.1	8.4	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
1930—June	6.1	7.5	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
December	6.1	7.5	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
1931—June	6.1	7.4	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
December	6.1	7.4	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
1932—May	6.1	6.0	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
June	6.1	6.1	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
July	6.1	5.8	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
August	6.1	5.7	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
September	6.1	5.7	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483
October	6.1	5.7	4.7	16.1	5.3	25.0	4.7	10.95	42.61	438.483	438.483	438.483

* Inc. live-stock. (a) "Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (d) Ton-miles. (e) Including free-hauled. (f) Excluding free-hauled. (g) Long ton = kg. 1,016.05; mile = metres 1,609.34. (h) Revised figures; net tonnage given. (i) Fiscal year ending June 30. (j) Provisional. (k) From January, 1932, onwards figures relate to 4-week periods. London: Printed for the Proprietors THE ECONOMIST NEWSPAPER, Ltd., by EYRE AND SPOTTISWOODE LIMITED, His Majesty's Printers, East Harding Street, London, E.C.4. Published by the Proprietors at 8, Boulevard Street, Fleet Street, E.C.4.—Saturday, November 26, 1932.

The Economist
MONTHLY SUPPLEMENT.

New Series.

SATURDAY, DECEMBER 31, 1932.

No. 115.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations (published by George Allen & Unwin, Ltd., London, 1s. 6d. net), supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

THE Christmas holidays and New Year stock-taking in many industries always make it difficult to assess the real state of trade at this time of year, but there is evidence that business conditions in Great Britain continue to make very slow progress. There has been a definite improvement in both the home and export sections of the coal trade, so much so that in some areas the quota allocations have proved insufficient. November steel production registered an improvement, and it is clear that British steel-makers can now successfully compete in the home market with Continental producers. There is a slight improvement in engineering, and the motor trade has been very active. The textile industries are holding their ground. Cotton manufacturers describe the outlook as brighter, and wool prices remained firm at the recent London sales. Finally, Christmas trade seems to have been good, especially in the London area.

The unemployment returns for the end of November, on the whole, bear out this general impression. The slight increase in the total figure is almost entirely seasonal, as it is largely confined to building, public works contracting, the distributive trades, and transport, hotel and boarding-house services; but there was also some decline in employment in the clothing, lace, jute and electrical apparatus industries, and this cannot be called seasonal. On the other hand, employment improved in the cotton industry, in textile bleaching, dyeing and finishing, in most of the metal trades, and in the motor vehicle and glass industries.

More general indicators are mainly neutral in character. There was a further decline in railway traffic receipts, while provincial bank clearings reacted from £105.9 for October to £102.5 millions for November. The improvement in bank acceptances continued, but bank advances were reduced by another ten millions. The overseas trade returns revealed a very slight improvement between October and November, the most encouraging feature being an increase from £11.9 to £13.7 millions in raw material imports. This increase was confined largely to cotton and wool.

Sterling commodity prices, after a moderate improvement during the first fortnight of November, have had a slight downward trend, which ended in a fairly severe fall during the week immediately preceding Christmas. Too much importance should not be attached to this last movement, as it may merely mark the beginning of the holiday period with its temporary decline in activity in the whole-

sale commodity markets. It is noticeable that the fall in the London-New York exchange to a record low level at the end of November had practically no effect upon the course of sterling prices.

News from abroad is hardly as encouraging as that from at home. The end-of-the-year recession is again in evidence, but in certain countries it first became apparent as long ago as the middle of November, which makes it difficult not to believe that more than a temporary setback of this character has occurred. This seems particularly true of the United States and Germany.

Against the experience of these countries must be set signs of improvement in France, Switzerland and elsewhere. The French textile industries, which lost ground between September and October, experienced an appreciable recovery during November. Switzerland also reports some revival in the watchmaking industry and in certain of the textile trades. There are even signs of some progress in Austria. Some relaxation of the exchange restrictions has proved practicable, production is a little better, and the new commercial treaty with Hungary is expected to foster trade. The position of Hungary herself is much more doubtful.

Empire news is in some respects more hopeful, with the exception of Canada, which is feeling the effects of the low price of wheat and is also sharing in the American business recession. The slow improvement in Australian trade continues, and the chief complaint is now of the low prices she receives for her exports. South African trade showed some revival before Christmas, with wool and maize moving off well. The effects upon business of this week's events have yet to be determined. Indian crop reports are good, and Bombay sales of Manchester goods have been a little better. Japanese competition, however, remains severe, and reports from Japan herself claim that the depreciation of the yen is stimulating export trade.

Thus the year closes with the hopes so freely entertained last August as yet unfulfilled. In England there has perhaps been some improvement, though it is arguable that it might be more correct to say that no further deterioration has taken place. Abroad, conditions on the whole are very little better, except in certain parts of the Empire. The decline in the sterling exchange and the renewed fall of gold prices form a clear link between the course of world trade and that of current political events. It is equally clear that so long as the world's major problems remain unsolved, no more than transient and spasmodic recoveries in business can be expected.

HOME TRADE STATISTICS.—NOVEMBER, 1932.

	Oct.	Nov.	Nov. '31.
UNEMPLOYMENT— (State Insurance %)	21.9	22.2	+ 0.8
PRODUCTION—			
Coal (million tons)*	4.1	4.3	+ 0.2
Iron (thous. ")	276	268	- 8
Steel (" ")	439	474	+ 35
FOREIGN TRADE—			
Imports (million £s)...	60.8	61.6	+ 0.8
Re-exports (" ")	3.7	4.1	+ 0.4
British Exports (" ")	30.4	31.1	+ 0.7
TRANSPORT—			
Railway Receipts* (£0,000)...	269	261	- 8
Shipping Freights (av. level)...	75.1	76.3	+ 1.2
COMMODITY PRICES (" ")	62.0	62.3	+ 0.3
TRADE DISPUTES (thous. working days loss)...	213	714	+ 501
SECURITY VALUES (av. level*)	112.5	109.6	+ 2.9
FINANCIAL DATA—			
Bnk. of Eng. Notes (mill. £s)*	360	360	+ 0
Bank Deposits (" ")	1,893	1,898	+ 5
Bank Advances (" ")	795	785	- 10
Banks' Cash Ratio (%)	10.2	10.2	+ 0
Bank Clearings:			
London (million £s)*	649	606	- 43
Manchester (" ")	9.6	9.4	- 0.2
Three Months' Bank Drafts (Discount Rate %)*	1 1/2	1 1/2	+ 0
Day-to-Day Loans (%)	1 1/2	1 1/2	+ 0

(*) 1913 = 100. (†) Economist Index No. 1927 = 100. (‡) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (§) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

HOME INDUSTRIES AND TRADE.

The following reports on British industry cover in most cases the period to the middle of December. In the remainder they relate to the month of November.

THE COAL TRADE.

Demand improved in the middle of December in anticipation of the Christmas holidays. House coal stocks are being cleared and orders are coming forward more freely. Industrial fuel is moving less rapidly into consumption, but some pits have been working more steadily, though supplies are still in excess of current demand. Export trade is better, apart from some interruption to Cardiff shipments by bad weather. Business on the North-East Coast is better than it has been for a long time. Some kinds of Northumbrian coal are sold forward right into March, and tonnage is being stemmed into January. Export demand has also improved at Hull, and more forward inquiries are being received. In Scotland, current production has been almost entirely absorbed, and supplies were very difficult to obtain at the end of December.

IRON AND STEEL.

Business has become a little quieter with the approach of the end of the year, and there has also been some slight recession in Continental prices since a month ago. The general undertone, however, is much more hopeful. November steel production showed a fair improvement over the previous months, and imports fell to the lowest level for a single month since 1922. Exports were well maintained, and orders have recently been received from home steel users which formerly would have gone abroad. A hardening of the price of scrap is also significant. The outlook is naturally contingent upon the general international situation, but there is every prospect of an increase in Continental prices early in the New Year, and apart from this there is some ground for expecting a slow improvement in the British industry.

ENGINEERING.

Current business and employment are a little better, and there is some improvement in tone. One or two good orders have lately been received. As regards the different sections of the industry, makers of power equipment and engines are busier, while locomotive builders have had the benefit of the contracts placed recently by the Chinese Railway Purchasing Commission. There is no improvement in the machine-tool and textile machinery trades, but there are signs of some seasonal recovery in agricultural engineering.

PRODUCTION OF ELECTRICITY.

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24=100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship- building and Heavy Engi- neering.	General Engi- neering and Auto- mobile Construc- tion.	Chem- icals.	Marine Transport, Docks, &c.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	280	196	160
1930	167	152	216	234	215	158
1931—May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	197	143
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	180
November	199	168	266	227	256	207
December	207	173	276	196	268	219
1932—January	193	169	266	165	258	207
February	204	165	271	212	266	214
March	198	165	262	236	256	205
April	180	150	250	212	233	190
May	168	135	219	175	204	164
June	148	122	218	135	192	156
July	148	122	218	135	196	157
August	141	120	190	127	186	144
September	161	136	212	131	220	167
October	193	160	283	158	258	199
November	212	172	316	167	276	216

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

The corrected figure for November is 86.0, compared with 88.0 for October and 92.2 for November, 1931. It will be seen that, notwithstanding the appreciable increases in the uncorrected figures, there has not been the usual seasonal expansion in power consumption.

MOTOR INDUSTRY.

Motor manufacturers maintained a high level of activity during early December. Private car registrations for October were 33 per cent. higher than for the same period last year, while exports for last month show an increase of nearly 50 per cent. over 1931. Imports also, for the first time this year, show an increase. Commercial vehicles had a corresponding increase in exports and a decrease from 154 to 13 in imports. New registrations of these vehicles, however, decreased by 16.8 per cent. on October, 1931. As heavy vehicles are proportionately the most seriously affected, it may be due to the reactions of the Salter Report. Motor-cycle registrations still show a slight increase.

ELECTRICAL INDUSTRY.

The latest figure records a sharp fall in home orders received, and it appears that municipal authorities have been reducing their expenditure upon electrical equipment through motives of economy. The export index shows a further small improvement.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1931—June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67
October	48	119	62
November	53	119	65
December	46	114	59
1932—January	45	106	56
February	47	111	58
March	46	112	57
April	49	110	59
May	56	104	62
June	53	94	58
July	52	72	52
August	56	68	54
September	60	66	56
October	58	67	55
November	54	69	53

* Copyright of the British Electrical and Allied Manufacturers' Association.

The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of the orders.

THE COTTON TRADE.

At the beginning of December conditions in the Lancashire cotton trade were improving, but demand soon experienced a setback owing to the unsettled conditions as a result of the American debt question. During this period of uncertainty it was significant that there was an easier movement in raw cotton prices in Liverpool at a time when sterling was declining. General prospects for spinners and manufacturers, however, are rather brighter. The American Government has estimated a further increase in the crop for this season and, including the carry-over, supplies will be about 25,750,000 bales, or equal to world requirements for two years. In the circumstances there is very little likelihood of any important rise in prices. A considerable inquiry has been experienced in piece-goods for abroad. Rather more business has been offering for India in light whites, prints and fancies, whilst some producers of dhooties have secured more contracts. There has not been any development in the offtake for China, and most of the contracts for Java, but printed and dyed goods have been in steady demand for the Straits Settlements. A fair miscellaneous business has been done for Egypt and the near East, chiefly in bleaching descriptions. Manufacturers have met with useful support from South America, West Africa and the Continent. Home demand has been comparatively quiet, but some local houses with connections in the Dominions have been rather busier. Spinners of American yarns have had to fight to maintain their position, but throughout the market there has been considerable resistance against low offers, and the turnover has kept up fairly well. A little more activity has also shown itself in Egyptian yarns. On the other hand export trade in yarns remains disappointing.

THE WOOL TEXTILE TRADES.

Demand for raw wool remains very firm, so much so that it was found possible to extend the recent London sales. In both Australia and South Africa wool is moving off freely, and such uncertainty as exists is confined to the lower grades. Business in tops has been quiet, but current prices are below replacement costs, and so top-makers are not disposed to make any concessions. Spinners are less active and demand for yarns is irregular, but quotations are maintained. Business in piece-goods is very slow.

THE JUTE TRADE.

Business was quiet immediately before Christmas, but prices were well maintained. It is expected that the New Year holidays will be lengthened to a fortnight. Demand for yarns was lacking, and business in cloths confined to small lots for immediate delivery. Linoleum hessians were quiet, but there was a better demand for sackings.

RAYON.

For the time of the year demand for rayon yarns, fabrics and knit-goods is fairly satisfactory. Yarn producers are still maintaining production at a high level, presumably in anticipation of an increase in demand after the turn of the year. Most types of yarns can be readily obtained from stock. Weaving yarns are in better request than hosiery yarns, this being the reverse of the position ruling a short time ago.

THE LINEN TRADE.

Large sales of flax have taken place at advanced gold prices, the bulk being purchased for Continental account. United Kingdom importers are penalised by the adverse sterling exchange. Higher limits have been conceded for yarns, with buyers more anxious to operate than producers, some of whom have now withdrawn from the market for the time being. A feature of recent weeks is the quantity of home spun yarns secured by Continental buyers. Cloth exports are well maintained, but the volume of new contracts is more confined than was anticipated in view of the all-round rise in manufacturing costs.

BOOTS AND SHOES.

The Bristol heavy boot trade is slightly more active than a year ago, and spring trade inquiries are coming forward. The weather, however, has been too mild for any substantial improvement to have occurred. Northampton trade has become rather less active, and buyers are believed to be holding back until after the New Year.

POTTERY.

Business is very quiet, and by the middle of December many factories had already closed down for Christmas. Demand is centred mainly upon the cheaper wares.

THE CHEMICAL INDUSTRY.

A moderate volume of business was transacted during November. There were a number of price increases for imported products, but other quotations were steady. There was less demand for industrial chemicals, but sales of acetic acid, acetone and formaldehyde continued on a good scale. In the coal tar products section the best items were pitch, carbolic acid and refined tar. There was only a small business in pharmaceutical chemicals. There was a decrease in the value of chemicals, drugs, dyes and colours exported during November as compared with the same month of last year, although this was not so great as that recorded for October. This fall was chiefly due to decreased exports of tartaric acid, ammonium sulphate, copper sulphate, glycerine and potassium compounds. Considerable increases over last year were shown by sulphuric acid, bleaching powder, coal-tar products and sodium compounds. There was a large fall in imports of chemical products as compared with November, 1931, bringing the total decrease for this year to nearly £4,000,000. The only products showing an increase during the month were nickel oxide and potassium nitrate.

AGRICULTURE.

According to an official report, work on the land is well forward except in the North-West. Autumn-sown corn has germinated satisfactorily, and appears strong and healthy. Potato production is now estimated at 3,308,000 tons, or 854,000 tons more than last year. The average size and quality of the tubers is fair, and little disease has as yet been reported. The output of mangolds is estimated at 4,336,000 tons, that of turnips and swedes at 7,535,000 tons, and that of washed and topped sugar beet roots at just over 2,000,000 tons. Cattle and sheep are in fair condition and milk yields up to average. Winter keep should be sufficient, unless conditions become adverse.

SHIPPING.

Business during December has shown little change. There has been a continued fair demand for Argentine and Australian grain, and rates have been steady on most routes.

BUILDING.

According to the Ministry of Labour's returns, employment showed a further general decline in November, the seasonal falling-off in painting and decorating being again the main cause. The unemployment percentage for November 21st was 31.0, compared with 29.8 in October and with 27.0 in November, 1931. Returns from 144 local authorities (excluding the London County Council) show that plans passed for new buildings in November comprised a total cost of £6,296,100, compared with £6,489,200 in October and £4,049,200 in November last year. Of the total for November, 1932, dwelling-houses accounted for £4,352,900; factories and workshops for £273,300; shops, offices, warehouses and business premises for £293,600; and other buildings and alterations and additions for £876,300.

RETAIL TRADE.

Christmas trade has on the whole been good, and in the middle of December a leading London store reported the results to have been very pleasing. The returns for the whole country, as published in the "Board of Trade Journal," show that the value of sales for November was only 1.9 per cent. below that of November, 1931, but it should be remembered that retail trade was bad a year ago, so that the small size of the subsequent decline loses part of its significance. London sales showed an improvement over November, 1931, but moderately heavy declines were recorded in Scotland and the North of England.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107	100	57	98	175	72	92	57	101	101	95.5	88	94	103.5	90	109	94	100
1927	113	106	133	113	197	106	109	87	103	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1931	95	105	92	78	334	102	112	65.5	96	114.5	99	79	91.5	116.5	102	129	65	95
"Corrected" average for 3 months ended:									d	d	d							
1931—Nov.	81	99	91	86	243	100	118	64	96	114.5	99	83	86	114	104	109	64	...
Dec.	95	94	98	96	266	107	128	65	97	114.5	99.5	83	92	116.5	101	101	64	...
1932—Jan.	106	97	92	107	238	109	131	65	96.5	114.5	99	77	94	119.5	96	91	64	...
Feb.	109	100	88	102	298	106	133	64.5	96	114.5	99	74	97	119.5	93	90	64	...
Mar.	109	105	77	101	240	106	132	64	96.5	114.5	99	70	99	119.0	91	99	65	...
Apr.	101	100	75	97	287	105	128	63	97	115	99.5	68	98	117.5	91	110	69	...
May	99	99	75	97	306	101	121	62	97	115.5	99	65	97	116	92	119	69	...
June	93	103	73	87	318	93	111	58.5	96	116	98.5	64	94	113.5	96	119	68	...
July	89	107	72	82	317	90	103	56	95	116.5	98.5	63	98	112.5	100	131	65d	...
Aug.	88	102	70	80	315	88	97	55d	95	117	98	63	97	110	103	130	64d	...
Sept.	85	100	69	78	300	89	100	55.5d	94.5	117	98	...	96	111	104	127	62d	...
Oct.	87d	97	70	76	305	92	108	57d	95	117	98	...	98	111	102	128	62d	...
Nov.	91	100	74	79	295	96	125	58	96	116.5	98.5	...	99	112	97	129	63	...
Nov., 1924 ...	103	93	105	110	167	104	103	96.5	100.5	100	100	105	97	100	104	96	99	...
Nov., 1925 ...	102	101	71	112	165	95	108	86.5	104	105.5	101	102	99	103.5	101	104	103	...
Nov., 1926 ...	102	98	64	104	209	63	100	39.5	100	104	92.5	89	89	104.5	89	105	94	...
Nov., 1927 ...	103	105	104	111	233	105	114	86.5	108	109	105.5	103	102	110	107	115	112	...
Nov., 1928 ...	96	107	79	101	314	102	115	79	107.5	110	104	97	91	115.5	114	125	110	...
Nov., 1929 ...	116	114	122	110	339	107	121	84.5	110	113	108	99	95	115	116	131	108	...
Nov., 1930 ...	91	115	89	68	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82	...
Nov., 1931 ...	81	99	91	86	243	100	118	64	96	114.5	99	83	86	114	104	109	64	...
Nov., 1932 ...	91	100	74	79	295	96	125	58	96	116.5	98	...	99	112	97	129	63	...

a Excluding coal imports.

d Revised figures.

STATE OF TRADE OVERSEAS.

Conditions overseas were irregular during November. In France, Switzerland and certain parts of the Empire there were signs of an improvement, but in Germany and the United States a recession took place. It is clear that at the best progress is proving very slow.

BRITISH EMPIRE.

Australia.—Wheat crop estimates are somewhat lighter, except in New South Wales, but a larger harvest is now certain. Butter production is heavy, and there are prospects of an extended export season. Wool sales to date total over 1,000,000 bales, but current prices are below production costs. Trade generally continues to improve slowly, but export prices are far too low to permit of any rapid recovery.

Canada.—The advent of colder weather has imparted some seasonal activity to certain trades, notably the clothing and boot and shoe trades, but business generally has undergone a slight setback. Car-loadings registered a sharp fall at the end of November, and the building and lumber industries remain dull. The fall in wheat prices to a new low record has inevitably impaired purchasing power. Gold production is developing, and with the premium of gold over the current exchange is providing a new and important source of income to the Dominion.

India.—Weather conditions were favourable during November and standing crops were in good condition. Cotton prices remained fairly steady, mainly under the influence of good Japanese buying. The new crop promises well. Bombay sales of Manchester goods have been rather better, and a slight improvement in sales of Indian piece-goods is also noticeable, but Japanese competition remains very severe.

South Africa.—Wool and maize clearances have been good, and trade consequently shows some improvement. Maize exports to December 3rd amounted to 3,163,000 bags, compared with 2,196,000 bags for the corresponding period in 1931. Local wool markets have been firm, with active buying by French, German and British interests. Large deliveries have been made to the ports during the month. Citrus fruit exports to the end of November amount to 111,077 tons, against a corresponding figure of 100,545 tons for last year. After some initial weakness the hide market has become firm. Rain has been fairly general in the summer rainfall area, but considerable damage has been caused in some districts by storms.

EUROPE.

France.—Coal production has improved, owing to the better off-take by the sugar beet and textile industries. In the iron and steel trades competition in the export markets remains very keen, but home trade is firmer. There is some slight improvement in the Lille textile industries, and all sections of the Roubaix wool trades are decidedly busier.

Belgium.—The house coal trade is active, but the iron and steel industries have lost ground, and business in "semis" with Great Britain is now very difficult to arrange. Only 33 blast furnaces are in operation out of a total of 62. Antwerp produce markets are inactive, and confidence is lacking.

Germany.—The slight improvement in trade noticeable in early November has not been maintained. Unemployment stood at 5,385,000 on November 30th, against 5,109,000 on October 31st, while comparing the weeks ended November 5th and December 3rd car loadings have fallen from 115,200 tons to 105,300 tons and coal production from 283,000 tons to 269,600 tons. The improvement in orders received by the textile industries has also come to an end. On the other hand, pig-iron production rose from 10,700 tons in October to 12,400 tons in November, and steel production from 20,100 tons to 22,700 tons. Employment generally is better in the industrial than in the agricultural areas.

Holland.—Apart from some improvement in the electric bulb and wireless industries, where employment is better, there has been a further general recession in industrial activity. This is mainly reflected in increased short time working, and so the amount of total unemployment is unchanged. The financial position remains sound, and plans are under consideration for the conversion of part of the National Debt now on a 5 per cent. basis and for the consolidation of a portion of the Floating Debt.

Scandinavia.—Norway reports that the entire whale oil production for the 1932-33 season has now been sold at a price of £13 a ton. The tankers' pool, constituted at Oslo last summer, is to come into operation at the New Year, and already embraces the major part of the Norwegian tanker fleet now competing for clean cargoes. Norwegian, Swedish and Danish kraft paper manufacturers have formed a joint association for the purpose of fixing prices. Swedish timber sales have recently been active, but prices are weak. Danish butter prices are unchanged, notwithstanding the heavy pressure of Australian and New Zealand butter in the British market.

Switzerland.—Some improvement is noticeable in the watch trade and certain of the textile industries. Employment is better, and exports of watches have increased. Hotel-keepers are displaying considerable anxiety as to the coming winter season, and in many cases prices are quoted in foreign currency at much reduced rates.

Central Europe.—The new Austro-Hungarian Commercial Treaty has come into force, and there is every indication that this will bring about a general improvement in trade. Austrian exchange restrictions are slowly being relaxed, and more general use is being made of private clearings at the actual as opposed to the official exchange rate. Recent Austrian trade and production statistics have registered improvements, and unemployment has not increased so rapidly as it did a year ago.

UNITED STATES OF AMERICA.

There are general indications of a definite set-back in business since the end of October, and while a common explanation is that it only represents the normal end-of-the-year recession, there is some evidence that the movement has gone farther than that. Commodity prices are lower, and there have been big set-backs in steel production, car-loadings and export trade. On the other hand, there is some improvement in coal production, electric power consumption and in the number of building permits granted, but retail sales and bank clearings for November registered declines below the previous month.

AMERICAN TRADE STATISTICS—NOVEMBER, 1932.

	Oct., 1932.	Nov., 1932.	Compared with Nov., '31.
EMPLOYMENT —(June, 1914=100)†	63.2	...	...

PRODUCTION—

Bituminous coal (Thous. tons)	32,633	33,723*	+ 3,613
Pig-iron (" ")	645	531	- 472
Steel (" ")	1,069	1,015	- 579
Unfilled orders, U.S.			
Steel Corporation (Thous. tons) ...	1,997	1,968	- 966
Building permits (Thous. \$)	26,107	29,301	- 28,302

CONSUMPTION OF ELECTRIC ENERGY (1923-25 = 100)

	85.1	87.6	- 11.2
--	------	------	--------

FOREIGN TRADE—

Imports (Thous. \$)	106,360	104,000*	- 46,000
Exports (" ")	153,460	139,000*	- 55,000

TRANSPORT—

Monthly average of weekly car loadings (Thous. cars)	634	549	- 106
--	-----	-----	-------

SECURITIES—

30 industrial stocks—			
Highest quotations†	72.09	68.04	- 48.75
Lowest quotations ‡	58.47	56.35	- 33.00
Thous. shares sold during month— (New York)	29,188	23,038	- 14,331
New securities issued (Thous. \$) ...	115,369	80,088	- 510

BANK CLEARINGS—

New York (Million \$)	12,260	10,902	- 3,549
Other cities (" ")	7,535	6,926	- 2,392

RETAIL BUSINESS—

Total sales, mail order houses§ (Thous. \$) 46,191 40,963 - 6,241			
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* Preliminary estimates made by Messrs. Moody, subject to revision.
† Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania.
‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

With the approach of the grain-exporting season, Argentine trade conditions should shortly show some improvement, as relief will be afforded to the exchange market by the increased supply of foreign currency drafts. It appears that the total value of Argentine exports this year will be somewhat smaller than in 1931, but that the visible export surplus will exceed 200,000,000 pesos (gold). An encouraging factor has been an improvement in the aggregate value of Argentine imports during recent months. In Brazil, energetic measures are contemplated to deal with the coffee situation, more especially in view of the "bumper" crop anticipated next year. Increased confidence has been observable in several directions in Chile following the election to the Presidency of Don Arturo Alessandri, but the economic situation is still difficult, and a large budgetary deficit has accumulated. The situation in both Peru and Colombia is to some extent complicated by the unsettled boundary dispute between the two countries, which tends to restrict business. Trade in the Central American Republics generally continues quiet.

THE FAR EAST.

While Japanese export trade with China is restricted by the boycott, the depreciation of the yen has stimulated sales to other markets, such as India, the South Seas, Africa and Europe. This, together with the continuance of cheap money rates, has improved the position of the leading Japanese industries, and the future is now viewed with greater confidence.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.		
Period. Monthly Average.	United Kingdom.	Belgium.	Cze- cho- slovakia.	France.	Germany.	Nether- lands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czecho- slovakia.	Germany.	Hun- gary.
	<i>d</i>		<i>k</i>		<i>g</i>					<i>j</i>	<i>e</i>			<i>k</i>	<i>g</i>	
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,694	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,385	2,984	1,037	1,013	1,826	2,822	43,052	1,704	13,799	543
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,472	1,023	1,052	1,893	2,855	45,510	1,880	14,598	587
1930.....	20,639	2,284	1,214	4,490	11,891	m1,018	3,127	3,911	864	991	1,913	2,615	40,176	1,602	12,159	515
1931.....	18,641	2,253	1,104	4,160	9,885	m1,075	3,190	4,462	701	880	1,729	2,150	33,085	1,497	11,102	509
					<i>m</i>											
1931—November..	18,883	2,083	1,184	4,076	9,615	1,085	3,740	...	690	786	1,339	2,136	31,072	1,739	11,401	655
December.....	19,887	2,062	1,151	3,882	9,021	1,069	3,184	...	729	861	1,847	2,250	31,689	1,702	11,204	618
1932—January....	18,973	2,132	1,036	3,750	8,703	1,025	2,713	5,945	673	809	1,874	2,184	28,839	1,339	9,596	556
February.....	18,815	1,988	972	3,738	8,380	1,001	2,134	5,822	708	796	1,907	2,088	29,059	1,393	9,741	549
March.....	19,091	2,108	948	3,795	8,468	1,072	2,379	5,822	679	824	1,786	2,410	33,601	1,300	9,810	508
April.....	18,663	1,967	923	3,867	8,501	1,069	2,264	5,547	555	790	1,660	2,162	23,522	948	9,396	397
May.....	17,275	1,828	795	3,694	7,977	997	1,969	5,101	547	817	1,528	2,231	19,659	1,246	9,158	344
June.....	17,028	1,822	801	3,729	8,256	1,035	2,354	4,817	539	819	1,348	2,080	18,940	1,145	9,940	383
July.....	15,275	1,738	792	3,729	8,463	1,043	2,434	4,526	540	868	1,258	1,896	23,545	1,322	10,131	457
August.....	15,542	1,708	803	3,833	8,610	1,069	2,399	4,566	584	801	1,534	...	27,598	1,387	10,372	536
September.....	16,360	1,708	903	3,833	8,610	1,069	2,399	4,566	636	743	1,456	...	34,344	1,523	10,944	...
October.....	17,112†	...	1,005	m4,092	9,485	1,108	...	5,099	...	...	...	...	35,400†	...	...	...
November.....	17,328†	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

PIG IRON.

Period.	PIG IRON.												STEEL.				
	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.
Monthly Average.	b	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1927.....	617	537	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675
1928.....	560	552	832	161	984	33	281	88	3,167	722	539	792	173	1,205	51	105	4,222
1929.....	643	585	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,599
1930.....	525	489	836	159	808	38	418	63	2,659	618	471	762	161	962	52	86	3,326
1931.....	318	440	685	126	505	32	398	36	1,547	438	430	651	128	691	46	57	2,108
1931—November..	301	425	667	110	427	25	450	15	1,121	467	415	538	105	548	47	29	1,619
December...	336	397	543	100	352	26	431	14	996	429	392	535	93	438	48	21	1,323
1932—January...	335	397	490	112	358	23	494	10	988	437	388	469	111	400	37	25	1,485
February...	329	397	458	116	330	24	423	11	980	488	403	463	125	448	44	29	1,483
March.....	341	400	471	109	314	29	482	18	983	470	403	464	118	435	56	44	1,433
April.....	322	404	460	112	336	21	516	17	986	424	404	444	134	624	49	30	1,124
May.....	320	407	459	125	381	21	554	8	737	467	396	468	126	506	44	18	912
June.....	316	392	452	111	310	19	513	7	581	437	334	465	104	429	36	28	805
July.....	297	334	455	100	294	18	517	6	539	367	389	473	108	416	39	27	846
August.....	264	365	445	114	273	20	549	6	602	437	394	473	128	522	43	24	991
September..	265	365	445	114	273	20	549	6	602	437	394	473	128	522	43	24	991
October.....	282	403	457	116	333	20	...	7	632	480	...	...	...	...	...	...	1,086
November...	272	...	...	...	...	...	...	...	632	480	...	...	...	...	...	...	1,032†

a Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end of 1927, excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Coal sold. i Until end 1928 saleable coal. m Including coal waste. n Including lignite. o Strike in coal mines. † Provisional figure.

WHOLESALE PRICES.

WHOLESALE PRICES																		
Monthly Average.	U.K.		Belgium.	Czecho-slovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Econo. mist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1927.....	141.6	137.6	847	979	153	642	137.6	148	495	167	100.0	173	172	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	845	979	153	645	140.0	149	462	157	101.0	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.2	74	911	9	30	554	124.6	117	383	137	82.3	187	172	122	126.5	146.7	117
1930.....	119.5	106.8	744	1017	9	502	110.9	97	328	122	70.5	...	174	111	109.7	131.3	96	113.4
1931.....	104.1	89.3	726	107.5	114	502	110.9	97	328	122	70.5	...	174	111	109.7	131.3	96	113.4
1931— November	106.4	90.7	584	103.8	117	447	106.6	89	320	119	66.4	...	177	111	106.2	131.3	97	110.3
December.....	105.8	90.6	573	102.3	119	442	103.7	85	319	122	66.4	...	177	111	103.1	131.0	98	109.8
1932— January.....	105.8	90.0	557	101.4	118	439	100.0	84	317	123	63.9	...	178	109	101.4	130.0	97	108.4
February.....	105.3	92.2	564	101.4	119	446	99.8	82	314	123	64.8	...	178	110	99.6	133.2	97	108.1
March.....	104.6	88.5	548	100.7	117	439	98.4	80	311	120	65.3	...	181	109	98.7	132.2	94	108.0
April.....	102.4	86.3	539	99.5	115	439	98.4	80	311	120	65.3	...	181	109	98.7	132.2	94	108.0
May.....	100.7	83.3	526	97.3	114	438	97.2	79	305	120	61.8	...	177	109	95.6	129.4	89	105.8
June.....	98.1	80.9	514	97.9	115	430	95.9	76	296	123	60.2	...	171	108	94.5	127.8	86	104.0
July.....	97.7	82.7	524	100.1	117	416	95.4	75	296	123	60.2	...	172	108	93.6	128.4	87	104.0
August.....	99.5	85.2	532	99.5	119	413	95.1	76	300	123	58.8	...	171	108	95.0	130.1	91	104.3
September.....	102.1	88.1	524	99.1	118	412	94.3	77	307	123	58.8	...	171	110	94.8	132.4	91	104.5
October.....	101.1	85.3	529	...	120	414	93.9	...	304	124	...	...	...	110	94.8	129.0	91	101.5
November.....	101.1	85.7	525	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
15th of month. d Beginning of the following month. e Official. f Second half of month.																		

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

IMPORTS for Domestic Consumption																			Russia.	Egypt.	United States.
Period.	U.K.	Irish Free State.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugoslavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Roubles or Gold Rbl.	Pounds.	Dollars.			
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drachma.	Lire.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.						
	<i>a</i>	...	<i>m</i>	15,775	64,785	701,778	41,035	897,474	14,828	303,803	...	325,231	...	70,545	159,985	...	2,271	147,932			
1913	54,931	...	386,384	5,775	64,785	701,778	41,035	897,474	14,828	303,803	...	325,231	...	70,545	159,985	...	2,271	147,932			
1926	92,989	5,043	1,920,460	520,578	127,121	4,968,923	472,309	833,454	830,592	2,156,571	635,982	203,496	128,242	124,101	201,209	50,941	4,199	367,340			
1927	91,282	5,012	2,424,921	520,578	127,121	4,968,923	472,309	833,454	830,592	2,156,571	635,982	203,496	128,242	124,101	201,209	50,941	4,199	367,340			
1928	89,610	9,208	2,568,654	586,745	137,276	4,452,193	667,742	1,166,772	1,050,018	1,697,900	607,191	212,405	240,998	124,031	215,650	54,893	4,339	388,828			
1929	92,589	5,020	2,951,520	693,719	142,907	4,581,961	783,025	1,120,566	1,105,070	1,595,397	632,896	223,358	259,248	148,549	231,987	73,386	4,361	361,548			
1930	79,762	4,630	2,576,812	382,477	138,028	4,362,031	423,306	865,036	901,183	1,443,746	600,591	201,521	187,164	138,560	222,017	88,235	3,823	260,000			
1931	66,512	4,139	1,798,495	382,477	138,028	5,156,609	288,089	560,590	735,471	968,691	400,023	157,728	121,854	119,949	187,600	92,086	2,542	174,176			
1931—Oct.	75,408	4,802	1,941,941	380,171	117,230	3,128,299	349,869	482,788	794,917	792,976	392,945	159,748	119,510	129,791	203,014	116,280	2,968	171,589			
Nov.	78,265	4,131	1,741,892	352,235	125,408	2,890,990	360,233	482,395	848,351	765,397	309,545	139,766	97,036	131,373	203,341	99,025	2,549	152,802			
Dec.	71,491	3,966	1,175,186	311,733	126,470	2,806,476	220,494	499,591	632,851	960,546	297,048	140,867	91,076	129,138	202,352	85,457	2,922	149,516			
1932—Jan.	57,027	3,533	1,468,195	246,224	103,713	2,396,079	164,885	440,759	550,487	731,957	228,165	130,621	80,482	100,966	164,173	80,150	2,120	134,311			
Feb.	64,751	3,728	1,651,548	257,700	95,331	2,396,079	164,885	440,759	550,487	731,957	228,165	130,621	80,482	100,966	164,173	80,150	2,120	134,311			
Mar.	56,695	4,876	1,515,691	257,700	95,331	2,396,079	164,885	440,759	550,487	731,957	228,165	130,621	80,482	100,966	164,173	80,150	2,120	134,311			
Apr.	48,846	4,524	1,328,307	337,447	91,116	2,386,841	222,764	427,321	716,832	785,853	248,127	112,709	78,896	102,292	145,747	65,682	2,010	126,676			
May	51,337	3,572	1,120,940	373,340	89,116	2,482,098	310,978	351,317	778,561	753,518	232,960	100,785	73,227	90,819	144,671	77,991	2,027	127,114			
June	53,343	3,764	1,265,294	274,256	83,293	2,366,833	230,726	364,412	473,252	544,763	199,132	96,320	68,905	82,691	132,377	47,364	1,996	79,936			
July	48,617	3,517	1,120,767	236,660	77,737	2,388,547	230,726	364,412	473,252	544,763	199,132	96,320	68,905	82,691	132,377	47,364	1,996	79,936			
Aug.	49,821	2,756	1,147,293	236,660	84,393	2,274,347	332,633	331,485	541,095	523,919	233,366	95,465	67,377	94,713	134,385	53,535	1,808	85,337			
Sept.	51,365	2,669	1,242,360	258,115	80,309	2,228,038	367,583	360,183	639,825	549,749	238,735	101,548	44,449	92,309	134,108	49,339	2,419	102,933			
Oct.	57,135	2,978	...	...	...	...	...	398,148	690,334	550,680	247,300	117,178	73,363	103,435	143,876	44,188	...	104,000			
Nov.	57,507	...	...	...	...	...	...	393,376	...	...	...	...	...	...	...	...	...	...			

[illegible]

NOV. 31, 1939; ... 1 ...
 a Including bullion and specie. b Since 1932 declared values. c Including bullion. d Trade between ... m Since May, 1922, figures refer to * Union
 e Until February, 1923, Julian Calendar. f Including bullion. g Since 1928 declared values. h Old Greece only. i Since May, 1922, figures refer to * Union
 Economico-Belgo-Luxembourgeoise. j From April 1, 1923, including trade of Great Britain and Northern Ireland with the Irish Free State, and excluding the direct
 ... trade of the Irish Free State. k Including parcel post for the half-year. l Provisional figures.

Quantity (Metric Tons).

Value.																	
Period.	Australia.	British India.	Canada.	New Zealand.	South Africa.	Japan.	Brazil.	Belgium.	Czechoslovakia.	France.	Germany.	Greece.	Hungary.	Netherlands.	Poland.	Switzerland.	Brazil.
Monthly Average.	£s.	Rupees.	Dollars.	£s.	£s.	Yen.	Milreis.	g	o	3,685	16,069	e	i	3,739	j	d	f
1915	6,555	152,725	54,917	1,785	3,365	60,474	83,958	2,772	555	3,783	16,069	p 84	...	450	2,362	203	590
1926	13,429	196,606	84,028	4,073	5,034	192,101	225,463	2,859	615	4,114	5,674	190	528	2,385	409	621	460
1927	11,890	206,740	90,593	3,655	5,779	174,883	272,764	3,172	780	4,112	5,500	197	565	2,488	430	667	487
1928	11,685	208,170	101,860	3,661	6,180	177,792	307,916	3,312	846	4,955	5,565	231	559	2,582	424	726	509
1929	11,841	208,569	108,249	3,998	6,474	180,710	323,978	3,746	849	5,063	4,746	214	407	2,616	298	711	407
1930	15,632	256,532	108,409	4,995	125,572	195,300	349,499	3,698	841	3,397	212	275	2,492	244	757	296	296
1931	3,403	108,954	52,342	2,015	4,143	100,528	155,590	3,233	855	4,545	3,002	243	328	2,719	259	877	260
1932	4,933	148,225	45,933	1,777	4,320	73,377	148,225	3,503	855	4,545	3,002	243	328	2,719	259	877	260
Oct.	3,597	98,424	46,911	2,009	3,658	78,324	171,115	2,962	832	4,450	2,990	229	257	2,387	207	803	322
Nov.	3,453	89,123	45,933	2,009	3,658	78,324	171,115	2,962	832	4,450	2,990	229	257	2,387	207	803	322
Dec.	3,425	94,876	34,115	2,118	2,976	113,568	134,689	2,937	850	4,153	3,611	189	213	2,426	220	814	336
Jan.	3,180	108,769	35,586	1,769	2,558	125,459	141,084	2,759	...	3,787	2,648	259	199	1,825	113	679	331
Feb.	3,254	99,384	35,586	1,769	2,558	125,459	141,084	2,759	...	4,047	2,337	285	182	1,848	104	690	263
Mar.	3,531	107,689	57,437	1,822	2,545	162,616	142,284	2,572	...	4,222	2,694	245	152	1,875	123	694	231
Apr.	3,893	131,170	29,731	1,711	2,747	142,333	132,132	2,564	...	3,795	2,498	221	169	1,893	125	705	287
May	3,815	127,805	43,561	1,809	2,456	106,385	137,158	2,610	...	3,439	2,196	139	192	2,130	130	814	340
June	4,118	121,112	40,745	1,809	2,456	106,385	137,158	2,610	...	3,795	2,498	145	154	2,114	141	774	241
July	4,394	113,038	35,711	1,795	2,401	64,568	114,650	2,428	...	3,940	2,838	135	158	2,014	187	771	275
Aug.	5,174	110,704	36,527	1,856	2,596	69,498	96,641	2,532	...	3,753	2,783	165	171	2,034	166	725	...
Sep.	4,933	115,674	34,504	1,856	2,596	69,498	96,641	2,532	...	3,645	2,712	167	...	2,202	174	745	...
Oct.	5,131	97,159	37,094	1,848	2,761	119,246	...	...	...	2,970	...	...	...	2,131	...	762	...
Nov.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

EXPORTS of Domestic Produce—Merchandise Only. (1000 £ sterling)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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1913	6,070	200,993	36,333	1,751	2,294	52,393	81,814	1,740	1,067	1,840	8,6143	50	2,451	1,319	1,859	70	115	1913	10,821	268,689	105,718	3,648	3,511	164,371	265,880	1,934	1,167	2,112	5,048	45	216	1,319	1,859	70	115	1916	11,268	265,405	112,489	4,511	4,047	175,075	321,700	2,148	1,092	5,325	4,564	63	159	1,384	1,577	76	189	1917	11,489	275,534	98,534	4,711	3,905	179,222	342,280	1,979	899	3,018	4,759	49	194	1,402	1,559	58	186	1918	11,420	268,781	73,826	3,635	2,698	93,137	283,135	2,052	722	2,527	4,333	69	151	1,384	1,577	76	189	1919	7,407	219,317	50,445	2,815	1,875	93,137	283,135	2,052	722	2,527	4,333	69	151	1,384	1,577	76	189	1920	7,429	137,089	50,445	2,815	1,875	93,137	283,135	2,052	722	2,527	4,333	69	151	1,384	1,577	76	189	1921	9,083	126,982	55,538	1,638	1,810	93,842	311,532	2,096	831	2,629	4,919	63	238	1,484	1,798	71	182	1922	9,901	137,652	57,487	2,593	1,914	74,402	320,833	1,744	802	2,464	4,366	45	265	1,398	1,742	60	205	1923	10,286	156,630	58,255	3,137	1,950	80,479	309,859	1,699	767	2,300	4,060	37	177	1,176	1,497	46	178	1924	8,872	132,367	36,431	4,255	1,904	77,309	235,697	1,645	1,147	1,878	3,443	45	102	1,096	1,280	35	162	1925	9,171	123,107	39,749	3,484	1,648	77,309	235,697	1,645	1,147	1,878	3,443	45	102	1,096	1,280	35	162	1926	9,014	129,103	39,749	3,484	1,648	77,309	235,697	1,645	1,147	1,878	3,443	45	102	1,096	1,280	35	162	1927	8,494	104,534	26,976	4,621	1,205	96,981	243,494	1,518	1,002	2,002	3,379	19	115	1,196	1,391	37	119	1928	7,311	96,145	40,594	2,296	1,168	96,520	176,355	1,669	1,002	1,809	3,476	25	90	1,151	1,094	38	100	1929	5,049	94,343	40,945	4,321	1,060	107,205	102,013	1,419	1,002	1,809	3,476	25	90	1,151	1,094	38	100	1930	4,743	90,074	42,321	2,194	1,199	132,807	130,317	1,399	1,002	1,809	3,476	25	90	1,151	1,094	38	100	1931	3,632	100,544	42,187	1,453	1,680	137,147	...	1,672	1,002	1,809	3,476	25	90	1,151	1,094	38	100	1932	7,742	124,224	56,627	2,369	1,736	147,000	...	1,672	1,002	1,809	3,476	25	90	1,151	1,094	38	100	1933	8,826	115,012	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...</																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							

a General trade. b Sea-borne trade only. c Until 1927 fiscal year beginning July 1st. d Including a few goods declared by number only. e p 1914.
 articles shown by number. f Excluding gross weight. g Excluding repatriation deliveries. h Discontinued.
 articles shown by number. j Excluding weight of live animals. k English currency values.
 f Since May, 1922, figures refer to "Union Economique Belge-Luxembourgeoise."

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Roumania.	Sweden.	Switzerland.	British India.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Ruppes.	Yen.	Dollars.
1913	16.3	...	...	d	m	/	ch	y	20	18	44	56	45	p
1927	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928	30.8	12.0	60	876	110.0	450	50	27.1	384	31	57	24	335	676
1929	23.8	8.6	55	1,359	80.2	607	29	17.8	318	23	81	56	222	849
1930	22.3	4.8	38	1,832	45.6	514	47	17.5	460	21	125	24	205	587
1931	8.5	3.1	42	1,362	65.2	361	...	6.4	210	28	109	27	...	259
1932	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar. 1931	16.0	5.6	36	2,008	45.6	193	20	6.5	127	58	157	22	313	411
Apr.-June 1931	13.5	1.6	86	1,381	110.3	533	36	9.6	492	33	111	25	240	320
July-Sept. 1931	13.0	2.8	70	665	85.5	374	17	7.6	94	11	92	45	303	205
Oct.-Dec. 1931	1.3	2.6	26	1,496	19.6	344	9	2.1	126	9	75	17	190	90
1932	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar. 1932	5.7	2.8	34	509	11.4	476	13	3.3	59	11	145	52	312	138
Apr.-June 1932	48.8	12.6	11	829	23.7	...	28	7.6	39	16	58	30	221	80
July-Sept. 1932	Dr 3	2.8	11	245	6.0	...	...	...	13	8	67	...	...	...
Aug. 1932	0.04	1.2	60	328	8.8	...	12	1.8	18	10	14	20	...	62
Sept. 1932	0.15	2.4	9	197	4.9	...	20	3.9	1	9	157	19	...	93
Oct. 1932	14.5	1.2	9	588	6.3	...	...	...	23	10	...	...	...	98
Nov. 1932	7.7	...	...	621	...	...	...	...	17	4	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. * Excluding Treasury Bills. d Excl. large railway issues. f "Rivista Bancaria." Issues exceeding Frs. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. m Since 1924, excluding amalgamations and conversions. Until end 1922 paper mark. n Société de Banque Suisse, invitation for subscriptions on Swiss market including obligations and Local Govt. loans. p Invitation for "Commercial & Financial Chronicle." q Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.

	1927.	1928.	1929.	1930.	1931.	1932.
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.
London	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Paris	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Berlin	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
New York	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Amsterdam	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Brussels	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Rome	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Switzerland	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Vienna	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Warsaw	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Tokyo	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Calcutta	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2

* Federal Reserve.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
	£	£	£	£
1913	14,191,275	855,648	1,389,481	16,436,404
1926	35,346,429	1,660,757	2,817,868	39,825,054
1927	36,819,582	1,754,032	2,972,827	41,550,541
1928	39,311,117	1,854,190	3,039,422	44,204,729
1929	39,935,924	1,881,989	3,078,764	44,896,677
1930	38,782,577	1,812,146	2,965,531	43,558,354
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932 (Dec. 21)	31,336,152	1,634,035	2,700,141	35,670,328
1932 (Dec. 21)	27,138,247	1,570,187	2,608,317	31,316,751

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.
Monthly Average.	£	£	£	£	£	£	Cwts.	Centals.	Centals.	Tons.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	0.4
1926	41.9	4.2	32.7	5.8	16.1	34.3	8.8	1.8	0.7	0.4
1927	44.9	4.4	29.3	5.8	16.1	34.3	8.8	1.8	0.7	0.4
1928	44.3	4.5	27.9	5.8	16.1	34.3	8.8	1.8	0.7	0.4
1929	44.7	4.6	28.3	5.8	16.1	34.3	8.8	1.8	0.7	0.4
1930	39.8	4.0	20.9	5.3	25.6	47.0	8.6	1.3	0.7	0.3
1931	34.8	3.0	14.5	3.9	21.8	36.6	8.8	1.0	0.7	0.3
1932-May	29.9	2.6	13.7	3.6	11.6	23.2	8.8	0.9	0.7	0.3
June	31.4	2.3	13.5	3.6	11.4	22.4	8.8	0.9	0.7	0.3
July	29.3	2.3	10.8	3.6	11.4	22.4	8.8	0.9	0.7	0.3
August	28.2	2.6	11.7	3.4	11.4	22.4	8.8	0.9	0.7	0.3
September	30.6	2.5	11.2	3.2	12.1	21.7	8.8	0.9	0.7	0.3
October	35.1	2.9	11.9	3.9	13.5	22.7	8.8	0.9	0.7	0.3
November	34.4	3.4	15.3	4.1	28.7	22.9	8.4	0.7	0.4	0.1

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Gross Receipts.		Freight Traffic (f).		Total.		Austria.	Germany.	Italy.	Canada.	United States.
	Passengers.	Freight.	Merchandise.	Coal, &c.	Minerals and Other Merchandise.	Total.	(b) (h)	(a)	(e) (f)	(c) (g)	(i)
1927-June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	5,126	1,095	4,211	438,483
December	4.8	8.7	5.1	17.2	4.8	27.2	1,401	5,126	1,095	4,211	438,483
1928-June	5.5	8.3	4.8	14.9	5.3	25.0	1,324	5,398	928	4,128	434,580
December	4.6	8.3	4.7	16.1	4.8	25.6	1,324	5,398	928	4,128	434,580
1929-June	5.2	8.4	4.8	15.1	5.6	26.1	1,392	5,715	1,038	4,312	437,304
December	4.5	8.2	4.7	15.1	5.0	25.3	1,392	5,715	1,038	4,312	437,304
1930-June	5.7	7.3	4.4	13.7	4.7	23.1	1,426	5,603	1,087	4,246	434,580
December	4.7	7.4	4.4	16.9	4.2	22.2	1,396	5,474	1,031	3,767	434,580
1931-June	3.9	7.6	4.2	13.8	4.2	22.2	1,388	5,402	1,044	4,222	434,580
December	4.4	6.1	3.4	16.1	3.7	24.0	1,250	5,462	879	3,629	434,580
1932-June	6.4	5.8	3.4	12.2	3.2	18.9	1,292	5,462	921	3,629	434,580
August	6.1	5.5	3.2	11.0	2.7	17.5	1,043	5,462	801	3,024	434,580
September	4.4	5.7	3.2	10.7	2.7	16.5	979	5,462	832	3,256	434,580
October	...	6.1	3.3	11.0	2.8	17.2	1,003	5,462	831	3,256	434,580
November	...	...	3.6	12.4	2.8	18.2	1,039	5,462	831	3,256	434,580

* Inc. live-stock.

at least \$500,000.

(a) "Reichsbahn." Excl. free-hauled.

(b) Ton-miles.

(c) Including free-hauled.

(d) Revised figures; net tonnage given.

(e) Fiscal year ending June 30.

(f) Excluding free-hauled.

(g) Provisional.

(h) From January, 1932, onwards figures relate to 4-week periods.

(i) From January, 1932, onwards figures relate to 4-week periods.

(j) From January, 1932, onwards figures relate to 4-week periods.

(k) From January, 1932, onwards figures relate to 4-week periods.

(l) From January, 1932, onwards figures relate to 4-week periods.

(m) From January, 1932, onwards figures relate to 4-week periods.

(n) From January, 1932, onwards figures relate to 4-week periods.

(o) From January, 1932, onwards figures relate to 4-week periods.

(p) From January, 1932, onwards figures relate to 4-week periods.

(q) From January, 1932, onwards figures relate to 4-week periods.

(r) From January, 1932, onwards figures relate to 4-week periods.

(s) From January, 1932, onwards figures relate to 4-week periods.

(t) From January, 1932, onwards figures relate to 4-week periods.

(u) From January, 1932, onwards figures relate to 4-week periods.

(v) From January, 1932, onwards figures relate to 4-week periods.

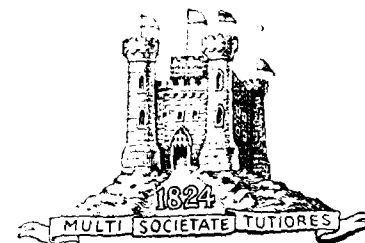
(w) From January, 1932, onwards figures relate to 4-week periods.

(x) From January, 1932, onwards figures relate to 4-week periods.

The Economist

INSURANCE SUPPLEMENT

SATURDAY, JULY 16, 1932.



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INSURANCE IN 1931. A Review of Progress and Prospects.

Vol. CXV.

SATURDAY, JULY 16, 1932.

No. 4,638.

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GENERAL RESULTS OF THE YEAR.

Any attempt to review the results of the insurance industry must, of necessity, commence with their contemplation on broad and general lines. As might be anticipated, the extremely complicated and technical manner in which the accounts are normally presented by the companies themselves renders it essential, if a true appreciation of these results is to be vouchsafed to the lay mind, that before passing to detailed analyses of the different branches of the business, some general reference should be made to the results taken as a whole. Consequently, as in previous years, we shall in this introductory survey present the financial results of all classes of insurance business as reflected in the figures of 22 of the most important companies. These figures have been extracted on a uniform basis in order that comparison between the results of the offices may be facilitated.

The table appended sets out the 1931 results under three main classifications:—

- (1) The Underwriting Profits.
- (2) The Dividend Position.
- (3) The Reserve Position.

(1) *The Underwriting Profits.*

The first five columns of the table are concerned with the presentation of the underwriting results. The figures

do not necessarily agree with those in the accounts published by the companies themselves, since, in a number of cases, the reserve for unexpired risk departs from the basis, 40 per cent. of the premiums, which has the sanction of the majority of offices, and which, to ensure uniformity, has been adopted throughout our table. It is not possible in the case of the marine department to use a uniform method, and consequently the method of the company concerned has been followed in each case. The net trading surplus shown in column (2) represents the total underwriting profits, excluding life assurance, annuity and sinking fund business, after deducting the various items relating more to the business as a whole, and charged, therefore, against the profit and loss account.

Column (4) indicates the amount of the contribution to the net trading surplus derived from the operations of the life departments. Life profits, as is well known, are only revealed as the result of an actuarial valuation, and in the majority of cases such valuations take place at quinquennial intervals, although of later years a movement has taken place in the direction of triennial, and even annual investigations. It follows, therefore, that where the company in question has a life department, the absence of any allocation merely indicates that no valuation was due to be made in 1931. Mention should, however, be made of the position of certain companies

Company.	Underwriting Profits.					Dividend Position.			Reserve Position.	
	Total Premium Income (excluding Life, Annuity, and Sinking Fund).	Net Trading Surplus after deducting all items charged direct to Profit and Loss Account (excluding Life, Annuity, and Sinking Fund).	Ratio of Net Trading Surplus to Premiums.	Contribution to Net Trading Surplus from Life, Annuity, and Sinking Fund.	Total Net Trading Surplus.	Net Interest Earnings after deducting Debenture Interest and Preference Dividends.	Cost of Dividend on Ordinary Shares.	Proportion of Dividend met by Interest Earnings.	Funds (excluding Life, Annuity, and Sinking Fund), including General Reserve Funds, but excluding outstanding liabilities and share capital.	Ratio—Funds to Premium Income.
	(1) £	(2) £	(3) %	(4) £	(5) £	(6) £	(7) £	(8) %	(9) £	(10) %
Alliance	3,707,914	243,281	6.6	14,000	257,281	336,784	472,500	71	7,309,486	197
Atlas	2,664,079	7,638	0.3	24,399	16,761	132,448	176,000	75	3,372,448	127
Caledonian	1,404,698	4,657	0.3	...	4,657	89,198	101,719	88	2,046,631	146
Commercial Union	14,895,578	116,777	0.8	183,088	66,311	947,209	1,099,133	86	18,346,106	123
Eagle Star and British Dominions	2,885,513	43,131	1.5	30,302	73,433	132,687	127,012	104	2,974,867	103
Employers' Liability	6,481,143	91,690	1.4	...	91,690	295,236	259,721	114	5,383,889	83
General Accident	7,375,983	155,515	2.1	...	155,515	239,467	183,750	130	4,695,487	62
Guardian	2,062,702	85,277	4.1	36,000	121,177	155,235	167,111	93	3,136,914	152
Liverpool and London and Globe	10,203,071	24,892	0.2	23,000	47,892	491,841	542,169	91	9,984,011	98
London Assurance	4,057,159	20,330	0.5	20,000	40,330	194,655	223,539	87	4,990,887	123
London and Lancashire	6,532,909	180,903	2.8	33,686	214,589	502,443	559,544	90	9,789,045	150
North British and Mercantile	5,413,408	305,172	5.6	...	305,172	496,725	477,169	104	11,394,666	211
Northern	4,634,049	19,317	0.4	...	19,317	206,648	258,193	80	5,622,399	121
Norwich Union	4,023,166	32,169	0.8	...	32,169	178,226	211,634	84	2,746,860	68
Pearl	717,619	21,075	2.9	511,707	532,782	26,985	503,548	5	1,675,588	233
Phoenix	7,468,060	47,094	0.6	30,000	77,094	457,678	518,831	88	9,429,928	126
Prudential	1,735,745	54,185	3.1	831	53,354	118,982	83,333	143	4,410,949	254
Royal	12,535,281	337,802	2.7	40,000	377,802	1,331,742	1,374,841	97	15,253,776	122
Royal Exchange	3,202,944	24,111	0.8	...	63,005	201,489	191,763	105	3,879,852	121
Scottish Union & National	1,741,804	86,897	5.0	...	86,897	151,477	146,250	104	2,804,316	161
Sun	4,495,892	234,562	5.2	...	234,562	266,810	242,667	110	6,143,866	137
Yorkshire	2,838,419	25,378	0.9	9,610	34,988	128,729	136,468	94	3,521,015	124
Totals	111,077,136	1,729,815	1.6	993,855	2,723,670	7,082,694	8,056,895	88	138,912,986	125

who set aside the shareholders' portion of the profits at the quinquennial valuation, and in each ensuing year credit one-fifth of such surplus to profit and loss. The Prudential, incidentally, is in a special position, since the life profits belong entirely to the "A" shareholders, and the table is concerned only with the "B" shareholders, whose interest is confined to the remaining departments, and who have no rights to any share in the surplus of the life departments.

(2) The Dividend Position.

Columns (6), (7) and (8) reveal the extent to which dividends have been met out of interest earnings. As will be seen, during 1931, 88 per cent., or, excluding the Pearl, whose activities are mainly confined to the life department, 93 per cent. of the total dividends of all companies were paid out of the interest from the investment of the reserves. By the adoption of this customary policy of confining dividends' distribution to interest earnings, a large proportion of trading profits is available to augment reserves. This long-established practice has been amply justified by the manner in which it has assisted the companies to maintain their position during the recent economic crisis, despite unprecedented depreciation of security values.

(3) The Reserve Position.

The two final columns (9) and (10) reveal the strength of the companies, and show the total reserve funds both in amount and as a percentage of the premium income for the past year. Such reserves, over and above the

usual reserve of 40 per cent. of the premium income for unexpired risk, are essential in an industry which with its world-wide ramifications is peculiarly subject to the catastrophe and conflagration hazard. It is interesting to note that, despite the depreciation with which the companies were faced at the close of last year, the aggregate reserves on December 31st last amounted to no less than 125 per cent. of the premium income. It is, however, necessary to point out that the comparison is affected by the fact that in certain cases depreciation has been met by an increase in investment reserve funds, and also by the almost universal practice of taking no credit for the enhanced value of American and other assets, which are still valued on the basis of par of exchange, as in previous years.

In accordance with our usual practice, we append a table showing, for purposes of comparison, the aggregate figure of the twenty-two offices for each of the past five years, as compiled for previous issues of the Supplement. It will be noted that the premium income again shows a slight decline, and that there is little change in the rate of profit, which is practically the same as in 1930. Interest earnings have necessarily dropped, and this has been reflected in the dividend payments.

These general results, although showing some deterioration as compared with earlier years, may yet be considered eminently satisfactory in view of the adverse conditions under which the offices have been working during the past year, and serve once again to emphasise the immensely strong position of the British insurance industry.

Year.	Total Premium Income (Excl. Life and Sinking Fund).	Underwriting Profits.		Dividend Position.			Reserve Position.	
		Net Trading Surplus (Excl. Life and Sinking Fund).		Total Net Interest Earnings.	Cost of Ordinary Share Dividend.	Proportion of Dividend Met Out of Interest Earnings.	Funds (excluding Life, Annuity, and Sinking Fund) Including all General Reserve Funds, but excluding outstanding Liabilities and Share Capital.	Ratio—Funds to Premium Income.
		Amount.	Percentage of Premium Income.					
1927	£ 117,497,744	£ 3,662,059	3.1	£ 6,698,877	£ 7,438,554	90	£	%
1928	119,033,070	4,784,189	4.0	7,021,928	7,963,381	88	135,288,563	114
1929	119,734,910	2,851,132	2.4	7,368,926	8,219,274	90	138,843,244	116
1930	114,944,401	1,996,275	1.7	7,320,575	8,322,312	88	139,041,785	121
1931	111,077,136	1,729,815	1.6	7,082,694	8,056,895	88	138,912,986	125

LIFE ASSURANCE.

INTRODUCTION.

A GREAT many years ago a certain wise thinker of his time said "the good things which belong to prosperity are to be wished, but the good things that belong to adversity are to be admired." This is outstandingly true of our British life assurance institutions: in this time of chaos and disintegration they have remained firm as rocks amid the quicksands of politics and profits. It is, in fact, the testing time for all institutions, and it is not for nothing that most of the large life offices have registered a century and more of quiet and steady progress and of accumulation of resources. Investors, rich and poor alike, find to-day on reckoning their investments that alone among their assets their life policies are now worth more than two or three years ago. This unique quality of exemption from depreciation has, of course, been greatly emphasised in the present depression, and has not unnaturally resulted in an accretion of business from persons desirous of protecting their remaining assets, or of restoring losses suffered in other directions. Another factor which has greatly assisted in countering the effects of the slump on new business is the popularisation of policies at specially low rates of premium. Among these may be mentioned the new "income" policy, which, in addition to a sum assured payable at death in the ordinary way, provides a substantial income of 10 per cent. or 12 per cent. of the sum assured, commencing on death, and payable for the remainder of the first 20 years of the policy's life. Not all the devoted work of the new business organisations has prevented some falling off in new business in 1931; though,

as will be seen by reference to a later column, quite a number of companies managed to record increases.

By way of illustrating the magnitude of their operations, it is interesting to refer to the summary of the returns made by the life offices to the Board of Trade for the year 1930. At the end of that year the figures show that (excluding industrial assurance policies) there were over five million policies in force, representing sums assured and existing bonuses of nearly £1,600 millions. The total premium income was £72 millions, and interest income £33½ millions, while the accumulated funds totalled £785 millions. From the same source it is possible to gauge progress since the war as measured by the sums assured under new policies issued each year:—

Year.	Net Sums Assured under New Policies issued.	Increase or Decrease compared with preceding year.
1919	£ 131,000,000	+79
1920	147,000,000	+12
1921	109,000,000	-26
1922	106,000,000	-3
1923	112,000,000	+5
1924	124,000,000	+11
1925	130,000,000	+5
1926	129,000,000	-1
1927	148,000,000	+15
1928	160,000,000	+8
1929	162,000,000	+1
1930	166,000,000	+2

The expansion between 1926 and 1930 is noteworthy.

NEW BUSINESS.

The foregoing table shows the trend of new business up to 1930, and the table which follows shows the figures for 1931 (contrasted with those for 1930), both individually and in total, for a number of representative offices.

NET NEW BUSINESS.

	1930.		1931.	
	No. of Policies.	Sums Assured.	No. of Policies.	Sums Assured.
Mutual Offices—				
Equitable	2,127	974,550	2,877	1,297,301
Friends' Provident and Century	2,783	1,846,728	2,319	1,520,950
London Life and Metropolitan	2,206	3,126,514	1,947	2,730,885
Marine and General	697	358,871	498	264,275
National Mutual	767	806,973	603	681,979
National Provident	2,707*	1,639,337*	2,379	1,362,598
Norwich Union	11,954	8,033,634	12,593	8,249,645
Provident Mutual	21,270	2,297,457	13,422	1,508,658
Scottish Amicable	1,669	1,303,849	1,496	1,186,989
Scottish Equitable	1,642	1,450,570	1,820	1,374,705
Scottish Provident	3,677	2,891,393	3,544	2,619,786
Scottish Temperance	1,759	1,122,311	1,782	1,186,804
Scottish Widows	5,175	3,492,000	5,221	3,532,460
Standard	4,478	3,141,200	3,883	2,763,992
United Kingdom	5,292	3,079,723	5,343	3,503,351
	68,203	35,571,110	59,727	33,784,378
Proprietary Offices—				
Clerical, Medical and General	2,313	1,913,711	2,095	1,801,132
Equity and Law	554	1,867,878	702	1,739,070
Gresham	5,276	2,225,511	4,971	1,995,777
Scottish Life	1,289	1,161,741	1,331	1,407,668
Sun Life	20,663	15,323,524	19,417	15,214,794
	30,095	20,492,365	28,516	22,158,441
Industrial-cum-Ordinary Offices—				
Britannic	15,728	2,518,217	15,954	2,563,005
Co-operative	12,517	1,314,006	14,276	1,642,521
Pearl	40,062	10,377,395	39,283	8,021,516
Provident Association	1,328	550,500	1,173	467,550
Prudential	77,581	17,728,892	76,719	18,006,386
Refuge	49,951	6,481,784	51,056	6,524,321
Wesleyan and General	7,316	1,108,030	7,791	1,213,041
	204,483	40,078,824	206,252	38,438,341
Composite Offices—				
Aetna and General	2,822	736,661	2,291	707,141
Alliance	4,681	3,210,646	5,177	3,222,795
Atlas	5,104	4,243,948	4,430	3,060,769
British Equitable	875	534,629	734	460,668
British General	1,067	508,154	1,070	483,714
Caledonian	2,247	1,566,915	1,877	1,196,968
Commercial Union	8,030	4,385,556	6,997	4,033,702
Eagle Star and British Dominions	2,104	2,352,501	2,244	2,118,593
General Accident	2,847	2,024,481	—	2,098,670
Guardian	1,790	1,323,404	1,782	1,332,879
Law Union and Rock	2,800	1,646,429	2,633	2,049,119
Legal and General	16,901	11,532,705	15,554	9,780,201
Liverpool and London and Globe	3,836	1,903,289	3,815	1,950,151
London and Scottish	1,418	825,157	1,439	758,046
London Assurance	2,609	2,055,975	2,299	1,795,780
North British and Mercantile	8,532	4,105,329	8,024	3,816,878
Northern	2,027	1,227,116	1,818	1,016,329
Phoenix	3,998	2,934,512	4,059	3,101,756
Royal	6,124	3,823,842	5,939	3,505,208
Royal Exchange	4,131	2,501,132	4,285	2,417,264
Scottish Union and National	3,225	2,223,538	3,093	2,435,372
Yorkshire	2,825	1,653,048	2,449	1,710,884
	90,044	57,318,947	—	53,056,882
Total of British Offices	392,825	153,461,246	—	147,438,042
Dominion Offices—				
Australasian Mutual Provident	21,231	10,527,962	20,576	8,753,955
Canada Life	24,456	17,970,235	22,402	15,824,143
Manufacturers Life	34,356	16,398,871	31,806	15,422,243
National Mutual of Australasia	20,980	8,958,773	15,799	6,040,084
Southern Life	6,075	3,405,481	5,412	3,495,733
Sun Life of Canada	173,297	142,073,008	143,954	104,320,367
	279,395	199,334,330	239,649	153,770,525

* Figures relate to period November 21, 1929, to December 31, 1930.

The 49 British offices represented in the foregoing table show in the aggregate new business of £147,000,000 for 1931 compared with £153,000,000 in 1930—a decline of 4 per cent. In a year during which gold prices fell some 12½ per cent. and trade was in the extremity of depression, this relatively large total of new business is a very creditable achievement. Indeed, it will be observed that one group—the proprietary offices—recorded an increase of 8 per cent., due, it is true, to the disproportionately increased new business transacted by the Sun Life—the largest, in the group—and, but for the large falling off in the Pearl's business, the Industrial-cum-Ordinary offices would also have shown an aggregate increase.

The Dominion offices have fared relatively far worse than the home companies, though the figures are not really comparable, since only in the case of the National Mutual of Australasia and the Sun Life of Canada does the British business represent more than a small proportion of the total business. The two Australian offices have had to contend with the serious depression of Australian securities, in which the bulk of their funds are invested, while the Sun Life of Canada has suffered from enormous depreciation on the high proportion of the company's assets invested in American common stocks.

EXPENSE RATIOS.

The course of expenses in relation to premium income during the last three years may be studied from the table which follows, to which a column has been added to show the ratios in 1913, the last pre-war year. The figures published by the offices show the ratios which expenses and



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	8	9	10	12	13	15	17	20	25	30	35	40
£100	7 0 0	7 7 0	8 7 0	9 7 0	10 7 0	11 7 0	12 1 0	12 18 0				
£200	8 0 0	8 7 0	9 7 0	10 7 0	11 7 0	12 1 0	12 15 0	13 5 0				
£300	8 17 0	9 4 0	10 0 0	11 4 0	12 1 0	13 1 0	13 8 0	14 8 0				
£400	..	9 14 0	10 14 0	12 1 0	12 14 0	13 15 0	14 8 0	15 2 0				

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MIDDLESBROUGH: 139, Albert Road.
SHEFFIELD: 2, Farnival St.

commission combined bear to the premium income, but in our table the ratios have been adjusted in order to eliminate the disturbing effect of single premiums. The figures are of use in discussing broad tendencies, but are a very imperfect measure of relative efficiency in different offices; for the crude ratios are materially affected by different rates of growth in new business, the heavy initial expense of which is written off in the first year, and to a lesser extent also by the respective scale of premiums charged and the type of business transacted.

Taking the figures as a whole, it will be seen that expenses show a rising tendency in each of the past two years, and the absolute level of the ratios is now some 10 per cent. higher than in pre-war times. But 1931 has been subject to a special influence not hitherto present, namely, reductions in premium income caused by a marked increase in the volume of policies surrendered, or lapsed, owing to financial stringency; and it may confidently be stated that the real level of expenses in 1931 was certainly no higher, if it was not actually less than before.

The extreme divergence of expense ratios among the Dominion offices may be noted. The Australian offices have always succeeded in working at a very low level of expenses. The ratio in the case of the Canadian offices is nearly double that of the Australian companies. The extremely high level of the Sun Life of Canada's expenses is very marked, so much so, indeed, that the absolute total of expenses actually exceeds the whole of the company's interest income.

EXPENSE RATIOS (Adjusted for Single Premiums by deducting 4% of their Amount from the Expenses).

	1913.	1929.	1930.	1931.
Mutual Offices—	%	%	%	%
Equitable	6.8	7.5	8.0	8.9
Friends' Provident and Century	13.1	20.8	19.8	20.0
London Life and Metropolitan	5.0	5.7	5.8	5.7
Marine and General	16.4	18.9	19.5	19.4
National Mutual	15.4	14.8	15.3	14.4
National Provident	11.4	13.3	14.4	14.7
Norwich Union	16.2	15.0	14.8	15.2
Scottish Amicable	13.4	14.6	14.9	16.3
Scottish Equitable	13.9	13.3	14.1	15.5
Scottish Provident	14.0	18.9	17.7	18.8
Scottish Temperance	16.0	14.6	14.5	15.4
Scottish Widows	10.8	12.3	12.9	13.4
Standard	19.8	18.7	18.1	16.9
United Kingdom	11.8	14.2	14.0	14.0
	13.3	14.4	14.5	14.8
Proprietary Offices—				
Clerical, Medical and General	13.5	16.3	15.3	17.6
Equity and Law	11.3	14.4	17.1	17.8
Gresham	22.6	24.6	24.7	24.0
Scottish Life	16.2	16.3	16.3	16.4
Sun Life	16.1	12.1	13.8	15.9
	16.7	16.7	17.4	18.4
Industrial and Ordinary Offices—				
Britannic	14.6	13.4	13.2	13.2
Co-operative	14.3	14.1	14.1	14.6
Pearl	14.7	11.5	10.9	10.3
Provident Association	19.0	13.6	13.3	13.1
Prudential	8.3	11.6	12.3	13.2
Refuge	10.4	16.1	18.4	14.8
Wesleyan and General	15.9	18.0	17.5	18.3
	13.9	14.0	13.8	13.9

	1913.	1929.	1930.	1931.
Composite Offices—	%	%	%	%
Abolitioners' and General	21.3	20.2	19.9	20.0
Alliance	9.9	11.0	10.4	10.4
Atlas	13.5	14.4	14.6	14.1
British Equitable	23.5	19.3	19.5	18.4
British General	14.6	12.6	12.2	12.1
Caledonian	14.6	16.4	16.3	16.5
Commercial Union	12.8	13.3	13.4	12.8
Legal and General	12.1	22.3	22.0	21.5
Liverpool and London and Globe	10.0	11.4	10.8	10.8
London Assurance	12.1	15.8	15.7	16.4
North British and Mercantile	14.3	16.9	17.6	17.3
Northern	10.0	12.3	13.2	13.4
Royal	13.0	13.6	14.2	13.9
Royal Exchange	13.1	12.9	13.1	12.9
Royal Exchange	15.5	16.1	17.0	17.2
Scottish Union and National	17.4	18.9	18.7	17.6
Yorkshire	14.5	13.2	13.5	13.2
	14.2	15.1	15.3	15.2
Average of British Offices	13.9	14.9	15.0	15.2
Dominion Offices—				
Australian Mutual Provident	12.7	11.8	10.7	11.1
Canada Life	26.0	25.0	24.6	25.0
Manufacturers Life	29.0	27.9	27.9	26.0
National Mutual of Australasia	17.9	14.7	14.5	13.0
Southern Life	23.4	22.8	26.3	23.6
Sun of Canada	28.6	33.1	29.6	25.4
	21.7	22.7	22.3	20.7
Average of Dominion Offices	21.7	22.7	22.3	20.7

MORTALITY.

There is an almost complete absence of published information as to the nature and extent of the profit realised from mortality. The standard by which mortality profit is commonly measured is the experience of life offices during the 30 years 1883-93, and is, therefore, completely out of date. It is, of course, common knowledge that each succeeding generation has witnessed a lower rate of mortality than its immediate predecessor, and that the improvement since 1878—the middle date of the experience referred to—has been substantial. As an indication of the change that has taken place we may compare the experience deduced from the Census returns of the general population, as follows:—

RATE OF MORTALITY EXPERIENCED BY GENERAL POPULATION (MALES).

Age.	Experience, 1871-1880.	1921 Census.	Column (3) divided by Column (2).
(1)	(2)	(3)	(4)
30	0.009	0.004	.43
40	0.014	0.007	.50
50	0.020	0.012	.60
60	0.035	0.026	.75
70	0.070	0.060	.86
80	0.145	0.140	.96
90	0.283	0.268	.95

Thus it appears that the rate of mortality among the general population during the past 50 years has been at least halved up to age 50, and at older ages has been appreciably reduced. This comparison, it may be repeated, has reference to the general population, and the same rate of improvement can hardly be expected in a select body such as lives assured, but it is known that the new experience now being compiled by the Institute and the Faculty of Actuaries shows a remarkable improvement.

In concluding this brief reference, it may be useful to convey a warning to abstain from hasty conclusions based on a perusal of statements which appear in many companies' reports in some such form as "the mortality experience has again been favourable, and the actual death claims have been well within the amount expected according to the table of mortality employed in the valuation." Since the table of mortality employed in the valuation is, as we have seen, 50 years out of date, it would be an odd thing if the actual deaths were not considerably fewer than those expected. But, in any case, the difference between "actual" and "expected" death claims takes no account of the duration of the policies becoming claims, or of the amount of the reserves accumulated out of past premiums, and it is quite possible for two offices to show the same difference between "actual" and "expected" claims, and yet to experience widely different mortality profits, if in the one case the claims had occurred mostly in respect of recently effected policies and in the other case had fallen on policies of long duration. In fact, comparisons between "actual" and "expected" deaths are almost worthless to the actuary, and misleading to the uninitiated, and might well be omitted by common consent.

INTEREST EARNINGS.

Any attempt to assess the profit-earning capacity of a life office will necessarily concentrate on the rate of interest earned as being by far the most important factor involved. Interest profit arises if and when the rate earned exceeds the rate assumed in the calculation of the scale of premiums charged, and is disclosed as a result of the periodical valuation of liabilities. In making this valuation, however, a conventional rate of interest of 3 per cent. is usually taken, and so for purposes of bonus distribution the interest profit is represented by the excess of the actual rate earned over the 3 per cent. assumed. Now the actual rate earned differs in a number of ways from the corresponding figure familiar to a private investor in connection with his own securities. In the first

place, it is, of course, derived from aggregate interest income from a heterogeneous collection of all kinds of Stock Exchange securities, of mortgages, of properties, of reversionary investments, and lastly of uninvested balances. Again, the resulting yield is naturally affected by the book values of the assets; and when, as in the past year or two, large amounts are written off to bring the book value down to the level of market values, this tends to raise the total yield. And, lastly, it has to be borne in mind that, since life offices pay income tax on interest income less expenses, the effective rate of income tax suffered is something less than the standard rate and works out at about 3s. 9d. in the £ with the present rate of tax.

The appended table shows the net rate of interest earned in each of the last three years, and also the corresponding figure for 1913:—

NET RATE OF INTEREST.—Life and Annuity Funds (including Reversions).

	1913.	1929.	1930.	1931.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Mutual Offices—				
Equitable	3 18 6	4 12 8	4 14 8	4 10 4
Friends' Provident and Century	3 18 0	5 4 0	5 3 1	4 8 3
London Life and Metropolitan	4 1 6	4 13 2	4 10 8	4 11 10
Marine and General	4 3 6	4 19 1	4 16 11	4 13 4
National Mutual	4 18 6	4 19 9	4 19 6	4 10 7
National Provident	4 1 4	4 14 6	4 12 1	4 11 4
Norwich Union	4 4 9	5 1 9	5 0 11	5 0 4
Scottish Amicable	4 2 7	4 16 8	4 14 4	4 10 5
Scottish Equitable	4 0 1	4 15 3	4 15 3	4 14 6
Scottish Provident	4 0 3	4 13 5	4 10 8	4 7 6
Scottish Temperance	4 2 0	4 19 9	4 16 9	4 9 9
Scottish Widows	4 0 8	4 17 7	4 15 6	4 11 2
Standard	4 0 0	4 14 8	4 13 3	4 9 5
United Kingdom Provident	4 5 6	5 1 4	5 1 10	5 1 5
	£4 2 5	£4 17 0	£4 15 10	£4 12 1
Proprietary Offices—				
Clerical, Medical and General	3 19 7	4 18 8	4 15 3	4 11 2
Equity and Law	4 7 4	4 16 1	4 11 2	4 11 3
Gresham	4 2 7	5 0 6	5 1 3	5 0 3
Scottish Life	4 5 0	4 15 10	4 14 7	4 14 3
Sun Life	4 2 8	4 13 7	5 0 8	4 15 6
	£4 3 5	£4 16 11	£4 16 7	£4 14 6

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ANNUITY
RATES

The following are examples of the Rates of Annuity that will be allowed in respect of each £100 of Purchase Money:

Age attained	Males	Females
	£ s. d.	£ s. d.
60	9 8 2	8 4 8
65	10 18 9	9 8 10
70	13 1 11	11 4 2
75	16 5 6	13 17 4

The rates quoted are for Annuities payable by half-yearly instalments, the first payment being made six months after the date of purchase, and the final payment at the half-yearly due date preceding the death of the Annuitant.

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	1913.	1929.	1930.	1931.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Industrial-cum-Ordinary—				
Britannic	4 8 10	5 2 0	4 17 8	4 15 5
Co-operative	3 15 2	4 18 2	4 19 1	5 9 9
Pearl	3 19 4	4 13 1	4 11 11	4 10 11
Provident Association	4 4 2	4 6 7	4 4 4	4 4 0
Prudential	4 0 3	4 19 7	4 19 10	4 16 9
Refuge	3 18 0	4 19 0	4 16 0	4 13 0
Wesleyan and General	3 10 4	4 19 2	4 12 11	4 13 8
	£3 19 5	£4 16 10	£4 14 6	£4 14 9
Composite Offices—				
Abolition and General	3 14 5	4 18 4	4 15 10	4 13 4
Alliance	4 2 2	4 10 4	4 9 3	4 5 9
Atlas	4 0 4	5 10 3	5 5 8	5 4 0
British Equitable	4 0 0	4 12 0	4 11 8	4 10 7
British General	4 7 5	4 16 6	4 14 5	4 9 2
Caledonian	4 4 1	5 3 5	4 19 10	4 12 7
Commercial Union	4 4 1	4 14 5	4 10 9	4 9 8
Eagle Star and British Dominions	...	4 15 3	4 15 2	4 12 7
General	3 12 6	4 9 11	4 8 8	4 8 4
Guardian	4 0 8	4 16 1	4 13 0	4 11 10
Law Union and Rock	4 4 7	4 15 6	4 10 9	4 9 2
Legal and General	4 15 0	4 17 7	4 17 0	5 0 1
Liverpool and London and Globe	...	3 16 6	4 10 5	4 4 4
London and Scottish	4 2 8	4 13 9	4 13 6	4 14 4
London Assurance	3 19 8	4 15 2	4 12 7	4 9 0
North British and Mercantile	4 5 2	4 12 9	4 12 8	4 9 8
Northern	3 14 0	4 9 4	4 8 9	4 7 10
Phoenix	4 1 10	4 15 6	4 13 8	4 12 2
Royal	3 18 8	4 8 5	4 5 6	4 3 6
Royal Exchange	5 0 11	5 0 0	5 0 0	4 15 11
Scottish Union and National	4 0 10	4 9 0	4 8 4	4 7 6
Yorkshire	4 3 10	4 16 1	4 11 10	4 12 0
	£4 1 3	£4 15 0	£4 13 0	£4 10 10
Average of British Offices	£4 1 8	£4 16 2	£4 14 6	£4 12 2
Dominion Offices—				
Australian Mutual Provident	4 12 3	5 10 3	5 9 8	4 17 1
Canada Life	5 11 3	5 17 10	5 15 11	5 13 0
Manufacturers Life	4 18 3	6 5 3	6 2 0	6 2 2
National Mutual of Australasia	5 0 4	5 7 10	5 9 10	4 18 0
Southern Life	5 0 4	5 7 10	5 9 10	4 18 0
Sun of Canada	6 7 8	6 5 11	6 8 0	5 2 10
Average of Dominion Offices...	5 5 11	5 16 0	5 14 3	5 7 1

* Adjusted figures. Reversionary Securities are assumed to earn 6 per cent. net.

Glancing first at the figures for 1913 and 1931 respectively it will be seen that, whereas the margin over 3 per cent. in 1913 was £1 1s. 8d. per cent., in 1931 it had grown to £1 12s. 2d. per cent., an increase of over 50 per cent. Since expenses are, as we have seen, somewhat higher and rates of mortality, though lighter, are not reduced in anything like corresponding measure, the comparison illustrates the importance of the interest factor in the economics of life assurance.

As compared with 1930 there has been in the aggregate a reduction of 2s. 4d. per cent., a difference fully accounted for by the increase in income tax from 4s. 6d. to 5s. But two other factors have been at work last year, each working in the opposite direction. Firstly, the substantial sums written off for depreciation have operated to increase the rate, and, secondly, the series of defaults and the attenuation of dividends have tended to reduce it, and it would seem that these two factors have cancelled out. But the indications point to an intensification of the second factor this year, and this, combined with the low yield basis recently reached by British Government securities, is causing some concern to managements in view of the importance of interest earnings in relation to bonuses.

LIFE OFFICE INVESTMENTS.

The year 1931 was the third year in succession during which the life offices had had to face severe depreciation in their securities. And in many ways 1931 was the most anxious year of all, for it witnessed not only the departure of sterling from gold, but also the general demoralisation of the Stock Exchanges of the world to such an extent that prices in many cases were divorced from all reality, and dealings were attended with extreme difficulty, if indeed they were possible at all. It is a sufficient commentary on the topsy-turvy conditions of 1931 to recall the fact that a life office with the whole of its assets in British Government securities would have suffered more heavily from depreciation than if those assets had been invested, for instance, in industrial debenture stocks. According to the Actuaries' Investment Index, British Government securities fell in 1931 from 104.6 to 92.9, and home corporation securities from 103.6 to 93.4. In the same period industrial debenture stocks fell from 98.1 to 89.4, and industrial preference stocks and shares from 91.2 to 77.2. Dominion securities fell heavily without exception, while the depreciation on certain foreign bonds in that one year was colossal. Lastly, ordinary stocks and shares fell from 63.3 to 49.3. In face of these figures, the actual percentages written off last year by the various offices are extremely small, for in most cases there has existed for many years large hidden reserves in the book value of the assets, and these have acted as a sort of buffer. In any case, of course, only some 60 per cent. of the total assets of life offices are engaged in Stock Exchange securities, and a table is appended showing in some detail the exact classification of the assets of the principal companies in the groups:—

Office.	Mortgages, including Loans on Policies.	British Government Securities.	Indian, Colonial and Foreign Government Securities.	British Municipal and County Securities.	Indian, Colonial and Foreign Municipal Securities.	Debenture Stocks.	Preference and Guaranteed Stocks.	Ordinary Stocks.	Reversionary Interests, Properties, and Other Assets.
Mutual Offices.	%	%	%	%	%	%	%	%	%
Equitable	29.0	10.2	9.0	1.2	2.4	16.8	5.1	3.2	23.1
Friends' Provident	42.8	10.0	7.6	...	2.9	12.2	4.3	11.3	8.9
London Life and Metropolitan	39.3	12.1	11.2	...	2.0	12.9	9.6	4.9	7.3
Marine and General	15.7	15.5	16.2	3.2	6.5	28.8	9.9	3.3	1.2
National Mutual	13.3	18.8	5.3	...	...	...	...	...	...
National Provident	41.1	16.6	4.9	...	2.6	15.8	2.6	14.3	11.3
Norwich Union	45.8	7.3	5.6	...	...	...	...	...	...
Provident Mutual	11.0	13.8	14.0	1.2	3.1	9.4	2.8	17.9	8.4
Scottish Amicable	16.7	19.2	7.8	1.4	1.2	19.6	20.1	15.8	4.6
Scottish Equitable	17.1	26.4	12.2	4.1	4.4	18.3	6.7	4.2	6.6
Scottish Provident	11.2	24.9	11.7	...	4.1	15.3	11.0	11.3	9.7
Scottish Temperance	37.4	...	...	...	2.2	4.9	15.8	11.3	3.7
Scottish Widows	13.3	32.7	4.2	2.3	1.9	19.9	10.6	3.9	15.3
Standard	16.6	22.5	6.1	...	...	...	...	...	...
United Kingdom	20.2	18.8	13.6	1.4	4.5	14.3	9.3	12.4	15.7
	24.7	16.9	9.3	1.5	3.1	17.4	9.7	8.0	9.4
Proprietary Offices.									
Clerical, Medical and General	45.0	7.1	12.9	...	1.8	11.3	...	3.9	17.7
Equity and Law	57.3	12.8	3.3	...	...	...	...	...	...
Gresham	20.9	18.3	16.8	...	3.4	18.0	3.0	4.6	12.6
Scottish Life	19.4	17.2	9.5	...	2.6	26.2	15.3	3.8	5.1
Sun Life	25.7	12.5	19.7	3.5	6.2	26.0	1.0	2.4	5.2
	33.6	13.6	12.4	1.1	3.3	17.4	4.5	2.6	11.6

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Capital	10,000,000
Statutory Reserve	3,000,000
Special Reserve	2,100,000

Premium Reserve and Reserve for unsettled Claims	14,844,288
Reserve for extraordinary losses	1,500,000
Net Premium Income for 1931	14,031,332

Office.	Mortgages, including Loans on Policies.	British Government Securities.	Indian, Colonial and Foreign Government Securities.	British Municipal and County Securities.	Indian, Colonial and Foreign Municipal Securities.	Debenture Stocks.	Preference and Guaranteed Stocks.	Ordinary Stocks.	Reversionary Interests, Properties, and Other Assets.
Industrial-cum-Ordinary Offices.	%	%	%	%	%	%	%	%	%
Britannic	20.3	18.3	14.5	5.4	4.3	12.0	8.2	12.4	4.6
Pearl	8.5	38.9	18.5	3.8	4.8	10.2	5.3	4.0	6.0
Provident Association	59.8	6.5	18.6	2.6	5.3	3.3	...	...	...
Prudential	16.3	25.1	8.6	2.8	2.7	15.2	8.2	12.6	8.3
Refuge	22.7	23.2	7.4	2.5	2.2	24.0	10.8	3.0	4.2
Wesleyan and General	32.2	25.7	10.2	6.0	2.4	11.8	6.1	...	5.6
	26.6	22.9	13.0	3.9	3.6	12.8	6.4	5.4	5.4
Composite Offices.									
Alliance	46.0	6.9	9.7	1.6	2.9	15.7	6.9	3.5	6.8
Atlas	13.9	10.5	22.0	...	7.5	26.2	7.4	6.0	5.8
British Equitable	14.6	16.5	10.2	3.4	5.1	18.6	5.7	2.1	23.8
Caledonian	22.5	15.4	8.7	...	...	...	...	...	...
Commercial Union	35.6	38.2	4.4	2.9	1.8	12.8	2.3	...	1.6
Eagle Star and British Dominions	...	...	...	...	...	...	...	...	...
General	37.1	29.2	3.3	1.4	2.1	8.9	5.0	3.6	9.4
Guardian	48.6	16.3	3.9	1.5	...	14.4	4.5	3.3	7.1
Law Union and Rock	38.7	25.5	7.7	1.9	...	7.7	3.1	1.6	12.5
Legal and General	54.5	5.2	2.7	...	...	6.3	3.6	4.0	21.9
London Assurance	31.8	22.6	3.2	1.7	2.4	16.1	1.1	1.8	19.3
North British and Mercantile	36.4	22.1	8.8	3.3	4.1	14.4	3.6	1.4	5.9
Phoenix	29.2	10.7	14.8	3.1	5.9	20.9	7.3	1.1	7.0
Royal Exchange	16.8	21.8	10.7	...	...	25.6	5.9	1.5	14.7
	32.7	18.5	8.5	1.8	3.2	16.2	4.9	3.2	11.2
Average of all groups	28.8	18.0	10.0	1.9	3.2	16.2	7.0	5.3	9.6

As might be expected, the table reveals the extreme variation in the investment practice and policy of different offices. Apart from mortgages, which represent on the average nearly 30 per cent. of the total assets, the largest single item is British Government securities, and there was a pronounced tendency during 1931 for the investment of spare cash resources in this item, which rose from 16.9 per cent. to 18 per cent., partly at the expense of mortgages, which fell from 29.3 per cent. to 28.8 per cent. Another noticeable tendency last year was a reduction in the amounts invested in Dominion and Foreign Government securities, which fell as a whole from 10.6 per cent. to 10 per cent. A study of the investment situation in relation to the depreciation of 1931 has become almost academic in view of the tremendous volte-

face which has occurred, particularly in the market for British Government securities. In this item, which, as will be seen, accounts for 18 per cent. of the total assets, there has been an appreciation since the end of last year of no less than 35 per cent. Home corporation stocks, Dominion securities and Industrial Debentures have all in their different degrees participated in this recovery, and the aggregate recovery must now amount to a substantial proportion of the losses of last year.

LIFE OFFICE VALUATIONS.

The present is a testing time for methods of valuation as for everything else. As is generally known, the Assurance Companies' Act, 1909, provides that a life office shall make a valuation of its liabilities at least once in every five years, and the method that has been universally adopted for generations is that which is technically known as the net premium method. In accordance with this method it is the custom to assume an artificially low rate of interest—usually 3 per cent., and sometimes less—and to take credit for conventional premiums which have no relation to those actually payable. The combined effect of these artificial assumptions is to produce reserves very much larger than are required to meet the liability for the sums assured and existing bonuses. The excess is retained in the reserves as a concealed provision for future bonuses. The public, while only dimly understanding the implications of this system of valuation, has become so accustomed to its use that it has come to be regarded as a standard of strength from which, in the circumstances, it is difficult for an individual office to depart.

In fact it has taken a world crisis to shake this over-complacent belief in the net premium valuation system and to dislodge it from the niche which it has occupied for so long. A year ago the Old Equitable set the lead in publicly abandoning the method in favour of a more realistic system of valuation, technically described as the "bonus reserve" method, and this lead has now been followed by two other important companies, the Legal and General and the London Life. The principle of the



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The investigation shows a surplus of £4,160,428—the highest ever earned by the Association in any Triennium. Of the Surplus, £429,451 has been placed to Investment Fluctuation Reserve, making the total of this Reserve £800,000; £153,145 is carried forward and £3,577,833 has been divided amongst Policyholders.

BONUS RESULTS FOR YEAR 1931.

Whole Life Policies (Table I.)—BONUSES commence at £2 : 4 : 0 per cent. for first year and increase with age of Policies to £4 : 0 : 0 per cent. per annum.
Endowment Assurances (Table IV. 60)—BONUSES commence at £1 : 18 : 0 per cent. for the first year and increase to £3 : 0 : 0 per cent. per annum.

Funds £34,558,433. Assurances in Force, £84,000,000.

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"Bonus reserve" method is to base the forecasts of interest, mortality and expenses on a close approximation to the rates actually experienced, and to obtain the reserves for the sums assured and existing bonuses on this basis. The reserves so obtained are then augmented by a sum sufficient to provide for future bonuses on the business in force. As there is always some margin between the assumed rates of mortality, etc., and those actually experienced by the office, the rate of future bonus provided for is usually and properly fixed somewhat below the current rate, and the difference is made up out of profits accruing each year. It is this specific provision for future bonuses—which are not, of course, in any way guaranteed—which gives the new system its name and special significance.

Thus the necessity of meeting unprecedented depreciation of securities has paved the way to a great advance in technique, and out of evil has come good.

Among the offices in the Industrial-cum-Ordinary group, all of which value and distribute bonuses annually, some have met the situation by a relaxation of the stringency of the net premium basis, while one—the Wesleyan and General—has adopted the expedient of valuing the assets on the somewhat higher prices prevailing on January 31st last. As to bonuses, there has been a general all-round reduction in the group, amounting in most cases to a cut of 10s. per cent.

The world crisis has passed from the industrial to the financial stage, and has reached the default stage, so that on top of heavy depreciation the offices have to face dwindling interest income. The immediate outlook for bonuses cannot, therefore, but be obscure, and in putting forward future results of new policies there has been a decided tendency for offices to base their calculations not on the high rates—the extravagant rates, as some would say—declared recently, but on the average rates paid over a lengthy period of years. Even so, it is easy to demonstrate that, allowing for the unique income-tax advantage, with-profits policies are splendid risk-free investments in this world of change.

A PENSION FOR LIFE

Mr. X was a young business man in the early thirties, who had not made an outstanding success of his career, nor a failure. He was just an average member of the British nation. A little uneasiness as to the future was always at the back of his mind until he heard about the Wesleyan and General method of providing a Pension for Life. He knew at once that he had hit upon the best means of securing a comfortable and happy retirement in the autumn of life, and now by paying the equivalent of about 10/- a week he is sure of an income of £3 a week at age 65 for the rest of his life.

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Managing Director, A. L. Hunt

The usual complete analysis has been made of the results of valuations made last year, and these appear below:—

Annual Valuation.		
<i>Britannic Assurance Company, Limited.</i>		
	1930.	1931.
Ordinary Branch—		
Surplus earned during year	£ 300,332	£ 329,550
Capital profits	7,500	7,500
Transferred from contingency fund	25,000	25,000
Brought forward	117,306	134,398
	417,638	496,448
Allocations:—		
To Bonuses to policyholders	219,058	178,953
„ Shareholders' account	24,182	19,743
„ Investment reserve fund	40,000	146,000
„ Written off investments	107,539	107,539
„ Carried forward	134,398	44,213
	417,638	496,448
Industrial Branch—		
Surplus earned during year	493,708	588,421
Brought forward	113,275	141,983
	606,983	730,404
Allocations:—		
To Bonuses to policyholders	70,000	60,000
„ Shareholders' account	210,000	180,000
„ Investment reserve fund	110,000	204,000
„ Written off investments	220,078	220,078
„ Written off cost of British Legal	75,000	...
„ Carried forward	141,983	66,326
	606,983	730,404

The Britannic, in common with the other important Industrial Offices, has reduced its normal rate of bonus in the Ordinary Branch by 10s. per cent. to 32s. per cent. on the sums assured.

In the Industrial Branch a small share of the surplus is given to the policyholders, and in 1931 the sum of £60,000 has been allocated to increase the sums assured under certain policies becoming claims by death or maturity during the ensuing year.

It will be seen that the Company has been able to set aside out of normal trading profits no less a sum than £678,000 for the purpose of meeting depreciations in investments. Although the carry-forward in both branches has been substantially reduced, the Company has not in any way relaxed the stringency of the basis of the actuarial valuation.

<i>London Life Association.</i>		
	1930.	1931.
Ordinary trading profits of the year	£ 547,322	£ 555,423
Profits from investments realised	150,035	24,215
Amount set free by adoption of new valuation system	...	1,272,230
Taken from general reserve fund	5,000	205,000
Brought forward	85,485	52,645
	787,842	2,109,513
Allocations—		
To Bonuses to policyholders	398,221	343,626
„ Strengthening of actuarial reserves	32,690	...
„ General reserve fund	30,000	40,000
„ Written off investments	202,286	1,000,000
„ Investment reserve fund	72,000	350,000
„ Carried forward	52,645	375,887
	787,842	2,109,513

The London Life has followed the lead of its sister Institution, the old "Equitable," and has altered its basis of valuation from the net premium system to the bonus reserve system. In the new basis interest has been assumed at 4 per cent., combined with a modern mortality table, and an allowance for expense which may be presumed to conform to the actual expenses. In addition, a specific reserve has been made for future bonuses on existing policies, the rate assumed in the case of the London Life reversionary bonus fund being 30s. per cent. per annum compound.

The profits of the Association belong exclusively to the with-profits policyholders, of which there are two classes.

In the reduction of premiums fund profits are allotted in the form of a reduction, after the first seven years, from the full rates payable. The existing rates of reduction have been increased as a result of the 1931 valuation by 2 per cent., as in the previous year. They now range from 140 per cent. in the oldest series to 46 per cent. in the current series. In the Reversionary bonus fund the bonus has been reduced from 40s. per cent. to 35s. per cent. on the sum assured and existing bonuses.

National Mutual Life Assurance Society.

The National Mutual has naturally suffered heavily from the depreciation in Stock Exchange securities, for at some 75 per cent. of its total assets are so invested. At the Annual Meeting in March, however, the Chairman was able to announce that the portion of the depreciation not met out of the carry-forward and the ordinary surplus of the year had already been recovered—since when there has been a further recovery.

The Society has decided to postpone its Annual Valuation—its own innovation which was introduced so recently as 1924—and to protect the interests of the policyholders whose policies become claims in 1932 by payment of interim bonuses at the full ordinary rate last declared, i.e., 45s. per cent. per annum.

Pearl Assurance Company, Limited.

	1930.	1931.
	£	£
Ordinary Branch—		
Surplus earned during year	1,105,580	3,262,891
Brought forward	76,355	85,956
	1,181,935	3,348,847
Allocations—		
To Bonuses to policyholders (80 per cent. of surplus)	736,013	590,828
„ Shareholders' account (20 per cent. of surplus)	183,692	147,707
„ Investment reserve fund	150,000	2,250,000
„ Staff pension fund	26,274	25,804
„ Carry forward	85,956	334,508
	1,181,935	3,348,847

	1930.	1931.
	£	£
Industrial Branch—		
Surplus earned during year	1,208,679	3,373,692
Brought forward	117,284	138,387
	1,325,963	3,512,079

Allocations:—		
To Bonuses to policyholders	553,850	427,720
„ Shareholder's account	360,000	360,000
„ Investment reserve fund	200,000	2,250,000
„ Staff pension fund	73,726	74,196
„ Carry forward	138,387	400,163
	1,325,963	3,512,079

In order to deal with the situation brought about by large depreciation on Stock Exchange securities during the year, the Pearl has found it necessary to relax somewhat the basis of actuarial valuation, both in the Ordinary Branch and in the Industrial Branch. The rate of interest employed has been increased in both cases by $\frac{1}{4}$ per cent., and a different table of mortality has been used. Although the surplus brought out by the revised basis after increasing the investment reserves was sufficient to permit of bonuses on the normal scale to be declared, the rate of reversionary bonus in the Ordinary Branch was reduced from 46s. per cent. to 36s. per cent. on the sums assured, and the allocation under the profit-sharing scheme to the Industrial Branch policyholders was also on a reduced scale.

Prudential Assurance Company, Limited.

	1930.	1931.
	£	£
Ordinary Branch—		
Surplus earned during year	3,355,794	3,374,088
Brought forward	205,913	210,912
	3,561,707	3,585,000

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Allocations—	1930.	1931.
To Bonuses to policyholders (90 per cent. of surplus)	£ 2,567,217	£ 1,798,537
„ Writing off investments	500,000	...
„ Investment reserve fund	...	500,000
„ Ordinary branch contingency fund ..	...	950,000
„ Shareholders' account (10 per cent. of surplus)	283,578	198,081
„ Carried forward	210,912	138,382
	3,561,707	3,585,000
Industrial Branch—		
Surplus earned during year	6,156,705	6,184,148
Brought forward	286,570	288,923
	6,443,275	6,473,071
Allocations—		
To Bonuses to policyholders	3,712,388	2,475,818
„ Writing off investments	500,000	...
„ Investment reserve fund	...	500,000
„ Industrial branch contingency fund ..	...	1,750,000
„ Special contingency fund	458,333	125,000
„ Bonuses to outside staff	642,209	538,198
„ Shareholders' account	841,422	833,169
„ Carried forward	288,923	250,886
	6,443,275	6,473,071

In the Ordinary Branch the reversionary bonus for 1931 is at the rate of 36s. per cent. for Whole Life Assurances and 30s. per cent. for Endowment Assurances, compared with 52s. per cent. and 46s. per cent. respectively in 1930. The sum of £950,000 set aside in suspense in the Contingency fund is stated to be more than equivalent in value to the reduction in the rate of bonus. If and when the general situation shows sufficient improvement, the reduction in the bonus now allotted will be made good to the surviving policyholders, and the interests of policyholders whose policies become claims in the meantime will be protected by the addition of interim bonuses at the full normal rates. The distribution of bonus in the Industrial Branch has been dealt with on the same lines as that in the Ordinary Branch. Thus, policyholders whose policies were effected on or after January 1, 1923, will

receive an ordinary reversionary bonus at the rate of 22s. per cent. as compared with the full normal rate of 34s. per cent., but the difference will be made up in the case of policies which become claims during 1932. For pre-1923 policies the rate varies with the duration in force, and the bonus is payable only in the event of a claim arising within a period of sixteen years.

The existence of the large reserve funds of the Prudential, and their steady accumulation in the past, has been fully justified, since by their aid the Company has been able to provide for all the depreciation it has suffered without further disturbance, and without encroachment on ordinary trading profits.

Refuge Assurance Company, Limited.

Ordinary Branch—	1930.	1931.
Surplus earned during year	£ 1,108,804	£ 2,517,752
Brought forward	537,821	574,746
	1,646,625	3,092,498
Allocations—		
To Bonuses to policyholders (90 per cent. of surplus)	964,691	743,055
„ Shareholders' account (10 per cent. of surplus)	107,188	82,562
„ Investment reserve fund	...	1,500,000
„ Carry forward	574,746	766,881
	1,646,625	3,092,498
Industrial Branch—		
Surplus earned during year	481,463	1,218,436
Brought forward	49,691	73,394
	531,154	1,291,830
Allocations—		
To Bonuses to policyholders	164,948	159,338
„ Shareholders' account	42,812	37,438
„ Investment reserve fund	250,000	1,000,000
„ Carry forward	73,394	95,054
	531,154	1,291,830

The Refuge has followed the precedent set by the other large Industrial Assurance Companies, and has reduced the reversionary bonus in the Ordinary Branch from 44s. per cent. to 34s. per cent. on the sums assured. Policyholders in the Industrial Branch shared in the surplus for the first time in 1928. The allocation for 1931 is practically up to the level of that for 1930, and the amount is on this occasion to be utilised for the payment of a bonus in respect of claims arising during the current year under certain classes of policies.

These results have been achieved in spite of depreciation, although at the cost of some relaxation in the stringency of the basis of the actuarial valuation. In the Industrial Branch a somewhat smaller provision has been made for expenses and profits, while in the Ordinary Branch Endowment Assurance policies have been valued at a rate of interest of 3½ per cent. instead of 3 per cent., as in the 1930 valuation.

Standard Life Assurance Company.

	1929-30.	1930-31.
Surplus earned during the year	£ 374,287	£ 376,592
Surplus income transferred from guarantee fund ..	36,944	42,282
Brought forward	25,717	28,520
	436,948	447,394
Allocations—		
To Bonuses to policyholders	308,428	317,369
„ Transfer to inner reserve	...	85,000
„ Guarantee fund	100,000	...
„ Pension fund	...	15,000
„ Carried forward	28,520	30,025
	436,948	447,394

The Standard has achieved the considerable feat of maintaining unchanged its full rate of reversionary bonus for 1931, and it has done this in spite of depreciation, which, on assets of £22 millions, must have amounted to a very large sum. This valuation is the fifth to be made under the present system of annual valuations and distributions of bonus. Previously the Company had valued

quinquennially until 1920, and then triennially. The change to annual valuations was inaugurated with an increase in the reversionary bonus from 40s. per cent. simple to 42s. per cent. compound, and this rate of bonus has been maintained this year.

Wesleyan and General Assurance Society.

Ordinary Branch—	1930.	1931.
Surplus earned during year	£ 131,829	£ 136,777
Investment profits realised	13,270	5,355
Transferred from industrial branch	21,215	...
Brought forward	70,717	78,741
	237,031	220,873
Allocations—		
To Bonuses to policyholders	118,290	88,343
„ Investment reserve fund	30,000	95,000
„ Staff pension fund	10,000	7,000
„ Carried forward	78,741	30,530
	237,031	220,873
Industrial Branch—		
Surplus earned during year	171,153	153,380
Investment profits realised	14,817	6,027
Brought forward	37,837	42,722
	223,797	202,129
Allocations—		
To Bonuses to policyholders	63,645	7,600
„ Investment reserve fund	35,000	110,000
„ Staff pension fund	40,000	33,000
„ Bonuses to outdoor staff	21,215	7,600
„ Ordinary branch	21,215	...
„ Carried forward	42,722	43,929
	233,797	202,129

The Wesleyan and General is an example of an Industrial-cum-Ordinary Company operating on mutual lines. The 1931 bonus in the Ordinary Branch is reduced by 12s. to 30s. per cent. for Endowment Assurances and to 36s. per cent. for Whole Life Assurances, and these reduced

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rates have necessitated a considerable draft on the surplus brought forward from the previous valuation.

In the Industrial Branch the carry-forward has been maintained on the same level as before, but the amount available for the policyholders, to be utilised, as before, for the purpose of reducing the premium-paying period, is reduced to negligible proportions.

The Society demonstrated yet another method of dealing with the exceptional depreciation in Stock Exchange securities. While the actuarial reserves have been maintained on the same basis as formerly, the assets were valued not on the prices on December 31st, but on the basis of the somewhat higher values ruling on January 30th last.

Triennial Valuations.

Atlas Assurance Company, Limited.

Under normal circumstances a triennial declaration of bonuses would have been made at the close of 1931. The Directors, however, decided to postpone the valuation and distribution. In the meantime, in order to obviate any hardship to policyholders caused by the postponement, provision has been made for the payment of interim bonuses at the full rate last declared, i.e., 48s. per cent. calculated on the sum assured and existing bonuses in respect of every premium paid which fell due in the years 1929 to 1931 inclusive, but not the year 1932.

Quinquennial Valuations.

Eagle Star and British Dominions.

	1922-26.	1927-31.
Trading surplus earned during quinquennium—		
With-profits section.....	217,419	298,521
Without-profits section and annuity fund....	116,089	140,401
Profits from investments—		
With-profits section.....	—	76,553
Without-profits section and annuity fund....	42,131	79,368
Brought forward from previous valuation—		
With-profits section.....	968	7,052
Without-profits section and annuity fund....	7,401	75,621
	384,008	365,674

	1922-26.	1927-31.
Allocations—	£	£
To Bonuses to with-profits policyholders ..	190,202	200,724
„ Shareholders from—		
With-profits section	21,133	22,302
Without-profits section and annuity fund	90,000	83,000
„ Carried forward—		
With-profits section	7,052	5,994
Without-profits section and annuity fund	75,621	53,654
	384,008	365,674

The valuation has been made on the same net premium basis as before, but the investment losses have made a considerable hole in the trading surplus, which otherwise would have been ample to support a much higher bonus than before. The bonus actually declared for the five years is at the rate of 28s. per cent. per annum on the sum assured, compared with 35s. per cent. per annum in the preceding five years, and even this declaration has entailed a reduction in the carry-forward.

The figures in the foregoing analysis have been separated into those relating to the with-profits section and the without-profits section (including the Annuity fund), since the shareholders are entitled to 5 per cent. of the profits from the former section as well as to the whole of the surplus from the without-profits section.

Legal and General Assurance Society.

	1922-26.	1927-31.
Surplus earned during quinquennium	1,387,667	1,139,003
Release from change of valuation basis	—	595,051
Profit from investments	336,903	394,976
Brought forward	60,000	46,157
	1,784,570	2,175,187

	1922-26.	1927-31.
Allocations—	£	£
To Bonuses to policyholders	1,021,831	968,850
„ Strengthening of annuity reserves	80,000	—
„ Strengthening of valuation of reversions	107,300	—
„ Profit and loss account in respect of securities	286,301	286,455
„ Profit and loss account	242,981	800,000
„ Carry forward	46,157	119,882
	1,784,570	2,175,187

The problem of providing for depreciation, though serious enough, was not acute in the case of the Legal and General, as only a small proportion of the total assets are invested in Stock Exchange securities. The Society in its latest valuation adopted the new method known as a "bonus reserve" valuation, and thus came into line with the "Equitable" and the "London Life." In the case of the Legal and General the "bonus reserve" method of valuation happens to be peculiarly appropriate, for the transaction of new with-profits business ceased in 1919, and the rights of then existing with-profits policyholders were limited to a maximum reversionary bonus of 38s. per cent.

The rate of interest assumed in the valuation is 4 per cent., and a modern mortality table has been used, the provision for future bonuses being made at the full maximum rate of 38s. per cent.

The change in the valuation basis resulted in a release of reserve amounting to £595,000, enabling the allocation to Profit or Loss to be increased to £800,000. From the balance at credit of this account, the sum of £750,000 has been transferred to Investment Reserve Fund, and £100,000 to General Reserve.

Sun Life Assurance Society.

	1922-26.	1927-31.
Profits from normal trading	2,323,958	4,305,213
Profits from exchange	21,653	16,246
Brought forward	156,350	297,306
	2,501,961	4,618,765

	1922-26.	1927-31.
Allocations—	£	£
To Bonuses to policyholders	1,902,682	693,439
„ Shareholders' account	211,425	82,480
„ Superannuation fund	90,548	209,106
„ Investment reserve fund	—	600,000
„ Carried forward	297,306	3,033,740
	2,501,961	4,618,765

The 1931 valuation has been made on a less stringent basis than formerly, since a portion of the business has been valued at 4 per cent. instead of 3 per cent. The Chairman stated at the Annual Meeting that the sum released by this relaxation of the reserve amounts to £150,000. In face of these figures, and of the depreciation still unprovided for, the Society has wisely postponed a general distribution of surplus for one year. The sum of £693,000 now allocated to bonuses represents interim bonuses paid on claims during the last five years, together with the cost of one year's bonus at the normal rate in respect of 1927, and the distribution at the end of 1932 will, therefore, be in respect of a full quinquennial period. Hardship to the older policyholders as a result of this course will be avoided by the decision to pay interim bonuses for the current year, on claims at the normal rates, and on surrenders at three-quarters of the normal rates. After allowing for the cost of the year's bonus distribution now made, and for the uncovered depreciation, the carry-forward is reduced to approximately £1½ millions (approximately equal to the cost of three years' bonuses). Broadly speaking, therefore, the depreciation of 1931 has absorbed all previously existing hidden reserves, has forced a relaxation of the basis of actuarial reserves, and, in addition, has completely swallowed up one year's bonus.

A.M.P.

THE LARGEST BRITISH
MUTUAL LIFE OFFICE
Funds: £86,600,000

LONDON BOARD:

Sir SEYMOUR KING, BT., K.C.I.E. (Chairman)
The Rt. Hon. LORD HUNSDON
The Rt. Hon. LORD BALFOUR OF BURLEIGH
The Rt. Hon. LORD FORSTER, P.C., G.C.M.G.
The Rt. Hon. EARL JELlicoe, G.C.B., O.M., G.C.V.O.

★ The London Board Issues
Policies and Settles Claims
in British Currency.

AUSTRALIAN MUTUAL PROVIDENT SOCIETY

(Established in Australia in 1849)

London Office: 73-76, KING WILLIAM STREET, E.C.4.

MANAGER FOR THE UNITED KINGDOM: D. E. WALKER

MUNICH REINSURANCE COMPANY OF MUNICH

Münchener Rückversicherungs-Gesellschaft.

On the 30th of June, 1931, the resources of the Company were:

Capital fully subscribed	RM	20,007,500
General Reserves	"	15,200,000
Premium- and Loss-Reserves	"	266,934,548
Carry-forward to new account	"	277,928

Total: RM 302,419,976

ESTABLISHED 1809

**NORTH BRITISH
& MERCANTILE
INSURANCE COMPANY LIMITED**

FIRE
LIFE
ANNUITIES
ACCIDENT
BURGLARY
MOTOR
MARINE
AND OTHER CLASSES OF INSURANCE

Total Funds exceed - £40,697,000
Total Income exceeds - £9,901,000

CHIEF OFFICES:

LONDON 61, Threadneedle Street, E.C. 2

EDINBURGH 64, Princes Street

ATLAS ASSURANCE CO. LTD.

HEAD OFFICE: 92, CHEAPSIDE, LONDON, E.C. 2.

ESTABLISHED 1808.



INSURANCE BUSINESS OF
EVERY KIND TRANSACTED.

FIRE INSURANCE.

So far as their underwriting results are concerned—and this applies equally to miscellaneous forms of insurance—the composite companies are entitled to feel thankful that the outcome of the year has not been a great deal worse. Since some 50 per cent. of their premiums are derived from North America and probably a further 25 per cent. from other parts of the world outside the United Kingdom, they are peculiarly susceptible to world-wide influences. Falling prices and restricted trade have been naturally reflected in their premium income, though many companies report that home business has been well maintained and that conditions in the United States have accounted for the bulk of the aggregate decline. Nevertheless, it is an achievement in the circumstances to be able to point to a total profit—see the detailed table appended—of 5 per cent. of premiums of over £48 millions. The fall in profits as compared with 1930 is no more than 14 per cent. in the aggregate.

A comparison of the aggregate results of the year 1931 with those of previous years is shown by the supplementary table, which gives the figures in respect of each of the past six years. It will be seen that some compensation for the continued fall in premium income is derived, as in 1930, from the release from reserves of 40 per cent. of the

reduction in premiums. Despite this reduction, however, the percentage absorbed in commission and expenses have risen slightly. In 1931 commission and expenses together accounted for 46 per cent. of the premium income, a proportion which appears to be steadily increasing from year to year and cannot be deemed satisfactory or creditable to the offices concerned.

In the United Kingdom the total fire losses show a welcome decrease of approximately £1,000,000—the total wastage figure having dropped to £8,000,000. In the United States the loss experienced was still heavy, although a slight reduction was recorded as compared with the previous year.

Elsewhere abroad this welcome feature was absent, and, apart from Canada, heavy losses were experienced in many parts of the globe.

Turning to the results of the individual offices, once again the Alliance, whose activities are mainly confined to its high-class home connection, records the largest percentage of profit, having improved slightly on the high ratio of 1930. The General Accident and the London and Lancashire have maintained their satisfactory figures of the preceding year, while four offices, the Century, London Assurance, Scottish Union and National, and the Motor Union, record a loss as against only one office, the Century, in 1930.

FIRE.

	1927.		1928.		1929.		1930.		1931.	
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Claims	25,102,161	46.8	25,310,549	47.3	26,616,711	50.0	25,885,985	51.9	24,646,840	51.2
Commission	9,497,781	17.7	9,516,665	17.8	9,836,122	18.5	9,482,196	19.0	9,426,648	19.6
Expenses	13,473,217	25.2	13,653,056	25.5	13,438,720	25.3	13,024,781	26.1	12,687,223	26.3
Reserve for Unexpired Risk 40 per cent. of Increase in Premiums	— 606,462	— 1.1	— 29,520	— 0.4	— 14,976	— 0.2	— 1,375,120	— 2.8	— 1,000,261	— 2.1
Profit	6,114,575	11.4	5,047,278	9.4	3,330,964	6.2	2,892,334	5.8	2,420,935	5.0
Premiums	53,581,272		53,498,028		53,207,531		49,910,176		48,181,386	



THE HALL MARK OF
STERLING QUALITY IN
MUTUAL LIFE ASSURANCE

**SCOTTISH WIDOWS'
FUND**

NATIONAL PROVIDENT INSTITUTION

for Mutual Life Assurance

Established 1835

MR. R. E. DICKINSON, the CHAIRMAN, in his address
at the Annual Meeting in March 1932, said:

"The depreciation which we have experienced has been fully met . . . and no inroad has been made for this purpose, either on our normal trading profit or on the large amount of undivided profit carried forward at our last valuation, a position which I think you will agree with me is very satisfactory."

NEXT DISTRIBUTION of PROFITS:
1933

48 GRACECHURCH STREET, LONDON, E.C.3

FIRE.

Company.		Claims.		Commission.		Expenses.		Reserve for Unexpired Risk 40% of Increase in Premium Income.		Profit.		Premiums.
		Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	
Alliance	1930	832,868	40.7	337,496	16.2	561,469	27.4	— 5,455	— 2	324,793	15.9	2,046,171
	1931	750,842	36.9	335,626	16.5	601,238	29.6	— 4,506	— 3	351,706	17.3	2,034,906
Atlas	1930	1,084,197	49.9	503,983	23.2	453,830	20.9	— 63,356	— 2.9	194,525	8.9	2,173,179
	1931	1,068,349	52.6	482,199	23.8	433,725	21.4	— 57,424	— 2.8	102,771	5.0	2,029,620
Caledonian	1930	452,453	52.1	195,330	22.5	208,620	24.0	— 1,547	— 1	13,356	1.5	864,212
	1931	457,855	54.9	195,078	23.4	185,773	22.3	— 13,497	— 1.6	9,260	1.0	834,479
Century	1930	187,560	54.8	79,590	23.2	85,828	25.3	— 7,522	— 2.2	— 19,012	— 5.5	342,488
	1931	159,815	58.0	55,309	20.1	91,563	33.2	— 26,756	— 9.7	— 4,333	— 1.6	275,598
Commercial Union	1930	3,712,345	54.6	1,245,889	18.4	1,969,367	29.0	— 346,660	— 5.1	195,374	2.9	6,774,316
	1931	3,447,971	54.6	1,151,797	18.2	1,862,847	29.5	— 183,240	— 2.9	36,840	— 0.6	6,316,215
Eagle Star and British Dominions	1930	510,205	58.8	175,706	20.2	215,891	24.9	— 47,409	— 5.5	15,409	1.6	867,803
	1931	444,830	53.4	181,682	21.8	209,051	25.1	— 13,762	— 1.7	11,596	1.4	833,397
Employers' Liability	1930	242,793	56.0	77,180	17.8	88,175	20.3	— 2,185	— 0.4	27,385	6.3	433,348
	1931	219,396	56.4	74,478	19.2	92,599	23.8	— 17,772	— 4.6	20,218	5.2	388,919
General Accident	1930	312,954	51.7	109,304	19.2	131,103	21.7	— 20,829	— 3.4	72,265	11.9	604,797
	1931	315,196	47.7	117,532	19.5	127,068	21.1	— 3,791	— 0.6	74,146	12.3	601,834
Guardian	1930	553,425	50.9	173,484	15.9	309,793	28.5	— 2,686	— 1.2	48,665	4.5	1,088,053
	1931	2,337,196	49.6	943,300	20.0	1,221,239	26.2	— 58,831	— 1.3	256,340	5.5	4,699,244
Liverpool and London and Globe	1930	2,177,966	48.6	969,815	21.6	1,191,171	26.6	— 87,234	— 1.9	229,441	5.1	4,481,159
	1931	679,520	53.3	223,418	17.6	394,193	31.2	— 42,898	— 3.4	16,751	1.3	1,273,984
London Assurance	1930	1,089,325	54.8	421,908	17.6	497,780	25.0	— 20,965	— 1.0	— 520	—	1,987,528
	1931	1,548,294	48.0	428,113	16.3	899,294	27.9	— 74,500	— 2.3	324,132	10.1	3,223,833
London and Lancashire	1930	1,417,222	46.6	525,946	17.3	825,514	27.2	— 74,000	— 2.5	345,319	11.4	3,040,001
	1931	1,136,321	61.7	46,623	25.8	26,728	14.2	— 4,586	— 2.4	1,353	— 0.7	1,884,339
Motor Union	1930	120,319	64.8	43,922	23.6	32,243	17.4	— 224,908	— 5.8	— 262,436	— 6.7	3,900,709
	1931	2,131,599	54.7	765,712	19.6	955,871	25.7	— 108,951	— 3.0	246,368	6.8	3,628,332
North British and Mercantile	1930	1,828,489	50.4	728,396	20.1	619,028	26.5	— 85,314	— 3.7	53,315	2.3	2,333,411
	1931	1,287,770	55.2	458,612	19.7	592,207	26.9	— 52,796	— 2.4	6,004	— 0.3	2,201,421
Northern	1930	1,206,220	54.8	449,786	20.4	535,483	25.8	— 41,364	— 2.0	66,248	3.2	2,075,667
	1931	1,109,024	53.4	406,277	19.6	526,836	26.3	— 27,995	— 1.4	68,733	3.4	2,005,679
Norwich Union	1930	1,056,168	52.7	381,937	19.0	792,559	25.5	— 124,562	— 4.0	76,262	2.5	3,090,624
	1931	1,678,726	54.3	667,638	21.6	767,402	24.9	— 2,000	— 1	88,457	2.9	3,085,537
Phoenix	1930	1,536,030	49.8	695,648	22.5	767,402	19.1	— 862	— 0.1	59,767	7.1	841,869
	1931	444,207	52.8	176,281	20.9	180,752	22.9	— 2,280	— 0.3	51,621	— 0.2	836,168
Prudential	1930	425,853	50.9	169,829	20.3	191,145	22.9	— 150,612	— 2.3	446,692	6.8	6,588,090
	1931	3,353,683	51.3	1,275,155	19.4	1,662,172	25.2	— 210,152	— 3.5	402,072	6.6	6,062,711
Royal	1930	3,111,609	50.8	337,364	20.0	390,692	23.2	— 28,299	— 1.7	129,095	7.7	1,685,442
	1931	856,590	53.4	328,575	20.2	390,737	24.6	— 5,917	— 0.4	46,612	3.5	1,311,486
Royal Exchange	1930	701,828	53.5	246,962	18.8	322,001	24.1	— 62,399	— 5.4	— 10,780	— 0.9	1,155,489
	1931	719,152	62.2	212,416	18.4	297,100	25.7	— 26,632	— 1.1	150,685	6.1	1,247,942
Scottish Union and National	1930	1,249,192	50.4	376,732	15.2	728,965	29.4	— 9,005	— 0.4	213,214	8.7	2,454,739
	1931	1,161,078	47.3	394,357	16.1	695,095	28.3	— 16,637	— 1.6	93,316	9.1	1,026,785
Sun	1930	541,463	52.7	143,541	14.0	265,102	25.8	— 1,374	— 0.1	77,733	7.5	1,030,221
	1931	541,062	52.5	157,477	15.3	252,575	24.5	— 1,375,120	— 2.8	2,892,334	5.8	49,910,176
Yorkshire	1930	25,885,985	51.9	9,482,196	19.0	13,024,781	26.1	— 1,000,261	— 2.1	2,420,936	5.0	48,181,386
	1931	24,646,840	51.2	9,426,648	19.6	12,687,223	26.3	— 1,000,261	— 2.1	2,420,936	5.0	48,181,386

REFUGE ASSURANCE CO. LTD.

Chief Office:
OXFORD STREET
MANCHESTER

ANNUAL INCOME EXCEEDS

£11,500,000

ASSETS EXCEED

£52,000,000

CLAIMS PAID EXCEED

£70,000,000

For Business Assurances—

PARTNERSHIP
CAPITAL REDEMPTION
ANNUITY and all
ORDINARY LIFE and
ENDOWMENT POLICIES

Consult the Britannic

FIRE, ACCIDENT, MOTOR, PLATE
GLASS AND GENERAL INSURANCE
BUSINESS TRANSACTED

Funds £20,000,000

BRITANNIC ASSURANCE COMPANY, LTD.

Chief Offices:
BROAD STREET CORNER, BIRMINGHAM

MARINE INSURANCE.

It is the practice of those companies whose transactions are confined in the main to marine insurance to present their accounts in a form which discloses each year the results of the underwriting of the previous year. Each underwriting account is left open for two years, the account being closed by transfers to suspense account and to profit and loss. Consequently, in the case of these offices the 1931 reports exhibit the outcome of the year 1930, and it is satisfactory to note that the representative companies shown in the table below all show an improvement compared with the results of earlier years.

The figures relating to the marine department of a number of composite offices are also set out in detail. Unfortunately, it is the usual practice of such offices to issue the marine account in the same form as for fire and accident business, and consequently the claims are entirely unrelated to the premium income. It follows, therefore, that the figures can only be judged over a period of years, and in the summary below the percentage of claims and expenses to premium income are given over a period of six years.

Despite the difficulties of the past year, there is little doubt that marine insurance as a whole has shown better results than for some time past. Naturally, there has been some reduction in premium income, but the effect of the gradual increases in the rates for hull insurance, together with the improvement in recent years in the selection of risks, appears to be responsible for the satisfactory results which the marine underwriters have recently obtained. Mention should be made, however, of the relatively light casualty list of recent years, due, no doubt, to some extent to the ever-growing total of idle tonnage; but despite this factor there has been without doubt a decided improvement in the results of recent underwriting. This improvement will do much to enhance the prestige of the London market, which, despite the difficulties of the past few years, has maintained its position as the leading market in the world for this type of risk.

Office.	Account.	Premiums.	Claims and Suspense.	Expenses.	Surplus or Deficit.
British and Foreign	1926	469,493	366,979	96,462	£ 6,052
	1927	502,387	385,100	93,152	24,134
	1928	611,729	461,141	99,239	51,349
	1929	550,408	435,158	95,222	20,028
	1930	454,580	308,045	95,391	51,144
	1931	611,516	714,923	31,587	Def. 135,000
Indemnity	1926	630,100	597,984	32,116	None
	1927	458,016	424,511	33,505	None
	1928	378,231	348,312	29,919	None
	1929	361,649	337,374	24,275	None
	1930	325,939	472,049	41,301	Def. 187,411
	1931	367,999	533,169	38,902	Def. 176,776
Merchants	1926	396,295	365,871	42,128	Def. 40,000
	1927	285,659	272,289	43,370	Def. 30,000
	1928	279,225	237,110	42,115	Def. 10,000
	1929	435,227	376,309	33,918	25,000
	1930	418,262	359,442	33,820	25,000
	1931	496,428	336,710	34,718	35,000
Ocean	1926	334,580	264,452	35,128	36,000
	1927	417,617	369,547	36,918	11,132
	1928	483,716	412,280	39,290	32,146
	1929	541,721	465,555	43,685	32,481
	1930	614,650	537,027	42,781	34,442
	1931	586,334	501,632	44,337	40,363

Office.	Premiums.	Claims.	Expenses.
British Dominions—	£	£	£
1926.....	665,386	529,370	89,808
1927.....	735,564	645,251	90,335
1928.....	791,343	730,600	90,702
1929.....	638,814	643,131	90,822
1930.....	481,194	474,806	76,590
1931.....	413,794	368,709	64,759
	3,726,095	3,391,867	503,016
		— 91.0%	— 13.8%
Commercial Union—			
1926.....	560,181	329,427	89,263
1927.....	591,086	376,588	100,618
1928.....	636,926	369,237	110,986
1929.....	684,887	404,863	129,152
1930.....	698,828	319,700	140,191
1931.....	733,757	329,151	152,006
	3,905,665	2,128,966	722,186
		— 54.5%	— 18.5%
Liverpool and London and Globe—			
1926.....	313,796	328,489	42,817
1927.....	368,501	291,615	43,703
1928.....	411,072	324,920	44,006
1929.....	401,947	330,376	41,786
1930.....	356,112	507,404	36,094
1931.....	322,768	458,597	35,411
	2,174,296	1,838,401	245,747
		— 84.6%	— 11.3%
London and Lancashire—			
1926.....	1,194,205	948,766	162,582
1927.....	1,382,455	1,024,850	168,866
1928.....	1,475,945	1,074,396	177,069
1929.....	1,489,096	1,053,016	191,663
1930.....	1,268,516	995,057	174,848
1931.....	1,296,045	884,160	200,337
	8,106,262	8,980,235	1,065,355
		— 73.8%	— 13.1%
Royal Exchange—			
1926.....	734,720	686,099	87,174
1927.....	651,496	827,746	92,415
1928.....	583,008	689,507	83,644
1929.....	743,507	610,741	89,361
1930.....	652,893	602,438	91,133
1931.....	462,058	823,494	79,467
	3,827,682	3,940,005	625,194
		— 102.9%	— 13.7%

MISCELLANEOUS INSURANCE.

Accident and miscellaneous insurance account for a premium income of over £50,000,000, and of this amount "casualty" business in the United States is responsible for nearly 50 per cent. In the attached table the individual results of the leading offices are shown—all classes of accident business being included. In one important respect the year 1931 was notable as it was the first year to see the operation of the Road Traffic Act, 1930. Motor insurance consequently showed a tendency to increase, but while the premium income revealed some expansion, claims, and more particularly third-party claims, were rather heavier than in recent years. Compulsory insurance was, as anticipated, brought into operation smoothly and effectively.

During the year a development took place as regards aviation insurance when a new company, the British Aviation Insurance Company, was formed with the backing of a number of the leading offices and a group of Lloyd's underwriters. The formation of the company is, without doubt, a welcome advance towards the insurance at reasonable rates of premium, of the risks inherent in aviation at the present stage. With such substantial backing the company should be in a position to offer facilities which will supply a long-felt want.

Personal accident insurance has never made a wide appeal in this country, and the premium income is consequently small. Employers' liability within the United Kingdom is regulated by the terms of the agreement between the Home Office and the Accident Offices Association providing for annual adjustments in rates so as to stabilise the claims ratio at 62½ per cent. The rate of profit is fairly constant at around 10 per cent.

Turning to the individual results, the Atlas lead the way with the handsome profit of 11.4 per cent. of the premium income, followed closely by the North British and Mercantile and the Alliance—each of which record figures of over 10 per cent. No fewer than six offices, however, were unable to show a margin of profit, as against two in the preceding year. In the aggregate, as will be seen from the summary of results, the percentage of profit differed only slightly from that of 1930, the total premium income showing a slight diminution, as might be expected despite the increase in motor insurance.

AMERICAN INSURANCE BUSINESS.

In view of the high proportion of the premium income of the British fire offices which is derived from their activities in the United States, it is desirable that particular attention should be paid to the results of American business. Accordingly the aggregate results are shown in the attached table, which gives for the past six years the total net premium income and the underwriting profit of the principal British companies or groups of companies which operate in the United States. The amounts have, for convenience, been converted from dollars to sterling at par of exchange, and the underwriting profit has been re-calculated on the usual method adopted in this country of allowing a reserve for unexpired risk of 40 per cent. of the premium:—

AMERICAN FIRE INSURANCE.

Year	Net Premiums Written.	Underwriting Profit.	Percentage (2) of (1).
	(1)	(2)	(3)
1926	£ 33,601,253	£ 752,354	2.2
1927	31,710,646	2,110,373	6.7
1928	31,417,664	3,540,633	8.1
1929	31,224,583	2,236,280	7.1
1930	27,945,315	624,882	2.2
1931	25,814,406	— 40,521	— .2

The decline in premium income since 1927 is believed to be to some extent part of a deliberate policy of excluding unremunerative risks, but increasing competition on the part of the American offices has no doubt played its part. In 1930 the profit was reduced to the meagre return of 2.2 per cent. only on a premium income of nearly £28,000,000. In 1931 the premium income decreased by over £2,000,000, and was accompanied by a loss in the aggregate of 0.2 per cent.

AMERICAN CASUALTY BUSINESS.

Once again the activities of the British companies in the United States, taken as a whole, resulted in a loss, and, as will be seen from the following table, which gives the figures of the past few years, the results of the companies' operations have for some years proved disappointing.

AMERICAN CASUALTY INSURANCE.

Year.	Net Premiums Written.	Underwriting Profit.	Profit as percentage of Premiums.
	£	£	
1926	25,939,085	— 206,014	— .8
1927	27,196,037	— 593,723	— 2.2
1928	28,126,188	+ 774,478	2.8
1929	28,422,634	+ 77,509	.3
1930	27,064,828	— 439,117	— 1.6
1931	24,952,718	— 168,085	— .7

The underwriting profit has been calculated on the basis of a 40 per cent. reserve for unexpired risk, and the conversion from dollars to sterling at par of exchange. During

FAMILY FIRST

£1,000 WITH PROFITS At Death
AND
£200 per Year

during a definite period

FOR AN ANNUAL PAYMENT

OF

£30 . 2 . 6 - at Age 25
or £33 . 10 . 10 - at Age 30
or £38 . 16 . 8 - at Age 35
or £46 . 9 . 2 - at Age 40

⊠ ⊠ ⊠

Larger or Smaller Amounts at
Proportionate Payments

⊠ ⊠ ⊠

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30	1 11 8	1 10 10	1 10 1	
35	1 17 4	1 16 5	1 15 6	
40	2 5 0	2 4 0	2 3 0	
45	2 14 8	2 13 8	2 12 8	
50	3 7 4	3 6 4	3 5 4	
55	4 3 8	4 2 8	4 1 8	
60	5 6 6	5 5 6	5 4 6	

AVAILABLE OPTION. At any time within five years these policies may be transferred to the With Profit class, thus enabling the assured to revise the contract should financial conditions render this desirable. Liberal Surrender Values are allowed after payment of two years' Premiums and are guaranteed in the Policy.

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PROMPT SETTLEMENTS.

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1931 the losses involved have been reduced to something under 1 per cent., and it is understood that as before automobile insurance is mainly responsible for the unfortunate results. In this connection it is of interest to note that rates of premium for this type of risk have during the past year been increased.

Possibly the most interesting feature of the table is the steady decrease in premium income in the past two years, the net premiums written in 1931 being less than six years previously. No doubt this is, to some extent, due to a rather stricter supervision and to the exclusion of unsatisfactory risks.

MISCELLANEOUS.

Company.		Claims.		Commission.		Expenses.		Unexpired Risk Reserve 40% of Increase in Premiums.		Profit.		Premiums.
		Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	
Alliance.....	1930	635,566	53.3	180,229	15.1	254,848	21.3	21,799	1.8	144,890	12.1	1,193,734
	1931	627,081	52.6	179,698	15.1	267,140	22.4	293	0.0	119,376	10.0	1,193,002
Atlas	1930	247,421	51.6	66,265	13.8	124,505	26.0	4,480	1.0	36,398	7.6	479,069
	1931	226,505	46.7	66,015	14.1	130,069	26.8	5,041	1.0	55,376	11.4	484,966
Caledonian	1930	219,736	52.4	94,494	22.5	84,360	20.1	5,047	1.2	16,097	3.8	419,734
	1931	256,725	57.5	100,246	22.4	88,896	19.9	9,442	2.1	17,555	3.9	446,499
Century	1930	126,020	47.5	48,700	18.3	73,705	27.8	15,242	5.7	1,755	0.7	265,422
	1931	127,682	46.3	52,107	18.9	72,881	26.4	25,684	9.3	2,462	0.9	275,892
Commercial Union	1930	5,178,022	59.8	1,667,063	19.3	1,869,799	21.6	50,850	0.7	5,570	0.1	8,558,457
	1931	4,979,823	63.5	1,477,935	18.8	1,825,190	23.0	325,140	4.2	112,202	1.4	7,845,606
Eagle Star and British Dominions	1930	846,238	51.1	298,662	18.0	381,140	23.0	30,089	2.0	96,876	5.9	1,656,005
	1931	792,227	48.4	303,612	18.5	404,814	24.7	26,131	1.6	111,538	6.8	1,634,322
Employers' Liability	1930	4,580,738	65.5	1,277,240	18.3	1,053,345	15.0	94,513	1.4	179,899	2.6	6,996,709
	1931	4,067,164	66.7	1,118,540	18.4	964,290	15.8	349,295	5.7	291,524	4.8	6,092,224
Guardian	1930	403,033	52.0	129,404	16.7	225,943	29.1	9,197	1.1	26,137	3.3	775,320
	1931	411,865	52.5	134,565	17.1	220,858	28.1	3,800	0.5	13,738	1.8	784,820
General Accident	1930	4,117,710	61.4	1,327,717	19.8	966,710	14.4	28,262	0.4	323,619	4.8	6,707,494
	1931	4,042,481	60.4	1,325,683	19.8	1,048,822	15.7	28,262	0.4	323,619	4.8	6,707,494
Liverpool and London and Globe	1930	3,381,881	59.4	1,150,193	20.2	993,366	17.4	72,343	1.1	198,391	3.0	5,687,720
	1931	3,448,541	63.9	1,087,224	20.1	974,179	18.0	35,765	0.7	36,484	0.6	5,695,890
London Assurance	1930	256,636	65.1	66,679	16.9	119,104	30.2	13,495	3.4	75,035	1.4	393,975
	1931	875,657	73.6	112,338	9.4	224,509	18.9	39,614	3.3	34,949	8.8	1,190,538
London and Lancashire	1930	1,353,078	57.4	431,583	18.3	527,482	22.4	39,000	1.7	85,198	3.6	2,358,341
	1931	1,268,872	57.8	410,093	18.7	504,632	22.9	64,500	2.9	77,766	3.5	2,196,863
Motor Union	1930	993,839	59.3	331,629	19.8	338,601	20.3	45,288	2.7	55,281	3.3	1,675,063
	1931	852,417	54.1	232,248	14.7	413,616	26.3	40,116	2.5	116,608	7.4	1,574,775
North British and Mercantile (Railway Passengers)	1930	570,863	47.6	198,441	16.6	289,098	24.1	27,218	2.3	112,480	9.4	1,198,170
	1931	531,874	46.0	192,600	16.7	279,397	24.2	27,254	2.4	124,217	10.7	1,155,342
Northern	1930	778,876	47.9	267,650	16.4	394,382	24.2	47,402	2.9	139,567	8.6	1,627,877
	1931	743,476	45.9	265,656	16.4	401,896	24.8	61,408	3.8	147,229	9.1	1,619,665
Norwich Union	1930	1,117,669	59.7	307,200	16.4	396,588	21.2	11,237	0.6	61,676	3.3	1,871,896
	1931	1,041,132	57.1	293,231	16.1	402,761	22.1	19,414	1.1	105,652	5.8	1,823,362
Phoenix	1930	2,261,322	59.6	727,293	19.2	829,964	21.9	47,477	1.8	40,239	1.1	3,791,341
	1931	2,090,699	56.9	705,076	19.2	814,348	22.2	47,500	1.3	110,456	3.0	3,675,079
Prudential	1930	344,693	49.2	131,931	18.8	152,603	21.8	59,987	1.7	12,073	1.7	701,287
	1931	445,001	56.4	139,010	17.6	179,440	22.7	38,724	4.9	12,968	1.6	789,207
Royal	1930	658,573	52.2	218,506	17.4	285,021	22.6	58,913	4.7	39,387	3.1	1,261,500
	1931	633,263	56.7	180,987	16.2	292,344	25.3	35,831	3.2	56,443	5.0	1,117,208
Scottish Union and National	1930	116,712	46.4	32,927	13.1	70,100	27.9	2,522	1.0	29,137	11.6	251,398
	1931	119,261	46.7	34,350	13.4	73,245	28.7	5,387	2.1	23,151	9.1	255,394
Sun	1930	759,358	54.4	243,466	17.4	277,273	19.9	28,442	2.0	87,262	6.3	1,395,901
	1931	834,615	56.6	269,480	18.3	286,184	19.4	28,655	2.0	53,950	3.7	1,475,484
Yorkshire	1930	761,292	56.5	235,612	17.5	313,355	23.2	12,268	0.9	49,819	3.7	1,348,010
	1931	728,786	55.8	235,476	18.0	298,756	22.9	16,051	1.2	58,228	4.5	1,305,198
Totals	1930	32,872,616	58.3	10,475,110	18.6	11,230,670	19.9	117,461	0.2	1,672,869	3.0	56,368,728
	1931	32,333,174	59.3	9,902,697	18.2	11,392,894	20.9	670,645	1.2	1,508,007	2.8	54,468,128

The Progress of Industry

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MOODY'S—Economist SERVICES LTD.

King William Street House, E.C.4.

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The Economist BANKING SUPPLEMENT.

VOL. OXV]

SATURDAY, OCTOBER 8, 1932

[No. 4,650]

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Authorised Capital	£20,000,000
Issued and Paid-up Capital	£15,858,217
Reserve Fund	£10,250,000
Deposits, etc. (30th June, 1932)	£341,894,137

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Paid-up Capital	£2,000,000
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The Economist Banking Supplement

A SURVEY OF BRITISH AND FOREIGN BANKING

Vol. CXV.]

SATURDAY, OCTOBER 8, 1932.

[No. 4,650.]

BROWN, SHIPLEY & COMPANY, LONDON.

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DIVIDENDS COLLECTED.

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DEPOSIT and CURRENT
ACCOUNTS OPENED.AGENTS and CORRESPONDENTS
ALL OVER THE WORLD.

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THE BRITISH BANKING POSITION.

THE first half of 1932 has witnessed one of the most far-reaching reversals in the earning powers of the British banking system that have ever occurred. The year opened with Bank rate at 6 per cent., and with gilt-edged securities only in the early stages of their recovery from their heavy depreciation. It closed with Bank rate at 2 per cent., and with the launching of a conversion scheme that is successfully placing British Government credit upon a $3\frac{1}{2}$ per cent. basis.

These wide changes have naturally brought to the forefront the questions of the rates both paid and earned by British banks, and also of their general earning capacity. During recent weeks the banks have incurred largely unmerited criticism upon two grounds. The first is the low rate of $\frac{1}{2}$ per cent. paid by the banks upon their London deposits; and this has been accentuated in the public mind by the contrast between the prevailing London rate and the country rate of about $2\frac{1}{2}$ per cent. The second is the failure of the banks to bring their rate on advances down to the full extent of the reduction in Bank rate; and this is equally accentuated in the public mind by the erroneous belief that the banks are still enforcing their alleged minimum advance rate of 5 per cent.

Now a bank has to meet its expenses and earn its profits out of the margin between its earnings and its deposit interest, and in assessing its earnings we must take into account all its assets and not merely its advances. Similarly we must remember that its deposits consist not only of time deposits, whether London or country, but also of its current accounts or demand deposits and its "other accounts," these last consisting mainly of internal funds or "inner reserves" upon which interest is earned but not paid. Hence the issue is by no means as clear as the antithesis between the London deposit rate and the advance rate suggests.

The following table shows the various rates payable by or receivable by the banks, and so serves to place the question in a truer perspective. For example, it shows not only the relatively high rate on advances, but the very low rates now obtainable upon call money and bills. The various figures do not claim to be exact, and they are not exhaustive, for the banks have other sources of income besides interest earned on their principal assets. Three dates are given. The first is July, 1928, when Bank rate was $4\frac{1}{2}$ per cent. The second is January, 1932, the beginning of this year, when rates were abnormally high. The third is July, 1932, six months later, when rates were unprecedentedly low:—

	July, 1928.	Jan., 1932.	July, 1932.
Bank rate	$4\frac{1}{2}$	6	2
Rates Payable.			
(a) Current accounts	Nil	Nil	Nil
(b) London deposits	$2\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$
(c) Country deposits	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$
(d) Other accounts	Nil	Nil	Nil
Estimated average	$1\frac{1}{2}$	$1\frac{1}{2}$	$0\frac{6}{8}$
Rates Receivable.			
Cash	Nil	Nil	Nil
Call money	$3\frac{1}{2}$	5	1
Discounts	4	$5\frac{1}{2}$	$3\frac{1}{2}$
Investments	$4\frac{1}{2}$	$4\frac{1}{2}$	$3\frac{1}{2}$
Advances	$5\frac{1}{2}$	7	$4\frac{1}{2}$
Estimated average	$4\frac{4}{8}$	$5\frac{5}{8}$	$3\frac{0}{8}$
Estimated margin	$3\frac{3}{8}$	$4\frac{0}{8}$	$2\frac{4}{8}$

These calculations are admittedly very approximate, but we have ground for believing that they are fairly correct. In arriving at the average rate payable, we have made a rough allowance for the proportion of total deposits consisting of "other accounts," and have assumed that half the remainder consists of current accounts, one-quarter of London time deposits, and one-quarter of country time deposits. In support of this estimate we cite the percentage of current accounts to total deposits published each month by Lloyds

Bank, which has been consistently in the neighbourhood of 45 per cent.

The average rate receivable is calculated by applying the rate earned on the different items, such as call money, discounts, investments and advances, to the size of each item as shown in the clearing bank average statements for each of the three months. The rates earned on call money and discounts are readily ascertainable from the current reports of money and discount rates. The rate on investments is based upon the actual yield, which obviously depends upon the date and price at which the banks bought their securities, and here we would point out that the drop in War Loan interest due to conversion has not yet taken effect. The average rate paid on advances is obviously a matter of guesswork, especially as the rate varies according to the class of loan, the size of the loan and the credit of the customer, the general rule being that the larger is the loan, the finer is the rate. Still, contrary to the prevailing belief that the minimum rate of 5 per cent. is still in force as regards the majority of loans, we are prepared to hazard the guess that our estimate of an average of $4\frac{1}{2}$ per cent. over the whole field is not too low.

The estimated margin, representing the net rate earned by the banks after payment of deposit interest, is the difference between our estimates of average rates payable and receivable. Now if, as an illustration, this marginal rate be applied to the total of the clearing banks' deposits, which were £1,786 millions in July, 1928, £1,714 millions in January, 1932, and £1,804 millions in July last, it is possible to form a very rough idea of the banks' net receipts after payment of deposit interest. The actual result of these calculations is receipts at the rate of £59 millions per annum for July, 1928, at £68 millions per annum for the rates current in January, 1932, and at only £43 millions per annum for those current last July. It is clear that the fluctuations in money rates which have occurred this year are a vital matter to the banks, for the shrinkage in their margin means a loss of income equal to their net profits. It is thus easy to see why it is impracticable to reduce advance rates still further, or to raise London deposit rates.

In actual fact the public has little ground for complaint upon either score. The minimum advance rate of 5 per cent. has already been abandoned in a large number of cases, including small as well as large borrowers, and the rate of $4\frac{1}{2}$ per cent. now frequently in force only means a charge to the customer of £450 upon an average overdraft of £10,000. If this charge of £450 be compared with the probable annual turnover of such a customer, it will be clear that it is a very small part of his total annual costs. This means that except in the case of businesses where the margin of profit is extremely narrow, the effect of bank advance rates upon trade is largely psychological.

Again, the discrepancy between London and country deposit rates is more apparent than real, for the London depositor makes up in days of high money rates what he loses during a period of cheap money; and with Bank rate at $4\frac{1}{2}$ per cent. there is nothing in it either way. Still, inasmuch as we look to a 3 per cent. Bank rate as being a normal rate for the future, we agree that the London depositor is likely to be relatively in a worse position unless the banks can see their way to reduce the margin between Bank rate and London deposit rate. It must be remembered, however, that there is no such thing as a fixed country deposit rate, for it varies from district to district, and so it is difficult to generalise at all. In any case, the banks are now offering lower rates upon new deposits.

If the banks are now penalised by very low money rates, they have gained considerably in several other respects. First and foremost they have recovered the

(In Million £.)

June 30.	Capital and Reserves.										Acceptances and Endorsements.										Deposits (including Undivided Profits, &c.).										Total Liabilities.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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* Includes Money at Call and Short Notice.

deposits lost in the crisis of just over a year ago, for the July average of £1,804 millions is above the average of 1929-30. Next, the appreciation of gilt-edged securities has added considerably to their inner reserves, and has in fact more than made up for the drafts on published reserves necessitated by the depreciation of last autumn. Finally, they must have made good profits

on bills bought early in the year at high rates and held into the period of low rates. Still, whatever their fortunes, the main point is that the British banking system has deservedly maintained the confidence of the public, and if current earnings are for the moment upon a diminished scale, the banks have at least recouped their capital losses of the autumn of last year.

BANK SHARES.

A STRIKING recovery has been witnessed in the market for British bank shares this year. The annual reports, published in January last, showing that bad and doubtful debts had been provided for and investment depreciation charged against reserves, served to restore confidence in the financial strength of the British banking system. The comparatively small reductions in dividends presented bank shares in an attractive light as high-yielding investments; thus buyers gradually returned to the market. By the end of June the leading shares were back nearly to the level of June 30, 1931. The market again went ahead on the announcement of the conversion scheme for 5 per cent. War Loan. In view of the attack on the long-term interest rate which the Conversion scheme implied, ordinary shares of an investment type became sought after for their dividend yields. The market in bank shares, if we may judge from the relative advances, attracted more attention than the market in industrial ordinary shares. The following table, based on the Actuaries' Investment Index, shows how the prices of eleven bank and discount company ordinary shares have advanced since the end of last year, and how the yields have correspondingly diminished. For comparison, the prices and yields of 131 industrial ordinary shares are also given:—

	Price Index. (Dec. 31, 1928=100.)						
	Dec. 31, 1929.	Dec. 30, 1930.	June 30, 1931.	Sept. 23, 1931.	Dec. 31, 1931.	June 30, 1932.	Sept. 20, 1932.
Bank and Discount Company shares	90.2	96.8	89.1	72.7	68.2	82.3	94.5
Industrial shares	81.9	64.3	55.8	49.4	49.3	44.8	57.9
Average Yields (per cent.).							
Bank and Discount Company shares	5.78	5.38	5.83	6.91	7.43	5.71	4.99
Industrial shares	6.81	7.21	6.63	7.66	6.94	5.92	4.60

It will be seen from this table that whereas bank shares have advanced relatively more than industrial ordinary shares, the yields obtainable on the former are still more attractive than those obtainable on the latter. The fact that a year ago an average yield of nearly 7 per cent. was being obtained on the shares of the leading British banks and discount houses was a sign of the prevailing financial crisis. That an average yield of under 5 per cent. is now obtainable is proof that the financial crisis has long since been past and that confidence in the future has been restored.

There is no disposition in the market to anticipate increased dividends this year from the "Big Five" joint-stock banks. It is appreciated that reserve funds which were tapped last year for the purpose of providing for depreciation will have to be made good before dividends are increased, if the banks are to pursue their usual conservative policy. Moreover, trading conditions, as everyone knows, have remained unsatisfactory. The demand of industry for banking accommodation has in fact diminished, as the decline in the advances shows, while the fall in interest rates has now led to narrower profit margins, although bills bought at high rates at the beginning of the year, when Bank rate was 6 per cent., must have shown good profits on maturity. If trading conditions have been unsatisfactory, the banks have, however, benefited from the appreciation on their gilt-edged investments, which has more than made good the depreciation suffered at the end of last year.

As regards the Dominion and Colonial banks, conditions, as we show subsequently, have varied considerably. Interim dividends have been reduced by the Australasian banks this year. For the year to March, 1932, the National Bank of New Zealand has paid 7 per cent., as against 10 per cent., while the National Bank of Australasia has paid 6 per cent. as against 8½ per cent. For the year ending February 28, 1932, the Union Bank of Australia has paid 4 per cent. as against 7 per cent., while the English, Scottish and Australian Bank has declared an interim of 3 per cent. free of tax, as against 4 per cent. tax free in respect of the year ending June, 1932. As a result of the abnormal monetary situation in South Africa, the Standard Bank of South Africa, for the year ending March, 1932, has reduced its distribution to 11 per cent., as against 14 per cent. plus 1 per cent. bonus. While the Eastern banks (National Bank of India and Eastern Bank) have maintained their interim dividends this year, the South American banks have fared badly. The Bank of London and South America has passed its interim dividend this year, while the difficulties of the Anglo-South American Bank are well known. It is satisfactory that Barclays (Dominions, Colonial and Overseas) Bank has maintained its interim dividend this year. The table at the foot of this article gives the present market prices and dividend yields of the leading British and Colonial banks:—

PARTLY PAID SHARES.

Share.	Amt. of Share.	Paid up.	High-est Price, 1931.	Price, End June, 1932.	Price, Sept. 13, 1932.	Yield, Per Cent.
Lloyds	5	1	63/9	49/6	55/-	4 17 9
Martins	20	2½	7½	5½	6½	5 7 6
Midland	12	2½	9½	7½	8½	4 14 6
National Provincial	20	4	14½	12	13	4 18 0
Westminster	4	1	81/-	71/-	76/6	4 14 6
English, Scottish and Australian	5	3	98/9	60/-	90/-	5 6 6†
National of Australasia	7½	5	4½	4½	4½	6 13 3
National of New Zealand	15	2½	5½	2½	3½	4 10 0
Union of Australia	10	5	7½	5½	6½	3 0 0†
Bank of India	25	12½	43½	33	42	5 19 0
Anglo-South American	10	5	6½	5 dia.	5 dia.	5 2 6
Bank of British West Africa	10	4	3½	2½	3½	5 2 6
Standard of South Africa	20	5	14½	8	11½	4 14 0

† Free of income tax.

FULLY PAID SHARES.

Bank.	Denom-ination.	High-est Price, 1931.	Price, End June, 1932.	Price, Sept. 13, 1932.	Yield per Cent.
Agricultural Bank of Egypt	£	7½	5½	6½	5 12 0
Anglo-International Bank	1	11/9	9/-	9½	Nil
Bank of Australasia	5	9½	7½	8½	5 4 4
Bank of London and South America	5	8½	2½	4	6 5 0
Bank of New South Wales	20	26	20½	25	6 8 0
Bank of New Zealand	1	35/9	35/-	35/-	5 9 0
Bank of Rotterdam	1	57/6	30/-	52/6	5 0 0
Barclays "A"	4	8½	9	30/-	Nil
Do. "B"	1	58/7½	59/-	62/-	4 10 9
British Overseas "A" ord.	5	5½	3½	4½	6 3 0
Chartered Bank of India &	5	17½	10½	14½	4 19 0
Royal Bank of Scotland	Stock	357	358	387	4 7 10
Imperial Bank of Persia	6½	9½	8½	11½	5 15 0†
Ionian Bank	5	80/-	20/-	35/-	5 15 0
Districot "B" shares	1	42/3	42/6	47/6	4 4 0
Lloyds	1	23/-	24/6	26/-	3 17 0
Martins	1	66/3	56/-	65/-	4 6 0
Midland	2½	9½	9½	9½	4 5 4
Do.	1	80/6	75/-	78/6	4 1 3
National Bank of Egypt	10	31½	24/-	28½	5 5 0
National Provincial Bank	5	18½	17½	19½	4 3 9
Westminster	1	54/3	58/-	62/6	4 0 0

† Free of income tax.

AMERICAN BANKING.

(BY A CORRESPONDENT.)

AMERICAN banking developments, during the year 1931-1932, will probably always be regarded as possessing an unusual, and singularly striking, character, both in themselves and as a reflection of the successive phases of the economic depression in the United States. They include: (1) the largest growth in bank failures, among both national and State-chartered institutions, ever known in American history within a corresponding period—prolific as American banking has been in failures; (2) the adoption of remarkable measures of State aid and interference, best exemplified in the Reconstruction Finance Corporation of 1932, whose mission was fundamentally financial, and which has ended by devoting its major activities to the assistance of banks; (3) the adoption by Congress of legislation embodying most serious changes in the underlying principles of the Federal Reserve system, designed for the purpose of preventing suspension of gold payments—though probably not needed for that object; (4) the adoption of a policy of confessed inflation by Federal Reserve banks and, in pursuit of it, the accumulation of the largest holding of Government securities ever taken on by the Reserve system—not excepting the holdings which grew out of the world war; and (5) in the face of these changes, the liquidation of a substantial part of the excessive portfolios of the commercial banks of the country as reflected in a reduction, between mid-1931 and a corresponding date in 1932, of loans and discounts by \$3,507,000,000, of advances on securities by \$1,929,000,000 and of other loans by \$1,578,000,000, while corporation holdings are down by \$437,000,000. The implications and results of these far-reaching changes have been enormous; and are only just beginning to make themselves evident in unmistakable fashion.

In order to follow the changes thus occurring, it is well to glance briefly at the statistical position; first, of the member banks which report their condition each week to the Federal Reserve Board and, second, of the Federal Reserve banks themselves. The member bank statement for the week ending August 24 is as follows:—

	Aug. 24, 1932.	Compared with Aug. 26, 1931.
Loans and investments—Total	18,499,000,000	— 3,531,000,000
Loans—Total	10,828,000,000	— 3,507,000,000
On securities	4,548,000,000	— 1,929,000,000
All others	6,280,000,000	— 1,578,000,000
Investments—Total	7,671,000,000	— 24,000,000
United States Government securities	4,491,000,000	+ 413,000,000
Other securities	3,180,000,000	— 437,000,000
Reserve with Federal Reserve banks	1,698,000,000	— 89,000,000
Cash in vault	206,000,000	— 41,000,000
Net demand deposits	10,862,000,000	— 2,333,000,000
Time deposits	5,635,000,000	— 1,382,000,000
Government deposits	223,000,000	+ 181,000,000
Due from banks	1,266,000,000	— 56,000,000
Due to banks	2,717,000,000	— 335,000,000
Borrowings from Federal Reserve Bank	150,000,000	+ 56,000,000

Here the outstanding feature of the position is furnished by the three items: loans and discounts, loans on securities, and investments. Loans are reduced, on a year ago, by well toward four billions of dollars; loans on securities alone by nearly two billions; while investments, although showing far less decline, the really have undergone a shift nearly as significant. The latter point can be understood by noting that, whereas the total investments have fallen less than \$75,000,000, the decline in securities, other than Government issues, has been near half a billion dollars, the relatively small total shrinkage being due to the purchase of a great quantity of Government bonds to take the place of the corporation issues disposed of. It is worthy of note, moreover, that the fall in loans and discounts is paralleled by a decline in deposits, which amounts to about \$4,000,000,000, some three-fifths being in demand deposits, and two-fifths in time deposits. These are remarkable changes, and can be understood only by

reference to the far-reaching changes that the general economic structure of the nation has undergone during the period.

The announcement of Great Britain's departure from, or suspension of, the gold standard gave a severe shock to confidence in the United States, and the subsequent liquidation of the foreign balances carried by central banks (and to some extent by commercial banks) accompanied by the shipment of gold in two great movements, one during the autumn, the other during the following spring of 1932, largely destroyed the remaining vestige of belief in the future. Economic conditions were already bad, but the manifestations of fear in the most exaggerated form, by leaders of business and finance, carried national conditions to a depressed point that had never been foreshadowed; and resulted in almost frenzied liquidation of bank assets. Owing to the extensive shrinkage of values that had already taken place, as the natural reaction from an excessive valuation level, prices of even the best bonds were already low, and stocks in many instances at receivership levels. The consequence was to accelerate a movement toward bank failure that had already gained terrific momentum; and before the close of the year about 2,300 banks of all classes had closed their doors, most of them permanently, although a proportion have since been reopened. Since the opening of the year 1932 the movement has been slower; but at times has none the less been severe, as, for instance, in early 1932, when total failures for the first half-year numbered 808, according to official figures, with deposits of \$524,000,000. The resources of all banks placed in the hands of receivers since the beginning of the panic are estimated as high as



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

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\$3,000,000,000. It was, therefore, inevitable that large amounts of securities and paper, held by the various institutions, should be pressed upon the market, actively, for sale.

In these circumstances it might be expected that Federal Reserve banks would be hard pressed by their members for assistance in extending to them rediscount accommodation. This has not happened, owing to the fact that banks on the point of failing have not been largely possessed of paper eligible for rediscount. Thus it will be observed that the total increase of rediscount accommodation for the reporting member banks during the year 1931-1932, for which figures are above cited, was only \$56,000,000. Owing to the fact that the reserve system has never been willing to allow itself to enter the field for paper in competition with the commercial banks, it has not been, or has not believed itself to be, in a position to buy commercial obligations in the open market, and has resorted instead to the expedient of buying heavily of Government obligations and bankers' acceptances in open market on the theory that the credit so "released" would percolate to those who needed it, and would thus be made available where needed. The theory thus accepted has been stimulated in application by the fact that the Government itself stood so much in need of accommodation. Heavy buying of Government obligations has kept up the price of these issues and permitted the Treasury to sell new issues at will. The following statement reflects the comparative position of the Reserve banks and reveals the tremendous losses of gold during the year, amounting to nearly \$732,000,000, as well as the immense accumulations of Government securities amounting to near \$1,125,000,000 during the twelvemonth:—

TWELVE FEDERAL RESERVE BANKS COMBINED.

	RESOURCES.	
	Aug. 26, 1931.	Aug. 24, 1932.
Total gold reserves	3,485,546,000	2,753,393,000
Bills discounted	241,718,000	426,704,000
Bills bought in open market	180,518,000	35,433,000
U.S. Government securities	727,998,000	1,851,061,000
Other securities	6,402,000	6,051,000
Total bills and securities	1,156,636,000	2,319,249,000
Due from foreign banks	38,378,000	2,668,000
Total resources	5,440,863,000	5,772,451,000
	LIABILITIES.	
	Aug. 26, 1931.	Aug. 24, 1932.
F.R. notes in actual circulation	1,945,507,000	2,824,805,000
Deposits:		
Member bank—reserve account	2,341,998,000	2,141,701,000
Government	82,604,000	29,512,000
Foreign bank	182,921,000	12,057,000
Other deposits	26,812,000	19,265,000
Total deposits	2,634,335,000	2,202,535,000
Total liabilities	5,440,863,000	5,772,451,000
Ratio of total reserves to deposit and F.R. note liabilities combined	79.9%	58.9%

The study of American banking conditions during the period in question will not be complete without a sketch of the remarkable changes of the year made in

In view of discussions that have recently taken place regarding the monetary situation of countries which are off the gold standard or which might be concerned in any effort to form a group of countries with currencies linked to sterling, the remaining articles of this supplement cover the banking situation firstly of the different members of the British Empire and secondly of certain Scandinavian and South American countries.

THE AUSTRALASIAN BANKING YEAR.

ONCE more both the Australian and New Zealand banks have had a very difficult year. The low level of the prices of primary products has had a serious effect upon agriculture, and so upon general business, with the result that enterprise has been checked, the demand for fresh bank loans has been restricted, and the banks have had to exercise great patience and grant special consideration including frequent postponement or remission of interest in respect of their outstanding

banking legislation. Congress, in adopting the Reconstruction Finance Act at the opening of the year, authorised it to issue \$1,500,000,000 in debentures; these to be the same in standing as Government securities (though not eligible at reserve banks), but the Treasury was authorised to buy the debentures *en bloc* (as it has done), and to get the funds by borrowing as it saw fit—which means borrowing at Reserve banks. The corporation has itself made loans to over 2,000 banking institutions on non-eligible collateral, the total advances being probably about \$300,000,000. Secondly, Congress in February adopted a change in the Federal Reserve Act which permitted Reserve banks to substitute Government bonds for gold held behind reserve notes (though not impairing the requirement of 40 per cent. in gold as a reserve backing), while it also allowed Reserve banks to lend to member banks upon "miscellaneous collateral" consisting of practically any short or long obligations they chose to accept. Thirdly, Congress adopted a change in the conditions of national bank note issue, whereby it rendered available to banks about \$1,000,000,000 of additional United States bonds permitting an issue of an equivalent amount of currency thereon, at the will of the banks themselves. Fourthly, Congress, just at the close of the session, directed Reserve banks "in exigent cases" to make loans direct to individuals and corporations, instead of going through the member banks as had hitherto been the case. Thus far, only a small amount of loans has thus been made, but the departure from the older theory of the Federal Reserve Act must obviously be considered essential. These changes will, in time, profoundly alter the whole structure of reserve banking, and some indications of their influence are already to be perceived.

The present position of the banking system as a whole is anomalous and is not fully revealed by the figures or statements. Some of the banks, acting under the influence of fear on the part of their managers or directors, have liquidated their holdings, and called in their loans until they are nearly 100 per cent. "liquid," their assets in such cases consisting almost exclusively of Government bonds and cash. Others have greatly limited the classes of paper they are willing to discount, thereby cutting off not a small proportion of their customers and practically killing various sorts of trade, at least for the immediate present. This situation prevails, particularly, in the foreign trade. Still others, chiefly country banks, have been disposed, with the consent of their depositors, simply to suspend payment temporarily, so that there are considerable tracts of country in which there is only a limited specie payment or cash settlement at banks, withdrawals being limited to a given figure in any one payment. Over considerable tracts of country, moreover, there are no banking opportunities whatever owing to the closing of the local institutions. Due to the reduction of asset values, it may be said that there would probably be almost no actual bank capital were the institutions really obliged to liquidate or to revalue their capital assets at prevailing worth. How long it will take to correct this situation, and what changes will be necessary in the form and structure of American banking, remains to be seen.

net earnings of the banks, while in New Zealand the banks have felt obliged to make similar cuts which equally have affected their profits.

Beginning with Australia, the quarterly average returns of the banks, excluding the Commonwealth Bank, show that between June 30, 1931 and 1932, deposits increased from £259.9 to £277.1 millions. Discounts and advances contracted from £241.3 to £229.3 millions, but Government and Municipal securities expanded from £21.5 to £43.7 millions. The fall in discounts and advances is directly attributable to the decline in the volume of business, to the prevailing lack of enterprise, and in particular to the contraction in Australia's import trade. On the other hand, the banks, in implementation of the undertakings given by them in furtherance of the Premiers' Plan, have had to render further assistance to the Commonwealth and State Governments, mainly by taking up Treasury bills, and there is ground for believing that they have

to such heavy Australian offerings of sterling that the banks began to find some difficulty in meeting it. To ease this threatened *impasse*, the Commonwealth Bank on December 2nd offered to buy London exchange, at rates fixed by itself, without restriction so far as the public were concerned, but under certain conditions as regards sales by the commercial banks. At the same time it fixed the rate at £125 Australian per £100 English, against the previous rate of £130, and this rate has since remained in force.

At the same time, the banks have had to recognise that the exchange rate on London is liable to alteration without notice, and that an appreciation of the Australian pound will automatically reduce the value of their sterling assets. To provide against this, several of the banks have created in their books a special exchange adjustment reserve, which has been established by a transfer from their general reserve funds. In effect, this means that they have had to provide for

	Year Ended.	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.
		£	£	%	£	£	£	£
Bank of Adelaide	Mar. 28	66,776	50,000	4	30,000	...	13,224	91,813
Bank of Australasia	Oct. 12/31	302,536†	343,500	9	...	...	40,964	615,084
Bank of New South Wales	Mar. 28	565,235	619,200	8	...	...	53,965	734,699
Bank of New Zealand	Mar. 31	587,023	817,969	14‡	...	...	230,946	845,814
Commercial Banking Co. of Australia, Ltd.	June 30	199,670	184,694	5	...	10,000	4,976	308,449
Commercial Bank of Sydney	June 30/31	441,816	402,816	8‡	...	...	39,000	637,619
English, Scottish and Australian	June 30/31	266,657	240,000	8*	30,000	5,000	8,343	542,736
National Bk. of Australasia, Ltd. ...	Mar. 31	276,838	300,000	6	...	...	23,162	561,206
National Bk. of New Zealand, Ltd. ...	Mar. 31	177,836	140,000	7	50,000	14,000	26,164	208,286
Queensland National Bank, Ltd.	June 30	71,588	70,000	4*	...	...	1,588	132,292
Union Bank of Australia, Ltd.	Feb. 29	160,954	160,000	4‡	...	...	954	283,019
		3,116,929	3,328,179	...	110,000	10,000	19,000	4,961,017

* Free of tax.

† Includes £25,000 taken from exchange adjustment provision.

‡ Free of U.K. tax.

gone as far in this direction as they ought to go. It must be recalled that much of the recent Treasury deficits arise from the failure of the late New South Wales Government to effect the economies provided for in the Premiers' Plan, and with the dismissal of this Government from office this particular leak should be largely stopped. On the other hand, the position of the State Budgets is not free from anxiety, while Mr Lyons himself admitted in his Budget speech a few weeks ago that during the past financial year the Commonwealth and States had to issue £19.2 millions of Treasury bills, not only to cover deficits, but also loan expenditure, presumably upon public works designed to relieve unemployment. There is no news as yet of the funding of any of these bills, and so the banks must be prepared to meet further Government demands of this character.

The suspension of the gold standard by Great Britain threw new responsibilities upon the banks. The initial consequence was a reversal of the former transfer of Australian funds to London, and this gave rise

the possibility of a loss on exchange. Another bank has also thought it necessary to allocate part of the year's profits to an internal reserve for the depreciation of Government stocks.

In these circumstances a serious reduction of profits was inevitable, and the table above, in spite of the considerable time-lag in the publication of some of the accounts, shows a reduction of 37 per cent. from £4,961,017 to £3,116,929 in the total profits of the Australian and New Zealand banks represented in London. In addition to bad trade, the fall in discounts and advances, and the need for nursing customers in difficulties, Australian bank profits have also been affected by the cut of one per cent. in the rates on fixed deposits and bank advances, and by the reduction in the yield from Commonwealth loans and Treasury bills. One bank whose net profits have fallen from £132,000 to £72,000, ascribes this entire decline to those causes.

In New Zealand, too, the banks have suffered from low prices and bad trade, and the need for giving every possible consideration to customers in diffi-

AUSTRALASIAN BANKS WITH LONDON OFFICES.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand and Money at Call and Notice.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
			£		£		£		£	£		£		£	
1890	19	1,538	24,424,100	13.2	4,821,800	2.6	138,065,900	74.7	184,931,200	26,919,000	14.6	6,808,100	3.7	145,535,900	78.7
1900	16	1,338	30,307,100	19.1	4,348,700	2.8	107,408,600	68.4	157,299,500	33,165,500	21.1	12,831,900	8.2	102,820,200	65.3
1910	17	1,965	33,612,300	16.3	5,198,100	2.4	152,885,400	71.9	212,615,200	54,575,000	25.8	17,105,000	8.1	132,956,900	62.5
1920	16	2,393	51,248,171	13.4	8,511,692	2.2	281,477,007	73.4	383,470,259	88,133,890	23.2	68,431,168	17.8	247,736,390	56.0
1921	15	2,364	53,991,389	14.1	7,854,758	2.1	273,364,790	71.8	381,546,279	81,024,813	21.3	39,911,344	10.5	251,737,370	66.0
1922	14	2,585	61,599,404	15.3	7,928,290	2.0	296,565,646	73.0	404,606,678	85,877,405	21.2	46,722,824	11.6	261,325,689	64.9
1923	14	2,633	66,098,630	15.8	6,973,808	1.7	304,880,617	73.0	417,885,511	85,097,837	20.4	41,379,111	9.9	280,193,236	67.1
1924	14	2,687	70,965,534	16.5	6,870,095	1.6	311,517,521	72.3	430,939,351	82,997,550	19.3	43,250,682	10.1	293,292,117	68.0
1925	14	2,788	75,294,960	16.8	7,320,202	1.6	321,525,986	72.0	447,136,140	84,338,608	18.9	52,358,405	11.7	298,281,030	66.7
1926	12	3,141	75,807,689	16.8	6,693,730	1.5	324,226,350	71.8	451,388,933	77,213,749	17.1	44,157,047	9.8	317,923,542	70.4
1927	12	3,199	83,274,577	17.5	7,543,645	1.5	358,172,387	72.5	482,573,158	82,573,158	17.4	55,565,857	11.7	330,126,109	69.6
1928	12	3,292	86,623,990	17.5	7,543,645	1.5	358,172,387	72.5	494,326,268	78,048,713	15.8	63,589,822	12.8	339,648,856	68.7
1929	12	3,372	88,074,940	18.2	6,792,206	1.4	350,095,968	72.2	484,659,471	71,442,573	14.8	44,943,658	9.3	351,619,883	73.0
1930	12	3,358	89,436,041	19.5	6,346,137	1.4	331,378,067	72.1	458,147,765	71,023,589	15.5	45,317,529	9.4	326,111,993	73.2
1931	12	3,226	86,221,161	19.2	6,549,485	1.5	329,815,863	73.4	448,372,051	76,407,310	17.0	46,143,476	10.3	311,114,477	69.3

culties. New Zealand interest rates also have been reduced, and the rate on bank advances was lowered from 7 to 6½ per cent. last November, and from 6½ to 6 per cent. at the end of August. Reductions in fixed deposit rates have proved only a partial compensation, for they still range from 3 per cent. for money at three months to 4 per cent. for money at two years' notice. The New Zealand banks, too, have had to render special assistance to their Government, and also to face an exchange problem which has recently been a subject of acute controversy, not only among the general public, but also among the banks themselves. In brief, pending the successful flotation in London of the New Zealand Government loan last April, the banks had to assist the Treasury in its London financing. This meant that London funds had to be assured to the banks, and to give them this assurance an exchange pool was set up, and exports were licensed in such a way as to ensure that their proceeds were paid into the pool. By this means, the exchange rate on London was pegged at £110 New Zealand per £100 sterling, and the banks' needs on behalf of the Government had prior claim upon the pool.

CANADIAN BANKING.

WHILE in common with banks in other countries the Canadian banks have had an anxious and difficult year, they have escaped many of the banking troubles experienced elsewhere, and in short have shown that the Canadian banking system, consisting as it does of a few big institutions each owning a network of branches covering the whole Dominion, was well equipped to withstand the stream of the present crisis. Indeed, the contrast between the Canadian branch-banking system and the neighbouring American system of a huge number of small independent unit banks has been rendered all the more striking during recent years by the large number of American banking failures and the complete immunity of Canada from any such disaster.

The chief event of the year was the suspension of the gold standard in Great Britain. This gave rise to considerable foreign exchange disturbance and to the withdrawal of funds from foreign centres. Canada was not immune from such withdrawals, and as a result heavy pressure ensued upon the Canadian dollar, which rapidly fell to a discount in New York. This forced the Government to prohibit the export of gold from Canada except under licence, and so during the past year the Canadian dollar, though at a premium on sterling, has stood at a discount in New York. The depreciation was at its worst in December, 1931, when the New York dollar was quoted at a premium of 24½ per cent. An improvement followed, in sympathy with that of sterling, until in April, 1932, the premium was only 10½ per cent., and after a setback to 15½ per cent. in May, the rate has improved once more to 11½ premium at the end of September.

The following table summarises the Canadian banking position at the end of every quarter for the year ended June 30th last. It is a composite of the balance

The pegging of the rate aroused considerable opposition from primary producers who were looking to a depreciation of the currency to compensate them for the world fall in the prices of their products, and this point of view was supported by one of the banks. The Government and the remaining banks, however, took the opposite view, holding that a depreciation of the New Zealand pound would add to the cost of the external debt, weaken New Zealand's credit, and raise the cost of living, and so production costs generally. Subsequent events appear to justify this attitude, for New Zealand credit stands high, and with the raising of last April's sterling loan the pressure upon her currency has become relaxed.

This survey necessarily concludes immediately before the recent rise in the prices of the leading primary products. If it is maintained, it will, undoubtedly, assist producers in both Dominions, and so should both stimulate the demand for fresh bank advances and enable the banks to liquidate some of their outstanding loans. At the moment, therefore, there is some ground for hoping that the Australian banks have a better year before them.

sheets of the Canadian banks, and all figures represent millions of dollars :—

	1931.			1932.		
	June	Sept.	Dec.	Mar.	June	
ASSETS.						
Cash and bank balances	30.0	30.0	31.0	31.0	30.0	
Bank balances abroad	356.9	341.1	360.1	317.7	337.9	
Call and short loans	120.0	112.4	109.7	95.9	103.1	
Securities	290.1	256.7	217.9	218.8	183.5	
Loans in Canada	695.0	677.6	694.0	671.6	669.3	
Loans abroad	1,271.7	1,294.6	1,263.7	1,274.6	1,223.4	
Other assets	214.4	192.6	188.4	188.8	174.9	
Total	3,128.7	3,045.4	2,997.7	2,925.9	2,848.2	
LIABILITIES.						
Note circulation	142.6	139.9	141.0	132.6	136.3	
Deposits:						
Government	84.2	59.5	177.4	139.1	97.6	
Public in Canada	2,051.1	2,049.8	1,926.6	1,889.0	1,862.2	
Foreign	355.9	313.1	310.1	308.1	308.2	
Bank balances:						
Canadian	12.9	12.7	11.4	10.1	11.0	
Foreign	77.5	70.4	47.2	62.4	57.1	
Bills payable and letters of credit	77.9	67.4	58.7	53.0	49.7	
Capital and rest	306.5	306.5	306.5	306.5	306.5	
Other liabilities	3.6	3.6	3.8	3.7	3.0	
Total	3,128.7	3,045.4	2,997.7	2,925.9	2,848.2	

Considering liabilities first, it will be seen that foreign bank balances and private deposits with Canadian banks fell away sharply during the latter half of 1931, this movement representing the withdrawals alluded to above. There was also a big decline in the item "Bills payable and letters of credit," due to the contraction in Canada's external trade caused by the world depression and exchange uncertainties. Canadian-owned deposits have fallen from \$2,051 to \$1,862 millions, which in the prevailing circumstances of bad trade and price depression is a very moderate decline. Again, the successful flotation of the National Service Loan of \$150 millions, carried

	Year Ended	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.
Bank of Montreal	Oct. 31	£ 1,077,276	£ 864,000	% 12	£ 122,000	£ 60,000	£ 31,276	£ 1,303,806
Bank of Nova Scotia	Dec. 31	515,960	384,000	16	24,000	80,000	+	507,129
Canadian Bank of Commerce	Nov. 30	981,149	739,726	12	133,561	51,370	+	1,105,155
Dominion Bank	Dec. 31	264,457	168,000	12	82,259	10,000	+	281,949
Royal Bank of Canada	Nov. 30	1,089,665	840,000	12	120,000	80,000	+	1,314,525
Total		3,928,507	2,995,726	...	481,820	271,370	+ 54,072	4,512,564

out at the close of 1931, undoubtedly absorbed money hitherto lodged upon savings account at the banks, while business losses and unemployment during the past year must also have depleted savings deposits. The note circulation shows a very moderate decline. This is a perfectly normal movement, and indeed the absence of any expansion in the note circulation shows that public confidence in the banks has been fully maintained.

Loans generally have undergone a very moderate contraction of \$48.3 millions, and in this connection the Canadian Bank of Commerce published last May a very interesting table, contrasting its loan position in February, 1932, with that of November, 1929, when the trade depression was just beginning. This is reproduced below, figures being given in millions of dollars :—

	Nov., 1929.	Feb., 1932.	Change.
	\$ mn.	\$ mn.	%
Loans to :—	43.0	55.0	+ 28.0
Governments and municipalities	24.0	22.0	— 8.3
Public utilities, insurance, trust and finance companies	32.0	26.0	— 18.7
Farmers and ranchers	78.0	37.0	— 52.6
Grain, flour, meats, &c.	41.0	30.0	— 26.8
Manufactures and mining	29.0	17.0	— 51.4
Stores, wholesalers and retailers	13.0	9.0	— 30.8
Lumber, pulp and paper	14.0	10.0	— 28.6
Building and contracting	55.0	33.0	— 40.0
Call loans, loans on securities, &c.	63.0	42.0	— 33.3
Sundry dealers, traders and individual customers	21.0	10.0	— 52.4
Discounts and sterling and foreign bills of exchange	413.0	291.0	— 29.6

In commenting upon this table, the bank states that the decline in the total corresponds closely to the decline in business activity, but the expansion in loans to Governments and municipalities illustrates the support the banks have had to give in this direction. The contraction in advances to farmers and ranchers

shows that repayments have been kept up satisfactorily even in the past few difficult years. The heavy fall in loans to the building, contracting and lumber trades is due to the decline in building activity, while the reduction of loans against securities follows the drastic liquidation and depreciation of these years. The varying contractions in the remaining items reflect not only the smaller volume of trade but also the fall in prices and the reduction of inventories carried by merchants and manufacturers.

There has been a moderate contraction in cash and bank balances, but their ratio to deposits was 14.9 per cent. last June, against 14.3 per cent. the year before, so that the banks have gained in strength and liquidity. The decline in bank balances and loans abroad reflects the falling-off in international trade and the interruption of foreign financial connections by exchange instability. Securities evince moderate fluctuations, but the decline in their deposits has forced the banks to call in part of their short loans.

The main impression left by the year ended June last is that if the Canadian banks are doing less business than before, they have maintained their liquidity. It is also true to say that the depreciation of the Canadian dollar against gold has saved Canada from much of the final decline in gold prices since a year ago, and to that extent has given greater stability to her economic life. It is true that this depreciation has increased the cost of the service of public and private loans previously raised in New York, and has also forced her to rely this year upon herself for further supplies of capital. Still, as several Canadian bankers have recently pointed out, the depreciation has been of some assistance to her exporters and has also provided an additional inducement to American manufacturers to establish themselves in Canada. On balance, however, Canada looks forward to an eventual restoration of parity with the American dollar, but banking opinion would agree that that objective is not yet in sight.

CANADIAN BANKS WITH OFFICES IN LONDON.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand, Money at Call and Short Notice.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
			£		£		£		£	£		£		£	
1900	4	95	6,679,100	21.8	2,448,500	8.0	17,584,600	52.6	30,544,200	4,567,900	14.9	2,099,600	6.9	23,488,000	77.0
1905	4	254	9,541,500	16.2	4,221,500	7.2	40,706,900	69.2	58,981,200	18,677,200	31.8	4,814,500	8.2	34,721,100	58.8
1910	5	590	13,122,300	12.1	6,670,700	6.3	83,600,500	72.4	107,995,700	42,605,600	39.5	9,799,100	9.1	54,269,400	50.3
1915	7	1,473	23,730,164	12.3	12,034,445	6.3	145,911,275	75.8	192,384,515	64,458,514	33.5	14,516,943	7.5	103,977,449	52.4
1920	8	2,653	36,524,247	7.5	35,302,963	7.2	386,047,299	79.1	487,330,996	149,427,464	30.5	78,768,170	15.2	242,618,337	49.8
1922	7	2,724	37,564,384	9.0	24,882,513	5.9	334,606,154	79.5	419,597,232	152,142,922	36.2	53,558,759	12.7	197,246,623	47.0
1923	7	2,606	37,724,384	8.8	25,620,491	6.0	344,088,345	80.7	443,435,332	144,569,111	32.6	72,210,490	16.3	201,044,015	45.4
1924	7	2,649	38,929,178	8.8	25,965,566	5.9	375,209,605	79.7	470,860,643	154,092,281	32.7	89,880,069	19.1	197,741,138	42.0
1925	7	2,630	39,995,858	8.5	26,394,806	5.4	385,393,155	80.8	477,841,903	154,047,581	32.3	90,122,316	18.9	205,901,531	43.1
1926	5	2,474	38,415,858	8.1	25,939,835	5.3	397,786,877	80.7	493,059,087	162,919,668	33.0	80,431,781	16.3	221,202,443	44.9
1927	5	2,466	40,223,662	8.2	26,194,912	5.3	450,992,247	81.2	554,038,983	185,633,263	33.5	86,622,130	15.6	251,172,326	45.3
1928	5	2,505	41,185,858	7.4	26,385,035	4.7	479,968,383	78.5	610,518,741	207,758,213	33.9	88,159,967	14.4	280,876,805	45.9
1929	5	2,583	46,648,894	8.5	27,176,974	4.6	460,794,286	77.9	591,477,354	185,319,528	31.4	70,001,712	11.8	299,788,584	50.4
1930	5	2,855	50,244,170	9.4	23,334,906	4.2	434,987,223	79.0	550,282,378	155,264,111	28.4	101,219,272	18.4	261,641,613	47.5
1931	5	2,800	51,528,768	9.4	23,334,906	4.2	434,987,223	79.0	550,282,378	155,264,111	28.4	101,219,272	18.4	261,641,613	47.5
1932	5	2,751	51,528,768	10.1	22,196,438	4.3	411,644,587	80.3	512,415,243	126,421,723	24.7	111,403,912	21.8	248,318,466	48.5

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INDIAN BANKING.

(BY A CORRESPONDENT.)

ALTHOUGH hindrances to international trade have multiplied and the political outlook remains obscure, the year has not lacked compensations in India. There have been, notably, the many beneficial reactions of the large (and continuing) shipments of gold, on the one hand, and, on the other hand, the substantial recovery in India's credit which has been of peculiar importance at a juncture when so large a percentage of banking funds, owing to the contraction of trade, is invested in gilt-edged securities.

The effect of world influences on Indian trade can be readily summarised. Indian produce, as pointed out by the Controller of Currency in his Report for 1931-32, shared in the fall in commodity prices, and this was reflected in the balance of trade. Exports of Indian merchandise, excluding the precious metals, fell from 2,20 to 1,56 crores, or by 29 per cent., and imports from 1,64 to 1,26 crores, or by 23 per cent. In the four

as well as in London, on a basis which only a year ago would have appeared incredible.

Addressing the Legislative Assembly on September 5th, the Viceroy indicated the measure of recovery achieved. "Since April," Lord Willingdon was able to boast, "we have floated three loans, one in sterling, two in rupees, of a total amount of 58 crores, the last of which was over-subscribed in about four hours, though it gave a return of only 5½ per cent., as compared with 6½ per cent. for the loan issued at about this time last year. We have also been able to reduce our floating debt in the form of Treasury bills from 84½ crores at the end of August, 1931, to 24½ crores at the end of August, 1932, and to reduce the price we pay for our short-term accommodation from about 7½ per cent. to 3½ per cent. The rise in the price of our sterling securities has been even more remarkable. Our 3½ per cent. India stock, which is our standard loan, has appreciated by practically 50 per cent. in the last

	Year Ended.	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.
Chartered Bank of India, Australia, and China.....	Dec. 31	£ 381,787	£ 420,000	% 14	£	£	£	% 20½
Eastern Bank, Limited	Dec. 31	119,607	60,000	6	75,000	...	- 38,213	634,343
Mercantile Bank of India, Lim.	Dec. 31	152,081	126,000	12	...	...	- 15,393	116,694
National Bank of India, Lim.	Dec. 31	470,019	400,000	20	20,000	15,000	+ 1,081	213,340
Total		1,123,494	1,006,000	...	95,000	65,000	+ 52,506	1,444,706

* Free of tax. † 7% of which free of tax.

months, April to July, 1932, as compared with the corresponding period of 1931, exports of Indian merchandise decreased by a further 12½ crores, or 25 per cent., while imports, totalling 48 crores, increased by 2 crores, or 3 per cent. Happily the steep decline in merchandise exports was offset by the abnormal shipments of gold, of which the net export in 1931-32 was 57,97 lakhs, "this being the first year on record in which there was export on such a large scale." In the four months April-July this year there were further gold shipments exceeding 18 crores, and total shipments of gold from India since September, 1931, are now calculated at approximately £68 millions sterling. Upon Indian trade and finance the effects of these unprecedented shipments of gold have been extremely advantageous. A favourable balance of payments has been secured, exchange has been strengthened, ample funds have been made available for the Secretary of State, and at a time when defaults have been lamentably frequent throughout the world, not only has India been able to meet all her financial obligations, but her credit has been substantially enhanced, and the Government of India is now able to borrow, in India

twelve months. This improvement of our credit is, of course, largely due to measures taken by the National Government in England, culminating in the largest and most successful financial operation of all time, the conversion of £2,000,000 of War Loan from a 5 per cent. to a 3½ per cent. basis. That naturally had the effect of reducing the price of money here, but it would have been unavailing but for the increased confidence of investors both in England and India in the future of this country, a confidence which I fully share."

Writing a year ago, we recalled that the impairment of India's general financial situation "was such as to necessitate in the summer of 1931 the announcement by the British Government that, should need arise, they were prepared to apply to the British Parliament for authority to give financial support under suitable conditions to the Government of India in order to maintain the credit of the country pending the settlement of the constitutional problem and the formulation of provisions for the future maintenance of India's credit." In view of the peculiar financial and political relations between the two countries, it is legitimate to claim that the fulfilment of this pledge could hardly

INDIAN BANKS WITH OFFICES IN LONDON.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand, Money at Call and Short Notice.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
1890	5	50	£ 4,347,200	12.1	£ 1,241,000	3.4	£ 17,964,400	50.0	£ 36,003,400	£ 4,321,200	12.0	£ 2,930,500	8.1	£ 27,541,300	76.5
1900	5	54	3,186,800	10.5	699,800	2.3	18,084,800	58.5	30,207,600	4,704,900	15.5	2,794,600	9.3	22,147,300	72.5
1905	4	63	3,735,100	10.6	639,100	1.8	23,473,900	66.5	35,268,500	6,507,100	18.4	3,119,500	8.8	23,634,900	69.6
1910	5	87	6,100,000	12.9	515,600	1.1	34,547,000	72.9	47,339,600	8,312,300	17.6	4,139,400	8.7	32,101,200	67.8
1915	5	91	7,323,485	11.1	1,085,514	1.6	48,782,482	73.8	66,017,462	12,512,987	18.9	8,002,065	12.1	42,085,918	63.6
1920	4	94	14,171,476	8.9	2,995,124	1.9	118,352,583	74.1	159,492,420	28,521,284	17.9	10,424,084	6.5	108,740,228	68.0
1923	4	102	15,120,000	12.2	2,569,875	2.1	90,619,019	73.3	123,728,318	16,978,419	13.7	35,943,579	29.1	62,428,849	50.5
1924	4	103	15,340,000	11.9	1,924,625	1.5	92,244,521	71.5	128,980,610	19,415,164	15.1	31,045,838	24.1	68,572,830	53.2
1925	4	106	15,560,000	11.1	1,682,651	1.2	104,713,687	74.8	140,044,291	17,470,182	12.5	31,021,988	22.1	80,928,390	57.8
1926	4	109	15,665,000	11.5	2,424,847	1.8	102,987,832	75.7	135,837,427	20,018,291	14.7	39,554,406	29.1	68,514,158	50.5
1927	4	110	15,770,000	11.6	2,218,870	1.8	99,421,137	73.0	136,121,504	12,722,522	9.3	36,496,821	26.8	76,954,934	56.5
1928	4	113	15,875,000	11.9	1,977,396	1.5	97,756,492	73.4	133,222,009	14,267,964	10.7	35,275,577	26.5	75,669,243	56.8
1929	4	113	15,980,000	12.4	2,351,788	1.8	95,286,461	74.0	128,696,924	13,485,072	10.5	33,001,599	25.6	74,758,105	58.1
1930	4	113	16,030,000	13.3	2,184,761	1.8	91,250,356	75.6	120,695,667	14,444,821	12.0	36,683,818	30.4	62,450,479	51.8
1931	4	109	13,780,000	12.2	2,139,984	1.9	83,246,489	73.1	112,789,023	12,275,970	10.8	35,545,820	31.5	59,248,666	52.5

have taken a more practical or effective form than the vast conversion operation which, as the Viceroy has indicated, has reacted so advantageously on India's credit, and, incidentally, has yielded such large gains to all holders, individual and institutional, of Indian securities, in India itself as well as in Great Britain.

Banking and commercial conditions were summarised by the Report of the Imperial Bank of India in its report for the half-year ending June 30th, in which it was pointed out that: "The half-year opened with Bank rate at 8 per cent., which was reduced to 7 per cent. on January 14th. A reduction to 6 per cent. was effected on February 25th, and on April 28th the rate was further reduced to 5 per cent., at which figure it remained until the close of the half-year. The rate was reduced to 4 per cent. on July 7, 1932. The average for the half-year was 6.022, against 6.735 for the corresponding term of 1931. The economic depression is still acute, commodity prices remain low and trade is comparatively stagnant. All of India's staple products, cotton, jute, wheat, rice, etc., are at levels that show no profit to the producer. Our great secondary industries, cotton and jute mills, and iron and steel, are also badly hit by the prevailing depression. The local political horizon remains obscure; but some measure of economic unity has been achieved at Lausanne, and, with the elimination of reparations, trade recovery is looked for, resulting in some general betterment in world conditions. The export of gold continues on a reduced scale, and exchange has remained stable in consequence. There is increased confidence in the rupee, and considerable sales of Indian sterling securities have resulted in the proceeds being invested in rupee gilt-edged stocks. Government securities have heavily appreciated during the period under review, and the book value of our investments is below that at prevailing market rates."

Supplementing this review at the shareholders' annual meeting on August 15th, the chairman of the Imperial Bank of India observed: "As sterling prices did not rise proportionately with gold, it became profitable to export gold and receive payment in sterling or able to export gold and receive payment in sterling or rupees. Holders of gold in India were not slow to realise this, and, since September last (1931), approximately 80 crores of gold have left India, and at a large profit to the sellers. The export of gold is tantamount to the export of goods, and has greatly benefited rupee exchange, enabling the Government to obtain their sterling requirements at very favourable rates. It is a matter of great satisfaction that of all agricultural countries India's currency has perhaps remained the most stable, and her credit and financial position has been, in fact, considerably enhanced. Whereas last year India was borrowing in London on a 6 per cent. basis for short-term money, her credit is now, and for a long term, on a 4½ per cent. basis. Similarly rupee borrowings for a medium term a year ago were on a 6½ per cent. basis—now her latest loan offer and security show little better than a 5 per cent. return. Our greatest reduction is, however, in our floating debt borrowings; money on the security of six months Treasury bills has been freely loaned to Government at 3½ per cent. Notwithstanding India's comparatively satisfactory financial position from Government's standpoint, there can be little relief to individuals until a trade substantially improves, and there is either a heavy reduction in the price of gold or a sharp rise in the price of commodities. Our staple crops, rice, jute, tea, cotton and wheat, have all fallen in price by about 50 per cent., and at present rates give no profit to the producer. On the other hand, taxation has increased. The International Conversations at Lausanne have interested the business world. Although the results achieved are important steps in the right direction, it is felt that the whole-hearted co-operation of the U.S.A. must be secured before the foundation-stone of real confidence can be said to be well and truly laid."

The concluding sentences in this analysis merit not only endorsement but emphasis. The financial position of India has been strengthened by recent events, but needs to be supplemented and supported by those long-

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overdue international measures which, by restoring commodity prices to levels leaving a reasonable profit to producers, are essential in order to place her economic activities on a sound basis. Shipments of gold, however useful as an emergency measure, can at best function only as a temporary substitute for those considerable exports of merchandise on which India normally relies to enable her to purchase essential imports,

to finance equally essential "services," and to meet sterling obligations. For such reasons India looks to the World Economic Conference, even more than to the measures recently formulated to develop inter-Imperial trade, to take steps enabling her to resume her normal commerce, not only with the rest of the Empire, but with the world at large.

IRISH FREE STATE BANKING.

(BY A CORRESPONDENT.)

THE last twelve months have been an anxious and trying period for Irish bankers. The departure of sterling from gold in September automatically brought the gold standard to an end in the Free State, which was destined to pass through a critical time in the next few months. The passing of the Public Safety Act in the autumn of last year indicated the existence of a politically dangerous situation. A few months later a general election resulted in a change of Government. It is too early yet to attempt to pass judgment on the record of the new administration; but it is possible to state that its policy has not been calculated to appeal to banks or their shareholders. The budget increased the taxation on banks, and the so-called "economic war" with Great Britain has made it hard for many farmers and traders to discharge their indebtedness. Nobody can foresee how long the present struggle will continue or what its outcome will be; but it is certain that, if some settlement is not soon reached, the credit situation in

monetary authorities in the Free State were deeply concerned at the development of the crisis in September. After mature consideration it was decided that the parity with sterling should be retained, at least for the present. The Currency Commission, in its annual report, states: "The Commission, on a full review of the situation, considered it improbable that the value of sterling would become impaired to a degree that would disqualify it for retention at least during the near future as a suitable basis for an exchange standard, and the facts since the date of suspension continue to bear out this view. The domestic values of the pound sterling and the Free State pound as indicated by the trend of prices since the date of suspension provide evidence of the absence of any such unhealthy inflation as is to be apprehended as a consequence of resort to inconvertibility." Nothing is known of the new Government's intentions in regard to currency and banking. The Free State delegates at Ottawa were parties to the somewhat

IRISH FREE STATE BANKS.

	Year Ended	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff.	Carried Forward.	Profit and Dividend, Previous Year.
Bank of Ireland	Dec. 31	£ 512,172	£ 402,837	% 17½	£ 100,000	£ 11½	£ 9,335	£ 537,145
Hibernian Bank	June 30	82,977	63,750	11½	20,000	10,000	—10,773	109,114
Munster and Leinster Bank	June 30	172,224	97,500	13*	30,000	25,000	—276	186,888
National Bank	June 30	245,018	195,000	13	50,000	...	+ 18	270,034
Provincial Bank of Ireland	June 30	88,421	54,676	13½	30,000	...	—2,255	110,512
Royal Bank of Ireland	Dec. 31†	80,910	33,392	10	48,000	...	—482	65,446
		1,181,722	847,155	...	278,000	41,000	—4,433	1,279,139

* Free of tax.

† 16 months.

Irish agriculture will become very difficult. The Irish banks are, of course, very strong, and are amply competent to survive any reasonable strain to which they may be subjected; nevertheless, the coming winter is regarded by bankers in the Free State with a certain anxiety.

The severance of the link between gold and sterling necessarily divorced the currency of the Free State from gold. Not only is the Irish pound linked to the pound sterling in value, but, in addition, the note issue is backed by sterling securities. Needless to say, the

non-committal resolution on monetary policy, and it may be taken as settled that no immediate break with sterling is contemplated. It would not be surprising if steps were taken later towards the achievement of a greater degree of independence in central banking control than exists at present. There is no reason, however, to think that action in this direction will be undertaken without the fullest inquiry. The joint stock banks have passed through a period of difficulty, both profits and dividends being reduced. In one respect the Irish banks avoided the worst effects

JOINT-STOCK BANKS OF IRELAND.

Year.	Bank.	No. of Branches	Capital and Reserves.	% of Liabilities.	Deposits.	% of Liabilities.	Notes.	% of Liabilities.	Total Liabilities.	Cash in Hand, Money at Call and Short Notice	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
1895	9	496	10,200,000	16.5	44,390,000	72.0	6,143,000	9.9	61,663,000	11,253,000	18.3	17,934,000	29.1	31,182,000	50.5
1900	9	543	10,894,000	16.0	49,449,000	72.8	6,708,000	9.9	67,988,000	11,697,000	17.2	17,719,000	26.1	37,464,000	55.0
1910	9	663	11,475,000	13.9	62,508,000	76.0	7,211,000	8.8	82,150,000	13,762,000	16.7	23,215,000	28.2	44,127,000	53.7
1920	9	912	12,899,000	5.4	200,441,000	83.2	24,717,000	10.3	240,391,000	46,698,000	19.4	80,959,000	33.5	109,623,000	45.5
1921	9	947	13,154,000	5.3	212,860,000	86.1	19,052,000	7.7	246,881,000	42,887,000	17.4	81,670,000	33.0	119,275,000	44.1
1922	9	986	13,779,000	5.7	209,777,000	86.0	17,321,000	7.1	242,199,000	31,834,000	13.1	103,019,000	42.5	104,554,000	43.1
1923	6*	736	11,029,000	6.4	149,695,000	86.4	11,688,000	6.7	173,320,000	27,192,000	15.7	73,788,000	42.6	69,885,000	40.8
1924	6*	764	11,259,000	6.5	147,105,000	86.0	12,025,000	7.0	171,164,000	24,510,000	14.3	72,053,000	42.1	72,158,000	42.2
1925	6*	766	12,356,000	7.5	140,569,000	85.3	11,276,000	6.8	164,957,000	19,573,000	11.9	72,592,000	44.0	70,452,000	42.7
1926	6*	773	12,743,000	8.1	133,035,000	84.6	10,690,000	6.8	157,377,000	17,974,000	11.4	68,437,000	43.5	68,483,000	43.6
1927	6*	786	13,053,000	8.6	127,593,000	84.0	10,579,000	7.0	151,997,000	18,540,000	12.2	63,914,000	42.0	67,144,000	44.2
1928	6*	794	13,319,231	8.7	128,280,338	83.9	10,467,485	6.8	153,020,542	20,603,358	13.6	62,921,757	41.5	66,980,637	43.7
1929	6*	798	13,549,231	9.0	128,212,719	85.0	8,384,891	5.5	151,006,928	19,097,681	12.6	63,327,301	41.9	66,109,058	43.7
1930	6*	808	13,744,231	9.3	126,913,785	85.8	6,513,849	4.4	148,029,152	16,100,407	10.9	65,094,325	44.0	64,377,598	43.5
1931	6*	807	13,934,231	9.4	127,984,313	86.1	5,850,791	3.9	148,613,574	14,921,624	10.0	67,622,666	45.6	63,560,931	42.8
1932	6*	813	12,984,231	6.8	128,933,593	86.8	5,519,572	3.7	148,258,478	17,581,926	11.9	64,057,942	43.1	64,097,121	43.2

* Irish Free State.

of the economic blizzard. They possessed practically no assets in any of the European countries where banking failures took place, and thus escaped losses which they would have incurred if they had been more deeply engaged in financing international transactions. Moreover, the large proportion of their assets which they hold in the form of investments must have proved a source of profit since the recent rise in security values. On the other hand, agricultural prices have fallen steeply in the last year. The depression in prices overtook livestock and livestock products rather late, and its full force is only now being experienced. This fall in prices narrows the field for profitable advances to the bank's farming customers, and may have rendered difficult the repayment of some of their outstanding loans. The abnormally cheap money that prevailed in the first half of the present year has reduced bank earnings, and the downward trend of long interest rates threatens to reduce income from investments.

In addition to the natural conditions which operated to diminish the banks' profits, new taxation was im-

posed in the budget which bears heavily on the banks. The Corporation profits tax was for the first time extended to the profits of all the Irish banks, and the income tax was increased to five shillings in the pound. In addition, the duty on the consolidated bank note issue was raised from 1½ to 3 per cent., and was made payable whether the notes were in circulation or not. This duty at its present rate deprives the banks of any profit on their note issue, and it is thought in some quarters that the consolidated bank note issue may be abolished in the near future. The Currency Commission last year made its first statutory revision of this issue; the maximum of six million pounds was not changed, but changes were made in the quotas of several of the participating banks.

During the year one of the two surviving private banks in Dublin discontinued its banking business.

The profit realised by the Currency Commission for the year 1931-32 amounted to £269,395, and the total payments made by the Commission to the Exchequer in that year amounted to £220,499.

SOUTH AFRICAN BANKING.

(BY A CORRESPONDENT.)

UNTIL the latter part of 1931 the banker in South Africa had for some months been feeling that his business had been making unusual demands on his perspicacity, his energy and his enterprise. During the past year he would gladly have exchanged his later experiences for those of which he formerly complained. The South African banking and exchange position is ordinarily very simple, but the appearance of a wide and fluctuating difference between the English and South African pounds, coupled with an unprecedented depression of trade, rendered exchange operations extremely intricate and risky, while falling deposits and loss of liquidity combined to produce conditions the reverse of pleasant for the banker. He has found himself the target of a good deal of criticism from a public to whom a pound is a pound, whether English or South African.

The outstanding circumstance of the year was, of course, the decision of the South African Government to retain the gold standard. From all available public and private information, that decision of the Government remains unshaken. Whatever its ultimate results may be, the immediate effect was a heavy loss to holders of sterling balances, of whom the banks were naturally among the most important. The Reserve Bank lost approximately £1.5 millions on September 21st, although its loss was actually realised only as and when its investments were sold. From September 21st until November the "trading" banks obtained their sterling requirements from the Reserve Bank. These sterling requirements were on an abnormal scale; from September 28th to October 17th some £3.5 millions per week was called for, whilst

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another £3.5 millions was called for in the following fortnight. There has, however, been a very severe reduction in imports, so that the "favourable" balance of trade is exceptionally heavy. As it turned out, the Reserve Bank lost less by its sales of sterling in October than would have been the case some weeks later. On November 13th the Reserve Bank (followed by the "trading" banks) raised its rate for advances from 5 per cent. to 6 per cent., and only the very low rates obtainable overseas prevented the rate from being raised further. It has remained unchanged since that date. Ultimately an exchange pool was formed, the original arrangement being that Barclays (D.C.O.) and the Standard Bank should contribute £5 millions between them and the Treasury a further £5 millions. Owing to an easing of the exchange position the Reserve Bank took the place of the Treasury in this pool. One cannot help wondering whether the South African Government would have pursued the same course had its advisers foreseen in October last the strength of sterling, its growing international importance, and the continued heavy fall in gold prices.

On November 18, 1931—instead of its normal date in January—Parliament was called together and proceeded to discuss the Finance Emergency Regulations Bill. This conferred on the Government substantially the same powers in relation to the exchanges as were conferred on the British Government in the Gold Standard (Amendment) Act. It also enabled the South African Reserve Bank to be sure of its monopoly of the product of the gold mines, and to lower its ratio of gold reserves to note and deposit liabilities without incurring the penalties provided for in its principal Acts. A provision of some practical importance to the

tion. Gold-mining pays for roughly half our imports in normal times, and the industry submitted to the Low Grade Ore Commission evidence to show that that fraction is a fair general indication of the importance of gold-mining to the economy of the country. Not even the world's principal gold producer can survive unshaken such severe blows to its general trade.

As to the course of general trade, the figures of bank-note circulation give indications of the position. The following figures are from statements of the South African Reserve Bank:—

Notes in circulation, March 31, 1929, £9,604,807.
" " " 1930, £8,980,567.
" " " 1931, £8,366,821.
" " " 1932, £8,422,038.
" " August 19, 1932, £8,316,877.

Normally the ratio of cash reserves to liabilities to the public is slightly above the ordinary 40 per cent. At present it is about 55 per cent. Coupled with the figures for note circulation may be considered those for total bank clearings, as returned by the Bankers' Clearing House:—

12 months ended June, 1930 ...	£ mill.
" " " 1931 ...	505.1
6 months ended Dec., 1931 ...	474.0
" " " 1932 ...	281.1
12 " " June, 1932 ...	198.9
" " " June, 1932 ...	430.0

Thus, the returns for the twelve months ended June, 1931, were £81 millions below those for the preceding twelve months, and those for the twelve months ended June, 1932, lower again by £44 millions. In the past year the clearances were £32.2 millions lower in the second six months than in the first.

	Year Ended	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.
Bank of British West Africa, Lim.	Mar. 31	£ 59,625	£ 48,000	% 4	£	£	£	% 4
Barclays Bank (Dominion, Colonial and Overseas),	Sept. 30	402,754	222,747	4½	100,000	...	+11,625	24,568½
Netherlands Bk. of South Africa	Dec. 31	50,900	28,112	6	8,420	...	+80,007	465,071
Standard of South Africa, Lim.	Mar. 31	457,442	275,000	11	...	14,817	- 449	51,517
Total		970,721	573,859	...	108,420	89,817	+98,625	1,108,776

"trading" banks was one which required them to furnish to the Department of Finance certain particulars in regard to their exchange transactions.

The general banking position of the Union has, of course, suffered along with and in proportion to general trade. Compared with other territories, South Africa has the enormous advantage that its major industry of gold-mining has not only lost nothing but has, in certain respects, profited by the depression. On the other hand, its remaining trade has had to contend with currency difficulties in addition to the general world posi-

From these facts it is clear that the banker has conducted his business under a variety of difficulties—some of them general, and some local. A not unimportant aspect of the latter arises from the fact that a number of people in South Africa attach weight to the fact that the principal banks are "foreign institutions." The writer has heard this term used—only partly humorously—by a responsible and highly placed Government official. In ordinary times not so much talk arises on points of the sort, but when ordinary banking procedure and prudence compel the banker to

AFRICAN BANKS WITH OFFICES IN LONDON.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand and Money at Call.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
1890	2	90	£ 2,005,800	12.0	£ 1,081,300	6.5	£ 10,408,600	62.4	£ 16,672,400	£ 3,887,700	23.3	£ 1,582,300	9.5	£ 10,920,700	65.4
1900	5	165	4,684,000	13.3	1,852,200	5.2	24,424,900	69.0	35,306,300	11,511,900	32.6	4,092,200	11.6	18,559,700	52.5
1910	9	444	8,289,700	13.4	2,035,300	3.3	43,628,800	71.2	61,144,200	17,755,900	29.0	6,374,400	10.4	30,509,200	49.9
1920	7	873	17,046,427	6.8	8,988,619	3.6	189,892,101	76.0	249,256,327	46,066,481	18.5	37,267,885	14.9	139,946,510	56.0
1921	6	979	17,975,721	8.5	9,244,449	4.4	151,698,145	71.8	211,874,780	35,568,723	16.8	20,852,477	9.9	126,626,573	60.0
1922	6	899	17,620,100	9.7	8,706,569	4.8	128,532,959	71.0	180,687,942	37,851,939	20.9	19,377,552	10.7	99,519,441	55.0
1923	6	857	16,684,960	9.7	1,281,777	0.7	127,608,097	74.3	171,330,264	29,845,362	17.2	29,847,989	17.4	91,226,581	53.3
1924	4	675	9,101,413	7.6	992,511	0.8	90,165,360	75.7	119,310,068	23,724,032	19.9	12,999,288	10.9	63,316,384	53.2
1925	4	670	9,263,096	7.9	718,821	0.6	86,577,974	74.3	116,650,849	23,107,838	19.8	10,890,089	9.3	64,380,473	55.2
1926	3	410	7,348,125	9.6	480,697	0.6	57,459,817	74.7	76,933,189	14,182,719	14.6	6,693,959	8.7	45,897,132	62.5
1927	3	420	7,357,709	9.5	504,711	0.6	56,306,737	72.8	77,325,277	13,377,431	15.4	6,624,270	8.6	45,571,980	60.9
1928	3	427	7,357,708	9.1	605,370	0.8	58,358,319	72.5	80,540,832	12,872,067	16.0	6,897,660	8.6	46,001,585	57.1
1929	3	436	7,899,379	9.2	603,642	0.7	60,580,054	70.9	85,387,066	12,957,712	15.2	6,962,200	8.2	51,245,432	60.1
1930	4	916	14,434,879	9.3	1,573,114	1.0	120,580,725	77.6	155,295,437	23,909,836	18.6	17,016,869	10.9	89,773,659	57.8
1931	4	945	14,434,879	9.2	1,514,816	1.0	122,585,149	78.5	156,264,587	23,082,764	18.0	17,661,256	11.3	91,744,360	58.6
1932	4	934	14,534,879	9.3	1,230,596	0.8	125,289,421	80.1	156,498,991	30,316,675	19.4	23,505,012	15.0	84,947,443	54.2

study his clients and their business in a somewhat critical spirit, the criticism is apt to be returned. In South Africa there is an unfortunate tendency for all discussion to take a political or racial turn, so that a good deal has been made of the fact that our two principal banks, although maintaining covered positions as between assets and liabilities in the Union, invest their capital and reserves overseas. This is supposed to render them unsympathetic to the farmer, tradesman or manufacturer in difficulties. In point of fact, the Governor of the Reserve Bank denied in his speech on July 6th that there had been any curtailment of total credit, and attributed the impression of

"tight money" more to psychological reasons than to anything else. Although no estimate seems to have been published, there can be no doubt that the velocity of circulation has been somewhat severely reduced. The trading banks did not wish, especially at the end of last year, to extend their credits, but the Reserve Bank, after inviting applications from disappointed seekers of new credit, did not find much of the offered business up to standard—so one must assume that good business was accepted as usual by the other banks.

Quite recently there have been indications of slight improvements in trade, and it is to be hoped that the worst of our difficulties are now over.

BANKING IN THE CROWN COLONIES.

WHEN the depressed state of trade and the low prices of the staple products of the Crown Colonies are taken into account, it can be claimed that banks operating in these territories have not had too unfavourable a year. Thus the Bank of British West Africa was able, through better trading results and the exercise of drastic economies, to increase its profits from £24,568 for the year ended March 31, 1931, to £59,625 for the year ended March 31, 1932. The latest results for Barclays Bank (Dominion, Colonial and Overseas) have yet to appear, and in any case the bank's accounts are heavily weighted by its large business activities in South Africa, where it has to allow for the depreciation of sterling against the South African pound; but there is no reason to suppose that its results in the Crown Colonies have been less satisfactory. Banking in Malaya is largely in the hands of the great Eastern exchange banks, and here again it is difficult to disentangle their fortunes in Malaya from those in their other fields of activity; but the maintenance of their general strength shows that they have been easily able to cope with the problems in Malaya arising out of the heavy fall in tin, rubber and other prices.

The relative success of the Colonial banks is largely due to the conditions under which they do business, and

as they vary from territory to territory, it is necessary to consider each area by itself. Beginning with the British West Indies, the principal crop is sugar, with which must be coupled cocoa in Trinidad and Grenada and bananas in Jamaica. Banking business in the West Indies consists partly of financing the growth of the crops by means of crop advances secured through the medium of special legislation, and partly of financing the movement of the crops through the normal mechanism of bills of exchange. The essential need from the bankers' point of view is that each year's crop should be successfully cleared, so that the loans against it can be liquidated before borrowing against the following year's crop begins.

On the whole, this need has been fulfilled, even under last year's difficult conditions. Two factors have assisted the West Indian sugar growers. The first is the rigid connection of the West Indian dollar with sterling at a fixed parity of \$4.80 to the pound. This has enabled West Indian exporters to sell at sterling prices and so to escape last year's fall in gold prices, in which have been involved many of their competitors. The second is the preference granted by Canada and the United Kingdom to West Indian sugar. The result is that the sugar crop has been successfully cleared,

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and the banks have been able to turn over their money normally. In general, the banks have noticed little change between last year and the year before, and in fact such change as has occurred has been for the better. Money rates are also unchanged.

Coming now to the British West African territories, the essential point is that production, except of minerals, is almost entirely in the hands of natives. Thus loans against growing crops are usually impracticable, but an important part of bank business consists of financing the movement of crops after they have been harvested, and in keeping the accounts of European merchants and officials. This means that the banks' business is of a very liquid character, especially as the banks very naturally take care not to finance produce until they are assured that it will find a market.

West African currency is also linked to sterling through the West African Currency Board, and so while prices are very low they have remained relatively stable during the past year, and the consequences of their low level have also been mitigated by good crops. The fall in prices has been felt severely by the native grower, who on the whole has stood it very well. Merchants have naturally had to be content with diminished margins and until the last year a falling market, while officials have had to accept numerous reductions of salaries and a certain number of dismissals. Still, it is easy to see why banking business, with its immunity from losses on crop loans, has proceeded upon an even keel, and why the greater stability of prices arising out of the depreciation of sterling against gold has enabled the banks to improve their position.

The situation in British East Africa is, perhaps, less

satisfactory. The main crops for export are cotton from Uganda and coffee and sisal from Kenya and Tanganyika. The Uganda cotton crop is almost entirely in the hands of natives, who made striking progress prior to the slump. Although East African currency is linked to sterling through the East African Currency Board, prices generally have been very low, though there has been some improvement lately in the case of sisal.

Kenya is largely given to British colonisation, and farmers and settlers have suffered from a succession of bad seasons and locust visitations, and the financial position is not so liquid as is desirable.

In Tanganyika, production is very largely in the hands of large plantation companies and settlers of various European nationalities. Native production, particularly of coffee, is encouraged and has been successful. More favourable conditions are necessary before any marked improvement in business generally can be anticipated.

Malaya and the Straits Settlements also have the benefit of a currency rigidly linked to sterling, and so here, too, they have escaped the full force of last year's fall in prices. Even so, prices of tin and rubber have until lately stood at inordinately low levels, and although tin production is now under control, and rubber plantation costs have been drastically reduced in comparison with those ruling a few years ago, the present position is not free from difficulty. Still, the banking of these territories is mainly conducted by the big Eastern banks, who possess ample reserves of strength spread over a very wide field. The result is that the economic difficulties of this area have not been reflected in any weakness of the banks which serve it.

DANISH BANKING.

(BY A CORRESPONDENT.)

AMONG the European countries Denmark was one of the first to follow England in the suspension of the gold standard. The conditions, however, which carried the two countries off gold were widely different. In England the heavy withdrawals of foreign funds were the decisive factor; in Denmark, on the other hand, the situation was similar to that of several of the British Dominions. Owing to the dependence of the country on the English export market the fall of the pound threatened a severe intensification of its agricultural crisis, and the development of an adverse trade balance whatever monetary policy the country pursued; for the currency in which the bulk of Danish exports was paid had declined in value compared with the currencies in which the greater parts of its imports had to be paid for. Thus maintenance of the gold standard would have forced the farmers to bear the first brunt of the change in conditions, whereas a depreciation of the Danish krone that kept the sterling rate near its old parity would give the agricultural population about the same money income and demand for domestic industrial products as before, leaving the necessary reduction in the level of real incomes to take place gradually and indirectly by way of a relative enhancement of import prices.

Thus it was only natural that Denmark joined sterling, especially as a reduction of the costs of production was no easier to carry through in Denmark than in England. But Denmark did not follow England in the more fundamental sense of trying to adjust the external value of its currency to the existing internal level of prices and incomes, a course which might have resulted in the krone falling below sterling, and thus have given rise to English charges of "exchange dumping." It was decided to peg the sterling rate in the neighbourhood of its old parity, and so the country was faced again with the traditional gold standard problem of maintaining a fixed rate of exchange, the only difference being that it was the price of the paper pound instead of that of the gold currencies which should be maintained.

Incidentally, it may be remarked that an attempt to adjust the price and cost structure through deprecia-

tion might have met with greater success in Denmark than it seems to have done in England. For while England is an important exporter of capital goods, the demand for which falls off very heavily in times of depression, Denmark exports mostly consumers' goods for which there is a much steadier demand.

There is another special feature in the Danish situation which does not seem to have been sufficiently realised abroad. For the last two generations Denmark has been a debtor country, and as such it had become accustomed to maintain its currency partly by means of foreign borrowing. When the supply of foreign exchange from this source was cut off, the country was forced to embark on some sort of regulation of its balance of payments, if a stable sterling rate was to be maintained.

At the outset the Nationalbank raised its rate of discount to 6 per cent., and announced a rationing of its credit, but the manner in which this was carried through was so rigorous and inflexible that within a few days the liquidity of one of the largest Copenhagen banks was threatened. In this situation the Minister of Commerce, with whom the Act suspending gold payments had placed the ultimate responsibility for the country's monetary policy, declared that a more liberal credit policy would be pursued, and to a certain extent this promise was fulfilled in the succeeding months.

As a consequence of this credit expansion the exchange reserves of the central bank rapidly diminished, and from the middle of November resort was had to direct restriction of the demand for foreign currency. The more limited measures which were first adopted soon proved insufficient, and since the end of January an all-embracing import licence system has been in effect. Exporters were compelled to place their foreign exchange at the immediate disposal of certain authorised banks at the rates quoted by the central bank, and then the total quantity of imports were restricted to what could thus be paid for, with a certain preference for raw materials. To judge this system, which automatically led to a diversion of Danish purchases towards the countries which were most willing to buy in Denmark; it is necessary to consider not only

the ever-increasing difficulties with which Danish exporters have had to struggle in different foreign markets, but also the fact that Denmark, unlike most other countries, has had very little recourse to tariff increases during the crisis.

Owing to a growing discontent among the farmers, who claimed that they did not get the proper price for their sterling bills, the compulsory delivery of foreign exchange was discontinued towards the end of August, and all banks were again allowed to deal in foreign exchange. It goes without saying, however, that the rates of exchange must remain "artificial" as long as the import licence system is in operation. To avoid immediate difficulties the Nationalbank had obtained a foreign credit, and besides the rates of foreign exchange were raised by 5.6 per cent. to check possible speculative attacks on the krone.

The aim of Danish monetary policy in the last twelve months has been to stave off as much as possible the evil effects of the world depression. Though directly concerned only with the maintenance of a relatively stable sterling rate, this policy has resulted also in a practically unchanged internal price level. But, as the following table shows, not till the last couple of months have the expectations that the dislocation of domestic and export prices should be corrected through a rise of the latter been to some extent fulfilled:—

(1913 = 100.)			
	Import Goods.	Export Goods.	Domestic Goods.
1931—September	106	94	119
October	111	96	121
November	116	97	123
December	119	95	127
1932—January	119	84	126
February	118	89	128
March	121	78	126
April	118	74	123
May	117	72	122
June	117	72	121
July	118	79	123
August	120	84	124

With the dominating importance of agriculture, the heavy losses sustained through this catastrophic fall of prices spread their paralysing effects to all other branches of production which felt the shrinkage of the buying power of the farming population, and so the banks, intimately connected as they are through branch offices all over the country both with agriculture and industry, saw the position of most of their debtors considerably weakened.

In the endeavour to ward off the consequences of the depression the rate of discount was gradually reduced to 4 per cent., but the discount rate has not been

in close touch with trend of the long-term capital market which is seen in the following index of bond prices:—

(July, 1914 = 100.)			
1931—January	98.3	1932—March	84.4
September	94.6	April	82.2
October	89.5	May	80.0
November	86.5	June	81.3
December	84.3	July	83.6
1932—January	81.4	August	85.2
February	82.8		

The losses on bond holdings entailed upon Danish banks by this decline amounted to almost 41 million kroner in 1931.

The combined pressure of falling commodity and bond prices has led to an increasing illiquidity in the position of the commercial banks during the past year. That it has not been possible to reduce loans and discounts by the same amount with which the deposits have fallen off is reflected in the following figures:—

(Mill. kroner.)		
	Total Loans and Discounts.	Total Deposits.
1930—December	1,822	2,080
1931—September	1,823	1,994
December	1,813	1,930
1932—August	1,642	1,798

It may be added that owing both to the profitability of direct bond purchases and to the spending of past savings, the usual steady and continuous upward movement in the deposits of the savings banks has been reversed in the last twelve months, their total amount declining from 2,198 million kroner in August, 1931, to 2,136 million kroner in August, 1932. Similarly the growth of unemployment and the general depression of business has reduced the note circulation from 331 million kroner in August, 1931, to 308 million kroner in August, 1932, thus enabling the Nationalbank to strengthen its exchange reserve by selling gold to a total amount of 33 million kroner. But though the total amount of credit extended by the central bank has declined, its efforts to assist the commercial banks in their difficulties have resulted in a moderate increase in its bond holdings.

In the last two months, however, the improvement in both commodity and bond prices has to a certain extent relieved the banking situation and economic conditions in general. With regard to the future, a return to more normal business in the case of Denmark is dependent mainly on two conditions: a further improvement in the prices of the agricultural products which the country exports, and its renewed access to the international capital market.

NORWEGIAN BANKING.

(BY A CORRESPONDENT.)

IN Norway the disastrous policy of deflation caused a quite extraordinary decline in prices. The official wholesale index shows 260 for June, 1925, when the sharp upward movement of our krone was inaugurated, 150 for August, 1929, and 120 for August, 1931. Naturally, the adaptation to the new level of values was a hard process to go through for the banks. Even the best securities depreciated, and firms of the most established reputation had to ask for an adjustment of their liabilities. Consequently, on August 20, 1931, the president of the board of the great metropolitan bank, Den Norske Creditbank, had to inform the director of the Bank of Norway that it would be impossible for his company, after having covered the losses then manifest, to carry on business without some extraordinary support. Negotiations for that purpose were opened somewhat later. However, learning that also the leading bank of the West, Bergens Privatbank, had arrived in a similar condition, the Bank of Norway refused to engage itself. Accordingly, on December 14th, the two great banks had to ask the Government to bring into effect Section 27 of the Bank Act, granting them a letter of respite for three months. During this time of waiting new negotiations for an action of

support were carried on. It was generally felt that great public interests were involved in the maintenance of the two big banks, and on February 16th the Storting, with 102 votes against 46, carried a Governmental proposal stating the desirability of support from the Bank of Norway to take the form of deposits. On March 15th the two banks again resumed their regular activities.

This incident did not lead to any panic at all, but, on the contrary, the public met the situation with admirable calmness. After the reopening of the two banks some deposits were withdrawn, but it did not prove necessary for the bank of issue to deposit heavy sums, and the new inflation that had been feared in some quarters and hoped for in others failed to materialise.

Still, it was not only the big commercial banks of the towns which suffered through deflation, for the small savings banks in the country were also entangled in difficulties. Firstly, the heavy fall in the prices of real estates had reduced even first-class mortgages to illusory values. Secondly, the local corporations, owing to the fall in their revenues, in many cases failed to meet the liabilities of the communal debt service.

In order to support the savings banks exposed to the effects of this combined crisis a new law was issued on June 29, 1932. Section 1 reads thus: "A guarantee fund for savings banks shall be established with the purpose of giving a guarantee for loans or deposits given as a means of support to savings banks faced with difficulties in meeting their daily obligations, but estimated to be capable of surviving. The fund shall be raised to an amount of 30 million kroner, 10 millions being procured by guarantee bonds from the State and 20 millions paid in through yearly contributions from the savings banks themselves." The fund started its activities in July. The general opinion was that it would be exposed to an immediate drain, but I am informed from a very good source that the fund up to this day has received only a small number of applications; the mere fact of its being in existence seems to have had a reassuring effect.

This has only been possible because the year 1932 in itself has been a rather calm and quiet time for the Norwegian banks. The departure from the gold standard put an end to the downward movement of prices, and Norway was saved from the final decline of prices in the gold standard countries. While the official wholesale index for August, 1931, stood at 120, it has risen to 123 for August, 1932. During 1932 the balance of trade has been nearly equalised, the excess of imports being lower than any time since the war. A cautious economic policy has been carried on both by the State and by private enterprises, and this has made it possible to keep up production and trade better than in most other countries. Practically no heavy losses have been suffered during the first nine months of this year.

It should particularly be mentioned that Norwegian banks and Norwegian subjects were quite unaffected by the tragic collapse of the Kreuger concern; a certain

suspicion inspired by the too rapid expansion of that vast undertaking had always prevailed in this country and was now justified, though in a most unexpected way.

However beneficial the giving up of the gold standard has proved to be, it nevertheless brought the banks face to face with new problems. In October last year a strong agitation for a State centralisation of the exchange market was begun by some of those officials who during the war were imbued by a religious belief in State control. Fortunately, economic opinion, the big organisations in production and trade, and the Government in power alike rejected the idea. The banks, acting under a sense of due responsibility, took up the task of carrying out a common exchange policy, trying to equalise the market in order to avoid too great variations in the demand for foreign means of payment. On October 6, 1931, a special bank committee was appointed for the purpose; and since November 9th it has been fully organised. Lacking any official power it has, on the whole, been obliged to work through appeals to the loyalty of the private banks and their clients.

The deflationary tendency of activities has continued all the last year. Private bank deposits have sunk from 952.1 million kroner in August, 1931, to 817.5 millions in 1932, and advances simultaneously from 983.6 to 964.5 millions. For the saving banks, the corresponding figures show a decline in deposits from 1,763.4 to 1,710.7 millions, but a small rise in loans from 698.0 to 715.3 millions. It is a remarkable fact that the contraction has not been greater in a year of dangerous international crisis, and many symptoms could be adduced in favour of the sentence pronounced some weeks ago by our business periodical, *Ökonomisk Revue*, that our commercial banks are now well prepared to meet the claims of the prosperity period we all hope for.

BANKING IN SOUTH AMERICA.

(BY A CORRESPONDENT.)

WITH the continued widespread trade depression, the low level of primary commodity prices, and the recurrence of politico-economic difficulties in many directions, the banking industry in South America has carried on operations during the past year under circumstances of great difficulty. The most serious obstacle to the normal flow of international trade and the conduct of finance has been the application of foreign exchange regulations, in regard to which there is, as yet, no sign of relaxation. Naturally, the exchange difficulties of the various South American countries were enhanced by the suspension of the gold standard for sterling in September of last year, and the tendency then became for practically all the South American currencies to be linked to the United States dollar by means of "pegging" of the exchange rates by the various Foreign Exchange Control Commissions, the official rates for sterling being permitted to fluctuate sympathetically with the value of sterling in New York. Further, foreign exchange rates have been subject to complicated artificial influences arising from the application of the control already mentioned, whilst in some of the Republics there exists an "unofficial" exchange market, where the values of local currencies are substantially lower than those indicated by the "official" rates. As this question of currency values is naturally of paramount importance from the point of view of banking interests, a few brief particulars of the present situation in this respect in the principal countries are given below.

The Argentine gold peso has a normal gold parity of 47.58d. Official rates were eventually stabilised on New York at end-November, 1931, on the basis of 171.00 pesos per 100 United States dollars for telegraphic transfers, and this level has since been uninterruptedly maintained. Official control of exchange

was established on October 10, 1931, sales and purchases of exchange being placed under the control of an Exchange Commission to which the banks must apply for permits when such are required. The tendency has been for the Commission gradually to restrict the number of cases for which permits are not required, and, from June 4, 1932, all sales of exchange without permit were prohibited with the exception of documentary bills up to 5,000 paper pesos, and avancements under authorised letters of credit to any amount. It is hoped that an improvement in the exchange position will eventuate when the active export season commences in the late autumn. Exchange control has been less severe than in other South American countries, but, combined with the measures for the control of foreign exchange, there has been instituted control over exports. Argentina has still an ample gold reserve, part of which could still be shipped to maintain foreign debt service, or to support exchange, without reducing the note cover below the legal ratio.

In Chile, the gold parity value of the currency is based on 40 pesos to the £ sterling. Following the suspension of the gold standard for sterling, the official policy was evidently to endeavour to maintain stability in relation to the United States dollar. On April 20, 1932, however, a new Monetary Law became effective, suspending the gold convertibility of the note issue. A new rate of approximately 16.50 Chilean pesos per United States sight dollar was established, thus rendering approximately 60 Chilean pesos equivalent to £1 sterling. Exchange, however, is dealt in unofficially at substantially higher figures. Government control of exchange was established in Chile on July 30, 1931, and has been administered with increasing severity. Permits of the Exchange Control Commission are required for all foreign exchange operations, and only

the Banco Central may sell exchange. In addition to the exchange regulations, a control is also exercised over exports and imports of merchandise.

With regard to Peruvian currency, the parity of the gold sol was fixed under the Monetary Law of February 10, 1930, at the equivalent of 40 United States cents, but, on April 18, 1931, this equivalent was reduced to 28 cents, or 17.38 soles to the £ sterling. Peru suspended the operation of the gold standard on May 14, 1932, and exchange rates have since fluctuated around the level of about 17.00 soles to the £ sterling. No official control of exchange operations has been instituted in Peru, and, whilst a development of this character is possible, it is hoped that such may be avoided by the recent improvement in values of the country's chief export products, namely, cotton and sugar.

The parity of the Brazilian milreis has been fixed at varying levels at different dates, but the Republic having become practically denuded of gold reserves, the paper currency is inconvertible. Foreign exchange is closely controlled by the Banco do Brasil, which institution has the monopoly of the exchange business, it being obligatory for all export bills to be sold to the Bank. The policy adopted by the Brazilian authorities during the past twelve months has been definitely in the direction of bringing about appreciation of the milreis, and, since end-October, 1931, an improvement has occurred in the official sterling equivalent from under 4d. per milreis to around 5½d. per milreis. At the moment, however, the whole economic balance of Brazil has been upset by the suspension of coffee shipments through the port of Santos, as a result of the revolutionary outbreak in the State of São Paulo.

On the Latin-American Continent, credit conditions generally are particularly dependent upon prosperity in the commodity markets. The greater part of Government revenue is derived from Customs duties, and, consequently, the severe contraction of trade, and particularly of imports, which has occurred during the past few years, has rendered essential the drastic curtailment of public expenditure proportionately to the reduced yield of taxation. At the same time, the necessity has arisen of instituting relief work and other measures to deal with rising unemployment. In consequence, there has inevitably been a tendency towards inflation.

Owing to her comparatively strong position economically, Argentina has been enabled to maintain uninterruptedly the service of her external obligations. The contraction of further loans abroad has not been practicable, but in May last the Government obtained the sanction of Congress to a law for the internal flotation of a "Patriotic" Loan for a total of 500 million pesos (paper), to be issued in series of 100 million pesos each for the purpose of amortising floating debt, liquidating Government advances from the Banco de la Nación, and providing for the payment of other miscellaneous State indebtedness. The bonds of the loan are rediscountable up to 85 per cent. of their nominal value at the Caja de Conversión, whilst the law authorising the loan reduced the ultimate legal minimum metallic reserves to be held against the note circulation from 40 to 36 per cent.

The "Patriotic" Loan has apparently been well received, and its subscription should prove effective in consolidating part of the unwieldy mass of Government floating debt, and in relieving the stringency of credit. Meanwhile, the great shrinkage in local trade is evidenced by the sharp decline in the clearing movement both in Buenos Aires and the Provinces, the aggregate figure for the first six months of 1932 having been 15,592 million pesos (paper), as compared with 19,864 million pesos in the corresponding period of 1931 and 21,909 million pesos in January-June, 1930. The total deposits of the banks established in Buenos Aires declined from 3,994,491,000 pesos (paper) in January, 1931, to 3,678,984,000 pesos in June, 1932,

whilst, over the same period, the aggregate of discounts and advances was reduced from 3,461,843,000 pesos to 3,343,739,000 pesos, cash reserves increasing from 706,139,000 to 810,676,000 pesos.

Both commercially and economically Chile has encountered extremely adverse conditions during the past twelve months, owing to the obscurity of the position of the nitrate industry and the lack of demand for copper and other of the Republic's export products, and the consequent unrest has found expression in disturbed political conditions. The banking industry in Chile has naturally suffered, especially owing to the pressure in the foreign exchange market due to the lack of export drafts and the very depressed state of commerce. It is now evident that scarcely any relief to the demand for foreign exchange was afforded by the suspension of the external debt service in July last year. The economic difficulties of the country have been greatly enhanced by political uncertainties, whilst imports have shrunk in an astounding manner.

In September of last year a law was passed reducing the minimum legal gold reserve of the Banco Central de Chile to 35 per cent. for two years and making it permissible for the Government, municipalities, State railways, and other State institutions to borrow up to 80 per cent. of the capital and reserves of the Bank. The previous law specified a ratio of 50 per cent. of the note circulation and deposits combined, and limited advances to the Government, municipalities, etc., to 20 per cent. of the paid-up capital and reserves, with the option of an increase to 30 per cent. under certain conditions for a period not longer than six months.

The new Monetary Law, passed in April, 1932, vested the right to conduct exchange operations and to export gold solely in the Banco Central de Chile, working in conjunction with the Exchange Control Commission. Certain clauses of the Decree Law of August 21, 1925, creating the Banco Central, were suspended by the new law, thus in effect rendering the notes of the Banco Central de Chile inconvertible. Further, a Decree Law of July 8th last provided for the revaluation of the gold reserves of the Banco Central de Chile, authorising the calculation of such reserves at rates of exchange to be fixed by the Bank, 40 gold pesos being taken arbitrarily as equivalent to the £ for the calculation of the reserves in sterling. This Decree had the immediate effect of raising the proportion of the reserve to the note circulation and deposits combined from 27.93 per cent. shown in the return of the Central Institution dated July 8th, to 54.45 per cent. in the following week. The main provisions of the Decree include an authorisation to the Banco Central de Chile to discount or rediscount pagarés (bills) up to an aggregate of 50 million pesos for the Caja de Crédito Agrario, 40 million pesos for the Instituto de Crédito Industrial, 30 million pesos for the Caja de Crédito Minero, 20 million pesos for the Caja de Colonización Agrícola, and 50 million pesos for a new commercial and banking institution to be created, styled the Instituto de Comercio Exterior. The purpose of this—in effect—inflationary measure is to foster Chilean trade and industry in various directions with a view to relieving the serious unemployment now prevalent in the country.

The depression of trade in Peru has continued throughout the past year without relief except that afforded by the very recent recovery in prices of raw cotton and sugar. A development in the banking sphere was the establishment a year ago of a new agrarian bank, styled the Banco Agrícola del Perú, with a nominal capital of 20 million soles, this institution having functioned satisfactorily and having provided considerable assistance for the cotton growers by the granting of credit facilities. Notwithstanding that the currency had previously been devalued on two occasions, namely, in February, 1930, and April, 1931, the profound difficulties of the Peruvian economic situation necessitated the suspension of the gold standard on May 14th last.

COLONIAL JOINT STOCK BANKS WITH LONDON OFFICES.

IRISH FREE STATE BANKS.

1 Name of Bank.	2 Date.	3 No. of Branches and Sub-branches.	4 Capital Subscribed.	5 Uncalled Capital.		6 Capital Paid-up.	7 Reserve Fund.	8 Un-divided Profits.	9 Notes in Circulation.	10 Acceptances and Bills for Collection.
				Callable.	Reserved.					
Bank of Ireland	Dec.31	100	£ 2,769,231	£ ...	£ ...	£ 2,769,231	£ 3,180,000	£ 293,576	£ 1,904,397	£ 35,416
Hibernian Bank	Jne.30	62	2,000,000	500,000	1,000,000	500,000	720,000	62,973	480,880	...
Munster and Leinster Bank	Jne.30	199	1,875,000	1,125,000	...	750,000	1,000,000	90,627	778,767	...
National Bank	Jne.30	275	7,500,000	1,000,000	5,000,000	1,500,000	1,015,000	146,144	1,250,979	39,950
Provincial Bank of Ireland	Jne.30	135	4,080,000	1,500,000	2,040,000	540,000	450,000	61,765	873,572	...
Do., New	Dec.31	42	1,500,000	300,000	900,000	300,000	260,000	18,072	230,977	...
Royal Bank of Ireland										
Total		813	19,724,231	4,425,000	8,940,000	6,359,231	6,625,000	673,157	5,519,572	75,366

AFRICAN BANKS.

Bank of British West Africa, Limited... Mar.31	47	3,000,000	300,000	1,500,000	1,200,000	400,000	71,626	...	711,908
Barclays Bank (Dominion, Colonial & Overseas)..... Mar.31	493	6,975,500	2,000,000	3,024,500	4,975,500	1,650,000	176,667	37,218	3,466,588
Netherlands Bank of South Africa	Dec.31	18	468,542	Nil	468,542	1,650,000	...	793,448	61,159
Standard Bank of South Africa, Limited	Mar.31	376	10,000,000	7,500,000	Nil	2,500,000	3,164,170	375,064	10,503,143
Total		934	20,444,042	9,800,000	4,524,500	9,144,042	5,390,837	483,908	14,742,798

AUSTRALASIAN BANKS.

Commonwealth Bank of Australia	Jne.30	92	20,000,000	...	...	4,000,000	1,406,581	...	...	458,928
Bank of Adelaide	Mar.28 1931	114	1,250,000	Nil	1,250,000	1,250,000	1,000,000	65,571	6,603	...
Bank of Australasia	Oct.12	235	4,500,000	Nil	4,500,000	4,500,000	4,475,000	320,188	333,079	103,751
Bank of New South Wales	Mar.25	702	8,780,000	Nil	8,780,000	7,500,000	6,150,000	244,663	481,455	2,082,458
Bank of New Zealand	Mar.31	231	7,465,164	Nil	7,465,164	3,575,000	846,749	4,062,762	22,398	...
Commercial Bank of Australia, Ltd....	Jne.30 1931	365	2,000,000	Nil	Nil	4,117,350	2,250,000	212,659	178,350	622,045
Commercial Banking Co. of Sydney, Ltd.	Jne.30 1931	460	9,478,025	Nil	4,739,012	4,739,012	4,300,000	313,786	13,868	...
English, Scottish & Aust. Bank, Ltd....	Jne.30	417	5,000,000	2,000,000	Nil	4,872,966	3,175,000	437,135	1,028	...
National Bank of Australasia, Limited	Mar.31	334	6,800,000	1,800,000	Nil	5,000,000	3,300,000	275,951	47,708	...
National Bank of New Zealand, Limited	Mar.31	57	6,000,000	4,000,000	Nil	2,000,000	2,000,000	202,294	961,152	...
Queensland National Bank, Limited...	Jne.30	101	1,750,000	Nil	Nil	4,841,669	860,000	53,645	...	...
Union Bank of Australia, Limited	Feb.29	210	12,000,000	Nil	8,000,000	4,000,000	4,850,000	170,964	463,480	...
Total (excluding Commonwealth Bank)		3,226	67,231,189	7,800,000	27,269,012	50,286,161	35,935,000	3,143,605	6,549,485	2,830,652

a Contingent liabilities.

CANADIAN BANKS.

Bank of Montreal	Apr.30	656	7,200,000	Nil	7,200,000	7,200,000	7,600,000	460,319	7,028,714	...
Bank of Nova Scotia	Dec.31	324	2,400,000	Nil	2,400,000	2,400,000	4,800,000	208,367	2,540,566	...
Canadian Bank of Commerce	Nov.30	749	6,122,879	Nil	6,122,879	6,164,384	6,164,384	296,542	5,414,943	...
Dominion Bank	Dec.31	145	1,400,000	Nil	1,400,000	1,400,000	1,800,000	135,231	1,252,461	...
Royal Bank of Canada	May.31	877	7,000,000	Nil	7,000,000	7,000,000	7,000,000	1,041,021	5,959,754	...
Total		2,751	24,122,879	Nil	24,122,879	24,164,384	27,364,384	2,141,480	22,196,438	...

INDIAN BANKS.

Chartered Bank of India, Aust. & China	Dec.31	44	3,000,000	Nil	3,000,000	3,000,000	3,000,000	359,385	1,965,159	630,350
Eastern Bank, Limited	Dec.31	12	2,000,000	Nil	1,000,000	1,000,000	1,000,000	139,292	...	1,246,163
Mercantile Bank of India, Limited....	Dec.31	24	750,000	187,500	187,500	1,050,000	1,050,000	220,427	174,825	122,724
Do., B shares	Dec.31	29	750,000	187,500	187,500	2,000,000	2,000,000	548,810	...	193,249
Do., C shares	Dec.31	29	300,000	Nil	Nil	7,050,000	6,730,000	1,267,914	2,139,984	2,152,486
National Bank of India, Limited	Dec.31	29	4,000,000	2,000,000	Nil	...	...	...	...	...
Total		109	10,800,000	2,375,000	4,375,000	7,050,000	6,730,000	1,267,914	2,139,984	2,152,486

COLONIAL JOINT STOCK BANKS WITH LONDON OFFICES.

IRISH FREE STATE BANKS.

10 Miscellaneous Liabilities.	11 Deposits.	12 Total Liabilities.	13 Cash in Hand and Money at Call and Short Notice.		14 Investments.	15 Bills Discounted or Purchased (when shown separately).	16 Bills, Loans, and Advances.	17 Promises and Sundries (including Cover for Acceptances).	18 Total Assets.	19 Name of Bank.
			Cash in Hand, with Banks and in Transit.	Money at Call and Short Notice.						
£	£	£	£	£	£	£	£	£	£	
72,559	31,665,802	39,848,422	1,939,172	3,120,020	19,128,576	...	14,991,190	669,434	39,848,422	Bank of Ireland.
...	11,484,971	13,321,383	366,239	...	6,514,176	...	6,226,738	214,230	13,321,383	Hibernian Bank.
...	25,706,796	28,326,190	1,080,540	1,600,000	12,139,194	1,851,042	11,285,472	369,942	28,326,190	Munster & Leinster.
...	38,322,794	42,274,867	3,296,493	4,751,726	15,777,127	1,825,237	15,812,293	811,991	42,274,867	National Bank.
...	15,103,126	17,028,463	566,383	415,000	8,168,524	1,144,247	6,528,447	205,862	17,028,463	Provincial Bk. of Ire.
...	6,650,104	7,459,153	446,353	...	2,330,345	510,194	3,922,261	250,000	7,459,153	Do., New.
72,559	128,933,593	148,258,478	7,695,180	9,886,746	64,057,942	5,330,720	58,766,401	2,521,459	148,258,478	Royal Bank of Ireland.
										Total.

AFRICAN BANKS.

190,594	5,549,759	8,123,887	1,008,959	...	2,540,845	1,130,382	3,081,323	362,378	8,123,887	Bank of Brit. W. Africa.
...	66,041,203	76,926,739	14,521,556	2,570,600	13,667,794	12,388,929	28,007,650	5,770,210	76,926,739	Barclays Bank (Dom., Colonial & Overseas)
26,795	1,547,066	69,130,918	483,578	...	153,699	630,329	886,232	163,609	2,317,447	Netherlands Bk. of S.A.
...	52,151,393	69,130,918	8,181,982	3,550,000	7,142,674	2,870,358	35,952,240	11,433,664	69,130,918	Standard Bk. of S.A.
217,389	125,289,421	156,498,991	24,196,075	6,120,600	23,505,012	17,019,998	67,927,445	17,729,861	156,498,991	Total.

AUSTRALASIAN BANKS.

5,889,394	63,586,655	75,341,558	Cash & Notes in Hand and at Bankers.	Money at Call and Remittances in Transit.	28,179,534	...	13,892,412	1,501,131	75,341,558	Comwth. Bk. of Aust.
514,914	6,031,330	8,868,418	7,814,273	23,954,407	632,968	...	5,108,010	343,117	8,868,418	Bank of Adelaide.
...	...	...	1,127,722	1,656,601	...	...	...	...	...	Bank of Australasia.
3,310,327	37,678,574	50,720,919	8,180,221	50,000	6,741,594	...	35,171,332	577,772	50,720,919	Bank of New S. Wales.
4,264,758	69,388,093	90,111,427	13,220,274	1,260,000	4,529,232	...	67,219,463	3,882,458	90,111,427	Bank of New Zealand.
4,270,553	31,565,843	51,808,469	7,861,140	...	13,327,115	792,384	27,872,432	1,955,398	51,808,469	Com. Bk. of Australia.
1,053,408	21,702,170	30,135,982	3,777,263	170,000	4,111,816	...	20,337,878	1,739,025	30,135,982	Com. Bkg. Co., Sydney.
971,105	44,014,106	54,351,877	8,098,750	700,000	6,569,119	...	37,665,288	1,318,720	54,351,877	Eng., Scottish & Aust.
1,571,140	28,522,421	38,579,690	8,589,192	...	1,478,380	...	27,796,506	715,612	38,579,690	Nat. Bk. of Australasia.
1,024,467	34,619,063	44,267,189	6,616,196	...	1,141,667	...	35,103,601	1,405,725	44,267,189	Nat. Bk. of N. Zealand.
1,080,808	12,314,328	18,558,582	2,270,044	...	2,612,247	403,328	12,631,930	641,033	18,558,582	Queensland Nat. Bank
292,529	8,135,285	14,183,128	1,789,827	60,000	2,600,319	...	9,181,611	551,371	14,183,128	Union Bk. of Australia
1,457,276	35,844,650	46,786,370	10,555,080	425,000	2,399,019	...	33,026,426	380,845	46,786,370	Excluding Com'wealth Bank of Australia.
19,811,285	329,815,863	448,372,051	72,085,709	4,321,601	46,143,476	1,195,712	311,114,477	13,511,076	448,372,051	Total.

CANADIAN BANKS.

4,521,464	122,911,999	149,722,496	26,014,534	5,181,587	45,900,524	...	67,248,732	5,377,119	149,722,496	Bank of Montreal.
1,860,965	40,689,392	52,499,290	8,488,170	3,596,873	12,636,485	...	24,420,028	3,357,734	52,499,290	Bank of Nova Scotia.
7,993,475	105,634,509	131,668,237	23,105,430	17,736,442	26,792,089	...	56,569,031	7,465,245	131,668,237	Canad. Bk. of Commerce.
897,505	21,089,819	26,575,016	4,205,535	2,839,016	5,270,735	...	12,622,968	1,636,762	26,575,016	Dominion Bank.
9,630,561	121,318,868	151,950,204	23,859,072	11,595,064	20,804,079	...	87,457,727	8,434,262	151,950,204	Royal Bank of Canada.
24,903,970	411,644,587	512,415,243	85,672,741	40,748,982	111,403,912	...	248,318,486	26,271,122	512,415,243	Total.

INDIAN BANKS.

5,558,892	38,616,008	53,129,794	Cash in Hand, with Banks and in Transit.	...	13,811,086	8,348,725	22,601,512	2,742,421	53,129,794	Ch. of Ind., A. & China.
1,256,001	5,605,915	9,727,371	5,626,050	...	3,285,156	1,350,527	2,624,477	1,144,797	9,727,371	Eastern Bank.
829,768	11,220,537	14,668,281	1,458,044	...	5,493,214	1,392,854	5,285,539	1,038,630	14,668,281	Mercantile Bk. of India.
2,517,489	27,804,029	35,263,577	3,819,462	...	12,956,364	5,632,313	12,012,719	842,719	35,263,577	National Bank of India.
10,162,150	83,246,489	112,789,023	12,225,970	...	35,545,820	16,724,419	42,524,247	5,768,567	112,789,023	Total.

DOMINION BANKS WITH OFFICES IN LONDON.

(1) IRISH FREE STATE BANKS.

BANK OF IRELAND.

ESTABLISHED 1783.

CAPITAL				Market Value.	Year Ended Dec. 31.	Net Profit.	PROFITS AND DIVIDENDS.				Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.				Per Cent. of Resources.	Amount.	Rate.			
£	£	£	£	£				£	%			
2,769,231	2,769,231	...	...	7,587,600								
Stock is fully paid, but the liability of holders for debts of the Bank has not been decided. Price September 30, 1932, 274.												
Authorized Note issue: Irish Free State, £1,760,000 Northern Ireland, £410,000.												
CAPITAL				Market Value.	Year Ended Dec. 31.	Net Profit.	PROFITS AND DIVIDENDS.				Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.				Per Cent. of Resources.	Amount.	Rate.			
£	£	£	£	£				£	%			
2,769,231	2,769,231	...	...	7,587,600								
Stock is fully paid, but the liability of holders for debts of the Bank has not been decided. Price September 30, 1932, 274.												
Authorized Note issue: Irish Free State, £1,760,000 Northern Ireland, £410,000.												

* Includes acceptances.

THE HIBERNIAN BANK, LIMITED.

ESTABLISHED 1825.

CAPITAL				Market Value.	Year Ended Dec. 31.	Net Profit.	PROFITS AND DIVIDENDS.				Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.				Per Cent. of Resources.	Amount.	Rate.			
£	£	£	£	£				£	%			
2,000,000	500,000	500,000	1,000,000									
Per Share. £20 Per Share. £5 Per Share. £10												
CAPITAL				Market Value.	Year Ended Dec. 31.	Net Profit.	PROFITS AND DIVIDENDS.				Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.				Per Cent. of Resources.	Amount.	Rate.			
£	£	£	£	£				£	%			
2,000,000	500,000	500,000	1,000,000									
Per Share. £20 Per Share. £5 Per Share. £10												

† Includes Discounts.

‡ Excluding Agencies.

‡ June 30.

MUNSTER AND LEINSTER BANK, LIMITED.

1885—Assets of Munster Bank, Limited, acquired.

CAPITAL				Market Value.	Year Ended Dec. 31.	Net Profit.	PROFITS AND DIVIDENDS.				Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.				Per Cent. of Resources.	Amount.	Rate.			
£	£	£	£	£				£	%			
1,875,000	750,000	1,125,000	1,000,000	1,921,875								
Per Share. £5 Per Share. £2 Per Share. £3 Per Share. £5												

* Free of income tax.

a 9 per cent. tax free.

Continued on page 25.

Munster and Leinster Bank, Limited—Continued from page 24.

LIABILITIES.				Total Liabilities or Assets.	ASSETS.							
Year ended Dec. 31.	Capital and Reserves.	Un-divided Profits.	Deposits and Current Accounts, &c.		Cash in Hand and with Bankers.	Cash at Call and Short Notice.	Investments.	Bills Receivable.	Advances.	Premises.		
	£	£	£	£	£	£	£	£	£	£	£	£
1921 ...	1,300,000	4-2	65,394	0-2	29,678,438	95-6	31,041,832	1,943,140	6-3	2,408,599	7-7	7,811,662
1922 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1923 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1924 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1925 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1926 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1927 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1928 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1929 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1930 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1931 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515
1932 ...	1,300,000	4-1	71,032	0-2	30,335,271	95-7	31,704,303	2,292,716	7-2	1,450,000	4-6	11,997,515

* Includes Treasury Bills.

† June 30.

‡ Includes note circulation.

THE NATIONAL BANK LIMITED.

ESTABLISHED 1835.

CAPITAL				Market Value.	Year Ended Dec. 31.	Net Profit.	PROFITS AND DIVIDENDS.				Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.				Per Cent. of Resources.	Amount.	Rate.			
£	£	£	£	£				£	%			
7,500,000	1,500,000	1,000,000	5,000,000	3,187,500								
Per Share. £5 Per Share. £1 Per Share. 13s. 4d. Per Share. £3 6s. 8d. Per Share. Sept. 30, 1932 £24												
Authorized note issue: Irish Free State, £1,318,000 Northern Ireland, £120,000.												

* Includes Treasury Bills.

† June 30.

‡ Includes note circulation.

LIABILITIES.				Total Liabilities or Assets.	ASSETS.							
Year ended Dec. 31.	Capital and Reserves.	Un-divided Profits.	Deposits and Current Accounts, &c.		Cash in Hand and with Bankers.	Cash at Call and Short Notice.	Investments.	Bills Receivable.	Advances.	Premises.		
	£	£	£	£	£	£	£	£	£	£	£	£
1921 ...	250,240,000	4-9	3,043,190	6-0	499,881,100	160,604	0-3	44,645,678	87-8	50,829,353	4,811,158	9-5
1922 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1923 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1924 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1925 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1926 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1927 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1928 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1929 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1930 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1931 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820
1932 ...	244,250,000	5-1	2,724,448	6-0	43,472,962	88-1	49,095,005	4,283,260	8-7	4,373,941	8-9	19,219,820

† Includes Treasury Bills.

‡ June 30.

PROVINCIAL BANK OF IRELAND, LIMITED.

ESTABLISHED 1st August, 1825. Registered under Limited Liability Acts, 10th July, 1882.

CAPITAL.													Year Ended June 30	Net Profits. £	Per Cent. of Resources.	Dividends		Reserves, &c. £	Carried Forward. £
Subscribed. £	Paid-up. £	Callable. £	Reserved. £	Amount. £	Rate. %														
Old	4,000,000	500,000	1,500,000	2,000,000															
New	80,000	40,000	NIL	40,000															
Per Share.		Per Share.		Per Share.		Per Share.		Per Share.		Per Share.		Per Share.		Per Share.		Per Share.			
Old	£100	£12 10s.	£37 10s.	£50															
New	£20	£10	NIL	£10															
													1921	100,112	0-48	51,030	13½	25,000	48,815
													1922	117,193	0-57	53,764	13½	70,000	42,291
													1923	127,145	0-68	59,507	12½	67,500	41,076
													1925	138,388	0-77	62,514	14½	74,000	43,150
													1926	124,385	0-71	63,292	14½	50,000	45,700
													1927	125,258	0-72	62,640	14½	35,813	36,431
													1928	112,989	0-74	62,640	14½	62,000	36,431
													1929	103,758	0-62	61,661	14½	50,000	36,780
													1930	110,513	0-62	60,682	14½	40,000	38,877
													1931	88,421	0-52	54,676	13½	50,000	38,877
													1932					36,000	36,452

LIABILITIES.													Total Liabilities or Assets. £	ASSETS.							
Year ended June 30	Number of Branches.	Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Notes.	Per Cent.	Deposit and Current Accounts.	Per Cent.	Cash in Hand and at Bank.	Per Cent.	Cash at Call and Short Notice.		Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances including Treasury Bills.	Per Cent.	Pre- mises.	Per Cent.	
1921 ...	131	£ 1,005,000	4-8	74,377	0-4	1,958,622	9-3	17,890,594	85-5	20,928,593	1,988,272	9-5	1,085,000	5-2	6,751,576	32-2	10,931,816	52-3	171,929	0-8	
1922 ...	131	1,040,000	5-0	69,628	0-3	1,909,232	9-1	15,570,430	85-8	20,802,290	1,988,272	9-5	1,070,000	5-2	6,739,870	35-6	10,391,734	50-4	181,953	0-8	
1923 ...	132	1,070,000	5-7	72,235	0-3	1,709,839	9-1	15,950,726	84-2	20,850,798	2,311,528	6-6	570,000	3-0	7,418,404	39-4	9,390,508	50-0	192,588	0-9	
1924 ...	132	1,090,000	6-0	74,470	0-4	1,624,434	9-2	15,283,477	84-5	20,805,464	1,254,425	6-9	360,000	2-0	6,913,907	38-3	9,359,540	51-7	197,592	1-0	
1925 ...	133	1,110,000	6-3	67,133	0-4	1,738,760	10-1	14,347,838	83-0	17,273,731	1,144,925	6-5	265,000	1-0	7,035,320	39-8	8,935,242	50-6	210,681	1-1	
1926 ...	134	1,130,000	6-8	67,751	0-4	1,514,695	8-7	14,739,230	87-3	16,947,861	1,226,401	7-1	265,000	1-5	7,074,084	39-9	8,905,657	51-2	210,169	1-1	
1927 ...	133	1,150,000	6-6	68,101	0-4	1,790,530	9-7	14,922,508	84-3	17,424,954	1,159,249	6-6	310,000	1-8	6,839,879	39-2	8,262,179	48-7	206,310	1-0	
1928 ...	135	1,170,000	6-9	68,101	0-4	1,790,530	9-7	14,922,508	84-3	17,424,954	1,159,249	6-6	310,000	1-8	6,839,879	39-2	8,262,179	48-7	206,310	1-0	
1929 ...	138	1,190,000	7-1	69,219	0-6	1,790,530	9-7	14,922,508	84-3	17,424,954	1,159,249	6-6	310,000	1-8	6,839,879	39-2	8,262,179	48-7	206,310	1-0	
1930 ...	135	1,210,000	7-2	69,048	0-6	1,790,530	9-7	14,922,508	84-3	17,424,954	1,159,249	6-6	310,000	1-8	6,839,879	39-2	8,262,179	48-7	206,310	1-0	
1931 ...	135	990,000	5-8	61,765	0-4	871,980	5-2	14,680,113	87-2	16,831,141	793,104	3-3	415,000	2-4	8,168,524	48-0	7,672,694	45-1	205,862	1-1	
1932 ...	135					873,572	5-1	15,103,126	88-7	17,028,463	566,383	3-3									

• December 31.

Royal Bank of Ireland Limited—Continued from page 25.

Year ended Aug. 31.	Number of Branches.	LIABILITIES.										Total Liabi- lities or Assets.	ASSETS.																	
		Capital and Reserves.	Per Cent.	Un- divi- ded Profits.	Per Cent.	Staff Fund.	Per Cent.	Notes in circu- lation.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand, at Bank, and at Call.	Per Cent.	Invest- ments.	Per Cent.	Bills Dis- counted.	Per Cent.	Advances.	Per Cent.	Pre- mises.	Per Cent.								
1921	19	£	400,000	8.1	£	16,349	0.3	£	22,845	0.5	£	4,510,214	91.1	£	4,549,409	299,989	6.0	£	1,574,549	31.8	£	108,972	2.2	£	2,913,193	58.9	£	52,706	1.1	
1922	20	£	420,000	8.0	£	19,456	0.4	£	...	...	£	4,793,215	91.6	£	5,232,671	244,077	4.7	£	1,658,190	31.6	£	117,219	2.2	£	3,138,185	60.1	£	75,000	1.4	
1923	43	£	450,000	8.5	£	21,205	0.3	£	...	...	£	7,625,983	94.2	£	8,097,188	128,164	11.5	£	2,049,606	25.3	£	692,695	8.6	£	4,201,723	51.8	£	225,000	2.8	
1924	43	£	475,000	6.1	£	23,093	0.3	£	...	...	£	7,321,867	93.6	£	7,819,960	516,662	6.6	£	2,039,955	26.1	£	396,471	5.0	£	4,641,872	59.4	£	225,000	2.8	
1925	43	£	500,000	6.8	£	23,660	0.3	£	...	...	£	6,817,949	92.9	£	7,341,609	391,891	5.3	£	2,189,523	29.8	£	198,300	2.7	£	4,336,895	59.1	£	225,000	2.8	
1926	42	£	510,000	7.0	£	25,104	0.3	£	...	...	£	6,792,983	92.7	£	7,328,087	497,639	6.8	£	2,190,460	29.9	£	181,360	2.5	£	4,233,628	57.7	£	225,000	3.1	
1927	42	£	520,000	7.0	£	25,538	0.3	£	...	...	£	6,899,212	92.7	£	7,444,750	463,142	6.2	£	2,203,776	29.6	£	152,406	2.0	£	4,400,426	59.2	£	225,000	3.0	
1928	42	£	530,000	7.2	£	26,845	0.4	£	...	...	£	6,758,579	92.4	£	7,315,424	521,871	7.1	£	2,221,773	30.4	£	125,770	1.7	£	4,221,007	57.8	£	225,000	3.0	
1929	42	£	540,000	7.2	£	26,017	0.3	£	...	273,000	5.7	£	6,646,842	88.8	£	7,485,859	501,527	6.7	£	2,221,773	30.4	£	125,770	1.7	£	4,221,007	57.8	£	225,000	3.0
1930	42	£	550,000	7.4	£	26,154	0.3	£	...	246,154	3.3	£	6,573,242	88.9	£	7,395,359	524,179	7.1	£	2,373,217	32.1	£	116,519	1.6	£	4,185,344	56.2	£	225,000	3.0
1931	42	£	560,000	7.4	£	18,072	0.2	£	...	230,977	3.1	£	6,656,104	89.2	£	7,459,153	446,353	6.0	£	2,330,345	31.2	£	510,194	6.8	£	3,922,261	52.6	£	250,000	3.4

† December 31.

† December 31.

(2) AFRICAN BANKS.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).

1836.—Established by Royal Charter as the Colonial Bank.
1925.—Reincorporated by Act of Parliament and acquired the National Bank of South Africa, Limited, and the Anglo-Egyptian Bank, Limited.

Year ended Sept. 30.	Number of Branches.	CAPITAL				Market Value.	Year ended March 31.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
		Subscribed. £	Paid up. £	Callab. £	Reserved. £						
1927	424	6,975,500	4,975,500	2,000,000	3,024,500	8 % Cum. Pref. ...	1927	482,046	3 1/2	270,000	122,479
1928	440	6,375,500	4,975,500	2,000,000	3,024,500	8 % Cum. Pref. ...	1928	494,823	4	270,000	130,710
1929	452	6,375,500	4,975,500	2,000,000	3,024,500	8 % Cum. Pref. ...	1929	516,594	4 1/2	280,000	137,981
1930	488	6,375,500	4,975,500	2,000,000	3,024,500	8 % Cum. Pref. ...	1930	465,071	4 1/2	210,000	164,738
1931	493	6,375,500	4,975,500	2,000,000	3,024,500	8 % Cum. Pref. ...	1931	402,754	4 1/2	100,000	244,738

BANK OF BRITISH WEST AFRICA LIMITED.
REGISTERED 1894.

Year ended Mar. 31.	Number of Branches.	CAPITAL				Market Value.	Year ended March 31.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
		Subscribed. £	Paid up. £	Callab. £	Reserved. £						
1922	51	1,600,000	1,200,000	300,000	1,500,000	900,000	1922	105,935	5	50,000	34,116
1923	52	1,600,000	1,200,000	300,000	1,500,000	900,000	1923	100,574	5	40,000	34,690
1924	52	1,600,000	1,200,000	300,000	1,500,000	900,000	1924	95,990	5	35,000	35,680
1925	50	1,600,000	1,200,000	300,000	1,500,000	900,000	1925	112,352	5	50,000	38,032
1926	52	1,600,000	1,200,000	300,000	1,500,000	900,000	1926	114,368	5	50,000	42,400
1927	53	1,600,000	1,200,000	300,000	1,500,000	900,000	1927	116,930	5	50,000	49,330
1928	54	1,600,000	1,200,000	300,000	1,500,000	900,000	1928	124,950	5	50,000	52,280
1929	54	1,600,000	1,200,000	300,000	1,500,000	900,000	1929	128,331	6	55,000	53,611
1930	57	1,600,000	1,200,000	300,000	1,500,000	900,000	1930	121,822	6	50,000	53,433
1931	56	1,600,000	1,200,000	300,000	1,500,000	900,000	1931	24,568	4	...	30,001
1932	47	1,600,000	1,200,000	300,000	1,500,000	900,000	1932	59,625	4	...	41,626

STANDARD BANK OF SOUTH AFRICA LIMITED.
ESTABLISHED 1862.

1920—Absorbed African Banking Corporation.

Year ended Mar. 31.	Number of Branches.	CAPITAL				Market Value.	Year ended Mar. 31.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
		Subscribed. £	Paid up. £	Callab. £	Reserved. £						
1922	51	1,600,000	1,200,000	300,000	1,500,000	900,000	1922	502,313	16 1/2	150,000	191,226
1923	52	1,600,000	1,200,000	300,000	1,500,000	900,000	1923	388,825	14	150,000	117,967
1924	52	1,600,000	1,200,000	300,000	1,500,000	900,000	1924	456,397	14	150,000	112,281
1925	50	1,600,000	1,200,000	300,000	1,500,000	900,000	1925	508,952	14	200,000	109,150
1926	52	1,600,000	1,200,000	300,000	1,500,000	900,000	1926	570,989	16 1/2	200,000	112,326
1927	53	1,600,000	1,200,000	300,000	1,500,000	900,000	1927	583,801	16 1/2	225,000	128,315
1928	54	1,600,000	1,200,000	300,000	1,500,000	900,000	1928	596,596	16 1/2	225,000	132,099
1929	54	1,600,000	1,200,000	300,000	1,500,000	900,000	1929	621,466	17	225,000	122,524
1930	57	1,600,000	1,200,000	300,000	1,500,000	900,000	1930	652,478	17	225,000	125,002
1931	56	1,600,000	1,200,000	300,000	1,500,000	900,000	1931	567,620	15	175,000	142,622
1932	47	1,600,000	1,200,000	300,000	1,500,000	900,000	1932	457,442	11	175,000	150,064

Continued on page 28.

MIDLAND BANK

LIMITED



"The Service of the Midland Bank"

The first customer of the Midland Bank could never have foreseen the breadth and variety of the facilities available to his countless successors. It is the aim of the booklet bearing the above title to describe some of the services which the Bank now offers to actual and potential customers.

A copy of the booklet is obtainable at any of the 2,100 branches of the Bank

HEAD OFFICE: POULTRY, LONDON, E.C.2

Affiliations: Belfast Banking Co. Ltd., Northern Ireland;
The Clydesdale Bank Ltd. and North of Scotland Bank Ltd., Scotland;
Midland Bank Executor and Trustee Co. Ltd.

National Provincial Bank

LIMITED
ESTABLISHED 1833.

Subscribed Capital - - - - £43,617,080
Paid-up Capital - - - - 9,479,416
Reserve Fund - - - - 8,000,000
Deposits, &c. (June, 1932) - - 262,638,163

DIRECTORS:

Sir HARRY GOSCHEN, Bart., K.B.E., Chairman.
COLIN FREDERICK CAMPBELL, Esq., Deputy Chairman.
Sir ARTHUR BALFOUR, Bart., K.B.E.
Sir HARCOURT BUTLER, G.C.S.I., G.C.I.E.
CHARLES CAVE CAVE, Esq.
COLIN COOPER, Esq.
JOHN C. DENISON DENISON-PENDER, Esq.
CHARLES GIPPS HAMILTON, Esq.
The Right Hon. LORD ILLINGWORTH, P.C.
FRANCIS ALEXANDER JOHNSTON, Esq.
Sir ALFRED EDWARD LEWIS, K.B.E.
Sir JOHN BUCK LLOYD.
Sir AUSTIN LOWN, C.I.E.
RONALD MALCOLM, Esq.
Sir WILLIAM BARCLAY PEAT, C.V.O.
Sir PERCIVAL LEA DEWHURST PERRY, K.B.E.
The Most Hon. The MARQUESS OF READING, P.C., G.C.B., G.C.S.I., G.C.I.E., G.C.V.O.
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EUSTACE ABEL SMITH, Esq.
Capt. EVAN CADOGAN ERIC SMITH, M.C.

CHIEF GENERAL MANAGER:
Sir ALFRED E. LEWIS, K.B.E.JOINT GENERAL MANAGERS:
F. WALLER.

E. CORNWALL.

G. H. WHITEHURST.

A. S. TAWELL.

W. HADWICK.

Head Office: 15, BISHOPSGATE, LONDON, E.C.2.
OVER 1,350 OFFICES. AGENTS EVERYWHERE.

EVERY DESCRIPTION OF BRITISH AND OVERSEAS BANKING BUSINESS TRANSACTED.

AFFILIATED BANKS:
COUTTS & CO. GRINDLAY & CO., LTD.

Standard Bank of South Africa Limited—Continued from page 26.

Year ended March 31.	No. of Branches.	LIABILITIES.								Total Liabilities or Assets.	ASSETS.										
		Capital and Reserves	Per Cent.	Notes.	Per Cent.	Drafts Out- standing and Accept- ances.	Per Cent.	Cus- tomers' Bills.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand, at Bank, and in Transit.	Per Cent.	Cash and Loans at Short Notice.	Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances.	Per Cent.	Bills for Collection, Property, Buildings and Sundries.	Per Cent.
		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	
1922	370	5,122,500	7.3	4,207,800	6.0	1,034,029	1.5	7,763,111	11.0	52,521,937	74.2	70,649,377	11.8	2,947,286	4.2	5,110,110	7.3	41,993,570	59.4	8,786,175	12.4
1923	350	5,122,500	8.0	722,191	1.1	2,151,362	3.3	6,937,239	10.8	48,946,480	76.1	64,254,180	11.3	3,051,209	4.7	5,230,160	8.1	40,581,644	63.3	8,106,626	12.6
1924	325	5,122,500	8.2	601,334	0.9	1,684,321	2.7	6,285,809	10.1	48,518,049	77.5	62,580,335	11.4	3,100,000	5.0	5,103,817	8.1	38,100,814	60.9	9,143,805	14.6
1925	327	5,122,500	8.4	474,993	0.8	1,879,756	3.1	6,483,566	10.6	47,031,133	76.7	61,381,739	11.4	2,830,000	4.6	5,102,395	8.3	37,116,323	60.5	7,790,979	12.7
1926	339	5,122,500	7.9	480,697	0.7	2,263,927	3.5	7,354,016	11.3	49,416,227	76.1	65,086,464	11.4	3,180,000	4.4	4,948,250	7.7	38,799,397	60.4	9,591,885	14.9
1927	348	5,122,500	8.0	504,711	0.8	2,265,202	3.5	8,279,001	12.9	47,629,362	74.2	64,265,822	11.4	3,025,000	4.5	5,208,607	7.7	41,034,211	61.0	10,478,252	15.5
1928	356	5,122,500	7.6	605,370	0.9	2,235,573	3.3	9,129,278	13.6	49,795,653	75.9	67,356,854	11.3	3,025,000	4.5	5,208,607	7.7	41,034,211	61.0	10,478,252	15.5
1929	364	5,664,170	7.9	603,642	0.8	2,885,559	4.0	10,279,107	14.3	51,830,149	72.3	71,760,151	11.5	3,225,000	4.7	5,246,932	7.7	40,399,929	59.0	11,733,563	17.1
1930	378	5,664,170	8.3	584,861	0.8	2,027,797	3.0	10,108,468	14.8	49,565,891	72.4	68,451,189	11.8	3,225,000	4.7	5,246,932	7.7	42,717,664	60.7	12,035,012	17.1
1931	384	5,664,170	8.1	526,563	0.7	1,600,440	2.3	10,241,212	14.6	51,934,061	73.8	70,409,068	11.8	3,225,000	4.7	5,246,932	7.7	42,717,664	60.7	12,035,012	17.1
1932	376	5,664,170	8.2	437,148	0.6	990,668	1.4	9,512,475	13.8	52,151,393	75.4	69,130,918	11.8	3,550,000	5.1	7,142,674	10.3	38,822,598	56.2	11,433,664	16.6

NETHERLANDS BANK OF SOUTH AFRICA.

REGISTERED 1838.

With which was amalgamated Transvaal Commercial Bank in May, 1925.

Year.	CAPITAL.				Year.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
	Subscribed.	Paid-up.	Callable.	Reserved.					
1921	£ 468,542	£ 468,542	Nil.	Nil.	1921	£ 24,888	4%	£ 12,500	£ 2,788
1922					1922	23,965	4	15,833	1,320
1923					1923	21,813	5	10,417	715
1924					1924	27,105	5	15,541	125
1925					1925	46,463	6	18,339	628
1926					1926	56,952	6	19,756	925
1927					1927	60,145	6	26,341	1,080
1928					1928	60,078	7	27,391	1,036
1929					1929	51,517	6	22,515	1,135
1930					1930	50,900	6	23,237	686

Year ended December 31.	Number of Branches.	LIABILITIES.										Total Liability- or Assets.	ASSETS.									
		Capital and Reserves	Per Cent.	Un- divi- died Profits.	Per Cent.	Notes.	Per Cent.	Accept- ances, Bills for Collection, &c.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand, with Bankers, and Money at Call.	Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Accept- ances.	Per Cent.		
1921	17	\$ 300,861	17.4	\$ 24,888	1.4	\$ 72,671	4.2	\$ 206,880	11.9	\$ 1,119,296	65.1	\$ 1,724,596	19.8	\$ 342,825	15.4	\$ 863,704	50.2	\$ 251,577	14.6			
1922	18	303,412	17.4	26,753	1.6	11,322	0.6	190,764	11.0	1,208,151	69.6	1,741,392	19.3	337,123	13.9	923,237	53.2	237,909	13.6			
1923	18	303,413	17.4	23,132	1.3	4,422	0.2	192,279	11.0	1,223,223	70.1	1,746,469	17.1	99,432	8.7	1,096,887	62.8	211,108	14.4			
1924	18	315,096	15.0	27,820	1.3	...	...	271,893	13.0	1,482,663	70.7	2,097,472	15.0	70,394	3.3	1,386,255	66.2	328,201	15.5			
1925	19	625,625	21.7	36,530	1.3	...	...	252,183	8.7	1,974,787	68.7	2,889,425	15.6	145,601	6.0	2,088,915	72.3	204,668	7.1			
1926	19	635,208	22.9	39,210	1.4	...	...	400,387	14.4	1,701,667	61.3	3,195,701	12.3	105,986	3.8	1,838,008	66.3	469,889	17.6			
1927	18	635,208	19.8	47,003	1.8	...	...	667,658	20.9	1,845,832	57.8	3,498,762	12.0	99,601	3.1	2,037,540	63.7	713,562	22.4			
1928	19	645,209	20.4	45,472	1.4	...	...	716,604	21.2	1,876,520	57.7	3,498,762	10.8	100,388	3.1	2,033,495	62.6	723,607	22.3			
1929	19	645,209	22.3	37,337	1.3	...	...	800,016	22.5	1,760,806	55.7	3,161,503	10.9	99,114	3.1	1,995,496	63.2	720,990	22.8			
1930	19	645,209	27.6	37,218	1.6	...	...	313,374	10.8	1,898,809	65.6	2,894,729	14.1	224,334	7.8	1,889,540	65.2	373,453	12.9			
1931	18	645,209	27.6	37,218	1.6	...	...	87,954	3.8	1,547,066	66.8	2,317,447	20.8	153,699	6.6	1,516,561	65.5	163,609	7.1			

All the above amounts are expressed in South African Gold currency (viz. S.A.G.)

(3) AUSTRALASIAN BANKS.

COMMONWEALTH BANK OF AUSTRALIA.

(ESTABLISHED 1912 BY SPECIAL ACT OF THE COMMONWEALTH PARLIAMENT.)

Owned and guaranteed by the Government of the Commonwealth, which is responsible for all the Bank's obligations. Authorised capital, £20,000,000. Authorised subscription by Commonwealth Government, £6,000,000. Authorised debenture issue, £10,000,000.

Year ended June 30.	No. of Branches.	LIABILITIES.								Total Liabilities or Assets.	ASSETS.											
		De- posits.	Per Cent.	Savings Bank De- posits.	Per Cent.	Bills payable, Letters of Credit, &c.	Per Cent.	Reserve and Re- demption Funds.	Per Cent.		Cash and Common- wealth Notes.	Per Cent.	Cash at Short Call in London and Aust.	Per Cent.	Invest- ments.	Per Cent.	Fixed Deposits of Other Banks.	Per Cent.	Discounts, Advances, and Re- mittances.	Per Cent.	Buildings and Sundries.	Per Cent.
1922	63	42,091,310	48.8	38,056,980	43.8	2,458,854	2.8	4,001,658	4.6	86,608,802	14,192,531	16.4	19,325,000	22.3	34,875,722	40.2	929,000	1.1	16,671,563	19.3	614,986	0.7
1923	65	27,843,581	37.2	23,949,117	33.2	2,825,295	3.9	4,198,966	5.7	74,131,959	8,790,735	11.9	9,210,000	12.4	35,422,824	47.8	954,000	1.3	19,058,553	25.7	695,847	0.9
1924	76	31,914,902	40.1	27,071,099	34.1	2,028,877	2.6	4,529,330	5.7	79,545,208	15,238,159	19.2	9,720,000	12.4	38,772,988	48.7	954,000	1.3	19,058,553	25.7	695,847	0.9
1925	81	35,165,565	40.0	31,313,086	38.2	2,728,159	3.5	4,596,608	5.3	87,893,616	23,436,407	26.7	7,600,000	8.6	38,891,731	44.3	954,000	1.1	15,679,910	17.8	1,332,370	1.5
1926	86	31,463,836	36.8	27,875,693	31.5	2,502,135	2.9	4,948,542	5.8	85,490,206	15,267,744	17.9	16,185,000	18.9	39,467,602	46.2	954,000	1.1	12,329,232	14.4	1,286,628	1.5
1927	87	32,277,338	35.5	26,479,021	31.0	2,448,220	2.9	5,803,847	6.4	91,008,426	9,919,411	11.0	4,435,000	4.9	37,378,295	41.3	954,000	1.1	12,329,232	14.4	1,286,628	1.5
1928	89	42,488,062	41.0	...	...	4,640,415	8.9	5,292,228	10.1	102,420,705	7,796,681	7.6	13,305,329	12.6	37,378,295	35.3	954,000	1.1	12,329,232	14.4	1,286,628	1.5
1929	89	43,873,989	39.6	...	...	5,452,072	9.9	5,796,749	10.5	102,420,705	7,796,681	7.6	13,305,329	12.6	37,378,295	35.3	954,000	1.1	12,329,232	14.4	1,286,628	1.5
1930	92	42,813,732	31.8	...	...	3,206,555	6.1	6,333,938	12.1	102,420,705	7,796,681	7.6	13,305,329	12.6	37,378,295	35.3	954,000	1.1	12,329,232	14.4	1,286,628	1.5
1931	92	67,679,083	84.8	...	...	3,471,592	5.1	6,880,685	10.1	168,031,360	4,993,480	7.3	25,489,203	14.4	22,310,233	42.6	100,000	0.1	17,635,205	25.9	91,123,041	10.7
1932	92	63,586,655	84.3	...	...	4,193,273	5.6	7,561,630	10.1	175,341,558	7,814,273	10.1	23,954,207	31.8	28,179,534	37.4	...	...	13,892,412	18.4	1,501,131	2.0

• December 31.

† Capital \$4,000,000.

• Excludes Savings Bank Department, now a separate institution.

* December 31.

† Capital £4,000,000.

‡ Excludes Savings Bank Department, now a separate institution.

LLOYDS BANK LIMITED

Head Office: 71, LOMBARD STREET, LONDON, E.C.3

Chairman:

J. W. BEAUMONT PEASE

Deputy-Chairman:

Sir AUSTIN E. HARRIS, K.B.E.



Every description of British
and Foreign Banking
business transacted

Over 1,900 Offices in England and Wales, and others
in India and Burma
Agents and Correspondents throughout the World

Chief General Managers—F. A. BEANE, G. F. ABELL

Joint General Managers—W. G. JOHNS, D.S.O., R. A. WILSON, S. PARKES, S. P. CHERRINGTON

THE
STANDARD BANK OF SOUTH AFRICA
LIMITED.

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

CAPITAL AUTHORISED & SUBSCRIBED - £10,000,000
CAPITAL PAID-UP - £2,500,000
RESERVE FUND - £2,500,000
RESERVE FOR EXCHANGE CONTINGENCIES - £664,170
CAPITAL UNCALLED - £7,500,000

Head Office: 10, CLEMENTS LANE, LOMBARD STREET,
and 77, KING WILLIAM STREET, LONDON, E.C.4

LONDON WALL BRANCH: 63, London Wall, E.C.2 WEST END BRANCH: 9, Northumberland Ave., W.C.2.
New York Agency: 67, WALL STREET.

Hamburg Agency: BANK OF BRITISH WEST AFRICA, Ltd., 49-53, Schauenburgerstrasse.

Over 370 Branches, Sub-Branches and Agencies in South, East and Central Africa.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

Continued on page 32.

Affiliated Institution in Poland: ANGLO-POLISH BANK, LIMITED, WARSAW

Bank of New South Wales—Continued from page 30.

Year ended Mar.31	Number of Branches.	LIABILITIES.										ASSETS.										
		Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Notes.	Per Cent.	Out- standing Credits, Bills Payable, &c.	Per Cent.	Deposit and Current Accounts.	Per Cent.	Total Liabili- ties or Assets.	Cash in Hand, Notes, &c.	Per Cent.	Money at Short Call and Bills Receivable and Re- mittances in Transit.	Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances.	Per Cent.	Premises and Sundries, including Cover for Acceptance's	Per Cent.
1921	358	8,315,200	11.0	449,359	0.6	752,588	1.0	14,482,905	19.2	51,692,457	68.2	75,692,437	15,416,200	20.5	7,529,967	9.0	9,107,958	12.0	40,470,115	53.4	3,170,239	4.2
1922	360	8,500,000	11.9	385,133	0.5	623,358	0.9	11,389,711	15.0	50,763,553	70.8	71,661,755	15,199,632	21.1	7,690,959	10.7	9,066,904	11.0	38,042,891	53.3	2,821,369	3.9
1923	363	9,651,880	12.2	436,067	0.6	596,721	0.8	12,566,321	16.8	55,969,437	70.6	79,220,426	13,293,373	16.7	10,517,232	13.2	11,873,673	15.0	40,271,204	51.0	3,264,944	4.1
1924	366	9,900,000	12.7	463,159	0.6	695,702	0.9	12,106,741	15.5	55,043,478	70.3	78,209,080	13,981,507	17.9	9,681,388	12.4	9,535,558	12.2	41,801,806	53.4	3,208,821	4.1
1924*	370	10,050,000	13.6	401,372	0.5	481,090	0.7	10,719,546	14.4	52,396,570	70.7	74,048,578	14,937,477	20.2	4,967,863	6.7	9,455,012	10.7	43,208,816	58.4	2,989,410	4.0
1925*	376	10,150,000	12.7	680,755	0.9	535,020	0.7	11,533,532	14.4	45,070,096	71.3	80,009,403	16,460,307	20.6	6,983,803	8.7	10,528,835	13.2	42,676,111	53.3	3,360,347	4.2
1926*	431	10,400,000	12.6	780,315	0.9	592,036	0.7	11,835,286	14.4	45,887,508	71.4	82,195,145	16,430,307	20.6	6,983,803	8.7	10,528,835	13.2	42,676,111	53.3	3,360,347	4.2
1927*	514	12,732,680	14.5	882,548	1.4	673,455	0.7	11,937,811	13.6	61,574,635	70.2	87,781,129	15,186,291	17.3	5,666,675	6.8	10,204,235	12.4	48,017,148	58.4	3,996,255	4.2
1928*	559	13,150,000	14.8	983,654	1.9	833,262	0.7	9,881,114	11.1	64,514,556	72.5	88,982,585	15,943,051	17.9	5,368,591	7.8	16,169,796	9.3	53,408,839	60.4	4,180,612	4.8
1929*	589	13,400,000	14.8	600,978	0.7	584,091	0.6	10,165,176	11.9	66,056,052	72.7	90,806,297	11,960,512	13.2	5,368,502	6.0	12,401,670	13.9	51,355,368	57.8	3,915,984	4.4
1930*	594	13,650,000	15.3	335,678	0.4	527,026	0.6	8,477,451	9.5	66,238,223	74.2	89,228,378	12,259,787	13.7	6,759,890	7.4	14,327,204	9.2	59,427,960	65.4	4,330,731	4.8
1931*	1,702	13,650,000	15.3	244,663	0.3	481,455	0.5	6,347,216	7.0	69,388,093	77.0	90,111,427	13,220,274	14.7	5,049,695	5.7	15,099,414	8.4	60,400,511	67.7	4,008,911	4.5

September 30th

Including Transfers Due

* September 30th

† Including Treasury Bills.

‡ Branches and agencies.

BANK OF NEW ZEALAND.

INCORPORATED WITH LIMITED LIABILITY IN NEW ZEALAND IN 1861.

Year ended Mar. 31	Number of Branches	CAPITAL.					Year ended Mar. 31	Net Profit.	Dividend.	To Reserve &c.	Carried Forward
		Subscribed.	Paid-up.	Callable.	Reserved.						
Ordinary Shares		£3,750,000	£3,750,000	Nil.	Nil.		1921	827,255	15%	200,000	361,276
Preference Shares		£1,875,000	£1,875,000	Nil.	Nil.		1922	682,043	15%	200,000	430,819
Guaranteed Stock		£529,988	£529,988	Nil.	Nil.		1923	553,639	15%	200,000	421,957
Long Term Mortgage Shares		£703,125	£703,125	Nil.	Nil.		1924	735,832	15%	163,969	806,514
							1925	819,285	15%	147,689	565,378
							1926	912,160	15%	200,000	584,656
							1927	915,091	15%	124,176	582,526
							1928	915,389	15%	275,000	617,591
							1929	1,124,359	15%	125,000	623,157
							1930	948,534	15%	25,000	626,002
							1931	845,814	15%	...	395,056
							1932	587,023	14%	...	...

* Bonus 1 per cent.

Year ended Mar. 31.	No. of branches	LIABILITIES.										Total Liabilities or Assets.	ASSETS.									
		Capital and Re- serves.	Per Cent.	Un- divided Profits.	Per Cent.	Notes.	Per Cent.	Bills Payable, &c.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand and at Bank.	Per Cent.	Bills Re- ceivable and in Transit.	Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances.	Per Cent.	Buildings and Sundries.	Per Cent.
1921	211	5,705,989	11.5	726,901	1.5	4,741,492	9.5	4,116,574	8.3	34,475,655	69.2	49,766,611	6,885,738	13.4	2,209,534	4.4	10,027,242	20.1	30,506,628	61.3	337,469	0.7
1922	210	5,855,989	11.5	790,194	1.8	4,294,230	9.9	3,713,175	8.6	28,676,603	66.2	43,330,191	7,722,878	17.8	2,869,861	6.6	7,657,420	17.6	24,783,559	57.3	296,473	0.7
1923	213	6,005,989	13.3	759,457	1.2	4,564,695	10.1	3,972,048	8.0	30,003,927	66.1	45,306,116	7,827,968	19.0	4,847,930	10.7	10,624,884	23.4	20,664,217	45.6	541,171	1.2
1924	217	7,284,442	15.5	1,265,357	2.4	4,072,102	8.7	3,732,130	8.0	30,501,720	65.1	46,855,761	7,400,509	15.8	5,695,081	12.1	11,815,292	25.2	21,228,700	45.4	716,179	1.6
1925	222	7,909,454	16.6	1,042,466	2.2	4,168,844	8.4	4,357,683	9.2	30,079,283	65.2	47,557,730	7,254,369	15.5	5,350,731	11.3	12,163,007	25.6	22,078,730	46.3	710,893	1.6
1926	229	9,158,299	18.4	1,183,872	2.4	4,444,393	8.9	3,855,792	7.7	34,861,933	69.2	49,763,649	7,471,236	15.1	5,116,131	10.3	13,895,421	27.7	22,662,697	46.3	618,104	1.2
1927	230	9,354,186	19.1	1,214,803	2.3	3,765,593	7.7	4,861,933	9.9	39,664,025	69.8	49,763,649	7,471,236	15.1	5,116,131	10.3	13,895,421	27.7	22,662,697	46.3	618,104	1.2
1928	239	9,797,023	19.6	1,149,162	2.3	3,797,080	7.6	4,797,252	9.6	30,339,033	60.9	48,860,540	7,696,282	15.7	5,116,131	10.3	13,895,421	27.7	22,662,697	46.3	618,104	1.2
1929	240	10,008,114	18.1	1,344,284	2.6	4,290,793	7.9	4,979,067	9.1	33,939,651	69.2	49,763,649	7,471,236	15.1	5,116,131	10.3	13,895,421	27.7	22,662,697	46.3	618,104	1.2
1930	244	10,385,664	19.0	1,199,849	2.3	3,754,948	6.8	5,536,497	10.1	33,897,809	61.9	47,774,567	7,470,062	13.7	3,362,051	6.2	17,893,430	37.2	24,349,263	44.6	1,487,103	3.1
1931	236	11,015,164	20.8	1,102,694	2.3	3,679,957	6.9	4,836,762	9.1	32,324,685	61.1	52,959,262	7,329,709	13.1	3,540,460	6.2	12,856,479	25.6	23,696,476	45.6	1,930,389	3.4
1932	231	11,040,164	21.3	846,749	2.1	4,062,762	7.8	4,292,951	8.3	31,565,843	61.0	51,808,469	7,861,140	15.2	3,514,717	2.9	13,327,115	25.7	21,150,099	52.4	1,955,398	3.4

* Includes money at call.

† Including £102,550 long term mortgage debentures.

* Includes 100,000 long term mortgage debentures.

† Including £607,050 long term mortgage debentures.

* Includes money at call.

† Including £102,550 long term mortgage debentures.

‡ Including £607,050 long term mortgage debentures.

COMMERCIAL BANK OF AUSTRALIA, LIMITED.

ESTABLISHED 1856.

1918.—National Bank of Tasmania purchased, March 1, 1918.

Year ended June 30	Number of Branches	CAPITAL.					Year ended June 30	Net Profit.	Ordinary Dividend.	To Reserve &c.	Carried Forward
		Subscribed.	Paid-up.	Callable.	Reserved.						
Ordinary Shares		£2,000,000	£2,000,000	Nil.	Nil.		1921	228,081	15%	75,726	42,209
Preference Shares		£10.	£10.	Nil.	Nil.		1922	234,419	15%	95,066	44,786
Per Share		£10	£10	Nil.	Nil.		1923	264,542	15%	101,948	64,954
							1924	305,536	15%	116,124	82,570
							1925	341,711	15%	110,083	66,141
							1926	355,020	15%	91,671	81,760
							1927	391,624	15%	75,662	90,486
							1928	389,841	15%	79,788	94,190
							1929	308,449	15%	42,451	95,649
							1930	199,610	6%	10,000	70,312

		LIABILITIES.										ASSETS.										
Year ended June 30.	Number of Branches.	Capital and Reserves.		Un- divided Profits.		Notes.		Contingent Liabilities and Bills in Circulation.		Deposit and Current Ac- counts.		Total Liabilities or Assets.	Cash in Hand and at Bankers.		Cash at Call and Short Notice in London.		Invest- ments.		Discounts, Advances, and Bills, and Remit- tances in Transit.		Premises and Sundries.	
		Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.		Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	
1922.	225	2,453,943	12.0	105,897	0.5	59,089	0.3	1,754,805	8.6	16,187,721	78.6	20,571,455	3,716,714	18.0	2,805,000	13.6	544,315	2.7	12,334,482	60.0	1,170,944	5.7
1923.	231	2,568,877	12.0	113,497	0.5	57,301	0.3	1,528,634	7.2	17,061,414	80.0	21,329,723	3,903,934	18.3	2,805,000	13.6	544,315	2.7	12,334,482	60.0	1,170,944	5.7
1924.	251	2,976,929	13.4	138,668	0.6	98,370	0.4	1,625,892	7.3	17,458,064	78.3	22,298,913	3,994,044	18.2	2,805,000	13.6	544,315	2.7	12,334,482	60.0	1,170,944	5.7
1925.	270	3,545,805	14.0	172,075	0.7	96,920	0.4	1,755,842	7.0	19,666,798	72.9	25,237,440	4,024,459	16.0	705,000	3.0	1,818,897	8.2	15,313,781	58.7	1,102,421	4.9
1926.	289	4,065,722	15.1	172,180	0.6	104,067	0.4	1,972,582	7.3	20,615,561	76.6	28,930,132	4,012,977	14.9	780,000	2.6	1,818,897	8.2	15,313,781	58.7	1,102,421	4.9
1927.	314	4,999,050	16.1	203,013	0.7	176,124	0.6	2,403,346	8.4	21,102,190	74.2	32,943,723	4,263,100	15.0	780,000	2.5	1,898,200	6.7	17,021,475	66.1	1,581,005	5.2
1928.	352	5,153,388	17.0	230,489	0.8	226,775	0.7	2,530,432	8.3	22,130,076	75.3	34,448,786	4,379,635	12.0	1,000,000	2.5	1,898,200	6.7	17,021,475	66.1	1,581,005	5.2
1929.	385	5,703,600	17.3	252,943	0.9	244,028	0.7	2,570,429	7.8	24,181,046	73.4	36,953,069	4,746,611	11.0	1,000,000	2.5	1,898,200	6.7	17,021,475	66.1	1,581,005	5.2
1930.	373	6,067,749	20.0	273,062	0.9	281,138	0.7	2,774,490	7.0	26,165,335	73.1	41,046,664	4,729,712	10.0	1,000,000	2.5	1,898,200	6.7	17,021,475	66.1	1,581,005	5.2
1931.	376	6,367,350	21.1	267,683	0.7	178,082	0.6	2,725,830	6.7	26,165,335	73.1	41,046,664	4,729,712	10.0	1,000,000	2.5	1,898,200	6.7	17,021,475	66.1	1,581,005	5.2
1932.	366	6,367,350	21.1	212,659	0.7	178,050	0.6	1,678,453	5.6	21,702,170	72.0	30,135,962	3,777,263	12.5	1,000,000	2.5	1,898,200	6.7	17,021,475	66.1	1,581,005	5.2

COMMERCIAL BANKING COMPANY OF SYDNEY, LIMITED.

ESTABLISHED 1834.

INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY.

1927. Absorbed Bank of Victoria, Limited.

CAPITAL										LIABILITIES.										ASSETS.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
Subscribed	Paid-up.	Callable.	Reserved.		Year Ended June 30.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					</

ENGLISH, SCOTTISH, AND AUSTRALIAN BANK, LIMITED.

Registered 1893 under English Companies Acts.

1920—Amalgamated with the London Bank of Australia, Limited.

1921—Amalgamated with the Commercial Bank of Tasmania, Limited.

1927—Amalgamated with the Royal Bank of Australia, Limited, and a consequent issue of 125,000 shares.

CAPITAL										Market		Year		Net		Dividend		To Reserve,		Carried	
Subscribed.	Paid-up.	Callab.	Reserv.	Value.	Year	Ended	Profit.	Dividend.	To Reserve,	Carried											
£	£	£	Nil.	£	Year	June 30.	£	%	£ &c.	Forward.											
5,000,000	3,000,000	2,000,000	Nil.	4,875,000	1921	.....	267,975	10%	87,837	102,605											
					1922	.....	345,475	10%	165,000	107,094											
					1923	.....	470,847	12 1/2%	286,848	126,600											
					1924	.....	502,502	12 1/2%	297,500	130,102											
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.	1925	.....	515,981	12 1/2%	208,919	183,414											
£5	£3	£2	Nil.	£4 1/2	1926	.....	542,308	12 1/2%	213,750	230,722											
					1927	.....	550,988	12 1/2%	218,919	277,960											
					1928	.....	598,769	12 1/2%	190,251	311,478											
Debenture Stock.....					1929	.....	601,263	12 1/2%	190,000	347,741											
Preferred Incribed Deposit Stock.....					1930	.....	601,263	12 1/2%	210,000	305,477											
					1931	.....	266,657	8%	35,000	297,135											

NATIONAL BANK OF AUSTRALASIA, LIMITED.

INCORPORATED 1888.

1918—Amalgamated with Colonial Bank of Australasia, Limited.

1922—Absorbed Bank of Queensland, Limited.

CAPITAL					Year Ended March 31.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.		£	%		£	
Ordinary Shares	£6,800,000	£5,000,000	£1,800,000	Nil.	1922	336,610	9½	140,000	56,625
Per Share	£10 & £8	£10 & £5	£3	...	1923	350,168	10	110,000	68,743
					1924	442,178	10	157,097	81,324
					1925	498,168	10	163,177	108,342
					1926	538,832	10	132,471	114,704
					1927	568,254	10	160,000	122,959
				Price.	1928	581,648	10	160,000	144,603
				4½	1929	640,401	10	138,423	148,496
					1930	659,278	10	150,000	157,773
					1931	655,134	10	150,000	162,907
					1932	561,206	10	150,000	149,113
						276,838	10	150,000	
Ordinary £8 shares with £5 paid, September 30, 1932.									

National Bank of Australasia, Limited—Continued from page 34.

Year ended March 31.	Number of Branches.	LIABILITIES										Total Liabilities or Assets.	ASSETS.									
		Capital and Reserves.		Un- divided Profits.		Notes.	Per Cent.	Bills in Circulation, &c.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand and at Bank.	Per Cent.	Invest- ments.	Per Cent.	Bills and Remit- tances in Transit.	Per Cent.	Discounts and Advances.	Per Cent.	Real Estate and Premises.	Per Cent.
		Per Cent.	Per Cent.																			
		\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	
1921	226	5,320,000	11.3	156,625	0.5	49,524	0.2	1,724,292	5.9	24,191,531	82.1	29,441,972	4.3	8,820,820	12.6	1,803,592	2.6	18,352,615	26.2	640,993	0.9	
1922	265	4,254,289	12.8	171,793	0.5	49,004	0.1	1,262,397	3.8	27,457,593	82.8	33,195,076	6.5	8,859,200	12.6	1,815,110	2.6	19,605,619	28.5	789,400	1.1	
1923	287	4,450,000	12.6	217,574	0.6	48,874	0.1	1,409,355	4.0	29,159,545	82.7	35,285,348	6.5	8,859,200	12.6	1,815,110	2.6	20,292,462	29.1	852,482	1.2	
1924	292	5,205,000	13.8	269,592	0.7	48,312	0.1	1,412,334	3.7	31,213,989	81.7	38,209,227	6.5	8,859,200	12.6	1,815,110	2.6	21,254,076	30.4	954,044	1.4	
1925	299	6,300,000	15.3	314,704	0.8	48,185	0.1	1,258,345	3.3	31,916,942	77.5	40,776,776	6.5	8,859,200	12.6	1,815,110	2.6	22,865,165	33.2	981,311	1.4	
1926	316	6,410,000	15.8	322,958	0.8	48,034	0.1	1,164,773	4.0	32,284,253	79.3	40,776,776	6.5	8,859,200	12.6	1,815,110	2.6	23,865,165	35.1	981,311	1.4	
1927	320	6,500,000	15.1	344,603	0.8	48,014	0.1	1,164,773	4.0	32,284,253	79.3	40,776,776	6.5	8,859,200	12.6	1,815,110	2.6	24,865,165	36.0	981,311	1.4	
1928	328	6,000,000	17.5	398,495	0.9	47,956	0.1	1,155,526	3.6	35,920,079	77.9	45,622,056	6.6	8,859,200	12.6	1,815,110	2.6	25,865,165	37.9	1,178,202	1.7	
1929	334	6,100,000	17.2	407,773	0.9	47,900	0.1	1,154,686	3.2	37,341,465	78.7	47,431,824	6.7	8,859,200	12.6	1,815,110	2.6	26,865,165	38.8	1,346,689	1.9	
1930	343	6,200,000	18.0	412,907	0.9	47,852	0.1	1,152,135	3.1	35,559,314	77.9	45,622,056	6.6	8,859,200	12.6	1,815,110	2.6	27,865,165	40.7	1,399,595	2.0	
1931	334	6,300,000	19.3	549,113	0.8	47,827	0.1	1,024,820	2.4	35,506,077	77.4	43,027,837	6.6	8,859,200	12.6	1,815,110	2.6	28,865,165	42.6	1,450,961	2.1	
1932	334	6,300,000	18.7	275,951	0.6	47,708	0.1	1,024,467	2.3	34,613,063	77.8	44,257,189	6.6	8,859,200	12.6	1,815,110	2.6	29,865,165	43.7	1,405,725	2.0	

NATIONAL BANK OF NEW ZEALAND, LIMITED.
REGISTERED 1872.

CAPITAL					Market Value.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.	Nil.					
£ 6,000,000	£ 2,000,000	£ 4,000,000	Nil.	£ 3,200,000					
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.	Sept. 30, 1932.	£ 54	10s.	15s.	17s. 6d.
£7 10s.	£2 10s.	£5	Nil.	£54					

Year ended Mar. 31.	No. of Branches.	LIABILITIES.										Total Liabilities or Assets.	ASSETS.										
		Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Notes.	Per Cent.	Bills Payable, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, at Bank, and at Call and Short Notice.	Per Cent.	Invest- ments.	Per Cent.	Bills Dis- counted.	Per Cent.	Bills and Remit- tances in Transit and Ad- vances.	Per Cent.	Landed Property, Furniture and Furniture.	Per Cent.	
		£	%	£	%	£	%	£	%	£	%	£	%	£	%	£	%	£	%	£	%		
1921	49	2,020,000	12.9	226,394	1.4	981,782	6.3	4,129,913	26.3	8,296,492	53.1	15,654,581	1.3	1,305,168	8.3	2,136,197	13.6	603,669	3.8	11,413,397	73.0	196,150	1.3
1922	51	2,040,000	14.5	238,521	1.7	1,031,451	11.4	3,162,070	11.5	8,243,238	58.1	14,175,380	1.3	1,305,168	8.3	2,136,197	13.6	603,669	3.8	10,399,486	71.3	241,845	1.7
1923	53	2,500,000	16.5	278,157	1.9	1,729,434	11.1	4,122,151	9.4	9,261,899	60.8	15,191,651	1.3	1,305,168	8.3	2,136,197	13.6	603,669	3.8	11,348,048	74.6	346,918	2.3
1924	53	2,510,000	14.9	294,502	1.7	936,541	6.1	7,711,313	10.1	11,442,154	67.7	15,884,510	1.3	1,305,168	8.3	2,136,197	13.6	603,669	3.8	12,096,485	71.6	392,230	2.5
1925	52	2,970,000	17.1	306,698	1.8	943,847	6.2	3,348,415	13.4	10,822,912	62.3	17,371,872	1.4	1,305,168	8.3	2,136,197	13.6	603,669	3.8	12,665,605	72.9	402,838	2.6
1926	57	3,980,000	21.6	363,044	2.0	955,629	6.2	7,348,578	14.8	10,433,468	56.4	18,701,309	1.5	1,305,168	8.3	2,136,197	13.6	603,669	3.8	13,627,908	73.9	452,101	2.7
1927	56	4,000,000	21.4	345,319	1.8	1,058,710	5.7	2,013,963	10.8	11,283,317	60.3	18,701,309	1.5	1,305,168	8.3	2,136,197	13.6	603,669	3.8	13,883,503	74.2	492,286	3.0
1928	56	4,000,000	21.3	335,572	1.7	1,173,482	6.2	1,384,647	7.3	12,088,015	63.5	18,809,388	1.5	1,305,168	8.3	2,136,197	13.6	603,669	3.8	13,225,636	69.8	872,152	3.2
1929	58	4,000,000	21.3	325,154	1.7	1,297,382	6.9	2,618,430	13.9	10,567,019	56.2	18,809,388	1.5	1,305,168	8.3	2,136,197	13.6	603,669	3.8	13,065,099	69.9	805,909	3.1
1930	59	4,000,000	20.8	325,154	1.7	1,115,974	5.8	1,638,753	8.1	12,165,675	63.3	19,214,575	1.5	1,305,168	8.3	2,136,197	13.6	603,669	3.8	13,425,135	69.9	850,912	3.2
1931	59	4,000,000	22.3	248,457	1.4	940,476	5.1	1,062,541	5.9	11,657,303	65.0	17,908,777	1.5	1,305,168	8.3	2,136,197	13.6	603,669	3.8	12,281,763	68.5	853,215	3.2
1932	57	4,000,000	21.5	202,294	1.1	951,152	5.2	1,080,808	5.8	12,314,328	66.4	18,558,582	1.5	1,305,168	8.3	2,136,197	13.6	603,669	3.8	12,612,247	68.1	841,033	3.1

† Includes New Zealand Government Treasury Bills.

† Includes New Zealand Government Treasury Bills.

QUEENSLAND NATIONAL BANK, LIMITED.
INCORPORATED 1872.

CAPITAL					Market Value.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.						
£	£	£	£	£					
1,750,000	1,750,000	Nil.	Nil.	1,400,000					
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.					
45	45	Nil.	Nil.	24					
Interminable inscribed deposit stock, £3,091,669.									

LIABILITIES.										Total Liabilities or Assets.	ASSETS.												
Year ended June 30	Number of Branches.	Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Bills Payable to the Government of Queensland.	Per Cent.	Miscellaneous Credits, Rebates, &c.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand and at Bankers.	Per Cent.	Cash at Call and Short Notice in London.	Per Cent.	Investments.	Per Cent.	Discounts, Advances, and Bills in Transit.	Per Cent.	Premises and Sundries.		
		£		£		£		£		£		£		£		£		£		£			
1922	91	4,251,669	36.9	50,827	0.4	...	...	350,078	3.0	8,898,750	59.7	11,551,304	1.1	1,386,732	12.0	105,000	0.9	1,689,760	14.6	7,869,401	68.2	500,411	4.3
1923	89	4,291,669	34.9	58,177	0.5	...	...	415,263	3.4	7,519,294	81.2	12,284,403	1.2	1,386,732	12.0	105,000	0.9	1,782,467	14.8	8,488,925	69.2	569,189	4.8
1924	91	4,829,229	36.8	74,048	0.6	...	...	487,656	3.7	7,729,732	58.9	13,120,668	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1925	91	5,205,220	38.3	51,757	0.4	...	...	401,757	3.0	7,920,653	58.3	13,579,387	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1926	95	5,301,669	36.7	49,149	0.3	...	...	542,493	3.7	8,566,481	59.3	14,459,792	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1927	99	5,448,834	36.8	51,351	0.3	...	...	712,405	4.8	8,574,176	58.1	14,459,792	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1928	102	5,626,627	37.2	52,421	0.3	...	...	431,621	2.9	9,026,995	59.9	15,137,666	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1929	102	5,656,669	36.5	49,809	0.3	...	...	407,581	2.8	9,404,099	60.6	15,137,666	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1930	102	5,681,669	38.5	53,515	0.4	...	...	348,219	2.6	8,657,228	58.7	14,740,631	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1931	102	5,701,669	39.3	43,307	0.3	...	...	437,459	3.0	8,135,285	57.3	14,511,599	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7
1932	101	5,701,669	40.2	53,645	0.4	...	...	292,529	2.1	8,135,285	57.3	14,183,128	1.3	1,386,732	12.0	105,000	0.9	1,782,467	14.8	9,158,064	69.9	565,640	4.7

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THE UNION BANK OF AUSTRALIA, LIMITED.

ESTABLISHED 1837.

CAPITAL					Market Value.	Year Ended Feb. 28.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.							
\$	\$	\$	\$	\$	\$		\$	%	\$	\$
12,000,000	4,000,000	NIL	8,000,000	5,500,000		1922	536,261	15(a)	120,000	86,818
						1923	552,894	15(a)	100,000	89,712
						1924	550,292	15(a)	100,000	90,003
						1925	590,398	15(a)	100,000	92,902
						1926	627,611	15(a)	100,000	95,513
						1927	627,426	15(a)	100,000	97,939
						1928	638,966	15(a)	75,000	99,404
						1929	611,932	15(a)	25,000	86,336
						1930	525,656	12(a)	25,000	86,992
						1931	283,019	7(a)	...	90,010
						1932	160,954	4(a)	...	90,964

(a) Free of tax.

LIABILITIES.										Total Liabilities or Assets.
Year ended February 28.	No. of Branches.	Paid up Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Notes.	Per Cent.	Bills Payable, &c.	Per Cent.	
		\$	%	\$	%	\$	%	\$	%	\$
1922	184	6,250,000	15.5	311,818	0.8	559,186	1.4	4,037,788	10.0	29,187,724
1923	190	6,350,000	15.0	314,712	0.7	562,081	1.3	3,707,570	8.8	31,390,819
1924	192	6,450,000	14.5	315,003	0.7	574,610	1.5	4,115,663	9.2	32,838,019
1925	192	7,650,000	16.4	355,402	0.8	721,031	1.5	4,005,166	8.2	33,995,884
1926	197	7,700,000	17.3	358,013	0.8	772,245	1.7	3,668,443	8.2	32,038,237
1927	196	7,750,000	17.0	360,439	0.8	592,084	1.3	3,478,574	9.6	32,545,478
1928	207	8,850,000	18.8	399,404	0.8	572,394	1.2	3,343,909	7.1	33,978,582
1929	216	8,850,000	18.0	386,336	0.8	579,729	1.2	3,507,051	7.2	35,644,350
1930	218	8,850,000	19.0	336,992	0.7	603,109	1.3	2,886,052	5.1	34,584,517
1931	220	8,850,000	20.0	170,010	0.4	644,041	1.2	1,451,091	3.3	33,184,413
1932	210	8,850,000	18.9	170,964	0.4	463,480	1.0	1,457,276	3.1	35,844,650

ASSETS.										Total Liabilities or Assets.
Year ended February 28.	No. of Branches.	Cash in Hand and at Bankers, &c.	Per Cent.	Money at Call and Short Notice in London.	Per Cent.	Investments.	Per Cent.	Remittances and Drafts in Transit, Discounts and Advances.	Per Cent.	
		\$	%	\$	%	\$	%	\$	%	\$
1922	184	7,362,162	18.2	1,125,000	2.8	2,173,750	5.4	29,290,234	72.6	395,370
1923	190	6,560,886	15.5	1,060,000	2.5	2,200,000	5.0	32,110,147	75.9	394,149
1924	192	5,672,086	12.8	790,000	1.8	2,200,000	5.0	35,338,335	79.5	392,874
1925	192	4,928,878	10.5	1,435,000	3.1	2,200,000	4.7	37,771,652	80.9	391,553
1926	197	6,711,087	15.1	1,070,000	2.4	2,201,000	4.9	34,164,673	76.7	390,178
1927	196	6,992,846	15.3	550,000	1.2	2,217,075	4.9	35,477,902	77.7	388,753
1928	207	6,388,787	15.7	760,000	1.6	2,863,062	6.0	35,745,165	75.9	387,275
1929	216	6,373,144	13.0	1,060,000	2.2	2,223,199	4.5	38,925,378	79.8	385,745
1930	218	6,973,304	14.9	589,500	1.3	2,353,800	5.0	36,459,905	78.0	384,161
1931	220	7,995,603	18.1	440,000	1.0	2,407,597	4.3	32,973,829	74.6	382,526
1932	210	10,555,080	22.6	425,000	0.9	2,399,019	5.1	33,026,426	70.6	380,845

(4) CANADIAN BANKS.

BANK OF MONTREAL.

ESTABLISHED 1817.

Acquired Exohange Bank of Yarmouth, 1903.
Acquired People's Bank of Halifax, 1905.
Acquired People's Bank of New Brunswick, 1907.

Acquired Bank of British North America, October, 1918.
Acquired Merchants' Bank of Canada, March, 1922.
Acquired Molsons Bank, January, 1925.

CAPITAL					Reserve Liability.	Year Ended Oct. 31.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.							
\$	\$	\$	\$	\$	\$		\$	%	\$	\$
36,000,000	36,000,000	...	...	36,000,000		1921	3,949,796	14	620,000	1,501,646
						1922	4,756,668	14	6,242,000	558,816
						1923	4,496,417	14	580,650	669,582
						1924	4,454,504	14	537,500	761,586
						1925	4,604,963	14	608,090	896,788
						1926	4,978,133	14	618,167	767,416
						1927	5,299,888	14	1,724,167	154,799
						1928	5,847,327	14	1,100,000	713,789
						1929	7,070,892	14	2,335,865	735,582
						1930	6,519,032	14	1,311,439*	947,047
						1931	5,386,380	12	910,000	1,103,427

* Including \$51,460 premiums on new stock, carried to reserve.

(Dollars converted to sterling at \$5 to £1.)

LIABILITIES.										Total Liabilities or Assets.
Year ended April 30.	No. of Branches.	Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Notes.	Per Cent.	Balances Due to Other Banks in Canada, &c.	Per Cent.	
		\$	%	\$	%	\$	%	\$	%	\$
1921	320	8,800,000	8.7	440,429	0.4	7,014,061	6.9	1,865,311	1.8	83,320,188
1922	643	10,900,000	8.4	282,446	0.2	7,924,895	6.0	2,780,792	1.4	101,439,989
1923	594	10,900,000	8.3	342,635	0.3	7,847,204	6.0	2,317,374	1.8	108,885,681
1924	543	10,900,000	8.0	361,239	0.3	7,544,643	5.6	2,443,626	1.8	109,714,436
1925	617	11,966,680	8.3	352,511	0.2	7,847,922	5.5	3,148,951	2.0	114,737,305
1926	614	11,966,680	8.0	367,980	0.2	8,334,888	5.6	4,321,421	2.9	120,322,895
1927	620	11,966,680	7.6	442,165	0.3	8,653,269	5.8	3,944,662	2.5	124,835,502
1928	626	12,166,680	7.0	332,071	0.2	8,528,928	4.9	5,339,807	3.1	131,815,788
1929	689	14,019,504	7.6	502,116	0.3	8,678,700	4.7	13,270,402	7.1	147,270,037
1930	675	14,800,000	9.4	474,198	0.3	7,694,629	4.7	5,296,057	3.1	146,670,410
1931	648	14,800,000	9.4	434,254	0.3	7,733,589	4.3	5,196,649	3.3	150,215,049
1932	666	14,800,000	9.9	460,319	0.3	7,028,714	4.7	4,521,464	3.0	152,911,999

BANK OF NOVA SCOTIA.

ESTABLISHED 1832.

1913.—Absorbed Bank of New Brunswick.

1914.—Absorbed Metropolitan Bank.

1919.—Absorbed Bank of Ottawa.

CAPITAL					Reserve.	Year Ended Dec. 31.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.							
\$	\$	\$	\$	\$	\$		\$	%	\$	\$
12,000,000	12,000,000	NIL	12,000,000	...		1922	424,536	16	91,493	34,633
						1923	420,907	16	85,000	50,539
						1924	422,006	16	85,000	67,548
						1925	427,584	16	85,000	90,129
						1926	448,649	16	87,000	131,777
						1927	507,104	16	189,000	95,641
						1928	552,223	16	100,000	182,945
						1929	507,129	16	122,000	293,168
						1930	515,960	16	326,000	106,966
						1931	...	16	127,000	111,926

(Dollars converted at rate of \$5 to £1.)

Continued on page 40.

ESTABLISHED 1821.

GUARDIAN ASSURANCE COMPANY LIMITED.

Subscribed Capital - £2,059,971
Capital Paid Up - £1,024,578
Total Income - £3,270,000
Total Assets - £13,158,000

All the principal classes of Insurance Business are transacted by the Company, also Trustee and Executorship Business.

HEAD OFFICE:
68, KING WILLIAM STREET,
LONDON, E.C.4.

Law Courts Branch: 21, FLEET STREET, E.C.4.
Westminster Branch: 28, KING STREET, COVENT GARDEN, W.C.2.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

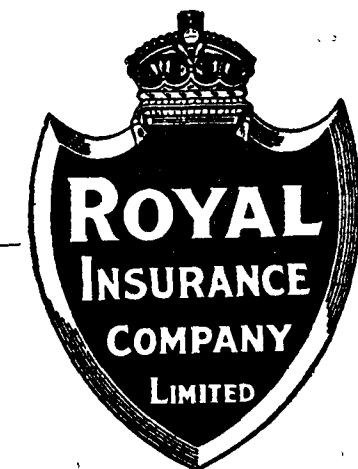
Founded 1826.

President
The Right Hon. THE EARL OF
ELGIN & KINCARDINE, C.M.G., LL.D.

At the latest Division of Profits on 31st December, 1930, the Bonus Additions to participating Policies ranged from

£2 2 6% to £5 17 6% per annum and the reserves for future profits were further strengthened.

Head Office:
35 ST. VINCENT PLACE, GLASGOW.
London Office:
17 TOKENHOUSE YARD, E.C.2.



The "Royal" Shield
symbolises
Security First

TOTAL FUNDS EXCEED - £42,000,000
TOTAL CLAIMS PAID, OVER - £200,000,000

Head Offices:
LIVERPOOL: North John St.
LONDON: Lombard St.

96 YEARS' SERVICE
TO
AGENTS AND THE PUBLIC

THE
LIVERPOOL
AND
LONDON
AND
GLOBE
INSURANCE
CO., LTD.



FUNDS
EXCEED
£25,000,000

CLAIMS
PAID, over
£167,000,000

HEAD OFFICE:
1 Dale Street
LIVERPOOL
LONDON
(Chief Office)
1 Cornhill, E.C.3

Bank of Nova Scotia—Continued from page 38.

Year ended Dec. 31	Number of Branches.	LIABILITIES.								Total Liabilities or Assets.	ASSETS.												
		Capital and Res- erves.	Per Cent.	Un- divided Profits.	Per Cent.	Notes.	Per Cent.	Due to Other Banks, &c.	Per Cent.		Deposits and Current Accounts.	Per Cent.	Cash in Hand and Due by Agents.	Per Cent.	Call and Short Loans.	Per Cent.	Invest- ments.	Per Cent.	Discounts and Advances.	Per Cent.	Real Estate, Pre- mises, and Sundries.	Per Cent.	
		\$		\$		\$		\$				\$		\$		\$		\$		\$			
1921	303	5,740,000	12.8	91,132	0.2	3,170,513	7.0	751,676	1.7	35,307,959	78.3	45,061,280	10.8	10,987,033	24.3	7,827,765	17.4	7,544,376	16.7	17,152,383	38.2	49,723,344	11.1
1922	303	5,900,000	13.3	113,514	0.3	3,079,928	7.0	751,103	1.7	34,484,920	77.7	44,329,465	11.5	11,524,833	26.0	5,632,721	12.7	7,544,376	16.7	17,152,383	38.2	49,723,344	11.1
1923	304	5,900,000	13.0	130,702	0.3	3,079,928	6.6	1,574,053	3.4	34,958,340	76.7	45,577,960	10.9	10,980,188	24.0	5,626,471	12.3	8,239,665	18.6	17,152,383	38.2	49,723,344	11.1
1924	298	5,900,000	12.6	148,039	0.3	3,282,632	6.0	2,086,757	4.4	35,988,693	76.7	46,952,121	11.2	11,228,879	23.9	5,626,471	12.3	8,239,665	18.6	17,152,383	38.2	49,723,344	11.1
1925	304	5,900,000	12.1	170,589	0.3	3,240,062	6.0	1,989,148	4.1	37,891,368	77.5	48,891,167	11.1	11,154,115	22.8	5,626,471	12.3	8,239,665	18.6	17,152,383	38.2	49,723,344	11.1
1926	303	5,900,000	12.0	212,273	0.4	2,996,231	6.1	1,159,365	4.4	38,076,443	77.1	49,344,517	10.9	10,291,070	20.8	5,029,844	10.3	11,859,324	21.0	18,369,293	39.9	52,827,815	11.5
1927	309	6,000,000	11.5	176,007	0.3	3,038,033	5.8	2,433,642	4.7	40,699,714	77.7	52,347,396	10.7	10,474,742	20.1	7,903,945	15.1	10,849,874	22.0	19,135,409	38.9	52,930,142	9.9
1928	320	6,000,000	10.7	263,222	0.5	3,219,611	5.8	2,920,354	5.2	43,497,426	77.2	55,900,613	11.3	11,314,720	20.2	9,303,945	15.1	10,289,259	19.5	20,854,399	39.9	52,827,815	11.5
1929	327	6,000,000	10.9	373,671	0.7	3,240,453	5.9	2,886,672	5.3	42,347,479	77.2	54,848,275	10.9	10,896,159	19.9	9,027,998	16.4	9,978,272	17.9	22,169,193	39.9	53,051,190	10.0
1930	335	7,200,000	13.7	203,015	0.4	4,793,469	5.9	3,418,197	4.6	40,008,451	76.0	52,623,132	9.2	9,226,861	17.7	5,622,235	14.5	9,750,524	18.6	24,596,467	46.4	52,885,485	10.0
1931	324	7,200,000	13.7	208,367	0.4	4,250,566	4.1	1,860,965	3.5	40,689,392	77.6	52,499,290	8.4	8,488,170	15.1	5,596,873	6.9	12,636,485	24.1	24,420,028	46.4	53,357,736	4.4

THE CANADIAN BANK OF COMMERCE.
INCORPORATED 1867 IN CANADA WITH LIMITED LIABILITY.
1923.—Absorbed Bank of Hamilton.

Year ended Nov. 30.	CAPITAL.				Market Price	Year ended Nov. 30.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
	Subscribed.	Paid-up.	Callible.	Reserve.						
1921	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1921	640,302	13	139,391	400,016
1922	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1922	616,939	13	185,277	430,995
1923	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1923	598,648	13	179,853	449,103
1924	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1924	741,098	13	416,938	250,290
1925	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1925	716,551	13	178,915	253,679
1926	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1926	747,325	13	203,560	263,198
1927	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1927	765,815	13	494,765	292,591
1928	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1928	920,953	13	596,936	62,635
1929	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1929	1,041,005	13	1,302,572	97,627
1930	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1930	1,105,155	13	337,637	106,100
1931	\$ 30,000,000	\$ 30,000,000	\$ Nil.	\$ 30,000,000	Per Share, Sept. 30, 1932.	1931	981,149	12	237,450	110,072

(Converted at par of exchange.)

* Includes profit and loss balance of the Standard Bank of Canada.
† Includes £1,022,180 received as premiums on new shares issued.
‡ Includes £41,505 premium on new issue.

Year Ended Nov. 30.	No. of Branches.	LIABILITIES.							Total Liabilities or Assets.	ASSETS.											
		Capital and Reserves	Per Cent.	Undi- vided Profits.	Per Cent.	Notes.	Per Cent.	Due to Other Banks, &c.		Per Cent.	Deposit and Current Accounts.	Per Cent.	Cash in Hand and Due by Agents.	Per Cent.	Call and Short Loans.	Per Cent.	Invest- ments.	Per Cent.	Dis- counts and Advances	Per Cent.	Real Estate, Pre- leases and Sanclires.	Per Cent.
1921	530	6,164,384	7.0	524,218	0.6	4,824,159	5.5	3,895,058	4.4	72,566,137	82.5	87,973,956	20.1	15,249,949	23.0	9,413,177	10.7	8,215,414	9.3	47,408,796	53.3
1922	515	6,164,384	7.0	555,300	0.7	4,669,651	5.5	4,432,943	5.3	67,624,710	81.0	83,446,988	17,538,226	21.0	9,318,714	11.2	8,215,414	9.3	47,408,796	53.3	
1923	523	6,219,178	7.7	782,299	0.8	5,162,269	5.9	6,242,955	6.6	73,951,472	78.4	94,358,173	15,068,609	16.0	10,509,688	11.1	9,060,863	10.0	44,431,537	53.3	
1924	568	6,219,178	7.8	816,104	0.8	5,444,249	5.6	7,501,534	7.2	82,828,564	79.0	104,809,629	19,159,940	18.3	11,405,688	11.2	9,060,863	10.0	44,431,537	53.3	
1925	550	6,219,178	7.8	816,104	0.8	5,444,249	5.6	7,501,534	7.2	82,828,564	79.0	104,809,629	19,159,940	18.3	11,405,688	11.2	9,060,863	10.0	44,431,537	53.3	
1926	552	6,219,178	7.8	816,104	0.8	5,444,249	5.6	7,501,534	7.2	82,828,564	79.0	104,809,629	19,159,940	18.3	11,405,688	11.2	9,060,863	10.0	44,431,537	53.3	
1927	572	6,219,178	7.8	816,104	0.8	5,444,249	5.6	7,501,534	7.2	82,828,564	79.0	104,809,629	19,159,940	18.3	11,405,688	11.2	9,060,863	10.0	44,431,537	53.3	
1928	588	6,219,178	7.8	816,104	0.8	5,444,249	5.6	7,501,534	7.2	82,828,564	79.0	104,809,629	19,159,940	18.3	11,405,688	11.2	9,060,863	10.0	44,431,537	53.3	
1929	795	12,245,758	7.5	341,873	0.7	11,903,885	7.4	12,907,744	14.5	120,891,594	75.4	164,635,440	26,305,338	17.7	27,971,950	18.0	15,780,455	9.6	31,009,987	7.1	
1930	782	12,328,768	7.7	353,543	0.7	11,975,225	7.4	12,907,744	14.5	120,891,594	75.4	164,635,440	26,305,338	17.7	27,971,950	18.0	15,780,455	9.6	31,009,987	7.1	
1931	749	12,328,768	7.9	296,542	0.6	12,032,226	7.4	12,907,744	14.5	120,891,594	75.4	164,635,440	26,305,338	17.7	27,971,950	18.0	15,780,455	9.6	31,009,987	7.1	

• January 31.

• December 31, 1935 premium on new issue.

* January 31.

THE DOMINION BANK.
ESTABLISHED 1871.

CAPITAL.			Year.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.					
\$	\$		1921	1,016,262	13	\$	\$
7,000,000	7,000,000	NIL.	1922	1,017,682	13	190,000	715,480
			1923	1,129,370	13	195,000	758,163
			1924	1,144,082	13	282,158	826,375
			1925	1,156,840	13	289,325	900,125
			1926	1,259,277	13	312,667	964,298
Per Share.	Per Share.	Per Share.	1927	1,259,277	13	411,020	1,032,555
\$100	\$100	NIL.	1928	1,328,498	13	1,460,527	120,524
			1929	1,408,088	13	476,326	272,287
			1930	1,522,809	13	1,531,315	374,645
			1931	1,409,747	13	434,040	434,040
				1,322,287	12	461,297	465,209

(Dollars converted at rate of \$5 to £1.)

* Includes \$996,030 premiums on new stock issue.
† Includes \$3,970 premiums on new stock issue.

Year Ended Dec. 31.	No. of Branches.	LIABILITIES.							Total Liabilities and Assets.	ASSETS.											
		Capital and Reserves	Per Cent.	Undi- vided Profits.	Per Cent.	Notes.	Per Cent.	Miscel- laneous Credits, Rebates, &c.		Per Cent.	Deposit and Current Accounts.	Per Cent.	Cash in Hand and at Bank	Per Cent.	Loans on Call.	Per Cent.	Invest- ments.	Per Cent.	Dis- counts and Advances.	Per Cent.	Build- ings and Sundries, including Deposit for Note Issue.	Per Cent.
1921*	127	2,600,000	10.3	200,117	0.8	1,580,229	6.3	747,817	3.0	20,055,524	79.6	25,183,687	5.1	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1922	122	2,600,000	9.9	191,147	0.7	1,465,314	5.6	2,249,867	8.5	19,760,860	75.3	26,267,188	6.0	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1923*	121	2,600,000	10.1	209,357	0.8	1,467,365	5.7	1,807,985	7.0	19,666,957	76.4	25,751,065	5.4	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1924*	118	2,600,000	10.0	217,920	0.9	1,417,147	6.0	1,689,157	7.2	21,763,027	74.9	23,587,251	5.2	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1924	116	2,600,000	10.6	228,022	0.9	1,336,919	5.2	2,067,088	8.1	19,245,433	75.2	25,586,627	5.2	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1925	120	2,600,000	10.2	240,874	0.9	1,423,479	5.6	2,076,841	8.1	19,245,433	75.2	25,586,627	5.2	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1926	118	2,600,000	10.2	254,618	1.0	1,491,115	5.8	1,438,323	6.3	19,772,116	77.4	25,556,172	5.2	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1927	120	2,600,000	9.9	72,526	0.3	1,568,963	5.4	2,103,678	7.4	19,772,116	77.4	25,556,172	5.2	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1928	120	2,600,000	9.2	103,134	0.4	1,641,447	5.4	2,548,331	8.3	19,772,116	77.4	25,556,172	5.2	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1929	145	3,198,412	10.4	131,532	0.4	1,538,062	5.0	1,997,938	6.2	23,970,317	76.8	30,836,229	6.4	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1930	145	3,206,111	10.4	134,958	0.4	1,531,345	4.7	1,797,888	6.3	21,989,819	77.7	28,344,770	6.4	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5
1931	145	3,200,000	12.0	135,231	0.5	1,525,461	4.7	897,505	3.4	21,089,819	79.4	28,575,016	6.4	4,033,824	16.0	12,442,213	49.4	1,390,439	6.5	1,390,439	6.5

* June 30.

ROYAL BANK OF CANADA.

Incorporated in 1869 as Merchants' Bank of Halifax. Name changed in 1901.

Absorbed Union Bank of Halifax, 1910.

Absorbed Traders Bank of Canada, 1912.

Absorbed Quebec Bank, October, 1916.

CAPITAL			
Authorised.	Paid-up.	Callable.	Reserved.
\$	\$	\$	\$
50,000,000	35,000,000	Nil.	35,000,000
Per Share.	Per Share.	Per Share.	Per Share.
\$100	\$100	Nil	\$100

(Dollars converted into sterling at rate of \$5 to £1.)

Absorbed Northern Crown Bank, 1918.
Absorbed Union Bank of Canada, 1925.

Year Ended	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Nov. 30.	£	%	£	£
1921	807,567	14	167,230	181,009
1922	791,694	14	200,000	201,503
1923	781,863	14	193,000	217,166
1924	775,795	14	184,000	228,761
1925	816,326	14	188,000	249,287
1926	903,248	14	197,000	281,935
1927	1,074,029	14	226,000	361,966
1928	1,176,251	14	242,000	472,217
1929	1,429,027	14	240,000	714,830
1930	1,314,525	14	240,000	821,356
1931	1,089,665	12		831,021

Year Ended May 31.	LIABILITIES.											Total Liabilities or Assets.	ASSETS.										
	No. of Branches.	Capital and Reserves.	Per Cent.	Undivided Profits.	Per Cent.	Notes.	Per Cent.	Miscellaneous Credits.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand and Due from Other Banks & Agents.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Dis- counts and Ad- vances.	Per Cent.	Prem- ises, Liabilities of Custom- ers, &c.	Per Cent.	
1921	695	£ 8,160,000	8.7	303,409.0	3.6	5,632,474.6	6.0	4,194,848.4	4.4	75,889,405.8	80.6	94,180,136	21,915,424.25	23.2	8,583,614	9.1	9,956,005.10	6.6	49,980,754.53	53.1	1,744,339.40	1.8	
1922	682	8,160,000	8.5	407,232.0	4.4	5,329,180.5	5.6	7,575,269.7	7.8	74,400,792.7	77.7	95,872,473	24,624,798.25	25.6	9,722,024	10.2	8,862,844	9.3	48,495,546.50	50.6	1,664,261.67	1.7	
1923	670	8,160,000	7.6	422,823.0	4.4	4,245,308.5	5.8	8,576,727.8	8.0	84,266,853.7	78.2	107,671,711	26,326,507.25	24.5	9,274,515	8.6	11,024,073.10	10.2	52,944,594.49	49.2	1,102,022.02	1.0	
1924	655	8,160,000	7.0	434,324.0	4.4	4,964,388.5	5.1	9,833,438.8	8.4	92,365,754.7	79.1	116,757,902	29,484,158.25	25.2	6,850,330	5.9	19,270,460.16	16.5	51,445,071.44	44.1	1,970,883.83	1.7	
1925	646	8,160,000	6.8	351,162.0	3.5	5,530,977.4	4.6	9,376,397.7	4.6	96,347,508.8	80.5	119,766,044	21,977,648.18	18.4	11,568,432	9.7	22,617,014.18	18.9	55,512,271.43	43.6	1,090,679.87	0.9	
1926	686	9,760,000	6.7	396,287.0	3.7	7,180,746.4	4.9	11,110,914.6	7.6	117,148,778.8	80.5	145,896,725	22,854,521.15	15.7	16,809,755	11.5	27,169,197.18	18.7	68,920,115.47	47.3	1,843,137.57	1.3	
1927	873	11,537,804	7.4	455,818.0	3.7	7,126,347.4	4.6	12,665,038.8	1.1	124,221,545.0	79.6	156,006,547	22,854,521.15	15.7	16,809,755	11.5	27,169,197.18	18.7	68,920,115.47	47.3	1,843,137.57	1.3	
1928	878	12,000,000	6.5	541,966.0	3.7	7,389,927.4	4.0	15,483,379.4	4.4	149,538,920.0	80.8	184,954,192	29,732,649.16	16.1	12,469,826	13.4	24,409,880.15	15.6	75,466,412.18	48.5	1,093,199.67	0.7	
1929	897	13,627,992	7.2	679,694.0	4.7	7,662,117.1	4.1	11,872,953.9	10.0	147,156,236.7	78.3	187,898,992	25,775,196.13	13.7	7,260,755.13	13.9	26,182,105.13	13.9	96,703,477.51	51.5	1,162,659.70	0.6	
1930	913	14,000,000	7.9	924,830.0	5.5	7,506,699.4	4.2	11,846,369.9	9.0	138,329,551.7	78.4	170,746,449	23,449,412.14	13.7	3,214,050.01	12.1	18,294,335.10	10.4	100,231,946.54	56.7	1,132,915.71	0.7	
1931	890	14,000,000	8.2	1,031,356.0	6.4	6,497,657.3	3.8	15,442,740.9	9.0	133,774,633.7	78.4	170,746,386	24,594,412.14	14.4	4,169,599.03	9.9	25,329,731.14	14.8	82,182,363.54	54.1	1,168,077.67	0.6	
1932	877	14,000,000	9.2	1,041,021.0	7.5	7,599,754.3	3.9	9,630,561.6	6.3	121,318,868.7	79.9	151,950,204	23,859,072.15	15.7	7,111,395.06	7.5	20,804,079.13	13.7	87,457,727.54	57.6	1,434,262.50	0.5	

* November 30.

† February 28.

(5) INDIAN BANKS.

IMPERIAL BANK OF INDIA.

BALANCE SHEET.

LIABILITIES.	June 30, 1930.			ASSETS.	June 30, 1930.		
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Capital paid up	5,62,50,000	5,62,50,000	5,62,50,000	Government securities	26,98,03,000	28,18,53,000	27,31,22,000
Reserve	5,37,50,000	5,42,50,000	5,15,00,000	Other authorised securities under the Act	2,71,71,000	2,59,39,000	2,48,54,000
Public deposits	13,91,45,000	15,96,89,000	19,08,32,000	Loans	11,28,37,000	9,08,91,000	8,39,93,000
Other deposits	70,03,58,000	66,15,34,000	61,49,44,000	Cash credits	32,81,13,000	30,19,12,000	26,67,99,000
Sundries	2,56,67,000	94,49,000	1,04,38,000	Inland bills discounted and purchased	3,09,04,000	3,36,93,000	1,76,24,000
				Foreign bills discounted and purchased			
				Dead stock	1,57,000	2,27,000	1,90,000
				Sundries	2,77,68,000	2,71,99,000	2,64,40,000
				Balances with other banks	61,71,000	67,51,000	49,54,000
				Cash	25,71,000	9,22,000	58,00,000
					16,96,75,000	17,17,85,000	22,01,88,000
	97,51,70,000	94,11,72,000	92,39,64,000		97,51,70,000	94,11,72,000	92,39,64,000

THE MERCANTILE BANK OF INDIA, LIMITED.

REGISTERED 1892.

Absorbed the Bank of Mauritius, Limited, as from January 1, 1916.

Absorbed the Bank of Calcutta, Limited, as from March 31, 1906.

CAPITAL			
Subscribed.	Paid-up.	Callable.	Reserved.
£750,000	£375,000	£187,500	£187,500
"A" Shares	£25	£12 10s.	£6 5s.
Per Share	£25	£12 10s.	£6 5s.
"B" Shares	£750,000	£375,000	£187,500
Per Share	£25	£12 10s.	£6 5s.
"C" Shares	£300,000	£300,000	Nil.
Per Share	£5	£5	Nil.

* Premises and Pension Fund only. £450,000 was transferred from Reserve Fund to Inner Reserve.

Year Ended December 31.	No. of Branches.	LIABILITIES.										Total Liabilities or Assets.	ASSETS.									
		Capital and Re- serves.	Per Cent.	Undi- vided Profits.	Per Cent.	Notes in Circu- lation.	Per Cent.	Accept- ances.	Per Cent.	Miscel- laneous Credits, Re- bate, &c.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand, at Bankers and at Call.	Per Cent.	Invest- ments.	Per Cent.	Dis- counts and Ad- vances.	Per Cent.	Buildings and Sundries, including Cover for Accept- ances.	Per Cent.
1922	20	\$ 2,250,000	13.5	\$ 236,105	1.4	\$ 290,627	1.7	\$ 207,698	1.2	\$ 646,896	3.3	\$ 13,112,375	78.9	\$ 16,643,701	2,967,661	17.7	\$ 3,164,416	19.0	\$ 9,800,247	57.9	\$ 911,377	5.4
1923	22	2,300,000	13.9	241,811	1.5	293,747	1.8	172,800	1.0	759,184	4.5	12,531,536	77.3	16,599,678	3,742,596	22.6	4,844,684	29.2	7,225,311	43.5	787,087	4.7
1924	22	2,350,000	14.2	242,222	1.5	192,104	1.2	318,609	1.9	1,199,805	7.3	12,158,015	73.9	16,460,755	2,638,803	16.0	5,556,033	33.8	7,054,340	42.9	1,211,579	7.3
1925	23	2,400,000	13.0	246,885	1.3	200,971	1.1	295,470	1.6	557,220	3.0	14,717,982	80.0	18,418,528	2,696,811	14.6	5,384,311	29.2	9,026,153	49.1	1,311,253	7.1
1926	24	2,435,000	12.9	244,867	1.3	217,491	1.2	283,813	1.3	691,760	3.7	14,957,987	79.6	18,800,720	2,811,850	14.9	6,739,545	35.9	8,301,712	44.2	947,613	5.0
1927	24	2,470,000	13.4	248,846	1.3	234,536	1.3	318,317	1.0	803,001	4.3	14,442,526	78.7	18,387,326	2,049,256	11.1	6,038,567	32.8	9,485,046	51.6	814,387	4.4
1928	25	2,500,000	13.2	246,047	1.3	228,271	1.2	300,160	1.4	2,221,678	11.7	13,493,253	71.7	18,989,409	2,152,479	12.0	4,937,400	26.0	10,696,296	56.3	1,268,359	6.7
1929	25	2,530,000	14.2	250,508	1.3	246,566	1.3	247,024	1.4	1,905,194	10.7	12,678,126	71.0	17,857,416	2,152,479	12.0	4,783,553	26.6	9,740,386	54.6	1,210,998	6.8
1930	25	2,550,000	14.4	250,846	1.4	275,227	1.6	149,109	0.8	439,173	2.5	13,979,269	79.3	17,643,624	2,666,812	15.1	5,719,963	32.4	8,024,795	45.6	1,232,054	7.0
1931	24	2,100,000	14.3	220,427	1.5	174,825	1.2	122,724	0.8	829,768	5.7	11,220,537	76.5	14,668,281	1,458,044	9.9	5,493,214	37.4	6,678,393	45.6	1,038,630	7.1

MARTINS
BANK
LIMITED.Head Office:
WATER STREET, LIVERPOOL.London Office:
68, LOMBARD STREET, E.C. 3.Manchester District Office:
43, SPRING GARDENS.CAPITAL PAID UP AND RESERVES .. £7,190,866
DEPOSITS, ETC., AT 30th JUNE, 1932 £76,293,511The Bank has 555 Offices, and Agents in
all the principal towns at home and abroad.All descriptions of Banking, Trustee and
Foreign Exchange Business transacted.
The Bank is prepared to act as Registrar
for Public and Corporate Bodies.The
ANGLO-FRENCH
BANKING
CORPORATION
LIMITED

CAPITAL

Authorised Subscribed & Paid up
£2,000,000 £1,250,000

Directors:

F. A. SZARVASY (Chairman)
CHARLES LAURENT (Vice-Chairman).S. CHRISTOPHERSON VICOMTE DE LA PANOUSE.
R. M. HOLLAND K.C.M.G., K.C.V.O., C.B.
MARTIN, C.B.
PIERRE MIRABAUD HENRIPOUYANNE Joint
LORD CHARLES C.B.E. General
MONTAGU, C.V.O., D.L. S. METZ. ManagersThe Bank undertakes commercial
banking business of every description
throughout the world and is specially
equipped to assist in the development of
trade between Great Britain and France.Telephone: 31, LOMBARD ST. Cable
Address: LONDON.E.C.3. "Anglofrank,
London."Every Banking
FacilityHEAD OFFICE:
SPRING GARDENS, MANCHESTER.

LONDON OFFICES:

75, CORNHILL, E.C.3.
46, OLD BOND STREET, W.1.

FOREIGN DEPT.:

76, Cornhill, London, E.C.3.
13, Spring Gardens, Manchester.
2, Castle Street, Liverpool.

TRUSTEE DEPT.:

13, Spring Gardens, Manchester.
46, Old Bond Street, London, W.1.DISTRICT
BANK
LIMITED

400 BRANCHES. AGENTS EVERYWHERE.



CONQUISTADORES!

It is a far cry since the adventurous
days of the Spanish Conquistadores
and their pioneer expeditions to the
ancient American civilisations.To-day, a great and growing
volume of overseas trade is trans-
acted annually by the Republics of
the New World, and unrivalled facili-
ties for every description of modern
banking business are afforded byTHE ANGLO-SOUTH
AMERICAN BANK LTD
117 OLD BROAD ST. LONDON, E.C.2

CHARTERED BANK OF INDIA, AUSTRALIA, AND CHINA.
INCORPORATED 1853.

Year Ended Dec. 31.	CAPITAL.					Market	Year.	Net Profit.	Dividend and Bonus.	To Reserve, &c.	Carried Forward.										
	Subscribed.	Paid-up.	Callab.	Reserved.	Value.																
	\$	\$	\$	\$	\$																
	3,000,000	3,000,000	NIL.	3,000,000	8,525,000		1922	789,531	20 1/2	175,000	222,201										
							1923	782,707	20 1/2	175,000	222,408										
							1924	770,716	20 1/2	175,000	210,624										
							1925	770,716	20 1/2	150,000	209,278										
							1926	778,576	20 1/2	165,000	211,354										
							1927	724,039	20 1/2	126,800	186,656										
							1928	627,263	20 1/2	40,000	190,754										
							1929	661,598	20 1/2	50,000	187,597										
							1930	634,343	20 1/2	30,000	149,384										
							1931	381,787	14	...											
								* Free of tax.	† Of which 75% free of tax.												
Year Ended Dec. 31.	LIABILITIES.												Total Liabi- lities or Assets.	ASSETS.							
	Capital and Re- serves.	Un- divided Profits.	Notes.	Accept- ances, Bills Payable, &c.	Deposit and Current accounts.		Cash in Hand, Bankers, and in Transit.	Invest- ments.	Bills of Ex- change.	Dis- counts and Loans.	Buildings and Sundries, including Cover for Acceptances.										
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.										
1922	396,700,11	794,701	3,206,518	8,186,964	42,408,290	60,153,373	5,071,497	4,124,249	17,932,445	17,456,246	5,443,871										
1923	416,800,11	794,908	3,276,128	8,304,474	44,159,027	58,765,537	5,733,195	4,816,408	19,344,603	17,692,262	5,487,188										
1924	426,900,11	783,124	3,117,553	8,103,740	42,059,313	61,849,258	9,494,879	5,536,607	19,178,446	19,007,199	5,642,127										
1925	447,000,10	756,774	3,131,942	8,093,446	41,134,282	71,866,448	7,507,310	6,334,566	20,320,265	20,172,752	5,403,199										
1926	458,700,10	777,854	2,207,356	8,693,640	9,500,067	66,645,956	10,635,076	10,413,311	22,309,382	22,070,405	5,905,553										
1927	467,000,10	729,393	1,194,334	8,607,195	14,945,121	64,444,829	4,371,710	13,670,279	21,618,181	21,172,752	5,403,199										
1928	477,000,11	624,156	1,017,749	8,613,178	12,544,004	60,391,770	5,361,126	13,764,637	22,618,216	22,947,901	5,401,420										
1929	477,000,11	638,255	1,205,222	8,443,995	14,440,917	61,981,685	5,292,198	13,551,919	22,241,601	22,182,091	5,612,481										
1930	477,000,12	615,097	1,180,594	8,443,995	14,440,917	61,981,685	5,961,121	13,838,039	22,516,567	22,027,232	5,939,643										
1931	446,000,11	359,385	1,965,159	6,189,242	11,633,616	53,129,794	5,626,050	10,131,086	26,038,725	22,601,512	5,742,421										

THE EASTERN BANK, LIMITED.
REGISTERED 1909.

CAPITAL.												Reserve Liability of Shareholders.		Market Value.		Per Share, Sept. 30, 1932.		Net Profit.		Dividend.		To Reserve, &c.		Carried Forward.		
Subscribed.		Paid-up.																								
£100,000		£100,000																								
1922	10	1,300,000	14	111,501	2	824,173	8	9,156,018	16	5,433,132	58	9,229,824	2,225,320	24	11,883,052	20	4	2,054,931	22	3	2,286,780	24	8	779,759	8	
1923	11	1,300,000	13	115,348	1	1,049,471	10	8,242,820	23	2	4,942,940	51	9,568,579	2,296,827	23	7,207,400	21	5	1,836,091	19	2	4,024,966	24	9	1,064,095	10
1924	11	1,340,000	13	115,400	1	1,246,724	12	2,157,157	20	9	5,479,060	52	9	2,189,907	21	6	3,199,501	30	9	1,88,712	11	2	4,329,525	11	1	
1925	11	1,360,000	13	117,903	1	1,423,572	14	2,137,652	14	3	5,693,140	56	7	1,030,267	18	1,411,535	18	1	3,320,002	33	1	1,148,568	11	2	329,525	13
1926	11	1,380,000	13	118,441	1	1,459,463	15	1,825,577	16	9	5,989,036	55	7	1,077,517	17	1,703,780	16	7	3,083,978	28	6	1,626,913	15	2	336,618	11
1927	11	1,400,000	11	120,351	1	1,621,513	13	2,458,220	20	9	6,201,584	57	1	1,601,668	17	1,875,498	15	3	3,821,075	29	8	1,709,365	13	3	382,865	13
1928	12	1,425,000	12	124,470	1	1,408,332	12	1,473,992	21	5	6,370,930	58	2	1,601,892	18	1,483,446	15	3	3,722,247	32	1	1,605,919	13	5	609,827	17
1929	12	1,450,000	12	127,991	1	1,477,478	13	2,195,804	17	6	6,523,553	55	4	1,238,796	17	1,724,491	13	3	3,881,330	25	4	1,688,427	15	5	393,521	35
1930	12	1,480,000	14	0	0	2,189,414	16	91,603,973	15	2	6,578,477	59	7	1,074,891	18	1,260,932	11	9	3,161,022	30	0	1,587,637	15	6	474,263	25
1931	12	1,480,000	15	2	2	1,246,163	12	6	1,256,001	12	9	5,605,915	57	7	9,727,371	1,232,414	13	6	3,285,122	30	0	1,587,637	15	6	474,263	25

LIABILITIES.												Total Liabilities or Assets.		ASSETS.																							
Capital and Re-serves.		Per Cent.		Un-divid-ed Prof-its.		Bills Payable (In-clud-ing Ac-ceptances).		Per Cent.		Miscel-laneous Credits, &c.		Per Cent.		Deposits and Current Accounts.		Per Cent.		Cash in Hand, at Bankers, and in Transit.		Per Cent.		Invest-ments.		Per Cent.		Bills Receiv-able.		Per Cent.		Dis-coun-t Ad-vance.		Per Cent.		Sundries.		Per Cent.	
£		%		£		%		£		%		£		£		%		£		%		£		%		£		%		£		%		£		%	
1922	10	1,300,000	14	111,501	2	824,173	8	9,156,018	16	5,433,132	58	9,229,824	2,225,320	24	11,883,052	20	4	2,054,931	22	3	2,286,780	24	8	779,759	8												
1923	11	1,300,000	13	115,348	1	1,049,471	10	8,242,820	23	2	4,942,940	51	9,568,579	2,296,827	23	7,207,400	21	5	1,836,091	19	2	4,024,966	24	9	1,064,095	10											
1924	11	1,340,000	13	115,400	1	1,246,724	12	2,157,157	20	9	5,479,060	52	9	2,189,907	21	6	3,199,501	30	9	1,88,712	11	2	4,329,525	11	1												
1925	11	1,360,000	13	117,903	1	1,423,572	14	2,137,652	14	3	5,693,140	56	7	1,030,267	18	1,411,535	18	1	3,320,002	33	1	1,148,568	11	2	329,525	13											
1926	11	1,380,000	13	118,441	1	1,459,463	15	1,825,577	16	9	5,989,036	55	7	1,077,517	17	1,703,780	16	7	3,083,978	28	6	1,626,913	15	2	336,618	11											
1927	11	1,400,000	11	120,351	1	1,621,513	13	2,458,220	20	9	6,201,584	57	1	1,601,668	17	1,875,498	15	3	3,821,075	29	8	1,709,365	13	3	382,865	13											
1928	12	1,425,000	12	124,470	1	1,408,332	12	1,473,992	21	5	6,370,930	58	2	1,601,892	18	1,483,446	15	3	3,722,247	32	1	1,605,919	13	5	609,827	17											
1929	12	1,450,000	12	127,991	1	1,477,478	13	2,195,804	17	6	6,523,553	55	4	1,238,796	17	1,724,491	13	3	3,881,330	25	4	1,688,427	15	5	393,521	35											
1930	12	1,480,000	14	0	0	2,189,414	16	91,603,973	15	2	6,578,477	59	7	1,074,891	18	1,260,932	11	9	3,161,022	30	0	1,587,637	15	6	474,263	25											
1931	12	1,480,000	15	2	2	1,246,163	12	6	1,256,001	12	9	5,605,915	57	7	9,727,371	1,232,414	13	6	3,285,122	30	0	1,587,637	15	6	474,263	25											

NATIONAL BANK OF INDIA, LIMITED.
ESTABLISHED 1863.

[illegible]

THE P. & O. BANKING CORPORATION LTD.
BALANCE SHEET—March 31, 1932.

LIABILITIES.		ASSETS.	
Capital issued, 259,416 shares of £10 each fully paid up	2,594,160	Cash at bankers and in hand	£ 424,340
Reserve fund	180,000	Bullion in hand and in transit	1,550,196
Current, deposit, and other accounts, including provision for bad and doubtful debts, contingency reserve, &c.	6,897,715	Money at call and short notice	147,500
Loans payable against security	4,073,158	Bills receivable in hand and in transit, including Treasury Bills	2,102,179
Balance of accounts with subsidiary company	63,369	Investments at or below market value—British Government securities	
Acceptances, endorsements, &c., as per contra	200,953	£2,708,750; Indian and Colonial Government securities, £884,397; Foreign Government and municipal and other securities, £39,160; Indian Railway debentures, guaranteed by Indian Government, £125,000.	3,757,307
Bills receivable for collection, as per contra	232,327	Investment in subsidiary company, at cost—Allahabad Bank, Ltd., 23,405 ordinary shares of Rs. 100 each, of which 14,665 are fully paid and 8,738 are paid up to the extent of Rs. 50 per share	589,569
Profit and loss account—Balance brought forward from March 31, 1931, £31,586; net profit for the year ended March 31, 1932, £107,266	138,855	Loans receivable against security	1,650,000
NOTE.—There is a contingent liability in respect of Bills re-discounted amounting to £1,645,547 of which £1,548,837 had run off by June 18. Outstanding forward exchange contracts for purchase and sale of bills and telegraphic transfers, &c., £11,258,815.		Advances to customers, and other accounts	3,173,789
The rupee, tael, Straits dollar and Hong Kong dollar assets and liabilities are valued at the rates of la. 6d., la. 8d., 2s. 4d., and la. 4d. respectively, with the exception of the Allahabad Bank, Ltd., investment which is at cost, viz., la. 5d.		Bank premises and furniture at cost, less amounts written off	158,377
		Liabilities of customers for acceptances, endorsements, &c., as per contra	320,953
		Bills receivable for collection, as per contra	232,327
	14,586,537		14,586,537
PROFIT AND LOSS ACCOUNT.			
Dr.	£	Cr.	£
Directors' fees and income tax thereon	4,200	Profit, after providing for bad and doubtful debts and payment of income tax	111,466
Net profit carried down	107,266		111,466
	111,466		
Proposed dividend at the rate of 5 per cent. per annum for the twelve months ended March 31, less tax	100,999	Net profit brought down	107,266
Balance to be carried forward	37,856	Balance brought forward from March 31, 1931	31,589
	158,855		158,855

JOINT-STOCK BANKS OF ENGLAND AND WALES.

BANK OF ENGLAND.

The profits for the half year ended August 31st last, after making provision for all contingencies, were £657,777. After providing for a dividend of 6 per cent., less income tax, the "Rest" was £3,019,436.

SEPTEMBER 28, 1932.

ISSUE DEPARTMENT.

Notes issued—	£	Government debt.....	11,015,100	£	Stocks.....	4,219,194
In circulation.....	359,784,231	Other Government securities.....	250,483,838		Other investments.....	592,699
In banking department...	54,636,982	Other securities.....	9,683,530		Investments in subsidiary banks (at cost, less amounts written off)—	
		Silver coin.....	3,812,532		The British Linen Bank, £1,238,119 stock.....	3,714,367
		Amount of fiduciary issue...	275,000,000		Union Bank of Manchester Limited—300,000 shares of £5 each, £2 10s. paid.....	750,000
		Gold coin and bullion.....	139,421,213		Other subsidiary banks (including fully paid shares and 500,000 "B" shares of £5 each, £1 per share paid up, in Barclays Bank (Dominion, Colonial and Overseas), and 1,000,000 shares of £1 each, 5s. per share paid up, in Barclays Bank (France) Limited)...	2,224,902
	£414,421,213		£414,421,213		Advances: Customers and other accounts, £165,528,851; staff for purchase of Barclays Bank Limited "G" shares, £40,280; balances	
BANKING DEPARTMENT.						
Proprietors' capital.....	£	Government securities.....	£			
Reserve.....	14,553,000	Other securities.....	69,928,094			
Public deposits.....	3,677,446	Discounts and advances, £12,069,350; and securities, £18,072,412.....	30,141,762			
Other deposits.....	23,417,643	Notes.....	54,636,982			
Bankers' £80,626,456; other accounts, £33,397,175.....	114,023,631	Gold and silver coin.....	976,167			
7-day and other bills.....	1,285		£155,673,005			
	£155,673,005					

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

COUTTS AND COMPANY.

[illegible]

DISTRICT BANK, LTD

BALANCE SHEET—June 30, 1932.		ASSETS.	
LIABILITIES.	£		£
Issued capital: 1,896,000		Cash in hand and at the Bank of England	6,902,788
"A" shares of £5 each paid, £1,896,000	316,500	Money at call and short notice	4,422,740
"B" shares of £1 each, fully paid, £316,000	2,212,000	Bills of exchange (including Treasury bills)	3,384,345
Rosette fund	2,000,000	British Government securities	18,225,178
Current, deposit and other accounts (including £166,672 on public account of which security has been given, and the balance of profit and loss)	48,740,013	British railway debentures, corporation stocks, &c.	575,767
Accounts of subsidiary companies	400	Other investments	97,600
Acceptances and confirmed credits on account of customers	167,714	Investments in subsidiary companies	400
Endorsements, guarantees and other obligations on account of customers	1,688,984	Advances to customers and other accounts	19,434,006
There is a liability of £124,900 on shares in Yorkshire Penny Bank, Ltd., and Bankers Industrial Development Company, Ltd.		Liabilities of customers for acceptances, confirmed credits and other obligations Bank property, at cost, less amounts written off	1,856,698 809,589
	54,009,111		54,009,111

GLYN MILLS AND COMPANY.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital authorised and issued	1,060,000	Coin, bank notes and balance at Bank of England	4,903,914
Reserve fund	530,000	Balances with, and cheques in course of collection on, other banks in the United Kingdom	989,140
Reduction of the bank premises account	235,000	Money at call and at short notice	5,183,450
Current, deposit and other accounts (including provision for contingencies)	31,657,253	Bills discounted	610,844
Acceptances and engagements on account of customers	1,864,856	Investments—British Government securities, £8,225,550; other securities, £1,134,394	9,359,944
		Advances to customers and other accounts	11,739,961
		Liabilities of customers for acceptances and engagements as per contra	1,864,856
		Bank premises (at cost, less amounts written off)—Freehold, £620,000; leasehold, £75,000	695,000
	35,347,109		35,347,109

LLOYDS BANK, LTD.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital paid up	15,810,252	Cash in hand and with the Bank of England	36,308,598
Reserve fund	7,500,000	Balances with, and cheques in course of collection on, other banks in the British Isles	10,439,395
Current, deposit and other accounts, including provision for contingencies (public and other accounts secured as per contra are also included)	336,603,302	Money at call and short notice	22,589,270
Balances in account with subsidiary companies	82,052	Treasury bills	2,113,711
Notes in circulation (Isle of Man) secured as per contra	4,971	British bills of exchange	56,220,000
Acceptances	2,380,990	Colonial and foreign bills	3,828,046
Endorsements, guarantees and other obligations	30,647,009	Treasury bonds and other short-term securities of, or guaranteed by, the British Government	3,982,864
		Other British Government securities (of which £355,622 nominal, is lodged for public and other accounts and for the note issue in the Isle of Man)	16,052,383
		Indian and Colonial Government securities and British Corporation stocks	23,210,309
		Other investments (there is a contingent liability for uncalled capital in respect of a portion of these investments)	7,443,945
		The National Bank of Scotland, Ltd., £4,894,025 (nominal) stock (£1,076,685 paid up) taken at capital paid up, plus proportion of reserve fund and undivided profits	1,917,670
		Bank of London and South America, Ltd., 402,670 shares of £5 each, fully paid, at £2.5s. per share	2,665,078
		Indian Premises Co., Ltd., 7,000 shares of Rs. 100 each, fully paid, at cost	906,008
		Lloyds and National Provincial Foreign Bank, Ltd., 12,000 shares of £50 each, fully paid, at £50 per share	54,502
		Loans and advances, after deducting provision for bad and doubtful accounts	600,000
		Balances in account with subsidiary companies	154,133,592
		Items in transit	375,738
		Other assets and accounts (including sundry properties at cost, less amounts written off)	3,701,515
		Bank premises, at cost, less amounts written off	5,523,308
		Liabilities of customers for acceptances, as per contra	7,928,645
		Liabilities of Customers for endorsements, &c., as per contra	2,380,990
	393,028,576		30,647,009
			393,028,576

THE MANCHESTER AND COUNTY BANK, LTD.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital issued: 273,010 shares—£20 each, £4 paid	1,092,040	Cash on hand, at call, and at short notice	2,841,195
Reserve fund	750,000	Bills of exchange, less rebate	305,455
Unclaimed dividends	2,090	Investments—Securities of, or guaranteed by, the British Government; and Bank of England stock, £5,653,708; other securities, £459,347	4,123,055
Due by the bank on current, deposit and other accounts (including balance of profit and loss account)	16,021,347	(NOTE.—There is a contingent liability for uncalled capital in respect of a portion of these investments.)	
Acceptances by the bank for account of customers per contra	59,643	Advances on current and other accounts less provision for bad and doubtful debts	9,995,772
		Liability of customers on acceptances by the bank per contra	59,643
		Bank property account: Premises in Manchester, and branch offices taken at proportion of cost	600,000
	17,925,120		17,925,120

MIDLAND BANK, LTD.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Share capital issued: 2,869,079 shares of £12 each, £2 10s. paid, £7,172,698; 1,921,677 shares of £2 10s. each, fully paid, £4,804,192; 2,271,122 shares of £1 each, fully paid, £2,271,122	14,246,012	Coin, bank notes and balances with the Bank of England	40,407,197
Reserve fund	11,500,000	Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland	11,485,976
Current, deposit and other accounts (including balance of profit and loss account, also £267,542 10s. on public and other accounts secured as per contra)	383,179,079	Money at call and short notice	17,892,453
Acceptances and confirmed credits on account of customers	6,748,759	Investment at or under market value: War Loan and other British Government securities (of which £397,366 5s. is lodged for public and other accounts), £71,230,003; British Corporation stocks, £265,531; Dominion, Colonial and Foreign Government stocks and bonds, £398,091; sundry investments, £583,703	72,477,328
Engagements on account of customers	5,437,909	Bills discounted	60,717,042
The Bank has contracts running for the sale of foreign currencies to the value of £17,779,551 which are covered by purchases to a corresponding amount.		Advances to customers and other accounts (less provision for doubtful debts and contingencies)	187,124,929
		Liabilities of customers for acceptances, confirmed credits and engagements	12,186,668
		Bank premises at head office and branches, at cost less amount written off	9,631,634
		Other properties and work in progress for extension of business, at cost less amount written off	1,146,470
		Yorkshire Penny Bank, Ltd.: 93,750 shares of £5 each, £5 paid, £281,250; 93,750 shares of £1 each, fully paid, £93,750; proportion of reserve relative thereto, £375,000	750,000
		Shares in affiliated companies:—	
		Delft Banking Co., Ltd.: 200,000 shares of £12 10s. each, £4 paid, £800,000; reserve and undivided profits, £743,356	1,543,356
		The Clydesdale Bank, Ltd.: 100,000 shares of £50 each, £10 paid, 30,000 shares of £10 each, fully paid, £1,300,000; reserve and undivided profits, £1,690,462	2,990,462
		North of Scotland Bank, Ltd.: 163,000 shares of £20 each, £7 paid, £1,141,000; reserve and undivided profits, £1,232,192	2,373,192
		Midland Bank Executor and Trustee Co., Ltd.: 200,000 shares of £5 each, £1 paid, £200,000; reserve and undivided profits, £187,052	387,052
	421,113,759		421,113,759

CABLE ADDRESS
"KANEYAMA, OSAKA."A.B.C. 5TH & 6TH: LIEBER'S & BENTLEY'S
COMPLETE PHRASE CODES.

YAMASHITA SHOTEN

Importers, Exporters & General Merchants.
10, KITAKYUTARO-MACHI, OSAKA, JAPAN.

NATIONAL PROVINCIAL BANK, LTD.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital paid up	9,479,416	Coin, bank notes and balances with the Bank of England	27,848,149
Reserve fund	8,000,000	Balances with, and cheques in course of collection on, other banks in the United Kingdom and Ireland, &c., in transit	8,230,645
Current, deposit and other accounts, including the accounts of public bodies, for which securities of the aggregate market value of £89,122 have been lodged	262,479,989	Money at call and short notice	15,578,054
Amounts due to subsidiary companies	158,175	Investments in subsidiary companies at cost or under	39,243,723
Liabilities for acceptances, endorsements, &c., as per contra	6,272,340	Bills discounted—	2,514,000
		Bills payable by British firms and institutions in the United Kingdom and Treasury bills	43,310,995
		Other bills	1,448,808
		Advances to customers and other accounts	134,772,774
		Amounts due by subsidiary companies	Nil
		Bank premises at cost, less amounts written off	7,170,422
		Liabilities of customers for acceptances, endorsements, &c., as per contra	6,272,340
	286,389,920		286,389,920

WILLIAMS DEACON'S BANK, LIMITED.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital issued, £8,125,000, viz.: 1,562,500 £5 "A" shares, £1 paid, £1,562,500; 312,500 £1 "B" shares, £312,500	1,875,000	Coin, bank and currency notes, and balances with the Bank of England	3,109,354
Reserve fund	800,000	Balances with, and cheques in course of collection on, other banks in the United Kingdom	1,103,965
Current, deposit and other accounts	29,008,990	Money at call and short notice	4,279,381
Acceptances and credits opened on account of customers	367,690	Bills discounted	1,589,585
Endorsements and other obligations on account of customers	1,234,387	British Government securities	6,820,412
		Other investments	798,855
		Advances to customers and other accounts	12,932,801
		Bank premises account	1,049,638
		Liabilities of customers for acceptances and credits opened	367,690
		Liabilities of customers for endorsements and other obligations	1,234,386
	33,286,067		33,286,067

WESTMINSTER BANK, LTD.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital	9,320,157	Coin, bank and currency notes and balances with the Bank of England	31,218,299
Reserve	7,500,000	Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland	7,832,604
Current, deposit and other accounts	270,531,020	Money at call and short notice	23,424,727
Liabilities for acceptances, endorsements, &c., as per contra	22,553,514	Bills discounted	44,648,642
Notes in circulation in the Isle of Man	13,224	Investments	54,115,458
		Investments in affiliated banks	2,991,926
		Advances to customers and other accounts	117,311,914
		Bank premises account	5,820,831
		Liabilities of customers for acceptances, endorsements, &c., as per contra	22,553,514
	309,917,915		309,917,915

THE YORKSHIRE PENNY BANK, LTD.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital paid up—250,000 £5 shares, £3 paid, £750,000; 250,000 £1 shares, fully paid, £250,000	1,000,000	Cash in hand, at Bank of England and at short notice	8,362,950
Reserve fund	1,000,000	Investments at or below market price: British Government redeemable securities: 4% Treasury Bonds, 1934-36, £44,000; 4½% Conversion Loan, 1940-44, £10,100,000; 5% War Loan, 1929-47, £6,475,000	16,619,000
Amount due to subsidiary company	100	Colonial Government and English Corporation redeemable stocks	568,657
Uncalled capital, £500,000.		3% local loans and Bank of England stocks	94,200
		Loans to local authorities	2,527,554
		Loans on security and other accounts (including sundry properties at cost, less amounts written off)	2,190,177
		Shares in subsidiary company	100
		Bank premises (at cost, less amounts written off)	550,000
	30,912,738		30,912,738

THE
YOKOHAMA SPECIE BANK,
LIMITED.

Established 1880

(Incorporated in Japan.)

Capital Subscribed and Fully Paid - Yen 100,000,000
Reserve Fund - " 118,450,000
Head Office - YOKOHAMA

BRANCHES AT	
ALEXANDRIA.	KAI YUAN.
BATAVIA.	KARACHI.
BERLIN.	KOBE.
BOMBAY.	LONDON.
CALCUTTA.	LOS ANGELES.
CANTON.	MANILA.
CHANGCHUN.	NAGASAKI.
DAIREN (Dainy).	NAGOYA.
FENGTIEN (Mukden).	NEWCHANG.
HAMBURG.	NEW YORK.
HANKOW.	OSAKA.
HARBIN.	PARIS.
HONOLULU.	PEIPING.
HONG KONG.	

The Bank buys and receives for collection Bills of Exchange, issues Drafts and Telegraphic Transfers and Letters of Credit on above places and elsewhere, and transacts General Banking Business.

Deposits received for fixed periods at rates to be obtained on application.

LONDON OFFICE: 7, BISHOPSGATE, LONDON, E.C.2. D. NOHARA, Manager.

THE IMPERIAL
BANK OF PERSIA

(Incorporated by Royal Charter, 1889.)

And under a Special Concession Bankers
to the Imperial Government of Persia.

CAPITAL FULLY CALLED UP - £650,000
(With power to increase to £4,000,000)
RESERVE ACCOUNT - £690,000
RESERVE LIABILITY OF PROPRIETORS UNDER THE CHARTER - £1,000,000

LONDON OFFICE:

33/36, King William Street, London, E.C. 4.

CHIEF OFFICE IN PERSIA:

TEHERAN.

BRANCHES IN PERSIA:

Abadan, Ahwaz, Bunder Abbas, Bushire, Hamadan, Isfahan, Kerman, Kermanshah, Meshed, Mohammerah, Pehlevi, Resht, Shiraz, Sultanabad, Tabriz, Yezd, Zahedan (Duzdab).

BRANCHES IN IRAQ:

Baghdad, Basra.

BRANCH IN INDIA: Bombay.

The Bank is prepared to transact Banking business of every description in and connected with Persia, Mesopotamia, India and the Near East.

MARTINS BANK, LTD.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital—		Cash in hand and at Bank of England	8,025,171
939,556 shares of £20 each, £2 10s. per share paid up	2,348,890	Balances with, and cheques in course of collection on, other British banks	2,314,010
1,811,152 shares of £1 each, fully paid	1,811,152	Money at call and short notice	6,600,000
Reserve fund	2,900,000	Treasury bills	131,638
Current deposit and other accounts (including provision for contingencies)	76,293,511	Balances with banks abroad	5,415,000
Notes in circulation (Isle of Man)	15,668	British bills of exchange	1,374,542
Acceptances on account of customers, as per contra	964,538	Colonial and foreign bills	135,327
Endorsements, guarantees and other obligations on account of customers, as per contra	2,422,696	Investments—Short term Treasury bonds, £10,294,382; Other British Government securities, £10,864,821; Indian and Colonial Government securities and British Corporation stocks (including £69,000 securities lodged against note circulation in the Isle of Man), £1,546,112; other first-class securities, £843,538	23,548,853
	86,756,455	Yorkshire Penny Bank Limited: 18,750 shares of £5 each, £3 paid, at cost, £112,500; 18,750 shares of £1 each, fully paid, at cost, £18,750; Bankers' Industrial Development Co., Ltd.: One "A" ordinary share of £100,000, £100 paid, £100 advanced to customers, less provision for doubtful debts	31,367,707
		Items in transit	1,182,766
		Other assets and accounts	225,340
		Bank premises, at cost, less amounts written off	2,917,517
		Liability of customers for acceptances	964,538
		Liability of customers for endorsements, guarantees, &c.	2,422,696
			86,756,455

PRIVATE BANKS.

GRACE BROTHERS AND CO., LIMITED.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital (authorised and issued)—750,000 ordinary shares, £750,000; 250,000 preference shares, £250,000; 15,000 deferred shares, £15,000	1,015,000	Cash at call, at bankers and in hand	294,368
Contingency fund	200,000	Foreign banks—Balances on current accounts	12,756
Acceptances on behalf of customers	351,957	British Government Treasury bills	10,390
Deposits, current and other accounts, including balance of profit and loss, £388,680; amounts due to subsidiary companies, £57,503	446,183	British Government securities—at cost	200,000
		Other investments—Quoted securities at market value, £10,278; unquoted securities at directors' valuation, £121,238; shares in subsidiary companies at cost, £50,000	24,070
		Included in the above, there is an investment on which there is an uncalled liability of £99,900	191,516
		Liabilities of customers for acceptances and current accounts, advances, &c., less reserve for doubtful debts	501,412
		Debts and securities received in lieu of debts subject to standstill agreements or not immediately realisable—in Germany, £238,910; in Austria, £73,655; in Hungary, £52,719; in Chile, £260,811	626,086
		Freehold property at cost less amounts written off	148,495
		Leasehold property at cost less amounts written off	1
		Furniture and fittings at cost less amounts written off	4,226
			2,013,140

C. HOARE AND COMPANY.

BALANCE SHEET—July 5, 1932.

LIABILITIES.	£	ASSETS.	£
Capital authorised and issued	120,000	Cash in hand and at bankers	408,682
Reserve	380,000	Cash at call	450,000
Current, deposit and other accounts (including provision for contingencies)	2,463,636	Investments—British Government Stocks at market price	588,850
		Dominion Government stocks at market price	54,383
		Other investments	108,305
		Subsidiary Company—Loans, overdrafts and bills discounted	1,253,416
		Freehold bank premises at cost, less amounts written off	100,000
			2,963,636

LONDON DISCOUNT COMPANIES.

GILLET BROTHERS DISCOUNT CO., LIMITED.

BALANCE SHEET—January 31, 1932.

LIABILITIES.	£	ASSETS.	£
Capital Issued fully paid—20,000 "A" shares of £5 each, £100,000; 10,000 "B" shares of £10 each, £100,000	200,000	Cash at bankers and in hand	145,929
Reserve fund	120,000	British, New Zealand and Indian Government securities (maturing 1932-38)	876,900
Deposits, loans, bills re-discounted and sundry accounts, including rebate on bills, investments reserve and balance of profit and loss account	11,797,562	Bills discounted (including re-discounts)	10,819,144
		Loans on security and sundry accounts	275,589
		NOTE.—Assets of the face value of £11,950,498 are held by depositors and others as cover for liabilities per contra.	12,117,562
			12,117,562

LATEST BALANCE SHEETS OF FOREIGN BANKS HAVING LONDON OFFICES AND OF BRITISH BANKS TRADING ABROAD.

ANGLO-INTERNATIONAL BANK, LIMITED.

The directors state that the profit for the year ended December 31, 1931, after charging losses on investments realised, but before making provision for doubtful debts and depreciation of investments still held, amounted to £82,470; to which has been added the balance brought forward from the previous year's accounts, £23,702, making a total of £106,172. From this sum there has been appropriated, as set out in the profit and loss account, an amount of £100,000, leaving a balance to be carried forward of £6,172.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Share capital issued, 1,960,000 shares of £1 each, fully paid	1,960,000	Cash with bankers in London and cash in hand	164,888
Reserve account	50,000	Money at call	200,000
Current, deposit and other accounts—including reserve for depreciation of investments	1,202,473	Balances with bankers abroad—Available, £32,210; subject to exchange restrictions, £6,336	88,546
Acceptances and guarantees for account of customers	2,358,163	Bills receivable	74,064
Profit and loss account, balance per account	6,173	British Government securities (at market price) and Treasury bills	311,674
NOTE.—There are contingent liabilities in respect of bills of exchange re-discounted amounting to £136,499 and in respect of unutilised credit obligations in Germany, Austria and Hungary.		Foreign Government sterling bonds (at London market price)	114,912
Assets subject to "standstill" or other extended credit arrangements and to foreign exchange restrictions have been taken into the accounts as recoverable in full, but their recovery in full is dependent upon the satisfactory solution of the present financial problems in the countries concerned.		Investments—in banking, industrial and other undertakings in England and abroad (at cost, less amounts written off)	357,939
		Investment in subsidiary company (in England)	15,000
		Advance to subsidiary company (in England)	50,176
		Foreign Government and State treasury bills and notes, &c. (subject to extended credit arrangements and exchange restrictions)	240,391
		Advances to customers and other accounts (of which £1,134,741 is subject to "standstill" or other extended credit arrangements and exchange restrictions)	1,426,461
		Customers for acceptances and guarantees on their behalf (of which £1,592,428 is subject to "standstill" or other extended credit arrangements and exchange restrictions)	2,358,163
		Premises abroad and furniture and fittings (at cost, less amounts written off)	174,603
			5,576,817

ANGLO-CZECHOSLOVAK AND PRAGUE CREDIT BANK.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Kc.	ASSETS.	Kc.
Share capital, fully paid	120,000,000	Cash in hand and balances at call with National Bank and local banks	206,792,963
Reserves	18,000,000	Balances with banks abroad	46,022,061
Staff pension fund	62,329,600	Foreign currency bills and cheques	12,526,259
Deposit accounts	1,177,205,288	Bills receivable	272,374,732
Current accounts—Banking institutions	1,020,719,643	Investments—Czechoslovak	375,818,676
Others	1,041,231,169	Foreign	22,606,236
Acceptances on account of clients	35,416,121	Sundries	177,159
Items in transit	60,678,562	Participations	74,000,000
Unclaimed dividends	54,040	Debtors—Advances against securities	60,817,981
Net profit for 1931	526,947	Others	2,328,971,096
		Liability of customers for acceptances, per contra	35,416,121
		Bank premises at head office and branches: Buildings, Kc. 79,018,022; fittings, Kc. 1,206,001	80,224,023
		Items in transit	19,824,066
		Contra accounts	3,536,171,370
			814,997,164.30

THE ANGLO-FRENCH BANKING CORPORATION, LIMITED.

The report for 1931 shows that the current trading profit for the year, after making full provision for all expenses, rebate of discount and commission and directors' fees (the management committee receives no remuneration for 1931), but before making provision for bad and doubtful debts, amounts to £72,672. Out of this amount there has been set aside: Provision for bad and doubtful debts, £48,518; for taxation, £5,500—£54,018, leaving a net trading profit of £18,654. To this must be added the balance brought forward from last account, £2,578, making a total of £21,232. From this fall to be deducted: Loss incurred in the realisation of British Government and kindred securities, £148,545; depreciation written off miscellaneous securities, £42,235; loss incurred in re-purchase of dollars sold against maturing assets in reichsmarks covered by gold

UNION BANK OF SWITZERLAND

Union de Banques Suisses

ZURICH.

AARAU, BADEN, BASLE, BERNE, LA CHAUX-DE-FONDS, GENEVA, LAUSANNE, LOCARNO, LUGANO, MONTREUX, RAPPERSWIL, ST. GALL, VEVEY, WINTERTHUR, &c.

CAPITAL (fully paid) - Swiss Francs 100,000,000
RESERVES - " " 32,000,000

WELL EQUIPPED TO HANDLE YOUR SWISS BANKING BUSINESS.

THE BANK OF AUSTRALASIA.

(Incorporated by Royal Charter, 1835.)

Head Office: 4 THREADNEEDLE STREET, LONDON, E.C. 2.
West End Branch: 17 NORTHUMBERLAND AVENUE, W.C. 2.

Paid-up Capital	£4,500,000
Reserve Fund	2,475,000
Currency Reserve	4,500,000
Reserve Liability of Proprietors under the Charter	£13,475,000

DIRECTORS:

RIGHT HON. LORD ALDENHAM. CHARLES EDWARD BARNETT, Esq. J. F. G. GILLIAT, Esq. KENNETH GOSCHEN, Esq. CHARLES GIPPS HAMILTON, Esq.
T. R. JOHNSON, Esq. FREDERICK V. C. LIVINGSTONE-LEARMONTH, Esq. D.S.O. RIGHT HON. THE EARL OF MIDLETON, K.P.
HAROLD NELSON, Esq. HORACE PEEL, Esq. JOHN SANDERSON, Esq. ARTHUR WHITWORTH, Esq.
Numerous Branches throughout the States of VICTORIA, NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, and the Dominion of NEW ZEALAND.
Letters of Credit and Bills of Exchange granted. Bills Negotiated or sent for Collection. Telegraphic Transfers made. Banking Business of every description transacted with Australia and New Zealand.
Deposits received in London at interest for fixed periods on terms which may be ascertained at the Office.

SOCIÉTÉ GÉNÉRALE DE BELGIQUE. SOCIÉTÉ ANONYME.

Established at Brussels, August 28th, 1822.

Office: BRUSSELS, 38, Rue Royale.

Capital	frs. 1,000,000,000.00
Reserves	frs. 1,091,275,000.00
Fonds social	frs. 2,091,275,000.00

ADMINISTRATION:—Governor: M. Emile Francqui. Vice-Governor: M. Alexandre Galopin. Directors: MM. Gaston Blaise, Auguste Callens, le Baron Carton de Wiart, Félixien Cattier, Willy de Munck, Charles Fabry, Henry Le Boucq, Edgar Sengier, Adolphe Stoclet, Firmin Van Bree. Honorary Director: M. Edouard de Brabander.
AUDITING COMMISSARIES:—MM. Prince Jean de Merode, Edmond Solvay, Léon Elia, Baron Adrien de Montpeller de Vedrin, Baron A. d'Huart, Baron de Tranoy, G. Mullie, Paul Hamoir, H. Vermeulen, Secretary: M. Camille Lepêche.

Every description of Banking business transacted.
The "Société Générale de Belgique" is represented in Belgian Provincial Places by over 375 Banking Establishments placed under its control and acting as its Agents.

London Correspondent of the Société Générale de Belgique: Banque Belge pour l'Etranger, 4, Bishopsgate, E.C.2.

BANQUE BELGE POUR L'ETRANGER, S.A.

Limited Company Incorporated in Belgium.
(Filiale de la Société Générale de Belgique.)

CAPITAL (subscribed)	Fr. 200,000,000
CAPITAL (paid up)	Fr. 158,424,125
RESERVES	Fr. 130,000,000

HEAD OFFICE: BRUSSELS, 66, rue des Colonies.
Branches:—PARIS (12, Place de la Bourse), NEW YORK (67, Wall Street), PEKING (PEIPING), SHANGHAI, TIENTSIN, HANKOW.

LONDON OFFICE: 4, Bishopsgate, E.C.2.
Manager: A. S. Donnay (Director).
London Committee: Messrs. J. B. Haskell, A. F. Buxton, A. Callens, F. Haegler (Honorary General Manager), and A. S. Donnay.

AFFILIATED BANKS throughout BELGIUM and LUXEMBURG, and also in FRANCE and GERMANY.
ALLIED BANKS in Austria, Bulgaria, Czechoslovakia, Egypt, Hungary, Italy (Tyrol), Morocco, Poland, Rumania, Spain and Yugo-Slavia.

CORRESPONDENTS IN ALL PARTS OF THE WORLD.

AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE.
COLLECTION OF CLEAN AND DOCUMENTARY DRAFTS.

LETTERS OF CREDIT.
FOREIGN EXCHANGE business a speciality; FOREIGN CURRENCYES bought and sold for immediate or forward delivery, enabling traders to secure the exchange for their contracts in the currency of the country of their customers.
ALL KINDS OF BANKING BUSINESS UNDERTAKEN.

or dollar guarantees,* £14,688—£203,468. Balance of loss, £182,236; transferred from reserve and contingencies accounts, £40,000; leaving a debit balance to be carried to the balance sheet, £142,236.

* The dollars were repurchased when it transpired that payment in Reichsmarks could not be expected at maturity. (See footnote to profit and loss account.)

BALANCE SHEET, December 31, 1931.

LIABILITIES.	£	ASSETS.	£
†Capital issued—1,250,000 shares of £1 each fully paid	1,250,000	Cash in hand, and at clearing banks	59,848
Unclaimed dividends	47	Money at call and short notice	400,000
Deposits by subsidiary company	9,972	Available balances with banks	29,952
Current, deposit and other accounts, including provision for taxation	258,170	Debtors for exchange and securities	24,723
Due for exchange and securities purchased	40,584	Investments at or under market value—Dominion Corporation short term securities, £2,910; German State and Corporation short term securities, £55,098; other foreign government, corporation and public utility securities, £44,519	102,527
Acceptances, confirmed credits, guarantees, &c., for account of customers, £1,860,623; against which cover in cash has been received, £16,203—£1,844,420, less own acceptances held, £82,448	1,761,972	Other investments—Sundry securities, £5,319; shares in subsidiary company (see statement below), £10,000	15,319
Contingent liabilities in respect of: Forward Exchange Contracts, £128,513; Endorsements, £193,966		Securities purchased (not delivered) at market price	4,700
		Loans, advances and other accounts	105,771
		Foreign assets subject to extended credit arrangements and/or exchange restrictions—Balances with banks abroad, £10,274; German municipal bills discounted, £174,276; bills or notes of or guaranteed by Chilean Government, £128,634; loans and advances, £278,064	591,248
		Liability of customers for acceptances, confirmed credits, guarantees, &c., per contra	208,073
		Subject to extended credit arrangements—German, (£145,940 under guarantee of Deutsche Gold-Diskontbank, Berlin), £1,215,367; Austrian, £239,221; Hungarian, £181,758	1,636,346
		Furniture and fittings	1
		Profit and loss account	142,237
	3,320,745		3,320,745

† Option Certificates which entitled the holders to take up at par 500,000 shares at £1 each at any time up to and including December 31, 1931, have ceased to have any value, the time limit having expired. No shares have been taken up in virtue of these certificates.

THE ANGLO-SOUTH AMERICAN BANK, LIMITED.

The report of the directors states that the net profit, to June 30, 1931, amounts to £461,383, which, together with £207,150 brought forward, makes a total of £668,533, of which £174,613 was absorbed by the interim dividend on the "A" and "B" shares paid on April 27th last, leaving an available balance of £493,920. After careful consideration of the situation at June 30th last and also of subsequent events, the directors have transferred from the reserve fund to a special reserve for depreciation of capital employed abroad and other possible losses a sum of £2,275,000, which they believe to be sufficient to cover such losses and to leave intact the balance of £1,000,000

remaining to the credit of the reserve fund. The directors accordingly recommend that £84,490 be applied to the payment of a final dividend of 2s. per "A" share, and of 4-8d. per "B" share, both less income tax, making a total distribution for the year of 6 per cent.; £30,000 be added to the staff pension fund; £26,360 be placed to legal reserves in Chile, Colombia and Ecuador; £100,000 be transferred to investment reserve account; £100,000 be transferred to contingency account, and that the balance of £153,070 be carried forward.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Issued capital—873,466 "A" shares of £10 each, £5 paid	4,367,330	Cash in hand, at bankers and at short notice	6,789,386
1,265,340 "B" shares of £1 each, fully paid	1,265,340	Balances with subsidiary banks	432,914
Reserve fund	1,000,000	British Government securities	4,506,836
Legal reserves in Chile, Colombia and Ecuador	133,466	Foreign Government, railway and other securities	1,886,976
Special reserve for depreciation of capital employed abroad and other possible losses	2,275,000	Bills receivable	6,274,661
Sight drafts on head office and branches	554,883	Holdings in subsidiary companies—British Bank of South America, Limited, 100,000 shares of £20 each, £10 paid, at £23 10s., £2,350,000; Commercial Bank of Spanish America, Limited, 499,063 shares of £1 each, fully paid, at cost, £463,985; other subsidiary companies at cost (uncalled liability, £125,000), £749,791	3,563,777
Bills payable		Holdings in foreign banks at cost	1,292,964
Drafts on head office and branches at usance	1,798,723	Liability of customers for acceptances and engagements	11,729,786
Acceptances and engagements per contra	12,490,100	Liability of subsidiary companies for acceptances and engagements for account of their customers	760,314
Current, deposit and other accounts	38,842,388	Advances to customers and other accounts, less bad and doubtful debts reserve	26,301,861
Current accounts of subsidiary companies	1,797,227	Advances to subsidiary companies	831,788
Bills for collection	5,822,012	Bank premises and office furniture at cost, less amounts written off	514,539
&c., not due	93,785	Bills for collection per contra	5,822,012
Profit and loss, as per appropriation account, £668,533; less interim dividend paid on April 27, 1931, £174,613; transfer to legal reserves, £26,360; transfer to contingency account, £100,000; transfer to investment reserve account, £100,000—£400,973	267,560	Certain of the above assets have been lodged with other parties on which a lien exists to the amount of £63,622	
To liability on bills discounted, and on uncalled capital on investments held, £7,125,238, of which £7,073,583 has run off			
	70,707,814		70,707,814

BANCA COMMERCIALE ITALIANA.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Lire.	ASSETS.	Lire.
Capital	700,000,000	Cash in hand	529,621,703
Reserve funds	580,000,000	Bills receivable, Treasury bonds and Government securities (Littorio loan)	5,491,795,185
Bills payable	200,573,807	Contango and loans	285,768,281
Commercial acceptances	263,403,650	Participations in other banks and syndicates	267,296,779
Deposits and current accounts	8,039,330,978	Government securities and other bonds and shares	344,912,510
Guarantees	981,070,836	Current accounts	2,923,218,577
Other liabilities	302,031	Bank premises	79,774,777
Rebate on bills	47,524,388	Guarantees as per contra	981,070,836
Net profit (including Lire 29,694,275 brought forward from December 31, 1930)	91,252,958		
	10,903,458,648		10,903,458,648
Securities deposited	6,366,154,085	Securities as per contra	6,366,154,085
	17,269,612,733		17,269,612,733

POLAND

PAŃSTWOWY BANK ROLNY (THE STATE LAND BANK).

Head Office: 50, Nowogrodzka str., WARSAW.
Branches throughout Poland.

Telegraphic Address: "Centropobrol."

Capital paid up

Zlotys 130,000,000
(£4,000,000)

THE STATE LAND BANK

promotes the rural economic development;
Supplies to the rural holdings long-term credit for agricultural investments and improvements, as well as short-term credit for turnover.

The State Land Bank transacts banking business of every description.

The 7 per cent. Mortgage Bonds and Debenture Bonds of the State Land Bank are expressed in gold zlotys and in foreign currencies, are secured by the total assets of the Bank, by land mortgage, and the payment of principal and interests is secured by the joint guarantee of the State Treasury.

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LIMITED.

BALANCE SHEET—January 31, 1932.

LIABILITIES.	£	ASSETS.	£
Capital issued—1,000,000 ordinary shares of £1 each, fully paid	1,000,000	Cash at bankers, at call and in hand, England	208,259
Loans at call (secured)	55,000	Balances with banks abroad—Austria, Germany, Hungary, £2,424; other countries, £57,218	59,642
Current, deposit and other accounts	427,176	Bills discounted—United Kingdom, £82,575; foreign, £31,773	114,348
Acceptances and confirmed credits (as per contra)	137,514	Investments—British and Indian Government securities	166,212
Profit and Loss—There are contingent liabilities in respect of: Forward exchange contracts, purchases and sales, £1,442,703; endorsements on bills discounted, £752,321; guarantees given, £24,130		Investment in associated company	42,045
		Other securities	25,110
		Advances to customers—Austria, other countries, £9,448; other countries, £255,861	265,309
		Banco Nacional Ultramarino, Lisbon and Branches, accounts	487,775
		Liability of Banco Nacional Ultramarino and other customers for acceptances and confirmed credits (as per contra)	137,514
		Preliminary expenses	95,000
		Goodwill at cost	18,476
		Profit and loss account—as per attached account	1,619,690
	1,619,690		1,619,690

BANK OF ATHENS.

BALANCE SHEET—July 31, 1932.

LIABILITIES.	Dra.	ASSETS.	Dra.
Capital fully paid	100,800,000	Cash in hand at banks, and Treasury bills	216,980,885
Reserves	149,200,000	Balances due from banks abroad	82,465,735
Sight deposits	648,176,342	Bills receivable	294,966,781
Fixed deposits	564,355,326	Loans, advances, bills discounted and other accounts	951,866,601
Deposits of security	31,700,144	Current accounts	370,327,673
Savings bank	480,013,656	Securities	288,047,447
Current accounts	288,579,756	Investments	88,388,734
Cheques payable	44,189,195	Premises and property	114
Interim dividend	2,542,136		
Sundry accounts	11,934,427		
	2,321,490,982		2,321,490,982

BANKERS' TRUST COMPANY.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	\$	ASSETS.	\$
Capital	25,000,000	Cash on hand and due from banks	79,075,114
Surplus fund	50,000,000	Exchanges for Clearing House	41,125,246
Undivided profits	26,847,848	U.S. Government securities	225,429,561
Contingency fund	5,000,000	Demand loans	68,485,593
Deposits	518,142,261	Time loans and bills discounted	179,788,046
Outstanding and certified cheques	28,472,116	State and municipal bonds	23,871,198
Dividends declared and unpaid	1,876,224	Stocks of Federal Reserve Bank, New York Clearing House and Bank for International Settlements	2,313,696
Accrued interest payable	119,038	Other bonds and securities	4,766,405
Unearned interest	618,070	Real estate bonds and mortgages	4,274,867
Reserve for taxes and expenses	820,123	Bank premises, including estimated cost of new building under construction, \$29,776,392; less new construction costs not yet expended, \$4,905,725	24,870,667
Outstanding acceptances	25,792,907	Accrued interest and accounts receivable	3,375,005
Acceptances, &c., sold with our endorsement	1,205,001	Customers' liability on acceptances	25,313,187
		Liability of others on acceptances, &c., sold with our endorsement	1,205,001
	683,893,588		683,893,588

BANCO DE BILBAO.

BALANCE SHEET—August 31, 1932.

LIABILITIES.	Pescetas.	ASSETS.	Pescetas.
Capital	100,000,000	Cash in hand and at Bank of Spain	114,780,537
Reserve funds	84,438,538	Foreign money and notes, cash value	327,582
Deposits	856,862,668	Cash at other banks and bankers	103,862,874
Bills payable	14,631,395	Bills receivable	117,858,736
Acceptances for account of customers as per contra	5,070,324	Government securities	258,665,291
Sundry creditors	56,933,236	Railway and other industrial debentures	72,898,057
Profit and loss	51,536,171	Other securities	114,754,614
	1,187,110,001	Advances to customers against security	50,246,335
		Sundry debtors	30,049,678
Depositors of securities, nominal value, as per contra	3,177,169,984	Banking correspondents	78,039,902
		Banking correspondents, &c., in foreign money (equivalent)	50,904,915
		Premises and fittings	19,974,501
		Furniture and fittings	2,455,927
		Shareholders' liability	5,250,000
		Unissued shares	25,000,000
		Liability of customers on account of acceptances	5,070,324
		Other assets and accounts	136,970,528
	4,364,279,985		4,364,279,985

English, Scottish & Australian Bank, Limited.

Head Office: 5, GRACECHURCH ST., E.C.3,
and 417 Branches and Agencies throughout Australia.

Subscribed Capital - - - £5,000,000
Paid-up Capital - - - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - - - £1,605,000
Special Currency Reserve - £1,585,000

Board of Directors:

ANDREW WILLIAMSON, Esq., Chairman.
JOHN PATERSON, Esq., Deputy Chairman.

C. L. BAILLIEU, Esq., C.M.G. THE HON. WALTER D. GIBBS.
THE RIGHT HON. LORD FORSTER OF LEPE, P.C. SIDNEY M. WARD, Esq., G.C.M.G.

SIR FREDERICK W. YOUNG.

Manager & Secretary—E. M. JANION.

Asst. Mgr.—A. A. SHIPSTON. Sub-Mgr.—J. A. ROBERTSON
Accountant—F. C. HOUNSFIELD.

Bankers: Bank of England; Westminster Bank Limited.

Chief Office in Australia:

COLLINS STREET, MELBOURNE.

Letters of Credit and Drafts on the Branches and Agencies of the Bank in Australia can be obtained at the Head Office, or through the Agents of the Bank in the Chief Provincial Towns throughout the United Kingdom.

Remittances made by Telegraphic Transfer.
Bills Negotiated or forwarded for Collection.
Banking and Exchange Business of every description transacted with Australia.

National Central Savings Bank of Hungary

UNGARISCHE LANDES CENTRAL SPARKASSA.

Budapest IV. -

Deák Ferenc-utca 7.

Cable Address: MOKTÁR.

Foreign Department:

'Phone: Budapest Automat 825-18.

Established 1872.

Every description of Banking Business transacted.
Our foreign department furnishes all kinds of information.

Eleven Branches in Budapest, and Branches in Debrecen, Miskolc and Diösgyör.

Exchange Offices:

Central Exchange Office, Limited, Budapest, IV.
Apponyi-tér 1. and V. Szabadság-tér 3 (opposite the Stock Exchange Building), and
Central Wechselstub A.G. Niederlassung
Vienna, I. Kärntnerstrasse 43.

BANCO DE CHILE.

The half-yearly report states that the general balance of the operations of the bank for the half-year ended June 30, 1932, after writing-off and providing for bad and doubtful debts, shows a net profit of \$6,107,329, which, added to the shareholders' fund of \$7,419,812, gives an available total of \$13,527,141. The Board proposed to distribute the sum in the following form: To pay a dividend of \$6 per share, \$6,000,000; and to carry forward to shareholders' fund \$7,527,141.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	Chilean Currency. \$	ASSETS.	Chilean Currency. \$
Public obligations, at sight or 30 days' notice—		Cash and deposit with Central Bank—	
Current accounts—	157,279,654	Cash, foreign currency—	39,911,612
Sight deposits, judicial deposits, &c.—	12,381,817	Cheques on local banks—	14,334,991
Guarantees at sight—	474,332	Foreign banks and correspondents—	6,136,900
Other obligations (dividends, d. a. f. a. and telegraphic transfers pending)—	2,203,194	Advances in account current and loans—	19,332,503
Public obligations, at over 30 days—		(a) Guaranteed—	171,350,249
Term deposits—	145,789,487	(b) Without special guarantee—	148,936,101
Guarantees—	13,931,148	Discounts—	33,666,834
Other obligations—	3,459,697	Loans to directors and employees—	975,588
Obligations to bankers—		Obligations against guarantees given—	14,445,217
abroad—	3,231,116	Buildings and real estate—	67,932,896
Mortgage debts—	2,171,805	State and municipal bonds—	37,167,989
Income tax retained—	40,954	Shares—Banco Central de Chile—	13,861,170
Branches—	2,813,849	Other bonds and shares—	22,621,000
Exchange operations—	11,854	Deposits with Superintendence of Banks—	18,074,427
Letters of credit—	888,148	Furniture and office material—	675,000
Operations pending, &c.—	69,578,158	Exchange operations—	842,568
Profit and loss—	6,107,329	Operations pending, &c.—	913,961
Paid-up capital—	100,000,000	Other reserves—	888,148
Statutory reserve—	25,000,000		9,695,200
Other reserves—	76,419,812		
	621,762,354		621,762,354

BANCO ESPANOL DEL RIO DE LA PLATA.

Argentine paper dollar equal to 44 cents gold and gold dollar converted to sterling at 5.04 per £.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—	4,365,080	Shareholders (liability on uncalled capital)—	1,890,391
Reserve funds—	43,067	Cash—	3,397,149
Contingency fund—	1,391,084	Bills discounted, receivable and advances in current account—	24,682,636
Deposits—	27,045,197	Advances on mortgages—	2,601,534
Reductions—	6,459,726	Loan on Bolsa de Comercio premises in Buenos Aires—	514,394
Rebate—Corresponding to next half-year—	133,150	Accounts overdue and in process of liquidation—	2,588,770
Sundries—	577,322	Furniture and fittings—	101,805
Operations in suspense (branches and agencies)—	222,216	Bank premises—	1,181,912
Profit and loss—less amortisation—	82,120	Freehold properties received in payment of advances—	
Argentine Government Treasury bills—	2,837,301	Head office—	1,451,206
Other accounts (as per contra):		Branches—	81,508
Shares deposited in guarantee (board of directors)—	7,856	Securities—	1,725,727
Securities deposited for safe custody—	28,994,894	Investments in national loans—	43,062
Securities deposited in guarantee—	5,798,930	Account contingency fund—	28,868
Branches and correspondents, account letters of credit—	920,280	Argentine Government Treasury bills—	2,837,301
Bills for collection for account of third parties—	2,985,116	Other accounts (as per contra):	
Credits secured on mortgage for collection for account of third parties—	1,070,478	Shares deposited in guarantee (board of directors)—	7,856
Sundry internal accounts—	1,117,296	Securities deposited for safe custody—	28,994,894
		Securities (account) received as collateral—	5,798,930
		Letters of credit issued—	920,280
		Bills for collection for account of third parties—	2,985,116
		Mortgage loans for account of third parties—	1,070,478
		Sundry internal accounts—	1,117,296
	84,021,113		84,021,113

BANCO DI ROMA.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Lire.	ASSETS.	Lire.
Share capital—	200,000,000	Cash and funds with Central Bank—	
Ordinary reserve fund—	19,000,000	Bank—	247,079,501
Special reserve fund—	40,000,000	Funds with other banks in Italy and abroad—	232,901,783
Deposits on current and savings accounts—	422,870,237	Portfolios and Treasury bills—	768,946,737
Deposits of securities on current account—	109,106,700	Investments—	225,641,725
Circular cheques—	84,206,639	Securities on deposits—	109,106,700
Ordinary cheques—	2,992,277	Banking participations and sundries—	96,472,757
Balance due to Correspondents—	1,692,201,345	Contingencies—	186,775,289
Sundry creditors—	9,852,043	Bank premises—	29,500,000
Reductions—	6,778,132	Secured advances—	110,832,794
Acceptances on behalf of customers—	58,604,269	Balances due by correspondents—	578,855,934
Guarantees for third parties—	105,193,665	Sundry debtors—	15,485,723
Profits brought forward—	1,103,409	Cover for acceptances—	58,604,269
Net profits for current year—	13,488,161	Liabilities of customers per guarantees—	105,193,665
Contra accounts—		Contra accounts—	
Staff provident fund—	22,822,168	Staff provident fund—	22,822,168
Sundry deposits—	1,104,761,871	Securities deposited:—	
Deposit with third parties—	437,765,618	As collateral—	303,672,138
		As guarantee—	6,511,654
		In safe custody—	794,211,079
		Deposits as per contra—	437,765,618
	4,330,746,534		4,330,746,534

BANK OF LONDON AND SOUTH AMERICA, LIMITED.

The report for the year ended September 30, 1931, state that in view of the prevailing situation the directors have augmented the contingency reserve by a transfer from the published reserve of £1,500,000 to provide for depreciation in capital employed abroad, all bad and doubtful debts, and possible future contingencies. The profit for the year, after deducting all expenses and charges other than bad and doubtful debts, which have been provided for out of contingency reserve, amounts to £331,898, to which has to be added £181,445 brought forward from last year, making a total of £513,346. The interim dividend of 3 per cent, paid in June last, amounted to £106,200. From the unappropriated balance, viz., £407,143, the directors recommend the following distribution: To final dividend of 2 per cent. payable December 21, 1931, making 5 per cent. for the year, subject to income tax, £70,800; to contingency reserve, £150,000; to profit and loss carried forward, £186,343.

BALANCE SHEET—September 30, 1931.

LIABILITIES.	£	ASSETS.	£
Share capital, 708,000 shares of £5 each, fully paid—	3,540,000	Cash in hand, at bankers and at call—	10,575,052
Reserve, £3,000,000; less transfer to contingency reserve—	1,500,000	Bills receivable—	9,473,798
£1,500,000—		Advances and other accounts receivable, securities, &c., after making provision for all bad and doubtful debts—	20,155,669
Current and deposit accounts, &c., and contingency reserve—	34,311,626	Investment in Brazilian Trust and Loan Corporation, Ltd.—	36,797
Deposits by—		Bills payable—	68,970
Deposits with Superintendence of Banks—	2,212,261	Acceptances on account of customers—	1,513,097
Furniture and office material—	675,000	Bills for collection on account of customers—	8,569,100
Exchange operations—	913,961	Rebate of interest on bills not due—	130,534
Operations pending, &c.—	9,695,200	Profit and loss account, as per statement below—	407,143
		NOTE.—Contingent liability as endorser of foreign bills discounted, £1,761,753, of which £1,247,337 has since run off.	
	52,252,731		52,252,731

BRITISH BANK FOR FOREIGN TRADE, LIMITED.

The accounts of the Bank for the year ended April 30, 1932, show that the loss for the year, after charging the sums shown to the debit of the Profit and Loss Account, amounts to £7,405, to which add the debit brought forward from the previous year, £20,561—£36,966, less Directors' Fees waived, £3,500—£33,466.

BALANCE SHEET—April 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital issued, 351,600 shares of £1 each—	351,600	Cash in hand, at Bankers in London and abroad—	659
Current, deposit and other accounts, including loans and deposits against security, &c.—	271,785	Premises account at written down value—	46,000
Investment depreciation reserve—	85,530	Investments at cost—	395,737
		Loans and advances (less reserve)—	161,378
		Subsidiary company—Shares at cost, £68,423; advances against security, less reserve, £3,252—	71,675
		Profit and loss account, balance at April 30, 1931, £29,561; add loss for year now ended, £7,405—£36,966; less directors' fees waived, £3,500—	33,466
	708,915		708,915

BANK OF ROUMANIA, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—	300,000	Cash in hand and at bankers, London—	17,665
Reserve account, old, £19,693; reserve account, new, £10,307—£30,000; less transferred to profit and loss account—	10,000	Cash in hand and at bankers, Bucharest—Lei 65,539,640 at 590 per £—	111,084
Current accounts, sight drafts, contingency account, in sterling, &c.—	286,711	Balances with other bankers abroad—	81,829
Current accounts, sight drafts, &c., in Lei—252,158,990-78 at 590 per £—	427,388	Money at call and short notice British Treasury bills—	70,000
Guarantees, &c., for account of customers—Lei 41,096,246 at 590 per £—	69,655	British Government securities (at market value)—	93,938
Subsidiary companies current accounts—		Other investments (at market value)—	61,830
In sterling—	5,000	Other investments, Lei 3,545,080 at 590 per £—	6,009
In Lei 1,000,000 at 590 per £—	1,695	Investments in subsidiary companies (at cost, less amounts written off)—	
		In sterling—	12,005
		In Lei, 650,000 at 590 per £—	1,102
		Bills receivable, loans, current and other accounts, in sterling, &c.—	103,760
		Bills receivable, loans, current accounts, &c., in Lei—189,548,958-78 at 590 per £—	321,370
		Liability of customers for guarantees, &c., per contra—Lei 41,096,246 at 590 per £—	69,655
		Property account at cost, less depreciation—Lei 2,367,346 at 590 per £—	4,012
		Furniture at cost, less amounts written off—	1,300
	1,100,449		1,100,449

THE UNION BANK OF AUSTRALIA Limited.

Established 1837.

Incorporated 1880.

CAPITAL AUTHORISED AND ISSUED - £12,000,000
 Capital Paid-up - £4,000,000 } together £7,350,000
 Reserve Fund - £3,350,000 }
 Currency Reserve - - - - £1,500,000
 Reserve Liability of Proprietors - - - £8,000,000

DIRECTORS:

The Hon. EDMUND W. PARKER, Chairman.
 HUGH D. FLOWER, Esq. Brigadier-General Sir ARTHUR
 The Rt. Hon. LORD HILLINGDON. MAXWELL, K.C.B., C.M.G., D.S.O.
 Sir MALCOLM HOGG. ROBERT O. NEBBITT, Esq.
 SOMERVILLE R. LIVINGSTONE. The Rt. Hon. LORD STONE-
 LEARMONTH, Esq. HAVEN, P.C., G.C.M.G., D.S.O.
 ALFRED W. TURNBULL, Esq.

HEAD OFFICE:

71, Cornhill, London, E.C. 3.

Manager:—W. A. LAING. Assistant Manager:—G. S. GODDEN.
 Secretary:—F. H. MCINTYRE.

BRANCHES THROUGHOUT AUSTRALIA AND NEW ZEALAND, viz.:

In VICTORIA	50
" SOUTH AUSTRALIA	15
" NEW SOUTH WALES	53
" WESTERN AUSTRALIA	24
" QUEENSLAND	18
" TASMANIA	8
" NEW ZEALAND	47
Total	210

Drafts upon the Branches are issued by Head Office, and may be obtained from the Bank's Agents throughout England, Scotland and Ireland.
 Commercial and Circular Travelling Credits issued—available throughout the world.
 Telegraphic Remittances are also made.
 Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.
 Deposits are received at Head Office at rates of interest and for periods which may be ascertained on application.

SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872.

BASLE, ZURICH, ST. GALL,
 GENEVA, LAUSANNE,
 LA CHAUX-DE-FONDS,
 NEUCHÂTEL, SCHAFFHOUSE.

Capital paid-up - £6,400,000
 Reserves - £2,120,000

LONDON OFFICE - 99, GRESHAM STREET, E.C. 2
 WEST END BRANCH: 11, REGENT STREET, (WATERLOO PLACE), S.W. 1

All descriptions of Banking, Trustee and Foreign Exchange Business Transacted.

Correspondents in all Parts of the World

THE BANK OF INDIA LIMITED

ESTABLISHED 7th SEPTEMBER, 1906.

CAPITAL SUBSCRIBED .. Rs. 2,00,00,000
 CAPITAL PAID UP 1,00,00,000
 RESERVE FUND 92,00,000

HEAD OFFICE:—ORIENTAL BUILDINGS, BOMBAY.

BRANCHES:—BULLION EXCHANGE (Shahk Memon Street; Bombay), BANDRA, AHMEDABAD, AHMEDABAD (Station Branch), CALCUTTA, POONA, POONA CITY, SURAT.

LONDON AGENTS:

The Westminster Bank, Ltd.

DIRECTORS:

Sir Cowasjee Jehangir, Baronet (Messrs. Cowasjee Jehangir & Co., Ltd., Bombay), Chairman.
 Mr. F. E. Dinshaw (Messrs. Payne & Co., Bombay).
 Mr. Ambalal Sarabhai (Ahmedabad).
 Mr. Joseph Kay, Knight, (Messrs. W. H. Brady & Co., Ltd., Bombay).
 Mr. A. Geddis (Messrs. James Finlay & Co., Ltd., Bombay).
 Sir Dinshaw Petit, Baronet (Messrs. D. M. Petit Sons & Co., Bombay).
 Sir Chunilal V. Mehta, K.C.S.I., Bombay.
 Mr. Pallram Mathradas (Messrs. Ramnarain Sons, Ltd., Bombay).
 Sir Cowasjee Jehangir (Junior), (K.C.I.E., O.B.E., (Messrs. Cowasjee Jehangir & Co., Ltd., Bombay).

Current Deposit Accounts.—From 25th December to 25th June, interest is allowed at 2½% on daily balance, Rs. 300 to Rs. 1,00,000. From 25th June to 25th December interest is allowed at 2% on daily balance. On sums exceeding Rs. 1,00,000 interest is allowed by special arrangement. No interest will be allowed which does not amount to Rs. 3 per half-year.

Fixed Deposits.—Deposits are received fixed for one year or for shorter periods at rates of interest which can be ascertained on application.

Savings Bank.—Accounts opened on favourable terms. Rules on application.

The Bank undertakes Executor and Trustee Business.—Rules may be obtained on application.

General Banking Business transacted, rules for which can be obtained upon application.

A. G. GRAY, Manager.

BANK OF ATHENS

Head Office: ATHENS.

(Incorporated in Greece with Limited Liability.)

Paid-up Capital and Reserves,
 Drs. 250,000,000

With offices in all the principal towns in Greece, Egypt and Cyprus, the Bank extends Facilities for Export and Import Trade between Great Britain and the Near East generally.

ENQUIRIES INVITED.

NEW YORK:

Bank of Athens Trust Company, 205 West 33rd Street.

BOSTON:

Athens Bankers' Corporation, 320 Tremont Street.

LONDON: 22 FENCHURCH STREET, E.C. 3

After providing for depreciation of investments and doubtful debts, in London, the accounts for 1931 show a balance of £1,792. Further provision, however, is necessary to cover doubtful debts in Roumania and the reduced gold value of sterling reserves for lei accounts. £20,000 has therefore been transferred from reserve account to contingency account. The accounts from Bucarest have been converted into sterling at the rate current on December 31st last.

THE BANK OF TAIWAN, LIMITED.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	Yen	ASSETS.	Yen
Capital subscribed	15,000,000	Cash account—	
Reserve funds	1,214,000	In hand	5,980,747
Notes in circulation	44,419,504	At banks	8,941,978
Deposits, &c.	236,425,814	Bullion	12,057,392
Bills payable	54,731,963	Bills discounted, loans, &c.	262,343,957
Bills rediscounted	85,458,212	Interest bills, bills bought and export advances	50,948,889
Acceptances and guarantees, &c.	6,636,390	Acceptances and guarantees, as per contra, &c.	6,636,390
Due to correspondents	1,509,525	Government bonds, &c.	87,229,743
Dividends unclaimed	33,116	Due from correspondents	1,081,612
Profit and loss account—		Bank premises and real estate, &c.	8,730,281
Brought forward from previous term, Yen, 61,016;		Capital uncalled	1,875,000
Profit for current term, Yen 336,449	397,465		
	445,825,989		445,825,989

BANQUE BELGE POUR L'ÉTRANGER, S.A.

According to the report for the year ended June 30, 1931, the net profit of the business year amounts to Frs. 23,098,594; add balance brought forward from the previous year, Frs. 1,594,715—Frs. 24,693,309. Appropriations: Provision for taxes, Frs. 1,500,000; dividend at the rate of 8 per cent. (Belgian tax free), Frs. 12,673,930; directors' and auditors' fees, Frs. 1,337,534; leaving a balance forward of Frs. 9,181,845.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	Frs.	ASSETS.	Frs.
Capital: 289,131 shares of Frs. 500 each, fully paid, Frs. 144,565,500; 60,869 shares of Frs. 500 each, 25% paid, Frs. 7,608,625; 250,000 shares of Frs. 100 each, 25% paid, Frs. 6,250,000	158,424,125	Shareholders liability	11,379,938
Reserves	130,000,000	Cash in hand and with bankers	691,324,213
Sundry creditors	3,861,760,453	Bills receivable	1,382,379,030
Note issue in China	4,236,563	Sundry debtors	1,625,446,169
Bonds	4,500,000	Investments at or under market value	253,618,801
Acceptances	672,000,311	Shares in allied and affiliated banks	142,962,844
Profit and loss	24,693,309	Financial participations	39,923,530
	4,855,674,761	Shares in subsidiary company—Bishopsgate Estate, Ltd., 1,000 shares of £1 each at cost	175,000
		Balances in account with subsidiary company	28,093,435
		Bank premises at cost, less proceeds of sales and amounts written off	8,371,490
		Liability of customers on acceptances	672,000,311
		Sundry accounts (Comptes d'ordre), per contra (This item comprises mainly stocks, shares, &c., deposited for safe custody and as security, and also bills for collection)	7,868,824,160

Sundry accounts (Comptes d'ordre), per contra 7,868,824,160

Directors' remuneration amounted to Frs. 1,264,484.84. Profit of Subsidiary Company has not been brought into this account, undistributed balance of which has been carried forward in the accounts of the said Company.

BRITISH AND CONTINENTAL BANKING COMPANY, LIMITED.

BALANCE SHEET—September 30, 1931.

LIABILITIES.	£	ASSETS.	£
Paid-up capital—34,211 shares of £10 each, fully paid	342,110	Cash in hand and at bankers, and money at call and at short notice in London and abroad:—	
15,789 shares of £10 each, 10% paid	7,895	In London	78,457
Reserve account	60,000	Abroad	293,050
Current accounts—		Treasury bills and other bills discounted	139,258
Sterling	221,906	Investments (valued at prices current on September 30, 1931)	68,009
Foreign currencies	19,297	Deposits abroad, advances to customers and other accounts	195,762
Deposits and other accounts—		Profit and loss account—Net loss for year ended September 30, 1931, £15,678, less balance at September 30, 1930, £2,722...	12,956
Sterling	83,611		
Foreign currencies	52,673		
NOTE.—Contingent liabilities in respect of bills re-discounted, not matured at September 30, 1931, amounted to £22,686, and in respect of partly paid shares to French francs 11,250.			
	787,492		787,492

BANQUE COMMERCIALE DU CONGO.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	Francs	ASSETS.	Francs
Capital	25,000,000	Property and premises	3,495,000
Reserves	15,000,000	Furniture and fixtures	288,000
Dividend due	3,012,048	Cash in hand and at bank	21,763,473
Sundry creditors	117,411,326	Government securities	59,337,000
Advances against securities	1,010,034	Sundry debtors	51,679,765
Bills payable	7,724,789	Bills receivable	13,475,157
Balance of profit and loss	6,364	Investments	10,524,166
	169,164,561	Liabilities of customers for acceptances	6,602,000
			169,164,561

BANQUE DU CONGO BELGE.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	Frs.	ASSETS.	Frs.
Capital	20,000,000	Property and premises	8,500,000
Reserves	47,300,000	Furniture and fixtures	1,200,000
Notes	184,983,424	Gold and gold exchange	80,017,723
Due to Colonial Treasury	2,001,837	Cash in hand and at bank	459,159,002
Dividend due	2,409,639	Government securities	58,815,526
Creditors	640,562,367	Bills receivable	196,018,459
Bills payable	14,577,725	Sundry debtors	88,143,419
Profit and loss	19,137		
	891,854,129		891,854,129

THE BRITISH BANK OF SOUTH AMERICA, LIMITED.

The report for the financial year ended December 31st last shows that the gross profits, after allowing for rebate on current bills and drafts, for interest on deposits, and after making provision for bad and doubtful debts other than provided for out of contingencies account, amount to £230,982; this, with the balance of £118,760 brought forward from the previous year, makes £349,742. After deducting all charges at the head office and branches, including directors' remuneration, Government taxes in Brazil, &c., amounting to £150,825, there remains £198,917 available. A dividend of 6s. per share, amounting to £30,000, was paid in September last. In view of the present world-wide abnormal conditions, the directors propose to transfer the sum of £50,000 to contingencies account and to carry forward the sum of £118,917.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital: 1,000,000 shares of £20 each, £10 paid	1,000,000	Cash in hand and at bankers	2,323,712
Reserve, as per balance sheet of December 31, 1930	1,000,000	Cash on deposit account dissentient shareholders	2,202
Amount due on current and deposit accounts	4,175,182	Bills receivable in hand	612,052
Dissentient shareholders' account	2,202	Investments	102,242
Bills payable	2,561	Advances and other accounts	4,162,043
Other accounts, including contingencies account	1,433,127	Balance in account with subsidiary company	14,856
Bills for collection	839,850	Shares in subsidiary company at cost	1,868
Profit and loss account	168,917	Freehold and leasehold premises and furniture at cost, less amounts written off	563,014
	8,621,839	Bills for collection, as per contra	839,850
		The contingent liability on bills re-discounted at the date of the balance sheet was £342,448, which has since run off.	
		The capital employed in Brazil shows an estimated depreciation of £117,944 at December 31, 1931.	
			8,621,839

THE BRITISH OVERSEAS BANK, LIMITED.

BALANCE SHEET—October 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital subscribed and paid in full:		Cash in hand and at bankers	196,844
200,000 "A" ordinary shares of £5 each	1,000,000	Money at call and short notice	1,266,850
200,000 "B" ordinary shares of £5 each	1,000,000	Balances with bankers abroad	201,256
Current, deposit and other accounts, including provision for contingencies, depreciation on investments and for bad and doubtful debts, and £363,117 secured	3,046,880	Bills discounted	205,056
Amounts owing to subsidiary companies	100	Government securities	469,688
Reserve fund	225,000	Investments in subsidiary companies	56,925
Acceptances, &c., for account of customers (per contra)	4,277,291	Other investments, including shareholding interests in foreign banks	565,727
Balance of profit and loss account	69,707	Bankers' Industrial Development Co., Ltd., one "A" ordinary share of £100,000, £100 paid	100
NOTES.—(1) Contingent liability on account of endorsements on bills discounted, £1,254,673.		Advances to customers and other accounts	1,981,370
(2) "Advances to customers" and "Liability of customers for acceptances" include the balances which come under European "Standstill" agreements.		Amounts owing from subsidiary companies	52,198
	9,608,978	Liability of customers for acceptances, &c. (per contra)	4,277,291
		Bank premises—freehold at cost—less amounts written off	335,737
			9,608,978

THE CHASE NATIONAL BANK.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	£	ASSETS.	£
Capital	148,000,000	Cash and due from banks	299,944,736
Surplus	100,000,000	United States Government securities	218,073,494
Undivided profits	17,381,150	State and municipal securities maturing within two years	59,442,958
Reserve for taxes, interest, contingencies, &c.	12,170,961	Other State and municipal securities	11,604,906
Dividend payable July 1, 1932	3,700,000	Other securities maturing within two years	47,068,527
Deposits	1,302,456,351	Federal Reserve Bank stock	8,160,000
Circular notes	15,942,430	Other bonds and securities	80,082,194
Acceptances, \$124,087,110; less amount in portfolio	119,918,934	Loans and discounts	860,646,464
\$4,168,176		Real estate fund—United States Treasurer	809,633
Liability as endorser on acceptances and foreign bills	338,547	Customer's acceptance liability, \$104,918,567; less amount in portfolio	100,750,391
Other liabilities	11,600,754	Other assets	11,494,908
	1,731,509,127		1,731,509,127

THE COMMERCIAL BANK OF AUSTRALIA, LIMITED.

(INCORPORATED IN VICTORIA, AUSTRALIA.)

Registered Capital	£5,000,000	0s.	0d.
Subscribed Capital	£4,117,350	0s.	0d.
Reserve Fund (used in the business)	£2,000,000	0s.	0d.
Exchange Adjustment Reserve	£250,000	0s.	0d.

DIRECTORS:

John L. Webb, Esq., Chairman.
R. C. Meares, Esq. A. W. Palfreyman, Esq.
W. H. Swanton, Esq. A. S. Baillieu, Esq.
General Manager: C. H. Tranter.
Chief Inspector: E. T. Bailey.

HEAD OFFICE: 335-7-9, COLLINS ST., MELBOURNE.
Manager: R. D. Kennan. Accountant: G. A. Malloch.

LONDON OFFICE: 17, MOORGATE, E.C.2.

LONDON BOARD:

George Niven, Esq. Joseph White, Esq.
Manager: P. H. Gardner.

DRAFTS AND LETTERS OF CREDIT are issued by the London Office on the Head Office of the Bank and the Branches throughout Australia and New Zealand.

REMITTANCES made by CABLE TRANSFER, BILLS NEGOTIATED or sent for COLLECTION, BANKING and EXCHANGE BUSINESS of every description transacted with the various Australian States and New Zealand.

THE SUMITOMO BANK, LIMITED.

(INCORPORATED IN JAPAN).

Head Office: OSAKA, JAPAN.

Capital Subscribed	-	-	-	Yen 70,000,000.00
Capital Paid-up	-	-	-	Yen 50,000,000.00
Reserve Fund	-	-	-	Yen 27,700,000.00

HOME OFFICES:—Fukuoka (2), Hiroshima (3), Kobe (3), and Los Angeles.
Kokura, Kumamoto, Kure, Kurume (2), Kyoto (8), Moji, Nagoya (2), Niihama, Okayama, Oomichi, Osaka (27), Shimonoeki, Tokyo (19), Wakamatsu, Wakayama, Yamai and Yokohama.
OFFICES IN PACIFIC LINES:—M.S. "Asama Maru," M.S. "Chichibu Maru" and M.S. "Tatsuta Maru."

FOREIGN OFFICES:—Shanghai, London, New York, San Francisco, and Los Angeles.
AFFILIATED BANKS:—The Sumitomo Bank of California, Sacramento, California, U.S.A. The Sumitomo Bank of Hawaii, Honolulu, Hawaii, U.S.A. The Sumitomo Bank of Seattle, Seattle, Washington, U.S.A.

LONDON BANKERS:—Lloyds Bank Limited.

Correspondents in all important places at Home and Abroad.

GENERAL BANKING AND EXCHANGE BUSINESS.

London Office: 67, BISHOPSGATE, E.C.2.

Telephone: London Wall 1511 and 1512.

ANGLO-INTERNATIONAL BANK, LIMITED.

24-28, Lombard Street, London, E.C.3.

Telephones: MANHOB HOUSE 6543 (9 lines).

Telegrams: "ANGLANK, LONDON."

CAPITAL:

Authorised £2,000,000.

Paid Up—£1,960,008.

London Clearing Agents: Bank of England. Glyn, Mills & Co. National Provincial Bank, Ltd.

BOARD OF DIRECTORS:

GENERAL THE HON. SIR HERBERT A. LAWRENCE, G.C.B. (Chairman).
H.E. PETER BARK, G.C.V.O. (Managing Director).
A. G. M. DICKSON, Esq. ZOLTAN HAJDU, Esq.
THE LORD FARINGDON, C.H. SIR BERTRAM HORNSBY, C.B.E.
E. W. H. BARRY, Esq. JULIAN DAY, Esq., M.C. SIR GORDON NAIRNE, BART.
SIR WILLIAM PEAT, C.V.O.

Every description of Home and Foreign Banking transacted. Special facilities for business with the Continent of Europe. Current accounts opened and deposits for short periods accepted at rates which may be obtained on application.

CITY BANK FARMERS TRUST COMPANY.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital 10,000,000	Cash on hand and due from
Surplus 10,000,000	banks and bankers 20,153,106
Undivided profits 941,870	Loans and other secured ad-
Reserves 2,669,116	vances 13,300,245
Deposits 46,830,430	United States Government
	bonds 7,254,439
	Other bonds, mortgages and
	securities 20,651,184
	Bank premises 5,521,375
	Other assets 3,560,867
70,441,216	70,441,216

THOS. COOK & SON (BANKERS), LIMITED.

BALANCE SHEET—October 31, 1931.

LIABILITIES.	ASSETS.
Capital issued, 250,000 shares	Cash in hand and balances with
of £1 each, 10s. paid 125,000	bankers 398,136
Reserve fund 125,000	Currencies in hand 22,229
Current, deposit and other	Remittances in transit 345,486
accounts, including liability	Money at call and short notice
on travellers' cheques, letters	of credit and drafts sold; 120,000
rebate on bills not due, pro-	Bills discounted 535,000
vision for bad and doubtful	British Government Treasury
debts, investment reserve,	bills 541,875
contingencies, &c., and the	Indian Government Treasury
balance of profit and loss	bills 1,751
account 2,623,860	Bank and other acceptances
Liability to customers on ac-	Investments (at below market
count of engagements, &c.,	value, depreciation having
as per contra 13,580	been provided out of the
	year's profits) 473,247
	British Government securities
	Corporation and county stocks
	(Great Britain) 6,341
	Indian and Colonial Govern-
	ment securities 50,417
	Corporation Stocks (Colonial)
	 4,922
	U.S.A. Government and other
	securities 85,212
	Advances to customers and
	other accounts 224,551
	Bank premises and furniture,
	at cost less amounts written
	off 64,693
	Liability of customers for en-
	gagements, &c., as per contra
	 13,580
2,887,440	2,887,440

COMMERCIAL BANK OF THE NEAR EAST, LIMITED.

The following is a statement of the profits for the year 1931: Net profit for the year, £9,893; add balance brought forward from the year ended December 31, 1930, £389—£10,282; deduct interim dividend at 5 per cent. per annum, less income tax, for the half-year ended June 30, 1931, £3,875—£6,387. From this amount the directors have transferred to reserve fund, including the 5 per cent. required by the articles of association, £6,300, leaving a balance of £87.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Share capital, issued and fully	Cash in hand and at London
paid: 40,000 shares of £5 each	bankers 27,299
Reserve fund as at December 31,	Money at call 20,000
1930, £15,500; add transfer	Remittances in transit 1,030
from profit and loss account,	Balances with foreign bankers
£6,300; total applied against	and correspondents 66,518
value of investments, per	Treasury bills 125,000
contra, £21,800.	Bills discounted 64,477
Current, deposit and other ac-	Investments at below cost—
counts 432,335	British Government securities
Bills for collection, per contra ..	£35,004; foreign government
148,523	securities, £69,177; bonds and
Acceptances, endorsements, &c.,	shares of foreign banks,
on behalf of customers 52,570	£21,463; securities held by
Profit and loss account—Balance	branches, £16,234—£141,878;
brought forward as at Decem-	less reserve fund applied to
ber 31, 1930, £369; add profit	reduce total to estimated mar-
for year to date, £9,893—	ket value at date, £21,800
£10,262; less interim dividend	Advances to customers and other
at 5 per cent. per annum, less	accounts 206,277
tax, paid for half-year to June 30,	Bills for collection (including
1931, £3,875—£6,387; less	£50,000 Treasury bills) 148,523
transferred to reserve fund,	Liability of customers for ac-
£6,300 87	ceptances, endorsements, &c.,
Contingent liability on bills re-	per contra 52,570
discounted, £5,029, which has	Furniture and fittings (at cost
since run off.	less amounts written off) 1,743
833,515	833,515

THE COMMERCIAL NATIONAL BANK AND TRUST COMPANY OF NEW YORK.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	ASSETS.
Capital 7,000,000	Cash on hand, in Federal
Surplus and undivided profits	Reserve Bank and due from
8,490,308	banks and bankers 17,463,844
Reserve for taxes, interest, &c.	U.S. Government securities ..
1,600,355	24,098,682
Dividend payable July 1, 1932	Other bonds 5,109,757
140,000	Stock of the Federal Reserve
Acceptances 4,372,327	Bank 450,000
Liability as endorser on ac-	Loans and discounts 32,043,517
ceptances of other banks	Customers' liability on ac-
and bills of exchange 32,985	ceptances (exclusive of ac-
Other liabilities 597,739	ceptances discounted and
Deposits 61,687,205	anticipations) 4,160,085
	Acceptances of other banks
	and bills of exchange sold
	with our endorsement 32,985
	Interest accrued and other
	assets 562,049
83,920,919	83,920,919

COMMERCIAL BANK OF SPANISH AMERICA, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	ASSETS.
Capital issued, 500,000 shares of	Cash at bankers and in hand ...
£1 each, fully paid 500,000	Advances, &c. 12,739
Sight drafts 285	Bank premises 173
Bills for collection 64,941	Bills for collection, per contra ..
Current, deposit and other ac-	counts (including balance of
counts 16,829	profit and loss account) 171
582,055	582,055

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS.

BALANCE SHEET—March 31, 1932.

LIABILITIES.	ASSETS.
Current and deposit ac-	Cash in hand and at bank 2,677,371,156
counts 8,989,213,314	Bills of exchange dis-
Fixed deposits 59,772,950	counted and French
Acceptances 89,424,479	Treasury bills 5,135,432,519
Agents outside Europe 16,077,319	Contangoes 3,100,774
Sundry accounts 228,134,960	Credit balances with bank-
Shareholders' accounts 23,462,734	ing correspondents 717,761,122
Reserves 435,896,700	Advances against collateral
Capital 400,000,000	Investments 1,449,770
	Participations 6,200,000
	Current accounts 1,131,127,758
	Liability of customers on
	acceptances 89,337,024
	Sundry accounts 188,733,526
	Bank premises 15,000,000
10,241,982,456	10,241,982,456

CREDIT FONCIER D'ALGERIE ET DE TUNISIE.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital 150,000,000	Cash 125,753,388
Reserves 30,827,771	Bills 1,422,229,401
Superannuation fund 410,000	Correspondents 113,573,290
Crédit Foncier de France 369,163,108	Investments 48,175,805
Crédit Foncier d'Algérie 19,112,750	Premises, &c. 57,207,934
Crédit Foncier de Tunisie 30,000,000	Caisse de Prêts Immobiliers
Current and deposit ac-	de Maroc 2,000,000
counts 1,495,840,323	Crédit Foncier de France ..
Deposits 450,941,031	Crédit Foncier d'Algérie ..
Correspondents & creditors	Caisse Hyp. d'Egypte 42,544,722
Acceptances, &c. 197,160,630	Advances against securities
Sundry accounts 19,669,514	Current accounts 372,479,315
Dividends payable 4,396,834	Syndicates 52,827,669
Profit and loss 9,648,407	Cover for acceptances 12,924,258
2,778,859,910	2,778,859,910

PROFIT AND LOSS ACCOUNT.

Dr.	Cr.
Reductions 4,793,009	Brought forward 712,098
Interest on deposit and cur-	Discount 5,162,086
rent accounts, &c. 36,418,435	Net profit on banking opera-
Costs of administration,	tions 102,693,231
taxes and fees 56,578,340	Income from real property
Written off furniture 97,789,784	Crédit Foncier de France ..
	2,705,145
Profits—	
Brought fwd. 712,098	
Net profits, 1931 13,860,467	
14,572,565	112,362,349

CRÉDIT LYONNAIS.

BALANCE SHEET—July 31, 1932.

LIABILITIES.	ASSETS.
Deposits at call 5,687,803,452	Cash in hand and at banks
Current accounts 8,385,069,612	Bills discounted & French
Accounts payable after	Treasury bills 7,103,757,424
collection 227,954,483	Loans and advances 258,627,124
Acceptances 169,497,325	Current accounts 3,310,108,484
Deposits for fixed periods	Investments 4,508,942
..... 341,340,325	Sundries 347,265,584
Sundry liabilities 422,151,268	Premises 35,000,000
Unpaid dividend 44,293,280	
Profit and loss 13,567,775	
Reserve fund 800,000,000	
Capital fully paid 408,000,000	
16,499,677,534	16,499,677,534

CREDITO ITALIANO.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Capital 500,000,000	Cash and balances at call
Reserve fund 300,000,000	with banks 383,158,121
Deposits and savings ac-	Bills receivable on Italy,
counts 1,140,188,624	England and other coun-
Current accounts 5,324,674,020	tries 4,031,229,736
Acceptances on account of	Loans against collateral
customers 176,425,118	securities 392,959,811
Cheques outstanding 181,843,218	Current accounts 1,909,573,061
Sundry creditors 72,685,375	Liabilities of customers for
Guarantees on account of	acceptances 176,425,118
customers 393,020,307	Investments 379,543,592
Balance brought forward	Government securities
from 1930 21,317,343	and debentures 33,600,896
Net profit 13,888,382	Insurance companies, &c. 147,008,580
Current account 34,068,869	Shares in other banks 12,500,000
Clerks' provident fund 56,880,272	Freehold bank premises ..
Collateral securities 10,821,615	Sundry debtors 299,092,034
Safe custody securities 7,379,584,040	Liabilities of customers for
	guarantees 393,020,307
	Clerks' provident fund, col-
	lateral and safe custody
	securities, as per contra
	7,447,286,127
15,605,397,383	15,605,397,383

* Excluding premises of the late Banca Nazionale di Credito.



NATIONAL BANK OF GREECE

Established in 1841.

Capital paid-up and Reserves Drs. 1,205,000,000. —
Deposits (31 Dec. 1931) - 7,709,000,000. —
Total Resources (31 Dec. 1931) - 9,470,000,000. —

HEAD OFFICE IN ATHENS.

Branches throughout Greece.

New York Agency: 51 MAIDEN LANE. Affiliated Institution in New York: Hellenic Bank Trust
Company, 51 Maiden Lane. Correspondents in all parts of the world.

COMPLETE INTERNATIONAL BANKING SERVICE OF EVERY DESCRIPTION.

ESTABLISHED 1871.

THE DOMINION BANK.

Incorporated in Canada with Limited Liability.

Head Office: TORONTO.

CAPITAL PAID UP - \$7,000,000.00
RESERVE FUND and UNDIVIDED PROFITS - \$9,700,000.00

A. W. AUSTIN, President.

C. A. BOGERT, Vice-President & General Manager.

BRANCHES THROUGHOUT CANADA.

Agents and Correspondents throughout the World.

Agency in NEW YORK: The Dominion Bank, 49, WALL STREET.

The LONDON BRANCH, at 3, King William St., E.C.4,

is especially equipped for handling Collections and issues Drafts, Letters of Credit and Travellers' Cheques negotiable all over the world.

E. W. BOOTH, Assistant Manager.

THE PIONEER LIFE ASSURANCE COMPANY, LTD.

Chief Offices: 67, Dale Street, LIVERPOOL.

Established 1891.

Life Assurance Funds:
Exceed £800,000
Total Claims Paid:
Exceed £1,300,000

THE BANK OF ADELAIDE

(Incorporated with Limited Liability in Australia.) EST. 1865

Paid-up Capital £1,250,000
Reserve Fund 1,000,000
Reserve Liability of Shareholders £2,250,000
..... £3,500,000

Head Office: Adelaide, South Australia.
MELBOURNE OFFICE: 267, COLLINS STREET.
SYDNEY OFFICE: 279, GEORGE STREET.
BRISBANE OFFICE: 305, QUEEN STREET.
PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE.
FREMANTLE OFFICE: 78/80, HIGH STREET.
London Office:
71, LEADENHALL STREET, E.C.3.

Bills on Australia purchased or collected.
Drafts and Letters of Credit issued, and Remittance* cabled. Accounts
opened in Australia for Overseas* Banks. Every other description of Banking
and Exchange business transacted.
Enquiries regarding Australian Trade invited.
A. BUTTERWORTH, Man. ger.

NATIONAL ECONOMIC BANK

(Bank Gospodarstwa Krajowego)

WARSAW, JEROZOLIMSKA 1

Telegraphic Address: KRAJOBANK, WARSAW

Chairman: ROMAN GÓRECKI

Paid-up Capital: Zł. 150,000,000

Reserve Fund: - Zł. 64,419,263

Total of Balance Sheet, as on Dec. 31st, 1931,
Zł. 2,154,175,999

19 Branches in Poland.

Correspondents all over the world.

HANDLING OF BANKING TRANSACTIONS
OF EVERY DESCRIPTION.

Issues of 7 per cent. Mortgage Bonds as well as
7 per cent. Municipal and 7½ per cent. Bank Bonds,
the latter for requirements of industry, in Gold
Zlotys, U.S. Dollars, Pounds Sterling, Swiss Francs
and Dutch Florins.

All issues of the Bank Gospodarstwa Krajowego
are secured by the First Mortgage on properties, or
by the properties owned by municipalities as well as
by total assets of the Bank Gospodarstwa Krajowego
and are guaranteed by the Polish Government.

The directors proposed the following distribution of the net profit for the year, which amounted to Lire 34,068,869:—Three per cent. to the board of directors, Lire 1,022,066; brought forward from 1930, Lire 13,888,382; to shareholders' dividend 6 per cent., Lire 30,000,000; balance carried forward, Lire, 16,935,185.

GUARANTY TRUST COMPANY OF NEW YORK.

BALANCE SHEET—June 30, 1932.

LIABILITIES.	ASSETS.
Capital..... 90,000,000	Cash on hand, in Federal Reserve Bank, and due from banks and bankers..... 216,799,261
Surplus fund..... 170,000,000	U.S. Government bonds and certificates..... 320,459,587
Undivided profits..... 10,495,733	Public securities..... 52,111,567
Accrued interest, miscellaneous accounts payable, reserve for taxes, &c..... 7,204,073	Stock of the Federal Reserve Bank..... 7,800,000
Acceptances..... 34,566,120	Other securities..... 31,324,462
Liability as endorser on acceptances and foreign bills..... 96,722	Loans and bills purchased..... 551,164,825
Deposits..... 900,224,692	Real estate bonds and mortgages..... 2,130,824
Outstanding cheques..... 28,118,609	Items in transit with foreign branches..... 3,650,091
	Credits granted on acceptances..... 34,566,120
	Bank building..... 14,441,014
	Accrued interest and accounts receivable..... 6,258,198
1,240,705,949	1,240,705,949

HONGKONG AND SHANGHAI BANKING CORPORATION.

BALANCE SHEET—December 31, 1931.

LIABILITIES.	ASSETS.
Issued and paid-up capital—150,000 shares of \$125 each..... 1,437,500	Cash (including \$57,500,000 coin lodged with the Hongkong Government and \$8,700,000 coin lodged with H.B.M. Consul-General, Shanghai, against authorised and/or excess note circulation)..... 10,188,904
Reserve liability of proprietors: \$125 per share on 150,000 shares issued, \$20,000,000..... 6,500,000	Bullion in hand and in transit (including \$47,400,000 bullion lodged with Hongkong Government against authorised and/or excess note circulation)..... 5,221,591
Sterling reserve..... 718,750	British Government, Indian, Colonial and other securities..... 17,553,860
Notes in circulation (authorised and additional issue against securities, bullion, and coin amounting to \$151,819,589, deposited with the Crown Agents for the Colonies, their trustees, and the Hongkong Government)..... 9,288,789	Bills discounted, loans and credits..... 31,070,580
Current accounts..... 40,108,025	Bills receivable and balance of remittances and drafts in transit..... 9,939,863
Fixed deposits..... 15,485,950	Liabilities of constituents for acceptances, per contra..... 78,395
Bills payable (including call loans and short sight drawings on London office and drafts on London bankers)..... 1,083,413	Bank premises..... 1,409,488
Acceptances on account of constituents..... 78,395	
Profit and loss account..... 761,859	
Liability on bills of exchange re-discounted, £1,864,778, of which £1,697,469 have since run off.)	
75,462,681	75,462,681

Sterling exchange taken at 1s. 5½d.

PROFIT AND LOSS ACCOUNT.

DR.	CR.
Interim dividend—Paid on August 10, 1931, of £3 per share on 150,000 shares, \$480,000 at 1s. 0½d..... 9,216,000	Balance of undivided profits, December 31, 1930..... 3,429,094
Remuneration to directors—£5,000..... 82,783	Amount of net profits for the year ending December 31, 1931, after making provision for bad and doubtful debts and contingencies, deducting all expenses and interest paid and due..... 16,469,461
Balance to be appropriated—Final dividend of £3 per share on 150,000 shares, \$480,000, at 1s. 5½d..... 6,678,261	
Transfer to bank premises account..... 500,000	
Balance forward to next year..... 3,421,511	
19,898,555	19,898,555

HAMBROS BANK, LIMITED.

According to the report of the directors for the year ending March 31, 1932, after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £291,188. Deducting the directors' remuneration of £14,681, and adding the balance brought forward from last year of £93,938, there remains an available total of £370,445. After setting aside £125,000 to contingency reserve account and allowing the sum of £48,750 for interim dividend on the £10 shares and £9,000 for interim dividend on the "A" shares paid on October 28, 1931, the directors now recommend the payment of a further dividend of 11½ per cent., less income tax, on the £10 shares, and a further dividend of 3 per cent., less income tax, on the "A" shares, making a total of 6 per cent. for the year, less income tax, and that the balance of £92,445 be carried forward. An appropriation sufficient to meet the depreciation on investments at March 31, 1932, has been made from the contingency fund, and the directors have decided to

augment this fund by a transfer of £50,000 from reserve. The contingency fund, which will then stand at a higher figure than that of last year, will, in their opinion, be fully sufficient to deal with any eventual loss which might arise out of German, Austrian and other Continental engagements.

BALANCE SHEET—March 31, 1932.

LIABILITIES.	ASSETS.
Paid up capital—£2 10s. per share on 400,000 shares of £10 each..... 1,000,000	Cash in hand, at bankers, and at call..... 4,450,657
£1 per share on 400,000 "A" shares of £1 each..... 400,000	Bills of exchange..... 1,526,404
Reserve..... 1,000,000	Investments—Valued at or below prices current at March 31, 1932..... 2,943,241
Profit and loss account..... 187,696	British (Government securities, £2,145,291; other investments, £796,950)..... 2,943,241
Current, deposit, and other accounts (including reserve for contingencies)..... 10,651,788	Hambros Bank (Nominces) Limited—
Hambros Bank (Nominces) Limited—	Current account..... 98
Acceptances..... 1,662	Shares at cost..... 3,867,259
Memorandum—Contingent liability as endorser of bills discounted, £1,358,201, and on guarantees given covered by counter guarantees or securities £417,306..... 9,202,701	Loans, advances, and other accounts..... 9,202,701
	Liabilities of customers for acceptances as per contra..... 9,202,701
	Bank premises—
	At cost, less amounts written off..... 453,487
	Note:—Loans, advances and other accounts "and" Liabilities of customers for acceptances" include accounts in Germany, Austria and Hungary, governed by "Standstill" and similar arrangements.
22,443,847	22,443,847

IONIAN BANK, LIMITED.

BALANCE SHEET—August 31, 1931.

LIABILITIES.	ASSETS.
The exchange for drachmas is taken at 375 per £, and for £F. at 97.50 per £100.	
Issued capital—120,000 shares of £5 each, fully paid..... 600,000	Cash in hand, at bankers and in transit—London, £196,091; branches, £280,055..... 476,146
Reserve fund, £225,000; less transfer to investments reserve, £75,000; transfer to profit and loss account, £50,000—£100,000..... 100,000	Balances with banking correspondents including remittances in transit..... 138,348
Investments reserve..... 100,000	Investments—British Government securities, £718,967; British Dominions and foreign Government securities and other investments, £537,452..... 1,256,458
Current and deposit accounts..... 3,413,070	Bills receivable..... 517,558
Bills payable..... 94,903	Loans and advances..... 1,987,785
Outstanding advices, exchange contracts, letters of credit, unclaimed dividends and reserves for taxation, pensions and contingencies..... 452,846	Outstanding advices, exchange contracts, expenses prepaid, and goods under realisation..... 174,123
Liabilities for acceptances on account of customers..... 121,622	Liabilities of customers for acceptances..... 121,622
Rebate on bills discounted not due..... 5,200	Mortgaged property in possession, at or below valuation..... 13,447
Profit and loss—balance of account, as below..... 20,703	Bank premises, including installations, at cost, less amounts written off..... 222,878
4,908,344	4,908,344

PROFIT AND LOSS ACCOUNT.

DR.	CR.
Charges of management for the period..... 177,543	Gross profits, before providing for bad and doubtful debts..... 355,767
Directors' fees and remuneration for special services, including tax thereon..... 3,835	
Interest on current and deposit accounts..... 127,275	
Balance carried down..... 47,114	
355,767	355,767
Provision for bad and doubtful debts..... 105,000	Balance brought down..... 47,114
Dividend at 2s. per share, subject to income tax at 5s. in the £, payable on December 31, 1931, £12,000; balance carried forward, £8,703..... 20,703	Amount transferred from reserve fund..... 50,000
	Balance brought forward from last account..... 28,589
125,703	125,703

THE IMPERIAL BANK OF PERSIA.

BALANCE SHEET—March 20, 1932

LIABILITIES.	ASSETS.
Capital—99,800 ordinary shares of £6 10s., 200 founders shares of £6 10s..... 650,000	Cash in hand, at bankers, and in transit and money at call and short notice and bullion..... 2,256,089
Amount received from the Persian Government for surrender of note issue..... 200,000	Investments in British Government and other securities taken at or under prices ruling at March 20, 1932..... 3,354,209
Reserve account..... 690,000	Bills discounted, loans and advances, past due bills, adjustments, and sums due from other banks..... 846,933
Notes in circulation..... 1,413,465	Bills receivable..... 514,282
Current and fixed deposits, &c..... 2,555,647	Liability of customers for acceptances, &c., as per contra..... 80,420
Contingencies, provision for contingencies, endowments, adjustments, and sums due to other banks..... 1,379,834	Bank premises, furniture and stationery..... 8,520
Acceptances, &c., on behalf of customers..... 80,420	*This includes £50,000 Funding Loan deposited at Bank of England under Government regulations.
Profit and loss account..... 91,087	
7,060,453	7,060,453

The profits for the year ended March 20, 1932, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, and bad and doubtful debts, amount to £88,194, to

PROVINCIAL BANK OF IRELAND LTD.

ESTABLISHED 1825.

Subscribed Capital - - £4,080,000
Paid-up - - - - £540,000
Divided into 40,000 Shares of £100 each, £12 10s. paid; and 4,000 Shares of £20 each, £10 paid.
Reserve Fund - - - - £450,000

DIRECTORS:

RICHARD DURANT TROTTER, Esq., *Chairman*.
JOHN CHARLES DENTON CARLISLE, Esq.
JAMES MARMION CARROLL, Esq.
ROBERT JOHN FITZGERALD, Esq.
Hon. Sir WILLIAM HENRY GOSCHEN, K.B.E.
ROBERT ASHHURST GRADWELL, Esq.
HENRY SAMUEL HOWARD GUINNESS, Esq.
EDWARD RALPHE DOURO HOARE, Esq.
ALEXANDER BRODRICK LESLIE-MELVILLE, Esq.
Captain GEORGE LESLIE POE, R.N. (Retired).

Head Office: 8 THROGMORTON AVENUE, LONDON, E.C.2.

Telephone: Metropolitan 0311 Metropolitan 0323.
Secretary's Office.

Secretary: FRANCIS S. FORDE.

Manager: F. W. BROWN.

136 Branches and Sub-Branches throughout Ireland.

Chief Officer in Ireland: DAVID B. BRADSHAW.

CORRESPONDENTS AND AGENTS. The Bank has Correspondents and Agents throughout the British Isles and in all parts of the world, and conducts Overseas business of all kinds, including Collection of Foreign Bills and Cheques.
CURRENT ACCOUNTS OPENED; DEPOSITS RECEIVED, and general Banking business transacted.
INCOME TAX. Claims for recovery and for adjustment of Income Tax undertaken.
DIVIDENDS, ANNUITIES, COUPONS, etc., collected. Duties of Executor and Trustee undertaken.

BRITISH & HUNGARIAN BANK, Ltd.

Head Office: BUDAPEST, V., Vilmos császár-ut 32.
Established 1890. Telegraphic Address: COLONIALE.

Capital and Reserves fully paid up: 40,000,000 pengő.

11 BRANCHES IN BUDAPEST.

Country Branches:

Békéscsaba, Berettyóújfalú, Debrecen, Győr, Hatvan, Kiskunfélegyháza, Makó, Nagykanizsa, Nyíregyháza, Sopron, Szeged.

London Agents: The British Overseas Bank, Ltd., 33, Gracechurch Street, E.C.3.
Midland Bank Limited, Overseas Branch, 122, Old Broad Street, E.C.2.
The Anglo-International Bank, Ltd., 24 28, Lombard Street, E.C.3.

Every kind of Banking Business Transacted.

BANK OF CZECHOSLOVAK LEGIONS PRAGUE

Telegraphic Address: "LEGIOLANKA."

25 Branches and 5 Exchange Offices in Czechoslovakia.
FOREIGN BANK AFFILIATIONS:

KOMERCIJALNA BANKA D.D. ZAGREB, JUGOSLAVIJA.
LATVIJAS PRIVATBANKA, RIGA, LATVIJA

Capital Paid Up - - - - Kč 70,000,000
Reserves - - - - - Kč 100,000,000

COMPLETE BANKING SERVICE

which has to be added £42,893 brought forward from last account, making a total of £131,087. The directors recommended payment of a final dividend of 7s. per share and a bonus of 2s. per share, making, with the interim dividend of 4s. per share, a total for the year of 13s., free of income tax. It was also proposed to add £20,000 to reserve, which is thereby increased to £890,000 and to carry forward £46,087.

INTERNATIONAL BANKING CORPORATION.

BALANCE SHEET—December 31, 1931.	
LIABILITIES.	ASSETS.
Capital..... 2,500,000	Cash on hand and in local
Surplus..... 2,500,000	depositories..... 7,993,228
Undivided profits..... 4,826,400	Due from banks and bankers
Deposits..... 9,311,882	Loans, discounts and ad- vances..... 4,132,836
Notes in circulation in China	Bonds and securities..... 5,820,816
1,678,014	Customers' liability account
Items in transit with branches	of acceptances..... 1,817,609
Acceptances..... 1,817,609	Other assets..... 145,385
Reserves for—	
Taxes, accrued interest and	
expenses..... 343,908	
Contingencies..... 454,501	
Other liabilities..... 11,062	
	23,520,149

ITALO-BELGIAN BANK.

The report for the year ended June 30, 1931, stated that the profits amount to Frs. 16,007,676, to which has to be added the amount carried forward from the previous year, Frs. 4,961,465—Frs. 20,969,141. The directors proposed to distribute the profits as follows:—Dividend, Frs. 50 per share, Frs. 10,000,000; directors' fees, Frs. 1,651,161; provision for taxes, Frs. 500,000; balance forward, Frs. 8,817,990—Frs. 20,969,141.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital..... 100,000,000	Cash in hand and with banks
Reserves..... 100,000,000	Bills receivable..... 859,376,313
Current and deposit ac- counts..... 1,144,660,827	Securities:—Government
Bankers and correspondents	stock and Treasury bonds, Frs. 68,449,861; shares
895,605,218	and bonds, Frs. 14,645,851
Bills payable..... 229,782,471	Bankers and correspondents
Dividends unclaimed..... 246,642	353,375,827
Re-discount on bills..... 3,779,882	Current accounts..... 813,047,944
Profit and loss..... 20,969,141	Premises..... 21,000,000
	Furniture and fittings..... 1
	2,495,044,181
Depositors and sundry ac- counts as per contra..... 3,238,238,339	Securities deposited and sundry accounts as per contra..... 3,238,238,339

THE LONDON AND EASTERN TRADE BANK,
LIMITED.

The directors' report for the year ended June 30, 1931, states that after making provision for bad and doubtful debts, income tax, expenses of management and all other charges, and including £19,637 brought forward, there remains to the credit of profit and loss account a balance of £35,200. The directors consider it prudent to conserve the bank's resources, and therefore recommend the placing of £25,000 to reserve for contingencies and the carrying forward of £10,200.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital—50,000 shares of £10 each, fully paid..... 600,000	Cash in hand and at bankers in London..... 104,705
Current, deposit and other ac- counts..... 1,004,795	Money at call and short notice Treasury bills..... 650,000
Acceptances per contra..... 1,200,950	Bills discounted..... 100,000
Profit and loss account..... 35,200	Sundry securities (at under market value)..... 81,177
Note.—Contingent liabilities: Redeemed bank bills, £53,533; guarantees, con- firmed credits and forward foreign exchange contracts, £78,463.	Loans, overdrafts and other balances (including currency with bankers abroad, £109,234) (less reserve for doubtful debts)..... 689,999
	Customers' liabilities for ac- ceptances..... 1,200,950
	2,840,945

THE MITSUI BANK, LIMITED.

BALANCE SHEET—December 31, 1931.	
LIABILITIES.	ASSETS.
Deposits (current, fixed, &c.) 637,443,079	Cash in hand and at the Bank
Foreign bills sold..... 1,983,007	of Japan, &c..... 58,310,094
Due to foreign banks (includ- ing discounts)..... 15,941,401	Money at call and short notice Japanese and Foreign Govern- ment bonds..... 85,240,056
Due to inland correspondents	Municipal and other bonds... 104,085,778
470,469	Loans and discounts..... 769,804
Outstanding cheques..... 220,108	Foreign bills purchased..... 33,825,035
Liabilities under L/C, &c..... 3,547,241	Due from foreign banks..... 33,501,285
Interest accrued on deposits not due..... 6,871,747	Due from inland correspon- dents..... 368,678
Rebate on bills not due..... 2,103,537	Customers' liabilities under L/C, &c., per contra..... 3,547,241
Provisional receipts, &c..... 288,941	Provisional payments..... 25,911
Capital..... 100,000,000	Bank premises and real estates 16,473,750
Reserve funds..... 58,800,000	Capital uncalled..... 40,000,000
Pension fund..... 4,028,170	
Profit for the half-year..... 4,593,743	
Including—Balance from last account, Yen 1,667,457; transferred from reserve funds, Yen 14,900,000; trans- ferred from pension fund, Yen 323,311.	
	828,291,443

APPROPRIATION OF PROFIT.	
Dr.	Yen.
Pension fund..... 548,000	Cr.
Dividend to shareholders..... 2,400,000	Profit for the half-year..... 4,593,743
Balance carried forward to next account..... 1,645,743	
	4,593,743

THE MITSUBISHI BANK, LIMITED.

BALANCE SHEET—December 31, 1931.	
LIABILITIES.	ASSETS.
Deposits..... 609,451,616	Cash on hand and in banks... 34,018,695
Foreign bills sold..... 3,056,753	Money at call and short notice..... 11,232,727
Due to foreign banks..... 13,745	Government and municipal bonds..... 96,063,779
Due to inland correspondents	Other bonds..... 154,368,461
388,715	Stocks and shares..... 35,005,780
Acceptances and guarantees	Loans and bills discounted... 339,324,581
3,332,001	Bills loaned to customers... 2,145,880
Interest accrued on deposits	Foreign bills bought..... 20,607,280
6,399,587	Due from foreign banks..... 15,538,141
Rebate on bills discounted not yet due..... 1,498,764	Due from inland correspon- dents..... 483,203
Suspense accounts..... 1,523,101	Acceptances and guarantees as per contra..... 3,332,001
Outstanding cheques..... 176,175	Bank premises and real estates..... 15,024,532
Account en route..... 1,020,410	Temporary payments..... 49,542
Capital..... 100,000,000	Money in trust (pension re- serve fund)..... 2,278,380
Reserve funds..... 34,140,325	Capital uncalled..... 37,500,000
Profit for the half-year..... 5,971,790	
	766,972,982

APPROPRIATION OF PROFIT.	
Dr.	Yen.
Legal reserve fund..... 500,000	Cr.
Dividend at 8 per cent. per annum..... 2,500,000	Profit for the half-year..... 5,971,790
Balance carried forward to next half-year..... 2,971,790	
	5,971,790

THE MOSCOW NARODNY BANK LIMITED.

BALANCE SHEET—June 30, 1932.	
LIABILITIES.	ASSETS.
Capital issued:—	Cash at banks on current ac- counts and in hand..... 508,988
125,000 shares of £10 each, fully paid..... 1,250,000	Investments:
50,000 shares of £10 each, £7 14s. paid..... 385,000	Co-operative Transit Bank, Riga, 9,000 fully-paid shares of 100 gold lats each (at cost)..... 38,035
General reserve..... 160,000	Banque Commerciale pour l'Europe du Nord, Paris, 49,550 fully-paid shares of Frs. 500 each (at cost)... 200,804
Capital reserve..... 275,000	Svenska Ekonomiska Aktie- laget, Stockholm, 997 fully-paid shares of krs. 1,000 each (at cost)..... 55,052
Clients' current and deposit ac- counts..... 540,851	(These investments are held for trade purposes and no market quotations are available.)
Correspondents of the bank	Foreign Government securities
231,584	Correspondents of the bank..... 280,644
Bills re-discounted..... 746,228	Bills discounted (including bills of £40,000 deposited as col- lateral security against ac- ceptances received)..... 987,379
Bills discounted (collateral ac- counts)..... 75,000	Advances against—
Advances against—	Goods and documents..... 1,553,105
Goods..... 134,074	Bills of exchange..... 1,113,587
Bills of exchange..... 43,587	Loans and advances to clients
Acceptances of other banks on security of goods and bills against advances (contra)...	Miscellaneous debtors..... 11,021
924,165	Office furniture and fittings (at cost, less sales and deprecia- tion)..... 6,355
Miscellaneous creditors (includ- ing provision for taxation and exchange profits in sus- pense)..... 93,153	Liabilities of customers (as per contra) in respect of—
Liabilities of the bank (as per contra) in respect of—	Guarantees issued..... 2,701,813
Guarantees..... 2,701,813	Acceptances..... 176,586
Contract undertaken on be- half of client (securities lodged by client)..... 176,586	Contract undertaken..... 310,787
Documentary credits and creditors for bills for col- lection (as per contra)..... 916,872	Debtors in respect of docu- mentary credits and bills for collection (as per contra) (as per contra)..... 916,872
Creditors for documentary col- lections (as per contra)..... 976,494	Documentary collections..... 976,494
Profit and loss account, as at June 30, 1932..... 43,530	
	9,984,724

NATIONAL BANK OF EGYPT.

BALANCE SHEET—December 31, 1931.	
LIABILITIES.	ASSETS.
Share capital: 300,000 fully- paid shares of £10 each..... 3,000,000	Government securities and securities guaranteed by the Egyptian Government..... 13,241,138
Statutory reserve fund..... 1,500,000	Sundry securities..... 1,133,865
Special reserve..... 1,500,000	Advances on merchandise..... 2,358,002
Current, deposit and other ac- counts..... 17,151,677	Advances on securities..... 3,331,341
Egyptian Government..... 2,826,381	Advances otherwise secured... 1,129,759
Sudan Government..... 200,482	Sundry other advances..... 1,009,833
Mixed tribunals..... 1,869,840	Egyptian Government..... 731,617
Bankers' accounts..... 1,195,285	Sudan Government..... 292,126
Cheques and bills payable	Bills of exchange..... 1,249,751
203,192	Local bills discounted..... 158,921
Rebate of discount on bills not yet due..... 14,446	Buildings, furniture, &c..... 198,858
Dividends unclaimed..... 21,011	Money at call and at short notice..... 1,680,000
Acceptances, &c..... 873,214	Bankers' accounts..... 297,397
Provision for payment of final dividend at the rate of 11 per cent. per annum..... 330,000	Clients' liability for accep- tances, &c., as per contra... 873,214
Profit and loss account balance	Cash: Notes, £E. 1,156,882; gold and silver coin, &c., £E. 765,372..... 2,386,927
247,238	
	30,932,766

There is a contingent liability in respect of bills re-discounted of £11,000.

(Members of the London Bankers' Clearing House)

THE NATIONAL BANK LIMITED

ESTABLISHED 1835

Head Offices: 13-17, OLD BROAD STREET, LONDON, E.C. 2, and 274 Branches and Sub-Offices in Gt. Britain and Ireland.

Capital Subscribed, £7,500,000. Paid up, £1,509,000. Reserve Fund, £1,030,000. Deposits, etc. (30.6.1932), £38,322,798

THE NATIONAL BANK AFFORDS A BANKING SERVICE COMPLETE IN EVERY RESPECT

Current Accounts.—Current Accounts are conducted in conformity with the usual practice of Bankers. Lodgments may be made for the credit of customers' accounts at any Branch of the Bank, or at any of the Offices of its Agents in Great Britain, and, by arrangement, similar facilities are available for the encashment of cheques. Customers may obtain Advances upon negotiable securities and approved Bills are discounted.

Deposit Accounts.—Sums of money from £10 upwards are received from the public and interest allowed at the current rate as published from time to time. **Small Savings Accounts** of one shilling and upwards are also opened, on which interest is allowed and **Home Safes** are available free of charge. Explanatory leaflets may be had on application.

Collections and Remittances.—The collection of Bills, Dividends, Coupons, Annuities, Pensions, &c., is undertaken. Open credits are arranged and telegraphic remittances effected.

Foreign and Colonial Business.—Drafts are issued on the Bank's Agents and Correspondents throughout the world. World-Wide Circular Letters of Credit and Circular Notes are also issued. Cable Transfers are effected, Documentary Credits established, approved Foreign Currency purchased, and every description of Foreign and Colonial Business transacted.

Income Tax Repayment Claims, Returns for Assessment, &c., prepared on behalf of Shareholders and Customers. Particulars may be obtained at all Branches or applications may be made direct to the Head Offices of the Bank. No charge is made for preliminary advice.

Executor and Trustee.—The Bank is prepared to act as Executor and Trustee of Wills, Trustee of Settlements, Trustee for Debenture Holders, &c. Particulars and terms may be obtained at all Branches or by direct application to the Head Offices of the Bank. No charge is made for preliminary advice.

THE AGENCY OF COUNTRY, COLONIAL AND FOREIGN BANKS IS UNDERTAKEN

MODERN BANKING

THE comprehensive services at the disposal of the customers of Williams Deacon's Bank extend far beyond the old conception of Banking. To meet the demands of modern trading, the Bank's Intelligence and Commercial Services have developed an organization to meet every reasonable demand. Trading information and enquiries as to financial status, both at home and abroad, are but a part of this valuable service. The Bank also acts as Executor and Trustee. Full details from any branch of



—Offices throughout—
Lancashire, Yorkshire,
Cheshire, Derbyshire,
Staffordshire, North
Wales and London.

WILLIAMS DEACON'S BANK

LIMITED

MANCHESTER: MOSLEY STREET, ST. ANN STREET
LONDON: 20 BIRCHIN LANE, E.C.3; 9 PALL MALL, S.W.1

ASSOCIATED WITH THE ROYAL BANK OF SCOTLAND

STOCKHOLMS ENSKILDA BANK

BANK WITH UNLIMITED LIABILITY.

Established in 1856.

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM.

— STOCKHOLM. —

HEAD OFFICE:
STOCKHOLM 16

CAPITAL AND RESERVES Kr. 110,000,000:—

Banking and Exchange Business of every description.
Bills negotiated or forwarded for Collection.
Letters of Credit issued available in the principal Cities of the World.
Remittances made by Telegraphic Transfer.
Deposits received for fixed periods or at notice.

LONDON AGENTS:

MINSTER BANK LIMITED, LOTHBURY, E.C.; HAMBROS BANK LIMITED; FREDK. HUTH & CO.

PROFIT AND LOSS ACCOUNT.		
Dr.	£	Cr.
Directors' remuneration	15,833	
Current expenses	468,539	
Interim dividend at the rate of 4 per cent. per annum	120,000	
Provision for payment of final dividend at the rate of 11 per cent. per annum	330,000	
Balance carried forward	247,237	
	1,181,610	
		944,091
		237,519
		1,181,610

THE NATIONAL CITY BANK OF NEW YORK.

BALANCE SHEET—June 30, 1932.			
LIABILITIES.		ASSETS.	
Capital	\$ 124,000,000	Cash in vault and in Federal Reserve Bank	\$ 180,581,712
Surplus	76,000,000	Due from banks and bankers	121,737,827
Undivided profits	5,444,513	Loans, discounts and bankers' acceptances	696,620,610
Reserves for:		United States Government bonds and certificates	253,201,186
Contingencies	31,253,259	State and municipal bonds	21,701,593
Unearned discount and other unearned income	2,455,116	Stock in Federal Reserve Bank	6,600,000
Interest, taxes, other accrued expenses, &c.	6,913,168	Other bonds and securities	105,340,840
Dividend payable, July 1, 1932	3,100,000	Ownership of International Banking Corporation	8,000,000
Liability as acceptor, endorser or maker on acceptances and bills	104,241,020	Bank buildings	61,122,308
Deposits	1,214,266,592	Items in transit with branches	6,473,867
		Customers' liability account of acceptances	99,186,454
		Other assets	7,107,271
	1,567,673,668		1,567,673,668

OTTOMAN BANK.

The Accounts made up to December 31st, 1931, show an amount available of £100,854, including £23,271 brought forward from the previous year. The Committee recommend a distribution at the rate of 3s. per share, payable in Istanbul, London and Paris on July 4th, 1932, leaving £25,854 to be carried forward to the current year.

BALANCE SHEET—December 31, 1931.			
LIABILITIES.		ASSETS.	
Capital, £10,000,000, <i>less not called up, £5,000,000</i>	5,000,000	Cash in hand and at bankers	6,082,423
Statutory reserve	1,250,000	Money at call and notice	479,375
Bank notes in circulation	417,754	Bills receivable	6,004,479
Bills payable and sight drafts	235,788	Investments	1,654,364
Current accounts of sundries	13,089,367	Current accounts of sundries	4,929,875
Deposits for fixed terms	1,593,486	Advances on securities	1,864,645
Acceptances	1,322,101	Clients for acceptances	1,322,101
Profit and loss accounts.....	100,854	Bank premises and real estate	661,488
	23,009,350		23,009,350

SOCIÉTÉ GÉNÉRALE.

(Pour Favoriser le Développement du Commerce et de l'Industrie en France.)

BALANCE SHEET—July 31, 1932.				
LIABILITIES.		Francs.	ASSETS.	Francs.
Capital	625,000,000		Cash in hand, and at Bank of France	2,726,361,131
Reserves	390,000,000		At banks and correspondents	590,458,251
Cheque accounts	3,576,176,122		Bills and National Defence Bonds	6,225,741,315
Deposits for fixed periods	382,513,000		Coupons for encashment	195,966,652
Acceptances due or to be met	115,172,286		Contingencies	1,762,544
Diverse current accounts	7,905,259,430		Advances on security	374,343,265
Sundry accounts	234,689,437		Diverse current accounts	2,656,004,741
Interest and dividends	10,219,999		Government stocks, shares, bills and debentures	33,319,497
Profit and loss	26,913,015		Investments	26,744,896
			Real estate and "Immobilière Parisienne et Départementale"	71,397,039
			Sundry accounts	51,013,358
			Calls on shares	303,830,500
	13,265,943,289			13,265,943,289

SOCIÉTÉ GÉNÉRALE DE CRÉDIT INDUSTRIEL ET COMMERCIAL.

BALANCE SHEET—December 31, 1931.			
LIABILITIES.		ASSETS.	
	Francs.		Francs.
Deposit accounts	380,000,527	Cash in hand, at Bank of France.....	125,899,640
Current accounts	901,697,323	Due from other banks	104,526,830
Fixed deposits	301,280,021	Coupons for collection	8,633,406
Acceptances guaranteed	39,420,905	Bills receivable and "Bons de la Défense Nationale"	1,079,002,729
Unclaimed interest and dividends.....	266,640	Current accounts.....	135,715,621
Transitory and sundry accounts	23,270,775	Advances guaranteed and contingencies	95,238,587
Reserve fund:		Acceptances made on account of interest and dividends for 1931	39,420,905
Statutory Frs. 10,000,000	70,000,000	Payments made on account of interest and dividends for 1931	1,912,606
Extraordinary 60,000,000	100,000,000	Sundry accounts	2,229,873
Capital	100,000,000	Investments	54,599,827
Brought forward from previous year	3,338,559	Shares of affiliated societies	105,892,693
Profit and loss account for 1931	10,047,967	Bank premises	20,000,000
		Uncalled capital	56,250,000
	1,829,322,717		1,829,322,717

SOCIÉTÉ BELGE DE CRÉDIT INDUSTRIEL ET COMMERCIAL ET DE DEPOTS.

BALANCE SHEET—December 31, 1931.			
LIABILITIES.		ASSETS.	
	Francs.		Francs.
Subscribed capital	20,000,000	Cash	3,135,659
Statutory reserve	2,000,000	Due from other banks	21,278,096
Extraordinary reserve	6,500,000	Bills receivable	74,445,187
Deposit and current ac- counts	103,767,113	Coupons for collection	83,607
Profit and loss	2,005,816	Current accounts	6,950,067
Other accounts	403,251	Sundry assets	3,813,040
Unclaimed dividends	294	Loans and advances	10,433,331
		Uncalled capital	13,507,200
		Buildings and furniture	1,030,287
	134,677,474		134,677,474

THE SUMITOMO BANK, LIMITED.

BALANCE SHEET—June 30, 1932.			
LIABILITIES.		ASSETS.	
Deposits	Yen. 679,346,596	Cash in hand	Yen. 43,502,835
Exchange sold	8,887,411	Money at call and short notice	24,700,000
Due to other banks	3,185,621	Bonds, debentures and other securities	249,994,633
Foreign credits, acceptances and guarantees	6,770,137	Bills discounted	45,948,958
Accrued interest, unearned discount, &c.	11,383,269	Loans	377,383,061
Capital subscribed	70,000,000	Securities lent	132,291
Reserve fund	24,500,000	Exchange purchased	17,877,242
Pension reserve	1,758,312	Due from other banks	5,323,386
Balance of profit brought forward from previous half-year	1,820,557	Customers' liabilities on foreign credits, acceptances and guarantees	6,770,137
Net profit for this half-year	3,527,605	Bank premises	19,546,965
	811,179,508	Capital unpaid	20,000,000
			811,179,508

SWISS BANK CORPORATION.

The report states that, after deduction of expenses and taxes, and making provision for bad and doubtful debts, etc., the net profit for the year ended December 31, 1931, amounts to £504,341. The board propose to allocate to pension fund £20,000; to pay a dividend of 5 per cent. on the paid-up capital (according to Article 36 of the articles of association), £320,000—£340,000, leaving a balance of £164,341. After deduction of the statutory participation of directors, £16,434, the remainder, £147,907, together with the amount carried forward from last year, £41,017, viz., in all, £188,924, is at the disposal of the general meeting. The board propose to pay a further dividend of 2 per cent. (making in all 7 per cent. for the year 1931), which will absorb £128,000, and to carry forward £60,924.

BALANCE SHEET—December 31, 1931.			
(£1 = 25 francs.)			
LIABILITIES.		ASSETS.	
	£		£
Share capital.....	6,400,000	Cash.....	14,164,900
Reserves.....	2,120,000	Banks and bankers.....	5,272,511
Fixed deposits.....	9,894,106	Bills receivable.....	9,054,303
Current accounts, &c.—Sight deposits, £23,469,205; time deposits, £13,639,008.....	37,108,213	Loans at short dates on securities.....	456,800
Acceptances.....	2,301,833	Advances to customers, &c.....	25,206,080
Profit.....	545,358	Permanent investments.....	804,700
		Government, railway and other securities.....	2,074,673
		Syndicates.....	611,798
		Bank premises and other property.....	723,741
	58,369,510		58,369,510

THE YOKOHAMA SPECIE BANK, LIMITED.

The report for the half-year ending December 31, 1931, states that the net profit of the bank for the past half-year, after providing for all bad and doubtful debts, rebate on bills, &c., shows Yen 10,977,876, inclusive of Yen 5,637,930 brought forward from last account. The directors propose that Yen 1,100,000 be added to the reserve fund, and recommend a dividend at the rate of 10 per cent. per annum, which will absorb Yen 5,000,000. The balance Yen 4,877,876, will be carried forward to the credit of next account.

BALANCE SHEET—December, 1931.			
LIABILITIES.		ASSETS.	
Capital issued and fully paid	Yen 100,000,000	Cash account—	Yen
Reserve fund	116,200,000	In hand	21,831,563
Reserve for doubtful debts	3,739,500	At bankers	93,506,469
Notes in circulation	11,329,974	Investments in public securities and debentures at current market price	344,548,685
Deposits (current, fixed, &c.)	570,589,377	Bills discounted, loans, advances, &c.	400,985,580
Bills payable, bills rediscounted, acceptances and other sums due by the bank	484,018,520	Bills receivable and other sums due to the bank	412,613,317
Dividends unclaimed	4,223	Bank's premises, properties, furniture, &c., estimated at cost price, less allowance for depreciation	22,968,210
Balance of profit and loss brought forward from last account	5,637,930		
Net profit for the past half-year	5,339,946		
	1,296,859,470		1,296,859,470

THE BRITISH LINEN BANK

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds - £3,600,000

London Office - 38 Threadneedle Street, E.C.2,
where accounts may be opened on usual London terms.

Head Office: 38 St. Andrew Square, Edinburgh.
Over 200 Branches throughout Scotland.

Every Description of Banking Business transacted.

BANK OF NEW SOUTH WALES

Incorporated in New South Wales with Limited Liability.

(ESTABLISHED 1817.)

With which are amalgamated the Western Australian Bank and the Australian Bank of Commerce, Ltd.
Branches and Agencies (998) in all the Australian States, New Zealand, Fiji, Papua, and Mandated Territory of New Guinea.

Paid-up Capital - £8,780,000
Reserve Fund - 6,150,000
Reserve Liability of Proprietors - 8,780,000
£23,710,000

Aggregate Assets to 30th September, 1931, £90,111,427 : 9 : 6
Head Office: SYDNEY, NEW SOUTH WALES.

General Manager: A. C. DAVIDSON.

LONDON DIRECTORS:

H. L. M. TRITTON, Esq., Chairman. CHAS. L. DALZIEL, Esq.

D. GEDDIE, Assistant Manager. A. L. KENNEDY, Secretary. K. J. PROVAN, Accountant.
The London Office issues drafts on demand on its Head Office (Sydney, N.S.W.) and all Branches. Makes Mail and Cable Transfers. Negotiates and Collects Bills of Exchange. Arranges Wool and other Produce Credits. Receives Deposits for Fixed Periods on terms which may be known on application, and transacts every description of Australasian Banking Business.

London Office: 29, THREADNEEDLE STREET, E.C.2.

HUNGARIAN GENERAL CREDITBANK

MAGYAR ÁLTALÁNOS HITELBANK.

Founded in 1867.

BUDAPEST—V. József-tér 3.

Telegrams: "Credit."

Share Capital and Reserves - 67,300,000 pengő
(about £3,360,000)

Eight Branches in Budapest.

Branches in Baja, Debreczen, Eger, Győr, Kecskemét, Miskolc, Nyiregyháza, Pécs, Sátoraljaújhegy, Sopron, Szekesfehervár, Szekszárd, Brasov, Oradea Mare, Timisoara, Fiume.

Banking business of all descriptions transacted.

Correspondents throughout the world.

IONIAN BANK, LIMITED

ESTABLISHED 1839.

CAPITAL AUTHORISED - £1,000,000
CAPITAL PAID UP - £600,000
RESERVE FUND - £100,000
TOTAL ASSETS - £4,908,344

HEAD OFFICE: 25/31, Moorgate, LONDON, E.C.2.

EGYPT: Central Office—ALEXANDRIA. 10 Branches and Agencies.
GREECE: Central Office—ATHENS. 23 Branches and Agencies.
CYPRUS: Central Office—NICOSIA. 4 Branches and Agencies.

EVERY FORM OF INTERNATIONAL BANKING SERVICE.

THE BRITISH BANK FOR THE NEAR EAST.

THE UNION BANK OF SCOTLAND, Ltd.

ESTABLISHED OVER 100 YEARS.

SUBSCRIBED CAPITAL	-	£5,200,000
PAID-UP	-	£1,200,000
RESERVE FUND	-	£1,800,000
DEPOSITS	-	£28,305,000

HEAD OFFICES:
GLASGOW—St. Vincent Street. EDINBURGH—George Street.
212 Branches throughout Scotland.

LONDON OFFICES: 62, CORNHILL, E.C.3.

Manager: JOHN THOMSON. Asst. Manager: JOHN A. MORRISON.

HAS FOREIGN EXCHANGE DEPARTMENT.
332, Oxford Street, W.1 - J. M. S. Lambie, Manager.
1, Regent Street, S.W.1 - John Macdonald, Manager.
140, Kensington High Street, W.8, David L. Manson, Manager.

Adapted in every way to carry through all forms of Banking Business in London and Scotland.
Every description of Home and Foreign Banking transacted. Letters of Credit issued on all places at Home and Abroad; Cable Remittances, Freight Collections, Ship's Disbursements Credits, Commercial Credits, &c., arranged. Bills of Exchange and Shipping Documents collected or negotiated subject to approval.

The Bank also undertakes the duties of TRUSTEE and EXECUTOR.

SMALL DEPOSIT ACCOUNTS BEARING INTEREST
Sums of 1/- and upwards received. PASS BOOKS
and HOME SAFES ISSUED. Strictest Secrecy is
observed by the Bank's Officials.

At London Offices Current Accounts and other business
conducted on the usual terms of London Banks.
Deposits received at Interest.

NORMAN L. HIRD, General Manager.

NATIONAL DISCOUNT COMPANY, LIMITED.

ESTABLISHED 1856.

35, CORNHILL, LONDON, E.C.3

Telegraphic Address: "NATOIS, STROOK, LONDON." Telephone: MANSION HOUSE 5241 (8 lines)

SUBSCRIBED CAPITAL	-	£2,153,335
PAID-UP CAPITAL	-	£1,000,000
RESERVE FUND	-	£1,000,000

DIRECTORS:

Col. The Hon. SIDNEY PEEL, C.B., D.S.O., Chairman.
Lt. Col. The Hon. GEORGE AKERS-DOUGLAS.
The Hon. ARTHUR MASQUITH, D.S.O.
FRANCIS GOLDSMITH.
FREDERICK W. GREEN.
H. S. H. GUINNESS.
Sir SIGISMUND F. MENDEL, K.B.E.
CHARLES D. SELIGMAN.

Manager—FRANCIS GOLDSMITH.

Sub-Managers—SYDNEY N. LIGHTON, and ROBERT E. de B. BATE.

Asst. Sub-Managers:

H. R. W. BROWN, and HENRY O. LUCAS.

Chief Accountant:

SEYMOUR S. JOHNSON.

Secretary—CHARLES H. GOUGH.

Auditors:

FRANCIS W. PEXLEY (Jackson, Pexley & Co.).
Sir ALBERT W. WYON, K.B.E. (Price, Waterhouse & Co.).

Bankers:

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NATIONAL PROVINCIAL BANK, LIMITED.

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Handel-Maatschappij
H. Albert de Bary & Co., N.V.
AMSTERDAM

Merchant Bankers

Capital - Fl. 15,000,000
Reserves Fl. 7,500,000

HUNGARIAN LAND MORTGAGE INSTITUTE

Crédit Foncier de Hongrie. Magyar Földhitelintézet.

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Every Description of Banking Business transacted.

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Irving Trust Company.

THE CRISIS

By SIR HENRY STRAKOSCH

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which was published as a Supplement to
the Economist of January 9th, may be
obtained from the Publisher, 8, Boulevard
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Price 1/-.

ROYAL BANK OF SCOTLAND

Incorporated by Royal Charter, 1787.

Capital (fully paid), £3,780,192

Reserve Fund, £3,780,926

Deposits, £49,416,137

Total Number
of Offices
249.

OVER
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Associated Bank—Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House).

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695.

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PAID-UP CAPITAL	-	£1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD	-	£2,315,756
DEPOSITS and CREDIT BALANCES as at 29th February, 1932	-	£30,828,263

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: Sir RALPH ANSTRUTHER OF BALCASKIE, Bart.
GEORGE J. SCOTT, Treasurer.

Head Office: THE MOUND, EDINBURGH.

GLASGOW, Chief Office: 2, St. VINCENT PLACE. A. W. M. BEVERIDGE, Manager.
LONDON OFFICES: City Office—30, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.
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Subscribed Capital	-	ESTABLISHED 1810.	£27,500,000
Paid up	-	-	£2,250,000
Reserve Fund	-	-	£2,850,000
Deposits (31st October, 1931)	-	-	£32,112,042

Head Office: 14 GEORGE STREET, EDINBURGH.

General Manager, JOHN M. ERSKINE. Secretary, GEORGE HAY.

London, City Office: 62 LOMBARD STREET, E.C.3.

Joint Managers, ANDREW W. RUSSELL and JAMES W. ALSTON.

Kingsway Branch: IMPERIAL HOUSE, 15 KINGSWAY, W.C.2.

Manager, JOHN ARCHIBALD.

Glasgow, Chief Office: 113-115 BUCHANAN STREET.

Manager, ANDREW SCOTT. Asst. Manager, WILLIAM COCHRANE.

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Incorporated by Royal Charter and Act of Parliament.

Affiliated with Lloyds Bank Limited.

Capital Subscribed, £5,000,000.

Paid-up, £1,100,000.

Uncalled, £3,900,000.

RESERVE FUND
DEPOSITS, 31st October, 1931 - £1,550,000
£29,077,192

Head Office: EDINBURGH.

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LONDON OFFICES:

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Authorised Capital ...	£4,000,000
Subscribed Capital ...	£3,000,000
Paid-up Capital ...	£1,200,000
Reserve ...	£400,000

Bankers to the Governments of the Gambia,
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THE EARL OF SELBORNE, K.G., G.C.M.G.

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SPECIAL RESERVE FUND	Yen 4,100,000.00

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S. SUGITA, Managing Director.

Y. OHSAWA, Managing Director.

T. AKASHI, Managing Director.

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SUBSCRIBED CAPITAL £2,594,160

PAID-UP CAPITAL £2,594,160

RESERVE FUND £180,000

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PAID-UP CAPITAL Rs. 35,50,000

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The Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members
is limited to the extent and in manner prescribed by Ordinance No. 6 of
1929 of the Colony.)

AUTHORISED CAPITAL	...	...	...	\$50,000,000
ISSUED AND FULLY PAID UP	...	...	...	\$20,000,000
RESERVE FUNDS (STERLING)	...	...	...	\$6,500,000
(SILVER)	...	...	...	\$10,000,000
RESERVE LIABILITY OF PROPRIETORS	...	...	...	\$20,000,000

Head Office - HONGKONG.

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T. E. PEARCE, Deputy-Chairman.

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A. H. COMPTON, J. A. PLUMMER.

M. T. JOHNSON, T. H. R. SHAW.

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D. G. M. Bernard, The Rt. Hon.
C. A. Campbell, Lord Revelstoke.
Sir George Macdonogh, Sir George Sutherland.
G.B.E., K.C.B., K.C.M.G. A. M. Townsend.
C. F. Whigham.

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H. D. C. Jones, R. E. N. Padfield.
Accountant, A. Moncur.

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LIMITED LIABILITY.

Authorised Capital	£12,000,000 0 0
Capital Paid up	£4,739,012 10 0
Reserve Fund	£4,300,000 0 0
Reserve Capital	£4,739,012 10 0
	£13,778,025 0 0

Total Assets
30th June, 1932 ... £54,914,108 0 0

Head Office: Sydney—343 George Street.
General Manager: J. R. Dryhurst.

432 Offices and Branches in New South Wales,
Queensland, Victoria, South Australia and Federal
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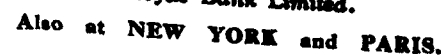
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PART I.—THE BRITISH CONCESSIONS.

BRITISH TRADE WITH THE EMPIRE.

Before analysing the concessions made by Great Britain to the Dominions, it will be convenient to give a brief picture of Imperial trade. The following table shows, over a series of years, the proportion of Britain's total imports and exports which were purchased from or sold to countries of the Empire. The trade with the Dominions (other than the Irish Free State) and India is shown separately:—

BRITISH IMPORTS.						
Year.	Total. £'000.	From Foreign Countries.		From Whole Empire.*		Dominions (excluding Irish Free State), India and Rhodesia.
		Amount. £'000.	%	Amount. £'000.	%	
1913 ...	706,735	577,219	75.0	191,516	25.0	150,779
1921 ...	1,085,500	781,641	72.1	303,859	27.9	244,649
1925 ...	1,320,715	891,579	67.5	429,136	32.5	302,591
1927 ...	1,218,341	851,680	70.0	366,661	30.0	245,888
1928 ...	1,220,765	861,923	70.6	358,842	29.4	240,590
1929 ...	1,043,975	739,945	70.8	304,030	29.2	204,576
1930 ...	862,174	614,511	71.2	247,663	28.8	169,531
1931 ...						

BRITISH EXPORTS.						
Year.	Total. £'000.	To Foreign Countries.		To Whole Empire.*		Dominions (excluding Irish Free State), India and Rhodesia.
		Amount. £'000.	%	Amount. £'000.	%	
1913 ...	525,253	329,942	62.8	195,311	37.2	163,277
1921 ...	703,399	423,667	60.2	279,732	39.8	220,125
1925 ...	773,380	438,266	56.6	335,114	43.4	230,055
1927 ...	709,081	332,431	46.9	376,650	53.1	224,741
1928 ...	729,349	404,898	55.5	324,451	44.5	224,741
1929 ...	570,755	322,410	56.5	248,345	43.5	162,223
1930 ...	389,163	218,557	56.2	170,606	43.8	103,483
1931 ...						

* Irish Free State Trade included from 1925 onwards.

The table shows that whereas since 1927 the Dominions have very nearly maintained their position in the British market, our trade has fared worse in the Dominions than in foreign countries since that date.

Dominion and Foreign Markets.

As regards our trade with foreign countries no single generalisation can safely be made, for in the early part of the last decade a number of countries outside Europe were enjoying a certain measure of prosperity at a time when Europe was suffering severely from the after-effects of the war. From 1925 to 1930 Europe was recovering. The handicap of violently depreciating currencies had been overcome; the more drastic forms of trade restrictions and prohibitions had been modified; and from 1927 onwards—under a regime of commercial treaties, and as a result of the efforts of the League of Nations—the rise of tariffs, which had taken the place of direct administrative restrictions and had shown signs of growing, was definitely checked. Some of the most important countries outside Europe, however, continued to maintain tariffs substantially higher than those of the larger European countries, while the tariffs of the Dominions, following the example of the United States, continued to rise, a sharp stimulus to this movement being given by the American tariff of the spring of 1930. This general tendency is reflected in the export figures, which show a fall in the proportion going to the Dominions between 1927 and 1930, the rise in the foreign proportion being entirely attributable to increased sales to Europe. The figures for 1931, of course, show that the slump of that year was not only severe but also universal.

In general the figures show that we sold much less to the Dominions than they sold to us; but this is, of course, the normal condition of a creditor country which must either lend back the proceeds of its overseas investments, or accept them in the form of an import surplus. It is, however, to be noted that the free entry of Dominion goods into Great Britain enabled them to do better in the British market than British exporters were able to do in the Dominions markets, in spite of the fact that in most of them there was a preference accorded to British goods. This comparative situation may be illustrated by the following table, which compares the pro-

portion of the total exports of the Dominions that found their way to the home market with the proportion of Dominion imports which were supplied by Great Britain in 1931:—

Country.	Proportion of Total Exports sold to Great Britain.		Proportion of Total Imports purchased from Great Britain.	
	%		%	
Canada	28.3*		17.4	
Australia	49.8		39.4	
New Zealand	87.7		49.4	
India	27.9		35.4	
South Africa	43.4		43.3	

* This figure would be larger if Canadian exports via the United States could be included.

The South African figures would show a much larger percentage under the heading of exports if coin and bullion had been included. Of the larger British countries, India alone shows a ratio of British imports to total imports which is greater than the ratio which her exports to Britain bear to her total export trade; and paradoxically enough India is a British country which has not a general system of preference for British goods.

The concessions made this year to the Dominions fall into two parts:—(i) the preference granted under the various duties that have been imposed since November last, and (ii) the special concessions agreed at Ottawa.

Pre-Ottawa Concessions.

Import Duties Act, etc.—The concession of free entry for Empire produce under the Import Duties Act and Horticultural Products Act gave the Dominions a preference varying from 10 per cent. to 33 per cent. over a range of commodities covering one half of British trade. The value of this preference to the various Dominions turns, of course, upon the extent to which they supply the kind of goods on which these new taxes have been imposed. Some idea of its relative importance to the various parts of the Empire can be formed from the following table analysing the imports from the Dominions in 1930 according as to whether they fall into the categories of goods previously taxed, goods subject to the new duties and goods still remaining on the free list. This table, which is taken from a statement submitted by the British delegation at the Ottawa Conference, represents the situation prior to the Ottawa Agreements:—

RETAINED IMPORTS FROM THE DOMINIONS IN 1930.					
Country of Origin.	Total Retained Imports.	Proportionate Distribution of Retained Imports.			
		Goods already subject to Tax from all sources.	Goods subject to New Duties when Imported from Foreign Countries.	Goods still on Free List from all sources in August, 1932.	Total.
Canada	£'000	%	%	%	%
Australia	35,760	1.8	54.3	43.9	100
New Zealand	38,980	12.0	34.6	53.4	100
Union of South Africa	40,290	0.2	50.3	49.5	100
Irish Free State	11,850	13.3	39.0	47.7	100
Newfoundland	41,920	13.7	26.3	60.0	100
British India	2,032	...	13.1	86.9	100
Southern Rhodesia	40,070	36.8	42.8	20.6	100
Total Dominions—India and Southern Rhodesia	1,089	14.2	43.6	42.3	100
Total Other British Countries	212,000	13.0	41.0	46.0	100
Total, Foreign Countries	47,000	43.5	31.0	25.5	100
Total, Foreign Countries	698,000	17.0	53.0	30.0	100

Thus these new preferences covered more than half of the sales of Canada and New Zealand to the Mother Country, included from 30 to 50 per cent. in the case of Australia, South Africa, British India and Southern Rhodesia, and were lowest in the case of Newfoundland.

There has hardly been sufficient time for the full effect of these preferences to become apparent in the trade returns, for the figures from March to June (the only data available since the duties took effect) include imports shipped before March 1st,

are distorted by imports hurried through from foreign countries in January and March to forestall the tariff, are influenced by the fact that, whereas most of the Empire followed us off gold, foreign countries which remained on gold have been handicapped in selling to us by the fall in the £ and are in any case subject to many incalculable influences of the depression. All these qualifications must be borne in mind in comparing the following figures of Empire and other imports in these three months with those of previous years:—

BRITISH IMPORTS IN £ MILLION IN QUARTER MARCH—JUNE.

	Imports from Foreign Countries.		Imports from British Countries.	
	Total Imports.	Amount.	Amount.	%
1930	258.2	180.6	69.9	77.6
1931	208.0	144.6	63.4	30.5
1932	166.5	102.8	61.7	63.7

There is considerable evidence here of a better market for the Empire than for foreign countries, and there can be little doubt that it is in part due to a transfer of trade as a result of the new preferences.

BRITAIN'S UNDERTAKINGS AT OTTAWA.

The undertakings made by the British Government at Ottawa in agreement with the various Dominion Governments and the Government of India fall under five heads:—

- (1) Continuance of free entry for all Imperial products now admitted free of British duties.
- (2) Imposition of fresh duties on certain imports from foreign countries.
- (3) Maintenance of certain existing preferences, i.e., by not reducing the existing duties on foreign imports.
- (4) Quantitative regulation of certain meat imports.
- (5) Certain other undertakings, including notably an agreement with Canada to deal with imports of goods whose price is affected by foreign State action.

The agreements with the Dominions are to run for five years; that with India is terminable on six months' notice given by either party.

I. Free Entry for Dominion Goods.

Section 4 of the Import Duties Act, 1932, provided that neither the general *ad valorem* duty of 10 per cent. nor any additional duty imposed by Treasury Order under that Act should be chargeable on imports from the Empire until November 15, 1932. Great Britain now undertakes to prolong free entry for Empire imports as aforesaid for the period covered by the Ottawa Agreements, i.e., except in the case of India, five years. In the case of Australia, Canada, New Zealand, South Africa, Southern Rhodesia and Newfoundland it is provided that, as regards eggs, butter, poultry, cheese and other milk products, the free entry is to be continued only for three years certain. After the expiry of that period the British Government reserve themselves the right, if they consider it necessary in the interests of the United Kingdom producer, to review the basis of preference and either (a) to impose a preferential duty in the interests of the United Kingdom producer, or (b) to bring such serve the existing preferential margin, or (c) to bring such produce, in consultation with the Dominion Governments, within any system that may be put into operation for the quantitative regulation of supplies from all sources in the United Kingdom market.

The extent to which the Empire benefits by this undertaking can be judged from the following analysis, based on 1930 trade figures:—

Total British imports from the Empire	301
Taxed under Revenue Duties and pre-1931 Protective Duties	27
Total on the 1930 Free list	274
Total on 1932 Free list	244
Portion of preceding total secured by special provisions—	
Before Ottawa	109
After Ottawa	130

The difference between the 1930 and 1932 Empire Free Lists is accounted for by the reimposition of a revenue duty on tea in the last Budget. The Ottawa Agreements, however, give the Dominions and India exemption in respect of £21 millions more of their imports (on the 1930 trade basis) which would otherwise be liable to the widening scope of our duties on foreign goods such as wheat, etc.

II. Imposition of Fresh Duties on Foreign Goods.

By agreement with the Dominion and Indian Governments the British Government undertakes to pass legislation imposing on certain foreign imports duties which are either new or are in substitution for duties already imposed under the Import Duties Act, 1932. The following table shows in summary form the new or revised duties as agreed:—

TABLE I.—NEW OR REVISED DUTIES.

	Duties to be imposed by Great Britain by agreement with:—					
	Australia	New Zealand	Canada	South Africa	Southern Rhodesia	India.
Wheat, per quarter	2/-	...	2/-	...	...	2/-
Maize, flat white, %	15/-	15/-	15/-	15/-	15/-	...
Butter, per cwt.	15	15	15	15	15	...
Cheese, %	4/6	4/6	4/6	4/6	4/6	...
Raw apples and pears, per cwt.	3/6	...	3/6	3/6	3/6	...
Canned apples, % per cwt.	15	...	15	15	15	...
Other canned fruits, %	10/6	...	10/6	10/6	10/6	...
Dried fruits, now dutiable at 7s. per cwt.	1/-	1/-	1/-	1/-	1/-	...
Eggs in shell, not exceeding 14 lbs. per great hundred	1/6	1/6	1/6	1/6	1/6	...
Eggs in shell, over 14 lbs., but not exceeding 17 lbs. per great hundred	1/9	1/9	1/9	1/9	1/9	...
Eggs in shell, over 17 lbs. per great hundred	5/-	5/-	5/-	5/-	5/-	...
Sweetened condensed whole milk, % per cwt.	6/-	6/-	...	6/-	...	...
Unsweetened condensed whole milk, per cwt.	5/-	5/-	...	5/-	...	...
Milk powder and other preserved milk, not sweetened, per cwt.	7/-	7/-	...	7/-	...	...
Honey, per cwt.	2d.	...	2d.	2d.	2d.	...
Unwrought copper ingots, bars, blocks, slabs, cakes and rods, per lb.	3/6	...	3/6	3/6	3/6	...
Raw oranges (April 1st to November 30th), per cwt.	5/-	...	5/-	5/-	5/-	...
Raw grapefruit (April 1st to November 30th), per cwt.	14d.	...	14d.	...	...	...
Grapes, other than hothouse (February 1st to June 30th), per lb.	...	...	...	...	...	...
Raw peaches and nectarines (December 1st to March 31st), per cwt.	...	...	...	14/-	...	...
Raw plums (December 1st to March 31st), per cwt.	...	...	...	9/4	...	...
Castor, linseed, coconut, groundnut, rape and sesame oil, %	...	...	...	...	...	15
Magnesium chloride, per cwt.	...	...	...	...	...	10
Linseed, %	...	...	...	...	...	1d.
Rice, whole, per lb.	...	...	...	...	...	...

* In addition to duty in respect of sugar content.

In addition to the above, the British Government undertakes, by agreement with the Newfoundland Government, to impose a duty of 1s. 4d. per gallon on foreign cod liver oil and 14d. per lb. on foreign chilled or frozen salmon; and, as a general undertaking, to impose a specific duty of 2s. 6d. per cwt. on foreign bananas, and to extend the above "seasonal" duty on grape fruit to cover the whole year.

IMPORTS REMOVED FROM FREE LIST.

The commodities previously admitted free from all sources, but in whose case foreign imports are now to be dutiable, are wheat, copper and linseed. (Imports of flat white maize are negligible.) British imports of these commodities in 1930 were as follows:—

	(000's omitted.)		
	Foreign.	Empire.	Total.
Wheat in grain	24,566	18,498	43,064
Copper, unwrought	9,530	1,000	10,530
Linseed	2,380	1,314	3,694
Total	36,476	20,812	57,288

The specific duty of 2s. per quarter on foreign wheat represents an *ad valorem* duty of approximately 8 per cent. on ruling prices, and that on copper an *ad valorem* rate of about 55 per cent.

DUTIES RAISED.

The 15 per cent. duties on castor, linseed and other oils replace 10 per cent. duties. The new specific duties on other imports are in substitution for previously existing 10 per cent. duties, with the exception that there was previously a duty of 7s. per cwt. (now to be raised to 10s. 6d.) on dried fruit. The effect of the changes is in every case a considerable increase in the *ad valorem* rate when calculated on the basis of prices ruling in the first half of 1932. For example, the old *ad valorem* duty of 10 per cent. on butter, cheese, eggs and condensed milk is increased from 10 per cent. to about 15 per cent.; that on grapefruit from 10 per cent. to 20 per cent.; that on apples, oranges and plums from 10 per cent. to 22 per cent., 24 per cent. and 30 per cent. respectively; and that on rice from 10 per cent. to about 70 per cent.

In the following table we show the 1930 sources of British imports of the commodities affected by these increases in the

foreign duty. It will be seen that in many instances supplies from foreign sources greatly exceeded imports from the Empire, and that, in order to give this greater preferential margin to Empire products, we have raised our duties on foreign imports then totalling £69 millions:—

COMMODITIES ON WHICH INCREASED DUTIES ARE IMPOSED.
BRITISH IMPORTS, 1930.

(000's omitted.)

	From Foreign Countries.	From Empire Countries.	Total.
	£	£	£
Butter	26,555	20,315	46,870
Rice, whole	255	757	1,012
Cheese	1,831	10,772	12,603
Eggs in shell	12,827	3,550	16,377
Condensed milk	1,382	104	1,486
Milk powder, &c.	264	373	637
Honey	81	90	171
Chilled or frozen salmon*	250	512	762
Castor, linseed, &c., oils	3,888	311	4,199
Cod liver oil	110	6	116
Fruit:—			
Pears	1,066	657	1,723
Apples	2,856	4,696	7,552
Apples, canned	4,352	1,440	5,792
Other canned fruit†	6,357	3,191	9,548
Oranges	735	168	903
Grapefruit	1,372	470	1,842
Grapes	57	142	199
Peaches and nectarines	660	130	790
Plums	3,746	2,038	5,784
Dried fruits			
Total	68,644	49,722	118,366

* Figures include fresh salmon, which is not covered by the Ottawa Agreement.

† Figures relate to "fruit, tinned or bottled," but only "canned fruit" is to be subject to the Ottawa duty.

In the case of wheat and copper it is provided that the British Government may remove the duty on foreign imports "if at any time Empire producers . . . are unable or unwilling to offer these commodities on first sale in the United Kingdom at prices not exceeding the world price and in quantities sufficient to supply the requirements of United Kingdom consumers." It is to be remarked, however, that observance of this stipulation may be difficult to secure. In the case of wheat, owing to different grading, "the world price" is not easy to ascertain; and, in the case of copper, there is already no free market in the United States, while the proposed British tariff—at a rate obviously excluding foreign supplies—will make London no longer a free market. In the case of both commodities the Empire is a net exporter; and since the British preference is unlikely to satisfy the Dominion producers unless they secure higher prices for their produce as a result, the incentive to the raising of prices will be as strong as checks will be difficult to apply. In the case of copper any increase in the price would be a severe blow to Birmingham, and there is already evidence to show that the duty on linseed will have an adverse effect on our oil-crushing industry, whose competitors, notably in Holland, obtain their raw material duty-free.

HIGHER DUTIES AND PRICES.

With regard to the cases in which duties are increased, the new tariff on butter and eggs will be a serious burden on the poorer class of consumers unless, in the abnormal conditions of to-day, it has the effect—not without repercussions on our foreign customers' power to buy our exports—of driving down foreign selling prices. It is in any case unsafe to assume that Britain will always enjoy a "buyer's market." Even under existing conditions evidence is accumulating that the tariff on many articles of consumption is raising prices appreciably. For example, the National Federation of Fruit and Potato Trades Associations has estimated that, under existing duties, the quantity of imports has been reduced by amounts ranging from 9 to 89 per cent., with increases in import value of 9 to 58 per cent. The post-Ottawa tariff will intensify this tendency.

The case of cod liver oil merits an additional word. The proposed duty represents a rate roughly of 45 per cent. *ad valorem* on the cost of the oil, which we import in refined form almost entirely from Norway and in crude form from Iceland. The Newfoundland price is about 45 per cent. above the Norwegian price, and the Newfoundland production is normally consigned to the United States—the Newfoundland refineries being under American control. The new duty is calculated to deal a severe blow to the not unimportant British re-export trade in bottled oil and prepared emulsions.

III. Maintenance of Certain Existing Preferences.

By agreement with Australia, New Zealand, Canada and South Africa the British Government has undertaken at Ottawa to preserve for five years, except with the consent of the Dominion Governments concerned, the general *ad valorem* duty of 10 per cent. imposed by the Import Duties Act, 1932, on a considerable range of foreign imports. The commodities and the volume of trade affected (on the basis of the 1930 figures) are shown in the following table:—

COMMODITIES IN RESPECT OF WHICH 10 PER CENT. PREFERENCE IS TO CONTINUE, SHOWING AMOUNTS "PLEGGED."
TO THE DOMINION SPECIFIED.

BRITISH IMPORTS IN 1930.

(In Thousand £)

Item.	Imports from					Total Imports all Countries.
	Australia.	New Zealand.	Canada.	South Africa.	All British Countries.	
Food:—						
Barley	30	...	...	...	189	4,594
Wheat flour	948	...	...	...	3,723	6,646
Macaroni	...	...	...	...	163	163
Maize products	...	...	...	...	573	1,001
Meat, tinned and canned:—						
Beef	45	22	...	...	73	4,447
Mutton	44	32	...	...	76	210
Meat extracts and essences, beef	42	22	...	...	102	1,416
Sausage casings (b)	8	102	...	...	181	706
Salmon, canned	...	...	495	...	498	4,557
Dried peas	29	65	...	...	169	1,039
Dried fruit, not currants	1,295	...	...	...	1,535	4,245
Fruit juices	...	...	231	...	101	239
Potatoes	...	...	...	10	630	2,681
Fish, fresh and frozen	...	...	163	...	583	4,273
Raw Materials:—						
Asbestos (raw)	...	...	85	199	680	727
Timber (a)	...	...	2,093	...	2,499	30,774
Glass and seeds	...	54	...	...	117	444
Tallow, not refined	124	610	...	...	742	1,305
Copra	100	38	...	...	1,163	1,729
Wattle bark	...	...	...	210	225	572
Quint	...	188	...	...	522	2,283
Whale oil	...	...	...	68	412	11
Ostrich feathers, undressed	...	...	...	9	9	11
Goat skins, dry and dressed	...	...	212	...	1,220	1,418
Ground nuts	...	...	...	...	1,362	1,865
Manufactures:—						
Caslin	1	115	...	...	118	381
Sugar of milk	...	...	...	...	1	27
Asbestos manufactures	...	...	46	...	47	427
Leather, undressed	271	...	...	...	4,757(c)	7,007
Leather, dressed	1,897	...	...	...	187	6,735
Lead	199	...	799	...	3,853	6,586
Zinc	...	...	584	...	1,059	3,233
Total	5,036	1,248	4,365	1,512	27,440	101,773

(a) The agreement relates only to kinds imported in substantial quantities from Canada.

(b) Including bladders and sausage skins.

(c) Mainly from British India.

With regard to zinc and lead, the same stipulation as regards "world price" and "adequate supply" is made as in the case of wheat and copper. Other articles not included in the above table, but in respect of which the 10 per cent. preference is perpetuated are eucalyptus oil (Australia) and crayfish, fresh hake and oyster-shell grit (South Africa). It will be seen that, on the basis of the 1930 trade returns, the total imports in respect of which we are committed not to reduce the foreign import duty below 10 per cent. amount to about £101 millions, whereof only a quarter was derived from Dominion sources.

It is, moreover, to be observed that, though maintenance of 10 per cent. *ad valorem* duties on foreign imports is promised specifically by Great Britain on the foregoing list only, it is being argued in Canada that the British Government, having promised to prolong free entry under the 1932 Import Duties Act to Dominion produce, is thereby morally committed by implication to preserve the whole range of duties imposed by that Act on foreign imports.

IV. Meat Import Regulations.

The undertaking made by the United Kingdom Government with regard to the regulation of meat imports takes the form of a declaration in the following terms:—

- (1) The present wholesale prices of frozen meat are at a level which has resulted in grave depression in the livestock industries of the United Kingdom and the Dominions.
- (2) It is essential, therefore, to take whatever steps may appear necessary to raise the wholesale price of meat in the United Kingdom market to such a level as will maintain efficient production.
- (3) During the currency of the Ottawa agreements (i.e., five years) the British Government will arrange for

the regulation of importations of chilled beef, frozen beef, frozen mutton and lamb and (after receiving the report of the Commission on the reorganisation of the pig industry) bacon and ham.

- (4) The British Government's policy will be, first, to secure the development of home production, and, secondly, to give the Dominions an expanding share of British imports.

- (5) In the period January 1, 1933, to June 30, 1934, the maximum quantities of foreign meat to be allowed to be imported into the United Kingdom will be as shown below, expressed as percentages of the quantities imported in the corresponding quarters of the twelve months ended June 30, 1932:—

Meat.	1933.				1934.	
	Jan.-March.	April-June.	July-Sept.	Oct.-Dec.	Jan.-March.	April-June.
Chilled beef	100	100	100	100	100	100
Frozen beef (boned)	90	85	80	75	70	65
Frozen mutton and lamb	90	85	80	75	70	65

- (6) During the year 1933 the British Government will consider, in consultation with the Dominion Governments, the best means of "ensuring an improved price situation and the more orderly marketing of supplies."

- (7) Failing the adoption of an agreed permanent policy, the British Government undertakes that after June, 1934, until the expiry of the Ottawa agreements in 1937, it will arrange for the continuance, unless otherwise agreed between the Dominion Governments concerned, of the regulation of the imports of foreign meat at the rates in force in April-June, 1934. The British Government also undertakes that in any action affecting the import of meat into the United Kingdom which it may take on behalf of United Kingdom agriculture it will have regard to the policy set out in paragraph 4 above.

- (8) The British Government reserves the right, in the event of supplies of meat of any kind becoming inadequate to meet the requirements of United Kingdom consumers, to remove restrictions on foreign imports until supplies are again adequate.

In return for an undertaking by the Australian Government that it will limit the export of frozen meat and lamb to the United Kingdom in 1933 to an amount equivalent to shipments in the year ended June 30, 1932, and will use its best endeavours to ensure that frozen beef shipments in 1933 shall not be increased by more than 10 per cent. of the quantities exported for the twelve months ended June 30, 1932, the British Government undertakes that between January 1, 1933, and June 30, 1934, no restriction shall be placed upon the importation of meat from Australia.

In return for an undertaking by New Zealand to give a reliable estimate of shipments of mutton and lamb as early as possible in each export season (October 1st to December 30th), the British Government undertakes to apply no restriction upon the importation of any meat from New Zealand during the period January 1, 1933, to June 30, 1934.

With regard to pig products, the British Government undertakes that, in any forthcoming legislation for regulating imposts, provision shall be made for free entry of Canadian bacon ports, provision shall be made for a maximum of 2½ million cwt. and hams of good quality up to a maximum of 2½ million cwt. per annum, and for "a reasonable share" to be given to New Zealand of the "expansion made possible by the reduction of foreign imports."

RESTRICTION OF SUPPLIES.

Comment on the bacon and ham proposals may fitly await further details of the Government's proposals, though it may be remarked that in 1931 our imports of Canadian bacon and hams were only 22,000 cwt., or under one-tenth of the promised quota. We show below, however, the sources of our supplies of chilled and frozen beef and frozen mutton and lamb for 1931:—

	(Million Cwt.)			
	South America.	Australia.	New Zealand.	Others.
Chilled beef	9.3	Nil	0.4	0.3
Frozen beef	0.9	1.1	3.5	0.3
Frozen mutton and lamb	1.8	1.5	...	...

British consumption annually of beef is about 28 million cwt., of which in 1931 about 12 million cwt. were imported. The foregoing proposals show that by the middle of 1934 the Government propose to contract imports of foreign frozen beef

by about 400,000 cwt. Since chilled imports are to be stereotyped in 1933-34 at the (unusually low) 1931-32 level, while Australia is not to increase her shipments by more than 100,000 cwt., the resulting curtailment of supplies will be of the order of 300,000 cwt. In the case of frozen mutton and lamb the contraction of foreign supplies is to be over 700,000 cwt. out of a total consumption of about 12½ million cwt. The resulting effect on prices is likely to be appreciable in the case of beef and still more acute in the case of mutton and lamb, especially as 1931-32 shipments from New Zealand were abnormally swollen by killing of sheep owing to the low level of wool prices.

V. Other Undertakings.

The British Government undertakes to give the various Dominions certain additional trade advantages as noted below:—

Canada.

- (1) The conditions at present governing the importation into the United Kingdom of live cattle from Canada are to be modified on lines not yet disclosed.

- (2) The existing margin of preference over foreign tobacco is to be secured by British legislation for ten years.

South Africa.

- (1) The existing margin of preference over foreign tobacco is to be secured by British legislation for ten years.

- (2) South African wine not exceeding 27 degrees of proof spirit is to be given a margin of 2s. per gallon preference.

India.

- (1) Indian coffee is to be given a preferential margin of 9s. 4d. per cwt. in place of the existing rate of 3s. 4d. per cwt.; and the existing preferential margin on Indian tobacco is to be maintained for ten years.

- (2) The British Government will co-operate in any practicable scheme that may be agreed between the manufacturing, trading and producing interests in the United Kingdom and India for promoting the greater use of Indian cotton in the United Kingdom.

Southern Rhodesia.

- (1) The existing margin of preference over foreign tobacco is to be secured by British legislation for ten years.

- (2) Southern Rhodesian coffee is to be given a preferential margin of 9s. 4d. per cwt. in place of the existing rate of 3s. 4d. per cwt.

THE QUESTION OF RUSSIA.

In addition to the foregoing undertakings, the agreement between the British Government and Canada contains an article providing that, "if either Government is satisfied that any preferences hereby granted . . . are likely to be frustrated in whole or in part by reason of the creation or maintenance directly or indirectly of prices for such class of commodities through State action on the part of any foreign country, that Government declares that it will exercise the powers which it now has or will hereafter take to prohibit the entry from such foreign country directly or indirectly of such commodities into its country for such time as may be necessary to make effective and to maintain the preferences hereby granted by it."

The Secretary for the Dominions announced in Parliament on October 18th that as the foregoing agreement necessitates the British Government being in a position to discriminate by import prohibitions against any "frustrating" foreign country, the British Government on October 17th gave six months' notice of denunciation of the 1930 Commercial Agreement with the U.S.S.R., which assured Soviet trade the privilege of most-favoured-nation treatment.

THE NEW BRITISH TARIFF.

After the imposition of the new duties provided for in the Ottawa agreements, Great Britain will have a tariff of far-reaching scope and considerable height. In the large table on the following page we illustrate the situation by analysing our foreign imports in 1930 (1) under the taxation of that date; (2) under the pre-Ottawa tariff; and (3) under the tariff to be imposed as a consequence of Ottawa. It will be seen that, of our foreign imports in 1930, no less than 83 per cent. were admitted free of duty. As a result of the various duties imposed under the 1932 Import Duties Act (not including Additional Duty Order No. 7, published this week) the Free List before the application of the new Ottawa duties had shrunk to 30 per cent. After Ottawa the Free List will amount to only 25 per cent. Not only so, but the effect of the Ottawa agreements will be substantially to increase the incidence of the rates

BRITISH IMPORTS IN 1930 FROM FOREIGN COUNTRIES SHOWING EXTENT TO WHICH VARIOUS COUNTRIES ARE AFFECTED BY NEW BRITISH TARIFF.

(In thousands of £'s)

Consigned from	Position in 1932 before Ottawa.										Position in 1932 after Ottawa.									
	Imports free of Duty.					Subject to New Duties.					Imports free of Duty.					Subject to New Duties.				
	Value.		%		Total.	Value.		%		Total.	Value.		%		Total.	Value.		%		Total.
	Value.	%	Value.	%		Value.	%	Value.	%		Value.	%	Value.	%		Value.	%	Value.	%	
Europe—	65,490	10.7	6,994	10.7	72,484	58,496	89.3	3,592	5.5	62,088	54,904	88.8	7,184	11.5	62,088	55,572	89.8	6,516	10.5	55,572
Germany	54,118	8.1	5,857	8.1	60,000	54,057	89.9	5,943	9.8	60,000	54,057	89.9	5,943	9.8	60,000	54,057	89.9	5,943	9.8	54,057
Denmark	49,267	7.4	5,113	7.4	54,380	49,267	7.4	5,113	7.4	54,380	49,267	7.4	5,113	7.4	54,380	49,267	7.4	5,113	7.4	49,267
France	39,524	6.0	4,135	6.0	43,659	39,524	6.0	4,135	6.0	43,659	39,524	6.0	4,135	6.0	43,659	39,524	6.0	4,135	6.0	39,524
Holland	38,016	5.7	3,952	5.7	41,968	38,016	5.7	3,952	5.7	41,968	38,016	5.7	3,952	5.7	41,968	38,016	5.7	3,952	5.7	38,016
Belgium	34,235	5.1	3,571	5.1	37,806	34,235	5.1	3,571	5.1	37,806	34,235	5.1	3,571	5.1	37,806	34,235	5.1	3,571	5.1	34,235
U.S.S.R.	22,581	3.4	2,351	3.4	24,932	22,581	3.4	2,351	3.4	24,932	22,581	3.4	2,351	3.4	24,932	22,581	3.4	2,351	3.4	22,581
Sweden	16,638	2.5	1,721	2.5	18,359	16,638	2.5	1,721	2.5	18,359	16,638	2.5	1,721	2.5	18,359	16,638	2.5	1,721	2.5	16,638
Spain	15,005	2.2	1,551	2.2	16,556	15,005	2.2	1,551	2.2	16,556	15,005	2.2	1,551	2.2	16,556	15,005	2.2	1,551	2.2	15,005
Italy	12,634	1.9	1,304	1.9	13,938	12,634	1.9	1,304	1.9	13,938	12,634	1.9	1,304	1.9	13,938	12,634	1.9	1,304	1.9	12,634
Switzerland	11,967	1.8	1,241	1.8	13,208	11,967	1.8	1,241	1.8	13,208	11,967	1.8	1,241	1.8	13,208	11,967	1.8	1,241	1.8	11,967
Finland	7,949	1.2	829	1.2	8,778	7,949	1.2	829	1.2	8,778	7,949	1.2	829	1.2	8,778	7,949	1.2	829	1.2	7,949
Norway	7,407	1.1	777	1.1	8,184	7,407	1.1	777	1.1	8,184	7,407	1.1	777	1.1	8,184	7,407	1.1	777	1.1	7,407
Poland	6,403	1.0	670	1.0	7,073	6,403	1.0	670	1.0	7,073	6,403	1.0	670	1.0	7,073	6,403	1.0	670	1.0	6,403
Czechoslovakia	4,726	0.7	494	0.7	5,220	4,726	0.7	494	0.7	5,220	4,726	0.7	494	0.7	5,220	4,726	0.7	494	0.7	4,726
Latvia	4,726	0.7	494	0.7	5,220	4,726	0.7	494	0.7	5,220	4,726	0.7	494	0.7	5,220	4,726	0.7	494	0.7	4,726
Romania	3,655	0.5	381	0.5	4,036	3,655	0.5	381	0.5	4,036	3,655	0.5	381	0.5	4,036	3,655	0.5	381	0.5	3,655
Portugal	3,390	0.5	354	0.5	3,744	3,390	0.5	354	0.5	3,744	3,390	0.5	354	0.5	3,744	3,390	0.5	354	0.5	3,390
Austria	2,008	0.3	210	0.3	2,218	2,008	0.3	210	0.3	2,218	2,008	0.3	210	0.3	2,218	2,008	0.3	210	0.3	2,008
Other countries	7,630	1.1	794	1.1	8,424	7,630	1.1	794	1.1	8,424	7,630	1.1	794	1.1	8,424	7,630	1.1	794	1.1	7,630
Total	410,615	11.6	47,063	11.6	457,678	363,932	88.4	93,746	20.8	457,678	363,932	88.4	93,746	20.8	457,678	363,932	88.4	93,746	20.8	363,932
U.S.A.	153,497	22.8	15,748	22.8	169,245	153,497	22.8	15,748	22.8	169,245	153,497	22.8	15,748	22.8	169,245	153,497	22.8	15,748	22.8	153,497
Latin America—	56,666	8.5	5,909	8.5	62,575	56,666	8.5	5,909	8.5	62,575	56,666	8.5	5,909	8.5	62,575	56,666	8.5	5,909	8.5	56,666
Argentina	8,111	1.2	849	1.2	8,960	8,111	1.2	849	1.2	8,960	8,111	1.2	849	1.2	8,960	8,111	1.2	849	1.2	8,111
Brazil	7,387	1.1	771	1.1	8,158	7,387	1.1	771	1.1	8,158	7,387	1.1	771	1.1	8,158	7,387	1.1	771	1.1	7,387
Uruguay	7,272	1.1	760	1.1	8,032	7,272	1.1	760	1.1	8,032	7,272	1.1	760	1.1	8,032	7,272	1.1	760	1.1	7,272
Chile	6,874	1.0	718	1.0	7,592	6,874	1.0	718	1.0	7,592	6,874	1.0	718	1.0	7,592	6,874	1.0	718	1.0	6,874
Cuba	4,494	0.7	470	0.7	4,964	4,494	0.7	470	0.7	4,964	4,494	0.7	470	0.7	4,964	4,494	0.7	470	0.7	4,494
Peru	14,111	2.1	1,469	2.1	15,580	14,111	2.1	1,469	2.1	15,580	14,111	2.1	1,469	2.1	15,580	14,111	2.1	1,469	2.1	14,111
Other countries	104,915	1.6	10,900	1.6	115,815	104,915	1.6	10,900	1.6	115,815	104,915	1.6	10,900	1.6	115,815	104,915	1.6	10,900	1.6	104,915
Total	739,946	11.2	77,711	11.2	817,657	668,468	85.3	149,189	18.2	817,657	668,468	85.3	149,189	18.2	817,657	668,468	85.3	149,189	18.2	668,468
Egypt	13,909	2.0	1,441	2.0	15,350	13,909	2.0	1,441	2.0	15,350	13,909	2.0	1,441	2.0	15,350	13,909	2.0	1,441	2.0	13,909
China	9,889	1.4	1,031	1.4	10,920	9,889	1.4	1,031	1.4	10,920	9,889	1.4	1,031	1.4	10,920	9,889	1.4	1,031	1.4	9,889
Persia	8,776	1.3	914	1.3	9,690	8,776	1.3	914	1.3	9,690	8,776	1.3	914	1.3	9,690	8,776	1.3	914	1.3	8,776
Japan	7,820	1.1	819	1.1	8,639	7,820	1.1	819	1.1	8,639	7,820	1.1	819	1.1	8,639	7,820	1.1	819	1.1	7,820
Java	6,587	1.0	688	1.0	7,275	6,587	1.0	688	1.0	7,275	6,587	1.0	688	1.0	7,275	6,587	1.0	688	1.0	6,587
Unallocated	23,938	3.5	2,499	3.5	26,437	23,938	3.5	2,499	3.5	26,437	23,938	3.5	2,499	3.5	26,437	23,938	3.5	2,499	3.5	23,938
All foreign countries	739,946	11.2	77,711	11.2	817,657	668,468	85.3	149,189	18.2	817,657	668,468	85.3	149,189	18.2	817,657	668,468	85.3	149,189	18.2	668,468

(a) Under Import Duties Act, 1932, and under Import Duties Exemption Orders Nos. 1, 2 and 3.

(b) Adjusted, where possible, for Additional Import Duties Orders Nos. 1 to 6. The rate of specific duties has been based on average import values from January to August, 1932.

levied on imports subject to the new protective duties. This may be seen at a glance from the following summary:—

Protective Duties before Ottawa.			Protective Duties after Ottawa.		
Percentage of Foreign Imports taxed at			Percentage of Foreign Imports taxed at		
10%	11-20%	Over 20%	10%	11-20%	Over 20%
32.9	15.3	4.6	28.3	21.8	7.7

Reference to the large table will show, not only that Ottawa is resulting in a serious increase in the proportion of our total foreign imports subject to the higher ranges of duty, but that in the case of Denmark, Holland, Belgium, Sweden, Italy, Finland, Poland and Chile the alteration of incidence is extremely onerous to these important customers for our exports. It will be observed that nearly 58 per cent. of our imports (on the 1930 basis) will be covered, after Ottawa, by our new protective duties, and that in the case of imports from Europe the percentage rises as high as 70 per cent. Of our imports from Germany, no less than 85 per cent. will be taxed, and over 60 per cent. will be subject to duties exceeding 10 per cent. *ad valorem*. The situation of imports from Austria will be similar—a curious commentary on our pretensions to be desirous of assisting recovery in the hardest-hit areas of Europe.

OUR SHRINKING FREE LIST.

Even allowing for the fact that, under the Ottawa agreements Dominion imports (except in so far as they are affected by revenue and other pre-1931 duties) will continue to have free entry—as we show above, the Empire Free List will still be £244 millions on the 1930 trade basis—the progressive curtailment of the total British Free List has already become a sinister feature in the situation. Moreover, even the total that remains still “free” is to be subject to “quantitative” regulation. The following table summarises our total imports in 1930 from

PART II.—THE DOMINION CONCESSIONS.

Dominion Tariffs.

Before considering what the Dominions have conceded to British trade in return for the concessions analysed in Part I. it may be useful to take a brief view of the state of the tariff history of the Dominions. The facts and figures given below show that certain of them at all events are very definitely in the region of high protection. This condition has mainly developed since the war, and is, to a certain extent, no doubt a consequence of it, for the effect of the breaking of normal trading relations with Europe and the artificial demand for war requirements gave a sharp stimulus to the establishment of new industries and to the development of others which had made a modest beginning under the moderate protection of pre-war days. The Dominions, like other countries, sought to retain and to expand these new industrial activities by increased protection.

Writing as long ago as 1925, the Balfour Committee put on record the results of an investigation of the level of tariffs in relation to British trade, both in foreign countries and Empire countries, in 1924 as compared with the level in 1914. The figures showed the following results:—

Country.	Index Number expressing the Estimated <i>ad valorem</i> Incidence of the Tariff applied to British goods in:—	
	1914.	1924.
Empire Countries:—		
India	23	104
Australia	15	13
Canada	7	9
Union of South Africa	8	8
New Zealand	19	32
Foreign Countries:—		
U.S.A.	17	10
Germany	24	20
Argentina	21	12
France (and Algeria)	19	10
Japan	5	5
China	2	2
Netherlands	88	41
Brazil	10	8
Belgium	8	8
Egypt	18	15
Italy	42	37
Spain	23	12
Sweden		

Dominion and other sources, and shows the changes in the proportions free and taxed:—

BRITISH IMPORTS ANALYSED.
(Trade of 1930, excluding Live Animals and Parcels Post.)
(Million £)

	As actually Taxed in 1930.		Under Taxation of 1932 (Pre-Ottawa).		Under Taxation of 1932 (Post-Ottawa).	
	Amount.	%	Amount.	%	Amount.	%
Food, drink, and tobacco:—						
Free	400	38	235	23	211	20
Taxed	75	7	240	23	264	25
Materials and partly-manufactured goods:—						
Free	250	24	188	18	187	18
Taxed	Nil	0	62	6	63	6
Wholly or mainly manufactured goods:—						
Free	232	22	42	4	32	3
Taxed	75	7	265	25	275	26
Total	307	29	307	29	307	29
Total	1,032	100	1,032	100	1,032	100

It will be seen that, in 1930, out of total imports of £1,032 millions, only £150 millions were taxed, leaving £882 millions free. Even before the Ottawa agreements, as a result of the present Parliament's protective legislation, the taxed proportion had risen to £567 millions, leaving £465 millions free. After Ottawa the total Free List will amount to only £433 millions, whereas taxed imports will amount to £602 millions. That is to say, the post-Ottawa Free List will amount to only 41 per cent. of our imports, as compared with a proportion of 67 per cent. free in the 1930 tariff of such a highly-protected country as the United States.

Commenting on these figures the Committee observed that:—“The Board of Trade calculation brings out the remarkable fact that the main increases of tariff rates on British exports have been within the British Empire, where the average *ad valorem* incidence has decreased by one-fifth. . . . As will be seen, however, the disadvantage to British trade of the increased tariffs in overseas parts of the Empire has in several cases, but not in all, been offset by a concurrent increase in the preference accorded to British goods.”

“Broadly speaking, in 1914 the preference tariffs of the Dominions were, on an average, lower than their general tariffs by about 4 per cent. *ad valorem*. In the case of Australia and New Zealand, the increases of preference are no less than 8 per cent. and 8½ per cent. *ad valorem*. In the case of Canada the increase is 2½ per cent., while the level of preference of South Africa has remained practically unchanged.”

This conclusion was based upon the following comparative analysis:—

	1914.		1924.	
	<i>Ad valorem</i> level of duties on British Goods.	Extent of Preference over Foreign Goods.	<i>Ad valorem</i> level of duties on British Goods.	Extent of Preference over Foreign Goods.
	Per cent.	<i>Ad valorem</i> Per cent.	Per cent.	<i>Ad valorem</i> Per cent.
Australia	6½	3½	9½	11½
Canada	15½	5½ or 6½	13½	5 or 8½†
Union of South Africa	7½	2½	9	2½
New Zealand	8½	3½	8½	12

AUSTRALIA.

Tariff History.

Until the Federation of the six Australian Colonies in 1900 each was responsible for its own tariff. In Victoria alone was the tariff constructed upon a deliberately protective basis. The Colony of New South Wales in particular was regarded as being definitely Free Trade in sentiment and practice.

The first Commonwealth tariff of 1902 was framed primarily with a view to the production of a revenue of £7½ millions, and for this purpose duties, of which the average rate was 18 per cent., were imposed. About one-quarter of the imported merchandise was admitted free, but the duties on the remaining imports necessarily had a considerable protective effect.

While the first Commonwealth tariff represented a compromise between the Protective and Free Trade policies, that of 1908, which introduced the principle of preference for the United Kingdom, was deliberately protectionist. In 1914 the Labour Government again extended the scope and raised the height of the duties, while adding something to their preferential effect. Thus before the war the Australian Commonwealth was already committed to what, in the light of post-war events, might be described as a policy of moderate protection together with preference for British goods.

POST-WAR CUSTOMS INCREASES.

Australian post-war tariff history falls into three chapters. The first covers the period 1920 to 1929. In these years there was a rapid advance to extreme protectionism, conceived without regard to and in violation of the basic economic circumstances of the country. The war itself gave the first powerful stimulus to this movement. Cut off from the normal sources of supply, there grew up in the various industrial centres of the Commonwealth a number of subsidiary industries for the production of goods usually obtained abroad. The Greene Tariff of 1921, with which the process of post-war tariff-wall building began, was deliberately framed "to protect industries born during the war." At the same time, it was held to be desirable to aim at the further diversification and extension of Australian manufactures. A new feature of the Greene Tariff was the introduction of an intermediate schedule for the purpose of meeting those who might be willing to grant special terms to Australian exports.

The Pratten Tariff of 1925 represents the next milestone on the road to extreme protection. The tariff rates on 53 items were raised. Among the chief objects of the revision was the extension of the Australian textile and engineering trades and certain sections of the Yorkshire woollen industry have special cause to remember the additional imposts levied in this year. It is of interest to notice that the increased duties under the Pratten Tariff were justified partly on the ground of wage reductions abroad. The war-born industries were flagging, and, under the inflexible wage system of Australia, relief could not be obtained from lower labour cost. The tariff was invoked as the remedy, and the tariff-wage spiral was already working. The Tariff Board, in their report for 1927, drew attention to the danger. "The Board is profoundly convinced," says the report, "that if Australian industry is to be maintained and safeguarded, it is absolutely essential that the leaders of industrial unions should recognise the serious menace of rising costs of production." Unemployment was already serious, and the general economic position was described by the Board as "critical."

The warning was unheeded, and the second Pratten Tariff of 1928 carried the tariff wall still higher. In the case of 23 items the duties both for British and foreign goods were increased. In the case of 49 others the duties on foreign goods were raised, while those on British were unchanged. In regard to this increased element of preference it was said that "the Government's sincere desire is that in the aggregate British trade shall be increased at the expense of foreign trade."

THE 1929 CRISIS.

The second, or crisis, chapter of the history includes the years from 1929 to 1932. During the years 1922 to 1928 there had been a very great increase of capital borrowing both by the States and the Commonwealth. Overseas indebtedness had increased by £122 millions. The tangible form of this borrowing was an increase of import, resisted by the Australian industries as representing foreign competition from which they needed protection. The result of the protection was an increase of commodity prices, a consequent advance of money wages, a general raising of production costs, which impeded the export trade and made it impossible to maintain a trade balance in harmony with the requirements of the gold standard. Thus, the growth of high protection after the war was the first step towards the development of a fundamentally inconsistent and unstable economic situation which could only end in a crisis. As the members of the British Economic Mission reported in January, 1929, "successive increases in the tariff which affect

prices and the cost of living, following upon, or being followed by, successive advances in the cost of labour have involved Australia in a vicious circle of ever-ascending costs and prices."

The following table, showing the relation between dutiable and free imports into Australia over a series of years, brings out clearly the destructive influence exercised by the tariff upon the volume of trade.

	Imports in £ million.				
	1913.	1920-21.	1924-25.	1926-27.	1929-30.
Dutiable	44.6	60.4	96.7	104.9	76.7
Free	33.5	38.4	49.5	59.1	52.4

The result of the high protection after 1925 brought about a sharp decline of imports of dutiable goods with consequent damage to the public revenue. The gross duty collected in 1926-27 was £32 millions. In 1929-30 it was £31 millions.

In their report published in June, 1929, the Committee of Australian experts, appointed to examine "the effect of tariff policy on national prosperity and the principles which should govern tariff policy," declared that "the extreme applications of the tariff have undoubtedly been a cause of net loss. Further extensions may involve a more than proportionately increased loss." "As the tariff grows, the costs overtake the benefits." "The total burden of the tariff has probably reached the economic limits."

THE PROTECTIONIST CLIMAX.

The climax of Australian protectionism was, despite these warnings, yet to come. Mr Scullin decided to fight the oncoming industrial depression and the financial crisis with further drastic applications of protective policy. The McForde Tariff of June, 1930, increased, in many instances drastically, the duties on 114 items of the schedule. But this was not all. To make up for the decline in Customs revenue, a surcharge of 50 per cent. upon the ordinary duty was imposed in April, 1930, on most items of the luxury class and on many commodities competing with Australian industries. Further, a primage duty, also levied in order to increase the falling Customs revenue, at the rate of 2½ per cent., was imposed in July, 1930, on practically all imports except such as were needed by primary industries. This primage was increased to 4 per cent. in November and to 10 per cent. in the following July. Finally, the import of a number of commodities was prohibited altogether, except under license, in order to correct the adverse balance of trade and to help the exchange value of the Australian pound.

AUSTRALIA'S IMPORT TRADE.

	1925-26.	1930-31.
Imports from—		
United Kingdom ...	65.8	23.3
Total Empire	85.6	32.1
Foreign countries...	66.0	27.0
Total imports	151.6	59.1

Making due allowance for the loss of Australian purchasing power through the 1929 agrarian crisis, these figures illustrate the extreme restrictive effect of the final post-war tariff.

Owing to the frequent changes in tariff classification it is difficult to trace, step by step, the growth of the Australian tariff as a whole during the post-war years. The trend can be seen, however, very clearly if a few representative cases be taken. The following table gives the necessary data:—

Commodity.	1921.		1929.		1931.	
	British Preference.	General Tariff.	British Preference.	General Tariff.	British Preference.	General Tariff.
Woollen piece-goods...	30% + 1s.	45% + 1s.	35% + 1s.	45% + 1s.	35% + 1s.	50% + 1s.
Cotton piece-goods (main classes)	Free	15%	Free	15%	5%	25%
Galvanised and corrugated sheets, per ton	20s.	30s.	40s.	80s.	110s.	150s.
Wool stockings	35%	50%	50%	65%	50%	65%
Machinery, n.e.c.	27½%	40%	45%	60%	55%	75%

It will be seen that the treatment of different classes of goods has been different according as they were considered to compete, or not, with Australian industries. Throughout, the duties on cotton piece-goods have been low, and the same is true of tinplates. Woollen piece-goods, on the other hand, have been penalised to the extent, when account is taken of primage and surcharge, of something like 100 per cent. Machinery, "not elsewhere included," is a good representative instance. It shows the marked increase of duties imposed upon goods, both British and foreign, with a widening measure of preference, down to 1931.

The Ottawa Undertakings.

At the Ottawa Conference the Australian Government undertook to make certain increases in the preferential margin accorded to British imports. This undertaking has been implemented by the application to the existing tariff of the following formula providing that:—

When the duty on U.K. goods is—	The minimum margin of preference will be—
Free to 19% <i>ad valorem</i> .	15% <i>ad valorem</i> .
19% to 29% <i>ad valorem</i> .	17½% <i>ad valorem</i> .
Over 29% <i>ad valorem</i> .	20% <i>ad valorem</i> .

The 20 per cent. margin of preference is not to be applied so as to result in a rate of duty exceeding 75 per cent. *ad valorem* on foreign imports.

The formula is not to apply to goods not commercially produced in the United Kingdom, nor to goods in respect of which it may be agreed that the application is unnecessary. Nor is it to apply to a specified list of goods in whose case the existing preference, or a new preference indicated below in brackets, is to operate. These are, chiefly:—

Velvets.	Plate glass.
High-grade carbon steels, &c.	Certain medicines.
Iron and steel tubes or pipes (12½%).	Playing cards (3s. per dozen packs).
Linotype and printing machines (20%).	Vacuum cleaners (20%).
Traction engines (12½%).	Explosives.

Subject to the above, existing preferential margins in favour of Britain are to be maintained, but they may be reduced as shown below on the following list of goods:—

Goods.	Maximum Reduction <i>ad valorem</i> .
Silk piece goods	2½%
Lace, embroidery, trimmings.....	5
Clothes	5
Cutlery	5
Glassware and lamps	5
Fancy goods	5

It has been semi-officially estimated that in 1930-31 the volume of Australia's import trade affected by the foregoing formula for the granting of increased preferential margins amounted to £15 millions, of which £8 millions represented imports from Great Britain. Examination, however, of the new Australian tariff schedule issued on October 14th shows that, except in a negligible minority of cases, the result of the application of the formula has simply been to raise the general tariff. The new schedules also provide for the re-imposition of a primage duty of 10 per cent. *ad valorem* on imports of galvanised sheets.

FUTURE PROMISES.

Further undertakings by the Australian Government at Ottawa were:—

- (1) To give tariff protection only to industries which are reasonably assured of sound opportunities of success.
- (2) To keep protective duties to a level which will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative costs of economical and efficient production, provided that special consideration may be given to the case of industries not fully established.
- (3) To revise existing duties, on review by the Tariff Board, in accordance with the principles laid down in (2).
- (4) Not to impose or increase duties in excess of recommendation of the Tariff Board.
- (5) To allow United Kingdom producers audience before the Tariff Board in respect of matters arising under (3) and (4).
- (6) To repeal as soon as practicable the proclamation of May, 1932, prohibiting certain imports.
- (7) To remove as soon as practicable the surcharges imposed on May 24, 1932.
- (8) To reduce or remove the primage duty as soon as the finances of Australia will allow.

Our observations on promises (1-5) will be found on page 17.

WHAT AUSTRALIA HAS DONE.

The foregoing summary of the Australian undertakings makes it clear that the promise of any reductions in the height of the Commonwealth tariff wall lies wholly in the future and is conditional on the findings of the Tariff Board. Indeed, at the Conference the Australian delegation made it clear that as they had given a pledge during the last Australian election not to reduce duties except on the Tariff Board's recommendation to reduce duties except on the Tariff Board's recommendation, they could not enter into any specific undertaking to reduce the duties on British goods. Mr Bruce, however, claimed at Ottawa that, subject to the necessity of correcting Australia's balance of payments, the present Australian Government was "proceeding vigorously to bring the tariff

back to a normal protective level." On August 31st import prohibitions were removed from twenty-three items of imports, including, notably, wireless sets, aluminium ware, tiles, sanitary earthenware, cast iron pipes, iron and steel beams, channels and girders and matches. From September 2nd surtax, amounting to 50 per cent. of the ordinary duty, was removed in the case of sixteen items, of which the most important were knitted piece goods, except wool, apparel, leather manufactures and boots and shoes. On the same date a considerable list of items, consisting mostly of machinery and other products required by farmers and sheep raisers were exempted from primage duty.

These partial removals of the abnormal restrictions, imposed by Australia with the intention of excluding imports in the interests of the Australian exchange, were in themselves a welcome step, but it is difficult to derive much encouragement for the future from the interim findings of the Tariff Board which the Government adopted with effect also from September 2, 1932. The Tariff Board having reviewed a brief list of items in the existing Customs tariff, new rates became operative as shown below in the most important items:—

	Old Rates.		New Rates.	
	British Preference.	General Tariff.	British Preference.	General Tariff.
Woollen piece goods	45%	60%	45%	60%
Apparel	45%	60%	45%	60%
Towels	50%	75%	40%	60%
Steel plates and sheets, galvanised and/or corrugated	110s.	150s.	90s.	130s.
Wool tops	91.	91.	61.	1s.
Matches, n.e.c.	20%	20%	20%	20%
Cotton piece goods resembling wool for clothing manufacture	45%	60%	30%	50%
Crude oil engines, 100 h.p. or less	55%	75%	45%	60%
Crude oil engines over 100 h.p.	55%	75%	45%	60%
Machinery, n.e.c.	55%	75%	45%	60%
Sheet glass, plain, clear	45%	60%	40%	60%

* Plus surtax of 50 per cent.

† Surtax removed.

The foregoing revision still left rates in the British preferential tariff in many cases virtually prohibitive; and it may be added that the application of the Ottawa formula has resulted in increasing a number of the duties under the general tariff in this list, for example, the foreign duty on woollen piece goods now becomes 55 per cent.

CANADA.

Tariff History.

The basis of the present highly protective Canadian tariff was originally laid down in the Canadian Customs Tariff Act of 1907, and subsequent Acts have been amendments of that Act. There are three rates of tariff: (1) The British preferential tariff, the lowest scale, which applies to goods imported from the United Kingdom and most parts of the Empire, provided that not less than half the value of the goods (or one-third in the case of cotton manufactures) is of British origin; (2) the Intermediate tariff, which applies to imports from a few British countries and from twenty-two foreign countries; and (3) the General tariff, which applies to imports from other countries, including the United States of America. Imports from the United Kingdom of which less than 50 per cent. is of British origin pay the intermediate tariff if a sufficient proportion of their value originates in a most-favoured-nation country; otherwise they pay the general tariff.

Since the war the march to high Protection has been increasingly rapid. In every year there have been one or more Tariff Amendment Acts (usually as part of the Budget), all of which have included increases of tariffs. The most striking change, however, came in 1930. In that year the Dunning Act, named after the Finance Minister, the Hon. C. A. Dunning, was introduced by the Liberal Government as its contribution towards furthering Imperial reciprocity and good relations at the then impending Imperial Conference. The Act, as passed, was the most important and extensive Tariff Act passed since 1907. It provided for 270 decreases in the British preferential tariff (including, however, some which were of little practical importance, though others were of real value to British trade), and eleven increases; and in order to increase world trade it also made 98 decreases in the intermediate tariff and 35 increases; and in the general tariff there were 46 decreases and 54 increases—a total of 514 tariff changes.

Then came the General Election, and the present Government came into power under Mr Bennett. Without delay, numerous revisions of the tariff were introduced in September, 1930, mainly in an upward direction; and the powers of the Minister of Customs were widely extended, and the dumping provisions were strengthened. In June, 1931, a still more ex-

tensive tariff revision took place, with numerous increases of duties on both British and foreign goods. The Report for 1931 of H.M. Senior Trade Commissioner in Canada states: "The avowed policy of the present Government is to afford Canadian manufacturers a full measure of protection. The upward revision of the tariff has naturally restricted the Canadian business of the United Kingdom, and in certain instances trade is now difficult or impossible."

THE 1931 TARIFF.

The Canadian tariff, as it stood after the 1931 revision, contained a list of considerably over 1,000 items and sub-items, covering approximately one-third of Canada's imports.

CANADA'S IMPORT TRADE. (In millions of dollars.)			
From—	1925.	1931.	
United Kingdom	151.1	109.5	
Other British countries	43.9	42.5	
Total, British Empire	195.0	152.0	
Foreign countries	601.9	476.1	
Total	796.9	628.1	

Between 1925 and 1930 the revenue collected on imports rose from \$120.2 millions to \$199.0 millions.

The following table gives some examples of the way in which duties have risen in recent years:—

Article.	British Preferential Tariff.		General Tariff.	
	1924.	1931.	1924.	1931.
Iron and steel manufactures, not otherwise specified	20	15	30	35
Cotton fabrics, not coloured	15	17½	25	25
and in addition, per lb.	22½	3 cents.	32½	4 cents.
Cotton fabrics, coloured	22½	3 cents.	32½	4 cents.
and in addition, per lb.	27½	30	35	40
Woolen fabrics, clothing, &c., not otherwise specified	17½	25 cents.	35	35 cents.
and in addition, per lb.	25	30 cents.	35	40 cents.
Artificial silk fabrics	22½	25	35	45
and in addition, per doz. pairs	22½	30	35	45
Socks and stockings of all kinds	22½	30	35	45
and in addition, per doz. pairs	22½	30	35	45
Gloves of all kinds	22½	30	35	45
Jewellery	22½	30	35	45

The British preferential tariff is, with certain exceptions, subject to a discount of 10 per cent. on the stated rates where these exceed 15 per cent. That is to say, if the rate is nominally 20 per cent., the actual rate is 18 per cent. The tariff is, however, payable on the value of the article translated into dollars at the rate of 4.86 to the pound, and not at the actual rate of about 3.70 dollars to the pound. In many cases this provision alone neutralises the British preference in comparison with countries which are on the gold standard.

ADDITIONAL CHARGES.

In addition to the ordinary tariffs, imports into Canada are chargeable with three other taxes. The first of these is the Sales Tax, now at the rate of 6 per cent., which is not essentially protective, since it is also payable on home products. The second is the Special Excise Tax, amounting to 3 per cent., which, despite its name, is payable only on imports. These two taxes, making a charge of 9 per cent., are levied upon the value of the imports plus the tariff which has been paid. Thus, if \$100 of imports are subject to a tariff of 30 per cent., these taxes will amount to 9 per cent. of \$130, or \$11.70.

The third of the special taxes is the Dumping Duty. Until recently, this duty had scarcely any effect upon United Kingdom trade, because it was most unusual for traders in this country to sell their goods in Canada at a price below that charged here. But, owing to the fact that the Canadian Government fix arbitrary and different values for the exchange of pounds into dollars when calculating prices in the United Kingdom and in Canada, this duty has become a heavy charge upon British imports into Canada. Under the ordinary regulations concerning this duty if an imported article is offered for sale in Canada at a price less than its "fair market value" in the country of origin, a duty equal to the difference between these prices is payable. At the present time (i.e., the period October 16th to 31, 1932) the value of the pound is declared fixed at \$3.82 for the purpose of calculating the selling price of British goods in Canada; but for the purpose of determining "fair market value" in the United Kingdom the pound is at present fixed at \$4.40. Hence, at the rates now in operation, if the price of an article in pounds is identical here and in Canada, it is still necessary to pay a dumping duty amounting to 58 cents for every pound of the value.

This duty in particular has met with much opposition from Canadian importers of British goods, and even before Ottawa expectations had arisen that it would be reduced. These expectations themselves at the present time are an additional barrier to British trade, because they lead importers to delay

buying stocks from the United Kingdom pending a reduction, with the consequence that, when orders have to be executed at short notice, they frequently go to the United States.

The Ottawa Undertakings.

At the Ottawa Conference the Canadian Government gave, in the first place, certain general undertakings, namely:—

(1) To protect by tariffs against United Kingdom products only those industries which are reasonably assured of sound opportunities for success.

(2) During the currency of the agreement (1932-37) to base the Canadian tariff on "the principle that protective duties shall not exceed such a level as will give the U.K. producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production," provided that special consideration shall be given to industries "not fully developed."

(3) To constitute forthwith the Tariff Board provided for in the Act of 1931, and to alter the tariff in accordance with its report, to give effect to principles of (2).

(4) Not to increase existing duties without inquiry by Tariff Board and to give United Kingdom producers a hearing at such inquiry.

(5) To ensure a minimum of uncertainty, delay and friction in connection with tariff and provide machinery for prompt and impartial settlement of disputes.

(6) To abolish surcharges on United Kingdom imports as soon as possible and to consider ultimate abolition of exchange dumping duty on United Kingdom products.

In addition to these general undertakings, whose implementation is a matter for the future, and depends on the recommendations of a Tariff Board instructed to act on the vicious principle of "compensatory tariffs"—our observations on this point will be found on page 17—the Canadian Government promised specifically to carry out forthwith a revision of a portion of the existing tariff. The results of this revision are now available; and, as they constitute the most important immediate fruits of Ottawa they merit examination in some detail.

THE NEW SCHEDULES.

The new schedules relate to 215 items (including parts of items) in the Canadian tariff, or, say, one-seventh of the whole. In 132 cases the duties on United Kingdom goods are to be reduced; and in the remaining 83 cases increased margins of preference in favour of United Kingdom goods are secured by raising the general tariff. In 79 cases United Kingdom goods are to be placed on the Free List in the preferential tariff.

In 1931-32 Canada's imports were:—

	\$ million.
From Great Britain	106.4
From other countries	472.1
Total	578.5

It is estimated, semi-officially, that, on the basis of the above figures, the British preferential tariff will be:—

	Total Imports.	British Share.
	\$ Mill.	\$ Mill.
Reduced to zero in the case of	31.2	8.3
Lowered in the case of	58.9	37.4
And the foreign tariff will be raised in the case of	35.1	8.8
Total trade affected by new schedules	125.2	54.5

A mere statement, however, of the case in these terms conveys little indication of the real advantage obtained by British exporters. For that purpose it is necessary to know the extent to which (a) the placing of British goods on the Free List means a large reduction of pre-existing duties; and (b) how large is the widening of the preferential margin in cases where the foreign tariff is raised. Finally, it is essential to ascertain (a) whether the British preferential duties after revision are still such as greatly to restrict Anglo-Canadian trade, and (b) whether the changes represent in the aggregate a diminution or increase in the general tariff level.

A STATISTICAL ANALYSIS.

A precise estimate on these lines is obviously impossible, though something can be learned from a study of the typical changes which we give in a later table; but we have endeavoured to throw some light on the matter by an analysis of the new schedules. Of the 215 items shown therein, we have succeeded in roughly correlating 150 items with the Canadian Trade Returns for 1931. These items accounted last year for \$89,675,000 of total imports into Canada, of which \$26,400,000 were from the United Kingdom and \$50,900,000 from the United States.

As a result of the Ottawa Conference British imports covered by 37 items (out of over 150) have been added to the free list, making 91 items duty free in all. These 37 items accounted in 1931 for \$23,882,000 of imports, of which \$6,514,000 were

from the United Kingdom. It is significant that among the new additions there are eleven out of thirty-seven items where imports from the United Kingdom in 1931 were non-existent or negligible (i.e., less than 5 per cent.).

The extent to which the new free list represents tariff concessions can, to some extent, be gauged from the table below. It will be seen that of total imports from the United Kingdom of approximately \$64 millions in 1931, now to be admitted free, more than \$4½ millions were taxed at under 10 per cent. prior to Ottawa:—

NEW FREE LIST ITEMS.*			
Previous British preferential tariff was—	No. of Items.	1931.	
		Total.	U.K.
5% or less	6	6,145.5	1,374.9
5%–10%	6	5,376.9	3,411.0
10%–15%	15	7,714.8	819.4
More than 15%	7	1,589.4	648.4

* Three items omitted; specific duties unclassifiable.

The next table elucidates to some extent the amount of additional preference now conceded. Out of our 150 items sampled, 117 items are classified according to their increase in "preference margin." (Thirty-three items are omitted, since the presence of a "specific duty" makes the calculation of the "preference margin" unduly complicated.) It will be seen that of United Kingdom imports totalling \$14,400,000, nearly \$8½ millions receive an increased "preference margin" of 10 per cent. or under, while only \$1,945,000 are given an additional margin of more than 15 per cent.

INCREASE IN PREFERENCE MARGIN. 1931 Imports in \$'000.				
Increase in Preference Margin.	No. of Items.*	Total.	From U.K.	From U.S.A.
5% or less	30	14,659.4	5,570.9	7,155.6
5%–10%	39	19,353.2	2,814.0	13,515.5
10%–15%	22	8,163.7	4,061.4	3,601.1
15%–20%	18	11,899.2	1,318.8	9,373.2
Over 20%	8	3,596.8	626.3	2,500.3

* Thirty-three items not included.

The position of the "general" or "foreign" tariff, in so far as the new schedules are concerned, is shown below. The largest quantity of total trade and also of United States trade covered by the schedules falls in the categories for tariffs ranging from 10 per cent. to 20 per cent., but \$12 millions of United States imports in 1931 now fall in the 20-30 per cent. tariff class, and \$2.2 millions in the 30 per cent. and over class.

FUTURE FOREIGN DUTIES.

1931 Imports in \$'000.				
Rates.	Items.	Total.	From U.K.	From U.S.A.
10% or less	27	13,335.8	2,298.0	8,717.4
10%–20%	38	20,652.0	6,073.4	12,456.9
20%–30%	36	15,481.1	2,285.0	12,118.8
Over 30%	16	8,203.4	3,735.0	2,852.2

We have again had to exclude from the above 33 items covered by specific duties. These items are classified below (a) into cases where only the specific duty is shown; (b) into cases where, in addition to a specific duty, the *ad valorem* duty is 20 per cent. to 30 per cent.; and (c) into cases where, in addition to a specific duty, the *ad valorem* duty is over 30 per cent. The high duty on United States imports is here brought out even more clearly, since an additional \$6,608,000 fall into the highest class.

	Items.	Total.	U.K.	U.S.A.
(a) Specific duty only shown	14	8,951.1	1,243.4	6,412.8
(b) Specific duty plus 20%–30% <i>ad valorem</i>	8	5,779.9	3,392.1	1,829.8
(c) Specific duty plus over 30%	11	17,272.1	7,373.2	6,607.5

The extent to which tariffs are still maintained against British goods, even in the revised section of the tariff, is set out on page 12. Imports, valued in 1931 at \$1,415,000, will still have a duty charged against them of 5 per cent. to 10 per cent., while \$1,252,000 of goods are to be charged at rates varying from 10 per cent. onwards.

CANADA'S TARIFF REVISION.

Canadian Tariff Item.	Commodity.	Previous Rates.			Proposed Rates.			Trade Affected (In Thousand Dollars.)			
		British preferential.	Intermediate.	General.	British preferential.	Intermediate.	General.	Total Imports, 1931.	From U.K.	From U.S.A.	Other Chief Source.
20a	Cocoa-butter	Free	2 cts.	2 cts.	Free	3 cts.	3 cts.	775.5	9.8	25.3	722.5
79	Flourist stock	Free	Free	Free	Free	15%	20%	499.1	25.8	40.8	285.5
171	Printed books	Free	10%	10%	Free	10%	10%	2,619.5	890.4	1,551.7	...
178	Advertising matter	Free	10%	10%	Free	10%	10%	1,527.7	161.5	1,319.0	...
203	Andine and coal-tar dyes	Free	Free	Free	Free	15%	20%	1,890.7	133.8	892.1	552.1
208d	Calcium chloride of soda	Free	10%	10%	Free	15%	15%	476.4	0.5	462.1	...
210	Certain compounds of soda	Free	10%	10%	Free	15%	15%	2,605.8	424.2	1,969.2	...
212	Sulphate of alumina	Free	90 c.	\$1	50 c.	\$1.50	\$1.50	568.9	46.5	501.1	...
223	Snap, common	Free	25%	27½%	Free	25%	25%	591.3	5.7	583.8	...
232	Glue	Free	+ 2 c.	+ 2½ c.	Free	+ 2 c.	+ 2 c.	659.4	183.0	184.1	...
234	Perfumery	Free	25%	32½%	Free	15%	15%	964.0	180.5	614.1	158.2
242	Dry red lead, &c.	Free	32½%	32½%	Free	15%	15%	1,299.7	244.6	750.2	164.7
254	Gums	Free	5%	7½%	Free	15%	15%	859.5	11.4	671.8	...
264	Cottonseed and crude oil imported for manufacture	Free	Free	Free	Free	10%	10%	768.2	126.7	426.2	114.6
276b	Cocoa-nut, palm, olive oils	Free	Free	Free	Free	10%	10%	854.2	285.3	568.7	...
278	Tableware	Free	27½%	30%	Free	10%	10%	1,990.2	169.2	1,562.2	...
287	Plate glass, small sheets	Free	7½%	10%	Free	15%	15%	3,122.9	2,381.1	37.8	279.4
320	Window glass	Free	10%	12½%	Free	25%	25%	652.4	130.1	458.5	...
318	Copper bars imported by manufacturers	Free	15%	20%	Free	10%	10%	741.1	47.1	14.9	549.0
348d	Wire	Free	15%	22½%	Free	30%	30%	482.6	35.0	412.4	...
350	Manufactures of aluminium	Free	83	85	Free	20%	20%	1,011.6	58.3	926.2	...
354	Steel plates, 66 ins. and more in width	Free	12½%	15%	Free	15%	15%	1,741.2	726.3	937.0	...
380	Sheets, tin coated	Free	5%	7½%	Free	15%	15%	3,326.8	3,078.1	248.3	...
383	Sheets for tinplate manufacturers	Free	81	85	Free	15%	15%	1,654.2	Nil	1,654.2	...
386m	Iron or steel angles, &c.	Free	10%	20%	Free	25%	25%	2,961.4	259.8	2,515.3	...
388	Typewriters	Free	20%	27½%	Free	30%	30%	511.1	16.7	493.7	...
414	Razors	Free	15%	27½%	Free	25%	25%	306.5	126.4	45.3	132.7
429	Adzes and other tools	Free	15%	25%	Free	25%	25%	1,239.6	181.4	893.2	...
431b	Radio sets	Free	15%	25%	Free	25%	25%	4,784.5	31.3	4,720.9	...
445d	Cotton, yarns, mercerised, No. 40, and finer imported for further manufacture	Free	Free	Free	Free	25%	25%	1,710.4	194.2	1,516.2	...
522a	Cotton fabrics, unbleached	Free	+ 3 c.	+ 3 c.	Free	+ 3 c.	+ 3 c.	1,522.7	342.5	964.5	...
523	Ditto, bleached or mercerised	Free	+ 3 c.	+ 3 c.	Free	+ 3 c.	+ 3 c.	1,032.5	570.3	416.1	...
523a	Ditto, printed or coloured	Free	+ 3 c.	+ 3 c.	Free	+ 3 c.	+ 3 c.	5,530.1	2,276.2	2,393.8	...
523b	Ditto, printed or coloured	Free	+ 3 c.	+ 3 c.	Free	+ 3 c.	+ 3 c.	3,366.7	654.4	1,818.2	426.3
532	Clothing of cotton	Free	+ 3 c.	+ 3 c.	Free	+ 3 c.	+ 3 c.	2,015.0	1,133.9	156.8	...
554b	Woven fabrics of wool, n.o.p.	Free	+ 25 c.	+ 30 c.	Free	+ 25 c.	+ 30 c.	2,353.7	1,856.2	353.9	...
555	Clothing of wool	Free	+ 25 c.	+ 30 c.	Free	+ 25 c.	+ 30 c.	716.6	18.6	698.0	...
586	Coal, anthracite	Free	Free	Free	Free	50 c.	50 c.	...	...	...	...

FUTURE BRITISH DUTIES.

Rates.	No. of Items.	1931 Imports in \$'000.	U.K.
Free	97	51,816	12,462
5% or less	3	941	313
5%-10%	12	6,553	1,415
10%-15%	12	3,013	747
15%-20%	6	1,636	340
Over 20%	2	521	165

To complete the story it is necessary to add that twenty-four items, having a specific as well as an *ad valorem* duty, appear separately below. The feature is that no less than \$7,528,000 worth of British goods (on the 1931 basis) will be charged with duties of 20 per cent. and over under the new regime, in addition to their specific duties.

TWENTY-FOUR ITEMS NOT INCLUDED ANALYSED BELOW.

Items.	Total.	U.K.
Specific duty only shown.....	15	8,977
Specific, plus 20% and over <i>ad val.</i>	9	16,218
		\$'000.
		7,528

In brief, so far as our statistical analysis can elucidate the post-Ottawa revision of the Canadian tariff, the features which emerge are:—

- (1) That the bulk of the new British Free List "concessions" represent classes of goods in which previously high protection for domestic manufacture was judged to be unnecessary.
- (2) That in many instances the increased preferential margin is unlikely to bring much benefit to Britain.
- (3) That even in the small part of the vast complete Canadian tariff now revised, half the imports will still be subject to almost prohibitive duties. Making a rough estimate where only a specific duty is listed, we arrive at the conclusion from our analysis that out of the \$90 millions of imports covered by our sample inquiry, \$43½ millions (British \$9½ millions, foreign \$34 millions) will still be charged with duties of more than 20 per cent., in addition to primage and exchange dumping duties and sales tax.

HIGH PROTECTION MAINTAINED.

Such are the conclusions which result from a sample statistical analysis of the tariff changes which we have been able to make. In order to illustrate further the effect of the revision we print on page 11 a table showing, for a large list of the more important commodities involved, the previous and proposed rates, together with the total imports from the chief sources of the commodity concerned. A full study of the complete schedule confirms the conclusions (a) that the reduction of tariff duties for the advantage of British manufacturers is exceedingly small, and (b) that in so far as an attempt is made to divert purchases from foreign countries to the British market, the effect is to raise still further the already inordinately high general tariff. In a few instances there is evidence of a real desire to abate the restrictions on British imports, notable cases being cutlery, plate-glass, certain fine chemicals, and linen goods. In the last-named case a new schedule providing for free British entry is to be drawn up as a result of the admitted failure of the Canadian industry to survive in spite of 20 to 25 per cent. protection. In the case of the iron and steel industry, broadly speaking, articles subject to international cartel arrangements are unaffected by the changes; duties remain prohibitive in classes where the Canadian manufacturer can supply the market; in the remaining cases, as a result of an agreement that the British and Canadian heavy industry should aim at a quasi-monopoly of the Canadian market, an advantage is given to Britain simply at the expense of the United States. The height of the textile tariff is lowered in the case of British goods by only a negligible amount, and is still largely prohibitive. It is further to be observed that in many cases the intermediate tariff has been brought up to the general tariff level, thus impeding the possibility of negotiating successful treaties between Canada and foreign countries.

Finally, we would once more emphasise, the portion of the tariff revised is only a fraction of the whole. Even after the present revision, the tariff is in the vast majority of instances appreciably higher in the case of British goods and enormously higher in the case of foreign imports than the tariff which Mr Bennett inherited in 1930; and the agreement, be it once more noted, provides for no immediate or certain reduction in the primage and exchange dumping duties or in the sales tax, which together represent a serious increase on the actual tariff. For example, it is calculated that British wool-overcoating will still be charged in all with an 82 per cent. duty, as compared with an 87 per cent. duty before Ottawa. Well might Mr Bennett declare at the closing session of the Conference that the Canadian Government had succeeded "in manifesting the principle that protection as we see it in this country can be used as an instrument of national policy."

INDIA.

Tariff History.

Until 1917 the Government of India had rigidly conformed to the letter of the Free Trade Law laid down for it by specific resolutions of Parliament. Fiscal policy was regarded as strictly outside the purview of the Indian Legislative Council. Indian opinion, on the other hand, was enthusiastically protectionist, holding a tariff to be essential for the development of much desired industries. The Montagu-Chelmsford Report stressed the importance of bringing fiscal policy more into accord with Indian opinion, and from that point, although without formal sanction from Parliament, a modification in the attitude of the Government of India on the tariff question became apparent. When, in 1917, the import duty on cotton piece goods was raised to 7½ per cent., while the countervailing Excise duty was left at 3½ per cent., the whole of India marked the significance of the omission.

This tendency was confirmed when the Joint Select Committee in 1919 recommended that a Convention should be allowed to grow up to the effect that, when the Government of India and its Legislature were in agreement on fiscal matters, Parliament should intervene only to safeguard the international obligations of the Empire. In virtue of this Convention India has since enjoyed virtual fiscal autonomy.

The war imposed upon India the need to find new sources of revenue. Popular sentiment enabled the Government to achieve its object and to attain popularity by raising the Customs duties. For many years a low general tariff of 5 per cent. had been in force. Between 1916 and 1922 it was raised gradually to 15 per cent. Upon certain "producers' goods" a lower rate of 10 per cent. was charged, but a large range of "luxuries" paid 30 per cent. A special feature of the tariff during this period was the levy of export duties on tea, jute and raw hides. In the latter case the aim was definitely protective, in order to encourage the tanning industry.

THE GROWTH OF PROTECTION.

The recommendations of the Fiscal Commission of 1922 mark the beginning of a new chapter in India's fiscal history. Thenceforward "discriminating protection" became the accepted policy. A Tariff Board was set up as the expert agent for the purpose of discrimination. The Commission approved the principle of Imperial Preference, provided it did not interfere with the due protection of Indian industries and that it did not restrict India's fiscal autonomy. It should be emphasised, however, that public opinion had been steadily opposed to any preferential arrangement.

The first important application of "discriminating protection" after 1922 was embodied in the Steel Industry Protection Act of 1924. The principle therein adopted was to give a degree of protection measured by the difference between the import price and the price which would secure the Indian manufacturer a reasonable profit. A combination of *ad valorem* duties, varying from 15 to 25 per cent., with specific duties at from Rs. 14 to Rs. 40 per ton, were imposed. In addition, bounties of from Rs. 20 to Rs. 32 per ton were granted for the production of rails and fish plates. These duties were imposed, in the first instance, for three years. They were continued, with modifications, by the Steel Protection Act of 1927.

The steel industry affords the outstanding case of high protection in India, but special protection, less pronounced, although similar in intention, is now extended to a number of industries, including cotton, heavy chemicals, matches, paper, salt and sugar. The terms of the Cotton Textile Protection Act of 1930 deserves special notice. It raised the general tariff of cotton piece goods from 15 to 20 per cent., or 3½ annas per pound, whichever was highest. For the first time, as the result of special representations from the Secretary of State, a preference of 5 per cent. was extended to cotton piece goods manufactured in Great Britain.

The tendency of the Indian tariff in recent years, under the combined influence of the need for increased revenue and the prevailing protectionist sentiment, has been to increase the rates charged upon almost all articles imported into the country. Following the general scheme adopted after 1922, the tariff in force under the Act of April, 1932, is based on three main schedules. A number of producers' goods, such as dyes and machinery, are charged 10 per cent. The main body of imports, including most articles of food, pay 25 per cent. A large assortment of articles of lesser necessity pay 50 per cent. The existing rates on cotton piece goods are 25 per cent., or 4½ annas per pound, whichever is highest, on British goods and 31½ per cent., or 4½ annas, on non-British goods. Taken together with the special protective duties on iron and steel and the other articles selected for "discriminating protection," notably cotton textiles, the tariff represents a very high level of revenue taxation, together with a large measure of protection.

The Ottawa Undertakings.

Under the Ottawa agreement the Indian Government has undertaken to give a 7½ per cent. preference on motor-cars, omnibuses and accumulators and to give a 10 per cent. preference on a long list of manufactured goods, including certain classes of apparel, building materials, chemicals, earthenware, furniture, hardware, instruments, leather, aluminium and copper manufactures, oils and paints, paper and cardboard, rubber manufactures, soap, toys and woollen piece goods. It is estimated that in the year ended March 31, 1931, the total volume of Indian imports affected by this increase of preferences amounted to £32 millions, whereof £12.7 millions represented imports from the United Kingdom. These preferences may be given either by an increase of duty on foreign goods or by a reduction of duty on United Kingdom goods, or by a combination of both methods. Since the new 10 per cent. preference is to be extended broadly to goods now subject to revenue duties, it will presumably be necessary in many, if not the majority of cases to raise the foreign duty, if the requirements of the Budget are to be met. The Government of India has further undertaken that there shall be an extension of the 10 per cent. preference to a shorter list of British goods, including mainly certain cotton and artificial silk piece-goods, subject to the recommendation of the Tariff Board as to the protective duties which should be placed on those goods against United Kingdom imports.

A further undertaking of the Indian Government is that, in consideration of the continuance of free entry of Indian iron and steel into the United Kingdom, the duties on galvanised sheet in the Indian tariff (now amounting to Rs. 83.12) shall be adjusted, on the basis of present selling prices, as follows: Sheet made in the United Kingdom from Indian sheet bar, Rs. 30 per ton, for United Kingdom sheet Rs. 53, foreign sheet Rs. 83. In the event of further reductions of foreign sheet imported into India, the Government of India without inquiry by the Tariff Board will take prompt and effective action to impose additional duties of an amount sufficient to make clear the intention of the Government of India to maintain prices. This arrangement is to remain in force until action is taken by the Government of India following the next statutory inquiry into the Indian iron and steel industry.

It is important to notice that the agreement with India contains no provision, as in the case of Australia and Canada, whereby the Tariff Board in considering future modifications of the tariff shall be governed by the principle of "reasonable competition," etc., for British goods.

The India Agreement is subject to termination on six months' notice from either side.

NEWFOUNDLAND.

Newfoundland has throughout its history depended mainly upon a Customs tariff for its revenue. Its population numbers only 270,000, and the principal occupation of the people lies in the fishing and allied industries. Thus for the most part their incomes are small and variable; and those who are in receipt of salaries are proportionately fewer than in most other countries, consisting, indeed, almost entirely of the civil servants, and a small number of merchants and professional men. All Newfoundland Governments have therefore regarded Customs duties as the only practicable source of substantial revenue, and normally at least three-quarters of the total revenue is produced by these duties.

The revenue from Customs duties, and the total revenue from all sources including Customs, ten years ago and in the last two years are shown below:—

	1920-21	1929-30.	1930-31.
	\$	\$	\$
Customs revenue.....	6,026,000	8,834,000	7,465,000
Total revenue	8,438,000	11,579,000	9,655,000

It follows that variations in the tariff have been dictated by the necessities of revenue rather than by considerations of protection. There are few people engaged in industries that could be protected, and tariff controversy has played a very small part in Newfoundland politics. Occasionally demands have arisen for the reduction of duties on primary necessities, such as sugar; and when revenue permitted, some of the tariffs have been lowered, though in recent years the general tendency has been towards an increase.

Hitherto, for the reason that the tariff is regarded as being for revenue rather than protection, no Imperial preference has been granted; and although the Ottawa agreement provides for a preference of 10 per cent. on 61 classes of goods, it also makes provision for a reduction of this preference if it results in a loss of revenue.

NEW ZEALAND.

Tariff History.

The New Zealand tariff was already on the upward grade when the exigencies of war finance gave a very marked flip to this rising tendency. Increases were made in 1915 in the duties on spirits, gas and oil engines, electric motors, transformers and lamps, and motor cars; and in 1917 a number of further increases were made in the tariff and remained in force until the general revision of 1921. The war was also responsible for the introduction of a primage duty of 1 per cent., levied on all but a small number of specified articles. It was increased, for most goods, to 2 per cent. in 1929; but was removed in 1930 when a surtax (see below) was imposed on dutiable goods. In July, 1931, however, a primage duty of 3 per cent. was reimposed on almost all imports, British and foreign, otherwise free of Customs duty.

The tariff underwent a general post-war revision in 1921, when the general tariff, applicable to foreign goods, was in most instances raised to 35 per cent., while the rate most commonly applicable to British goods remained at 20 per cent. An intermediate tariff for trade treaty purposes was introduced but abandoned again in 1927. Provision was also made for the imposition of special dumping duties on goods sold to New Zealand importers under conditions which might injuriously affect manufacturers in New Zealand or in any other part of the British Empire. Additional duties on goods from countries with a depreciated rate of exchange was also provided for, but no such duties have been imposed since 1925.

The protective purpose of the post-war tariff was greatly strengthened by the 1927 revision, but the British preferential margin was, in general, increased from 15 to 20 per cent. A provision of the 1921 tariff allowing machinery, tools, etc., which are needed for New Zealand industry, and cannot be economically manufactured in New Zealand, to enter free if of British origin, was extended; and in certain conditions made to include foreign goods. Certain classes of household textile piece goods, linoleum, and table china and earthenware were placed on the free list if of British origin.

THE PRESENT TARIFF.

In 1930, the general tariff was increased, as to most items, by 5 per cent. *ad valorem*. The primage duty imposed during the war on all imports was replaced by a surtax on dutiable imports of one-twentieth of the duty otherwise payable in certain specified cases, and nine-fortieths of such duty in all other cases, except wheat and flour. During 1931 there were increases in the general and preferential duties on a large number of goods, and reductions in a few others; these changes did not alter the British preferential margin.

The effect of these developments is illustrated by the following typical items, which are among the most important of Great Britain's exports to New Zealand:—

RATES OF DUTY ON IMPORTS INTO NEW ZEALAND.

	1921.		1927.		1931.	
	British Preferential.	General.	British Preferential.	General.	British Preferential.	General.
Iron and steel rods, bolts, bars, angles, &c.....	Free	20	Free	20	Free	20
Iron sheets.....	Free	20	Free	20	Free	20
Electrical machinery.....	Free	10	Free	20	Free	25
Motor vehicles.....	10*	25†	10	35	10	40
			+ body duty of 15%	+ body duty of 15%	+ body duty of 14½%	+ body duty of 16½%
Woollen piece goods... ready-made clothing... leather manufactures... n.e.d.....	20	35	25	45	25	55
Silk or rayon piece-goods.....	10	15	10	15	10	25
China-ware, &c.....	20	35	20	40	20	45
Hardware, n.e.d.....	20	35	20	40	20	45

* Plus a specific duty ranging from £5 to £15.

† Plus a specific duty ranging from £7 10s. to £22 10s.

There has thus been a very substantial increase, during the last ten years, in the height of the New Zealand tariff wall, and, though there has been a concomitant increase in the British preference, the tariff—supplemented by the 1930 surtax—has acted as a growing impediment to imports both from Britain and, still more, from foreign countries.

NEW ZEALAND'S IMPORT TRADE.

(£ millions.)

Imports from—	1927.	1929.	1930.	1931.
United Kingdom	21.5	22.6	20.3	12.2
Total British countries.....	30.7	33.1	29.6	17.4
Total foreign countries	14.1	15.7	13.4	7.4
Total imports	44.8	48.8	43.0	24.8

It is, however, of interest to notice in passing a slight but significant difference in the wording of the agreements regarding the role to be played by the Tariff Boards. Thus Australia undertakes that "no new protective duty shall be imposed and no existing duty shall be increased on United Kingdom goods to an amount in excess of the recommendation of the Tariff Tribunal." Canada undertakes that "no existing duty shall be increased on United Kingdom goods except after an inquiry and the receipt of a report from the Tariff Board, and in accordance with the facts so found by that body." In the latter case the Board is a fact finding body and discretion is obtained for the Canadian Parliament. In the former there is an undertaking, which follows the precedent of the British Import Duties Act, that Parliament will not impose duties in excess of the recommendations of the Tribunal.

MANCHURIA
THE LYTTON REPORT
(ABRIDGED)

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INTRODUCTION.

THE Report of the League Commission of Enquiry into the events in Manchuria was signed in Peiping (Pekin) on September 4, 1932, and published at Geneva on October 2nd under the title of “ Appeal by the Chinese Government. Report of the Commission of Enquiry.” This Commission was set up by the League of Nations as a result of the discussions that took place in the Council following on the appeal made to that body on September 21, 1931, by the Chinese Government. The Chinese delegate made the appeal, on behalf of his Government, under Article 11 of the League Covenant,* and during the discussions expressed the view that “ the best method that may be devised by the Council for securing the prompt and complete withdrawal of the Japanese troops and police (from Manchuria) and the full re-establishment of the *status quo ante* is the sending of a neutral commission to Manchuria.” No definite action in this regard was decided upon during the Council sessions in October and November, 1931, but on November 21 the Japanese representative proposed that a commission of enquiry should be sent to the scene of the trouble, and on December 10th a resolution was adopted unanimously which included provision for the appointment and despatch to Manchuria of a commission of five members, “ to study on the spot and to report to the Council on any circumstance which, affecting international relations, threatens to disturb peace between China and Japan, or the good understanding between them upon which peace depends.”

The Governments of China and Japan were each to have the right to nominate one assessor to assist the Commission, and the resolution added, “ it is understood that, should the two parties initiate any negotiations, these would not fall within the scope of the terms of reference of the Commission, nor would it be within the competence of the Commission to interfere with the military arrangements of either Party.”

In introducing the resolution the President of the Council, M. Briand, made a declaration in which he pointed out that one of the principal objects of its adoption was “ to facilitate the final solution of existing causes of dispute between the two countries.” In pursuance of this the Commission was to be set up, and as to its terms of reference he then made the following statement:—

“ Subject to its purely advisory character, the terms of reference of the Commission are wide. In principle, no question which it feels called upon to study will be excluded, provided that the question relates to any circumstances which, affecting

international relations, threaten to disturb peace between China and Japan. . . . Each of the two Governments will have the right to request the Commission to consider any question the examination of which it particularly desires. The Commission will have full discretion to determine the questions upon which it will report to the Council. . . .”

In conclusion, M. Briand drew attention to the fact that the provision under which the Commission was not empowered to interfere with the military arrangements of either Party did not limit in any way its faculty of investigation.

Both the Chinese and Japanese delegations made reservations when accepting the resolution, but the former only was of importance. The Chinese delegate wished it to be placed on record that “ China must and does fully reserve any and all rights, remedies and juridical positions to which she is or may be entitled under and by virtue of all the provisions of the Covenant, under all the existing treaties to which China is a party, and under the accepted principles of international law and practice.” A number of other observations were made, such as that China in no way receded from the position she had always taken up with respect to the maintenance of military forces in the railway zone in Manchuria, and the statement concluded with a final reservation that—

“ China would regard any attempt by Japan to bring about complications of a political character affecting China's territorial or administrative integrity (such as promoting so-called independence movements or utilising disorderly elements for such purposes) as an obvious violation of the undertaking to avoid any further aggravation of the situation.”†

The members of the Commission were subsequently selected by the President of the Council, and, after the approval of the two parties had been obtained, the membership was finally approved by the Council on January 14, 1932, as follows:—

H. E. Count Aldrovandi (Italian), General Henri Claudel (French), the Right Hon. the Earl of Lytton (British), Major-General Frank McCoy (American), and H. E. Dr. Heinrich Schnee (German).

At the first meeting of the Commission, on January 21st, Lord Lytton was unanimously elected Chairman, and subsequently the Governments of China and Japan appointed as their respective Assessors H. E. Dr. Wellington Koo and H. E. Mr. Isaburo Yoshida.

The European members sailed from Le Havre and Plymouth on February 3rd, and were joined by General McCoy in New York on February 9th. The Commission

† This undertaking had been given by both the Chinese and Japanese Governments by the Resolution passed by the Council on September 30, 1931.

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* Article 11 declares that any war or threat of war is a matter of concern to the whole League, which “ shall take any action that may be deemed wise and effectual to safeguard the peace of nations.”

proceeded to Japan first, reaching Tokyo at the end of February.

Meanwhile, however, the developments in Manchuria had caused the Chinese Government, on January 29th, to submit a further appeal to the League under Articles 10, 11 and 15 of the Covenant. But since no further instructions were received from the Council the Commission continued to interpret its mandate according to the Resolution of December 10th. The programme of its work was, therefore, determined by the following conception of its mission:—

(1) An examination of the issues between China and Japan which were referred to the Council, including their causes, development and status at the time of the inquiry;

(2) A consideration of a possible solution of the Sino-Japanese dispute which would reconcile the fundamental interests of the two countries.

Before reaching Manchuria contact was accordingly established with the Governments of Japan and China and with representatives of various shades of opinion, in order to ascertain the nature of the interests of the two countries. The Commission reached Tokyo on February 29th, where it was received in audience by His Majesty the Emperor. Conferences were also held with the Prime Minister and other Ministers, as well as with many representatives of private interests. After visits to Osaka and Kobe the Commission left for Shanghai, arriving there on March 14th, and remaining for two weeks. It then proceeded to Nanking, where it was received by the President of the National Government, and where interviews were held with the President of the Executive Yuan, the Foreign Minister and other officials and military commanders. Hankow was also visited, and on April 9th the Commission arrived in Peiping, where several conferences were held with Marshal Chang Hsueh-liang.

On proceeding to Manchuria, the Commission divided into two groups, some of the party travelling to Mukden by rail and the remainder by sea via Dairen. The whole party remained in the country about six weeks, visiting Mukden, Changchun, Harbin, Kirin, Port Arthur, Anshan, Fushun and Chinchow, while some of the members also visited Tsitsihar, which they reached by air owing to the unsettled conditions on that section of the railway.

Numerous conferences were held with the Japanese military and consular authorities, and at Changchun the

Commission met the "Chief Executive" of Manchukuo, the former Emperor Hsuan Tung, now known by his personal name of Henry Pu Yi. Delegations were also received from the local population, and, in addition to the public meetings, the members of the Commission were able to arrange interviews with a great number of individuals, both Chinese and foreign.

The Commission returned to Peiping on June 5th, where further conferences were held with Chinese Ministers, and on June 28th it left for Tokyo, via Korea. Here again conferences were held with the leading Ministers of the new Government, which had succeeded to power since the Commission's previous visit, and the members then left again for Peiping to begin the drafting of their Report.

In the course of its travels, the Commission was presented with a great quantity of printed pamphlets, petitions, appeals and letters. In Manchuria alone 1,550 letters in Chinese and 400 in Russian were received, without mentioning those written in English, French or Japanese.

Aims of the Commission.

The Commission's conception of its mission, which determined the programme of its work and itinerary, has equally guided the plan of its Report. To quote the latter's words:—

"First we have tried to provide an historical background by describing the rights and interests of the two countries in Manchuria, which provide the fundamental causes of the dispute; the more recent specific issues which immediately preceded the actual outbreak were then examined, and the course of events since September 18, 1931, described. Throughout this review of the issues we have insisted less on the responsibility for past actions than on the necessity of finding means to avoid their repetition in the future.

"Finally, the Report concludes with some reflections and considerations which we have desired to submit to the Council upon the various issues with which it is confronted, and with some suggestions on the lines on which it seemed to us possible to effect a durable solution of the conflict and the re-establishment of a good understanding between China and Japan."

CHAPTER I.

OUTLINE OF RECENT DEVELOPMENTS IN CHINA.

The Report points out that a knowledge of antecedent conditions is necessary to a complete understanding of the conflict which began with the events of September, 1931, and the Commission, therefore, found it necessary to extend its study of the issues beyond the limits of Manchuria itself and to consider in their widest aspect all the factors which determine present Sino-Japanese relations. Situated as it is between the territories of Japan and Russia, Manchuria has become politically a centre of conflict, and wars between all three countries have been fought upon its soil. The country is, in fact, the meeting-ground of conflicting needs and policies, which themselves require investigation before the concrete facts of the present conflict can be fully appreciated, so the Report begins by reviewing these essential factors *seriatim*.

It points out, first, that the dominating factor in China is the modernisation of the nation itself which is slowly taking place.

"China to-day is a nation in evolution, showing evidence of transition in all aspects of its national life. Political upheavals, civil wars, social and economic unrest, with the resulting weakness of the Central Government, have been the characteristics of China since the revolution of 1911. Those conditions have adversely affected all the nations with which China has been brought into contact and, until remedied, will continue a menace to world peace and a contributory cause of world economic depression."

A brief summary is then given of the stages in the recent history of China by which the present conditions have been reached. The first event was the ending of the period of isolation with the opening of certain ports to foreign trade in 1842. But this was done reluctantly; China was unwilling to follow the example of Japan and learn from the West. On the contrary, she wished to preserve her culture and exclude foreign influence. Her reluctance to receive foreigners and her attitude towards those who were in the country were bound to have serious consequences. They concentrated the attention of her rulers on resistance to foreign influence and prevented her from profiting by the experience of more modern conditions in the foreign settlements. As a result, the constructive reform necessary to enable the country to cope with the new conditions was almost completely neglected.

This is brought out clearly in the account given of the territorial losses incurred from the conflicts with foreign Powers, the Boxer rising, and the fall in 1911 of the Manchu dynasty. Reference is made to the differences between the political tendencies in the North and in the South. Military dictatorships flourished in the North, but the people of South China have always been averse to autocracy and official interference from outside. Matters came to a head with the revolt of the Kuomintang, a Nationalist Party under Sun Yat Sen, against Yuan

Shi-kai in 1913. The succeeding years were characterised by two attempts to establish monarchical rule, many changes of Presidents and Cabinets, continuous shifting of allegiance among military leaders, and many declarations of temporary independence of one or more provinces and, in the words of the Report, "during these years China was ravaged by warring factions; and the ever-present bandits grew into veritable armies by the enlistment of ruined farmers, desperate inhabitants of famine-stricken districts, or unpaid soldiers."

In Canton, however, the Kuomintang Government succeeded in maintaining itself from 1917 onwards, though not always functioning in much more than name. In 1923 Sun Yat Sen reorganised it, with a definite programme, strict party discipline, and systematic propaganda on the Russian model. An efficient army was also created with the help of Russian officers, and "thus equipped, the Kuomintang was soon ready to establish contact with the people at large. . . . This preliminary conquest of the people's mind was, after the death of Dr. Sun in 1925, followed up by the successful Northern Expedition of the Kuomintang army, which, by the end of 1928, succeeded in producing a nominal unity for the first time in many years, and a measure of actual unity which lasted for a time. The first, or military, phase of Dr. Sun's programme had thus been brought to a successful end. The second period of political tutelage . . . could begin. It was to be devoted to the education of the people in the art of self-government and to the reconstruction of the country."

The Nanking Government.

A Central Government was established in Nanking in 1927, but its authority was soon challenged from within. In fact, it out and weakened by dissensions within. In fact, it repeatedly had to fight for its very existence, if not against revolting generals with personal armies then against the menace of Communism. Powerful war lords concluded alliances among themselves and marched their forces against Nanking. Though they never succeeded in their object, they remained, even after defeat, potential forces to be reckoned with. Moreover, they never took the position that war against the Central Government was an act of rebellion. "It was in their eyes," the Commission remarks, "simply a struggle for supremacy between their faction and another one which happened to reside in the national capital and to be recognised as the Central Government by foreign Powers." And the Report concludes this part of the historical outline with the following words:—

"From this summary description it appears that disruptive forces in China are still powerful. The cause of this lack of cohesion is the tendency of the mass of the people to think in terms of family and locality, rather than in terms of the nation, except in periods of acute tension between their own country and foreign Powers. Although there are, nowadays, a number of leaders who have risen above particularist sentiments, it is evident that a national outlook must be attained by a far greater number of citizens before real national unity can result."

The Commission next turns its attention to the argument which, as it states, "constantly reappears in the polemics of the present controversy," that China is "not an organised State," or "is in a condition of complete chaos and incredible anarchy," and that her condition should disqualify her from membership of the League of Nations.

"In this connection," remarks the Report, "it may be useful to remember that an altogether different attitude was taken at the time of the Washington Conference by all the participating Powers. Yet, even at that time, China had two completely separate Governments, one at Peking and one at Canton, and was disturbed by large bandit forces which frequently interfered with communications in the interior, while preparations were being made for a civil war involving all China. As a result of this war, which was preceded by an ultimatum sent to the Central Government on January 13, 1922, when the Washington Conference was still in session, the Central Government was overthrown in May, and the independence of Manchuria from the Government installed at Peking in its place was declared in July by Marshal Chang Tso-lin. Thus, there existed no fewer

than three Governments professing to be independent, not to mention the virtually autonomous status of a number of provinces or parts of provinces. Although, at present, the Central Government's authority is still weak in a number of provinces, the central authority is not, at least openly, repudiated, and there is reason to hope that, if the Central Government as such can be maintained, provincial administration, military forces and finance will acquire an increasingly national character."

The efforts of the present Government towards reconstruction are outlined and attention is called to the fact that these have been seriously handicapped by the increase in domestic indebtedness caused by the recurrent civil wars. Some of the characteristics of present-day nationalism are also not calculated to help the country to work out its problems. The influence of the Kuomintang has introduced into the national sentiment "an additional and abnormal tinge of bitterness against all foreign influences, and has expanded its aims so as to include the liberation of all Asiatic people still subject to 'imperialistic oppression.' . . . Chinese nationalism to-day is also permeated by memories of former greatness, which it desires to revive. It demands the return of leased territories, of administrative and other not purely commercial rights exercised by a foreign agency in railway areas, of administrative rights in concessions and settlements, and of extra-territorial rights which imply that foreigners are not amenable to Chinese laws, law courts and taxation. Public opinion is strongly opposed to the continuance of these rights, which are regarded as a national humiliation."

The attitude of foreign Powers to these desires has been sympathetic, and at the Washington Conference they were admitted to be acceptable in principle, and the Commission points out that, having started upon the road of international co-operation for the purpose of solving her difficulties (as was done at Washington) China might have made more substantial progress in the ten years that have since elapsed had she continued to follow that road. "She has only been hampered by the virulence of the anti-foreign propaganda which has been pursued. In two particulars has this been carried so far as to contribute to the creation of the atmosphere in which the present conflict arose—namely, the use made of the economic boycott and the introduction of anti-foreign propaganda into the schools." A perusal of the school text-books, says the Report, leaves the impression on the mind of a reader that their authors have sought to kindle patriotism with the flame of hatred and to build up manliness upon a sense of injury. One result is that the students have been induced to engage in political activities which sometimes have culminated in attacks on the persons of Ministers and other authorities, and in attempts to overthrow the Government.

The Communist Factor.

The Commission recognises, however, the difficulty of the problem of maintaining law and order, and enumerates as the chief obstacles the lack of means of communication, the prevalence of banditry, the existence of numerous armies owing personal allegiance only to the local commanders, and finally, the hold which Communism has now secured on large parts of the country. The origin of the Communist movement is outlined, and it is shown that it was officially tolerated by the Government for three or four years after the formal admission of Communists into the Kuomintang Party in 1924. At one moment, in fact, the Nationalist Revolution was almost on the point of being transformed into a Communist Revolution.

This was in 1927, but when the National Government had established itself firmly in Nanking in April of that year the leaders decided that Communism had become too serious a menace to be tolerated any longer. Communist members were accordingly excluded from the Kuomintang, and the Soviet advisers ordered to leave the country. Communist risings occurred in various parts of the country, however, and the Central Government was never strong enough or sufficiently united to obtain anything more than temporary successes against them. In the period 1928-1931 extensive areas of Kiangsi and Fukien were sovietised, and the efforts of the Nanking authorities, acting through Chiang Kai-shek as Commander-in-Chief,

to inflict a final defeat on the main Red armies were rendered nugatory by the recrudescence of civil war in the North and the events of September 1931 in Manchuria.

The Communist zones of influence are now understood to cover a large part of China south of the Yangtze and parts of the provinces of Hupeh, Anhwei and Kiangsu north of that river. The methods employed by the Communists are dealt with at some length in the Report, and the special character of Communism in China is described, because the conditions brought about by its existence in so large a part of the country have a marked effect on the relations between China and Japan. To quote the Report:

"So far as Japan is China's nearest neighbour and largest customer, she has suffered more than any other Power from the lawless conditions described in this chapter. Over two-thirds of the foreign residents in China are Japanese, and the number of Koreans in Manchuria is estimated at about 800,000. She has more nationals, therefore, than any other Power, who would suffer if they were made amenable to Chinese law, justice and taxation under present conditions."

CHAPTER II.

MANCHURIA'S RELATIONS WITH CHINA AND RUSSIA.

This chapter consists of a description of Manchuria and an outline of the relations of that country with the rest of China and with Russia. The importance of the rôle played by it in the solution of the surplus population problems of both China and Japan is emphasised, and it is pointed out that "without Japan's activity Manchuria could not have attracted and absorbed such a large population. Without the influx of Chinese farmers and labourers, Manchuria could not have developed so rapidly, providing Japan thereby with a market and with supplies of food, fertilisers, and raw materials." Manchuria has long been a coveted region, first on account of its strategic advantages, and subsequently owing to its agricultural and mineral resources. Strategic considerations have remained paramount, but the extensive economic interests resulting from the active part taken by Russia and Japan in the development of the country have "found an ever-increasing insistence in the foreign policy of these two countries." Meanwhile, however, the future possession of the land was settled by the immigration of millions of Chinese farmers who took root in the soil, so that "Manchuria is now unalterably Chinese." Of a population of about 30 millions, 28 millions are said to be Chinese or assimilated Manchus. The 280,000 Japanese residents are mainly concentrated in the railway area and the Kwantung Leased Territory, and are mostly engaged in industry or business of some kind. Finally, the area of the country is equal to that of France and Germany together, and of this, so far, only between 12 and 13 per cent. has been brought under cultivation. The production of the more valuable crops has doubled in 15 years, and the mining industry, already very important, may be expected to develop rapidly if economic conditions improve, since the mountainous regions are rich in minerals, especially coal and iron.

The Reign of Chang Tso-lin.

The Report next gives an outline of the early history, ending in the fall of the Manchu Dynasty, and of the events which succeeded this upheaval. An interesting sketch is given of the career of Chang Tso-lin, who severed his allegiance to the Central Government at Peking, twice invaded China, and at one time was virtual ruler of the whole country as far south as Shanghai. The Commission points out, however, that—

"The independence declared by Marshal Chang Tso-lin at different times never meant that he or the people of Manchuria wished to be separated from China. His armies did not invade China as if it were a foreign country, but merely as participants in the civil war. Like the war lords of any other province, Marshal alternately supported, attacked or declared his territory independent of the Central Government, but never in such a way as to involve the partition of China into separate States. On the contrary, most Chinese civil wars were directly or in-

To close this chapter the Commission draws attention to the interest of foreign Powers in the problems of Chinese reconstruction, and it is suggested that international co-operation offers the best hope of their solution. "The realisation of China's national aspirations," it is pointed out, "depends on her ability to discharge the functions of a modern Government in the sphere of domestic affairs," and the acceptance of foreign assistance offers the best means for her to acquire this ability. The present extreme case of international friction having forced China to seek the intervention of the League of Nations should, if a satisfactory settlement can be effected, convince her of the advantages of the policy of international co-operation, and in the Commission's view, "such a policy would make it easier for foreign Powers to give what support the Central Government may seek, and to help in the removal as rapidly and as effectively as possible of any causes of friction which may endanger her peaceful relations with the rest of the world."

directly connected with some ambitious scheme to unify the country under a really strong Government. Through all its wars and periods of 'independence,' therefore, Manchuria remained an integral part of China."

In the last years of his life Chang Tso-lin showed increasing unwillingness to allow Japan to profit by the privileges she derived from various treaties and agreements, and he also made repeated assaults on the position of the Chinese Eastern Railway. When, in 1928, he was succeeded by his son, Chang Hsueh-liang, the action of the latter in declaring allegiance to the Central Government in Nanking led to an intensification of the feeling against Japan and, in fact, against all foreign influence. Anti-Japanese agitation was officially encouraged and associations were formed to conduct propaganda for the recovery of lost sovereign rights, "the abolition of unequal treaties and the wickedness of imperialism." Pressure was brought to bear on Chinese property owners to raise the rents of Japanese and Korean tenants or to refuse the renewal of rent contracts. Korean settlers were subjected to systematic persecution, and various orders and instructions of an anti-Japanese nature were issued. Party propagandists from China came North in increasing numbers, and in April, 1931, a five days' conference under the auspices of the People's Foreign Policy Association was held in Mukden, with over 300 delegates from various parts of Manchuria in attendance. The possibility of liquidating the Japanese position in Manchuria was discussed, the recovery of the South Manchuria Railway being included in the resolutions adopted.

Relations with Nanking.

As far as the administration of the country was concerned, the union with China proper affected the position of Chang Hsueh-liang hardly at all since, "as regards domestic affairs, the Manchurian authorities had retained all the power they wanted, and they had no objection to following administrative rules and methods adopted by the Central Government so long as the essentials of power were not affected." Manchuria was preserved as a separate administrative unit, and without this concession the Manchurian authorities realised that, as before, their power derived much more from their armies than from Nanking.

"This fact," says the Report, "explains the maintenance of large standing armies numbering about 250,000 men, and of the huge arsenal on which more than \$200 millions (silver) are reported to have been spent. Military expenses are estimated to have amounted to 80 per cent. of the total expenditure. The remainder was not sufficient to provide for the costs of administration, police, justice and education. . . . As all power rested in the hands of a few military men, office could be owned

only through them. Nepotism, corruption and maladministration continued to be unavoidable consequences of this state of affairs. The Commission found grave complaints concerning this maladministration to be widely current."

The Report then gives some particulars of the expedients resorted to by Chang Hsueh-liang to raise revenue, such as the depreciation of the irredeemable provincial currencies, and the control of the market in beans. The "official bean-buying" operations had, by 1930, assumed monopolistic proportions, enabling the authorities to exact high prices from the buyers, particularly the Japanese. Officials likewise engaged freely in all sorts of private enterprise, and used their position to gather wealth for themselves and their favourites.

In spite of this, however, during the administrations of Chang Tso-lin and Chang Hsueh-liang the Chinese population and Chinese interests played a much greater part than formerly in the development of the economic resources of the country. The extensive settlement of Chinese immigrants helped to develop the commercial relations between Manchuria and the rest of China, and it was during this period that Chinese railways were built independently of Japanese capital. Chinese banks were established in the leading towns and Chinese interests were engaged in many departments of industry. Thus,

"During the period preceding the conflict between Manchuria and Japan both the political and economic ties between Manchuria and the rest of China were gradually strengthened. This growing inter-dependence contributed to induce Chinese leaders, both in Manchuria and in Nanking, to pursue an increasingly nationalist policy directed against the interests and rights acquired by Russia or Japan."

The Interests of Russia.

How these Russian rights were acquired is described briefly but lucidly in an account of the events following the Sino-Japanese war of 1894-95 and of the developments in connection with the construction of the Chinese Eastern Railway. It is shown how Russia's intervention in the relations between China and Japan was instrumental in hardening the attitude of Japan, from the time when the latter country discovered that, by a secret treaty in 1896, the Chinese Government had undertaken to allow Russia to construct a railway across Manchuria and, two years later, to continue this railway to Port Arthur and Dairen and to lease the Liaotung Peninsula which Japan had been compelled to hand back to China.

Not only did Japan thus see the fruits of her victory in the war of 1894-95 taken from her, only to be given to her powerful rival, but she saw that rival extend her influence over the whole of Manchuria so that, after the Boxer rising of 1900, which was made the pretext for intervention, Russian troops occupied all the important strategic points in Manchuria, and in 1902 appeared at the mouth of the Yalu River. This meant that she had designs on Korea, and it was to preserve the independence of that country (or, more properly, to prevent its seizure by Russia) that Japan had fought China in 1894. Negotiations with Russia convinced Japan that the policy pursued by the former would continue to be a menace to her interests, if not to her very existence, and, feeling more secure owing to the conclusion of the alliance with Great Britain, she accordingly declared war. Her victory in 1905 gave her the opportunity of securing a footing afresh in South Manchuria, and this she took by compelling Russia to transfer to her the leased territory and all rights connected with it, and the railway between Port Arthur and Changchun (the junction with the Chinese Eastern Railway). Both Japan and Russia agreed to restore to the administration

of China all portions of Manchuria occupied by their respective troops, with the exception of the leased territory. And both reserved the right to maintain (under certain specified conditions) guards to protect their respective railway lines, the number of such guards not to exceed 15 per kilometre.

The Chinese Eastern Railway.

The next phase in the relations with Russia in Manchuria was characterised by the attempt of the Chinese to deprive the Russians of the rights and interests they enjoyed in the administration of the Chinese Eastern Railway and, in fact, to liquidate the Russian sphere in Northern Manchuria. During the five years after the Bolshevik revolution China revoked all the privileges granted to Russia in 1896; the Russian armed forces in the railway area were disarmed and replaced by Chinese soldiers, the extra-territorial status of Russians was abolished, the courts were forcibly entered and closed, and Russians were made amenable to Chinese laws, justice and taxation. In 1919 and 1920 the Soviet Government made declarations of policy which implied a complete relinquishment of the rights the Tsar's Government had acquired in China, and in accordance with this policy it agreed, in 1924, to a regularisation of the existing position by a new treaty. By the terms of this the Chinese Eastern Railway became a purely commercial concern, under joint management, in which China also acquired a financial interest, but the agreement did not inaugurate a period of friendly relations between the Soviet Government and the administration of Chang Tso-lin. On the contrary, the Chinese adopted a definitely aggressive policy which culminated, after several incidents and at least one ultimatum from the U.S.S.R., in the attempt to seize the railway in 1929. The attack started with a raid on the Soviet Consulates at various places by the Chinese police, who made many arrests and claimed to have found evidence proving that a Communist revolution was being plotted by employees of the Soviet and of the Chinese Eastern Railway. Many Soviet organisations and enterprises were forcibly closed down, and finally the Soviet manager of the railway was requested to hand over the management to a Chinese appointee. After many Soviet citizens had been arrested the Government in Moscow decided to take action. Raids by Soviet troops across the Manchurian border began and developed into a military invasion in November, 1929. After having suffered defeat and severe loss of prestige, the Manchurian authorities were forced to accept the demands of the U.S.S.R. In December a Protocol was signed whereby the status quo was re-established.

Effects of Soviet Policy.

In closing this chapter the Commission draws attention to the fact that the liberal policy of the Soviet Government towards China gave a strong impetus to that country's nationalistic aspirations, and the Chinese began to count upon its support in their struggle for the recovery of sovereign rights.

"This development," says the Report, "revived all the old anxieties and suspicions of Japan towards her Russian neighbour . . . the possibility of a danger from across the North Manchurian border again became a matter of concern to Japan. The likelihood of an alliance between the Communist doctrines in the North and the anti-Japanese propaganda of the Kuomintang in the South made the desire to impose between the two a Manchuria which should be free from both increasingly felt in Japan. Japanese misgivings have been still further increased in the last few years by the predominant influence acquired by the U.S.S.R. in Outer Mongolia and the growth of Communism in China."

CHAPTER III.

MANCHURIAN ISSUES BETWEEN JAPAN AND CHINA.

The Commission examined with especial care the issues between China and Japan with respect to Manchuria prior to the events of September, 1931. The conclusion from this examination is that, so exceptional were the rights acquired by Japan that a conflict between the two countries was a natural result. By the Treaty of 1905 Japan acquired the Kwantung Leased Territory and the

South Manchuria Railway; by an agreement in 1906 the latter railway was empowered to take over the line from Mukden to Antung, on the Korean frontier, and in 1915, as a result of the "Twenty-One Demands," the lease of the Kwantung Territory and the concessions for both the railways were extended to 99 years. Furthermore, the railways subjects in South Manchuria acquired the right

to travel and reside, to engage in business, and to lease land necessary for trade, industry and agriculture. Japan also obtained rights of priority for railway and certain other loans in South Manchuria and Eastern Inner Mongolia, and preferential rights regarding the appointment of advisers in South Manchuria. At the Washington Conference, however, Japan relinquished her rights regarding the loans and the advisers. Her position at the time the recent trouble began is summed up in the following words:

"These treaties and other agreements gave to Japan an important and unusual position in Manchuria. She governed the Leased Territory with practically full rights of sovereignty. Through the South Manchuria Railway she administered the railway areas, including several towns and large sections of such populous cities as Mukden and Changchun, and in these areas she controlled the police, taxation, education and public utilities. She maintained armed forces in many parts of the country: the Kwantung army in the Leased Territory, railway guards in the railway areas, and Consular police throughout the various districts. . . . There is probably nowhere in the world an exact parallel to this situation, no example of a country enjoying in the territory of a neighbouring State such extensive economic and administrative privileges. . . ."

The Report then refers to the attitude towards Manchuria of both the Chinese and the Japanese nations, to show that there is a conflict between their fundamental interests in that country. The Chinese, for example, regard it as their first line of defence, a sort of buffer against the adjoining territories of Russia and Japan, while the facility with which China proper can be invaded from Manchuria has been demonstrated to them from historical experience. They also regard it as important for economic reasons; for decades they have called it the "granary of China," and more recently have looked to it as a region furnishing seasonal employment to Chinese farmers and labourers from neighbouring provinces. They deny the statement that the Japanese are principally responsible for the economic development of the country, and point to their own colonisation enterprises, especially since 1925, to their railway development, and other enterprises, in refutation of these claims.

Manchuria's Strategic Importance.

To the Japanese, Manchuria is the scene of their war against Russia, a life-and-death struggle fought in self-defence against the menace of Russian occupation of Korea and of the whole Manchurian coast, and the country is often described as the "life-line" of Japan. But, as the Commission points out,

"Japanese interest in Manchuria, however, began ten years before that war. The war with China, in 1894-95, principally over Korea, was largely fought at Port Arthur and on the plains of Manchuria; and the Treaty of Peace signed at Shimonoseki ceded to Japan in full sovereignty the Liaotung Peninsula. To the Japanese, the fact that Russia, France and Germany forced them to renounce this cession does not affect their conviction that Japan obtained this part of Manchuria as the result of a successful war, and thereby acquired a moral right to it which still exists. . . . Patriotic sentiment, the paramount need for military defence, and the exceptional treaty rights all combine to create the claim to a 'special position' in Manchuria. The Japanese conception of this special position is not limited to what is legally defined in treaties and agreements either with China or with other States. Feelings and historical association, which are the heritage of the Russo-Japanese War, and pride in the achievements of Japanese enterprise in Manchuria for the last quarter-century, are an indefinable but real part of the Japanese claim to a 'special position.' It is only natural, therefore, that the Japanese use of this expression in diplomatic language should be obscure, and that other States should have found it difficult, if not impossible, to recognise it by international instruments."

By the Nine-Power Treaty of 1922 the signatories not only undertook to respect the sovereignty and territorial integrity of China, but promised to refrain from taking advantage of conditions in that country to seek special rights and privileges there, but Japan has never admitted that these privileges depend for their validity upon any international agreement. Viscount Ishii voiced the sentiments of all Japanese when he stated, in his Memoirs, that "Even if the Lansing-Ishii agreement* is abolished, Japan's special interests unshakably exist there. The

* By this agreement, arrived at in 1917, the U.S. Government recognised that Japan had "special interests" in China.

special interests which Japan possesses in China neither were created by an international agreement, nor can they become the objects of abolition."

Aims of Japanese Policy.

The Commission next gives an outline of Japan's policy towards Manchuria during the past twenty-five years, showing that the successive Governments in Tokyo have had the same general aims, but have differed as to the manner in which those aims should be pursued. But there was one cardinal feature common to all the policies followed, and this was the tendency to regard Manchuria as distinct from China proper. Reference is then made to the alternation of a so-called "friendship policy" and a "positive policy" adopted by the Japanese Cabinets since 1922 and generally identified with the names of Baron Shidehara and General Baron Tanaka respectively, and the Report states that:—

"The Japanese Government has generally pursued a firmer policy in Manchuria than elsewhere in China, in order to preserve and develop those vested interests which are peculiar to that region. . . . the Washington Conference, although it had a marked effect on the situation in the rest of China, made little actual change in Manchuria. The Nine-Power Treaty . . . has had but qualified application to Manchuria in view of the character and extent of Japan's vested interests there, although textually the Treaty is applicable to that region. . . . it did not materially diminish the claims based on these vested interests. . . ."

Japan's relations with Chang Tso-lin were, on the whole, "reasonably satisfactory from her point of view" until, in 1928, the latter's adventures in China proper involved Manchuria in the war between the Peking and Nanking Governments. Japan was determined that the fighting should not extend to Manchuria, and when it seemed possible that the Nationalist armies might carry the war north of the Great Wall the Japanese Government sent a communication to the leading Chinese Generals warning them that should disturbances develop further and the situation become so menacing as to threaten the peace of Manchuria, Japan "may possibly be constrained to take appropriate effective steps for the maintenance of peace and order in Manchuria."

Japan's relations with Chang Hsueh-liang were increasingly strained from the outset. She wished Manchuria to remain separate from the newly-established National Government at Nanking, but when the latter's flag was hoisted at Mukden in December, 1928, she made no attempt to interfere.

The Japanese-owned Railways.

Manchurian international politics are largely railway politics, and the Report next deals with the disputes which have arisen in connection with the South Manchuria Railway and the building of parallel lines. Railway construction began with the Russian-financed Chinese Eastern Railway which, after the Russo-Japanese war, was replaced in the South by a Japanese-controlled system, the South Manchuria Railway, thus making inevitable future rivalry between China and Japan. The South Manchuria Railway is, in fact, a Japanese Government enterprise, and its political character has led to a number of complications in connection with the part it plays in the country's economic life. The policy of the Railway Company has always been to finance the construction of only such Chinese lines as would be connected with its own system, and thus, by means of through-traffic agreements, to divert the major part of the freight to the South Manchuria system for seaboard export at Dairen in the Leased Territory. The very existence of such a foreign-controlled institution as the railway was looked upon with disfavour by the Chinese, who, as they became alive to the importance of railway development, sought to open up new territory with their own lines independently of Japanese assistance or of the Japanese system. Hence arose the dispute over "parallel lines" which led to much bitterness of feeling, and the Commission accordingly took special pains to obtain information on the essential facts. They satisfied themselves that the undertaking by the Chinese not to construct "parallel lines," consistently maintained by the Japanese, was not contained in any Treaty between the two countries, but was based entirely

on a note made in the minutes of the eleventh day of the Peking Conference, on December 4, 1905, reading—

"The Chinese Government engages, for the purpose of protecting the interests of the South Manchuria Railway, not to construct, prior to the recovery by it of the said railway, any main line in the neighbourhood of and parallel to that railway, or any branch line which might be prejudicial to the interests of the above-mentioned railway."

The "Parallel Lines" Issue.

The real question at issue, therefore, is "whether this entry in the Conference minutes is a binding commitment on the part of China, having the force of a formal agreement, and without limitations as to the period or circumstances of its application." This is a matter, say the stances of its application. This is a matter, say the Commission, for judgment by an impartial judicial tribunal and, meanwhile, the Report notes that the Chinese and Japanese translations of the entry in the minutes leave no doubt that the passage referred to was a declaration or statement of intention on the part of the Chinese plenipotentiaries. This is not disputed by the Chinese, but there are serious differences of view as to the interpretation to be placed on the statement. Japan has claimed that the words used precluded China from building any railway which, in the opinion of the South Manchuria Railway, was in competition with its system. The Chinese contend that the only commitment was a statement of intention not to build lines with the deliberate object of impairing the commercial value and usefulness of the Japanese line. There has never been a definition as to what would constitute a parallel railway, although the Chinese desired one; it may be noted, however, that in 1926 the Japanese Government protested against the construction of the Tabushan-Tungliao Railway as a "competitive parallel line," pointing out that the distance between the proposed railway and the South Manchuria Railway would be "no more than 70 miles on the average." The same difficulty exists as to the definition of a main line, and no agreement on the subject has ever been arrived at.

The Japanese Loans.

A second group of railway issues were those which arose from the agreement by which Japan advanced funds for the construction of certain Chinese Government lines in Manchuria. The Japanese complain that about 150 million yen has been expended in loans to enable the Chinese to build the Kirin-Changchun, Kirin-Tunhua and other railways and that none of this money has been repaid. In defence of their attitude, the Chinese maintain that these were not normal financial transactions, but that the loans were made largely by the South Manchuria Railway in order to monopolise railway construction in South Manchuria. As a matter of fact, as long as these new Chinese lines functioned as feeders to the South Manchuria system, the Japanese made no special efforts to force repayment of the loans, but when certain of these lines were connected with a new Chinese railway system running more or less parallel to the Japanese line and diverting traffic from Dairen to Chinese ports, the non-payment of the loans at once became a subject of complaint. And yet another consideration is introduced by the fact that many of these loans were made for political reasons, being advanced to the military Government of the "Anfu clique" without any restriction as to the purpose for which they might be used. These were the so-called "Nishihara loans," which have always been suspect with the Chinese people, but which, in spite of this, have never been repudiated by the Chinese Government.

Disputes arose over the construction of a number of lines, and that in connection with the Tunhua-Kwainai railway may be referred to as offering a good illustration of the conflict between Chinese and Japanese interests which was involved. The line from Changchun runs eastward as far as Tunhua, and the Japanese wished it to be continued to the Korean border, where it would connect with a Japanese railway running to a nearby Korean port. In this way it would afford an outlet through Japanese

* These loans were made by Japanese banks in 1917-20 for reconstruction purposes, but were used by the military clique in power in Peking to prosecute the campaign against the South.

territory for the produce of a large area of central and northern Manchuria, and at the same time would open up a region rich in timber and mineral resources. The Japanese claim that China, by an agreement signed on September 4, 1909, had promised to build this line "upon consultation with the Government of Japan," against a definite consideration. And in 1918 the Chinese Government and the Japanese banks signed a preliminary agreement for a loan for the construction of the line, the banks actually advancing 10 millions to the Chinese Government for the purpose. But this was one of the Nishihara loans, and this, in the Chinese view, affected the validity of the agreement. Then followed a series of complications which can best be described in the Commission's own words, and are worth quoting as an example of the difficulties to be contended with in forming a judgment as to the merits of the Chinese or the Japanese case.

"It was alleged that formal, definitive contracts for the construction of this line were signed in Peking in May, 1928, but there was much uncertainty regarding their validity. Such contracts were doubtless signed, under very irregular circumstances, on May 13th-15th by a representative of the Ministry of Communications of the Government at Peking, then under Marshal Chang Tso-lin. But the Chinese contend that the Marshal, who was then hard-pressed by the Nationalist armies and was about to evacuate Peking, gave his consent that this official should sign, under 'a duress of compulsion,' due to threats of the Japanese that, if he should not sanction the contracts, his retreat to Mukden would be endangered. Whether Marshal Chang Tso-lin himself also signed these contracts has been a matter of dispute. After the death of the Marshal, the North-Eastern Political Council at Mukden and Marshal Chang Hsueh-liang both refused to approve the contracts on the ground that they were faulty in form and negotiated under duress and had never been ratified by the Peking Cabinet or the North-Eastern Political Council."

The controversies which arose in connection with through-traffic arrangements on the lines which connected with the Chinese system south of the Great Wall were equally serious, because they, too, involved questions of national policy as well as of commercial rivalry. The Chinese have built a number of railways west of the South Manchuria Railway with the object of bringing the produce of North Manchuria down to Chinese ports. In particular, during the two years preceding the incident of September 1931, they attempted to operate these lines as a great Chinese railway system and made efforts to route all freight, if possible, exclusively over the Chinese-operated lines, with a seaboard exit at the Chinese port of Yingkow (Newchwang) and potentially at Hulutao. As a result, the Chinese made through-traffic arrangements for all parts of their railway system and refused in important sections to make similar traffic arrangements between their lines and the South Manchuria system. The Japanese claimed that this discrimination deprived the latter of much freight from North Manchuria which would normally pass over at least a part of its system and would find an outlet at Dairen. At the same time a bitter war in rates sprang up, and incidentally, each side accused the other of giving secret rebates in favour of their own nationals. These issues were highly technical and involved and the Commission found it difficult to determine the justice of the charges which each side was making. Viewing the many railroad issues as a whole, it is evident, they state, that a number of them were quite capable of settlement by ordinary arbitral or judicial process, but that others were due to intense rivalry between China and Japan which resulted from a deep-seated conflict in national policies.

The Twenty-one Demands.

The Report next deals with the Twenty-one Demands of 1915, and the subsequent Treaties and Notes by which Japan acquired,

(1) The extension of the term of the lease of the Kwantung Leased Territory to 99 years.

(2) The prolongation of the period of Japanese possession of the South Manchurian Railway and the Antung-Mukden Railway to 99 years.

(3) The grant to Japanese subjects of the right to lease land in the interior of South Manchuria, i.e., outside those areas opened by treaty to foreign residence and trade.

(4) The grant to Japanese subjects of the right to travel, reside and conduct business in the interior of South Manchuria and to participate in joint Sino-Japanese agricultural enterprises in Eastern Inner Mongolia.

At the Paris Conference in 1919 China demanded the abrogation of the Treaties of 1915 on the ground that they had been signed "under coercion of a Japanese ultimatum threatening war," and at the Washington Conference the Chinese delegates claimed that they lacked "fundamental validity," because they had been concluded under duress and had been consistently condemned by public opinion in China. The Japanese, on their side, complained of repeated violations of their treaty rights and contended that the Treaties and Notes of 1915 were duly signed and ratified. Associated with these Treaties was the agitation for the recovery of the South Manchuria Railway, or for stripping that institution of its political character in order to reduce it to a purely economic enterprise, but no concrete plan for achieving this end seems to have been proposed by the Chinese. Technically, the railway company is organised under Japanese law as a private joint-stock enterprise; actually it is a Japanese Government agency, the Government controlling a majority of its shares. Moreover, the company has always been charged with broad political administrative functions, including police, taxation and education. The result was that numerous issues arose in regard to the administrative rights of the Japanese within the railway area, especially as to the acquisition of land, the levying of taxes and the maintenance of railway guards.

Disputed Railway Rights.

The right of the railway company to maintain practically complete municipal Governments in the railway area rested legally on a clause in the original Russo-Chinese Agreement of 1896, which gave the railway company "absolute and exclusive right of administration of its lands." Both the Russian and the Japanese Governments interpreted this provision as granting political control of the railway area, but the Chinese have always denied that it was intended to grant such broad administrative rights as control of police and taxation. Frequent controversies resulted on questions of the right to acquire land, which the Chinese contended the Japanese used in order to obtain additional territory, and the right to levy taxes. But the most serious cause of friction was the issue as to the railway guards. Japan based her right to maintain them on the provision in the 1896 Agreement, mentioned above, and on a subsequent agreement which formed an annex to the Treaty of 1905. Russia had maintained the guards and when she transferred her rights to Japan, in 1905, the two countries, as between themselves, reserved the right to maintain the guards "not to exceed fifteen men per kilometre" on their respective railways. But in the subsequent Treaty of Peking between Japan and China the Chinese Government did not give its assent to this particular provision of the Treaty of Portsmouth. China and Japan, however, did include the following provision in Article II. of the Additional Agreement of December 22, 1905, which is an Annex to the Peking Treaty:—

"In view of the earnest desire expressed by the Imperial Chinese Government to have the Japanese and Russian troops and railway guards in Manchuria withdrawn as soon as possible, and in order to meet this desire, the Imperial Japanese Government, in the event of Russia's agreeing to the withdrawal of her railway guards, or in case other proper measures are agreed to between China and Russia, consents to take similar steps accordingly. When tranquillity shall have been re-established in Manchuria and China shall have become herself capable of affording full protection to the lives and property of foreigners, Japan will withdraw her railway guards simultaneously with Russia."

Russia withdrew her guards many years ago, and, by the Agreements of 1924, relinquished her right to keep them. But Japan has consistently held that tranquillity has not been established and that China is not capable of affording protection to foreigners. Recently, in fact, she has appeared inclined to defend her use of these guards less upon treaty rights than upon the grounds of "absolute necessity under the existing state of affairs in Manchuria." China, on the other hand, has all along claimed that the Chinese authorities were able to give adequate protec-

tion to the South Manchuria Railway, as they were doing for the other railways in Manchuria, provided the Japanese guards would permit them to do so. Nor has the Government ever admitted that the stipulation in the Treaty of Peking conferred a legal right on Japan; it was merely declaratory of a *de facto* situation of a provisional character.

Other Causes of Friction.

Similar difficulties arose over the Consular police. The Japanese claimed that the right to maintain them was a corollary to the right of extra-territoriality; that it was merely an extension of the judicial functions of the Consular courts, these police being necessary to protect and discipline Japanese subjects. And, as a practical matter, they apparently believed that their presence in Manchuria was a necessity under the conditions which prevailed there.

The Chinese Government have frequently protested that the stationing of these police, especially in centres like Harbin and Tsitsihar, outside the railway area, was a violation of China's sovereignty and without treaty basis. As the Report concludes, "Whether justified or not, the presence of Consular police led in a number of cases to serious conflicts between members of their force and those of the local Chinese authorities."

The right of the Japanese to reside, travel and conduct commercial enterprises in interior places in South Manchuria was objectionable to the Chinese because in no other part of China were foreigners as a class permitted to reside and to engage in business outside the Treaty Ports. The fact that restrictions were placed upon the residence and business activities of Japanese subjects in the interior of South Manchuria, and that orders were issued by various Chinese officials prohibiting Japanese from residing outside the Treaty Ports or from renewing leases of buildings, was not contested in the documents furnished to the Commission by the Chinese Assessor. "Official pressure, sometimes supported by severe police measures, was exerted upon the Japanese to force them to withdraw from many cities and towns in South Manchuria and Eastern Inner Mongolia, and upon Chinese property owners to prevent them from renting houses to Japanese."

The Chinese Attitude.

The Chinese justified their actions on the ground that they regarded the Treaties of 1915 as without "fundamental validity," and for the same reason they justified the strict regulations made against the purchase of land by the Japanese, their ownership of it in freehold, or their acquisition of a lien through mortgage. A clause in the Treaty of 1915 stated that "Japanese subjects in South Manchuria may, by negotiation, lease land necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises." An exchange of Notes at the time of the Treaty defined the expression "lease by negotiation" to imply, according to the Chinese version, "a long-term lease of not more than thirty years and also the possibility of its unconditional renewal," but the Japanese version simply provided for "leases for a long term up to thirty years and unconditionally renewable." Disputes naturally arose over the question whether the Japanese land leases were, at the sole option of the Japanese, "unconditionally renewable." As regards the legal aspect, the Report says:—

"In making strict regulations against the purchase of land rights, since the Treaty granted only the privilege of leasing land. The Japanese, however, complained that it was not in conformity with the spirit of the Treaty to forbid mortgages upon land. Chinese officials, however, did not accept the validity of the Treaty and consequently put every obstacle in the way of Japanese leasing land, by orders, provincial and punishable under the criminal laws; by imposition of special fees and taxes payable in advance; and by instructions to local officials prohibiting them, under threat of punishment, from approving such transfers to Japanese."

Many attempts to settle these differences by negotiation were made, but without success. This was due to the fact that the controversy arose out of the fundamental conflict between rival State policies, and, as the Commission

remarks, the allegations and counter-statements as to violation of agreements were less consequential in themselves than the underlying objectives of each policy.

The Korean Problem.

The Korean problem is given a section to itself in this chapter. It is a complicated one, because, as in the other major issues, the agreements governing the status of the Koreans are variously interpreted by the two parties. An additional difficulty is introduced by the fact that in the Chientao district, near the Korean frontier, the 400,000 Korean residents outnumber the Chinese by three to one. The Japanese claimed that the Koreans were entitled, as Japanese subjects, to the privileges of land-leasing acquired by Japan by the Treaties of 1915; they also refused to recognise the naturalisation of Koreans as Chinese sub-jects. The use of Japanese consular police to protect the Koreans was resented by the Chinese and led to innumerable clashes between Chinese and Japanese police, and by 1927 these incidents led the Chinese to pursue a policy of restricting the free residence in Manchuria of Koreans of a belief that these settlers had become "a vanguard of Japanese penetration and absorption" of Manchuria.

Actually, there exist no Sino-Japanese agreements which specifically grant or deny the right of Koreans to settle, reside and conduct occupations outside the Treaty Ports, or to lease or otherwise acquire land in Manchuria, except in the Chientao district. Probably, however, over 400,000 Koreans do live in Manchuria outside Chientao, the vast majority being tenant-farmers growing rice under rental contracts, on a crop-division basis with the Chinese landlords.

The Chientao Agreement.

The Chinese deny that the Koreans have the right to purchase or lease land outside Chientao, on the ground that the only Sino-Japanese agreement on the point is the Chientao Agreement of 1909, providing that "the residence of Korean subjects, as heretofore, on agricultural lands lying north of the River Tumen" should be permitted by China. This Agreement, they contend, is in itself a self-contained instrument "purporting to settle, by mutual concessions, local issues then pending between China and Japan in that area." Both countries continued to observe the Agreement after the annexation of Korea by Japan in 1910, and China contended that the Treaty of 1915 could not alter its stipulations, especially as the new Treaty contained a clause specifying that "all existing treaties between China and Japan relating to Manchuria shall, except as otherwise provided for by this Treaty, remain in force."

The Japanese position is that, inasmuch as the Koreans became Japanese subjects by virtue of the annexation of their country, the provisions of the Treaty of 1915 concerning South Manchuria apply equally to the Koreans. The Japanese Government maintained that the Chientao Agreement was superseded by those provisions of the 1915 Agreement in conflict therewith, and that the Chinese agreements in conflict therewith, and that the Chinese contention that the Chientao Agreement is a self-contained instrument is untenable, since the right secured by the Koreans in Chientao was actually in consequence of Japan's agreement to recognise that region as a part of Chinese territory.

A conflict also arose over the problem of dual nationality. A considerable number of Koreans have become naturalised as Chinese, but the Japanese nationality laws have never permitted Koreans to lose their Japanese nationality. The Chinese feared that the Koreans might, by temporarily acquiring Chinese nationality, become potential instruments of a Japanese policy of acquiring agricultural lands, and orders were issued by the Kirin Provincial Government in 1930 to the effect that "when a naturalised Korean purchases land, investigation must be made in order to discover whether he wants to purchase it as a means of residing as a permanently naturalised citizen or on behalf of some Japanese."

An equally serious cause of conflict between the two countries arising from the Korean problem has been the alleged Chinese oppression of the Koreans. The Japanese assert that about the end of 1927 a movement for persecuting Korean immigrants in Manchuria broke out, under

Chinese official instigation, and numerous translations of orders issued by the authorities, both central and local, were submitted to the Commission as evidence of a definite Chinese policy of oppressing the Koreans by forcing them to become naturalised, driving them from their rice-fields, compelling them to re-migrate, subjecting them to arbitrary levies and exorbitant taxation, and inflicting upon them many brutalities. To quote the Report,

"The fact that the Manchurian authorities did issue orders discriminatory against non-naturalised Koreans is not denied by the Chinese, the number and character of these orders and instructions, especially since 1927, establishing beyond a doubt that the Chinese authorities in Manchuria generally regarded the Korean infiltration, in so far as it was accompanied by Japanese jurisdiction, as a menace which deserved to be opposed."

The Wanpaoshan Affair.

For this reason the Commission gave special attention to the Korean problem and obtained all the information possible regarding the Wanpaoshan Affair of July 1, 1931 and the anti-Chinese riots in Korea which broke out two days later. They found that the intrinsic importance of the former was greatly exaggerated; there were no casualties, and the incident was no more serious than several others involving clashes between Chinese and Japanese police which had occurred during the past few years. It was merely a dispute as to the right of some Korean farmers to dig irrigation canals to water a plot of land they had leased from a broker, who had himself leased the land from the Chinese owners under a stipulation that the contract should be null and void in case the District Magistrate refused to approve its terms. He sublet the land, however, without obtaining the magistrate's approval of his original contract, and the result was that when Chinese cultivators of the land nearby (traversed by the canal cut by the Koreans) protested to the Wanpaoshan authorities it was found that the lease was invalid. Attempts at arranging the matter failed, and as the Koreans continued to cut the canal, a party of 400 Chinese farmers drove the Koreans away. The Japanese consular police thereupon opened rifle fire to disperse the mob and protect the Koreans, but there were no casualties.

This was on July 1st, and the serious nature of the incident was only realised when it was seen to what extent it was capable of raising feelings of bitterness in Korea itself. Had the accounts of what occurred not been grossly exaggerated it is doubtful whether the reaction in that country would have taken a serious form, but so sensational were the reports in the Japanese and Korean press that violent attacks were made on Chinese in several towns, resulting in 127 Chinese being murdered and 393 wounded, while damage was done to property to a value of 2,500,000 yen. The Chinese claimed that the Japanese took no adequate steps to prevent the outrages and were slow in taking action to suppress them, while the Japanese contended that they were due to the spontaneous outburst of racial feeling. The Chinese Government protested in Tokyo, charging Japan with full responsibility for failing to suppress the riots, and, as regards Wanpaoshan, negotiations and exchanges of Notes went on for several weeks but only served to show the conflict of views as to the position and rights of the Koreans. When the September incident occurred at Mukden a complete solution of the question had not been reached.

Murder of Captain Nakamura.

The next problem to which the Commission turned its attention was that resulting from the death of Captain Nakamura, viewed by the Japanese as "the culminating incident of a long series of events which showed the utter disregard of the Chinese for Japanese rights and interests in Manchuria." The fact that he was killed by Chinese soldiers was established, but the usual conflict of views was met with as to the circumstances of his death and the degree of responsibility attaching to the Chinese. The contentions of the two parties may be quoted in the Commission's words:—

"The Japanese insisted that the killing of Captain Nakamura and his companions was unjustified and showed arrogant disrespect for the Japanese army and nation; they asserted that the Chinese authorities in Manchuria delayed to institute

official inquiries into the circumstances, were reluctant to assume responsibility for the occurrence, and were insincere in their claim that they were making every effort to ascertain the facts in the case.

"The Chinese declared, at first, that Captain Nakamura and his party were detained pending an examination of their permits which, according to custom, were required of foreigners travelling in the interior; that they had been treated well; and that Captain Nakamura was shot by a sentry while endeavouring to make his escape. Documents, including a Japanese military map and two diaries, they stated, were found on his person, which proved that he was either a military spy or an officer on special military mission."

Among the facts as to which the Commission were able to satisfy themselves were the following:—Captain Nakamura was on active service and was on a mission under the orders of the Japanese army. While passing through Harbin he represented himself as an agricultural expert. He was then warned that the region in which he intended to travel was a bandit-ridden area, and this fact was noted on his passport. He was arrested by Chinese soldiers and shot, his body being cremated to conceal the evidence of the crime.

On the Japanese officials informing the local Chinese authorities that they had definite evidence that Captain Nakamura had been killed by Chinese soldiers investigations were set on foot, and the Chinese sent two commissions to the scene of the affair. Chang Hsueh-liang, then in Peking, sent one of his Japanese military advisers to Tokyo to make it clear that he wished to settle the case amicably; he also sent a high official on a special mission to Tokyo to consult with Baron Shidehara, the

Foreign Minister, in order to ascertain what common ground might be found for a solution of various pending questions concerning 'Manchuria.' Meanwhile the Chinese authorities placed under arrest the commander of the troops responsible for Captain Nakamura's death, and it was generally understood that an amicable settlement of the case was in sight. The Chinese authorities admitted to Japanese consular officials in Mukden on September 18th that Chinese soldiers were responsible for the killing, so that diplomatic negotiations were apparently proceeding favourably up to the night of the Mukden incident itself.

The Commission's Comment.

The Commission comments on the feeling aroused in Japan as follows:—

"The Nakamura case, more than any other single incident, greatly aggravated the resentment of the Japanese and their agitation in favour of forceful means to effect a solution of outstanding Sino-Japanese difficulties in regard to Manchuria. . . . Captain Nakamura was an army officer on active service, a fact which was pointed to by the Japanese as a justification for strong and swift military action. Mass meetings were held in Manchuria and in Japan for the purpose of crystallising public sentiment in favour of such action. During the first two weeks of September the Japanese press repeatedly declared that the army had decided that 'the solution ought to be by force,' since there was no other alternative. . . . Time and again the opinion was expressed that the policy of leaving so many issues in Manchuria unsettled had caused the Chinese authorities to make light of Japan. Settlement of all pending issues, if necessary by force, became a popular slogan."

CHAPTER IV.

THE EVENTS OF SEPTEMBER 18 AND AFTERWARDS.

The Commission next turned its attention to the incident of September 18th and conducted an extensive inquiry into the events of that night. Evidence was taken from numerous officials and military officers of both parties, and statements were made by Chang Hsueh-liang and by General Honjo, the Japanese Commander-in-Chief in Manchuria. The Japanese version of the affair is given first. According to this a small patrol was proceeding along the railway track about 10 p.m. towards and quite close to Mukden when they heard an explosion behind them. Turning back they found that a portion of one of the rails had been blown out, creating a gap of 31 inches. On arrival at the spot the patrol was fired upon from the fields, but on its returning the fire the attacking body retreated northwards. Moving in pursuit, the patrol was soon fired upon by a large body of men, estimated at between 300 and 400. Fearing he would be surrounded the officer in command telephoned to battalion headquarters at Mukden for reinforcements. At this moment the train from Changchun approached, and when it reached the site of the explosion it was seen to sway and heel over to one side, but it recovered and passed on without stopping, reaching Mukden on time at 10.30 p.m.

The Attack on the Mukden Barracks.

Reinforcements arrived from Mukden and Fushun, and the Japanese forces then numbered about 500. The officer in command, believing, as he said, that "offence is the best defence," at once ordered an attack on the Chinese barracks at Peitaying, just north of Mukden, though he understood that the troops there numbered 10,000. The attack was vigorously contested by the Chinese, and there was fierce fighting for some hours. By 6 a.m. however, after a gate had been blown in by shells from a small cannon left in an outhouse immediately opposite to it by the Chinese, the entire barracks were captured at the cost of two Japanese killed and twenty-two wounded. The Japanese stated that they buried 320 Chinese, but only found about twenty wounded.

Meanwhile, Colonel Hirata had received news of the action of the patrol and of the intention of the officer commanding the reinforced troops to attack the barracks. He

approved this action, and decided himself to attack the walled city. This he began to do at midnight, and by 3.40 a.m. the city was in his hands, as little resistance was offered except by Chinese police in the streets, of whom 75 were killed. The arsenal and aerodrome were captured at 7.30 a.m.

The Chinese Version.

The Chinese version differs from the above in nearly every particular. On the night in question all the soldiers of the 7th Brigade, numbering 10,000, were in the North Barracks. As instructions had recently been received from Chang Hsueh-liang that special care was to be taken to avoid any clash with the Japanese troops the sentries on duty were only armed with dummy rifles. The Japanese had been carrying out night manoeuvres round the barracks on the four preceding nights, and at 7 p.m. on the 18th they were at a village just outside Mukden. At 9 p.m. a Chinese officer reported that a train composed of three or four coaches, but without the usual type of locomotive, had stopped there. At 10 p.m. the sound of an explosion was heard, followed by rifle fire. Almost at once the Japanese attacked the barracks; at 11 p.m. a general attack on the south-west corner began, and at 11.30 the Japanese had effected an entry. Meanwhile, the Chief of Staff had reported by telephone to the Commanding Officer (then at his private house six or seven miles away), who had replied that no resistance was to be offered. Accordingly, the greater part of the Chinese troops left the barracks and succeeded in making their way to a village nearby, but the 620th Regiment offered some resistance. This they were compelled to do owing to finding themselves cut off, so that they had no option but to fight their way through. This they succeeded in doing, with some loss, by 7 a.m., rejoining their comrades, and the whole body then moved off towards Kirin. The Japanese residents there were so alarmed at the approach of Chinese troops that reinforcements were at once sent from Changchun and elsewhere. Consequently the Chinese turned back towards Mukden, and marching round the town by night, eventually reached the Peking railway, where they were able to secure seven trains which brought them to Shanhaikwan by October 4.

After interviewing a very large number of witnesses, including representative foreigners and others who visited the scene of the conflict, the Commission came to the following conclusions:—

"Tense feeling undoubtedly existed between the Japanese and Chinese military forces. The Japanese . . . had a carefully prepared plan to meet the case of possible hostilities between themselves and the Chinese. On the night of September 18th-19th this plan was put into operation with swiftness and precision. The Chinese, in accordance with the instructions referred to . . . had no plan of attacking the Japanese troops, or of endangering the lives or property of Japanese nationals at this particular time or place. They made no concerted or authorised attack on the Japanese forces, and were surprised by the Japanese attack and subsequent operations. An explosion undoubtedly occurred on or near the railroad between 10 and 10.30 p.m. on September 18th, but the damage, if any, to the railroad did not in fact prevent the punctual arrival of the south-bound train from Changchun, and was not in itself sufficient to justify military action. The military operations of the Japanese troops during this night . . . cannot be regarded as measures of legitimate self-defence. In saying this, the Commission does not exclude the hypothesis that the officers on the spot may have thought they were acting in self-defence."

Further Japanese Operations.

Resuming the narrative of the subsequent events, the Report notes that all the Japanese forces in Manchuria, and some of those in Korea, were brought into action almost simultaneously on the night of September 18th over the whole area of the South Manchuria Railway from Changchun to Port Arthur. The Chinese troops at Antung, Yingkow and other smaller towns were overcome and disarmed without resistance. Changchun was occupied on September 18th-19th, Kirin on September 21st and Hsinmin and Liaoyuan on September 22nd.

These movements completed the military operations which were then considered necessary, and the subsequent actions of the Japanese in bombing Chinchow, on October 8th, and of occupying Tsitsihar, which they did on November 19th, were part of a new campaign forced upon the Japanese, as they claimed, by the activities of disbanded soldiers and bandits, anti-Japanese demonstrations at Chientao, and other provocations. According to the Japanese account, the bombing of Chinchow was chiefly directed against the barracks and the buildings where the offices of the Civil Government of Liaoning Province had been established, but neutral observers reported that the barracks were in fact not touched at all, and a large number of bombs fell everywhere in the town, even on the hospital.

The Nonni Bridge Fighting.

As for the occupation of Tsitsihar, this followed on the Nonni Bridge fighting, the story of which is related in detail. The railway bridges appear to have been destroyed by Ma Chan-san in order to prevent the advance towards Tsitsihar of a rival General, who was aiming at seizing the Nonni Bridge. A detailed account of the fighting is given in the Report, including the operations subsequent to the occupation of Harbin on February 5th. Six months of fighting resulted in the occupied area being extended as far as Hailun in the north and the districts of Fangchung and Hailin in the east. The Japanese claim that during August the troops of Ma Chan-san were again effectively routed, and that they have strong evidence that the General himself was killed, but the Chinese assert that he is still alive. In August, also, action was taken against a district in Jehol Province owing to the disappearance on July 17th of an official attached to the Japanese Army Headquarters named Ishimoto, who, the Japanese allege, was kidnapped by Chinese "volunteers."

that day, after unsuccessful attempts to secure the withdrawal of the Chinese troops had been made by a mixed commission of Japanese officers and Chinese officers and civil officials. Reinforcements arrived for the Japanese, and after two days' fighting the Chinese front was rolled up and Tahsing station occupied.

Conflicting accounts were given to the Commission as to the reason for the operations which followed and ended in the occupation of Tsitsihar. The Japanese appear to have insisted upon Ma Chan-san's retirement from the area, with his troops, and on his failing to comply they attacked and caused him to retreat, first to Tsitsihar, and then to Hailun, where the offices of the Provincial Government were established. The Japanese justified their action by stating that the Chinese troops in the district numbered about 35,000, or double the strength of their own forces in Manchuria at that moment, and that, as the Chinese were showing an increasingly threatening attitude, they felt themselves unable to protect the Taonan-Anganchi Railway unless all Ma Chan-san's forces retired north of the Chinese Eastern Railway line.

In the same month disorders broke out at Tientsin, and the situation there caused the commander of the Kwantung Army to decide to send an expedition via Chinchow and Shanhaikwan to reinforce the small force at Tientsin. This expedition never reached Tientsin, as its presence was not needed, but it dropped bombs on Chinchow before returning to Hsinmin. The subsequent operations, which ended with the occupation of Chinchow on January 3rd, were ostensibly due to the necessity of dealing with the menace of banditry in that area, and it is admitted that the activities of irregular forces of all kinds increased when the Japanese expedition retired. To quote the Report, "Profiting by the winter season they (bandits) crossed the frozen Liao River at many points and raided the country round Mukden. The Japanese military authorities realised that, even to maintain their existing positions, reinforcements would be necessary, and with these reinforcements they hoped to be able to get rid of the menace of the Chinese concentration at Chinchow."

Occupation of Chinchow.

The Japanese accordingly began their advance, and, meeting with little resistance, seized Chinchow and continued the offensive down to Shanhaikwan, where they established a permanent contact with the Japanese garrison near the Great Wall. As the Report points out, the complete evacuation of Manchuria by the troops of Chang Hsueh-liang, practically without striking a blow, was not unconnected with the internal conditions in China, where the feuds between rival Generals were still going on.

The only other important military operations were in the Harbin area, and here again the fighting between rival Chinese leaders was the ostensible cause of Japanese intervention. Anxiety was felt for the 4,000 Japanese residents in or near Harbin and for the 1,600 Koreans in a Chinese suburb. A detailed account of the fighting is given in the Report, including the operations subsequent to the occupation of Harbin on February 5th. Six months of fighting resulted in the occupied area being extended as far as Hailun in the north and the districts of Fangchung and Hailin in the east. The Japanese claim that during August the troops of Ma Chan-san were again effectively routed, and that they have strong evidence that the General himself was killed, but the Chinese assert that he is still alive. In August, also, action was taken against a district in Jehol Province owing to the disappearance on July 17th of an official attached to the Japanese Army Headquarters named Ishimoto, who, the Japanese allege, was kidnapped by Chinese "volunteers."

This chapter concludes with an estimate of the strength of the forces of the various Chinese Generals in Manchuria and an outline of the part played by irregular forces and bandits in the opposition to the Japanese; and the Commission states that it has received a document from the Chinese Government charging Japanese agents with having instigated bandits to serve their political interests on many occasions during the last twenty or thirty years.

the spirit of resistance increased. As regards the incident at Nanking, this the Commission believe to have probably been caused by a misunderstanding; in any case, no casualties were reported, and the most important consequence of the affair was that it led to the temporary removal of the Chinese Government from Nanking to Lovang.

The stages in the formation of the new State of Manchukuo are outlined in some detail in the Report and the organisation of the present Administration is described. Here, for the first time, the Commission departs from its rule of placing on record the versions of past events given by the two sides and leaving these to speak for themselves, and sums up its narrative with a note of "conclusions" or "comments." The attack on Mukden created a panic among the Chinese population, and during the days following September 18th over 100,000 Chinese residents left by railway to Peking, while many also went into hiding. The police disappeared, and the municipal, district and provincial administrations completely broke down. The Japanese accordingly undertook the organisation of a local government and within three days normal civil administration was restored. On October 20th the reins of municipal government were handed back to a qualified Chinese body, with Dr. Chao Hsin-po, a lawyer who had studied in Japan, as Mayor. The next problem was to reorganise the provincial administration in each of the three Provinces of Liaoning, Kirin and Heilungkiang, and with the assistance of Japanese advisers this was done in an extraordinarily short time. In Heilungkiang, however, the fighting between the rival Chinese Generals and the fact that the attitude of Ma Chan-san was ambiguous for some time delayed a settlement, and it was not until January 25, 1932, that a Self-Government Guiding Committee was established at Tsitsihar. Over each Government the Japanese maintained a large measure of control.

The local self-governing administrations thus established were subsequently combined in a separate and independent "State." To understand the ease with which this was accomplished and the amount of evidence which it was possible to bring forward of Chinese support for it it is necessary to consider the peculiar feature of Chinese organised life which in some circumstances is a strength and in others a weakness. This is described as follows in the Report.

"The community obligations recognised by the Chinese are rather to the family, to a locality or to persons, than to the State. Patriotism as it is understood in the West is only beginning to be felt. Guilds, associations, leagues, armies, are all accustomed to follow certain individual leaders. If, therefore, the support of a particular leader can be secured by persuasion or coercion, the support of his adherents over the whole area of his influence follows as a matter of course."

The chief agency in bringing about independence was the Self-Government Guiding Board, which was stated to have been organised and in large part officered by Japanese—though its chief was a Chinese—and to have functioned as an organ of a department of the Kwangtung Army Headquarters. As early as January the Chief of the Board was already making plans for the new State which, it was reported, was to be established on February 10th, but the Harbin outbreak and the attitude of Ma Chan-shan led to delay. A Conference was held at Mukden on February 18th-17th, however, at which the new Governors of the three Provinces and two other officials decided that a new State should be established and that a North-Eastern Administrative Council should be organised to exercise

supreme authority over the Provinces. This Council was constituted on February 17th, and at once decided to adopt the republican system for the new State; to respect the autonomy of the constituting Provinces; to give the title of "Regent" to the Chief Executive; and to issue a Declaration of Independence. This Declaration was published the next day. It referred to the necessity for the establishment of a new State, and promised the people, now that relations with Nanking had been severed, the enjoyment of good government. At a subsequent meeting the Council decided to establish a Republic and to ask the ex-Emperor Hsuan-Tung to become the Chief Executive; also to make Changchun the capital and to style the new era of government "Tatung," or Great Harmony.

The next step was to get formal support for the plan from the districts and provinces, and with this object the Self-Government Guiding Board took a leading part in organising popular manifestations in many parts of the country. New "Acceleration Societies" sprang up, to hasten the foundation of the new State, and mass meetings and parades were held under their auspices. At Mukden, for example, a meeting was held on February 28th at which about 600 persons took part, including all the district officers of the Province, when a declaration was issued stating that it expressed the joy of the 16 million inhabitants of Fengtien (as Liaoning Province was rechristened) at the downfall of the old oppressive military caste and the dawn of a new era. Similar demonstrations were organised at Tsitsihar and other centres. The Self-Government

The Self-Government Guiding Board next convened an All-Manchuria Convention, which met at Mukden on February 29th. Here a resolution was passed designating the former Emperor as provisional President, and a committee was sent to Port Arthur to convey the invitation. This was accepted and Mr Pu-yi proceeded to Changchun where, on March 9th, the ceremony of inauguration was held. The next day the principal members of the Government were appointed and a telegram was sent to the foreign Powers on March 12th giving notice of the establishment of "Manchukuo."

The above is a short outline of developments which are narrated in some detail in the Report, which then refers to the part played by Japan in the following words:—

" The measures of civil administration taken by the Japanese military authorities between September 18th and the establishment of the 'Manchukuo Government,' notably the control of the banks, the administration of the public utility services and the management of the railways, indicated that, from the commencement of the operations, objects more permanent than the requirements of a temporary military occupation were being pursued. Immediately after the occupation of Mukden guards were placed in or in front of all Chinese banks, railway offices, the administrative offices and public utility services, the offices of the Mining Administration, and similar premises. Investigations were then conducted into the financial and general situation of these enterprises. When they were allowed to reopen, Japanese were appointed as advisers, experts, or secretaries to officials, usually with administrative powers. Many business enterprises were owned by the former administration of the

Three Eastern Provinces, as well as by the Provincial Administrations, and, as the previous Government was regarded as are enemy Governments in time of war, no bank, no mining, agriculture or industrial enterprise, no railway offices, no public utility—in fact, no single source of revenue in which they had been interested in either their public or private capacities—was left without supervision."

Japanese action in respect of the railways was particularly drastic. All the Chinese-owned lines north of the Great Wall were seized, together with their funds, exchanges were made in the tracks round Mukden to co-ordinate the various systems with the South Manchuria Railway, Japanese advisers were installed in various departments, and the freight rates instituted by the Chinese, discriminatory against the Japanese, were abolished.

Among the conclusions arrived at by the Commission the following are important. It is clear, says the Report, that the Independence Movement, which had never been heard of in Manchuria before September, 1931, was only made possible by the presence of the Japanese troops. It is also clear that the Japanese General Staff realised from the start, or at least in a short time, the use which could be made of such a movement. In consequence, they provided assistance and gave direction to the organisers. The evidence received from all sources satisfied the Commission that, while there were a number of factors contributing to the creation of Manchukuo, the two which in combination were most effective, and without which, they believed, the new State could not have been formed, were the presence of Japanese troops and the activities of Japanese officials, both civil and military.

The organisation of the new Government is described in detail in a special section of this chapter, as also its aims, financial policy, and attitude towards the Customs Administration. The head of the State is the Regent, and he has the authority to overrule the Legislative Council. He is assisted by a Privy Council. The functions of the Executive department are carried out, under his direction, by the Premier and Ministers of State, forming a Cabinet, and the Premier exercises a large measure of executive power. Japanese officials are prominent in each department of the Administration, either as advisers or as substantive holders of office. In the Central Government alone, not including those in local governments or in the War Office and the military forces, nearly 200 Japanese are Manchukuo officials. They control the Board of General Affairs and the Legislative and Advisory Bureaux, which in practice constitute a Premier's office, the General Affairs Department in the Ministries, the Self-Government Directing Committees in the Districts, and the Police Departments in the three Provinces. They are also found in large numbers in the Superbanks, railway offices and in such bodies as the Supervisory Council, which supervises the conduct of officials and audits their accounts.

The aims of the Government include reduction of taxation, and of military expenditure as a means to render this possible, the extension of education, the development of schemes for public welfare and the improvement of communications. The Government states that it will welcome foreign financial assistance in the development of the country, and that it will adhere to the principles of equal opportunity and of the Open Door. Reforms are contemplated in the Judiciary and in the Army, and a new Central Bank has already been opened, which intends to unify all the Manchurian currencies by officially prescribing as from July 1, 1932. It was not clear to the Commission, however, how the Central Bank could hope to accomplish its programme with the limited amount of capital at its disposal, especially as the Government was understood to be borrowing 20 million yuan from it to balance the current Budget.

The policy of the Government in respect of the Customs and the Salt Gabelle was the subject of detailed study by the Commission. Since the Customs funds collected in Manchuria had always been remitted to the Central Gov-

ernment, the Japanese military authorities did not interfere with the Customs Administration or with the remittance of funds to Shanghai. Interference with this revenue was first made by the Manchukuo Government, on the ground that their State was independent. In June the Dairen and Antung Customs Houses were taken over by force, but the Government has stated that, in view of the fact that various foreign loans and indemnities were based on the Customs revenues, it is prepared to pay its equitable proportion of the annual sums necessary to meet these obligations.

Supervision over the Salt Gabelle was insisted upon by the Japanese from the beginning on the ground that the greater part of the revenue from this source, though nominally national, had in fact been retained by Chang Hsueh-liang's Government. Income from this source, in 1930, had amounted to about \$25 millions silver, of which \$24 millions had been retained in Manchuria. Chang Hsueh-liang was much in arrears in his contributions to the Nanking Government, and these arrears have been remitted, since September, 1931, together with the monthly quotas fixed as due from Manchuria by an agreement reached between Chang Hsueh-liang and Nanking in April, 1930. But the surplus from the Salt revenue is now regarded as Manchurian, and not national, income and the new Government considers it is justified in retaining it for local purposes. The salt funds at Newchwang and Kirin were seized by the Provincial Government in October, 1931, and since then they have been withdrawn from time to time and expended by the local authorities, while the monthly quotas have been sent to Shanghai regularly. On April 15, 1932, the District Inspectorate at Newchwang was dissolved by force, and the work of the former Salt Inspectorate in the Three Eastern Provinces was thus completely taken over by the new Comptroller's office of Manchukuo. The new Government has stated, however, that it is prepared to continue to pay its equitable share of the sums required for the service of the foreign loans secured on the Salt revenue.

On all these facts regarding the new Government the Commission comments as follows:—

"The programme of this 'Government' contains a number of liberal reforms the application of which would be desirable, not only in Manchuria, but also in the rest of China; in fact many of these reforms figure equally in the programme of the Chinese Government. In their interviews with the Commission, the representatives of this 'Government' claimed that, with the help of the Japanese, they would be able to establish peace and order within a reasonable time, and would thereafter be able to maintain it permanently. They expressed the belief that they would be able to secure the support of the people in time by assuring them an honest and efficient administration, security from bandit raids, lower taxation as the result of reduced military expenditure, currency reform, improved communications and popular political representation.

"But, after making every allowance for the short time which has hitherto been at the disposal of the 'Manchukuo Government' for carrying out its policy, and after paying due regard to the steps already taken, there is no indication that this 'Government' will in fact be able to carry out many of its reforms. To mention but one example: there seem to be serious obstacles in the way of the realisation of their budgetary and currency reforms. A thorough programme of reforms, orderly conditions and economic prosperity could not be realised in the conditions of insecurity and disturbance which existed in 1932.

“As regards the ‘Government’ and the public services, although the titular heads of the Departments are Chinese residents in Manchuria, the main political and administrative power rests in the hands of Japanese officials and advisers. The political and administrative organisation of the ‘Government’ is such as to give to these officials and advisers opportunities, not merely of giving technical advice, but also of actually controlling and directing the administration. They are doubtless not under the orders of the Tokyo Government, and their policy has not always coincided with the official policy either of the Japanese Government or of the Headquarters of the Kwantung Army. But in the case of all important problems, these officials and advisers, some of whom were able to act more or less independently in the first days of the new organisation, have been constrained more and more to follow the direction of Japanese official authority. This authority, in fact, by reason of the occupation of the country by its troops,

by the dependence of the 'Manchukuo Government' on those troops for the maintenance of its authority both internally and externally, in consequence, too, of the more and more important rôle entrusted to the South Manchuria Railway Company in the management of the railways under the jurisdiction of the 'Manchukuo Government,' and finally by the presence of its consuls as liaison agents in the most important urban centres, possesses in every contingency the means of exercising an irresistible pressure. The liaison between the 'Manchukuo Government' and Japanese official authority is still further emphasised by the recent appointment of a special ambassador, not officially accredited, but resident in the capital of Manchuria, exercising in his capacity of Governor-General of the Kwantung Leased Territory a control over the South Manchuria Railway Company and concentrating in the same office the authority of a diplomatic representative, the head of the Consular Service, and Commander-in-Chief of the Army of Occupation."

The Attitude of the People.

The Commission took a great deal of trouble to ascertain the opinions of the inhabitants of Manchuria, of all classes, as to the new regime. They found very few people who were favourably disposed towards it, outside the ranks of those minorities who expected to profit from the change. These latter included the Mongols, who have always remained a race apart from the Chinese, the Manchus, the Koreans and the Russians. The Manchus, who originally enjoyed a privileged position, lost this after

the fall of the Dynasty in 1911, and their lot had not been a very happy one, in spite of the fact that they have been almost completely assimilated with the Chinese. The Koreans had never been treated well by the previous Government and the White Russians had been subjected to every kind of humiliation by the Chinese officials and police. The vast majority of the Chinese inhabitants, however, numbering about 28 millions out of a total of 30 millions, gave the Commission the impression of being definitely antagonistic to the new Government. Of 1,550 letters received by members of the Commission while they were in Manchuria, all except two were bitterly hostile to the new régime and to the Japanese. Chinese business men who were interviewed feared for their lives and property and frequently remarked, "We do not want to become like the Koreans." The professional classes alleged that they were spied upon and intimidated. The censorship of the Press and post is resented, as is also the prohibition of the entry into the country of newspapers published in China. The farmers were understood to fear an increase in the immigration of Koreans, whom they do not like and whose methods of agriculture are different from the Chinese. As regards the townspeople, in certain places they have suffered from the attitude of Japanese soldiers and police, and generally speaking the attitude of the town population is described as a mixture of passive acquiescence and hostility.

CHAPTER VII.

JAPAN'S ECONOMIC INTERESTS AND THE BOYCOTT.

In view of the important part played in the struggle between China and Japan by the boycott of Japanese goods, the Report contains a somewhat detailed study of the economic interests of Japan in China and, more particularly, in Manchuria. This shows that Japan's problem is largely one of population, the figure for which, per square mile of the total surface, is 437 persons per mile (as against 330 in Germany and 468 in the United Kingdom); while, if the arable land only is considered, the Japanese figure is the highest in the world. There are 2,774 persons to the square mile, England coming second with 2,170, and Belgium third with 1,709. In Japan the expansion limit of tillable land has been reached, as has also the limit of cultivation intensity, so that the soil cannot be expected to produce much more than it does to-day, nor can it provide much additional employment. At the same time the price of land is exceedingly high, and most of the peasant cultivators are deeply in debt.

Japan first turned to industrialisation to foster the growth of an urban population which would provide a home market for agricultural products and turn labour to the manufacture of goods for domestic and foreign use. This policy, to succeed, depended upon a large export trade, and for this the United States and China afforded the best opportunities. In 1930 the total value of the exports was nearly 1,500 million yen, of which 17.7 per cent., in value, went to China (excluding the Kwantung Leased Territory and Hong-Kong). Apart from this Japan has a large amount of capital invested in industry in China, as well as in railways, banking and other branches of financial activity. By 1929 the value of these investments, including those in Manchuria, was estimated to amount to 2,000 million yen. In the same year Japan was second in the carrying trade of China, and in 1932 the number of Japanese banks in that country is put at 30.

China is also largely dependent upon Japan, for in 1930 over 24 per cent. of her exports went to that country, and nearly 25 per cent. of her imports came from it. It is evident, then, that in its entirety Japan's dependence on China is greater than China's dependence on Japan. Hence Japan is the more vulnerable and has more to lose in case of disturbed relations.

The Report next turns its attention to the boycott, and recounts nine cases in which this weapon has been used against Japan on a national scale since 1908. The causes of these movements are described, and the part played by the Kuomintang in instigating them during the past six

or seven years. Originally the boycott was designed to prevent the purchase of the goods of the country against which it was directed, but as time went on the field of action was extended to a refusal to export Chinese goods to the country concerned or to sell or render services to its nationals. Finally, the avowed purpose of the more recent boycotts has become to sever completely all economic relations with the "enemy country." This development is chiefly due to the part played by the Kuomintang, which, since 1925, has increased its control with each successive boycott until to-day it is the real organising, driving and co-ordinating factor in the movement.

The methods employed in carrying this out are described in the Report; even currency notes, letters and telegram forms are stamped with anti-Japanese slogans, and the instigators see that the boycott is enforced by compelling all Chinese merchants to register all the Japanese goods they hold in stock. Powerful bodies such as the Shanghai Chamber of Commerce conduct propaganda through the Press against the trade in Japanese goods.

Japanese Resentment.

The Japanese feeling on the subject is well summed up by the Commission in the following words:—

"The knowledge that Japan is suffering injuries against which she cannot protect herself has exasperated Japanese public opinion. The merchants whom we interviewed at Osaka were inclined to exaggerate certain abuses of boycott methods as racketeering and blackmailing, and to under-estimate or even to deny completely the close relationship between Japan's recent policy towards China and the use of the boycott as a defensive weapon against that policy. On the contrary, instead of regarding the boycott as China's weapon of defence, these Japanese merchants insisted that it was an act of aggression against which the Japanese military measures were a retaliation. Anyway, there is no doubt that the boycott has been amongst the causes which have profoundly embittered the relations between China and Japan in recent years."

Three important issues are involved in the policy and methods of the boycott. First, whether the movement is spontaneous; second, whether the methods employed have always been legal; and third, the extent of the responsibility of the Chinese Government. The conclusion of the Commission is that the boycotts are both popular and organised; that, though they originate in and are supported by strong national sentiment, they are controlled and directed by organisations which can start or call them

off, and that they are enforced by methods which certainly amount to intimidation. The main controlling authority is the Kuomintang.

As to the second point, it was obvious to the Commission that illegal acts had been constantly committed, and that they had not been sufficiently suppressed by the authorities and the courts. Modern laws, which the Chinese Government has now adopted, are incompatible with the traditional methods of trade boycotts. The memorandum in which the Chinese Assessor defended his country's point of view in the matter to the Commission did not contest this statement, but argued that "the boycott is pursued, generally speaking, in a legitimate manner." The evidence at the disposal of the Commission did not bear out this contention.

The Chinese official attitude as regards the question of responsibility is that "the liberty of choice in making

purchases is a personal right which no Government can interfere with; while the Governments are responsible for the protection of lives and property, they are not required by any commonly recognised regulations and principles to prohibit and punish the exercise of an elemental right of every citizen."

As to this the Commission can only record its conviction as to the responsibility of the Kuomintang, but the question of the relations between that body and the Government is not one which it is called upon to consider. "The Kuomintang," says the Report, "may be the maker and the master of the Government, but to determine at what point the responsibility of the party ends and that of the Government begins is a complicated problem of constitutional law on which the Commission does not feel it proper to pronounce."

CHAPTER VIII.

ECONOMIC INTERESTS IN MANCHURIA.

From their examination of the commercial relations between the two countries the Commission arrived at the conclusion that the economic requirements of China and Japan, if not disturbed by political considerations, would lead to mutual understanding and co-operation, and not to conflict. In Manchuria also their economic interests are not irreconcilable; in fact, their reconciliation is necessary, states the Report, if the existing resources and future economic possibilities of Manchuria are to be developed to the fullest extent.

The Commission estimates the value of Japanese investments in the country at about 1,700 million yen, nearly all in railways, agriculture, mining and forestry. The main object of these is to enable Japan to develop in Manchuria the production of those raw materials which are indispensable to her national defence. Manchuria can supply her with coal, oil, iron and timber, and she depends on that country mainly for the soya bean and its derivatives, the use of which as foodstuff and forage may increase in the future. On the other side of the trade picture Manchuria provides a regular market for Japanese manufactured goods and a market which may well expand in the future. But, as the Report points out, Japan depends for the bulk of her commerce far less on Manchuria than she does on the United States, China proper and India.

As to China's interest in her North Eastern Provinces, the economic ties have increased in importance during the past few years, and the agricultural development of the

country is due almost entirely to the migration there of millions of Chinese settlers, but, on the whole, the principal ties between the two countries are racial and social rather than economic. The Chinese settlers in general maintain their connection with their original homes, and, in fact, as the Commission states, "the social and economic Chinese organisation in Manchuria is a transplanted society which has kept the customs, dialect and activities of its home." There is no doubt that the Chinese are the people best adapted for the colonisation of the country, and an artificial restriction of this migration by arbitrary measures would be as prejudicial to Manchuria as it would be to the over-populated Provinces from which the settlers come.

The Commission's conclusion from this review of the economic problems connected with Manchuria is that the all-important question at the present time is the establishment of an administration acceptable to the population and capable of supplying the last need—namely, the maintenance of law and order. No foreign Power could develop the country without the goodwill of the Chinese population—who form about 93 per cent. of the total—but neither will China ever be free from anxiety unless these North-Eastern Provinces cease to afford a battle-ground for the ambitions of neighbouring Powers. "It is as necessary, therefore, for China to satisfy the economic interests of China in this territory as for Japan to recognise the unalterably Chinese character of its population."

CHAPTER IX.

PRINCIPLES OF SETTLEMENT.

The issues are rendered more complicated, also, by the fact that a plea of justification is put forward by Japan for her virtual seizure of the country. The steps by which this was carried out are claimed to have been consistent with the obligations of the League Covenant and of the Nine-Power and the Kellogg Treaties. The administration which has been set up is justified on the ground that its establishment was the outcome of a spontaneous assertion of independence, and such a movement, it is claimed, is not prohibited by any international treaty or by any resolution of the League of Nations.

The Commission points out that it is not their function to argue the issue, but to provide sufficient material to enable the League to settle the dispute. They, therefore, conclude by offering to that body their suggestions for securing, consistently with justice and with peace, the permanent interest of both the countries concerned.

"It must be clear," they point out, "from everything we have already said, that a mere restoration of the *status quo ante* would be no solution. Since the present conflict arose out of the conditions prevailing before last September to

The Report now turns to the "Principles and Conditions of Settlement," and the events of the past are dismissed with the following reflections:—

"It must be apparent to every reader of the preceding chapters that the issues involved in this conflict are not as simple as they are often represented to be. They are, on the contrary, exceedingly complicated, and only an intimate knowledge of all the facts, as well as of their historical background, should entitle anyone to express a definite opinion upon them. This is not a case in which one country has declared war on another country without previously exhausting the opportunities for conciliation provided in the Covenant of the League of Nations. Neither is it a simple case of the violation of the frontier of one country by the armed forces of a neighbouring country, because in Manchuria there are many features without an exact parallel in other parts of the world."

To refer to only one of these features, Manchuria, though legally an integral part of China, has for some years had a sufficiently autonomous character to carry on direct negotiations with Japan on the matters which lay at the root of the conflict.

restore these conditions, would merely be to invite a repetition of the trouble. It would be to treat the whole question theoretically and to leave out of account the realities of the situation."

But the maintenance and recognition of the present régime would be equally unsatisfactory. It is opposed to the interests of China, and it disregards the wishes of the people of Manchuria. Past experience has shown, too, that those who control Manchuria have exercised a considerable influence on the affairs of the rest of China—at least of North China, and "to cut off these provinces from the rest of China, either legally or actually, would be to create for the future a serious irredentist problem which would endanger peace by keeping alive the hostility of China and rendering probable the continued boycott of Japanese goods."

Essentials for a Solution.

The Report points out that the orderly conditions necessary for the economic development of the country can only be securely guaranteed by an administration which is in conformity with the wishes of the population; while it is only in an atmosphere of external confidence and internal peace that the capital needed for the development of the country will be forthcoming.

Japan, however, is actuated, in her policy, quite as much by anxiety for her own security as by considerations of trade. It is in this connection that her statesmen sometimes speak of Manchuria as the "life-line of Japan." The Commission's comment on this aspect of the problem is that while acknowledging the interest of Japan in preventing the country being used as a base of operations against her, "it may still be questioned whether the military occupation of Manchuria for an indefinite period . . . is really the most effective way of insuring against this external danger; and whether, in the event of aggression having to be resisted in this way, the Japanese troops in Manchuria would not be seriously embarrassed if they were surrounded by a restive or rebellious population backed by a hostile China."

The Report then refers to the interests which other Powers have to defend in this Sino-Japanese conflict, and, after emphasising that the considerations which actuated them at Washington in 1922 are still valid, points out that it is quite as much in the interest of the Western nations now as it was then to assist the reconstruction of China, and to maintain her territorial integrity. Any disintegration of that country might lead to serious international rivalries, a consideration which leads to the reflection that any solution of the conflict which ignored the important interests of the U.S.S.R. in Manchuria would risk a future breach of the peace and would not be permanent.

The Ten Conditions.

The Commission then states its conclusions, in introducing which it remarks that "a satisfactory régime for the future might be evolved out of the present one without any violent change." Any solution, to be satisfactory, should conform to the following general principles:—

(1) COMPATIBILITY WITH THE INTERESTS OF BOTH CHINA AND JAPAN.

Both countries are members of the League, and each is entitled to claim the same consideration from the League. A solution from which both did not derive benefit would not be a gain to the cause of peace.

(2) CONSIDERATION FOR THE INTERESTS OF THE U.S.S.R.

To make peace between two of the neighbouring countries without regard to the interests of the third would be neither just nor wise nor in the interests of peace.

(3) CONFORMITY WITH EXISTING MULTILATERAL TREATIES.

Any solution should conform to the provisions of the Covenant of the League of Nations, the Pact of Paris, and the Nine-Power Treaty of Washington.

(4) RECOGNITION OF JAPAN'S INTERESTS IN MANCHURIA.

The rights and interests of Japan in Manchuria are facts which cannot be ignored, and any solution which fails to recognise them and to take into account also the historical associations of Japan with that country would not be satisfactory.

(5) THE ESTABLISHMENT OF NEW TREATY RELATIONS BETWEEN CHINA AND JAPAN.

A restatement of the respective rights, interests, and responsibilities of both countries in Manchuria in new treaties which shall be part of the settlement by agreement is desirable if future friction is to be avoided and mutual confidence and co-operation are to be restored.

(6) EFFECTIVE PROVISION FOR THE SETTLEMENT OF FUTURE DISPUTES.

As a corollary to the above it is necessary that provision should be made for facilitating prompt settlement of minor disputes as they arise.

(7) MANCHURIAN AUTONOMY.

The Government in Manchuria should be modified in such a way as to secure, consistently with the sovereignty and administrative integrity of China, a large measure of autonomy designed to meet the local conditions and special characteristics of the Three Provinces. The new civil régime must be so constituted and conducted as to satisfy the essential requirements of good government.

(8) INTERNAL ORDER AND SECURITY AGAINST EXTERNAL AGGRESSION.

The internal order of the country should be secured by an effective local gendarmerie force, and security against external aggression should be provided by the withdrawal of all armed forces other than gendarmerie and by the conclusion of a treaty of non-aggression between the countries interested.

(9) ENCOURAGEMENT OF AN ECONOMIC RAPPROCHEMENT BETWEEN CHINA AND JAPAN.

For this purpose a new commercial treaty between the two countries is desirable. Such a treaty should aim at placing on an equitable basis the commercial relations between the two countries and bringing them into conformity with their improved political relations.

(10) INTERNATIONAL CO-OPERATION IN CHINESE RECONSTRUCTION.

Since the present political instability in China is an obstacle to friendship with Japan and an anxiety to the rest of the world (as the maintenance of peace in the Far East is a matter of international concern), and since the conditions enumerated above cannot be fulfilled without a strong Central Government in China, the final requisite for a satisfactory solution is temporary international co-operation in the internal reconstruction of China, as suggested by the late Dr. Sun Yat-sen.

If the present situation could be modified in such a way as to satisfy these conditions and embody these ideas, China and Japan would have achieved a solution of their difficulties which might be made the starting-point of a new era of close understanding and political co-operation between them. If such a rapprochement is not secured, no solution, whatever its terms, can really be fruitful. Is it really impossible to contemplate a new relationship even in this hour of crisis? Young Japan is clamorous for strong measures in China and a policy of thoroughness in Manchuria. Those who make these demands are tired of the delays and pin-pricks of the pre-September period; they are impetuous and impatient to gain their end. But, even in Japan, appropriate means must be found for the attainment of every end. After making the acquaintance of some of the more ardent exponents of this "positive" policy, and those especially who, with undoubted idealism and great personal devotion, have constituted themselves the pioneers of a delicate undertaking in the "Manchukuo" régime, it is impossible not to realise that, at the heart of the problem for Japan, lies her anxiety concerning the political development of modern China, and the future to which it is tending. This anxiety has led to action with the object of controlling that development and steering its course in directions which will secure the economic interests of Japan and satisfy strategic requirements for the defence of her Empire.

Japanese opinion is nevertheless vaguely conscious that it is no longer practicable to have two separate policies, one for Manchuria and one for the rest of China. Even

with her Manchurian interests as a goal, therefore, Japan might recognise and welcome sympathetically the renaissance of Chinese national sentiment, might make friends with it, guide it in her direction, and offer it support, if only to ensure that it does not seek support elsewhere.

In China, too, as thoughtful men have come to recognise, the vital problem, the real national problem, for their country is the reconstruction and modernisation of the State; they cannot fail to realise that this policy of reconstruction and modernisation, already initiated with so much promise of success, necessitates for its fulfilment the

cultivation of friendly relations with all countries, and above all with that great nation which is their nearest neighbour. China needs, in political and economic matters, the co-operation of all the leading Powers, but especially valuable to her would be the friendly attitude of the Japanese Government and the economic co-operation of Japan in Manchuria. All the other claims of her newly awakened nationalism—legitimate and urgent though they may be—should be subordinated to this one dominating need for the effective internal reconstruction of the State.

CHAPTER X.

SUGGESTIONS TO THE LEAGUE.

The Report concludes with a number of suggestions intended as an illustration of one way in which the conditions just laid down might be met. In the first place, the Council of the League might invite the Governments of China and Japan to discuss a solution of their dispute on the lines of these conditions. If they accepted, the next step would be the summoning of an Advisory Conference, to make proposals for the constitution of a special regime for the administration of Manchuria and to be composed of representatives of both Governments and two delegations from the local population. (One to be selected in a manner prescribed by the Chinese Government and the other in a manner prescribed by the Japanese Government.)

Four Heads of Agreement.

Any points on which the Conference was unable to reach agreement would be submitted to the League Council. At the same time, the matters at issue between China and Japan relating to respective rights and interests should be discussed separately, and, if agreed, with the assistance of neutral observers.

The results of these discussions might then be embodied in four separate instruments:—

(1) A Declaration by the Chinese Government constituting a special administration for the three Eastern Provinces, in the terms recommended by the Advisory Conference;

(2) A Sino-Japanese Treaty dealing with Japanese interests, including those in Jehol (Eastern Inner Mongolia);

(3) A Sino-Japanese Treaty of Conciliation and Arbitration, Non-Aggression and Mutual Assistance;

(4) A Sino-Japanese Commercial Treaty.

These instruments are then considered *seriatim*:—

1. THE DECLARATION.

The final proposals of the Advisory Conference would be submitted to the Chinese Government, which would embody them in a Declaration, for transmission to the League of Nations and to the signatories of the Nine-Power Treaty of 1922. This Declaration would be stated to have for the Chinese Government the binding character of an international engagement. Among other functions it would distinguish between the powers of the Central Government of China in the Three Eastern Provinces and those of the autonomous local Government, and it is suggested that the powers to be reserved to the latter should be the following:—

(1) The control of general treaty and foreign relations not otherwise provided for; it being understood that the Central Government would not enter into any international engagements inconsistent with the terms of the Declaration.

(2) The control of the Customs, the Post Office, and the Salt Gabelle, and possibly of the administration of the stamp duty and the tobacco and wine taxes. The equitable division, between the Central Government and the Three Eastern Provinces, of the net income from these revenues would be determined by the Advisory Conference.

(3) The power of appointment, at least in the first instance, of the Chief Executive of the Government of

the Three Eastern Provinces in accordance with the procedure to be laid down in the Declaration. Vacancies would be filled in the same way, or by some system of selection in the Three Eastern Provinces, to be agreed upon by the Advisory Conference and inserted in the Declaration.

(4) The power of issuing to the Chief Executive the carrying out of the international engagements entered into by the Central Government of China in matters under the administration of the autonomous Government of the Three Eastern Provinces.

(5) Any additional powers agreed upon by the Conference.

All other powers would be vested in the autonomous Government of the Three Eastern Provinces.

Some practical system might be devised to secure an expression of the opinion of the people on the policy of the Government, possibly through the traditional agency of the Chambers of Commerce, Guilds and other civil organisations.

Some provision should also be made to safeguard the interests of White Russians and other minorities.

It is suggested that a special gendarmerie should be organised, with the collaboration of foreign instructors, which would be the only armed force within the Three Eastern Provinces. In view of this, its organisation, when completed, should be followed by the retirement from this territory of all other armed forces, including any special bodies of police or railways guards, whether Chinese or Japanese.

Foreign Advisers.

An adequate number of foreign advisers would be appointed by the Chief Executive of the autonomous Government, of whom a substantial proportion should be Japanese. The details would be worked out by the procedure described above and would be stated in the Declaration. Nationals of small States, as well as of the Great Powers, would be eligible.

The appointment of two foreigners of different nationalities to have supervision of (1) the constabulary and (2) the fiscal administration would be made by the Chief Executive from a panel submitted by the League Council. The powers of the advisers would be defined in the Declaration.

The Report continues:—

"The employment of foreign advisers and officials is in conformity with the policy of the founder of the Chinese Nationalist Party and with that of the present National Government. But it cannot be too strongly emphasised that the presence of the foreign advisers and officials here suggested, including those who, during the period of the organisation of the new régime, must exercise exceptionally wide powers, merely represents a form of international co-operation. They must be selected in a manner acceptable to the Chinese Government and one which is consistent with the sovereignty of China. When appointed, they must regard themselves as the servants of the Government employing them, as has always been the case in the past with the foreigners employed in the Customs and Postal administration or with the technical organisations of the League that have collaborated with China. . . .

... The point must also be stressed that the appointment of a relatively large number of Japanese advisers, in an atmosphere of Sino-Japanese co-operation, would enable such officials to contribute the training and knowledge specially suited to local conditions. The goal to be kept in view throughout the period of transition is the creation of a civil service composed of Chinese, who will ultimately make the employment of foreigners unnecessary.

II. THE SINO-JAPANESE TREATY DEALING WITH JAPANESE INTERESTS.

The treaty dealing with Japanese interests in the Three Eastern Provinces and with some Japanese interests in the Province of Jehol would have to deal principally with certain economic rights of Japanese nationals and with railway questions. The aims of this treaty should be:—

- (1) The free participation of Japan in the economic development of Manchuria, which would not carry with it a right to control the country either economically or politically;
- (2) The continuance in the Province of Jehol of such rights as Japan now enjoys there;
- (3) An extension to the whole of Manchuria of the right to settle and lease land, coupled with some modification of the principle of extra-territoriality;
- (4) An agreement regarding the operation of the railways.

Hitherto, the rights of settlement of Japanese nationals have been confined to South Manchuria, though no definite boundary line between North and South Manchuria has ever been fixed, and to Jehol. These rights have been exercised under conditions which China found unacceptable and this caused continued friction and conflicts. From evidence given before the Commission, we have reason to believe that China would be willing to extend to the whole of Manchuria the present limited right of settlement, provided it was not accompanied by extra-territorial status, the effect of which, it was claimed, would be to create a Japanese State in the heart of a Chinese territory.

It is obvious that the right of settlement and extra-territoriality are closely associated. It is, however, equally clear that the Japanese would not consent to abandon their extra-territorial status until the administration of justice and finance had reached a very much higher standard than has hitherto prevailed in Manchuria.

Rights of Settlement.

Two methods of compromise have suggested themselves. One is that the existing rights of settlement, accompanied by extra-territorial status, should be maintained, and that such rights should be extended both to Japanese and Koreans in North Manchuria and Jehol without extra-territorial status. The other is that the Japanese should be granted the right to settle anywhere in Manchuria and Jehol with extra-territorial status, and that the Koreans should have the same rights without extra-territorial status. It is obvious that the most satisfactory solution of the problem is to make the administration of these Provinces so efficient that extra-territorial status will no longer be desired. It is with this object that we recommend that at least two foreign advisers, one of whom should be of Japanese nationality, should be attached to the Supreme Court, and other advisers might with advantage be attached to other Courts. The opinions of these advisers might be made public in all cases in which the Courts were called upon to adjudicate on matters in which foreign nationals were involved. We also think that, in the period of reorganisation, some foreign supervision of the administration of finance is desirable.

A further safeguard would be provided by the establishment, under the treaty of conciliation, of an arbitration tribunal to deal with any complaints which the Chinese or Japanese Governments might bring in their own names or in those of their nationals.

Any extension of the rights of settlement in the case of Japanese would apply on the same conditions to the nationals of all other Powers which enjoy the benefits of a "most-favoured-nation" clause, provided that those

Powers whose nationals enjoy extra-territorial rights enter into a similar treaty with China.

Railways.

As regards railways, it has already been pointed out that there has been little or no co-operation in the past between the Chinese and Japanese railway builders and authorities directed to achieving a comprehensive and mutually beneficial railway plan. It is obvious that, if future friction is to be avoided, provisions must be made in the treaty for bringing to an end the competitive system of the past, and substituting a common understanding as regards freights on the various systems. In the opinion of the Commission there are two possible solutions, which could be considered either as alternatives or as stages to one final solution. The first is a working agreement between the Chinese and Japanese railway administrations, which would facilitate their co-operation. China and Japan might agree to manage their respective railway systems in Manchuria on the principle of co-operation, and a joint Sino-Japanese Railway Commission, with at least one foreign adviser, might exercise functions analogous to those of boards which exist in some other countries. A more thorough remedy would be provided by an amalgamation of the Chinese and Japanese railway interests. This, while safeguarding the interests of China, would place at the disposal of all the railways in Manchuria the benefit of the great technical experience of the South Manchuria Railway and could be evolved without difficulty from the system which has been applied to the railways of Manchuria in the last few months. It might even pave the way in the future to some wider international agreement which might include the Chinese Eastern Railway. Such a solution of the railway question would make the South Manchuria Railway a purely commercial enterprise, and the security provided by the special corps of gendarmerie, when once this body was fully organised, would enable the Railway Guards to be withdrawn, thus saving a considerable item of expense. If this is done, it would be well that special land regulations and a special municipal administration should previously be instituted in the railway area in order to safeguard the vested interests of the South Manchuria Railway and of Japanese nationals.

If a treaty on these lines could be agreed upon, a legal basis for Japanese rights in the Three Eastern Provinces and in Jehol would have been found which would be at least as beneficial to Japan as the present treaties and agreements, and one which would be more acceptable to China. China might then find no difficulty in recognising agreements as those of 1915, unless abrogated or modified by the new treaty. All minor rights claimed by Japan, the subject of agreement. In case of disagreement, resort should be made to the procedure outlined in the treaty of conciliation.

III. THE SINO-JAPANESE TREATY OF CONCILIATION.

This treaty would provide for a board of conciliation, whose functions would be to assist in the solution of any difficulties as they arise between the Governments of China and Japan. It would also establish an arbitration tribunal composed of persons with judicial experience and the necessary knowledge of the Far East. This tribunal would deal with any disputes between the Chinese and Japanese Governments regarding the interpretation of the declaration or of the new treaties, and with such other categories of disputes as might be specified in the treaty of conciliation.

Finally, in conformity with the provisions for non-aggression inserted in the treaty, the contracting parties should agree that Manchuria should gradually become a demilitarised area. With this object, it would be provided that, after the organisation of the gendarmerie had been effected, any violation of the demilitarised territory by either of the parties or by a third party would constitute an act of aggression entitling the other party, or both parties in the case of a third-party attack, to take whatever measures might be deemed advisable to defend the demilitarised territory without prejudice to the right of

the Council of the League to take action under the Covenant.

IV. THE SINO-JAPANESE COMMERCIAL TREATY.

The commercial treaty would naturally have as its object the establishment of conditions which would encourage as much as possible the exchange of goods between China and Japan, and should also contain an undertaking by the Chinese Government to take all measures within its power to forbid and repress organised boycott movements against Japanese trade, without prejudice to the individual rights of Chinese consumers.

At the moment of concluding our Report, we read in the Press two statements by the Foreign Ministers of China and Japan, from each of which we would extract one point of the utmost importance.

On August 28th, Mr. Lo Wen Kan declared at Nanking: "China is confident that any reasonable proposal for the settlement of the present situation will necessarily be compatible with the letter and spirit of the Covenant of the League of Nations and the anti-war Pact, and the Nine-Power Treaty, as well as with China's sovereign power, and will also effectively secure a durable peace in the Far East."

On August 30th, Count Uchida is reported to have declared at Tokyo:

"The Government considers the question of Sino-Japanese relations as more important than the question of Manchuria and Mongolia."

The Commissioners add a final reflection:— "We cannot close our report more appropriately than by reproducing here the thought underlying these two statements: as exactly does it correspond with the evidence we have collected, with our own study of the problem, and consequently with our own convictions, so confident and consequently with our own declarations, if are we that the policy indicated by these declarations, if a satisfactory solution of the Manchurian question in the best interests of the two great countries of the Far East and of humanity in general."

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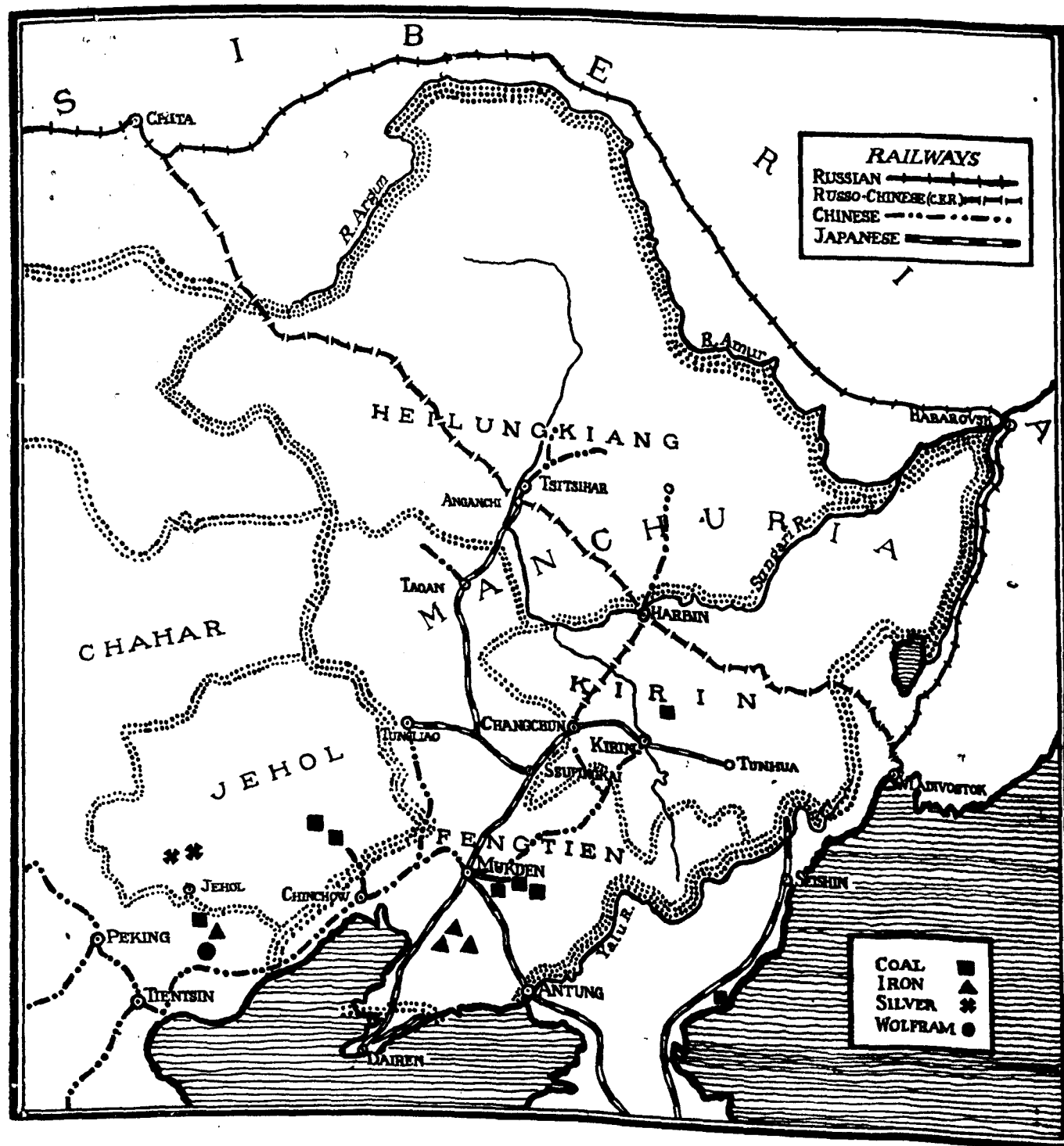
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